Hot Real Estate Deals: The Best and Worst of 2013

by Kate Rogers | Published February 11, 2013 | FOXBusiness

We may only be two months into the year, but 2013 is shaping up be a solid year for the real estate market. With record-low interest rates and other investments still on shaky ground, some experts are pointing to real estate as a prime investment opportunity.

“Europe is a mess and the stock market is unpredictable,” says **Adam Leitman Bailey**, founder of New York City-based real estate investment boutique **Adam Leitman Bailey, P.C.**.

While some housing markets are recovering at a quicker pace than others, **Leitman Bailey** says 2013 is on track to be the best year for real estate since 2006, and the uptick is being welcomed with open arms from buyers and sellers.

Here are his best and worst market predictions for 2013:

Best: ‘Trophy’ Cities

Big cities, such as New York City, Los Angeles and Miami, will see big investments this year, predicts **Leitman Bailey**, who wrote "Finding the Uncommon Deal."

“Brand-name cities are the ones that Europeans know. They will be breaking records this year. But there is a limited inventory.”

Another city to watch is Washington, D.C., he says.

“Obama and the Democrats in D.C. means big government, and that means more jobs in D.C.”

Transportation is another characteristic of cities that will boon this year because public transportation is always attractive to buyers, he says.

Best: High-End Vacation Homes

Vacation homes above the $3 million and $4 million price tag, will see a boost this year, he says.

“People trust American real estate,” he says of foreign investors. “In hot areas like the Hamptons and Malibu, as well as their surrounding areas, will have record-breaking prices.”

Best: Solid Local Government and School Systems

Homebuyers will flock to neighborhoods with strong local governments and school systems this year, according to **Leitman Bailey**.

“Pick by schools, even if you don’t have kids. I have seen people move into a worse house or neighborhood to get into a better school system.”

Worst: Midwest

Real estate investments in the Midwest will all depend on job creation in 2013, Leitman Bailey says, and the heartland continues to be plagued by high unemployment.

“Technology isn’t staying in one place anymore,” he says, referring to the stronghold Silicon Valley once had on tech jobs and startups. “It all depends on where the jobs are. We aren’t making as many things in the U.S. as we were 10 or 20 years ago, so the big cities will win in that.”

Chicago is another loser in this year’s market, he says.

“For some reason, this is not a name-brand city to foreigners. It’s never done as well as it should have, even in the housing boom.”

Another losing city is Pittsburgh, he says, because of the decrease in steel sales.

Worst: Suburbs

Leitman Bailey says suburbs won't get the same boost as their neighboring bigger cities this year.

"We have an older community [nationwide], they cannot drive as well, or mow the lawn, maintain the property," he says. "Cities with public transportation will do better."

Here are three tips from **Leitman Bailey** for home buyers in 2013:

No. 1: Get informed. "This is a market for those who are informed and knowledgeable. You have to spend time learning about it."

Leitman Bailey says to learn as much as you can about your particular area so you can make attractive offers.

No. 2: Only borrow what you can afford. Don't take more money out from the bank than you can afford to pay back. Experts recommend housing costs to take up 30% of your total budget so do the math and stick to that number.

"There is nothing worse than staying up at night, worrying that you can't pay for your mortgage," **Leitman Bailey** says. "It's not what they offer you; it's what you can actually spend."

No. 3: Get an engineer. Have a professional appraise the house you are considering to avoid long-term projects and renovations that often drain a budget.

"People are getting screwed, because they aren't getting an engineer ahead of time," he says. "They are buying houses that need $20,000 in repairs, and not realizing it."