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REAL ESTATE

How to Read a Market Top: What Selling Before 2008 Taught Me

By Scott Tischler · July 28, 2026 · 8 min read

You cannot time a market top to the month, and anyone who tells you they can is selling something. But you can read the conditions that make a top likely, and you can decide in advance to sell into strength rather than ride the whole thing down. That distinction — reading conditions versus calling the exact peak — is what let me sell most of my real estate portfolio before the 2008 crash and buy back in later.

I bought my first property in 1998. By the mid-2000s I had built a portfolio that was cash-flowing and appreciating, and everything felt easy. That feeling — that it all feels easy — turned out to be one of the loudest signals of all. This is a first-person account of what I watched, what I did about it, and an honest reckoning of luck versus skill. **This is education based on my experience, not personalized financial or investment advice** — your situation, market, and risk tolerance are your own.

The signals I actually watched

I did not have a model. I had a handful of indicators that, taken together, told me the ground was getting soft. No single one is a sell signal. It is the stack that matters — when four or five of them light up at once, the market is telling you something.

Signal	Healthy market	Frothy top
Credit conditions	Real underwriting, documented income	Anyone with a pulse gets a loan
Cap rates	Priced for real risk	Compressed to near-nothing
Affordability	Locals can buy on local wages	Prices detached from incomes
Sentiment	Cautious, skeptical	Euphoric, "can't lose"
Leverage	Conservative down payments	High leverage, exotic terms
Deal quality	You reject most deals	Everything "pencils" somehow

Let me take the ones that mattered most to me.

Credit conditions and easy leverage

The clearest tell before 2008 was how absurdly easy money had become. **When lenders stop caring whether the borrower can actually repay, the market is running on borrowed time — literally.** I watched no-documentation loans, interest-only products, and financing structures that only worked if prices kept rising forever. When the marginal buyer of a property is someone who could not have qualified two years earlier, you are no longer competing against real demand. You are competing against credit that can vanish overnight. And credit always vanishes faster than it appears.

Cap-rate compression

For income property, the cap rate is the honest number — net operating income divided by price. When cap rates compress, buyers are paying more and more for the same dollar of income, betting entirely on appreciation. I watched deals trade at cap rates that made no sense against the risk. **When you are being paid almost nothing to take on the risk of ownership, the market is pricing in a perfection that rarely holds.** A property yielding a razor-thin return only "works" if rents climb and you sell higher. That is speculation wearing an investment's clothing.

Affordability detaching from incomes

Prices cannot outrun local wages forever, because someone eventually has to live in the house and pay for it out of a paycheck. When the price-to-income ratio in a market stretches well beyond its long-run norm, you are looking at a spring under tension. In the mid-2000s, homes in a lot of markets required incomes that simply did not exist among the people buying them. The gap was being filled by loose credit — which loops right back to the first signal.

Sentiment and the "can't lose" mood

The hardest signal to weigh is the mood, because you are inside it. By 2005 and 2006, real estate had become dinner-table certainty. People with no experience were flipping. The narrative was that prices only go up. **Euphoria is not a vibe; it is data.** When the marginal participant is a first-timer who believes losing is impossible, the pool of future buyers is nearly exhausted — everyone who was going to buy has bought, on terms they cannot sustain.

The discipline: selling into strength

Reading the signals is the easy part. Acting on them is where almost everyone fails, and I understand why. Selling into a rising market feels stupid in the moment. You are leaving money on the table. Your properties might keep climbing for a year or two after you exit — mine did, briefly — and every month they climb, you feel like a fool.

Here is what got me through it:

- **I decided the exit before I was emotional about it.** When you set your rules while calm, you are not negotiating with your own greed at the peak. I had a view of what "priced for perfection" looked like, and when I got there, I acted.
- **I accepted I would sell too early.** Nobody sells the top. If you refuse to sell until the peak, you will ride it down, because the peak is only visible in the rearview mirror. **Selling into strength means selling while it still feels wrong.** That discomfort is the price of admission.
- **I focused on the buyer's math, not mine.** At a top, I ask: who buys this from me, at this price, and does their math work? If the only buyer is someone betting on more appreciation with borrowed money, I am the one holding the risk. I would rather be the seller.
- **I let go of the last dollar.** Trying to capture the final 10% of a run is how people give back 40%. I sold, I felt the sting of watching prices tick higher for a while, and then the market handed me my answer.

I did not sell everything, and I did not sell perfectly. But I converted a large portion of the portfolio to cash and dry powder, and that changed everything about what came next.

Cycles without pretending to time them

The goal is not to predict. The goal is to position so that you win in more than one outcome. There is a real difference:

- **Timing** says: "The top is in October, sell then." That is a guess dressed up as a strategy.
- **Positioning** says: "Conditions are frothy, so I will reduce leverage, hold cash, and keep only assets I am happy to own through a downturn." That survives being wrong about the timing.

When I sold, I did not know if the crash was six months or three years out. I positioned as if I did not know — because I did not. **De-risking is not a bet on the future; it is insurance against being wrong.** I gave up some upside in exchange for surviving to buy when everyone else was forced to sell. That is the whole game across a full cycle: the money is made on the buy, and the buys of a lifetime happen when the froth turns to fear.

Re-entering later was its own discipline. The same signals run in reverse at a bottom — credit is impossible to get, sentiment is despair, deals cash-flow on day one, and everyone "knows" real estate is a terrible idea. That is exactly when you want to be the buyer with cash. I was able to re-enter because I had sold. The exit funded the entry.

An honest word on luck versus skill

I would be lying if I framed this as pure foresight. **A lot of what looks like skill in investing is skill and luck wearing the same coat, and only time separates them.** I read the signals correctly, and I had the discipline to act — that part I will own. But I did not know the timing. If the top had stretched another three years, I would have looked early and foolish for a long, uncomfortable stretch, and plenty of smart people who sold in 2004 did exactly that.

What I will claim is a repeatable process, not a lucky call:

- I watched conditions, not predictions.
- I decided my rules while calm and followed them when it was uncomfortable.
- I positioned to survive being wrong about timing.
- I treated the exit as the fuel for the next entry.

That process does not require you to be a genius or a fortune-teller. It requires you to notice when everything feels too easy, and to have the discipline to act against the crowd while the party is still loud. The signals are usually visible. **The hard part was never seeing the top — it was being willing to leave before the music stopped.**

If you take one thing from this, let it be the reframe: stop trying to call the peak, and start reading the conditions. When credit gets silly, cap rates get thin, prices detach from wages, and everyone is certain, you do not need to know the exact date. You need to know which side of the trade you want to be on when the certainty breaks.

Key takeaways

- You cannot time an exact market top, but you can read the conditions that make one likely and position accordingly.
- Watch the stack of signals together: loose credit, compressed cap rates, prices detached from incomes, euphoric sentiment, and high leverage.
- The clearest 2008-era tell was how absurdly easy credit had become — when the marginal buyer only qualifies on loose terms, real demand is thinner than it looks.
- Selling into strength means selling while it still feels wrong; if you wait for the peak, you will ride it down.

- Position rather than predict — de-risking is insurance against being wrong about timing, not a bet on the future.
- Be honest about luck versus skill: own the process (reading conditions, disciplined rules) without pretending you called the exact date.

Frequently asked questions

Can you actually time a real estate market top?

No — not to the month, and anyone claiming they can is usually selling something. What you can do is read the conditions that make a top likely, such as loose credit, compressed cap rates, and prices detached from incomes, and then position to survive being wrong about the timing. The goal is reading conditions, not calling the exact peak.

What signals suggest a real estate market is near a top?

The ones I watch as a stack are easy credit and high leverage, cap-rate compression, prices detaching from local incomes, and euphoric "can't lose" sentiment. No single signal is a sell trigger, but when four or five light up at once, the market is running on borrowed time. It is the combination, not any one indicator, that matters.

What does "selling into strength" mean?

It means selling while the market is still rising and it feels premature, rather than waiting for a peak you can only identify in hindsight. You will almost always sell too early, and your former properties may keep climbing for a while after you exit. Accepting that discomfort is the price of not riding the market all the way down.

Why is easy credit such an important warning sign?

Because when lenders stop caring whether borrowers can actually repay, the marginal buyer is only there thanks to loose financing that can disappear overnight. That inflates demand artificially and props up prices that real, documented income could never support. Credit always vanishes faster than it appears, which is why loose lending was the clearest tell before 2008.

How do you re-enter the market after selling?

The same signals run in reverse at a bottom — credit is hard to get, sentiment is fearful, and deals cash-flow from day one. That is exactly when you want to be the buyer with cash, and selling near the top is what funds those purchases. The money across a full cycle is made on the buy, and the best buys happen when froth turns to fear.

What is the difference between timing and positioning a market?

Timing tries to name the exact top and act on that guess, while positioning adjusts your leverage, cash, and holdings so you win in more than one outcome. Positioning survives being wrong about the timing, which timing does not. De-risking is insurance against uncertainty, not a prediction about the future.

Was selling before 2008 skill or luck?

Honestly, both — I read the signals correctly and had the discipline to act, but I did not know the timing, and a longer top would have made me look foolish for years. What I claim is a repeatable process: watch conditions, set rules while calm, position to survive being wrong, and treat the exit as fuel for the next entry. Only time separates skill from luck, so it pays to stay humble.

Should I sell all my properties when I think a top is near?

Not necessarily — I did not sell everything, and this is education rather than personalized advice for your situation. The practical move is to reduce leverage, raise cash, and keep only assets you would be happy to own through a downturn. The point is to de-risk enough to survive and have dry powder, not to make an all-or-nothing bet.

About the author. Scott Tischler is the Founder & Chairman of AIrecommend.ai and a practitioner-authority on AI search and Answer Engine Optimization. With 20+ years in marketing technology — including American Express, MetLife, and UBS — and executive study at Wharton, Harvard, Yale, and Oxford, he helps businesses become the ones AI recommends.