



In This Issue:

1. Flipping Houses Declines 17%
2. Monthly 1st Tuesdays Sheriffs Tax Sale Auction News.
3. Mobile Home Park Project Update. Time for plan "B".
4. Economic Changes Coming in 2019.

1. Flipping Declines 17% Nation-Wide.

Flipping margins decline: Flipping houses declines 17% nationally, 22% in California. Biggest declines in areas with historically higher prices. Profits on flips get squeezed by longer hold times and higher labor and material cost as well as acquisition cost are higher.

I noticed that wholesale companies and flippers with employees on staff are paying more to acquire houses to keep the deals coming in. The resulting profit margin squeeze, combined with a slowdown in home appreciation rates, caused by higher mortgage interest rates, should make flippers be extra vigilant moving forward.

2. News from The Monthly Tax-Auction

I skipped the tax auction again, I will be back for the December 4th tax sale. The December sale has a lot of struck-off property's that did not sell at prior auction. There are a lot of vacant lots in this upcoming Auction. Always drive by any property you plan to bid



on and register a week ahead.

To get the auction list see the Express-News on Fridays (business section) or at <http://taxsales.lgbs.com> type in Bexar County.

Articles on Tax auctions: look through the post on our website for my post on Tax Auctions. [Read more](#)

3. Mobile Home Park Development (MHP) Update

We got voted NO zoning change at the city council meeting. Time for Plan "B" The property is 38 acres and zoned R-4 for 13 acres and I-1 for 25 acres. We will plat a residential subdivision on the 13 acres and sell the R-R to a home builder or sell the lots to multiple-builders.



New Business Park: The 25 acres zoned I-1 will become an industrial business park. 40, ½-acre building lots. 18-20 lots will be sold to businesses wanting to build their own building. 20-22 lots will be developed with 4,000-6,000 sq. ft. small warehouses on fenced ½ acre lots to be leased to local businesses. If you have interest in this project, give me a call. This is an Opportunity Zone Investment project.

Senior Life-Style MHP development project:



We are back to looking for 30-40 acres for our mobile home park. We should have another site under contract in the next few weeks.

If you want to learn more about Mobile Home Park Investing, if you wish to become an equity investor in one of our projects, or you want to learn about a 10% bonus for

early equity investors, email me jim@palaceway.com. Visit our web site. **Read more about [Mobile Home Park Investing](#).**

4. Expected Economic Changes 2019

Home Prices: Home price increases to slow as interest rates increase. Homes will sit on the market longer and sellers will need to temper their expectations.

Interest Rates: Home interest rates are expected to be 5.5% by the end of next year. That will take the affordability index from 56% to 44%. Only 44% of the people who want to buy will be able to afford the payments.

Gas prices are down: The lower Gasoline prices have to do with the type of oil extracted from American oil fields. Our lighter crude produces less Diesel and more Gasoline when refined, resulting in over supply of gasoline. With demand for diesel fuel up and gasoline fuel demand stagnate the result is lower gas prices. In years past when we imported the heavier crude from overseas, we refined more diesel than gas per barrel of oil.

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