

BiggerPockets  
Market Intelligence



# PICKING A MARKET

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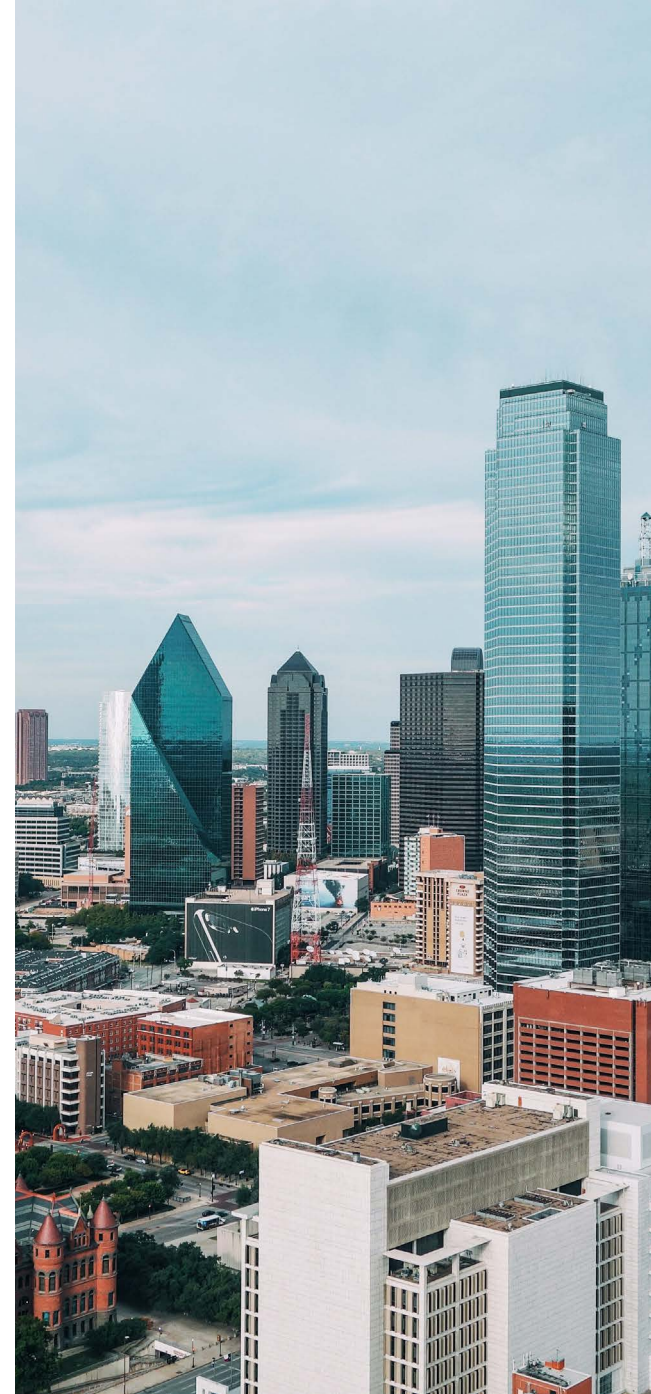
Selecting a market to invest in is one of the most important steps in real estate investing—but it's also one of the most overwhelming. While it may seem like a better idea to keep your options open, zeroing in on a few markets is key to reducing overchoice and analysis paralysis.

The key variables when choosing a market are, on a high-level:

- **Price Point** (the median home price)
- **Performance** (supply-and-demand dynamics)
- **Cash Flow vs. Appreciation** (the trade-off between the two)

There are also considerations based on your investing goals and strategies, particularly whether the market supports your deal type. (For example, if you are focusing on the short-term rental strategy, you may want to prioritize vacation and tourist-focused markets.)

Every local market in the United States has a different balance of these variables, and you don't want to choose a market based on just one. This is **why market analysis is crucial**. But don't worry—we've made it easy for you! Use the following worksheet to analyze the key metrics and conditions for several markets. If you're a new investor, the best place to start is by filling out this worksheet for your local market, even if you aren't planning to invest there. Then, move on to four other markets that you're interested in based on your goals and investing strategy.



**Compare the five markets you've analyzed, and see which comes out the winner.**

And don't forget to [watch a recording](#) of Dave Meyer's live workshop on picking a market!

# Picking a Market Worksheet

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Select one market to evaluate. This could be your local market or somewhere long distance.

Download and print multiple versions of this worksheet to compare different markets. If you're new to investing, we recommend focusing on five markets or fewer. If you're experienced, you can select as many markets as is practical for your analysis.

Market Name:

## Market Fundamentals

Population Growth:

Median Household Income:

Wage/Income Growth:

Unemployment Rate:

Job Growth:

Home Ownership Rate:

Median Age:

Biggest Employers & Employment Notes:

Crime Rate:

Public Schools:

Regulatory Environment:

X Factors:

## Housing Market Conditions

Median Sale Price:

- YoY Price Growth:
- 5-Year Price Growth:

Housing Inventory:

Property Tax Rate:

Average Insurance:

Median Rent:

- YoY Rent Growth:
- 5-Year Rent Growth:

Rent-to-Income Ratio:

*(Annual Median Rent / Median Household Income)*

Rent-to-Price Ratio:

*(Monthly Median Rent / Median Sale Price)*

*\*This is a condensed excerpt of the The Real Estate Strategy Planner*

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## ABOUT THE WORKSHOP HOST **DAVE MEYER**

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Commercial investor

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Author of *Real Estate by the Numbers*  
Author of *Start with Strategy*



Was once a  
newbie to real  
estate!

# Unsure Where to Start? Look at Affordable Markets!

When it comes to many markets, housing affordability is one of the biggest barriers to entry for new homeowners and investors alike. If you're a new investor, you're likely looking to get the most bang for your buck when choosing a market to invest in.

Our affordability data ranks over 900 U.S. housing markets on key affordability metrics like

- Median income
- Rent-to-income ratio
- Rent-to-price ratio
- Unemployment rate
- And more!

If you're unsure which markets to zero in on in your analysis, our affordability ranking is a great place to start. Pro Members can find this detailed affordability data in the [Resource Hub](#). And stay tuned, because we'll be dropping new market data regularly to help you stay on top of the latest market trends and metrics!



To explain  
we need

These factors combined show us that in 2023, supply and demand fell at relatively proportional levels. When this happens, according to the basics of supply and demand, prices can remain relatively stable, but the number of homes

## Basic Supply & Demand

Supply Curve

Equilibrium

Quantity

Demand Drop

S2

S1

Equilibrium

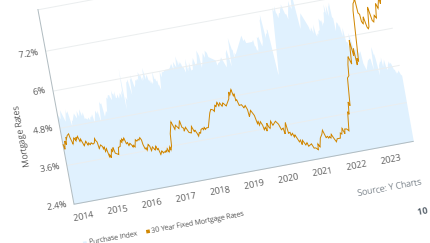
Quantity

Price

2023

and achievable, than it had been in years. From mid-2020 to mid-2022, housing demand reached levels not seen since the lead-up to the financial crisis of the late 2000s. But as mortgage rates have risen through 2022 and 2023, and housing prices have remained steady, affordability has deteriorated. Housing affordability is a measurement of how easily the average American can afford the average home, and is currently at its lowest point since the mid-1980s.

## Purchase Index vs 30 Year Fixed



From mid-2020 to mid-2022, housing demand reached levels not seen since the lead-up to the financial crisis of the late 2000s.

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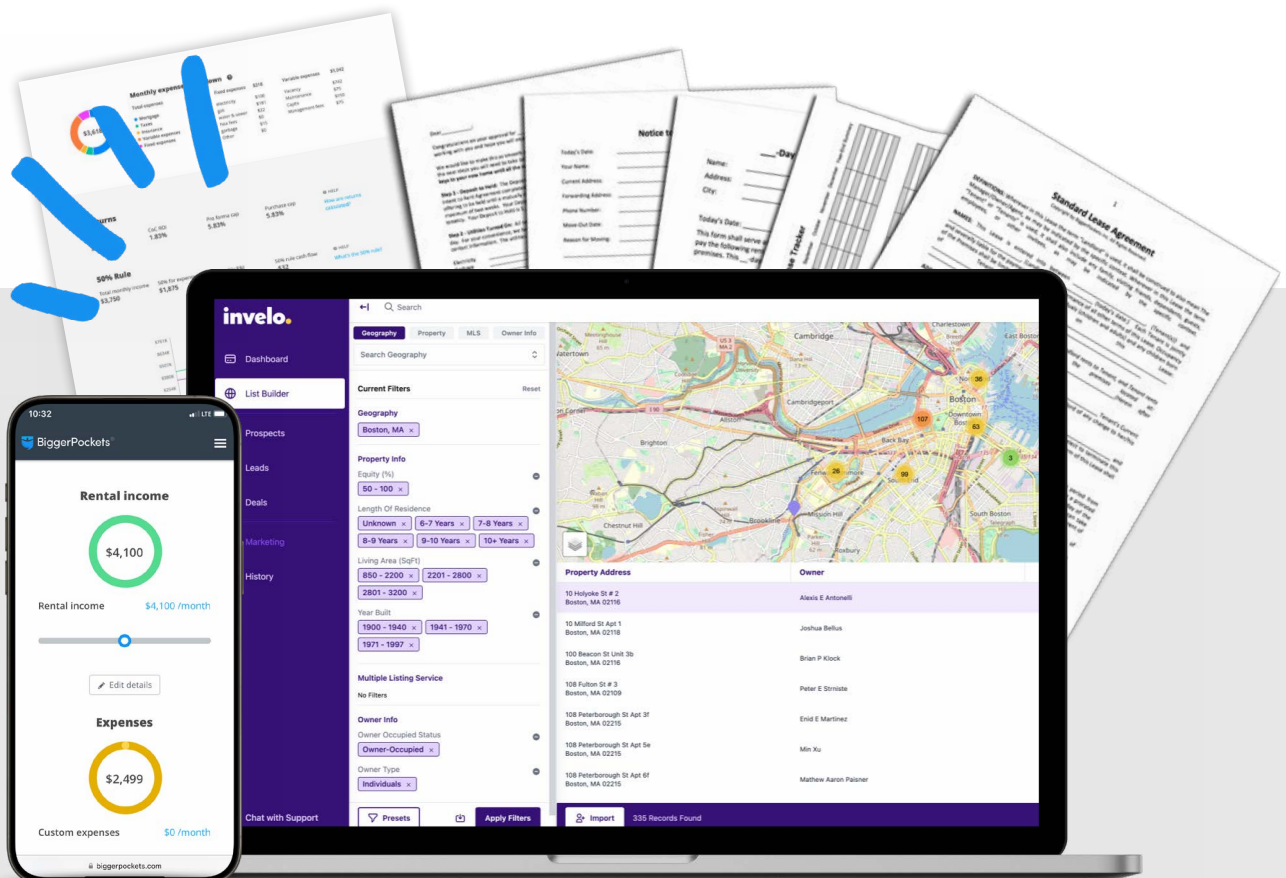
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