



INCOME PROPERTIES ARE TRENDING, **BUT IS LANDLORD LIFE FOR YOU?**

If the thought of investing your money into brick and mortar excites you, join the club. Nearly a third of Americans consider real estate to be the best place to park money they don't plan to use for at least 10 years.¹

In fact, a growing number of small investors are eyeing the rental market as a potential goldmine.² Interest in buying a home to both live in and rent is also on the rise, especially amongst cash-strapped buyers looking to supplement their mortgage payments.³

But how do you know if you're well-suited to take advantage of these real estate investment opportunities? Here are three signs that owning a rental property could be right for you.

1. YOU'RE A HOMEBUYER WHO WANTS HELP COVERING THE MORTGAGE

Increasingly popular with first-time homebuyers, "house hacking" involves buying a property you intend to live in while renting out a portion of it to tenants. It tends to be easier to break into than traditional real estate investing since you don't need as high a credit score or as large a down payment to secure a mortgage.⁴

When you house hack, the rent you collect can help cover your homeownership expenses. Another major advantage is that it entitles you to certain tax benefits and deductions available only to landlords.⁴

When it's time to start your search, we can help you find a property that's ideal for house hacking, such as a house with a walkout basement, a garage apartment, or one with enough space to build an accessory dwelling unit.

2. YOU'RE AN INVESTOR LOOKING FOR STEADY AND RELIABLE INCOME

If you don't want a live-in tenant but still desire an additional stream of income, a dedicated long-term rental property could be a better option for you. Purchasing a rental home can also add diversity and stability to your investment portfolio.

According to data from the Federal Reserve, the value of real estate has historically risen over time.⁵ However, the rate of appreciation can be hard to predict, so it's prudent to invest in a property that also offers positive cash flow, which means the rent you take in exceeds your expenses. This strategy helps ensure that you'll put money in your pocket each month, even if the property's value takes time to grow.

If you want to explore opportunities for a rental property that's good for your wallet and attractive to renters, we can help.

3. YOU'RE AN EXPERIENCED INVESTOR LOOKING TO MAXIMIZE YOUR POTENTIAL RETURNS

Another popular way to draw income from an investment property is to convert it to a short-term rental. If you find the right property, you can earn significantly more renting it on a platform like Airbnb than to a long-term tenant.⁶

But beware: This strategy can be riskier as certain municipalities have tightened restrictions and others are suffering from market oversaturation.^{6,7} The vacation rental market enjoyed a boom during the pandemic, and some inexperienced investors are finding they bit off more than they can chew. As a result, there's an opportunity to snap up some of these properties, but you'll need capital and a willingness to learn the business.⁷

We can help you scout opportunities in our local market or, if you're interested in investing in another area, we can refer you to an agent there for assistance.

BOTTOMLINE

Investing in real estate can be a great way to build wealth and earn extra income, but it pays to be strategic. Call us for a consultation so we can discuss your goals and budget. We'll help you discover neighborhoods with the best income potential, point out homes most suited to renting, and help you brainstorm the best investment strategy for you.

Josh & Hadley Ott, REALTORS
Discover Realty Group
(720) 253-9495 direct/text
HadleyOtt@gmail.com
www.DiscoverRealtyGroup.com

Sources: 1. Bankrate 2. MarketWatch 3. Realtor.com 4. Quicken Loans
5. St. Louis Fed FRED Economic Data 6. Story by J.P. Morgan 7. Skift