

Understanding Fastest Growing Metro Areas to Make Money by John V. Kamin

Can you just examine the fastest growing states to make money in property? I don't think so. True, Arizona, California, Nevada, Texas and Florida are fast growing. But, the states are too big, too broad and many populations are both concentrated and widely dispersed, so picking one or two states to prospect for profits is too widespread an area. It's difficult to make such broad generalizations.

Instead, let's narrow the hunt down to specific metro growth areas. Counties are a better way of looking at metro growth areas.

Example: If you looked at Nevada as a fastest growing state, you'd find out that population is sparse to non-existent in about 95% of the state. Whoops! You don't want to buy unpopulated eastern Nevada land for rapid growth, do you? After all Federal and State governments own some 97% of the land in Nevada, which is mostly "off the market" for growth.

Avoid Boondocks

Concentrate your search instead on Clark County, (Las Vegas metro) where most of the growth in the entire state is taking place. Clark County is usually, year after year, decade after decade, the fastest growing county in the USA! Las Vegas itself is a tiny town within Clark County, the huge Las Vegas Metro area. In fact, most of the growing development in that metro area is outside the small town of Las Vegas itself, but within Clark County.

Another example: How about California, a large state? If you generalize too much you may end up in Eastern California or Northern California where growth can be kindly described as "minimal" at best.

Instead, you'll not only want to look at faster growing counties such as Los Angeles County, San Bernardino County, Riverside County, San Diego County, Orange County and Ventura County, just to mention a few.

But even in San Bernardino and Riverside Counties, much of the growth is concentrated in small portions of those huge counties and the eastern portions of those counties are mostly wasteland. It's the same with Imperial County, Placer County, and a number of other California counties.

Bakersfield, (Kern County) is the fastest growing mid-sized city in California, but much of Kern County is lackluster agricultural, not subject to fast growth, is mountainous or rocky desert.

Narrow Your Search

In **Orlando, Florida**, much of the growth is taking place in Orange County, but near theme parks outside downtown Orlando and on the route between Convention Centers

and the airport. If you go to other areas of Orange County, you'll see built-out subdivisions but not a whole lot of jobs growth. You must be selective.

Texas has its growth areas in and around Dallas/Ft. Worth, Houston and even the smaller town of Austin, the state capital. But, get a little farther west toward Rockford and Bensonville or south toward Peoria and Bloomington and you won't find much growth potential at all – at least not rip-roaring “buy the land at any price” kind of growth.

Arizona Squeeze Play

Phoenix can grow east, but is squeezed in the northeast by Indian Reservations and then squeezed again in the southeast. South and west of Phoenix, between Phoenix and Tucson, there are massive amounts of empty undeveloped and undevelopable desert acres that I predict will remain undeveloped into 2050 and beyond with no growth.

But, head due east of Phoenix along Highway 60, just as you enter Pinal County and just east of Sky Harbor airport. You'll see crisscrossing freeways and lots of bedroom community growth for Phoenix area jobs in Pinal County.

Head north to Prescott and you'll find the fine town of Prescott is growing, but it's too far from Phoenix to get a growth corridor, as is Sedona. Avoid this.

I could go on, outlining other specific growth areas for prospecting pre-development land, potential zoning changes along highway frontage and population growth. I suggest instead, you see the book [How to Make Money Fast Speculating in Distressed Property](#) and especially the chapter on *Drawing Your Own Map for Prospective Profitable Searches*.

Cheap Land vs. Pre-Development Land vs. Costly Energy

Some folks I know in this area commute more than 100 to 120 miles per day. For example, some hospital workers from Santa Monica commute to their homes in the Santa Clarita Valley – that's nearly 120 miles total both ways with heavy traffic.

Prediction: Costly energy continues impacting triple-digit mileage daily commuters. For decades, the [Forecaster Moneyletter](#) has recommended buying properties on the edge of major urban job centers with one million populations or more. No boondocks. No country farms beyond commuting distance. No rock and boulder goat farms. No West Texas rattlesnake and jackrabbit desert, just because it's cheap as sold on the internet. My motto is, “If you can't afford to walk every foot of the property you're buying, you can't afford to buy it.”

Pre-Development Land (PDL) has made many people rich. This is usually far-out suburban land from the metro job centers with frontage on major arterial highways (no cul de sacs, no vacant lots off the “main drag”, stick near the freeway exits).

Make Time Work for You

PDL land has several unique characteristics. It seeks to take advantage of major population growth in growth areas. No growth equals no purchase. PDL land is also

usually purchased with low-grade zoning (residential or agricultural) that can usually be upgraded to more valuable commercial zoning as development moves toward you. PDL land will take years to develop so you ought to be able to hold it for a minimum of five to 10 years, longer if you have to if development slows.

Good Signs

Heavy traffic, utilities ripping up streets and bottlenecks are good for potential PDL speculators; they are frustrating to long-time countrified area residents who hate all the noise, the increasing steady stream of commercial vehicles and the encroaching developments.

Need to Sell (NTS) Negotiations

Long time residents and retirees who believe the area is now getting too crowded and too “citified” may want to move closer to children and grandchildren or retire to a smaller, “easier to care for” place with easier upkeep and cheaper taxes.

This is important when negotiating. For example, perhaps you don’t have much money to buy but you could afford payments of 6% interest. That’s your pitch to get the seller to finance 20% to 70% of your purchase. Six percent interest is more than they can earn down at their bank on savings bonds, etc. Besides, you tell them, “If I don’t pay you the whole thing promptly as scheduled, you can keep all the money I have paid you including the down payment and you get your place back in improved condition!” That’s an almost irresistible pitch.

Of course, buying PDL land means you’ll want to own it a long time, you have no intention of “stiffing” the sellers with late payments or no payments.

PDL land costs more than jackrabbit and rattlesnake boulder-strewn property, but it’s worth it. You’re getting the frontage locations in the path of development. I prefer to buy by the acre and sell by the square foot, as development creeps closer. In fact, that’s my motto. I don’t even have to get new higher zoning, I just have to open that door for the new buyer, let the buyer/developer apply for the higher-value commercial or hotel zoning!

Cash Flow Helps on PDL Land

PDL land that can generate income is worth more. You want the farm developed, crop-yielding so that you can lease out the cropland to a nearby truck farmer. Lease out the barn to someone who needs lockable storage space for his vehicles or equipment; lease out the farmhouse to a family with kids.

You want that visible highway frontage or freeway frontage, so you can let the advertising company that rents out billboards pay you a four figure monthly fee for each billboard, while you’re awaiting development to come your way.

Don’t forget, any income is valuable even if it isn’t quite enough to make your monthly payments. Rents will go up over time as will lease rates. But, your monthly payments on

a fixed rate mortgage (FRM) or fixed rate seller financing stay the same. Rent out any buildings or land for whatever you can get, whatever you can negotiate.

Make it easy for people to rent your PDL land to generate any cash flow to carry the property while you're waiting. This is a wonderful way to make time work for you rather than against you, as time works against most people.

Beware of Boondocks

Caution! Avoid tying up your money in boondocks land, second homes, resort area condos with high monthly owner/association fees and the like. Avoid properties that aren't going to develop for various reasons.

Don't buy property sight unseen. Remote avoidance: don't buy property that you can't visit at least quarterly to check development. Maintain relations with local area brokers, newspapers, publications and developers including County Planning Commissions, city planners and the like in your new area where your PDL is located. Don't put the blinders on and get cheap about traveling to it. If you can't travel to it because it's too far away for you, your PDL land search should be closer to where you live now.

Timing Offers for Profit

This is a pretty good time to locate Need-to-Sell (NTS) properties at a steep discount – (30% to 40%), PDL land included. What was priced at \$500,000 a year or two ago, may be purchasable now for \$350,000 or less than \$400,000 upon negotiation in today's tough markets. Remember that real estate moves in 7 to 10 year cycles and is illiquid most of the time. You want to buy near the bottom of the cycle, not when everything is booming and when everyone else is wearing rose-colored glasses.

Make long-term powerful forces work for you, not against you. Among such forces are the following, just to name a few: area population growth, jobs growth, longevity improvements, people moving into your area for retirement reasons, or jobs, or lower taxes, job growth incentives and grants by cities and counties looking to expand, etc. Use seller financing or other lower-rate financing methods so you can carry property longer for long-term capital gains at favorable tax rates. Take advantage of depreciation and tax deductions where possible. Among these are depreciation on buildings, orchards, lumber and improvements; less taxes equals more net income equals more net gain equals bigger long-term capital gains!

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 Wealth Builder 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 and creates financial independence.

Send for a 10 issue trial. A \$150 value. . . only \$59 when you mention the AOA. Mail check to: Forecaster, 19623 Ventura Blvd., Tarzana, CA 91356; or if you wish immediate shipment, phone (818) 345-4421 and put it on your credit card.