

## Should You Invest In Rental Real Estate?

*Some Of the Questions You Should Consider Before You Invest.*



## Should you invest in rental real estate?

If you want to make a profit by investing in rental real estate, you must be willing to commit more resources to this property than you would to an investment made at your bank, through a broker, or in a mutual fund.

Someone has to collect rents, find good tenants, and maintain the property. If you hire help to do these tasks, your profits shrink.

Also, if you borrow money to buy the property, you have to pay the mortgage whether or not the property is rented. You should have emergency funds so that you will not lose the property to foreclosure if you lose your tenant.

If you decide to invest in rental property, you may need professional help to match your resources to property that will meet your goals. Some of the questions you should consider before you invest:

- **What can you afford?** Determine the highest price range you can sustain, given your present resources and the projected cash flow from the property.
- **Is the property fairly priced?** Get a list of comparable listings and recent sales from a real estate company. Make any purchase offer contingent on the results of structural and pest inspections. Check local records to verify that additions and major improvements were made in compliance with building codes.
- **Are there any restrictions on the property?** Rent control will lower the price that you can afford to pay for a property.
- **Who will be your tenants?** Evaluate the likelihood of nonpayers, transients, and untidy housekeepers – and adjust your price accordingly. If you are buying a condominium in a building populated with young people, you may find it difficult to interest a retired couple (if that's your market) in living in the unit.

Investing in rental property can be very profitable, but you should be fully informed before you invest, or you could end up with more work and less return than you anticipated.



*If you need assistance in evaluating rental property investments, please call our office or send your questions to us at*

If you have questions, send an e-mail to: [edf@moneyful.com](mailto:edf@moneyful.com)