

SUMMARY

Analysis Type: Buying
Property Type: Retail
Address: SIMPSON
Site Area: 3,300 sq ft

PROPERTY INCOME

Property Annual Income: \$96,000
Property Square Footage: 3,300
Property Vacancy: 2%
Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: \$900,000
Down Payment: \$100,000
Interest Rate: 6%
Amortization Period: 20 Year
Monthly Payment: \$6,448
Annual Debt Service: \$77,375
Debt Coverage Ratio: 0.83

PROPERTY EXPENSES

Gross Lease
Property Annual Expenses: \$29,552

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %
Annual Expense Growth Rate: 2 %
Cap Rate at Sale: 12.26 %
Cost of Sale: 2%
Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$1,000,000
Property Cap Rate: 6.45%

10 YEAR CASH FLOW ANALYSIS

Potential Income: \$96,000
Vacancy Rate: 2%
Cash on Cash Return (Return on Equity): -12.85%

Income Analysis

SIMPSON

Report courtesy of Troy Muljat

	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):	\$94,080	\$95,962	\$97,880	\$99,838	\$101,836	\$103,872	\$105,950	\$108,069	\$110,229	\$112,434	\$114,684
Average Rent per Square Foot:	\$28.51	\$29.08	\$29.66	\$30.25	\$30.86	\$31.48	\$32.11	\$32.75	\$33.41	\$34.08	\$34.76
Less Expenses (Growing @ 2%/yr):	(\$ 29,552)	(\$ 30,143)	(\$ 30,746)	(\$ 31,361)	(\$ 31,988)	(\$ 32,628)	(\$ 33,281)	(\$ 33,947)	(\$ 34,626)	(\$ 35,319)	(\$ 36,025)
Net Operating Income (NOI):	\$ 64,528	\$ 65,819	\$ 67,134	\$ 68,477	\$ 69,848	\$ 71,244	\$ 72,669	\$ 74,122	\$ 75,603	\$ 77,115	\$ 78,659
Less Loan Payment 1st Mortgage	(\$77,375)	(\$77,375)	(\$77,375)	(\$77,375)	(\$77,375)	(\$77,375)	(\$77,375)	(\$77,375)	(\$77,375)	(\$77,375)	(\$77,375)
Net Cash Flow	\$ -12,847	\$ -11,556	\$ -10,240	\$ -8,897	\$ -7,527	\$ -6,130	\$ -4,706	\$ -3,253	\$ -1,771	\$ -259	\$ 1,284
Cash on Cash Return (Return on Equity):	-12.85%	-11.56%	-10.24%	-8.90%	-7.53%	-6.13%	-4.71%	-3.25%	-1.77%	-0.26%	1.28%
Principal Reduction:	\$24,028	\$25,510	\$27,084	\$28,754	\$30,528	\$32,410	\$34,409	\$36,532	\$38,785	\$41,177	\$43,717
Cumulative Principal Reduction:	\$24,028	\$49,538	\$76,622	\$105,376	\$135,904	\$168,314	\$202,723	\$239,255	\$278,040	\$319,217	\$362,934
Cash Flow Plus Principal Reduction:	\$ 11,181	\$ 13,954	\$ 16,844	\$ 19,857	\$ 23,001	\$ 26,280	\$ 29,703	\$ 33,279	\$ 37,014	\$ 40,918	\$ 45,001
Total Return Before Taxes:	11.18%	13.95%	16.84%	19.86%	23.00%	26.28%	29.70%	33.28%	37.01%	40.92%	45.00%

IRR: 15.60%