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Top 10 Cash Flow Property Markets

NuWire's rankings of the areas with the best potential for cash flow

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Cash flow is one of the most important considerations investors face when making real estate purchases, particularly now that so many markets across the country are struggling. Those seeking high - income property should take cash flow into account first and foremost when deciding whether or not to buy.

Cash flow refers to the amount of cash coming in relative to the amount going out. In ranking the top 10, potential for future appreciation was not considered; this list is ranked on cash flow alone. While appreciation is often the most significant form of profit for real estate investors, cash flow is easier to determine and lower risk.

Although many elements combine to influence cash flow, one of the most important ones is the surrounding market. Areas with lower home prices are more likely to have positive cash flow.

To determine our top 10 cash flow real estate markets, NuWire adjusted the average rent payment for the area according to the rental vacancy rate before comparing it to the amount spent monthly on mortgage payments and upkeep, including utilities, taxes and insurance. Mortgage payments were estimated based on an average loan—30 years at 80 percent loan-to-value and a rate of 6.5 percent—and the median cost of a home in the area. Statistics were gathered from U.S. Census data.



Homes in Rochester are affordable and monthly median upkeep costs are low

1. Rochester, New York

Despite the fact that Rochester's population fell by 6.74 percent, from 219,773 to 204,963 between 2000 and 2006, and the fact that it has the highest rental vacancy on this list at 17.9 percent, Rochester still managed to claim the lead as the city with the best cash flow for investors. Homes in Rochester are affordable, at a median price of \$67,600, and median monthly upkeep costs and estimated mortgage payments are low, at \$418 and \$341.82, respectively. The median gross rent in the area is \$669.

2. Montgomery, Alabama

Montgomery is the capital city of Alabama and an important regional trade, processing

and shipping center. The city was home to 202,443 people in 2006. The median home price in Montgomery is \$106,300, with low monthly upkeep costs of \$323 and an estimated mortgage payment of \$537.51. The rental vacancy rate is lower than in Rochester and most other cities on this list, at 9.6 percent. The median gross rent is \$669 per month. Montgomery ranked third on our list of the [Top 10 Places to Invest for 2007](#).

3. Birmingham, Alabama

Birmingham had a population of 217,131 as of 2006. The median price of a house in Birmingham is just \$82,000. Median monthly upkeep costs are \$347, with the estimated mortgage payment at \$414.64. Monthly gross rent is \$620.

4. San Antonio, Texas

San Antonio ranked number one on our list of the [Top 10 Places to Invest for 2007](#) and second on our list of the [Top 10 Foreclosure Markets for 2007](#). Home to 1,273,374 people as of 2006, San Antonio retains affordable

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home prices, with a median of \$96,300, in spite of its growing population. Median monthly upkeep is only \$374 per month, with an estimated mortgage costing \$486.95 per month. The rental vacancy rate for the city is 10.3 percent—on the lower side of this list—and the median gross rent is \$678 per month.

5. Garland, Texas

Garland was number two on our list of the [Top 10 Places to Invest for 2007](#). With affordable housing—the median price is \$116,100, upkeep costs are \$544 per month and estimated mortgage payments are \$587.06 per month—in addition to its growing population, which increased 11.64 percent from 2000 to 2006, Garland is attractive to investors. Garland’s median gross rent is \$862 per month.

6. Buffalo, New York

Buffalo has a median gross rent of \$579 per month despite the fact that its population fell more than 10 percent from 2000 to 2006. As of 2006, 257,758 people lived in the city. The median home price is low, at just \$60,900, with upkeep costs at a median of \$430 per month and monthly mortgage payments estimated at \$307.94. The rental vacancy rate is 10.6 percent.

7. Corpus Christi, Texas

Markets in Texas have been doing well recently; cities in the state took up half of our list of the [Top 10 Places to Invest for 2007](#). Featuring a slowly but steadily growing population that was at 285,175 in 2006, Corpus Christi’s median home price is \$95,100. Upkeep costs of \$467 per month and estimated mortgage payments of \$480.88 per month are affordable and the median gross rent is \$714 per month.

8. Shreveport, Louisiana

Shreveport is the cultural and commercial center of the Arkansas-Louisiana - Texas area, and is likely to receive an extra boost from the upcoming Cyber Innovation Center and provisional Cyber Command Center, which together are expected to create 10,000 new jobs in the area, according to KTBS.com. The population of Shreveport was 203,914 in 2006 and the median home price is only \$97,000. With a rental vacancy rate of 10.3 percent, low upkeep costs of just \$287 per month and mortgage payments estimated at \$490.48 per month, Shreveport is a very affordable area for investment. The median gross rent is \$585 per month. Shreveport was ranked tenth on our [Top 10 Places to Invest for 2007](#).



Shreveport is a cultural and commercial center and expecting thousands of new jobs

9. Detroit, Michigan

The Motor City was home to 834,116 people as of 2006. The rental vacancy rate is slightly higher than the average on this list, at 13.5 percent; this is likely at least partially because of the city’s 12.32 percent decline in population between 2000 and 2006. Median monthly upkeep costs are low, at \$455, and the estimated mortgage payment is \$463.69 per month. The median price of housing is \$97,000 and the median gross rent is \$712 per month.

10. Philadelphia, Pennsylvania

With a population of 1,448,394 as of 2006, Philadelphia has a high population density compared to the other cities on this list, which helps to drive up rental rates to \$746 per month. Home prices are affordable, at a median of \$115,500, and upkeep costs are low, at \$393 per month. Average mortgage payments are estimated to be approximately \$584.03 per month.

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