

Real Estate Investment Model

5-Apr-12



Address: Actual Example

Comments: 1 acre property with 3 residential and 3 commercial rental spaces

Property Value	\$ 540,000		
Percentage DownPmt	30%	Down Payment	\$ 162,000.00
Interest Rate	3.25%	Mortgage amount	\$ 378,000.00
Amortization	30	Total Payments	360
Paymnts/year	12	Monthly Payment	(\$1,645.08)
Tax Rate	1.1%	Tax Annual	(\$5,940.00)
Insurance Annual	\$ 1,750	Tax Monthly	(\$495.00)
Maintenance Monthly	\$ -	Insurance Monthly	(\$145.83)
Utilities Monthly	\$ (160)	Condo Fees Monthly	\$0.00
Rental Inc Monthly	\$ 5,300	Utilities Paid by Landlord	(\$160.00)

Rent			
Shop 2bed	\$ 850	Total Expense/month	(\$2,445.91)
New 2bed	\$ 1,200	Total Income/month	\$ 5,300
House	\$ 1,300		
Small shop	\$ 550	Net Income / month	\$ 2,854.09
Large shop	\$ 900	Net Income / Annual	\$ 34,249.04
Rear Shop	\$ 500		
tll	\$ 5,300		

Rate of Return based on Income generated.

Cap Rate	10.0	ROI	6.3%
		ROIC	21.1%

Return considering Income and Growth in Investment Value @ 5%/year.

with Growth (5%)	Value	Growth	ROI	ROIC
Apr 2013	\$ 567,000.00	\$ 27,000.00	11.3%	37.8%
Apr 2014	\$ 595,350.00	\$ 28,350.00	11.6%	38.6%
Apr 2015	\$ 625,117.50	\$ 29,767.50	11.9%	39.5%
Apr 2016	\$ 656,373.38	\$ 31,255.88	12.1%	40.4%
Apr 2017	\$ 689,192.04	\$ 32,818.67	12.4%	41.4%
Apr 2018	\$ 723,651.65	\$ 34,459.60	12.7%	42.4%
Apr 2019	\$ 759,834.23	\$ 36,182.58	13.0%	43.5%
Apr 2020	\$ 797,825.94	\$ 37,991.71	13.4%	44.6%

Cap Rate = (Net income after expenses / Purchase Price x 100)

ROI = Return on Investment (Net income after interest, principle and expenses (Cash Flow) / Purchase Price)

ROIC - Return on Invested Capital (Net income after interest, principle and expenses (Cash Flow) / Down Payment)

ROIC is the most interesting figure as it shows a good comparable number to what you would earn by keeping your down payment in a savings account or making an investment in stock market. 21.1% in the first year and growing every year as property value grows.