

NOI ANALYSIS — 128 SOUTH ATLANTIC AVE

Daytona Beach, FL 32118 • A1A Beachside Retail • 2022 New Construction

Roy Reggev | Compass

954-864-5902

LIST PRICE \$1,600,000	GROSS RENT/YR \$84,000	ANNUAL EXPENSES \$16,218	NET NOI (YRS 1-3) \$67,782
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PHASE 1 — GROSS LEASE (Years 1-3, Current)

Income

Monthly Rent	\$7,000
Annual Gross Income	\$84,000

Landlord Expenses (Gross Lease — Landlord Pays)

Property Taxes (Volusia County)	(\$10,318)
Wind Mitigation Insurance	(\$3,400)
Fire, Theft & Liability Insurance	(\$2,500)
Utilities / FPL	\$0 (Tenant Pays)
CAM / Maintenance	\$0 (None)
TOTAL ANNUAL EXPENSES	(\$16,218)

NET OPERATING INCOME — GROSS LEASE YEARS	\$67,782 / year
Cap Rate on \$1,600,000 Purchase Price	4.24%

PHASE 2 — TRIPLE NET (NNN) WITH 3.5% ANNUAL ESCALATION (Year 4 Onward)

At renewal, the lease converts to **Triple Net (NNN)** — tenant assumes ALL operating expenses (taxes, insurance, utilities, maintenance). Rent escalates at **3.5% per year** on the base \$7,000/month. The NOI below equals gross rent — landlord has zero expenses.

Lease Year	Monthly Rent	Annual NOI (NNN)	Cap Rate @ \$1.6M
Year 4 (NNN Yr 1)	\$7,245	\$86,940	5.43%
Year 5 (NNN Yr 2)	\$7,499	\$89,988	5.62%
Year 6 (NNN Yr 3)	\$7,761	\$93,132	5.82%
Year 7 (NNN Yr 4)	\$8,033	\$96,396	6.02%
Year 8 (NNN Yr 5)	\$8,314	\$99,768	6.24%
Year 9 (NNN Yr 6)	\$8,605	\$103,260	6.45%
Year 10 (NNN Yr 7)	\$8,906	\$106,872	6.68%
Year 11 (NNN Yr 8)	\$9,218	\$110,616	6.91%
Year 12 (NNN Yr 9)	\$9,540	\$114,480	7.15%
Year 13 (NNN Yr 10)	\$9,874	\$118,488	7.41%
If tenant exercises both 5-yr options — cap rate at Year 13:		\$118,488 NOI	7.41%

THE INVESTMENT THESIS IN ONE PARAGRAPH

A buyer at \$1,600,000 acquires a brand new 2022 building currently yielding a **4.24% cash-on-cash cap rate** with only \$16,218 in annual expenses during the gross lease. At the NNN conversion in Year 4, the cap rate immediately jumps to **5.43%** with zero landlord expenses — and grows every year at 3.5% escalation. By Year 13 with full option exercise, the same \$1.6M investment yields a **7.41% cap rate** on cost — on a new construction beachside A1A asset with irreplaceable land value.

All figures are estimates based on owner-provided information. Buyer to verify all expenses independently prior to closing. This document is confidential and prepared by Roy Reggev, Compass, 954-864-5902.