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5 Tips for Investing in Rental Properties

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Real estate investment is generally considered to be more stable than the stock market or most other possible investments. Rental property is a good way to diversify your portfolio and begin to earn additional short- and long-term income, along with some tax benefits.

Buying the right property is no mean feat, however. If you make the right decision, you can be sure of reaping the benefits for many years but make the wrong one and you'll possibly see your money go down the drain. Here are a few tips to help you get the former outcome and avoid the latter:

1. Get professional Advice

If you're considering whether to get a real estate agent (https://www.thebalance.com/top-reasons-to-hire-a-real-estate-agent-1798906) or advisor to work with you on deciding which property to buy and then managing it afterward, then it means you're still at the stage where you need one, and you should get a good one on board as soon as possible. Make your decision based on referrals and take the time to check every prospect out online (and offline too, of possible) before choosing.

2. Conduct Extensive Rent Research

If you’ve hired an agent, then he/she will be able to help with this, but if not, you’ll need to go through the classifieds of the neighborhood you’re considering buying a property in and then use that to figure out a figure you can reasonably charge. That’ll give you an idea of what you can make from renting the property out, enabling you to determine how much you’re willing to spend to acquire it.

3. Mind the Regulations

According to Sridhar Equities CEO Matt Sridhar (<https://sridharequities.com/about-us/matt-sridhar/>), “One of the easiest ways to bleed cash is to spend money on buying a property only to have difficulties renting it out because it doesn’t meet up with one regulation or another”. You might have to spend extra money adjusting the property, which wouldn’t be a bad thing if you were aware beforehand and factored it into the purchase price. So be clear about town regulations on everything from room sizes to safety equipment and how much it might cost you to comply.


4. Focus on Safety

You should get a licensed home inspector to conduct a thorough evaluation of the property to find all possible safety issues (<https://staysafe.org/safety-at-home-10-common-safety-hazards-around-the-house/>). This helps you in a few ways: First, understanding all the issues will help you to negotiate more effectively and also give you more information to base your purchase decision on. In addition, you’d be avoiding potential law suits down the line which could be immensely costly when tenants get sick due to a hazard that you should have noticed. Radon, lead paint, asbestos and mold are primary concerns, along with the structural safety of the building.

5. Buy Nearby

If you’re just getting into rental property investment, it’ll be an immense help if you’re able to respond to any issues very quickly. It gives a positive impression to your tenants and local officials when you’re able to appear on the scene to address what needs to be done in a short period, compared to being an absentee landlord. You’d be able to head problems off before they grow bigger, saving yourself time, money and effort in the process.

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Martina Angel is a writer and real estate agent. She is especially interested in the purchase, ownership, management, rental and sale of real estate for profit. She also volunteers for local water conservation charities in her free time.

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