144 Erb Street West

144 Erb Street West

Waterloo, Ontario, N2L 1V1

$399,900

$39,000+ Potential Gross Income

Desirable 5 and 2 Bedroom Lay Out

Walk Score of 87

Steps to Waterloo Park, Uptown, Transit, Easy Walk to Both Universities

Presented by

Royal LePage Grand Valley Realty

Mike Milovick

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15C

370 Highland Road West

Kitchener, Ontario

ROYAL LePAGE

Grand Valley Realty
BROKERAGE
INDEPENDENTLY OWNED AND OPERATED

Mike Milovick
Royal LePage Grand Valley Realty
519 745-7000

Executive Summary

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Waterloo, Ontario, N2L 1V1

Income, Expenses & Cash Flow

Potential Rental Income	$	39,300
Other Income		
Total Vacancy and Credits		(786)
Operating Expenses	$	(12,527)
Net Operating Income (NOI)	**$**	**25,987**
Debt Service:	$	(17,432)
Cash Flow Before Taxes	**$**	**8,555**

Property Overview

Purchase/Asking Price	$	399,900	Property Type		Multi-Family
Improvements			No. of Units		2
Other		5,579	Price Per Unit	$	204,739
Closing Costs		4,000	Total Sq Ft		
Finance Points			Price Per Sq Ft		
Total Acquisition Cost		$ 409,479	Income per Unit	$	19,650
			Expenses per Unit	$	(6,263)
Mortgage (s)	$	319,920			
Down Payment / Investment	**$ 89,559**				

Assumptions

Rental Growth Rate:	2.90%
Expense Growth Rate:	1.00%
Appreciation Rate	3.00%

Loan Information

			% of Asking	% of Cost
Down Payment:	$	89,559	22.40%	21.87%
Initial Loan Balance:	$	319,920	80.00%	78.13%

Loan Amount	Interest Rate	Term	Payment
$ 319,920	3.59%	30	$1,453

Financial Measurements

Financial Measurements	Year 1	Year 3	Year 7	Notes / Discussion
Debt Coverage Ratio (DCR)	1.49	1.60	1.85	
Loan-to-Value Ratio (LVR)	76.2%	68.9%	55.4%	
Capitalization Rate Based on Cost	6.35%	6.82%	7.86%	
Capitalization Rate Based on Resale Price	6.31%	6.39%	6.54%	
Gross Rent Multiplier	10.18	10.50	10.54	
Net Present Value (NPV) - B/ Taxes 6.00%	(8,442)	31,520	103,093	
Cash on Cash Return - Before Taxes	**9.55%**	**11.72%**	**16.46%**	
Internal Rate of Return - Before Taxes		18.14%	20.90%	
Modified Internal Rate of Return - Before Taxes		16.77%	17.42%	

Cash Flow Analysis

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Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	$ 39,300	$ 40,440	$ 41,612	$ 42,819	$ 44,061
Less: Vacancy & Credit Losses	(786)	(809)	(832)	(856)	(881)
Effective Gross Income	$ 38,514	$ 39,631	$ 40,780	$ 41,963	$ 43,180
Less: Operating Expenses	(12,527)	(12,689)	(12,855)	(13,023)	(13,194)
Net Operating Income (NOI)	$ 25,987	$ 26,942	$ 27,926	$ 28,940	$ 29,986
Less: Annual Debt Service	(17,432)	(17,432)	(17,432)	(17,432)	(17,432)
CASH FLOW Before Taxes	$ 8,555	$ 9,509	$ 10,493	$ 11,508	$ 12,554

Property Resale Analysis					
Projected Sales Price	$ 411,897	$ 424,254	$ 436,982	$ 450,091	$ 463,594
Less: Selling Expenses	(20,595)	(21,213)	(21,849)	(22,505)	(23,180)
Adjusted Projected Sales Price	$ 391,302	$ 403,041	$ 415,132	$ 427,586	$ 440,414
Less: Mortgage(s) Balance Payoff	(313,874)	(307,607)	(301,112)	(294,379)	(287,401)
SALE PROCEEDS Before Taxes	$ 77,428	$ 95,434	$ 114,021	$ 133,207	$ 153,013

Cash Position					
Cash Generated in Current Year	$ 8,555	$ 9,509	$ 10,493	$ 11,508	$ 12,554
Cash Generated in Previous Years	n/a	8,555	18,064	28,557	40,065
Cash Generated from Property Sale	77,428	95,434	114,021	133,207	153,013
Original Initial Investment	(89,559)	(89,559)	(89,559)	(89,559)	(89,559)
Total Potential CASH Generated	$ (3,575)	$ 23,940	$ 53,019	$ 83,714	$ 116,073

Financial Measurements					
Debt Coverage Ratio (DCR)	1.49	1.55	1.60	1.66	1.72
Loan-to-Value Ratio (LVR)	76.2%	72.5%	68.9%	65.4%	62.0%
Capitalization Rate Based on Cost	6.35%	6.58%	6.82%	7.07%	7.32%
Capitalization Rate Based on Resale Price	6.31%	6.35%	6.39%	6.43%	6.47%
Gross Rent Monthly Multiplier (GRM)	122.11	125.89	126.01	126.14	126.26
Gross Rent Yearly Multiplier (GRM)	10.18	10.49	10.50	10.51	10.52
Value of Property Using this GRM `12.00`	471,600	485,276	499,349	513,831	528,732
Break-Even Ratio	76.23%	74.49%	72.78%	71.12%	69.51%
Operating Expense Ratio	32.53%	32.02%	31.52%	31.03%	30.56%
Net Present Value (NPV) - Before Taxes `6.00%`	(8,442)	11,911	31,520	50,413	68,622
Cash-on-Cash Return with Equity	-3.99%	35.54%	30.47%	26.92%	24.29%
Cash-on-Cash Return - Before Taxes	9.55%	10.62%	11.72%	12.85%	14.02%
Internal Rate-of-Return (IRR) - Before Taxes	**-3.99%**	**13.13%**	**18.14%**	**20.01%**	**20.72%**
Modified Internal Rate-of-Return (MIRR) - Before Taxes	**-3.99%**	**12.57%**	**16.77%**	**17.94%**	**18.09%**

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Rent Roll Summary

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Unit Description	Number of Units	Per unit Sq Ft	Total Sq Ft	Percent of Total	Monthly Rev/ Sq Ft	Rent Per Unit	Monthly Rent	Annual Rent
5 Bedroom (Projected)	1					$ 2,475	$ 2,475	$ 29,700
2 Bedroom	1					$ 800	$ 800	$ 9,600
Totals	**2**					**3,275**	**$ 3,275**	**$ 39,300**

Unit Mix

- 5 Bedroom (Projected) — 50%
- 2 Bedroom — 50%
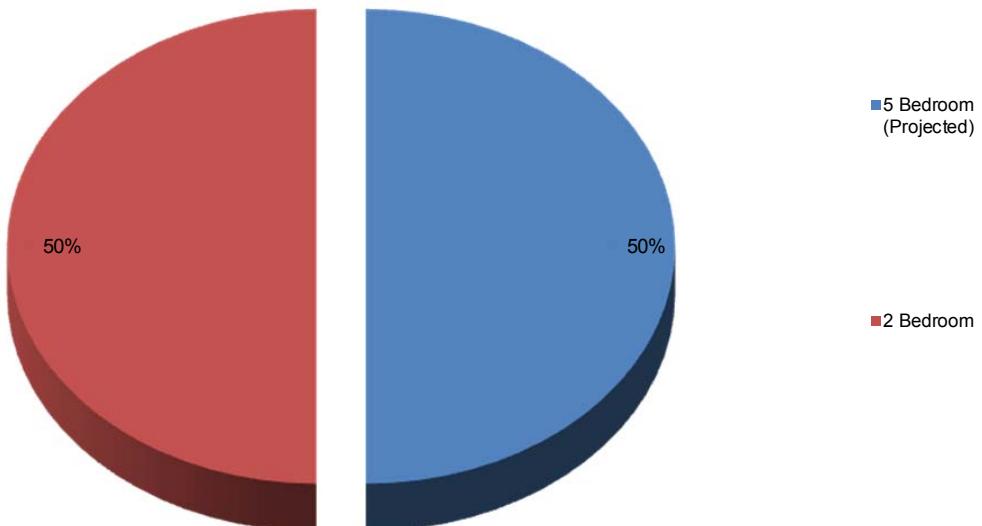
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Annual Expenses

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Expense Description	Annual Amount	Annual Increase	Per Unit	Per Sq Ft	% of Expenses	% of Revenue
Insurance	2,393	1.0%	1,196.54		19.1%	6.2%
Landscaping (estimate)	1,000	1.0%	500.00		8.0%	2.6%
Rental License Renewal	611	1.0%	305.50		4.9%	1.6%
Management Fee	1,965		982.50		15.7%	5.1%
Property Taxes	3,131	1.0%	1,565.32		25.0%	8.1%
Gas	853	1.0%	426.50		6.8%	2.2%
Electricity	1,730	1.0%	865.00		13.8%	4.5%
Water	844	1.0%	422.00		6.7%	2.2%
Total Annual Operating Expenses	**$ 12,527**		**$ 6,263**	--	**100.0%**	**32.5%**

Annual Property Operating Data

	Year 1	Sq Ft	Per Unit	Year 2	Sq Ft	Per Unit	Year 3	Sq Ft	Per Unit	Year 4	Sq Ft	Per Unit	Year 5	Sq Ft	Per Unit
Potential Rental Income	$ 39,300		1,637.50	$ 40,440	0.00	1,684.99	$ 41,612		1,733.85	$ 42,819		1,784.13	$ 44,061		1,835.87
Less: Vacancy & Credit Losses	(786)		-32.75	(809)	0.00	-33.70	(832)		-34.68	(856)		-35.68	(881)		-36.72
Effective Gross Income	$ 38,514		1,604.75	$ 39,631	0.00	1,651.29	$ 40,780		1,699.18	$ 41,963		1,748.45	$ 43,180		1,799.16
Operating Expenses															
Insurance	2,393		99.71	2,417		100.71	2,441		101.72	2,466		102.73	2,490		103.76
Landscaping (estimate)	1,000		41.67	1,010		42.08	1,020		42.50	1,030		42.93	1,041		43.36
Rental License Renewal	611		25.46	617		25.71	623		25.97	630		26.23	636		26.49
Management Fee	1,965		81.88	2,022		84.25	2,081		86.69	2,141		89.21	2,203		91.79
Property Taxes	3,131		130.44	3,162		131.75	3,194		133.06	3,225		134.40	3,258		135.74
Gas	853		35.54	862		35.90	870		36.26	879		36.62	888		36.98
Electricity	1,730		72.08	1,747		72.80	1,765		73.53	1,782		74.27	1,800		75.01
Water	844		35.17	852		35.52	861		35.87	870		36.23	878		36.59
Total Operating Expenses	$ 12,527		521.95	$ 12,689		528.72	$ 12,855		535.61	$ 13,023		542.61	$ 13,194		549.73
Net Operating Income (NOI)	$ 25,987		1,082.80	$ 26,942		1,122.57	$ 27,926		1,163.57	$ 28,940		1,205.84	$ 29,986		1,249.42
Less: Annual Debt Service	(17,432)		-726.35	(17,432)		-726.35	(17,432)		-726.35	(17,432)		-726.35	(17,432)		-726.35
Cash Flow Before Taxes	$ 8,555		356.45	$ 9,509		396.21	$ 10,493		437.21	$ 11,508		479.49	$ 12,554		523.07

Cash Flow Projections

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Time Period	Net Operating Income	MIP Payments	Debt Service	Cash Flow Before Tax	Incomes Taxes	Cash Flow After Tax
Int Investment				$ (89,559)		$ (89,559)
Year 1	25,987	-	(17,432)	8,555	-	8,555
Year 2	26,942	-	(17,432)	9,509	-	9,509
Year 3	27,926	-	(17,432)	10,493	-	10,493
Year 4	28,940	-	(17,432)	11,508	-	11,508
Year 5	29,986	-	(17,432)	12,554	-	12,554

Cash on Cash Return

- ■ After Taxes
- ■ Before Taxes
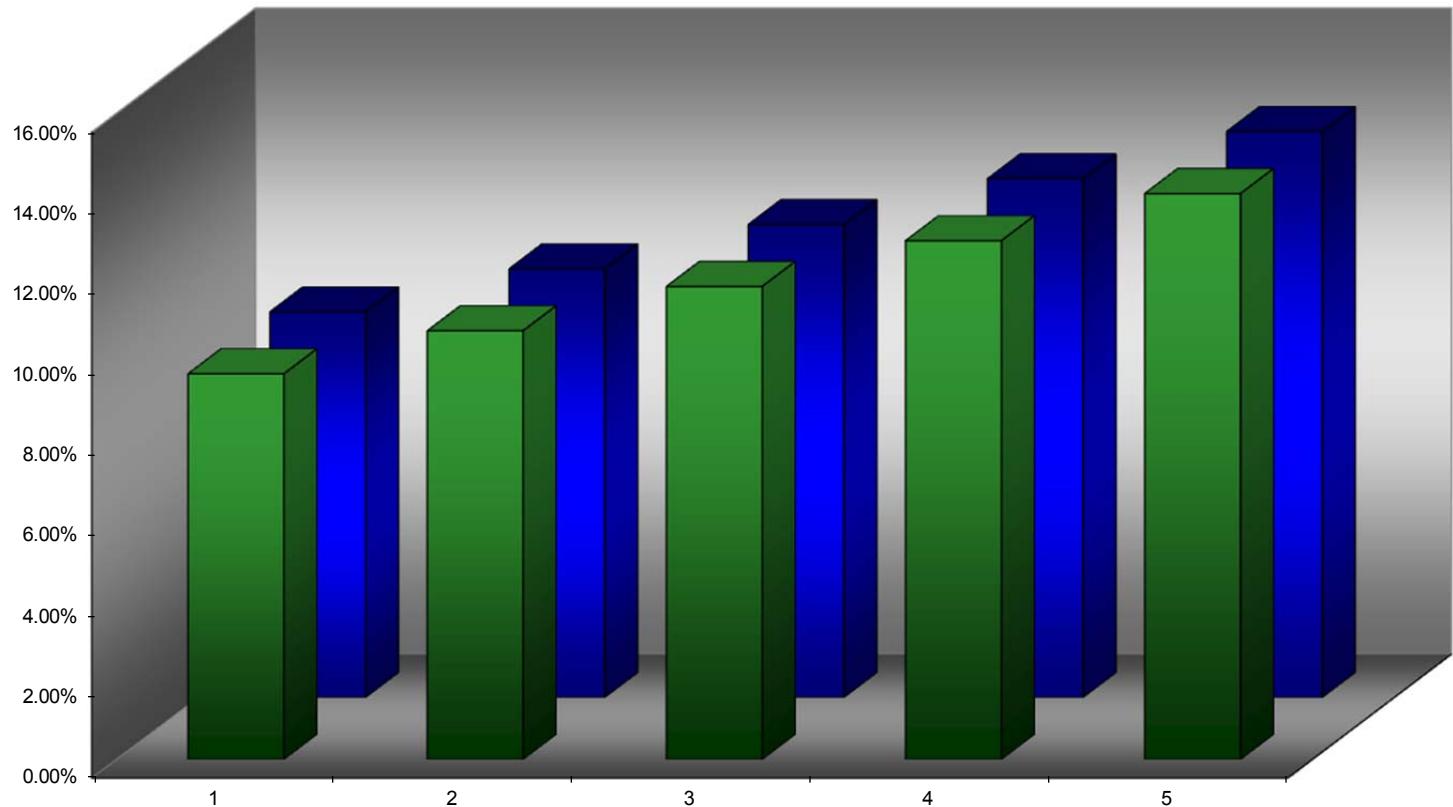
Time Period	Initial Investment Adj for Refinance	Cash Flow Before Taxes	Cash on Cash Before Taxes	Income Taxes	Cash Flow After Taxes	Cash on Cash After Taxes
Year 1	$ 89,559	$ 8,555	9.55% $		$ 8,555	9.55%
Year 2	89,559	9,509	10.62%	-	9,509	10.62%
Year 3	89,559	10,493	11.72%	-	10,493	11.72%
Year 4	89,559	11,508	12.85%	-	11,508	12.85%
Year 5	89,559	12,554	14.02%	-	12,554	14.02%

Capitalization Rate
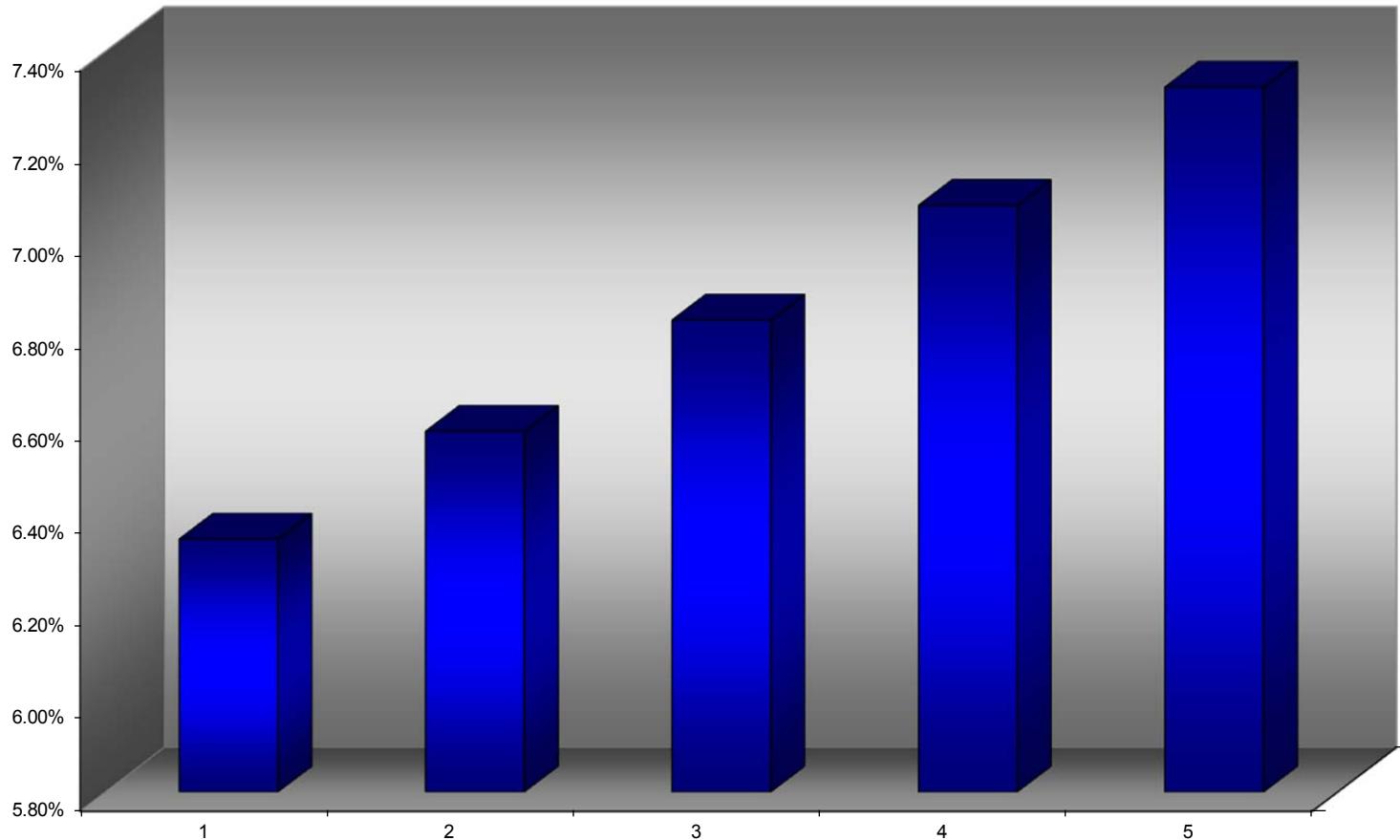
Time Period	Net Operating Income (NOI)	Cap Rate on Cost $ 409,479		Resale Value
Year 1	$ 25,987	6.35%	$	411,897
Year 2	26,942	6.58%		424,254
Year 3	27,926	6.82%		436,982
Year 4	28,940	7.07%		450,091
Year 5	29,986	7.32%		463,594
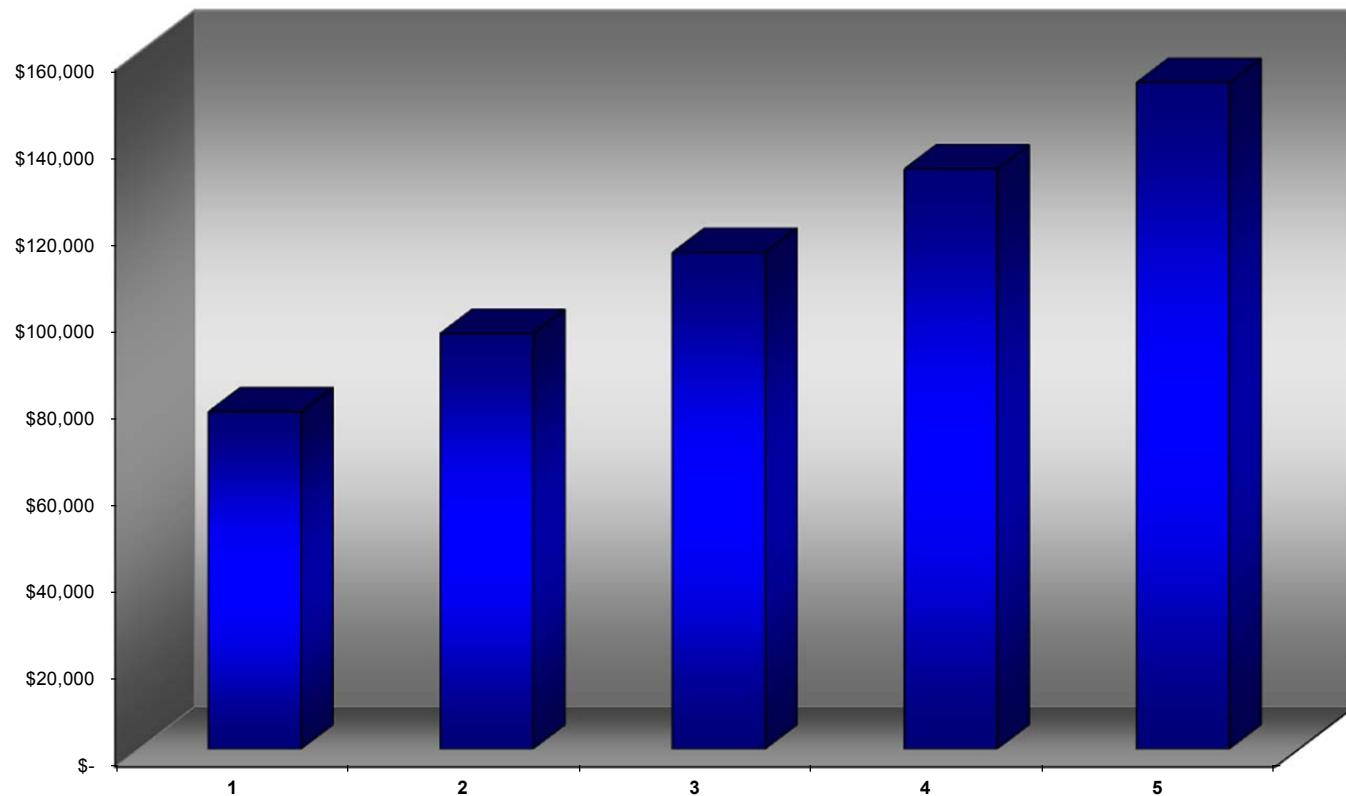
Property Equity Analysis

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Time Period	Projected Adj Resale Value	Projected Increase	Refi Proceeds (if any)	Mortgage(s) Balance Payoff	Sale Proceeds Before Taxes	Income Taxes From Sale	Sale Proceeds After Taxes	Property Equity	Year / Year Equity Increase
Year 1	$ 391,302	-2.15%	$	$ (313,874)	$ 77,428	$	$ 77,428	$ 77,428	$ (12,130)
Year 2	403,041	3.00%	-	(307,607)	95,434	-	95,434	95,434	18,006
Year 3	415,132	3.00%	-	(301,112)	114,021	-	114,021	114,021	18,587
Year 4	427,586	3.00%	-	(294,379)	133,207	-	133,207	133,207	19,187
Year 5	440,414	3.00%	-	(287,401)	153,013	-	153,013	153,013	19,806

Debt Coverage Ratio
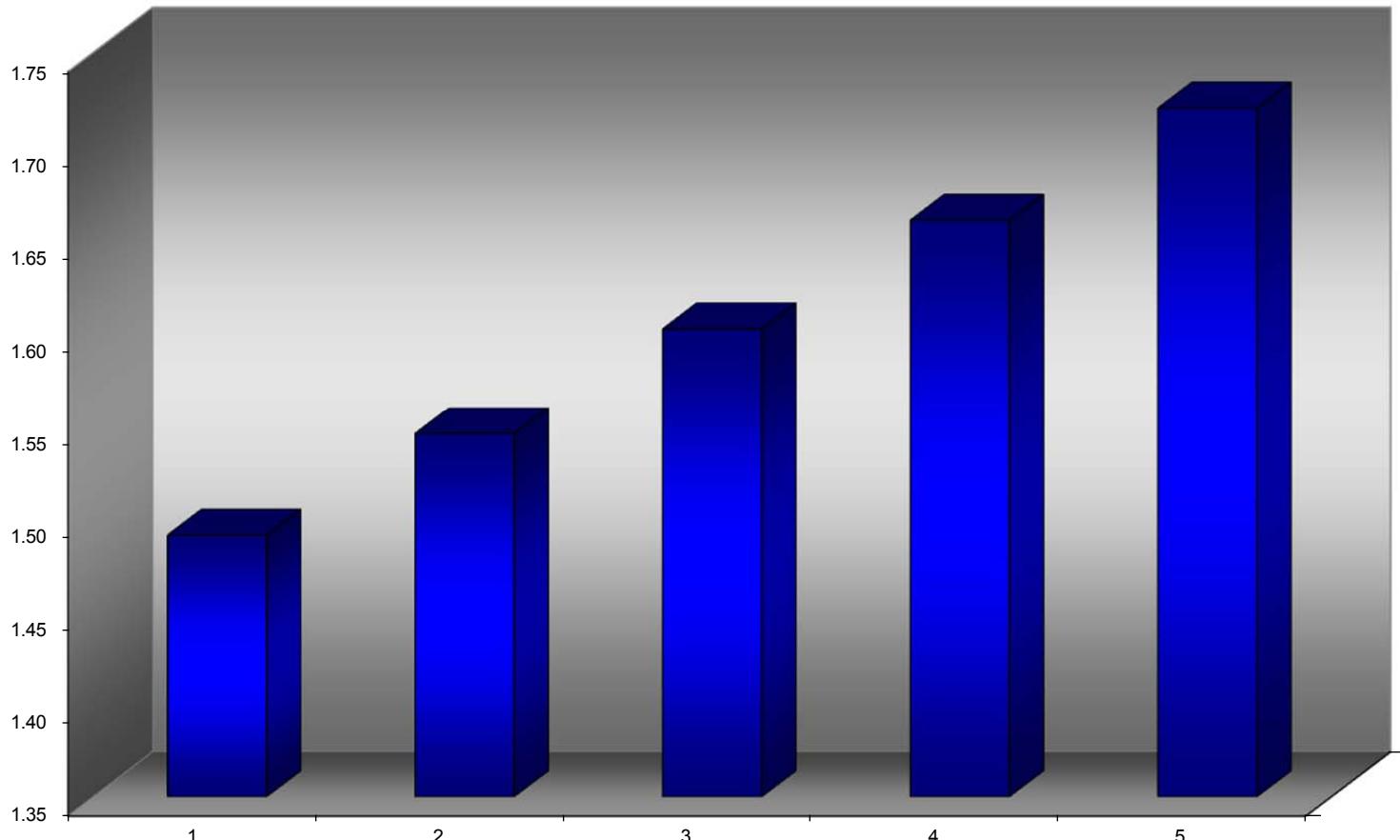
Time Period	Net Operating Income	Mortgage Payments	Debt Coverage Before Taxes
Year 1	$ 25,987	$ (17,432)	1.49
Year 2	26,942	(17,432)	1.55
Year 3	27,926	(17,432)	1.60
Year 4	28,940	(17,432)	1.66
Year 5	29,986	(17,432)	1.72

I. Rental Income & Expenses

Rental Income / Rent Roll:	[Enter Rent Roll]
Operating Expenses:	[Enter Expenses]

II. Property Costs & Characteristics

Select Property Type from Drop-Down Menu: [Multi-Family ▼]

Purchase Price of Property:

	Contract Purchase Price	$ 399,900
	Initial Improvements	
	Closing Costs	4,000
[Ontario ▼]	Land Transfer Tax	4,474
	Other Initial Costs	1,105
	% of Cost Allocated to Land	20.00% $ 409,479

Reserves & Specific Improvements

	Reserve Amount	Annual Increase	Expense Portion
		1.00%	50.00%

Description	Amount	Select Year	Increase FMV?
	$	1 ▼	No ▼
	$	1 ▼	No ▼
	$	1 ▼	No ▼
	$	1 ▼	No ▼
	$	1 ▼	No ▼
	$	1 ▼	No ▼
	$	1 ▼	No ▼
Total	$		

III. Resale Valuation Method

Choose Resale Method

● Enter FMV and Use One Appreciation Rate for All Years
● Enter FMV and Enter Different Annual Appreciation Rates
● Use Cap Rate Based on Current Year's NOI
● Use Cap Rate Based on Following Year's NOI

Current Fair Market Value (FMV):	$ 399,900
Enter Property's Appreciation Rate	3.00%
Future Selling Expense (% of Selling Price):	5.00%

IV. Financing

	[Use % on Contract Price ▼]	**Mortgage #1**	**Mortgage #2**	**Mortgage #3**
Down Payment Percentage	[20% ▼]	20.0%		
Amount **Borrowed** or **Assumed**:		$ 319,920		
Interest **Rate**:		3.590%	[Enter Loan Rate]	[Enter Loan Rate]
Term / Remaining Term of Loan (**In Months**):		360	360	360
Interest Calculation Type:		[Simple Interest ▼]	[Simple Interest ▼]	[Simple Interest ▼]
Start Month:		Month 1	[Month 1 ▼]	[Month 1 ▼]
Start Year:		Year 1	[Year 1 ▼]	[Year 1 ▼]
Refinance Mortgage #1 or #2?			[No - New Loan ▼]	[No - New Loan ▼]
Additional Monthly Payment:				
Monthly Mortgage Payment: (Formula)		$ 1,453	$	$
Finance Points? Loan Origination **Points**		-		-
[● Yes ● No]				
Loan Origination Points (In Dollars)		$	$	$
Amortization Type		[12 Months First Year ▼]		

Initial Investment or Down Payment (Cost less Debt - Automatically Calculated)	$ 89,559
MIP Payments? Down Payment as a % of Cost	21.87%
[● Yes ● No] Down Payment as a % of FMV	22.40%

V. Income Taxes

Before Tax Presentation?

[● Yes ● No]

Province of Residence:	[Ontario ▼]
Federal & Provincial Combined Marginal Income Tax Rate:	[0.00% ▼]
Are Your Losses Limited by the Passive Loss Rules?	[Yes ▼]
Like-Kind Exchange on Disposition?	[No ▼]

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Grand Valley Realty Kitchener's Top Salesperson, 2004-2007, 2009-2013

Royal Lepage Diamond Award Recipient, 2012 (Top 3% of the Royal Lepage Network)

Prudential Legend Award Recipient, 2010 (Top 1% of the Prudential Network)

Prudential Chairman's Circle Award Recipient, 2005-2010

Prudential President's Circle Award Recipient, 2004

Member, Ontario Real Estate Association's Commercial Council

Registrant, Real Estate Council of Ontario, 2002 - Present (over 500+ trades)

President, Waterloo Regional Apartment Manager's Assocation

President, Protecting Rental Options Waterloo

Owner, Student Income Properties, 1998 - Present

Certified Commercial Investment Member (CCIM)

Graduate, Bachelor of Business Adminstration, Wilfrid Laurier University