Income Analysis

PLAINVIEW TX

Report courtesy of FWD Coaching

SUMMARY

Analysis Type: Buying
Property Type: Mixed-Use
Address: PLAINVIEW TX
Age of Property (Completion Year): 1909
Site Area: 20,000 sq ft
Gross Building Area: 20,000 sq ft

PROPERTY INCOME

Property Annual Income: $136,800
Property Square Footage: 20,000
Property Vacancy: 9%
Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: $681,760
Down Payment: $168,240
Interest Rate: 8.125%
Amortization Period: 30 Year
Monthly Payment: $5,062
Annual Debt Service: $60,745
Debt Coverage Ratio: 1.03

PROPERTY EXPENSES

Triple Net Lease (NNN)
Property Annual Expenses: $61,980

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 3 %
Annual Expense Growth Rate: 3 %
Cap Rate at Sale: 8.5 %
Cost of Sale: 2.4%
Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: $850,000
Property Cap Rate: 7.35%

10 YEAR CASH FLOW ANALYSIS

Potential Income: $136,800
Vacancy Rate: 9%
Cash on Cash Return (Return on Equity): 1.05%

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CRE CALCULATOR

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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	$136,800	$149,112	$162,532	$177,160	$193,104	$210,483	$229,426	$250,074	$272,581	$297,113	$323,853
Vacancy Rate (9%)	$12,312	$13,420	$14,628	$15,944	$17,379	$18,943	$20,648	$22,507	$24,532	$26,740	$29,147
Effective Gross Income -Growing @ 3%/yr -With a 9% Vacancy Rate):	$124,488	$128,223	$132,069	$136,031	$140,113	$144,316	$148,646	$153,105	$157,698	$162,429	$167,302
Average Rent per Square Foot:	$6.22	$6.41	$6.60	$6.80	$7.00	$7.21	$7.43	$7.65	$7.88	$8.12	$8.36
Less Expenses (Growing @ 3%/yr):	($ 61,980)	($ 63,839)	($ 65,754)	($ 67,727)	($ 69,759)	($ 71,852)	($ 74,008)	($ 76,228)	($ 78,515)	($ 80,870)	($ 83,296)
Net Operating Income (NOI):	$ 62,508	$ 64,384	$ 66,315	$ 68,304	$ 70,354	$ 72,464	$ 74,638	$ 76,877	$ 79,183	$ 81,559	$ 84,006
Less Loan Payment 1st Mortgage	($60,745)	($60,745)	($60,745)	($60,745)	($60,745)	($60,745)	($60,745)	($60,745)	($60,745)	($60,745)	($60,745)
Net Cash Flow	$ 1,763	$ 3,639	$ 5,571	$ 7,560	$ 9,609	$ 11,719	$ 13,893	$ 16,132	$ 18,438	$ 20,814	$ 23,261
Cash on Cash Return (Return on Equity):	1.05%	2.16%	3.31%	4.49%	5.71%	6.97%	8.26%	9.59%	10.96%	12.37%	13.83%
Principal Reduction:	$5,555	$6,024	$6,532	$7,083	$7,680	$8,328	$9,031	$9,792	$10,618	$11,514	$12,485
Cumulative Principal Reduction:	$5,555	$11,579	$18,112	$25,195	$32,875	$41,203	$50,234	$60,027	$70,645	$82,159	$94,644
Cash Flow Plus Principal Reduction:	$ 7,318	$ 9,663	$ 12,103	$ 14,643	$ 17,289	$ 20,047	$ 22,924	$ 25,924	$ 29,056	$ 32,328	$ 35,746
Total Return Before Taxes:	4.35%	5.74%	7.19%	8.70%	10.28%	11.92%	13.63%	15.41%	17.27%	19.22%	21.25%

IRR: 12.56% (Iterative Method)

12.02% (Newton's Method)

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Future Value in Year 10	Cost of Sale	Loan Balance
$988,306	$23,719	$599,601

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