

## **Office 10 Units Harwood**

Harwood  
Ajax, Ontario

Presented by:

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# Overview

## Office 10 Units Harwood

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### Purchase Info

Square Feet (10 Units)	11,435
Purchase Price	\$4,578,000
Initial Cash Invested	\$1,785,420

### Income Analysis

	Monthly	Annual
Net Operating Income	\$18,692	\$224,304
Cash Flow	\$1,385	\$16,623

### Financial Metrics

Cap Rate (Purchase Price)	4.9%
Cash on Cash Return (Year 1)	0.9%
Internal Rate of Return (Year 10)	8.7%
Sale Price (Year 10)	\$6,152,449

Property has been fully leased with great tenants for years and has many long term leases and national tenants in place. Building consists of 10 units totalling roughly 11435 sq ft all above grade. Tenants have spent significant amounts on improvements to their units and leases include water, hydro and gas usage. Built in 1986, the building is 2 stay commercial office on 0.5 acres and supported by 36 parking spaces.

Gross rents include TMI \$13

# Purchase Analysis

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Purchase Info	
Purchase Price	\$4,578,000
- First Mortgage	<b>-\$2,975,700</b>
- Second Mortgage	-\$0
<b>= Downpayment</b>	<b>\$1,602,300</b>
+ Buying Costs	\$183,120
+ Initial Improvements	\$0
<b>= Initial Cash Invested</b>	<b>\$1,785,420</b>
Square Feet (10 Units)	11,435
Cost per Square Foot	\$400
Monthly Rent per Square Foot	\$2.53
Cost per Unit	\$457,800
Average Monthly Rent per Unit	\$2,889

Mortgages	First	Second
Loan-To-Cost Ratio	65%	0%
Loan-To-Value Ratio	65%	0%
Loan Amount	\$2,975,700	\$0
Loan Type	Amortizing	
Term	25 Years	
Interest Rate	5%	
<b>Payment</b>	<b>\$17,306.82</b>	<b>\$0.00</b>

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	13.2
Operating Expense Ratio	34.0%
Debt Coverage Ratio	1.08
Cap Rate (Purchase Price)	4.9%
<b>Cash on Cash Return</b>	<b>0.9%</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	\$320,460

Income	Monthly	Annual
Gross Rent	\$28,891	\$346,692
Vacancy Loss	<b>-\$578</b>	<b>-\$6,934</b>
<b>Operating Income</b>	<b>\$28,313</b>	<b>\$339,758</b>

Expenses (% of Income)	Monthly	Annual
Taxes (13%)	<b>-\$3,815</b>	<b>-\$45,780</b>
Insurance (1%)	<b>-\$392</b>	<b>-\$4,700</b>
Hydro (9%)	<b>-\$2,500</b>	<b>-\$30,000</b>
Heat/Gas (3%)	<b>-\$880</b>	<b>-\$10,560</b>
Water/Waste (1%)	<b>-\$150</b>	<b>-\$1,800</b>
Cleaning & Maintenance (1%)	<b>-\$300</b>	<b>-\$3,600</b>
Management Fees (4%)	<b>-\$1,011</b>	<b>-\$12,134</b>
Snow Removal (1%)	<b>-\$412</b>	<b>-\$4,940</b>
Waste (0%)	<b>-\$117</b>	<b>-\$1,400</b>
Security (0%)	<b>-\$45</b>	<b>-\$540</b>
<b>Operating Expenses (34%)</b>	<b>-\$9,621</b>	<b>-\$115,454</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$18,692</b>	<b>\$224,304</b>
- Mortgage Payments	<b>-\$17,307</b>	<b>-\$207,682</b>
- Year 1 Improvements	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$1,385</b>	<b>\$16,623</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	\$346,692	\$353,626	\$360,699	\$375,271	\$414,329	\$505,065	\$615,672
Vacancy Loss	-\$6,934	-\$7,073	-\$7,214	-\$7,505	-\$8,287	-\$10,101	-\$12,313
<b>Operating Income</b>	<b>\$339,758</b>	<b>\$346,554</b>	<b>\$353,485</b>	<b>\$367,765</b>	<b>\$406,043</b>	<b>\$494,964</b>	<b>\$603,358</b>

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Taxes	-\$45,780	-\$46,238	-\$46,700	-\$47,639	-\$50,069	-\$55,307	-\$61,094
Insurance	-\$4,700	-\$4,747	-\$4,794	-\$4,891	-\$5,140	-\$5,678	-\$6,272
Hydro	-\$30,000	-\$30,300	-\$30,603	-\$31,218	-\$32,811	-\$36,243	-\$40,035
Heat/Gas	-\$10,560	-\$10,666	-\$10,772	-\$10,989	-\$11,549	-\$12,758	-\$14,092
Water/Waste	-\$1,800	-\$1,818	-\$1,836	-\$1,873	-\$1,969	-\$2,175	-\$2,402
Cleaning & Maintenance	-\$3,600	-\$3,636	-\$3,672	-\$3,746	-\$3,937	-\$4,349	-\$4,804
Management Fees	-\$12,134	-\$12,255	-\$12,378	-\$12,627	-\$13,271	-\$14,659	-\$16,193
Snow Removal	-\$4,940	-\$4,989	-\$5,039	-\$5,141	-\$5,403	-\$5,968	-\$6,592
Waste	-\$1,400	-\$1,414	-\$1,428	-\$1,457	-\$1,531	-\$1,691	-\$1,868
Security	-\$540	-\$545	-\$551	-\$562	-\$591	-\$652	-\$721
<b>Operating Expenses</b>	<b>-\$115,454</b>	<b>-\$116,609</b>	<b>-\$117,775</b>	<b>-\$120,142</b>	<b>-\$126,270</b>	<b>-\$139,481</b>	<b>-\$154,074</b>

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Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
<b>Net Operating Income</b>	<b>\$224,304</b>	<b>\$229,945</b>	<b>\$235,710</b>	<b>\$247,623</b>	<b>\$279,772</b>	<b>\$355,483</b>	<b>\$449,284</b>
- Mortgage Payments	-\$207,682	-\$207,682	-\$207,682	-\$207,682	-\$207,682	-\$207,682	-\$0
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$16,623</b>	<b>\$22,263</b>	<b>\$28,028</b>	<b>\$39,942</b>	<b>\$72,091</b>	<b>\$147,801</b>	<b>\$449,284</b>
Cap Rate (Purchase Price)	4.9%	5.0%	5.1%	5.4%	6.1%	7.8%	9.8%
Cap Rate (Market Value)	4.8%	4.7%	4.7%	4.7%	4.5%	4.3%	4.0%
<b>Cash on Cash Return</b>	<b>0.9%</b>	<b>1.2%</b>	<b>1.6%</b>	<b>2.2%</b>	<b>4.0%</b>	<b>8.3%</b>	<b>25.2%</b>
Return on Equity	0.9%	1.1%	1.3%	1.5%	1.8%	2.0%	4.0%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$4,715,340	\$4,856,800	\$5,002,504	\$5,307,157	\$6,152,449	\$8,268,377	\$11,112,008
- Loan Balance	-\$2,913,887	-\$2,848,945	-\$2,780,715	-\$2,633,718	-\$2,195,952	-\$918,244	-\$0
<b>= Equity</b>	<b>\$1,801,453</b>	<b>\$2,007,855</b>	<b>\$2,221,789</b>	<b>\$2,673,439</b>	<b>\$3,956,497</b>	<b>\$7,350,134</b>	<b>\$11,112,008</b>
Loan-to-Value Ratio	61.8%	58.7%	55.6%	49.6%	35.7%	11.1%	0.0%
Potential Cash-Out Refi	\$386,851	\$550,815	\$721,038	\$1,081,292	\$2,110,763	\$4,869,621	\$7,778,405

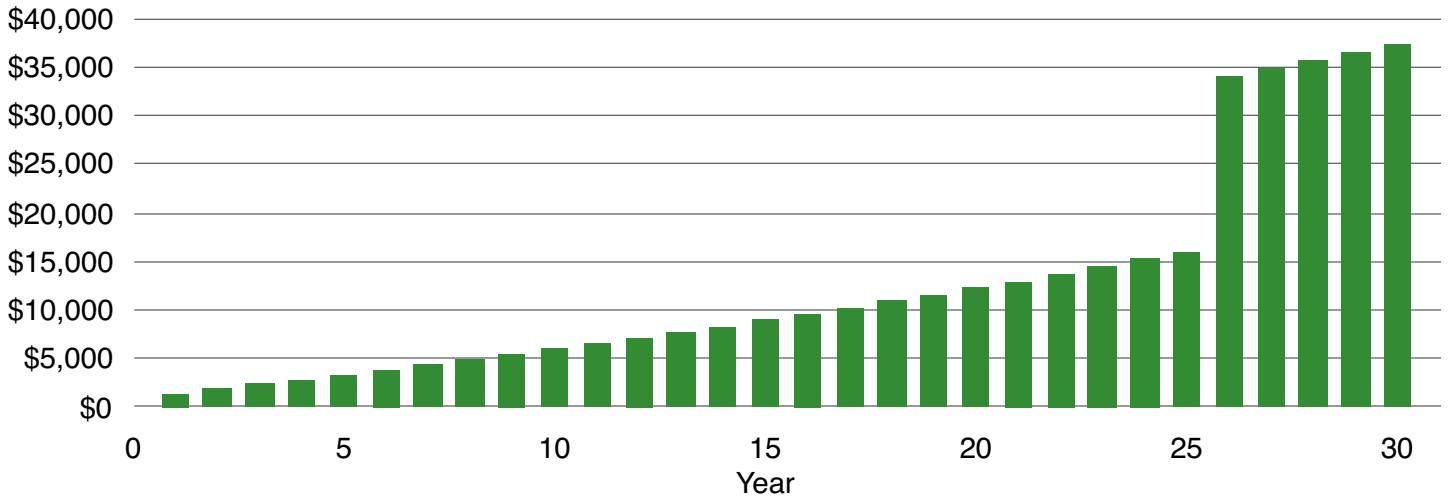
Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$1,801,453	\$2,007,855	\$2,221,789	\$2,673,439	\$3,956,497	\$7,350,134	\$11,112,008
- Selling Costs	-\$330,074	-\$339,976	-\$350,175	-\$371,501	-\$430,671	-\$578,786	-\$777,841
<b>= Proceeds After Sale</b>	<b>\$1,471,379</b>	<b>\$1,667,879</b>	<b>\$1,871,614</b>	<b>\$2,301,938</b>	<b>\$3,525,826</b>	<b>\$6,771,347</b>	<b>\$10,334,167</b>
+ Cumulative Cash Flow	\$16,623	\$38,886	\$66,914	\$140,775	\$435,537	\$1,559,416	\$4,575,243
- Initial Cash Invested	-\$1,785,420	-\$1,785,420	-\$1,785,420	-\$1,785,420	-\$1,785,420	-\$1,785,420	-\$1,785,420
<b>= Net Profit</b>	<b>-\$297,418</b>	<b>-\$78,655</b>	<b>\$153,108</b>	<b>\$657,293</b>	<b>\$2,175,942</b>	<b>\$6,545,343</b>	<b>\$13,123,990</b>
<b>Internal Rate of Return</b>	<b>-16.7%</b>	<b>-2.2%</b>	<b>2.8%</b>	<b>6.6%</b>	<b>8.7%</b>	<b>8.9%</b>	<b>8.6%</b>
Return on Investment	-17%	-4%	9%	37%	122%	367%	735%

# Graphs

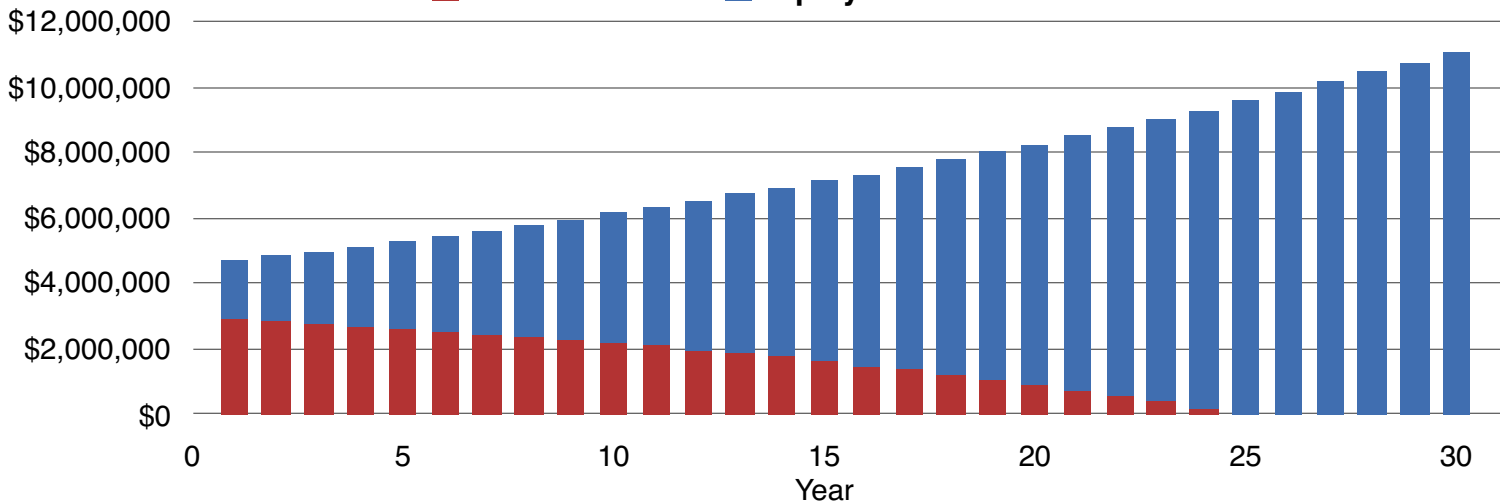
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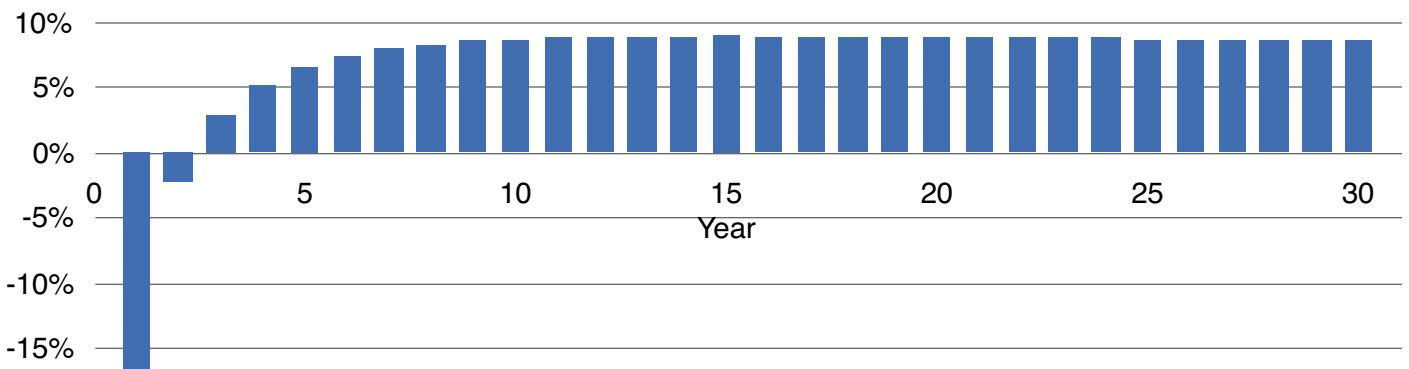
## Monthly Cash Flow



■ 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)
101	1,015	1	\$40,600 Per Year
102	980	1	\$30,272 Per Year
103	1,000	1	\$28,670 Per Year
104-6	3,000	1	\$114,000 Per Year
201	1,425	1	\$32,775 Per Year
202	500	1	\$12,500 Per Year
203	1,080	1	\$27,000 Per Year
204	675	1	\$16,875 Per Year
205 - Vacant	700	1	\$17,500 Per Year
206 - Vacant	1,060	1	\$26,500 Per Year

Totals for Year 1			
<b>Total Number of Units</b>			<b>10</b>
<b>Total Area (Sum of Units)</b>			<b>11,435 Square Feet</b>
<b>Total Rent (Sum of Units)</b>			<b>\$28,891 Per Month, \$346,692 Per Year</b>