

SUMMARY

Analysis Type: Buying
Property Type: Office

PROPERTY INCOME

Property Annual Income: \$110,000
Property Square Footage: -
Property Vacancy: 2%
Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: \$1,293,600
Down Payment: \$431,200
Interest Rate: 7%
Amortization Period: 20 Year
Monthly Payment: \$10,029
Annual Debt Service: \$120,351
Debt Coverage Ratio: 0.72

PROPERTY EXPENSES

Gross Lease
Property Annual Expenses: \$21,560

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: \$1,724,800
Property Cap Rate: 5%

10 YEAR CASH FLOW ANALYSIS

Potential Income: \$110,000
Vacancy Rate: 2%
Cash on Cash Return (Return on Equity): -7.91%

	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 2% Vacancy Rate:	\$107,800	\$109,956	\$112,155	\$114,398	\$116,687	\$119,020	\$121,400	\$123,829	\$126,305	\$128,832	\$131,408
Average Rent per Square Foot:											
Less Expenses (Growing @ 2%/yr):	(\$ 21,560)	(\$ 21,991)	(\$ 22,431)	(\$ 22,880)	(\$ 23,338)	(\$ 23,805)	(\$ 24,281)	(\$ 24,767)	(\$ 25,262)	(\$ 25,767)	(\$ 26,282)
Net Operating Income (NOI):	\$ 86,240	\$ 87,965	\$ 89,724	\$ 91,518	\$ 93,349	\$ 95,215	\$ 97,119	\$ 99,062	\$ 101,043	\$ 103,065	\$ 105,126
Less Loan Payment 1st Mortgage	(\$120,351)	(\$120,351)	(\$120,351)	(\$120,351)	(\$120,351)	(\$120,351)	(\$120,351)	(\$120,351)	(\$120,351)	(\$120,351)	(\$120,351)
Net Cash Flow	\$ -34,111	\$ -32,386	\$ -30,627	\$ -28,833	\$ -27,003	\$ -25,136	\$ -23,232	\$ -21,289	\$ -19,308	\$ -17,286	\$ -15,225
Cash on Cash Return (Return on Equity):	-7.91%	-7.51%	-7.10%	-6.69%	-6.26%	-5.83%	-5.39%	-4.94%	-4.48%	-4.01%	-3.53%
Principal Reduction:	\$30,774	\$32,999	\$35,384	\$37,942	\$40,685	\$43,626	\$46,780	\$50,162	\$53,788	\$57,676	\$61,846
Cumulative Principal Reduction:	\$30,774	\$63,773	\$99,157	\$137,099	\$177,784	\$221,410	\$268,190	\$318,352	\$372,140	\$429,816	\$491,661
Cash Flow Plus Principal Reduction:	\$ -3,337	\$ 613	\$ 4,757	\$ 9,109	\$ 13,682	\$ 18,490	\$ 23,548	\$ 28,873	\$ 34,480	\$ 40,390	\$ 46,621
Total Return Before Taxes:	-0.77%	0.14%	1.10%	2.11%	3.17%	4.29%	5.46%	6.70%	8.00%	9.37%	10.81%

IRR: 4.99%