

# The Income Analyzer: Worksheet

## The Main Categories for Investment Property Income

1. Rent
2. Utilities
3. Laundry
4. Parking
5. Storage

### 1. Rent

**Market Research:** You need to be familiar with the market you are investing in. Do your research and evaluate why you would like to invest in that particular city. Look into things such as:

- City/municipal website
- Existing transportation, plans for future expansion
- Unemployment rates (Stats Canada)
- Vacancy rates (CMHC Rental Market Report)
- Migration (Stats Canada)
- Local schools
- New housing developments (CMHC Housing Market Report, local news sources)
- New infrastructure or employment developments (local news sources)
- Local health care facilities

What did you find out from doing your market research?

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### Shop your competition:

1. Go online and look for a place to rent as if you were a tenant.
2. Look for rental units that are in the same category as yours.
3. Stay within your city and neighbourhood for an accurate comparison.
4. Find 5 properties and record their rental rates in the table below.
5. Beware of the rentals that do or do not include utilities or have extra features (i.e. garage, laundry, furnishings). Make sure you are accurately comparing your unit to others.
6. Calculate the average rent of the 5 properties you found. This average number is called **AMR = Average Market Rent**

Property Address	Rental Rate
	\$
	\$
	\$
	\$
	\$
<b>Average Market Rent (AMR) = Total Rents ÷ 5</b>	\$

What did you find out about your competition?

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**Setting your Rental Rate:** Consider the neighbourhood your rental is in, how close it is to amenities, schools, parks, transportation etc. Consider what features the property itself has, and maybe what is missing.

List the main features of your rental unit (i.e. close to transit, fireplace, A/C)

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List any features that may be viewed as drawbacks to your unit (i.e. no parking, no laundry on site)

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**Post a phantom ad:**

1. Post an ad online on a free rental website (i.e. Kijiji or Craigslist).
2. Start your rent at the highest amount you think you could obtain.
3. Record the number of serious tenant inquiries you receive.
4. Make adjustments to your ad wording and rental rate as you feel suited.
5. Answer your calls and emails and start to pre-qualify.
6. If someone is serious and wants to view the property, you can kindly let them know it is no longer available.

7. Let them know you have other units that will be available shortly and ask if it is okay for you to reach back out to them.

**Evaluating your phantom ad results:** If you get a large numbers of leads (more than 5 per day), then your price may be a little low. If you get zero or few leads (less than 3 per day), then maybe your price is too high. You are looking for around 3-6 leads per day.

What did you learn from posting a phantom ad? Did your estimated rent range change?

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**Maximize your Realtor:** Many realtors also offer property management services and can help guide you with pricing. A good realtor will know their markets and should be able to share more information with you.

Additional information and/or suggestions from your realtor:

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## 2. Utilities

What is your plan for utilities at your rental property? Will tenants be responsible for paying rent or will the rent be inclusive? If there are not separate hydro meters, heat sources, or water meters at the property how will you divide utilities amongst tenants?

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## 3. Laundry

Is there an opportunity to capture more income from laundry at your rental property?

If yes, how much more income could you obtain, either from adding ensuite laundry and raising rents or putting coin laundry in a common area?

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#### 4. Parking

Is there an opportunity to capture more income from parking at your rental property?

Can you add more parking legally or do you have extra parking spaces that could be rented out individually? How much additional rent could you obtain from parking?

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#### 5. Storage

Is there an opportunity to capture more income from storage at your rental property?

Could you rent out a garage, add a storage shed, or separate common space in the basement to create storage lockers for tenants? How much additional rent could you obtain from renting storage space?

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