Income Analysis

Report courtesy of Ola van Zyl

SUMMARY

Analysis Type: Buying
Property Type: Office

PROPERTY INCOME

Property Annual Income: $99,000
Property Square Footage: -
Property Vacancy: -
Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: $877,500
Down Payment: $292,500
Interest Rate: 6.5%
Amortization Period: 30 Year
Monthly Payment: $5,546
Annual Debt Service: $66,557
Debt Coverage Ratio: 1.46

PROPERTY EXPENSES

Gross Lease
Property Annual Expenses: $2,000

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 3 %
Annual Expense Growth Rate: 2 %
Cap Rate at Sale: 7.22 %
Cost of Sale: 2%
Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: $1,170,000
Property Cap Rate: 8.29%

10 YEAR CASH FLOW ANALYSIS

Potential Income: $99,000
Vacancy Rate: -
Cash on Cash Return (Return on Equity): 10.41%

Ola van Zyl

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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	$99,000	$	$	$	$	$	$	$	$	$	$
Vacancy Rate	$	$	$	$	$	$	$	$	$	$	$
Effective Gross Income -Growing @ 3%/yr -With a % Vacancy Rate):	$99,000	$101,970	$105,029	$108,180	$111,425	$114,768	$118,211	$121,757	$125,410	$129,172	$133,047
Average Rent per Square Foot:											
Less Expenses (Growing @ 2%/yr):	($ 2,000)	($ 2,040)	($ 2,081)	($ 2,123)	($ 2,165)	($ 2,208)	($ 2,252)	($ 2,297)	($ 2,343)	($ 2,390)	($ 2,438)
Net Operating Income (NOI):	$ 97,000	$ 99,930	$ 102,948	$ 106,057	$ 109,260	$ 112,560	$ 115,959	$ 119,460	$ 123,067	$ 126,782	$ 130,609
Less Loan Payment 1st Mortgage	($66,557)	($66,557)	($66,557)	($66,557)	($66,557)	($66,557)	($66,557)	($66,557)	($66,557)	($66,557)	($66,557)
Net Cash Flow	$ 30,443	$ 33,373	$ 36,391	$ 39,500	$ 42,703	$ 46,003	$ 49,402	$ 52,903	$ 56,510	$ 60,225	$ 64,052
Cash on Cash Return (Return on Equity):	10.41%	11.41%	12.44%	13.50%	14.60%	15.73%	16.89%	18.09%	19.32%	20.59%	21.90%
Principal Reduction:	$9,808	$10,465	$11,166	$11,914	$12,711	$13,563	$14,471	$15,440	$16,474	$17,578	$18,755
Cumulative Principal Reduction:	$9,808	$20,273	$31,439	$43,352	$56,064	$69,626	$84,097	$99,538	$116,012	$133,589	$152,344
Cash Flow Plus Principal Reduction:	$ 40,251	$ 43,838	$ 47,557	$ 51,414	$ 55,414	$ 59,566	$ 63,873	$ 68,343	$ 72,984	$ 77,803	$ 82,807
Total Return Before Taxes:	13.76%	14.99%	16.26%	17.58%	18.94%	20.36%	21.84%	23.37%	24.95%	26.60%	28.31%

IRR: 22.52% (Iterative Method)

21.4% (Newton's Method)

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Future Value in Year 10	Cost of Sale	Loan Balance
$1,808,989	$36,180	$743,911

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