

WHY ONTARIO REIs SHOULD BE TARGETING **5-UNIT BUILDINGS** (NOT TRIPLEXES OR FOURPLEXES)

Most Ontario investors aim for duplexes, triplexes, or fourplexes.

But the biggest jump in long-term wealth and financing power comes when you cross into five units or more.

This blog explains why 5-plex conversions make more financial sense — and why REIs should stop thinking of properties as “houses” and start thinking in square footage and income potential.



5+ Units Unlock Commercial Financing

Once your building hits five units, lenders treat it as a commercial income asset, not a residential one.

Benefits include:

- DSCR-based approval
- Better amortization options
- Income-based lending decisions
- Higher refinancing potential
- Less reliance on personal income

This alone can change an investor's entire growth trajectory.

Your Value Is Based on Income — Not Comps

Triplexes and fourplexes are capped by residential comparables. Your neighbour's sale affects your value.

A 5-plex is valued using the income approach ($\text{NOI} \div \text{cap rate}$).

Meaning:

- Operate better → value increases
- Improve layouts → value increases
- Raise rents → value increases

You control the appreciation.

You Often Only Need ~2,500 Sq. Ft. to Hit 5 Units

Most older Ontario buildings have:

- Large basements
- Attics with full head height
- Oversized floorplates
- Space for small rear additions

REIs underestimate how much density is already achievable — often without planning applications — if zoning already allows it as-of-right.

Parking Requirements Are No Longer a Barrier

Many municipalities have reduced or removed minimum parking requirements for new units.

This opens the door for 5-unit conversions even on smaller urban lots.

More units = more resilience.

- Vacancies impact revenue less
- Repairs are absorbed more easily
- Overall NOI increases

Investors gain long-term stability.

Your building functions like a true commercial asset.

Cashflow Becomes More Stable

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The ROI on Renovation Costs Is Dramatically Higher

You're already paying for:

- Fire separations
- Electrical upgrades
- Mechanical improvements
- New layouts
- Permit drawings

The incremental cost of adding the 4th and 5th units is often small compared to the increased income and appraisal value.

How Rojas Empire Helps Investors Execute 5-Unit Strategies

We support investors by:

- Assessing realistic density potential
- Evaluating zoning & as-of-right permissions
- Designing efficient, code-aligned unit layouts
- Preparing permit-ready drawings
- Leveraging 3D scans for accuracy
- Coordinating with inspectors & engineers

Our goal is simple: Turn your building into a high-performing commercial income asset.

Final Thoughts

A triplex creates income. A 5-plex builds wealth.

If you're considering a conversion, reach out — we'll review your property and show you what's possible.

