

## SUMMARY

**Analysis Type: Buying**

**Property Type: Office**

**Address: 3718 Old Battleground Rd**

**Age of Property (Completion Year): 1965**

**Site Area: 11,857 sq ft**

## PROPERTY INCOME

Property Annual Income: \$201,569

Property Square Footage: 11,857

Property Vacancy: -

Property Additional Income: -

## LOAN & DEBT ANALYSIS

Loan Amount: \$1,267,500

Down Payment: \$422,500

Interest Rate: 6%

Amortization Period: 30 Year

Monthly Payment: \$7,599

Annual Debt Service: \$91,192

Debt Coverage Ratio: 1.99

## PROPERTY EXPENSES

Gross Lease

Property Annual Expenses: \$20,000

## CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %

Annual Expense Growth Rate: 2 %

Cap Rate at Sale: 10 %

Cost of Sale: 2%

Number of Years: 10

## PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$1,690,000

Property Cap Rate: 10.74%

## 10 YEAR CASH FLOW ANALYSIS

Potential Income: \$201,569

Vacancy Rate: -

Cash on Cash Return (Return on Equity): 21.39%

# Income Analysis

## 3718 Old Battleground Rd

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
<b>Gross Income</b>	\$201,569	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Vacancy Rate</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Effective Gross Income -Growing @ 2%/yr -With a % Vacancy Rate):</b>	\$201,569	\$205,600	\$209,712	\$213,906	\$218,184	\$222,548	\$226,999	\$231,539	\$236,170	\$240,893	\$245,711
<b>Average Rent per Square Foot:</b>	\$17.00	\$17.34	\$17.69	\$18.04	\$18.40	\$18.77	\$19.15	\$19.53	\$19.92	\$20.32	\$20.73
<b>Less Expenses (Growing @ 2%/yr):</b>	(\$ 20,000)	(\$ 20,400)	(\$ 20,808)	(\$ 21,224)	(\$ 21,648)	(\$ 22,081)	(\$ 22,523)	(\$ 22,973)	(\$ 23,432)	(\$ 23,901)	(\$ 24,379)
<b>Net Operating Income (NOI):</b>	\$ 181,569	\$ 185,200	\$ 188,904	\$ 192,682	\$ 196,536	\$ 200,467	\$ 204,476	\$ 208,566	\$ 212,738	\$ 216,992	\$ 221,332
<b>Less Loan Payment 1st Mortgage</b>	(\$91,192)	(\$91,192)	(\$91,192)	(\$91,192)	(\$91,192)	(\$91,192)	(\$91,192)	(\$91,192)	(\$91,192)	(\$91,192)	(\$91,192)
<b>Net Cash Flow</b>	\$ 90,377	\$ 94,008	\$ 97,712	\$ 101,490	\$ 105,344	\$ 109,275	\$ 113,284	\$ 117,374	\$ 121,546	\$ 125,800	\$ 130,140
<b>Cash on Cash Return (Return on Equity):</b>	21.39%	22.25%	23.13%	24.02%	24.93%	25.86%	26.81%	27.78%	28.77%	29.78%	30.80%
<b>Principal Reduction:</b>	\$15,565	\$16,525	\$17,544	\$18,626	\$19,775	\$20,995	\$22,290	\$23,665	\$25,124	\$26,674	\$28,319
<b>Cumulative Principal Reduction:</b>	\$15,565	\$32,090	\$49,634	\$68,261	\$88,036	\$109,031	\$131,321	\$154,985	\$180,110	\$206,783	\$235,102
<b>Cash Flow Plus Principal Reduction:</b>	\$ 105,942	\$ 110,533	\$ 115,256	\$ 120,116	\$ 125,119	\$ 130,270	\$ 135,574	\$ 141,039	\$ 146,670	\$ 152,474	\$ 158,459
<b>Total Return Before Taxes:</b>	25.08%	26.16%	27.28%	28.43%	29.61%	30.83%	32.09%	33.38%	34.71%	36.09%	37.51%

IRR: 28.19% (Iterative Method)

27.44% (Newton's Method)

<b>Future Value in Year 10</b>	<b>Cost of Sale</b>	<b>Loan Balance</b>
\$2,213,320	\$44,266	\$1,060,717