

Requirements For Evaluating A Real Estate Investment



It is essential to thoroughly evaluate a real estate investment for ensuring profit.

Consider following points when evaluating an investment property:

Risk

Keep in mind the market risks involved in an investment. Research on different ways to minimize the risk levels.



Price-To-Rent Ratio

It compares median home purchase prices and median rents prevalent in a market. Lower the ratio, better the investment.



Gross Rental Yield

It can be calculated by dividing the annual rent collected by the total property cost. It is important to understand the profitability of the property.



Cash Flow

If you can cover the mortgage principal, interest, taxes, and insurance with the monthly rent; it is a good investment.



Tax Impact

Evaluate how the tax will impact your investment and whether it will be feasible for you to pay taxes after covering other costs.

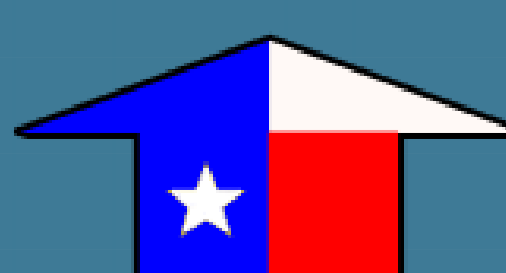


www.lonestarrealty.net

Lone Star Realty & Property Management, Inc.

1020 West Jasper Drive,
Killeen, TX 76542

Phone: (254) 699 - 7003



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&
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