

April 6<sup>th</sup> 2009:

The question everyone keeps asking is, “when is Real Estate going to bottom.” I don’t know, maybe 1-2 years.

It is going at least 20% lower on average, and it is not going up in value, for these reasons, for decades. First, costs at this peak were the highest ever (copper \$4.00) enough said. Labor was also at a record, last time, 1994, when Real estate was a good buy, Oil was \$10.00 a barrel and real estate sold for 75% of cost. This time it will sell for 40%-50% of costs, less in some markets, that were very hot.

Real estate from say 1953 to 1973 adjusted for inflation was down a bunch. I think we are in the same type of period now.

Interest rates cannot go much lower, and years from now, they will be much higher/ or a little higher, again enough said.

If you can borrow money at 2%-4% or have cash, and get a great deal for a rental property then it is a good time to buy. If you can rent it out below market rent, and make money, (make sure you can rent it fast and vacation spots are great rentals if you live close by to fix it), buy it and lock up low rates and good tenants now.

We are still buying MUR up to \$44.00, will oil much higher and the market more stable. We are willing to pay more. Safe, as it gets and a deal at \$70.00 coming one day.

XLNX hit our \$20.50 exit point, we are out for now.

STL, VLY and TCB, we have sold all due to the nice run up.

DOW up 100% from the low we are out, stay away.

HBHC up 50% we are out.

ALL add more under \$18.00, sell \$28.00+ after earnings, high risk high reward.

COBH up 50%, we are out.

So we own a ton of MUR and a lot of ALL, and some DBD, still, that’s it. RCBC and PPBN hold, but more risky now.

Be careful the run has been great the past month.

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