

Sample 5-Year of a 20-Year Analysis

[Return to Input Data Screen](#)

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[To Page 2](#)

Office Building #3

\$2,900 per month scenario

123 Main Street

Stone Mountain, GA

Monthly Income

Monthly Expenses

Annual Expense Increase

Summary of Input

\$ 2,500

833

2.00%

Purchase Price

Capital Improvements

FMV of Property

	Year 1	Year 2	Year 3	Year 4	Year 5
	sq. ft.	sq. ft.	sq. ft.	sq. ft.	sq. ft.
Gross Rental Income	\$ 30,000	\$ 31,200	\$ 32,453	\$ 33,760	\$ 35,125
Vacancy & Credits	(1,740)	(1,797)	(1,856)	(1,917)	(1,981)
Operating Expenses	(10,000)	(10,200)	(10,404)	(10,612)	(10,824)
Net Operating Income	\$ 18,260	\$ 19,203	\$ 20,192	\$ 21,230	\$ 22,320
Tax Depreciation	(4,411)	(4,603)	(4,603)	(4,725)	(4,731)
Points Amortization	-	-	-	-	-
Interest Expense - 1st Mortgage	(6,840)	(7,372)	(7,272)	(7,165)	(7,053)
Interest Expense - 2nd Mortgage	-	-	-	-	-
Interest Expense - 3rd Mortgage	-	-	-	-	-
Total Interest Expense	(6,840)	(7,372)	(7,272)	(7,165)	(7,053)
Taxable Income	\$ 7,009	\$ 7,229	\$ 8,318	\$ 9,340	\$ 10,536
Net Operating Income	\$ 18,260	\$ 19,203	\$ 20,192	\$ 21,230	\$ 22,320
1st Mortgage Payments	(8,244)	(8,993)	(8,993)	(8,993)	(8,993)
2nd Mortgage Payments	-	-	-	-	-
3rd Mortgage Payments	-	-	-	-	-
Total Mortgage Payments	(8,244)	(8,993)	(8,993)	(8,993)	(8,993)
Capital Improvements	-	-	-	(5,000)	-
Income Taxes	(1,121)	(1,157)	(1,331)	(1,494)	(1,686)
NET CASH FLOW	\$ 8,895	\$ 9,053	\$ 9,868	\$ 5,743	\$ 11,641
Cash Flow to Debt Payment Ratio	2.08	2.01	2.10	1.64	2.29
Cash on Cash Return b/f Taxes & Sale	14.41%	14.69%	16.11%	10.41%	19.17%
Cash on Cash Return a/f Taxes & b/f Sale	12.80%	13.03%	14.20%	8.26%	16.75%
PROPERTY SALE					
Projected Sales Price	\$ 198,900	\$ 202,878	\$ 206,936	\$ 211,074	\$ 215,296
Selling Expenses	(13,923)	(14,201)	(14,485)	(14,775)	(15,071)
Sale Proceeds before Debt Payoff	184,977	188,677	192,450	196,299	200,225
Original Cost of Property	194,500	194,500	194,500	194,500	194,500
Improvements	-	-	-	5,000	5,000
Amortization Points Paid	-	-	-	-	-
Accum. Tax Deprec & Amort	(4,411)	(9,013)	(13,616)	(18,341)	(23,072)
Adjusted Tax Basis in Property	190,089	185,487	180,884	181,159	176,428
Tax Gain (Loss) on Sale of Property	(5,112)	3,190	11,566	15,140	23,797
Income Tax Benefit (Cost) From Sale	1,074	(989)	(3,585)	(4,694)	(7,305)
1st Mortgage Payoff	(123,596)	(121,975)	(120,253)	(118,425)	(116,485)
2nd Mortgage Payoff	-	-	-	-	-
3rd Mortgage Payoff	-	-	-	-	-
Tax Benefit - Suspended Losses	-	-	-	-	-
Net Proceeds from Sale	\$ 62,454	\$ 65,713	\$ 68,611	\$ 73,180	\$ 76,435
Original Investment	\$ 69,500	\$ 69,500	\$ 69,500	\$ 69,500	\$ 69,500
Total Net Cumulative Cash Generated	\$ 1,849	\$ 14,161	\$ 26,927	\$ 37,239	\$ 52,135
Cumulative Internal Rate of Return	2.66%	10.32%	12.91%	13.34%	14.44%