Income Analysis

HBC

Report courtesy of Troy Muljat

SUMMARY

Analysis Type: Selling
Property Type: Industrial
Address: HBC
Age of Property (Completion Year): 2026
Site Area: 261,360 sq ft
Gross Building Area: 62,600 sq ft

PROPERTY INCOME

Property Annual Income: $780,000
Property Square Footage: 261,360
Property Vacancy: 2%
Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: $5,000,000
Down Payment: $5,000,000
Interest Rate: 6%
Amortization Period: 25 Year
Monthly Payment: $32,215
Annual Debt Service: $386,581
Debt Coverage Ratio: 1.77

PROPERTY EXPENSES

Triple Net Lease (NNN)
Property Annual Expenses: $80,000

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 4 %
Annual Expense Growth Rate: 2 %
Cap Rate at Sale: 6.9 %
Cost of Sale: 0.01%
Number of Years: 5

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: $10,000,000
Property Cap Rate: 6.84%

5 YEAR CASH FLOW ANALYSIS

Potential Income: $780,000
Vacancy Rate: 2%
Cash on Cash Return (Return on Equity): 5.96%

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	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Gross Income	$780,000	$795,600	$811,512	$827,742	$844,297	$861,183
Vacancy Rate (2%)	$15,600	$15,912	$16,230	$16,555	$16,886	$17,224
Effective Gross Income -Growing @ 4%/yr -With a 2% Vacancy Rate):	$764,400	$794,976	$826,775	$859,846	$894,240	$930,010
Average Rent per Square Foot:	$2.92	$3.04	$3.16	$3.29	$3.42	$3.56
Less Expenses (Growing @ 2%/yr):	($ 80,000)	($ 81,600)	($ 83,232)	($ 84,897)	($ 86,595)	($ 88,327)
Net Operating Income (NOI):	$ 684,400	$ 713,376	$ 743,543	$ 774,949	$ 807,645	$ 841,683
Less Loan Payment 1st Mortgage	($386,581)	($386,581)	($386,581)	($386,581)	($386,581)	($386,581)
Net Cash Flow	$ 297,819	$ 326,795	$ 356,962	$ 388,368	$ 421,064	$ 455,102
Cash on Cash Return (Return on Equity):	5.96%	6.54%	7.14%	7.77%	8.42%	9.10%
Principal Reduction:	$89,002	$94,491	$100,319	$106,507	$113,076	$120,050
Cumulative Principal Reduction:	$89,002	$183,493	$283,813	$390,320	$503,396	$623,446
Cash Flow Plus Principal Reduction:	$ 386,821	$ 421,286	$ 457,281	$ 494,875	$ 534,140	$ 575,152
Total Return Before Taxes:	7.74%	8.43%	9.15%	9.90%	10.68%	11.50%

IRR: 16.68% (Iterative Method)

14.9% (Newton's Method)

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Future Value in Year 5	Cost of Sale	Loan Balance
$12,198,304	$1,220	$3,817,599

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