Income Analysis

2504 S Braddock Ave

Report courtesy of Susan Pittman

SUMMARY

Analysis Type: Selling
Property Type: Multi-Family
Address: 2504 S Braddock Ave
Age of Property (Completion Year): 1900
Site Area: 14,086 sq ft
Gross Building Area: 4,755 sq ft

PROPERTY INCOME

Property Annual Income: $69,672
Property Square Footage: 14,086
Property Vacancy: 2%
Property Additional Income: $1,800

LOAN & DEBT ANALYSIS

Loan Amount: $399,182
Down Payment: $100,000
Interest Rate: 7.25%
Amortization Period: 30 Year
Monthly Payment: $2,723
Annual Debt Service: $32,677
Debt Coverage Ratio: 1.22

PROPERTY EXPENSES

Triple Net Lease (NNN)
Property Annual Expenses: $30,144

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 3 %
Annual Expense Growth Rate: 2 %
Cap Rate at Sale: 8.5 %
Cost of Sale: 2%
Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: $499,182
Property Cap Rate: 8.00%

10 YEAR CASH FLOW ANALYSIS

Potential Income: $69,672
Vacancy Rate: 2%
Cash on Cash Return (Return on Equity): 7.26%

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CRE CALCULATOR

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	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Gross Income	$69,672	$71,065	$72,486	$73,936	$75,415	$76,923	$78,461	$80,030	$81,631	$83,264	$84,929
Vacancy Rate (2%)	$1,393	$1,421	$1,450	$1,479	$1,508	$1,538	$1,569	$1,601	$1,633	$1,665	$1,699
Effective Gross Income -Growing @ 3%/yr -With a 2% Vacancy Rate):	$68,279	$70,327	$72,437	$74,609	$76,848	$79,153	$81,527	$83,973	$86,493	$89,088	$91,760
Average Rent per Square Foot:	$4.85	$4.99	$5.14	$5.29	$5.45	$5.61	$5.78	$5.95	$6.13	$6.31	$6.50
Less Expenses (Growing @ 2%/yr):	($ 30,144)	($ 30,747)	($ 31,362)	($ 31,989)	($ 32,629)	($ 33,282)	($ 33,948)	($ 34,627)	($ 35,320)	($ 36,026)	($ 36,747)
Net Operating Income (NOI):	$ 39,935	$ 41,380	$ 42,875	$ 44,420	$ 46,019	$ 47,671	$ 49,379	$ 51,146	$ 52,973	$ 54,862	$ 56,813
Less Loan Payment 1st Mortgage	($32,677)	($32,677)	($32,677)	($32,677)	($32,677)	($32,677)	($32,677)	($32,677)	($32,677)	($32,677)	($32,677)
Net Cash Flow	$ 5,457	$ 6,902	$ 8,397	$ 9,943	$ 11,541	$ 13,193	$ 14,902	$ 16,669	$ 18,495	$ 20,384	$ 22,336
Cash on Cash Return (Return on Equity):	5.46%	6.90%	8.40%	9.94%	11.54%	13.19%	14.90%	16.67%	18.50%	20.38%	22.34%
Principal Reduction:	$3,863	$4,153	$4,464	$4,799	$5,159	$5,546	$5,961	$6,408	$6,888	$7,405	$7,960
Cumulative Principal Reduction:	$3,863	$8,017	$12,481	$17,280	$22,439	$27,984	$33,946	$40,354	$47,242	$54,647	$62,606
Cash Flow Plus Principal Reduction:	$ 9,320	$ 11,055	$ 12,861	$ 14,742	$ 16,700	$ 18,739	$ 20,863	$ 23,077	$ 25,383	$ 27,789	$ 30,296
Total Return Before Taxes:	9.32%	11.06%	12.86%	14.74%	16.70%	18.74%	20.86%	23.08%	25.38%	27.79%	30.30%

IRR: 19.26% (Iterative Method)

18.37% (Newton's Method)

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Future Value in Year 10	Cost of Sale	Loan Balance
$668,388	$13,368	$344,535

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