

Purchase Analysis

2237 7th St NE
2237 7th St NE
Birmingham, AL 35215



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Purchase Info	
Purchase Price	\$79,900
- First Mortgage	-\$63,920
- Second Mortgage	-\$0
= Downpayment	\$15,980
+ Buying Costs	\$4,794
+ Initial Improvements	\$0
= Initial Cash Invested	\$20,774
Square Feet	1,342
Cost per Square Foot	\$60
Monthly Rent per Square Foot	\$0.65

Mortgages	First	Second
Loan-To-Cost Ratio	80%	0%
Loan-To-Value Ratio	80%	0%
Loan Amount	\$63,920	\$0
Loan Type	Amortizing	
Term	30 Years	
Interest Rate	5%	
Payment	\$343.14	\$0.00

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	7.6
Operating Expense Ratio	33.0%
Debt Coverage Ratio	1.62
Cap Rate (Purchase Price)	8.4%
Cash on Cash Return	12.3%

Assumptions	
Appreciation Rate	3.0%
Vacancy Rate	5.0%
Income Inflation Rate	1.0%
Expense Inflation Rate	1.0%
LTV for Refinance	70.0%
Selling Costs	\$4,794

Income	Monthly	Annual
Gross Rent	\$875	\$10,500
Vacancy Loss	-\$44	-\$525
Operating Income	\$831	\$9,975

Expenses (% of Income)	Monthly	Annual
Cleaning & Maintenance (5%)	-\$42	-\$499
Insurance (8%)	-\$67	-\$799
Management Fees (10%)	-\$83	-\$998
Taxes (10%)	-\$83	-\$999
Association Fees (0%)	-\$0	-\$0
Operating Expenses (33%)	-\$274	-\$3,294

Net Performance	Monthly	Annual
Net Operating Income	\$557	\$6,681
- Mortgage Payments	-\$343	-\$4,118
- Year 1 Improvements	-\$0	-\$0
= Cash Flow	\$214	\$2,563

Buy and Hold Projection

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Income	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Gross Rent	\$10,500	\$10,605	\$10,711	\$10,926	\$11,484	\$12,685	\$14,012
Vacancy Loss	-\$525	-\$530	-\$536	-\$546	-\$574	-\$634	-\$701
Operating Income	\$9,975	\$10,075	\$10,175	\$10,380	\$10,910	\$12,051	\$13,312

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cleaning & Maintenance	-\$499	-\$504	-\$509	-\$519	-\$545	-\$603	-\$666
Insurance	-\$799	-\$807	-\$815	-\$831	-\$874	-\$965	-\$1,066
Management Fees	-\$998	-\$1,007	-\$1,018	-\$1,038	-\$1,091	-\$1,205	-\$1,331
Taxes	-\$999	-\$1,009	-\$1,019	-\$1,039	-\$1,092	-\$1,207	-\$1,333
Association Fees	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
Operating Expenses	-\$3,294	-\$3,327	-\$3,360	-\$3,428	-\$3,603	-\$3,980	-\$4,396

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Net Operating Income	\$6,681	\$6,748	\$6,815	\$6,952	\$7,307	\$8,071	\$8,916
- Mortgage Payments	-\$4,118	-\$4,118	-\$4,118	-\$4,118	-\$4,118	-\$4,118	-\$4,115
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
= Cash Flow	\$2,563	\$2,630	\$2,698	\$2,835	\$3,189	\$3,954	\$4,801
Cap Rate (Purchase Price)	8.4%	8.4%	8.5%	8.7%	9.1%	10.1%	11.2%
Cap Rate (Market Value)	8.1%	8.0%	7.8%	7.5%	6.8%	5.6%	4.6%
Cash on Cash Return	12.3%	12.7%	13.0%	13.6%	15.4%	19.0%	23.1%
Return on Equity	13.3%	11.5%	10.2%	8.4%	5.8%	3.5%	2.5%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$82,297	\$84,766	\$87,309	\$92,626	\$107,379	\$144,308	\$193,938
- Loan Balance	-\$62,977	-\$61,986	-\$60,943	-\$58,697	-\$51,993	-\$32,350	-\$0
= Equity	\$19,320	\$22,780	\$26,365	\$33,929	\$55,386	\$111,958	\$193,938
Loan-to-Value Ratio	76.5%	73.1%	69.8%	63.4%	48.4%	22.4%	0.0%
Potential Cash-Out Refi	-\$5,369	-\$2,649	\$173	\$6,141	\$23,172	\$68,666	\$135,757

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$19,320	\$22,780	\$26,365	\$33,929	\$55,386	\$111,958	\$193,938
- Selling Costs	-\$4,938	-\$5,086	-\$5,239	-\$5,558	-\$6,443	-\$8,658	-\$11,636
= Proceeds After Sale	\$14,382	\$17,694	\$21,127	\$28,372	\$48,943	\$103,300	\$182,302
+ Cumulative Cash Flow	\$2,563	\$5,193	\$7,891	\$13,491	\$28,721	\$64,755	\$108,870
- Initial Cash Invested	-\$20,774	-\$20,774	-\$20,774	-\$20,774	-\$20,774	-\$20,774	-\$20,774
= Net Profit	-\$3,828	\$2,114	\$8,244	\$21,089	\$56,890	\$147,281	\$270,398
Internal Rate of Return	-18.4%	5.3%	13.1%	18.0%	18.9%	17.0%	15.9%
Return on Investment	-18%	10%	40%	102%	274%	709%	1,302%