

THE REAL ESTATE INVESTOR'S

STRATEGY GUIDE

2026



1. Introduction: What This Guide Helps You Decide

Real estate investing isn't one-size-fits-all. This guide helps you understand:

- The core differences between single-family residential (SFR) and commercial multifamily (MF)
- The financing, management, and return expectations for each.
- What type of investor each strategy suits.
- What to expect in the buying process and why multifamily looks and feels very different.
- A final readiness checklist to help you choose your path.



2. Big Picture: How These Asset Classes Differ

Single-Family Residential (SFR)

- Typically 1–4 units
- Valuation based on comparable sales
- Lower cost of entry
- Often easier financing
- More emotional buyer pool
- Appreciation tied closely to the residential market

Commercial Multifamily (5+ Units)

- Valued based on income (NOI & cap rates). This awards good management!
- Attracts professional investors
- Returns more predictable and scalable
- Higher purchase price + higher due diligence costs + higher capital requirements
- Heavier emphasis on financial performance, operations, and compliance

3. Financing Differences

Single-Family Residential

- Mortgage approval is primarily based on your personal income & credit.
- Lower down payments possible (5–20%)
- CMHC/insured mortgages available
- Interest rates tied to the residential market

Commercial Multifamily

- The property must qualify, not you. However, there are net worth requirements for lending: at a minimum, you will need a net worth equal to 25% of the loan amount you seek. There may also be liquidity requirements based on the project.

Lenders look at:

- Net Operating Income (NOI)
- Debt Service Coverage Ratio (DSCR)
- Economic occupancy
- Down payments are often 20–35%. MLI Select does offer up to 95% LTV. Note: LTV does not mean Loan to purchase price.
- Longer amortizations available through CMHC, up to 50 years
- Rates differ from residential and can take 8–16 weeks for approval

4. Pros and Cons of Each Strategy

Single-Family Residential

PROS

- Lower barrier to entry
- Easier to finance / easier to understand
- Simpler to manage or self-manage
- Faster to buy and sell

CONS

- Cash flow is often limited
- More exposed to vacancies
- Harder to scale — 1 door at a time
- Market-dependent valuation

Commercial Multifamily

PROS

- Income-based value = more control over appreciation
- Economies of scale
- Professional tenant base
- More stable long-term performance
- Scalable, one purchase = many doors

CONS

- Higher upfront capital required
- Longer timelines to close
- More complex due diligence/ due diligence expenses higher
- Property management almost always required
- More sophisticated team and oversight

5. Management Expectations

Single-Family Residential

- You can self-manage easily
- Tenant turnover is lower-cost
- Repairs typically small-scope
- One vacancy = 100% vacancy

Commerical Multifamily

- Professional property management is strongly recommended (may be mandatory by the lender)
- Asset management becomes part of the investment (monthly reporting, budget reviews, rental strategy)
- Repairs + capex often higher
- Vacancies softened by multiple units

6. The Buying Process: What Changes When You Move Into Multifamily

6.1 Property Showings

Residential:

- You tour the home before offering.
- Condition is easy to inspect.

Multifamily:

- You may not tour every unit before offering, or any at all.
- Showings often limited to 5–25% of units.
- Access depends on seller, tenants, schedule, safety, and property size.

Expectation shift: You rely more heavily on financials than physical walkthroughs for your initial offer.

6.2 Offer Process

Residential:

- Quick CMA analysis.
- Offer often includes conditions.
- Negotiation is emotionally influenced.

Multifamily:

- Offer based on NOI, rent roll, cap rate assumptions.
- Sometimes requires submitting a Letter of Intent (LOI) first.
- Sellers expect proof of experience, financial capability, and due diligence plan.
- Far more business-like and numbers-driven.

6.3 Information Provided

Residential:

- RPR, disclosure forms, utility bills, inspection reports, leases

Multifamily:

- Trailing 12-month financial statement, current + historical rent rolls, operating budgets, lease and contract summaries, capex history, environmental reports if avail (Phase I, possibly Phase II)

6.4 Timelines

Residential:

- Offers often 24–48 hours, conditions 7–10 days.

Multifamily:

- Offers can take weeks to negotiate, due diligence often 30–60+ days.
- Financing can take 8–16 weeks (longer with CMHC).

6.5 Due Diligence Costs

Residential:

- ~\$500–\$1,000 for inspection + appraisal.

Multifamily:

- \$10,000+ depending on:
 - Inspection (full building/structural)
 - Environmental tests
 - Engineering reports
 - Appraisal
 - Financial audits
 - Legal review

Clients must know → Multifamily DD is expensive and non-refundable.

7. Who Each Strategy Is Best For

Single-Family is ideal for:

- First-time investors
- Anyone needing low upfront capital
- People wanting low-complexity
- Long-term hold investors focusing on appreciation

Multifamily is ideal for:

- Investors looking to scale
- High-income or capital-ready buyers
- People comfortable with financial statements
- Those seeking stable, predictable returns
- Investors wanting control over valuation



8. Decision Checklist: Which Strategy Fits Your Goals?

Check the statements that feel true to you:

Capital Readiness

- 1. ☐ I have capital for a larger down payment
- 2. ☐ I prefer a lower barrier to entry

Risk Comfort

- 1. ☐ I want predictable, numbers-driven returns
- 2. ☐ I'm okay with market-driven appreciation

Time Commitment

- 1. ☐ I want simple, low-maintenance investing
- 2. ☐ I'm open to asset management oversight

Investment Goals

- 1. ☐ I want to scale quickly
- 2. ☐ I prefer investing one property at a time

Buying Experience

- 1. ☐ I'm comfortable with long timelines + higher due diligence costs (More variables = more risk)
- 2. ☐ I prefer fast offers, simple inspections

Mostly 1's → Multifamily may be your path.

Mostly 2's → Start with single-family.

Want Help Choosing a Strategy?

At Phipps & Tessier Real Estate Group, we specialize in helping investors navigate both paths with clarity and confidence. Strategy and expertise matter. Connect with us to book a one-on-one strategy call and explore the right approach for your investment goals.



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