

**Prospecting for Growth in Property Values!**  
**22 Favored Growth Areas, Large & Midsize Metro, Building Jobs**  
*By John V. Kamin*

When hunting for areas growing in population and jobs, to find properties that will grow in value, it helps greatly if you can readily identify those growth areas before you start your hunt. A) It will save you time, B) save you money, C) concentrate your efforts, D) focus your knowledge of an area, especially neighborhoods, E) give you dependable comparative values, F) help you negotiate, G) help bail you out of any blunders and mistakes you make, H) aid you in finding Need-To-Sell (NTS) deals, such as foreclosures, estates, I) help keep you out of non-growth areas where population and job growth are stagnant, or worse yet, negative.

**My Favorite Large Growth Areas**

Note that in every instance we are referring to metro areas within a one hour commute of jobs, not the individual city limits or towns by name. Some of the best growth areas are near the big cities but not in the big cities; bedroom (commuter) communities, often in lower-tax adjacent counties.

***Therefore, sell your worst properties now and generate some cash. But keep the best, the ones that will grow in value.***

1. Las Vegas/Clark County year after year is the fastest growing county in the USA. Lots of jobs, inflows of population, low taxes. But Las Vegas city itself is very small and doesn't include the surrounding communities. Government bodies own about 97% of the land in Nevada, one of the lowest tax states. That limits your "hunt" to outlying areas near Las Vegas. Get blacktop commercial frontage, or cash-flow built-up property, on the main drag, not off on side streets, not cul de sacs; get it zoned for growth. 70% of Las Vegas tourist business comes from So. California, up the I-15, and more from Arizona and Texas. Stay south of town, not North Las Vegas, a rougher area with less traffic inflow. Simple enough. But in Las Vegas metro, we're seeking cash-flow frontage properties or commercial-zoned highway frontage, not homes, nor condos which may be peaking.

2. Another favorite area is what we call Phoenix/Scottsdale, Arizona, metro, also gaining in population and jobs. I suggest you hunt south along the Highway 60 corridor where Maricopa County (Phoenix) ends and in Pinal County, close to the Maricopa County line. Again, commercial highway frontage near exits on Highway 60 not far north or south. Maricopa County is a high tax county, Pinal County is a low tax county, and its west end houses thousands of commuters that pour out of Phoenix. In the past (1980s), Phoenix metro has been a boom/bust cycle area; action both ways.

3. Another favorite growth area is the Orlando/Orange County, Florida metro area comprising more than a dozen towns. Stay close to the freeway and highway exits, commercial frontage or cash-flow rental buildings. Usually this is the second fastest growing county area in the USA year after year.

4. Headed north? Consider the Chicago metro/Joliet/Schaumburg triangle, the suburbs, again cash-flow rental properties or commercial frontage acreage. Outlying Du Page County, Fox Valley area.

5. Farther north, long term, I expect the Chicago/Racine/Milwaukee corridor (comprising many farms and much vacant land) to fill in, especially along the Interstates, but this will take more time. Careful here. Wisconsin and Illinois are high tax states, constantly raising taxes.

6. A lower tax state is Texas, and our favorite growth area is metro Dallas/Fort Worth, outlying areas, for commercial properties, or vacant zoned highway frontage for development. Lots of job growth and population growth, too. But homes are often overbuilt in a boom-to-bust cycle.

7. Further west, consider San Diego metro, especially the north county area, north to Oceanside. Prospect where the military bases are being closed (for cheaper land). San Diego

itself is too high priced. I prefer to buy in-place construction or rentable buildings, to profit from the latest trend from rising rents.

8. Further north is Los Angeles county metro, jobs by the million, huge eight figure metro population and big inflows. Proposition 13 locks in property taxes at time of sale or transfer.

### **Cheap Deals**

9. One sleeper area is south of New Jersey within commuting distance of the Philadelphia metro area. Jersey has lower taxes, lower prices and attractive greenery compared to gritty Philly. But PA is a high tax state, so I'd head over the Delaware to south Jersey for cheap houses and commercial land, within one hour max commuting distance. Cape May has already exploded in prices, but you can stay on or near the Highway 55 and Highway 40 corridors, also to profit from traffic toward Atlantic City job openings. Vineland is about in the middle, biggest south Jersey area at cheap prices.

10. Another favorite area is the D.C. metro, suburban D.C. communities in Virginia across the Potomac and in nearby Maryland, Chevy Chase on out. Government is a growth industry and new politicians hustle in to buy modest priced to premium properties every four years, hang the cost. They have huge expense accounts. Head south along the corridor to Dulles Airport, or along the encircling Beltway encompassing metro. I'm not recommending District of Columbia proper itself. Baltimore is not recommended.

11. Another favorite large industry suffering with many NTS properties now is Houston. I'm not fond of the hot humid climate, but if you're making money there, what do you care? Houston suffers because of previous Enron scandals, and recent refinery fires, but it's an important port city and will continue to grow. Take advantage of cheap prices within commuting distance.

12. PREDICTION: Closer to the ocean is better, as port will expand.

13. Atlanta, fast growing, big new aerospace and engineering jobs, growing metro suburbs, with all the usual problems of smog, heat, overcrowding and traffic. Still, I like the Atlanta metro area a lot.

### **What About Cheap Midsize Areas Growing?**

14. Personally, I prefer the areas with a huge number of jobs, seven figures populations or higher, metro. But there are some midsize cities that are growing in value, growing in population, and smaller numbers of jobs, such as Bakersfield, usually California's fastest-growing midsize city. Careful here, though. Developers are well spread out. Stay north and south of town, along Hwy 99 and the Interstate. Avoid inner city slums and east. Fifty years from now I expect the corridor toward Los Angeles to fill in as population doubles, long term.

15. Other interesting Midwest areas--Omaha/Lincoln. I wouldn't go elsewhere in Nebraska, too few jobs. Avoid the small towns.

16. You might take a peek at Evansville, Indiana. Lots of barge traffic on the Ohio River, an old-growth city which might sometime later surprise you. Cheap, cheap prices. Buy up commercial frontage close to the river but avoid outlying areas. It might be a longer time before progress hits.

17. Another Midwest area is Kansas City. But watch out. Both the Kansas side and the Missouri side are high-tax states. Stick to the highway frontage corridors. Measure traffic flows before buying. Check Chambers of Commerce.

18. Farther west, a boom-bust high-growth area in San Jose, still a growing tech center. Prices went crazy during the late 1990s, then dipped down by half, and are now growing again. Lots of momentum, but it's what we call a high-beta (swinger) on prices. Lots of rewards, lots of risk.

Ok, your questions forced me into mentioning the following.

19. Other mid-size growth areas are Tampa/St. Petersburg.

20. One more is Austin, TX (government growth).

21. In New Mexico, stick to Albuquerque metro and avoid Santa Fe (no commercial airport), and Santa Fe is far away.

22. North of Los Angeles I like the new Gold Coast, Oxnard/Ventura, prices and the population is growing fast. Former farmland can now bring \$1 million per acre. High agriculture revenues, too. I hear strawberry growers can get gross revenues of up to \$100,000 per acre per year and grow crops year round. But don't go north of Ventura (towards Santa Barbara) too high priced, too slow, frequent water shortages and other problems. Some Oxnard/Ventura growth also feeds off the jobs corridor just north of Los Angeles County.

### **What I Avoid**

You'll notice a lot of metro areas conspicuous by their absence. They haven't made the list because of taxes, grit, stagnant populations, tough unions shutting down job growth (Pittsburgh, Detroit, Cleveland, Boston, New York, North Jersey, Cincinnati) and a host of other problems. I'm not saying you can't make money in the places that are not on the list, you probably can. But you'll have to be a local, discover special situations or NTS income properties and be willing to put up with the other built-in long standing problems in those areas.

### **Warning**

Caveat: we may be at or near the top of the real estate cycle. I prefer to buy when everyone hates real estate, near the bottom of the cycle.

Therefore, sell your worst properties now and generate some cash. But keep the best, the ones that will grow in value. Sell the dogs, the slums, the goat farms, the outlying areas, the short-season resort area properties, the vacant lots and properties with horrible neighbors, NOW in today's hot-hot-hot real estate market, boondocks, when most anything will sell at a price.

Also, you can keep prospecting for NTS deals, estate sales, deals discounted 20% to 40% or more because of liquidity problems. They're few and far between, but they do pop up regularly for avid hungry hunters. See the book How To Make Money Fast Speculating In Distressed Property for more tips. Recognize there is a lot more risk buying in at the top of the market than at the bottom of the real estate cycle. And "if you can't afford to walk every foot of the dirt, you can't afford to buy it", that's my motto. Don't buy properties sight unseen, un-inspected and don't waste your time searching for growth areas on the opposite coast.

Stick to areas where you travel regularly, that are near your home base or where you'd like to go regularly because sound property management and aggressive prospecting require frequent travel, inspections, on-site negotiations and contracting. Got it? I wish you success in the Treasure Hunt over the coming years 2006-2008. Go for the growth!

John Kamin is a Consulting Economist and publisher of *The Forecaster*, 19623 Ventura Blvd., Tarzana, CA 91356, (818) 345-4421. \$180 per year. For more money making ideas, order his latest book Active Money Strategies & Hidden Wealthbuilder Secrets For Young Adults: What They Were Afraid to Teach You in School. If They Ever Knew! \$20 + \$4 s&h Add \$1.65 tax. 95 pages.

*Forecaster Money-Letter publishes confidential reports about the future to benefit you, and makes decisions easier. It helps you profit, sidestep losses, enhance lifestyle, creates financial independence.*

*Send for 10 issue trial. \$120 value. . . only \$59 when you mention the AOA. Mail check to: Forecaster, 19623 Ventura Blvd., Tarzana, CA 91356; or phone (818) 345-4421 and put it on your credit card for immediate shipment if you wish.*