

SUMMARY

Analysis Type: Buying
Property Type: Office

PROPERTY INCOME

Property Annual Income: \$156,000

Property Square Footage: -

Property Vacancy: -

Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: \$1,342,500

Down Payment: \$447,500

Interest Rate: 5%

Amortization Period: 20 Year

Monthly Payment: \$8,860

Annual Debt Service: \$106,319

Debt Coverage Ratio: 1.39

PROPERTY EXPENSES

Gross Lease

Property Annual Expenses: \$7,800

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$1,790,000

Property Cap Rate: 8.28%

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 3 %

Annual Expense Growth Rate: 2 %

Cap Rate at Sale: 8.28 %

Cost of Sale: 2%

Number of Years: 10

10 YEAR CASH FLOW ANALYSIS

Potential Income: \$156,000

Vacancy Rate: -

Cash on Cash Return (Return on Equity): 9.36%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Gross Income	\$156,000	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Vacancy Rate	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Effective Gross Income -Growing @ 3%/yr -With a 0% Vacancy Rate):	\$156,000	\$160,680	\$165,500	\$170,465	\$175,579	\$180,846	\$186,271	\$191,859	\$197,615	\$203,543	\$209,649
Average Rent per Square Foot:											
Less Expenses (Growing @ 2%/yr):	(\$ 7,800)	(\$ 7,956)	(\$ 8,115)	(\$ 8,277)	(\$ 8,443)	(\$ 8,612)	(\$ 8,784)	(\$ 8,960)	(\$ 9,139)	(\$ 9,322)	(\$ 9,508)
Net Operating Income (NOI):	\$ 148,200	\$ 152,724	\$ 157,385	\$ 162,188	\$ 167,136	\$ 172,234	\$ 177,487	\$ 182,899	\$ 188,476	\$ 194,221	\$ 200,141
Less Loan Payment 1st Mortgage	(\$106,319)	(\$106,319)	(\$106,319)	(\$106,319)	(\$106,319)	(\$106,319)	(\$106,319)	(\$106,319)	(\$106,319)	(\$106,319)	(\$106,319)
Net Cash Flow	\$ 41,881	\$ 46,405	\$ 51,066	\$ 55,869	\$ 60,817	\$ 65,915	\$ 71,168	\$ 76,580	\$ 82,157	\$ 87,902	\$ 93,822
Cash on Cash Return (Return on Equity):	9.36%	10.37%	11.41%	12.48%	13.59%	14.73%	15.90%	17.11%	18.36%	19.64%	20.97%
Principal Reduction:	\$40,105	\$42,156	\$44,313	\$46,580	\$48,964	\$51,469	\$54,102	\$56,870	\$59,779	\$62,838	\$66,053
Cumulative Principal Reduction:	\$40,105	\$82,261	\$126,574	\$173,155	\$222,118	\$273,587	\$327,689	\$384,559	\$444,338	\$507,176	\$573,229
Cash Flow Plus Principal Reduction:	\$ 81,986	\$ 88,561	\$ 95,379	\$ 102,449	\$ 109,781	\$ 117,384	\$ 125,270	\$ 133,450	\$ 141,936	\$ 150,740	\$ 159,875
Total Return Before Taxes:	18.32%	19.79%	21.31%	22.89%	24.53%	26.23%	27.99%	29.82%	31.72%	33.68%	35.73%

IRR: 21.60% (Iterative Method)

20.52% (Newton's Method)

Future Value in Year 10

\$2,417,162

Cost of Sale

\$48,343

Loan Balance

\$835,324