

SUMMARY

Analysis Type: Buying
Property Type: Multi-Family
Address: 4 Unit Rental Portfolio
Age of Property (Completion Year): 1935 - 1938
Site Area: 3,461 sq ft
Gross Building Area: 3,461 sq ft

PROPERTY INCOME

Property Annual Income: \$65,400
Property Square Footage: 3,461
Property Vacancy: -
Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: \$510,000
Down Payment: \$170,000
Interest Rate: 7.5%
Amortization Period: 30 Year
Monthly Payment: \$3,566
Annual Debt Service: \$42,792
Debt Coverage Ratio: 1.04

PROPERTY EXPENSES

Triple Net Lease (NNN)
Property Annual Expenses: \$20,796

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %
Annual Expense Growth Rate: 2 %
Cap Rate at Sale: 7.06 %
Cost of Sale: 2%
Number of Years: 5

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$680,000
Property Cap Rate: 6.56%

5 YEAR CASH FLOW ANALYSIS

Potential Income: \$65,400
Vacancy Rate: -
Cash on Cash Return (Return on Equity): 1.07%

Income Analysis

4 Unit Rental Portfolio

Report courtesy of Ola van Zyl

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Gross Income	\$65,400	\$	\$	\$	\$	\$
Vacancy Rate	\$	\$	\$	\$	\$	\$
Effective Gross Income -Growing @ 2%/yr -With a % Vacancy Rate):	\$65,400	\$66,708	\$68,042	\$69,403	\$70,791	\$72,207
Average Rent per Square Foot:	\$18.90	\$19.27	\$19.66	\$20.05	\$20.45	\$20.86
Less Expenses (Growing @ 2%/yr):	(\$ 20,796)	(\$ 21,212)	(\$ 21,636)	(\$ 22,069)	(\$ 22,510)	(\$ 22,960)
Net Operating Income (NOI):	\$ 44,604	\$ 45,496	\$ 46,406	\$ 47,334	\$ 48,281	\$ 49,247
Less Loan Payment 1st Mortgage	(\$42,792)	(\$42,792)	(\$42,792)	(\$42,792)	(\$42,792)	(\$42,792)
Net Cash Flow	\$ 1,812	\$ 2,704	\$ 3,614	\$ 4,542	\$ 5,489	\$ 6,455
Cash on Cash Return (Return on Equity):	1.07%	1.59%	2.13%	2.67%	3.23%	3.80%
Principal Reduction:	\$4,701	\$5,066	\$5,460	\$5,883	\$6,340	\$6,832
Cumulative Principal Reduction:	\$4,701	\$9,768	\$15,227	\$21,111	\$27,451	\$34,284
Cash Flow Plus Principal Reduction:	\$ 6,513	\$ 7,770	\$ 9,074	\$ 10,425	\$ 11,829	\$ 13,287
Total Return Before Taxes:	3.83%	4.57%	5.34%	6.13%	6.96%	7.82%

IRR: 10.39%

Future Value in Year 5	Cost of Sale	Loan Balance
\$91,431	\$1,829	\$442,654