

Hedging real estate: evaluating Hedgestreet options

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A while back I asked in this usenet group about ways for retail investors to hedge real estate investments. I received some good responses, which I've summarized here [1].

Thus far I think only Hedgestreet.com is operating. They will allow one, for example, to make bets on the Chicago real estate market. The simplest bet is a 90 day up/down — if some average price is below 'x' at 90 days I lose my money, if it rises above X I win (capital gain/loss issues and fees will affect the transaction of course). I prefer a more graduated wager (proportionate loss based on distance from median, perhaps a nice bell curve); I think that may be possible too.

I'm interested as I'll be transiently holding two homes over the next three months and I believe this is an awful time to be doing that (couldn't be helped).

So I'm personally interested in this type of hedging. Is anyone aware of any serious evaluations of Hedgestreet.com for a retail investor? Are there other means to achieve similar goals?

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meta: jfaughnan, jgfaughnan, derivatives, retail investor, hedge, hedging, real estate, risk

[1]
<http://jfaughnan.blogspot.com/2005/05/derivatives-for-small-investor.html>.

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