## INVESTMENT ANALYSIS CANADA RENTAL APARTMENT BUILDING EXAMPLE

## INTRODUCTION

This example uses the Rental Apartment Building 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

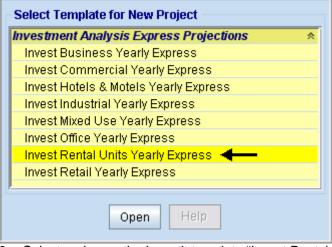
Based on a Cap Rate of 7.00% using the Income for the year following the Sale i.e., based on the Income & Expenses for year 11.

# INSTRUCTIONS FOR ENTERING THE PROJECT INTO INVESTOR EXPRESS

## **Getting started**

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

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



- 3. Select and open the Investit template "Invest Rental Units Yearly Express" 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

🗤 Investor Express - Rental Apartment Building Express										
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D 😕 🖬 🎒 🖺 💼 My Company Info. 🛛	Property Info. Client Info. Notes									
Project Info. Investor Investment Expenses Rev	renue Vacancy Financing Sale									
Report Headers	Building									
Property Name Parklane Place 40 Unit Apartment Building 🗲	Building Area 38,000 Sq. Ft 🗲									
Description Rental Apartment Building Example 🗲	Rental Units									
Total Purchase Price	Units. Rentable Area 36,000 Sq. Ft 🔶									
Purchase Price \$ 3,500,000 🗲	Total No. of Units 40									
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	Land									
Potential Gross Income     C Effective Gross Income	Land Area 46,000 Sq. Ft 🔶									
Edit Unit of Measure	Frontage 320 Ft 🔶									
Enter property name. E.g., Parklane Towers	Template: Invest Rental Units Yearly									

The Project Info screen should look like this;

## **INVESTOR Folder**

1. 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

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

# **INVESTMENT** Folder

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Project Info. Investor	Investment	Expe	enses	Revenue	Vacancy	Financing	Sale				
CCA Claim Option: Claim CCA up to Taxable Income 💌											
					CCA Claim Set	iing					
Description	Amount	Year	Month	CCA Class	CCA Rate	First Year	Claim CCA in Last Year				
Land	\$0	Year 1 🗾	Jan 🗾	Land	<u>-</u>						
Building	\$0	Year 1 🗾	Jan 🗾	Building	4.00%	50.00%	✓				
Furniture & Equipment	\$0	Year 1 🗾	Jan 🗾	Furn/Equip	20.00%	50.00%	✓				
Add Insert Delete Move											
							Comments				
				Template: II	nvest Rental Unif	is Yearly					

The Investment folder should appear like this:

## First Row

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

Second Row

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

## Third Row

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

🙀 Investor Express - Rental .	Apartment Bu	uilding Ex	press						K	
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Project Investor Investment Expenses Revenue Vacancy Financing Sale										
. ,	CCA Claim Option: Claim CCA up to Taxable Income									
					CCA	Claim Sett	ing			
Description	Amount	Year	Month	CCA Clas:	s	CCA Rate	First Year	Claim CCA in Last Year		
Land	\$ 1,000,000	Year 1 🖃	Jan 🗾	Land	<u>-</u>					
Building	\$ 2,570,000	Year 1 🗾	Jan 🗾	Building	-	4.00%	50.00%			
Furniture & Equipment	\$ 20,000	Year 1 🗾	Jan 🗾	Furn/Equip	-	20.00%	50.00%	<b>V</b>		
Add Insert Delete Move										
								Comments		
				Templa	ate: Invest F	Rental Units	s Yearly			

Your entries for the Leasehold improvements should look like this;

## **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

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	🗈 💼 My Compar	ny Info. P <u>r</u> oj	oerty Info.		Client Info.	Notes			
Project Info. Investor	Investment Expenses	Revenue	Vacan	су	Financing	Sale			
Expenses									
Description	Entry Choice		Qty	NOI	Year 1 Jan	Year 2 Jan			
Property Taxes	\$per Yr	<b>_</b>	—		\$0	\$0			
Insurance	\$ per Yr	<b>T</b>			\$0	\$0			
Maintenance	\$ per Mo	-	—		\$0	\$0			
Resident Caretaker	\$ per Mo	<b>T</b>	—		\$0	\$0			
Property Manager	% of Effective Gross Income	<b>T</b>	—		0.00%	0.00%			
Other Expenses	\$ per Mo	<b>T</b>	—		\$0	\$0			
				•		•			
Add Insert Delete									
	Projection Wizard		Projection	Des	cription				
						Comments			
		Template: Ir	west Rent	al Ur	iits Yearly				

The Expenses folder should appear like this;

- 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"

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D 🛩 🖬 🎒 🐰	🗈 💼 My Company	Info. P <u>r</u> o	perty Info.		Client Info.	Notes				
Project Info. Investor	Investment Expenses	Revenue	Vacan	су	Financing	Sale				
Expenses										
Description	Entry Choice		Qty	NOI	Year 1 Jan	Year 2 Jan				
Property Taxes	\$ per Yr	-	—		\$0	<b>\$</b> 0				
Insurance	\$ per Yr	<b>_</b>	—		\$0	\$0				
Maintenance	\$ per Unit × Total No.of Units per Yr	<b>*</b>	40		\$0	\$0				
Resident Caretaker	\$ per Mo	-	—		\$0	\$0				
Property Manager	% of Effective Gross Income	<b>*</b>	—		0.00%	0.00%				
Other Expenses	% of Potential Gross Income	<b>*</b>	—		0.00%	0.00%				
				•	III					
Add Insert Delete										
	Projection Wizard		Projection	Des	cription	]				
						Comments				
		Template: Ir	nvest Rent	al Ur	nits Yearly					

The Expenses folder should now look like this:

Steps for setting up Property Taxes

1. Select row 1 'Property Taxes'

Projection Wizard 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%
- Time Period column: Select '3' Years
   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

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

👍 Projectio	on Description 🛛 🔀
Property Taxe	es
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

👍 Projection Wizard											X
Entry Information											
Description: Property	Taxes										
Entry Choice: \$ per Yr											
Projection											
							Time	Pe	riod		
Entry	Project Entry Using		Increase		Startii Year	ng	To End	1	/rs	Cont. Proj.	
\$ 90,00	0 Annual Compounding	×	4.00%	Ye	ar 1	Ŀ		3	Ŧ		
	Annual Compounding	Ŧ	3.00%	Ye	ar 4		<b>V</b>	8	<u>+</u>		
	New Projection		Insert Projection	<u>D</u> el	ete f	Proje	ection				
			Delete All Projections				Proj	iecti	ion [	<u>D</u> escription	
	<u>0</u> K		<u>C</u> ancel	ŀ	<u>l</u> elp						

Press OK to return to the Expenses folder

- Steps for setting up Insurance 1. Select row 2 'Insurance'
  - Projection Wizard 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

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

🖢 Projectio	n Description 🛛 👔
Insurance	
Entry Choice:	\$ per Year
Year 1	\$45,000 per Year
	Compounding at 5.00% per year for next 10 years
	OK Print Report Help

Press OK to return to the Projection Wizard

Your entries in the Projection Wizard should look like this;

🕎 P	rojection V	Vizard									X
Ent	ry Informati	on									
De	escription:	Insurance	•								
En	try Choice:	\$ per Yr									
- Pro	jection										
								Time	Period		
	Ent	ry	Project Entry Using		Increase	Startin Year	g	To End	Yrs	Cont. Proj.	
		\$ 45,000	Annual Compounding	-	5.00%	Year 1	×	<b>v</b>	<u>11</u>		
			New Projection		Insert Projection	<u>D</u> elete P	roje	ction			
				[	Delete All Projections			Proj	ection <u>C</u>	escription	
			<u>0</u> K		<u>C</u> ancel	<u>H</u> eip					

Press Ok to return to the Expenses folder

Steps for setting up Maintenance

- 1. Select row 3 'Maintenance'
- 2. Click on the Projection Wizard 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;

👍 P	rojection Wizard							X
Ent	ry Information							
De	scription: Maintena	nce						
En	try Choice: \$ per Uni	t x Total No.of Units per Yr						
- Pro	jection							
		1			Time	Period		
	Entry	Project Entry Using	Increase	Starting Year	To End	Yrs	Cont. Proj.	
	\$ 400	Annual Compounding 📃 🔄	4.00%	Year 1 🔄		11 🗾		
		New Projection	Insert Projection	<u>D</u> elete Proje	ection	]		
			Delete All Projections		Proj	ection <u>C</u>	<u>)</u> escription	
		<u>0</u> K	<u>C</u> ancel	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 Projection Wizard 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 Wizar	d				
Entry Information					
Description: Resi	ident Caretaker				
Entry Choice: \$ pe	r Mo				
- Projection			_		
				Time Period	
Entry	Project Entry Using	Increase		To End Yrs	Cont. Proj.
\$	3,000 Annual Compounding 📃 😒	4.00%	Year 1 🗾	✓ 11	
	New Projection	Insert Projection	<u>D</u> elete Projec	tion	
		Delete All Projections		Projection [	<u>)</u> escription
	<u>0</u> K	<u>C</u> ancel	<u>H</u> elp		

Press OK to return to the Expenses folder

Steps for setting up Property Manager

- 1. Select row 5 'Property Manager'
- 2. Click on the Projection Wizard 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;

👍 P	rojection Wizard							X			
Ent	ry Information										
De	scription: Property N	Manager									
Entry Choice: % of Effective Gross Income											
Projection											
	1	1			Time	Period					
	%	Project Entry Using	Increase	Starting Year	To End	Yrs	Cont. Proj.				
	4.00%	Constant (Fill Right) 📃 👱	1	Year 1 🗾	<b>v</b>	11 🗾					
		New Projection	Insert Projection	<u>D</u> elete Proje	ection	]					
Delete All Projections Projection Description											
		<u>o</u> k	<u>C</u> ancel	<u>H</u> elp							

Press Ok to return to the Expenses folder

Steps for setting up Other Expenses

- 5. Select row 6 'Other Expenses'
- 6. Click on the Projection Wizard 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;

👍 Pi	ojection V	Vizard									X
Entr	y Informati	on									
De	scription:	Other Exp	enses								
Entry Choice: % of Potential Gross Income											
Projection											
							Time	Period			
	%		Project Entry Using		Increase Starting Year		To End	Yrs	Cont. Proj.		
		3.00%	Constant (Fill Right)	-		Year 1	-	<b>v</b>	11 🛨		
	New Projection       Delete Projection         Delete All Projections       Projection Description										
	OK Cancel Help										

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

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🗅 🛎 🖬 🍯 👗	🗈 💼 My Company	Info. P <u>r</u> op	perty Info.	Client Info.	Notes				
Project Info. Investor	Investment Expenses	Revenue Vacancy F		Financing	Sale				
Revenue									
Description	Entry Choice	Qty NOI	Year 1 Jan	Year 2 Jan					
One bedroom Units	\$ per Unit per Mo	0	\$0	\$0					
Two bedroom Units	\$ per Unit per Mo	-	0 🔽	\$0	\$0				
Three Bedroom Units	\$ per Unit per Mo	•	0 🔽	\$0	\$0				
Laundry	\$ per Unit × Total No.of Units per Yr	<b>*</b>	40 🔽	\$0	\$0				
Parking	\$ per Space per Mo	*	0 🔽	\$ 0.00	\$ 0.00				
			•		•				
Add Insert D	Add Insert Delete Apply Free Rent								
	Projection Wizard Projection Description Comments								
		Template: In	ivest Rental Ui	nits Yearly					

The Revenue folder should appear like this;

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'
- Delete 6. Click on the button
- Select row 4 'Laundry'
   Select Entry Choice: "\$ per Unit x Total No. of Units per Mo"
- 9. Select row 5 'Parking'
- 10. Enter QTY: 50

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D 🖻 🖬	<i>₿</i>	<b>B</b>	Ø	My Compar	ny Info.	P <u>r</u> op	perty Info.		Client Info.	Notes		
Project Info. Investor Investment Expenses				Rever	Revenue Vacancy Financin			Financing	Sale			
Revenue	Revenue											
Descrip	otion		Er	ntry Choice			Qty	NOI	Year 1 Jan	Year 2 Jan		
One bedroom Un	iits	\$ per Unit p	per Mo 🗾			15		\$0	\$0			
Two bedroom Ur	nits	\$ per Unit p	per Mo 🗾			25		\$0	\$0			
Laundry		\$ per Unit x	x Total No.of Units per Yr 📃			40		\$0	\$0			
Parking		\$ per Space	e per Mo			-	50		\$ 0.00	\$ 0.00		
								•		Þ		
Add Ins	ert De	elete	Арр	ly Free Rent	t							
	Projection Wizard						rd Projection Description Comment					
	Template: Invest Rental Units Yearly											

The Revenue folder should now look like this;

Steps for setting up One bedroom units

- 1. Select row 1 'One Bedroom Units'
- 2. Click on the Projection Wizard button

In the Projection Wizard

- 3. Paid column: Select "Monthly for 12 Months"
- 4. Project Entry Using column: Select "Annual Compounding"
- 5. Entry column: Enter \$900
- 6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period
- 7. Increase column: Enter the Compounding Rate of 3.00%

Your entries in the Projection Wizard should look like this;

🔟 🖢 P	Projection Wizard										
Ent	try Information										
D	escription: One bedr	oom Units									
Er	Entry Choice: \$ per Unit per Mo										
- Projection											
							Time Period				
	Entry	Project Entry Using		Increase		Starting Year	To End	Yrs	Cont. Proj.		
	\$ 900	Annual Compounding	-		3.00%	Year 1 🔄 👱	<b>I</b>	11 🖃			
	OK Cancel 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 Projection Wizard button
- In the Projection Wizard
- 3. Paid column: Select "Monthly for 12 Months"
- 4. Project Entry Using column: Select "Annual Compounding"
- 5. Entry column: Enter \$1,100
- 6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period
- 7. Increase column: Enter the Compounding Rate of 4.00%

Your entries in the Projection Wizard should look like this;

👍 Projection Wizard									
- Entry Information									
Description: One bed Entry Choice: \$ per Uni	room Units								
Entry Choice: \$ per Unit per Mo									
Projection									
					Time	Period			
Entry	Project Entry Using		Increase	Starting Year	To End	Yrs	Cont. Proj.		
\$ 900	Annual Compounding	_	3.00%	Year1 👱		11 🔟			
OK Cancel Help									

Press OK to return to the Revenue folder

Steps for setting up Laundry

- 1. Select row 3 'Laundry'
- 2. Click on the Projection Wizard button
- In the Projection Wizard
- 3. Paid column: Select "Monthly for 12 Months"
- 4. **Project Entry Using column:** Select "Annual Compounding"
- 5. Entry column: Enter \$15
- 6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period
- 7. Increase column: Enter the Compounding Rate of 5.00%

Your entries in the Projection Wizard should look like this;

👍 Projection Wizard							$\mathbf{X}$			
Entry Information										
Description: Laundry										
Entry Choice: \$ per Unit x Total No.of Units per Mo										
Projection										
					Time	Period				
Entry	Project Entry Using	Increase		Starting Year	To End	Yrs	Cont. Proj.			
📔 🚺 \$15 Annual Compounding 🖃 5.00% Year 1 🖃 🗹 11 🗾										
<u>OK</u> ancel Help										

Press OK to return to the Revenue folder

Steps for setting up Parking

1. Select row 4 'Parking'

2. Click on the Projection Wizard button

In the Projection Wizard

- 3. Paid column: Select "Monthly for 12 Months"
- 4. Project Entry Using column: Select "Annual Compounding"
- 5. Entry column: Enter \$40
- 6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period
- 7. 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	Description: Parking										
Entry Choice: \$ per Space per Mo											
Projection											
					Time	Period					
Entry	Project Entry Using	Increase		arting :ar	To End	Yrs	Cont. Proj.				
\$ 40.00	Annual Compounding	<b>-</b>	5.00% Year	1 🗾	<b>v</b>	11 🗾					
	<u>o</u> k	<u>C</u> ancel	<u>H</u> eip								

Press OK to return to the Revenue folder

## **VACANCY** Folder

#### **One bedroom Units**

2.00% 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 2.00%
- 3. Press the Fill To End button

## Entering the Two Bedroom Units

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

#### Entering the Laundry

- 7. Select row 3 'Laundry'
- 8. Year 1 Jan...: Enter 3.00%
- 9. Press the Fill To End 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
  Add Mortgage Edit Mortgage Delete Mortgage Move
- 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%

Mortgage						
Mortgage Details Analysis Period: Year 1 Jan to Year 10 Dec Commencing Year 1 V Month January V Type Standard Mortgage V Amount 2,000,000 Interest Rate Fixed V		and Amortiz Balloon) Ter Time F Years 	rms <u>1</u> Period Months	Amort Years	ization Months O	Nominal Interest Rate
Description       First Mortgage         Mortgage Settings         Payment Frequency       Monthly         Additional Payments/Borrowing						
Payment Rounded     Up to Nearest Cent       Compounding Frequency     Semi-annually       OK     Compute	n	<u>C</u> ance	1	<u>H</u> elp		Co <u>m</u> ments

The mortgage dialog should look like this;

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

The financing folder should now look like this;

崖 Investor Express - Rental Apartment Building	g Express									
<u>File E</u> dit <u>R</u> eports <u>T</u> ools <u>U</u> tilites <u>I</u> nvestit <u>A</u> ctiv	ation <u>H</u> elp									
🗅 🖻 📮 🎒 👗 🖻 🛍 💿 My C	company Info. P <u>r</u> operty Info. C	lient Info. No	otes							
Project Investor Investment Ex	penses Revenue Vacanc	y Financing	J Sale							
Mortgage (Borrowing)										
Description	Туре	Amount	Start Date							
First Mortgage	Standard Mortgage	\$ 2,000,000	<mark>/ear1Jan</mark>							
	Edit Mortgage Delete Mortgage Move	]								
- Tenant Loans										
Description	Туре	Amount	Start Date							
Add Loan Edit Loan Delete Loan Move										
	Template: Invest Rer	ntal Units Yearly								

Select the Sale folder

SALE Folder

**Real Estate Commissions** 5.00% of Sale Price

The Real Estate Commission should appear like this;

Real Estate Commission	
Fixed Percentage of Sale Price	-
0.00%	

Entering the Real Estate Commission

1. Enter 5.00% in the appropriate box

The Real Estate Commission should now look like this;

Real Estate Commission	
Fixed Percentage of Sale Price	-
5.00%	

# **Selling Expenses**

Selling Expenses: \$6,000 Legal Fees: \$3,000

The Selling Expenses should appear like this;

Selling Expenses				
Entry Choice	Expense			
Amount 🔄	\$0			
Amount 🔄	\$0			
Add Insert Delete Move				
	Amount  Amount			

Entering the Selling Expenses

- 1. Select row 1 'Selling Expenses'
- 2. Expense: \$6,000
- Select row 2: 'Legal Fees'
   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	<b>T</b>	\$ 3,000	
Add Insert Delete Move				

#### 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 Pric	e Wizard	
	\$ 0	
1. Press the	Sale Price Wiz	ard butto

The Sale Price Wizard dialog will pop up;

Sale Price Wizard				
Financial Measure		sed on the income for the last year <b>Sale Price</b>	Based on the income for the year following the Sale Sale Price	
Potential Gross Income Multiplier	0.00	\$0 @	0.00	\$0
Effective Gross Income Multiplier	0.00	\$0 0	0.00	\$0 0
Cap Rate	0.00%	\$ 0 C	0.00%	\$0 C 🔶
Net Income Multiplier	0.00	\$0	0.00	\$0 0
Compound Annual Growth Rate	0.00%	\$ 0 C	C Enter Your Own Estimation	1
Uniform Annual Increase	0.00%	\$ 0 C		
Ōĸ		<u>C</u> ancel	Help	

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 show	uld now look like this;
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Sale Price Wizard 🔀					
	Financial Measure	E	ased on the income for the last year <b>Sale Price</b>	Based on the incom the year following the <b>Sale Price</b>	
	Potential Gross Income Multiplier	0.00	\$0 0	0.00	\$0 C
	Effective Gross Income Multiplier	0.00	\$0 0	0.00	\$0 C
	Cap Rate	0.00%	\$0 C	7.00% 🔶 💲	5,205,434 🗨 🗲
	Net Income Multiplier	0.00	\$0 C	0.00	\$0 C
	Compound Annual Growth Rate	0.00%	\$ 3,590,000	C Enter Your Own Estir	nation
	Uniform Annual Increase	0.00%	\$ 3,590,000		
	<u>0</u> K		Cancel	Help	

Press OK to return to the Sale Price folder

The Sale Price Estimator should now look like this;

Sale Price Estimator		
Sale Price Wizard		
	\$ 5,205,434	

# SAVE YOUR PROJECT