734 W 2nd St

Investment Property - Buy & Hold

734 W 2nd St, Anderson, IN 46016

House · 2 Beds · 2 Baths · 881 Sq.Ft.

$ 124,900 Purchase Price · **$ 124,900** ARV

$ 32,474 Cash Needed · **$ 311/mo** Cash Flow · **8.7%** Cap Rate · **11.5%** COC

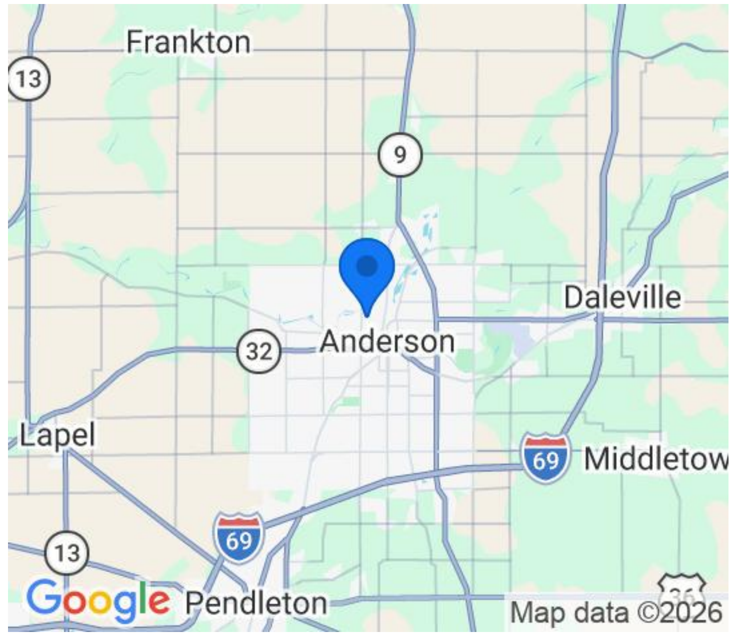
Prepared by:

The Homeboys

Property Description

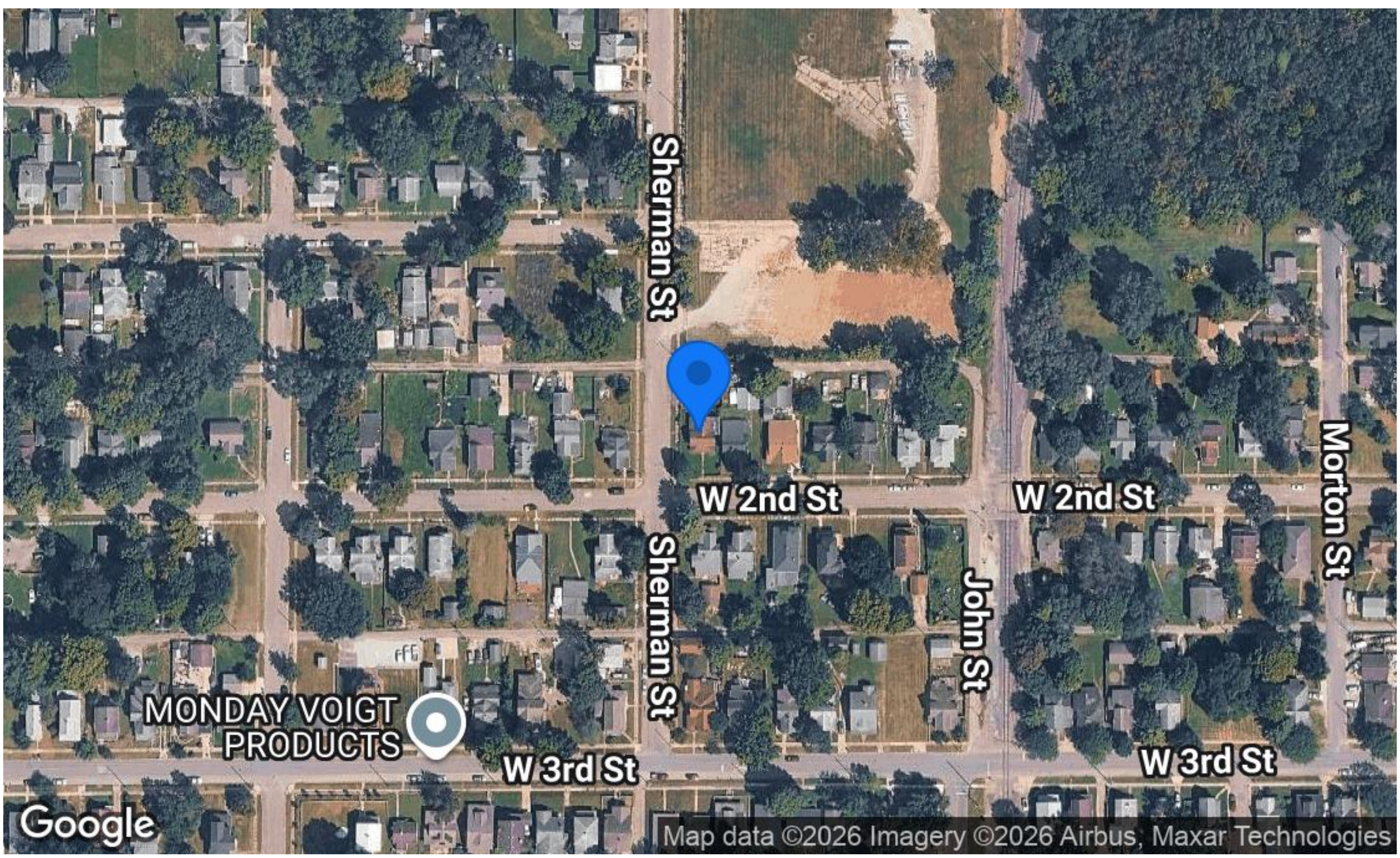
ADDRESS

734 W 2nd St
Anderson, IN 46016



DESCRIPTION

Property Type:	House
Beds / Baths:	2 BR / 2 BA
Square Footage:	881
Year Built:	1950
Lot Size:	6,098 sq.ft.
Zoning:	Single Family Residential
MLS Number:	22093262



Purchase Analysis & Returns

PURCHASE & REHAB

Purchase Price:		$ 124,900
Amount Financed:	-	$ 93,675
Down Payment:	=	$ 31,225
Purchase Costs:	+	$ 1,249
Rehab Costs:	+	$ 0
Total Cash Needed:	=	**$ 32,474**
After Repair Value:		$ 124,900
ARV Per Square Foot:		$ 141.8
Price Per Square Foot:		$ 141.8

FINANCING (PURCHASE)

Loan Type:	Amortizing, 30 Year
Interest Rate:	6.5%
Financing Of:	Price (75%)
Loan Amount:	$ 93,675
LTC / LTV:	75% / 75%
Loan Payment:	$ 592 Per Month
	$ 7,105 Per Year

RETURNS & RATIOS (Year 1)

Cap Rate (Purchase/Market):	8.7% / 8.7%
Cash on Cash Return:	11.5%
Return on Equity:	10.3%
Return on Investment:	-1.4%
Internal Rate of Return:	-1.4%
Rent to Value:	0.9%
Gross Rent Multiplier:	9.05
Equity Multiple:	0.99
Break Even Ratio:	69.9%
Debt Coverage Ratio:	1.52
Debt Yield:	11.6%

ASSUMPTIONS & PROJECTIONS

Rehab Cost Overrun:	10%
Vacancy Rate:	3%
Appreciation:	3% Per Year
Income Increase:	4% Per Year
Expense Increase:	2% Per Year
Selling Costs:	6% of Sales Price
Depreciation Period:	27.5 Years
Land Value:	$ 9,700

PURCHASE COSTS

Total (1% of Price):	**$ 1,249**

REHAB COSTS

Rehab Costs:	$ 0
Cost Overrun (10%):	$ 0
Total:	**$ 0**
Total Per Square Foot:	$ 0

Cash Flow (Year 1)

CASH FLOW		Monthly	Yearly
Gross Rent:		$ 1,150	$ 13,800
Vacancy (3%):	-	$ 35	$ 414
Other Income:	+	$ 0	$ 0
Operating Income:	=	$ 1,115	$ 13,386
Operating Expenses (19%):	-	$ 212	$ 2,547
Net Operating Income:	=	$ 903	$ 10,839
Loan Payments:	-	$ 592	$ 7,105
Cash Flow:	=	**$ 311**	**$ 3,734**

OTHER INCOME	Monthly	Yearly
Total:	**$ 0**	**$ 0**

OPERATING EXPENSES	Monthly	Yearly
Property Taxes:	$ 105	$ 1,260
Insurance:	$ 61	$ 735
Maintenance:	$ 46	$ 552
Capital Expenditures:	$ 0	$ 0
HOA Fees:	$ 0	$ 0
Utilities:	$ 0	$ 0
Landscaping:	$ 0	$ 0
Accounting & Legal Fees:	$ 0	$ 0
Total:	**$ 212**	**$ 2,547**

Buy & Hold Projections

APPRECIATION	INCOME INCREASE	EXPENSE INCREASES	SELLING COSTS
3% Per Year	4% Per Year	2% Per Year	6% of Price

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
RENTAL INCOME							
Gross Rent:	$ 13,800	$ 14,352	$ 14,926	$ 16,144	$ 19,642	$ 29,075	$ 43,037
Vacancy:	- $ 414	- $ 431	- $ 448	- $ 484	- $ 589	- $ 872	- $ 1,291
Vacancy Rate:	3%	3%	3%	3%	3%	3%	3%
Other Income:	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0
Operating Income:	**= $ 13,386**	**= $ 13,921**	**= $ 14,478**	**= $ 15,660**	**= $ 19,053**	**= $ 28,203**	**= $ 41,746**
Income Increase:	4%	4%	4%	4%	4%	4%	4%
OPERATING EXPENSES							
Property Taxes:	$ 1,260	$ 1,285	$ 1,311	$ 1,364	$ 1,506	$ 1,836	$ 2,238
Insurance:	+ $ 735	+ $ 750	+ $ 765	+ $ 796	+ $ 878	+ $ 1,071	+ $ 1,305
Property Management:	N/A	+ $ 1,392	+ $ 1,448	+ $ 1,566	+ $ 1,905	+ $ 2,820	+ $ 4,175
Maintenance:	+ $ 552	+ $ 574	+ $ 597	+ $ 646	+ $ 786	+ $ 1,163	+ $ 1,721
Capital Expenditures:	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0
HOA Fees:	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0
Utilities:	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0
Landscaping:	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0
Accounting & Legal Fees:	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0
Operating Expenses:	**= $ 2,547**	**= $ 4,001**	**= $ 4,121**	**= $ 4,372**	**= $ 5,075**	**= $ 6,890**	**= $ 9,439**
Expense Increase:	2%	2%	2%	2%	2%	2%	2%
CASH FLOW							
Operating Income:	$ 13,386	$ 13,921	$ 14,478	$ 15,660	$ 19,053	$ 28,203	$ 41,746
Operating Expenses:	- $ 2,547	- $ 4,001	- $ 4,121	- $ 4,372	- $ 5,075	- $ 6,890	- $ 9,439
Expense Ratio:	19%	28.7%	28.5%	27.9%	26.6%	24.4%	22.6%
Net Operating Income:	= $ 10,839	= $ 9,920	= $ 10,357	= $ 11,288	= $ 13,978	= $ 21,313	= $ 32,307
Loan Payments:	- $ 7,105	- $ 7,105	- $ 7,105	- $ 7,105	- $ 7,105	- $ 7,105	- $ 7,105
Cash Flow:	**= $ 3,734**	**= $ 2,815**	**= $ 3,252**	**= $ 4,183**	**= $ 6,873**	**= $ 14,208**	**= $ 25,202**
TAX BENEFITS & DEDUCTIONS							
Operating Expenses:	$ 2,547	$ 4,001	$ 4,121	$ 4,372	$ 5,075	$ 6,890	$ 9,439
Loan Interest:	+ $ 6,058	+ $ 5,988	+ $ 5,913	+ $ 5,748	+ $ 5,229	+ $ 3,517	+ $ 244
Depreciation:	+ $ 4,235	+ $ 4,235	+ $ 4,235	+ $ 4,235	+ $ 4,235	+ $ 4,235	+ $ 0
Total Deductions:	**= $ 12,840**	**= $ 14,223**	**= $ 14,269**	**= $ 14,355**	**= $ 14,538**	**= $ 14,641**	**= $ 9,683**

EQUITY ACCUMULATION

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Property Value:	$ 128,647	$ 132,506	$ 136,482	$ 144,793	$ 167,855	$ 225,583	$ 303,165
Appreciation:	3%	3%	3%	3%	3%	3%	3%
Loan Balance:	- $ 92,628	- $ 91,511	- $ 90,319	- $ 87,690	- $ 79,414	- $ 52,144	- $ 0
LTV Ratio:	72%	69.1%	66.2%	60.6%	47.3%	23.1%	-
Total Equity:	**= $ 36,019**	**= $ 40,995**	**= $ 46,163**	**= $ 57,103**	**= $ 88,441**	**= $ 173,439**	**= $ 303,165**

SALE ANALYSIS

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity:	$ 36,019	$ 40,995	$ 46,163	$ 57,103	$ 88,441	$ 173,439	$ 303,165
Selling Costs (6%):	- $ 7,719	- $ 7,950	- $ 8,189	- $ 8,688	- $ 10,071	- $ 13,535	- $ 18,190
Sale Proceeds:	= $ 28,300	= $ 33,045	= $ 37,974	= $ 48,415	= $ 78,370	= $ 159,904	= $ 284,975
Cumulative Cash Flow:	+ $ 3,734	+ $ 6,549	+ $ 9,801	+ $ 17,692	+ $ 46,457	+ $ 153,072	+ $ 351,970
Total Cash Invested:	- $ 32,474	- $ 32,474	- $ 32,474	- $ 32,474	- $ 32,474	- $ 32,474	- $ 32,474
Total Profit:	**= -$ 440**	**= $ 7,120**	**= $ 15,301**	**= $ 33,633**	**= $ 92,353**	**= $ 280,502**	**= $ 604,471**

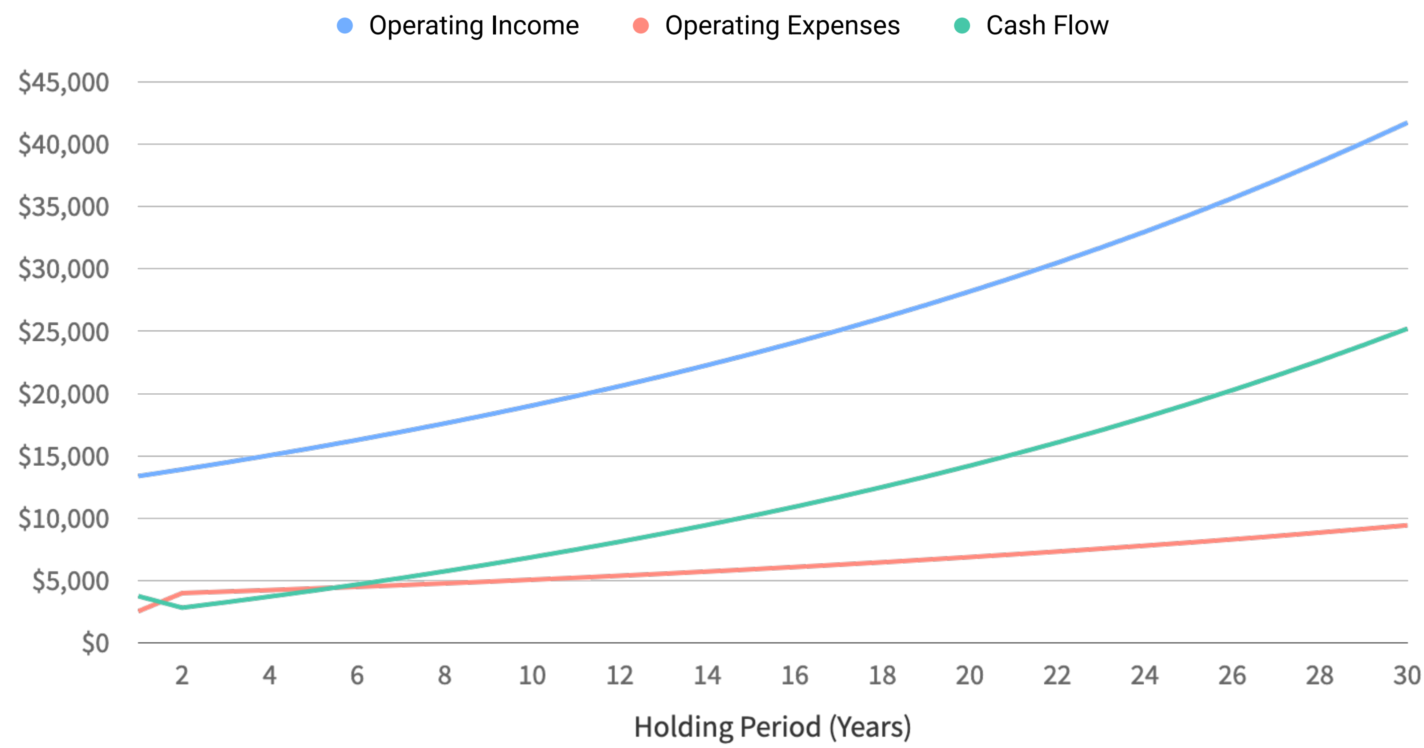
INVESTMENT RETURNS

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cap Rate (Purchase Price):	8.7%	7.9%	8.3%	9%	11.2%	17.1%	25.9%
Cap Rate (Market Value):	8.4%	7.5%	7.6%	7.8%	8.3%	9.4%	10.7%
Cash on Cash Return:	11.5%	8.7%	10%	12.9%	21.2%	43.8%	77.6%
Return on Equity:	10.4%	6.9%	7%	7.3%	7.8%	8.2%	8.3%
Return on Investment:	-1.4%	21.9%	47.1%	103.6%	284.4%	863.8%	1,861.4%
Internal Rate of Return:	-1.4%	11%	15%	17.7%	18.5%	18.1%	17.8%

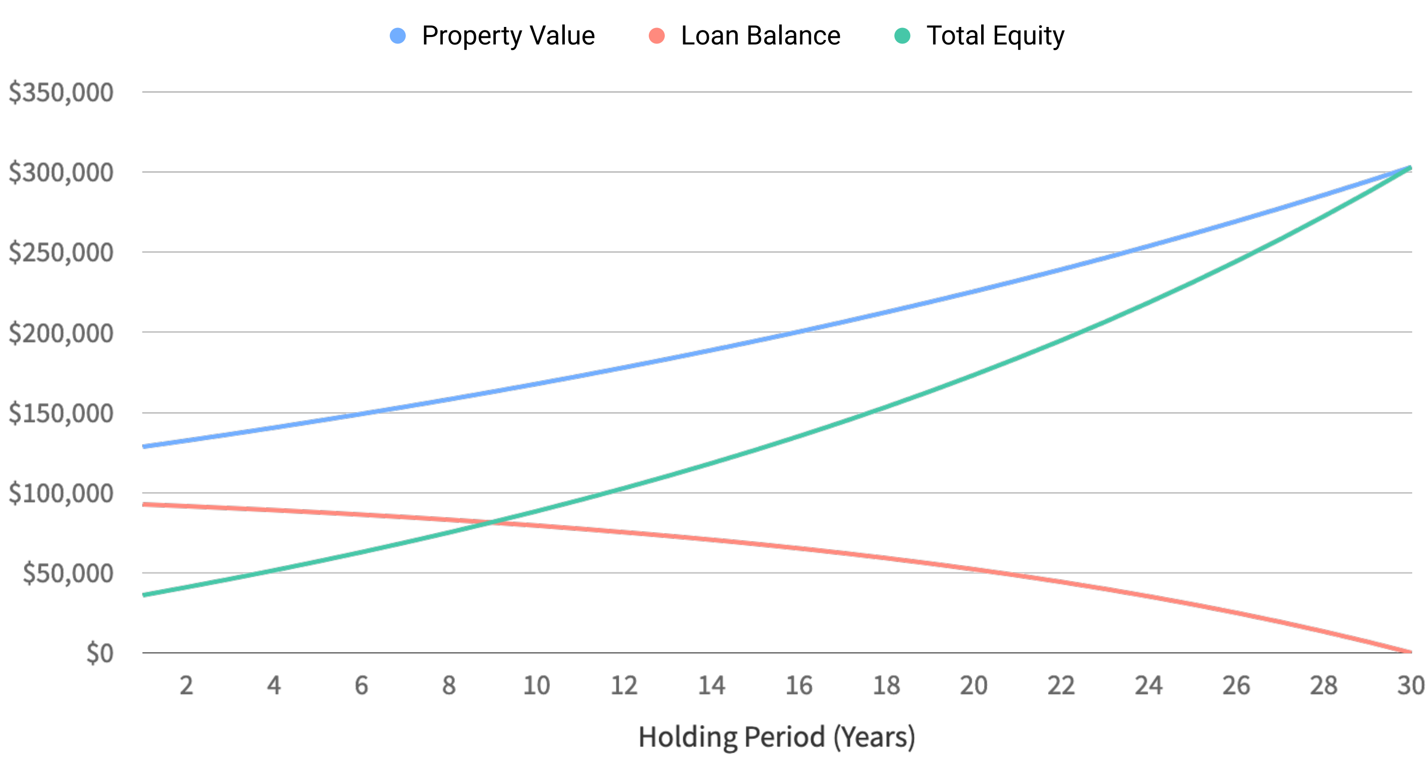
FINANCIAL RATIOS

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Rent to Value:	0.9%	0.9%	0.9%	0.9%	1%	1.1%	1.2%
Gross Rent Multiplier:	9.32	9.23	9.14	8.97	8.55	7.76	7.04
Equity Multiple:	0.99	1.22	1.47	2.04	3.84	9.64	19.61
Break Even Ratio:	69.9%	77.4%	75.2%	71.1%	62%	48.1%	38.4%
Debt Coverage Ratio:	1.53	1.4	1.46	1.59	1.97	3	4.55
Debt Yield:	11.7%	10.8%	11.5%	12.9%	17.6%	40.9%	-

Cash Flow Over Time



Equity Over Time



Property Photos

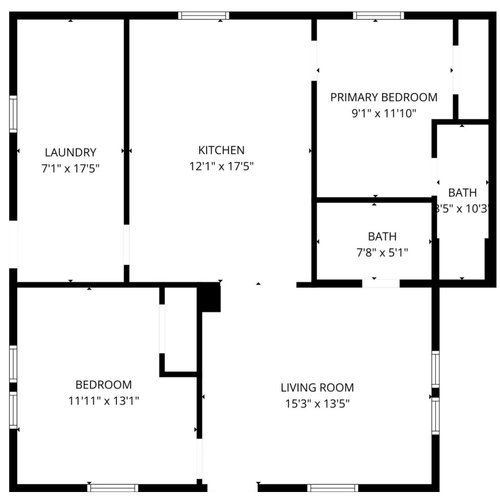











LAUNDRY
7'1" x 17'5"
KITCHEN
12'1" x 17'5"
PRIMARY BEDROOM
9'1" x 11'10"
BATH
3'5" x 10'3"
BATH
7'8" x 5'1"
BEDROOM
11'11" x 13'1"
LIVING ROOM
15'3" x 13'5"

Additional Information

Fully updated 2 bedroom, 2 bath home in north Anderson location. This property has a great open floor plan with spacious rooms and all new finishes. Huge eat-in kitchen has all new cabinets, counters and appliances. 2 full bathrooms allow for comfortable living. Fresh paint and all new flooring make this truly move in ready! Come see today

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