6 REASONS YOU SHOULD CONSIDER MULTIFAMILY INVESTING

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*Is*[*multifamily investing*](https://www.mashvisor.com/)*a good idea?*

Multifamily properties are any properties that hold multiple rental units. These include duplexes, triplexes, [fourplexes](https://www.mashvisor.com/blog/house-hacking-fourplex/), and beyond. Multifamily real estate has become more and more popular in the last decade.

Rising rents, different demographic behaviors, and increasing demand for apartment rentals are all reasons why investing in multifamily properties is a great idea.

Is Multifamily a Good Investment? 6 Reasons the Answer Is Yes

Multifamily investing is a good investment strategy for both experienced as well as beginner real estate investors. Here are 6 reasons you should consider multifamily investing:

1. Financing multifamily investment properties is (relatively) easy

There are two main ways to finance a [multifamily investment](https://www.mashvisor.com/); a conventional mortgage or a government-backed mortgage. While it is true that multifamily investing requires greater capital, using a government-backed loan means you can [buy multifamily property with no money](https://www.mashvisor.com/blog/how-to-buy-a-multifamily-property-with-no-money/) *(well, almost no money as the down payment can be as low as 3.5%!).*Additionally, loans for this type of investment are more likely to get approved by lenders because they consider multifamily properties less risky, and here’s why…

2. Multifamily investing can be less risky

Say you have a 5 unit property and 4 tenants. At this rate, you’re only at a 20% vacancy. With [single-family properties](https://www.mashvisor.com/blog/single-family-homes-vs-multi-family-homes/), you either have 100% occupancy or 100% vacancy – there’s no in-between. This makes [multifamily investing](https://www.mashvisor.com/) a less risky endeavor in comparison to single-family investing. Because of this, lenders are more comfortable granting loans to multifamily investors.

3. Earn more rental income from multifamily investing

*With multifamily investing, you can earn more because you’ll have multiple rental income streams.*

Speaking of, most [multifamily real estate investments](https://www.mashvisor.com/) yield more in rental income. More rented units translate into multiple sources of income, meaning you’re generating more in rental income- quite a simple formula. This also makes multifamily investing a great way to build wealth in a shorter period of time than [single-family investing](https://www.mashvisor.com/).

[Find a Profitable Multi Family Property](https://www.mashvisor.com/explore/?utm_source=Blog%20CTAs&utm_medium=2019&utm_campaign=find_multi_family_property#!/Search)

4. You’ll have the ability to hire a property manager

Management wise, [multifamily investing](https://www.mashvisor.com/) may be a more tricky business, especially if this is your first time [investing in real estate](https://www.mashvisor.com/). Dealing with 5 tenants isn’t the same as dealing with one. The process is more time consuming, as there are more individuals and more issues to deal with. You can sort this by [hiring professional property management services](https://www.mashvisor.com/blog/professional-property-management-worth-money/).

Because you’re generating more profit and cash flow, you’re more likely to be able to afford property management. One reason real estate investors opt for [“DIY” management](https://www.mashvisor.com/blog/how-to-manage-rental-properties-on-your-own/) is the cost associated with property management. However, with multiple rental incomes a month, you can cover the expenses of a property management company.

5. Growing your investment portfolio

[Multifamily investing](https://www.mashvisor.com/) is ideal for investors who wish to grow their portfolio of rental units. If your goal is to own 10 rental units, owning two [multifamily properties](https://www.mashvisor.com/) is an easier and more manageable option. Ever heard of economies of scale? You’re using similar resources to tend to more investment properties and generating more income. Instead of tending to 10 single-family separate properties, you’re dealing with two. The same applies to loans and financing. This way, you are able to grow and diversify your portfolio with less effort.

6. Demand from Millennials and Generation Z (Gen Z)

There are too many jokes about Millennials not being able to afford a property. Some say we should spend less on brunch and more on our savings to buy a home, others say we walk around like we “rent” the place, while others are asking for a Millennial edition of Monopoly, where we can rent property on the board without having to buy it. All jokes aside though, there’s truth to that today.

The majority of Millennials are indeed at a point in life where they’d like to own property but are not able to. Accordingly, renting is the more affordable option for the majority of the Millennial and Gen Z population. This is especially true in urban areas where rent can be exceptionally high. This has caused evident [demand for rental property](https://www.mashvisor.com/blog/determine-rental-demand-buying/) from Millennials, in addition to older Gen Z (more specifically college students and recent graduates). Moreover, this has actually caused inventory for multifamily properties to run tight, especially in areas where there’s a higher concentration of Millennials and Gen Z.

Although Gen Z is a young population, their impact on the real estate industry, and multifamily housing in specific, can already be noted. According to a [Payments Journal article](https://www.paymentsjournal.com/millennials-and-gen-z-challenge-or-opportunity-for-multifamily-rent-property-managers/),

*Renters between 18 and 29 outnumber all other age groups combined. So, it isn’t surprising that of survey respondents that intend to live in apartments next year, 52 percent are Millennials and Gen Z.*

Where there’s demand, there’s an opportunity for investment.

How Do I Get Started with Multifamily Real Estate Investing?

There are three main things to consider when getting started in [multifamily investing](https://www.mashvisor.com/blog/multi-family-real-estate-investing-returns/): location, profitability, and financing. You want an investment property in a good location, that yields positive cash flow, and one which you are able to finance. And there’s one key [tool to find a multifamily property](https://www.mashvisor.com/blog/3-investment-property-search-tools-multi-family/) that checks all three boxes to find a profitable [multifamily property for sale](https://www.mashvisor.com/blog/find-multifamily-property-for-sale/) – Mashvisor.