



INVESTMENT FORMULA FOR RENTAL PROPERTY

INSTITUTE for LUXURY HOME MARKETING

MEMBER

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ANY PROPERTY CAN BE EASILY EVALUATED USING ZILLOW.COM

THREE MAIN ASPECTS OF EVALUATION FOR A PROPERTY

RENTAL

PEAK VALUES (2005-2007)

MARKET VALUE

PROPERTY TO EVALUATE ADDRESS _____

ZESTIMATE OF WHAT IT SHOULD SELL FOR \$_____

RENT

IF THE MONTHLY ZILLOW RENT IS \$_____

TAKE \$_____ AND MULTIPLY IT BY .5

(Assuming half the rent will be used for overhead)

\$_____

MULTIPLY IT BY 12 MONTHS

\$_____

DIVIDE IT BY .0525 (cap rate to achieve minimum)

\$_____ THIS IS THE OFFER PRICE

BUT, WHEN THERE ARE VARIABLES SUCH AS HIGH CDD OR HOA IT SKEWS

THIS FIGURE.

IS THIS A GOOD DEAL ACCORDING TO THE FORMULA? Y / N

(Quick rule) How do you know if an income property (rental property) is a good investment?

Start with The One Percent Rule: Does the monthly rent equal one percent of the purchase price or more?

Example:

Purchase Price: \$100,000 \$100,000 x 0.01 = \$1,000 Greater or less good or bad Y/N