118-120 N Sheffield Avenue

Investment Property - Buy & Hold

Multi-Family · 2 Units · 2,176 Sq.Ft.

Performing Duplex on Indy's Near Westside!

$ 275,000 Purchase Price · **$ 275,000** ARV

$ 71,500 Cash Needed · **$ 626/mo** Cash Flow · **8.1%** Cap Rate · **10.5%** COC

Prepared by:

The Homeboys

Property Description

ADDRESS

DESCRIPTION

Property Type:	Multi-Family
Year Built:	1920
Parking:	Off-Street
Lot Size:	5,837 sq.ft.
Zoning:	Res

UNIT INFORMATION

Total Units/Spaces:	2
Total Square Footage:	2,176

UNITS & RENT ROLL

2 Units - Residential

2 Beds / 1 Baths / 1,088 Sq.Ft.

Gross Rent:	$ 1,200 Per Month

Purchase Analysis & Returns

PURCHASE & REHAB

Purchase Price:		$ 275,000
Amount Financed:	-	$ 206,250
Down Payment:	=	$ 68,750
Purchase Costs:	+	$ 2,750
Rehab Costs:	+	$ 0
Total Cash Needed:	=	**$ 71,500**
After Repair Value:		$ 275,000
ARV Per Square Foot:		$ 126.4
Price Per Square Foot:		$ 126.4
Price Per Unit:		$ 137,500

FINANCING (PURCHASE)

Loan Type:	Amortizing, 30 Year
Interest Rate:	6%
Financing Of:	Price (75%)
Loan Amount:	$ 206,250
LTC / LTV:	75% / 75%
Loan Payment:	$ 1,237 Per Month $ 14,839 Per Year

RETURNS & RATIOS (Year 1)

Cap Rate (Purchase/Market):	8.1% / 8.1%
Cash on Cash Return:	10.5%
Return on Equity:	9.1%
Return on Investment:	1.6%
Internal Rate of Return:	1.6%
Rent to Value:	0.9%
Gross Rent Multiplier:	9.55
Equity Multiple:	1.02
Break Even Ratio:	70.9%
Debt Coverage Ratio:	1.51
Debt Yield:	10.8%

ASSUMPTIONS & PROJECTIONS

Rehab Cost Overrun:	10%
Vacancy Rate:	3%
Appreciation:	4% 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:	$ 0

PURCHASE COSTS

Total (1% of Price):	**$ 2,750**

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:		$ 2,400	$ 28,800
Vacancy (3%):	-	$ 72	$ 864
Other Income:	+	$ 0	$ 0
Operating Income:	=	$ 2,328	$ 27,936
Operating Expenses (20%):	-	$ 465	$ 5,580
Net Operating Income:	=	$ 1,863	$ 22,356
Loan Payments:	-	$ 1,237	$ 14,839
Cash Flow:	=	**$ 626**	**$ 7,517**
Cash Flow Per Unit:		$ 313	$ 3,759

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

OPERATING EXPENSES	Monthly	Yearly
Property Taxes:	$ 149	$ 1,788
Insurance:	$ 120	$ 1,440
Maintenance:	$ 96	$ 1,152
Capital Expenditures:	$ 0	$ 0
HOA Fees:	$ 0	$ 0
Utilities:	$ 0	$ 0
Landscaping:	$ 100	$ 1,200
Accounting & Legal Fees:	$ 0	$ 0
Total:	**$ 465**	**$ 5,580**

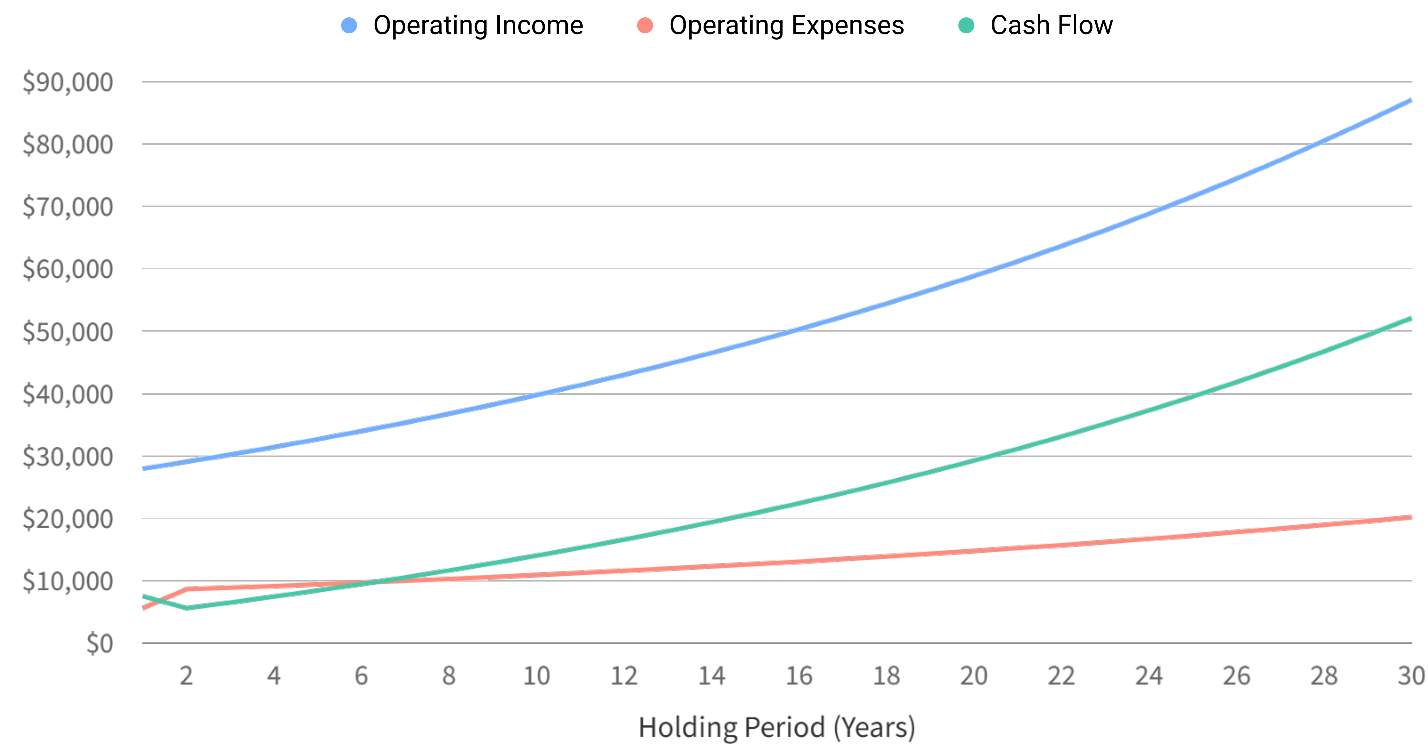
Buy & Hold Projections

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

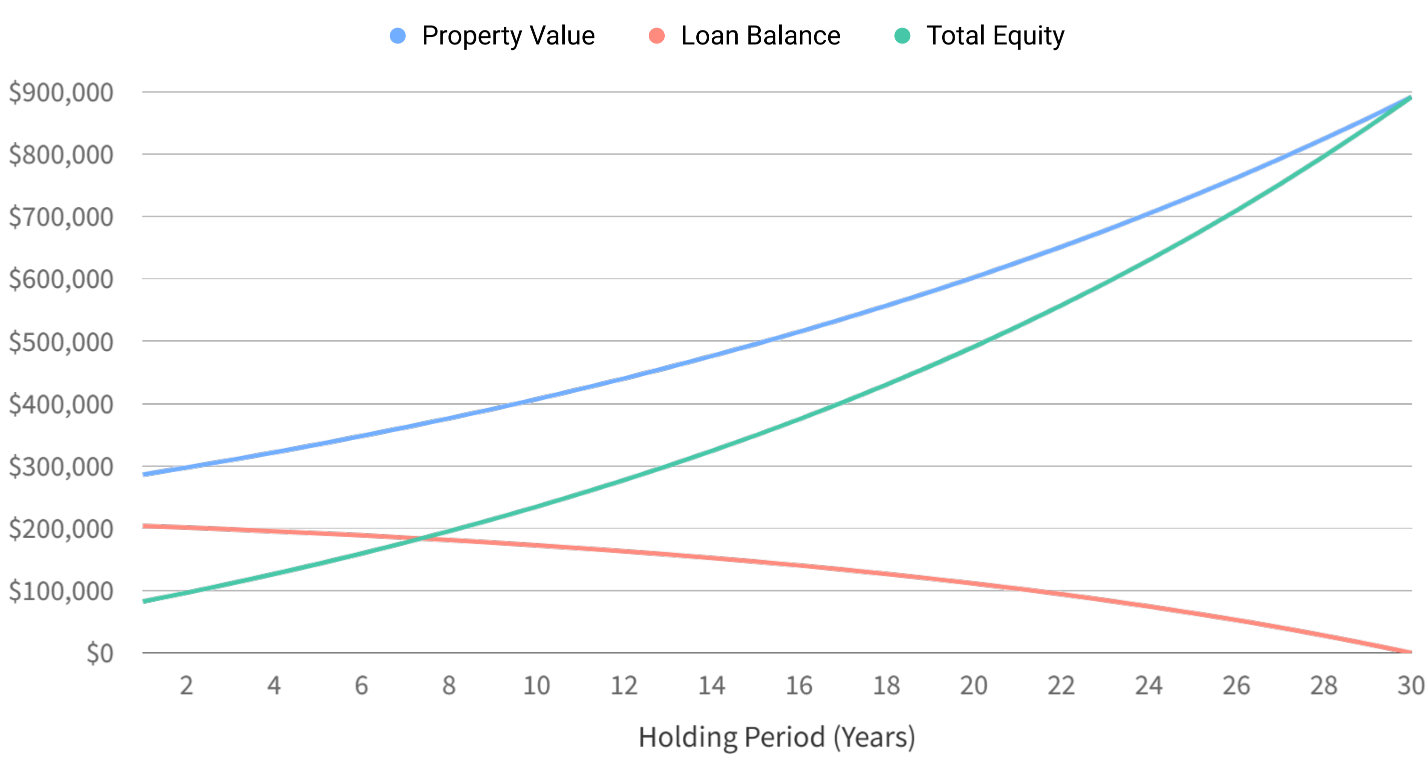
	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
RENTAL INCOME							
Gross Rent:	$ 28,800	$ 29,952	$ 31,150	$ 33,692	$ 40,991	$ 60,677	$ 89,817
Vacancy:	- $ 864	- $ 899	- $ 935	- $ 1,011	- $ 1,230	- $ 1,820	- $ 2,695
Vacancy Rate:	3%	3%	3%	3%	3%	3%	3%
Other Income:	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0
Operating Income:	**= $ 27,936**	**= $ 29,053**	**= $ 30,215**	**= $ 32,681**	**= $ 39,761**	**= $ 58,857**	**= $ 87,122**
Income Increase:	4%	4%	4%	4%	4%	4%	4%
OPERATING EXPENSES							
Property Taxes:	$ 1,788	$ 1,824	$ 1,860	$ 1,935	$ 2,137	$ 2,605	$ 3,175
Insurance:	+ $ 1,440	+ $ 1,469	+ $ 1,498	+ $ 1,559	+ $ 1,721	+ $ 2,098	+ $ 2,557
Property Management:	N/A	+ $ 2,905	+ $ 3,022	+ $ 3,268	+ $ 3,976	+ $ 5,886	+ $ 8,712
Maintenance:	+ $ 1,152	+ $ 1,198	+ $ 1,246	+ $ 1,348	+ $ 1,640	+ $ 2,427	+ $ 3,593
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:	+ $ 1,200	+ $ 1,224	+ $ 1,248	+ $ 1,299	+ $ 1,434	+ $ 1,748	+ $ 2,131
Accounting & Legal Fees:	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0
Operating Expenses:	**= $ 5,580**	**= $ 8,620**	**= $ 8,874**	**= $ 9,409**	**= $ 10,908**	**= $ 14,764**	**= $ 20,168**
Expense Increase:	2%	2%	2%	2%	2%	2%	2%
CASH FLOW							
Operating Income:	$ 27,936	$ 29,053	$ 30,215	$ 32,681	$ 39,761	$ 58,857	$ 87,122
Operating Expenses:	- $ 5,580	- $ 8,620	- $ 8,874	- $ 9,409	- $ 10,908	- $ 14,764	- $ 20,168
Expense Ratio:	20%	29.7%	29.4%	28.8%	27.4%	25.1%	23.1%
Net Operating Income:	= $ 22,356	= $ 20,433	= $ 21,341	= $ 23,272	= $ 28,853	= $ 44,093	= $ 66,954
Loan Payments:	- $ 14,839	- $ 14,839	- $ 14,839	- $ 14,839	- $ 14,839	- $ 14,839	- $ 14,839
Cash Flow:	**= $ 7,517**	**= $ 5,594**	**= $ 6,502**	**= $ 8,433**	**= $ 14,014**	**= $ 29,254**	**= $ 52,115**
Cash Flow Per Unit:	$ 3,759	$ 2,797	$ 3,251	$ 4,217	$ 7,007	$ 14,627	$ 26,058
TAX BENEFITS & DEDUCTIONS							
Operating Expenses:	$ 5,580	$ 8,620	$ 8,874	$ 9,409	$ 10,908	$ 14,764	$ 20,168
Loan Interest:	+ $ 12,306	+ $ 12,150	+ $ 11,984	+ $ 11,621	+ $ 10,498	+ $ 6,942	+ $ 471
Depreciation:	+ $ 10,100	+ $ 10,100	+ $ 10,100	+ $ 10,100	+ $ 10,100	+ $ 10,100	+ $ 0
Total Deductions:	**= $ 27,986**	**= $ 30,870**	**= $ 30,958**	**= $ 31,130**	**= $ 31,506**	**= $ 31,806**	**= $ 20,639**

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
EQUITY ACCUMULATION							
Property Value:	$ 286,000	$ 297,440	$ 309,338	$ 334,580	$ 407,067	$ 602,559	$ 891,934
Appreciation:	4%	4%	4%	4%	4%	4%	4%
Loan Balance:	- $ 203,717	- $ 201,028	- $ 198,173	- $ 191,925	- $ 172,602	- $ 111,382	- $ 0
LTV Ratio:	71.2%	67.6%	64.1%	57.4%	42.4%	18.5%	-
Total Equity:	**= $ 82,283**	**= $ 96,412**	**= $ 111,165**	**= $ 142,655**	**= $ 234,465**	**= $ 491,177**	**= $ 891,934**
SALE ANALYSIS							
Equity:	$ 82,283	$ 96,412	$ 111,165	$ 142,655	$ 234,465	$ 491,177	$ 891,934
Selling Costs (6%):	- $ 17,160	- $ 17,846	- $ 18,560	- $ 20,075	- $ 24,424	- $ 36,154	- $ 53,516
Sale Proceeds:	= $ 65,123	= $ 78,565	= $ 92,604	= $ 122,581	= $ 210,041	= $ 455,023	= $ 838,418
Cumulative Cash Flow:	+ $ 7,517	+ $ 13,111	+ $ 19,613	+ $ 35,495	+ $ 93,949	+ $ 312,813	+ $ 723,490
Total Cash Invested:	- $ 71,500	- $ 71,500	- $ 71,500	- $ 71,500	- $ 71,500	- $ 71,500	- $ 71,500
Total Profit:	**= $ 1,140**	**= $ 20,176**	**= $ 40,717**	**= $ 86,576**	**= $ 232,490**	**= $ 696,336**	**= $ 1,490,408**
INVESTMENT RETURNS							
Cap Rate (Purchase Price):	8.1%	7.4%	7.8%	8.5%	10.5%	16%	24.3%
Cap Rate (Market Value):	7.8%	6.9%	6.9%	7%	7.1%	7.3%	7.5%
Cash on Cash Return:	10.5%	7.8%	9.1%	11.8%	19.6%	40.9%	72.9%
Return on Equity:	9.1%	5.8%	5.8%	5.9%	6%	6%	5.8%
Return on Investment:	1.6%	28.2%	56.9%	121.1%	325.2%	973.9%	2,084.5%
Internal Rate of Return:	1.6%	13.9%	17.5%	19.5%	19.3%	17.9%	17.3%
FINANCIAL RATIOS							
Rent to Value:	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Gross Rent Multiplier:	9.93	9.93	9.93	9.93	9.93	9.93	9.93
Equity Multiple:	1.02	1.28	1.57	2.21	4.25	10.74	21.84
Break Even Ratio:	70.9%	78.3%	76.1%	72%	62.8%	48.8%	39%
Debt Coverage Ratio:	1.51	1.38	1.44	1.57	1.94	2.97	4.51
Debt Yield:	11%	10.2%	10.8%	12.1%	16.7%	39.6%	-

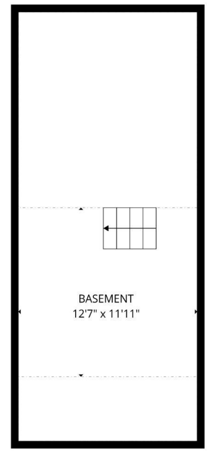
Cash Flow Over Time

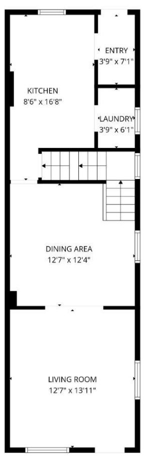


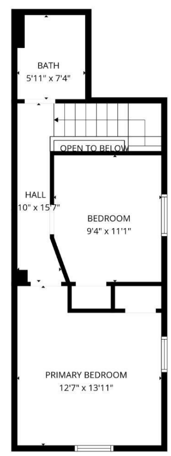
Equity Over Time

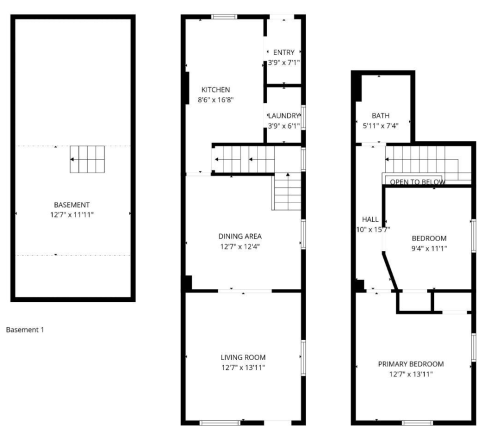


Property Photos







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