Income Analysis

000 Waxhaw Pkw

Report courtesy of Ola van Zyl

SUMMARY

Analysis Type: Buying
Property Type: Office
Address: 000 Waxhaw Pkw
Site Area: 3,000 sq ft

PROPERTY INCOME

Property Annual Income: $85,000
Property Square Footage: 3,000
Property Vacancy: -
Property Additional Income: -

PROPERTY EXPENSES

Gross Lease
Property Annual Expenses: $9,996

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: $1,000,000
Property Cap Rate: 7.50%

LOAN & DEBT ANALYSIS

Loan Amount: $750,000
Down Payment: $250,000
Interest Rate: 6.5%
Amortization Period: 30 Year
Monthly Payment: $4,741
Annual Debt Service: $56,886
Debt Coverage Ratio: 1.32

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 3 %
Annual Expense Growth Rate: 2 %
Cap Rate at Sale: 7 %
Cost of Sale: 2%
Number of Years: 5

5 YEAR CASH FLOW ANALYSIS

Potential Income: $85,000
Vacancy Rate: -
Cash on Cash Return (Return on Equity): 7.25%

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	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Gross Income	$85,000	$	$	$	$	$
Vacancy Rate	$	$	$	$	$	$
Effective Gross Income -Growing @ 3%/yr -With a % Vacancy Rate):	$85,000	$87,550	$90,177	$92,882	$95,668	$98,538
Average Rent per Square Foot:	$28.33	$29.18	$30.06	$30.96	$31.89	$32.85
Less Expenses (Growing @ 2%/yr):	($ 9,996)	($ 10,196)	($ 10,400)	($ 10,608)	($ 10,820)	($ 11,036)
Net Operating Income (NOI):	$ 75,004	$ 77,354	$ 79,777	$ 82,274	$ 84,848	$ 87,502
Less Loan Payment 1st Mortgage	($56,886)	($56,886)	($56,886)	($56,886)	($56,886)	($56,886)
Net Cash Flow	$ 18,118	$ 20,468	$ 22,891	$ 25,388	$ 27,962	$ 30,616
Cash on Cash Return (Return on Equity):	7.25%	8.19%	9.16%	10.16%	11.18%	12.25%
Principal Reduction:	$8,383	$8,944	$9,543	$10,183	$10,864	$11,592
Cumulative Principal Reduction:	$8,383	$17,327	$26,871	$37,053	$47,918	$59,510
Cash Flow Plus Principal Reduction:	$ 26,501	$ 29,412	$ 32,434	$ 35,571	$ 38,826	$ 42,208
Total Return Before Taxes:	10.60%	11.76%	12.97%	14.23%	15.53%	16.88%

IRR: 26.11% (Iterative Method)

22.72% (Newton's Method)

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Future Value in Year 5	Cost of Sale	Loan Balance
$1,250,029	$25,001	$635,821

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