

SLOW. STEADY. SIZZLING.

Why We Like Multi-Family
Apartment Buildings

Everyone needs a place to live, regardless of the current economic cycle.

Apartments vs Single Family Home and/or Condo Rentals

Lower purchase price, same rent

Due to higher economies of scale, the ‘per door’ cost of an apartment unit is less than a single family home or condo, but can generate the same rental income.

For example, you can buy an apartment building for \$90K–\$100K per door that rents for \$800 per month, or you can buy a condo worth \$150K–200K that rents for a similar \$800–\$1,000 per month. This means you can have almost double the rent for the same amount of investment capital, assuming you have enough to buy the apartment building.

Less vacancy risk

Apartment vacancies are far easier to manage. If you own a rental property and your only tenant can’t pay their rent, you have a risk exposure of 100%, and you’re now paying all operating expenses (mortgage, taxes, etc). When you own an apartment building and tenant doesn’t pay their rent, the rest of your tenants still cover operating expenses. The chance of every tenant in the building failing to pay rent is almost zero.

Lower operating costs

Lower operating costs increase your cash-flow. Apartment buildings share electrical, plumbing, heating systems and more across all units, which reduces maintenance costs. The most obvious example would be that everyone shares one roof.

Easier management

When you own an apartment building, professional third party management and on-site caretakers become a reality. All tasks (rent collection, maintenance, etc) are handled at one location for all tenants. If you own a single family home or condo, finding third party management can be nearly impossible as they can’t work efficiently enough to make an attractive profit.



Access multi-family apartment buildings through Parkhurst

Should you buy and manage your own multi-family apartment building or take advantage of Parkhurst’s private REIT, or both?



Access our Investment Guide at ptrust.ca



Advantages and Disadvantages of Other Commercial Asset Classes

Commercial Asset Classes	Advantages	Disadvantages
RETAIL	Often escalating rent rates built into 3, 5 or, 10 year leases	High vacancy during down economies
	Less management time required	No real control; good when economy grows, bad when economy slows
INDUSTRIAL	Stability of rents	High vacancy risk; often one large single tenant
	Lower tenant improvement requirement & cost	More volatile income stream as a result – all or nothing
OFFICE	Historical market lease rate increases	Very high acquisition costs
	Generally higher quality of tenant (professionals)	High costs to re-lease including lease up & tenant improvements