

1704 E Kirk St

Investment Property - Buy & Hold

1704 E Kirk St, Muncie, IN 47303
Manufactured · 3 Beds · 2 Baths · 1,620 Sq.Ft.

\$ 185,000 Purchase Price · \$ 195,000 ARV
\$ 49,025 Cash Needed · \$ 416/mo Cash Flow · 8.4% Cap Rate · 10.2% COC

Prepared by:



The Homeboys



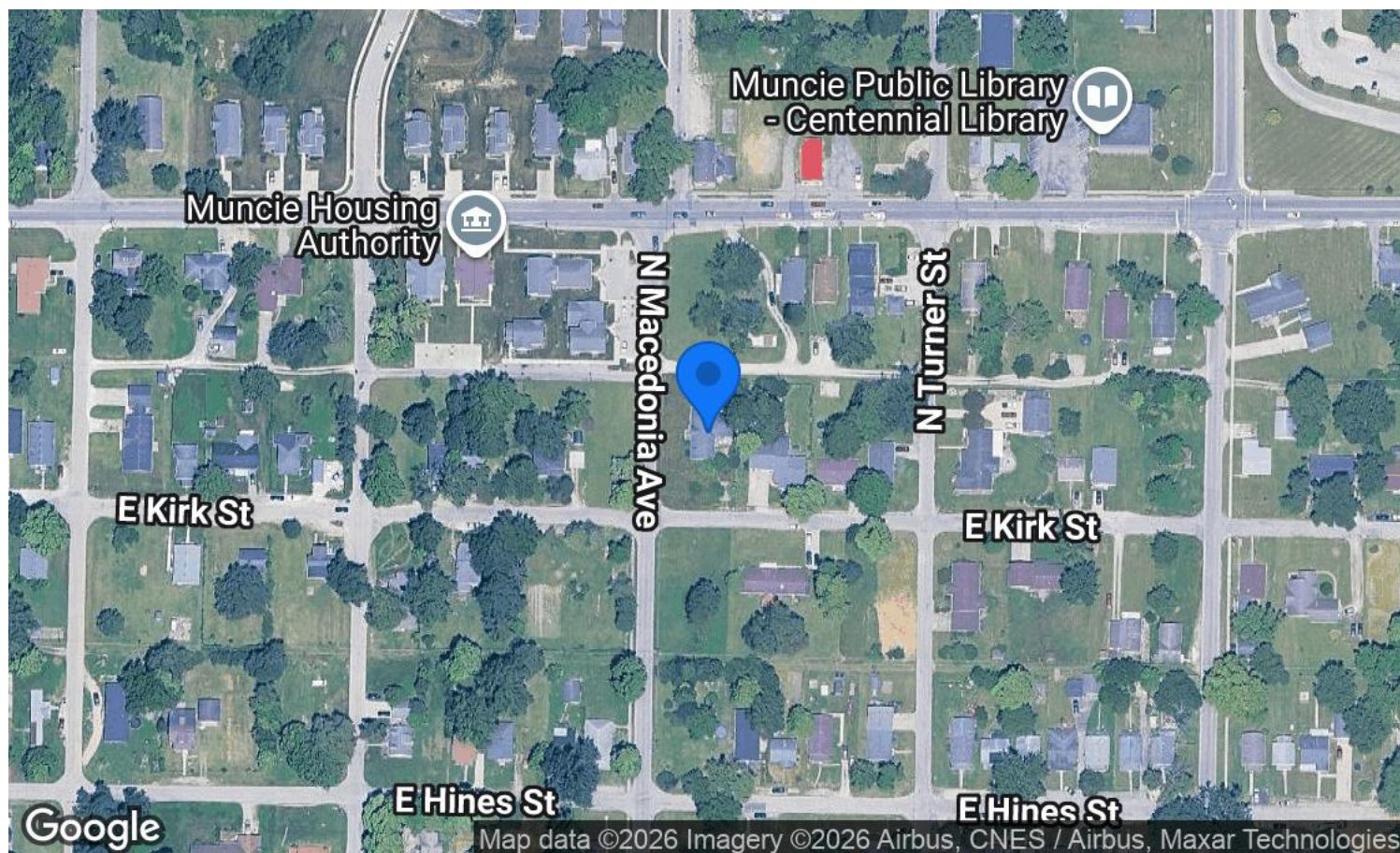
Property Description

ADDRESS

1704 E Kirk St
Muncie, IN 47303

DESCRIPTION

Property Type:	Manufactured
Beds / Baths:	3 BR / 2 BA
Square Footage:	1,620
Year Built:	2001
Parking:	Garage
Lot Size:	10,890 sq.ft.
Zoning:	Mobile Home
MLS Number:	22032844



Purchase Analysis & Returns

PURCHASE & REHAB

Purchase Price:		\$ 185,000
Amount Financed:	-	\$ 138,750
Down Payment:	=	\$ 46,250
Purchase Costs:	+	\$ 2,775
Rehab Costs:	+	\$ 0
Total Cash Needed:	=	\$ 49,025
After Repair Value:		\$ 195,000
ARV Per Square Foot:		\$ 120.4
Price Per Square Foot:		\$ 114.2

RETURNS & RATIOS (Year 1)

Cap Rate (Purchase/Market):	8.4% / 8%
Cash on Cash Return:	10.2%
Return on Equity:	7.6%
Return on Investment:	19.2%
Internal Rate of Return:	19.2%
Rent to Value:	0.8%
Gross Rent Multiplier:	9.92
Equity Multiple:	1.19
Break Even Ratio:	70.2%
Debt Coverage Ratio:	1.47
Debt Yield:	11.2%

PURCHASE COSTS

Total (1.5% of Price):	\$ 2,775
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FINANCING (PURCHASE)

Loan Type:	Amortizing, 30 Year
Interest Rate:	6.5%
Financing Of:	Price (75%)
Loan Amount:	\$ 138,750
LTC / LTV:	75% / 71.2%
Loan Payment:	\$ 877 Per Month
	\$ 10,524 Per Year

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:	\$ 7,700

REHAB COSTS

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

Cash Flow (Year 1)

		Monthly	Yearly
CASH FLOW			
Gross Rent:		\$ 1,554	\$ 18,648
Vacancy (3%):	-	\$ 47	\$ 559
Other Income:	+	\$ 0	\$ 0
Operating Income:	=	\$ 1,507	\$ 18,089
Operating Expenses (14.2%):	-	\$ 214	\$ 2,570
Net Operating Income:	=	\$ 1,293	\$ 15,519
Loan Payments:	-	\$ 877	\$ 10,524
Cash Flow:	=	\$ 416	\$ 4,995

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

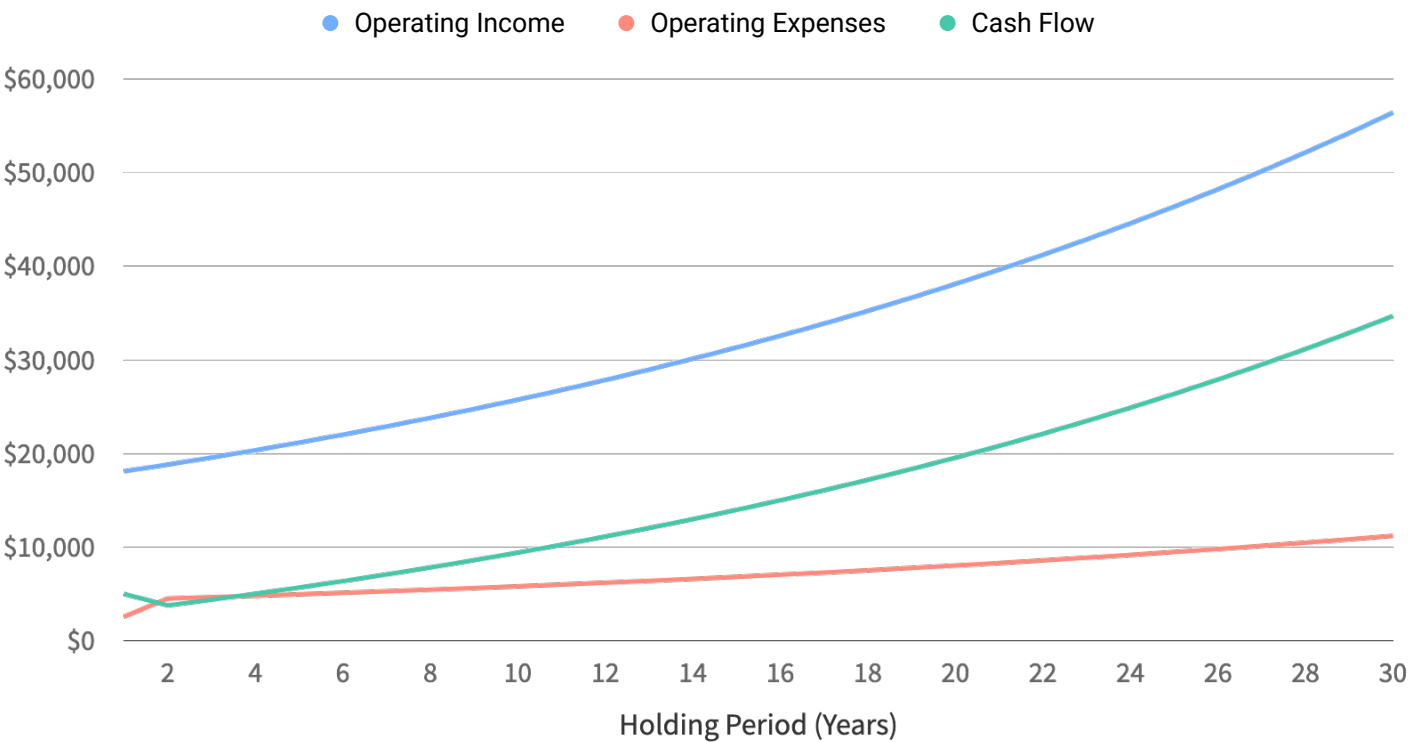
		Monthly	Yearly
OPERATING EXPENSES			
Property Taxes:		\$ 80	\$ 954
Insurance:		\$ 73	\$ 870
Maintenance:		\$ 62	\$ 746
Capital Expenditures:		\$ 0	\$ 0
HOA Fees:		\$ 0	\$ 0
Utilities:		\$ 0	\$ 0
Landscaping:		\$ 0	\$ 0
Accounting & Legal Fees:		\$ 0	\$ 0
Total:		\$ 214	\$ 2,570

Buy & Hold Projections

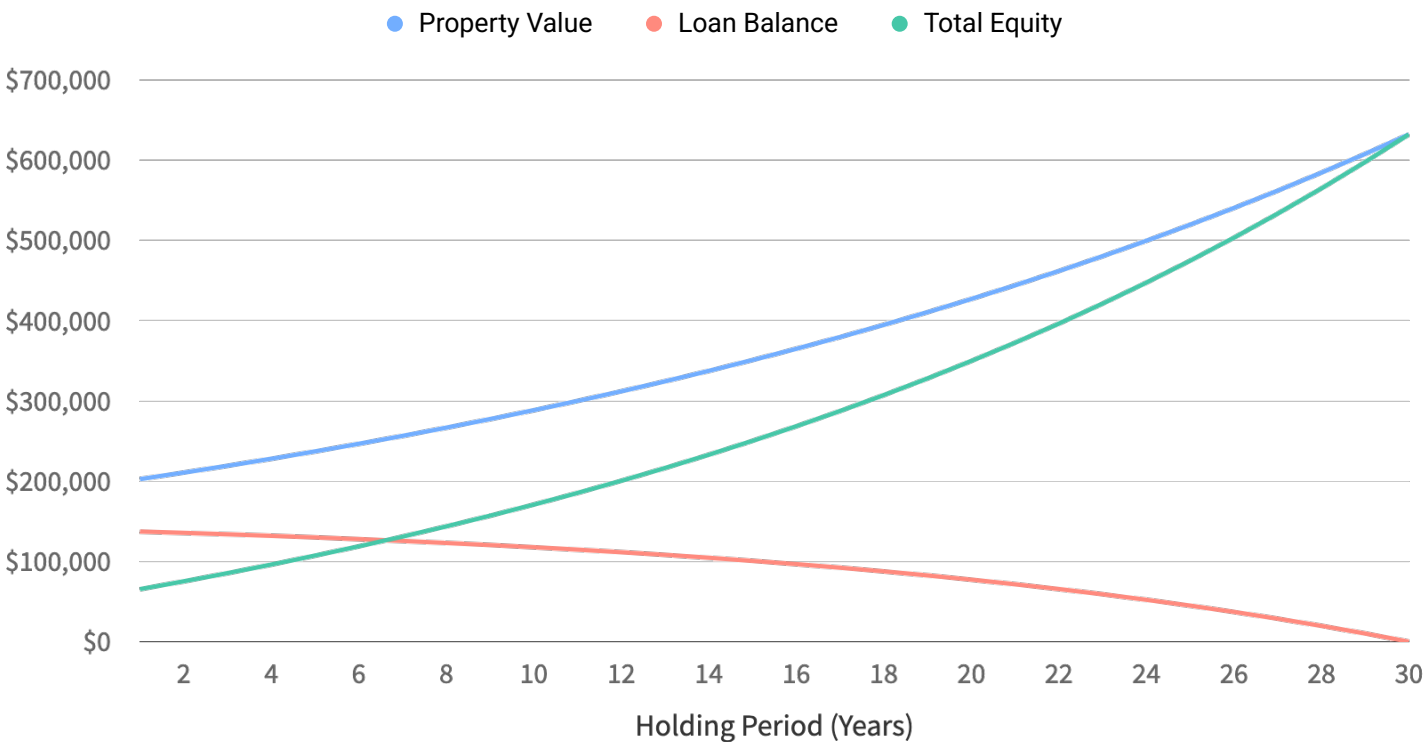
	APPRECIATION 4% Per Year		INCOME INCREASE 4% Per Year		EXPENSE INCREASES 2% Per Year		SELLING COSTS 6% of Price	
	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30	
RENTAL INCOME								
Gross Rent:	\$ 18,648	\$ 19,394	\$ 20,170	\$ 21,816	\$ 26,542	\$ 39,289	\$ 58,157	
Vacancy:	- \$ 559	- \$ 582	- \$ 605	- \$ 654	- \$ 796	- \$ 1,179	- \$ 1,745	
Vacancy Rate:	3%	3%	3%	3%	3%	3%	3%	
Other Income:	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	
Operating Income:	= \$ 18,089	= \$ 18,812	= \$ 19,565	= \$ 21,162	= \$ 25,746	= \$ 38,110	= \$ 56,412	
Income Increase:	4%	4%	4%	4%	4%	4%	4%	
OPERATING EXPENSES								
Property Taxes:	\$ 954	\$ 973	\$ 993	\$ 1,033	\$ 1,140	\$ 1,390	\$ 1,694	
Insurance:	+ \$ 870	+ \$ 887	+ \$ 905	+ \$ 942	+ \$ 1,040	+ \$ 1,267	+ \$ 1,545	
Property Management:	N/A	+ \$ 1,881	+ \$ 1,956	+ \$ 2,116	+ \$ 2,575	+ \$ 3,811	+ \$ 5,641	
Maintenance:	+ \$ 746	+ \$ 776	+ \$ 807	+ \$ 873	+ \$ 1,062	+ \$ 1,572	+ \$ 2,326	
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:	= \$ 2,570	= \$ 4,517	= \$ 4,661	= \$ 4,964	= \$ 5,817	= \$ 8,040	= \$ 11,206	
Expense Increase:	2%	2%	2%	2%	2%	2%	2%	
CASH FLOW								
Operating Income:	\$ 18,089	\$ 18,812	\$ 19,565	\$ 21,162	\$ 25,746	\$ 38,110	\$ 56,412	
Operating Expenses:	- \$ 2,570	- \$ 4,517	- \$ 4,661	- \$ 4,964	- \$ 5,817	- \$ 8,040	- \$ 11,206	
Expense Ratio:	14.2%	24%	23.8%	23.5%	22.6%	21.1%	19.9%	
Net Operating Income:	= \$ 15,519	= \$ 14,295	= \$ 14,904	= \$ 16,198	= \$ 19,929	= \$ 30,070	= \$ 45,206	
Loan Payments:	- \$ 10,524	- \$ 10,524	- \$ 10,524	- \$ 10,524	- \$ 10,524	- \$ 10,524	- \$ 10,524	
Cash Flow:	= \$ 4,995	= \$ 3,771	= \$ 4,380	= \$ 5,674	= \$ 9,405	= \$ 19,546	= \$ 34,682	
TAX BENEFITS & DEDUCTIONS								
Operating Expenses:	\$ 2,570	\$ 4,517	\$ 4,661	\$ 4,964	\$ 5,817	\$ 8,040	\$ 11,206	
Loan Interest:	+ \$ 8,973	+ \$ 8,869	+ \$ 8,758	+ \$ 8,514	+ \$ 7,745	+ \$ 5,209	+ \$ 361	
Depreciation:	+ \$ 6,548	+ \$ 6,548	+ \$ 6,548	+ \$ 6,548	+ \$ 6,548	+ \$ 6,548	+ \$ 0	
Total Deductions:	= \$ 18,091	= \$ 19,934	= \$ 19,968	= \$ 20,026	= \$ 20,110	= \$ 19,797	= \$ 11,567	

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
EQUITY ACCUMULATION							
Property Value:	\$ 202,800	\$ 210,912	\$ 219,348	\$ 237,247	\$ 288,648	\$ 427,269	\$ 632,463
Appreciation:	4%	4%	4%	4%	4%	4%	4%
Loan Balance:	- \$ 137,199	- \$ 135,544	- \$ 133,779	- \$ 129,885	- \$ 117,627	- \$ 77,236	- \$ 0
LTV Ratio:	67.7%	64.3%	61%	54.7%	40.8%	18.1%	-
Total Equity:	= \$ 65,601	= \$ 75,368	= \$ 85,569	= \$ 107,362	= \$ 171,021	= \$ 350,033	= \$ 632,463
SALE ANALYSIS							
Equity:	\$ 65,601	\$ 75,368	\$ 85,569	\$ 107,362	\$ 171,021	\$ 350,033	\$ 632,463
Selling Costs (6%):	- \$ 12,168	- \$ 12,655	- \$ 13,161	- \$ 14,235	- \$ 17,319	- \$ 25,636	- \$ 37,948
Sale Proceeds:	= \$ 53,433	= \$ 62,713	= \$ 72,408	= \$ 93,127	= \$ 153,702	= \$ 324,397	= \$ 594,515
Cumulative Cash Flow:	+ \$ 4,995	+ \$ 8,766	+ \$ 13,146	+ \$ 23,834	+ \$ 63,095	+ \$ 209,572	+ \$ 483,299
Total Cash Invested:	- \$ 49,025	- \$ 49,025	- \$ 49,025	- \$ 49,025	- \$ 49,025	- \$ 49,025	- \$ 49,025
Total Profit:	= \$ 9,403	= \$ 22,454	= \$ 36,529	= \$ 67,936	= \$ 167,772	= \$ 484,944	= \$ 1,028,789
INVESTMENT RETURNS							
Cap Rate (Purchase Price):	8.4%	7.7%	8.1%	8.8%	10.8%	16.3%	24.4%
Cap Rate (Market Value):	7.7%	6.8%	6.8%	6.8%	6.9%	7%	7.1%
Cash on Cash Return:	10.2%	7.7%	8.9%	11.6%	19.2%	39.9%	70.7%
Return on Equity:	7.6%	5%	5.1%	5.3%	5.5%	5.6%	5.5%
Return on Investment:	19.2%	45.8%	74.5%	138.6%	342.2%	989.2%	2,098.5%
Internal Rate of Return:	19.2%	21.7%	21.9%	21.3%	19.6%	17.8%	17.1%
FINANCIAL RATIOS							
Rent to Value:	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Gross Rent Multiplier:	10.88	10.88	10.87	10.87	10.88	10.88	10.88
Equity Multiple:	1.19	1.46	1.75	2.39	4.42	10.89	21.98
Break Even Ratio:	70.2%	77.6%	75.3%	71%	61.6%	47.2%	37.4%
Debt Coverage Ratio:	1.47	1.36	1.42	1.54	1.89	2.86	4.3
Debt Yield:	11.3%	10.5%	11.1%	12.5%	16.9%	38.9%	-

Cash Flow Over Time



Equity Over Time



Property Photos







Additional Information

Fire damaged modular build in popular Muncie area. The majority of the exterior is in reasonably good shape, but the interior needs a full rehab. Would make a great starter home or rental property with the right imagination. Significant work needed, but priced accordingly.

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