

“Think ‘Metro’ Not City To Make 100% To 1000% In Real Estate!”

By John V. Kamin

Most folks, when contemplating putting money into (or taking it out of real estate by selling) think in terms of **cities**. This Contrarian automatically tries to do something **different**, thinking not in terms of cities, but in terms of **metro job centers**. Most jobs have long since moved out of old city centers, into suburbs, or growth areas within commuting distance. Sometimes, cities themselves do not even allow further development, nor smokestack factories.

Therefore, it is shortsighted at best, misleading at worst, to think just in terms of cities, when you are attempting to grow wealth. The book How To Make Money Fast Speculating In Distressed Property explains more about metro areas.

Brief description: a major metro area is defined as a **contiguous area** of cities and towns, sometimes a **corridor** of growth, with **over 1 million population** and provides $\frac{1}{2}$ **million** or more **jobs**.

Many of these jobs will feed from the efforts of other companies. (E.G. Chicago's O'Hare Airport is located a long driving distance from Chicago, **way out** in the suburbs. But O'Hare feeds trucking companies, import/export companies, suppliers, haulers, provides transport for individuals and rail freight for job centers as far away as Milwaukee, Wisconsin, or Gary, Indiana.)

WHAT YOU SHOULD KNOW ABOUT METRO JOB CENTERS

The book tells **how to draw your map** for your growth property **search**. But I find that sometimes people don't understand and are fuzzy on the concept of metro growth areas, and growth corridors.

(E.G. The fastest growing U.S county year after year is often misnamed Las Vegas. Actually, it is Clark County, Nevada, which has over 1 million people. Las Vegas geographically is itself a **very small** town surrounded by many other adjacent towns in the area, where most of the businesses and most of the strip (that draws tens of millions of visitors per year) are located.)

It would be a huge mistake to confine your search to a city such as Las Vegas and ignore the 10 or 20 growth cities immediately adjacent to it in Clark County. They contain **most** of the population **of the entire State** of Nevada, and by far the largest fraction of all the jobs in Nevada. In comparison, the Reno area would be considered a small-to-midsized town. Clark County, NV, is becoming a retirement haven for low-cost living and a business-friendly tax haven.

2. Consider that metro growth areas may **overlap** several **states**.

GROWTH CORRIDORS

3. Growth areas may have some gaps or even rural areas between them.

(E.G. The East Coast, Washington, Baltimore, Philadelphia, New York, Boston growth corridor is slowly becoming one huge metro area. However, there are **still some gaps** in this (S. New Jersey) growth corridor.)

On the West Coast, there is one long growth corridor from San Diego to Los Angeles to Santa Barbara, with Ventura County and Orange County in between. The growth area also extends south to the Mexican border, west to Riverside/San Bernardino, almost (gap) to Palm Springs and north to Valencia. However, there are **rural gaps** in the San Diego/L.A. corridor as well as in Ventura County.

FORECAST: By 2050 A.D., many of those empty gaps will have filled in with houses, factories, jobs, offices, malls.(E.G. Orange County was named that because it was mostly orange orchards. Today it's 90% developed with high-priced property that would have been **incomprehensible** 50 years ago.)

SLIMMED LISTS MAKE PROFIT SEARCH EASIER

4. There are not that many metro growth areas and growth corridors in the USA, which makes your mapping, searching, and deal hunting simplified. There are also smaller metro growth areas that comprise several cities.

(E.G. it would be a mistake to think of Minneapolis growth area without including St. Paul, or to contemplate Dallas growth without adjacent Fort Worth growth area.)

On the other hand, some metro growth areas such as Indianapolis are relatively small and too far separated from other growth cities along the corridor such as Louisville, Kentucky.

Cleveland, Columbus, and Cincinnati are growing cities, but not a growth corridor. A better growth corridor extends from metro Detroit along the lakeshore through Ohio. Pittsburgh/Philadelphia could not be considered a growth area; they're 100s of miles apart, too many mountains in between to affect each other.

VALUABLE TIP: 85% of U.S. population lives within 59 miles of major bodies of water.

On the other hand, Orlando/Tampa is an area growing together, and I predict that in coming decades people will consider it just one growth area. But both are way too far from Miami for Miami even to be considered part of the Orlando/Tampa growth corridor.

Got the idea?

MORE ASSUMPTIONS TO MAKE 1000%?) PROFITS

5. When considering your favorite metro growth area (not city) you want to stay **within commuting distances** of the jobs, the factories, the offices. 2 hours drive is too far away, as is 3 hours drive. (E.G. Rockford, Illinois, and Madison, Wisconsin, could not be considered part of the Milwaukee/Racine/Chicago/Gary, Indiana growth areas. Commuting distances are just too far, too widely separated.)

6. Can you look at **cities alone** as growth areas? Perhaps. (E.G. The Bakersfield, CA, area covers 100s of square miles and is usually the fastest growing midsize city in California. But it's not connected to other growth areas, within commuting distance, other than a few adjacent smaller agricultural suburbs.)

Sacramento, California, is a growth area with many suburbs, many govt. jobs, but is too far to commute to San Francisco daily, so that's not really a growth corridor. Such cities must be considered **separate** and the growth must be **internally generated** in that city or county to make you lots of money, 1000% profits!

Bottom line? Stick to within 1 hour's commuting distance of metro job centers, growth areas, when contemplating property purchases, or you'll simply be **too far** away.

Much metro-area thinking I do automatically. I rarely consider single-city Central Chicago a growth area, without considering instead the recommended jobs growth area in the Chicagoland/Joliet/Aurora triangle.

WARNING: Many older cities themselves are **anti-growth** and have anti-growth **regulations**, + **high taxes**, high city fees, etc. (E.G. Los Angeles, Philadelphia, Ventura County, Washington, D.C.)

PREDICTION: Most of the growth of that metro D.C. area will instead take place in nearby Virginia, Maryland, along the Baltimore/Washington corridor. Richmond, VA, is too far away!

7. Growth corridors and growth areas, metro job centers, can extend for 100s of miles. E.G. In Los Angeles County it is possible to get on a freeway at one end, drive in a relatively straight direction for over 100 miles, and you'll **still** be in the L.A. jobs growth area, maybe still in L.A. County!

GROWTH KILLERS

8. Cities may **discourage** growth or actually drive businesses to outlying suburbs, so be very **careful** where you buy property.

Avoid city ghettos, areas needing redevelopment, high-crime areas, slums, high assessment areas. Leave that for the big boys, those with political muscle and huge budgets.

FORECAST: Certain slum areas of L.A. will be slums for years, same in Chicago and Milwaukee. True, small numbers of existing slums, pumped up by govt. subsidies, cheap loans, funds, may redevelop within cities on the edge. But I don't recommend those; you could wait for decades for growth! Affluent areas on the edge of slums being redeveloped may become **targets** for high crime against residents, targets of envy, corruption, high fees. That's not what I'm recommending. No neighborhood rehabbing!

SHARPER CHEAPER GROWTH EDGE

My motto instead is to “Buy by the acre, sell by the square foot” preferably on the **edge** of metro growth areas, but within commuting distance of metro job centers.

I prefer to buy land with rentable buildings, that can generate cash flow to “carry the property” while you await the development, await further growth. I like blacktop highway frontage with potential for commercial zoning. Vacant land, inner city, high crime areas, is usually a **cash-eating alligator**; tough to build upon, costly to develop, difficult to buy and sell easily. AVOID.

9. Following **freeways** is usually a good rule. Being at or **near exits** on freeways, thruways, is also usually beneficial over time, long term.

Developers want to build malls and housing where transportation and travel is easier, high in numbers, where people want to live. Inner city traffic jams can force companies and commuters to **relocate**. Careful here.

FORECAST TO 2054: Central city, L.A., New York City more firms, companies and residents will relocate to the **suburbs!** 2 hours commuting time doesn't help business owners, nor workers at that business, commuting is just dead time, costly, lost forever!

VALUABLE TIP: **Don't depend on long commutes** to attract growth businesses or workers, they're growing costlier all the time.

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