

SUMMARY

Analysis Type: Buying
Property Type: Office

PROPERTY INCOME

Property Annual Income: \$10,000,000
Property Square Footage: -
Property Vacancy: 2%
Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: \$96,040,000
Down Payment: \$41,160,000
Interest Rate: 6%
Amortization Period: 30 Year
Monthly Payment: \$575,808
Annual Debt Service: \$6,909,700
Debt Coverage Ratio: 0.99

PROPERTY EXPENSES

Gross Lease
Property Annual Expenses: \$2,940,000

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %
Annual Expense Growth Rate: 2 %
Cap Rate at Sale: 5.5 %
Cost of Sale: 2%
Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$137,200,000
Property Cap Rate: 5.00%

10 YEAR CASH FLOW ANALYSIS

Potential Income: \$10,000,000
Vacancy Rate: 2%
Cash on Cash Return (Return on Equity): -0.12%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Gross Income	\$10,000,000	\$10,200,000	\$10,404,000	\$10,612,080	\$10,824,322	\$11,040,808	\$11,261,624	\$11,486,856	\$11,716,593	\$11,950,925	\$12,189,944
Vacancy Rate (2%)	\$200,000	\$204,000	\$208,080	\$212,242	\$216,486	\$220,816	\$225,232	\$229,737	\$234,332	\$239,019	\$243,799
Effective Gross Income -Growing @ 2%/yr -With a 2% Vacancy Rate):	\$9,800,000	\$9,996,000	\$10,195,920	\$10,399,838	\$10,607,836	\$10,819,992	\$11,036,392	\$11,257,119	\$11,482,261	\$11,711,907	\$11,946,145
Average Rent per Square Foot:											
Less Expenses (Growing @ 2%/yr):	(\$ 2,940,000)	(\$ 2,998,800)	(\$ 3,058,776)	(\$ 3,119,952)	(\$ 3,182,351)	(\$ 3,245,998)	(\$ 3,310,918)	(\$ 3,377,136)	(\$ 3,444,679)	(\$ 3,513,573)	(\$ 3,583,844)
Net Operating Income (NOI):	\$ 6,860,000	\$ 6,997,200	\$ 7,137,144	\$ 7,279,886	\$ 7,425,485	\$ 7,573,994	\$ 7,725,474	\$ 7,879,983	\$ 8,037,582	\$ 8,198,334	\$ 8,362,301
Less Loan Payment 1st Mortgage	(\$6,909,700)	(\$6,909,700)	(\$6,909,700)	(\$6,909,700)	(\$6,909,700)	(\$6,909,700)	(\$6,909,700)	(\$6,909,700)	(\$6,909,700)	(\$6,909,700)	(\$6,909,700)
Net Cash Flow	\$ -49,700	\$ 87,500	\$ 227,444	\$ 370,187	\$ 515,785	\$ 664,294	\$ 815,774	\$ 970,283	\$ 1,127,882	\$ 1,288,634	\$ 1,452,601
Cash on Cash Return (Return on Equity):	-0.12%	0.21%	0.55%	0.90%	1.25%	1.61%	1.98%	2.36%	2.74%	3.13%	3.53%
Principal Reduction:	\$1,179,382	\$1,252,124	\$1,329,352	\$1,411,344	\$1,498,393	\$1,590,810	\$1,688,928	\$1,793,097	\$1,903,692	\$2,021,107	\$2,145,765
Cumulative Principal Reduction:	\$1,179,382	\$2,431,507	\$3,760,859	\$5,172,203	\$6,670,596	\$8,261,406	\$9,950,334	\$11,743,431	\$13,647,123	\$15,668,230	\$17,813,994
Cash Flow Plus Principal Reduction:	\$ 1,129,682	\$ 1,339,624	\$ 1,556,796	\$ 1,781,531	\$ 2,014,178	\$ 2,255,104	\$ 2,504,702	\$ 2,763,380	\$ 3,031,574	\$ 3,309,741	\$ 3,598,366
Total Return Before Taxes:	2.74%	3.25%	3.78%	4.33%	4.89%	5.48%	6.09%	6.71%	7.37%	8.04%	8.74%

IRR: 6.71%

Future Value in Year 10	Cost of Sale	Loan Balance
\$26,410,927	\$528,219	\$80,371,770