

SUMMARY

Analysis Type: Buying

Property Type: Office

Address: 651 Clyde St Gastonia NC

Age of Property (Completion Year): 1976

Site Area: 2,320 sq ft

PROPERTY INCOME

Property Annual Income: \$43,200

Property Square Footage: 2,320

Property Vacancy: -

Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: \$300,000

Down Payment: \$100,000

Interest Rate: 7.5%

Amortization Period: 30 Year

Monthly Payment: \$2,098

Annual Debt Service: \$25,172

Debt Coverage Ratio: 1.2

PROPERTY EXPENSES

Gross Lease

Property Annual Expenses: \$12,960

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %

Annual Expense Growth Rate: 2 %

Cap Rate at Sale: 6.7 %

Cost of Sale: 2%

Number of Years: 5

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$400,000

Property Cap Rate: 7.56%

5 YEAR CASH FLOW ANALYSIS

Potential Income: \$43,200

Vacancy Rate: -

Cash on Cash Return (Return on Equity): 5.07%

Income Analysis

651 Clyde St Gastonia NC

Report courtesy of Ola van Zyl

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Gross Income	\$43,200	\$	\$	\$	\$	\$
Vacancy Rate	\$	\$	\$	\$	\$	\$
Effective Gross Income -Growing @ 2%/yr -With a % Vacancy Rate):	\$43,200	\$44,064	\$44,945	\$45,844	\$46,761	\$47,696
Average Rent per Square Foot:	\$18.62	\$18.99	\$19.37	\$19.76	\$20.16	\$20.56
Less Expenses (Growing @ 2%/yr):	(\$ 12,960)	(\$ 13,219)	(\$ 13,483)	(\$ 13,753)	(\$ 14,028)	(\$ 14,309)
Net Operating Income (NOI):	\$ 30,240	\$ 30,845	\$ 31,462	\$ 32,091	\$ 32,733	\$ 33,387
Less Loan Payment 1st Mortgage	(\$25,172)	(\$25,172)	(\$25,172)	(\$25,172)	(\$25,172)	(\$25,172)
Net Cash Flow	\$ 5,068	\$ 5,673	\$ 6,290	\$ 6,919	\$ 7,561	\$ 8,215
Cash on Cash Return (Return on Equity):	5.07%	5.67%	6.29%	6.92%	7.56%	8.22%
Principal Reduction:	\$2,766	\$2,980	\$3,212	\$3,461	\$3,730	\$4,019
Cumulative Principal Reduction:	\$2,766	\$5,746	\$8,957	\$12,418	\$16,148	\$20,167
Cash Flow Plus Principal Reduction:	\$ 7,834	\$ 8,653	\$ 9,502	\$ 10,380	\$ 11,291	\$ 12,234
Total Return Before Taxes:	7.83%	8.65%	9.50%	10.38%	11.29%	12.23%

IRR: 23.56%

Future Value in Year 5	Cost of Sale	Loan Balance
\$122,612	\$2,452	\$260,385