

SUMMARY

Analysis Type: Buying
Property Type: Retail
Gross Building Area: 33,000 sq ft

PROPERTY INCOME

Property Annual Income: \$231,000
Property Square Footage: -
Property Vacancy: 2%
Property Additional Income: \$36,000

LOAN & DEBT ANALYSIS

Loan Amount: \$1,550,000
Down Payment: \$200,000
Interest Rate: 6%
Amortization Period: 20 Year
Monthly Payment: \$11,105
Annual Debt Service: \$133,256
Debt Coverage Ratio: 1.7

PROPERTY EXPENSES

Gross Lease
Property Annual Expenses: \$36,000

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %
Annual Expense Growth Rate: 2 %
Cap Rate at Sale: 13.44 %
Cost of Sale: 2%
Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$1,750,000
Property Cap Rate: 12.94%

10 YEAR CASH FLOW ANALYSIS

Potential Income: \$231,000
Vacancy Rate: 2%
Cash on Cash Return (Return on Equity): 46.56%

	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:	\$226,380	\$230,908	\$235,525	\$240,236	\$245,041	\$249,942	\$254,941	\$260,040	\$265,241	\$270,546	\$275,956
Average Rent per Square Foot:											
Less Expenses (Growing @ 2%/yr):	(\$ 36,000)	(\$ 36,720)	(\$ 37,454)	(\$ 38,203)	(\$ 38,967)	(\$ 39,746)	(\$ 40,541)	(\$ 41,352)	(\$ 42,179)	(\$ 43,023)	(\$ 43,883)
Net Operating Income (NOI):	\$ 226,380	\$ 230,188	\$ 234,071	\$ 238,033	\$ 242,074	\$ 246,196	\$ 250,400	\$ 254,688	\$ 259,062	\$ 263,523	\$ 268,073
Less Loan Payment 1st Mortgage	(\$133,256)	(\$133,256)	(\$133,256)	(\$133,256)	(\$133,256)	(\$133,256)	(\$133,256)	(\$133,256)	(\$133,256)	(\$133,256)	(\$133,256)
Net Cash Flow	\$ 57,124	\$ 60,931	\$ 64,815	\$ 68,777	\$ 72,818	\$ 76,940	\$ 81,144	\$ 85,432	\$ 89,806	\$ 94,266	\$ 98,817
Cash on Cash Return (Return on Equity):	28.56%	30.47%	32.41%	34.39%	36.41%	38.47%	40.57%	42.72%	44.90%	47.13%	49.41%
Principal Reduction:	\$41,382	\$43,934	\$46,644	\$49,521	\$52,575	\$55,818	\$59,261	\$62,916	\$66,796	\$70,916	\$75,290
Cumulative Principal Reduction:	\$41,382	\$85,316	\$131,960	\$181,481	\$234,056	\$289,874	\$349,135	\$412,051	\$478,847	\$549,763	\$625,053
Cash Flow Plus Principal Reduction:	\$ 98,506	\$ 104,865	\$ 111,459	\$ 118,298	\$ 125,393	\$ 132,758	\$ 140,405	\$ 148,348	\$ 156,602	\$ 165,182	\$ 174,107
Total Return Before Taxes:	49.25%	52.43%	55.73%	59.15%	62.70%	66.38%	70.20%	74.17%	78.30%	82.59%	87.05%

IRR: 43.46%