

SUMMARY**Analysis Type: Buying****Property Type: Office****Address: 241 16th Avenue NE Hickory North Carolina 28601****Age of Property (Completion Year): 1984****Site Area: 8,064 sq ft****PROPERTY INCOME**Property Annual Income: **\$84,000**Property Square Footage: **8,064**Property Vacancy: **-**Property Additional Income: **-****LOAN & DEBT ANALYSIS**Loan Amount: **\$667,500**Down Payment: **\$222,500**Interest Rate: **6.5%**Amortization Period: **30 Year**Monthly Payment: **\$4,219**Annual Debt Service: **\$50,629**Debt Coverage Ratio: **1.46****PROPERTY EXPENSES****Gross Lease**Property Annual Expenses: **\$10,000****PROPERTY VALUE & CAP RATE**Property Value / Sale Price: **\$890,000**Property Cap Rate: **8.31%****CASH FLOW ASSUMPTIONS**Annual Income Growth Rate: **2 %**Annual Expense Growth Rate: **2 %**Cap Rate at Sale: **8.81 %**Cost of Sale: **2%**Number of Years: **10****10 YEAR CASH FLOW ANALYSIS**Potential Income: **\$84,000**Vacancy Rate: **-**Cash on Cash Return (Return on Equity): **10.50%**

Income Analysis

241 16th Avenue NE Hickory North Carolina 28601

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	\$84,000	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Vacancy Rate	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Effective Gross Income -Growing @ 2%/yr -With a 0% Vacancy Rate):	\$84,000	\$85,680	\$87,394	\$89,142	\$90,925	\$92,744	\$94,599	\$96,491	\$98,421	\$100,389	\$102,397
Average Rent per Square Foot:	\$10.42	\$10.63	\$10.84	\$11.06	\$11.28	\$11.51	\$11.74	\$11.97	\$12.21	\$12.45	\$12.70
Less Expenses (Growing @ 2%/yr):	(\$ 10,000)	(\$ 10,200)	(\$ 10,404)	(\$ 10,612)	(\$ 10,824)	(\$ 11,040)	(\$ 11,261)	(\$ 11,486)	(\$ 11,716)	(\$ 11,950)	(\$ 12,189)
Net Operating Income (NOI):	\$ 74,000	\$ 75,480	\$ 76,990	\$ 78,530	\$ 80,101	\$ 81,704	\$ 83,338	\$ 85,005	\$ 86,705	\$ 88,439	\$ 90,208
Less Loan Payment 1st Mortgage	(\$50,629)	(\$50,629)	(\$50,629)	(\$50,629)	(\$50,629)	(\$50,629)	(\$50,629)	(\$50,629)	(\$50,629)	(\$50,629)	(\$50,629)
Net Cash Flow	\$ 23,371	\$ 24,851	\$ 26,361	\$ 27,901	\$ 29,472	\$ 31,075	\$ 32,709	\$ 34,376	\$ 36,076	\$ 37,810	\$ 39,579
Cash on Cash Return (Return on Equity):	10.50%	11.17%	11.85%	12.54%	13.25%	13.97%	14.70%	15.45%	16.21%	16.99%	17.79%
Principal Reduction:	\$7,461	\$7,960	\$8,494	\$9,062	\$9,669	\$10,317	\$11,008	\$11,745	\$12,532	\$13,371	\$14,266
Cumulative Principal Reduction:	\$7,461	\$15,421	\$23,915	\$32,977	\$42,647	\$52,964	\$63,972	\$75,717	\$88,248	\$101,619	\$115,886
Cash Flow Plus Principal Reduction:	\$ 30,832	\$ 32,811	\$ 34,855	\$ 36,963	\$ 39,141	\$ 41,392	\$ 43,717	\$ 46,121	\$ 48,608	\$ 51,181	\$ 53,845
Total Return Before Taxes:	13.86%	14.75%	15.67%	16.61%	17.59%	18.60%	19.65%	20.73%	21.85%	23.00%	24.20%

IRR: 17.39% (Iterative Method)

16.86% (Newton's Method)

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Future Value in Year 10**Cost of Sale****Loan Balance**

\$1,023,927	\$20,479	\$565,881
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