

Purchase Analysis

206 Highway Ave
206 Highway Ave
Midfield, AL 35228



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Purchase Info	
Purchase Price	\$62,900
- First Mortgage	-\$50,320
- Second Mortgage	-\$0
= Downpayment	\$12,580
+ Buying Costs	\$3,774
+ Initial Improvements	\$0
= Initial Cash Invested	\$16,354
Square Feet	1,304
Cost per Square Foot	\$48
Monthly Rent per Square Foot	\$0.61

Mortgages	First	Second
Loan-To-Cost Ratio	80%	0%
Loan-To-Value Ratio	80%	0%
Loan Amount	\$50,320	\$0
Loan Type	Amortizing	
Term	30 Years	
Interest Rate	5%	
Payment	\$270.13	\$0.00

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	6.6
Operating Expense Ratio	32.8%
Debt Coverage Ratio	1.89
Cap Rate (Purchase Price)	9.7%
Cash on Cash Return	17.7%

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	\$3,774

Income	Monthly	Annual
Gross Rent	\$800	\$9,600
Vacancy Loss	-\$40	-\$480
Operating Income	\$760	\$9,120

Expenses (% of Income)	Monthly	Annual
Cleaning & Maintenance (5%)	-\$38	-\$456
Insurance (7%)	-\$52	-\$629
Management Fees (11%)	-\$80	-\$960
Taxes (10%)	-\$79	-\$944
Association Fees (0%)	-\$0	-\$0
Operating Expenses (33%)	-\$249	-\$2,988

Net Performance	Monthly	Annual
Net Operating Income	\$511	\$6,132
- Mortgage Payments	-\$270	-\$3,242
- Year 1 Improvements	-\$0	-\$0
= Cash Flow	\$241	\$2,890

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	\$9,600	\$9,696	\$9,793	\$9,990	\$10,499	\$11,598	\$12,811
Vacancy Loss	-\$480	-\$485	-\$490	-\$499	-\$525	-\$580	-\$641
Operating Income	\$9,120	\$9,211	\$9,303	\$9,490	\$9,974	\$11,018	\$12,171

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cleaning & Maintenance	-\$456	-\$461	-\$465	-\$475	-\$499	-\$551	-\$609
Insurance	-\$629	-\$635	-\$642	-\$655	-\$688	-\$760	-\$839
Management Fees	-\$960	-\$970	-\$979	-\$999	-\$1,050	-\$1,160	-\$1,281
Taxes	-\$944	-\$953	-\$962	-\$982	-\$1,032	-\$1,140	-\$1,259
Association Fees	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
Operating Expenses	-\$2,988	-\$3,018	-\$3,049	-\$3,110	-\$3,268	-\$3,610	-\$3,988

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Net Operating Income	\$6,132	\$6,193	\$6,255	\$6,380	\$6,706	\$7,408	\$8,183
- Mortgage Payments	-\$3,242	-\$3,242	-\$3,242	-\$3,242	-\$3,242	-\$3,242	-\$3,240
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
= Cash Flow	\$2,890	\$2,951	\$3,013	\$3,139	\$3,464	\$4,166	\$4,942
Cap Rate (Purchase Price)	9.7%	9.8%	9.9%	10.1%	10.7%	11.8%	13.0%
Cap Rate (Market Value)	9.5%	9.3%	9.1%	8.8%	7.9%	6.5%	5.4%
Cash on Cash Return	17.7%	18.0%	18.4%	19.2%	21.2%	25.5%	30.2%
Return on Equity	19.0%	16.5%	14.5%	11.8%	7.9%	4.7%	3.2%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$64,787	\$66,731	\$68,733	\$72,918	\$84,532	\$113,604	\$152,675
- Loan Balance	-\$49,578	-\$48,797	-\$47,977	-\$46,208	-\$40,931	-\$25,467	-\$0
= Equity	\$15,209	\$17,933	\$20,756	\$26,710	\$43,601	\$88,137	\$152,675
Loan-to-Value Ratio	76.5%	73.1%	69.8%	63.4%	48.4%	22.4%	0.0%
Potential Cash-Out Refi	-\$4,227	-\$2,086	\$136	\$4,835	\$18,242	\$54,056	\$106,872

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$15,209	\$17,933	\$20,756	\$26,710	\$43,601	\$88,137	\$152,675
- Selling Costs	-\$3,887	-\$4,004	-\$4,124	-\$4,375	-\$5,072	-\$6,816	-\$9,160
= Proceeds After Sale	\$11,322	\$13,930	\$16,632	\$22,335	\$38,529	\$81,321	\$143,514
+ Cumulative Cash Flow	\$2,890	\$5,841	\$8,854	\$15,069	\$31,733	\$70,178	\$116,038
- Initial Cash Invested	-\$16,354	-\$16,354	-\$16,354	-\$16,354	-\$16,354	-\$16,354	-\$16,354
= Net Profit	-\$2,142	\$3,417	\$9,132	\$21,050	\$53,909	\$135,145	\$243,198
Internal Rate of Return	-13.1%	10.8%	18.5%	22.9%	23.2%	21.2%	20.2%
Return on Investment	-13%	21%	56%	129%	330%	826%	1,487%