

TAPS & STAR Tutorial



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By Ken Wade

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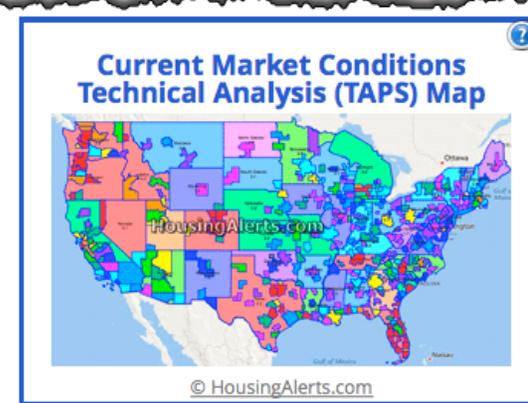
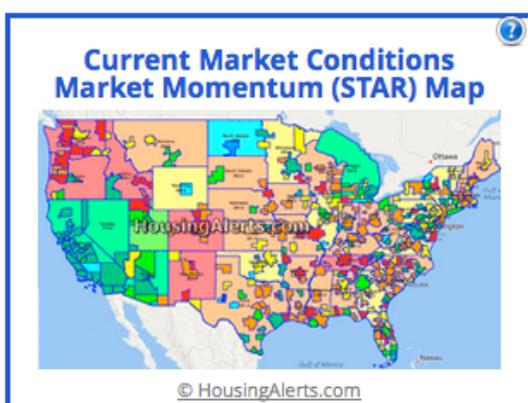
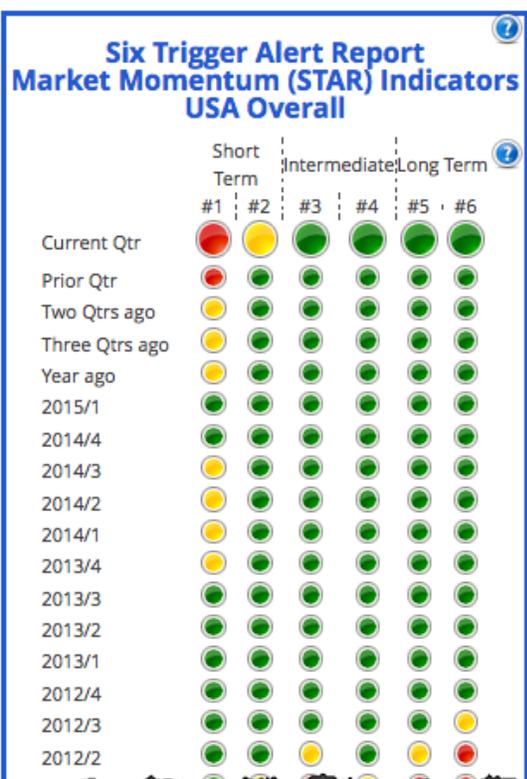
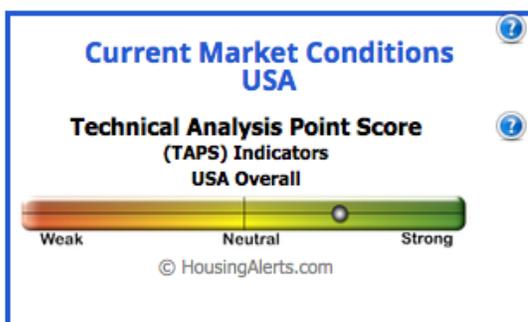
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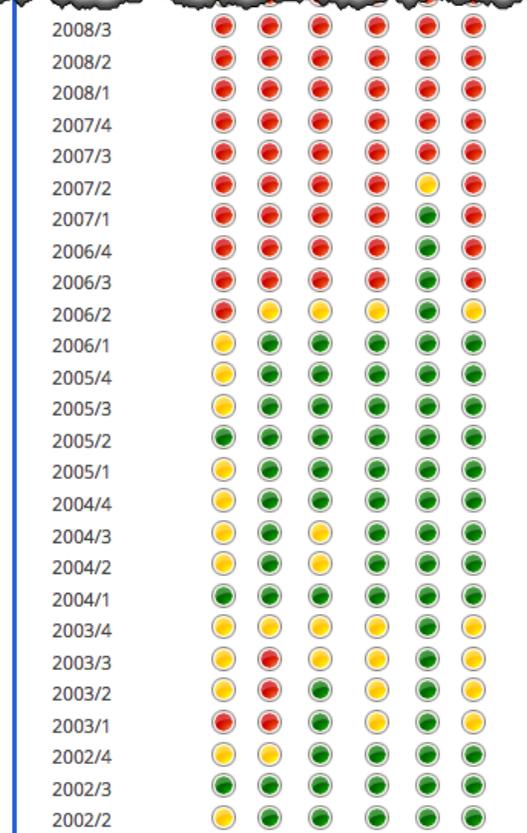
National Market

Current Market Conditions USA



Technical Analysis (TAPS) Indicators

- 1) Higher Scores (towards RED colors) indicate market strength.
- 2) Low scores indicate flat, declining or otherwise crummy investment markets.
- 3) If both STAR and TAPS indicators are Orange/Red, check Wealth Phase Indicator for confirmation market is investable.
- 4) Rank against other investable markets.



Hi There!

This is Ken Wade.

You're now looking at the most accurate real estate market analytics on the planet. These are a few of the tools investors have been paying us THOUSANDS of dollars to see.

We're now giving them away free, right here on the HousingAlerts.com website.

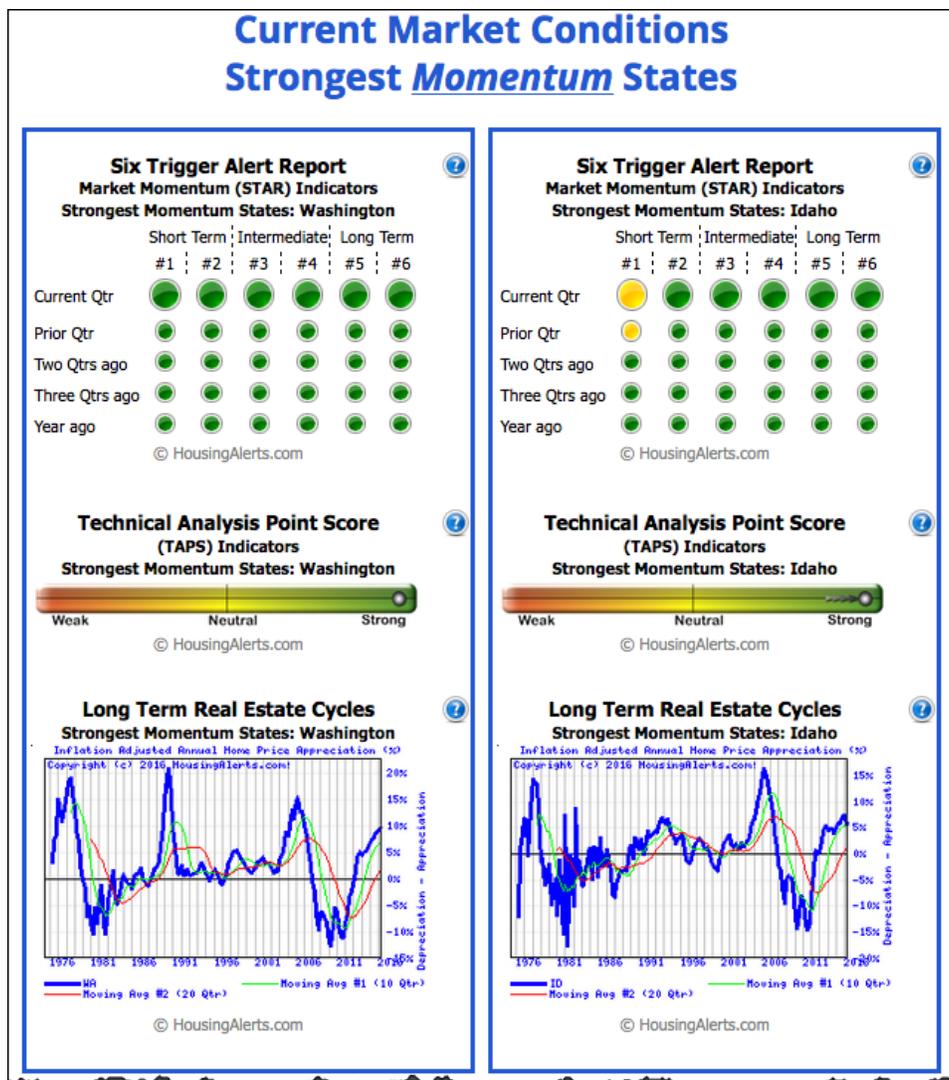
We're hoping you'll want to become part of HousingAlerts once you see the enormous advantage these tools give you. Watch this entire video to make the best use of these free resources.

We can now give away this State and National level info and still keep our paying members happy because we did an enormous upgrade for active members - adding more than 20,000 new zip code and county level markets and a slew of new high-level mapping and scoring indicators!

In this video, we'll explore the Real Estate Market TAPS and STAR Indicators.

In other videos, we'll cover the Scoring Maps, Charts, Widgets, Sensitivity Analysis Calculator, Training Videos and Market Reports that make HousingAlerts one of a kind.

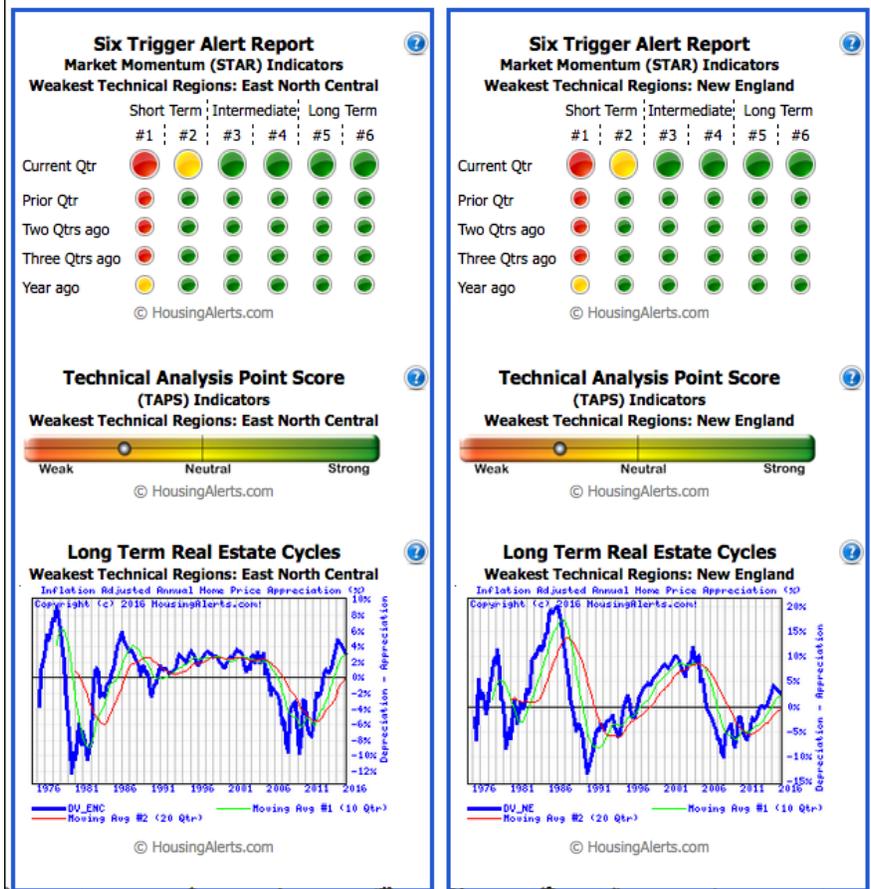
In addition to our City and Zip Code level tools, we track and analyze the US as a whole, including all regional and statewide markets. These macro level market snapshots provide the context for what's happening – or likely to happen - at the LOCAL level.



Current Market Conditions Strongest *Momentum* Regions



Current Market Conditions Weakest *Technical* Regions



On this page, we've got five proprietary tools that tell you everything you need for the U.S. market. It's the overall national average for the entire country.

No matter what type of real estate investing you do, no matter how big or how small your operation is, there is no single resource – free or paid – that can have a bigger impact on your success – or your failure – than what you’re looking at right now.

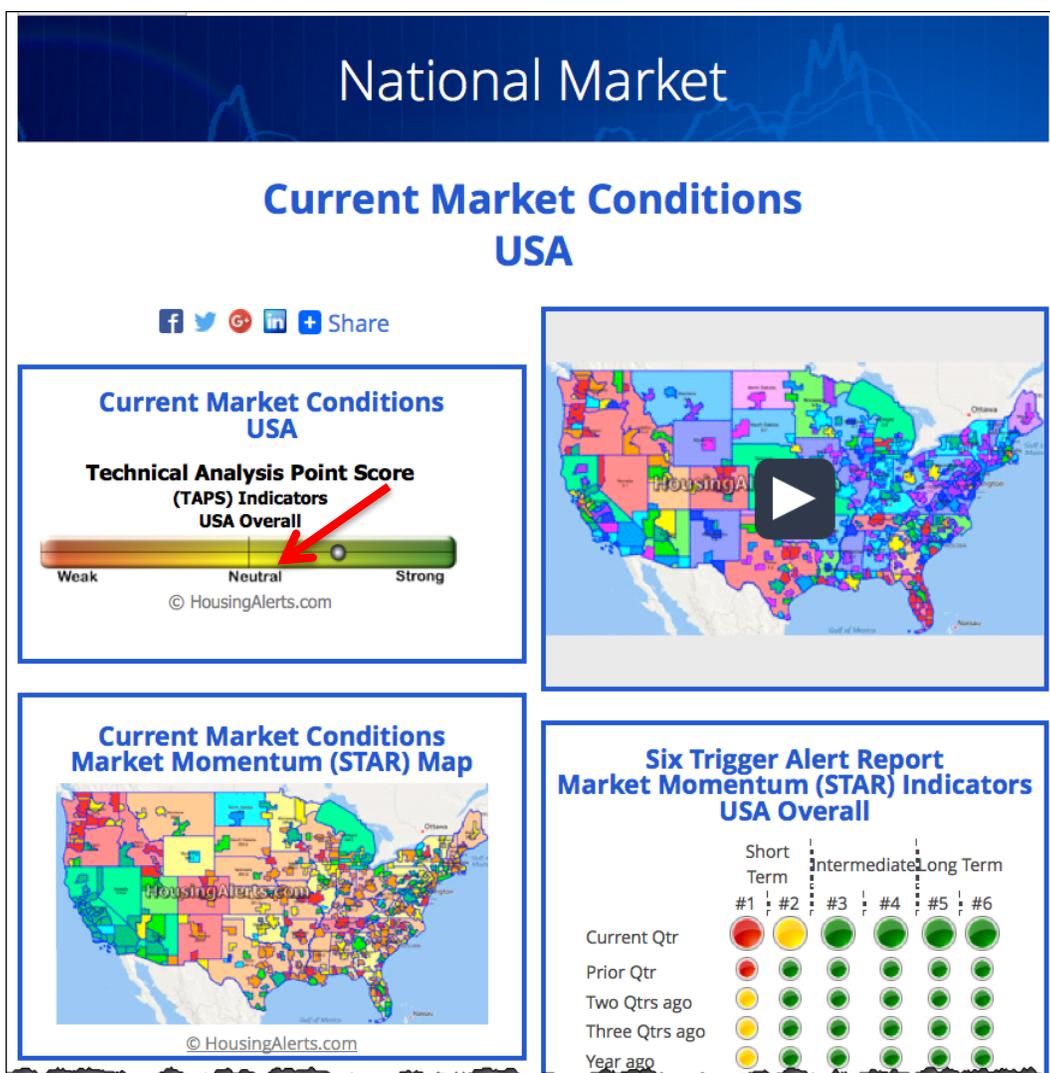
You are about to have a massive mind-shift.



I am dead serious – get ready.

Most of the things you were taught about real estate investing will be thrown out the window.

The training and tools on this site will forever change how you create real estate wealth.



Let’s start with the TAPS indicator – the Technical Analysis Point Score – T-A-P-S - that’s this ‘slider-ball’ here that moves from Weak to Strong.

Please visit <http://www.HousingAlerts.net/taps1> for the complete “*Intelligent Real Estate Investing*” FREE video training series! Get our latest Market Reports: <http://www.HousingAlerts.net/star1>

In a nutshell, it's a simple, VISUAL indicator that summarizes the results from *thousands* of very complex computer algorithms. Think of this score as a Technical Analysis Report Card for that particular market.

That's really ALL you need to know to use it!

If you don't know anything about Technical Analysis – don't worry. This'll all make sense – just stick with me.



If TAPS is showing 'weak, it's NOT a market you'll get wealthy in... not right now.

Maybe in a few quarters or a few years, if or when that market ever gets strong and worthy of your time and money, you'll be the first to know.

My recommendation is don't waste years investing in crummy markets. Wait for the market to come to you.

Until then, you at least must know when you're in a crummy market, and...

...if you **STILL** insist on investing there anyway, then you've **GOT** to demand much better deals... exponentially better deals to offset the much higher risk you're taking.

The risk is there...whether you're aware of it or not.

Most investors – and by that I mean 99.99% - are **TOTALLY**, utterly clueless about their market risk ...

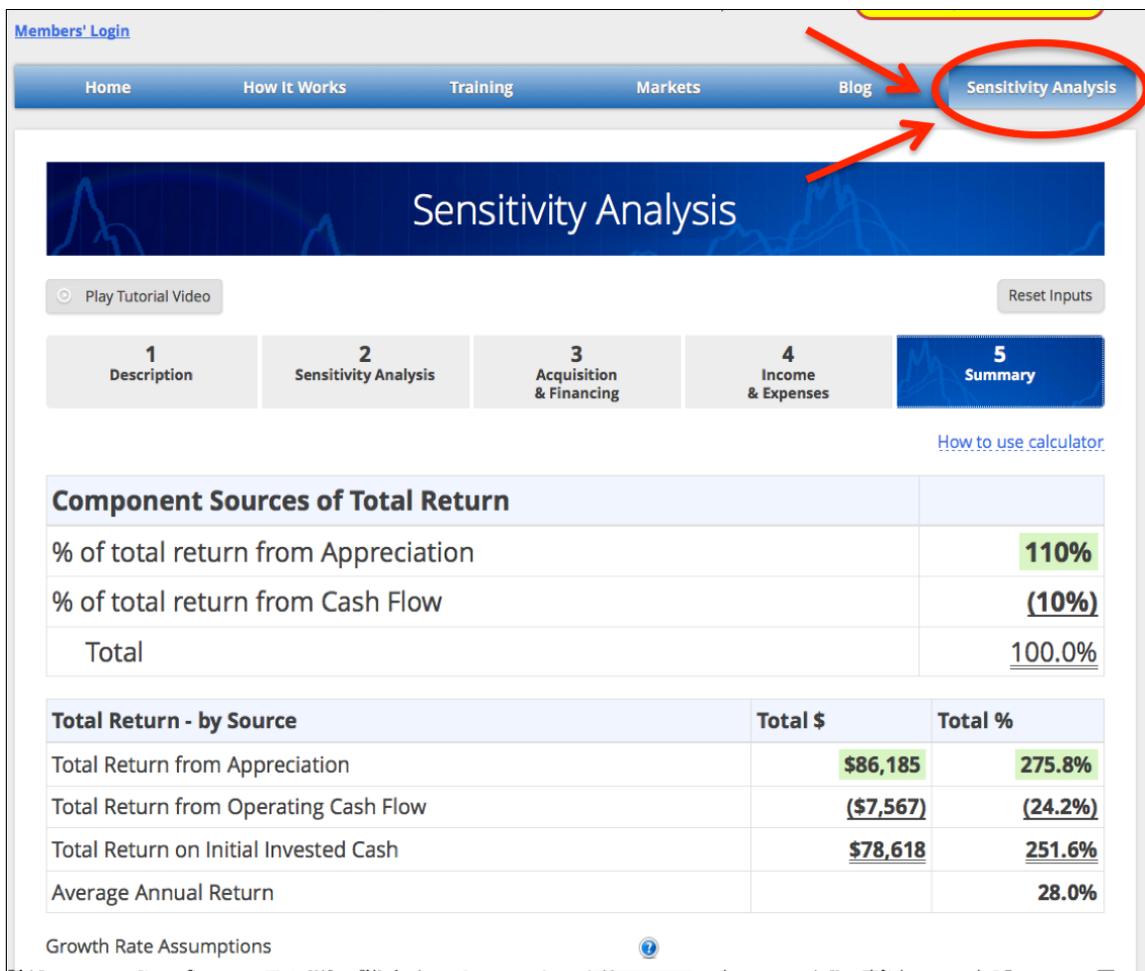
...and **that ONE risk, the Market itself, dwarfs all the other real estate risk factors COMBINED.**

If the "MARKET" isn't your top and virtually your ONLY concern, you don't understand where real estate Profits and Losses come from.

You'd benefit from a few minutes on our Sensitivity Analysis calculator...

...seriously, check it out, it's free!

You'll see that Leveraged Appreciation – and the operative word being **APPRECIATION** - is your **ONLY** driver of true real estate wealth.



Play with the assumed property appreciation rate vs. your assumptions for your rental and your expense growth rates.

1 Description **2 Sensitivity Analysis** 3 Acquisition & Financing 4 Income & Expenses 5 Summary

[How to use calculator](#)

Component Sources of Total Return	
% of total return from Appreciation	110%
% of total return from Cash Flow	(10%)
Total	<u>100.0%</u>

Total Return - by Source	Total \$	Total %
Total Return from Appreciation	\$86,185	275.8%
Total Return from Operating Cash Flow	(\$7,567)	(24.2%)
Total Return on Initial Invested Cash	\$78,618	251.6%
Average Annual Return		28.0%

Growth Rate Assumptions

Property Appreciation Rate (%) %

Rent Growth Rate (%) %

Expense Growth Rate (%) %

There are lots of expensive courses out there and lots of hard work you can do to maximize your rent revenue and minimize your expenses, and those can all be worthy endeavors if you've got the time and talent.

My point is **they only amount to tiny little crumbs compared to the impact that a rising or falling MARKET has on your ultimate real estate profit or loss.**

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[How to use calculator](#)

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Acquisition, Closing and Financing Costs

Purchase Price \$

Buyer Closing Costs (% of Purchase Price) %

Mortgage Loan as % of Purchase Price (LTV %) %

Mortgage Interest Rate % (assumes interest-only loan) %

Hold Period (Years) (ignores sales costs & income taxes, if any) Yrs.

Acquisition Recap and "Initial Cash Invested"

Purchase Price	\$125,000
Buyer Closing Costs	\$6,250
Less: Mortgage Amt	(\$100,000)
Initial Cash Invested	\$31,250

It's simple math. This Sensitivity Analysis tool makes it easy for you to see the reality of what REALLY matters in real estate.

You can change any of the variables you want.

Purchase price, leverage ratio, interest rate... your FINANCING variables are a distant second behind the MARKET in terms of affecting your ultimate bottom line-- nothing like the effect of a rising or falling market to be sure, but leverage and financing variables CAN matter as well.

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[How to use calculator](#)

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MONTHLY Rent & Expense Estimates

Revenue		Monthly	Annual
Potential Gross Income (PGI)	12	\$ 895	\$10,740
Vacancy Allowance (months per year)	1		(\$895)
Effective Gross Income		\$895	<u>\$9,845</u>

Expenses		Monthly	Annual
Maintenance		\$ 25	\$300
Mgt. Fees (% of Rent Revenue)	8 %	\$72	\$859
Property Taxes (annual rate, % of property value)	1 %	\$104	\$1,250
Insurance (annual rate, % of property value)	0.5 %	\$52	\$625
HOA		\$ 0	\$0
Utilities		\$ 10	\$120
Advertising Exp		\$ 10	\$120
Admin & Accounting		\$ 25	\$300

On this fourth tab – you can change your individual revenue and expense items – what makes up your net operating income... and believe it or not – they really don't matter.

Lower expenses or higher rents won't do jack if you're in a falling market, and if you're in a fast appreciation market, the higher cash flow is irrelevant. Those operating level things just don't change your return on investment like the Market does. It's like, "Huh, who cares?" when you actually run the numbers.

1 Description	2 Sensitivity Analysis	3 Acquisition & Financing	4 Income & Expenses	5 Summary
How to use calculator				
Component Sources of Total Return				
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Average Annual Return				28.0%
Growth Rate Assumptions				
Property Appreciation Rate (%)			6.0 %	
Rent Growth Rate (%)			6.0 %	
Expense Growth Rate (%)			4.0 %	
Acquisition, Closing and Financing Costs				
Purchase Price			\$ 125000	
Buyer Closing Costs (% of Purchase Price)			5.0 %	
Mortgage Loan as % of Purchase Price (LTV %)			80.0 %	

So sorry if that pops anybody's bubble or their belief system about the benefits of "being in the trenches."

If you actually RUN THE NUMBERS to SEE the effects of different assumptions for purchase price, cash flow, vacancy rate, ...ALL of those variables and risks you've been trained to focus on... you'll see exactly what any smart, seasoned investor should know:

They don't matter.

If you're in a WEAK, declining market, you're going down; there's nothing you can do to stop it...other than bail out if you can. If you're not too underwater, just man-up and take your losses.

Those same operating-level risks and variables are inconsequential when you're in a STRONG, appreciating market.

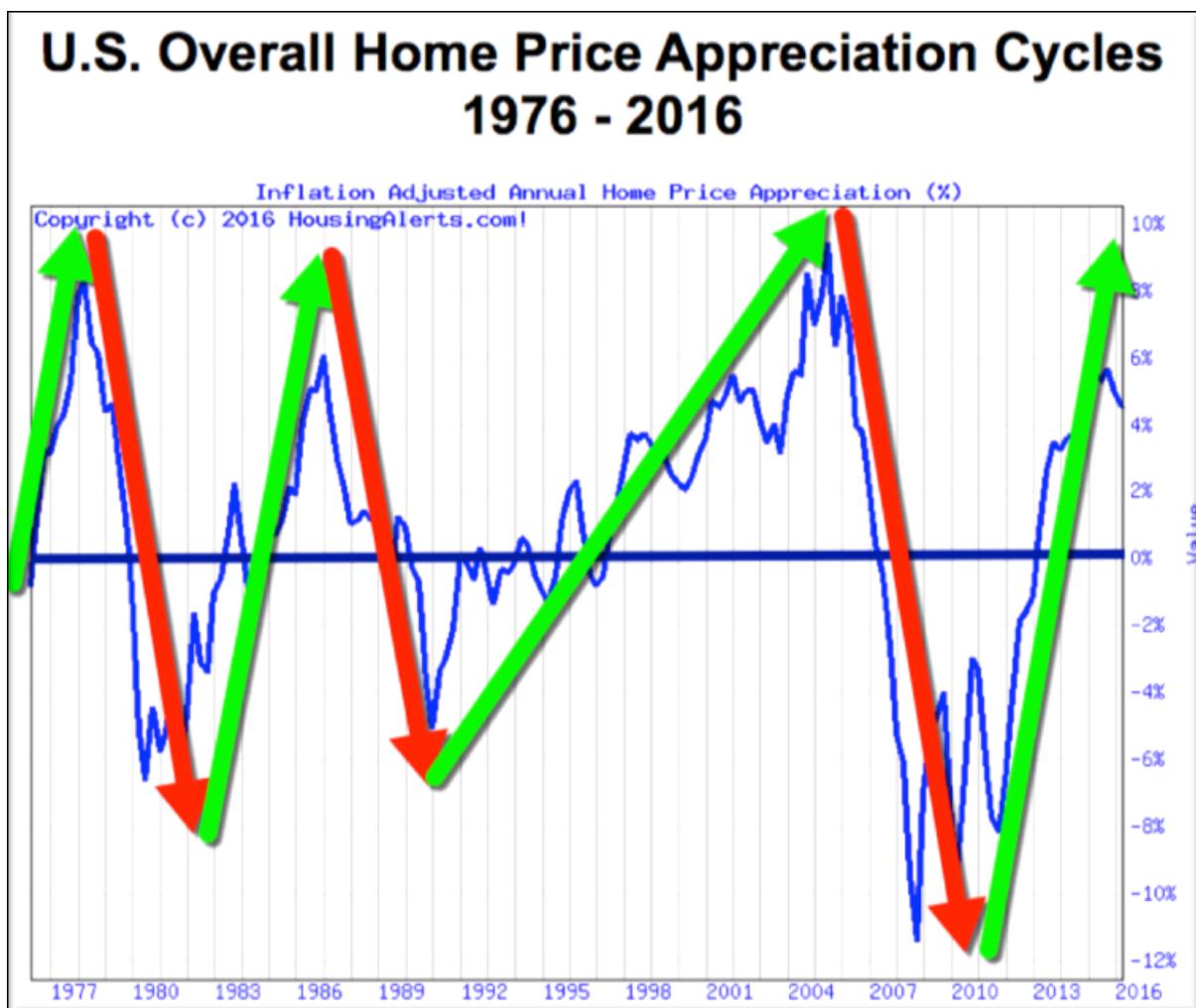
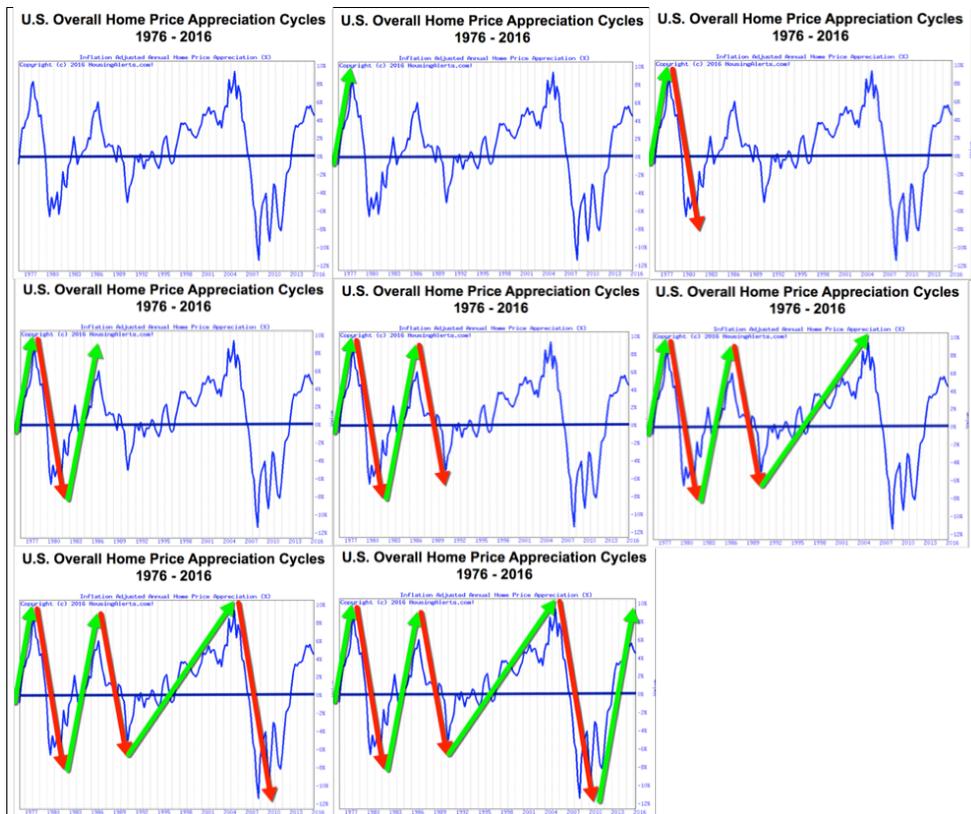
In strong markets, you can make every mistake in the book, still get very wealthy and ultimately look like a genius.

WEALTH doesn't come from sending out motivated seller postcards, or screening-out deadbeat tenants who'll steal your copper pipes, or doing a renovation within budget.

They don't mean diddlyquat compared to what the WRONG, or the RIGHT market will do for your bottom line and success or failure.

So why not turn your attention to the ONET thing that DOES matter?

THE MARKET!



In 2008, 2009, 10, 11, and 12, you saw the market cycle wiping out millions of otherwise good, smart, hardworking people – families ...you don't need ME to tell you how imperative it is that you understand local Market Cycles.

If you were paying attention in 2005 and 2006 – or in 2013 or 14 – you saw how much big, easy money was made by SOME real estate investors who just happened to be in the right market at the right time – mostly by luck unless they were HousingAlerts members.

Please visit <http://www.HousingAlerts.net/taps1> for the complete "*Intelligent Real Estate Investing*" FREE video training series! Get our latest Market Reports: <http://www.HousingAlerts.net/star1>

You've got to know – at some gut level – It's the MARKET, not YOU – that determines if you'll be a success or a failure.

I realize "Market Cycles" seem like a BLACK BOX to most people. Even the so-called experts, they never go any deeper than giving it lip-service because **it is complex; it is hard to figure out**. That's why they only gloss over it. They're as clueless as everyone else.

Well, I **have** figured it out.

It **WAS** hard.

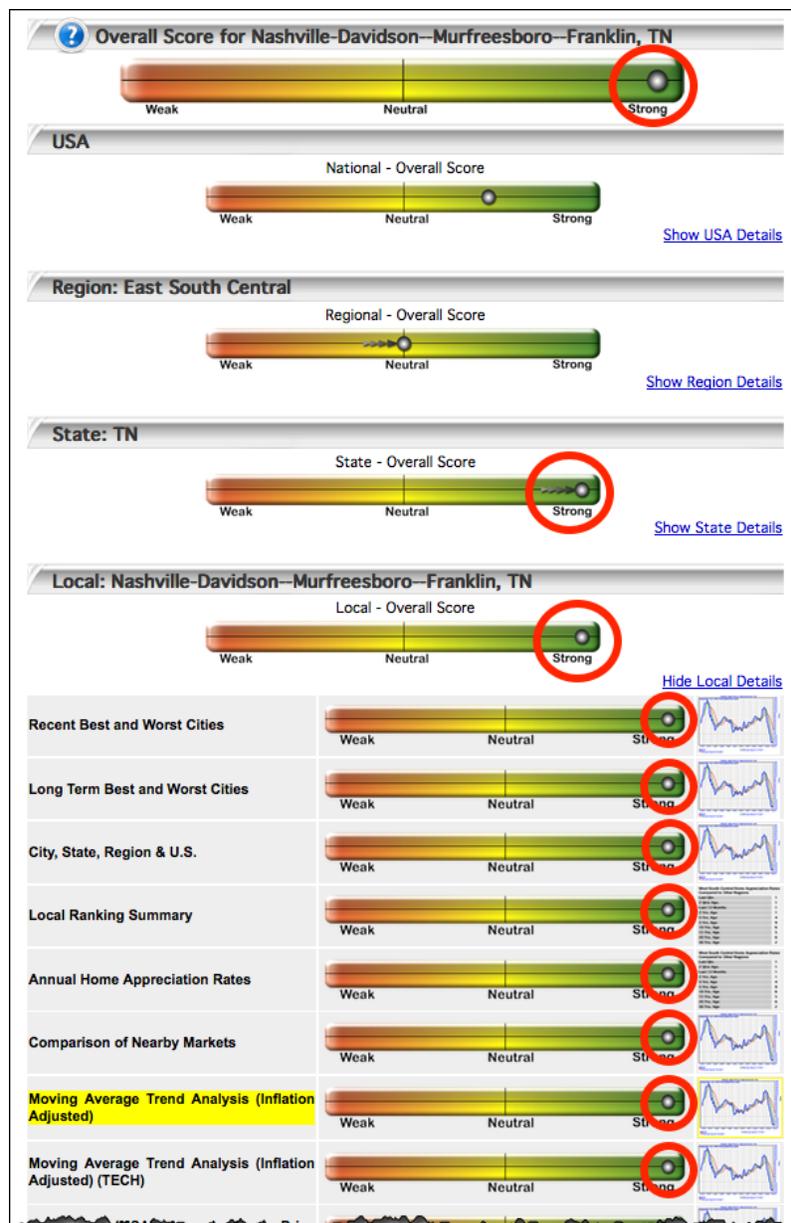
And I've had all the right education and training, dedicated most of my life to figuring it out, worked like a dog back testing every algorithm... and I can now confidently say – "I've done it."

IT WORKS.

You no longer have ANY excuse for missing great opportunities.

No excuse for getting clobbered in the next bloodbath... whether that's in your LOCAL market or nationwide... no excuses.

You've only got YOURSELF to blame from here on out.



The tools here tell you exactly what you need to know.

If TAPS is showing Strong – like THESE slider balls were for Nashville, TN back when I did this particular analysis - all that's left is to make sure it's got positive momentum. A strong TAPS score along with a strong Momentum score, which I'll get to in a minute, means you're catching the cycle at the right time.

**CHECK OUT THESE
CLASSIC TRAINING VIDEOS**

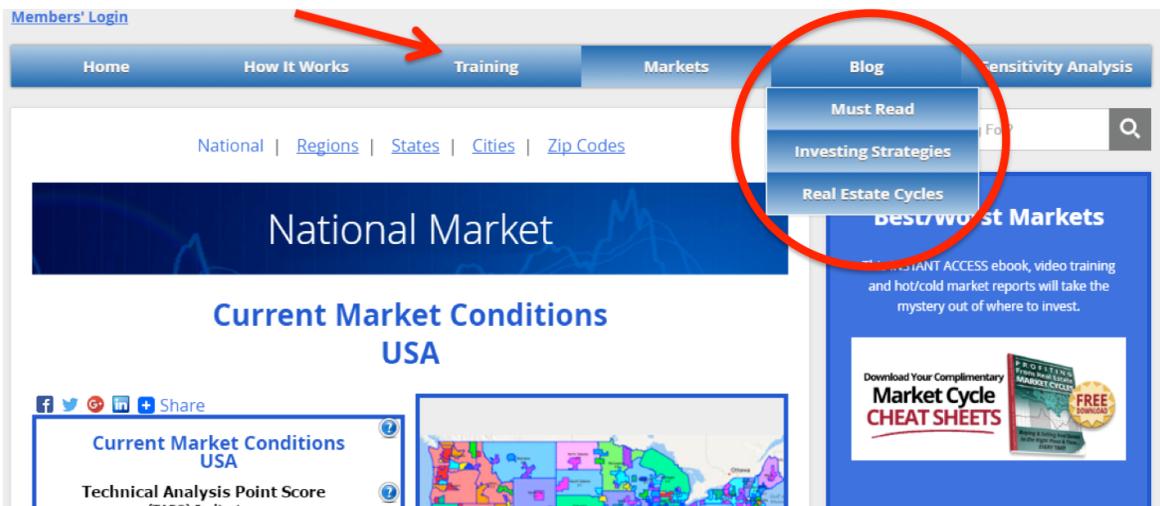


Now, if you're a left-brained numbers geek like me and want more than some guy telling you this simple slider ball can change your life – we've got you covered.

There is a ton of science and math behind all this, and now we can add a 10-year PROVEN PUBLIC track record. We originally launched a "charts and graphs" version of HousingAlerts to wealthy real estate investors back in 2006. It didn't have any of the easy to use tools you see now... you had to be a geek like me to understand it... but it worked great through all the UP and DOWN cycles of the last 10 years.

That kind of volatility is here to stay. You need accurate market intelligence now more than ever.

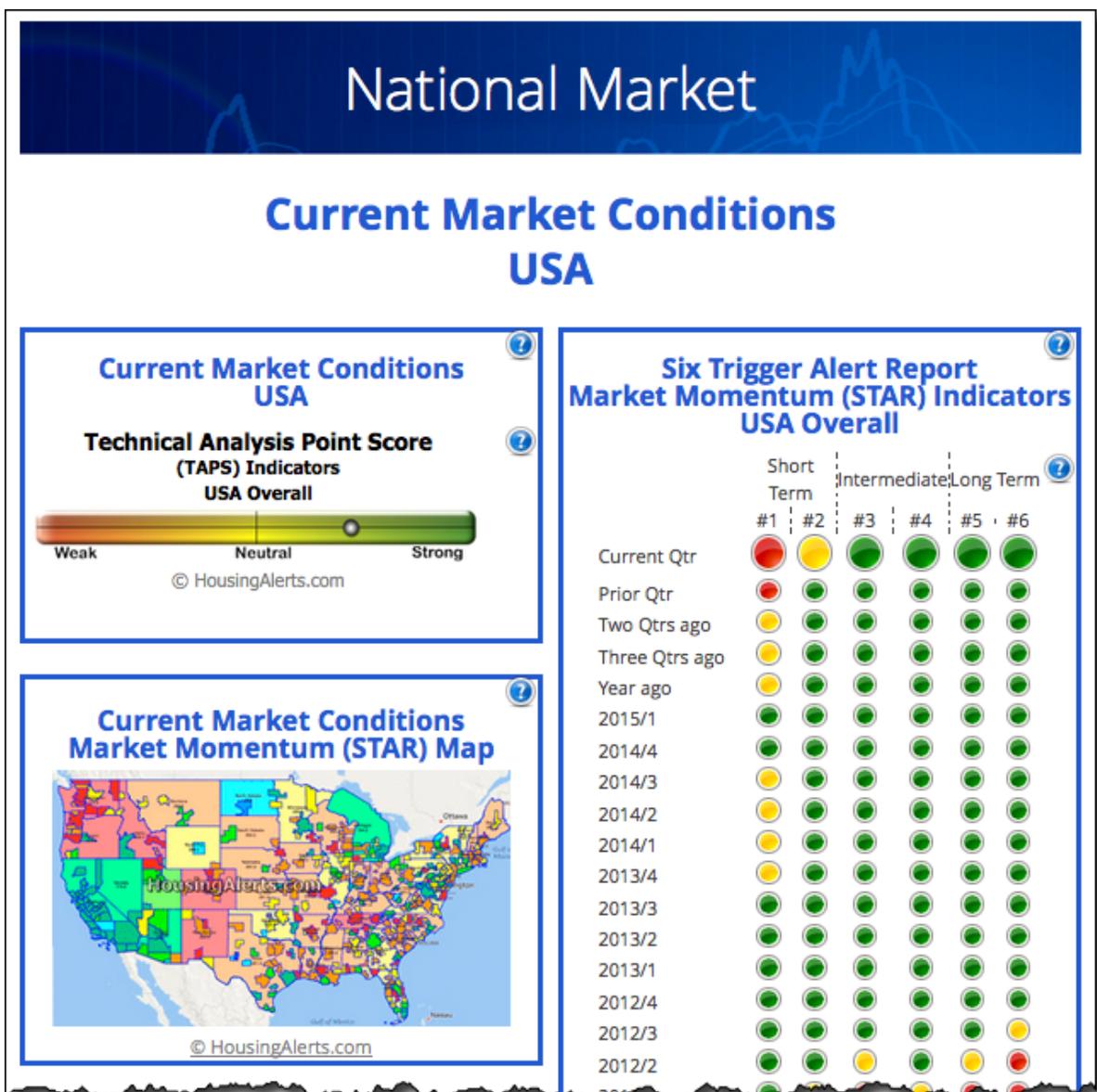
We go into a lot more depth in the free training video and in these three 'classic' training videos. I made them back in 2010 – right in the middle of the real estate crash. They're even MORE relevant today because you can now SEE the market analysis and predictions coming true.



Just click the 'Training' tab to access these videos when you're done here, or even better – if we're still offering the free training, jump on it for the WHOLE story of how and WHY I invented this.

There are also some really good articles here – in the Blog tab – that explain Technical Analysis and walk through some local markets using the tools you see here.

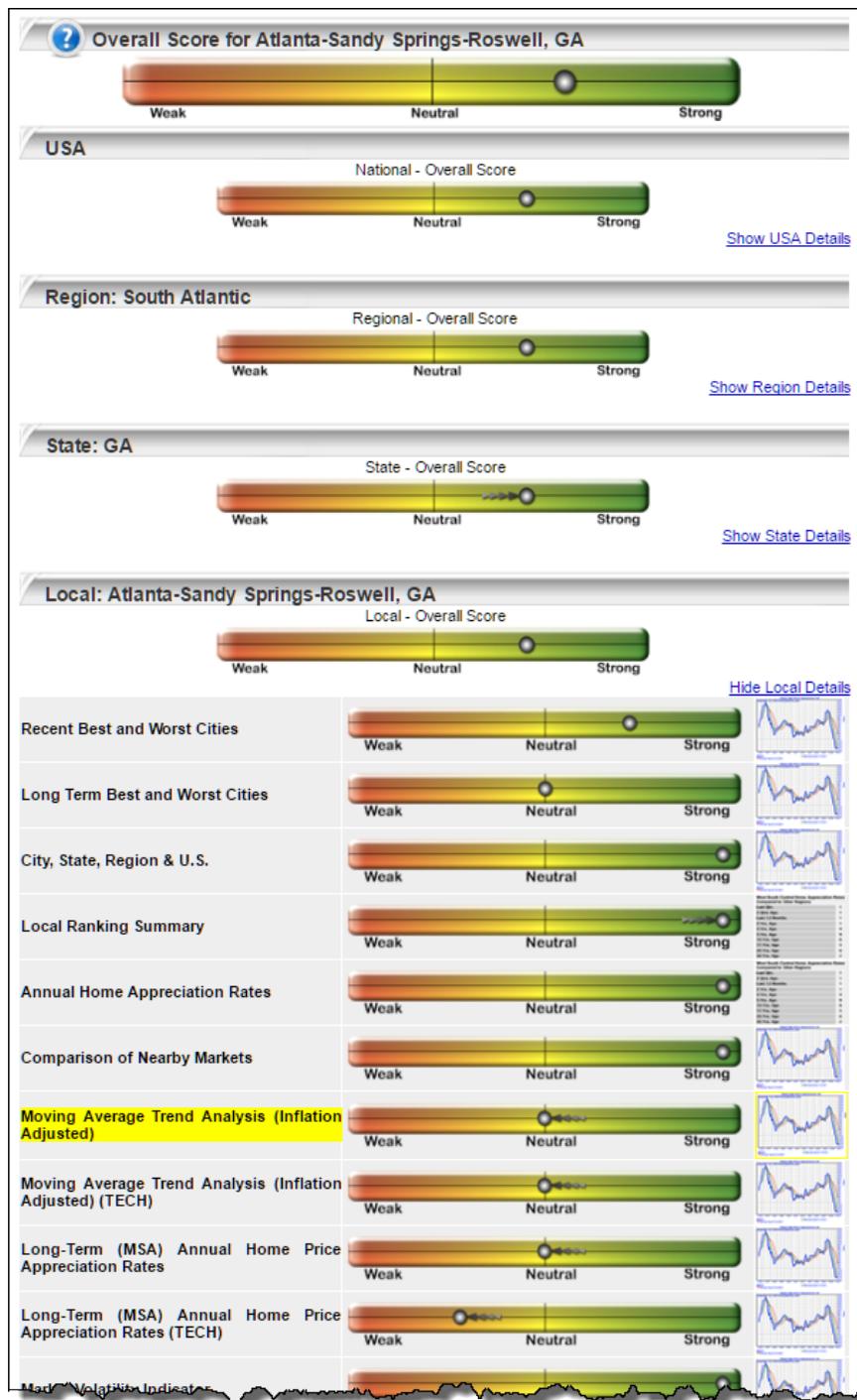
Unless you've been involved with high-level finance or day trading in the Stock Market – Technical Analysis – TA for short - is probably a brand new concept for you.



You can also tap or mouse-over these Question Marks on all the tools you see here to get short descriptions for each tool.

The TAPS tool you see here is one of our core elements. You should NEVER invest ANYWHERE until you check the specific TAPS indicators for that local market. It's a prerequisite for intelligent investing.

Now, just because we've distilled the very complex world of TA down in an easy to follow indicator, don't think it doesn't work, or that it's some toy.



Every market has been back-tested for at least a couple decades; it's amazingly accurate.

I've personally spent *thousands* of hours developing and testing and tweaking all the calculations underlying this simple looking tool. Seriously, I've been eating, drinking and breathing TA and real estate cycles for decades.

All I can say is just be glad you're not my wife... I'm definitely not the most exciting husband.

So don't let the simple LOOKS of this tool fool you. It has hundreds of thousands of dollars' in development behind it, so YOU don't need to become a TA expert...

Local real estate market analytics using TA are now accessible AND understandable for non-geeks.

It's spawning an entirely new generation of intelligent real estate investors.

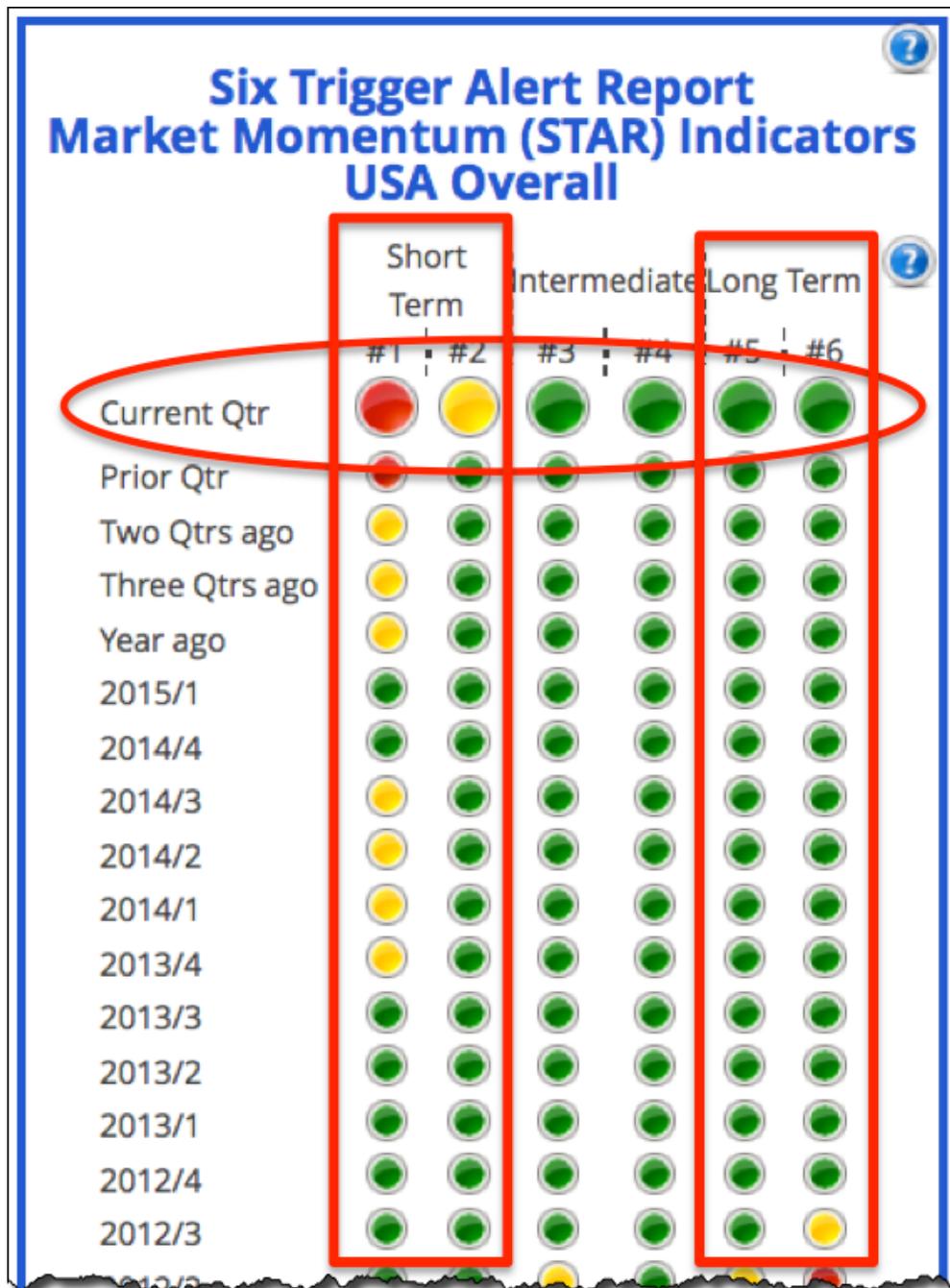
As it should.

I cannot imagine ANYONE ever investing in real estate without knowing their market.

It'd be insane once you see what this can do for you and your wallet. And as good as this single tool is, there's more...

TAPS is only ONE of the indicators we use to master local market cycles.

Here's another critical one--The STAR Momentum Indicator.



...these red, yellow and green traffic light icons.

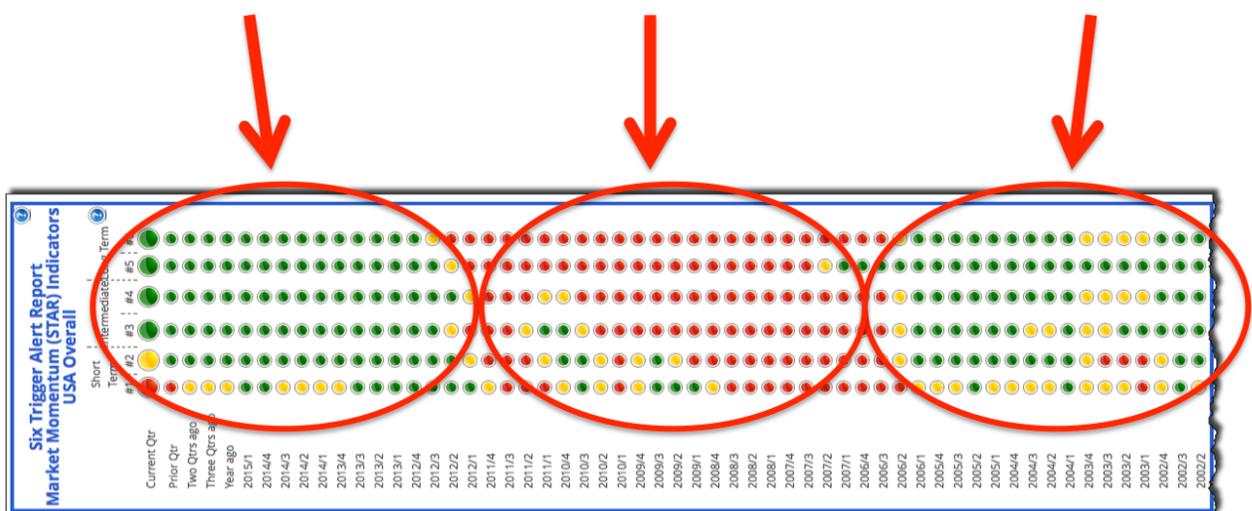
The STAR tool measures, among other things, Momentum and Market Psychology. There's not enough time to get into Market Psychology right now, other than to say it's a major driver of local market cycles. We drill down in the free training if you want more.

You need to have BOTH strong momentum AND a strong TAPS score AT THE LOCAL LEVEL before you can have a vibrant local real estate market worthy of investing your time, talent or capital – and that's true whether you're a wholesaler, fix and flipper or a buy and hold landlord.

Bottom line is you want to see green 'everywhere' – and especially on the right side – these long term indicators.

Each of these six indicators represents a specific Technical Analysis 'event' – These icons on the left are more volatile, SHORT TERM indicators. They matter more to wholesalers and quick flippers than to what we call Local Market Masters® - investors who focus on maximizing WEALTH but only want to do it in a single market.

If you haven't seen the crazy results you can get from using these tools in a single market, you've got to get on the free training market report video - or at least, read the articles. Just search "LMM." That stands for Local Market Master – L-M-M in the search box. It'll be the most eye-opening 4 minutes you can invest.



OK – We're still on the National market page. I just flipped this on its side to show you the last 14 years for the US.

See the two big GREEN areas?

There's one down here at the end. That would be the housing boom years SOME markets experienced. We can see all the green in the 2002 - 2006 time span here. The green actually started five years earlier, but there's enough green here for you to get the big picture – how STAR works.

And the second big green area here – that would be the 'post-crash' recovery when momentum began reversing at the end of 2011.

These two green areas were when the overall US real estate market was experiencing high positive momentum. That's what I want you to see.

The same for red – starting in early 2006 until 2011... that's when ON AVERAGE – the US had negative momentum.

Do you see how these colors generally correspond with the real estate cycles? You can see here in the middle – all that red was the big crash. Before that – the so-called bubble – all this green area. And then the recovery – the green you see at this end.

Here’s the remarkable part!

...and why I’m showing this to you...and why

YOU shouldn’t invest without it.

The STAR momentum indicators actually started changing color a full YEAR or more **BEFORE the markets actually took a dive or recovered.**

I’ll show you some close-ups in a minute that’ll make it clear as day – but there’s one **FLAW** – a shortcoming I need to point out when you’re dealing with tools that use an **AVERAGE** for their database.

It’s like that saying... “You can easily drown crossing a river whose **AVERAGE** depth is only one foot.”

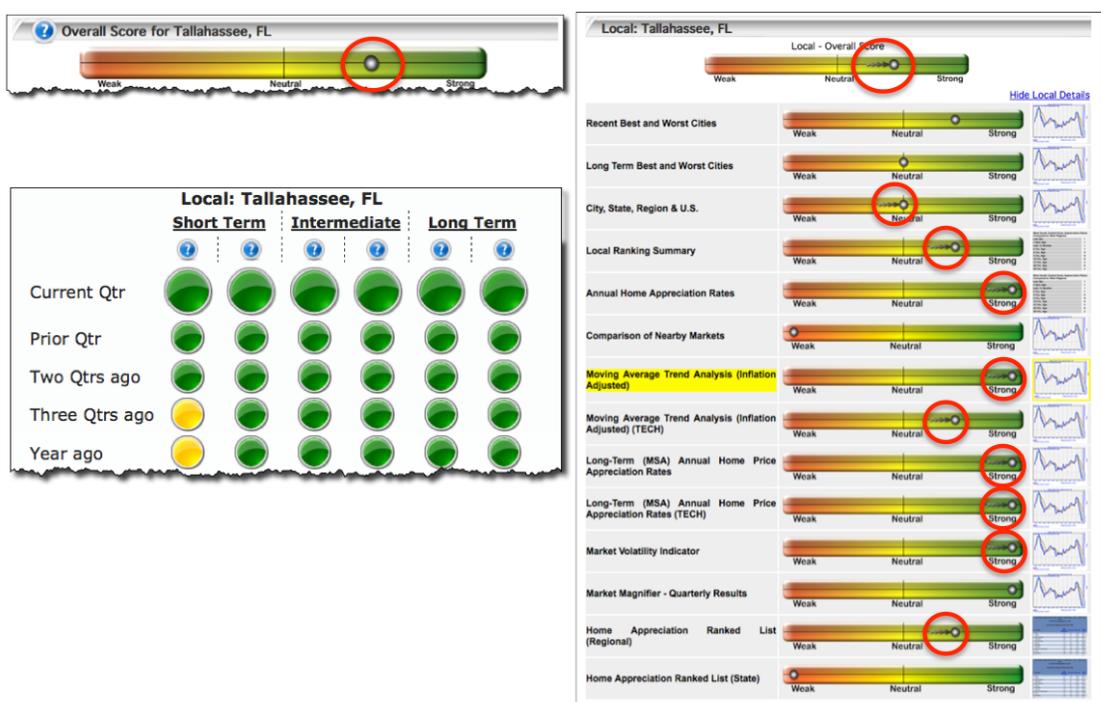
AVERAGE indicators, whether for an entire STATE or COUNTRY will, by definition, be slower – a bit sluggish – because the ‘average’ includes markets that may be rising, or falling, or flat lining – all **AVERAGED** together into one.

Even so, the STAR indicator above gave us more than a year’s advance notice. My point is that it can get even better!

These tools were designed to be used at the local, city level. They work better at the LOCAL level because they ‘react’ much faster and cleaner.

On a local market-by-market basis there ARE no other markets to offset or dilute each other like you have with national or state level ‘averages’...

For example, at the particular time I’m doing this analysis, here are some LOCAL markets full of positive momentum.



Look at Tallahassee, FL - see all the green in the STAR tool? Green is good.

Here's what Tallahassee's Local and Overall TAPS score looked like at the same time.

Not all the way over to Strong yet – got one more notch to go – but you can see – at the local level – it moved in the right direction this period – that's what these little arrows next to the ball indicate... it's on the move.

The Wealth Phase already started for Tallahassee – when you see lots of other confirmation signals – like nearby markets also strong, rising momentum, Wealth Phase activated - you don't need to wait for the TAPS score to get all the way over to strong.

The TAPS and STAR indicators help you find, rank and prioritize different markets – you can't be invested everywhere at once. So the tools inside the member's area also help you do that kind of fine tuning, searching for and choosing between multiple good options.



OK - same for Nashville TN –it has GREAT momentum. That's the FIRST thing you have to have before jumping into ANY market... great positive momentum – lots of green – especially on the right side, these long term triggers.

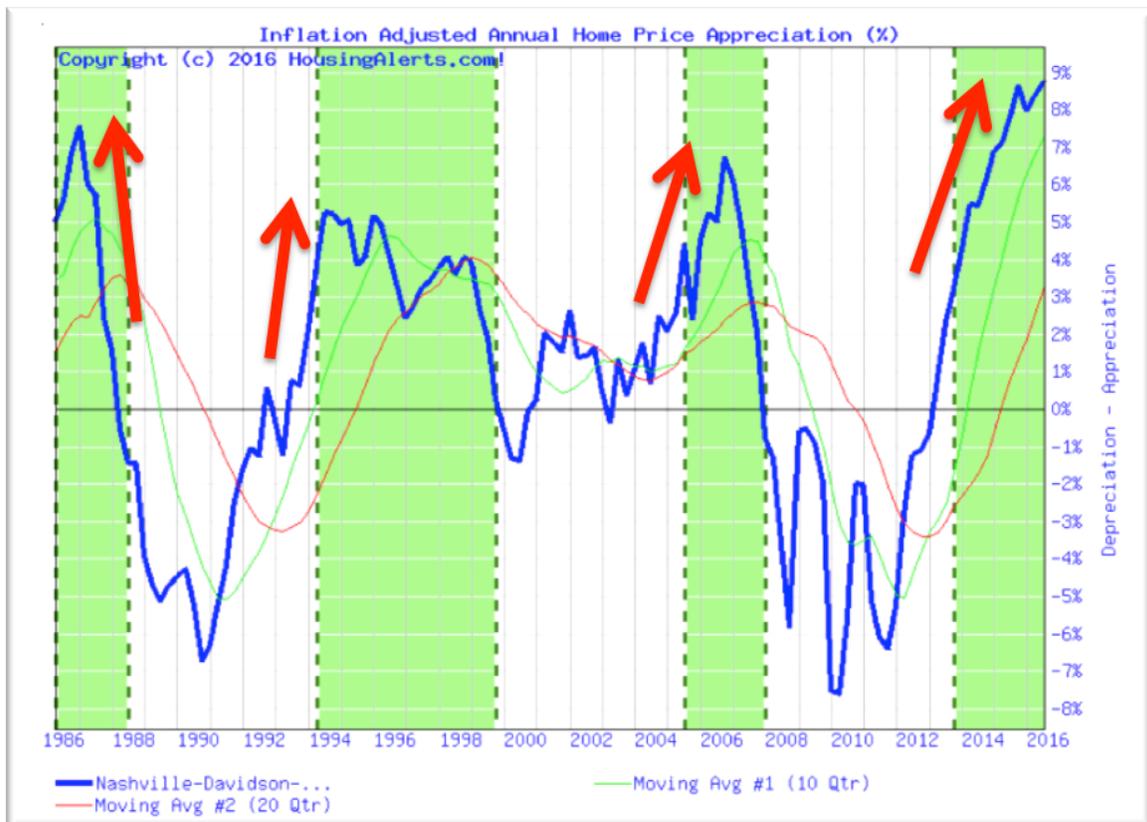
If it has great momentum, then you look at the TAPS – here's Nashville's Local and Overall TAPS...

...and here are some additional Nashville slider balls from inside the Member's area, all looking very strong across the board right now.

It's lining up pretty well... not sure what's happening in Nashville to generate this kind of strength – but that's the beauty of Technical Analysis – it doesn't matter – and half the time the fundamentals you THINK may be driving the market are nothing but a wild guess anyway.

Nashville is already in the third year of its up cycle (at the time of this analysis) – here's its wealth phase chart...

Nashville, TN



...but don't let that scare you – it's scoring very high everywhere on the TA side.

You can see from the Wealth Phase chart how cyclical this market is – four nice up-cycles in the last 30 years but lasting, on average – what ... only 3 or 4 years.

Looking at the chart and indicators, this one has more upside room to run... even though it's approaching its long term average up-cycle duration.

Here's the really important point....

When this market – or ANY market – starts to change – you'll see it on your computer screen from across the room.

Green to Yellow.

Then, **Yellow to Red.**

TAPS slider balls moving.

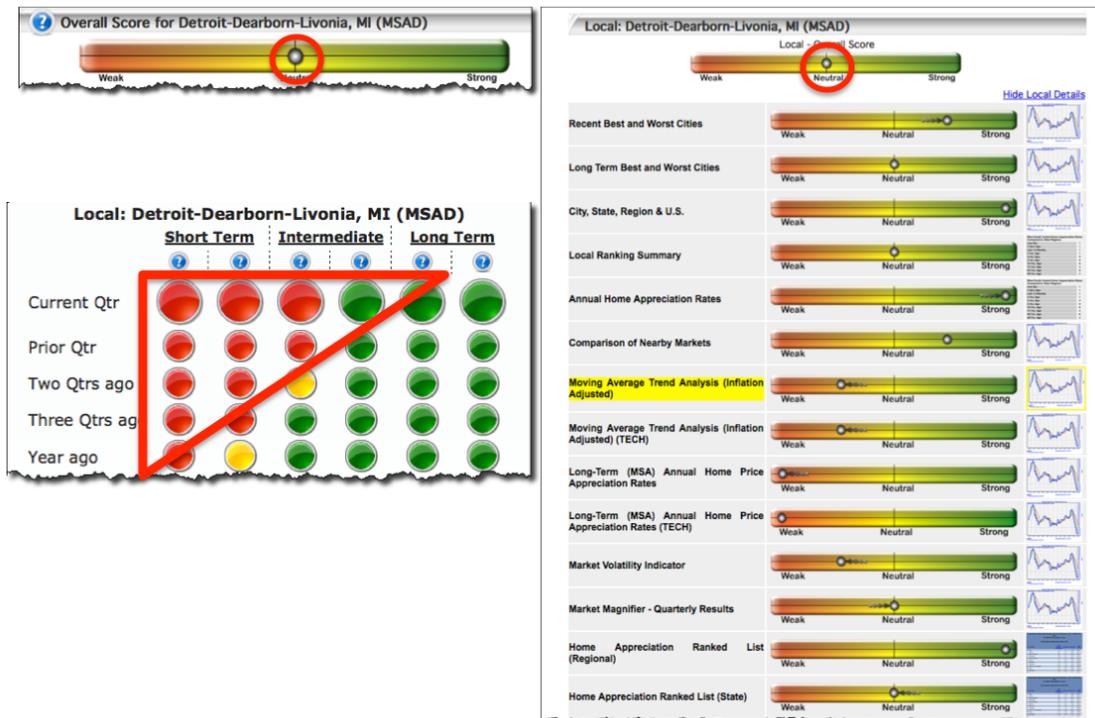
No one knows exactly how long Nashville's Wealth Phase, it's UP-Cycle, will continue.

Whenever Nashville's cycle DOES start to turn down, as it certainly will, you'll be the first to know.

The STAR momentum indicators will start changing, LONG before the Wealth Phase ends or the market nose dives into falling home prices.

OK – so those were examples of what very strong momentum – or “momo” markets, look like in the STAR tool.

...Let's look at some markets showing early signs of topping out, like

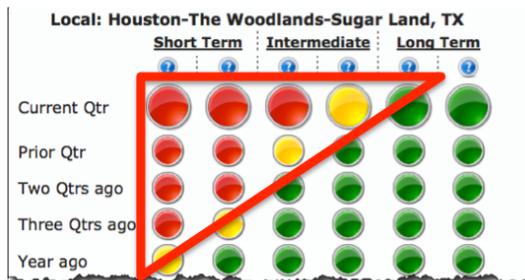


Detroit MI. And yes – I did say Detroit – believe it or not. It's been in a nice Wealth Building phase for the last four years – it had the highest TAPS scores and strongest appreciation THAT market has seen in almost 3 decades. It was a money pit for a decade until 2013– no reason at all to be there before it entered its Wealth Phase.

Note this triangle pattern. I'll come back to that.

Here are its TAPS scores ... could be worse – they're both in the neutral zone at the moment – no need to rush an exit – but too late to jump in now – not unless you see the STAR and TAPS pick back up down the road. For "new" investment money, the risk/reward equation is negative for Detroit right now. There are lots of OTHER local markets with more upside and lower down side risk.

Seek better options!



And here's Houston TX. Both Detroit and Houston are forming ugly triangle patterns.

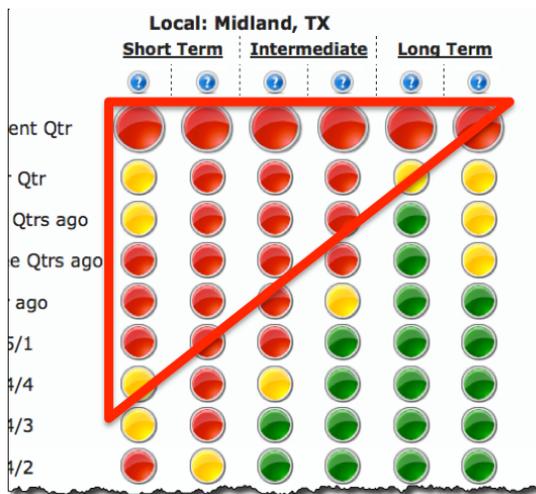
I say ugly because of its color. When you see red/yellow forming a triangle in the top left – with less green and more red each period – that's a Bearish – or 'bad' sign for the market.

It's a very early STAR signal – sometimes giving you two years or more advance notice that, in this case, the tide may be going out. The UP cycle may be turning into a DOWN cycle for Houston and Detroit. The TAPS is also starting to reflect increasing weakness.

As a side note – when the triangle is formed with GREEN growing from the top left – not RED – basically the opposite of this one – it's Bullish – or a GOOD early indicator.

OK ... do you want to see **what the STAR tool looks like when markets have ALREADY lost all their momentum and are sucking wind?**

I bet you can guess – lots of RED...



Like Midland TX – Midland was one of our favorite markets back in 2007 to 2009. When the bottom was falling out for a lot of other markets, Midland was seeing strong appreciation, especially for a Texas market. It continued to buck the national downtrend until 2010.

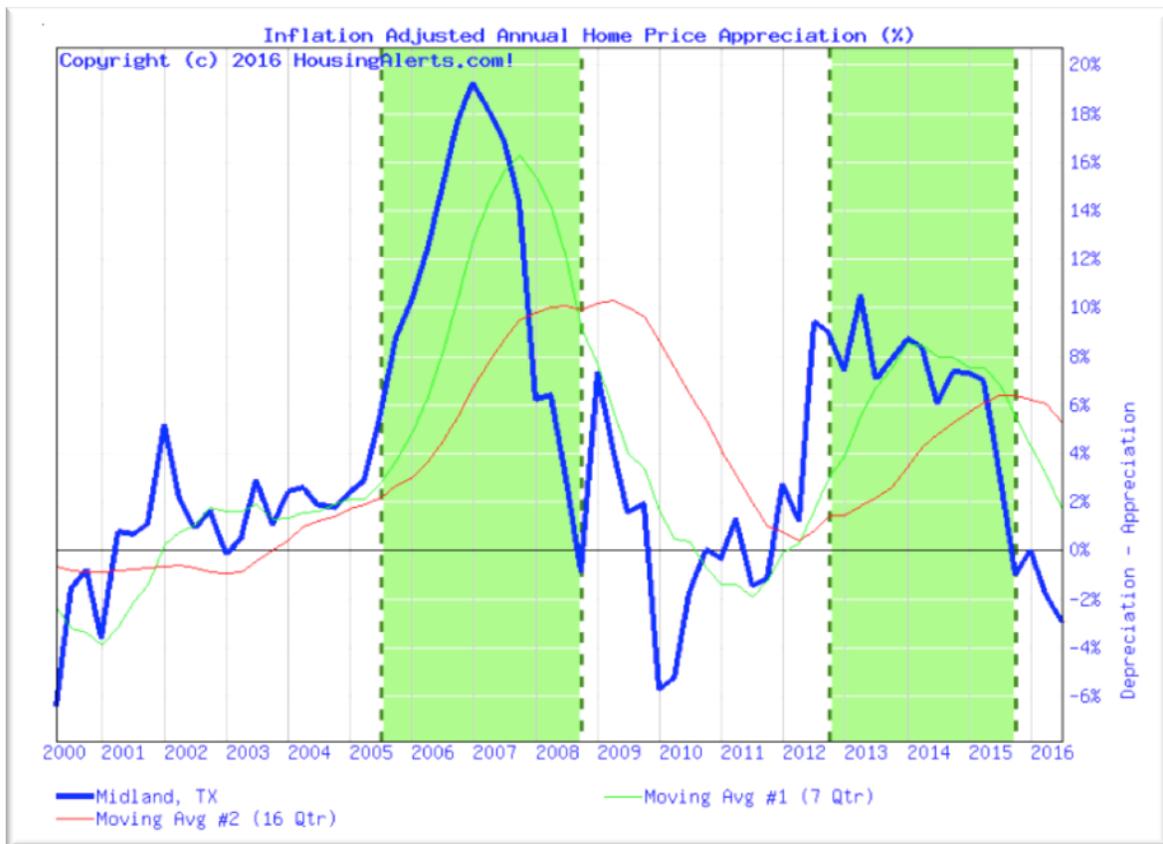
Then, after a short down dip in 2010 and 2011, it jumped back up sharply in early 2012; it was one of the first markets in the entire country to start a new Wealth Phase.

Here's what its TAPS scores look like now. It's completely rolled over and can't get much lower.

Like all cycles, Midland's good fortune has run its course for now. The indicators told you to get out back in 2015 – and it's been in decline ever since.

A fortune could have been made in both of these UP Cycles, but there's absolutely NO reason to hang around and turn those profits into losses – there are so many better markets.

Midland, TX



Here's what its recent Wealth Phase chart looks like, to go along with the TAPS and STAR indicators.

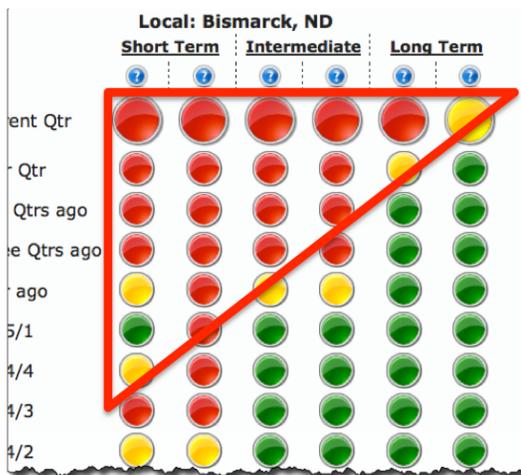
I don't get too caught up in WHY markets do what they do. I was told by some HousingAlerts members years ago that Midland's strength came from some military base re-alignment or consolidation – something like that... no reason to doubt that could be the driver. But when you have accurate data and tools like these, the 'why' doesn't really matter to me. The "Where" and the "When" is what makes you wealthy.

Be careful about attaching reasons for a market's movements. Don't let it start affecting your investing decisions. Real estate investors, just like stock traders, AFTER they've already invested in a market, tend to rationalize their decisions based on emotion, rumor, and then 'hope.'

Shifting Market Psychology is usually at the root.

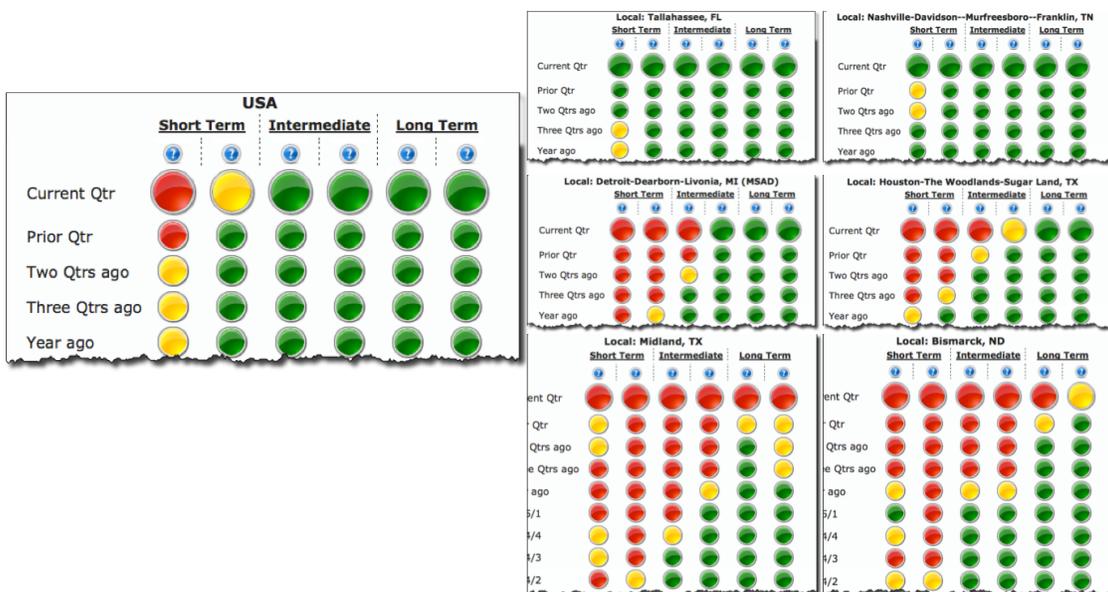
Stick with cold, hard data.

Most of the time, especially in larger markets, there is no single right answer, and lots of wrong guesses. Follow the numbers. That's why TA is used for TRILLIONS – with a 'T' – Trillions of dollars in financial trades every day. Data doesn't lie.



Our last example of weak momentum markets is Bismarck ND. We featured Bismarck in a video – I think it was back in 2011 or 2012 - the general US market was still declining. Bismarck was green in a sea of red ranking at the top of all of our market search filters.

You can see by the TAPS indicators, those days are gone – at least for now. The wealth phase is already over. It was a great market to ride the appreciation wave – became a real boom town by 2013 and 2014, and finally ran out of gas in 2016.



In all these examples, the common thread was how the STAR indicators gave you advance notice the real estate cycle may be changing. The more those ‘traffic light signals’ spread to the right side, affecting the longer term indicators, the greater the weight you should give them.

The State, Regional and National level indicators on these pages alone can save you from financial calamity and guide you in making better, science-based choices as an investor.

If you ONLY had this National level info BEFORE the crash or when the recovery actually was underway – would that have helped?

Imagine having it on a market by market basis – or even at the zip code level?

It's pretty hard to stick your head in the sand and invest blindfolded once you know all this, isn't it?

We'll zoom in on some examples here in a minute, but I want to make sure you see the big picture... and let this single thought sink in...

The STAR icons start changing color well BEFORE that market takes a dive or emerges.

Momentum shifts occur long before a market enters – or leaves – the next wealth building phases of its cycle.

How utterly cool is that?

It's kinda' like reading next year's newspaper today, isn't it?

This is important -

You do not invest in any market based solely on its momentum.

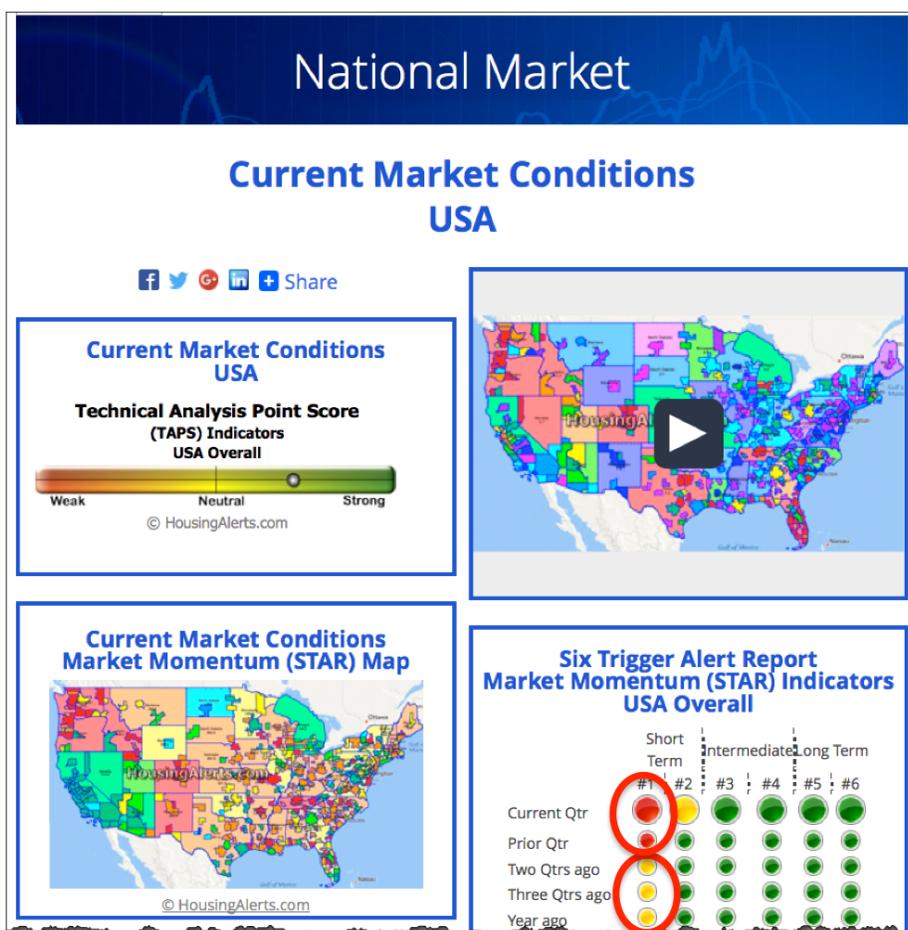
Not all high momentum markets are in a wealth phase – or even appreciating.

But...

Any market that lacks positive momentum is NOT an investment candidate.

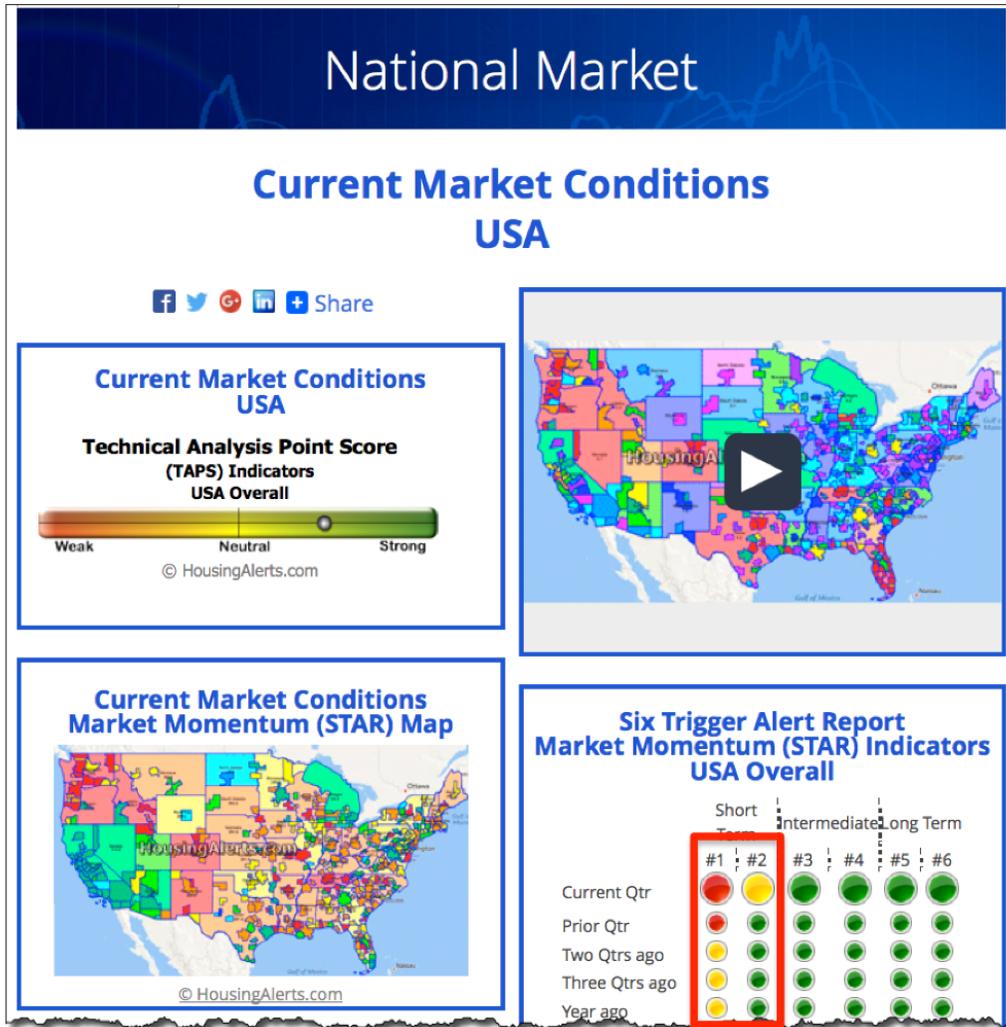
You must confirm all Positive Momentum Markets with TAPS and the Wealth Phase tools at the LOCAL level.

Getting back to our US example...



It's OK if the SHORT TERM icons have some periods of yellow or even a red signal here and there ...nothing to get excited about.

I mean, you'd prefer it stayed green, but so long as they stay over here on the left – the short term triggers – and not get increasingly red – it's not a cut and run situation ...not yet. You do need to start paying a little more attention.

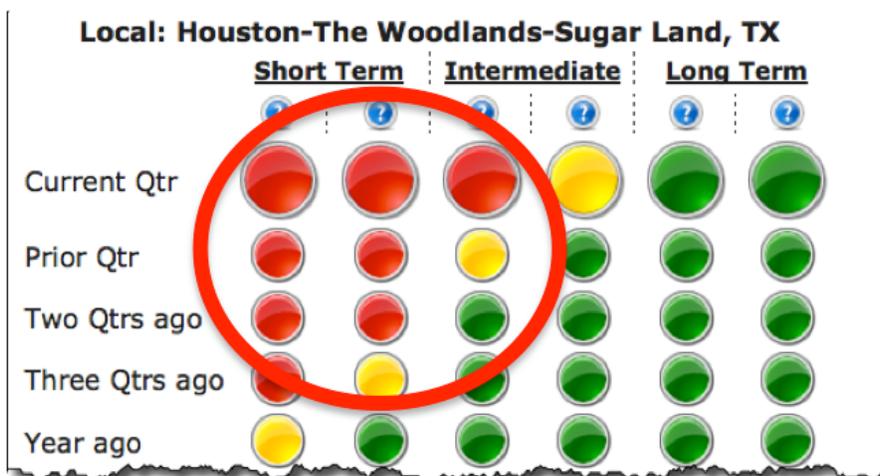


When they stay all green, and you're in a confirmed Wealth Building phase, you can go back to sleep!

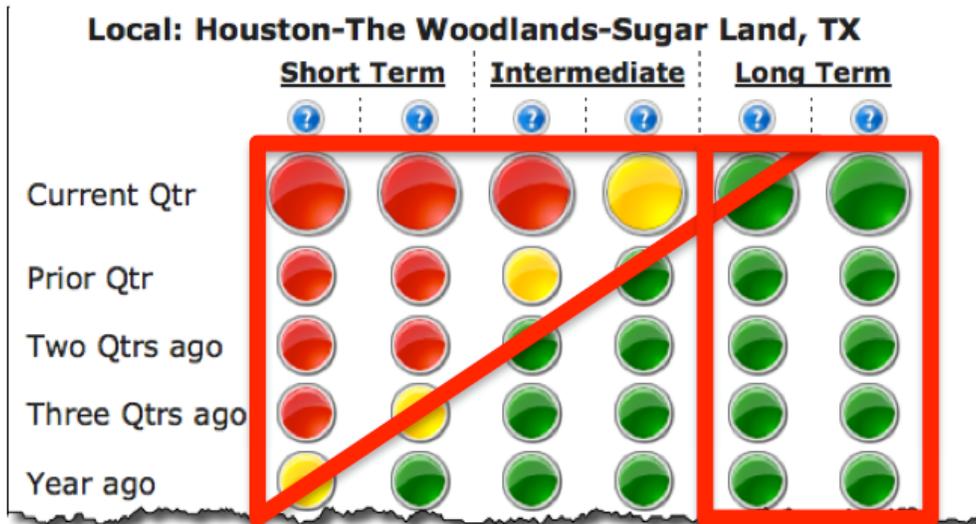
Here's what's so cool about these short term indicators on the left...

Let's look closer at one of those markets showing possible early topping signs. Here's Houston again.

When the SHORT term icons start growing from left to right over time – like these are

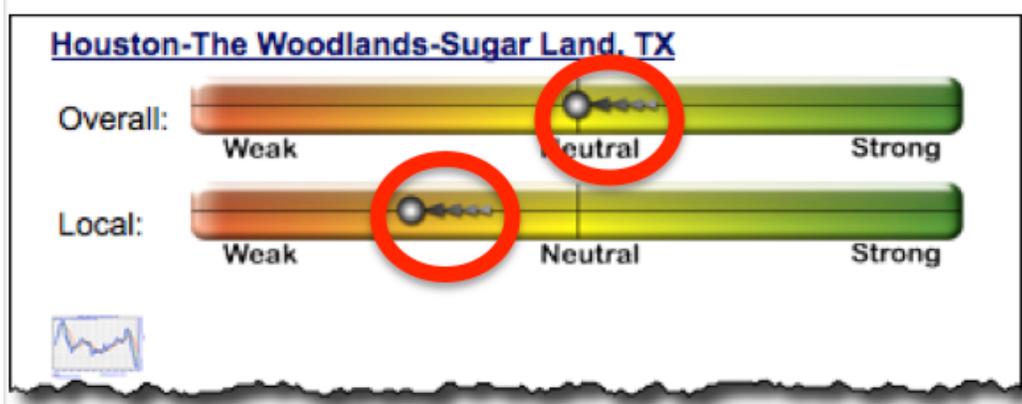


...especially if they form a triangle pattern of one color, eventually growing into the long term indicators – like these are getting close to doing...



...when that happens, it means a major trend reversal is getting more likely in the next year or so.

Now with Houston, it's not gotten to the long term triggers yet – but that triangle is a pretty reliable pattern. If the RED continues growing like this for another quarter or two, I'd be gone, for sure.



You'd also check its TAPS score. Remember – this STAR momo tool is an EARLY indicator – and always needs to be confirmed with the TAPS slider score.

In this case, Houston's OVERALL TAPS score DROPPED down to Neutral in the current period. See those arrows on the right side of the ball? That means it changed position in the current period. In this case it moved left – getting weaker. The arrows show the direction it came from.

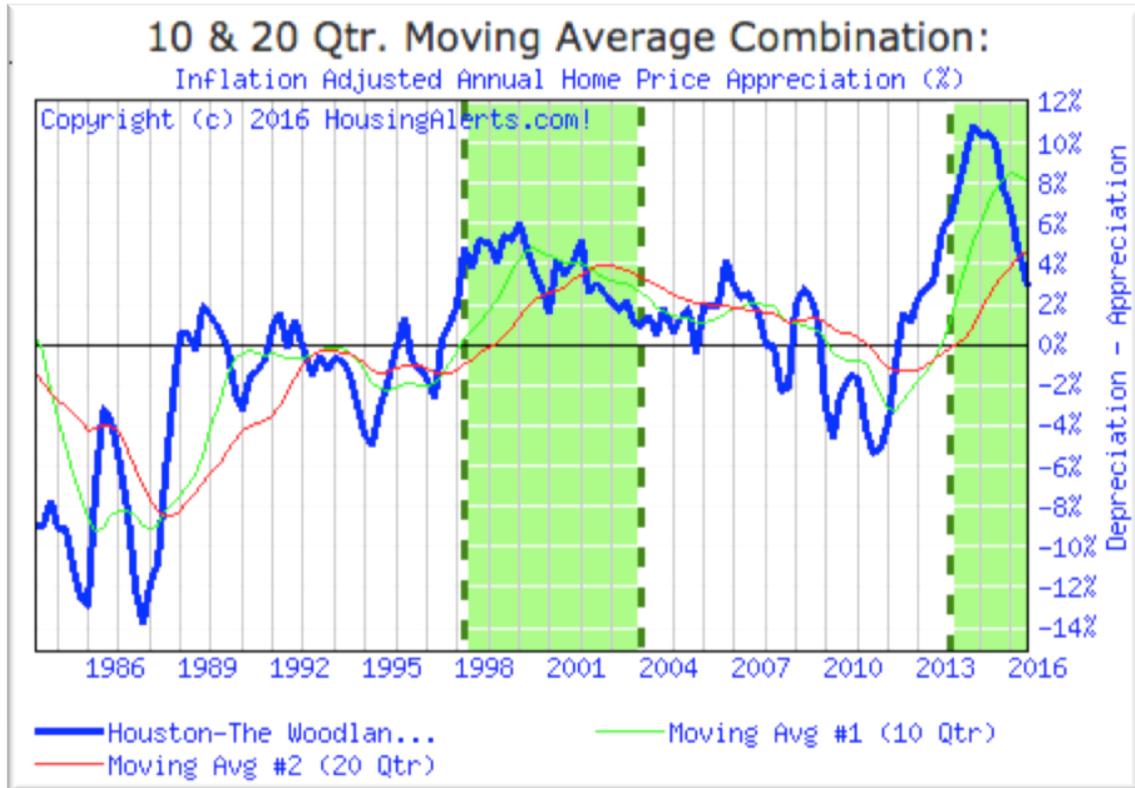
Neutral generally means if you're already invested, there's no need to panic, but if you're not already invested – look elsewhere or wait for better signals.

The LOCAL TAPS score ALSO just dropped down a notch below 'neutral' in the current period. See those little arrows? That's never good.

If you were a member, there are a ton of other confirmation signals – tools – you'd rely on. It's important to see what's happening in all the nearby markets.

Major trend reversals don't happen in a vacuum. They're usually initiated by a change in Market Psychology which spreads – good or bad - to other nearby markets. You can even put some of our scoring maps in motion and literally watch it spread across the country like a virus.

Houston, TX



Another easy tool to check is the Wealth Phase Chart. Here's what it looks like for Houston as I do this video; still in the Green Wealth Building Phase but looking pretty iffy to me. I'd be checking the wealth phase charts of all the nearby markets for sure.

Personally, I'd be out of there already because there are plenty of better markets with less risk and more upside potential. THAT is where Wealth is created ... not in markets like this one. You've already done extremely well if you rode the whole Houston cycle.

When markets turn south, it gets harder to exit. I've got a couple rules that have served me well over the decades:

Always Have Options

(There's a hot, emerging market somewhere.)

Don't Let Winners Become Losers

(Squeezing every dime out of an opportunity increases risk.)



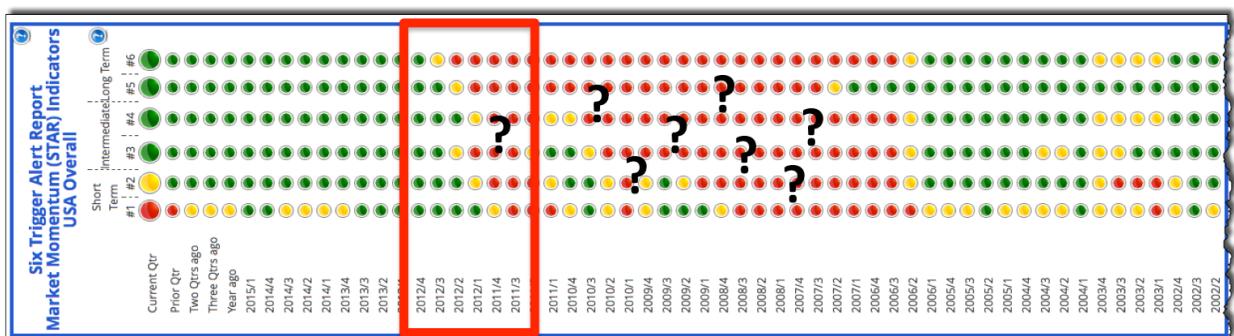
Back to our STAR history for the US – for this last example we'll explore a full cycle transition – going from all red to all green.

Look down here around the period 2011 to 2013.

The US real estate market OVERALL had YEARS of declining property values. How do you know when it's finally time to get back in on a National level?

You can see it was basically all red starting in 2006 – up to this box outlined area here - 2011. We're gonna' enlarge this box – make a mental note how it was all red for the years leading up to 2011.

Without these tools, how could you possibly know when it's safe to get back in?



You'd be like the millions of other investors who bought real estate YEARS too early – getting spanked again and again... finally throwing in the towel, or going belly-up long before the new cycle began.

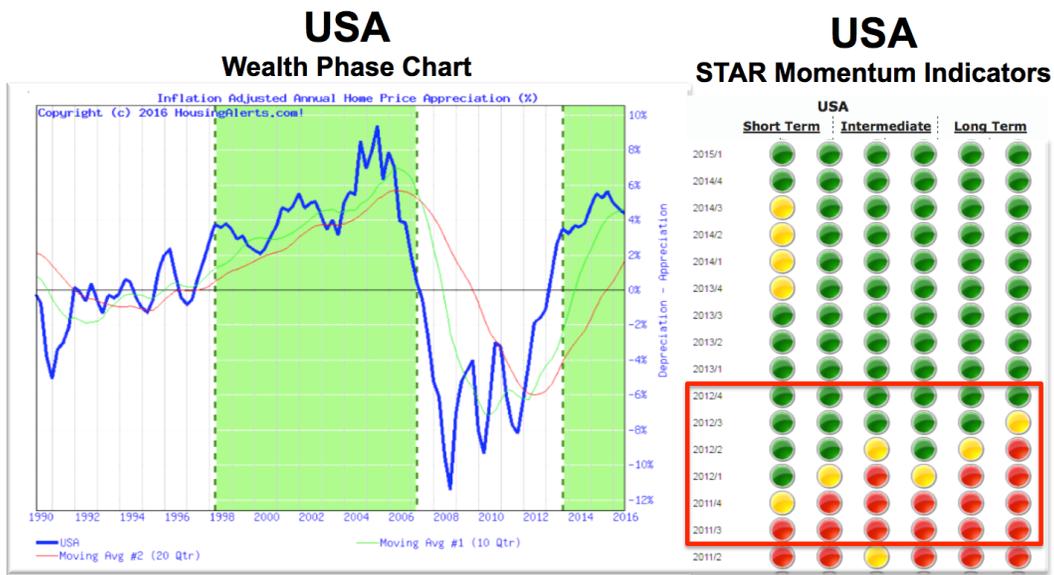
They never had a chance investing blindfolded like that on a hope and a prayer.

I can't count how many times investors – NOT HousingAlerts members - would tell me what a great deal they were getting, buying real estate 10, 15 or 20% lower than what it HAD BEEN a year or two or three earlier – only to see it drop another 10, 15 or 20% AFTER they got back in.

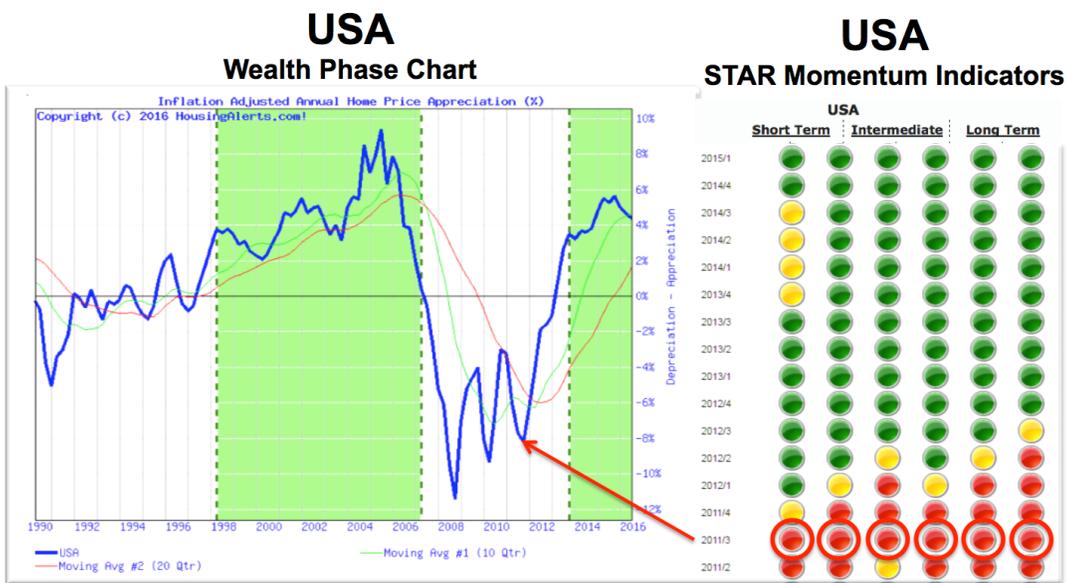
Remember, a 50% DROP requires a 100% gain just to get back even. A \$100,000 house that dropped to \$50,000 now needs to double – 100% appreciation – to get back to \$100,000 where it started.

Getting in too early is just as bad as getting out too late. Avoid losses.

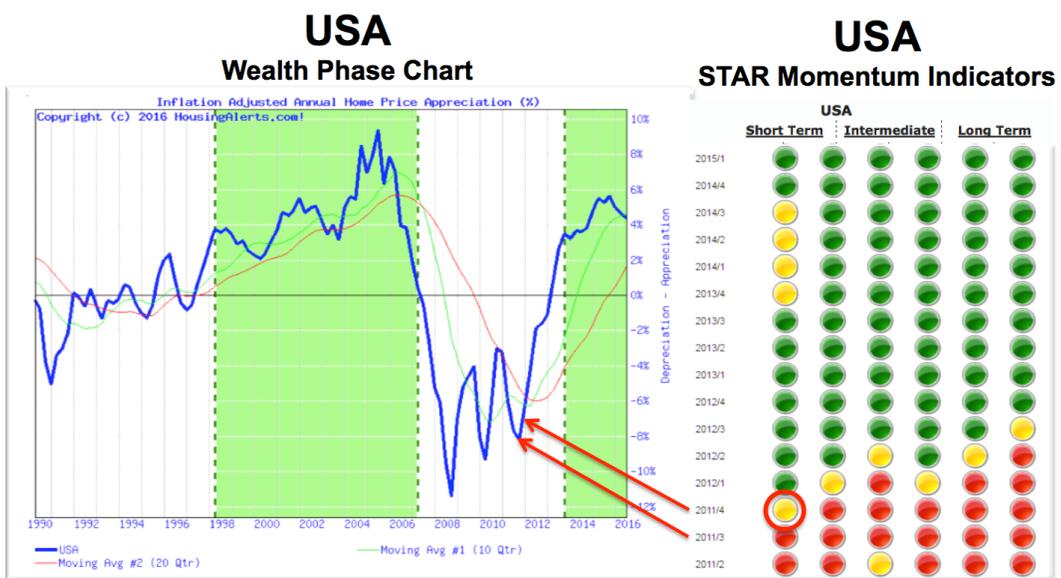
Checking the STAR indicator is a quick easy way to avoid all that financial punishment.



So now we've got a close-up view of STAR when it was transitioning from all RED in 2011 to all GREEN a year later... and the US Wealth Phase chart as it looked when I made this.

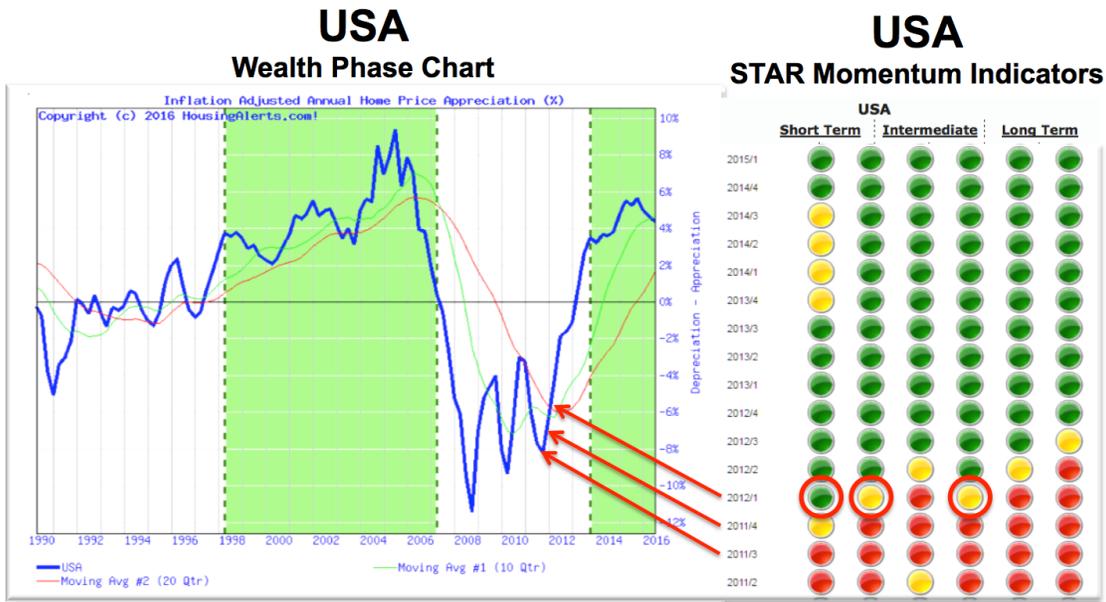


See how when the STAR indicators were all red in the 3rd quarter of 2011, down near the bottom here? The red arrow points to the blue Appreciation Line for that same time – 3rd Quarter of 2011. See how the blue line was still in a steep downtrend? That's what all red, negative momentum looks like.



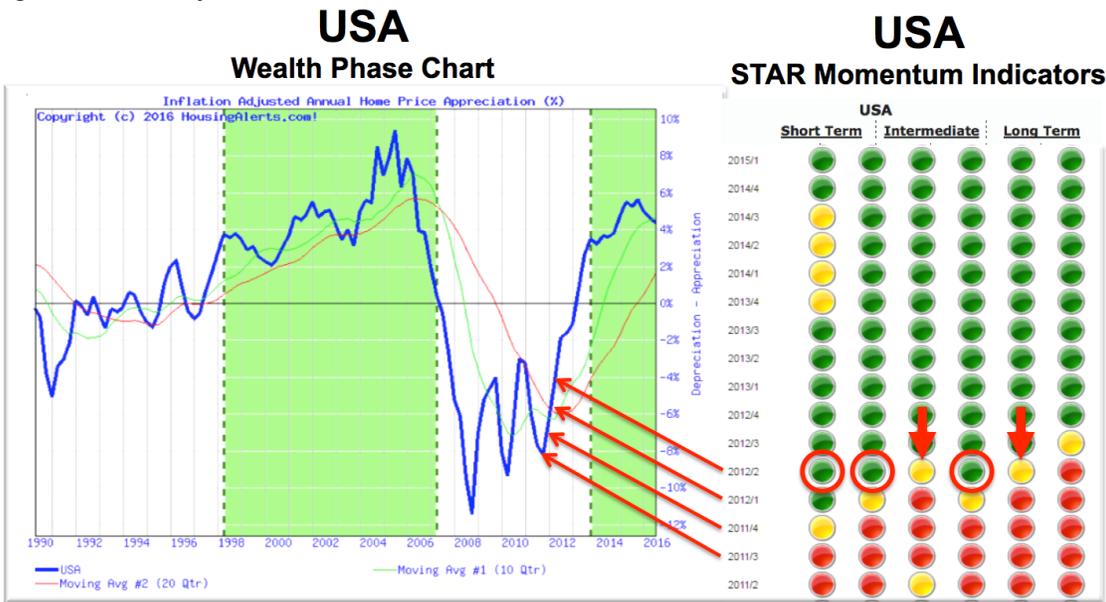
The next quarter - 4th quarter of 2011 – Trigger number one – here on the left - turns Yellow.

This arrow points to that same period on the chart. You see the Blue line turned up, in a positive direction. That's what the yellow icon indicates.



Next quarter, Trigger 1 turned green, while triggers 2 & 4 turned from Red to Yellow.

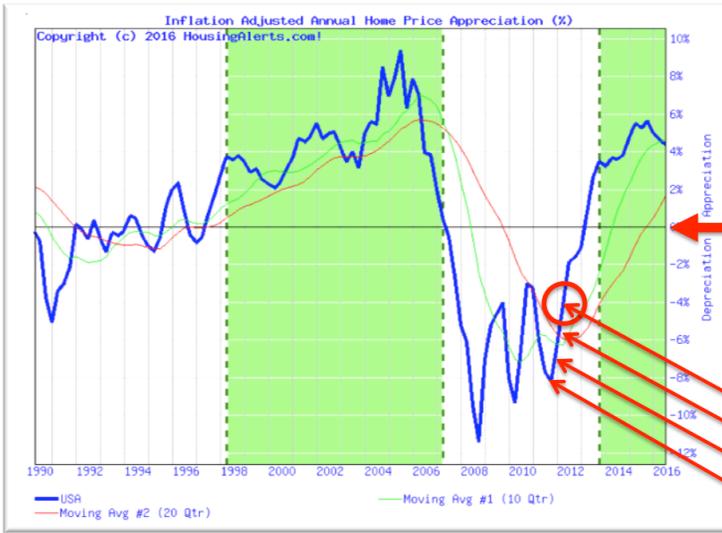
The blue line continued its march upward, gaining some momo, but it did the same thing a year earlier and the year before that, only to come crashing back down. Is this time gonna' be any different?



Next period – 2nd quarter of 2012, Triggers 1,2, & 4 are now green, triggers 3 and 5 just turned from Red to Yellow. Steady gaining of momo. A little too early to see if we've got a start to a triangle pattern, but more progress.

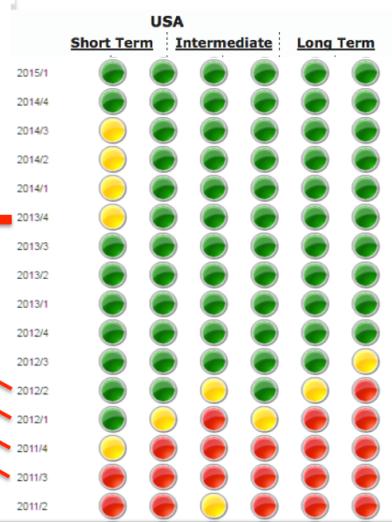
USA

Wealth Phase Chart



USA

STAR Momentum Indicators

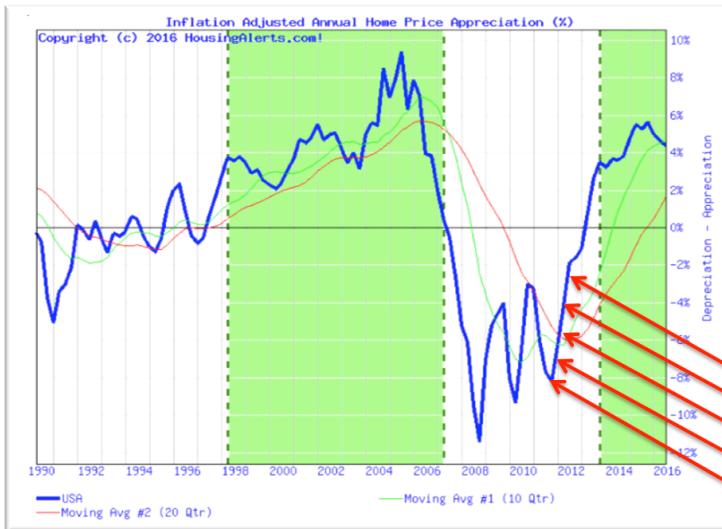


The blue line continues upward, but the US market as a whole was still DECLINING – home prices on average were still falling, the blue line here was still below this black horizontal ‘zero’ line.

All we could say was the blue line was getting LESS BAD – moving up... and that’s how momentum gets a foothold.

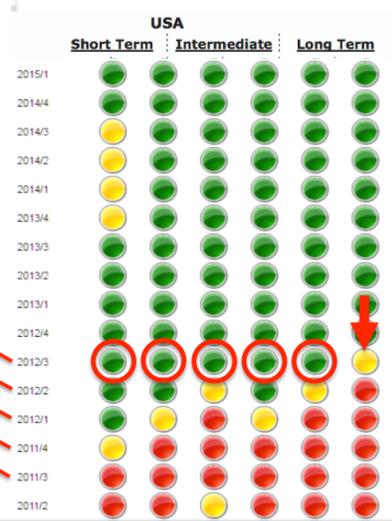
USA

Wealth Phase Chart

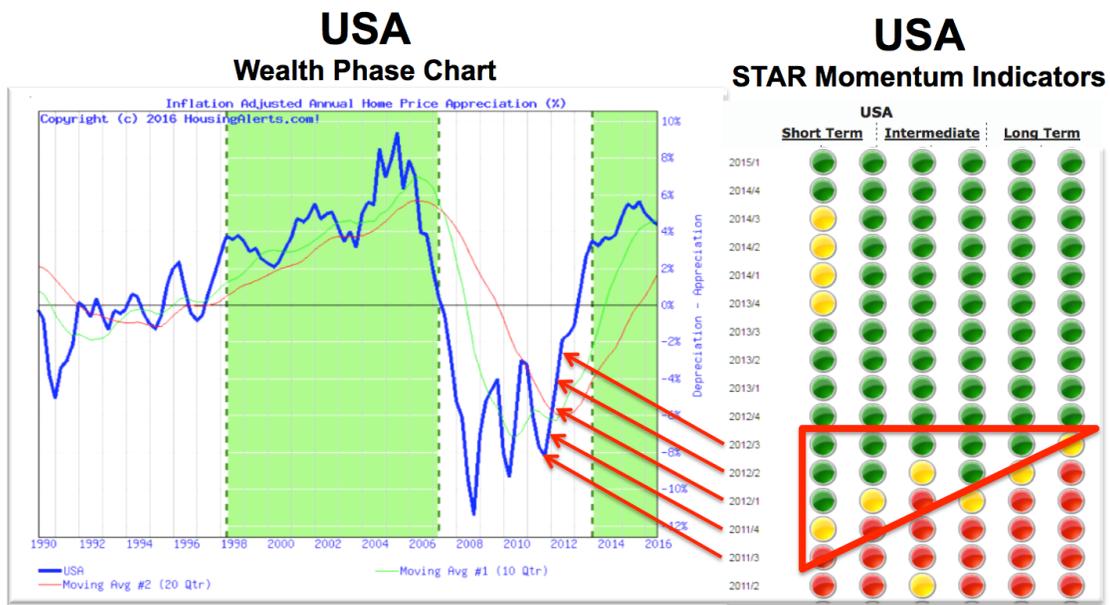


USA

STAR Momentum Indicators



Next period, the first five triggers are all green. Trigger 6 turned Yellow and we’ve got a decent enough triangle forming.



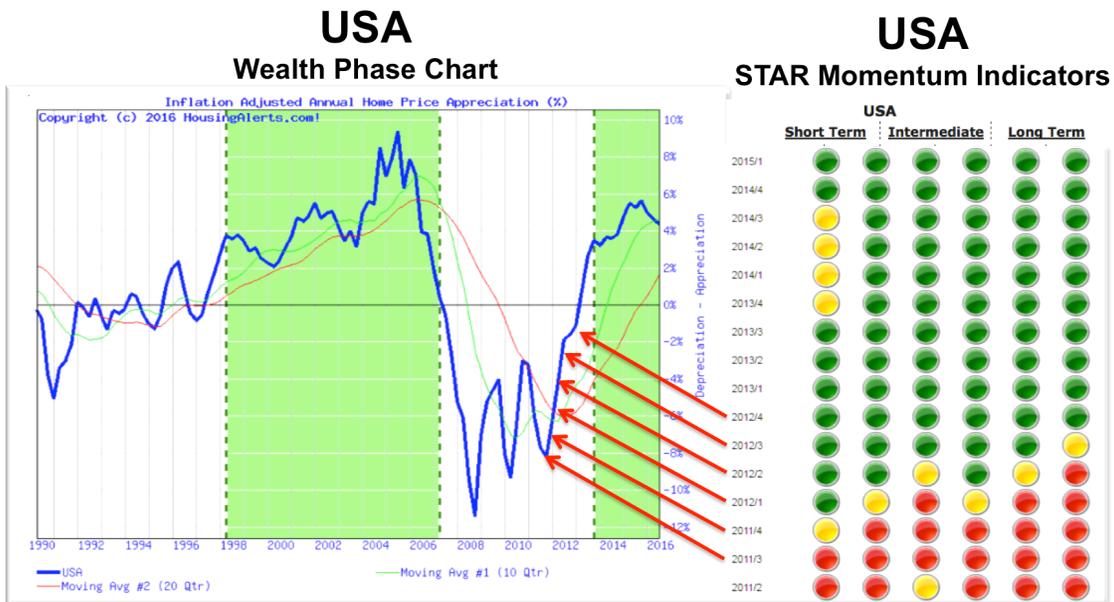
We now see good momentum in the STAR and the blue line continues to get LESS BAD – but we don't invest in 'less bad' markets – we only want great markets.

Green is working its way further right with each passing period, and none of the green indicators are backtracking to red or yellow – that means it's building good energy, Market Psychology is turning ... that's what it looks like in the beginning... green overtaking red and yellow across all triggers.

In the last quarter of 2012, we get the 6th STAR trigger turning green. Hallelujah!

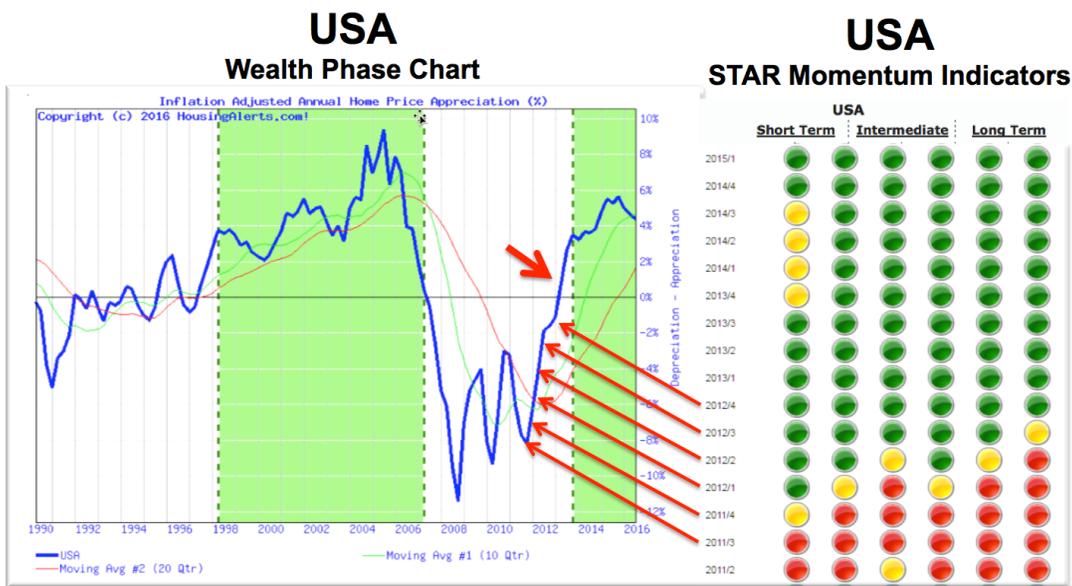
Momentum is the FIRST thing you look for. You MUST have growing positive momentum – green STAR icons - before investing.

If a market doesn't have great momentum, you say, "No thanks. I'll come back next year and have another look," but you don't waste your time on that market.

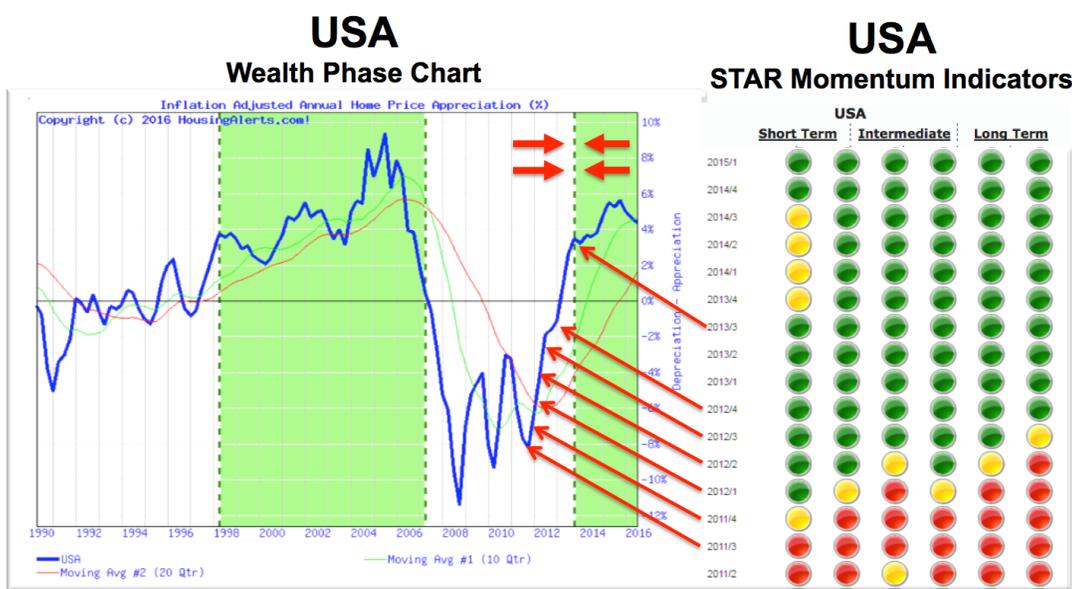


See where the market is? Follow the red arrow. Home prices are still falling, but just barely. So while we can now check MOMENTUM off our list, the market still has some distance to go before it's good enough, safe enough to invest.

We'll know when that happens from the TAPS and Wealth Phase charts.

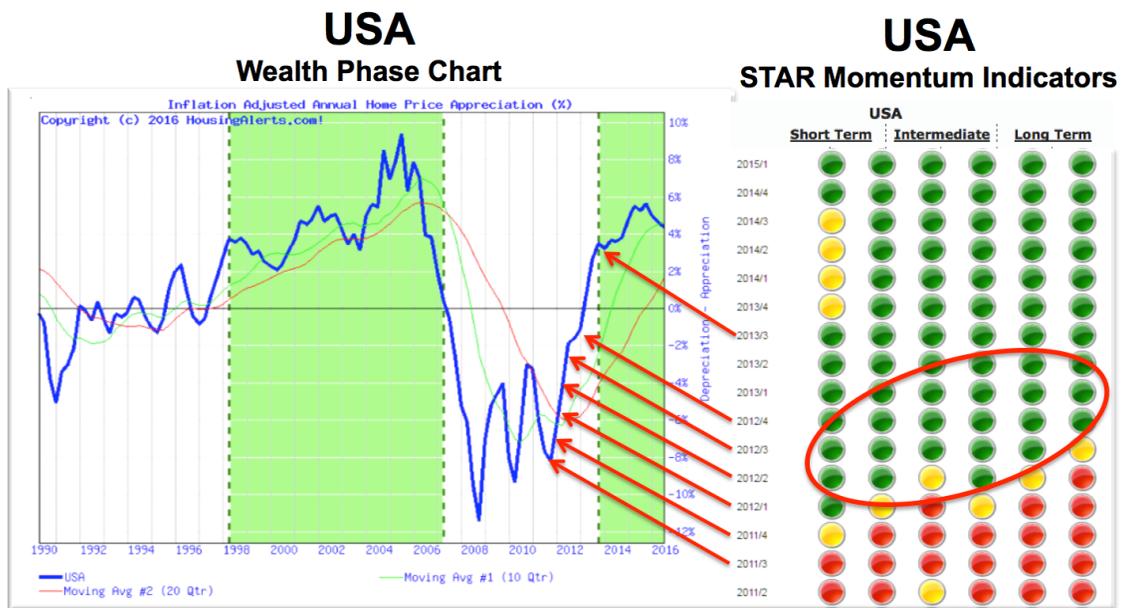


Fast forward to early 2013. We've had continued solid green on the STAR tool. It doesn't get any better than that – momentum still very positive, the blue line finally went above the black break-even line here, real estate prices in the US – on average - started appreciating again, at the start of 2013. Those are all good signs, but ONE period of appreciation doesn't make a trend or the start of a new up-cycle.



That's where Technical Analysis comes in – and as you see here – we got the start of the Wealth Building Phase at the end of the 3rd quarter. This green dashed line is what you would have seen at the time, and the TAPS slider ball would have shown steady strengthening.

Time to make some money!



Here's the counterintuitive part – or the really cool part if you're a numbers geek. All this momentum building was taking place while home prices continued to fall.

Market Psychology has to change BEFORE real estate prices can reverse their downward spiral.

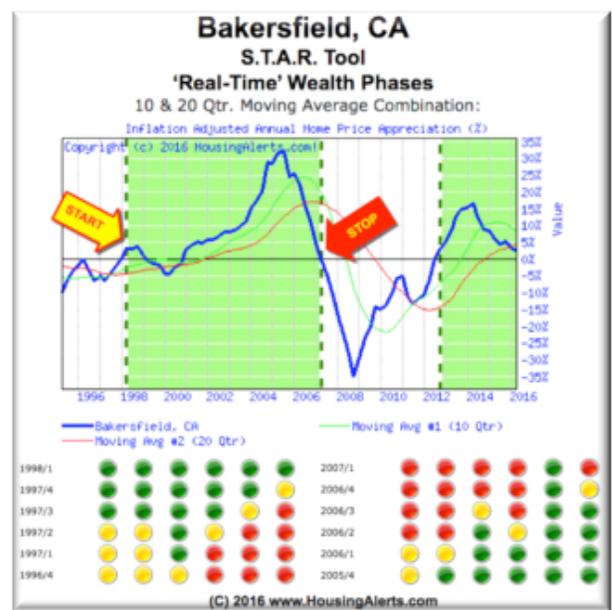
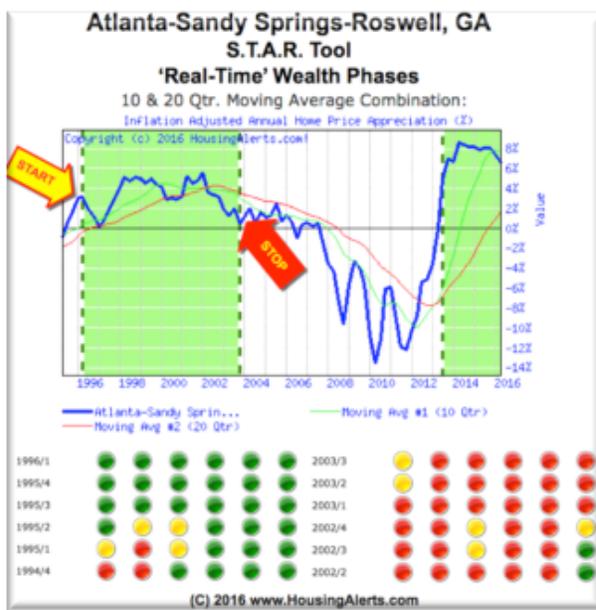
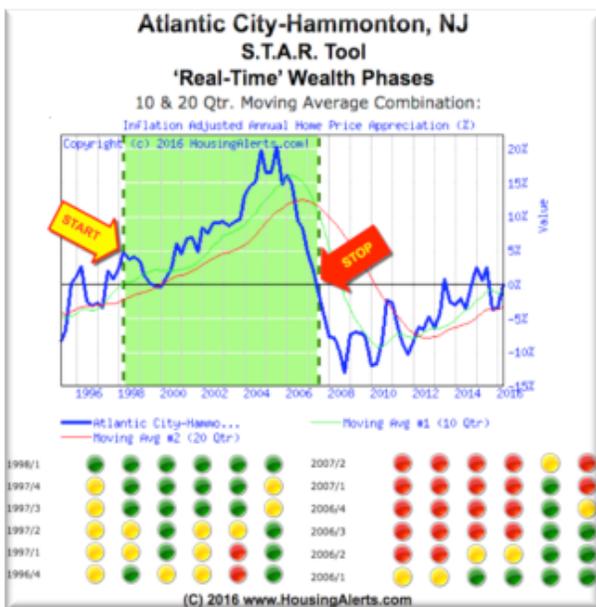
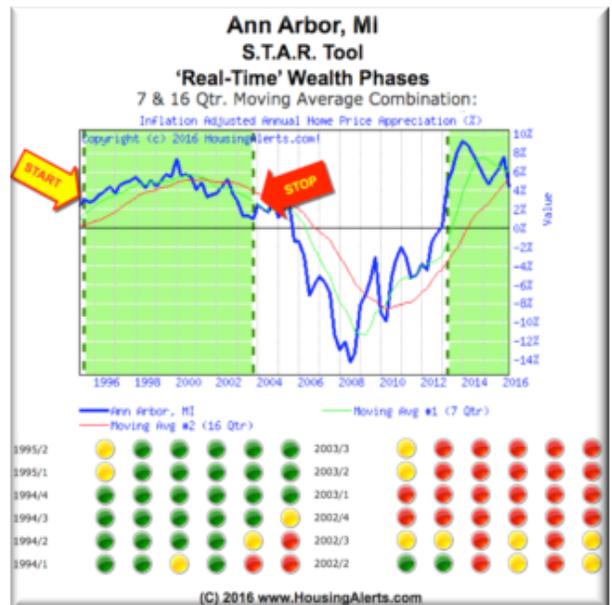
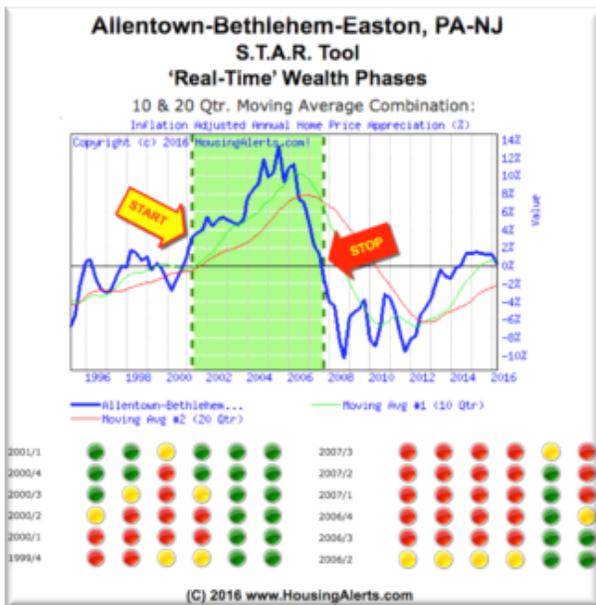
That's what we just saw – the change in Psychology that PRECEDES the change in price.

THAT'S why it's such an early and reliable Housing Alert.

You had a year advance notice that appreciation was coming; you just had to wait for it to be reliable enough to trigger all the TA buy signals.

That example showed what it looks like when a market is turning from RED, negative momo, into green or positive momentum... the start of a new UP cycle.

The STAR momentum indicator works BOTH ways. It, along with the TAPS and Wealth Phase charts, can tell you precisely when to get in OR out of a market. These tools, when used together, have an incredible track record – nearly perfect - for accurately nailing the beginning and end of virtually every local momentum market for the past several decades. Here's some quick proof...



Allentown PA - Pay attention to the blue line. That's the appreciation or decline line. When it's above the black horizontal 'zero' line here, it means real estate prices are rising, when it's BELOW the black line, like it's been for most of the last 8 years here – home prices are falling.

The blue line is like a market's fingerprint or its signature.

Note how EACH market is different. See how Allentown's Green Wealth Phase started in 2001 and ended in 2007 and hasn't started a new UP cycle yet?

Compare this with the next one – Ann Arbor MI.

See how different the market's signature – the blue line is?

Ann Arbor's Green Wealth Phase started in 1995 – almost six years before Allentown ...and ended 2003.

Ann Arbor was in an up cycle for 8 years. It ended two years after Allentown's UP cycle BEGAN.

Look how Ann Arbor completely missed the housing boom. When many markets were red hot in 2005 and 2006, Ann Arbor started dropping like a rock...

Compare that to Asheville NC. It had a 13 year up cycle – these Green Wealth Phase indicators on the chart.

You can see the RED STAR icons – down here on the right. It lost momentum pretty quick starting in mid-2007.

Next is Atlanta... look how different its blue signature is. Its UP cycle ENDED in 2003, just as the housing boom was getting started.

Atlantic City – it never did recover. Eight or nine years of steady home price declines.

Bakersfield CA – see how completely different this market is from the last one?

You get the idea – lets just zip through a few more – see how accurately HousingAlerts nailed all these local cycles!

Baltimore MD

Bellingham WA

Billings MT

Boston

Bremerton WA

...let's just let 'em rip...

automatically by the algorithms every time we upload new data – right there inside the member's area for all to see.

I hope this TAPS and STAR tool overview helps you make full use of the free National, Regional and State indicators you'll find on this site.

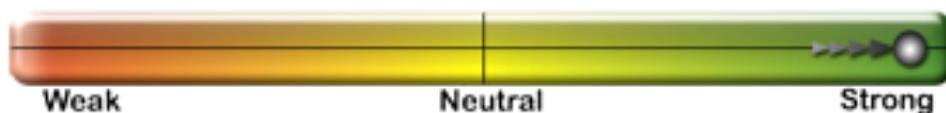
I dove a little deeper into these indicators for the analytical types and anyone who wanted a fuller understanding... it's more than what's needed to actually use the system.

It's not required you understand all this at all – like I said at the beginning,

If you can read a Traffic Signal...



and a simple Slider Ball...



You HAVE all the skills needed for HousingAlerts.

Come join us inside the Member's area for access to all the local markets and our complete set of analytics, tools, indicators, market maps and high-level search filters.



If you found this video/transcript and the free market analytics helpful, please share it with your friends and colleagues by clicking the Social Media buttons on this page, I'd appreciate that! You can also leave a comment below... and thanks for taking the time to check us out!