

SUMMARY

Analysis Type: Buying

Property Type: Office

Address: new townhouse

Age of Property (Completion Year): 2023

PROPERTY INCOME

Property Annual Income: \$38,400

Property Square Footage: -

Property Vacancy: 2%

Property Additional Income: -

LOAN & DEBT ANALYSIS

Loan Amount: \$530,000

Down Payment: \$60,000

Interest Rate: 6.3%

Amortization Period: 30 Year

Monthly Payment: \$3,281

Annual Debt Service: \$39,367

Debt Coverage Ratio: 0.84

PROPERTY EXPENSES

Gross Lease

Property Annual Expenses: \$4,672

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 5 %

Annual Expense Growth Rate: 2.5 %

Cap Rate at Sale: 5.78 %

Cost of Sale: -

Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$590,000

Property Cap Rate: 5.59%

10 YEAR CASH FLOW ANALYSIS

Potential Income: \$38,400

Vacancy Rate: 2%

Cash on Cash Return (Return on Equity): -10.68%

Income Analysis

new townhouse

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 @ 5%/yr -With a 2% Vacancy Rate):	\$37,632	\$39,514	\$41,489	\$43,564	\$45,742	\$48,030	\$50,432	\$52,953	\$55,601	\$58,382	\$61,301
Average Rent per Square Foot:											
Less Expenses (Growing @ 2.5%/yr):	(\$ 4,672)	(\$ 4,789)	(\$ 4,909)	(\$ 5,032)	(\$ 5,158)	(\$ 5,287)	(\$ 5,419)	(\$ 5,554)	(\$ 5,693)	(\$ 5,835)	(\$ 5,981)
Net Operating Income (NOI):	\$ 32,960	\$ 34,725	\$ 36,580	\$ 38,532	\$ 40,584	\$ 42,743	\$ 45,013	\$ 47,399	\$ 49,908	\$ 52,547	\$ 55,320
Less Loan Payment 1st Mortgage	(\$39,367)	(\$39,367)	(\$39,367)	(\$39,367)	(\$39,367)	(\$39,367)	(\$39,367)	(\$39,367)	(\$39,367)	(\$39,367)	(\$39,367)
Net Cash Flow	\$ -6,407	\$ -4,642	\$ -2,786	\$ -835	\$ 1,218	\$ 3,376	\$ 5,646	\$ 8,033	\$ 10,542	\$ 13,180	\$ 15,953
Cash on Cash Return (Return on Equity):	-10.68%	-7.74%	-4.64%	-1.39%	2.03%	5.63%	9.41%	13.39%	17.57%	21.97%	26.59%
Principal Reduction:	\$6,152	\$6,551	\$6,976	\$7,429	\$7,910	\$8,423	\$8,970	\$9,551	\$10,171	\$10,830	\$11,533
Cumulative Principal Reduction:	\$6,152	\$12,704	\$19,680	\$27,108	\$35,019	\$43,442	\$52,411	\$61,963	\$72,133	\$82,964	\$94,496
Cash Flow Plus Principal Reduction:	\$ -255	\$ 1,909	\$ 4,190	\$ 6,594	\$ 9,128	\$ 11,799	\$ 14,616	\$ 17,584	\$ 20,713	\$ 24,010	\$ 27,486
Total Return Before Taxes:	-0.43%	3.18%	6.98%	10.99%	15.21%	19.67%	24.36%	29.31%	34.52%	40.02%	45.81%

IRR: 31.53%