Income Analysis

Report courtesy of FWD Coaching

SUMMARY

Analysis Type: Buying
Property Type: Mixed-Use
Age of Property (Completion Year): 1980
Site Area: 20,000 sq ft
Gross Building Area: 20,000 sq ft

PROPERTY INCOME

Property Annual Income: $126,000
Property Square Footage: 20,000
Property Vacancy: 5%
Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: $672,960
Down Payment: $168,240
Interest Rate: 7%
Amortization Period: 30 Year
Monthly Payment: $4,477
Annual Debt Service: $53,727
Debt Coverage Ratio: 1.25

PROPERTY EXPENSES

Gross Lease
Property Annual Expenses: $52,404

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 3 %
Annual Expense Growth Rate: 3 %
Cap Rate at Sale: 8.5 %
Cost of Sale: 2%
Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: $841,200
Property Cap Rate: 8.00%

10 YEAR CASH FLOW ANALYSIS

Potential Income: $126,000
Vacancy Rate: 5%
Cash on Cash Return (Return on Equity): 8.07%

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	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Gross Income	$126,000	$132,300	$138,915	$145,861	$153,154	$160,812	$168,853	$177,296	$186,161	$195,469	$205,242
Vacancy Rate (5%)	$6,300	$6,615	$6,946	$7,293	$7,658	$8,041	$8,443	$8,865	$9,308	$9,773	$10,262
Effective Gross Income -Growing @ 3%/yr -With a 5% Vacancy Rate):	$119,700	$123,291	$126,989	$130,799	$134,722	$138,764	$142,927	$147,214	$151,630	$156,179	$160,864
Average Rent per Square Foot:	$5.99	$6.16	$6.34	$6.53	$6.73	$6.93	$7.14	$7.35	$7.57	$7.80	$8.03
Less Expenses (Growing @ 3%/yr):	($ 52,404)	($ 53,976)	($ 55,595)	($ 57,263)	($ 58,981)	($ 60,750)	($ 62,573)	($ 64,450)	($ 66,384)	($ 68,376)	($ 70,427)
Net Operating Income (NOI):	$ 67,296	$ 69,315	$ 71,394	$ 73,536	$ 75,741	$ 78,014	$ 80,354	$ 82,764	$ 85,246	$ 87,803	$ 90,437
Less Loan Payment 1st Mortgage	($53,727)	($53,727)	($53,727)	($53,727)	($53,727)	($53,727)	($53,727)	($53,727)	($53,727)	($53,727)	($53,727)
Net Cash Flow	$ 13,569	$ 15,588	$ 17,668	$ 19,809	$ 22,015	$ 24,287	$ 26,627	$ 29,037	$ 31,520	$ 34,076	$ 36,711
Cash on Cash Return (Return on Equity):	8.07%	9.27%	10.50%	11.77%	13.09%	14.44%	15.83%	17.26%	18.74%	20.25%	21.82%
Principal Reduction:	$6,836	$7,330	$7,860	$8,428	$9,038	$9,691	$10,391	$11,143	$11,948	$12,812	$13,738
Cumulative Principal Reduction:	$6,836	$14,166	$22,026	$30,455	$39,492	$49,183	$59,574	$70,717	$82,665	$95,477	$109,215
Cash Flow Plus Principal Reduction:	$ 20,405	$ 22,918	$ 25,528	$ 28,237	$ 31,053	$ 33,978	$ 37,018	$ 40,180	$ 43,468	$ 46,888	$ 50,449
Total Return Before Taxes:	12.13%	13.62%	15.17%	16.78%	18.46%	20.20%	22.00%	23.88%	25.84%	27.87%	29.99%

IRR: 19.51% (Iterative Method)

18.71% (Newton's Method)

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Future Value in Year 10	Cost of Sale	Loan Balance
$1,063,965	$21,279	$577,483