

# Investing in Real Estate

The smart choice for today's investor



# Real Estate is preferred over stocks



Reecon Advisory Poll

*Higher Income Brackets Prefer Real Estate Over Stocks*

# Real estate out performs stocks



Real Estate provides:

# BIG Tax Deductions



## STOCKS TAX BREAKS

- Long-term gain rate: 15%
- Offset gains and losses

## REAL ESTATE TAX BENEFITS

- Deductible mortgage interest
- Deductible property tax
- \$500,000 tax-free profits
- Commercial property breaks

Real estate provides:

# LEVERAGE



## THE POWER OF LEVERAGE

- Home Price: \$500,000
- Downpayment: \$100,000 (20%)
- Price gain: 10% (to \$550,000)
- Your return: 50% (\$100,000 to \$150,000)

Retrieved from  
CNN  
Money

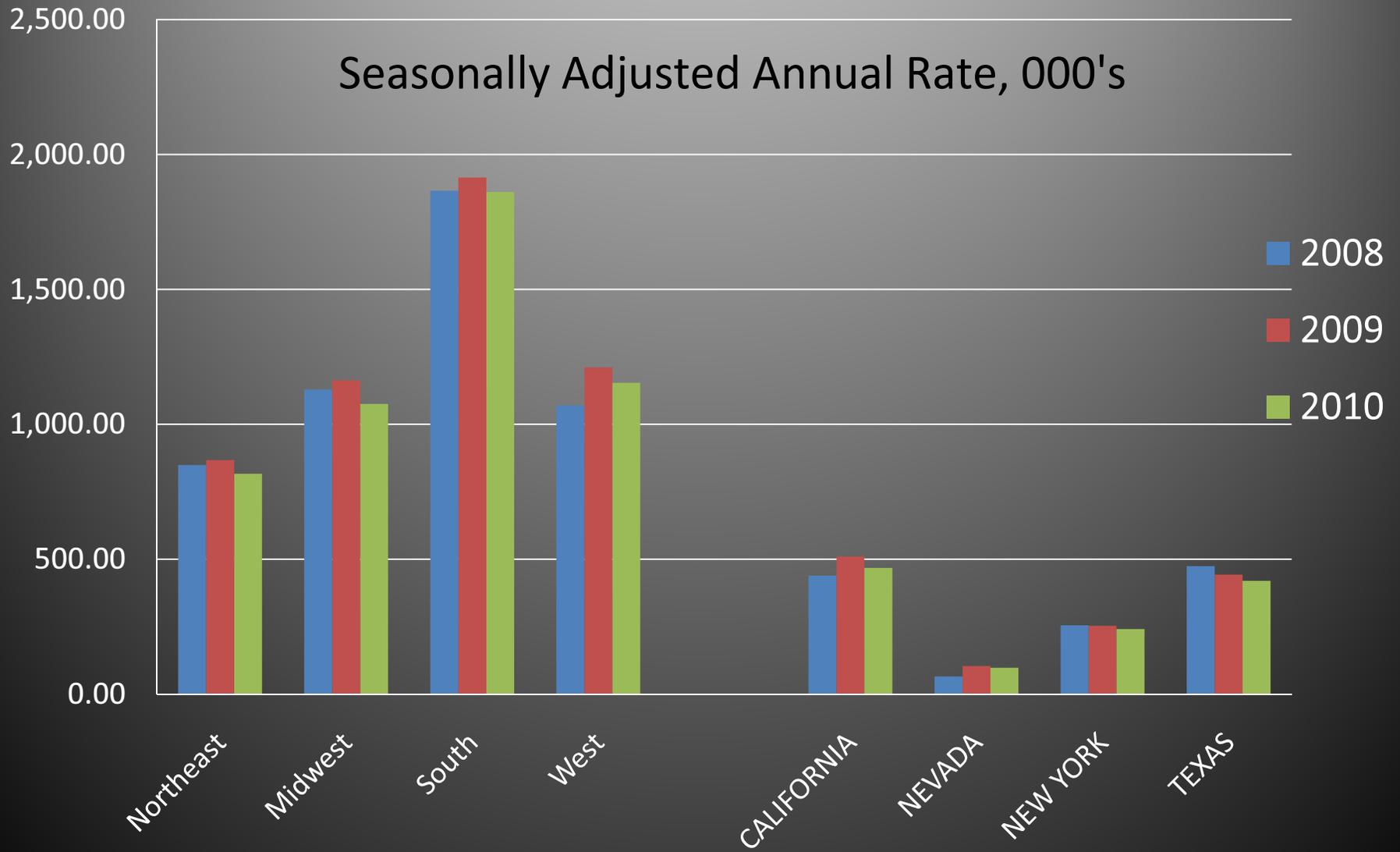
# Real Estate provides: Less volatility than stocks



# National Residential Numbers

4 U. S. Markets of interest

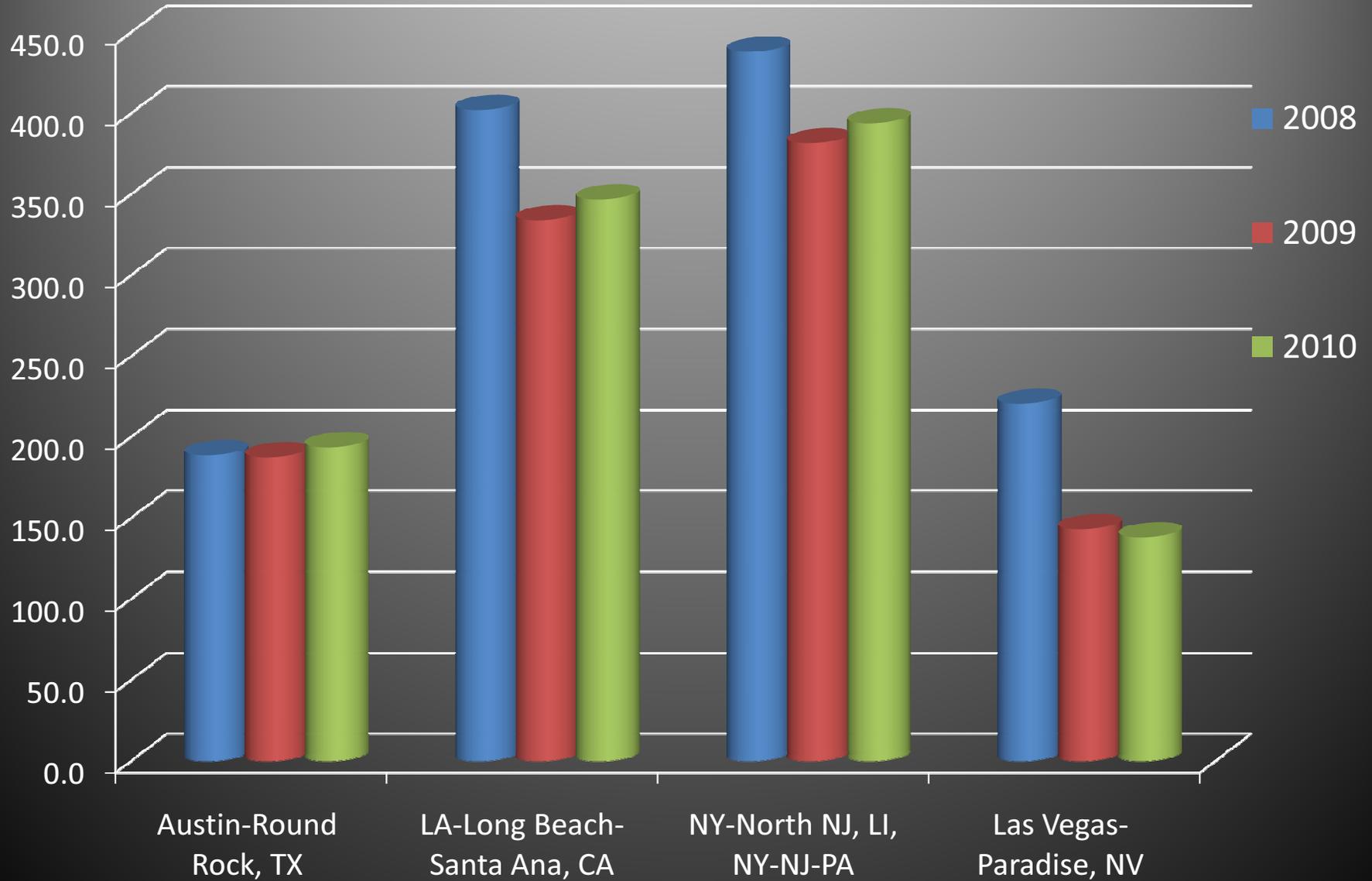
# Total Home Sales by State - NAR



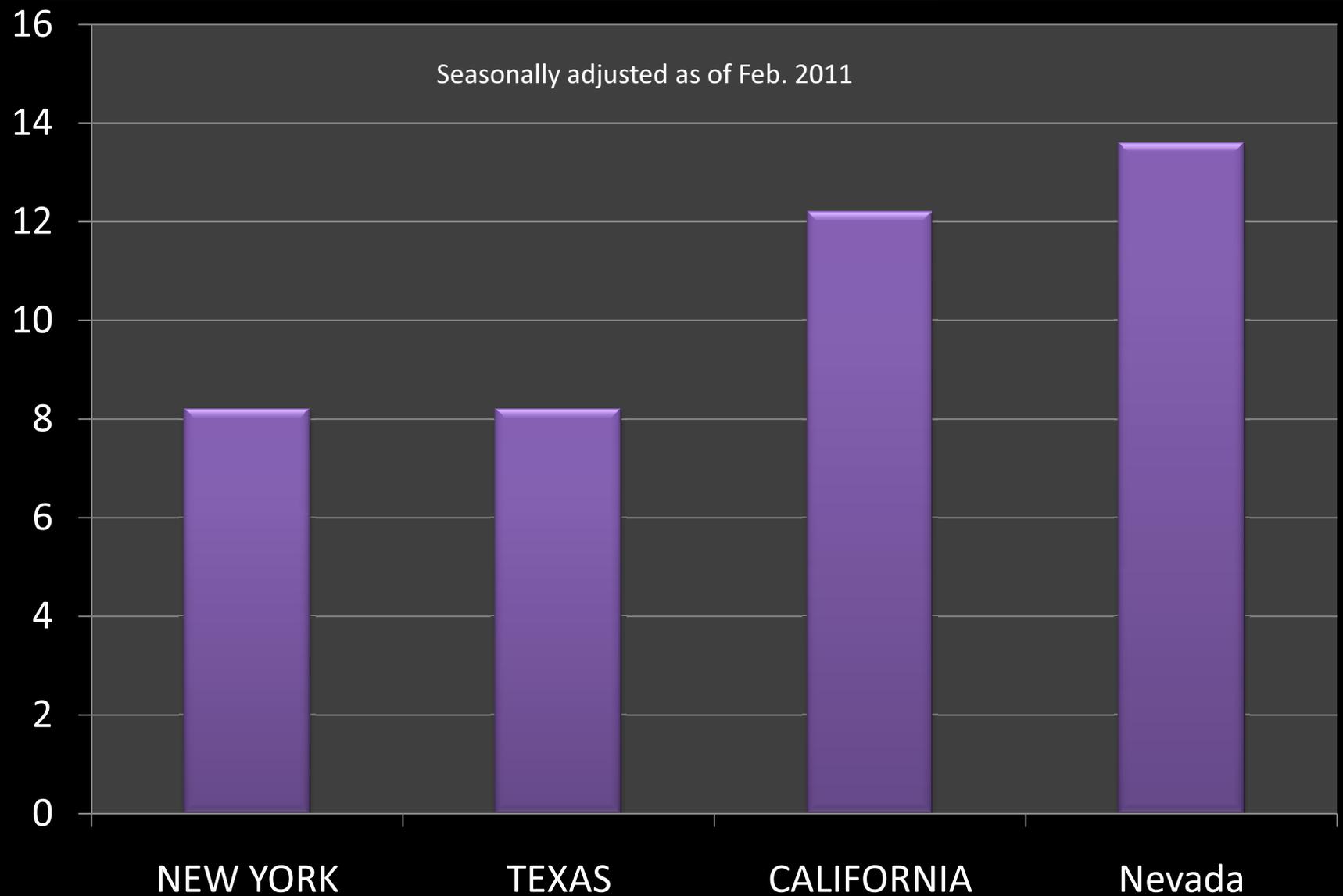
NAR

# Median Sales Prices

Not seasonally adjusted, 000's

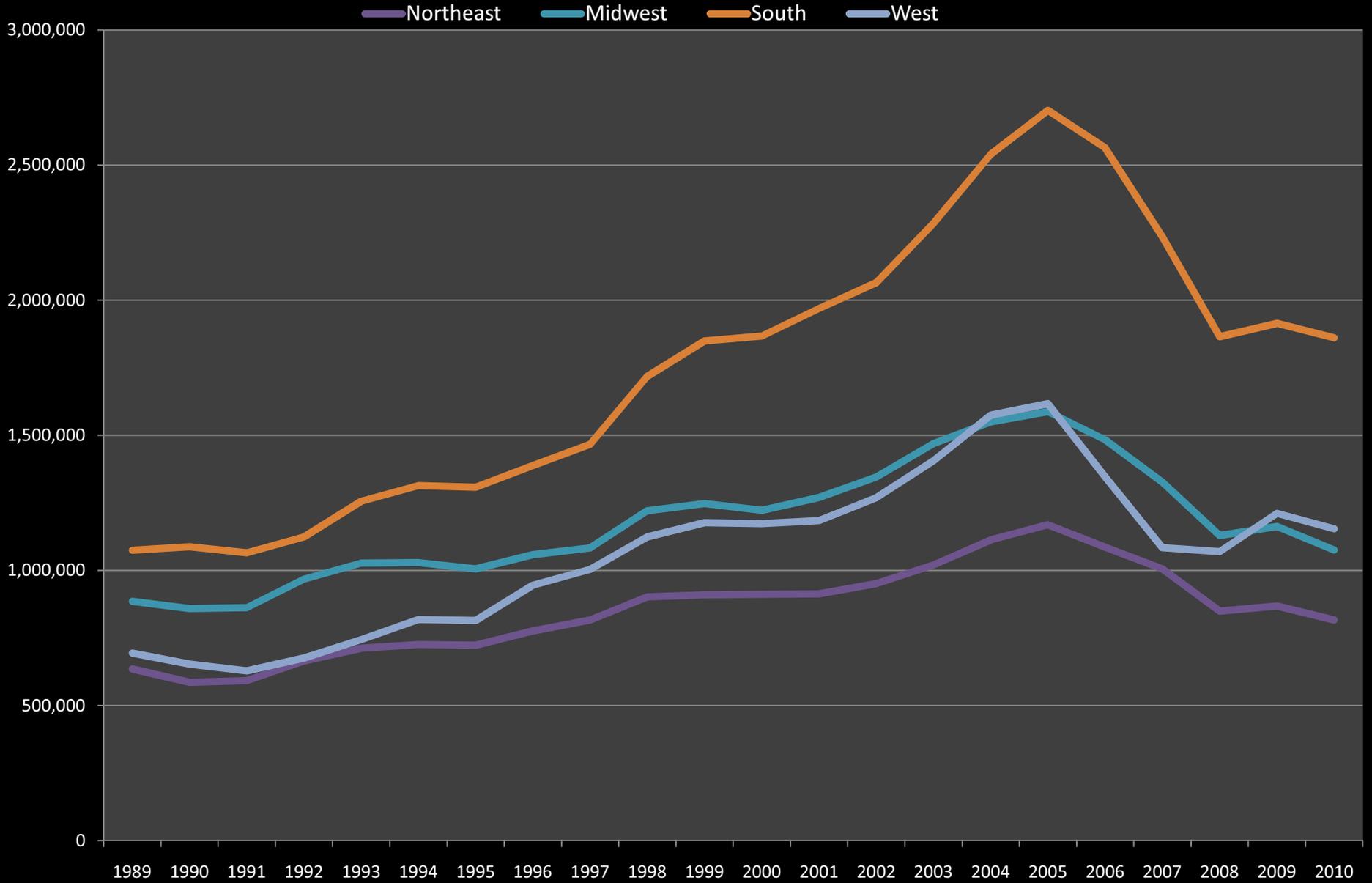


# Unemployment Rates

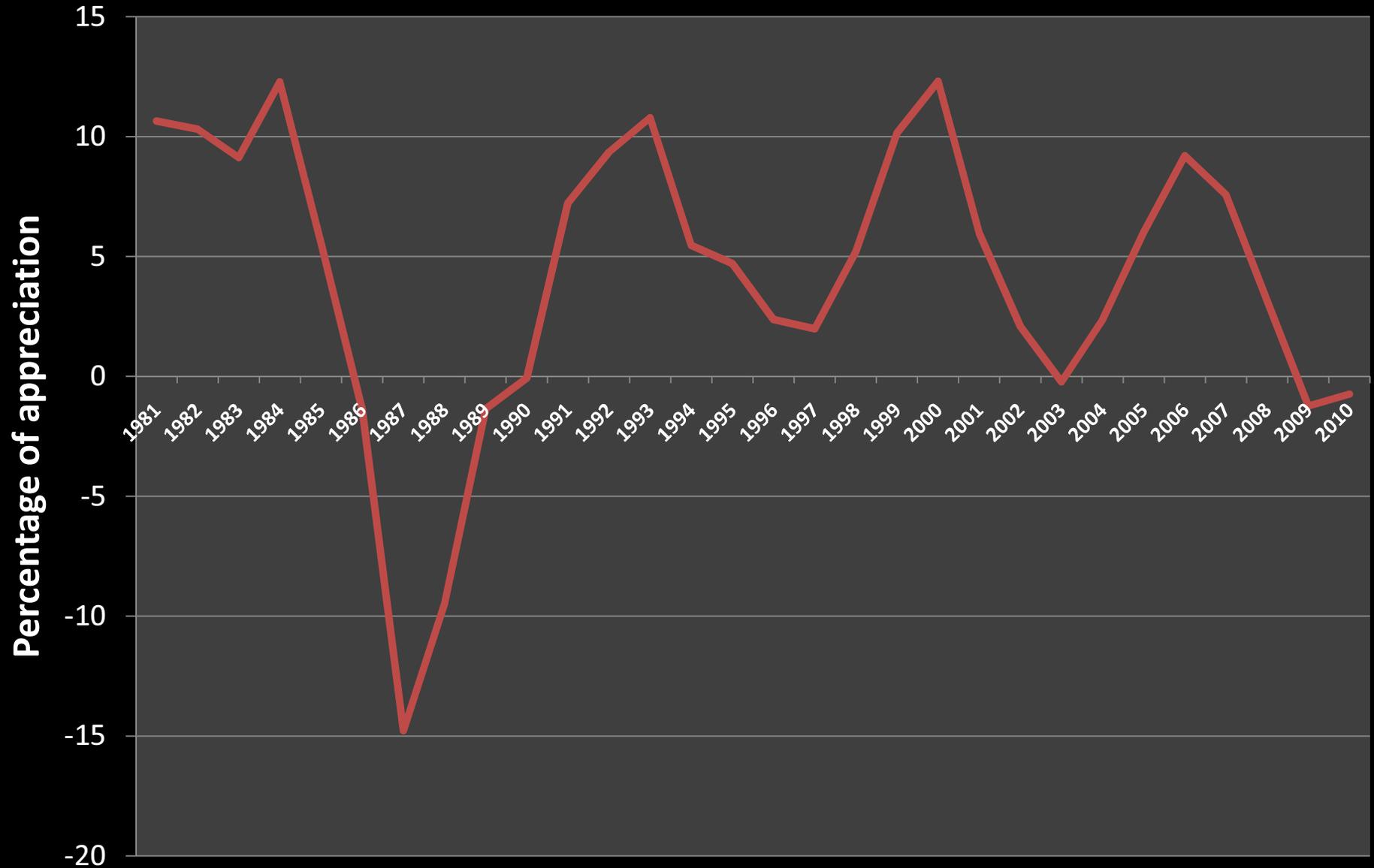


NAR

# Existing Home Sales by Region

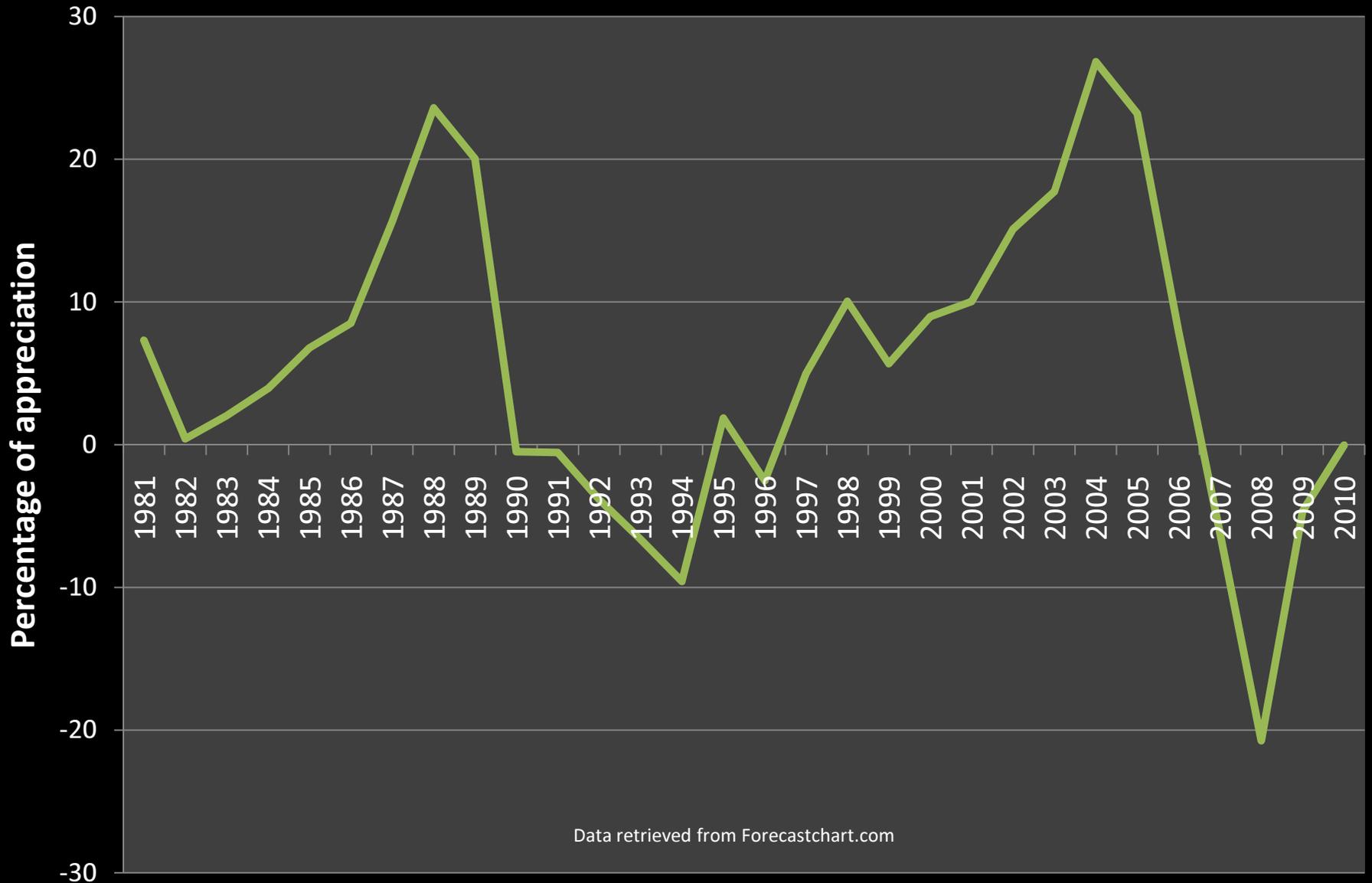


# Historical Appreciation Rates in Austin, Texas



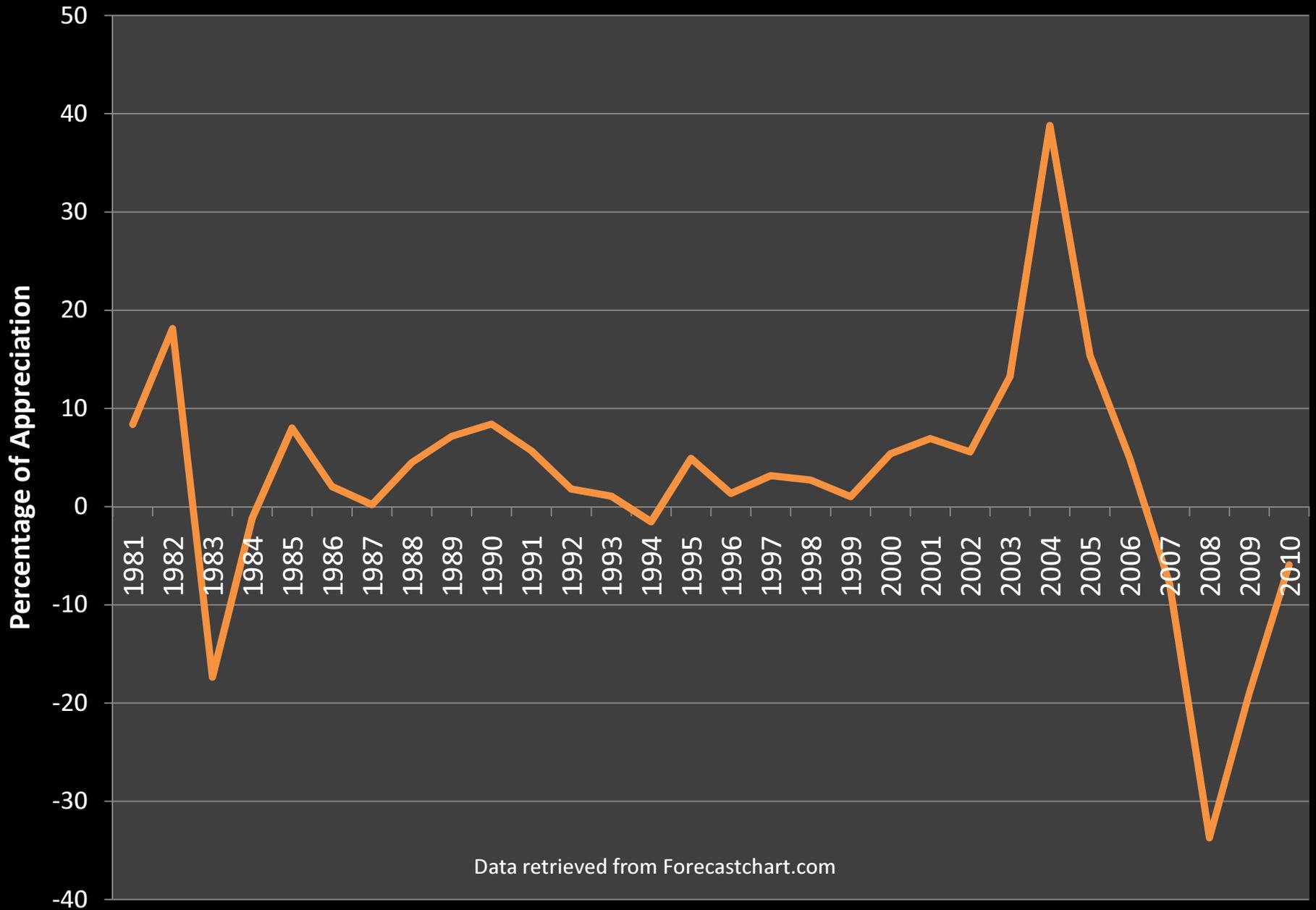
Data retrieved from [www.ForcastChart.com](http://www.ForcastChart.com)

# Historical Appreciation Rates in Los Angeles, Long Beach & Glendale California



Data retrieved from Forecastchart.com

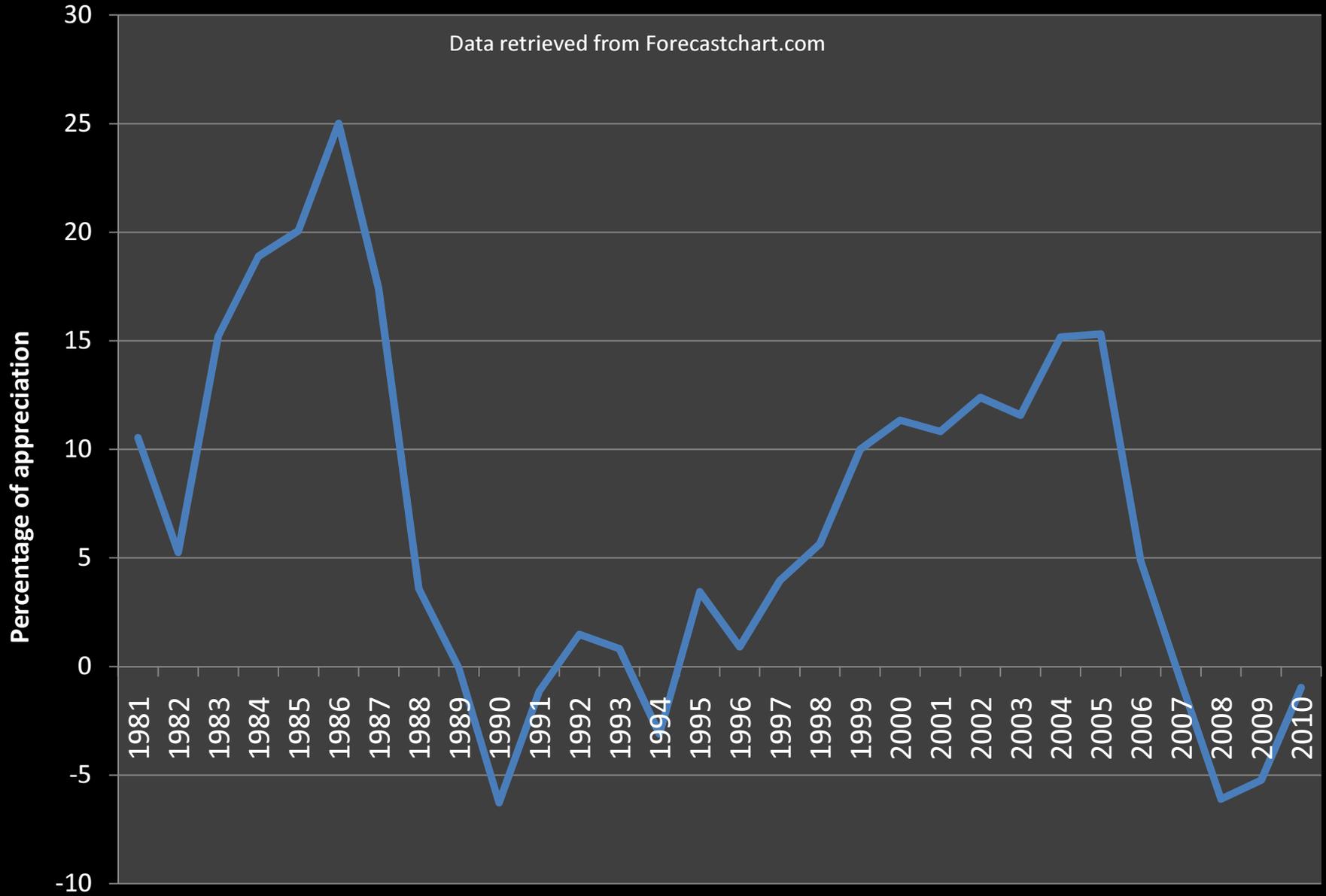
# Historical Appreciation Rates in Las Vegas, Nevada



Data retrieved from Forecastchart.com

# Historical Appreciation Rates in New York & New Jersey

Data retrieved from Forecastchart.com



# A closer look at Texas



# Advantages of Texas Investing

- **Less Volatile than other major U.S. Markets**
- **No State Income Tax**
- **Steady appreciation rates**
- **Large population growth**
- **Demand consistently remains high**
- **Low unemployment rates**

# 2000-2010

## States with population growth > 1 million

STATE	Population Increase	Percent Increase	2010 Population
Texas	4,293,741	20.6%	25,145,561
California	3,382,308	10.0%	37,253,956
Florida	2,818,932	17.6%	18,801,310
Georgia	1,501,200	18.3%	9,687,653
Arizona	1,261,385	24.6%	6,392,017
North Carolina	1,486,170	18.5%	9,535,483

# All Four Texas MSAs in Top 10 For SF Building Permits

Source: U.S. Census Bureau

Rank	Metro area	2010 Single-Family Building Permits (through October 2010)
1	<u>Houston</u>	19,253
2	<u>Dallas-Fort Worth</u>	12,520
3	Washington D.C.	8,182
4	Phoenix	6,486
5	New York	5,897
6	Atlanta	5,554
7	<u>Austin, TX</u>	5,357
8	Seattle	5,199
9	<u>San Antonio</u>	4,518
10	Philadelphia	4,493

# Austin – A Smart Choice



# Reasons to love Austin

## ✓ Quality of life

- ✓ Austin has been named the best city for the next decade by *Kiplinger's Personal Finance!*
- ✓ Austin is one of the most “green” and “fit cities according to the Austin Business Journal

## ✓ Great Job Opportunities

- ✓ Unemployment levels below state and national rates
- ✓ 5<sup>th</sup> fastest growing City in the United States
- ✓ Population forecasted to reach 2.5 million by 2025

## ✓ Educated Population

- ✓ 40% of people ages 25 or above have a bachelors degree or higher
- ✓ Austin has the University of Texas and 7 other public & private universities
- ✓ Named the 2<sup>nd</sup> most innovative city in the US – Forbes, May 2010
- ✓ Median age is 31 years old

## ✓ Entertainment

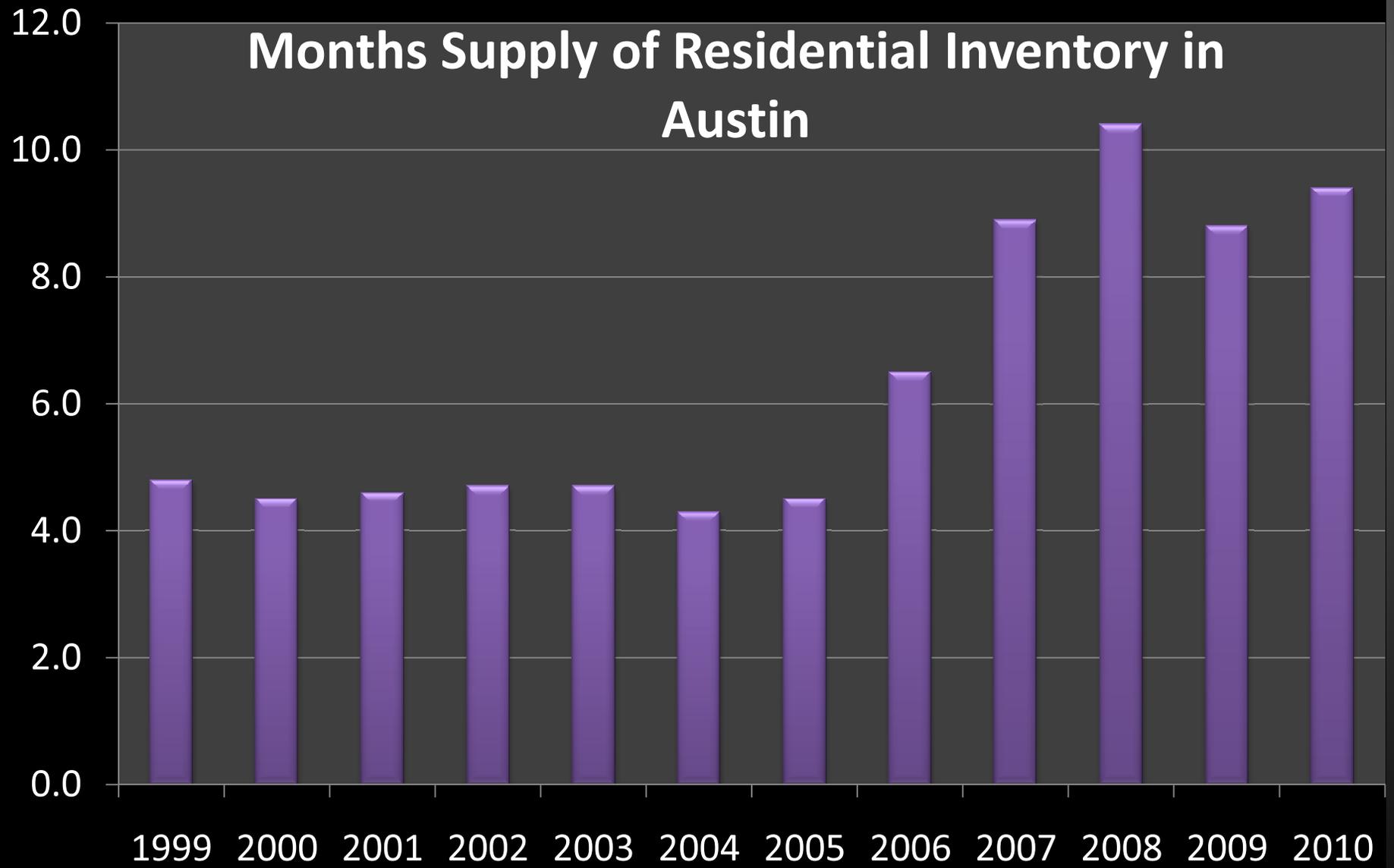
- ✓ Austin is known as the “live music capital of the world”
- ✓ Austin was named a “favorite music destination” by readers of Budget Travel
- ✓ Best City for Film – Austin Business Journal

# Austin's Largest Employers

Estimated Number of employees

• The State of Texas	65,688
• <b>Dell, Inc.</b>	17,000
• The University of Texas at Austin	13,577
• Austin Independent School District	10,714
• U.S. Government	10,624
• City of Austin	10,000
• Seton Healthcare Network	7,538
• <b>IBM Corporation</b> (Austin Research Laboratory)	6,200
• St. David's Healthcare	5,712
• <b>Free scale Semiconductor</b>	5,600
• U.S. Internal Revenue Service	4,728
• Austin Community College	3,285
• <b>Solectron Texas</b>	2,900
• Applied Materials	2,500
• <b>Advanced Micro Devices (AMD)</b>	2,300
• <b>National Instruments</b>	2,058

# Months Supply of Residential Inventory in Austin



Austin growing south

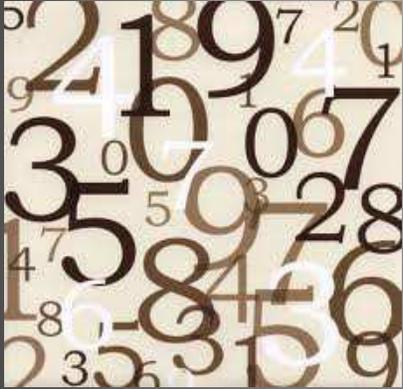


The City of Kyle

# *A population explosion*

- ✓ The Kyle population has grown 78.84% since 1990!
  - ✓ The population change since 2000 is 101.62%
- ✓ Population is forecasted to increase another 32% by 2014
  
- ❖ Located 20 minutes S. of downtown Austin





## The numbers you can expect

Purchase Price:	\$120,000 - \$130,000
Average Rent:	\$1175/month
Yearly Taxes:	\$3,200 (or 2.4%)
HOA Dues:	\$300/year
Insurance:	\$600/year
Management:	8% of monthly rent

# To learn more about Central Texas

Please contact me



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