

Dear clients,

Rentals and investment properties seem to be the big interest thus far in 2018. For the March mail out I thought I would provide some hints for those of you looking or considering.

I have a few rentals of my own, so if you ever have additional questions, please do not hesitate to reach out. Below is what I thought were some of the most important things to consider:

Keep your goals in mind. Investors need to know why they are in the rental market and what they want to accomplish financially. If the goal is to live passively off the rental income, then investors should know how much income they'll need.

Put your financial house in order. Knowing your [income and expenses](#) will help you get loans and, subsequently, buy more rental properties. Don't forget to include taxes, insurance, maintenance, management, utilities and the reserves for major repairs, like a new roof or other expenses. It also pays to learn financing and talk with me to find programs to buy the property with as little money down as possible.

Learn your market's vacancy rates: Keep your vacancy rate to 5 percent or less, so you won't be stuck with an unrented property for months at a time. If you don't want to be a property babysitter, avoid the areas with the lesser ratings or that are too far from your current residence. Good areas often mean higher sales prices but lead to higher rents and more regular tenants.

Look for real estate with great potential. Properties that tend to do well are near schools, expanding retail or trendy points of interest, local transportation, or surrounding malls. Once it's yours, maintain the exterior and keep your costs down as much as possible.

Keep your options open. Consider smaller markets within secondary markets, how well the house was built and how much people are paying rent in the neighborhood. Before buying, check how well the house was framed, who the tenants would be and what you can add to the property to reasonably increase the rent. "You're not going to change the demographic or bring in completely new people. The question is whether the existing tenants can pay a little more for a better product."

Don't be lured by low interest rates. If a property is already 30 years old and would cost the same to build it, then don't buy it. Make sure your home has enough value to get the returns you want when you eventually sell the property.

Renovate the kitchen and bathrooms to get higher rent. Quality [granite in the kitchen](#) could save you resurfacing costs, and bring in an extra \$50 to \$90 per month. Be sure to know how much renovations cost so that you know if you're getting a fair bid.

Screen the tenants. Have an application process. Ask as many questions as you can. Do a credit check if you want. Ask for a past landlord reference and an employment reference. ENSURE they have a job, and most importantly, if you have other tenants in the house (basement suite), then ensure the new tenant would be a good fit for them.

Enjoy the snow and happy house hunting!





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