

# Searching for Opportunity in the Land of OZ

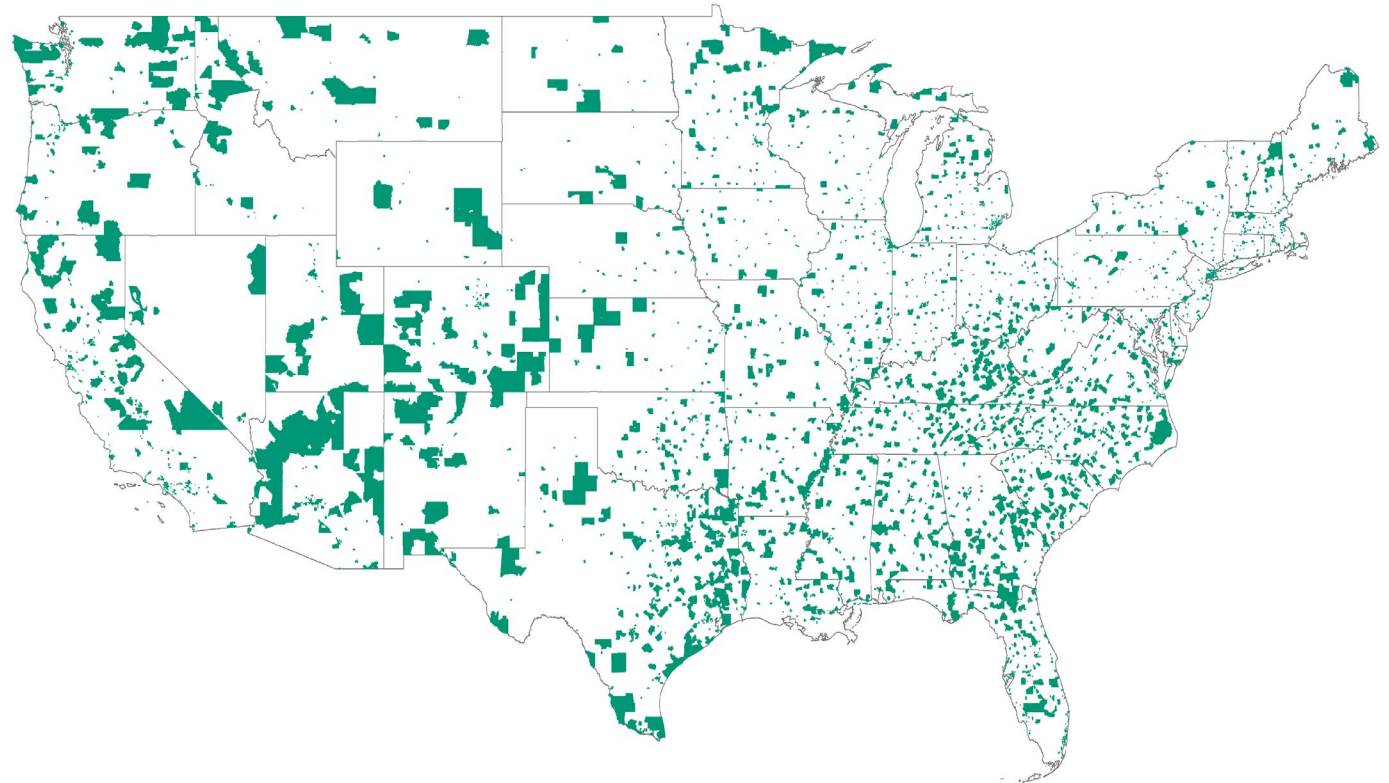


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# What Are Opportunity Zones?

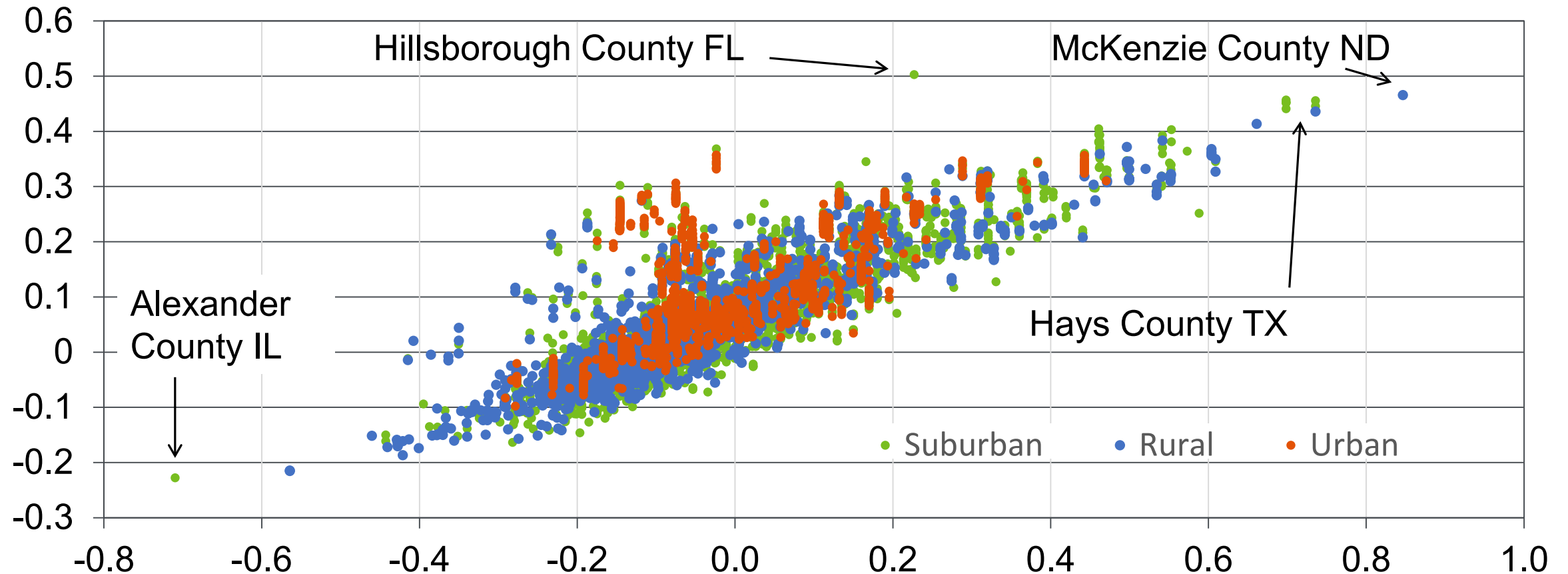
Created in 2017 as part of the TCJA

- » 8,766 low-income census tracts that are designated by governors and certified by the U.S. Treasury
- » 35 million Americans live in an Opportunity Zone
- » Opportunity to roll existing capital gains over into new investments for tax reductions and possible exemptions
- » Capital must be invested through a Qualified Opportunity Fund to be eligible for tax incentives



# In Search of Growth: The Opportunity Zone Index

X-axis: Composite OZI score; Y-axis: 10-yr population growth score



Sources: Census Bureau, IRS, Moody's Analytics

# Building the Opportunity Zone Index

Grouped OZs into three categories based on population density:

Urban  
Suburban  
Rural

**Moody's Analytics OZ Database:**  
More than 100 tailored economic, demographic and geographic metrics at the OZ and county levels.

**Moody's Analytics Opportunity Zone Index (OZI):**  
Rank order OZs by their potential for future economic growth.

## OZI is based on four metrics:

- » Moody's Analytics Quality of Life Index (county and OZ data)
- » Moody's Analytics Vitality Index (county data)
- » 5-yr historical growth rate in the prime working-age population (OZ data)
- » 10-yr forward-looking population trends (county data)

# Use Case 1: Expanding High-Tech Company

Key criterion is large, skilled workforce

*Highest scoring - All OZs*

OZ name	OZI score
Hillsborough County 0040.00 (Suburban Florida)	0.503
McKenzie County 9401.00 (Rural North Dakota)	0.466
Osceola County 0411.00 (Suburban Florida)	0.457
Hays County 0107.01 (Suburban Texas)	0.455
Osceola County 0429.00 (Suburban Florida)	0.453
Osceola County 0427.01 (Suburban Florida)	0.452
Osceola County 0435.00 (Suburban Florida)	0.451
Hays County 0103.03 (Suburban Texas)	0.446
Osceola County 0423.00 (Suburban Florida)	0.441
Hays County 0107.02 (Rural Texas)	0.436



## Hays County 0107.01 (Suburban TX)

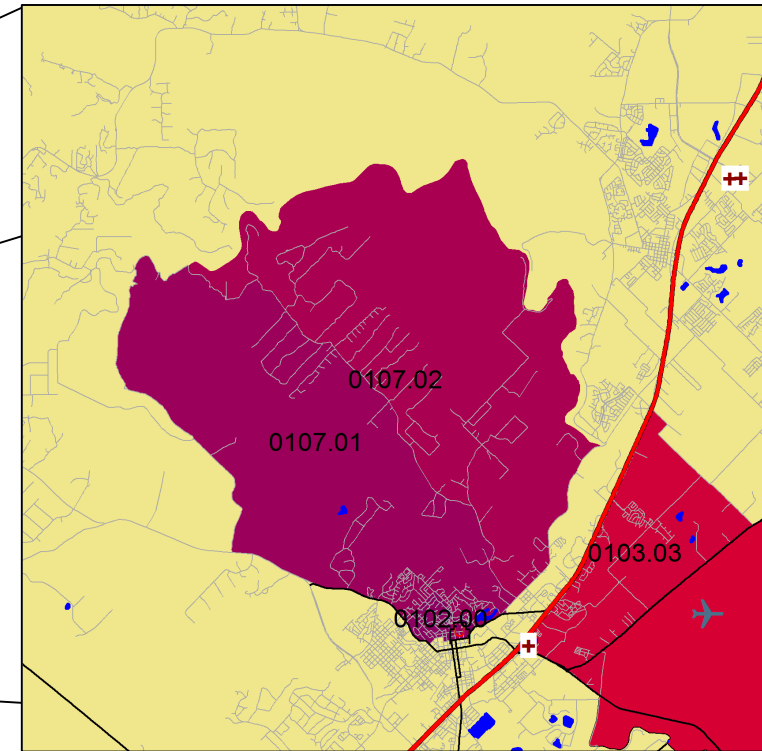
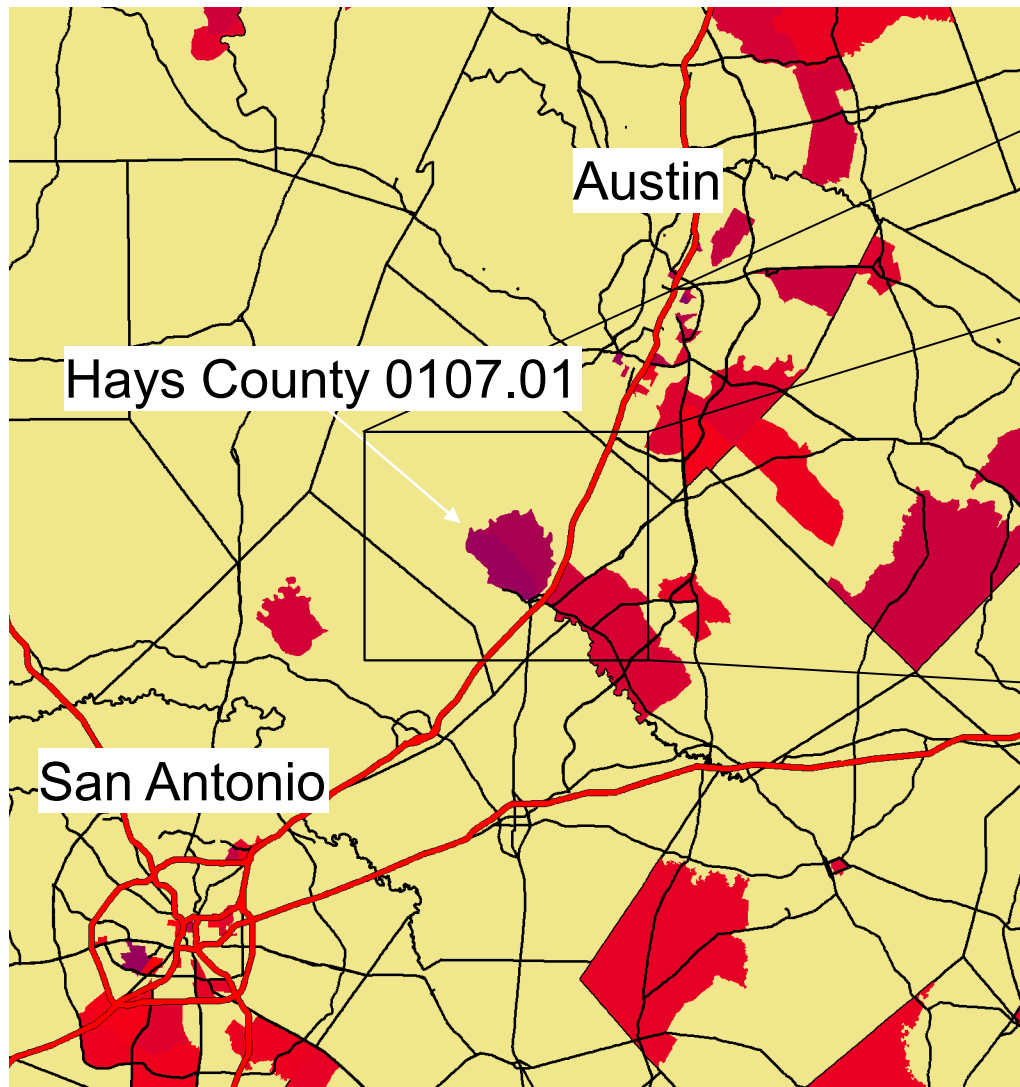
- 3rd highest Suburban OZI score
- 3rd highest 10-yr county pop forecast
- Top 3% in prime working-age pop growth
- Top 5% in educational attainment (40.3% bachelor's degree or higher)

## Hays County 0107.02 (Rural TX)

- 2nd highest Rural OZI score
- 5th highest 10-yr county pop forecast
- Top half in prime working-age pop growth
- Top 10% in educational attainment (34.6% bachelor's degree or higher)



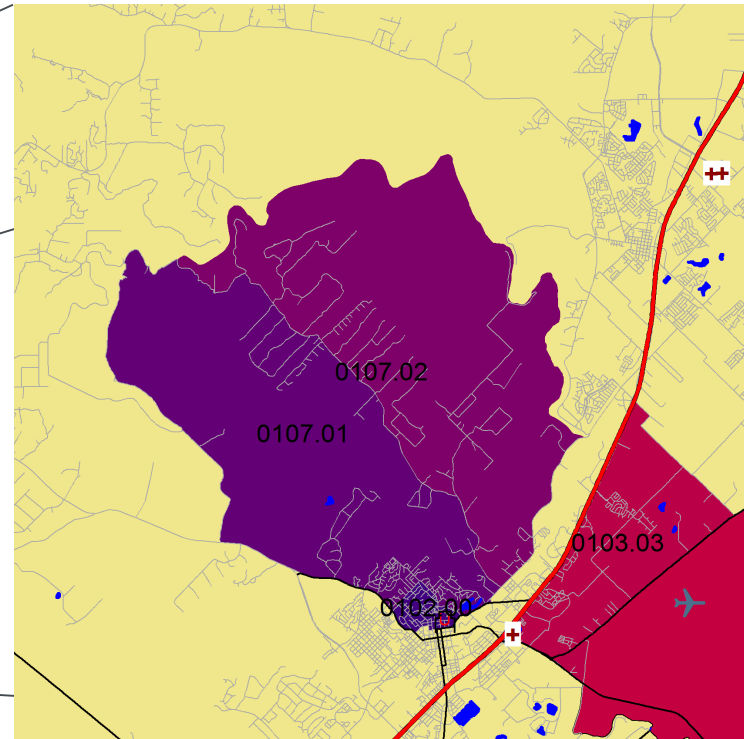
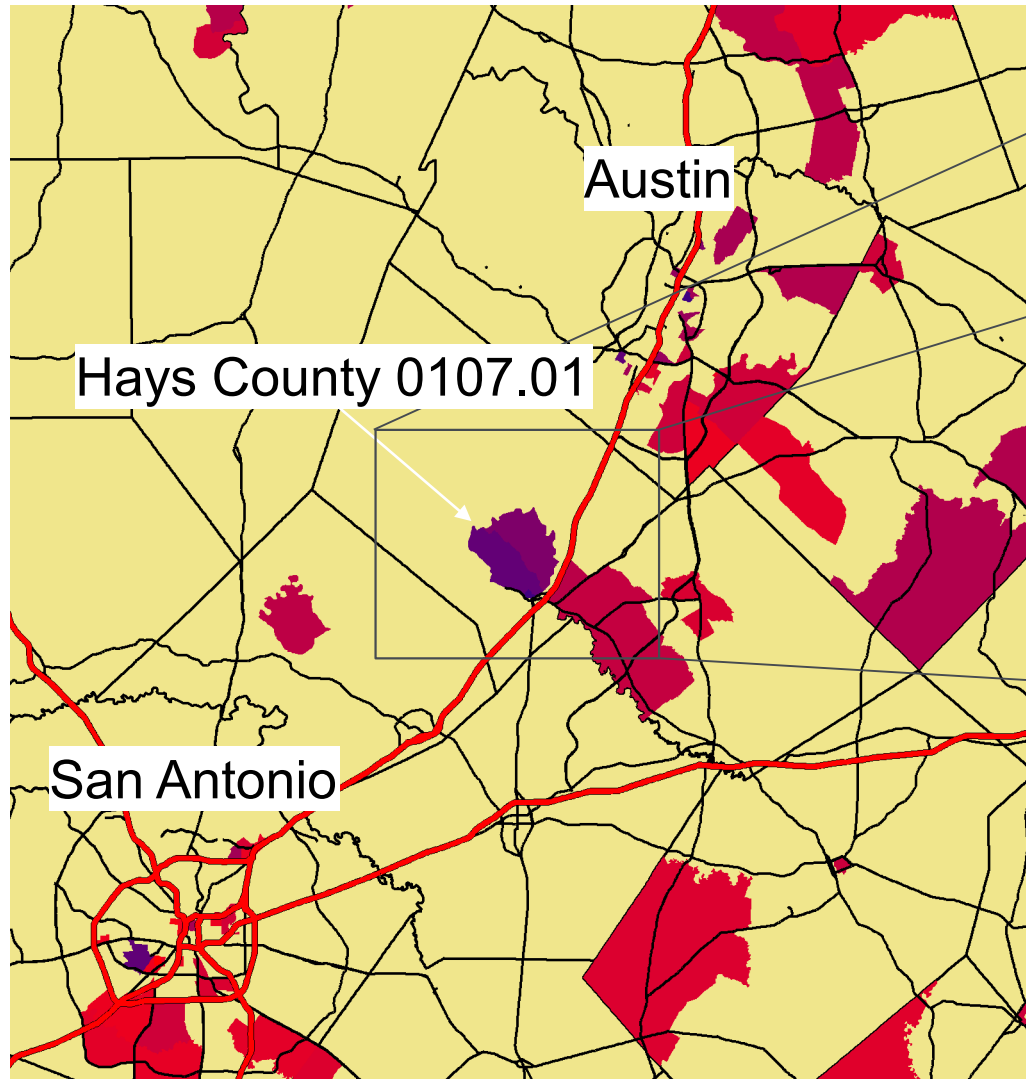
# Hays County TX, OZI



OZI score, %

- >.35
- .2 to .35
- .05 to .2
- .1 to .05

# Hays County TX, Bachelor's or Higher



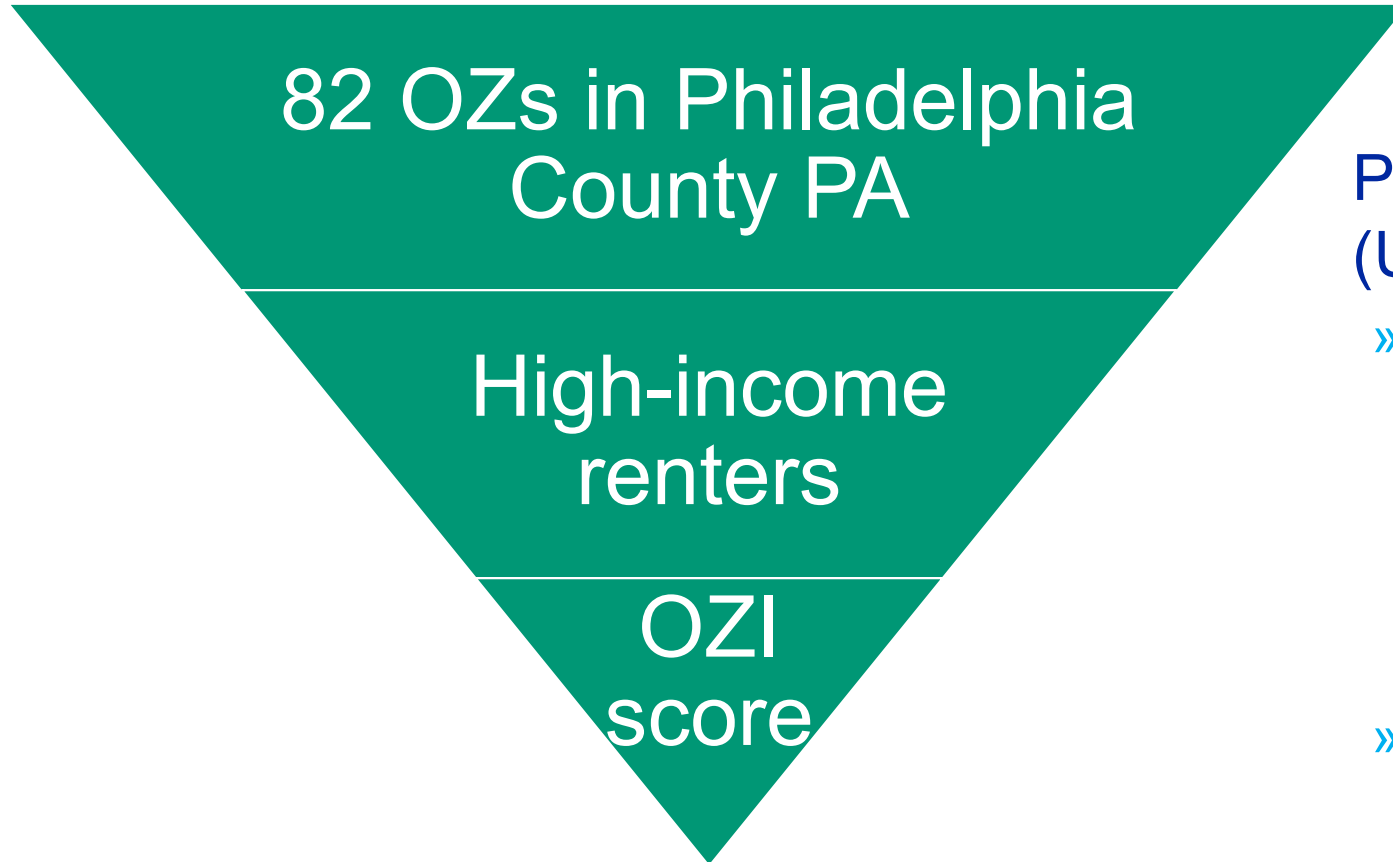
% bachelor's or higher





# Use Case 2: High-End Real Estate Developer

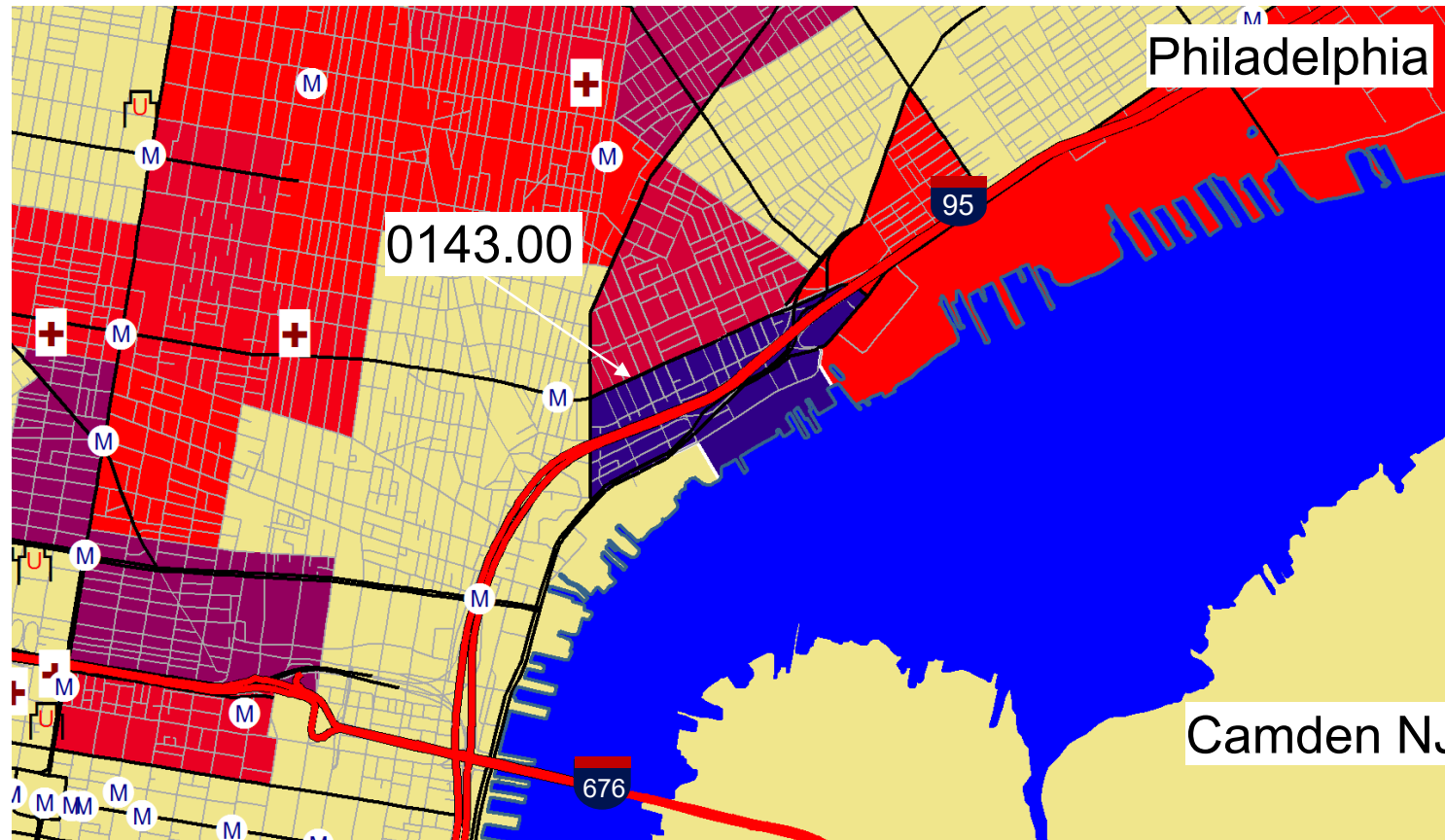
Key criterion is affluent neighborhood of renters in Philadelphia



Philadelphia County 0143.00  
(Urban Philadelphia)

- » Highest-scoring in Philadelphia, renter household income \$150K+
- Top quartile in prime working-age pop growth
- 2nd highest educational attainment (51.7% bachelor's degree or higher)
- » Top quartile in OZI score

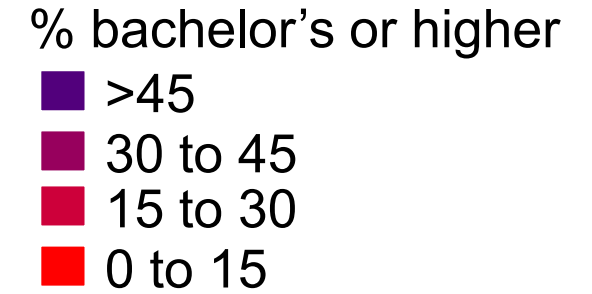
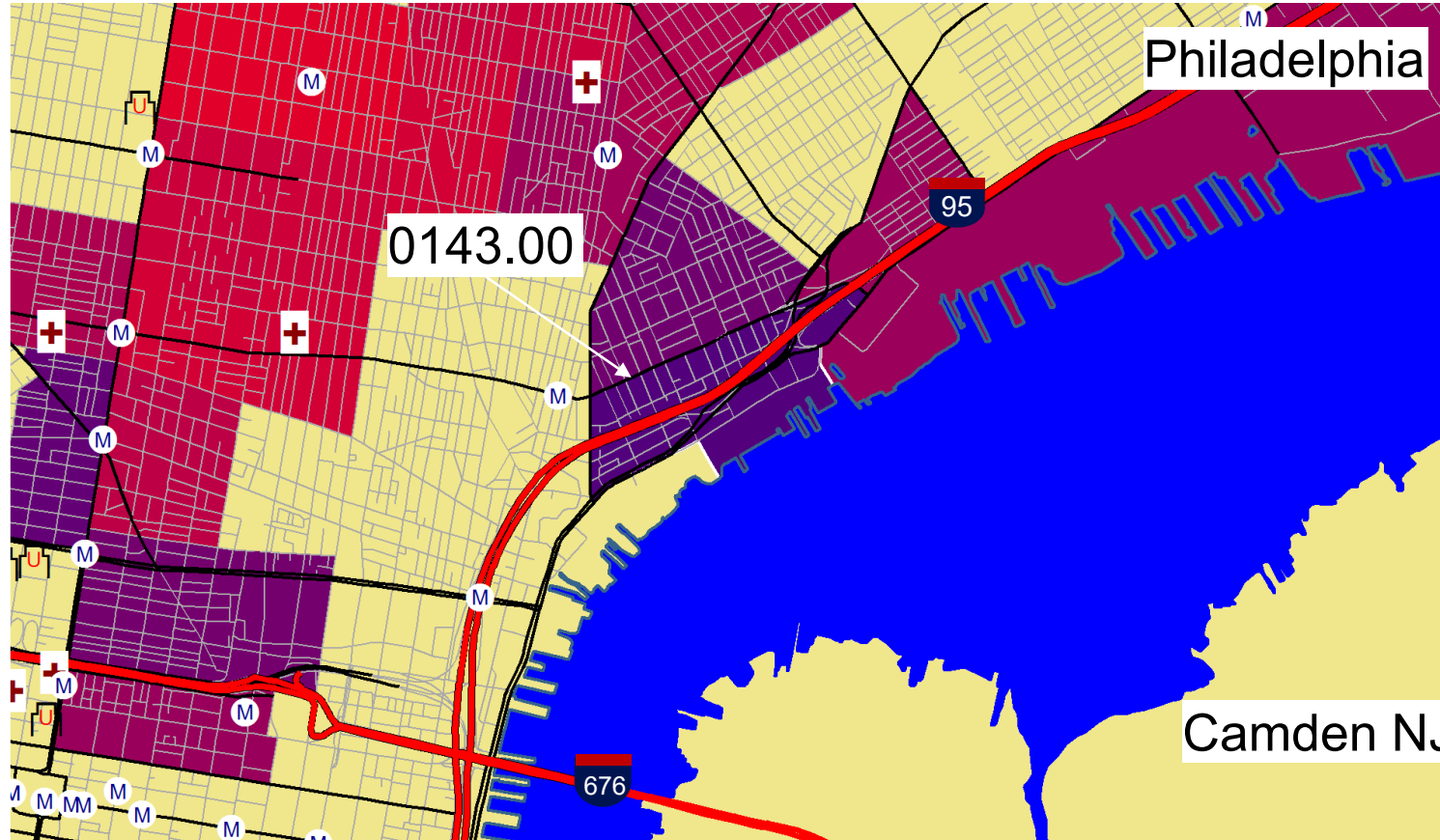
# Philadelphia, Fishtown (0143.00) – High-Income Renters



\$150K+ renters, %

- >15
- 10 to 15
- 5 to 10
- 0 to 5

# Philadelphia, Fishtown (0143.00) – Bachelor's or Higher



# Q&A

Questions? Contact us at [help@economy.com](mailto:help@economy.com)

Download the paper: <https://bit.ly/2O4TW8j>

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