

**INVESTMENT ANALYSIS CANADA
RENTAL APARTMENT BUILDING YEARLY EXAMPLE**

INTRODUCTION

This example uses the Rental Apartment Building Yearly example.

This practice example consists of two Sections;

1. The input information for the project
2. The instructions for entering the project data

PROJECT INFO. Folder

Property Name: Parklane Place 40 Unit Apartment Building

Description: Rental Apartment Building Example

Analysis Period: 10 years

Starting Date: Year 1 Jan

Building Area 38,000 Sq Ft

Rentable Area: 36,000

No. of Units: 40

Land Area: 46,000 Sq Ft

Frontage: 320 Ft

Purchase Price

Purchase Price: \$3,500,000

Acquisition Costs: 2.00% of Purchase Price

INVESTOR Folder

Marginal Tax Rate: 37.00%

Percentage of Capital Gain: 50.00%

Recaptured Depreciation Tax Rate: 25.00%

Desired Return or Discount Rate (Before Tax): 13.00%

Short Term Rates Before Tax for calculating the Modified Internal Rate of Return (MIRR)

Financing Rate: 8.000%

Reinvestment Rate: 3.000%

INVESTMENT Folder

Description: Land

Amount: \$1,000,000

Year 1 Jan

Depreciation Method: Land (No Deprec.)

Description: Building

Amount: \$2,570,000

Year 1 Jan

CCA Class: Building

Description: Furniture & Equipment

Mortgage Fees & Points: \$20,000

CCA Class: Furn/Equip

EXPENSES Folder

Operating expenses paid for by the investor such as taxes, insurance, maintenance, property management etc

Property Taxes

Year 1 Jan \$90,000 per Year increasing by 4.00% per year compounded for next 2 year then compounded at 3.00% per year

Insurance

Year 1 Jan \$45,000 per Year increasing by 5.00% per year compounded

Maintenance

Year 1 Jan \$400 per Unit x Total No. of Units per Year increasing by 4.00% per year compounded

Resident Caretaker

Year 1 Jan \$3,000 per month for one year then increasing by 4.00% per year compounded

Property Manager

4.00% of Effective Gross Income

Other Expenses

3.00% of Potential Gross Income

REVENUE Folder

One Bedroom Units

No. of Units: 25

\$900 per unit per month then increasing at 3.00% per year compounding

Two Bedroom Units

No. of Units: 15

\$1,100 per unit per month then increasing at 4.00% per year compounding

Laundry

\$15 per Unit x Total No. of Units per Mo then increasing at 5.00% per year compounding

Parking

No. of Spaces: 50

\$40 per Space per Mo then increasing at 5.00% per year compounding

VACANCY Folder

One bedroom Units

3.00% constant for the full period

Two Bedroom Units

3.00% constant over the full period

Laundry

3.00% constant over the full period

Parking

No vacancies

FINANCING Folder

Mortgage

Type: Standard Mortgage

Year 1 January, \$2,000,000

Time Period: 10 years

Amortization Period: 25 years

Interest Rate: 7.50%

SALE Folder

Real Estate Commissions

5.00% of Sale Price

Selling Expenses

Selling Expenses: \$6,000

Legal Fees: \$3,000

Sale Price

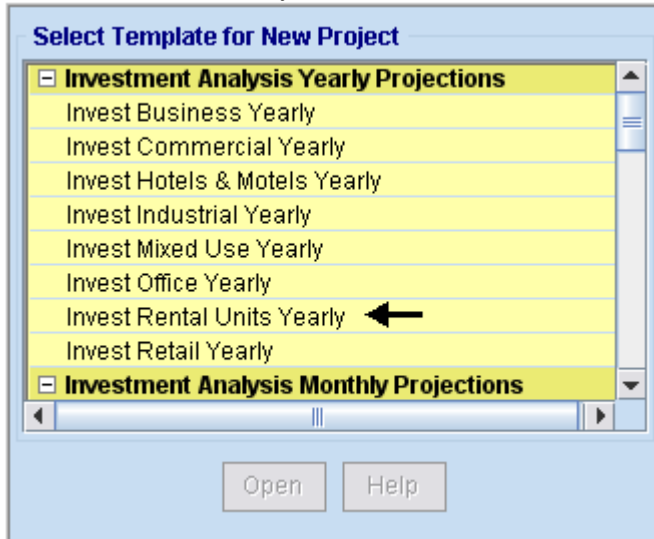
Based on a Cap Rate of 7.00% using the Income for the year following the Sale i.e., based on the Income & Expenses for year 11.

INSTRUCTIONS FOR ENTERING THE PROJECT INTO INVESTOR PRO

Getting started

The first step is to open the Investit Template "Invest Rental Units Yearly" as follows:

1. Open investor Pro.
2. Select the New Project Folder then select the Investit Templates folder



3. Select and open the Investit template "Invest Rental Units Yearly" The analysis period dialog will open at this point.
4. Enter 10 years and click OK

Entering the project data and information

PROJECT INFO Folder

1. Enter the Property Name: Parklane Place 40 Unit Apartment Building
2. Enter Description: Rental Apartment Building Example
3. Enter Purchase Price: \$3,500,000
4. Acquisition Cost: 2% of Purchase Price
5. Enter Building Area: 38,000 Sq. Ft
6. Enter Units. Rentable Area: 36,000 Sq. Ft
7. Enter Total No. of Units: 40
8. Enter Land Area: 46,000 Sq. Ft
9. Enter Frontage: 320 Sq. Ft

The Project Info screen should look like this;

Investor Pro - Rental Apartment Building Yearly Pro

File Edit Reports Tools Utilities Investit Activation Help

My Company Info. Property Info. Client Info. Goal Seeking Notes

Project Info. Investor Investment Expenses Revenue Vacancy Financing Sale

Report Headers

Property Name: Parklane Place 40 Unit Apartment Building

Description: Rental Apartment Building Example

Total Purchase Price

Purchase Price: \$ 3,500,000

Acquisition Costs: 2.00% % of Purchase Price

Total Purchase Price: \$ 3,570,000

Analysis Time Period

10 Years Change Analysis Time Period

Entry Information

Enter Revenue and Expenses: Yearly Change Entry Information

Starting Date: January Year 1

Calculate Financial Measures based on

☒ Potential Gross Income ☐ Effective Gross Income

Edit Unit of Measure

Building

Building Area: 38,000 Sq. Ft

Rental Units

Units. Rentable Area: 36,000 Sq. Ft

Total No. of Units: 40

Land

Land Area: 46,000 Sq. Ft

Frontage: 320 Ft

Enter property name. E.g., Parklane Towers Template: Invest Rental Units Yearly

INVESTOR Folder

1. Enter Investor's Marginal Tax Rate: 37.00%
2. Enter the Discount Rate Before Tax: 13.00%

Notes:

The Discount Rate is used to calculate the Net Present Value and Net Effective Rent

The program automatically calculates the Discount Rate After Tax

3. Enter Short Term Rates Before Tax
 - Financing Rate: 8.00%
 - Reinvestment Rate: 3.00%

INVESTMENT Folder

The Investment folder should appear like this;

Investor Pro - Untitled Project Pro

File Edit Reports Tools Utilities Investit Activation Help

My Company Info. Property Info. Client Info. Goal Seeking Notes

Project Info. Investor **Investment** Expenses Revenue Vacancy Financing Sale

CCA Claim Option: Claim CCA up to Taxable Income

Purchase Price and Capital Improvements

Description	Inflate			CCA Claim Setting			
	Amount	Year	Month	CCA Class	CCA Rate	First Year	Claim CCA in Last Year
Land	\$ 0	Year 1	Jan	Land			
Building	\$ 0	Year 1	Jan	Building	4.00%	50.00%	<input checked="" type="checkbox"/>
Furniture & Equipment	\$ 0	Year 1	Jan	Furn/Equip	20.00%	50.00%	<input checked="" type="checkbox"/>

Add Insert Delete Move

Comments

Template: Invest Rental Units Yearly

First Row

1. Enter the Amount: \$1,000,000

Second Row

1. Select row 2 'Building'
2. Enter the Amount: \$2,570,000

Third Row

1. Select row with Description 'Furniture & Equipment'
2. Enter Amount: \$20,000

Your entries for the Leasehold improvements should look like this;

Investor Pro - Rental Apartment Building Yearly Pro

File Edit Reports Tools Utilities Investit Activation Help

My Company Info. Property Info. Client Info. Goal Seeking Notes

Project Info. Investor **Investment** Expenses Revenue Vacancy Financing Sale

CCA Claim Option: Claim CCA up to Taxable Income

Purchase Price and Capital Improvements

Description	Amount	Year	Month	CCA Claim Setting			
				CCA Class	CCA Rate	First Year	Claim CCA in Last Year
Land	\$ 1,000,000	Year 1	Jan	Land			
Building	\$ 2,570,000	Year 1	Jan	Building	4.00%	50.00%	<input checked="" type="checkbox"/>
Furniture & Equipment	\$ 20,000	Year 1	Jan	Furn/Equip	20.00%	50.00%	<input checked="" type="checkbox"/>

Add Insert Delete Move

Comments

Template: Invest Rental Units Yearly

EXPENSES Folder

Property Taxes

Year 1 Jan \$95,000 per Year increasing by 4.00% per year compounded

Insurance

Year 1 Jan \$45,000 per Year paid increasing by 5.00% per year compounded

Maintenance

Year 1 Jan \$400 per Unit x Total No. of Units per Year increasing by 4.00% per year compounded

Resident Caretaker

Year 1 Jan \$3,000 per month for one year then increasing by 4.00% per year compounded

Property Management

4.00% of Effective Gross Income

Other Expenses

3.00% of Potential Gross Income

The Expenses folder should appear like this;

The screenshot shows the 'Investor Pro - Untitled Project Pro' window. The 'Expenses' tab is selected in the top navigation bar. Below the navigation bar, there is a table with the following columns: Description, Entry Choice, Qty, NOI, Year 1 Jan..., Year 2 Jan..., and Year 3 J. The table contains six rows of expense items. Below the table, there are buttons for 'Add', 'Insert', and 'Delete'. At the bottom of the window, there is a 'Projection Wizard' button, a 'Projection Description' text box, and a 'Comments' button. The status bar at the very bottom indicates 'Template: Invest Rental Units Yearly'.


Description	Entry Choice	Qty	NOI	Year 1 Jan...	Year 2 Jan...	Year 3 J
Property Taxes	\$ per Yr	—	<input checked="" type="checkbox"/>	\$ 0	\$ 0	
Insurance	\$ per Yr	—	<input checked="" type="checkbox"/>	\$ 0	\$ 0	
Maintenance	\$ per Mo	—	<input checked="" type="checkbox"/>	\$ 0	\$ 0	
Resident Caretaker	\$ per Mo	—	<input checked="" type="checkbox"/>	\$ 0	\$ 0	
Property Manager	% of Effective Gross Income	—	<input checked="" type="checkbox"/>	0.00%	0.00%	
Other Expenses	\$ per Mo	—	<input checked="" type="checkbox"/>	\$ 0	\$ 0	

1. Select row 3 'Maintenance'
2. Select Entry Choice: "\$ per Unit x Total No. of Units per Yr"
3. Select row 6 'Other Expenses'
4. Select Entry Choice: "% of Potential Gross Income"


The Expenses folder should now look like this;

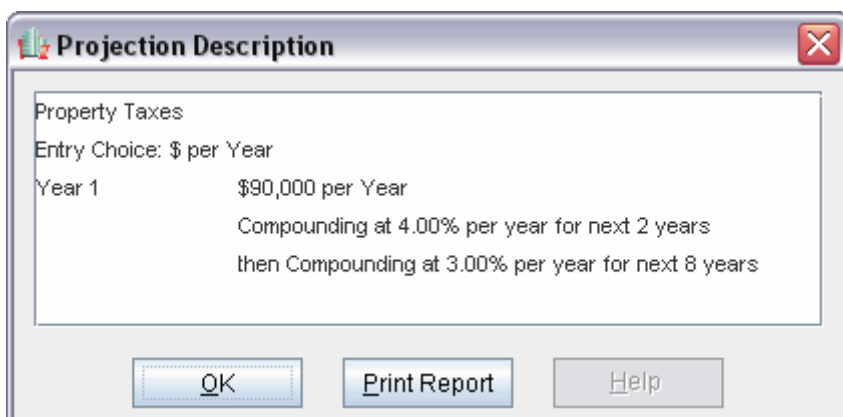
Description	Entry Choice	Qty	NOI	Year 1 Jan...	Year 2 Jan...
Property Taxes	\$ per Yr	—	<input checked="" type="checkbox"/>	\$ 0	\$ 0
Insurance	\$ per Yr	—	<input checked="" type="checkbox"/>	\$ 0	\$ 0
Maintenance	\$ per Unit x Total No. of Units per Yr	40	<input checked="" type="checkbox"/>	\$ 0	\$ 0
Resident Caretaker	\$ per Mo	—	<input checked="" type="checkbox"/>	\$ 0	\$ 0
Property Manager	% of Potential Gross Income	—	<input checked="" type="checkbox"/>	0.00%	0.00%
Other Expenses	% of Effective Gross Income	—	<input checked="" type="checkbox"/>	0.00%	0.00%

Steps for setting up Property Taxes

1. Select row 1 'Property Taxes'
2. Click on the  button
In the **Projection Wizard**

3. **Entry column:** Enter \$90,000
 4. **Project Entry Using column:** Select "Annual Compounding"
 5. **Increase column:** Enter the Compounding Rate of 4.00%
 6. **Time Period column:** Select '3' Years
 7. **Cont. Proj.:** check the Cont. Proj. checkbox
- Row 2
8. **Project Entry Using column:** Select "Annual Compounding"
 9. **Increase column:** Enter the Compounding Rate of 4.00%
 10. **Time Period column:** Select '3' Years or check the "To End" checkbox

To view your entries, click on the  button, which describes the entries and projections.



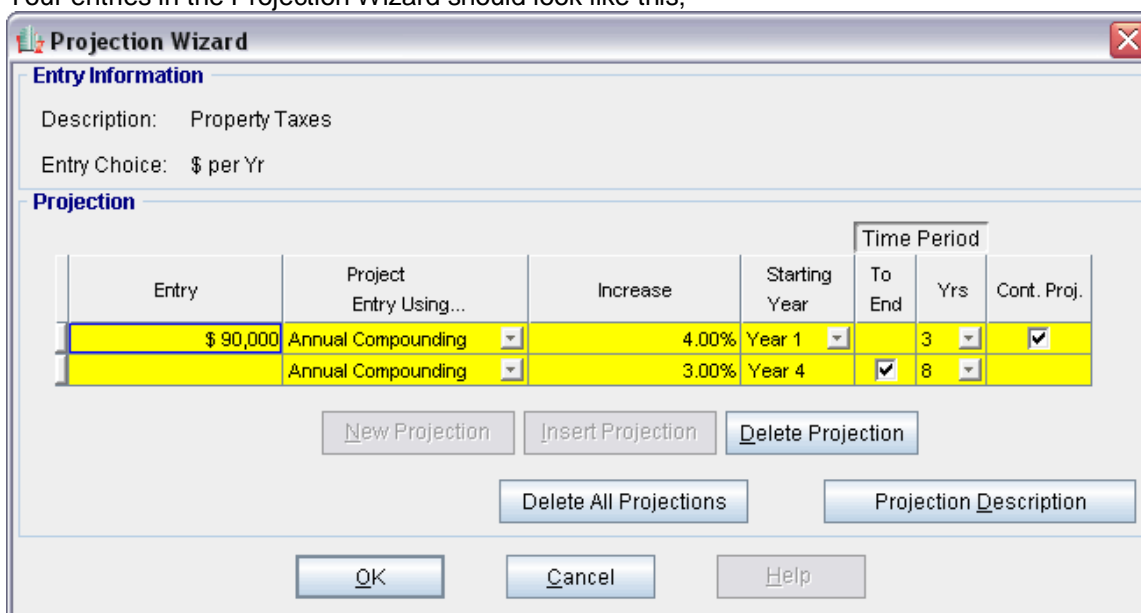
Projection Description

Property Taxes
 Entry Choice: \$ per Year
 Year 1 \$90,000 per Year
 Compounding at 4.00% per year for next 2 years
 then Compounding at 3.00% per year for next 8 years

OK Print Report Help

Press OK to return to the Projection Wizard

Your entries in the Projection Wizard should look like this;



Projection Wizard

Entry Information
 Description: Property Taxes
 Entry Choice: \$ per Yr

Projection

Entry	Project Entry Using...	Increase	Starting Year	Time Period		
				To End	Yrs	Cont. Proj.
\$ 90,000	Annual Compounding	4.00%	Year 1	<input type="checkbox"/>	3	<input checked="" type="checkbox"/>
	Annual Compounding	3.00%	Year 4	<input checked="" type="checkbox"/>	8	<input type="checkbox"/>


New Projection Insert Projection Delete Projection

Delete All Projections Projection Description


OK Cancel Help

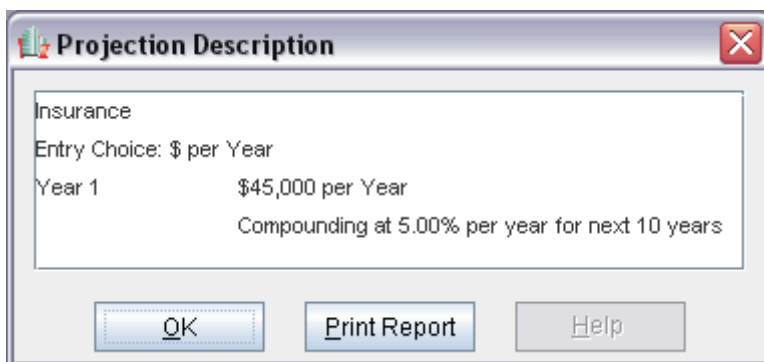
Press OK to return to the Expenses folder

Steps for setting up Insurance

1. Select row 2 'Insurance'
2. Click on the  button
In the **Projection Wizard**

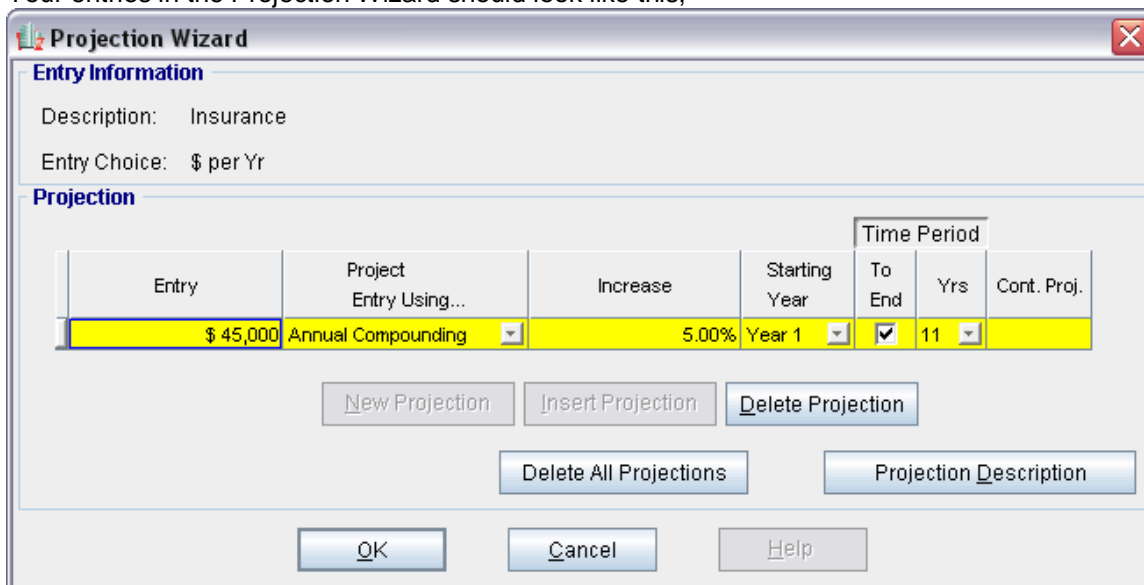
3. **Entry column:** Enter \$45,000.00
4. **Project Entry Using column:** Select "Annual Compounding"
5. **Increase column:** Enter the Compounding Rate of 5.00%
6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period

To view your entries, click on the  button, which describes the entries and projections.



Press OK to return to the Projection Wizard

Your entries in the Projection Wizard should look like this;



Press Ok to return to the Expenses folder

Steps for setting up Maintenance

1. Select row 3 'Maintenance'

2. Click on the  button

In the **Projection Wizard**

3. **Entry column:** Enter \$400
4. **Project Entry Using column:** Select "Annual Compounding"
5. **Increase column:** Enter the Compounding Rate of 4.00%
6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period

Your entries in the Projection Wizard should look like this;

Projection Wizard

Entry Information

Description: Maintenance

Entry Choice: \$ per Unit x Total No.of Units per Yr


Projection

Entry	Project Entry Using...	Increase	Starting Year	Time Period		
				To End	Yrs	Cont. Proj.
\$ 400	Annual Compounding	4.00%	Year 1	<input checked="" type="checkbox"/>	11	

Buttons: New Projection, Insert Projection, Delete Projection, Delete All Projections, Projection Description, OK, Cancel, Help

Press Ok to return to the Expenses folder

Steps for setting up Resident Caretaker

1. Select row 4 'Resident Caretaker'
2. Click on the  button
In the **Projection Wizard**
3. **Entry column:** Enter \$3,000
4. **Project Entry Using column:** Select "Annual Compounding"
5. **Increase column:** Enter the Compounding Rate of 4.00%
6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period

Your entries in the Projection Wizard should look like this;

Projection Wizard

Entry Information

Description: Resident Caretaker

Entry Choice: \$ per Mo


Projection

Entry	Project Entry Using...	Increase	Starting Year	Time Period		
				To End	Yrs	Cont. Proj.
\$ 3,000	Annual Compounding	4.00%	Year 1	<input checked="" type="checkbox"/>	11	

Buttons: New Projection, Insert Projection, Delete Projection, Delete All Projections, Projection Description, OK, Cancel, Help

Press OK to return to the Expenses folder

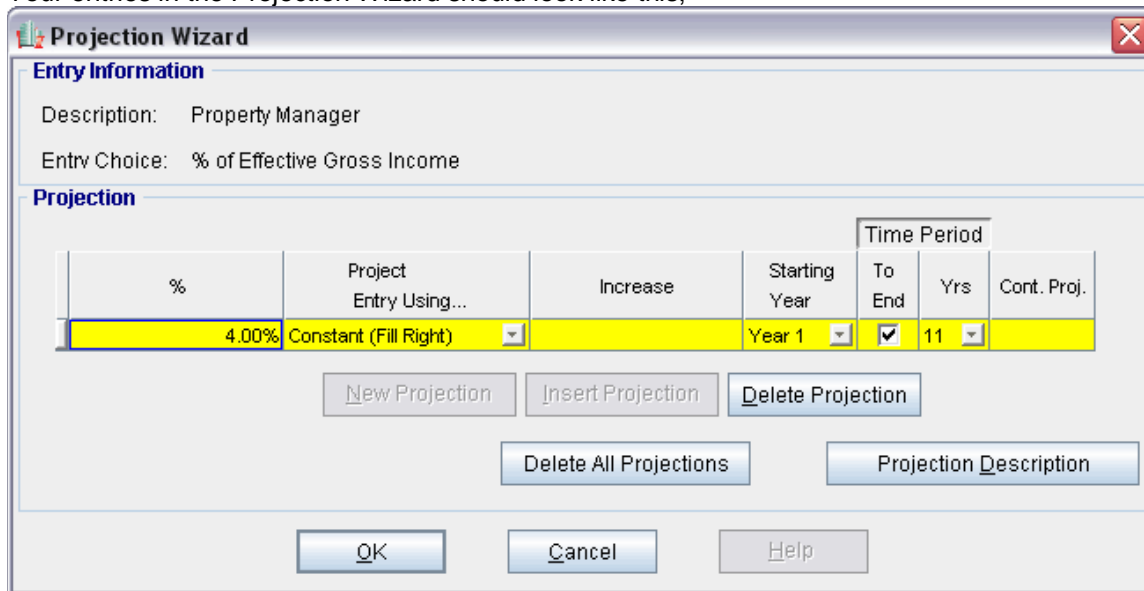
Steps for setting up Property Manager

1. Select row 5 'Property Manager'
2. Click on the  button

In the **Projection Wizard**

3. **% column:** Enter \$4.00%
4. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period


Your entries in the Projection Wizard should look like this;



%	Project Entry Using...	Increase	Starting Year	Time Period		Cont. Proj.
				To End	Yrs	
4.00%	Constant (Fill Right)		Year 1	<input checked="" type="checkbox"/>	11	

Press Ok to return to the Expenses folder

Steps for setting up Other Expenses

5. Select row 6 'Other Expenses'
6. Click on the  button

In the **Projection Wizard**

7. **% column:** Enter \$3.00%
8. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period

Your entries in the Projection Wizard should look like this;

Projection Wizard

Entry Information

Description: Other Expenses

Entry Choice: % of Potential Gross Income

Projection

%	Project Entry Using...	Increase	Starting Year	Time Period		Cont. Proj.
				To End	Yrs	
3.00%	Constant (Fill Right)		Year 1	<input checked="" type="checkbox"/>	11	

Press Ok to return to the Expenses folder

REVENUE Folder

One Bedroom Units

No. of Units: 25

\$900 per unit per month then increasing at 3.00% per year compounding

Two Bedroom Units

No. of Units: 15

\$1,100 per unit per month then increasing at 4.00% per year compounding

Laundry

\$15 per Unit x Total No. of Units per Mo then increasing at 5.00% per year compounding

Parking

No. of Spaces: 50

\$40 per Space per Mo then increasing at 5.00% per year compounding

The Revenue folder should appear like this;

The screenshot shows the 'Investor Pro - Untitled Project Pro' window. The 'Revenue' tab is selected in the top navigation bar. Below the navigation bar, there are buttons for 'My Company Info.', 'Property Info.', 'Client Info.', and 'Goal Seeking'. The main area displays a table with the following data:

Description	Entry Choice	Qty	NOI	Year 1 Jan...	Year 2 Jan...
One bedroom Units	\$ per Unit per Mo	0	<input checked="" type="checkbox"/>	\$ 0	\$ 0
Two bedroom Units	\$ per Unit per Mo	0	<input checked="" type="checkbox"/>	\$ 0	\$ 0
Three Bedroom Units	\$ per Unit per Mo	0	<input checked="" type="checkbox"/>	\$ 0	\$ 0
Laundry	\$ per Unit x Total No. of Units per Yr	40	<input checked="" type="checkbox"/>	\$ 0	\$ 0
Parking	\$ per Space per Mo	0	<input checked="" type="checkbox"/>	\$ 0.00	\$ 0.00

Below the table, there are buttons for 'Add', 'Insert', 'Delete', 'Apply Free Rent', 'Projection Wizard', 'Projection Description', and 'Comments'. At the bottom, a status bar shows 'Template: Invest Rental Units Yearly'.

Steps for setting up the Revenue folder

1. Select row 1 'One Bedroom Units'
2. Enter QTY: 25
3. Select row 2 'Two Bedroom Units'
4. Enter QTY: 15
5. Select row 3 'Three Bedroom Units'
6. Click on the **Delete** button
7. Select row 4 'Laundry'
8. Select Entry Choice: "\$ per Unit x Total No. of Units per Mo"
9. Select row 5 'Parking'
10. Enter QTY: 50


The Revenue folder should now look like this;

The screenshot shows the 'Investor Pro - Untitled Project Pro' window. The 'Revenue' tab is selected. Below the menu bar, there are buttons for 'My Company Info.', 'Property Info.', 'Client Info.', and 'Goal Seeking'. The 'Revenue' tab contains a table with the following data:

Description	Entry Choice	Qty	NOI	Year 1 Jan...	Year 2 Jan...
One bedroom Units	\$ per Unit per Mo	25	<input checked="" type="checkbox"/>	\$ 0	\$ 0
Two bedroom Units	\$ per Unit per Mo	15	<input checked="" type="checkbox"/>	\$ 0	\$ 0
Laundry	\$ per Unit x Total No. of Units per Mo	40	<input checked="" type="checkbox"/>	\$ 0	\$ 0
Parking	\$ per Space per Mo	50	<input checked="" type="checkbox"/>	\$ 0.00	\$ 0.00

Below the table are buttons for 'Add', 'Insert', 'Delete', 'Apply Free Rent', 'Projection Wizard', 'Projection Description', and 'Comments'. At the bottom, it says 'Template: Invest Rental Units Yearly'.

Steps for setting up One bedroom units

1. Select row 1 'One Bedroom Units'
2. Click on the  button
In the **Projection Wizard**
3. **Project Entry Using column:** Select "Annual Compounding"
4. **Entry column:** Enter \$900
5. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period
6. **Increase column:** Enter the Compounding Rate of 3.00%

Your entries in the Projection Wizard should look like this;


The screenshot shows the 'Projection Wizard' window. The 'Entry Information' tab is selected, showing 'Description: One bedroom Units' and 'Entry Choice: \$ per Unit per Mo'. The 'Projection' tab is also visible, showing a table with the following data:

Entry	Project Entry Using...	Increase	Starting Year	Time Period		
				To End	Yrs	Cont. Proj.
\$ 900	Annual Compounding	3.00%	Year 1	<input checked="" type="checkbox"/>	11	

At the bottom are buttons for 'OK', 'Cancel', and 'Help'.

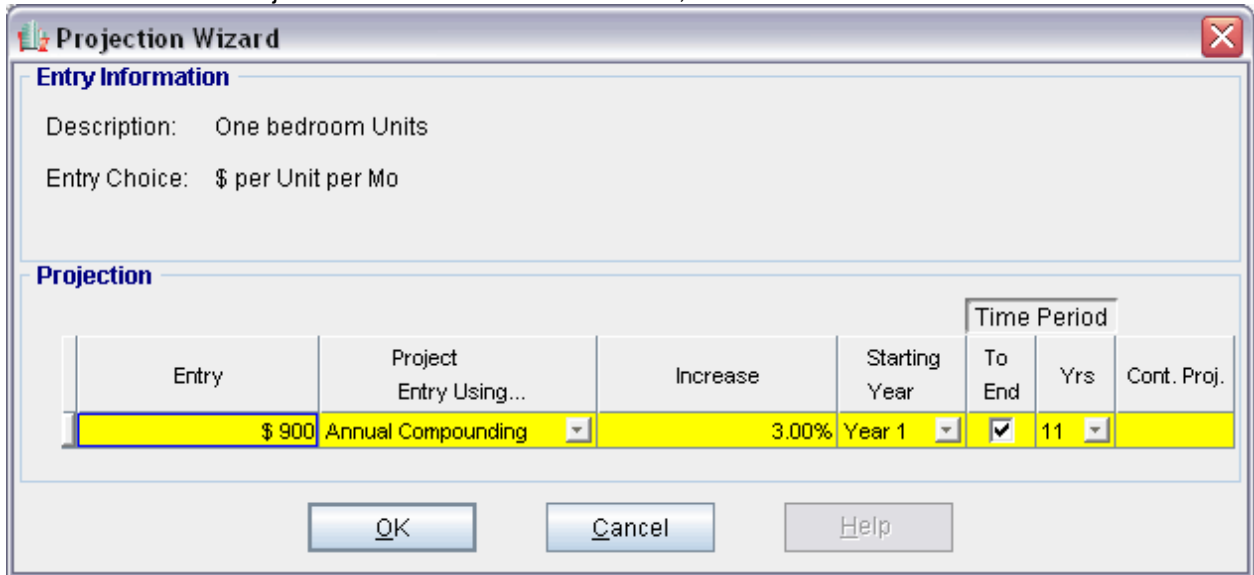
Press OK to return to the Revenue folder

Steps for setting up Two Bedroom Units

1. Select row 2 'Two Bedroom Units'
2. Click on the  button
In the **Projection Wizard**

3. **Project Entry Using column:** Select "Annual Compounding"
4. **Entry column:** Enter \$1,100
5. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period
6. **Increase column:** Enter the Compounding Rate of 4.00%


Your entries in the Projection Wizard should look like this;



Entry	Project Entry Using...	Increase	Starting Year	Time Period		Cont. Proj.
				To End	Yrs	
\$ 900	Annual Compounding	3.00%	Year 1	<input checked="" type="checkbox"/>	11	

Press OK to return to the Revenue folder

Steps for setting up Laundry

1. Select row 3 'Laundry'
2. Click on the  button
In the **Projection Wizard**

3. **Project Entry Using column:** Select "Annual Compounding"
4. **Entry column:** Enter \$15
5. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period
6. **Increase column:** Enter the Compounding Rate of 5.00%

Your entries in the Projection Wizard should look like this;

Projection Wizard

Entry Information

Description: Laundry

Entry Choice: \$ per Unit x Total No.of Units per Mo


Projection

Entry	Project Entry Using...	Increase	Starting Year	Time Period		Cont. Proj.
				To End	Yrs	
\$ 15	Annual Compounding	5.00%	Year 1	<input checked="" type="checkbox"/>	11	

OK Cancel Help

Press OK to return to the Revenue folder

Steps for setting up Parking

1. Select row 4 'Parking'
2. Click on the  button
In the **Projection Wizard**
3. **Project Entry Using column:** Select "Annual Compounding"
4. **Entry column:** Enter \$40
5. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period
6. **Increase column:** Enter the Compounding Rate of 5.00%

Your entries in the Projection Wizard should look like this;

Projection Wizard

Entry Information

Description: Parking

Entry Choice: \$ per Space per Mo

Projection

Entry	Project Entry Using...	Increase	Starting Year	Time Period		Cont. Proj.
				To End	Yrs	
\$ 40.00	Annual Compounding	5.00%	Year 1	<input checked="" type="checkbox"/>	11	

OK Cancel Help

Press OK to return to the Revenue folder

VACANCY Folder

One bedroom Units

3.00% constant over the full period

Two Bedroom Units

3.00% constant over the full period

Laundry

3.00% constant over the full period

Parking


0.00% constant over the full period

Steps for entering the Vacancy


Note: Detailed Entries should be the default selection

This project uses Detailed Entries vacancies so leave as default


Entering the One Bedroom Units

1. Select row 1 'One Bedroom Units'
2. Year 1 Jan...: Enter 3.00%
3. Press the  button

Entering the Two Bedroom Units

4. Select row 2 'Two Bedroom Units'
5. Year 1 Jan...: Enter 3.00%
6. Press the  button

Entering the Laundry

7. Select row 3 'Laundry'
8. Year 1 Jan...: Enter 3.00%
9. Press the  button

Entering the Parking

10. Parking is at 0.00% so leave as is

Select the Financing tab

FINANCING Folder

Mortgage (Borrowing)

Type: Standard Mortgage

Year 1 January, \$2,000,000

Time Period 10 years

Amortization Period: 25 years

Interest Rate 7.50%

Setting up a mortgage

1. Click on the Financing folder tab
2. Click on the Add Mortgage button



3. Amount box: \$2,000,000
4. Description box: "First Mortgage"
5. Time Period box: 10 Years

6. Amortization box: 25 Years
7. Nominal Interest Rate box: 7.50%

The mortgage dialog should look like this;

Mortgage

Mortgage Details

Analysis Period: Year 1 Jan to Year 10 Dec

Commencing Year 1 Month January

Type Standard Mortgage

Amount \$ 2,000,000 Interest Rate Fixed

Description First Mortgage

Mortgage Settings

Payment Frequency Monthly

Additional Payments/Borrowing ☐

Payment Rounded Up to Nearest Cent

Compounding Frequency Semi-annually

Terms and Amortization Details

No of (Balloon) Terms 1

Term No	Time Period		Amortization		Nominal Interest Rate
	Years	Months	Years	Months	
1	10	0	25	0	7.500%

OK Compute Fill Down Cancel Help Comments

8. Press the **Compute** button
9. Press the OK button to return to the Financing folder

The financing folder should now look like this;

Investor Pro - Rental Apartment Building Yearly Pro

File Edit Reports Tools Utilities Investit Activation Help

My Company Info. Property Info. Client Info. Goal Seeking Notes

Project Info. Investor Investment Expenses Revenue Vacancy **Financing** Sale

Mortgage (Borrowing)

Description	Type	Amount	Start Date
First Mortgage	Standard Mortgage	\$ 2,000,000	Year 1 Jan

Add Mortgage Edit Mortgage Delete Mortgage Move

Tenant Loans

Description	Type	Amount	Start Date
-------------	------	--------	------------

Add Loan Edit Loan Delete Loan Move

Template: Invest Rental Units Yearly

Select the Sale folder

SALE Folder

Real Estate Commissions

5.00% of Sale Price

The Real Estate Commission should appear like this;

Entering the Real Estate Commission

1. Enter 5.00% in the appropriate box

The Real Estate Commission should now look like this;

Selling Expenses

Selling Expenses: \$6,000

Legal Fees: \$3,000

The Selling Expenses should appear like this;

Description	Entry Choice	Expense
Selling Expenses	Amount	\$ 0
Legal Fees	Amount	\$ 0

Entering the Selling Expenses

1. Select row 1 'Selling Expenses'
2. Expense: \$6,000
3. Select row 2: 'Legal Fees'
4. Enter Expense: \$3,000

The Selling Expenses should now look like this;

Selling Expenses		
Description	Entry Choice	Expense
Selling Expenses	Amount	\$ 6,000
Legal Expenses	Amount	\$ 3,000

Sale Price

Based on a Cap Rate of 7.00% using the Income for the year following the Sale i.e., based on the Income & Expenses for year 11.

The Sale Price Estimator should appear like this;

Sale Price Estimator	
Sale Price Wizard	
\$ 0	

1. Press the button

The Sale Price Wizard dialog will pop up;

Financial Measure	Based on the income for the last year		Based on the income for the year following the Sale	
	Sale Price		Sale Price	
Potential Gross Income Multiplier	0.00	\$ 0	0.00	\$ 0
Effective Gross Income Multiplier	0.00	\$ 0	0.00	\$ 0
Cap Rate	0.00%	\$ 0	0.00%	\$ 0
Net Income Multiplier	0.00	\$ 0	0.00	\$ 0
Compound Annual Growth Rate	0.00%	\$ 0	Enter Your Own Estimation	
Uniform Annual Increase	0.00%	\$ 0		

For this example we are using a Cap Rate

Row 1

1. In the second entry field to the right of Cap Rate: enter 7.00%
Note: the field with the red box around it is the correct field on the above screenshot
The Sale Price should now automatically appear in the field to the right
2. Click on the selection box next to the Sale Price
Note: the correct field is circled in red on the above screenshot

The Sale Price Wizard should now look like this;

Financial Measure	Based on the income for the last year	Based on the income for the year following the Sale
Potential Gross Income Multiplier	0.00 \$ 0	0.00 \$ 0
Effective Gross Income Multiplier	0.00 \$ 0	0.00 \$ 0
Cap Rate	0.00% \$ 0	7.00% \$ 5,205,434
Net Income Multiplier	0.00 \$ 0	0.00 \$ 0
Compound Annual Growth Rate	0.00% \$ 3,590,000	Enter Your Own Estimation
Uniform Annual Increase	0.00% \$ 3,590,000	

Buttons: OK, Cancel, Help

Press OK to return to the Sale Price folder

The Sale Price Estimator should now look like this;

Buttons: Sale Price Wizard

Value: \$ 5,205,434

SAVE YOUR PROJECT