

## SUMMARY

**Analysis Type: Buying**

**Property Type: Office**

**Address: 8624 Sharonbrook Drive**

**Age of Property (Completion Year): 1957**

**Gross Building Area: 1,870 sq ft**

## PROPERTY INCOME

Property Annual Income: \$39,600

Property Square Footage: -

Property Vacancy: 2%

Property Additional Income: -

## LOAN & DEBT ANALYSIS

Loan Amount: \$333,988

Down Payment: \$116,231

Interest Rate: 6.5%

Amortization Period: 30 Year

Monthly Payment: \$2,111

Annual Debt Service: \$25,332

Debt Coverage Ratio: 1.46

## PROPERTY EXPENSES

Gross Lease

Property Annual Expenses: \$1,800

## CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %

Annual Expense Growth Rate: 2 %

Cap Rate at Sale: 8.72 %

Cost of Sale: 2%

Number of Years: 10

## PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$450,219

Property Cap Rate: 8.22%

## 10 YEAR CASH FLOW ANALYSIS

Potential Income: \$39,600

Vacancy Rate: 2%

Cash on Cash Return (Return on Equity): 10.05%

# Income Analysis

8624 Sharonbrook Drive

Report courtesy of Ola van Zyl

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
<b>Gross Income</b>	\$39,600	\$40,392	\$41,200	\$42,024	\$42,864	\$43,721	\$44,595	\$45,487	\$46,397	\$47,325	\$48,272
<b>Vacancy Rate (2%)</b>	\$792	\$808	\$824	\$840	\$857	\$874	\$892	\$910	\$928	\$947	\$965
<b>Effective Gross Income -Growing @ 2%/yr -With a 2% Vacancy Rate):</b>	\$38,808	\$39,584	\$40,376	\$41,184	\$42,007	\$42,847	\$43,703	\$44,577	\$45,469	\$46,379	\$47,307
<b>Average Rent per Square Foot:</b>											
<b>Less Expenses (Growing @ 2%/yr):</b>	(\$ 1,800)	(\$ 1,836)	(\$ 1,873)	(\$ 1,910)	(\$ 1,948)	(\$ 1,987)	(\$ 2,027)	(\$ 2,068)	(\$ 2,109)	(\$ 2,151)	(\$ 2,194)
<b>Net Operating Income (NOI):</b>	\$ 37,008	\$ 37,748	\$ 38,503	\$ 39,274	\$ 40,059	\$ 40,860	\$ 41,676	\$ 42,509	\$ 43,360	\$ 44,228	\$ 45,113
<b>Less Loan Payment 1st Mortgage</b>	(\$25,332)	(\$25,332)	(\$25,332)	(\$25,332)	(\$25,332)	(\$25,332)	(\$25,332)	(\$25,332)	(\$25,332)	(\$25,332)	(\$25,332)
<b>Net Cash Flow</b>	\$ 11,676	\$ 12,416	\$ 13,171	\$ 13,941	\$ 14,726	\$ 15,527	\$ 16,344	\$ 17,177	\$ 18,028	\$ 18,895	\$ 19,780
<b>Cash on Cash Return (Return on Equity):</b>	10.05%	10.68%	11.33%	11.99%	12.67%	13.36%	14.06%	14.78%	15.51%	16.26%	17.02%
<b>Principal Reduction:</b>	\$3,733	\$3,983	\$4,250	\$4,534	\$4,838	\$5,162	\$5,508	\$5,877	\$6,270	\$6,690	\$7,138
<b>Cumulative Principal Reduction:</b>	\$3,733	\$7,716	\$11,966	\$16,500	\$21,339	\$26,501	\$32,009	\$37,885	\$44,156	\$50,846	\$57,984
<b>Cash Flow Plus Principal Reduction:</b>	\$ 15,409	\$ 16,399	\$ 17,421	\$ 18,475	\$ 19,564	\$ 20,689	\$ 21,852	\$ 23,054	\$ 24,298	\$ 25,585	\$ 26,918
<b>Total Return Before Taxes:</b>	13.26%	14.11%	14.99%	15.90%	16.83%	17.80%	18.80%	19.83%	20.90%	22.01%	23.16%

IRR: 16.80% (Iterative Method)

16.28% (Newton's Method)

# Income Analysis

8624 Sharonbrook Drive

Report courtesy of Ola van Zyl

Future Value in Year 10	Cost of Sale	Loan Balance
\$517,351	\$10,347	\$283,142