

Market Research for Smart Investors

Using Data to Maximize Cash Flow and Appreciation

Part 1: Gathering Information

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“Real estate investing is not a guessing game. You can actually predict the hottest future growth areas.”

~ Dave Lindahl

“If you want to see the future, watch demographic trends, as they are the ultimate leading indicators. Even better: most economists, investors, and business people don’t understand this, so it creates a unique advantage for you as an investor or business.”

~ Harry S. Dent ,Jr.

The Importance of Data & Demographics

Read and understand the market place

- Common, cross-comparable metrics
- Informed decisions based on reality

*Give yourself an alternative to guessing,
or just following the herd.*

Data analysis creates a picture of current conditions:

- Story of the past
- Future potential
- Who to talk to
- Where to look
- Evaluation tool
- Compare options
- Reveals Exit Strategies
- Provides confidence in the deal

Key Data & Demographics for the Investor

Population—age, income, education, children

Households—size, formation rates

Economics—spending patterns and trends

Housing—rentals, sizes, age or property

Land Values—tax rates, zoning, special zones

Boundaries & Barriers—roads, bridges, construction

Schools—public, private, universities, family types

Transportation—transit, accessibility

Trends—decline, stagnation, growth, potential growth

Market Cycles—When to buy, when to sell, when to hold

Paths of Progress—Pockets of growth and appreciation

Types of Data & Demographics

- Hard data
- Visual data
- Experiential data
- Information from local professionals

Arm yourself with the FACTS.

Data reports

Research reports

- Economic
- Industry

Media

- Newspapers
- Internet
- Industry media

Maps

Photos

Anecdotal composites from professionals

What To Look For:

What's changing?

Changing where?

Changing why?

Changing how much, how fast?

How can I profit from the changes?

The Key Facts for determining a market's status

- Population Growth 2010-2015
- Markets (MSAs)
- Job data

From Dave Lindahl's *Emerging Real Estate Markets*:

The Definition of an Emerging Market

- Job Growth 2+% in each of the last 2 years
- Pop Growth 2+% in each of the last 2 years
- Market population of 250,000+
- Commercial Airport
- Diverse Economy

Why Do What Everybody is Doing?

Relying on hearsay from

- Media
- Brokers
- Property Managers

Readily available media

- National Brokers Data Reports
- Economic outlook data sources

Get Ahead of Competition

Go where others are not looking

Go forward with confidence with and a plan unpinned by data

Uncover opportunities for greater profits

Produce compelling background for investors and lenders

Data Needs

- Supply of property
- # of foreclosures
- D.O.M.
- Unemployment
- Construction starts
- New Construction permits
- Rehab Permits
- Tear-downs
- Rental Rates
- Property Sale Prices
- Household formation
- Male/Female ratio
- Younger/Older ratio
- Single/Married ratio
- Renter/Non-renter ratio
- Blue/white collar ratio
- Job Growth—by sector

Data Sources

- Money magazine
- Fortune magazine
- Multi-Housing News
- ApartmentFinance.com
- CommercialPropertynews.com
- Sitedevelopment.com
- Realtor.com
- Loopnet.com
- Richblockspoorblocks.com
- Marcusandmillichap.com
- Redcapitalgroup.com
- REIS.com
- CBRichards/Ellism
- Hendricks & Partners
- Bureau of Labor Statistics (bls.gov)
- US Census
- American Community Survey

*To be continued in **Part 2: Market Cycles***