Income Analysis

470 N Broad St

Report courtesy of Ola van Zyl

SUMMARY

Analysis Type: Buying
Property Type: Office
Address: 470 N Broad St
Age of Property (Completion Year): 2001
Site Area: 7,383 sq ft
Gross Building Area: 7,383 sq ft

PROPERTY INCOME

Property Annual Income: $100,278
Property Square Footage: 7,383
Property Vacancy: 5%
Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: $666,750
Down Payment: $222,250
Interest Rate: 7%
Amortization Period: 30 Year
Monthly Payment: $4,436
Annual Debt Service: $53,231
Debt Coverage Ratio: 1.23

PROPERTY EXPENSES

Gross Lease
Property Annual Expenses: $29,571

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %
Annual Expense Growth Rate: 2 %
Cap Rate at Sale: 8.76 %
Cost of Sale: 2%
Number of Years: 5

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: $889,000
Property Cap Rate: 7.39%

5 YEAR CASH FLOW ANALYSIS

Potential Income: $100,277.52
Vacancy Rate: 5%
Cash on Cash Return (Return on Equity): 5.61%

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CRE CALCULATOR

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	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Gross Income	$100,278	$105,291	$110,556	$116,084	$121,888	$127,982
Vacancy Rate (5%)	$5,014	$5,265	$5,528	$5,804	$6,094	$6,399
Effective Gross Income -Growing @ 2%/yr -With a 5% Vacancy Rate):	$95,264	$97,169	$99,113	$101,095	$103,117	$105,179
Average Rent per Square Foot:	$12.90	$13.16	$13.42	$13.69	$13.96	$14.24
Less Expenses (Growing @ 2%/yr):	($ 29,571)	($ 30,162)	($ 30,765)	($ 31,380)	($ 32,008)	($ 32,648)
Net Operating Income (NOI):	$ 65,693	$ 67,007	$ 68,348	$ 69,715	$ 71,109	$ 72,531
Less Loan Payment 1st Mortgage	($53,231)	($53,231)	($53,231)	($53,231)	($53,231)	($53,231)
Net Cash Flow	$ 12,462	$ 13,776	$ 15,117	$ 16,484	$ 17,878	$ 19,300
Cash on Cash Return (Return on Equity):	5.61%	6.20%	6.80%	7.42%	8.04%	8.68%
Principal Reduction:	$6,773	$7,263	$7,788	$8,350	$8,954	$9,601
Cumulative Principal Reduction:	$6,773	$14,035	$21,823	$30,173	$39,128	$48,729
Cash Flow Plus Principal Reduction:	$ 19,235	$ 21,039	$ 22,905	$ 24,834	$ 26,832	$ 28,901
Total Return Before Taxes:	8.65%	9.47%	10.31%	11.17%	12.07%	13.00%

IRR: 9.22% (Iterative Method)

8.9% (Newton's Method)

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Future Value in Year 5	Cost of Sale	Loan Balance
$827,979	$16,560	$572,154

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