

The Real Estate Firm That Does Not Want You To Own a House

There is a brutal reality that needs to be left out in the open when it comes to real estate, says industry player Vrzić



Image credit: Marko Vrzić

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Real estate is universally referred to as a safe investment vehicle. Indeed, property owners are generally conceived as individuals set up for financial stability throughout their whole lives, something that might have already changed.

Is Real Estate a Bad Investment In 2021?

There is a brutal reality that needs to be left out in the open when it comes to real estate. And the novel investment firm, [Vrzić](#), might be the first industry player to communicate it in such a way: Owning a home, at least in the US, is far from a panacea. In fact, many real estate options (single family, land, retail and commercial) fail to perform during recessions, pandemics, and even ‘normal’ times.

This is because investors are subject to paying property taxes, interest, amortization schedule, maintenance costs, insurance, and multiple [other](#) moving variables that create accounting challenges to guarantee a return on their purchase of a single-family home. What you might not know is that the way out of this is through multi-family properties.

In fact (and you might also not know this) the right kind of multi-family properties generate profits regardless of recessions and even pandemics.

The Times Are A-changin'

Although most homeowners are aware of the costs of purchasing property, particularly as an investment, few do their homework in the way [Vrzić](#) does. Indeed, the firm provides [detailed breakdowns](#) elaborating on how it is impossible to ever make money from owning a single-family home on a mortgage.

Real estate dynamics are not the only thing to blame for this. The current turbulent economic times are also a factor for investors to keep in mind. With inflation on the rise, salaries struggling to catch up with this macroeconomic trend, and the labor market becoming more competitive (between new graduates and remote workers in developing nations), the uncertainty in the air makes the perceived safety of buying a home seem attractive. A fatal mistake.

Side-stepping the Issue

Marko Vrzić, self-made multi-millionaire and founder of Vrzić, is well-known for his dislike of the “save to get a mortgage, buy a house and live on it” mentality that “has brainwashed American society, making them think that they’re creating wealth for their grandchildren while losing money”. As he explains, this precise model is a trap that gets families to burnout in the race towards financial independence. To help all kinds of investors avoid this, he’s geared Vrzić to tackle the problem by offering them a chance to participate in the acquisition of multi-family properties, which, as Marko (who proudly uses his family name as a commitment to over-deliver) conveys, solves many issues.

Some fresh takes

Multi-family renting builds wealth: As opposed to the ownership of several single-family properties that need to be rented and managed separately and are therefore dependent on unique variables, [multi-family properties](#) cluster multiple units into a single ownership. This shines a light on the fact that investors can spend more time working on new acquisitions, and managers on how to increase property value. It also reduces the amount of paperwork, and allows owners to streamline their systems to make processes more efficient.

Multi-family ownership creates positive market dynamics: It's no secret that bank-offered investment products and loans often "play safe" by offering wealthy investors exponentially better deals than the average folk can access. Thanks to this, whereas banks riddle middle-class owners with liabilities and responsibilities, their wealth grows simultaneously.

Using investment services that allow them to pool along with other members, investors can access bigger, more expensive properties along with greater cash flow (the next point in this list). These deals help accelerate the process of reaching profit-making stages while maintaining complete control of desirable units that don't depend on a single family's decisions. Thanks to this, investors can play a similar role to banks as opposed to facing them in their own game.

If you take any one thing out of this article, let it be this: When it comes to property acquisition, 'force appreciation' is the most important factor, and it can only be achieved by multi-family properties. Force appreciation is when the investor is in sole control of the increase in value of the property, either by running it more efficiently (generating a better net operating income) or by decreasing expenses. Single-family houses, in comparison, cannot achieve this because of their reliance on neighboring homes.

Multi-family provides constant, positive cash flow: Perhaps the most important item on this list is that, thanks to the cash flow and safety generated by owning multi-family units, investors can profit and re-invest quicker. Vrzic believes that "money in a bank should only be used to buy real investments or pay other expenses needed in order to generate a positive cashflow". Within this context, investors are incentivized and see the results of continuing to build wealth, as opposed to spending years cultivating a net loss.

Information is key: As Marko would say, investors need to "study what the wealthy are doing, not what the rich and middle class are doing". He points out the fact that the wealthy are constantly gaining momentum, which allows them to take advantage of uncertainties in the market, while the rich and middle class move with the trends. The only way out, he states, is to "cleanse yourself from

misinformation and start doing what the wealthy have been doing all along”.

Vrzić’s refreshing take, bringing forth uncomfortable truths to keep outdated beliefs from taking a toll on investors’ portfolios, showcases a new wave of investment opportunities. As they keep demonstrating, it is possible to build products for investors that equalize the field as opposed to taking advantage of the lack of information.