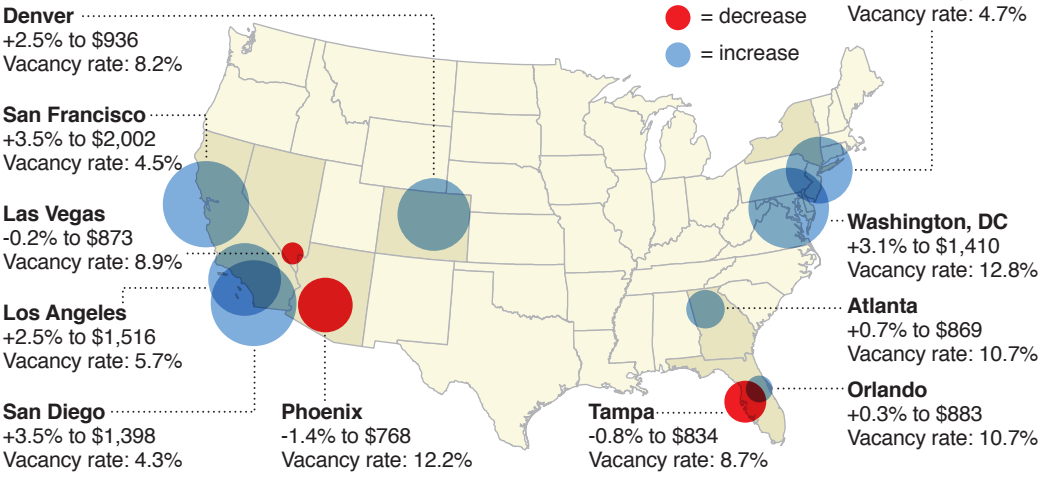


Percent change in average rent 2008-09



Time to be a landlord?

Experts say it's a good time to buy rental property. Rents are falling in much of the country, but sale prices of apartment buildings and rental houses are too. And rents will recover once the economy does, says Hessam Nadji with Marcus & Millichap Real Estate Investment Services. A key driver of recovery is that the number of people between ages 18 and 34 – those most likely to rent housing – will grow by 6 million within 10 years. But investing in rental real estate means a lot of work. Start by asking yourself:

What kind of property do I want?

A single-family home might be a good investment idea if you plan to retire in it later. But losing a tenant would mean a 100 percent vacancy, and a 100 percent loss of income. Ken Rosen of Kendar Realty says small apartment buildings are better for someone starting out as a landlord.

How's the price climate?

Prices are still falling, so investment buyers should have horizons of five years or more, says Teri B. Clark, whose books include a guide to rental property buying. "Property always bounces back," she says. The key is to get a good purchase price. "You make your money in buying," says Rosen.

What's the financial picture?

Determine what you need to charge to cover mortgage payments, taxes and insurance and make sure the property can command it. Set aside a reserve fund in case of vacancies, and to pay for repairs. If you hire a manager, plan on paying them 5 to 20 percent of your rental income.

SOURCE: Marcus & Millichap Real Estate Investment Services

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