

SUMMARY

Analysis Type: Buying

Property Type: Office

Address: 8605 SW Terwilliger Blvd

Age of Property (Completion Year): 1914

Site Area: 10,410 sq ft

Gross Building Area: 3,468 sq ft

PROPERTY INCOME

Property Annual Income: \$80,192

Property Square Footage: 10,410

Property Vacancy: 2%

Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: \$1,000,000

Down Payment: \$200,000

Interest Rate: 6%

Amortization Period: 20 Year

Monthly Payment: \$7,164

Annual Debt Service: \$85,972

Debt Coverage Ratio: 0.68

PROPERTY EXPENSES

Triple Net Lease (NNN)

Property Annual Expenses: \$20,029

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %

Annual Expense Growth Rate: 2 %

Cap Rate at Sale: 5.38 %

Cost of Sale: 2%

Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$1,200,000

Property Cap Rate: 4.88%

10 YEAR CASH FLOW ANALYSIS

Potential Income: \$80,192.04

Vacancy Rate: 2%

Cash on Cash Return (Return on Equity): -13.71%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Effective Gross Income -Growing @ 2%/yr -With a 2% Vacancy Rate:	\$78,588	\$80,160	\$81,763	\$83,399	\$85,067	\$86,768	\$88,504	\$90,274	\$92,079	\$93,920	\$95,799
Average Rent per Square Foot:	\$7.55	\$7.70	\$7.85	\$8.01	\$8.17	\$8.33	\$8.50	\$8.67	\$8.84	\$9.02	\$9.20
Less Expenses (Growing @ 2%/yr):	(\$ 20,029)	(\$ 20,430)	(\$ 20,839)	(\$ 21,256)	(\$ 21,681)	(\$ 22,115)	(\$ 22,557)	(\$ 23,008)	(\$ 23,468)	(\$ 23,937)	(\$ 24,416)
Net Operating Income (NOI):	\$ 58,559	\$ 59,730	\$ 60,924	\$ 62,143	\$ 63,386	\$ 64,653	\$ 65,947	\$ 67,266	\$ 68,611	\$ 69,983	\$ 71,383
Less Loan Payment 1st Mortgage	(\$85,972)	(\$85,972)	(\$85,972)	(\$85,972)	(\$85,972)	(\$85,972)	(\$85,972)	(\$85,972)	(\$85,972)	(\$85,972)	(\$85,972)
Net Cash Flow	\$ -27,413	\$ -26,242	\$ -25,047	\$ -23,829	\$ -22,586	\$ -21,319	\$ -20,025	\$ -18,706	\$ -17,361	\$ -15,988	\$ -14,589
Cash on Cash Return (Return on Equity):	-13.71%	-13.12%	-12.52%	-11.91%	-11.29%	-10.66%	-10.01%	-9.35%	-8.68%	-7.99%	-7.29%
Principal Reduction:	\$26,698	\$28,345	\$30,093	\$31,949	\$33,920	\$36,012	\$38,233	\$40,591	\$43,094	\$45,752	\$48,574
Cumulative Principal Reduction:	\$26,698	\$55,043	\$85,136	\$117,085	\$151,004	\$187,016	\$225,248	\$265,839	\$308,933	\$354,686	\$403,260
Cash Flow Plus Principal Reduction:	\$ -715	\$ 2,103	\$ 5,046	\$ 8,120	\$ 11,334	\$ 14,693	\$ 18,208	\$ 21,885	\$ 25,733	\$ 29,764	\$ 33,985
Total Return Before Taxes:	-0.36%	1.05%	2.52%	4.06%	5.67%	7.35%	9.10%	10.94%	12.87%	14.88%	16.99%

IRR: 15.20%