

Jerry Charlton Real Estate

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🧠 Your Investment Goals & Strategy

1. **What's your primary goal?** (e.g., cash flow, appreciation, tax shelter, long-term hold, short-term flip)
2. **How long do you plan to hold this property?**
3. **What's your ideal exit strategy?** (e.g., sell in 5 years, refinance, keep forever)

💵 Financial Position & Budget

4. **What is your total budget (including down payment, closing, and potential renos)?**
5. **Do you already have financing pre-approved? If yes, for how much and at what rate and with who?**
6. **Are you buying personally or through a corporation/holding company?**
7. **What level of monthly cash flow are you aiming for—or is break-even acceptable?**
8. **What's your risk tolerance?** (e.g., are you okay with a property that may be vacant occasionally or need repairs?)

🏘️ Property Preferences

9. **What type of property are you looking for?** (detached, duplex, suited, townhome, condo)
10. **Any preferred areas or communities in Calgary?** (e.g., proximity to transit, universities, hospitals, inner-city vs suburbs)
11. **Do you want a newer build or are you open to older homes?**
12. **Are you open to secondary suites or multifamily units?**
13. **Would you live in the property, or is this strictly a rental?**

🛠️ Management & Maintenance

14. **Will you self-manage the rental, or hire a property manager?**
15. **Are you open to properties that require renovation or just turnkey rentals?**
16. **Do you have contractors or a team in place for repairs/maintenance if needed?**

📈 Market Expectations

17. **Have you owned investment property before, or is this your first one?**
18. **How familiar are you with Calgary's rental market?**
19. **What's your ideal tenant profile?** (e.g., families, students, professionals)

📄 Legal and Tax Considerations

20. **Do you have a lawyer and accountant familiar with real estate investing?**
21. **Are you familiar with Alberta tenancy laws and investor responsibilities?**

✅ Final Wrap-Up

22. **Are there any non-negotiables?** (e.g., must have garage, must cash flow, must be south of Glenmore)
23. **How soon are you looking to purchase?**
24. **How involved do you want to be in the search and analysis process?** (hands-on or mostly delegated)

This questioning framework ensures we align your **financial reality with your investment goals**, and helps me shortlist properties that make sense not just on paper—but for your life and long-term vision.

A **tax shelter** in real estate is a legal way to **reduce the amount of tax you owe** by taking advantage of deductions, deferrals, and depreciation related to your investment property. It's not about hiding money—it's about using the rules to your advantage.

Here's how it works in residential real estate:

🏠 1. Depreciation (Capital Cost Allowance in Canada)

Even though your property may be going up in value, the CRA lets you **depreciate the building portion** (not the land) over time as if it were wearing out. This paper loss can offset rental income, **reducing your taxable income**—sometimes even to zero.

Example:

- You earn $5,000/year in rental profit.
- You claim $5,000 in CCA (depreciation).
- Your taxable rental income = $0.

⚠️ Note: Depreciation is optional—and claiming too much may trigger a **recapture tax** when you sell.

💸 2. Deductible Expenses

Many costs of owning and operating the property are **fully tax-deductible**, including:

- Mortgage interest (not principal)
- Property taxes
- Insurance
- Maintenance & repairs
- Property management fees
- Utilities (if paid by you)
- Advertising for tenants
- Office/home office expenses

These deductions reduce your **net rental income**, again lowering your tax bill.

📉 3. Loss Carry-Forward

If your property runs at a loss (e.g., early years with big reno or startup costs), that **loss can be carried forward** and used to offset income in future years.

⏳ 4. Capital Gains Deferral

You don't pay tax on the property's appreciation each year—**only when you sell**. Until then, your gains are unrealized and tax-deferred.

🧻 Bottom Line:

Real estate provides a tax shelter by:

- Letting you deduct a wide range of expenses
- Letting you claim depreciation to reduce taxable income
- Deferring taxes until a sale
- Potentially carrying losses into future profitable years

When we say **"investment property analysis"**, we're talking about a **systematic way to evaluate** whether a real estate property is a **good financial investment**. It's about using numbers and logic—not emotion—to make smart buying decisions.

Here's a breakdown of what that **analysis** includes:

🔍 1. Property Details

We start with the basics:

- Purchase price
- Size (sq ft), year built, Number of bedrooms/bathrooms
- Location and condition
- Any special notes (e.g., foreclosure, "as is")

📊 2. Comparable Sales (CMA)

We look at what **similar properties nearby have recently sold for** to:

- Estimate fair market value
- Assess if the property is **overpriced, underpriced, or a deal**

We also check $/sq ft metrics to compare apples to apples.

💵 3. Rental Market Analysis

We research:

- What similar properties are actually renting for
- Demand and vacancy in the area
- Tenant profile and turnover risk

This gives us a **realistic income estimate** for the property.

🧮 4. Financial Calculations

This is where we **run the numbers**:

- 20% down payment
- Mortgage amount and payment
- Property taxes, insurance, maintenance, vacancy allowance
- Total monthly costs

Then we calculate:

📉 **Break-even Rent** = Total monthly costs

We compare that to:

💰 **Market Rent** = What tenants are likely to pay

From there, we know:

- Will the property cash flow?
- How much will it earn (or lose) each month?

📈 5. Investment Suitability

Based on everything above, we answer:

- Is this a smart investment?
- What are the risks and opportunities?
- Does it match your goals (cash flow, appreciation, value-add)?

✅ The Goal of Analysis:

To move from:

"I like this property"
To:
"This property makes sense—here's why, here's how, and here's what it returns."