Income Analysis

Report courtesy of Troy Muljat

SUMMARY

Analysis Type: Buying
Property Type: Retail
Site Area: 14,500 sq ft
Gross Building Area: 8,000 sq ft

PROPERTY INCOME

Property Annual Income: $120,000
Property Square Footage: 14,500
Property Vacancy: 2%
Property Additional Income: -

PROPERTY EXPENSES

Triple Net Lease (NNN)
Property Annual Expenses: $3,600

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: $1,250,000
Property Cap Rate: 9.12%

LOAN & DEBT ANALYSIS

Loan Amount: $750,000
Down Payment: $500,000
Interest Rate: 4%
Amortization Period: 20 Year
Monthly Payment: $4,545
Annual Debt Service: $54,538
Debt Coverage Ratio: 2.09

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %
Annual Expense Growth Rate: 2 %
Cap Rate at Sale: 9.62 %
Cost of Sale: 2%
Number of Years: 10

10 YEAR CASH FLOW ANALYSIS

Potential Income: $120,000
Vacancy Rate: 2%
Cash on Cash Return (Return on Equity): 11.89%

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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	$120,000	$122,400	$124,848	$127,345	$129,892	$132,490	$135,140	$137,843	$140,600	$143,412	$146,280
Vacancy Rate (2%)	$2,400	$2,448	$2,497	$2,547	$2,598	$2,650	$2,703	$2,757	$2,812	$2,868	$2,926
Effective Gross Income -Growing @ 2%/yr -With a 2% Vacancy Rate):	$117,600	$119,952	$122,351	$124,798	$127,294	$129,840	$132,437	$135,086	$137,788	$140,544	$143,354
Average Rent per Square Foot:	$8.11	$8.27	$8.44	$8.61	$8.78	$8.96	$9.14	$9.32	$9.51	$9.70	$9.89
Less Expenses (Growing @ 2%/yr):	($ 3,600)	($ 3,672)	($ 3,745)	($ 3,820)	($ 3,896)	($ 3,974)	($ 4,053)	($ 4,134)	($ 4,217)	($ 4,301)	($ 4,387)
Net Operating Income (NOI):	$ 114,000	$ 116,280	$ 118,606	$ 120,978	$ 123,398	$ 125,866	$ 128,384	$ 130,952	$ 133,571	$ 136,243	$ 138,967
Less Loan Payment 1st Mortgage	($54,538)	($54,538)	($54,538)	($54,538)	($54,538)	($54,538)	($54,538)	($54,538)	($54,538)	($54,538)	($54,538)
Net Cash Flow	$ 59,462	$ 61,742	$ 64,068	$ 66,440	$ 68,860	$ 71,328	$ 73,846	$ 76,414	$ 79,033	$ 81,705	$ 84,429
Cash on Cash Return (Return on Equity):	11.89%	12.35%	12.81%	13.29%	13.77%	14.27%	14.77%	15.28%	15.81%	16.34%	16.89%
Principal Reduction:	$24,993	$26,011	$27,071	$28,174	$29,322	$30,517	$31,760	$33,054	$34,400	$35,802	$37,261
Cumulative Principal Reduction:	$24,993	$51,005	$78,076	$106,250	$135,572	$166,088	$197,848	$230,902	$265,302	$301,104	$338,365
Cash Flow Plus Principal Reduction:	$ 84,455	$ 87,753	$ 91,139	$ 94,614	$ 98,182	$ 101,845	$ 105,606	$ 109,468	$ 113,433	$ 117,507	$ 121,690
Total Return Before Taxes:	16.89%	17.55%	18.23%	18.92%	19.64%	20.37%	21.12%	21.89%	22.69%	23.50%	24.34%

IRR: 17.70% (Iterative Method)

17.16% (Newton's Method)

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Future Value in Year 10	Cost of Sale	Loan Balance
$1,444,563	$28,891	$448,896

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