



**HPT *Intelligence* Report:
The 10 Best Cities in Which to Invest*
Ranked by HPT Composite Index****

HPT Index	Average % Return	City
39.0	42.1	Modesto, CA
38.3	36.5	Merced, CA
38.2	44.6	Riverside-San Bernardino-Ontario, CA
38.0	38.6	Stockton-Lodi, CA
37.8	48.5	Los Angeles-Long Beach-Glendale, CA (MSAD)
37.8	47.0	Oxnard-Thousand Oaks-Ventura, CA
37.5	43.6	Salinas, CA
37.0	38.4	Vallejo-Fairfield, CA
37.0	46.0	Santa Maria-Santa Barbara, CA
36.2	57.4	Sebring, FL

Average inflation-adjusted annual return: 43.6% (11.8 - 69.8%)

Average number of years held property: 5.0 years (1.5 - 8.8 years)

For the period from 1985-2015, for each city you would have made investment property purchases twice, except for Sebring, FL, where you would have made only 1 purchase. Of these 10 cities, only 9 cities had data starting in 1985, and the average 30-year long-term hold results were 7.4% return/year (ranging from 1.3% to 13.3%).

* Based on historic data from 1985-2015

** The HPT Composite Index ranks cities potential returns and is a proprietary measure of six parameters of historic price movement

Ranked by Annual Percent Return

HPT Index	Average % Return	City
33.4	71.1	Bakersfield, CA
31.0	67.9	Port St. Lucie, FL
28.5	66.2	Fort Lauderdale-Pompano Beach-Deerfield Beach, FL (MSAD)
29.5	64.9	Miami-Miami Beach-Kendall, FL (MSAD)
27.9	60.7	Hanford-Corcoran, CA
33.0	60.0	Naples-Immokalee-Marco Island, FL
28.9	59.1	West Palm Beach-Boca Raton-Delray Beach, FL (MSAD)
27.6	58.7	Crestview-Fort Walton Beach-Destin, FL
29.7	58.4	Phoenix-Mesa-Scottsdale, AZ
29.0	57.8	Honolulu ('Urban Honolulu'), HI

Average inflation-adjusted annual return: 62.0% (55.4 - 71.1%)

Average number of years held property: 5.1 years (2.5 - 8.5 years)

For the period from 1985-2015, for each city you would have made investment property purchases once, except for Honolulu, HI, where you would have made 2 purchases. Of these 10 cities, only 8 cities had data starting in 1985, and the average 30-yr long-term hold results were 5.0% return/year (ranging from -0.4% to 17.0%).

Analysis

The important difference between the 2 lists is that the top cities ranked by HPT Composite Index captured 2 property purchase periods, except for 1, and the top cities ranked by Percent Annual Return captured 1 purchase period (that which peaked around 2005), except for 1 city.

You may conclude that the cities ranked highest by HPT Composite Index may be more likely to continue more periods of appreciation in the future. However, using the **Housing Price Trends** system, investments should be made in cities that are in either the top 91 or top 146*** (ranked by HPT Composite Index) when BUY signals occur. The HPT Composite Index was created to provide a good way to measure past and potential future price performance. The HPT Composite Index correlates fairly with annual percent return ($R^2=0.47$). For example, cities that have never experienced much property appreciation in the past 30-40 years are not likely to have very high levels in the future (refer to the report: “The 10 Worst Cities in Which to Invest”). If multiple BUY signals occur at the same time, then the investor should either purchase multiple properties in different cities, if possible. Otherwise the investor can review the price change history of candidate cities and choose a city based on location and additional research.

*** The top 91 cities have a HPT Composite Index > 25, and the top 146 have a HPT Composite Index > 20.