1031 Exchanges Remain Available Amid Ongoing Industry Discussions

Industry discussions continue around 1031 exchanges, but current regulations confirm their ongoing availability for real estate investors

What is 1031 exchange

LOS ANGELES, CA, UNITED STATES, June 18, 2026 /EINPresswire.com/ -- Recent industry discussions have raised questions about the future of 1031 exchanges, a long-standing provision in the U.S. tax code used by real estate investors. Though speculation has circulated regarding potential legislative changes, current regulations confirm that 1031 exchanges remain available and continue to be used across the real estate sector.

What a 1031 Exchange Is and How It Works

A 1031 exchange, named after Section 1031 of the Internal Revenue Code, allows investors to defer capital gains taxes when they exchange one investment property for another of like kind. The provision has been part of U.S. tax law for decades and plays a consistent role in real estate transactions involving reinvestment strategies. Despite periodic policy-level discussions, no legislation has been enacted to eliminate or suspend the use of like-kind exchanges to date.

> “The 45-day identification window remains the single most demanding factor - in exchange transactions in order to comply with current regulations.”
>
> *Michael Bergman, President and CEO at Universal Pacific.*

Current Status of 1031 Exchange Regulations

Proposals to modify or limit 1031 exchanges have surfaced intermittently, particularly during broader tax reform conversations. Such proposals require legislative approval and typically undergo extensive review and revision before any implementation. In the absence of finalized changes, real estate professionals continue to operate within the current framework established by existing law.

Recent transaction data from the National Association of Realtors and IRS Statistics of Income reports indicate that like-kind exchanges remain a commonly used approach for deferring taxable gains while reallocating capital within the real estate market. Market participants, including qualified intermediaries, advisors, and investors, continue to engage in exchange transactions in accordance with current IRS guidelines.

Types of 1031 Exchange Structures Investors Use

As part of ongoing market activity, investors continue to evaluate 1031 Exchange options that align with their investment goals and portfolio strategies. These options include delayed exchanges, reverse exchanges, and improvement exchanges (also called "build-to-suit" exchanges), each governed by specific timelines and requirements outlined by the Internal Revenue Service.

The delayed exchange, also called a Starker exchange, remains the most common structure. Reverse and improvement exchanges accommodate more complex scenarios, including investors who need to acquire a replacement property before selling the relinquished one or who intend to construct or improve the replacement property with exchange proceeds.

Timing and Compliance Requirements

Understanding how to properly structure and execute an exchange remains a central aspect of compliance. Investors who do 1031 exchange transactions must adhere to strict identification and closing timelines: a 45-day identification period and a 180-day completion window, both running from the date the relinquished property closes. These requirements remain unchanged under current law and continue to guide transaction processes across the industry.

The 45-day window requires investors to identify potential replacement properties in writing, subject to specific identification rules established by the IRS. The 180-day window requires the exchange to close on a replacement property within that same period, with no extensions available except in declared disaster zones.

1031 Exchanges and the Broader Real Estate Market

From a broader perspective, 1031 exchanges have historically contributed to transaction volume and liquidity within the real estate market. By enabling reinvestment without immediate tax liability, the provision supports property upgrades, geographic diversification, and long-term asset repositioning. Public discussions about the role of like-kind exchanges in the overall economy continue to cite these factors.

While discussions regarding potential tax code adjustments continue, any changes to Section 1031 would require formal legislative action. Similar proposals have historically undergone multiple stages of review, and outcomes have varied depending on broader economic and political considerations.

For now, 1031 exchange benefits remain part of the current tax structure, providing a mechanism for deferring capital gains under qualifying conditions and oftentimes becomes an essential component of a broader tax and estate planning strategy. Investors continue to evaluate these benefits in relation to their long-term strategies, particularly in markets where property values and reinvestment opportunities are evolving.

Industry participants are encouraged to stay informed through credible sources and official IRS updates as the regulatory landscape continues to develop. At present, like-kind exchanges remain a valid and active component of real estate investment practices in the United States.

About Universal Pacific

Universal Pacific is a national 1031 exchange company that serves as a qualified intermediary for real estate investors seeking to defer capital gains taxes under Section 1031 of the Internal Revenue Code. The firm provides exchange facilitation services across the United States, supporting transactions with an emphasis on IRS compliance and secure fund handling. The firm's team includes licensed professionals with experience in real estate and tax-deferred exchange structures, who work with investors, advisors, and brokers across a range of property types. Universal Pacific has participated in exchange transactions spanning multiple asset classes and markets nationwide.

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