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E D U C A T I O N

GUIDE 0009

# INVESTMENT, & OPERATIONS GUIDE<sup>TM</sup>

HOW TO FAST-TRACK SCALING YOU'RE  
INVESTMENT PORTFOLIO

GUIDES DESIGNED TO HELP YOU EXCEL AT ACQUIRING AND OPERATING REAL ESTATE INVESTMENTS

# REAL STATE INVESTING IN OPERATIONS GUIDES

## How To Fast-Track Scaling Your Investment Portfolio

Scaling a multifamily real estate investment portfolio requires a solid understanding of market trends, investment strategies, and financial management. Here are some steps to help investors scale their portfolio:

- ✓ Invest in value-add properties: Value-add properties offer the opportunity to increase the property's value through renovations, upgrades, and improved management practices. This can increase the property's cash flow and equity, providing funds for future investments.
- ✓ Use the cash-out refinance strategy: This strategy involves refinancing an existing property to extract equity and using the funds to purchase another property. Here are the steps:
  - Step 1: Determine the property's current value and equity position.
  - Step 2: Determine the loan-to-value (LTV) ratio of the property.
  - Step 3: Refinance the property with a new loan that has a higher LTV ratio.
  - Step 4: Use the cash-out proceeds to purchase another property.
- ✓ Leverage debt: Using debt, such as a mortgage or loan, to finance multifamily investments can provide the capital needed to acquire additional properties.

### Example 1

An investor purchases a 20-unit multifamily property for \$2 million. Over the next few years, the investor renovates the property, increases rents, and improves management practices. The property's value increases to \$3 million, and the investor refinances the property with a new loan with an LTV ratio of 75%. The investor receives \$750,000 in cash-out proceeds, which are used to purchase another 10-unit multifamily property.

### Example 2

An investor purchases a 50-unit multifamily property for \$5 million using a combination of equity and debt financing. Over the next few years, the investor improves the property's management practices and increases occupancy rates, resulting in increased cash flow. The investor then refinances the property with a new loan that has a lower interest rate, reducing monthly debt payments and increasing cash flow. With the increased cash flow, the investor is able to acquire an additional 25-unit multifamily property using a combination of equity and debt financing.

Scaling a multifamily investment portfolio requires careful planning and execution, and investors should work with experienced professionals and use resources such as those offered by Buy it Rent it Profit Education™ to help them navigate the process. By investing in value-add properties, using the cash-out refinance strategy, and leveraging debt, investors can acquire additional properties and grow their portfolio over time.