
How to Evaluate a Multifamily Investment Deal

Actionable steps to make informed investment decisions



Investing in multifamily properties can build wealth, but evaluating deals effectively is key to minimizing risks and maximizing returns.



Learn the core metrics, essential due diligence steps, and comparison techniques to assess your next investment opportunity.

Key Metrics to Know



Cap Rate:

Measures the property's potential return based on its current income.



Cash-on-Cash Return:

Shows the actual cash earned compared to your cash investment.



Internal Rate of Return (IRR):

Evaluates long-term profitability and time value of money.

Higher isn't always better—know the context of each metric!

Due Diligence Essentials

- ✓ **Analyze market trends:**
Is the area experiencing growth or decline?
- ✓ **Review property history:**
Prior income, expenses, and any recent improvements.
- ✓ **Understand tenant mix:**
Are there stable, long-term tenants?

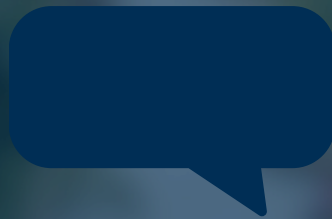


Comparing Deals Effectively

- ✓ **Align with your investment goals** (e.g., cash flow vs. appreciation).
- ✓ **Evaluate properties** in similar markets for apples-to-apples analysis.
- ✓ **Factor in risk tolerance** and property class (A, B, C, or D).



Evaluate every deal with clarity and confidence. Investing wisely is the foundation for long-term wealth.



What's your go-to metric for evaluating multifamily deals? Share in the comments!

