

## Investment Property A

Presented by:

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# Overview

## Investment Property A

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### Purchase Info

Square Feet (4 Units)	3,700
Purchase Price	\$625,000
Initial Cash Invested	\$168,750

### Income Analysis

#### Monthly

#### Annual

Net Operating Income	\$2,591	\$31,092
Cash Flow	\$353	\$4,237

### Financial Metrics

Cap Rate (Purchase Price)	5.0%
Cash on Cash Return (Year 1)	2.5%
Internal Rate of Return (Year 10)	12.6%
Sale Price (Year 10)	\$839,948

# Purchase Analysis

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Purchase Info	
Purchase Price	\$625,000
- First Mortgage	-\$468,750
- Second Mortgage	-\$0
<b>= Downpayment</b>	<b>\$156,250</b>
+ Buying Costs	\$12,500
+ Initial Improvements	\$0
<b>= Initial Cash Invested</b>	<b>\$168,750</b>
Square Feet (4 Units)	3,700
Cost per Square Foot	\$169
Monthly Rent per Square Foot	\$1.08
Cost per Unit	\$156,250
Average Monthly Rent per Unit	\$1,000

Mortgages	First	Second
Loan-To-Cost Ratio	75%	0%
Loan-To-Value Ratio	75%	0%
Loan Amount	\$468,750	\$0
Loan Type	Amortizing	
Term	30 Years	
Interest Rate	4%	
<b>Payment</b>	<b>\$2,237.88</b>	<b>\$0.00</b>

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	13.0
Operating Expense Ratio	33.9%
Debt Coverage Ratio	1.16
Cap Rate (Purchase Price)	5.0%
<b>Cash on Cash Return</b>	<b>2.5%</b>

Assumptions	
Appreciation Rate	3.0%
Vacancy Rate	2.0%
Income Inflation Rate	3.0%
Expense Inflation Rate	3.0%
LTV for Refinance	70.0%
Selling Costs	\$43,750

Income	Monthly	Annual
Gross Rent	\$4,000	\$48,000
Vacancy Loss	-\$80	-\$960
<b>Operating Income</b>	<b>\$3,920</b>	<b>\$47,040</b>

Expenses (% of Income)	Monthly	Annual
Cleaning & Maintenance (13%)	-\$521	-\$6,250
Insurance (3%)	-\$117	-\$1,400
Taxes (10%)	-\$396	-\$4,752
Garbage (4%)	-\$139	-\$1,664
Sewer (1%)	-\$52	-\$618
Snow Removal (1%)	-\$31	-\$375
Lawn/Landscaping (1%)	-\$44	-\$525
Summer Watering (1%)	-\$30	-\$364
<b>Operating Expenses (34%)</b>	<b>-\$1,329</b>	<b>-\$15,948</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$2,591</b>	<b>\$31,092</b>
- Mortgage Payments	-\$2,238	-\$26,855
- Year 1 Improvements	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$353</b>	<b>\$4,237</b>

# 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	\$48,000	\$49,440	\$50,923	\$54,024	\$62,629	\$84,168	\$113,115
Vacancy Loss	-\$960	-\$989	-\$1,018	-\$1,080	-\$1,253	-\$1,683	-\$2,262
<b>Operating Income</b>	<b>\$47,040</b>	<b>\$48,451</b>	<b>\$49,905</b>	<b>\$52,944</b>	<b>\$61,377</b>	<b>\$82,485</b>	<b>\$110,853</b>

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cleaning & Maintenance	-\$6,250	-\$6,438	-\$6,631	-\$7,034	-\$8,155	-\$10,959	-\$14,729
Insurance	-\$1,400	-\$1,442	-\$1,485	-\$1,576	-\$1,827	-\$2,455	-\$3,299
Taxes	-\$4,752	-\$4,895	-\$5,041	-\$5,348	-\$6,200	-\$8,333	-\$11,198
Garbage	-\$1,664	-\$1,714	-\$1,765	-\$1,873	-\$2,171	-\$2,918	-\$3,921
Sewer	-\$618	-\$637	-\$656	-\$696	-\$806	-\$1,084	-\$1,456
Snow Removal	-\$375	-\$386	-\$398	-\$422	-\$489	-\$658	-\$884
Lawn/Landscaping	-\$525	-\$541	-\$557	-\$591	-\$685	-\$921	-\$1,237
Summer Watering	-\$364	-\$375	-\$386	-\$410	-\$475	-\$638	-\$858
<b>Operating Expenses</b>	<b>-\$15,948</b>	<b>-\$16,426</b>	<b>-\$16,919</b>	<b>-\$17,950</b>	<b>-\$20,809</b>	<b>-\$27,965</b>	<b>-\$37,583</b>

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
<b>Net Operating Income</b>	<b>\$31,092</b>	<b>\$32,025</b>	<b>\$32,986</b>	<b>\$34,994</b>	<b>\$40,568</b>	<b>\$54,520</b>	<b>\$73,270</b>
- Mortgage Payments	-\$26,855	-\$26,855	-\$26,855	-\$26,855	-\$26,855	-\$26,855	-\$26,855
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$4,237</b>	<b>\$5,170</b>	<b>\$6,131</b>	<b>\$8,140</b>	<b>\$13,713</b>	<b>\$27,665</b>	<b>\$46,416</b>
Cap Rate (Purchase Price)	5.0%	5.1%	5.3%	5.6%	6.5%	8.7%	11.7%
Cap Rate (Market Value)	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
<b>Cash on Cash Return</b>	<b>2.5%</b>	<b>3.1%</b>	<b>3.6%</b>	<b>4.8%</b>	<b>8.1%</b>	<b>16.4%</b>	<b>27.5%</b>
Return on Equity	2.3%	2.4%	2.6%	2.7%	2.9%	3.0%	3.1%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$643,750	\$663,062	\$682,954	\$724,546	\$839,948	\$1,128,820	\$1,517,039
- Loan Balance	-\$460,495	-\$451,904	-\$442,963	-\$423,973	-\$369,300	-\$221,038	-\$3
<b>= Equity</b>	<b>\$183,255</b>	<b>\$211,158</b>	<b>\$239,991</b>	<b>\$300,573</b>	<b>\$470,647</b>	<b>\$907,782</b>	<b>\$1,517,036</b>
Loan-to-Value Ratio	71.5%	68.2%	64.9%	58.5%	44.0%	19.6%	0.0%
Potential Cash-Out Refi	-\$9,870	\$12,240	\$35,105	\$83,209	\$218,663	\$569,136	\$1,061,924

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$183,255	\$211,158	\$239,991	\$300,573	\$470,647	\$907,782	\$1,517,036
- Selling Costs	-\$45,063	-\$46,414	-\$47,807	-\$50,718	-\$58,796	-\$79,017	-\$106,193
<b>= Proceeds After Sale</b>	<b>\$138,192</b>	<b>\$164,744</b>	<b>\$192,185</b>	<b>\$249,855</b>	<b>\$411,851</b>	<b>\$828,764</b>	<b>\$1,410,843</b>
+ Cumulative Cash Flow	\$4,237	\$9,408	\$15,539	\$30,799	\$87,889	\$298,362	\$673,578
- Initial Cash Invested	-\$168,750	-\$168,750	-\$168,750	-\$168,750	-\$168,750	-\$168,750	-\$168,750
<b>= Net Profit</b>	<b>-\$26,320</b>	<b>\$5,402</b>	<b>\$38,973</b>	<b>\$111,904</b>	<b>\$330,990</b>	<b>\$958,377</b>	<b>\$1,915,671</b>
<b>Internal Rate of Return</b>	<b>-15.6%</b>	<b>1.6%</b>	<b>7.3%</b>	<b>11.2%</b>	<b>12.6%</b>	<b>11.9%</b>	<b>11.2%</b>
Return on Investment	-16%	3%	23%	66%	196%	568%	1,135%

# Graphs

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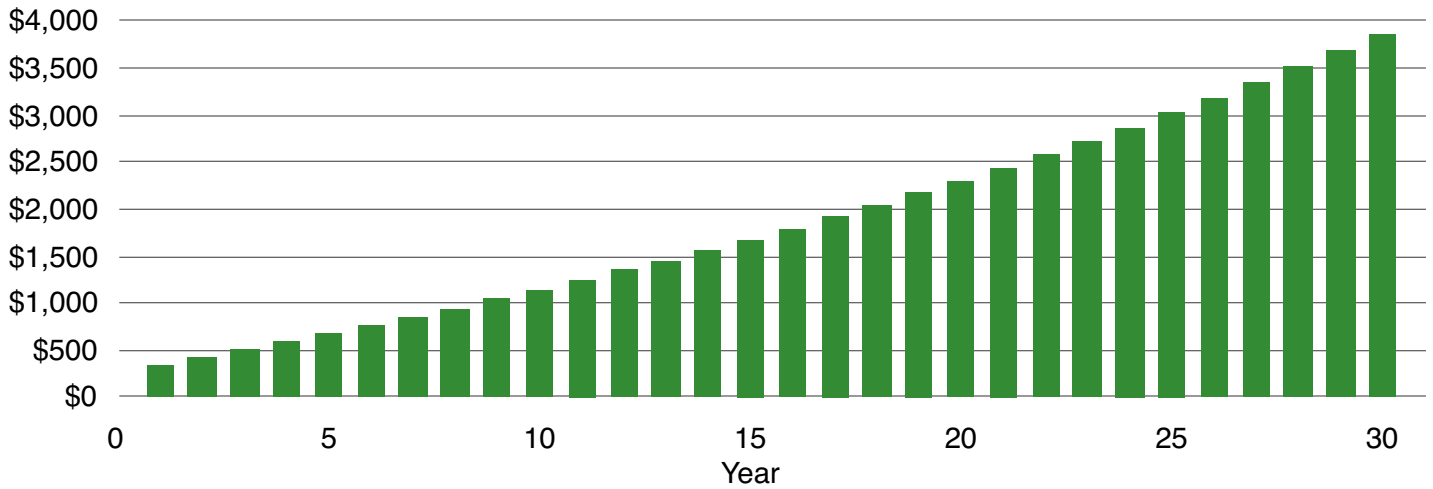


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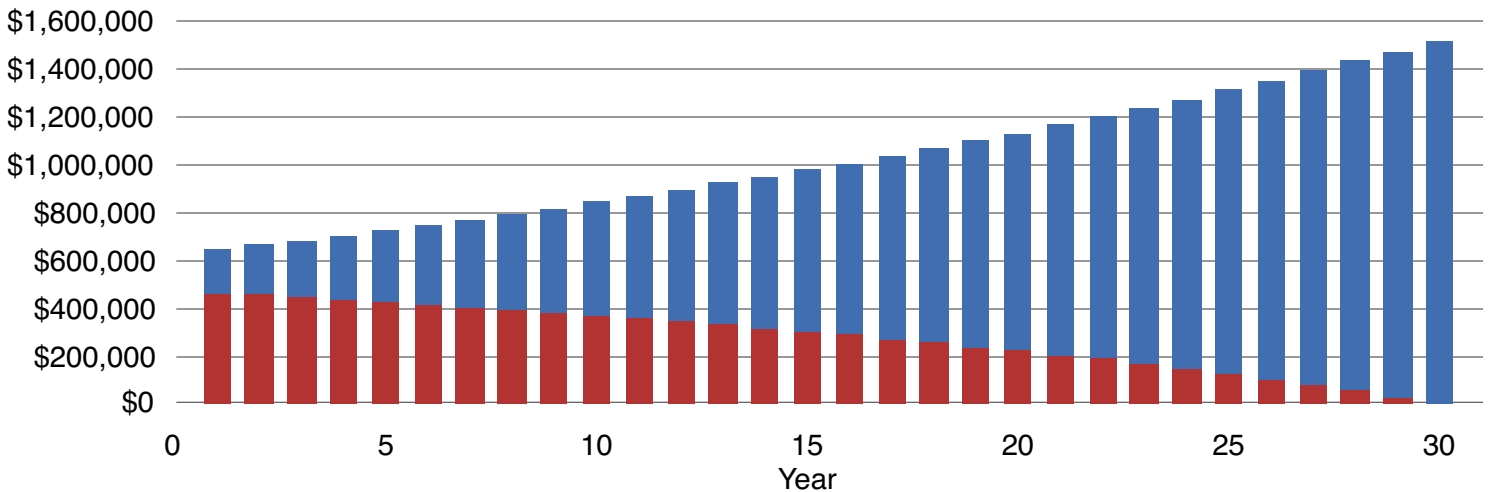
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### Monthly Cash Flow



■ Loan Balance + ■ Equity = Market Value



### Internal Rate of Return (IRR)

