

Overview

Marshall's Property

St Louis, Mo

Purchase Info

Square Feet	1,100
Purchase Price	\$45,000
Initial Cash Invested	\$45,900

Income Analysis

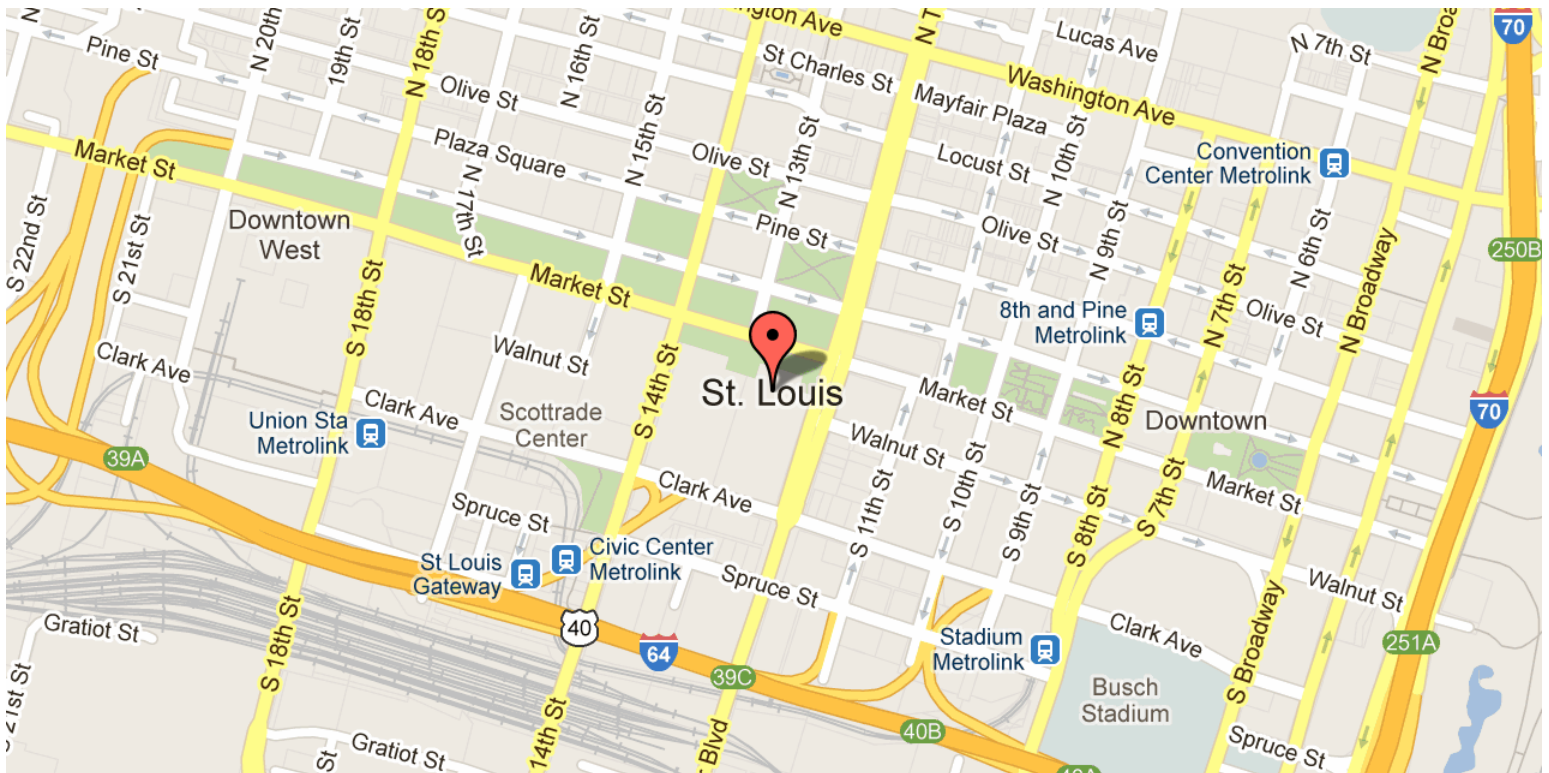
	Monthly	Annual
Net Operating Income	\$422	\$5,069
Cash Flow	\$422	\$5,069

Financial Metrics

Cap Rate (Purchase Price)	11.3%
Cash on Cash Return (Year 1)	11.0%
Internal Rate of Return (Year 10)	12.4%
Sale Price (Year 10)	\$49,708



Please Note: These are projections only and they are accurate to the best of our knowledge. While investing in real estate can be lucrative, there is always risk involved in owning rental property. For example: The tenant may not pay their rent on time. They might never pay their rent. The tenant might damage the property. The property management company might not do a good job managing the property. These risks are many times compounded when owning rental property out of town. We encourage all our investors to have their property inspected at least once a month, to be quick to respond to maintenance requests from their tenants, and to always start the eviction process the day the rent is late. Most importantly, talk to an attorney and / or accountant for legal and professional advice before purchasing real estate.



Purchase Analysis

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Purchase Info	
Purchase Price	\$45,000
+ Buying Costs	\$900
+ Initial Improvements	\$0
= Initial Cash Invested	\$45,900
Square Feet	1,100
Cost per Square Foot	\$41
Monthly Rent per Square Foot	\$0.68

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	5.0
Operating Expense Ratio	38.4%
Cap Rate (Purchase Price)	11.3%
Cash on Cash Return	11.0%

Assumptions	
Appreciation Rate	1.0%
Vacancy Rate	8.0%
Income Inflation Rate	3.0%
Expense Inflation Rate	3.0%
LTV for Refinance	70.0%
Selling Costs	\$3,150

Income	Monthly	Annual
Gross Rent	\$745	\$8,940
Vacancy Loss	(\$60)	(\$715)
Operating Income	\$685	\$8,225

Expenses (% of Income)	Monthly	Annual
Cleaning & Maintenance (5%)	(\$34)	(\$411)
Insurance (6%)	(\$42)	(\$500)
Management Fees (10%)	(\$69)	(\$822)
Repairs (10%)	(\$69)	(\$822)
Taxes (7%)	(\$50)	(\$600)
Operating Expenses (38%)	(\$263)	(\$3,156)

Net Performance	Monthly	Annual
Net Operating Income	\$422	\$5,069
- Year 1 Improvements	(\$0)	(\$0)
= Cash Flow	\$422	\$5,069

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	\$8,940	\$9,208	\$9,484	\$10,062	\$11,665	\$15,676	\$21,068
Vacancy Loss	(\$715)	(\$737)	(\$759)	(\$805)	(\$933)	(\$1,254)	(\$1,685)
Operating Income	\$8,225	\$8,472	\$8,726	\$9,257	\$10,731	\$14,422	\$19,382

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cleaning & Maintenance	(\$411)	(\$424)	(\$436)	(\$463)	(\$537)	(\$721)	(\$969)
Insurance	(\$500)	(\$515)	(\$530)	(\$563)	(\$652)	(\$877)	(\$1,178)
Management Fees	(\$822)	(\$847)	(\$873)	(\$926)	(\$1,073)	(\$1,442)	(\$1,938)
Repairs	(\$822)	(\$847)	(\$873)	(\$926)	(\$1,073)	(\$1,442)	(\$1,938)
Taxes	(\$600)	(\$618)	(\$637)	(\$675)	(\$783)	(\$1,052)	(\$1,414)
Operating Expenses	(\$3,156)	(\$3,251)	(\$3,348)	(\$3,552)	(\$4,118)	(\$5,534)	(\$7,438)

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Net Operating Income	\$5,069	\$5,221	\$5,377	\$5,705	\$6,613	\$8,888	\$11,944
- Improvements	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
= Cash Flow	\$5,069	\$5,221	\$5,377	\$5,705	\$6,613	\$8,888	\$11,944
Cap Rate (Purchase Price)	11.3%	11.6%	11.9%	12.7%	14.7%	19.8%	26.5%
Cap Rate (Market Value)	11.2%	11.4%	11.6%	12.1%	13.3%	16.2%	19.7%
Cash on Cash Return	11.0%	11.4%	11.7%	12.4%	14.4%	19.4%	26.0%
Return on Equity	11.2%	11.4%	11.6%	12.1%	13.3%	16.2%	19.7%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$45,450	\$45,904	\$46,364	\$47,295	\$49,708	\$54,909	\$60,653
- Loan Balance	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
= Equity	\$45,450	\$45,904	\$46,364	\$47,295	\$49,708	\$54,909	\$60,653
Potential Cash-Out Refi	\$31,815	\$32,133	\$32,454	\$33,107	\$34,796	\$38,436	\$42,457

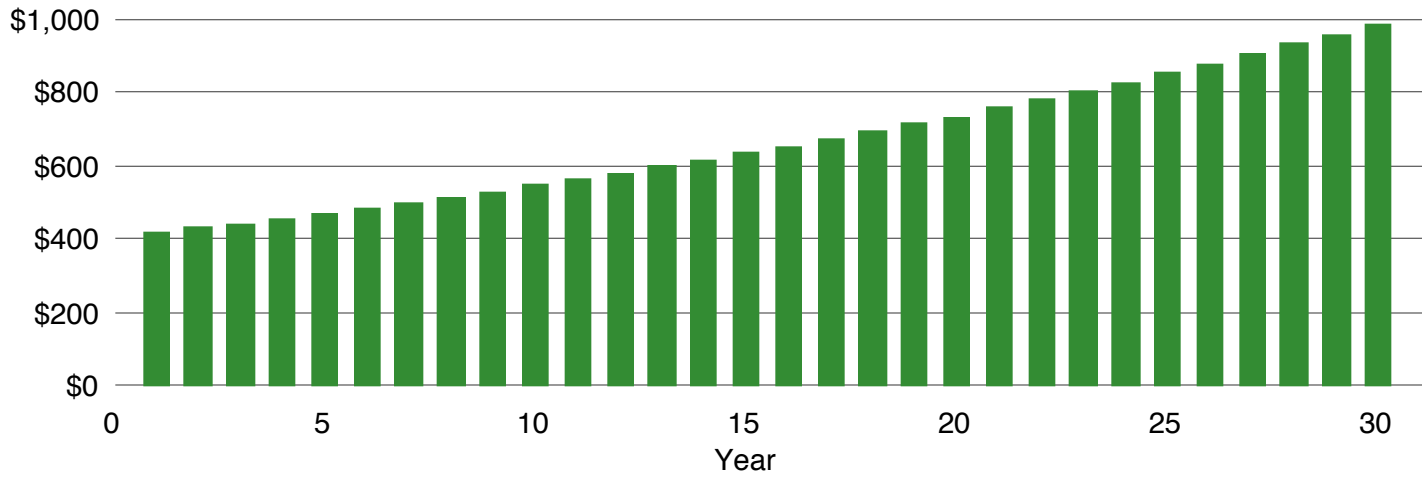
Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$45,450	\$45,904	\$46,364	\$47,295	\$49,708	\$54,909	\$60,653
- Selling Costs	(\$3,182)	(\$3,213)	(\$3,245)	(\$3,311)	(\$3,480)	(\$3,844)	(\$4,246)
= Proceeds After Sale	\$42,268	\$42,691	\$43,118	\$43,985	\$46,228	\$51,065	\$56,407
+ Cumulative Cash Flow	\$5,069	\$10,289	\$15,667	\$26,910	\$58,106	\$136,195	\$241,141
- Initial Cash Invested	(\$45,900)	(\$45,900)	(\$45,900)	(\$45,900)	(\$45,900)	(\$45,900)	(\$45,900)
= Net Profit	\$1,437	\$7,080	\$12,885	\$24,995	\$58,434	\$141,360	\$251,648
Internal Rate of Return	3.1%	7.8%	9.5%	11.0%	12.4%	13.4%	13.8%
Return on Investment	3%	15%	28%	54%	127%	308%	548%

Graphs

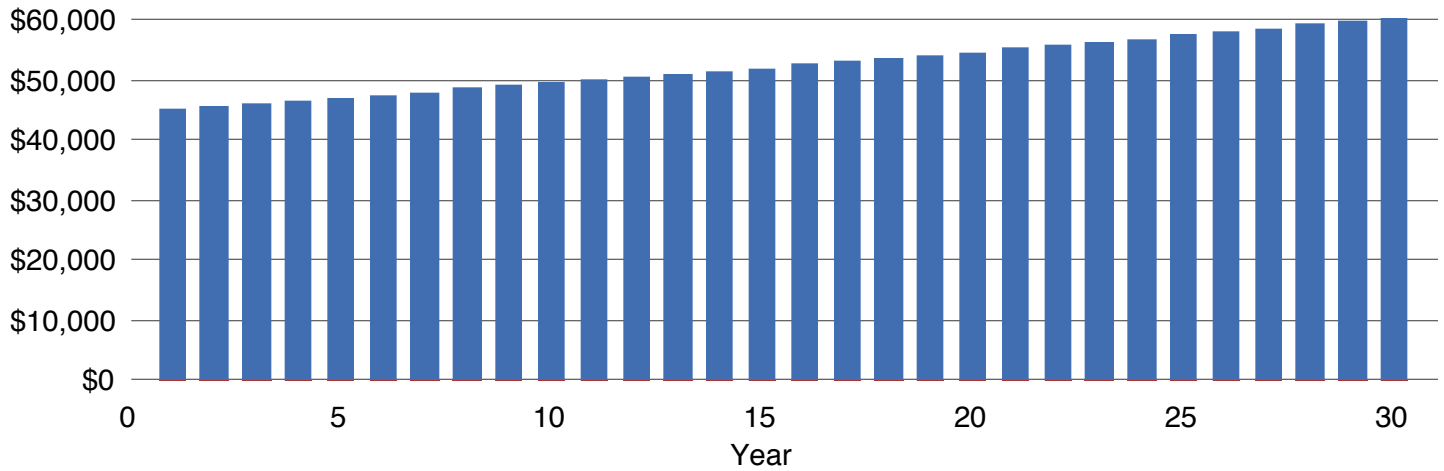
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Monthly Cash Flow



Market Value



Internal Rate of Return (IRR)

