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Top Ten High Turnaround Markets

Our editorial partner, Local Market Monitor, offers this list of markets they believe

have high turnaround potential specifically because their lows can not be justified financially. These are believed to be the absolute examples of over-sold markets, where community and personal fear and financial misfortune cause sellers to sell for what they can get, not necessarily for what these properties are ultimately worth. These markets offer patient and buy and hold investors a better than average upside.



Ingo Winzer

Ingo Winzer, president of Local Market Monitor, favors these markets because home prices until recently were still falling at double digit rates. "These have the potential to bottom out quickly," says Winzer, "and because of past strong population growth could have above-average price increases after the economy recovers.

Home prices are close to a bottom. Our Year 3 Forecast indicates the delta from the forecast bottom. (Don't take the precise values too seriously, what matters is the magnitude.)

The best indications that future home prices may be strong are past population growth and the relatively good local economy. The column headed 2000-05 Pop Growth shows population growth in that period. For all the Top Ten markets, the value is well above the 5 percent average for the United States. (Note you have to be careful with this statistic as overheated growth is a negative sign.)

The column headed Economic Rating gives a score of 1, 0, or -1 to each market based on relative job growth in the past year. The criterion is used mainly to exclude markets with the worst current economic prospects.

Although they were not used to establish the Top Ten, other interesting statistics in the table are the Excess Over EHP, which shows how much home prices exceed the Equilibrium Home Price.

Although not an explicit criterion, note also that the average home price in the Top Ten markets is generally on the low side. This begins to make this a job and population migration destination.

Ingo Winzer is president of Local Market Monitor, and has analyzed real estate markets for more than 20 years. Often quoted in the national press, in 2005 Winzer warned that many housing markets were dangerously over-priced. Winzer was founder and EVP of First Research acquired by Dun and Bradstreet in March 2007, MIT and MBA Finance grad from Boston University. He resides in Cambridge, Massachusetts.

For more information and the underlying data for each metropolitan statistical area (MSA), contact:

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	MSA	State	Home Price Change Q'1 2010	Year 3 Forecast	Change in Forecast	Economic Rating	Population 2008 (,000s)	Home Price (,000s)	2000-2005 Pop Growth	Equilibrium House Price
1	Visalia	CA	-13%	-3%	10%	0	426	161.1	10%	-5%
2	Redding	CA	-13%	0%	12%	0	180	192.9	8%	16%
3	Hagerstown	MD	-12%	-3%	9%	0	263	200.1	12%	-1%
4	Jacksonville	FL	-12%	-2%	10%	0	1,313	208.4	11%	17%
5	Modesto	CA	-12%	0%	12%	0	510	146.6	11%	-10%
6	Pt. St. Lucie	FL	11%	-1%	11%	0	403	146.9	17%	14%
7	Myrtle Beach	SC	11%	-2%	9%	1	257	199.0	15%	26%
8	St. Cloud	MN	10%	-2%	8%	1	186	164.3	8%	0%
9	Salt Lake	UT	10%	-3%	7%	0	1,115	227.0	8%	19%
10	City of Portland	OR	10%	-1%	8%	0	2,207	244.1	8%	29%

Local Market Monitor recommends appreciation that investors look in markets before they've turned around. The column marked Home Price Change shows a 9 percent to 13 percent drop in home prices. (List excludes markets population under 200,000.)

