Income Analysis

Report courtesy of Ola van Zyl

SUMMARY

Analysis Type: Buying
Property Type: Retail

PROPERTY INCOME

Property Annual Income: $73,200
Property Square Footage: -
Property Vacancy: -
Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: $675,000
Down Payment: $225,000
Interest Rate: 6.5%
Amortization Period: 30 Year
Monthly Payment: $4,266
Annual Debt Service: $51,198
Debt Coverage Ratio: 1.29

PROPERTY EXPENSES

Gross Lease
Property Annual Expenses: $7,320

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %
Annual Expense Growth Rate: 2 %
Cap Rate at Sale: 7.82 %
Cost of Sale: 2%
Number of Years: 5

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: $900,000
Property Cap Rate: 7.32%

5 YEAR CASH FLOW ANALYSIS

Potential Income: $73,200
Vacancy Rate: -
Cash on Cash Return (Return on Equity): 6.53%

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CRE CALCULATOR

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	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Gross Income	$73,200	$	$	$	$	$
Vacancy Rate	$	$	$	$	$	$
Effective Gross Income -Growing @ 2%/yr -With a % Vacancy Rate):	$73,200	$74,664	$76,157	$77,680	$79,234	$80,819
Average Rent per Square Foot:						
Less Expenses (Growing @ 2%/yr):	($ 7,320)	($ 7,466)	($ 7,615)	($ 7,767)	($ 7,922)	($ 8,080)
Net Operating Income (NOI):	$ 65,880	$ 67,198	$ 68,542	$ 69,913	$ 71,312	$ 72,739
Less Loan Payment 1st Mortgage	($51,198)	($51,198)	($51,198)	($51,198)	($51,198)	($51,198)
Net Cash Flow	$ 14,682	$ 16,000	$ 17,344	$ 18,715	$ 20,114	$ 21,541
Cash on Cash Return (Return on Equity):	6.53%	7.11%	7.71%	8.32%	8.94%	9.57%
Principal Reduction:	$7,545	$8,050	$8,589	$9,164	$9,778	$10,433
Cumulative Principal Reduction:	$7,545	$15,595	$24,184	$33,348	$43,126	$53,559
Cash Flow Plus Principal Reduction:	$ 22,227	$ 24,050	$ 25,933	$ 27,879	$ 29,892	$ 31,974
Total Return Before Taxes:	9.88%	10.69%	11.53%	12.39%	13.29%	14.21%

IRR: 16.11% (Iterative Method)

14.54% (Newton's Method)

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Future Value in Year 5	Cost of Sale	Loan Balance
$930,166	$18,603	$572,239

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