As you will see listed below there are many types of income-producing property types that you can invest in. Listed are those properties that typically (but not necessarily strategically or with analysis) are sought after by investors. Many times we have talked to investors that learn one tool in a program or book and try and make it work in the hope of making money in real estate (with everyone running around trying to buy the same property). What they don’t understand, that in their process, it is the TOOL that is driving the process versus a more strategic approach in which a flexible, strategic, and business approach drives the type of property purchased. The first is a narrow and blinding view of a marketplace while the second approach is a more holistic approach to making money. Which approach you take will have a huge effect on your final wealth building potential and the amount of time it will take to get you to your goal. It’s all up to you!

The descriptions of income-producing property types are provided to help you better understand the differences between them. As you can see there are more than just run down single-family houses that you can invest in. When buyers come to us to help them in the sale or purchase of such properties, one of the first steps we engage in is to clearly define for ourselves, and for them, as to what type of property may best meet their needs and help them meet or exceed their wealth building goals. Although you may not see huge differences in project scope, timing, funding, and potential costs between these types, they do exist and we will explain the differences of all those factors to you at our first meeting. We hope you find this information helpful and we look forward to answering any questions that you might have and helping you build your wealth by investing in real estate.

8 Common Types of Residential Income-Producing Properties

**Single:** An owner or non-owner occupied property designed for the use and occupancy of one family group.

**Duplex:** A building that contains exactly two separate dwelling units.

**Triplex:** A building that contains exactly three separate dwelling units.

**Quad-plex:** A building that contains exactly four separate dwelling units.

**Multi Family:** A building or complex that contains five or more separate dwelling units. Any building over five residential units will be considered “commercial” for lending purposes but “residential” under IRS Tax Code when calculating for straight-line depreciation.

**Apartments:** One or more rooms of a building used as a place to live, in a building containing at least one other unit used for the same purpose. Again, same lending requirements as with multi-family property type above.

**Vacant Land:** Property or real estate, not including buildings or equipment.
14 Common Types of Commercial Income-Producing Properties

Commercial Properties Defined

**Retail Properties:** used for displaying and selling various kinds of goods and services to the public

- **Shopping Centers** – A group of commercial establishments designed, built, and managed as a unit, keyed to the immediate trade area they are designed to serve, and providing on-site parking in proportion to the size, type, and number of stores in the center.
  - **Super-regional**
    - Three or more major department stores
    - Extensive variety of merchandise and services
    - Often in enclosed malls
    - Total gross leasable area of approx 1,000,000 sf
    - Site area: As much as 100 acres
    - Trade area: 300,000 people in 12 mile radius or 30 minute drive

- **Regional**
  - One or two full-line department stores of 100,000 sf or more as anchors
  - A variety of merchandise and services in smaller stores
  - Gross leasable area between 300,000 and 1,000,000 sf
  - Site area: 30-50 acres
  - Trade area: 150,000 people in an 8 mile radius or a 25-30 minute drive time

- **Community**
  - Usually built around a supermarket, junior dept store, variety or discount store
  - A variety of convenience goods and personal services, soft and hard goods
  - Gross leasable area between 100,000 & 300,000 sf
  - Site area: 10-30 acres
  - Trade area: 40,000-150,000 people within a 3-5 mile radius or a 10-20 minute drive time
  - Parking index: 4-5 spaces per 1,000 sf of gross leasable area

- **Neighborhood**
  - Usually built around a supermarket or drug store
  - Provides convenience goods and personal services for immediate neighborhood
  - Total gross leasable area between 30,000 and 100,000 sf
  - Site area: Three acres
  - Trade area: 2,500-40,000 people in a 1.3 mile radius or 5-10 minute drive time
  - Parking index: Four spaces per 1,000 square feet of gross leasable area

- **Strip Center**
  - Arranged in a line along a street or parking area; often has an anchor tenant at either end
  - Gross leasable area of 10,000-20,000 sf

- **Specialty or Theme Center**
  - No traditional anchor tenant
  - May have a single architectural scheme
  - May be build around a type of business, such as home improvement, apparel, discount or off-price merchandising
  - Often local in impact
- **Freestanding Building** – A commercial establishment providing goods and services in single-use buildings of sizes or in multiple-use buildings of less than 20,000 sf. This type of property accounts for approx. 62% of retail space nationwide. Freestanding retail development is often a result of infilling-matching un-met local or needs near major shopping centers and along major corridors.

- **Strip Commercial** – A string of commercially zoned lots developed independently, or a string of retail stores with no central management or leasing program.

**Apartment & Multi-units (+5):** A property designed for the use and occupancy of more than five family groups in a given location.

**Mobile Home Parks:** A parcel or contiguous parcels of land which have been so designated and improved that it contains two (2) or more mobile home lots available to the general public for the placement thereon of mobile homes for occupancy.

**Self-Storage:** Self-storage facilities lease space to individuals, usually storing household goods, or to small businesses, usually storing excess inventory or archived records. The rented spaces, known as “units”, are secured by the tenant’s own lock and key.

**Office Buildings:** Also known as an office block is a form of commercial building that contains spaces designed as workspaces for administrative and managerial workers.

**Land for Development:** Strategically located land that can or will be developed to maximize future income-producing potential.

**Franchise Locations:** Properties that meet the specific requirements of the franchiser and franchisee.


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**TAKE ACTION**

To find out more about building your net worth by investing in high-return real estate, please contact:

- **Max Wilson,** *Real Estate Investment Strategist* at 724-368-3650

- [MaxWilson@InvestInPittsburgh.com](mailto:MaxWilson@InvestInPittsburgh.com) for a quick response. Thank you.