

SUMMARY

Analysis Type: Buying
Property Type: Multi-Family
Address: 123 Main Street
Site Area: 30,000 sq ft

PROPERTY INCOME

Property Annual Income: \$357,000
Property Square Footage: 30,000
Property Vacancy: 5%
Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: \$2,695,000
Down Payment: \$1,155,000
Interest Rate: 6%
Amortization Period: 30 Year
Monthly Payment: \$16,158
Annual Debt Service: \$193,895
Debt Coverage Ratio: 1.21

PROPERTY EXPENSES

Triple Net Lease (NNN)
Property Annual Expenses: \$105,000

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 3 %
Annual Expense Growth Rate: 4 %
Cap Rate at Sale: 6.58 %
Cost of Sale: 5%
Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$3,850,000
Property Cap Rate: 6.08%

10 YEAR CASH FLOW ANALYSIS

Potential Income: \$357,000
Vacancy Rate: 5%
Cash on Cash Return (Return on Equity): 3.49%

Income Analysis

123 Main Street

Report courtesy of Troy Muljat

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Gross Income	\$357,000	\$374,850	\$393,593	\$413,273	\$433,937	\$455,634	\$478,416	\$502,337	\$527,454	\$553,827	\$581,518
Vacancy Rate (5%)	\$17,850	\$18,743	\$19,680	\$20,664	\$21,697	\$22,782	\$23,921	\$25,117	\$26,373	\$27,691	\$29,076
Effective Gross Income -Growing @ 3%/yr -With a 5% Vacancy Rate):	\$339,150	\$349,325	\$359,804	\$370,598	\$381,716	\$393,167	\$404,962	\$417,111	\$429,624	\$442,513	\$455,788
Average Rent per Square Foot:	\$11.31	\$11.64	\$11.99	\$12.35	\$12.72	\$13.10	\$13.49	\$13.89	\$14.31	\$14.74	\$15.18
Less Expenses (Growing @ 4%/yr):	(\$ 105,000)	(\$ 109,200)	(\$ 113,568)	(\$ 118,111)	(\$ 122,835)	(\$ 127,748)	(\$ 132,858)	(\$ 138,172)	(\$ 143,699)	(\$ 149,447)	(\$ 155,425)
Net Operating Income (NOI):	\$ 234,150	\$ 240,125	\$ 246,236	\$ 252,487	\$ 258,881	\$ 265,419	\$ 272,104	\$ 278,939	\$ 285,925	\$ 293,066	\$ 300,363
Less Loan Payment 1st Mortgage	(\$193,895)	(\$193,895)	(\$193,895)	(\$193,895)	(\$193,895)	(\$193,895)	(\$193,895)	(\$193,895)	(\$193,895)	(\$193,895)	(\$193,895)
Net Cash Flow	\$ 40,255	\$ 46,230	\$ 52,341	\$ 58,592	\$ 64,986	\$ 71,524	\$ 78,210	\$ 85,044	\$ 92,031	\$ 99,171	\$ 106,469
Cash on Cash Return (Return on Equity):	3.49%	4.00%	4.53%	5.07%	5.63%	6.19%	6.77%	7.36%	7.97%	8.59%	9.22%
Principal Reduction:	\$33,095	\$35,136	\$37,303	\$39,604	\$42,047	\$44,640	\$47,393	\$50,317	\$53,420	\$56,715	\$60,213
Cumulative Principal Reduction:	\$33,095	\$68,231	\$105,534	\$145,138	\$187,185	\$231,825	\$279,219	\$329,535	\$382,955	\$439,670	\$499,882
Cash Flow Plus Principal Reduction:	\$ 73,350	\$ 81,366	\$ 89,644	\$ 98,196	\$ 107,033	\$ 116,164	\$ 125,603	\$ 135,361	\$ 145,451	\$ 155,886	\$ 166,682
Total Return Before Taxes:	6.35%	7.04%	7.76%	8.50%	9.27%	10.06%	10.87%	11.72%	12.59%	13.50%	14.43%

IRR: 11.35% (Iterative Method)

10.81% (Newton's Method)

Income Analysis

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Future Value in Year 10	Cost of Sale	Loan Balance
\$4,564,787	\$228,239	\$2,255,330