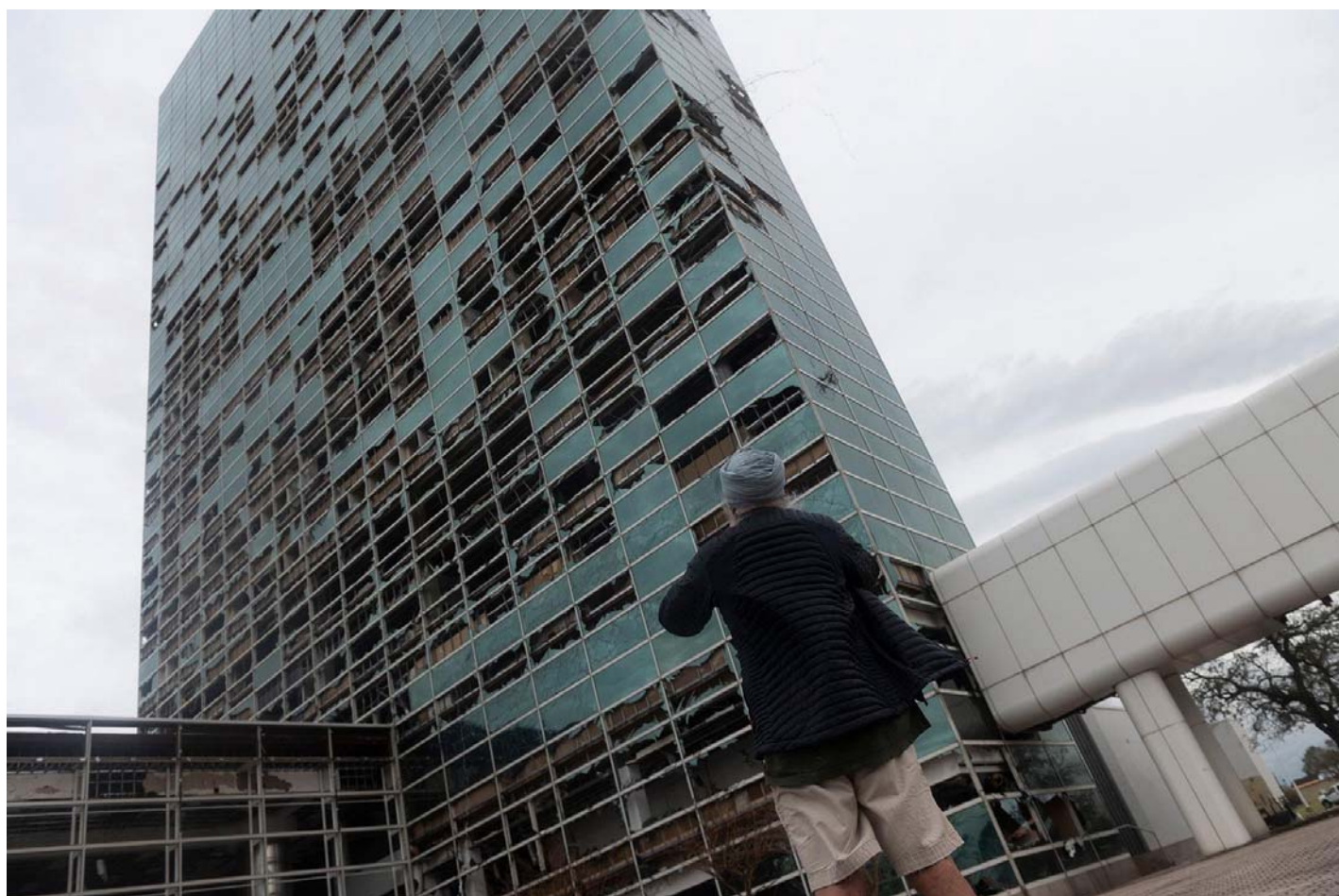




DAILY ROUNDUP

Trump, Biden Differ on Property Tax Issues, Hurricane Laura Slams Louisiana, Dollar General Boosts Sales

What You Need to Know to Start Your Day



Capitol One Tower in Lake Charles, Louisiana, had windows blown out after Hurricane Laura passed through on Aug. 27. (Getty Images)

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Trump, Biden Differ on Taxes

Now that President Trump officially is the Republican nominee for president, the race for the White House picks up steam against his Democrat opponent, former Vice President Joe Biden, on issues such as taxes on real estate investments.

Trump may keep up his attacks that Biden wants to significantly raise taxes across the board.

Biden has made a series of policy proposals that include how they might be paid for should they move forward. One of the big changes could bring limitations to the like-kind exchanges to help pay for a 10-year, \$775 billion plan to improve the caregiving and education workforce.

They are known as 1031 exchanges for the section of the tax code that allow investors to defer paying capital gains taxes. While the idea has spooked the real estate industry, the professionals in the business don't believe the change would happen quickly, if at all, since the tax code has been around for decades.

Another Trump line of attack on Biden is that the former vice president and Democrats in general want to abolish the suburbs by forcing low-income housing on them through zoning changes. The president recently rolled back a federal rule aimed at maintaining racial equality in housing.

Biden has [proposed increasing affordable housing](#) across the country generally if he wins.

Meanwhile, federal opportunity zones are the least contentious issue between the two candidates.

Trump has said he plans to expand the roughly 8,000 opportunity zones across the United States, without giving more details. The White House released a [report recently showing](#) that at least \$75 billion has been invested in the zones since they were created as a result of the Tax Cuts and Jobs Act of 2017 to help low-income areas around the country.

Democrats have questioned whether they actually do help low-income communities. Biden wants to increase transparency on investments in the areas and create accountability that low-income communities are in fact being helped.

Kevin Wingate-Pearse, a Portland, Oregon, real estate developer, noted zones in his area as examples of zones containing affluent parts of a city, which means low-income residents aren't necessarily benefiting from investment.

"We've got to reclassify some those areas," Wingate-Pearse said.

Hurricane Laura Slams Louisiana

One of Lake Charles, Louisiana's most prominent office buildings suffered substantial damage when Hurricane Laura slammed ashore with powerful winds early Thursday.

Nearly all the windows were blown out of the glass-clad [Capital One Tower](#) that rises 22 stories next to the lake. The building suffered a similar fate when Hurricane Rita roared through in 2005.

Laura became a Category 4 hurricane just before hitting the Louisiana coast with winds gusting to more than 130 miles per hour. Once on land, the hurricane dropped to Category 2 and then dropped to tropical storm strength as it pressed north.

Laura still caused considerable damage to property. Winds destroyed buildings, tore off roofs and knocked down trees, power lines and whatever else was in its way.

During the day, an industrial plant in nearby Westlake that makes chlorine-based products caught fire and sent toxic smoke billowing across the area.

The Capital One Tower was built in 1983. CoStar shows the building is 100% leased with the Louisiana Health Department as the largest tenant.

Dollar General Brings in Dollars

Dollar General reported a quarter of strong sales in a pandemic, burnishing its reputation among real estate investors as an increasingly safe tenant.

The Goodlettsville, Tennessee-based discount retailer reported sales increasing 24.4% in the quarter ended July 31 to nearly \$8.7 billion. Operating profit increased to \$1 billion.

This follows the previous quarter in which net sales increased about 28% to \$8.4 billion compared to last year with operating profit climbing 69% to \$866.8 million.

Todd Vasos, Dollar General's chief executive officer, told investors during the company's earnings call that sales have strengthened by consumers "trading down," seeking lower priced stores, rather than the federal stimulus that put more money in their pockets.

"What we see is very reminiscent to what we saw during the Great Recession even though it was more of a financial recession versus where we are today," he said. "This one is starting to turn more into and look a little bit like that recession."

Dollar General had essential status during the lockdowns that cities and states did to slow the spread of the coronavirus. With that, the retailer has drawn more interest from net lease investors looking for safer places to put their money.

With these leases, tenants pay most if not all of the property's operating expenses such as property taxes and insurance. The landlord receives rent that includes a return on investment known as a capitalization rate.

Jobless Claims Drop

The Labor Department reported Thursday that new applications for unemployment last week remained above 1 million but are a little lower than the previous week.

Jobless claims dropped 98,000 from 1.1 million to rest just above the 1 million mark, which some economists say is an indicator that unemployment may persist for a while. Insured unemployed rolls fell by 223,000 to 14.5 million.

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Meanwhile, the Bureau of Economic Analysis reported its second estimate on the drop in gross domestic product for the second quarter. Instead of dropping 32.9% annually, the rate was 31.7%. Private inventory investment and personal consumption expenditures had decreased less than the agency originally estimated.