# Income Analysis

## 615 Natchez St Pittsburgh PA

Report courtesy of Susan Pittman

## SUMMARY

**Analysis Type:** Selling
**Property Type:** Retail
**Address:** 615 Natchez St Pittsburgh PA
**Age of Property (Completion Year):** 100
**Site Area:** 8,000 sq ft
**Gross Building Area:** 3,200 sq ft

## PROPERTY INCOME

Property Annual Income: $15,960
Property Square Footage: 8,000
Property Vacancy: 2%
Property Additional Income: -

## LOAN & DEBT ANALYSIS

Loan Amount: $88,331
Down Payment: $37,856
Interest Rate: 7.8%
Amortization Period: 20 Year
Monthly Payment: $728
Annual Debt Service: $8,735
Debt Coverage Ratio: 1.3

## PROPERTY EXPENSES

Gross Lease
Property Annual Expenses: $4,284

## CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 3.5 %
Annual Expense Growth Rate: 2 %
Cap Rate at Sale: 9 %
Cost of Sale: 2%
Number of Years: 10

## PROPERTY VALUE & CAP RATE

Property Value / Sale Price: $126,187
Property Cap Rate: 9.00%

## 10 YEAR CASH FLOW ANALYSIS

Potential Income: $15,960
Vacancy Rate: 2%
Cash on Cash Return (Return on Equity): 6.93%

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| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross Income** | $15,960 | $16,279 | $16,605 | $16,937 | $17,276 | $17,622 | $17,974 | $18,333 | $18,700 | $19,074 | $19,455 |
| **Vacancy Rate (2%)** | $319 | $326 | $332 | $339 | $346 | $352 | $359 | $367 | $374 | $381 | $389 |
| **Effective Gross Income<br>-Growing @ 3.5%/yr<br>-With a 2% Vacancy Rate):** | $15,641 | $16,189 | $16,755 | $17,341 | $17,948 | $18,576 | $19,226 | $19,899 | $20,596 | $21,317 | $22,063 |
| **Average Rent per Square Foot:** | $1.96 | $2.02 | $2.09 | $2.16 | $2.24 | $2.32 | $2.40 | $2.48 | $2.57 | $2.66 | $2.75 |
| **Less Expenses (Growing @ 2%/yr):** | ($ 4,284) | ($ 4,370) | ($ 4,457) | ($ 4,546) | ($ 4,637) | ($ 4,730) | ($ 4,825) | ($ 4,922) | ($ 5,020) | ($ 5,120) | ($ 5,222) |
| **Net Operating Income (NOI):** | $ 11,357 | $ 11,819 | $ 12,298 | $ 12,795 | $ 13,311 | $ 13,846 | $ 14,401 | $ 14,977 | $ 15,576 | $ 16,197 | $ 16,841 |
| **Less Loan Payment 1st Mortgage** | ($8,735) | ($8,735) | ($8,735) | ($8,735) | ($8,735) | ($8,735) | ($8,735) | ($8,735) | ($8,735) | ($8,735) | ($8,735) |
| **Net Cash Flow** | $ 2,622 | $ 3,084 | $ 3,564 | $ 4,061 | $ 4,576 | $ 5,111 | $ 5,666 | $ 6,242 | $ 6,841 | $ 7,462 | $ 8,106 |
| **Cash on Cash Return (Return on Equity):** | 6.93% | 8.15% | 9.41% | 10.73% | 12.09% | 13.50% | 14.97% | 16.49% | 18.07% | 19.71% | 21.41% |
| **Principal Reduction:** | $1,912 | $2,067 | $2,234 | $2,414 | $2,610 | $2,821 | $3,049 | $3,295 | $3,562 | $3,850 | $4,161 |
| **Cumulative Principal Reduction:** | $1,912 | $3,979 | $6,213 | $8,627 | $11,237 | $14,057 | $17,106 | $20,401 | $23,963 | $27,812 | $31,973 |
| **Cash Flow Plus Principal Reduction:** | $ 4,534 | $ 5,151 | $ 5,798 | $ 6,475 | $ 7,186 | $ 7,932 | $ 8,715 | $ 9,537 | $ 10,403 | $ 11,312 | $ 12,267 |
| **Total Return Before Taxes:** | 11.98% | 13.61% | 15.32% | 17.10% | 18.98% | 20.95% | 23.02% | 25.19% | 27.48% | 29.88% | 32.40% |

IRR: 20.02% (Iterative Method)

19.05% (Newton's Method)

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| Future Value in Year 10 | Cost of Sale | Loan Balance |
|---|---|---|
| $187,122 | $3,742 | $60,519 |


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