

SUMMARY

Analysis Type: Buying
Property Type: Office
Age of Property (Completion Year): 36
Site Area: 44,000 sq ft
Gross Building Area: 34,202 sq ft

PROPERTY INCOME

Property Annual Income: \$636,388
Property Square Footage: 44,000
Property Vacancy: -
Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: \$3,690,000
Down Payment: \$410,000
Interest Rate: 7.5%
Amortization Period: 20 Year
Monthly Payment: \$29,726
Annual Debt Service: \$356,717
Debt Coverage Ratio: 1.16

PROPERTY EXPENSES

Triple Net Lease (NNN)
Property Annual Expenses: \$222,736

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %
Annual Expense Growth Rate: 2 %
Cap Rate at Sale: 10.59 %
Cost of Sale: 2%
Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$4,100,000
Property Cap Rate: 10.09%

10 YEAR CASH FLOW ANALYSIS

Potential Income: \$636,388
Vacancy Rate: -
Cash on Cash Return (Return on Equity): 13.89%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Effective Gross Income -Growing @ 2%/yr -With a 0% Vacancy Rate):	\$636,388	\$649,116	\$662,098	\$675,340	\$688,847	\$702,624	\$716,676	\$731,010	\$745,630	\$760,543	\$775,754
Average Rent per Square Foot:	\$14.46	\$14.75	\$15.05	\$15.35	\$15.66	\$15.97	\$16.29	\$16.62	\$16.95	\$17.29	\$17.64
Less Expenses (Growing @ 2%/yr):	(\$ 222,736)	(\$ 227,191)	(\$ 231,735)	(\$ 236,370)	(\$ 241,097)	(\$ 245,919)	(\$ 250,837)	(\$ 255,854)	(\$ 260,971)	(\$ 266,190)	(\$ 271,514)
Net Operating Income (NOI):	\$ 413,652	\$ 421,925	\$ 430,363	\$ 438,970	\$ 447,750	\$ 456,705	\$ 465,839	\$ 475,156	\$ 484,659	\$ 494,353	\$ 504,240
Less Loan Payment 1st Mortgage	(\$356,717)	(\$356,717)	(\$356,717)	(\$356,717)	(\$356,717)	(\$356,717)	(\$356,717)	(\$356,717)	(\$356,717)	(\$356,717)	(\$356,717)
Net Cash Flow	\$ 56,935	\$ 65,208	\$ 73,646	\$ 82,253	\$ 91,033	\$ 99,988	\$ 109,122	\$ 118,439	\$ 127,942	\$ 137,636	\$ 147,523
Cash on Cash Return (Return on Equity):	13.89%	15.90%	17.96%	20.06%	22.20%	24.39%	26.62%	28.89%	31.21%	33.57%	35.98%
Principal Reduction:	\$82,774	\$89,200	\$96,124	\$103,587	\$111,628	\$120,294	\$129,633	\$139,697	\$150,542	\$162,229	\$174,823
Cumulative Principal Reduction:	\$82,774	\$171,973	\$268,097	\$371,684	\$483,313	\$603,607	\$733,240	\$872,937	\$1,023,479	\$1,185,708	\$1,360,531
Cash Flow Plus Principal Reduction:	\$ 139,709	\$ 154,408	\$ 169,770	\$ 185,840	\$ 202,661	\$ 220,282	\$ 238,755	\$ 258,136	\$ 278,484	\$ 299,865	\$ 322,346
Total Return Before Taxes:	34.08%	37.66%	41.41%	45.33%	49.43%	53.73%	58.23%	62.96%	67.92%	73.14%	78.62%

IRR: 30.03%