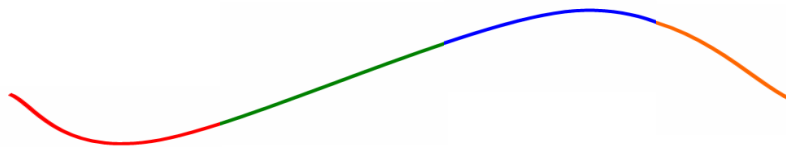


Real Estate Market Cycles:



Buyer's Market Stage II **Seller's Market Stage I** **Seller's Market Stage II** **Buyer's Market Stage I**

Characteristics

	<u>Buyer's Market Stage II</u>	<u>Seller's Market Stage I</u>	<u>Seller's Market Stage II</u>	<u>Buyer's Market Stage I</u>
Demand	Beginning to rise as more buyers are qualified to buy at low prices	Rising; at highest point	Still Strong	Prices Falling
Property Values	Low values, but slowly increasing	Rising	Sellers waiting longer, but prices are still inflated	Values are falling and at lowest level of any stage
Supply	Market absorbing oversupply	Supply is dwindling	Supply begging to increase	Oversupply and everyone knows it!
Time on the Market	Decreasing time on the market	Very short time on the market	Time on the market is beginning to increase	Sharply increasing time on the market
Foreclosures	Competition fierce as numbers decline			Foreclosure sharply increasing
Business & Job Growth	Job growth beginning. Advance indicator: incentives for corporations to relocate		Job growth beginning to slow	
Construction	Virtually no new construction. Very few properties coming on the market	Best indicator of this stage: Construction in full swing. There has been a 1-3 year spike in building permits	Land is being bought for speculation; excessive construction	Stagnant; construction trades looking for work
Unemployment	Unemployment begins to drop	Low unemployment	Unemployment starting to increase	Best indicator of this stage: unemployment reaches it's height

Buying Strategy

	<u>Buyer's Market Stage II</u>	<u>Seller's Market Stage I</u>	<u>Seller's Market Stage II</u>	<u>Buyer's Market Stage I</u>
	Buy every good deal you can find.	Buy and hold long term; or buy until you see Seller's Market Stage II, or buy and flip for immediate profits, due to high demand	Flip (unless you really want to hold for a LONG time)	The bottom is falling out of the market
	The market has turned the corner; prices & rents are slowly increasing			Only buy deals with strong cash flow
	Buy smart, but you can pay market prices and accept a lower cash flow, because values & rents are rising			