

# Cash Flow Projection Example

A 24-unit apartment property is available for \$2.3 million with \$800,000 in cash plus a mortgage for the balance at 7.50% interest over a 25-year term.

Property Information:

12 One Bedrooms @ \$980, 12 Two Bedrooms @ \$1,275

Vacancy Level @ 7.25%, Operating Expenses = \$133,100

12 One Bedrooms	\$ 980	\$11,760/month	\$141,120
12 Two Bedrooms	\$1,275	\$15,300/month	183,600
GROSS POSSIBLE INCOME			\$324,720
Less Vacancy & Collection Loss - 7.25%			-23,500
COLLECTIONS			\$301,220
Utilities			
Services & Supplies			
Payroll & Related			
Mgmt, Admin, Promo			
RE Taxes & Insurance			
Maintenance & Repairs			
Less Operating Expenses			-133,100
NET OPERATING INCOME - NOI			\$168,120
Less Debt Service 8.87% k \$11,085/mo.			-133,018
CASH FLOW - CF			\$35,102

$$\frac{\text{NOI } \$168,120}{\text{Value } \$2,300,000} = 7.3\% \text{ Capitalization Rate}$$

$$\frac{\text{Cash Flow } \$35,102}{\text{Equity } \$800,000} = 4.4\% \text{ Cash on Cash Return}$$