

# Property Cashflow Analyzer

Brought to you by: Demers Real Estate, Inc.

**Purpose:** The Property Analyzer is a tool to evaluate a property's cashflow characteristics. The areas highlighted in green are for the user to enter data. The yellow highlighted cells are automatically calculated. Enter in the basic information of the transaction and the spreadsheet will calculate several common ratios and profitability measures. Values are already entered in certain cells to demonstrate how the spreadsheet works. Type over the green cells with new information to analyze your transaction.

### Property Information

Property Name **Silver Spring Apartments**  
 626 Silver Spring Avenue and 8215 Schrider  
 Location  
 Type of Property **8 Units**

### Cost Information

Building Cost **\$1,300,000**  
 Land Cost \$ -  
 Cost Basis \$ **1,300,000**  
 Down payment \$ **1,299,870**  
 Equals Initial Investment \$ **130**  
 Amortization Period **27.5**  
 Price Per Unit **\$162,500**

### Ratio Information

Loan to Value **100%**  
 Cashflow / Initial Investment **74360%**  
 Cashflow / Assets **7%**  
 CAP Rate **7.44%**

### Mortgage Information

|         | Balance       | Payment       | Interest     | Loan Term | Amtz Period |
|---------|---------------|---------------|--------------|-----------|-------------|
| 1st Mtg | \$ <b>130</b> | \$ <b>(1)</b> | <b>6.75%</b> | <b>30</b> | <b>360</b>  |

| #                          | Description (All Figures are Annual) | Annual Amount      | Notes   |
|----------------------------|--------------------------------------|--------------------|---|
| 1                          | <b>POTENTIAL RENTAL INCOME</b>       | \$ <b>154,800</b>  | Total Potential Income Assumes \$1,500 average rent                                     |
| 2                          | Less: Vacancy                        | \$ (4,644)         | Assumed 3% Vacancy Factor \$2,000 (3 beds) \$1,650 (2 beds) and \$1400 (1 bed plus den) |
| 3                          | <b>EFFECTIVE RENTAL INCOME</b>       | \$ <b>150,156</b>  |   |
| 4                          | Plus: Other Income                   | \$ -               | Other Fees, charges, etc  |
| 5                          | <b>GROSS OPERATING INCOME</b>        | \$ <b>150,156</b>  | Total Revenue   |
| <b>OPERATING EXPENSES</b>  |                                      |                    |   |
| 6                          | Real Estate Taxes                    | \$ 7,368           | Property Taxes (assumes increase in taxes)  |
| 8                          | Property Insurance                   | \$ 5,000           | based on similar renovated property insur.  |
| 9                          | Off Site Management                  | \$ 9,009           | 6% fee based on market and what the current rate is                                     |
| 10                         | Payroll                              | \$ -               |   |
| 11                         | Expenses/Benefits                    | \$ -               |   |
| 12                         | Taxes/Worker's Compensation          | \$ -               |   |
| 13                         | Repairs and Maintenance              | \$ 16,000          |   |
| 14                         | Utilities                            | \$ 13,000          | based on 2018 utilities   |
| 15                         | Accounting and Legal                 | \$ -               |   |
| 16                         | Licenses/Permits                     | \$ -               |   |
| 17                         | Advertising                          | \$ -               |   |
| 18                         | Supplies                             | \$ -               |   |
| 19                         | Lawn and Grounds Keeping             | \$ -               |   |
| 20                         | Miscellaneous                        | \$ -               |   |
| 21                         | Trash                                | \$ 3,100           |   |
| 22                         |                                      |                    |   |
| 23                         |                                      |                    |   |
| 24                         | <b>TOTAL OPERATING EXPENSES</b>      | \$ <b>53,477</b>   | Sum of Line 6 thru 23   |
| 25                         | <b>NET OPERATING INCOME</b>          | \$ <b>96,679</b>   |   |
| 26                         | Less: Annual Debt Service            | \$ (10)            | Total Mortgage Payments   |
| 27                         | <b>CASH FLOW BEFORE TAXES</b>        | \$ <b>96,669</b>   |   |
| 28                         | Add Back: Principal Payments         | \$ 1               | Principal Paid on Loan  |
| 29                         | - Depreciation                       | \$ -               |   |
| 30                         | <b>TAXABLE NET INCOME (LOSS)</b>     | \$ <b>96,670</b>   |   |
| <b>Cash on Cash Return</b> |                                      | <b>13.44 Years</b> |   |

### Definitions

**Loan to Value (LTV)** = Loan / Property Value

LTV is a measurement of leverage. The higher the LTV, the more leveraged a property. Bank's use this to determine the riskiness of a loan. Generally, banks do not loan above 85% LTV.

### Net Operating Income (NOI)

Total Potential Income  
 - Vacancy  
 = Effective Gross Income  
 - Operating Expenses  
 = NOI

NOI measures the profitability of a property by excluding the cost of debt (mortgage). It essentially looks at the profitability of the property if it were paid off.

### Cap Rate - Net Operating income / Sales Price

The Cap Rate is common measurement tool used by real estate professionals to measure the attractiveness of a property.

Cap Rate measures NOI as a percent of Sales Price. The higher the Cap Rate the better.

Indicates an area for the user to enter data.  
 Indicates an area that is automatically calculated.

NOTE: This spreadsheet provided is best used as a reference and should not be considered a substitute for proper property analysis and should be used at your own risk.