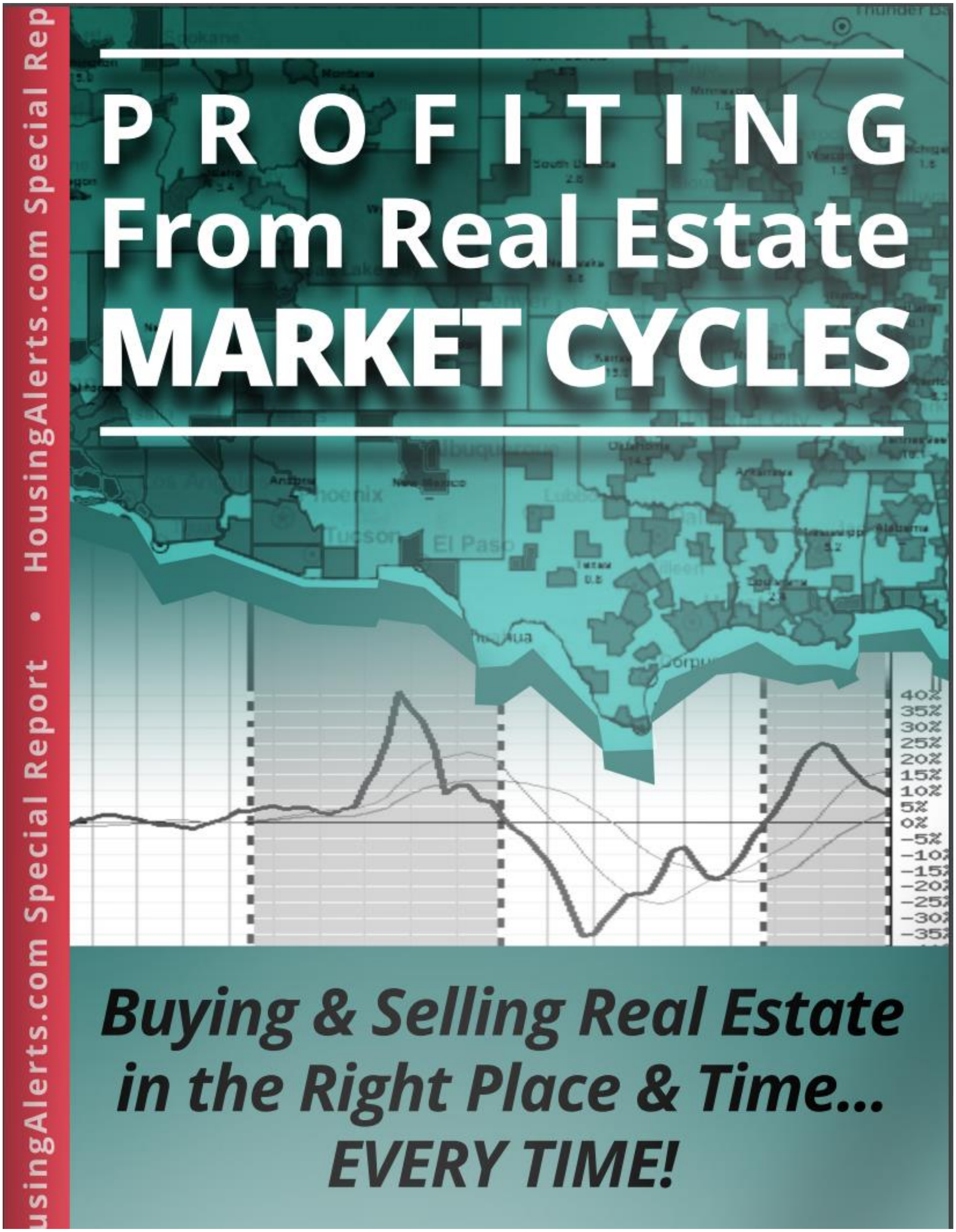

HousingAlerts.com Special Report • HousingAlerts.com Special Rep
PROFITING
From Real Estate
MARKET CYCLES
Buying & Selling Real Estate
in the Right Place & Time...
EVERY TIME!

This is part #1 of a multi-part educational video series. You may watch the entire series (free of charge) at **www.HousingAlerts.net/cycles1**

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CHECK OUT THIS VINTAGE 2010 VIDEO TO SEE HOW ACCURATE MY PREDICTIONS WERE!

Here's another big guru lie:

"Real Estate has created more millionaires than any other investment type."

That *used* to be correct, but not now. Real Estate has recently caused more (former) millionaires ***to go bankrupt*** than any other investment type.

Here's the whole truth:

Real Estate ***A-PPRECIATION*** creates more millionaires than any other investment vehicle. Real Estate ***DE-PRECIATION***, like what many markets saw after 2006, *bankrupted* the most millionaires.

See, it's not '*real estate'* that creates wealth, it's real estate ***appreciation*** **– along with leverage!!!** Real Estate without appreciation isn't *investing* at all. It's a JOB… chasing transactional *income*, with lots of work and risk.

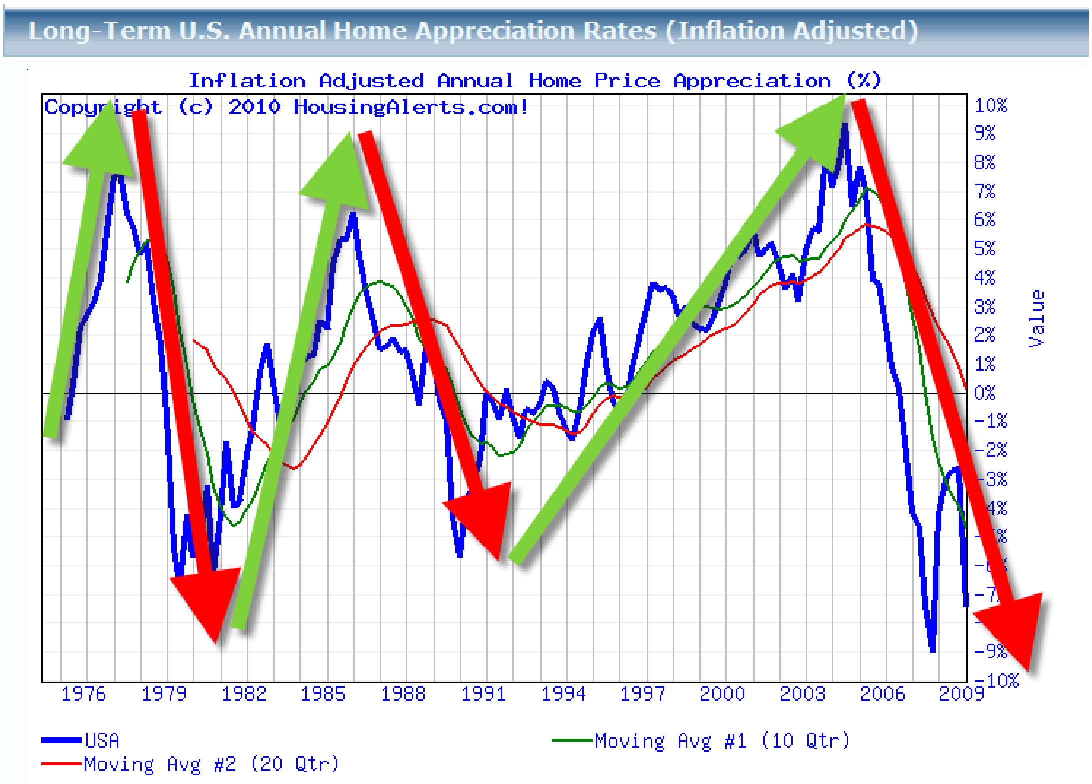
Hi, I'm Ken Wade, owner of HousingAlerts.com

Investors and homeowners of all stripes and colors- smart ones, stupid ones, highly leveraged and all cash - have been clobbered over the head for one simple reason…they were 'ambushed' by the market (*again*)!

The sad part is it doesn't have to be this way, and the pain isn't over yet!

Let's take a closer look at that USA chart you saw earlier, in the intro video.

Do you see the cyclical pattern of up/down/up/down/up/down?



This recent down-cycle isn't much different than the other ones I've been through in the early 1980's and again in the early 90's. At the time, both were thought to be the granddaddy of all real estate crashes. The common wisdom at the time was: *"We'll never see anything like this again."* Then, after years of 'blood in the streets' they did what all cycles do: Reverse course and shoot back up.

Look, real estate is ***very*** cyclical. Because it's so cyclical, it's like a slow moving train. You can spot it from miles away if you know where to look.

I can show you ***why*** that's the case in another video, but what you really want to know is the ***when*****.**

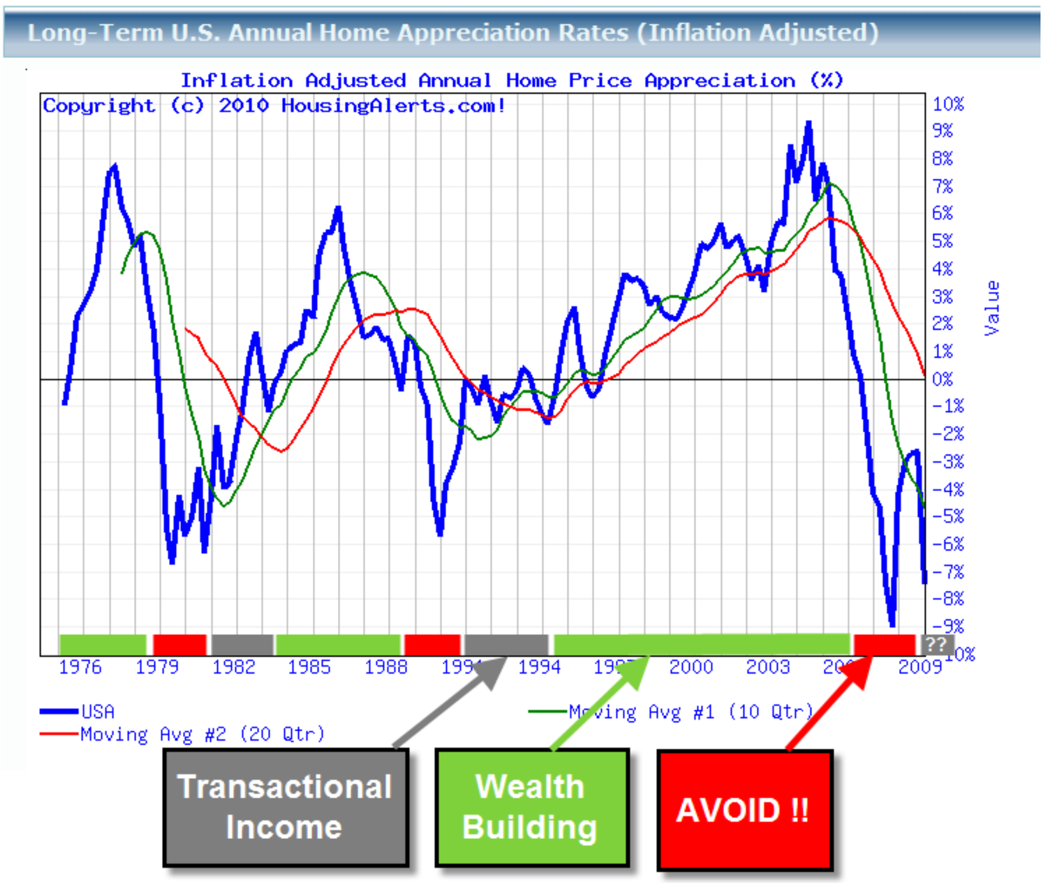
There's a way to predict these patterns. It was first invented 500 years ago by ancient Japanese rice merchants. That same centuries-old invention is used *today* by every sophisticated investor, Wall Street investment bank and global trading firm on the planet to make obscene profits!

Here's that same USA chart.

Look at the green, red and gray time bars added at the bottom of the next chart.

Important Phases of Real Estate Cycles

Transactional ➔Wealth ➔ Avoid



The Wealth Building phase is where millionaires are made (that's the GREEN boxes and bars).

This is important!!!

Contrary to popular advice, **you do not automatically enter the wealth-building cycle just because a market has bottomed!** Many markets bottom, then languish or flat-line for YEARS… sometimes DECADES! Those markets suck almost as bad as falling markets because they lack the prime wealth building ingredient: APPRECIATION.

Some local markets shoot back up like a rocket.

Without appreciation, all you've got is a job chasing transactional opportunities. You're not creating massive wealth through leverage and appreciation, and life just passes you by.

It's called opportunity cost. Your time is your only truly limited resource! And every day you spend in the wrong market, or using the wrong strategies for that market is your lost opportunity cost!

You need positive market momentum to create real wealth in real estate.

I'll show you an easy way to spot momentum in a minute.

Throughout this ongoing training, you'll hear me speak of becoming a Total Market Master. In a nutshell, T-M-Mers are momentum hunters because that's where the money is!

Usually, there are local markets all across the USA in the wealth-building phase of the cycle while at the same time, other markets are in the transactional or declining phase. It's an ongoing process. Some local markets are entering a momentum phase while others are entering a transactional, or declining phase… and vice versa.

In *any* type of market (stocks, bonds, commodities and real estate), there are certain times where all the easy wealth is created, times when it's all lost, and times when it's like treading water and all you can generate is transactional income.

ALL the *wealth* is created during the green times, so pay attention to the green bars at bottom. **Most of that wealth is LOST during these times in red.** In between, you've only got a chance at transactional income – flipping, wholesaling, that kind of thing.

Money is money, but transactional income is **not** the millionaire-maker many gurus portray it to be. It's a JOB. If you stop doing it, your income stops.

Even so, even in these gray transactional phases, you can make more money, do more deals, and take less risk if you're in synch with your local cycles.

You've heard the saying that most of the money made in the stock market comes during just 17 or 29 days of the year? That all the other days are back and forth, up and down? The key is knowing which day is which. As you can plainly see, real estate is a lot like that, **two steps forward, 2 steps back -- only much easier because it has very long, stable cycles.**

The chart you just saw is an ***average*** of all US local markets. It won't help much in your investing because you can't invest in an '*average*' market. You can only invest locally.

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Local markets also move in cycles, (we track about 400* of them) and the moves can be much more intense; the wealth creation much faster. Each local market has its own unique signature or fingerprint. No two are alike. That will become very obvious as we get into the upcoming videos. (*As of 2016, HousingAlerts now tracks over 19,000 local markets!)

The same predictive tools invented 500 years ago and perfected by Wall Street work equally well at the local level, too! And it works for both residential and commercial properties! Whether your local market is emerging, accelerating, flat-lining, crashing, or somewhere in between, **that knowledge is the foundation underlying ALL successful real estate investing.**

That's so important! Let's look at it!

Real Estate Wealth Pyramid

Your local market cycle is the foundation - **the *juice*** - for when and what strategies you use. Tactics and execution only come in to play *once* your strategy has been set. Your strategy is a **function** of the market cycle, not the other way around.

Most gurus teach it ass-backwards because they want to sell you ***their*** program. It's the tail wagging the dog, and you pay the price.

Employing any strategy or technique randomly as a one-strategy-fits-all plan, without first spending five minutes matching the right strategy to your market and your objectives, is moronic, and it'll get you on the road to hell in no time.

It's like building a house on a frozen lake. It doesn't matter if you have the best blueprints, the best materials and the best construction crew. It's inevitable… you're going down.

Almost everything you ever read or heard about real estate investing relates to strategy, tactics or execution.

For example, Rehabs and Subject-to's were all the rage a few years ago and in the right market, were real wealth builders. Using those tactics in a red or gray market today will get you pummeled in no time.

Short Sales were dead in the water until recently; you got laughed out of the bank.

The cycle has changed, short sales are in vogue now, and they'll become irrelevant again as the cycle progresses. **The key here is using the right strategy in the right market at the right time.**

Done properly, it's easy and can help generate TRANSACTIONAL income, or a big added bonus to your wealth building program.

But success is NOT about your strategies and tactics – it's about the market.

Listen, a monkey with a deed in the right market at the right time will make far more money, with far less risk and effort than a brilliant investor in the wrong market.

Now I know there's a thriving and sometimes even compelling real estate guru industry out there trying to brainwash you to buy the latest, greatest expensive program or boot camp covering some 'must have' investing technique. They push their products regardless of whether they're right for you and your market.

We'll talk about that and the whole real estate guru thing in another video.

Just Remember:

It's the MARKET that is your success driver. Strategies and tactics are just tools - not drivers. Using them in the wrong market is worse than investing blindfolded because they can get you into big trouble very quickly.

I'll **PROVE that** to you in this (FREE) training series.

Let's look at Las Vegas.

Las Vegas Long Term T.A. Chart

Vegas is actually a poor first example to show you the power of market cycles because none of the other hundreds of other markets I cover look much at all like this one.

But I've been getting way more subscriber emails asking about the Vegas market than any other, so we'll start with Vegas and show you the better markets in upcoming training.

For over a year now, Realtors®, investors and at times, the media have been saying the Vegas residential market had bottomed.

Some are even emailing me that the commercial market has now bottomed as well.

To-date, they've all been dead wrong!

Sooner or later someone will guess it correctly, in the same way that a broken clock is right twice a day, but it's a stupid gamble because for every winner, there'll be hundreds of losers. You'd be better off just plopping your money down on a roulette wheel.

Don't put your financial wellbeing at risk listening to that noise. It could be the difference between generational wealth and bankruptcy! It's pretty easy to get it right the first time if you know how, and that's what I'm going to show you!

In 2009, the Vegas market dropped by more than *another* 20%, wiping out the entire investment many of these bottom-guessers paid out of pocket a mere 12 months earlier. Add to that their transaction costs, time, effort **and most important, their LOST opportunity cost… it's been a real disaster for them.**

In addition to losing their cash, they're now upside down and out of options. They'll miss great opportunities because of one stupid decision to go 'all in' at the wrong place and time.

We're not talking about those that bought back in 04, 05 or 06 and held on – (there's not much hope for *them*).We're also not talking about those that tried to catch a falling knife by buying in 2007 or 2008. They're hurting too!

No, we're talking about those '*patient'* investors who bought in early '09… two years *AFTER* the big Vegas crash.

Those late-comers are ***already*** underwater too, even though they THOUGHT they were buying at the bottom after several years of massive declines.

They didn't have a system; they were just going on a hope and a prayer – a gut feeling that they've waited long enough**…and remember, there's no universal rule that says any market MUST rebound.**

Houston, TX is a great example I'll be showing in another video…'real' home prices in Houston STILL haven't gotten back to where they were 30 years ago. In fact, Houston home prices would have to increase *another* 29% *above* the inflation rate just to get back to their **1977** price levels.

A couple other important things you should know.

First, some of you may suffer from "graph-anxiety" and start sweating whenever you see charts like these! Don't get bogged-down with these charts if that doesn't come naturally for you because I'll show you a simple visual method that a kindergartner can get, and it doesn't require any graph reading. If you can follow a traffic signal, you can do this like an expert! The red, green and yellow lights tell you exactly when to stop, when to go or when to proceed with caution.

Now, see the two black horizontal-ish lines I added to this chart and highlighted in between them? They're called long term trend lines. The top one is called the 'resistance' line and the bottom one is 'support.'

The yellow area in between is the 'range' that Las Vegas home price appreciation was stuck in for 20 years.

When either of these trend lines are broken by the blue line, it's not unusual to see a major thrust (up or down) – as you can see happened in 2004 and again in 2007.

That's an advanced topic, so what I want you to focus on right now is how darn flat Vegas had been for all of the 1980's, 1990's and into the early 2000's.Compared to the other hundreds of markets I monitor, Vegas was a D-E-A-D dead market. Supply and demand were in equilibrium. No great wealth building opportunities during that time, only transactional income (which I'll cover later).

Then, near the end of 2003, builders, wide-eyed real estate investors and speculators all rushed in. **It's called 'Market Psychology' and it's the dominant force behind ALL market cycles.** ***Market Psychology*** drives market cycles.

By 2005, Market Psychology had already reversed in the Vegas market. People went running for the exit door, and with an asset as illiquid as real estate, they couldn't get out fast enough. Housing inventory 'for sale' started piling up.

Price declines followed. Why? Did the employment rate suddenly change? Did population or other demographics suddenly change? Did mortgage rates shoot up?

Did ***ANY*** of the Fundamentals change right at the end of 2004 in Las Vegas where you see that dramatic reversal in the blue line?

No. No. No. & No.

In fact, some other local markets were just starting to soar, like mine here in Ocala, Florida, at the exact same time Las Vegas was starting to roll-over and crash.

Each market is different.

It's all about local Market Psychology!

Technical Analysis – that's the name given to that 500 year old Japanese invention - or 'T-A' for short - is the *only* way to track market psychology. That's what you're looking at right now – a TA chart of Las Vegas.

There are some TA-related items we don’t have time to cover in this intro video, but the bottom line is that Vegas home prices have not demonstrated any long term strength at all, excluding the 2004 to 2005 blip.

But if you got in and got out at the right time during the ‘wealth building’ phase in green, you made a killing of historic proportion as you’ll see in a second. If you missed the cycle or stayed in too long, you’re pretty much S.O.L.

It’ll likely be a long, hard, slow crawl back for Vegas home prices… not a time to be jumping in with both feet or making any long-term bets on the upside.

I don’t know much about the underlying “Fundamentals” of the Las Vegas housing market – <u>and don’t care one iota about them.</u> That’s why the big dogs all use Technical Analysis – it’s simple and accurate… far more accurate than anything else, as you’ll see.

I mean, I study *<u>everything</u>* about markets, and have been doing it at an advanced level for over 30 years.

KNOW THIS – Fundamentals will ***<u>never ever</u>*** give you accurate, actionable investment decision triggers, such as:

- when to get in,
- when to get aggressive, or conservative
- when to change strategies or
- when to run away as fast as you can.

Only TA can do that – we’ll do an entire video on Fundys vs. Technicals.

Here’s the real beauty:

If and when the Las Vegas market ever changes from a ‘transactional income’ market to a ‘wealth creation’ market, I’ll be the first to know.

It’ll take less than five minutes to know when – or IF – that ever happens in Vega, and I’ll be ahead of virtually everyone in that market without ever setting foot in it or pouring over useless and countless data tables.

In the meantime, you should either pursue other hot markets or limit yourself to the appropriate Transactional income strategies. It’s not in a wealth-building phase right now.

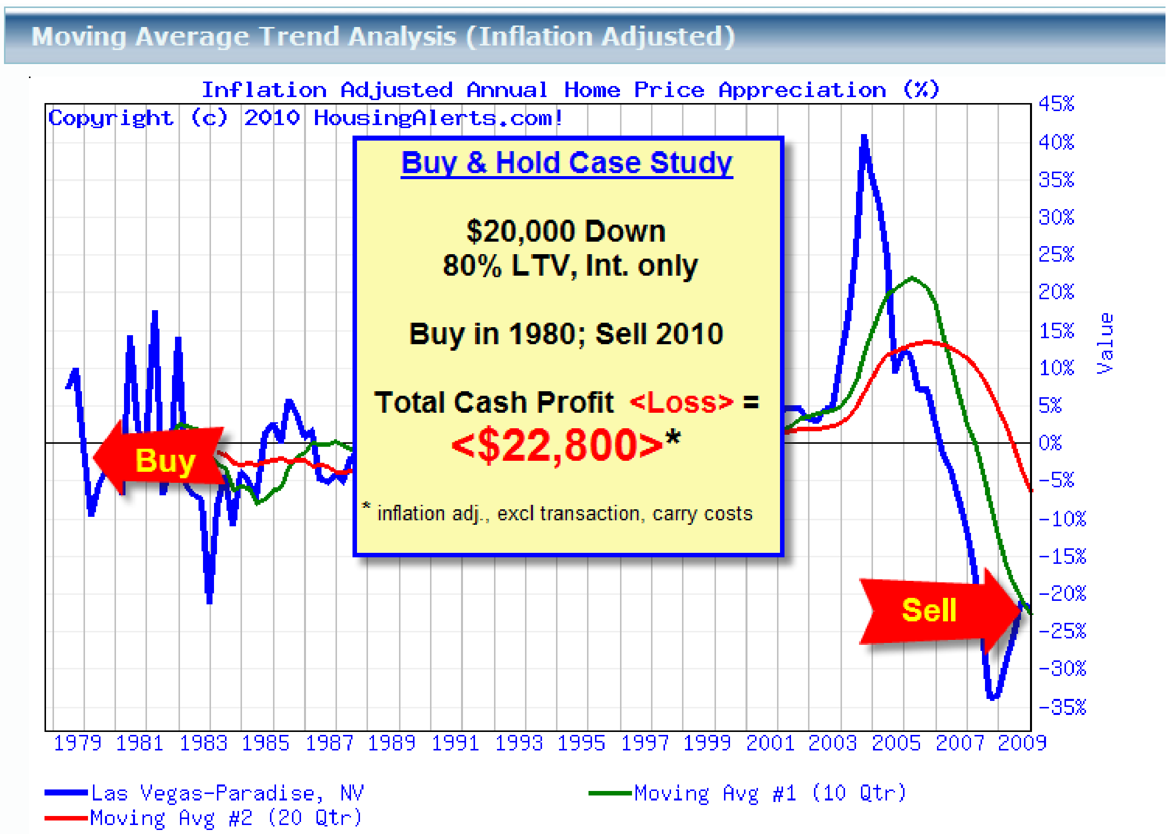
I know that’s not what many of you want to hear and it certainly doesn’t help sell investing products, which is why you never hear the gurus talking like this, but it’s the truth.

I've seen it time after time from Realtors®, investors and homeowners who are so buried in the trees they can't see the forest. **I spent way too many years myself back in the 1980's and early 90's making the same stupid mistakes, chasing *deals* instead of chasing *markets*.**

There's an awful lot of 'noise' and bad advice out there; you've got to tune it out.

Likewise for knowing **when** to use certain strategies. Let the market work FOR you, because it'll crush you if you try to fight against it. You can't stop the flow of a river or an ocean tide. Either go with the market or get out of the way.

Here's a simple example of the wrong strategy at the wrong time:



You may be surprised to know that if you bought a house in 1980 (or at any time since then) in Las Vegas – and still have it, you lost money!

For simplicity, we'll assume rents = your carry cost like interest, taxes, insurance, maintenance, etc. These are in 'real' or what's called 'constant dollars' – which just means they're inflation adjusted.

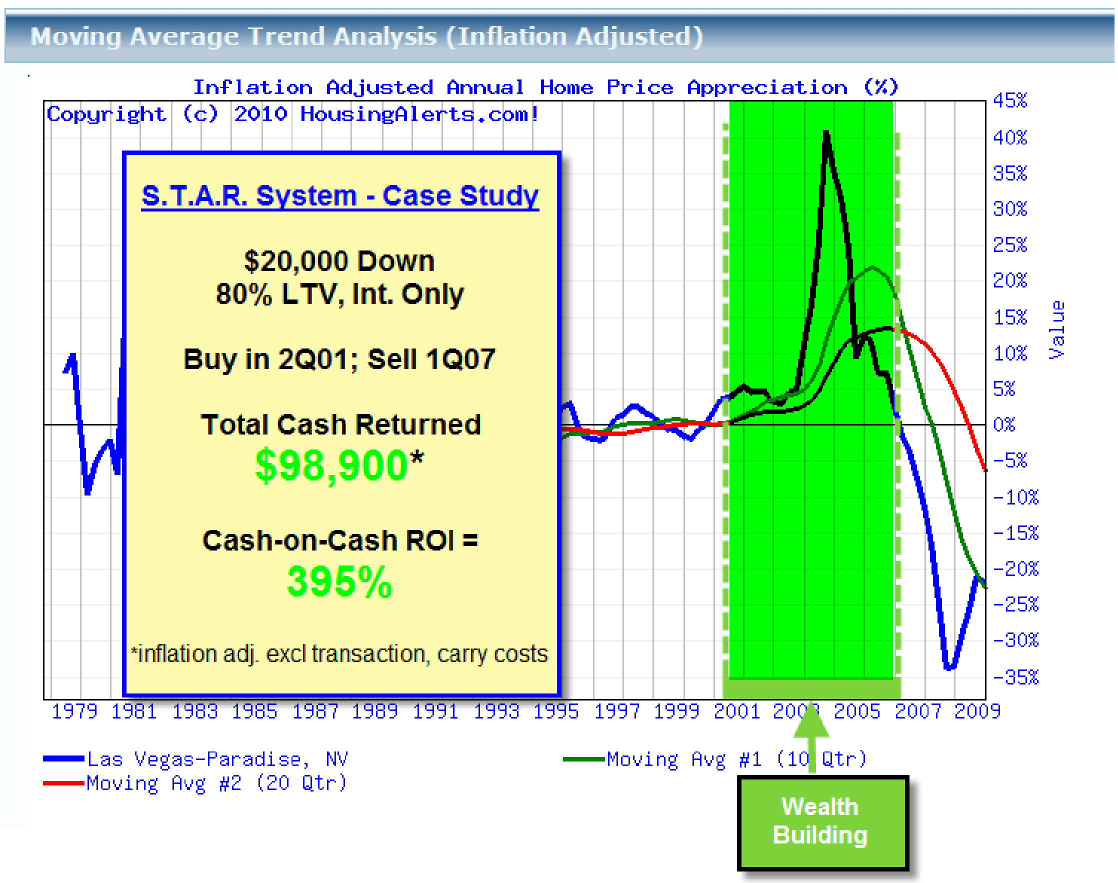
If you invested $20,000 in 1980, got an $80,000 mortgage on a $100,000 house, then sold it at the start of 2010, your house was only worth $77,200 dollars. Your original

$20,000 investment is gone, you'd have to come out of pocket another $2,800 at closing plus transaction costs, Realtor® fees, etc.

It gets much uglier if you bought it during the last seven years, but regardless of when you bought it, it's a hell of a thought to have dealt with tenants and toilets for that many years, and losing money in the process… **just because you didn't pay attention to the main driver of success: The Market.**

Here's an example of maximizing the cycle for Wealth Building:

S.T.A.R. (Six Trigger Alert Report) System



This is the same deal as before, $20,000 down, $100,000 house… with one small change:

You bought only when the Market Indicators said it was time, and you sold when it told you to. (I'll show you those indicators in a second.)

The difference is astounding because you got in and got out at the right times. Your $20,000 investment became $98,900.You were only in the market while it was in the Wealth Building phase – less than six years. You made a 395% cash-on-cash return, or $78,900 profit, on a *single* $20,000 investment!

And remember, in this example, you paid full price for the property and just held it.

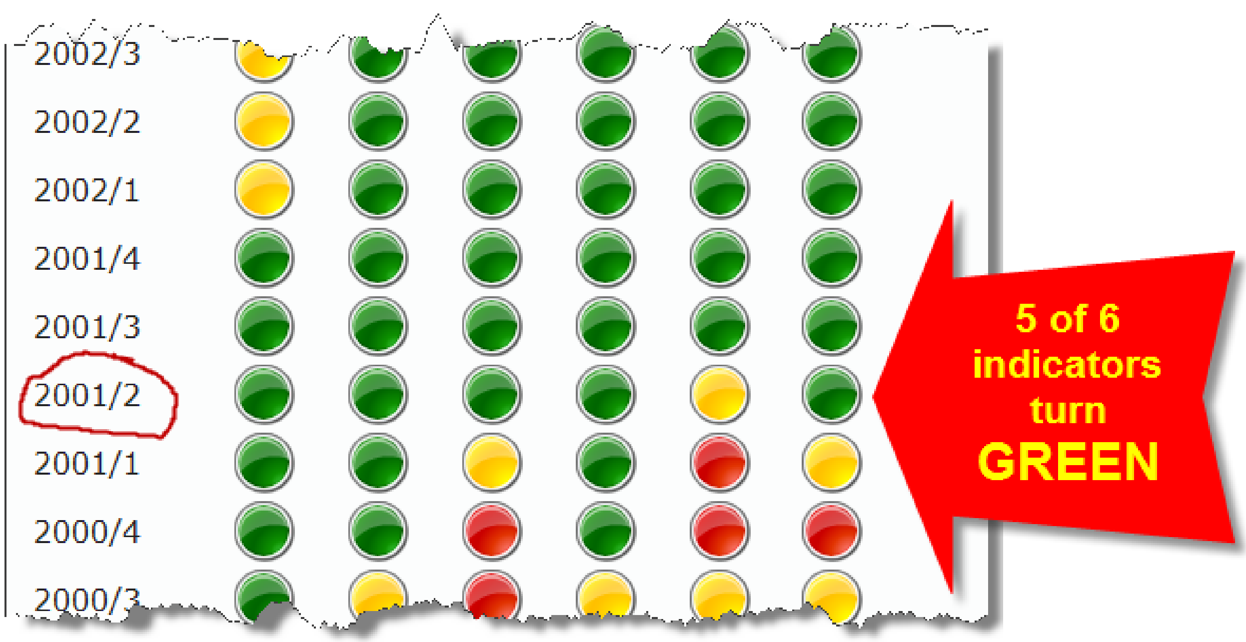
Imagine if you used any of the good no-money-down or other 'forced appreciation' tactics like short sales that help you buy at a discount. Your cash on cash return would be through the roof.

…or, if you bought more than one property.

Compared to the first example, even if you sat on the couch eating potato chips for all of the 80's and 90's, you still did much, much better and with less risk and effort.

Timing is everything.

Las Vegas Buy Indicator



These are the 'buy' indicator lights I mentioned.

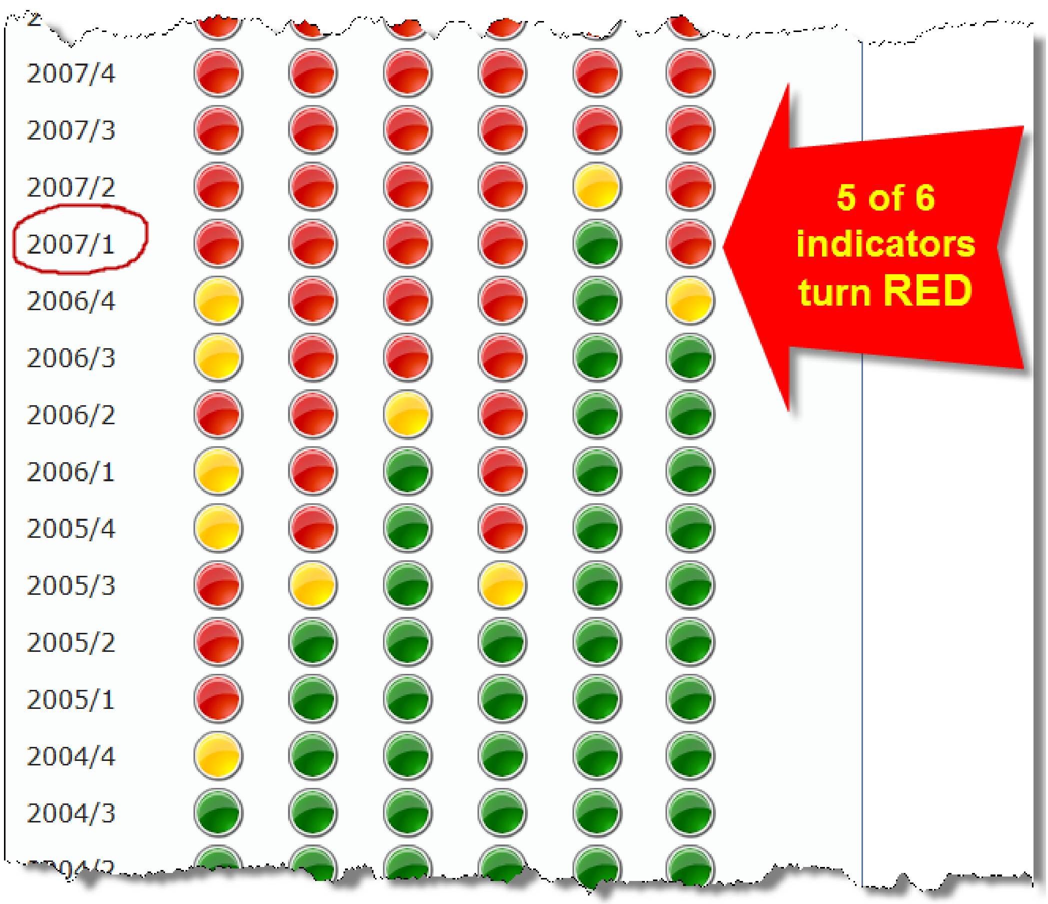
You bought only when five of the six indicators turned GREEN, which first occurred in the 2nd Quarter of 2001.

<u>The ‘rules’ you set to trigger an action are all up to you</u>. I’ve got some standard ones I use and recommend. They depend on what your investment objectives are, your risk profile and desired holding period.

We’ll talk more about this tool in upcoming videos, but in general, the longer your time horizon and the more volatile the markets, the more ‘green’ lights you want to see before taking action.

The same is true for Sell signals.

Las Vegas Sell Indicator



This is what the sell signal looked like, using the same “5 of 6” rule we used to get in back in 2001.

Obviously, in real time, you don’t see what’s happening in the future.

I just included it so now you can see them all turning red shortly after you got out. That was a quick primer. There's lots more I'll be sharing with you.

Let me spend a minute now on HousingAlerts itself... and why I'm doing this.

Ken Wade – Inventor of HousingAlerts.com

- ✔ Decades of Real Estate Experience
- ✔ Multi-Market, Multi-State Operations
- ✔ Vacant Lots to Office Buildings
- ✔ Developer & Home Builder
- ✔ Commercial, Residential & Land Expert
- ✔ Hard Money Lender
- ✔ Certified Public Accountant (C.P.A.)
- ✔ M.B.A. from the Harvard Business School

I invented and used this system out of necessity for my own businesses back in the 1990's. It wasn't an automated process back then, and took me days to do the calculations and the charting for just a few local markets. For many years, I kept it top secret as I perfected and tested it in real time, with real money.

Then, back in 2006, after years of programming and back-testing, I released a high-end version of HousingAlerts to Institutional and well-heeled, sophisticated investors. It sold out in a few days and I closed the doors.

Although it was largely just a bunch of charts and graphs back then, they've been paying a steep price – in the thousands - to get my service for years. Over the last couple years, I've taken it a big step further and developed some outrageously powerful algorithms that effectively automate **my** analysis process. I recently added a complex market scoring system and the 'traffic light' signals so anybody can use it.

Now, I don't mean to brag, but just like Tiger Woods was 'meant' to be a golfer from an early age, I was meant to invent something like this. In the 1960's, as a third grader, I scored off the charts on the 'graph reading' section of a national standardized test. It was a big deal for the elementary school. In undergrad, it was the same thing for accounting… with national recognition. At Harvard Business School, it was the same thing for Technical Analysis and market trends.

Yep, I'm a left-brained analytical geek of the highest order!

Thanks to that, and my passion for real estate – HousingAlerts was born. Sophisticated investors and big financial institutions, for the first time in history, had clear answers and direction for their real estate activities at the local market level. In fact, it's already changing the real estate investing paradigm.

Strategies and tactics are almost irrelevant if you can get the timing right!