

What is a 1031 Exchange?

Published on Feb 27, 2023 by Peoples Company



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Section 1031 of the Internal Revenue Code provides real property owners with a major tax-deferral and reinvestment opportunity that can be utilized by investors to build long-term growth in their real estate portfolio. Section 1031 establishes a procedure where real property owners may simultaneously realize appreciation from a business-use or investment asset, defer capital gains taxes upon the sale of the asset, and use the equity from the asset to invest in a replacement like-kind business use or investment asset.

The principal advantage of a Section 1031 tax-deferred exchange is the ability to use the entire equity of a property owned by a taxpayer to acquire replacement property. It eliminates the immediate tax implications of selling real property, thereby allowing property owners to employ their equity into more advantageous real estate positions. If a property owner wishes to continue to invest in real estate, an exchange can be a beneficial alternative to a sale and purchase. A Section 1031 exchange can provide the following benefits to real estate investors: consolidation and diversification of investments, greater cash flow, relocation of investment, “stepped-up basis” for heirs, and appreciation leveraging.

Quinlan Grim with Money explains the ins and outs of a Section 1031 Exchange including the process for completing an exchange and important rules to remember throughout the process. [Read More](#)

Peoples Company Capital Markets helps facilitate Section 1031 Exchanges via the DST investment vehicle through its partner, DST Farmland. DST Farmland has formally launched as a sponsor of Delaware Statutory Trust (DST) investment vehicles, focused on a first-of-its-kind offerings in the farmland asset class. The application of the DST vehicle to farmland investing is exciting, as it allows investors to take direct ownership in an asset class historically requiring capital at a scale that is out of reach for many investors. Visit DSTFarmland.com to for more information on the DST investment vehicle and current offerings.