

Location, Location, Location.....Right?

The popular mantra of Real Estate sales people suggests that the sole criteria for investing successfully in real estate are predicated on picking the correct location for purchasing property. While it is true that location is a critical consideration most schooled and successful investors would confirm that it is only part of the equation. The location reference reflects not only the geographical position of the property but also the property's proximity to important amenities including shopping, schools, churches, or even natural features including lakes, rivers, oceans, mountains, etc.

Often of equal importance to the discerning investor, however, is a related consideration which merits understanding. Much of what makes real estate valuable is a function of demographic location as much as physical location. Mr. Webster defines demography as the 'statistical study of human populations...' Few factors dictate the current and future value of specific real estate properties more than the 'human' community surrounding it. The age, ethnicity, education, and income level of the population in any given geographic area are critical considerations that merit evaluation. With great consistency, properties in locations attracting growing numbers of increasingly affluent and well educated residents and shoppers make superior investments. Contrarily, in neighborhoods where higher income better educated populations are replaced by low income poorly educated ones the change is inevitably reflected over time in real estate values.

A number of companies provide demographic data and research to real estate development companies enabling them to make informed decisions on the merit of specific types of investments predicated on community's demographic profiles and trends. Much information, however, is available from U.S. Census statistics are available from the U.S. Government Census Bureau. Just click the following link and search by city or zip code

http://factfinder.census.gov/home/saff/main.html?_lang=en.

Short term investments (ones in which you expect to be vested less than three to five years) are not likely impacted by demographic changes greatly as they tend to occur over longer periods. If you are an investor who has a long term investment horizon a little research in changing demographics will pay off. Remember, people make the neighborhoods and demographic trends will largely impact the potential appreciation as well as the cash flow of your properties over time. Invest wisely.