

SUMMARY

Analysis Type: Selling
Property Type: Office
Address: 1201 Carolina Place
Site Area: 2,880 sq ft
Gross Building Area: 2,880 sq ft

PROPERTY INCOME

Property Annual Income: \$120,000
Property Square Footage: 2,880
Property Vacancy: -
Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: \$950,000
Down Payment: \$316,667
Interest Rate: 7.5%
Amortization Period: 20 Year
Monthly Payment: \$7,653
Annual Debt Service: \$91,838
Debt Coverage Ratio: 1.03

PROPERTY EXPENSES

Gross Lease
Property Annual Expenses: \$25,000

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %
Annual Expense Growth Rate: 2 %
Cap Rate at Sale: 8 %
Cost of Sale: 2%
Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$1,266,667
Property Cap Rate: 7.50%

10 YEAR CASH FLOW ANALYSIS

Potential Income: \$120,000
Vacancy Rate: -
Cash on Cash Return (Return on Equity): 1.00%

Income Analysis

1201 Carolina Place

Report courtesy of Ola van Zyl

	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	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Vacancy Rate	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Effective Gross Income -Growing @ 2%/yr -With a % Vacancy Rate):	\$120,000	\$122,400	\$124,848	\$127,345	\$129,892	\$132,490	\$135,140	\$137,843	\$140,600	\$143,412	\$146,280
Average Rent per Square Foot:	\$41.67	\$42.50	\$43.35	\$44.22	\$45.10	\$46.00	\$46.92	\$47.86	\$48.82	\$49.80	\$50.80
Less Expenses (Growing @ 2%/yr):	(\$ 25,000)	(\$ 25,500)	(\$ 26,010)	(\$ 26,530)	(\$ 27,061)	(\$ 27,602)	(\$ 28,154)	(\$ 28,717)	(\$ 29,291)	(\$ 29,877)	(\$ 30,475)
Net Operating Income (NOI):	\$ 95,000	\$ 96,900	\$ 98,838	\$ 100,815	\$ 102,831	\$ 104,888	\$ 106,986	\$ 109,126	\$ 111,309	\$ 113,535	\$ 115,805
Less Loan Payment 1st Mortgage	(\$91,838)	(\$91,838)	(\$91,838)	(\$91,838)	(\$91,838)	(\$91,838)	(\$91,838)	(\$91,838)	(\$91,838)	(\$91,838)	(\$91,838)
Net Cash Flow	\$ 3,162	\$ 5,062	\$ 7,000	\$ 8,977	\$ 10,993	\$ 13,050	\$ 15,148	\$ 17,288	\$ 19,471	\$ 21,697	\$ 23,967
Cash on Cash Return (Return on Equity):	1.00%	1.60%	2.21%	2.83%	3.47%	4.12%	4.78%	5.46%	6.15%	6.85%	7.57%
Principal Reduction:	\$21,310	\$22,965	\$24,747	\$26,669	\$28,739	\$30,970	\$33,374	\$35,965	\$38,757	\$41,766	\$45,009
Cumulative Principal Reduction:	\$21,310	\$44,275	\$69,022	\$95,691	\$124,430	\$155,400	\$188,775	\$224,740	\$263,497	\$305,264	\$350,272
Cash Flow Plus Principal Reduction:	\$ 24,472	\$ 28,027	\$ 31,747	\$ 35,646	\$ 39,732	\$ 44,020	\$ 48,522	\$ 53,253	\$ 58,228	\$ 63,463	\$ 68,976
Total Return Before Taxes:	7.73%	8.85%	10.03%	11.26%	12.55%	13.90%	15.32%	16.82%	18.39%	20.04%	21.78%

IRR: 11.41%

Future Value in Year 10	Cost of Sale	Loan Balance
\$299,588	\$5,992	\$644,736