



THE BEGINNER'S GUIDE TO BUYING YOUR FIRST
MULTIFAMILY PROPERTY



Introduction: Why Multifamily Investing?

Buying a multifamily property—typically defined as a 2–4 unit building—is one of the most strategic ways to begin building wealth through real estate. It offers multiple income streams under one roof, lowers your risk of full vacancy, and provides significant tax and financing benefits.

Compared to single-family rentals, multifamily properties:

- Provide higher cash flow potential
- Are easier to scale
- Qualify for residential financing if under 5 units
- Allow you to “house hack” by living in one unit while renting the others

Books like *The Multifamily Millionaire* and *The ABCs of Real Estate Investing* highlight small multifamily deals as a powerful entry point for new investors. They allow you to learn the ropes of property ownership, tenant management, and income production on a manageable scale.

At AV Realty & Management, we believe every beginner deserves expert guidance. Our team can help you find the right property, run the numbers, connect with the right lenders, and guide you through every step—from pre-approval to closing and beyond.

Step 1: Clarify Your Investment Goals

Before analyzing properties or talking to lenders, you need a clear picture of your motivation and desired outcome. This will guide every decision from financing to property selection.

Ask yourself:

- What’s my primary goal? (Cash flow, appreciation, tax savings, or long-term equity?)
- Am I willing to live in one of the units (owner-occupy) to reduce down payment requirements?
- Do I want a low-maintenance turnkey property, or am I open to doing renovations?

Once you have clarity, define your parameters:

- How much cash do I have available for the down payment, closing costs, and reserves?
- What monthly mortgage payment am I comfortable with?
- Do I plan to manage the property myself or hire a professional?

These answers will shape your financing strategy, target property type, and investment timeline.

AV Realty & Management can help you map out your criteria and match it to real opportunities in your area. We take the time to understand your goals and use our experience to guide your first acquisition.

Step 2: Educate Yourself

Before investing real money, invest in your knowledge. Understanding the fundamentals of multifamily investing will help you avoid costly mistakes and give you the confidence to move forward with clarity.

Key concepts to learn:

- How to analyze rental properties
- How to calculate cash flow, cap rate, and ROI
- How financing works for 2–4 unit properties
- Local landlord-tenant laws and fair housing regulations
- What makes a location desirable for renters and investors

Recommended reading for beginners:

- The Multifamily Millionaire by Brandon Turner & Brian Murray – a step-by-step blueprint for small multifamily investing
- The ABCs of Real Estate Investing by Ken McElroy – focuses on finding, evaluating, and managing income-producing properties
- The Book on Investing in Real Estate with No (and Low) Money Down by Brandon Turner – explains creative strategies to acquire real estate without large upfront capital

You don’t need to become an expert overnight, but building a strong foundation will make you a more confident buyer and better long-term investor.

AV Realty & Management is happy to provide personalized guidance based on what you’re learning. We can recommend local resources, mentorship groups, and even analyze deals you’re unsure about.

Step 3: Get Pre-Approved by a Lender

Financing is one of the most important pieces of your multifamily purchase. Getting pre-approved by a lender will:

- Show sellers you're serious and qualified
- Clarify your true price range
- Help you understand your loan options, interest rate, and estimated monthly payment

Common loan options for first-time multifamily buyers:

Loan Type	Down Payment	Requirements
FHA Loan	3.5%	Must owner-occupy one unit for 12+ months
Conventional	15–25%	Can be used for investment or owner-occupant
VA Loan	0%	For veterans; must live in one unit
Seller Financing	Varies	Negotiated directly with the seller
Partnered Loan	Varies	Share the deal with a co-investor

What you’ll need to get pre-approved:

- Recent tax returns and W-2s (or proof of income)
- Recent bank statements
- A general idea of your credit score
- Estimated property type and location

AV Realty & Management has a network of trusted local and national lenders who specialize in working with new investors. If you don’t yet have a lender, we’d be happy to introduce you to one who can explain your options and help you move forward.

Getting pre-approved is not a commitment to buy — it’s a crucial step in preparing to act quickly when the right opportunity arises.

Step 4: Define Your Investment Criteria

Now that you're pre-approved, it's time to get specific. Treat this step like creating a filter for what you will and won't consider.

Key criteria to define:

- Location: Focus on high-demand rental markets. Look for low vacancy rates, job growth, access to transit, and amenities.
- Number of Units: For beginners, 2–4 unit properties are ideal. They qualify for residential financing but offer multiple income streams.
- Property Type: Turnkey (ready to rent) vs. value-add (needs renovations). Turnkey offers speed and ease; value-add offers upside potential.
- Price Range: Based on your loan approval and how much you're comfortable spending monthly.
- Cash Flow Requirements: Decide what your monthly income goal is after expenses.

Pro Tip: Work with a real estate professional who knows the local multifamily market. AV Realty & Management helps clients source off-market and on-market multifamily deals that meet their goals.

Step 5: Start Shopping and Touring Properties

With your criteria in place, you can begin actively searching.

Search Sources:

- MLS listings (your agent can send custom alerts)
- Off-market deals through investor networks
- Foreclosures or bank-owned properties

What to look for during tours:

- Structural condition (roof, foundation, plumbing, electrical)
- Unit condition (kitchens, baths, flooring, appliances)
- Rents (are they below market?)
- Layout and tenant appeal
- Curb appeal and parking

At AV Realty & Management, we'll walk properties with you, help you spot hidden issues, and analyze potential returns before you ever write an offer.

Step 6: Analyze the Numbers (Like a Pro)

Use basic but essential metrics to assess each deal's potential.

Key metrics:

- Gross Rent: Total rent from all units
- Expenses: Include taxes, insurance, maintenance, water/sewer, reserves, and property management
- Net Operating Income (NOI): $\text{Gross Rent} - \text{Operating Expenses}$
- Cap Rate: $\text{NOI} \div \text{Purchase Price}$ (shows return independent of financing)
- Cash-on-Cash Return: $\text{Annual Pre-Tax Cash Flow} \div \text{Cash Invested}$

You can use tools like the BiggerPockets Rental Calculator, but a simple spreadsheet works fine too.

Need help analyzing a deal? AV Realty & Management provides complimentary deal analysis for active clients to ensure every property meets your target return.

Step 7: Make an Offer and Negotiate

When a property meets your financial and condition criteria, it's time to make an offer.

Steps to expect:

- Your agent submits an offer and negotiates on your behalf
- You may include an inspection contingency and financing clause
- Negotiate purchase price, closing credits, or seller-paid repairs

What you'll need ready:

- Your pre-approval letter
- Earnest money deposit
- Proof of funds (for down payment)

Our team has negotiated dozens of successful multifamily offers. We'll help you structure terms that protect you while remaining competitive.

Step 8: Conduct Due Diligence Before Closing

Once your offer is accepted, the due diligence period begins. This is your opportunity to inspect the property, verify financials, and ensure you’re getting what you expect before finalizing the deal.

Key due diligence tasks:

- Home Inspection: Hire a licensed inspector to evaluate the foundation, roof, plumbing, heating systems, electrical, and any signs of deferred maintenance or structural issues.
- Pest Inspection: Especially important in older properties to rule out termites or rodents.
- Financial Audit: Request the seller’s rent roll, 12-month expense report, current leases, and proof of rent payments.
- Tenant Estoppel Certificates: These are signed statements from current tenants confirming lease terms, rent amounts, and security deposits.
- Verify Zoning and Unit Legality: Ensure all units are legal and permitted, especially if the property was modified by previous owners.

AV Realty & Management Advantage:

We assist our clients by coordinating inspections, reviewing documents, and confirming that the property meets your standards before you commit. We also help you negotiate repair credits or price reductions if issues are found.

Step 9: Close the Deal and Take Ownership

After due diligence is complete and your financing is finalized, you’ll move toward closing.

Final steps:

- Review and sign all closing documents (deed, mortgage, disclosures)
- Bring required funds for the down payment and closing costs
- Record the deed and officially take ownership

Expect the following at closing:

- Loan and title fees
- Escrow setup for taxes and insurance
- Pro-rated rent and security deposits (these are transferred to you)

Once you close, the property is officially yours.

If you’re owner-occupying a unit:

Prepare to move in and begin managing the other units right away.

If it’s an investment-only property:

Coordinate tenant transition, hire a property manager if needed, and begin implementing your management strategy.

Step 10: Manage the Property Effectively

After closing, your success as a multifamily investor will depend on how you manage the property.

Two main options:

1. Self-management: More control and cost savings, but requires time, communication skills, and legal knowledge.
2. Professional property management: Less time commitment, ideal for out-of-area owners or investors scaling their portfolio.

Key responsibilities:

- Collecting rent
- Responding to maintenance requests
- Enforcing lease terms
- Coordinating repairs
- Handling turnover and lease renewals
- Keeping financial records and issuing annual reports

AV Realty & Management offers full-service property management. We handle day-to-day operations so you can focus on growing your portfolio — or simply enjoy the passive income.

Step 11: Optimize, Track, and Scale

Once you’re stabilized, it’s time to improve your property’s performance and start thinking about your next investment.

Ongoing tasks:

- Review monthly income/expense statements
- Analyze your return on investment and equity growth
- Refinance when equity increases or rates drop
- Consider value-add improvements (e.g. cosmetic upgrades, laundry services)
- Build relationships with brokers, wholesalers, and lenders for future deals

Scaling your portfolio:

You can use the equity and experience gained from your first multifamily to purchase a second (and third) property. Many investors start with a house hack, then grow into small apartment portfolios within a few years.

AV Realty & Management can help you scale wisely. Whether you want to add one property per year or build an entire portfolio, we’ll support your journey every step of the way.