



Josh Bowen's Guide for Investing in Northwest (Toledo) Ohio

Three Rules for Smart Investing

To ensure long-term success in real estate investing, it's important to follow these three core rules:

1. **Always Buy at the Point of Equity** – The key to building wealth in real estate is purchasing properties below market value. Buying at a discount ensures instant equity, providing financial security and a buffer against market fluctuations. This strategy reduces risk and increases the potential for long-term appreciation and cash flow.
2. **Would You Feel Safe Living There?** – If something catastrophic were to happen to your personal home and you had to move into the rental property, would you feel safe? While it may not be ideal, it's essential that the property meets a standard of safety and habitability. This ensures that your investment is located in a desirable and stable area where tenants will also feel secure.
3. **Can You Sell Quickly Without a Significant Loss?** – If you needed to sell the property within 30 days, could you do so without incurring a substantial loss (more than 10%)? A well-selected property should be attractive not only to other investors but also to owner-occupants. This liquidity ensures that your investment remains a valuable and flexible asset, even in changing market conditions.

Ideal Property Features for Investment Success

When selecting rental properties for long-term sustainability and strong returns, it is important to focus on homes that attract quality tenants while minimizing ongoing maintenance costs. Based on market research and experience managing investment properties in the Toledo area, the following criteria provide a solid foundation for acquiring profitable rental properties:

Property Type & Structure

- Bedrooms & Bathrooms: 3-bedroom homes, around 1100-1500 sqft, with 1.5 or 2 full bathrooms are ideal, as they offer versatility for families and long-term tenants.
- Garage & Parking: A 1.5 - 2-car garage provides tenant convenience and increases property desirability. Additionally, garage space offers a dedicated area for tenants to store landscaping equipment, helping ensure the property remains well-kept and maintained. If no garage is available, a secure shed is a must-have.
- Basement: A full or partially finished basement adds functional space and increases rental appeal. A basement also provides easy access to mechanical items, water and sewer plumbing for easy repairs.
- Driveway: A dedicated driveway (not shared with a neighboring property) ensures privacy and avoids tenant conflicts.
- Exterior Materials: Brick, steel-sided, or vinyl-sided homes are preferred for durability and lower maintenance.
- Curb Appeal: A well-maintained exterior with updated windows and a visually appealing front yard will attract quality tenants and support long-term property value.
- Property Style: Ranch and classic two-story homes are preferred over split-level or bi-level homes, which tend to have less desirable layouts for renters.

Understanding the 1% Rule

The 1% Rule is a widely used metric to quickly assess the potential profitability of a rental property. The rule suggests that a property should generate at least 1% of its purchase price in monthly rent.

For example:

- Purchase Price: \$120,000
- Target Monthly Rent: \$1,200 (1% of purchase price)

While the 1% rule is a helpful guideline, it should be used in conjunction with a full financial analysis, including property taxes, insurance, maintenance, and vacancy rates.

Toledo's Lead-Based Paint Ordinance

Toledo has a Lead-Safe Rental Ordinance aimed at protecting tenants from lead-based paint hazards, particularly in older homes. Properties built before 1978 are required to meet lead-safe certification requirements, which include maintained windows, proper exterior maintenance, and lead-safe inspections. Because of this, we focus on properties with updated windows and durable exterior materials to ensure compliance with local regulations while reducing potential remediation costs.

Best Investment Zip Codes in the Toledo Area

Several neighborhoods in Toledo and surrounding municipalities offer excellent investment opportunities due to strong rental demand, affordability, and long-term growth potential. Below are some top zip codes to consider:

Toledo, Ohio:

- 43612 (West Toledo) – Stable rental demand, single-family homes with garages and basements.
- 43613 (Five Points) – Strong tenant base, well-maintained neighborhoods, solid appreciation potential.
- 43615 (Reynolds Corners) – Affordable homes with good rental potential, close to shopping and major roads.
- 43607 (Scott Park/University Area) – High demand from university students and families, good cash flow potential.
- 43614 (South Toledo) – Well-kept neighborhoods with a mix of older and updated homes, strong rental appeal.
- 43623 (Sylvania Township Area) – A desirable area with high rental demand and stable property values.
- Upper 43611 (Point Place) – A growing waterfront community with strong rental demand and good appreciation potential.

Nearby Municipalities:

- Sylvania (43560) – Higher-end rentals with strong appreciation potential.
- Oregon (43616) – Family-friendly community with steady rental demand.
- Perrysburg (43551) – Desirable suburban area with low vacancy rates.
- Maumee (43537) – Consistently strong rental market with great tenant retention.
- Whitehouse (43571) – A growing area with strong rental demand and new development.
- Ottawa Hills (43606) – Higher-end properties with stable long-term rental prospects.
- Swanton (43558) – A quiet community with affordable homes and a growing rental market.

Final Thoughts

Focusing on properties with these key features ensures that your investment will remain attractive to tenants, minimize maintenance costs, and maximize long-term returns. The Lead-Safe Rental Ordinance makes it crucial to invest in homes with updated windows and well-maintained exteriors. Additionally, garages provide tenants with a space for storing landscaping equipment, encouraging them to keep properties well-maintained.

By adhering to the three core rules of investing, you can secure profitable and sustainable rental properties that provide both short-term cash flow and long-term appreciation.

If you have any questions about specific properties or market trends, feel free to reach out. I am happy to assist with property selection, management, and investment strategy planning.

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