

## **17 Res 3 buildings**

Chatham, Ontario

Presented by:

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## Overview

### 17 Res 3 buildings

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#### Purchase Info

Total Number of Units	17
Purchase Price	\$1,198,000
Initial Cash Invested	\$265,035

#### Income Analysis

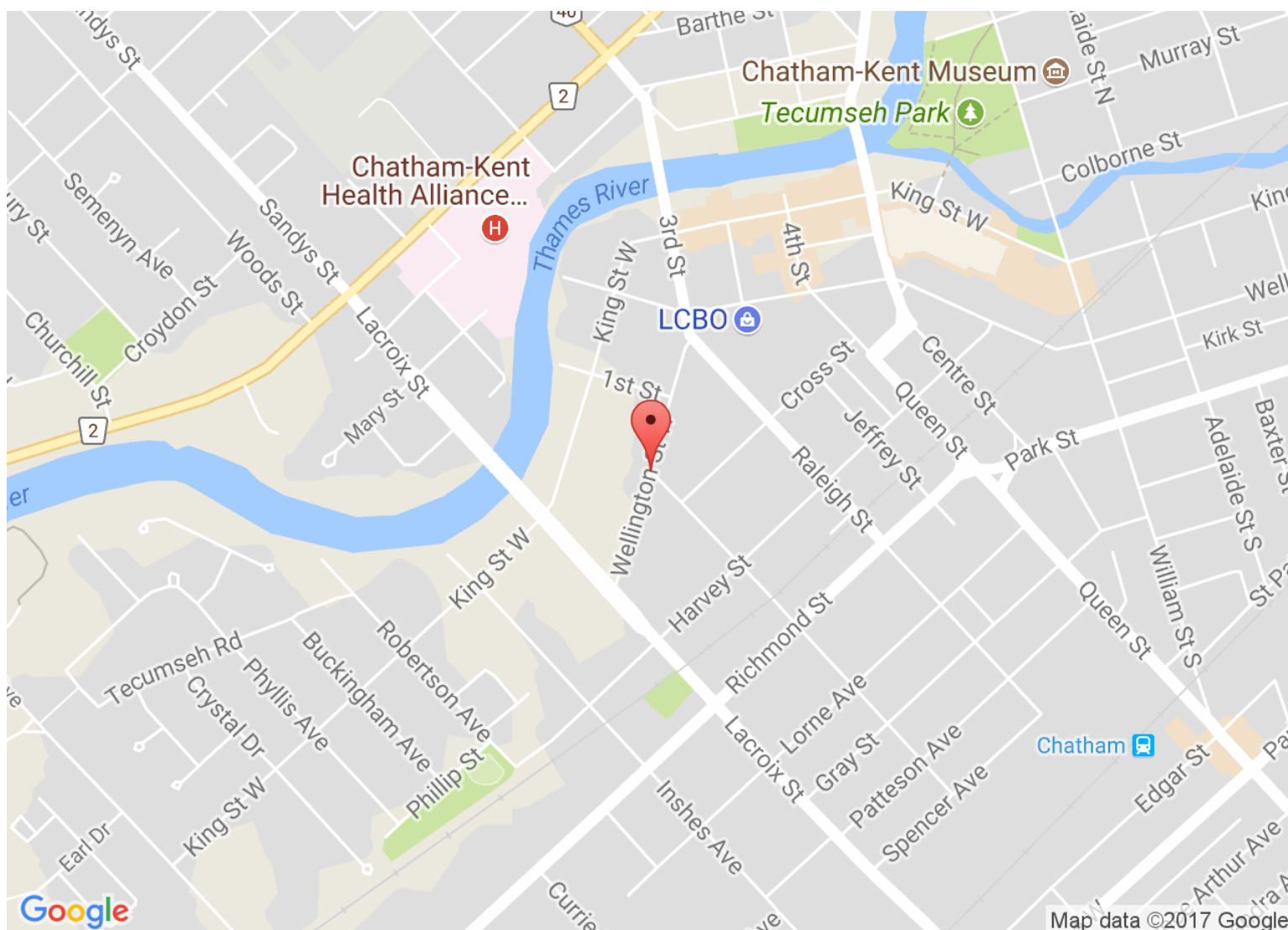
##### Monthly

##### Annual

Net Operating Income	\$6,445	\$77,337
Cash Flow	\$1,660	\$19,917

#### Financial Metrics

Cap Rate (Purchase Price)	6.5%
Cash on Cash Return (Year 1)	7.5%
Internal Rate of Return (Year 10)	18.9%
Sale Price (Year 10)	\$1,610,012



# Purchase Analysis

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Purchase Info	
Purchase Price	\$1,198,000
- First Mortgage	<b>-\$958,400</b>
- Second Mortgage	-\$0
<b>= Downpayment</b>	<b>\$239,600</b>
+ Buying Costs	\$25,435
+ Initial Improvements	\$0
<b>= Initial Cash Invested</b>	<b>\$265,035</b>
Total Number of Units	17
Cost per Unit	\$70,471
Average Monthly Rent per Unit	\$739

Mortgages	First	Second
Loan-To-Cost Ratio	80%	0%
Loan-To-Value Ratio	80%	0%
Loan Amount	\$958,400	\$0
Loan Type	Amortizing	
Term	25 Years	
Interest Rate	3.5%	
<b>Payment</b>	<b>\$4,785.01</b>	<b>\$0.00</b>

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	7.9
Operating Expense Ratio	47.7%
Debt Coverage Ratio	1.35
Cap Rate (Purchase Price)	6.5%
<b>Cash on Cash Return</b>	<b>7.5%</b>

Assumptions	
Appreciation Rate	3.0%
Vacancy Rate	2.0%
Income Inflation Rate	2.0%
Expense Inflation Rate	1.0%
LTV for Refinance	70.0%
Selling Costs	\$83,860

Income	Monthly	Annual
Gross Rent	\$12,567	\$150,804
Vacancy Loss	<b>-\$251</b>	<b>-\$3,016</b>
<b>Operating Income</b>	<b>\$12,316</b>	<b>\$147,788</b>

Expenses (% of Income)	Monthly	Annual
Taxes (14%)	<b>-\$1,774</b>	<b>-\$21,286</b>
Insurance (4%)	<b>-\$450</b>	<b>-\$5,404</b>
Hydro (24%)	<b>-\$2,922</b>	<b>-\$35,063</b>
Heat/Gas (1%)	<b>-\$175</b>	<b>-\$2,098</b>
Snow Removal (0%)	<b>-\$50</b>	<b>-\$600</b>
Super (4%)	<b>-\$500</b>	<b>-\$6,000</b>
<b>Operating Expenses (48%)</b>	<b>-\$5,871</b>	<b>-\$70,451</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$6,445</b>	<b>\$77,337</b>
- Mortgage Payments	<b>-\$4,785</b>	<b>-\$57,420</b>
- Year 1 Improvements	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$1,660</b>	<b>\$19,917</b>

# Buy and Hold Projection

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Income	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Gross Rent	\$150,804	\$153,820	\$156,896	\$163,235	\$180,225	\$219,693	\$267,804
Vacancy Loss	-\$3,016	-\$3,076	-\$3,138	-\$3,265	-\$3,604	-\$4,394	-\$5,356
<b>Operating Income</b>	<b>\$147,788</b>	<b>\$150,744</b>	<b>\$153,758</b>	<b>\$159,970</b>	<b>\$176,620</b>	<b>\$215,299</b>	<b>\$262,448</b>

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Taxes	-\$21,286	-\$21,499	-\$21,714	-\$22,150	-\$23,280	-\$25,716	-\$28,406
Insurance	-\$5,404	-\$5,458	-\$5,513	-\$5,623	-\$5,910	-\$6,529	-\$7,212
Hydro	-\$35,063	-\$35,414	-\$35,768	-\$36,487	-\$38,348	-\$42,360	-\$46,792
Heat/Gas	-\$2,098	-\$2,119	-\$2,140	-\$2,183	-\$2,295	-\$2,535	-\$2,800
Snow Removal	-\$600	-\$606	-\$612	-\$624	-\$656	-\$725	-\$801
Super	-\$6,000	-\$6,060	-\$6,121	-\$6,244	-\$6,562	-\$7,249	-\$8,007
<b>Operating Expenses</b>	<b>-\$70,451</b>	<b>-\$71,155</b>	<b>-\$71,867</b>	<b>-\$73,311</b>	<b>-\$77,051</b>	<b>-\$85,112</b>	<b>-\$94,017</b>

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
<b>Net Operating Income</b>	<b>\$77,337</b>	<b>\$79,588</b>	<b>\$81,892</b>	<b>\$86,659</b>	<b>\$99,569</b>	<b>\$130,187</b>	<b>\$168,431</b>
- Mortgage Payments	-\$57,420	-\$57,420	-\$57,420	-\$57,420	-\$57,420	-\$57,420	-\$0
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$19,917</b>	<b>\$22,168</b>	<b>\$24,471</b>	<b>\$29,239</b>	<b>\$42,149</b>	<b>\$72,767</b>	<b>\$168,431</b>
Cap Rate (Purchase Price)	6.5%	6.6%	6.8%	7.2%	8.3%	10.9%	14.1%
Cap Rate (Market Value)	6.3%	6.3%	6.3%	6.2%	6.2%	6.0%	5.8%
<b>Cash on Cash Return</b>	<b>7.5%</b>	<b>8.4%</b>	<b>9.2%</b>	<b>11.0%</b>	<b>15.9%</b>	<b>27.5%</b>	<b>63.6%</b>
Return on Equity	6.6%	6.1%	5.7%	5.2%	4.5%	3.8%	5.8%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$1,233,940	\$1,270,958	\$1,309,087	\$1,388,810	\$1,610,012	\$2,163,721	\$2,907,860
- Loan Balance	-\$933,894	-\$908,523	-\$882,256	-\$826,907	-\$670,504	-\$263,194	-\$0
<b>= Equity</b>	<b>\$300,046</b>	<b>\$362,435</b>	<b>\$426,831</b>	<b>\$561,903</b>	<b>\$939,508</b>	<b>\$1,900,527</b>	<b>\$2,907,860</b>
Loan-to-Value Ratio	75.7%	71.5%	67.4%	59.5%	41.6%	12.2%	0.0%
Potential Cash-Out Refi	-\$70,136	-\$18,852	\$34,105	\$145,260	\$456,505	\$1,251,411	\$2,035,502

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$300,046	\$362,435	\$426,831	\$561,903	\$939,508	\$1,900,527	\$2,907,860
- Selling Costs	-\$86,376	-\$88,967	-\$91,636	-\$97,217	-\$112,701	-\$151,460	-\$203,550
<b>= Proceeds After Sale</b>	<b>\$213,670</b>	<b>\$273,468</b>	<b>\$335,195</b>	<b>\$464,686</b>	<b>\$826,807</b>	<b>\$1,749,067</b>	<b>\$2,704,310</b>
+ Cumulative Cash Flow	\$19,917	\$42,085	\$66,557	\$122,623	\$306,963	\$891,196	\$2,109,343
- Initial Cash Invested	-\$265,035	-\$265,035	-\$265,035	-\$265,035	-\$265,035	-\$265,035	-\$265,035
<b>= Net Profit</b>	<b>-\$31,448</b>	<b>\$50,518</b>	<b>\$136,716</b>	<b>\$322,275</b>	<b>\$868,735</b>	<b>\$2,375,228</b>	<b>\$4,548,618</b>
<b>Internal Rate of Return</b>	<b>-11.9%</b>	<b>9.4%</b>	<b>15.8%</b>	<b>19.2%</b>	<b>18.9%</b>	<b>16.7%</b>	<b>15.6%</b>
Return on Investment	-12%	19%	52%	122%	328%	896%	1,716%

# Graphs

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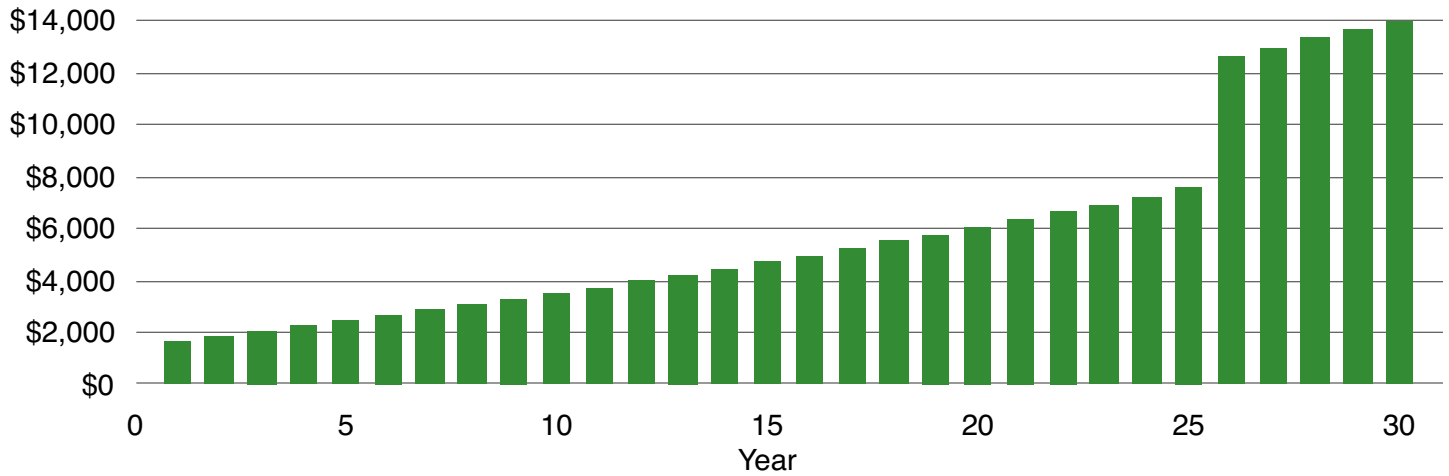
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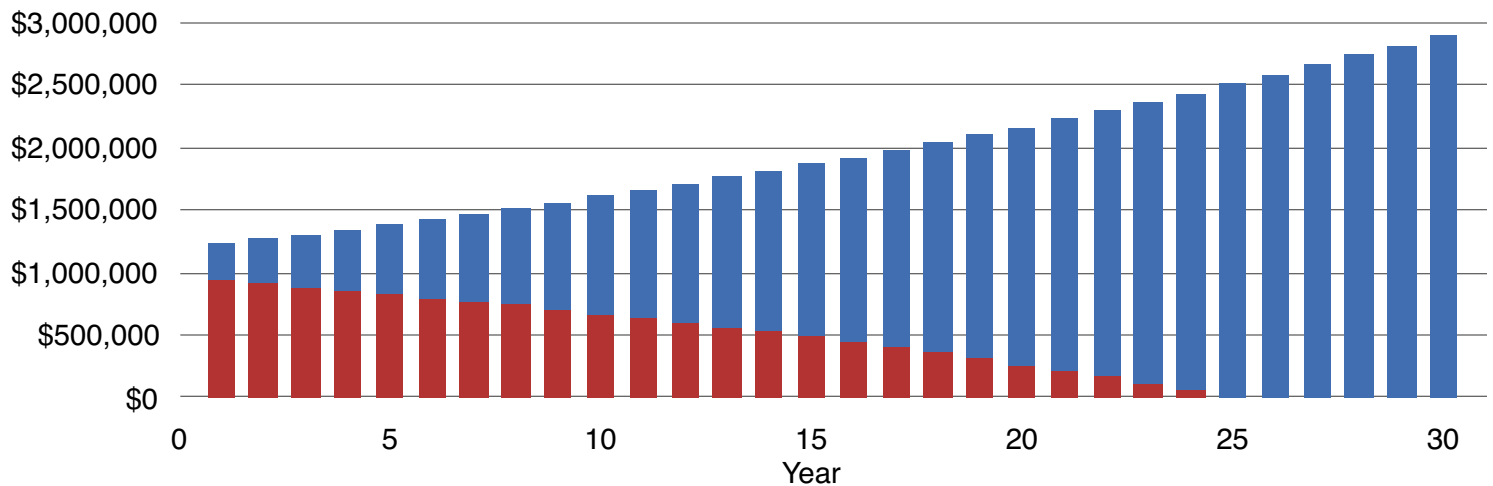
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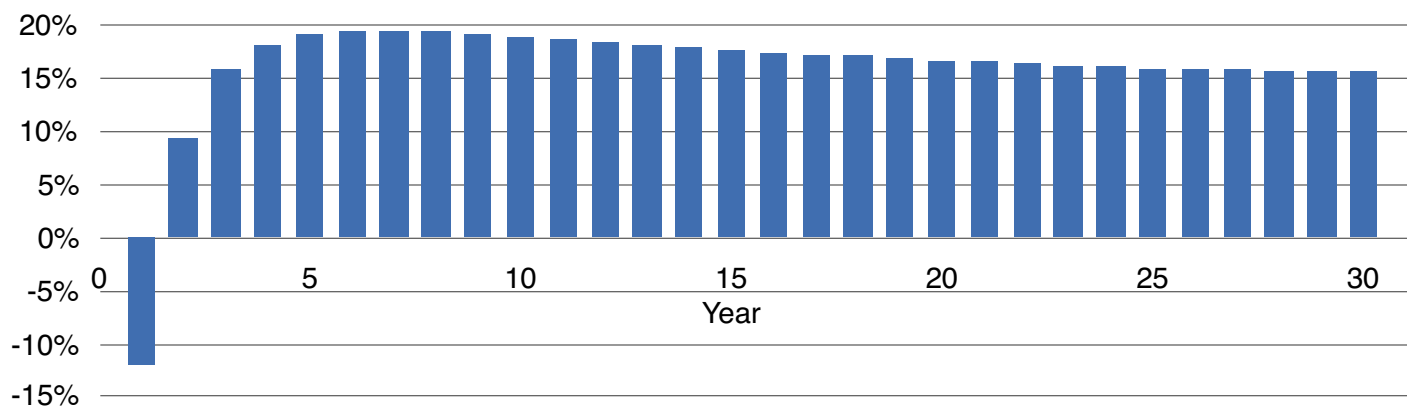
## Monthly Cash Flow



■ Loan Balance + ■ Equity = Market Value



## Internal Rate of Return (IRR)



## Rent Roll

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Unit Description	Square Feet	Units of This Type	Rent (Per Unit)
Bld 1 Four Plex 2 Br	0	4	\$752 Per Month
Bld 2 7 Plex 2 Br	0	4	\$748 Per Month
Bld 2 7 Plx 1 Br	0	3	\$646 Per Month
Bld 3 6 TH 1 Br	0	1	\$690 Per Month
Bld 3 6 TH 2 Br	0	5	\$787 Per Month

Totals for Year 1			
Total Number of Units	17		
Total Area (Sum of Units)	0 Square Feet		
Total Rent (Sum of Units)	\$12,567 Per Month, \$150,804 Per Year		

# Itemized Closing Costs

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Buying Costs	
Legal	\$5,000
Land Transfer Tax	\$20,435
Total	\$25,435