The Market Momentum (Future Projection)

Real Estate financial projection requires the estimation of future price change including the property value, rental income, and operation expenses. Zillmeter’s approach to predict the rate of price index changes over the course of ownership is to find the historical compounded average rate of indexes over the period equal with holding period. In this report, holding period is selected by the investor to be «HP» years for this property. Thus, the home appreciation rate, rent increase and general inflation rate for the next «HP» years is assumed to be equal with the compounded annual growth of those indexes over the past «HP» years (from «SYR» to «FYR»).

|  |  |  |
| --- | --- | --- |
| Price Index | Average Annualized Growth  (Since «SYR» to «FYR») | Investor’s Assumption  For the next «HP» years |
| House Appreciation rate[[1]](#footnote-1)  (Zip Code «ZP») | «HPR» | «UHR» |
| Rent Increase Rate[[2]](#footnote-2)  (Zip Code «ZP») | «RPR» | «URR» |
| National Inflation[[3]](#footnote-3) | «GR» | «UIR» |
| Benchmark (S&P 500)[[4]](#footnote-4) | «BR» | «UBR» |

1. American Community Survey [↑](#footnote-ref-1)
2. National MLS Database [↑](#footnote-ref-2)
3. Federal Reserve [↑](#footnote-ref-3)
4. Wall Street Stock Market Index [↑](#footnote-ref-4)