

SUMMARY

Analysis Type: Buying

Property Type: Office

Address: 25400 US Hwy 19 N

Age of Property (Completion Year): 1980

Site Area: 100,000 sq ft

Gross Building Area: 90,000 sq ft



PROPERTY INCOME

Property Annual Income: \$600,000

Property Square Footage: 100,000

Property Vacancy: 2%

Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: \$3,136,000

Down Payment: \$784,000

Interest Rate: 8%

Amortization Period: 30 Year

Monthly Payment: \$23,011

Annual Debt Service: \$276,130

Debt Coverage Ratio: 1.06

PROPERTY EXPENSES

Gross Lease

Property Annual Expenses: \$294,000

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %

Annual Expense Growth Rate: 2 %

Cap Rate at Sale: 8 %

Cost of Sale: 2%

Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$3,920,000

Property Cap Rate: 7.50%

10 YEAR CASH FLOW ANALYSIS

Potential Income: \$600,000

Vacancy Rate: 2%

Cash on Cash Return (Return on Equity): 2.28%

| | 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 @ 2%/yr | \$588,000 | \$599,760 | \$611,755 | \$623,991 | \$636,471 | \$649,200 | \$662,184 | \$675,428 | \$688,936 | \$702,715 | \$716,769 |
| -With a 2% Vacancy Rate): | | | | | | | | | | | |
| Average Rent per Square Foot: | \$5.88 | \$6.00 | \$6.12 | \$6.24 | \$6.36 | \$6.49 | \$6.62 | \$6.75 | \$6.89 | \$7.03 | \$7.17 |
| Less Expenses (Growing @ 2%/yr): | (\$ 294,000) | (\$ 299,880) | (\$ 305,878) | (\$ 311,996) | (\$ 318,236) | (\$ 324,601) | (\$ 331,093) | (\$ 337,715) | (\$ 344,469) | (\$ 351,358) | (\$ 358,385) |
| Net Operating Income (NOI): | \$ 294,000 | \$ 299,880 | \$ 305,877 | \$ 311,995 | \$ 318,235 | \$ 324,599 | \$ 331,091 | \$ 337,713 | \$ 344,467 | \$ 351,357 | \$ 358,384 |
| Less Loan Payment 1st Mortgage | (\$276,130) | (\$276,130) | (\$276,130) | (\$276,130) | (\$276,130) | (\$276,130) | (\$276,130) | (\$276,130) | (\$276,130) | (\$276,130) | (\$276,130) |
| Net Cash Flow | \$ 17,870 | \$ 23,750 | \$ 29,747 | \$ 35,864 | \$ 42,105 | \$ 48,469 | \$ 54,961 | \$ 61,582 | \$ 68,337 | \$ 75,227 | \$ 82,254 |
| Cash on Cash Return (Return on Equity): | 2.28% | 3.03% | 3.79% | 4.57% | 5.37% | 6.18% | 7.01% | 7.85% | 8.72% | 9.60% | 10.49% |
| Principal Reduction: | \$26,197 | \$28,371 | \$30,726 | \$33,276 | \$36,038 | \$39,030 | \$42,269 | \$45,777 | \$49,577 | \$53,692 | \$58,148 |
| Cumulative Principal Reduction: | \$26,197 | \$54,568 | \$85,295 | \$118,571 | \$154,609 | \$193,639 | \$235,908 | \$281,685 | \$331,262 | \$384,953 | \$443,101 |
| Cash Flow Plus Principal Reduction: | \$ 44,067 | \$ 52,121 | \$ 60,473 | \$ 69,140 | \$ 78,143 | \$ 87,499 | \$ 97,230 | \$ 107,359 | \$ 117,914 | \$ 128,919 | \$ 140,402 |
| Total Return Before Taxes: | 5.62% | 6.65% | 7.71% | 8.82% | 9.97% | 11.16% | 12.40% | 13.69% | 15.04% | 16.44% | 17.91% |

IRR: 12.09%