

SUMMARY

Analysis Type: Buying
Property Type: Office
Address: 2526 SC160
Gross Building Area: 3,000 sq ft

PROPERTY INCOME

Property Annual Income: \$90,000
Property Square Footage: -
Property Vacancy: -
Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: \$900,000
Down Payment: \$300,000
Interest Rate: 6.5%
Amortization Period: 30 Year
Monthly Payment: \$5,689
Annual Debt Service: \$68,263
Debt Coverage Ratio: 1.31

PROPERTY EXPENSES

Gross Lease
Property Annual Expenses: \$900

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 3 %
Annual Expense Growth Rate: 2 %
Cap Rate at Sale: 7.93 %
Cost of Sale: 2%
Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$1,200,000
Property Cap Rate: 7.43%

10 YEAR CASH FLOW ANALYSIS

Potential Income: \$90,000
Vacancy Rate: -
Cash on Cash Return (Return on Equity): 6.95%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Gross Income	\$90,000	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Vacancy Rate	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Effective Gross Income -Growing @ 3%/yr -With a % Vacancy Rate):	\$90,000	\$92,700	\$95,481	\$98,345	\$101,295	\$104,334	\$107,464	\$110,688	\$114,009	\$117,429	\$120,952
Average Rent per Square Foot:											
Less Expenses (Growing @ 2%/yr):	(\$ 900)	(\$ 918)	(\$ 936)	(\$ 955)	(\$ 974)	(\$ 993)	(\$ 1,013)	(\$ 1,033)	(\$ 1,054)	(\$ 1,075)	(\$ 1,097)
Net Operating Income (NOI):	\$ 89,100	\$ 91,782	\$ 94,545	\$ 97,390	\$ 100,321	\$ 103,341	\$ 106,451	\$ 109,655	\$ 112,955	\$ 116,354	\$ 119,855
Less Loan Payment 1st Mortgage	(\$68,263)	(\$68,263)	(\$68,263)	(\$68,263)	(\$68,263)	(\$68,263)	(\$68,263)	(\$68,263)	(\$68,263)	(\$68,263)	(\$68,263)
Net Cash Flow	\$ 20,837	\$ 23,519	\$ 26,282	\$ 29,127	\$ 32,058	\$ 35,078	\$ 38,188	\$ 41,392	\$ 44,692	\$ 48,091	\$ 51,592
Cash on Cash Return (Return on Equity):	6.95%	7.84%	8.76%	9.71%	10.69%	11.69%	12.73%	13.80%	14.90%	16.03%	17.20%
Principal Reduction:	\$10,060	\$10,733	\$11,452	\$12,219	\$13,037	\$13,911	\$14,842	\$15,836	\$16,897	\$18,028	\$19,236
Cumulative Principal Reduction:	\$10,060	\$20,793	\$32,245	\$44,464	\$57,501	\$71,412	\$86,254	\$102,090	\$118,987	\$137,015	\$156,251
Cash Flow Plus Principal Reduction:	\$ 30,897	\$ 34,252	\$ 37,734	\$ 41,346	\$ 45,095	\$ 48,989	\$ 53,030	\$ 57,228	\$ 61,589	\$ 66,119	\$ 70,828
Total Return Before Taxes:	10.30%	11.42%	12.58%	13.78%	15.03%	16.33%	17.68%	19.08%	20.53%	22.04%	23.61%

IRR: 16.81% (Iterative Method)

16.12% (Newton's Method)

Income Analysis

2526 SC160

Report courtesy of Ola van Zyl

Future Value in Year 10	Cost of Sale	Loan Balance
\$1,511,412	\$30,228	\$762,985