

How Real Estate
Appreciates

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About this edition

How Real Estate Appreciates.
What makes a property and a region worth more over time — and how the agent defends the price with argument, not with promises.
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Important notice

This book is **educational and professional training material**. It is not investment advice, a legal opinion, or tax guidance. It does not replace an attorney, an accountant (*CPA*), an appraiser, or a licensed agent.

Past appreciation does not guarantee future appreciation. The book shows the forces that push prices up over the long run, and it shows the drops too — because they have happened and will happen again. No number here is a promise of return.

Numbers get old. Price indexes, interest rates, inventory, insurance and exchange rates were collected in **September 2026**; the section **Where the numbers come from**, at the end of the book, gives the source of each figure and where to check the new version.

In the United States, crime, schools and neighborhood makeup are subjects regulated by the federal fair housing law (*Fair Housing Act*). The book treats these topics as an economic mechanism and teaches the agent to pass along public data, the same for every client — never to rank neighborhoods.

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A letter to those who *sell homes*

"Will it appreciate?" It is the question every client asks, sooner or later, in any language. In Orlando, in São Paulo, in Lisbon. And almost every agent answers the same way: "real estate always appreciates." It is the wrong answer. Not because real estate doesn't appreciate — over the long run, in most places, it does —, but because "always" is a lie, and the client knows it.

This book exists to trade the "always" for a "because." A property appreciates because housing is an absolute necessity and no one stops needing a roof. Because well-located land can't be manufactured. Because families split into more homes: people who separate, people who live alone, people who live longer. Because big money pulls in big money, and a region that lands an anchor development attracts the next one. Because the city's plan becomes construction. Because safety, schools and neighborhood carry a price. And because certain products — the extra bedroom, the small, exclusive condo — have more people wanting them than units for sale.

And there is a force that the technical books almost forget: desire. Think of three homes. One costs 600,000 dollars because that is what it costs to build it. Another costs 1 million because it sits on scarce land. The third costs 2 million because a lot of people want to be able to say they live there. A property's value has three layers — the functional, the economic and the psychological —, and the third, in certain markets, is the strongest. Economics explains scarcity; psychology explains why people come to desire a place.

A property also stops appreciating when one of those forces fails. I saw Florida lose almost half its price between 2006 and 2012, and Rio de Janeiro almost half in real terms after 2014. So each chapter shows the force and its flip side, with public numbers and sources. The agent who knows both defends the price with argument and advises honestly — and that is the agent the client trusts on the second purchase.

I wrote for agents in the United States, in Brazil and anywhere homes are sold, and for anyone curious why a home is worth what it is. I am an agent, not an economist: the numbers belong to the economists, the everyday translation is mine.

Maqueli Gewehr
ORLANDO, FLORIDA · SEPTEMBER 2026

How to use this book

There are **fourteen chapters** in four parts — the premises that support appreciation over the long run (1 to 4), the engines that make one region rise more than another (5 to 8), the product that makes a property rise more than its neighbor (9 and 10) and desire, the psychological layer of price (11 and 12) —, a chapter on the details of the lot and the street that almost no one measures (13) and a last one on the flip side of everything: what slows appreciation (14). All share the same structure: the text, with the numbers and the sources; the section **What the agent does with this**, where analysis becomes procedure; the one-page **infographic**, to show the client; and the twelve-point summary. The book closes with **twelve signals** for reading the appreciation of a region and of a property, and a list of where each number comes from. One request: use the numbers to explain, never to promise.

CHAPTER ONE 01

Everybody *needs a place to live*

Housing is an absolute necessity: households grow faster than the population, and supply doesn't keep up

In 2022, a couple from Belo Horizonte told me they would wait for interest rates to fall before buying in Orlando. They waited. In that time, they didn't stop living somewhere for a single day: they renewed the lease, paid the increase, renewed again. The purchase can wait. Housing can't.

That is the first premise of appreciation, and the simplest. You can postpone the purchase, the move-up, the renovation; you can't postpone the roof. Stocks sit in a brokerage account, cars sit in the garage. A home gets occupied every single night. That gives real estate a floor of demand that no other asset has — a floor, not a guarantee of gains.

A need written into law

The Universal Declaration of Human Rights, adopted by the UN in December 1948, puts housing in Article 25, next to food and clothing. In Brazil, housing entered Article 6 of the Constitution, among the social rights, through Constitutional Amendment 26, in February 2000. Both texts say what the agent sees on the street: living somewhere is not optional consumption.

That is why demand for housing doesn't vanish; it changes shape. When rates rise, the buyer becomes a renter, shares a house or moves back in with the parents. Harvard's Joint Center for Housing

Studies (JCHS) recorded this in 2026: annual household growth fell from 2.0 million in 2021 to 1.1 million in 2025, with young people sharing housing or living with family. Those households didn't disappear; they were pent up. Freddie Mac counts about 1 million of them inside its shortage estimate.

More homes than people

In the United States, households went from 71.12 million in 1975 to 134.79 million in 2025, according to the Current Population Survey (CPS) of the Census Bureau: +89.5%. The population grew 58.3% over the same period. There were 3.04 people per household in 1975; in 2025, 2.54. Each home houses fewer people, and the country needs more homes even when the population grows slowly.

A warning for those who like one-year numbers: the Census surveys diverge. The CPS shows 2.57 million new households in 2025; the JCHS, 1.1 million. Use the average of several years.

Population growth has slowed too: +0.5% in the year to July 2025, against +1.0% the year before, with net immigration falling from 2.7 to 1.3 million, according to the Census Bureau. Even so, the household math stays positive, because the people already here keep splitting into more homes.

The sign that supply hasn't kept up is in the price. According to the JCHS, homes have risen 54% nationwide since 2020, and the median existing home cost almost 5 times the median household income in 2025. The market locked up along with it: existing-home sales came in at 4.1 million in 2025, a thirty-year low, and the rate of moving fell to 11.2% in 2024, the lowest ever recorded.

Brazil shows the same movement with more force. The 2022 Census counted 90.7 million households, 34% more than in 2010, and

the average number of residents fell from 3.31 to 2.79. According to the PNAD survey, the population grew 0.39% in 2025. The population has almost stopped; households have not.

How many are missing, as a range

"How many homes are we short?" The honest answer is a range. Freddie Mac estimates 3.7 million homes (2024 data); Zillow, 4.7 million (2023); Brookings, 4.9 million (2023); Up for Growth, 3.78 million (2023); the National Association of Realtors (NAR), with Rosen Consulting, 5.5 million (data through 2020); Moody's, with the Urban Institute, about 2 million. The Congressional Research Service explained, in December 2025, why they diverge: each study picks a source, a "healthy" vacancy rate (from 5% to 12%) and decides whether to count the households that never formed.

Hence the range: from about 2 to 5.5 million, with the center between 3.7 and 4.9 million. And the shortage isn't the same everywhere. The JCHS counted, in 2024, 11 million extremely low-income renters for 3.8 million affordable and available units. The tightest squeeze is in cheap housing.

In Brazil, the Fundação João Pinheiro measured a deficit of 5,773,983 homes in 2024, 7.4% of households, the lowest level in the series. The largest component isn't homeless people: it is excessive rent burden, families earning up to three minimum wages who spend more than 30% of their income to live somewhere. Cohabitation, two families under the same roof, fell from 1.29 million in 2022 to 1.03 million in 2024.

X MILLION HOMES SHORT

Don't cite the American shortage as a single number, or the Brazilian deficit as "6 million and growing": the 2024 figure is 5.77 million, and falling. And a national shortage is not a shortage in your county. Moody's and the Urban Institute found a deficit concentrated in a few metro areas and near balance in others.

What the agent does with this

Necessity is the agent's strongest argument, and the easiest to abuse.

1. Use necessity without promising gains. Living somewhere is certain; the neighborhood's price is not. Say that demand has a floor and that price has a cycle.

2. Show the county's household formation. The Census Bureau publishes households and population by county. Compare the two paces and put building permits next to them.

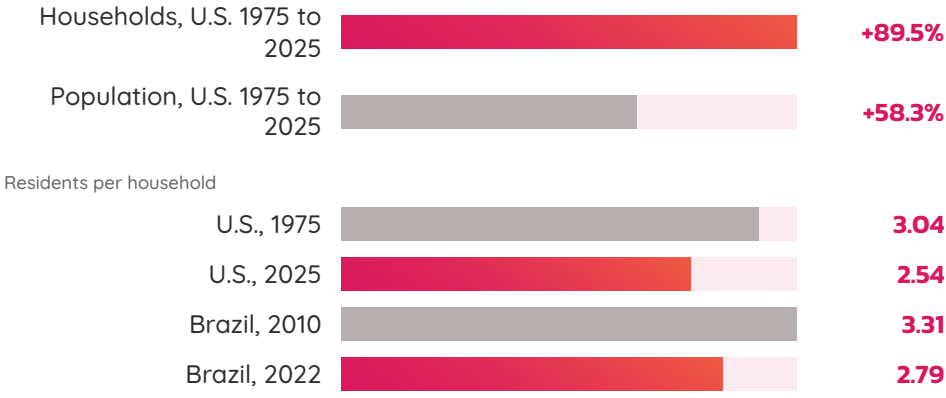
3. Separate demand for housing from demand to buy. The interest rate decides when the client buys, not whether they live somewhere. Those who wait keep paying rent.

4. Explain the deficit as a range, with a source. From 2 to 5.5 million in the United States; 5.77 million in Brazil in 2024, falling and driven by expensive rent.

5. Show the renter what they already pay. In Brazil, the deficit is mostly heavy rent; in Florida, it is pent-up demand. In both cases, the conversation starts with the cost of living somewhere today, not with the promise of tomorrow.

More homes than people

In both countries, the number of households grows faster than the population, because each home houses fewer people.



5.77 million
homes of deficit in Brazil in 2024, the lowest in the series (FJP)

11 million
very low-income renters for 3.8 million affordable units in the U.S. (2024)

How many the U.S. is short depends on who is counting: **from 2 to 5.5 million homes**.

CENSUS BUREAU, CPS/ASEC AND BEA, 1975 TO 2025 · IBGE, 2022 CENSUS · CRS, IN12628, 2025 · FJP, 2024

In *summary*

01 You can postpone the purchase, not **the roof**: housing has a floor of demand that no other asset has.

02 Housing is in the **Universal Declaration** (1948, Art. 25) and in the Brazilian Constitution since Amendment 26/2000.

03 With high rates, demand **changes shape**: the buyer becomes a renter, shares a house or moves back in with the parents.

04 New U.S. households fell from **2.0 to 1.1 million** a year between 2021 and 2025 (JCHS): pent-up demand.

05 U.S., 1975 to 2025: households **+89.5%**, population +58.3%; from 3.04 to 2.54 people per home.

06 Prices **+54% since 2020**; the median existing home costs almost 5 times household income (JCHS, 2026).

07 Brazil: **90.7 million** households in the 2022 Census, +34% over 2010; 2.79 residents per home.

08 The American shortage is a **range**: from about 2 to 5.5 million, with the center between 3.7 and 4.9 million.

09 Estimates diverge because of the **"healthy" vacancy rate** chosen (5% to 12%) and the households that never formed.

10 The tightest squeeze is in **cheap housing**: 11 million renters for 3.8 million units (2024).

11 Procedure: use necessity **without promising gains** and show the county's household formation.

12 Procedure: separate **housing from buying** and cite the right Brazilian deficit: 5.77 million, falling.

> *No one postpones living somewhere: demand for a roof changes shape but doesn't vanish, and that gives real estate a floor.*

CHAPTER TWO 02

Land that *can't be manufactured*

Construction depreciates, location appreciates: why Miami and Orlando appreciate in different ways

In August 2026, the advertised price per square meter in Leblon, in Rio, was R$ 28,751, according to the FipeZap index. In Tijuca, R$ 6,988. Cement, steel and bricklayers cost the same in both neighborhoods. The difference, about fourfold, isn't in the building. It's in the land.

That is the second premise. Brick ages and loses value from the day it's delivered. What rises is well-located land, which no one manufactures. Where geography and regulation lock down supply, demand turns into price; where building is easy, price sticks to construction cost.

Brick ages, land doesn't

Knoll, Schularick and Steger (2017) reconstructed home prices for fourteen economies since 1870. Real prices stayed flat until the mid-twentieth century and shot up afterward — and the rise in land prices explains about 80% of that surge since World War II. Davis and Heathcote (2007), separating land from structures in the American housing stock, arrived at the same place: land's share grew, and it accounts for most of the volatility. A roof, an air conditioner and flooring have a useful life and a replacement bill; land has neither.

LAND IS NOT 80% OF THE HOUSE

The 80% from Knoll and colleagues measures the **rise** in prices since 1945, not the lot's share of each home's value. That share ranges from small, inland, to dominant, on the coast. Anyone who tells a client that "land is 80% of the house" is repeating a number the study did not measure.

The detail comes from a 2019 paper by the federal agency that oversees housing finance (the Federal Housing Finance Agency, FHFA), using millions of appraisals by county and ZIP code: in the big metros, land prices rose faster than house prices, and the lot's share grew; in smaller metros, it fell. Homer Hoyt had already seen this in Chicago, in 1933: a century of lots rising with the city, in cycles, and value changing address when transportation changes.

Where supply locks up, demand becomes price

Albert Saiz measured, in 2010, the supply elasticity of every American metro: how much construction responds when prices rise. The yardstick is geography — water, wetlands and slopes steeper than 15% — plus regulation. Miami ranked first among the large metros as the least elastic in the country, at 0.60, with 76.6% of its area impossible to develop. Fort Lauderdale came in third, at 0.65. Tampa scored 1.00, with 41.6% of its area locked. Orlando, 1.12, with 36.1%. The American average, weighted by population, is 1.75: Miami responds with about a third of that. Within Florida, the yardstick rises from the southeast coast toward the interior and the north — West Palm Beach 0.83, Sarasota 0.92, Jacksonville 1.06.

Edward Glaeser and Joseph Gyourko (2003 and 2018) close the loop: across most of the United States, price stays near the cost of

building, because when it rises too high someone puts up another house next door. The gap lasts only where you can't build. In 2005, with Raven Saks, they showed that Manhattan cost more than double its construction cost — and that land-use rules explained the difference. In *The Economics of Real Estate* I covered the weight of regulation on new homes; here the direction is enough: the home builders' association (NAHB) estimated, in June 2026, that regulation accounts for 26.4% of the price of a new home.

Miami and Orlando, two ways of rising

The same demand shock produces two stories. In Miami, hemmed in by sea and the Everglades, the arriving family competes for the land that exists, and the gain goes into the price. In Orlando, flat and ringed with lots, the same family turns into a construction site: the builder opens another subdivision, and the price returns to near cost. Miami rises more in the booms and falls more in the busts. Orlando grows in quantity. Hoyt described the flip side of this in Chicago: with every boom, more lots were opened than the city could fill, and the surplus lengthened the downturns.

Florida as a whole has 36 million acres. According to the University of Florida, in 2024 only 15% is developed and 27% sits in conservation areas. In the study's expansion scenario, developed area reaches 17.5% by 2040; and about 1 million acres are at risk with 25 centimeters of sea-level rise. Land exists; well-located land, near jobs and water, does not.

In Rio, the same reasoning explains Leblon: between the sea, the lagoon and the hill, no one manufactures another one. Tijuca has similar buildings and land that is easier to repeat. Barra da Tijuca, at R$ 14,479 per square meter, and neighboring Recreio, at R$ 7,850,

show the same step down within the western zone. A Brazilian caution: FipeZap measures asking prices, not closed sales. It serves to compare neighborhoods, not to appraise an apartment.

What the agent does with this

Separating the land from the brick changes the conversation at the listing appointment and the showing.

1. Separate land and structure in the conversation. In Florida, the *property appraiser*, the county's tax assessor, publishes for each property the land value and the building value. Bring both to the showing: when the land weighs heavily in the total, what the client is buying is scarce land.

2. Classify the neighborhood: locked supply or easy supply. Water, environmental reserves and rigid zoning lock supply; vacant lots and new construction signal easy supply, moderate appreciation and competition from new homes.

3. Explain why the older home nearby is worth more than the new one far away. Construction depreciates; well-located land is the part history shows rising.

4. Sell what can't be replicated. In a locked neighborhood, scarcity is the argument and volatility is the warning. In an easy neighborhood, sell the monthly cost and what the new home next door doesn't have.

Brick and land

The same rise in demand turns into price where you can't build and into construction where building is easy.

LOCKED SUPPLY	EASY SUPPLY
EXAMPLE Miami: elasticity 0.60, the lowest in the country	**EXAMPLE** Orlando: elasticity 1.12
LOCKED AREA 76.6% by water, wetlands or slope	**LOCKED AREA** 36.1%, with lots and permits
DEMAND ARRIVES Turns into price: the land absorbs the rise	**DEMAND ARRIVES** Turns into a construction site: price returns to cost
WHAT TO SELL Scarcity, with the volatility warning	**WHAT TO SELL** Monthly cost and what the new home lacks
R$ 28,751 the advertised price per square meter in Leblon in August 2026	**R$ 6,988** in Tijuca: the same brick, about a quarter of the price

About **80% of the rise since 1945** came from land, not from construction.

SAIZ, 2010 · KNOLL, SCHULARICK AND STEGER, 2017 · FIPEZAP, AUGUST 2026 (ASKING PRICE)

In *summary*

01	Leblon **R$ 28,751/m²**, Tijuca R$ 6,988 (FipeZap, August 2026): the same brick, four times the price.
02	Construction **depreciates** from delivery; well-located land is what rises.
03	About **80% of the rise** since World War II came from land, across 14 countries (Knoll and colleagues, 2017).
04	It is not "land is **80% of the house**": the study measures the rise, and the lot's share varies by region.
05	Land explains most of the **volatility** (Davis and Heathcote, 2007; FHFA, 2019).
06	Hoyt (1933): in Chicago, land rose **with the city**, in cycles, and changed address with transportation.
07	**Miami 0.60**: the least elastic supply in the country, with 76.6% of its area impossible to develop (Saiz, 2010).
08	**Orlando 1.12** and 36.1% locked: demand turns into construction, and price stays near cost.
09	Where people build, price **sticks to cost**; Manhattan went past double it (Glaeser, Gyourko and Saks, 2005).
10	In Florida, **15% is developed** and 27% is in conservation: there is land, but well-located land is scarce.
11	Procedure: separate **land and structure** using the *property appraiser's land value*.
12	Procedure: **classify the neighborhood** as locked or easy and sell what can't be replicated.

> *Brick ages everywhere; what rises is well-located land, where you can't make another.*

CHAPTER THREE 03

More homes *for the same people*

Divorce, gray divorce, living alone, living longer and migrating: the family shrinks and demand multiplies

A couple from Campinas bought a four-bedroom house in Orlando with me. Years later, each came to see me separately, the separation already decided. We sold the family home. She bought a two-bedroom apartment; he rented a small house near the children's school. Where there had been one household, there were now two.

That is the third premise. Population can stop growing and demand for housing can keep rising, because each home houses fewer people. The separating couple, the young person living alone, the older person who stays put and the arriving immigrant all multiply households.

Gray divorce

In the United States, the overall divorce rate is low and stable: 2.4 per 1,000 population in 2023, according to the CDC (provisional, five states missing), alongside 6.1 marriages, and 14.2 per 1,000 married women in 2024, per Bowling Green State University's family research center. The change is in age. Brown and Lin (2022) measured divorce after 50: 3.69 per 1,000 married people in 1970, 4.87 in 1990, 10.05 in 2010 and 9.64 in 2019. In 2019, people 50 or older were already 36% of all who divorced; through 1990, less than 8%. After 65, the rate rose from 1.79 to 5.60, the only one still rising.

How much housing does that create? Dieleman and Schouw (1989), in the Netherlands, ran the numbers: six to seven years later, the extra demand equals about a third of the number of divorces. It isn't a whole house per divorce: some remarry, some move back with their parents, some move in together again.

THE ONE-THIRD MATH

One hundred divorces in a year generate, six to seven years later, about 33 more homes — according to the Dutch study, the only one I found with this measure. I found no recent American study that redoes the calculation. It is little per divorce and a lot in total: gray divorce happens with an owned home, accumulated wealth and, almost always, a sale.

In Brazil there were 428,301 divorces in 2024, 2.8% fewer than in 2023, the first drop since 2020, after three years of increases. The high year was 2023, with 440,827; calling it an all-time record would need a series no one has checked, so I don't. At the cartório (a notary office), 18.2%. Marriages lasted 13.8 years on average, and 47.5% of divorces came before the ten-year mark. The cartório route dates from 2007, and direct divorce, with no prior separation, from 2010: separating became simpler, and every separation is, above all, a change of address.

Living alone, marrying late, aging in place

The Census Bureau counted 39.7 million one-person households in 2025: 29% of the total, against 20% in 1975. Married couples fell from 66% to 47% of households. The median age at first marriage was 30.8 for men and 28.4 for women; in 1975 it was 23.5 and 21.1. And householders aged 65 or older went from one in five to more than

one in four. At the other end, 58% of those 18 to 24 still live with their parents: demand waiting to form once income allows.

Growing old in the United States means growing old at home. AARP found in 2024 that 75% of adults aged 50 or older want to stay in their current home, and 73% in the same neighborhood; among those aged 18 to 49, it's 60% and 63%. In my reading, this holds inventory back: the large house takes longer to return to the market.

Brazil is moving the same way. People living alone were 12.2% of households in the 2010 Census and 18.9% in 2022; the 2025 PNAD already shows 19.7%. Among heads of household aged 60 or older, 28.7% live alone; among those aged 25 to 39, the share went from 8.3% to 13.4%. Those 60 or older are 16.6% of the population.

Migration, which can turn

Florida gained 196,680 residents in the year to July 2025. Net international migration was 178,674, the largest among the states; domestic was only 22,517, against 310,892 in 2022. I did the math: 89% of the migration gain came from abroad, and migration from other states fell 92.8% in three years. Harvard's Joint Center for Housing Studies (JCHS) forecasts another 75% drop in net immigration in 2026. The state's main growth source is the one most exposed to politics. Texas, which gained 391,243 residents in the same year, also depended on abroad: 167,475 came through international migration. Anyone selling in Florida or Texas is selling largely to people who just arrived — and that flow can shrink in a year.

What the agent does with this

Every change in a family is a change of address. The agent who understands this serves clients better and doesn't depend on a single wave.

1. Treat divorce as a housing event, with discretion. There are two products: the sale of the couple's home and two smaller purchases. Serve whoever comes to you, with respect; no prospecting on top of pain.

2. Have product for people who live alone. Two bedrooms in a good location and a small condo. Show every client what they ask for, without choosing a buyer by marital status or age.

3. Understand the over-50 buyer who is changing homes. Most want to stay; those who move have a strong reason. Ask what it is before showing the first house: the reason decides the product — a single-story home, a smaller one, closer to the people they want near.

4. Read the county's migration every year. The Census Bureau's population estimates come out at the start of each year, with domestic and international migration separated.

5. Don't bet on a single source of demand. Immigration can turn in one year; divorce, late marriage and aging change slowly and in one direction.

One family, two homes

Population grows slowly, but each home houses fewer people: divorce after 50, living alone and migration multiply households.

4.87 to 10.05
divorces per 1,000 married people aged 50 or older, from 1990 to 2010 (U.S.)

36%
of those who divorced in the U.S. were 50 or older in 2019

One-person households



89%
of Florida's 2025 migration gain came from abroad

–92.8%
in migration from other states to Florida, from 2022 to 2025

Each divorce generates, on average, **about an extra third of a home**.

BROWN AND LIN, 2022 · CENSUS BUREAU, CPS/ASEC 2025 · IBGE, 2010 CENSUS AND 2025 PNAD · DIELEMAN AND SCHOUW, 1989 · CENSUS BUREAU, VINTAGE 2025

In *summary*

01	Population can stall while demand rises: **each home houses fewer people**.
02	U.S. divorce: **2.4 per 1,000 population** (CDC, 2023) and 14.2 per 1,000 married women (2024).
03	After 50, the rate went from **4.87 to 10.05** per 1,000 married people between 1990 and 2010 (Brown and Lin, 2022).
04	In 2019, **36% of those who divorced** were 50 or older; after 65, the rate is still rising.
05	Each divorce generates **about a third** more housing, in six to seven years (Dieleman and Schouw, 1989).
06	Brazil: **428,301 divorces** in 2024, 2.8% fewer than in 2023; 18.2% at a cartório.
07	U.S.: **29% of households** are one person, against 20% in 1975; marriage at 30.8 and 28.4.
08	**75% of adults 50+** want to stay in their current home (AARP, 2024): the large house returns slowly to the market.
09	Brazil: living alone went from **12.2% to 19.7%** of households; 60+ are 16.6% of the population.
10	Florida 2025: **89% of the migration gain** came from abroad; immigration is forecast to fall 75% in 2026 (JCHS).
11	Procedure: treat divorce as a **housing event**, with discretion, and have product for people who live alone.
12	Procedure: read the **county's migration** every year and don't bet on a single source of demand.

> *The family shrinks and splits, and each piece of it needs an address.*

CHAPTER FOUR 04

Fifty years *of numbers*

What the public indexes say since 1975 — the rise, the drops, the recovery, and what is real and what is inflation

An investor from Belo Horizonte opened the meeting with a line he had heard from another agent: “Real estate in the United States doubles every ten years.” I opened the country’s longest public series and we ran the numbers together. Doubling in ten years takes 7.2% a year. The American home delivered 4.97% — and, after inflation, 1.24%.

That small number doesn’t refute this book’s thesis; it supports it. Fifty years of data show an asset that rises faster than inflation, protects whoever lives in it, and falls now and then, sometimes a lot. Whoever shows all three sells better than whoever shows only the first.

The series that starts in 1975

The index from the federal agency that oversees housing finance (FHFA) tracks repeat sales of the same house, which removes from the calculation the swapping of small homes for big ones. From the first quarter of 1975 to the second quarter of 2026, it rose 1,099%: the price multiplied almost 12 times, 4.97% a year. Over the same period, consumer inflation multiplied prices by 6.4. Net of inflation, what remains is a real gain of 88%, or 1.24% a year.

The average hides very different decades. From 1975 to 1985, 7.59% a year nominal; from 1985 to 1995, 3.95%; from 1995 to 2005,

6.13%; from 2005 to 2015, 0.45%; from 2016 to 2026, 6.81%. Whoever bought in 2005 waited ten years for almost no gain. Whoever bought in 2016 lived through the exceptional decade — and that's where "doubles every ten years" comes from, which over the half-century average is doubling about every 14.

MEDIAN IS NOT APPRECIATION

The median price of new homes went from US$ 17,800 in 1963 to US$ 410,700 in 2026. It looks like your home's appreciation; it isn't. Today's new home is bigger and better, and the median mixes different products. And even it falls: the peak was US$ 442,600 at the end of 2022, and in 2026 it is 7.2% below. To talk about the same home, use a repeat-sales index: FHFA or Case-Shiller.

The Case-Shiller home price index, which starts in 1987, tells the same story: 4.31% a year nominal and 1.44% real. The FHFA's purchase-only index, since 1991, gives 4.35% and 1.71%. Robert Shiller's long series, back to 1890, is the most honest reminder: from 1890 to 1997 the American home gained 0.14% a year above inflation. In *Irrational Exuberance*, he shows the real gain is concentrated in a few episodes, not a continuous ramp.

The drops, with date and size

In fifty years, the national index fell in only five years, all in a row, 2007 to 2011, with the worst in 2008 (–7.2%). In Case-Shiller, from the July 2006 peak to the February 2012 trough, the drop was 27.4% nominal and 35.7% real. The nominal price returned to its peak in 2017; the real one, only in 2021. And real drops aren't history: in June 2026, Case-Shiller logged thirteen straight months of real decline and stood 3.8% below the May 2022 real peak.

In Florida it was worse. The FHFA's state index fell 44.7% from the end of 2006 to mid-2012 and only recovered its nominal peak in the first quarter of 2020, thirteen years later. In real terms, it fell 51.5%, returned to its peak in 2022 and is now 3.9% above it. Orlando fell 48.5% and returned to its nominal peak in the third quarter of 2020. In real terms, Orlando's drop was 54.5%, and in the second quarter of 2026 the index was still 1.0% below the 2006 real peak. Even so, over the whole half-century, Florida delivered 5.05% a year nominal (1.32% real) and Orlando, since 1978, 5.03% (1.50% real). Whoever bought at the peak and sold in 2012 lost almost half; whoever waited until 2020 broke even in dollars and was still losing to inflation.

Real, nominal and the rent nobody adds up

If the price earns only a little above inflation, why is a home a good deal? Because the owner lives in it. Jordà, Knoll, Kuvshinov, Schularick and Taylor (2019) added appreciation and rent across 16 countries, from 1870 to 2015: housing returned 7.05% a year real, against 6.89% for stocks, with less than half the swings (deviation of 9.98% against 21.94%). The figure is gross of costs and without debt, and a good part of it is the rent received or saved. It isn't "the house rises 7% a year."

In Brazil, the FipeZap index, built from asking prices, rose 289% from December 2008 to August 2026, against 164% for the IPCA: a real gain of 47.6%. But the entire gain came from 2009 to 2014 (+89.7% real). From 2015 to 2025, property lost 22.5% to inflation — Rio had five straight years of nominal decline, from 2015 to 2019 —, and the Central Bank's property index (IVG-R), built from mortgage appraisals, stood in June 2026 25.7% below the 2013 real peak. These are different constructions, with different inflation and interest

rates; the lesson holds on both sides: without adjusting for inflation, the number misleads.

What the agent does with this

The long numbers are the best sales argument there is, as long as they come whole.

1. Always show nominal and real. "Almost 12 times in 51 years" and "88% above inflation" are two truths; the client needs both.

2. Use a repeat-sales index. FHFA and Case-Shiller measure the same home; the median of listings or of new homes measures the mix.

3. Show the drop before the client asks. Orlando fell 48.5% and took thirteen years to return to its nominal peak. Whoever hears that from you believes the rest.

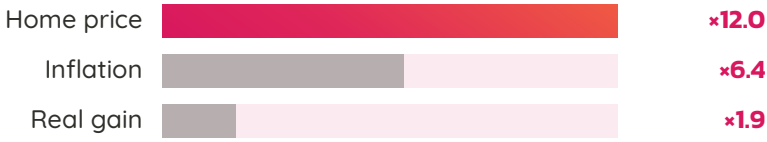
4. Run the ten-year math with the average, not the best decade. A US$ 400 thousand home at 4.97% a year reaches about US$ 650 thousand nominal; at 1.24% real, about US$ 452 thousand in today's money. It's a calculation, not a forecast.

5. Never say "doubles every ten years." That would be 7.2% a year; on the average since 1975, price doubles about every 14.

Fifty years on one page

The FHFA index from 1975 to 2026: how much the price multiplied, how much of that was inflation, how much real gain was left, and the drops no one shows.

How many times the 1975 value was multiplied by 2026



−44.7%
Florida's drop from 2006 to 2012; the nominal peak only returned in 2020

−48.5%
Orlando's drop; in 2026, still 1.0% below the 2006 real peak

5 years
of nominal decline nationally in five decades, all from 2007 to 2011

0.14%
a year of real gain from 1890 to 1997, in Shiller's series

Adding the rent the owner no longer pays: **7.05% a year real** in 16 countries, from 1870 to 2015.

FHFA, ALL-TRANSACTIONS INDEX, 1975 TO 2026 · BLS, CPI · SHILLER, IRRATIONAL EXUBERANCE · JORDÀ AND COLLEAGUES, 2019 · OWN CALCULATION

In *summary*

01	FHFA, 1975 to 2026: **+1,099% nominal**, almost 12 times, 4.97% a year.
02	Net of inflation (×6.4), a **real gain of 88%**: 1.24% a year.
03	Different decades: **0.45% a year** from 2005 to 2015; 6.81% from 2016 to 2026.
04	**Doubling in ten years** takes 7.2% a year; the half-century average doubles about every 14.
05	The **median new home** measures the mix, not the appreciation of the same home.
06	Case-Shiller since 1987: 4.31% nominal and **1.44% real**; Shiller, 1890 to 1997: 0.14% real.
07	Only **five years of nominal decline** nationally, from 2007 to 2011; Case-Shiller −27.4% nominal and −35.7% real.
08	**Florida −44.7%** and Orlando −48.5% from 2006 to 2012; the nominal peak returned only in 2020.
09	Orlando remains **1.0% below the 2006 real peak**, even with 1.50% real a year since 1978.
10	With rent, **7.05% a year real** in 16 countries (Jordà, 2019); gross of costs and without debt.
11	Brazil: FipeZap **+47.6% real** since 2008, all of it in 2009–2014; −22.5% real from 2015 to 2025.
12	Procedure: **nominal and real** always, a repeat-sales index, and the drop shown before the question.

> *The home beats inflation by a little, falls now and then, and truly pays off because the owner lives in it.*

CHAPTER FIVE 05

The prophecy *that fulfills itself*

When big money arrives, it pulls in more money: anchors, spillover and where it fails

In February 2020, a 1.02-acre parcel at Miami Worldcenter, in downtown Miami, sold for US$ 26,781,000 — about US$ 26 million an acre. In March 2026, a 0.7-acre parcel in the same project went for US$ 88.8 million: about US$ 127 million an acre. No one had found anything new under that ground. What changed was what surrounded it: billions invested, towers delivered, people living and working there.

It is the self-fulfilling prophecy. An investment large enough changes what the market expects of a region; the expectation attracts more capital; the capital builds the appreciation that was predicted. It works when private demand stands behind it. It fails when it's only construction, or only the seller's wishful thinking.

Capital pulls capital, but up close

The cleanest study is by Rossi-Hansberg, Sarte and Owens (2010). In Richmond, Virginia, the city concentrated investment in a few neighborhoods from 1999 to 2004. The surrounding land rose 2% to 5% a year above control neighborhoods, and each dollar invested generated US$ 2 to US$ 6 in land value. But the effect fell by half every 300 meters or so. The anchor moves blocks, not the city. David Lindahl, in *Emerging Real Estate Markets* (2008), describes the next step, the ripple effect: when the core gets expensive, demand

spills over into the neighboring ring, along the access corridors, and loses force where the trip gets long.

Employment is the strongest anchor. Enrico Moretti (2010) measured that each new manufacturing job in a city creates 1.6 jobs in local services; each skilled job, 2.5; in high tech, 4.9 — a figure he himself considers imprecise and that should not be rounded to five. Greenstone, Hornbeck and Moretti (2010) compared counties that won a large plant with those that came in second in the bidding: five years later, the plants already in the winner were 12% more productive. People who earn more compete for homes. In the book *The New Geography of Jobs* (2012), Moretti warns that an announced incentive isn't enough: what counts is seeing the cluster of companies take shape.

Contagion runs both ways. Diamond and McQuade (2019) showed that a subsidized housing project raises nearby home prices by 6.5% in a low-income neighborhood and lowers them by 2.5% in a higher-income one. Campbell, Giglio and Pathak (2011) found the flip side: a foreclosure 80 meters away takes about 1% off a home's price. The same investment raises or lowers value depending on the starting point.

When it works

Central Florida is the child of an anchor. Disney bought 27,400 acres in the 1960s, and in 1967 the legislature created the Reedy Creek district, with county powers. Half a century later, Lake Nona repeats the recipe with jobs before housing: a medical school, hospitals, the national center of the tennis federation (USTA). There is no public price series that measures the effect; there is the right design.

In Brazil, the textbook case is Alphaville. In 1973, the city of Barueri required industry before homes; the project was born as a business center, and HP arrived in 1975. Barra da Tijuca followed a plan: Lúcio Costa's Plano Piloto dates from 1969, and the region went from 43,945 residents in 1980 to 300,823 in 2010. In London, Canary Wharf gained momentum with the Jubilee line extension of the Underground, in 1999; privately owned homes in Tower Hamlets went from fewer than 2,500 in 1981 to about 27,000 in 2011. In New York, Hudson Yards is private, but it received almost US$ 6 billion in public support, subway included.

When it fails

Porto Maravilha, in Rio, is the Brazilian counterexample. In 2011, a fund of Caixa (the federal bank), using FGTS money (the workers' severance fund), bought all of the region's building-potential certificates (CEPACs). The buyer was a public fund, not the market, and, according to an audit by the TCU (Brazil's federal court of accounts), fewer than 17% of the CEPACs were resold. Infrastructure without private demand doesn't generate a prophecy. Kangbashi, in China, was planned for hundreds of thousands of residents and spent years nearly empty, according to news reports.

The Villages shows another way to fail. It was the fastest-growing metro in the United States between 2022 and 2023 (+4.7% population), and resales fell for the third year running, because the developer sells new homes next to those who want to resell. A growing population doesn't guarantee rising prices when the new supply never ends. And Detroit, which lost 65% of its population from 1950 to 2020, shows the prophecy running in reverse when jobs leave.

A NUMBER THAT DOESN'T EXIST

Epic Universe and Brightline have no study of their effect on the price of the surrounding area. Any percentage of "appreciation caused" by them is invention. Brightline's parent companies, in fact, filed for bankruptcy protection (Chapter 11) on September 25, 2026, with the trains still running. A big announcement is not proof.

What the agent does with this

The prophecy is real, but it has a radius, an owner and a date.

1. Measure the distance from the anchor. The effect falls by half every 300 meters. The property on the next block and the one across the avenue tell different stories.

2. Ask who is putting up the money and who buys afterward. Private employment and a market buyer sustain the prophecy; a public fund alone does not.

3. Separate announcement from delivered construction. List what already works, what is under construction and what exists only on paper.

4. Be wary of the developer who competes with its own resales. Where new lots are for sale without end, the resale home competes with the new one.

5. Never give an appreciation number for a project without a study. Say what is known and what is not.

When the prophecy comes true — and when it doesn't

The same gesture, big money in one place, gives opposite results depending on whether private demand stands behind it.

IT WORKS	IT FAILS
RICHMOND Investment in a few neighborhoods: land +2% to 5% a year	**PORTO MARAVILHA** Public fund bought the CEPACs; fewer than 17% resold
ALPHAVILLE Jobs before housing: HP arrived in 1975	**KANGBASHI** Planned city that spent years nearly empty
CANARY WHARF Gained momentum when the Underground arrived, in 1999	**THE VILLAGES** Fastest growth in the country and resales falling for 3 years
WORLDCENTER Land from $26 million to $127 million an acre	**DETROIT** The jobs left: −65% population since 1950

The anchor's effect **falls by half every 300 meters**: it's a block-level effect, not a citywide one.

ROSSI-HANSBERG, SARTE AND OWENS, 2010 · MIAMI WORLDCENTER, 2020 · THE REAL DEAL, 2026 · OBSERVATÓRIO DAS METRÓPOLES · CENSUS BUREAU, 2024 · 24/7 WALL ST., 2026

In *summary*

01 The self-fulfilling prophecy: **investment changes expectations**, expectations attract capital, capital makes the price.

02 Miami Worldcenter: land at **$26 million an acre** in 2020 and $127 million an acre in 2026.

03 Richmond (2010): land **+2% to 5% a year** and US$ 2 to US$ 6 per dollar invested.

04 The effect **falls by half every 300 meters**: the anchor moves blocks.

05 Moretti (2010): **1.6 local jobs** per manufacturing job, 2.5 per skilled job, 4.9 in high tech.

06 Subsidized housing: **+6.5% in a poor neighborhood** and −2.5% in a higher-income one (Diamond and McQuade).

07 Disney, Reedy Creek and Lake Nona: **jobs before housing**, with no price series that measures the effect.

08 Alphaville was born as a business center; **Barra** went from 43,945 residents in 1980 to 300,823 in 2010.

09 Porto Maravilha: **fewer than 17% of the CEPACs** resold; infrastructure without private demand isn't enough.

10 The Villages: **fastest growth in the country** and falling resales, because the developer competes with them.

11 Procedure: **measure the distance from the anchor** and ask who puts up the money and who buys afterward.

12 Procedure: **separate announcement from delivered construction** and never give a number for Epic Universe or Brightline.

> *Big money pulls big money when there is a real buyer behind it; without one, all that's left is construction.*

CHAPTER SIX 06

The plan *before the construction*

Master plan, zoning, station and CEPAC: price moves at the announcement, not the ribbon-cutting

On August 19, 2025, the city of São Paulo auctioned 94.8 thousand CEPAC certificates of the Faria Lima Urban Operation and raised R$ 1.668 billion, the largest auction of its kind in the city's history, above the previous record of R$ 1.636 billion, in 2019. No one bought an apartment that day. What was bought was the right to build more — about R$ 17.5 thousand per certificate — in a place where the market is betting demand will arrive. The future was paid for before the first brick.

Appraisers call this the principle of anticipation: a property's value is the present value of what is expected of it. The Appraisal Institute's manual, *The Appraisal of Real Estate*, draws the practical consequence: a region appreciates when the market comes to believe in the improvement, not when it arrives. The public plan says where the city will grow. Whoever reads the plan gets there first. David Lindahl, in *Emerging Real Estate Markets* (2008), calls this the path of progress: the axis along which road, hospital, retail and corporate headquarters arrive.

The land feels it first

When the rule changes, the first price to move is the land's. In Chicago, Freemark (2020) studied lots that gained building potential near transit in 2013 and 2015: lot prices rose and, in the short run, no

additional construction followed. In Auckland, New Zealand, the 2016 plan expanded the potential of about three-quarters of residential land and generated 21,808 more housing permits in five years, about 4% of the stock (Greenaway-McGrevy and Phillips, 2023). Price first; then, sometimes, construction.

In Central Florida, the plan that anticipated the city is Horizon West. Orange County adopted the concept in 1995: about 20,704 acres west of Orlando, 11,850 of them developable, in villages ringed by green space. The paper said, 25 years earlier, where the city would grow. Osceola did the same in 2011 with the Northeast District, home to Sunbridge, with rights for about 17 thousand homes.

The plan can also move backward. Orange approved Vision 2050, its long-term plan, on June 3, 2025; on July 28, the state declared it void for conflicting with a state law, and the county began working to bring it into compliance. Check its status on the day you use the argument.

The station and the distance

Transportation is the plan that moves price the most, and the one that breeds the most exaggeration. The meta-analysis by Debrezion, Pels and Rietveld (2007) found an average premium of about 4.2% for homes in the station zone and 16.4% for commercial property. Another review, by Mohammad, Graham, Melo and Anderson (2013), covering 23 studies, shows that the effect changes with the type of rail, the distance and the method, and points to publication bias. Rennert (2022) reviewed more than 200 studies: the premium ranges from slightly negative to more than 40%, peaks at about 500 meters, a five-minute walk, and almost never extends past 2 kilometers.

The timing has been measured too. In London, Comber and Arribas-Bel (2017) showed that buyers began paying for proximity to the future Crossrail stations right after the announcement, with construction under way. SunRail, in Orlando, with stations announced in 2007 and opened in 2014, gives both versions. A study for the Florida Department of Transportation (FDOT, 2020) measured, in the areas around the 16 stations, a 62.8% rise in value per acre, 22.9% above control areas — with stations ranging from +125.4% to −0.3%. Another, from 2021, found the opposite: homes within 1 mile of the stations appreciated less than those 1 to 2 miles away.

Street signals help, with care. Glaeser, Kim and Luca (2018) found that each additional Starbucks in a ZIP code was associated with 0.5% higher home prices: retail changes before price, but it is an indicator, not a cause. ATTOM's market research (2019) saw larger gains in ZIP codes with ALDI, Trader Joe's and Whole Foods; the stores, however, pick neighborhoods that are already rising.

SÃO PAULO	CENTRAL FLORIDA
Plano Diretor (master plan) of 2014, revised in 2023	Each county's *comprehensive plan*
Corridors within 700 m of a station and 400 m of a bus corridor	Special plan area, such as Horizon West
CEPAC: auction of the right to build	Rezoning, lot by lot
Goals program and multiyear plan	County capital improvements program
Revision by municipal law	Vision 2050 voided by the state in 2025
Faria Lima: R$ 1.668 billion in 2025	SunRail: from +125% to −0.3% per station

In Brazil, São Paulo's 2014 master plan concentrated the greatest building potential along the transportation corridors, and the 2023 revision widened those corridors to 700 meters from stations and 400 meters from bus corridors. The Água Espraiada Operation, the Berrini one, raised in the neighborhood of R$ 3 billion with CEPACs between 2004 and 2012. When an auction breaks a record, the market is betting on the region, before the construction.

What the agent does with this

Whoever reads the plan sells the future with a document in hand, not with a promise.

1. Read the plan and the capital works budget. In Florida, the county's *comprehensive plan* and capital improvements program; in Brazil, the master plan and the goals program. Construction without a budget is intention.

2. Track building permits. The Census Bureau's monthly permits survey (*Building Permits Survey*) shows, by county, where supply is about to arrive.

3. Draw a 500-meter radius around each planned station. That is where the premium concentrates; past 1 to 2 kilometers, it disappears.

4. Treat the announcement as the time to buy and the opening as the time to sell. Price reacts at the announcement; by delivery, a good part has already been paid.

5. Don't promise construction without a budget or appreciation without a study. Show the document and let the client draw the conclusion.

From paper to price

The five stages of a public improvement and at which one price tends to react: almost always before the opening.

1. **Plan**
   The county or city says where the city will grow: Horizon West in 1995, São Paulo's master plan in 2014.
   THE LAND STARTS
2. **Announcement**
   Station, employer or zoning announced. On Crossrail, the buyer paid for the future station at this stage.
   PRICE REACTS
3. **Permit**
   Permits rise in the Census data. In Chicago, the lot appreciated with no construction at all.
   EXPENSIVE LAND
4. **Construction**
   On SunRail, the construction phase had no significant measured effect.
   LITTLE NEWS
5. **Delivery**
   A good part has already been paid. The premium sits within about 500 meters and disappears past 1 to 2 kilometers.
   TIME TO SELL

Rail station: **average premium of 4.2% on homes**, peaking at 500 meters.

APPRAISAL INSTITUTE, 2020 · FREEMARK, 2020 · COMBER AND ARRIBAS-BEL, 2017 · FDOT, 2020 · DEBREZION, PELS AND RIETVELD, 2007 · RENNERT, 2022

In *summary*

01 Faria Lima, August 2025: **R$ 1.668 billion** for the right to build, the city's largest auction.

02 **Principle of anticipation**: value is the present worth of what is expected; the region rises when the market believes.

03 Chicago (Freemark, 2020): the **lot rose without construction** after it gained building potential.

04 Auckland: the 2016 plan generated **21,808 more permits** in five years, about 4% of the stock.

05 **Horizon West**, 1995: 20,704 acres that said 25 years earlier where Orlando would grow.

06 **Vision 2050** approved in June 2025 and voided by the state in July: check the plan on the day.

07 Rail station: average premium of **4.2% on homes** and 16.4% on commercial (Debrezion, 2007).

08 The premium **peaks at 500 meters** and almost never extends past 2 kilometers (Rennert, 2022).

09 **Crossrail**: the buyer paid for the station right at the announcement, with construction under way.

10 **SunRail**: stations from +125.4% to −0.3%, and a 2021 study with the opposite result.

11 Procedure: **read the plan and the works budget**; track permits in the Census data.

12 Procedure: **500-meter radius**, announcement as the time to buy, and no construction without a budget.

> *Price moves when the market comes to believe in the improvement, and whoever reads the plan gets there first.*

CHAPTER SEVEN 07

Safety, *the floor under everything*

Without public safety no other force works: what the studies measure and what Rio teaches

Between 2009 and 2014, residential property in Rio de Janeiro rose 132% above inflation on the FipeZap index. Over the next eleven years, it lost 44% in real terms. The beach did not move, and Leblon stayed where it was. What changed was the state's economy and how it feels to walk down the street.

Safety is the invisible infrastructure of appreciation. Where it exists, schools, beaches and new construction get capitalized into the price. Where it is missing, the best address in the world stalls. And the market does not react to statistics nobody reads: it reacts to public information and to crime people can see.

What the studies measure

Linden and Rockoff (2008), in North Carolina, measured what happens when a registered sex offender moves onto the street: homes within 0.1 mile, about 160 m, fall 4% on average; a little farther out, almost nothing. Pope (2008) repeated the calculation in Hillsborough, the Tampa county: −2.3%, about US$ 3,500 per home. When the offender leaves, the price bounces right back. The buyer pays for what the public record shows.

In the aggregate, the effect is large. Pope and Pope (2012) looked at about 3,000 urban ZIP codes: in those with the biggest drop in crime in the 1990s, property values rose 7% to 19% more between

1990 and 2000. Schwartz, Susin and Voicu (2003) attributed about a third of New York's real appreciation after 1994 to the drop in crime.

Not all crime weighs the same. Ihlanfeldt and Mayock (2010), in Miami-Dade, tested seven types: only robbery and aggravated assault move the price. Gibbons (2004), in London, found an effect from vandalism but not from residential burglary: graffiti works as a signal that the place is being abandoned. And Ellen, Horn and Reed (2019), using Census microdata from the hundred largest American metro areas, showed that the drop in violent crime in the central city brought high-income, college-educated families back, even to low-income neighborhoods. Safety is a trigger for gentrification.

Adding up the studies, the typical effect is between 2% and 10% of price per local change in risk. Jane Jacobs, in 1961, had already explained the mechanism without a regression: the safe street is the street in use, with people, shops and windows facing the sidewalk. A high wall and a blank facade empty the street and leave the place unsafe even in a wealthy area. The buyer feels this on the first visit, before opening any map.

Rio and São Paulo

The most cited Brazilian study is by Frischtak and Mandel (2012), of the New York Fed: the installation of a Pacifying Police Unit (UPP) raised the price of nearby properties by 5% to 10%, with a larger effect on the cheaper ones, and cut robberies by 10% to 20% and homicides by 10% to 25% in the neighborhood. The program explains about 15% of Rio's overall rise since 2008. It did not double anyone's price: the rest was the cycle.

The boom had years of 39.6% (2010) and 34.9% (2011) in nominal terms. Then came the reversal. From 2015 to 2019, Rio had five

straight years of nominal decline; São Paulo never had a negative year in the series. Cumulatively, in real terms from 2015 to 2025, São Paulo fell 21% and Rio 44%. It would be dishonest to put it all down to violence: the decline coincides with the state's fiscal crisis, the end of the oil cycle and the return of armed confrontations. It is a correlation of periods, not an isolated effect. In the twelve months to August 2026, Rio rose 5.12% against 3.63% for São Paulo and 4.14% for the IPCA-15: a modest recovery, still far from the real peak.

The map helps show the weight of it. According to the GENI/UFF survey with 2024 data, 34.9% of the population and 18.1% of the inhabited urbanized area of the Rio metropolitan region are under the control or influence of armed groups. This map does not describe who lives there — the residents are the first to pay the bill. It describes who rules the street. The state of São Paulo, meanwhile, recorded 8.2 violent deaths per 100,000 inhabitants in 2025, the lowest rate in the country.

Medellín, in Colombia, shows that a comeback is possible: it went from more than 380 homicides per 100,000 inhabitants in 1991 to a fraction of that, with a cable car, library parks and urban planning in the poor comunas. Part of the literature also attributes the decline to agreements among criminal groups. The recovery is real; the recipe is not simple.

■ THE SENTENCE YOU SHOULD NOT SAY

"This is a quiet neighborhood." In the United States, the April 24, 2026 letter from the federal housing department (HUD) confirmed that discussing crime data does not violate the federal fair housing law (the Fair Housing Act). But the National Association of Realtors (NAR) advises: objective third-party data, the same for every client, with no opinion and no rumor. A veiled comment about crime has already served as evidence of discrimination in a lawsuit.

What the agent does with this

Safety is sold with a source, never with an adjective.

1. Give every client the same sources. The county sheriff's crime map and the FBI Crime Data Explorer; in Brazil, ISP-RJ, SSP-SP and Fogo Cruzado. The client compares addresses and draws the conclusion.

2. Look at the street, not the neighborhood. The measured effect is 160 m, and in Stockholm the distance to a crime hot spot weighed more than the neighborhood rate (Ceccato and Wilhelmsson, 2011). In Rio, proximity to a dominated area counts street by street, not across a whole neighborhood.

3. Treat vandalism and abandonment as an early signal. Graffiti, neglected lots and shuttered storefronts show up before the price drops. In London, slightly less vandalism per area already earned 1% more in the average price.

4. Know Florida's public sex offender registry (FDLE). Know how to look it up and confirm with your *broker* what the law requires you to disclose.

5. Speak the language of Fair Housing. "I give this same material to all of my clients" settles almost every conversation about safety.

Rio and São Paulo, 2009–2025

Real appreciation of residential property, net of the IPCA, in the boom and in the following decade.



5% to 10%
rise in the price of properties near an installed UPP

34.9%
of Rio's metropolitan population under the control or influence of armed groups in 2024

Rio's decline combines fiscal crisis, oil and violence: **a correlation of periods, not an isolated effect**.

FIPEZAP INDEX, AUGUST 2026, OWN CALCULATION · FRISCHTAK AND MANDEL, NEW YORK FED, 2012 · GENI/UFF, 2024 DATA

In *summary*

01 Rio, FipeZap index: **+132% real** in 2009–2014 and −44% real in 2015–2025.

02 Registered offender on the street: **−4% within 160 m** (Linden and Rockoff, 2008); farther out, almost nothing.

03 In Tampa, −2.3%, and the price **bounces right back** when he moves (Pope, 2008): public information is what weighs.

04 Biggest drop in crime in the 1990s: **7% to 19%** more in price between 1990 and 2000 (Pope and Pope, 2012).

05 In New York, the drop in crime explains **about a third** of the real rise after 1994.

06 **Robbery and aggravated assault** weigh on price in Miami-Dade; in London, vandalism works as a signal.

07 UPP: **+5% to 10%** on nearby properties (Frischtak and Mandel, 2012); it did not double anyone's price.

08 Rio −44% against São Paulo −21%: **a correlation of periods** with fiscal crisis, oil and violence.

09 **34.9% of the population** of metropolitan Rio under armed groups (GENI/UFF, 2024); SP has the lowest rate of deaths.

10 Discussing crime data is allowed (HUD, 2026); **opinions and adjectives about a neighborhood** are not.

11 Procedure: give every client **the same public sources** and look at the street, not the neighborhood.

12 Procedure: read **vandalism and abandonment** as an early signal and know the FDLE registry.

> *Without public safety, beaches, schools and new construction do not turn into price; the market reacts to what is public and visible.*

CHAPTER EIGHT 08

Buying *the neighborhood*

Whoever buys a house buys its surroundings: school, neighborhood income and the flight to quality

A client from Campinas told me, on the second visit to a house in Orlando: "I can renovate the kitchen. I can't renovate the street." She summed up in one sentence what economists call capitalization. The price of a house carries what is around it: the school assigned to the address, the services, the neighbors' average income, the homeowners association, the route to work.

And the competition for surroundings has grown. More and more people pay to live in the place they consider better, and the contested neighborhoods become more contested. But there is a myth stuck to this idea, that an expensive neighborhood protects you in a crisis, and the numbers do not confirm it.

The price carries the surroundings

William Fischel, in *The Homevoter Hypothesis* (2001), described the house as a share in the city government. School, property tax, safety and zoning form a package, and the buyer pays for it in the price. It is the old Tiebout hypothesis: people vote with their feet, choosing the municipality whose package suits them. Because the house is the family's biggest asset and cannot be diversified, the owner becomes an attentive voter and defends its value at city hall. With no insurance against the neighborhood losing value, zoning becomes the insurance: minimum lot sizes, vetoes on apartment buildings.

The established neighborhood rises through scarcity, and new construction goes to the edge.

School is the most studied component. Sandra Black (1999) compared houses on both sides of a school zone boundary in Massachusetts, same street, different schools: parents paid 2.5% more for a 5% higher average test score. Bayer, Ferreira and McMillan (2007), in the San Francisco area, found a direct effect of less than 1%, but a total capitalization 70% to 75% larger through a social multiplier: the school attracts neighbors with higher income and education, who push the price up again. In Florida, Figlio and Lucas (2004) found that the state's A-to-F grade has an effect of its own on price, which fades over time because the grade fluctuates a lot. In New York, Schwartz, Susin and Voicu (2003) attributed about 20% of the appreciation after 1994 to public school quality. The folklore that a school alone adds 20% to 30% has no study: big neighborhood differences mix school, income, lot and location.

Why do parents pay? Chetty and Hendren (2018), studying more than 5 million children who moved between counties, found that a child's adult outcomes converge toward the new neighborhood's at about 4% per year of exposure. Buyers sense this.

The homeowners association (HOA) also goes into the price. Clarke and Freedman (2019) found houses in an HOA worth at least 4% more, about US$ 13,500, than similar houses outside one. Cheung and Meltzer (2014) measured about 7% in Florida, with one detail: the premium falls over time, and a larger HOA sells for less.

What the buyer says and what the city does

In the 2025 *Profile of Home Buyers and Sellers* from the National Association of Realtors (NAR), 59% chose the neighborhood for the

quality of the neighborhood; 31% for being close to work, against 52% in 2014; 14% for the quality of the school district. In NAR's 2023 preferences survey, low crime came first for 41%, and 78% would pay more to live somewhere where you can do things on foot.

The map follows. According to Reardon and Bischoff's survey, American families living in rich or poor neighborhoods went from 15% in 1970 to 34% in 2012; those in middle-income neighborhoods fell from 65% to 40%. The Pew Research Center found a rise in income segregation in 27 of the 30 largest metro areas. Reardon and Bischoff tie the movement to income inequality. In my reading, it drives the flight to quality: when income separates on the map, the contested neighborhood gains buyers with more money to contest it.

In Brazil, Flávio Villaça (*Espaço intra-urbano no Brasil*, 1998) showed that the high-income layer moves along an axis out from the center and drags commerce, offices and public investment with it. In São Paulo, toward the southwest: Paulista, Faria Lima, Berrini. In Rio, the zona sul and then Barra da Tijuca. Teresa Caldeira, in *Cidade de Muros* (2000), described the other side: the fortified enclaves. No published study, though, has measured a price premium for the Brazilian gated community. Whoever cites a percentage is guessing.

Expensive doesn't always fall less

The Case-Shiller home price index, by price tier, debunks the myth. In Tampa, from the 2006–2007 peak to the 2011–2012 bottom, the high tier fell 43% and the low tier 63%: protection at the low end. But the low tier rose 403% in the recovery, against 173% for the high tier. In Miami, the pattern does not repeat: the middle tier fell 66%, the high 55% and the low 45%. The tier is set by the property's

price, not the neighborhood, but the lesson holds: it depends on the market.

> **THE SENTENCE YOU SHOULD NOT REPEAT**
>
> "High-end property protects you in a crisis." In Miami, the high tier fell more than the low. Tell the client what the index for their city showed in 2006–2012, tier by tier.

What the agent does with this

The surroundings are sold with facts, the same for every client, never with the adjectives that the fair housing law prohibits.

1. Use the worst-house-in-the-best-neighborhood rule, with the math. Under the Appraisal Institute's principle of conformity, the property is pulled toward the street's average: what is below rises with it, what is above is pulled down. Show the comparable closed sales on the street before the renovation.

2. Give everyone the same school data. A-to-F grades from the Florida Department of Education (FLDOE), GreatSchools; in Brazil, QEdu with the IDEB. The client compares and decides. HUD's April 2026 letter confirms that discussing school data is allowed; opinion is not.

3. Check the school assigned to the address with the district. School zoning changes; the listing may be out of date.

4. Map the appreciation axis of your city. Wherever high income moves, commerce and public works follow (Villaça).

5. Sell the surroundings with facts. Minutes to work, services within walking distance, the size and cost of the HOA.

What the buyer pays for when buying the neighborhood

School, association, quality of the surroundings and neighbors' income go into the price; protection in a crisis does not always.

+2.5%
in price for a 5% higher average score at the assigned school (Massachusetts)

4% to 7%
premium for a house in an HOA: at least 4% in the U.S., about 7% in Florida

59%
of buyers chose the neighborhood for the quality of the neighborhood in 2025

15% to 34%
of families in rich or poor neighborhoods, from 1970 to 2012

2006–2012 crisis: in Tampa the high tier fell 43%; in Miami, 55%, more than the low. **Expensive doesn't always fall less.**

BLACK, 1999 · CLARKE AND FREEDMAN, 2019 · CHEUNG AND MELTZER, 2014 · NAR, 2025 · REARDON AND BISCHOFF · CASE-SHILLER BY TIER, OWN CALCULATION

In *summary*

01 **Capitalization**: school, tax, safety and zoning go into the price (Fischel, 2001).

02 School: **+2.5% in price** for a 5% higher average score (Black, 1999, school boundary).

03 Direct effect under 1%, but a **social multiplier** of 70% to 75% (Bayer, Ferreira and McMillan, 2007).

04 In Florida, the **A-to-F grade** has an effect of its own, which fades over time (Figlio and Lucas, 2004).

05 The neighborhood shapes the child: **4% per year** of exposure (Chetty and Hendren, 2018).

06 HOA: **at least 4%** in the U.S. and about 7% in Florida; a larger HOA sells for less.

07 NAR 2025: **59% choose for the quality** of the neighborhood; close to work fell from 52% to 31%.

08 Families in rich or poor neighborhoods: **from 15% to 34%** between 1970 and 2012.

09 Villaça: high income moves **along an axis** and drags commerce and public investment with it.

10 **Expensive doesn't always fall less**: in Miami, the high tier fell 55% and the low, 45%.

11 Procedure: **worst house in the best neighborhood**, with comparables from the street; school checked with the district.

12 Procedure: data **the same for everyone** and the surroundings sold with facts, never with an adjective.

> *The price of a house carries its surroundings; whoever sells the neighborhood sells with the same data for everyone, never with an adjective.*

CHAPTER NINE 09

The 4-bedroom *is the new 3*

Home office, liquidity and the math of the extra bedroom: the product the pandemic changed — and what the numbers confirm

"These days the 4-bedroom is the new 3." I hear the line in agent meetings, at launches, in listing conversations. It always comes with an add-on: "the client pays about US$ 200 more in monthly payment for the home office." The first half has strong evidence behind it. The second does not hold up once you do the math.

After 2020, buyers started wanting a room to work in, including those who went back to the office. This chapter separates what is data from what is market perception, and shows the math the agent should do in front of the client.

What working from home changed

Working from home did not go away; it settled. According to WFH Research, about 26% of paid working days in the United States, in July 2026, were worked from home. Among full-time employees, from September 2025 to August 2026, 12% were fully remote, 26% hybrid and 62% on-site. A minority, but a minority that buys homes.

And it moved prices. Mondragon and Wieland, in the study's 2025 revision, attribute to remote work more than half of the 18.9% real rise in American home prices from 2019 to 2023, with a bigger rise in larger homes. The first version spoke of 23.8% nominal through 2021; do not mix the two. Gupta and colleagues (2022) showed the

flattening of the curve: prices fell in city centers and rose far from them, with a bigger effect where there was more work from home, more regulation and less elastic supply. Stanton and Tiwari (2021) had already measured, before the pandemic, that households with a remote worker spent more than 7% more of their income on housing, mostly on rooms.

The desire shows up in surveys. In the National Association of Home Builders (NAHB) 2024 survey, 66% of buyers want exactly one home office and 13% want two or more: 79% want at least one. The preferred size is medium, 9 to 14 m². Among Gen Z, 90% want the room; among *baby boomers*, 75%. Zillow, in 2022, associated a mention of a home office in the listing with a 1.6% higher sale price. That is a listing correlation, in a peak period.

What the numbers confirm

There is no public statistic showing that the 4-bedroom sells faster than the 3. Redfin, Zillow and Realtor.com publish days on market by price tier, not by bedrooms. "The 4-bedroom is the new 3" is market perception. The typical home bought in the United States still has 3 bedrooms, according to the 2025 *Profile of Home Buyers and Sellers* from the National Association of Realtors (NAR); buyers with children under 18 buy, at the median, 4, and 93% of them took 3 or more. The typical home is about 177 m² with 2 bathrooms.

What does exist points in the same direction. In Orlando, by Zillow's typical value, from December 2019 to August 2026, the 2-bedroom rose 37.9%, the 3-bedroom 47.9%, the 4-bedroom 50.9% and the 5-bedroom or more 54.5%. On the national average, there is no clear difference by bedrooms. And nobody is immune to the cycle: from August 2025 to August 2026, all of Orlando's tiers fell, the

3-bedroom 1.9% and the 4-bedroom 1.1%, a little less. And new supply is going the other way: the 4-bedroom was 31.7% of single-family homes started in 2025, the smallest share since 2010 and the fourth straight decline; the 3-bedroom took 46.5%. Adding 4 and 5 or more, the share varies by region: from 28.1% in New England and the north central region to 49.3% in the south central region, which includes Texas. Firm demand and shrinking supply is the recipe for scarcity, if it lasts.

THE MATH ON THE US$ 200

In August 2026, the typical value in Orlando was US$ 353,257 for a 3-bedroom and US$ 475,745 for a 4-bedroom: US$ 122,488 more. With 20% down at 6.3%, the principal-and-interest payment goes up US$ 607; with 10% down at 7%, US$ 734. Why? The comparison is not one extra bedroom: it is a bigger house, on a different lot. By the same math, US$ 200 a month finances only US$ 33 thousand to 40 thousand of additional price. Tax and insurance also rise with the value.

And in Brazil

In Brazil, work went back to the office faster. In DataZAP's 2024 Housing Trends survey, on-site work rose from 52% to 69% in a year, but 59% of those who can work from home want a space of their own for it. The stated ideal property is 61 to 90 m², 2 to 3 bedrooms, and 65% prefer resale.

New launches went the other way. In São Paulo, the average area of 2024 launches was 44 m², and the inventory of studios up to 30 m² grew 71% in the twelve months to June 2026: 10.9 thousand units, about 12 months of sales, against 5 a year earlier. Nationwide, the average area of units sold reached 63.3 m² in the first half of 2026,

after shrinking about 28% from 2016 to 2025 (Senior Index). Too compact loses liquidity. The third bedroom, or the office, is the Brazilian equivalent of the American 4-bedroom.

What the agent does with this

The extra bedroom sells; the stock phrase does not. Swap the phrase for the math.

1. In the listing, describe the work room. Size, window, door, outlets. Zillow associated the mention with a 1.6% higher price; that is a correlation, not a promise.

2. At the listing appointment, assess whether a room can become a legal bedroom. Check the municipality's building code for what counts as a bedroom. And do not split a room in a way that loses area: a bedroom created by division does not add what a bedroom with new floor area adds.

3. Show the payment math at the day's rate. On September 24, 2026, the weekly average thirty-year mortgage rate, as measured by Freddie Mac, was 7.03%. Add tax and insurance, which in Florida rise with value. Then help find the 4-bedroom that fits: smaller, older, farther out, or the 3-bedroom with a real office.

4. For the Orlando investor, prefer 3 and 4 bedrooms. It is the product most people buy, and the 4-bedroom has risen more than the 3 since 2019. No guarantee that it continues.

5. Do not sell "the 4-bedroom is the new 3" as a statistic. Say it is a reading of the market and show the evidence.

How much each house rose in Orlando

Typical value by number of bedrooms in the Orlando metro area, from December 2019 to August 2026.



79%
of buyers want at least one home office (NAHB, 2024)

31.7%
of homes started in 2025 had 4 bedrooms, the smallest share since 2010

From the typical value of a 3-bedroom to a 4-bedroom: **$607 to $734 more in monthly payment**, not $200.

ZILLOW, TYPICAL VALUE INDEX BY BEDROOMS, OWN CALCULATION · NAHB, 2026 · PAYMENT CALCULATION: PRINCIPAL AND INTEREST ONLY, 30 YEARS

In *summary*

01 About **26% of working days** in the U.S. are worked from home; 12% are fully remote.

02 Remote work explains **more than half** of the 18.9% real rise in 2019–2023 (Mondragon and Wieland).

03 Remote workers already spent **7% more** of their income on housing before the pandemic (Stanton and Tiwari).

04 **79% want at least one** home office (NAHB, 2024); in the listing, +1.6% associated (Zillow, 2022).

05 **There is no statistic** showing the 4-bedroom sells faster: the phrase is market perception.

06 Orlando, 2019–2026: 2 bedrooms +37.9%, 3 +47.9%, **4 +50.9%** and 5 or more +54.5%.

07 4 bedrooms in new homes: **31.7% in 2025**, the smallest share since 2010.

08 3 to 4 bedrooms in Orlando: **US$ 607 to 734** more in monthly payment, principal and interest only.

09 US$ 200 a month pays for **US$ 33 thousand to 40 thousand** of additional price, not a bigger house.

10 Brazil: on-site work went to 69%, but **59% want a space of their own**; studios in SP with inventory +71%.

11 Procedure: **describe the work room** and check whether a room can become a legal bedroom.

12 Procedure: **show the math** at the day's rate and never sell the phrase as a statistic.

> *The extra bedroom has demand and little new supply; what does not hold up is the stock phrase about the payment.*

CHAPTER TEN 10

Scarcity *by design*

Smaller, more exclusive, less popular condo buildings: why the rare rises and the identical sits

An investor from Belo Horizonte asked me to sell his apartment in a condo building with hundreds of units in Orlando. I opened the MLS, the cooperative listing database that agents share, and found the same floor plan, in the same building, listed by other sellers. No buyer was going to pick his unit for the view or the finishes. They were going to pick the cheapest one.

That is the simplest lesson in the book: what is scarce and wanted by many rises; what repeats itself competes with itself. A smaller condo, with a product you can't find on the next street over, creates scarcity. A mass-market condo, with hundreds of identical units, turns every neighbor into a competitor at resale.

The rare rises, the identical competes

Scarcity can come from geography, from rules or from design. Glaeser, Gyourko and Saks (2005) showed that Manhattan apartments were worth more than double the cost of building them, and that land-use restriction is the natural explanation for the gap. Where no other one can be built, demand turns into price.

Design does the same on a smaller scale. A building with few units, a floor plan that is not repeated, a lot the neighbor does not have: all of this reduces the number of direct competitors. The opposite also holds. In The Villages, the metro area that grew the

most in the United States between 2022 and 2023 (+4.7% in population), resale value fell for the third year in a row, and the explanation given is competition from the developer itself, which keeps launching new homes. In Sumter County, used as the benchmark, the 2026 decline reached 4.4% through August. Whoever buys there chooses between a resale and a new home from the same developer. A growing population does not save resale when the supply of identical homes never ends.

What the association studies measure

There is no study that directly measures "small condos appreciate more." There is evidence. Clarke and Freedman (2019) found that homes inside a homeowners association (HOA) are worth at least 4% more than similar homes outside one, about US$ 13,500, and that the premium is larger where land-use regulation is stricter. Almost 60% of recent single-family homes, and 80% of those in new subdivisions, are already in an HOA: having an association has stopped being a differentiator.

Cheung and Meltzer (2014) looked at Florida: a premium of about 7% for properties in an HOA, larger right after the association forms and smaller over time. And a finding that matters to this chapter: larger HOAs sell for less. It is the closest argument the research offers in favor of the smaller condo. Bible and Hsieh (2001) measured a premium for gated communities in a single metro area, in the 1990s; it serves as a direction, not as a current rule.

Florida in 2025 and 2026 as a laboratory

In 2025, according to Florida Realtors, the state sold 88,793 condos and townhouses (−5.9%), with a median of US$ 310,000 (−4.7%) and 8.8 months of inventory. Single-family homes had 255,012 sales (+0.9%) and 4.6 months of inventory. In July 2026, condos were still at 7.8 months with the median flat at US$ 295,000; houses, at 4.5 months with a median 3.7% higher.

By Zillow's typical value, the Tampa condo is 24.3% below its October 2022 peak, and Orlando's is 17.3% below its January 2024 peak. Nationally, only 2.1%. Redfin, in July 2025, counted about 80% more condo sellers than buyers in the United States. The laws SB 4-D (2022) and SB 154 (2023), which require a structural inspection at 30 years in buildings of three stories or more and a structural integrity reserve study (SIRS) with no waiver, added cost to older buildings. No study isolates their effect; the decline mixes HOA fees, insurance, interest rates and an excess of similar condos for sale.

In Brazil, according to industry reports, the club condominium (condomínio-clube) of up to 15 towers shrank to 2 or 3, for lack of land. Whether it appreciates more or less, no one has measured. What is measured is the identical sitting: the inventory of studios up to 30 m² in São Paulo rose 71% in the twelve months to June 2026, to about 12 months of sales. In 2025, the city launched 139.7 thousand units (+34%) and sold 113 thousand (+9%), according to Secovi-SP. When the supply of an identical product grows faster than sales, whoever needs to resell competes with the launch.

TWO PHRASES NOT TO USE

"Club condo appreciates more" has no study behind it; it is brochure talk. And "exclusive condo" in a listing can sound like excluding people, which the federal fair housing law (Fair Housing Act) prohibits. Exclusivity, here, belongs to the product: few units, a floor plan that is not repeated.

What the agent does with this

At the listing appointment and at purchase, the useful question is how many identical properties are competing for the same buyer.

1. Count the direct competitors. How many units with the same floor plan are for sale in the building and in the neighborhood, and how many the developer will still launch. That number weighs more than the finishes.

2. Read inventory in months by type. Condos and houses live in different markets in Florida: 7.8 against 4.5 months in July 2026. Never use the county average.

3. Before selling a condo, ask for the paperwork. Structural inspection, SIRS, reserves and expected special assessments. The buyer will ask; it is better to know before pricing.

4. Prefer product with few competitors. For an investor thinking about resale, the rare floor plan in a small building leaves the market before the repeated floor plan in a big building.

5. At the listing appointment, sell what is rare. A corner lot, a view the neighbor doesn't have, a building with few units. Describe the fact, with no adjective that speaks of who lives there.

The rare and the identical

Few units and a different product reduce competition at resale; hundreds of identical units fight over the same buyer.

SCARCITY BY DESIGN	MASS-MARKET PRODUCT
SUPPLY Few units, a floor plan that is not repeated	**SUPPLY** Hundreds of identical units in the same building
ASSOCIATION Smaller HOA: sells for more in Florida	**ASSOCIATION** Larger HOA: sells for less
RESALE Few direct competitors	**RESALE** Competes with the neighbor and with the launch
WHAT TO SELL What no one next door has	**WHAT TO SELL** Price, and only price
8.8 months of condo inventory in Florida in 2025, against 4.6 months for houses	**–17.3%** typical condo value in Orlando, from the January 2024 peak to August 2026

HOA premium in Florida: **about 7%, smaller in large associations**.

FLORIDA REALTORS, 2025 AND JULY 2026 · ZILLOW CONDO ZHVI, OWN CALCULATION, AUGUST 2026 · CHEUNG AND MELTZER, 2014 · CLARKE AND FREEDMAN, 2019

In *summary*

01 Scarcity comes from the **geography, the rules or the design** of the product.

02 Manhattan was worth **more than double the cost** of building, because of rules (Glaeser, Gyourko and Saks, 2005).

03 In The Villages the population grew and resale fell **three years in a row**: the developer competes with it.

04 There is no direct study of small condos; there is **evidence** in the association research.

05 A home in an HOA is worth **at least 4% more**, about US$ 13,500 (Clarke and Freedman, 2019).

06 In Florida, a premium of **about 7%**, which falls over time; **larger HOAs sell for less** (Cheung and Meltzer).

07 Condos in Florida in 2025: **8.8 months of inventory**, against 4.6 for houses (Florida Realtors).

08 Condos below peak: **Tampa −24.3%, Orlando −17.3%**, nation −2.1% (Zillow, August 2026).

09 SB 4-D and SB 154 added cost; **no study isolates** the effect of the laws on the decline.

10 In Brazil, **no measured premium for club condominiums**; studios in SP with inventory +71% in twelve months.

11 Procedure: **count the direct competitors** and read inventory in months by property type.

12 Procedure: ask for the **condo paperwork** before pricing and sell what is rare, with no adjective about people.

> *What is scarce and wanted by many rises; what repeats itself competes with itself at resale.*

CHAPTER ELEVEN 11

Desire *has a price*

Belonging, status, identity and security: the psychological layer that separates price from cost

A couple from São Paulo stopped between two nearly identical houses in Winter Park, one on each side of the avenue, and asked me why one cost so much more. Same floor plan, similar lot. The difference was in the address they could tell their friends.

A property's value has three layers. The functional layer is what the house offers: bedrooms, lot, condition. The economic layer is what the region sustains: income, jobs, infrastructure, scarce land. The psychological layer is what the place means: belonging, status, identity, security, future. An illustration, not data: the house that would cost US$ 600 thousand to build is worth US$ 1 million because the land is scarce, and US$ 2 million because a lot of people want to say they live there.

> *Appreciation begins when more people desire a place than there are opportunities to own it.*

Economics explains scarcity; psychology explains desire. I always say if an effect was measured in home prices or only in a lab.

Status, belonging and the neighbor

Thorstein Veblen called spending done to be seen conspicuous consumption, in 1899. Fred Hirsch (1976) called positional goods

those valued because few people have them, like the view or the address. The market measures this. Zahirovic-Herbert and Chatterjee (2011) found American buyers paying 4.2% more when the development's name has *country* in it, and 5.1% for *country club*; the premium shrinks in recessions. In Sydney, a house on a street with a rare name sells for 1.6% more (Agarwal, Hu and Lee, 2022). Measured price, one study each: a finding, not a rule.

Belonging is the wish to say "I live here": the buyer wants that ZIP code, not just any house. Tribalism is the collective version, identity with a lifestyle — the boating neighborhood, the golf neighborhood, the cycling neighborhood, the historic-home neighborhood. It is about the place and what you do in it, never about who lives there.

Social comparison takes its toll. Bellet (2024), with 3 million suburban homes, showed that an owner who sees huge houses going up along the route becomes less satisfied with their own, values it lower and takes on more debt to trade up. And luxury has a cycle: in the consultancy Knight Frank's index, Palm Beach rose 90.5% and Miami 67.1% in five years, and both fell in 2025.

Social proof, narrative and familiarity

When in doubt, people imitate, wrote Robert Cialdini in *Influence*. In real estate, this has been measured. Bailey, Cao, Kuchler and Stroebel (2018) linked Facebook friendships to sales in Los Angeles: when distant friends saw a 5 percentage point larger rise, the person bought a 1.6% larger property and paid 2.3% more for the same house. "My friend bought there and it appreciated" changes who buys and what they pay.

Narrative does the same at city scale. Robert Shiller (*Narrative Economics*, 2019) shows stories spreading like epidemics, and "the

next area that's going to explode" is one of them. Soo (2018) measured the tone of local housing news in 34 U.S. cities: it anticipated prices by almost two years. Price is also collective expectation.

Familiarity is born of repetition. It is the mere exposure effect: Bornstein (1989), reviewing about 208 experiments, found that seeing again increases liking. So does the halo effect, where one attractive trait taints the rest (Nisbett and Wilson, 1977). Both are lab findings; no one has measured what a repeated sign adds to the price.

The halo measured in price comes from concrete anchors, collective memory and the reputation of the place. In England, homes in historic conservation areas are worth 8.5% to 9.5% more, and near works by Frank Lloyd Wright, up to 8.5% (Ahlfeldt, Holman and Wendland, 2012). A bad reputation weighs too: in Hong Kong, a violent death takes 20% off the unit's price, with no recovery in the period (Bhattacharya, Huang and Nielsen, 2021). Nostalgia sells an old neighborhood, with no study to measure its price.

Security, territory and future

A property can be touched, and that calms people. For Adelino, Schoar and Severino (2018), 71% of American households see the house as a safe investment; in the review by Kuchler, Piazzesi and Stroebel, 66% against 18% for stocks. Malmendier and Steiny Wellsjo (2024), in 20 European countries, showed that people who lived through more inflation are more likely to be owners. Brazilians who lived through the 1980s understand it without a chart. In the 2025 Datafolha poll, 93% of renters dream of owning a home; in the Quaest poll of September 2026, it is the biggest dream for 19%.

What is missing is territory — my house, my yard, my rules — and aspiration: you buy the future version of yourself, the room of the child who will come, the porch of retirement. The perception of physical safety is handled with public data (chapter 7), and the high-income axis with Villaça (chapter 8).

> **BELONGING IS TO THE PLACE, NOT TO PEOPLE**
>
> "People like you" or "a neighborhood that fits your profile" describe residents and can be *steering*, directing a client to a neighborhood by a protected characteristic, which the federal fair housing law (Fair Housing Act) prohibits. Describe the place: the marina, the historic downtown, the bike path.

What the agent does with this

Desire exists and has a price. The honest agent shows where it comes from.

1. Sell the place's identity with facts. Street history, landmark status, name, visible anchors. Adjectives don't sustain price.

2. Build familiarity with presence. Neighborhood content, signs, sales data, always. Whoever shows up becomes the go-to.

3. At the listing appointment, tell the story of the property. Who designed it, when the street took shape, what has changed around it.

4. With the buyer, separate house from desire. Show how much is cost and land, how much address; the buyer decides knowingly.

5. Beware of status that turns into debt. The neighbor's bigger house is not a goal (Bellet, 2024). The payment that fits comes before the ZIP code.

The three layers of price

The same property added up layer by layer: what it offers, what the region sustains and what the place means. The values are illustration, not data.

Functional: $600,000
Bedrooms, lot and condition: the cost to build

Economic: $1 million
Income, jobs, infrastructure and land that can't be manufactured

Psychological: $2 million
Belonging, status, identity and security: a lot of people want to say they live there

+5.1%
for the name "country club" in the development (U.S., measured price)

+2.3%
paid for the same house when friends saw a bigger rise (Los Angeles)

Appreciation begins when **more people desire a place than there are properties available there**.

AUTHOR'S ILLUSTRATION · ZAHIROVIC-HERBERT AND CHATTERJEE, 2011 · BAILEY, CAO, KUCHLER AND STROEBEL, 2018

In *summary*

01	Value has **three layers**: functional, economic and psychological.
02	Positional goods are worth something **because few people have them** (Veblen, 1899; Hirsch, 1976).
03	A name with "country" earns **4.2%**, "country club" 5.1% (U.S.); a rare street name, 1.6% (Sydney).
04	Belonging and tribalism are **about the place and lifestyle**, never about who lives there.
05	The neighbor's big house **lowers satisfaction and pushes debt** (Bellet, 2024).
06	Friends with a bigger rise: the person **pays 2.3% more** for the same house (Bailey and colleagues, 2018).
07	The tone of local media **anticipated prices** by almost two years (Soo, 2018).
08	Mere exposure and halo are **lab findings**: they explain, but give no percentage.
09	Historic heritage: **8.5% to 9.5%** in England; stigma: –20% in Hong Kong.
10	**71% of Americans** see the house as a safe investment; 93% of Brazilian renters dream of owning one.
11	Procedure: **sell the place with facts** and build familiarity with constant presence.
12	Procedure: separate **house and desire** with the buyer and don't let status turn into debt.

> *Economics explains scarcity; psychology explains why so many people want to be in that place.*

CHAPTER TWELVE 12

The crowd *and the fear of missing out*

Herd behavior, FOMO, anchors, loss aversion and perceived scarcity: how desire accelerates the rise — and how it becomes a bubble

In April 2021, according to the National Association of Realtors (NAR) confidence survey, each home sold received an average of five offers, and the typical time to sell fell to 17 days, against 27 a year earlier. I saw a buyer make an offer by video, without ever setting foot in the house, afraid of losing a sixth in a row.

The previous chapter showed why people desire a place. This one shows what happens when many desire it at the same time. Buyers look at one another, extrapolate the recent rise and fear being left out; attached owners hold back their listings. The cycle accelerates appreciation — and sometimes carries it past the point.

The herd and the fear of missing out

The herd effect is simple: more buyers make the place more attractive, which brings more buyers. Case, Shiller and Thompson (2012) asked 2004 buyers how much of a rise per year they expected over the next decade: from 10.4% to 17.4%, depending on the city, and only 3% expected flat or falling prices. Glaeser and Nathanson (2017) showed that this extrapolation reproduces the pattern in prices: momentum in one year, reversal in five.

A rise up close contaminates the view of the whole. Kuchler and Zafar (2019) measured that each point of rise in one's own ZIP code in the previous year makes a person expect 0.1 percentage point more in prices for the entire country. And mood heats up before price does: the tone of real estate news peaked in 2004, two years before the price peak, in mid-2006 (Soo, 2018).

The fear of missing out (FOMO) was defined by Przybylski and colleagues (2013) as the apprehension that others are having something good from which you are absent. No one has measured FOMO in property prices. Its closest relative is in auctions: rivalry, haste and an audience push bids up (Ku, Malhotra and Murnighan, 2005), and fiberglass cows from an exhibit in Chicago went for almost 7 times the estimate.

This is chapter 5's self-fulfilling prophecy, now driven by expectation. Rio lived both sides: +132% above inflation from 2009 to 2014 and −44% in real terms over the next eleven years (chapter 7). Expectation, however, gets corrected by data: in an experiment, Armona, Fuster and Zafar (2019) showed that displaying the price series changes expectations and, with them, behavior.

Anchors and the owner who holds on

Anchoring was measured in agents. Northcraft and Neale (1987) gave Tucson agents the same house with different list prices: the average appraisal was US$ 114,204 with the low list price and US$ 128,754 with the high one. Only 19% admitted to having used the list price. In appreciation, anchors shift: the previous price and the neighboring area become a yardstick, and each new sale moves it. But listing high does not buy a price: listing 10% to 20% above comparables raises the final price by only 0.05% to 0.07% (Bucchianeri and Minson, 2013).

On the owner's side, two forces hold back supply. Loss aversion: Genesove and Mayer (2001), in Boston condos, saw owners facing a nominal loss ask for 25% to 35% of the loss on top and take much longer to sell; in Denmark, a loss weighs about 2.5 times a gain, and sales pile up at the price paid (Andersen and colleagues, 2022). With more controls, the effect shrinks, but it remains (Ross and Zhou, 2021). And the endowment effect: the owner sees the history of the house. Goodman and Ittner (1992) found owners overestimating value by 6%; the IKEA effect, overvaluing what you made with your own hands, is a lab finding. Fewer homes reach the market, and that sustains the region's price.

Real scarcity and manufactured scarcity

In 1975, Worchel and colleagues served identical cookies in jars with two or ten: the scarce ones seemed better, especially when the shortage came from other people's demand. But the average effect of scarcity is small (Lynn, 1991), and the meta-analysis by Barton and colleagues (2022), with 416 effects, found that deadlines weigh more in high-involvement purchases — on purchase intent, not on price. The exclusivity that counts is the one from chapter 10: few units, a floor plan that is not repeated.

Feedback closes the cycle: a high price becomes a quality signal and attracts those who pay more. In the lab, price changes perceived quality (Rao and Monroe, 1989), but the effect is weaker for durable goods and with a buyer who compares (Völckner and Hofmann, 2007). What decides the end is supply: where building is fast, bubbles are smaller and shorter (Glaeser, Gyourko and Saiz, 2008).

"LAST UNITS" THAT AREN'T

The FTC treats false scarcity and urgency as a deceptive practice (2022). In Florida, the FDUTPA and rule 61J2-10.025 of the commission that regulates agents (FREC) prohibit deceptive advertising, and NAR requires "a true picture." In Brazil, the Código de Defesa do Consumidor (Consumer Protection Code, arts. 37 and 67) punishes deceptive advertising with detention, and COFECI forbids misleading ads.

What the agent does with this

The crowd moves price. The agent shows what is demand and what is echo.

1. Show data, not euphoria. Inventory in months, closed sales, the five-year series with the declines. "Everybody is buying" is not an argument.

2. Separate true scarcity from manufactured scarcity. Report real inventory and deadlines. Never say "last units" if they are not.

3. Anchor on closed comparables. A listing price is the seller's wish; a closed sale is the market.

4. With the attached owner, use the CMA and the clock. Show the comparative market analysis (CMA) and ask how long the owner is willing to wait for the price they feel.

5. In euphoria, remind them of the horizon. Show the declines from chapters 4 and 14 before the signature, not after.

The desire cycle

How a rise feeds itself, and what interrupts the cycle: supply that responds fast and data that corrects expectations.

1. **Price rises**
   The recent rise becomes an expectation of future rise.
2. **News and talk**
   Local media and friends spread the story.
3. **More buyers**
   The fear of missing out rushes the offer.
4. **Owners hold on**
   Loss aversion and attachment take homes off the market.
5. **Inventory falls**
   Fewer homes, more competition: the price rises again.

5 offers
on average per home sold in the U.S. in April 2021

3%
of 2004 buyers expected flat or falling prices

Real scarcity is information. **Manufactured scarcity is deceptive advertising**, in the U.S. and in Brazil.

NAR, REALTORS CONFIDENCE INDEX, APRIL 2021 · CASE, SHILLER AND THOMPSON, 2012 · GLAESER, GYOURKO AND SAIZ, 2008 · FTC, 2022 · BRAZILIAN CONSUMER PROTECTION CODE (CDC), ARTS. 37 AND 67

In *summary*

01	**Herd**: more buyers make the place more attractive and bring more buyers.
02	In 2004, buyers expected **10.4% to 17.4% a year** for ten years; only 3% foresaw flat or falling prices.
03	Extrapolation produces **momentum in one year and reversal in five** (Glaeser and Nathanson, 2017).
04	**FOMO** has a definition (Przybylski, 2013), but no study measures it in property prices.
05	Rio: **+132% real** from 2009 to 2014 and −44% over the next eleven years.
06	Showing the price series **corrects expectations** (Armona, Fuster and Zafar, 2019).
07	Anchor: the same house appraised at **US$ 114,204 or US$ 128,754** depending on the list price.
08	Loss aversion: the owner facing a loss **asks 25% to 35% of the loss on top** (Genesove and Mayer, 2001).
09	Endowment: owners **overestimate by 6%**; fewer homes reach the market.
10	Scarcity has a **small average effect**, and manufactured scarcity is illegal in the U.S. and Brazil.
11	Procedure: **data, not euphoria**, and only true scarcity.
12	Procedure: **closed comparables**, a CMA with the attached owner and the declines shown before the signature.

> *The crowd accelerates the rise; the honest agent shows what is real demand and what is echo.*

CHAPTER THIRTEEN 13

The details *that move the price*

Hospital, school, corner, backyard facing green space, trees, airplanes and roof: what the appraiser measures and the agent forgets

Two identical houses, same floor plan, same community near Kissimmee. One sat at the back, facing the woods, and sold in three weeks. The other sat at the entrance, with the gate next door and the line of cars out front, and waited months for a lower offer.

Within the same neighborhood, price changes with what is nearby, at the door, out back and overhead. These are effects of 2% to 8% each — small in the sales pitch, large in the math — and almost all of them can be checked with a visit and a map. Some are folklore. I'll sort them out.

What is nearby

> **THE NUMBER THAT DOESN'T EXIST**
>
> "Within ten minutes of a major hospital, a property appreciates up to 4% more." I looked in studies, portals and market reports. There is no source for this number. Don't repeat it.

What does exist is something else: close, but not right on top. Peng and Chiang (2015), in Taipei, found that buyers pay no premium within 500 meters of the hospital, where sirens and traffic weigh on the price, nor beyond 2 km. The premium shows up in the middle. The authors even suggest a strip of parkland between the hospital

and the houses. In the United States, a University of California, Riverside study (2019), by ZIP code, found higher prices near a large hospital and lower prices near a small one.

The need, though, is real. Nicholl and colleagues (2007), in England, measured about one extra point of emergency mortality for every 10 km to the hospital. Jena and colleagues (2017) used marathon days: with ambulances 4.4 minutes slower, 30-day mortality among elderly heart attack patients rose from 24.9% to 28.2%. That is why older people and the chronically ill ask for a hospital nearby. And in the 2025 survey by the National Association of Realtors (NAR), 19% of buyers cited nearby health services; above age 70, 35% to 40%.

School, in Florida, comes with a state-assigned grade from A to F. Figlio and Lucas (2004), in Gainesville, measured it: an A instead of a B added US$ 9,179 to the price, about 7%, an effect that shrinks over time because the grade fluctuates. Since 2023, every student in the state can get a scholarship to attend outside the public school; in 2025–26, there were more than 525,000. Studies of choice across districts (Reback, 2005; Brunner, Cho and Reback, 2012) show that when families attend schools outside their zone, the premium of the good zone shrinks, and it takes years. In Florida, no one has measured it yet; the grade is still public and buyers still read it. In Brazil, a reference hospital and a private school also work as anchors, but no study gives a number. Chapter 8 covers the neighborhood.

What is at the door

A corner is not a flaw; a corner on an avenue is. Filippova and Rehm (2009), with 7,919 sales in Auckland, found a local-street corner

equal to mid-block, and a corner facing an avenue 6.5% cheaper; being shielded from the avenue was worth about 8%. Larsen (2012), in Ohio, measured −8.1% for a house fronting a high-traffic street and −2.1% each time the volume doubles. Larsen and Blair (2014) confirmed it: −7.8% for a house fronting an avenue. That means less privacy, headlights in the window and the buyer who drives by and doesn't stop. The same stretch favors the rental building, +13.75%: what is bad for living is good for renting and for retail.

The house at the community entrance, where every car passes all day long, has no study of its own. The closest is the traffic one, and it says discount. In my experience, it also takes longer to sell; that is market perception, not measurement.

What is out back, in the canopy and in the sky

Crompton (2005), reviewing dozens of studies, proposes up to 20% more for a property facing or backing onto a passive park, woodland with little activity, with a strong effect up to 150 to 180 meters. A park with courts and a parking lot adds less for the neighbor right next to it. Lakes and golf point the same way, but the numbers going around were never checked. Builders charge this markup as a *lot premium*, the surcharge on the lot. In São Paulo, Hermann and Haddad (2005) saw green space raise rents.

Street trees added US$ 8,870 to the price in Portland, 3.0%, and cut 1.7 days from the time on the market (Donovan and Butry, 2010). In Minnesota, ten more points of canopy near the house were worth +0.48%. It is the only item on this list the owner can plant. Airplanes take value away: a 2025 NBER study, using FAA route changes, measured −0.6% to −1.0% per decibel. It applies under the flight paths of Orlando, Sanford and Miami. In Brazil, Congonhas and

Guarulhos have the same problem, but there is only market anecdote, no study.

The roof has no price study, but it decides the deal. Under Florida law (627.7011), an insurer cannot refuse a roof under 15 years old on age alone. Citizens, the state-run insurer, requires documented replacement of a *shingle* roof, the asphalt kind, past 25 years, and a four-point inspection on homes over 20. Without insurance, there is no mortgage (chapter 14). In Brazil, insurers make no such demand.

There are also myths in reverse, feared neighbors that cost little or nothing. In Miami-Dade, a house with a septic tank sold at a 3.1% premium; a visible cell tower cost 1.82% in Kentucky, not the 15% to 21% that circulates. The septic risk is a future cost: under the 2023 state law, when the sewer line arrives, the owner has one year to connect.

What the agent does with this

Details get checked before price gets debated.

1. Run the door, backyard, sky, roof walkthrough. On every visit, for every property, in the same order.

2. Measure the traffic. FDOT count and a visit at peak hour.

3. Check the airport noise map. Before showing, not after the offer.

4. Give everyone the same data. School grade assigned to the address at the FLDOE and minutes to the emergency room. The client decides the weight, never you based on age, health or family.

5. Ask for the roof age and an insurance quote before the offer. At listing, price the lot, not just the house.

The details, in numbers

Two identical properties in the same neighborhood are worth different amounts depending on what is nearby, at the door, out back and overhead.

−8.1%
house fronting a high-traffic street (Ohio)

+7%
school graded A instead of B, in Florida; effect shrinks over time

+3%
street trees, and 1.7 fewer days on the market (Portland)

up to +20%
backing onto a woodland park with little activity

−0.6% to −1%
per decibel of airplane noise

Close
but not on top: nothing extra within 500 m of the hospital or beyond 2 km

Old roof in Florida: **no insurance, no mortgage**.

LARSEN, 2012 · FIGLIO AND LUCAS, 2004 · DONOVAN AND BUTRY, 2010 · CROMPTON, 2005 · NBER, 2025 · PENG AND CHIANG, 2015 · CITIZENS, 2026

In *summary*

01	Hospital: the "**up to 4% within 10 minutes**" has no source; don't repeat it.
02	Studies say **close, but not on top**: in Taipei, nothing extra within 500 m or beyond 2 km.
03	The need is real: ambulance 4.4 min slower, **mortality from 24.9% to 28.2%** (Jena, 2017).
04	Nearby health services matter to **35% to 40%** of buyers over 70 (NAR, 2025).
05	Florida: school **A instead of B = US$ 9,179**, about 7%, an effect that shrinks (Figlio and Lucas).
06	Scholarships for **more than 525,000 students**: choice tends to shrink the zone premium; no one has measured it yet.
07	A **local-street corner doesn't lose**; an avenue corner, −6.5% (Auckland).
08	Fronting a busy street: **−8.1%**, and −2.1% each time traffic doubles (Larsen, 2012).
09	Backing onto a passive park: **up to +20%**; street trees, +3% and 1.7 fewer days.
10	Airplanes: **−0.6% to −1% per decibel**; an old roof in Florida blocks insurance and mortgage.
11	Procedure: **door, backyard, sky, roof** on every visit, with traffic and noise map.
12	Procedure: **same data for everyone** on school and hospital; the client chooses.

> *Two identical properties are worth different amounts depending on what is at the door, out back and overhead, and almost all of it can be checked on a visit.*

CHAPTER FOURTEEN 14

What *slows* appreciation

Flooding, insurance, oversupply, job losses and the cases where the price fell and never came back

"But real estate always comes back, right?" A client asked me that in front of a house in Orlando. The honest answer has two parts. By the index of the federal agency that regulates housing finance (FHFA), Orlando fell 48.5% between 2007 and 2012 and only regained its nominal peak in 2020. Adjusted for inflation, in the second quarter of 2026 the region was still 1.0% below the 2006 peak. Twenty years later, it still hasn't broken even. All of Florida fell 44.7% from 2006 to 2012 and took thirteen years to get back to its nominal peak.

Every force in this book has a flip side. Climate risk the price doesn't yet show, expensive insurance, too much supply, an employer that leaves, noise and abandonment hold the price back or knock it down. The agent who knows the brakes doesn't scare the client: that agent is better at defending the price of properties that have none.

Water, sea and insurance

Bernstein, Gustafson and Lewis (2019) compared homes at the same distance from the beach: those exposed to sea level rise sell about 7% below the others. The discount is 4% even for properties that are only expected to flood nearly a century from now, and it has grown over time. Rents show no discount at all: the one who pays for the risk is the owner, not the tenant.

Keys and Mulder (2020) found the signal that comes first. On Florida's coast, from 2013 to 2018, the number of sales in the most exposed areas fell 16% to 20% relative to the least exposed, while prices were still rising together. Then, from 2018 to 2020, the relative price fell about 5% from the peak. Volume falls before price, as at the top of other bubbles. And the pending bill is large: Gourevitch and colleagues (2023) estimate that properties in flood-risk areas in the United States are overvalued by US$ 121 to 237 billion, more than US$ 50 billion in Florida alone. That is 14.6 million properties with an annual flood risk of 1% or more, and low-income families may lose up to 10% of value.

TWO NUMBERS FOR THE SAME INSURANCE

Florida's insurance regulator (OIR) showed an average premium of US$ 3,815 a year for homeowners insurance with wind coverage at the end of 2025, about 6% above the prior year. Insurify published US$ 8,292 for 2025. Both are right: the first is an average of policies; the second, a simulated quote for a standard profile. Always cite the definition and ask for a real quote for the address.

There is a sign of relief: Citizens, the state-run insurer, announced an average rate cut for 2026. It is a direction, not a number; check with the regulator before using it with a client.

Taxes weigh too. The 3% annual cap on assessed value (*Save Our Homes*), which in 2025 was 2.9%, limits the assessment, not the tax, and applies only to those who have the primary-residence exemption (*homestead*); the investor has no cap, and the new buyer doesn't inherit the seller's.

Too much supply and the employer that leaves

Austin is the most recent lesson. After a construction wave that put it among the top in the country in permits per capita, Zillow's typical value fell from US$ 571,023 in June 2022 to US$ 417,977 in August 2026: −26.8%. Condos, −28.4%. Demand existed; supply arrived faster.

The unwanted neighbor has a price too. Currie, Davis, Greenstone and Walker (2015) studied 1,600 polluting plants: homes within 1.6 km lose 1.5% when the plant opens and gain 1.5% when it closes. High-voltage transmission lines, in the Headwaters Economics review, have a small or null effect and, when there is one, 2% to 9%, which fades with time and distance. Expressway noise discounts a fraction of a point per decibel.

When the employer leaves, everything falls together. Detroit had 1.85 million residents in 1950 and 639,000 in 2020: −65%. The Bank of Italy documented the same on a smaller scale with the closing of the Fiat plant in Termini Imerese, Sicily: jobs, population, income and property prices fell together.

When the price doesn't come back

Japan is the case that dismantles the "always comes back": commercial land in the six largest cities peaked in 1991 and fell by more than half in the following years. In China, private estimates speak of tens of millions of empty homes; there is no official number.

Brazil has its own version. Rio, as we saw in chapter 7, lost 44% in real terms from 2015 to 2025 on the FipeZap index, with five straight years of nominal decline, from 2015 to 2019. The property index of Brazil's central bank, the Banco Central (IVG-R), was, in June 2026,

25.7% below the 2013 real peak. And in the twelve months through August 2026, Porto Alegre rose 0.96% with inflation at 4.22%.

What the agent does with this

Knowing the brakes is what gives the appreciation argument its credibility.

1. Check the flood risk of every property. FEMA map and First Street, for all clients, the same way. Public information, no opinion about the neighborhood.

2. Ask for an insurance quote before the offer. With the address, the roof age and the flood zone. The payment the client calculated without insurance is not the payment.

3. Look at sales volume, not just price. Fewer sales with a flat price is the first sign of a brake. Also track permits and construction completions in the market.

4. Explain the investor's tax. Without homestead there is no 3% cap; the tax rises with the assessment. Put that in the return math.

5. Give an honest discount at listing. A property with a brake (water, plant, expressway, high inventory) needs a price that acknowledges the brake. It sells; just not at the price of the neighbor that doesn't have one.

The brakes

Every force that lifts prices has a flip side: the risk the price doesn't yet show, supply that arrives too fast, jobs that leave.

–7%
on the price of homes exposed to sea level rise, at the same distance from the beach

$50 billion
is the floor of overvaluation of flood-risk properties in Florida alone

$3,815
average annual premium for homeowners insurance with wind in Florida, by the official average

–26.8%
typical value in Austin, from June 2022 to August 2026, after the construction wave

–65%
Detroit's population from 1950 to 2020

–1.0%
Orlando in 2026, adjusted for inflation, still below the 2006 peak

On Florida's coast, sales fell **16% to 20% before the price fell**. Volume warns first.

BERNSTEIN, GUSTAFSON AND LEWIS, 2019 · GOUREVITCH AND COLLEAGUES, 2023 · OIR VIA JMCO, 2025 · ZILLOW ZHVI, AUTHOR'S CALCULATION, AUGUST 2026 · FHFA, Q2 2026 · CENSUS · KEYS AND MULDER, 2020

In *summary*

01 Orlando fell **48.5%** from 2007 to 2012 and, adjusted for inflation, is still 1.0% below the 2006 peak.

02 A home exposed to sea level rise sells **about 7% below**; 4% even with risk a century away (Bernstein and colleagues).

03 On Florida's coast, **volume fell 16% to 20%** before price (Keys and Mulder, 2020).

04 Flood-risk properties: **US$ 121 to 237 billion** overvalued, more than US$ 50 billion in Florida.

05 Insurance: **US$ 3,815** is the official average (OIR); US$ 8,292 is a simulated quote (Insurify). Cite the definition.

06 The 3% cap of *Save Our Homes* is **only for those with homestead**; the investor has no cap.

07 Austin: **−26.8%** from the 2022 peak after a construction wave; condos −28.4%.

08 Polluting plant: **−1.5%** when it opens and +1.5% when it closes, within 1.6 km (Currie and colleagues, 2015).

09 A departing employer takes everything: **Detroit lost 65%** of its population from 1950 to 2020.

10 Japan: commercial land fell by more than half after 1991; in Brazil, **IVG-R 25.7% below** the 2013 real peak.

11 Procedure: **flood risk and insurance quote** for every property, before the offer.

12 Procedure: **watch the volume**, explain the investor's tax and give an honest discount to the property with a brake.

> *Every force that lifts prices has a flip side, and the agent who knows the brakes is better at defending the price of properties that have none.*

The method: *fourteen signals*

Fourteen chapters, fourteen forces. Here they become a single checklist, in the order in which I analyze a region and then a property, before telling a client that prices there tend to rise. No single signal decides; what decides is how many are lit at the same time.

The base demand

1. Households growing faster than population. In the United States, from 1975 to 2025, households rose 89.5% and population 58.3%; in Brazil, the average household went from 3.31 to 2.79 residents between 2010 and 2022. Look at households, not just population (chapters 1 and 3).

2. Who is arriving, and from where. In 2025, 89% of Florida's migration gain came from abroad, and migration from other states fell 92.8% since 2022. Demand that depends on a single source can turn: read the Census population estimate every year (chapter 3).

3. Constrained supply or easy supply. Water, nature preserves, hills, zoning and a lack of vacant lots make demand turn into price; where building is easy, price sticks to construction cost. Miami is the least elastic market in the country; Orlando, far more elastic. Separate land value from building value on the county appraiser's site (chapter 2).

4. The track record, nominal and real, with the drops. Since 1975 the FHFA index has risen 4.97% a year, or 1.24% above inflation; Florida fell 44.7% between 2006 and 2012 and took until 2020 to get back to the peak. (chapter 4).

The region's engines

5. An anchor with private money behind it. Employer, hospital, university, major development. The effect is measured in blocks — it halves roughly every 300 meters in Richmond — and only holds if there is a buyer after the construction. Porto Maravilha and The Villages show the flip side (chapter 5).

6. The plan on paper. Master plan, capital budget, permits, planned station. Price reacts at the announcement, and land captures it first; the station has an average premium of 4.2% on homes and a peak at about 500 meters. (chapter 6).

7. Public safety. It is the floor under everything: the drop in crime explained about one third of New York's rise in the 1990s, and Rio's UPPs (pacification police units) added 5% to 10% to prices near them. Give all clients the same public sources and look at the street, not just the neighborhood (chapter 7).

8. The neighborhood being bought. School, services, surrounding income, a well-run homeowners association. A 5% higher school score added 2.5% to the price in Massachusetts; homes in an HOA are worth at least 4% more nationwide. But an expensive neighborhood is not an automatic shield: in Miami, the high tier fell more than the low tier in the crisis (chapter 8).

The product, the desire and the brakes

9. The product today's buyer wants. A room to work in, even for those who went back to the office: 79% of buyers want at least one home office. In Orlando, since 2019, the 4-bedroom house is up 50.9% and the 2-bedroom, 37.9%. Show the true math of the payment, not the market slogan (chapter 9).

10. Few identical competitors. Count how many identical units compete for the same buyer. Small, exclusive condos create scarcity; in Florida, condos had 8.8 months of inventory in 2025 versus 4.6 for

houses, and in Orlando the typical condo value was 17.3% below the peak (chapter 10).

11. A place people desire. Identity, history, heritage, name, prestige anchors: value has a functional, an economic and a psychological layer, and in certain markets the third weighs most. Sell the place with facts, never with adjectives about who lives there (chapter 11).

12. The crowd, read with data. Herd behavior, fear of missing out, anchors and attached owners speed up the rise — and reverse it. Measure the heat with months of inventory, offers per property and days on the market, not with "everybody is buying"; never manufacture scarcity (chapter 12).

13. The lot and the street. A house fronting a busy street loses about 8%; a backyard on a quiet park gains; each decibel of airplane noise takes away up to 1%; in Florida, an old roof can block insurance and the mortgage. (chapter 13).

14. No hidden brake. Flooding, insurance, incoming oversupply, an employer leaving, noise. Homes exposed to the sea sell about 7% below equivalent ones; Austin fell 26.8% from its peak after building at a record pace. Volume falls before price (chapter 14).

A last word, without rhetoric

With the signals in hand, tell the client how many are lit, which are off and what that means for their timeline: someone buying for five years needs more signals lit than someone buying for twenty. The client has to know why prices rise, why they sometimes fall and where the forces are in their favor.

The numbers will age; the forces won't. Read the forces, check the numbers and tell the truth: that is what makes the client come back.

Read the forces *before the market does*

This book used the numbers from September 2026. Yours will be different — and the forces are the same. The Institute exists to translate the real estate market for agents and buyers, in English and without easy promises.

The Economics of Real Estate Where price comes from, interest rates, cycles and the math an agent does in front of the client	**The Psychology of Real Estate** How the client really decides and what the agent does with it
Agent in Brazil, Agent in Florida The profession, the license, the MLS, the contract and the commission, side by side	**Renting: The Biggest Trap of Your Life** The math almost no one does, for those who have been paying rent for years
HousInvest Academy Training for Brazilian agents in the American market — not a state license	**Educational material** Not investment advice, a legal opinion or tax guidance

HOUSINVEST.COM

Where *the numbers* come from

Below, chapter by chapter, the author and year of each study, survey and report used in this book; the full name of each appears in the chapter itself, where the number is cited. Price indexes change every quarter: the sources at the bottom of the page say where to check the new version.

Chapter 1 · Everybody needs a place to live. UN (1948) · Constituição Federal (1988) · Harvard JCHS (2026) · U.S. Census Bureau (2026) · BEA (2026) · Freddie Mac (2024) · Brookings (2024) · Up for Growth (2025) · Moody's Analytics and Urban Institute (2025) · Congressional Research Service (2025) · Fundação João Pinheiro and Ministério das Cidades (2025) · IBGE (2023) · IBGE (2026).

Chapter 2 · Land that can't be manufactured. FipeZap (2026) · Knoll (2017) · Davis and Heathcote (2007) · Davis (2019) · Hoyt (1933) · Saiz (2010) · Glaeser and Gyourko (2003) · Glaeser and Gyourko (2018) · NAHB (2026) · Glaeser (2005) · University of Florida (2024).

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FRED, from the St. Louis Fed
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price indexes since 1975, households, building permits — fhfa.gov · census.gov

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the studies cited, almost all with open abstracts — nber.org · ssrn.com

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FipeZap, IVG-R, Census and Civil Registry — fipe.org.br · bcb.gov.br · ibge.gov.br

Who wrote it, *and why*



Maqueli Gewehr was born into a humble family in the interior of Rio Grande do Sul. She has been in real estate for fifteen years. She moved to the United States on an EB-1 visa, granted to professionals of extraordinary ability, and today is a **licensed agent in Florida** and one of the rare professionals **certified by Harvard University** in real estate investment strategy.

She is the author of *How to Invest in Florida Real Estate* (with Bruno Miguel and a foreword by Ciro Gomes) and of *Agent in Brazil*, *Agent in Florida*, and the creator of the HousInvest Institute. This is the Institute's sixth book and it closes the trilogy with *The Psychology of Real Estate* and *The Economics of Real Estate*: one deals with the mind of the one who decides, another with the math, this one with the forces that make price rise over time.

In plain words. This book is educational material. It is not investment advice, not a legal opinion and not tax guidance. The author is a licensed agent in Florida — not an economist, appraiser or registered financial advisor. Past appreciation does not guarantee future appreciation.

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