

## Multifamily Property Acquisition Strategy

By **Michael H. Zaransky**

MZ Capital Partners' current strategy seeks investments with a "value-add" component resulting in enhanced yields and greater appreciation in value. Support for our investment strategy can be found in demographic and market trends:

increases in the middle tier (class-B assets) outstripped those in the upper tier (class-A assets).

We believe there is substantial opportunity to provide rental housing to "the excluded middle." Millions of households, priced out of expensive class-A rentals, need housing in the middle-income range. Further bolstering the need for quality middle tier class-B rentals, Millennials (a key renter age cohort) make up 75 percent of the American workforce. The trend toward postponed marriage (today the average age at first marriage is the oldest in history), delayed childbearing and rising divorce rate have increased the number of renter households.

New under construction multifamily product, due to today's high land and construction costs, must be positioned as high end class-A product in order to achieve the high rents required for a return on investment. Lower price point mid-tier rentals and suburban assets continue to skirt the impact of heavy new supply in

more expensive CBD submarkets in major MSAs.

Given compelling demographic and market trends, as well as the high cost of rent in class-A new product, there is a growing need for well-maintained lower priced middle tier apartment rentals. This need will result in continued rent growth and high occupancy for class-B product. ■

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The Joint Center for Housing Studies of Harvard University State of the Nation's Housing Report finds:

- Rental demand for housing should remain strong for at least the next decade.
- In total, about 36 percent of U.S. households live in rentals, representing nearly 110 million people.
- Over the next 10 years, the Millennial generation (born 1985-2004) is expected to form 2 million new households per year, increasing the total number of Millennial-headed households from 16 million in 2015 to a projected 40 million in 2025.
- In 18 of the nation's 25 largest markets, annual rent





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# MZ Capital Partners

is a demographically driven real estate investment firm with a specialty niche in Multi Family assets throughout the United States. We are a well-capitalized entrepreneurial firm with the ability to act quickly.

MZ Capital Partners' current strategy seeks investments with a "value add" component resulting in enhanced yields and greater appreciation in value.

Our Targeted Property Class Niche:  
Acquisition and Execution of a Value Add Strategy of Multifamily Middle Tier Assets (Class B Assets).