



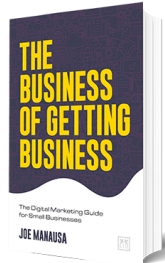
Investment Secret—Leveraged Appreciation

Housing Twist Says
Redfin

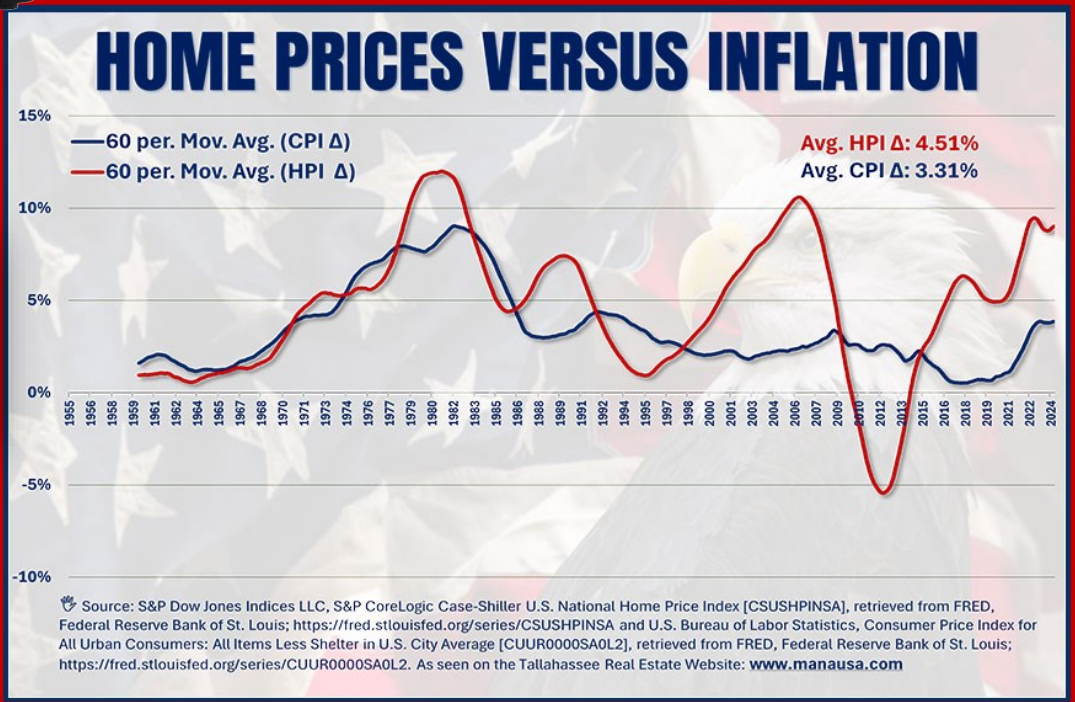


- [Selling A Home](#)
- [Home Valuation Tool](#)
- [Property Search](#)
- [The FSBO Book](#)
- [Archives](#)
- [Testimonials](#)
- [Please Review Our Newsletter](#)

Read Joe's Book!



Joe Manausa, MBA
info@manausa.com
(850) 888-0888



When we compare the change in the median home price with the inflation rate, we find that homes appreciate more than 1.2% faster than inflation, a strong sign that homeownership remains a great investment for protecting and gaining wealth.

The graph above plots the five-year average annual inflation less housing (Consumer Price Index for All Urban Consumers: All Items Less Shelter in U.S. City Average) in blue and the five-year average annual home appreciation rate in red. Since 1954, the average rate of inflation has been 3.31% while the average change in the median home price has been 4.51%.

Leveraged Appreciation Example

Imagine you've got \$50,000 to invest. You use towards a 20% down payment plus closing costs on a \$213,000 home.

You're now controlling an asset worth nearly five times your initial investment.

Let's say the property value increases by the 74-year average of 4.51% per year. That's \$9,596 in appreciation in the first year. Now, if you'd bought a \$50,000 property cash, that 4.51% would only be \$2,255. But because you leveraged your investment, you've gained \$9,596 on your \$50,000 – that's a 19.2% return!

Also, the rent from your tenant is also paying down the mortgage principal each month. Let's say that adds up to \$1,476 in the first year. Add that to your appreciation, and you've gained \$11,072 on your \$50,000 investment. That's a 22% return in just one year!

It takes less than 20 years to turn \$50,000 into \$500,000 by owning leveraged residential real estate. See [next week's video](#) for more detail.

