Investment Property Worksheet

This form is designed to assist in estimating the first-year benefits of a real estate investment. It does not consider the effect of selling or exchanging the property in the future. This form is not a substitute for legal or tax advice. Anyone contemplating the purchase of a real estate investment should seek the services of competent legal and tax advisors.

PROPERTY INFORMATION

Purchase Cost 1,200,000-
Cash Invested 480,000 (40%)
Financing: Amount 720,000- Rate 7% 30yr P&I 4,790- per month
Financing: Amount _____ Rate _____ P&I _____ per month

					Depreciation
Land Cost	160,000				
Personal Property Cost	20,000	x	20 %	=	4,000-
Building Cost 27½ yrs	540,000	x	3.63 %	=	19,602-
Land Improvement Cost	30,000	x	5 %	=	1,500-
Total Depreciation					25,102

INCOME & EXPENSES

Annual Rent 126,000 Less Vacancy 5% 6,300 = Gross Operating Income 119,700
Annual Operating Expenses

Real Estate Tax	27,516	Management	_____	Insurance	10,593
Repairs	6,000	Utilities	7,945	Supplies	1,536
Association Dues	_____	Advertising	_____	Miscellaneous	800 per annual

Total Operating Expenses 54,390

THE FOUR BENEFITS

I. Gross Operating Income			119,700-	
minus:	Operating Expenses	–	54,390	
equals:	Net Operating Income	=	65,310	
minus:	Annual Debt Service (monthly P&I x 12)	–	57,480	
equals:	Cash Flow Before Tax	=		7,830
II. Annual Debt Service			57,480	
minus:	Interest	–	33,483	
equals:	Principal Reduction	=		23,997
III. Net Operating Income			65,310	
minus:	Interest	–	33,483	
minus:	Total Depreciation	–	25,102	
equals:	Taxable Income	=	8,381	
multiplied by:	Tax Bracket	x	_____ %	
equals:	Tax PAID or SAVED	=		_____
IV. Appreciation (estimate)				_____

RATES OF RETURN

Return on Investment with Appreciation

$$\frac{\text{Cash Flow before Tax + Principal Reduction + Tax Saved + Appreciation}}{\text{Cash Invested}} = \_\_\_\_\_\ \%$$

Return on Investment without Appreciation

$$\frac{\text{Cash Flow before Tax + Principal Reduction + Tax Saved}}{\text{Cash Invested}} = \_\_\_\_\_\ \%$$

Capitalization Rate

$$\frac{\text{Net Operating Income}}{\text{Purchase Cost}} = \frac{65,310}{1,200,000} = 5.4\ \%$$

Cash on Cash

$$\frac{\text{Cash Flow before Tax}}{\text{Cash Invested}} = \_\_\_\_\_\ \%$$