



SUMMARY

Analysis Type: Selling
Property Type: Office
Address: 123 Sesame St
Age of Property (Completion Year): 1890
Site Area: 4,444 sq ft
Gross Building Area: 4,433 sq ft

PROPERTY INCOME

Property Annual Income: \$156,000
Property Square Footage: 4,444
Property Vacancy: -
Property Additional Income: \$6,000

LOAN & DEBT ANALYSIS

Loan Amount: \$300,000
Down Payment: \$1,200,000
Interest Rate: 4%
Amortization Period: 20 Year
Monthly Payment: \$1,818
Annual Debt Service: \$21,815
Debt Coverage Ratio: 4.13

PROPERTY EXPENSES

Gross Lease
Property Annual Expenses: \$72,000

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %
Annual Expense Growth Rate: 2 %
Cap Rate at Sale: 6.5 %
Cost of Sale: 2%
Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$1,500,000
Property Cap Rate: 6.00%

10 YEAR CASH FLOW ANALYSIS

Potential Income: \$156,000
Vacancy Rate: -
Cash on Cash Return (Return on Equity): 5.68%

Income Analysis

123 Sesame St

Report courtesy of Susan Pittman

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Gross Income	\$156,000	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Vacancy Rate	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Effective Gross Income -Growing @ 2%/yr -With a 0% Vacancy Rate):	\$156,000	\$159,120	\$162,302	\$165,548	\$168,859	\$172,236	\$175,681	\$179,195	\$182,779	\$186,435	\$190,164
Average Rent per Square Foot:	\$35.10	\$35.81	\$36.53	\$37.26	\$38.01	\$38.77	\$39.55	\$40.34	\$41.15	\$41.97	\$42.81
Less Expenses (Growing @ 2%/yr):	(\$ 72,000)	(\$ 73,440)	(\$ 74,909)	(\$ 76,407)	(\$ 77,935)	(\$ 79,494)	(\$ 81,084)	(\$ 82,706)	(\$ 84,360)	(\$ 86,047)	(\$ 87,768)
Net Operating Income (NOI):	\$ 90,000	\$ 91,680	\$ 93,393	\$ 95,141	\$ 96,924	\$ 98,742	\$ 100,597	\$ 102,489	\$ 104,419	\$ 106,388	\$ 108,396
Less Loan Payment 1st Mortgage	(\$21,815)	(\$21,815)	(\$21,815)	(\$21,815)	(\$21,815)	(\$21,815)	(\$21,815)	(\$21,815)	(\$21,815)	(\$21,815)	(\$21,815)
Net Cash Flow	\$ 62,185	\$ 63,865	\$ 65,578	\$ 67,326	\$ 69,109	\$ 70,927	\$ 72,782	\$ 74,674	\$ 76,604	\$ 78,573	\$ 80,581
Cash on Cash Return (Return on Equity):	5.18%	5.32%	5.46%	5.61%	5.76%	5.91%	6.07%	6.22%	6.38%	6.55%	6.72%
Principal Reduction:	\$9,997	\$10,405	\$10,828	\$11,270	\$11,729	\$12,207	\$12,704	\$13,221	\$13,760	\$14,321	\$14,904
Cumulative Principal Reduction:	\$9,997	\$20,402	\$31,230	\$42,500	\$54,229	\$66,435	\$79,139	\$92,361	\$106,121	\$120,442	\$135,346
Cash Flow Plus Principal Reduction:	\$ 72,182	\$ 74,270	\$ 76,406	\$ 78,596	\$ 80,838	\$ 83,134	\$ 85,486	\$ 87,895	\$ 90,364	\$ 92,894	\$ 95,485
Total Return Before Taxes:	6.02%	6.19%	6.37%	6.55%	6.74%	6.93%	7.12%	7.32%	7.53%	7.74%	7.96%

IRR: 8.55%

Future Value in Year 10	Cost of Sale	Loan Balance
\$1,239,708	\$24,794	