

SAMPLE PROPERTY

Investment Property - Buy & Hold

SAMPLE PROPERTY
CITY NAME, STATE NAME POST CODE

\$ 510,000

\$ 246/mo Cash Flow 3.4% Cap Rate 1.9% COC

Prepared by:



Property Information

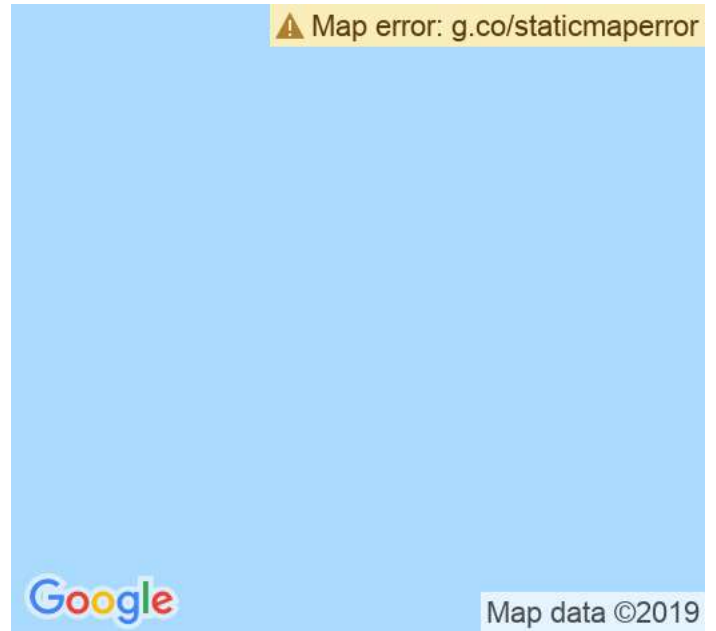
ADDRESS

SAMPLE PROPERTY

CITY NAME, STATE NAME POST CODE

DESCRIPTION

Property Type:	House
Beds / Baths:	3 / 1
Square Meters:	80
Year Built:	1980
Parking:	Garage
Lot Size:	736 sq. m.
Zoning:	Residential
MLS Number:	



Map error: g.co/staticmaperror



Map data ©2019 Imagery ©2019 DigitalGlobe

Purchase Analysis & Returns

PURCHASE

Purchase Price:		\$ 510,000
Amount Financed:	-	\$ 357,000
Down Payment:	=	\$ 153,000
Purchase Costs:	+	\$ 1,879
Rehab Costs:	+	\$ 0
Total Cash Needed:	=	\$ 154,879
After Repair Value:		\$ 510,000
Price Per Square Meter:		\$ 6,375

RETURNS & RATIOS (Year 1)

Cap Rate (Purchase Price):	3.4%
Cap Rate (Market Value):	3.4%
Cash on Cash Return:	1.9%
Return on Equity:	1.5%
Return on Investment:	16.5%
Internal Rate of Return:	16.5%
Rent to Value:	0.4%
Gross Rent Multiplier:	19.6
Debt Coverage Ratio:	1.2

FINANCING

Loan Type:	Interest Only
Loan Amount:	\$ 357,000
Loan to Value (LTV):	70%
Interest Rate:	3.99%
Loan Payment:	\$ 1,187 Per Month \$ 14,244 Per Year

ASSUMPTIONS & PROJECTIONS

Vacancy:	2.5%
Rent Collection:	Weekly
Appreciation:	7.5% Per Year
Income Increase:	3% Per Year
Expenses Increase:	3% Per Year
Selling Costs:	2.5% of Sales Price
Land Value:	\$ 380,000

PURCHASE COSTS

Registered Valuation:	\$ 650
Reports & Titles:	\$ 199
Narco Testing:	\$ 180
Legal Fees:	\$ 850
Total:	\$ 1,879

REHAB COSTS

Total:	\$ 0
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Cash Flow (Year 1)

	Monthly	Yearly
CASH FLOW		
Gross Rent:	\$ 2,167	\$ 26,000
Vacancy (2.5%):	- \$ 54	\$ 650
Other Income:	+ \$ 0	\$ 0
Operating Income:	= \$ 2,113	\$ 25,350
Operating Expenses (32.2%):	- \$ 680	\$ 8,156
Net Operating Income:	= \$ 1,433	\$ 17,194
Loan Payment:	- \$ 1,187	\$ 14,244
Cash Flow:	= \$ 246	\$ 2,950

	Monthly	Yearly
OTHER INCOME		
Total:	\$ 0	\$ 0

	Monthly	Yearly
EXPENSES		
Insurances:	\$ 54	\$ 650
Property Management:	\$ 169	\$ 2,028
Maintenance:	\$ 108	\$ 1,300
Capital Expenditures:	\$ 65	\$ 780
Accounting Fees:	\$ 50	\$ 600
Council Rates:	\$ 128	\$ 1,530
Contingencies:	\$ 106	\$ 1,267
Total:	\$ 680	\$ 8,156

Buy & Hold Projections

	Year 1	Year 3	Year 5	Year 10	Year 20	Year 30
INCOME						
Gross Rent:	\$ 26,000	\$ 27,583	\$ 29,263	\$ 33,924	\$ 45,591	\$ 61,271
Vacancy (2.5%):	- \$ 650	- \$ 690	- \$ 732	- \$ 848	- \$ 1,140	- \$ 1,532
Other Income:	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0
Operating Income:	= \$ 25,350	= \$ 26,893	= \$ 28,531	= \$ 33,076	= \$ 44,451	= \$ 59,739
EXPENSES						
Insurances:	\$ 650	\$ 690	\$ 732	\$ 848	\$ 1,140	\$ 1,532
Property Management:	+ \$ 2,028	+ \$ 2,152	+ \$ 2,283	+ \$ 2,646	+ \$ 3,556	+ \$ 4,779
Maintenance:	+ \$ 1,300	+ \$ 1,379	+ \$ 1,463	+ \$ 1,696	+ \$ 2,280	+ \$ 3,064
Capital Expenditures:	+ \$ 780	+ \$ 828	+ \$ 878	+ \$ 1,018	+ \$ 1,368	+ \$ 1,838
Accounting Fees:	+ \$ 600	+ \$ 637	+ \$ 675	+ \$ 783	+ \$ 1,052	+ \$ 1,414
Council Rates:	+ \$ 1,530	+ \$ 1,623	+ \$ 1,722	+ \$ 1,996	+ \$ 2,683	+ \$ 3,606
Contingencies:	+ \$ 1,267	+ \$ 1,345	+ \$ 1,427	+ \$ 1,654	+ \$ 2,223	+ \$ 2,987
Operating Expenses:	= \$ 8,155	= \$ 8,654	= \$ 9,180	= \$ 10,641	= \$ 14,302	= \$ 19,220
CASH FLOW						
Operating Income:	\$ 25,350	\$ 26,893	\$ 28,531	\$ 33,076	\$ 44,451	\$ 59,739
Operating Expenses:	- \$ 8,155	- \$ 8,654	- \$ 9,180	- \$ 10,641	- \$ 14,302	- \$ 19,220
Net Operating Income:	= \$ 17,195	= \$ 18,239	= \$ 19,351	= \$ 22,435	= \$ 30,149	= \$ 40,519
Loan Payments:	- \$ 14,244	- \$ 14,244	- \$ 14,244	- \$ 14,244	- \$ 14,244	- \$ 14,244
Cash Flow:	= \$ 2,951	= \$ 3,995	= \$ 5,107	= \$ 8,191	= \$ 15,905	= \$ 26,275
TAX BENEFITS & DEDUCTIONS						
Operating Expenses:	\$ 8,155	\$ 8,654	\$ 9,180	\$ 10,641	\$ 14,302	\$ 19,220
Loan Interest:	+ \$ 14,244	+ \$ 14,244	+ \$ 14,244	+ \$ 14,244	+ \$ 14,244	+ \$ 14,244
Depreciation:	+ \$ 4,796	+ \$ 4,796	+ \$ 4,796	+ \$ 4,796	+ \$ 4,796	+ \$ 0
Total Deductions:	= \$ 27,195	= \$ 27,694	= \$ 28,220	= \$ 29,681	= \$ 33,342	= \$ 33,464
EQUITY ACCUMULATION						
Property Value:	\$ 548,250	\$ 633,571	\$ 732,171	\$ 1,051,126	\$ 2,166,404	\$ 4,465,027
Loan Balance:	- \$ 357,000	- \$ 357,000	- \$ 357,000	- \$ 357,000	- \$ 357,000	- \$ 357,000
Total Equity:	= \$ 191,250	= \$ 276,571	= \$ 375,171	= \$ 694,126	= \$ 1,809,404	= \$ 4,108,027
SALE ANALYSIS						
Equity:	\$ 191,250	\$ 276,571	\$ 375,171	\$ 694,126	\$ 1,809,404	\$ 4,108,027
Selling Costs (2.5%):	- \$ 13,706	- \$ 15,839	- \$ 18,304	- \$ 26,278	- \$ 54,160	- \$ 111,626

	Year 1	Year 3	Year 5	Year 10	Year 20	Year 30
Sale Proceeds:	= \$ 177,544	= \$ 260,732	= \$ 356,867	= \$ 667,848	= \$ 1,755,244	= \$ 3,996,401
Cumulative Cash Flow:	+ \$ 2,951	+ \$ 10,411	+ \$ 20,063	+ \$ 54,672	+ \$ 177,135	+ \$ 390,703
Invested Cash:	- \$ 154,879	- \$ 154,879	- \$ 154,879	- \$ 154,879	- \$ 154,879	- \$ 154,879
Total Profit:	= \$ 25,616	= \$ 116,264	= \$ 222,051	= \$ 567,641	= \$ 1,777,500	= \$ 4,232,225

INVESTMENT RETURNS

Cap Rate (Purchase Price):	3.4%	3.6%	3.8%	4.4%	5.9%	7.9%
Cap Rate (Market Value):	3.1%	2.9%	2.6%	2.1%	1.4%	0.9%
Cash on Cash Return:	1.9%	2.6%	3.3%	5.3%	10.3%	17%
Return on Equity:	1.5%	1.4%	1.4%	1.2%	0.9%	0.6%
Return on Investment:	16.5%	75.1%	143.4%	366.5%	1,147.7%	2,732.6%
Internal Rate of Return:	16.5%	20.5%	19.5%	16.7%	13.5%	11.8%

FINANCIAL RATIOS

Rent to Value:	0.4%	0.4%	0.3%	0.3%	0.2%	0.1%
Gross Rent Multiplier:	21.1	23	25	31	47.5	72.9
Debt Coverage Ratio:	1.2	1.3	1.4	1.6	2.1	2.8

Purchase Criteria Analysis

CASH FLOW

- ✔ Passes 50% Rule
- ✔ Cash Flow greater than \$ 25

FINANCIAL RATIOS

- ✔ Debt Coverage Ratio greater than 1.1

Property Photos

