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## **Is Buying the Worst House on the Best Street Good Advice?**

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Thomas Stanley, Ph. D. is back at it again with his newly released book “Stop Acting Rich.” His name should be familiar to you because he is the author of “The Millionaire Next Door” and “The Millionaire Mind.”

I loved his first two books and when I saw his new book, I couldn’t resist buying it. The message that permeates each book listed above is that most people look rich because they live in big homes or drive expensive cars, but when examined closely, they have accumulated very low levels of wealth. In other words, they wear big hats but have no cattle.

For some reason, we seem to measure our success in life by how we compare to others. Is our house bigger than theirs? Is my car nicer than Jim’s down the street? To feel successful, many people fall into the trap of buying things simply to impress others.

One of the main lessons Mr. Stanley makes throughout this book is that the amount of wealth you accumulate in your life correlates directly to the size and value of your home. Here’s a very telling quote from the book:

**“If you examine homes by value from the lowest to the highest, you would find that as the value of the homes increases, so does the proportion of people who are living well above their means.”**

The more expensive your home, the more you’ll be forced to spend on home repairs, maintenance and upkeep. This is hard enough, before you factor in

what you'll have to spend to keep up with your neighbors. If you buy a high-end home, you'll end up sending your kids to expensive private schools and you'll be forced to buy them all of the expensive clothes and gadgets the other kids have in the neighborhood.

The reason this happens is because it's hard to avoid copying what you see every day. You won't want to look like some schmuck who drives a rusty old car and sends his kids to the public schools in out-of-style clothes from Kmart.

The trick is to live in a nice home in a nice neighborhood that allows you to live below your means. It's better to be a high earner in an average neighborhood than it is to be a low earner in a high-end neighborhood. Remember the old saying about "buying the worst house on the best street?" Well, as it turns out, this "best street" might actually lead you to the poor house.

Most of the millionaires profiled by Mr. Stanley live on less than 80 percent of their income. They are frugal and focus their attention on investment rather than consumption. Their goal is to convert income into wealth, which is significantly different than people who act rich.

A psychology study by Ryan Howell, which was written about in the book, found that having "things" isn't what usually makes us happy. If "things" do, it's short-lived happiness.

Instead, what makes us happy are life experiences. The good news is that life experiences are free.

*Rob Minton, who reinvented his real estate sales business to sell 269 homes to a limited number of clients in one year, has written a very practical book on how real estate agents can sell more homes.*