

8 Columbia Street West

8 Columbia Street West
Waterloo, Ontario N2L3K3

\$1,799,900

\$154,000+ GROSS INCOME

PURPOSE BUILT, STUDENT 7PLEX APARTMENT BUILDING

ONE BLOCK FROM WLU, TWO BLOCKS FROM UW

NEW, PITCHED ROOF

Presented by

Royal LePage Grand Valley Realty

Mike Milovick

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mike@teammilovick.com

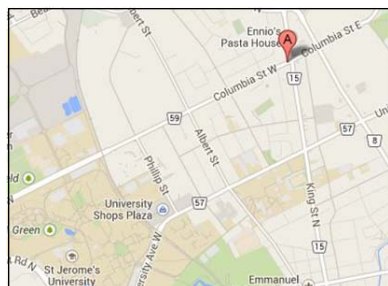
15C

370 Highland Road West

Kitchener, Ontario

ROYAL LEPAGE
Grand Valley Realty
BROKERAGE
INDEPENDENTLY OWNED AND OPERATED

Executive Summary



8 Columbia Street West

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Income, Expenses & Cash Flow		Property Overview			
Potential Rental Income	\$ 154,068	Purchase/Asking Price	\$ 1,799,900	Property Type	Multi-Family
Other Income		Improvements		No. of Units	1
Total Vacancy and Credits	(3,081)	Other	32,473	Price Per Unit	\$ 1,852,373
Operating Expenses	\$ (68,217)	Closing Costs	20,000	Total Sq Ft	
Net Operating Income (NOI)	<u>\$ 82,770</u>	Finance Points		Price Per Sq Ft	
		Total Acquisition Cost	<u>\$ 1,852,373</u>	Income per Unit	\$ 154,068
Debt Service:	\$ (80,040)	Mortgage (s)	\$ 1,169,935	Expenses per Unit	\$ (68,217)
Cash Flow Before Taxes	\$ 2,730	Down Payment / Investment	\$ 682,438		

Assumptions		Loan Information			
Rental Growth Rate:	2.90%	Down Payment: \$ 682,438	<u>% of Asking</u>	<u>% of Cost</u>	
Expense Growth Rate:	1.00%	Initial Loan Balance: \$ 1,169,935	37.92%	36.84%	
Appreciation Rate	3.00%		65.00%	63.16%	
		<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Payment</u>
		\$ 1,169,935	4.75%	25	\$6,670

Financial Measurements	Year 1	Year 3	Year 7	Notes / Discussion
Debt Coverage Ratio (DCR)	1.03	1.12	1.32	
Loan-to-Value Ratio (LVR)	55.6%	49.9%	39.3%	
Capitalization Rate Based on Cost	4.47%	4.86%	5.71%	
Capitalization Rate Based on Resale Price	4.02%	4.12%	4.30%	
Gross Rent Multiplier	11.68	13.40	13.45	
Net Present Value (NPV) - B/ Taxes 6.00%	86,152	160,990	301,310	
Cash on Cash Return - Before Taxes	0.40%	1.46%	3.78%	
Internal Rate of Return - Before Taxes		13.79%	11.83%	
Modified Internal Rate of Return - Before Taxes		13.73%	11.56%	

Disclaimer: All information presented is believed to be accurate.

The information, calculations and data presented in this report are believed to be accurate but are not guaranteed. The information contained in this report shall not be considered as a substitution for legal, accounting or other professional advice. Please seek proper legal and tax advice as appropriate before making investments.

Cash Flow Analysis

Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	\$ 154,068	\$ 158,536	\$ 163,134	\$ 167,864	\$ 172,732
Less: Vacancy & Credit Losses	(3,081)	(3,171)	(3,263)	(3,357)	(3,455)
Effective Gross Income	\$ 150,987	\$ 155,365	\$ 159,871	\$ 164,507	\$ 169,278
Less: Operating Expenses	(68,217)	(69,045)	(69,886)	(70,740)	(71,607)
Net Operating Income (NOI)	\$ 82,770	\$ 86,320	\$ 89,985	\$ 93,767	\$ 97,671
Less: Annual Debt Service	(80,040)	(80,040)	(80,040)	(80,040)	(80,040)
CASH FLOW Before Taxes	\$ 2,730	\$ 6,280	\$ 9,945	\$ 13,727	\$ 17,631

Property Resale Analysis					
Projected Sales Price	\$ 2,059,897	\$ 2,121,694	\$ 2,185,345	\$ 2,250,905	\$ 2,318,432
Less: Selling Expenses	(102,995)	(106,085)	(109,267)	(112,545)	(115,922)
Adjusted Projected Sales Price	\$ 1,956,902	\$ 2,015,609	\$ 2,076,077	\$ 2,138,360	\$ 2,202,511
Less: Mortgage(s) Balance Payoff	(1,144,927)	(1,118,705)	(1,091,210)	(1,062,380)	(1,032,151)
SALE PROCEEDS Before Taxes	\$ 811,975	\$ 896,904	\$ 984,867	\$ 1,075,979	\$ 1,170,360

Cash Position					
Cash Generated in Current Year	\$ 2,730	\$ 6,280	\$ 9,945	\$ 13,727	\$ 17,631
Cash Generated in Previous Years	n/a	2,730	9,010	18,955	32,682
Cash Generated from Property Sale	811,975	896,904	984,867	1,075,979	1,170,360
Original Initial Investment	(682,438)	(682,438)	(682,438)	(682,438)	(682,438)
Total Potential CASH Generated	\$ 132,267	\$ 223,476	\$ 321,384	\$ 426,223	\$ 538,234

Financial Measurements					
Debt Coverage Ratio (DCR)	1.03	1.08	1.12	1.17	1.22
Loan-to-Value Ratio (LVR)	55.6%	52.7%	49.9%	47.2%	44.5%
Capitalization Rate Based on Cost	4.47%	4.66%	4.86%	5.06%	5.27%
Capitalization Rate Based on Resale Price	4.02%	4.07%	4.12%	4.17%	4.21%
Gross Rent Monthly Multiplier (GRM)	140.19	160.60	160.75	160.91	161.07
Gross Rent Yearly Multiplier (GRM)	11.68	13.38	13.40	13.41	13.42
Value of Property Using this GRM	12.00	1,848,816	1,902,432	1,957,602	2,014,373
Break-Even Ratio	96.23%	94.04%	91.90%	89.82%	87.79%
Operating Expense Ratio	45.18%	44.44%	43.71%	43.00%	42.30%
Net Present Value (NPV) - Before Taxes	6.00%	86,152	123,968	160,990	197,226
Cash-on-Cash Return with Equity	19.38%	11.23%	10.92%	10.65%	10.41%
Cash-on-Cash Return - Before Taxes	0.40%	0.92%	1.46%	2.01%	2.58%
Internal Rate-of-Return (IRR) - Before Taxes	19.38%	15.24%	13.79%	13.01%	12.49%
Modified Internal Rate-of-Return (MIRR) - Before Taxes	19.38%	15.22%	13.73%	12.90%	12.33%

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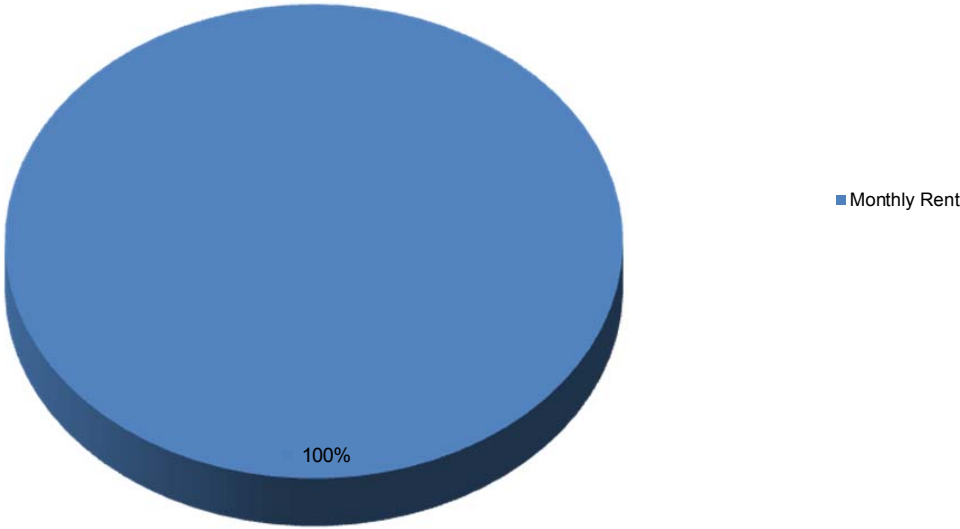
Rent Roll Summary



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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
Monthly Rent	1					\$ 12,749	\$ 12,749	\$ 152,988
Totals	1					12,749	\$ 12,749	\$ 152,988

Unit Mix



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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
Administrative	530	1.0%	530.00		0.8%	0.4%
Insurance	5,181	1.0%	5,180.76		7.6%	3.4%
Garbage Removal	660	1.0%	660.00		1.0%	0.4%
Maintenance	11,802	1.0%	11,802.00		17.3%	7.8%
Management Fee	7,703		7,703.40		11.3%	5.1%
Repairs	8,931	1.0%	8,931.00		13.1%	5.9%
Snow Removal	791	1.0%	791.00		1.2%	0.5%
Property Taxes	16,980	1.0%	16,980.46		24.9%	11.2%
Electricity	11,078	1.0%	11,078.00		16.2%	7.3%
Water	4,560	1.0%	4,560.00		6.7%	3.0%
<hr/>						
Total Annual Operating Expenses	<u>\$ 68,217</u>		<u>\$ 68,217</u>	<u>-</u>	<u>100.0%</u>	<u>45.2%</u>

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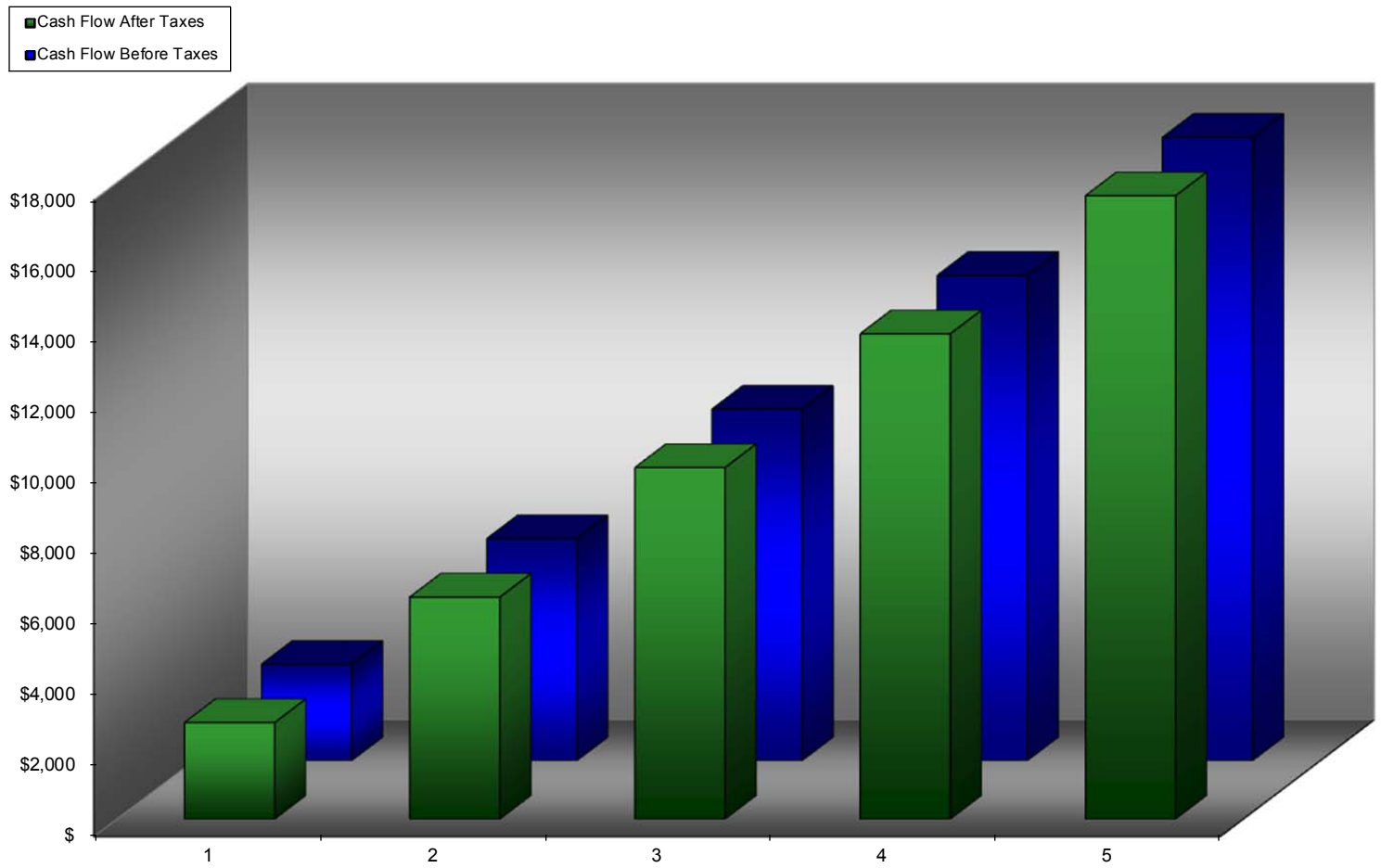
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Annual Property Operating Data

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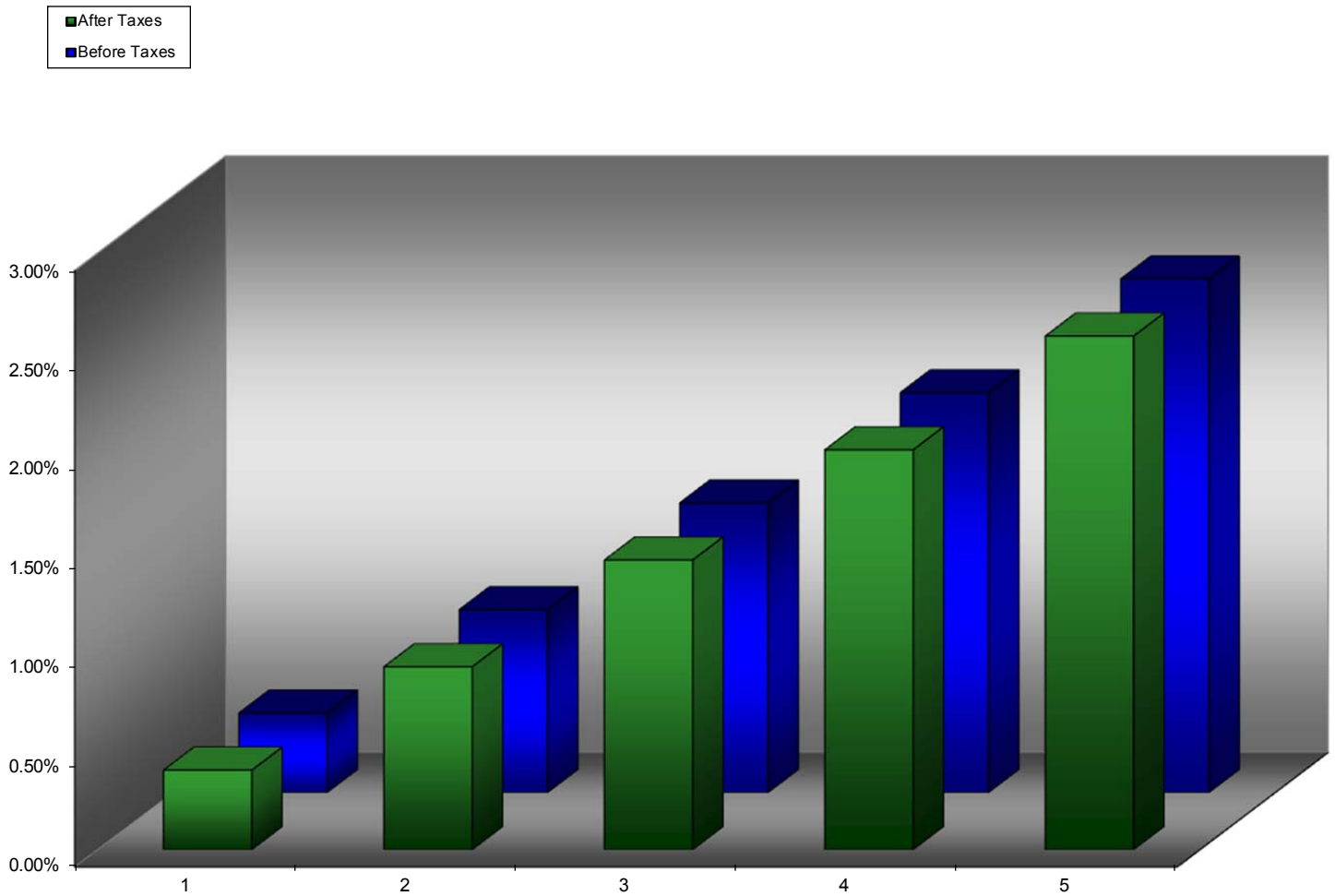
	Year 1			Year 2			Year 3			Year 4			Year 5		
	Sq Ft	Per Unit		Sq Ft	Per Unit		Sq Ft	Per Unit		Sq Ft	Per Unit		Sq Ft	Per Unit	
Potential Rental Income	\$ 154,068	12,839.00		\$ 158,536	0.00	13,211.33	\$ 163,134	13,594.46		\$ 167,864	13,988.70		\$ 172,732	14,394.37	
Less: Vacancy & Credit Losses	(3,081)	-256.78		(3,171)	0.00	-264.23	(3,263)	-271.89		(3,357)	-279.77		(3,455)	-287.89	
Effective Gross Income	<u>\$ 150,987</u>	12,582.22		<u>\$ 155,365</u>	0.00	12,947.10	<u>\$ 159,871</u>	13,322.57		<u>\$ 164,507</u>	13,708.92		<u>\$ 169,278</u>	14,106.48	
Operating Expenses															
Administrative	530	44.17		535	44.61		541	45.05		546	45.50		552	45.96	
Insurance	5,181	431.73		5,233	436.05		5,285	440.41		5,338	444.81		5,391	449.26	
Garbage Removal	660	55.00		667	55.55		673	56.11		680	56.67		687	57.23	
Maintenance	11,802	983.50		11,920	993.34		12,039	1,003.27		12,160	1,013.30		12,281	1,023.43	
Management Fee	7,703	641.95		7,927	660.57		8,157	679.72		8,393	699.43		8,637	719.72	
Repairs	8,931	744.25		9,020	751.69		9,111	759.21		9,202	766.80		9,294	774.47	
Snow Removal	791	65.92		799	66.58		807	67.24		815	67.91		823	68.59	
Property Taxes	16,980	1,415.04		17,150	1,429.19		17,322	1,443.48		17,495	1,457.92		17,670	1,472.49	
Electricity	11,078	923.17		11,189	932.40		11,301	941.72		11,414	951.14		11,528	960.65	
Water	4,560	380.00		4,606	383.80		4,652	387.64		4,698	391.51		4,745	395.43	
Total Operating Expenses	<u>\$ 68,217</u>	5,684.72		<u>\$ 69,045</u>	5,753.76		<u>\$ 69,886</u>	5,823.85		<u>\$ 70,740</u>	5,895.00		<u>\$ 71,607</u>	5,967.24	
Net Operating Income (NOI)	<u>\$ 82,770</u>	6,897.50		<u>\$ 86,320</u>	7,193.34		<u>\$ 89,985</u>	7,498.72		<u>\$ 93,767</u>	7,813.92		<u>\$ 97,671</u>	8,139.24	
Less: Annual Debt Service	(80,040)	-6,670.00		(80,040)	-6,670.00		(80,040)	-6,670.00		(80,040)	-6,670.00		(80,040)	-6,670.00	
Cash Flow Before Taxes	<u>\$ 2,730</u>	227.50		<u>\$ 6,280</u>	523.34		<u>\$ 9,945</u>	828.72		<u>\$ 13,727</u>	1,143.92		<u>\$ 17,631</u>	1,469.24	

Cash Flow Projections



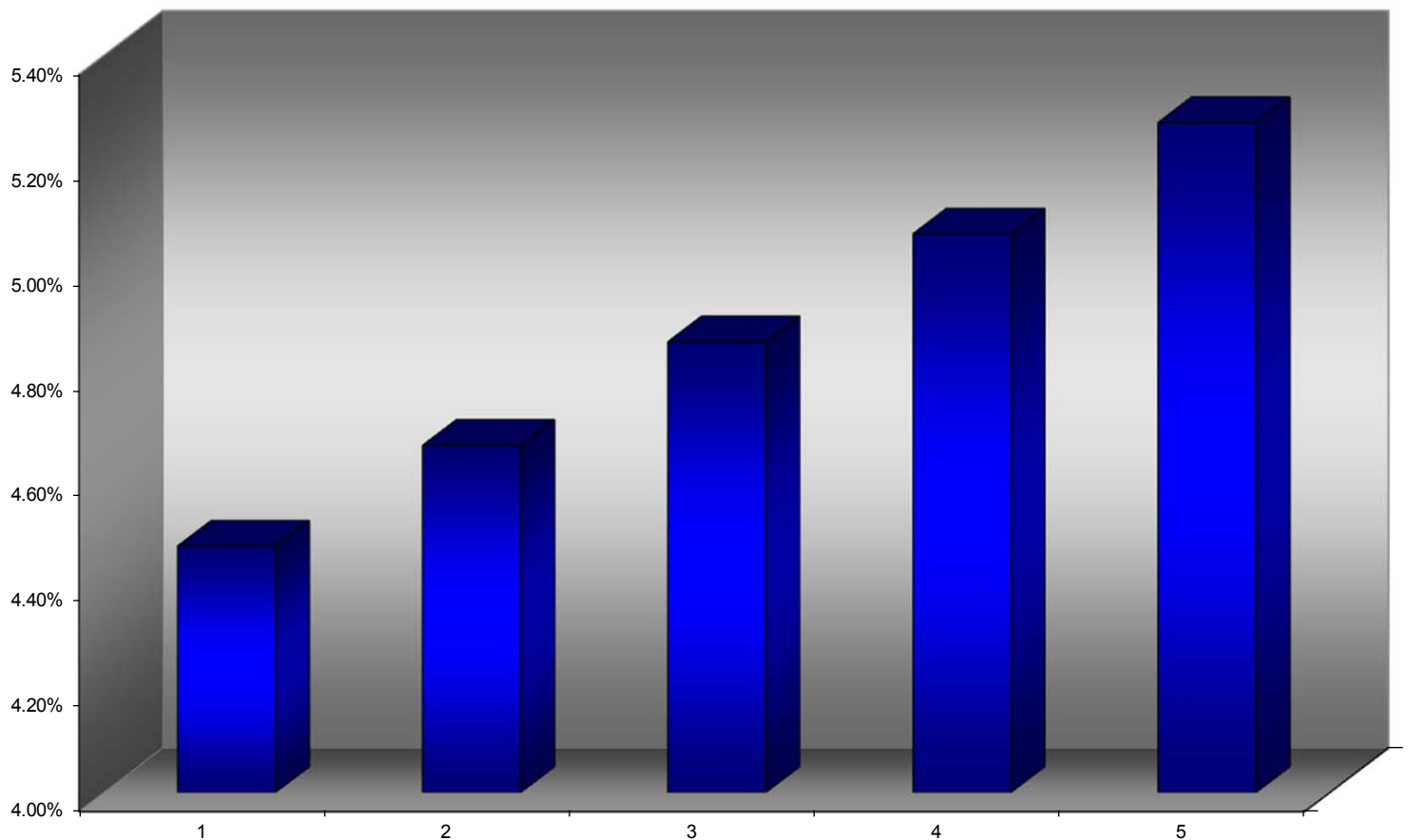
Time Period	Net Operating Income	MIP Payments	Debt Service	Cash Flow Before Tax	Incomes Taxes	Cash Flow After Tax
Int Investment				\$ (682,438)		\$ (682,438)
Year 1	82,770	-	(80,040)	2,730	-	2,730
Year 2	86,320	-	(80,040)	6,280	-	6,280
Year 3	89,985	-	(80,040)	9,945	-	9,945
Year 4	93,767	-	(80,040)	13,727	-	13,727
Year 5	97,671	-	(80,040)	17,631	-	17,631

Cash on Cash Return



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	\$ 682,438	\$ 2,730	0.40%	\$ -	\$ 2,730	0.40%
Year 2	682,438	6,280	0.92%	-	6,280	0.92%
Year 3	682,438	9,945	1.46%	-	9,945	1.46%
Year 4	682,438	13,727	2.01%	-	13,727	2.01%
Year 5	682,438	17,631	2.58%	-	17,631	2.58%

Capitalization Rate



Time	Net Operating	Cap Rate on Cost	Resale
Period	Income (NOI)	\$ 1,852,373	Value
Year 1	\$ 82,770	4.47%	\$ 2,059,897
Year 2	86,320	4.66%	2,121,694
Year 3	89,985	4.86%	2,185,345
Year 4	93,767	5.06%	2,250,905
Year 5	97,671	5.27%	2,318,432

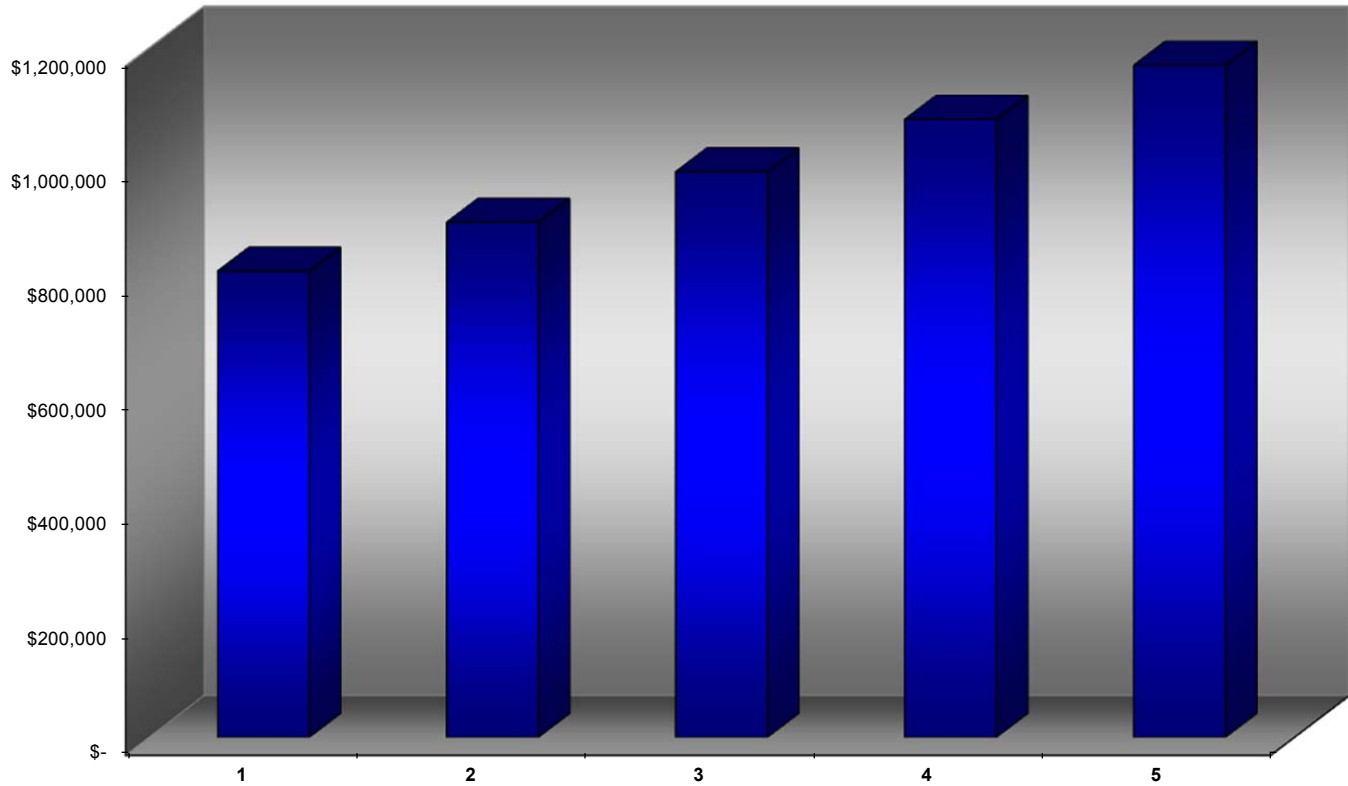
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Property Equity Analysis

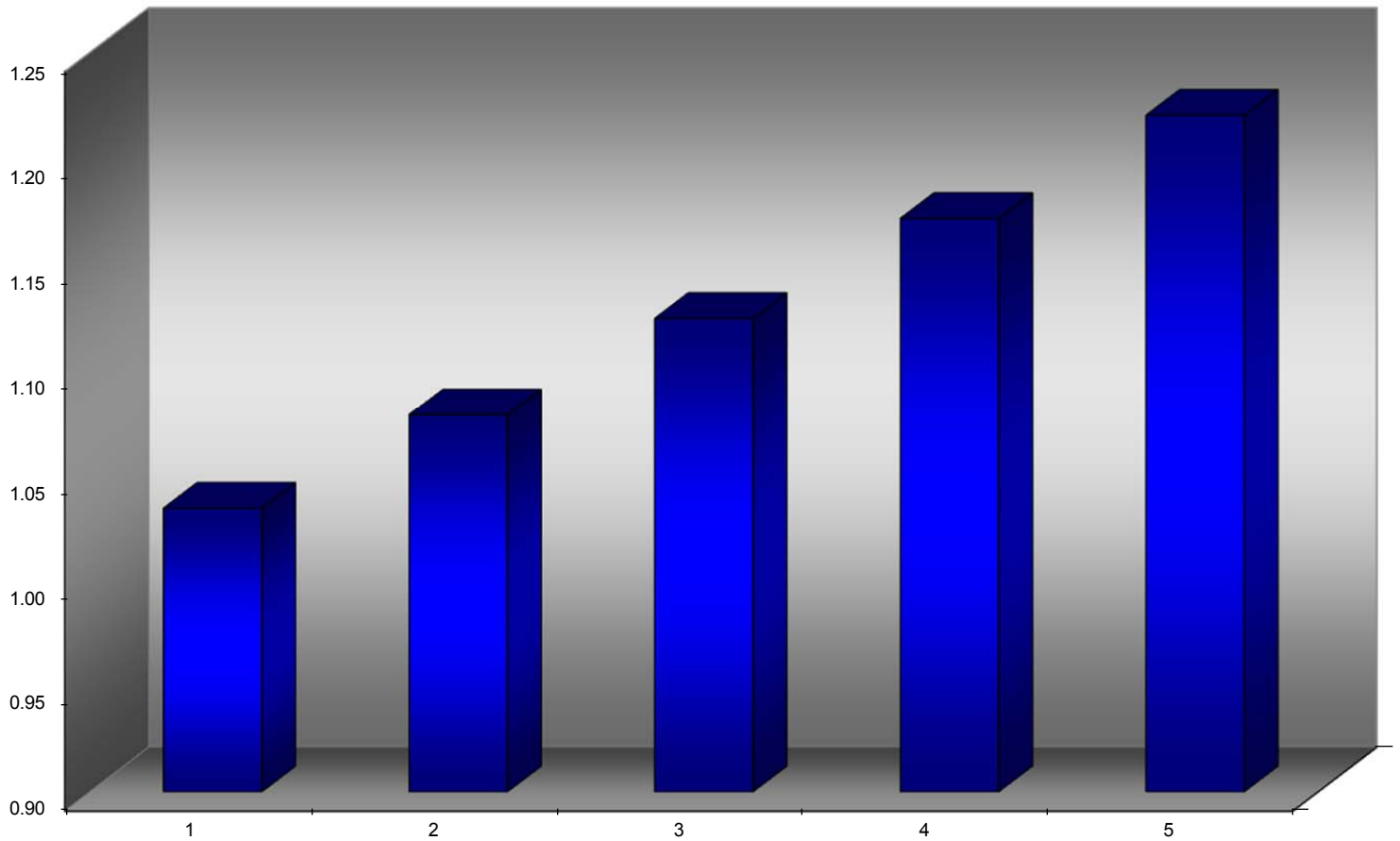


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<i>Time</i>	<i>Projected Adj</i>	<i>Projected</i>	<i>Refi Proceeds</i>	<i>Mortgage(s)</i>	<i>Sale Proceeds</i>	<i>Income Taxes</i>	<i>Sale Proceeds</i>	<i>Property</i>	<i>Year / Year</i>
<i>Period</i>	<i>Resale Value</i>	<i>Increase</i>	<i>(if any)</i>	<i>Balance Payoff</i>	<i>Before Taxes</i>	<i>From Sale</i>	<i>After Taxes</i>	<i>Equity</i>	<i>Equity Increase</i>
Year 1	\$ 1,956,902	8.72%	\$	\$ (1,144,927)	\$ 811,975	\$	\$ 811,975	\$ 811,975	\$ 129,537
Year 2	2,015,609	3.00%	-	(1,118,705)	896,904	-	896,904	896,904	84,929
Year 3	2,076,077	3.00%	-	(1,091,210)	984,867	-	984,867	984,867	87,963
Year 4	2,138,360	3.00%	-	(1,062,380)	1,075,979	-	1,075,979	1,075,979	91,112
Year 5	2,202,511	3.00%	-	(1,032,151)	1,170,360	-	1,170,360	1,170,360	94,380

Debt Coverage Ratio



<i>Time Period</i>	<i>Net Operating Income</i>	<i>Mortgage Payments</i>	<i>Debt Coverage Before Taxes</i>
Year 1	\$ 82,770	\$ (80,040)	1.03
Year 2	86,320	(80,040)	1.08
Year 3	89,985	(80,040)	1.12
Year 4	93,767	(80,040)	1.17
Year 5	97,671	(80,040)	1.22

Input Data Screen

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Waterloo, Ontario N2L3K3

I. Rental Income & Expenses

Rental Income / Rent Roll:

Enter Rent Roll

Ontario ☐ **Operating Expenses:**

Enter Expenses

II. Property Costs & Characteristics

Select Property Type from Drop-Down Menu:

Purchase Price of Property

1	<input type="checkbox"/>	No	<input type="checkbox"/>
1	<input type="checkbox"/>	Co	<input type="checkbox"/>
1	<input type="checkbox"/>	No	<input type="checkbox"/>
1	<input type="checkbox"/>	im	<input type="checkbox"/>
1	<input type="checkbox"/>	No	<input type="checkbox"/>
1	<input type="checkbox"/>	ts	<input type="checkbox"/>
1	<input type="checkbox"/>	No	<input type="checkbox"/>
1	<input type="checkbox"/>	er Tax	<input type="checkbox"/>

Purchase Price

\$ 1,799,900

Improvements

Costs

20,000

Other Tax

32,473

Other Initial Costs

% of Cost Allocated to Land

20.00%

\$ 1,852,373

Choose Resale Method

- ☒ Enter FMV and Use One
- ☒ Enter FMV and Enter Different
- ☒ Use Cap Rate Based on
- ☒ Use Cap Rate Based on

Reserves & Specific Improvements

Reserve Amount

1.00%

Expense Portion

50.00%

Use % on Cost

35% ☐

Description

Amount

Select Year

Increase FMV?

Simple Int

Simple Int

Simple Int

Monthly

Monthly

Year

Year

No - No

No - No

Total

\$

12 Months First

III. Resale Valuation Method

Ontario ☐

0.00% ☐

Yes ☐

No ☐

Current Fair Market Value (FMV):

\$ 1,999,900

Enter Property's Appreciation Rate

3.00%

Future Selling Expense (% of Selling Price):

5.00%

IV. Financing

Down Payment Percentage

Mortgage #1

Mortgage #2

Mortgage #3

35.0%

Amount Borrowed or Assumed:

\$ 1,169,935

Interest Rate:

4.750%

Enter Loan Rate

Enter Loan Rate

Term / Remaining Term of Loan (In Months):

300

360

360

Interest Calculation Type:

Simple Interest

Simple Interest

Simple Interest

Start Month:

Month 1

Start Year:

Year 1

Refinance Mortgage #1 or #2?

Additional Monthly Payment:

Monthly Mortgage Payment: (Formula)

\$ 6,670

\$

\$

Finance Points

☒ Yes ☒ No

Loan Origination Points

-

-

Loan Origination Points (In Dollars)

\$

\$

\$

Amortization Type

Initial Investment or Down Payment (Cost less Debt - Automatically Calculated)

\$ 682,438

Down Payment as a % of Cost

36.84%

Down Payment as a % of FMV

34.12%

V. Income Taxes

Before-Tax Presentation?

☒ Yes ☒ No

Province of Residence:

Federal & Provincial Combined Marginal Income Tax Rate:

Are Your Losses Limited by the Passive Loss Rules?

Like-Kind Exchange on Disposition?

About Me



Mike Milovick

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Grand Valley Realty Kitchener's Top Salesperson, 2004-2007, 2009-2012

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 Association

President, Protecting Rental Options Waterloo

Owner, Student Income Properties, 1998 - Present

Certified Commercial Investment Member (CCIM)

Graduate, Bachelor of Business Administration, Wilfrid Laurier University