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ONE-PAGER · COMPARISON

Four ways to handle a large capital gain

Opportunity Zones, 1031 exchanges and DSTs, installment sales, and charitable remainder trusts — side by side.



	OPPORTUNITY ZONE	1031 / DST	INSTALLMENT SALE	CHARITABLE REMAINDER TRUST
What gains qualify	Any eligible capital gain — business, stock, crypto, collectibles, real estate	Real property held for investment or business use only	Most appreciated assets; not publicly traded securities	Appreciated assets generally
What you reinvest	The gain, or any portion of it; basis stays with you	Generally the full proceeds to defer the whole gain	Nothing — you finance the buyer	The asset itself, contributed before sale so the trust sells it
Timing	A limited window from the date of the gain	Strict identification and closing deadlines	Set by the contract terms	At contribution
Intermediary needed	None	Qualified intermediary required	None	Trustee required
Tax outcome	Defer, reduce by 10% or 30%, then exclude appreciation after ten years — but the original gain becomes taxable at year five regardless	Defer indefinitely while you keep exchanging	Spread the gain across the payment years; depreciation recapture is still recognized up front	No gain on contribution, a partial deduction, then a taxable income stream; remainder to charity
Liquidity	Income and refinancing proceeds on the new investment; a ten-year hold is required to capture the full benefit	Can keep exchanging; DSTs are illiquid	Payments over the term	Income stream for life or term
Main drawback	Long hold, and an early exit accelerates the deferred gain and forfeits the exclusion	Real property only; must replace both equity and debt; must keep rolling	Buyer credit risk; an interest charge applies to large deferred balances, and pledging the note as collateral can accelerate the gain	The remainder is irrevocably charitable, and the income you receive is taxable, not tax-free

How to choose between them

- **The gain is not from real estate.** A 1031 is unavailable. Opportunity Zones, an installment sale, or a charitable structure are the realistic options.
- **You want your basis back in cash.** Opportunity Zones let you keep it; a 1031 generally does not if you want to defer the full gain.
- **You want to stay invested in real estate indefinitely.** Exchanging can be repeated; the Opportunity Zone benefit is designed around a single long hold, and an OZ fund can invest in multiple real estate asset classes.
- **A 1031 has failed early.** A stranded gain can sometimes be redirected into an Opportunity Zone investment — but only if time remains. Both clocks generally run from the same closing date, so an exchange that fails at its identification deadline may leave room to pivot, while one that fails near the end of its own period usually does not. This is a narrower safety net than it is often described as.
- **Charitable intent is genuine.** A charitable remainder trust does something the others do not, but the remainder interest is not coming back.

These are not mutually exclusive. A single liquidity event can be split across more than one. But timing differs: a 1031, an installment sale, and a CRT have to be set up before closing, while an Opportunity Zone investment can follow within 180 days.

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