

SUMMARY

Analysis Type: Existing Property (hold)

Property Type: Multi-Family

Address: 123 Main Street

Age of Property (Completion Year): 2005

Site Area: 30,000 sq ft

Gross Building Area: 8,500 sq ft

PROPERTY INCOME

Property Annual Income: \$186,000

Property Square Footage: 30,000

Property Vacancy: 5%

Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: \$1,000,000

Down Payment: \$902,923

Interest Rate: 6%

Amortization Period: 30 Year

Monthly Payment: \$5,996

Annual Debt Service: \$71,946

Debt Coverage Ratio: 1.72

PROPERTY EXPENSES

Triple Net Lease (NNN)

Property Annual Expenses: \$53,010

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 3 %

Annual Expense Growth Rate: 3 %

Cap Rate at Sale: 7 %

Cost of Sale: 5%

Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$1,902,923

Property Cap Rate: 6.5%

10 YEAR CASH FLOW ANALYSIS

Potential Income: \$186,000

Vacancy Rate: 5%

Cash on Cash Return (Return on Equity): 5.73%

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
Effective Gross Income -Growing @ 3%/yr -With a 5% Vacancy Rate):	\$176,700	\$182,001	\$187,461	\$193,085	\$198,877	\$204,843	\$210,988	\$217,318	\$223,838	\$230,554	\$237,471
Average Rent per Square Foot:	\$5.89	\$6.07	\$6.25	\$6.44	\$6.63	\$6.83	\$7.03	\$7.24	\$7.46	\$7.68	\$7.91
Less Expenses (Growing @ 3%/yr):	(\$ 53,010)	(\$ 54,600)	(\$ 56,238)	(\$ 57,925)	(\$ 59,663)	(\$ 61,453)	(\$ 63,297)	(\$ 65,196)	(\$ 67,152)	(\$ 69,167)	(\$ 71,242)
Net Operating Income (NOI):	\$ 123,690	\$ 127,401	\$ 131,223	\$ 135,160	\$ 139,214	\$ 143,390	\$ 147,691	\$ 152,122	\$ 156,686	\$ 161,387	\$ 166,229
Less Loan Payment 1st Mortgage	(\$71,946)	(\$71,946)	(\$71,946)	(\$71,946)	(\$71,946)	(\$71,946)	(\$71,946)	(\$71,946)	(\$71,946)	(\$71,946)	(\$71,946)
Net Cash Flow	\$ 51,744	\$ 55,455	\$ 59,277	\$ 63,214	\$ 67,268	\$ 71,444	\$ 75,745	\$ 80,176	\$ 84,740	\$ 89,441	\$ 94,282
Cash on Cash Return (Return on Equity):	5.73%	6.14%	6.57%	7.00%	7.45%	7.91%	8.39%	8.88%	9.39%	9.91%	10.44%
Principal Reduction:	\$12,280	\$13,038	\$13,842	\$14,695	\$15,602	\$16,564	\$17,586	\$18,670	\$19,822	\$21,044	\$22,342
Cumulative Principal Reduction:	\$12,280	\$25,318	\$39,159	\$53,855	\$69,456	\$86,021	\$103,606	\$122,277	\$142,098	\$163,143	\$185,485
Cash Flow Plus Principal Reduction:	\$ 64,024	\$ 68,493	\$ 73,119	\$ 77,909	\$ 82,870	\$ 88,008	\$ 93,331	\$ 98,846	\$ 104,562	\$ 110,485	\$ 116,624
Total Return Before Taxes:	7.09%	7.59%	8.10%	8.63%	9.18%	9.75%	10.34%	10.95%	11.58%	12.24%	12.92%

IRR: 11.59%