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10 Things a Real Estate Investor Should Know About the Big Beautiful Bill



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Real Estate

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was passed into law and introduced many changes to the tax code and federal spending priorities. The OBBBA has wide-ranging implications for the real estate market. Here are 10 things every real estate investor should know about the OBBBA:

1. QBI Deduction Made Permanent. The Qualified Business Income (QBI) deduction for pass-through entities (LLCs, partnerships and S-corps) of 20% was made permanent. Many real estate investors will likely see a boost to their after-tax income.

2. SALT Deduction Cap Increased. The state and local tax (SALT) deduction cap was temporarily increased to \$40,000 (2025) for single filers earning under \$500,000. Investors in high-tax states, such as Illinois, will likely see the most significant benefits via greater reductions in their federal taxable income.

3. Rural & Agricultural Real Estate Loan Incentives. A 25% exclusion is now allowed on interest earned from loans backed by rural or agricultural real estate. This is anticipated to increase investment in underserved markets and lower financing costs for both lenders and borrowers.

4. Bonus Depreciation Made Permanent. Property owners can continue to immediately expense 100% of qualifying property improvements, equipment and short-life assets. Value-add projects, new construction and stabilized properties with cost segregation will continue to see benefits.

5. LIHTC Expanded. The 9% allocations for the Low-Income Housing Tax Credit (LIHTC) were boosted by 12% in 2026, and the bond financing threshold will drop to 25% in 2026. However, the bill does not fund new voucher programs or public housing agents, so developers relying on layered subsidies may find fewer support channels available.

6. OZ Incentives Made Permanent. Opportunity zone (OZ) incentives were made permanent. New OZs will be designated every 10 years, beginning in 2027. Investors will want to be aware of new timelines.

7. Labor and Medicaid Cuts. Cuts to Medicaid and Supplemental Nutrition Assistance Program (SNAP) may indirectly affect tenants operating as grocery stores, daycares or clinics via reduced foot traffic and spending.

8. Mortgage Interest Deduction Extended. The mortgage interest deduction was extended permanently for up to \$750,000 in mortgage debt for personal or small residential properties.

9. No ESG Mandate. There are no new environmental or emissions-related rules. Many existing benefits will be phased out. Construction of wind and solar projects will likely be expedited through July 2026 to claim existing benefits.

10. No 1031 Changes. 1031 like-kind exchanges were left untouched by the OBBBA. Investors may continue to defer capital gains but will not see any new benefits.

If you would like to discuss how these changes impact your investments or affect your next real estate transaction, please [contact a member of Gould & Ratner's real estate team.](#)