

## **Growth Formula for Huge Capital Gains (Investing in Land!)**

By John V. Kamin

Now in our 42<sup>nd</sup> year, the Forecaster has published many 100's of articles, in 1000's of reports, about **making money** with **tangible assets** such as **cash-flow properties**. Many formulas, strategies and tactics were given in books, reports, seminars and speeches. Newcomers, however, may not have quite "picked up on" the relatively short and simple **essence** of making big capital gains per my formula. Let's summarize.

### **Make Big Gains - Pre-Development Land - Buy By The Acre And Sell By The Foot!**

1. To lessen your deal-search time, basically, you are going after **potential commercial frontage** on **main highways within the commuting distance of metro job centers** (1 million population or more). Since there are only 1 or 2 dozen metro centers that meet this definition, your search is easy and **specific**. See the book How to Make Money Fast Speculating in Distressed Property and the chapter on "Drawing Your Map". Make up a **flyer** of your requirements so brokers and sellers won't **waste** your time showing you the wrong properties.

2. You **need** the busy highway **frontage**. Basically, you are probably looking for intersections, nearby freeways, State and U.S. highway frontage, outlying suburbs and blacktop highways; not county roads, frontage on **main arterial streets and** growing towns and suburbs. You should have some **evidence** of commercial development already begun, such as power, water and utilities, nearby or already to the property. In doubt? Check your County Planning Office.

3. ZONING! The frontage land you are looking for is probably zoned now as residential or agricultural. But there may be a "taste" of development within a mile or two already commercially zoned.

4. CARRYING COSTS! I prefer **buildings** on them which can be rented out for cash flow to "carry the freight" (mortgage payments, interest, taxes and insurance). These could be farmhouses, large old Victorian houses, rentable barns or a cement block storage building -- whatever you can rent.

5. E.G. One young college student age 19 that I advised bought an Ohio farm with highway frontage. He **leased** the **land** to the nearby **farmer**, rented the farmhouse to a big family with kids and rented out the huge barn to a car collector who wanted storage space. He enjoyed 3 incomes from 1 property as he awaited growth and development and rents rose. CONGRATULATIONS to him - he learned his Forecaster lessons well! Not bad for a student with **no money** at the time.

6. After graduation from UCSB, he got a job with a nearby factory to justify getting mortgages from the lenders. Seller financing also helped!

### **Put Powerful Trends To Work For You!**

The USA population has been doubling every 60 years or so! So a young student could afford a decade or two, during which he collects rising rents then pays off the place in full to become an **easy millionaire**. Later, he bought a going business when an owner wanted to retire, NTS (Need-To-Sell) for very little money, on this economist's (Forecaster) advice.

### **Shun "Dead Money" Lockups**

7. WHAT TO AVOID. Avoid boondocks. Avoid buying houses or vacant land without potential commercial highway frontage, landlocked parcels. I love South Dakota and North Dakota, but I don't buy land there. Another example, Fargo, ND, may grow, but it's not a major regional job center, neither is Kearney, Nebraska nor Lubbock, Texas, nor Santa Fe, NM. Got it? You want **verifiable growth moving toward your property**, and you want **many bidders**, not

just the 1 to 3 locals who flip a coin once a week to see which one will make a non-competitive lowball bid for your developing property. Got it? No mountain goat farms, no rock & boulder isolated areas. I avoid Palm Springs.

E.G. In the newest identified Maricopa County, AZ, metro jobs area, I identified Pinal County just barely East of Mesa, along Highway 60, and **warned** people against going too far East, to Apache Junction or beyond! Stick to within **commuting** distance of major **job** centers, no more than 45 minutes to 1 hour's drive away. Stick to freeways and busy highways.

TIP: A busy highway may be troubling to the "old folks" who've lived there 40 years, but growing activity is a distinct **advantage**, with heavy traffic benefiting you the new buyer!

8. FINANCING: The book How To Make Money Fast Speculating In Distressed Property contains dozens of ways to finance property other than traditional mortgages; even ways for the unemployed, the retirees or the students with no money! A) Today, in this low interest environment with the country flooded with money and liquidity, lenders will indeed give a mortgage to almost any warm body that has a job for more than a year. B) I like **seller financing** when buying acreage parcels. Since retiring grandmom and grandpop can only get 1% interest down at the bank, they may well be quite willing to "carry your paper" at 5% or 6%, even on vacant land. It's good for them and it's good for you! Try it.

See the book, How To Negotiate For Profit---25 Ways To Buy Cheaper, Sell For More Money And Improve Your Lifestyle Through Better, Easier Negotiating. How much will you put down? 10%? 20%? Sometimes you can buy properties with little or **no money down** with seller financing, just make the monthly payments. And even if you change jobs, retire, or move later, the **lender can't take back the mortgage** as long as you keep making the monthly payments. You have the lenders locked in for the specified term, at a **fixed** rate. Simple.

9. GO NEAR THE WATER. 85% of the USA population lives within 50 miles of a major body of water (narrows your search). I don't buy land or buildings in Palm Springs or Yuma or Cheyenne, nor Boise.

10. MORE TO AVOID. Avoid redevelopment areas, central city ghettos, and high crime neighborhoods. Go into changing neighborhoods only if they're going **up, not going down**. Simple enough!

Leave near-downtown areas plagued with problems, leave areas undergoing negative changes, to the "big boys" with big bucks, govt. subsidies and political financing. That's **not** in our Forecaster formula. Avoid!

11. **Study** your area map. E.G. San Diego (6<sup>th</sup> largest U.S. city) grows like crazy, is **always short** of (costly) space. But SD can't grow South (Mexican border) and SD can't grow West (ocean). America's 6<sup>th</sup> largest metro city area then must grow North (Oceanside), or East (Not easy, desert, Indian Reservations may **hinder newcomer** developments). Simple. Remember my personal motto, "Buy by the acre, sell by the square foot". Avoid side streets, etc.; you want to be on the "main drag" even if you're 1 to 5 miles out of nearby town. Simple.

**SUMMARY:** I extend a warm welcome to the many new Forecaster subscribers, and hope this simplified formula is **easy to understand** for anyone over 19. See our new book Active Money Strategies & Hidden Wealthbuilder Secrets for Young Adults! What They Were Afraid To Teach You In School If They Even Knew!

You should have some of your assets in cash-flow pre-development property, tangible assets for growth, inflation hedge or potential capital gains. You don't need 50 deals, but you may need to look at 100 properties, where you make offers on 10, of which 3 boil down to negotiation, where you'll buy. 1. Got it? Simple.

If you've looked at 10 properties, you're **not working** hard enough. You should be able to look at 20 to 30 "sifted" deals per weekend.

### **What Must Be Sold**

12. Also you are to search for Need-To-Sell (NTS) deals. That's where the offers and negotiating begin. Don't "waste your bullets" negotiating on properties that are priced full ticket, or that don't meet your requirements, or that you know you're not going to buy. **Map** out early your search area carefully, then look for properties that qualify, that need to be sold.

Death, estate sales, divorce, property split-ups, govt. tax sales, partnership disagreements, retirees and movers who want to join the grandkids in Florida, whatever the reason, you're looking for Need-To-Sell properties.

(E.G. One Midwest neighbor sold his property, at what I consider \$100,000 too cheap during late 2003 because he'd bought a retirement home (his name came up on a waiting list) before he was ready to sell his property. I sold an almost identical nearby property a few weeks later for **50% more** than he got, through careful marketing and negotiation.) NTS properties are out there. I also prefer to buy in a sluggish Contrarian "down" market, not today's hot-hot R.E. market. But even in a hot market, NTS deals do come up and do need to be sold.

More moneymaking formulas for huge capital gains to "buy by the acre, sell by the foot" are being researched for upcoming Forecaster reports.

Most millionaires have 1/3 to 2/3 or more of their net worth in properties + other tangible assets, many own 10% of net worth in gold and silver bullion coins, similar rising tangibles. **Shun boondocks.** Simple.

*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.*

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