

Property Investment Checklist

A practical, field-tested checklist for evaluating a rental or commercial property — from first showing to the first 90 days of ownership. Written by Larius Woodson, licensed real estate broker and commercial property appraiser, for The Handy Calculators.

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1. Before you tour the property

- ☐ Define the buy box: property type, price range, market, and minimum cash-on-cash return.
- ☐ Confirm financing: lender pre-approval or proof of funds, rate quote, and loan term in writing.
- ☐ Pull comparable sales and comparable rents for the last 12 months within one mile.
- ☐ Check the market vacancy rate and average days on market for this property type.
- ☐ Estimate the payment with the Mortgage Calculator and stress-test it at +2% interest.
- ☐ Set your maximum offer before you fall in love with the building.

2. Income verification

- ☐ Request a rent roll listing every unit, tenant, rent, deposit, and lease end date.
- ☐ Request two to three years of operating statements (and the current year to date).
- ☐ Compare actual rents to market rents — note every unit that is under-rented.
- ☐ Verify deposits held and confirm who transfers them at closing.
- ☐ Review each lease for escalations, concessions, options to renew, and early-termination rights.
- ☐ Check for tenant arrears, payment plans, and any eviction in progress.
- ☐ Confirm other income: parking, laundry, storage, pet rent, utility reimbursements.

3. Expense verification

- ☐ Property taxes — confirm the assessed value and whether a sale triggers reassessment.
- ☐ Insurance — get a live quote for your ownership, not the seller's expiring premium.
- ☐ Utilities — 12 months of bills, and confirm what the tenants pay directly.
- ☐ Repairs and maintenance — three-year history, not a single clean year.
- ☐ Property management — budget the market fee even if you plan to self-manage.
- ☐ Turnover, leasing commissions, and an explicit vacancy allowance.
- ☐ Replacement reserves per unit per year for roof, HVAC, and capital items.

4. Physical due diligence

- ☐ Full property inspection, plus specialty reports: roof, HVAC, electrical, plumbing, sewer scope.
- ☐ Note the age and remaining life of roof, HVAC, water heaters, and parking surfaces.
- ☐ Environmental screen where the use or the age of the property warrants it.
- ☐ Check for deferred maintenance, code violations, and open permits.
- ☐ Confirm ADA and life-safety items for commercial and multi-tenant properties.
- ☐ Get contractor bids for every item you plan to fix in year one.

5. Title, legal, and zoning

- ☐ Title commitment reviewed: liens, easements, encroachments, and restrictions.
- ☐ Survey ordered where boundaries, access, or parking counts matter.
- ☐ Zoning confirmed for the current use, and for any use you intend to change to.
- ☐ Confirm legal non-conforming status in writing if the use predates current zoning.
- ☐ Review HOA, condo, or association documents, budgets, and pending assessments.
- ☐ Check for pending special assessments, rezonings, or road projects nearby.

6. Run the numbers

- ☐ Net operating income = effective gross income minus operating expenses (never subtract debt service).
- ☐ Cap rate = NOI divided by purchase price — compare it to verified local sales, not asking prices.
- ☐ Cash-on-cash = annual pre-tax cash flow divided by total cash invested.
- ☐ Debt service coverage ratio = NOI divided by annual debt service. Most lenders want 1.25 or better.
- ☐ Break-even occupancy = (operating expenses + debt service) divided by gross potential income.
- ☐ Model the exit: holding period, assumed exit cap rate, and selling costs.
- ☐ Rerun every number at a 10% rent decline and a 2-point interest rate increase.

7. Closing and the first 90 days

- ☐ Line up insurance binding, utility transfers, and the management agreement before closing.
- ☐ Collect estoppel certificates from tenants and confirm they match the rent roll.
- ☐ Prorate rents, deposits, and taxes on the settlement statement — check the math yourself.
- ☐ Send tenant welcome letters with new payment instructions on day one.
- ☐ Schedule the year-one capital items you already budgeted, and get them bid.
- ☐ Set the calendar: rent reviews, lease expirations, insurance renewal, tax appeal deadline.

Quick ratio reference

Metric	Formula	Rule of thumb
Cap rate	NOI / price	Compare to verified local sales
Cash-on-cash	Annual cash flow / cash invested	8%+ in most rental markets
DSCR	NOI / annual debt service	1.25 or higher for most lenders
Gross rent multiplier	Price / annual gross rent	Screening only, never decisive
Expense ratio	Operating expenses / EGI	35%-50% for most rentals
Break-even occupancy	(OpEx + debt service) / GPI	Under 85% is comfortable

Free calculators that do this math for you

- Mortgage Calculator — monthly payment, taxes, insurance
- Cap Rate Calculator — NOI and value relationships
- Cash-on-Cash Return Calculator — cash flow on cash invested
- DSCR Calculator — lender coverage test
- Rental Property ROI and Income Pro Forma — full year-one model
- ARV Calculator — after-repair value for rehabs

All free at thehandycalculators.com/calculators

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