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: $595,000
Down Payment: $255,000
Interest Rate: 8.125%
Amortization Period: 30 Year
Monthly Payment: $4,418
Annual Debt Service: $53,014
Debt Coverage Ratio: 0.98

PROPERTY EXPENSES

Triple Net Lease (NNN)
Property Annual Expenses: $72,622

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: 6.10%

10 YEAR CASH FLOW ANALYSIS

Potential Income: $136,800
Vacancy Rate: 9%
Cash on Cash Return (Return on Equity): -0.45%

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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	$8.36
Less Expenses (Growing @ 3%/yr):	($ 72,622)	($ 74,801)	($ 77,045)	($ 79,356)	($ 81,737)	($ 84,189)	($ 86,715)	($ 89,316)	($ 91,995)	($ 94,755)	($ 97,598)
Net Operating Income (NOI):	$ 51,866	$ 53,422	$ 55,024	$ 56,675	$ 58,376	$ 60,127	$ 61,931	$ 63,789	$ 65,703	$ 67,674	$ 69,704
Less Loan Payment 1st Mortgage	($53,014)	($53,014)	($53,014)	($53,014)	($53,014)	($53,014)	($53,014)	($53,014)	($53,014)	($53,014)	($53,014)
Net Cash Flow	$ -1,148	$ 407	$ 2,010	$ 3,661	$ 5,361	$ 7,113	$ 8,916	$ 10,774	$ 12,688	$ 14,659	$ 16,689
Cash on Cash Return (Return on Equity):	-0.45%	0.16%	0.79%	1.44%	2.10%	2.79%	3.50%	4.23%	4.98%	5.75%	6.54%
Principal Reduction:	$4,848	$5,257	$5,701	$6,182	$6,703	$7,268	$7,882	$8,546	$9,267	$10,049	$10,896
Cumulative Principal Reduction:	$4,848	$10,106	$15,807	$21,988	$28,691	$35,960	$43,841	$52,388	$61,655	$71,704	$82,600
Cash Flow Plus Principal Reduction:	$ 3,700	$ 5,664	$ 7,711	$ 9,843	$ 12,064	$ 14,381	$ 16,798	$ 19,320	$ 21,955	$ 24,708	$ 27,585
Total Return Before Taxes:	1.45%	2.22%	3.02%	3.86%	4.73%	5.64%	6.59%	7.58%	8.61%	9.69%	10.82%

IRR: 3.70% (Iterative Method)

3.8% (Newton's Method)

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Future Value in Year 10	Cost of Sale	Loan Balance
$820,047	$19,681	$523,296

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