HOUSING PRICE TRENDS
Accurate Signals-Optimal Returns

Case Study: Sandy and Jim
Capture Appreciation vs. Long-Term Hold

Sandy bought an investment property in Boston, Massachusetts in 3Q of 1998. Sandy knew that market timing and appreciation were important in real estate investing. She had access to price trend analysis tools that told her it was a good time to buy in Boston. She purchased a property for $182,770, which was about the average property price at that time. Her down payment was $45,692, or 25% of the purchase price.

Her friend, Jim, decided to buy an investment property at the same time in Akron, OH. He paid $102,750, about the average property price at that time. He was also fairly conservative and paid 25% down, or $25,687. They both collected market rents for several years and made a small profit on the cash flow.

However, in 2Q of 2006 Sandy got a “Sell” signal from the price trend analysis system she had access to, and promptly sold her property. Sandy ended up with a 38.9% *annual* profit (after adjusting for inflation) based only on the property appreciation during that time. When Sandy sold, prices were still going up. In fact, prices in Boston had increased by about 4% from the same time the previous year. Sandy understood a more sophisticated principle with regard to price changes. She understood that, while prices had still increased somewhat from last year, the recent increase was much less than previous years: the market was losing momentum. She also had confidence in the tools she was using. She sold when the system told her to sell, and did not try to second-guess the market.

Jim did not use such as system and thought that if prices were still going up, the housing market was still good. Jim was aware of general market trends, and only looked at national data occasionally. He would have observed in 2Q 2006 housing prices on a national level were still increasing 8% from the previous. Jim’s other mistake is that he did not consider inflation: inflation was about 4% at that time. Jim kept his property. He thought of himself as a long-term investor; he thought that was a conservative investment style. Now back to Sandy.

Sandy walked away from the sale of her property with $183,480 cash ($45,692 down payment + $137,788 appreciation). Like many at the time, she was about to witness the housing market collapse and millions of people (investors and home owners) lose their homes and investments. Sandy patiently waited until the system she followed indicated to get back in the real estate market in specific cities. She had enough profit to actually buy more than one property. She invested using a fairly conservative 25% down payment for each property. She followed her system and purchased properties when the system indicated a "Buy." She bought the following properties:

Purchase Date	City	Purchase Price	Investment	Appreciation as of 4Q2015	Total Equity
1Q2013	Phoenix, AZ	$162,428	$ 40,607 down	$ 50,532	$ 90,989
3Q2013	Boise, ID	$168,400	$ 42,100 down	$ 42,838	$ 84.938
3Q2013	Bend, OR	$219,539	$ 54,885 down	$ 66,519	$ 121,404
3Q2013	Merced, CA	$163,748	$ 40,997 down	$ 47,865	$ 88,862
TOTALS		**$714,115**	**$178,589**	**$207,604**	**$386,193**

Sandy's total equity in 4Q 2015 was $386,193, and she started with only $45,692. She achieved an annual return of about 50%!

For comparison, what was Jim's equity in 4Q 2015? His property did increase in value, but only by $15,717 (adjusted for inflation) in 17 years! His total equity would have been $41,404 (down payment + appreciation). Now, Sandy did pay more for her property: 1.78 times as much. Let's compare Sandy with Jim's equity (adjusted to the equivalent of Sandy's down payment). Jim's equivalent equity would have been $41,404 x 1.78 =$73,699. Sandy's equity was 5.24 times as great as Jim's in 4Q 2015. Not only did Sandy get a significantly greater growth in her equity, but she also did so with less risk. She was out of the market before prices declined, and when she got back into the market, she bought multiple properties in different areas to provide extra diversification protection.

The **Housing Price Trends** system can give you the BUY/SELL signals that you can use to capture optimal housing price appreciation, and protect you from market downturns. Never be caught in a market downturn again. Remember, price trends are different in cities across the U.S. Pay attention to price change movement in your cities of interest. If you are not getting our signals, become a Member today.