Income Analysis

1201 Carolina Place

Report courtesy of Ola van Zyl

SUMMARY

Analysis Type: Selling
Property Type: Office
Address: 1201 Carolina Place
Age of Property (Completion Year): 2013
Site Area: 2,899 sq ft
Gross Building Area: 9,093 sq ft

PROPERTY INCOME

Property Annual Income: $150,000
Property Square Footage: 2,899
Property Vacancy: -
Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: $1,087,500
Down Payment: $362,500
Interest Rate: 6.5%
Amortization Period: 30 Year
Monthly Payment: $6,874
Annual Debt Service: $82,485
Debt Coverage Ratio: 1.48

PROPERTY EXPENSES

Gross Lease
Property Annual Expenses: $28,000

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 3 %
Annual Expense Growth Rate: 3 %
Cap Rate at Sale: 8.4 %
Cost of Sale: 6%
Number of Years: 5

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: $1,450,000
Property Cap Rate: 8.41%

5 YEAR CASH FLOW ANALYSIS

Potential Income: $150,000
Vacancy Rate: -
Cash on Cash Return (Return on Equity): 10.90%

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	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Gross Income	$150,000	$	$	$	$	$
Vacancy Rate	$	$	$	$	$	$
Effective Gross Income -Growing @ 3%/yr -With a 0% Vacancy Rate):	$150,000	$154,500	$159,135	$163,909	$168,826	$173,891
Average Rent per Square Foot:	$51.74	$53.29	$54.89	$56.54	$58.24	$59.99
Less Expenses (Growing @ 3%/yr):	($ 28,000)	($ 28,840)	($ 29,705)	($ 30,596)	($ 31,514)	($ 32,459)
Net Operating Income (NOI):	$ 122,000	$ 125,660	$ 129,430	$ 133,313	$ 137,312	$ 141,432
Less Loan Payment 1st Mortgage	($82,485)	($82,485)	($82,485)	($82,485)	($82,485)	($82,485)
Net Cash Flow	$ 39,515	$ 43,175	$ 46,945	$ 50,828	$ 54,827	$ 58,947
Cash on Cash Return (Return on Equity):	10.90%	11.91%	12.95%	14.02%	15.12%	16.26%
Principal Reduction:	$12,155	$12,969	$13,838	$14,765	$15,753	$16,809
Cumulative Principal Reduction:	$12,155	$25,125	$38,962	$53,727	$69,481	$86,289
Cash Flow Plus Principal Reduction:	$ 51,670	$ 56,144	$ 60,783	$ 65,593	$ 70,580	$ 75,756
Total Return Before Taxes:	14.25%	15.49%	16.77%	18.09%	19.47%	20.90%

IRR: 25.74% (Iterative Method)

23.06% (Newton's Method)

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Future Value in Year 5	Cost of Sale	Loan Balance
$1,683,714	$101,023	$921,940

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