

## 14 Young Street West

14 Young Street West  
Waterloo, Ontario

**\$439,900**

**\$36,000+ Gross Income**

**All Tenants Month-to-Month with Opportunity to Increase Rents**

**Steps to Uptown, Easy Walk to WLU and UW, Future LRT**

**Legal Non-Confirming Fourplex, Rental Licensing Pending**

Presented by

**Royal LePage Grand Valley Realty**

Mike Milovick

519 745-7000

mike@teammilovick.com

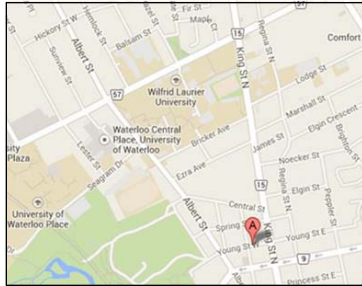
15C

370 Highland Road West

Kitchener, Ontario

**ROYAL LEPAGE**  
Grand Valley Realty  
BROKERAGE  
INDEPENDENTLY OWNED AND OPERATED

## Executive Summary



# 14 Young Street West

14 Young Street West  
 Waterloo, Ontario



### Income, Expenses & Cash Flow

Potential Rental Income	\$ 36,060
Other Income	
Total Vacancy and Credits	(721)
Operating Expenses	\$ (12,772)
Net Operating Income (NOI)	<b>\$ 22,567</b>
Debt Service:	\$ (18,740)
<b>Cash Flow Before Taxes</b>	<b>\$ 3,827</b>

### Property Overview

Purchase/Asking Price	\$ 429,900	Property Type	Multi-Family
Improvements		No. of Units	4
Other	7,080	Price Per Unit	\$ 110,320
Closing Costs	4,300	Total Sq Ft	
Finance Points		Price Per Sq Ft	
<b>Total Acquisition Cost</b>	<b>\$ 441,280</b>	Income per Unit	\$ 9,015
Mortgage (s)	\$ 343,920	Expenses per Unit	\$ (3,193)
Down Payment / Investment	<b>\$ 97,360</b>		

### Assumptions

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

### Loan Information

		<u>% of Asking</u>	<u>% of Cost</u>
Down Payment:	\$ 97,360	22.65%	22.06%
Initial Loan Balance:	\$ 343,920	80.00%	77.94%
<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Payment</u>
\$ 343,920	3.59%	30	\$1,562

### Financial Measurements

#### Year 1

#### Year 3

#### Year 7

### Notes / Discussion

Debt Coverage Ratio (DCR)	1.20	1.30	1.50
Loan-to-Value Ratio (LVR)	76.2%	68.9%	55.4%
Capitalization Rate Based on Cost	5.11%	5.51%	6.38%
Capitalization Rate Based on Resale Price	5.10%	5.18%	5.33%
Gross Rent Multiplier	11.92	12.30	12.35
Net Present Value (NPV) - B/ Taxes 6.00%	(15,224)	18,024	77,126
Cash on Cash Return - Before Taxes	<b>3.93%</b>	<b>5.73%</b>	<b>9.68%</b>
Internal Rate of Return - Before Taxes		<b>12.40%</b>	<b>16.18%</b>
Modified Internal Rate of Return - Before Taxes		<b>11.97%</b>	<b>14.75%</b>

**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
<b>Potential Rental Income</b>	\$ 36,060	\$ 37,106	\$ 38,182	\$ 39,289	\$ 40,428
Less: Vacancy & Credit Losses	(721)	(742)	(764)	(786)	(809)
<b>Effective Gross Income</b>	\$ 35,339	\$ 36,364	\$ 37,418	\$ 38,503	\$ 39,620
Less: Operating Expenses	(12,772)	(12,934)	(13,099)	(13,266)	(13,436)
<b>Net Operating Income (NOI)</b>	\$ 22,567	\$ 23,430	\$ 24,320	\$ 25,237	\$ 26,184
Less: Annual Debt Service	(18,740)	(18,740)	(18,740)	(18,740)	(18,740)
<b>CASH FLOW Before Taxes</b>	\$ 3,827	\$ 4,689	\$ 5,579	\$ 6,497	\$ 7,444

Property Resale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Projected Sales Price</b>	\$ 442,797	\$ 456,081	\$ 469,763	\$ 483,856	\$ 498,372
Less: Selling Expenses	(22,140)	(22,804)	(23,488)	(24,193)	(24,919)
<b>Adjusted Projected Sales Price</b>	\$ 420,657	\$ 433,277	\$ 446,275	\$ 459,663	\$ 473,453
Less: Mortgage(s) Balance Payoff	(337,420)	(330,683)	(323,701)	(316,463)	(308,961)
<b>SALE PROCEEDS Before Taxes</b>	\$ 83,237	\$ 102,593	\$ 122,575	\$ 143,200	\$ 164,492

Cash Position	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Generated in Current Year	\$ 3,827	\$ 4,689	\$ 5,579	\$ 6,497	\$ 7,444
Cash Generated in Previous Years	n/a	3,827	8,516	14,095	20,593
Cash Generated from Property Sale	83,237	102,593	122,575	143,200	164,492
Original Initial Investment	(97,360)	(97,360)	(97,360)	(97,360)	(97,360)
<b>Total Potential CASH Generated</b>	\$ (10,296)	\$ 13,750	\$ 39,310	\$ 66,433	\$ 95,169

Financial Measurements	Year 1	Year 2	Year 3	Year 4	Year 5
Debt Coverage Ratio (DCR)	1.20	1.25	1.30	1.35	1.40
Loan-to-Value Ratio (LVR)	76.2%	72.5%	68.9%	65.4%	62.0%
Capitalization Rate Based on Cost	5.11%	5.31%	5.51%	5.72%	5.93%
Capitalization Rate Based on Resale Price	5.10%	5.14%	5.18%	5.22%	5.25%
Gross Rent Monthly Multiplier (GRM)	143.06	147.50	147.64	147.78	147.93
Gross Rent Yearly Multiplier (GRM)	11.92	12.29	12.30	12.32	12.33
Value of Property Using this GRM	12.00 432,720	445,269	458,182	471,469	485,142
Break-Even Ratio	87.39%	85.36%	83.39%	81.46%	79.59%
Operating Expense Ratio	36.14%	35.57%	35.01%	34.45%	33.91%
Net Present Value (NPV) - Before Taxes	6.00% (15,224)	1,732	18,024	33,683	48,735
<b>Cash-on-Cash Return</b> with Equity	-10.58%	28.89%	24.91%	22.13%	20.07%
<b>Cash-on-Cash Return</b> - Before Taxes	3.93%	4.82%	5.73%	6.67%	7.65%
<b>Internal Rate-of-Return (IRR)</b> - Before Taxes	-10.58%	6.96%	12.40%	14.62%	15.60%
<b>Modified Internal Rate-of-Return (MIRR)</b> - Before Taxes	-10.58%	6.83%	11.97%	13.89%	14.61%

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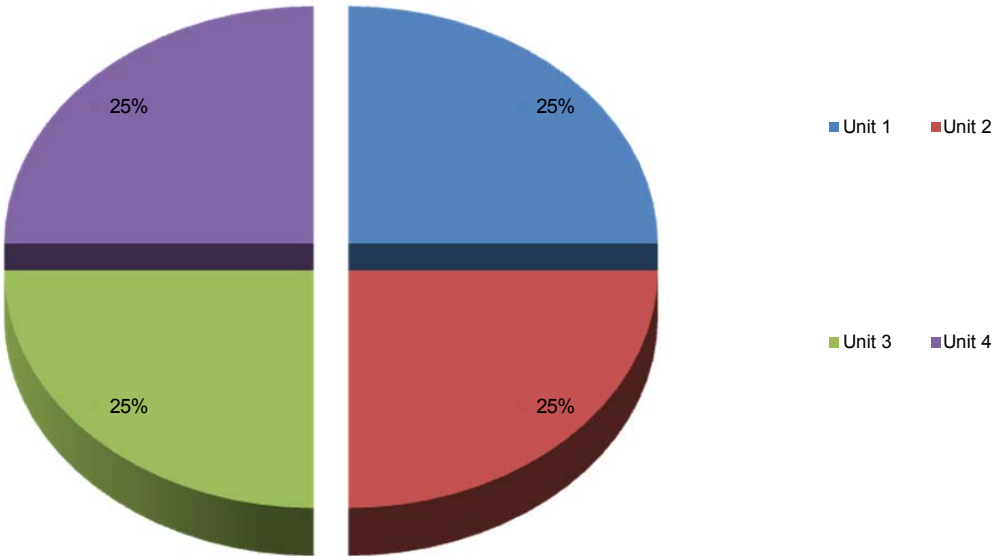
Rent Roll Summary



Mike Milovick  
519 745-7000

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
Unit 1	1					\$ 750	\$ 750	\$ 9,000
Unit 2	1					\$ 565	\$ 565	\$ 6,780
Unit 3	1					\$ 820	\$ 820	\$ 9,840
Unit 4	1					\$ 870	\$ 870	\$ 10,440
Totals	4					3,005	\$ 3,005	\$ 36,060

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
Insurance	1,200	1.0%	300.00		9.4%	3.4%
Landscaping (estimate)	1,000	1.0%	250.00		7.8%	2.8%
Rental License Renewal	969	1.0%	242.25		7.6%	2.7%
Management Fee	1,803		450.75		14.1%	5.1%
Property Taxes	4,100	1.0%	1,025.00		32.1%	11.6%
Gas	1,700	1.0%	425.00		13.3%	4.8%
Electricity	500	1.0%	125.00		3.9%	1.4%
Water	1,500	1.0%	375.00		11.7%	4.2%
<hr/>						
Total Annual Operating Expenses	<u>\$ 12,772</u>		<u>\$ 3,193</u>	-	<u>100.0%</u>	<u>36.1%</u>

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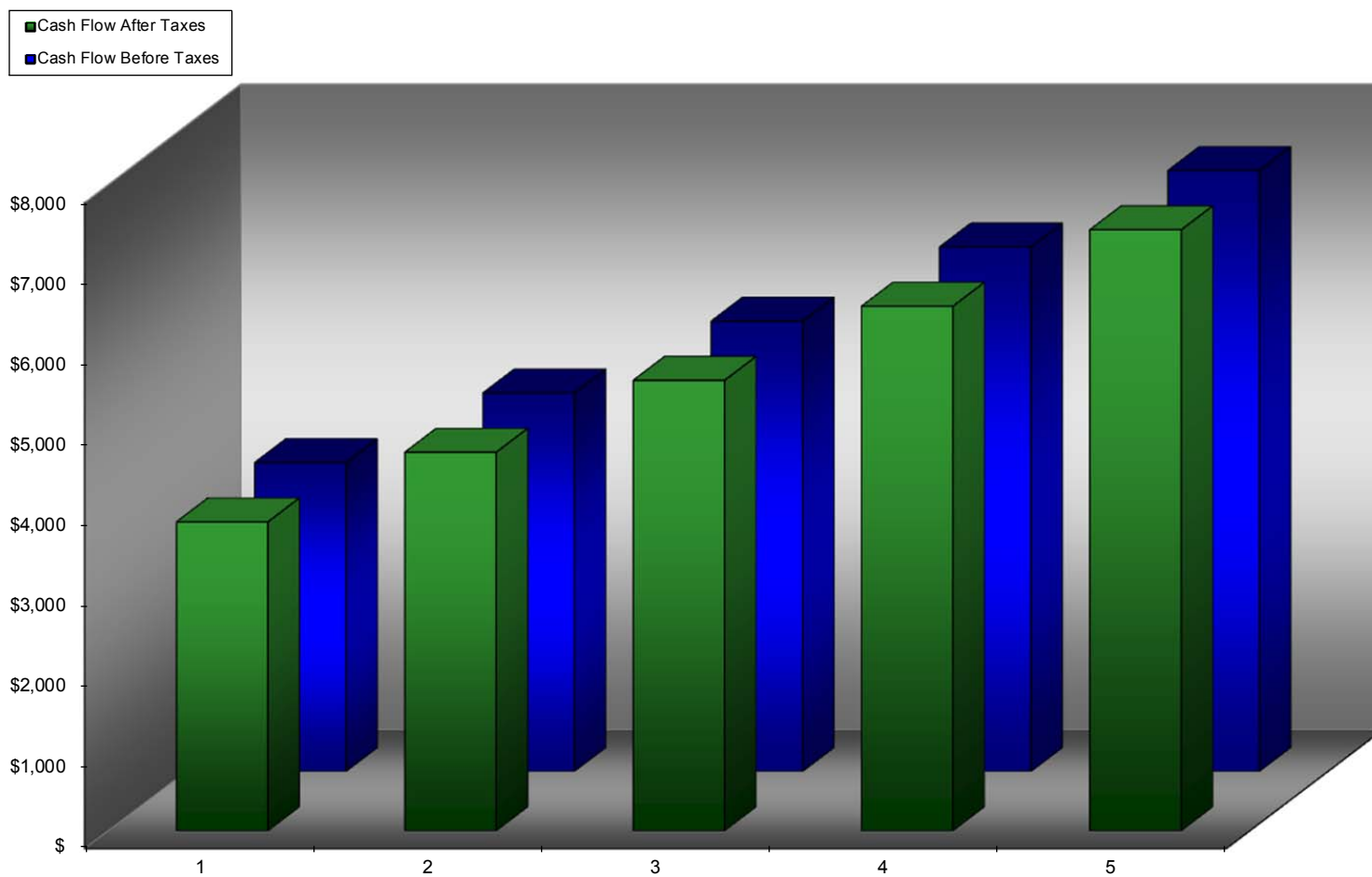
# Annual Property Operating Data



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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	
<b>Potential Rental Income</b>	\$ 36,060	751.25		\$ 37,106	0.00	773.04	\$ 38,182	795.45		\$ 39,289	818.52		\$ 40,428	842.26	
Less: Vacancy & Credit Losses	(721)	-15.03		(742)	0.00	-15.46	(764)	-15.91		(786)	-16.37		(809)	-16.85	
<b>Effective Gross Income</b>	<u>\$ 35,339</u>	736.23		<u>\$ 36,364</u>	0.00	757.58	<u>\$ 37,418</u>	779.55		<u>\$ 38,503</u>	802.15		<u>\$ 39,620</u>	825.41	
<b>Operating Expenses</b>															
Insurance	1,200	25.00		1,212	25.25		1,224	25.50		1,236	25.76		1,249	26.02	
Landscaping (estimate)	1,000	20.83		1,010	21.04		1,020	21.25		1,030	21.46		1,041	21.68	
Rental License Renewal	969	20.19		979	20.39		988	20.59		998	20.80		1,008	21.01	
Management Fee	1,803	37.56		1,855	38.65		1,909	39.77		1,964	40.93		2,021	42.11	
Property Taxes	4,100	85.42		4,141	86.27		4,182	87.13		4,224	88.00		4,266	88.88	
Gas	1,700	35.42		1,717	35.77		1,734	36.13		1,752	36.49		1,769	36.85	
Electricity	500	10.42		505	10.52		510	10.63		515	10.73		520	10.84	
Water	1,500	31.25		1,515	31.56		1,530	31.88		1,545	32.20		1,561	32.52	
<b>Total Operating Expenses</b>	<u>\$ 12,772</u>	266.08		<u>\$ 12,934</u>	269.46		<u>\$ 13,099</u>	272.89		<u>\$ 13,266</u>	276.37		<u>\$ 13,436</u>	279.91	
<b>Net Operating Income (NOI)</b>	<u>\$ 22,567</u>	470.14		<u>\$ 23,430</u>	488.12		<u>\$ 24,320</u>	506.66		<u>\$ 25,237</u>	525.78		<u>\$ 26,184</u>	545.50	
Less: Annual Debt Service	(18,740)	-390.42		(18,740)	-390.42		(18,740)	-390.42		(18,740)	-390.42		(18,740)	-390.42	
<b>Cash Flow Before Taxes</b>	<u>\$ 3,827</u>	79.72		<u>\$ 4,689</u>	97.70		<u>\$ 5,579</u>	116.24		<u>\$ 6,497</u>	135.36		<u>\$ 7,444</u>	155.08	

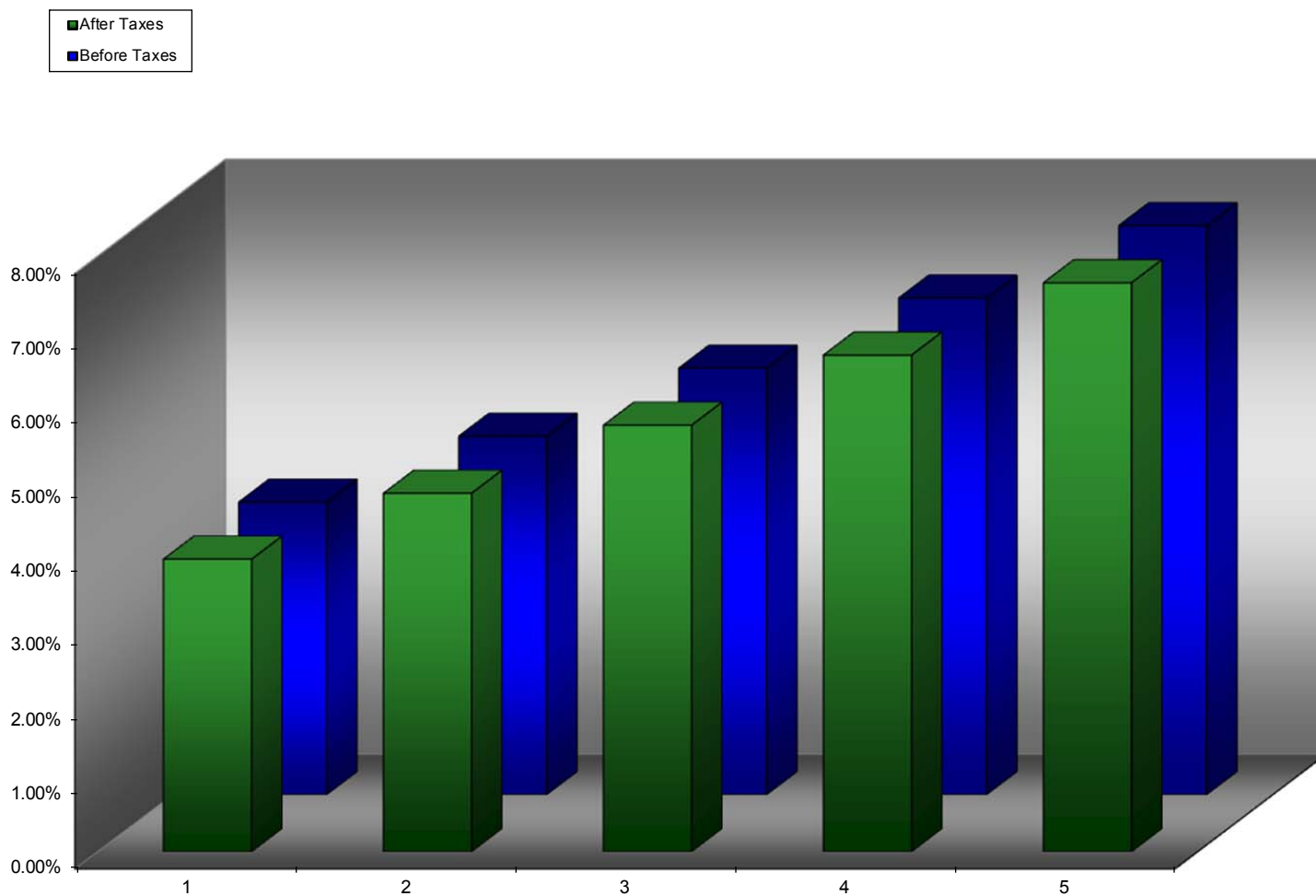
# Cash Flow Projections



Time Period	Net Operating Income	MIP Payments	Debt Service	Cash Flow Before Tax	Incomes Taxes	Cash Flow After Tax
Int Investment				\$ (97,360)		\$ (97,360)
Year 1	22,567	-	(18,740)	3,827	-	3,827
Year 2	23,430	-	(18,740)	4,689	-	4,689
Year 3	24,320	-	(18,740)	5,579	-	5,579
Year 4	25,237	-	(18,740)	6,497	-	6,497
Year 5	26,184	-	(18,740)	7,444	-	7,444



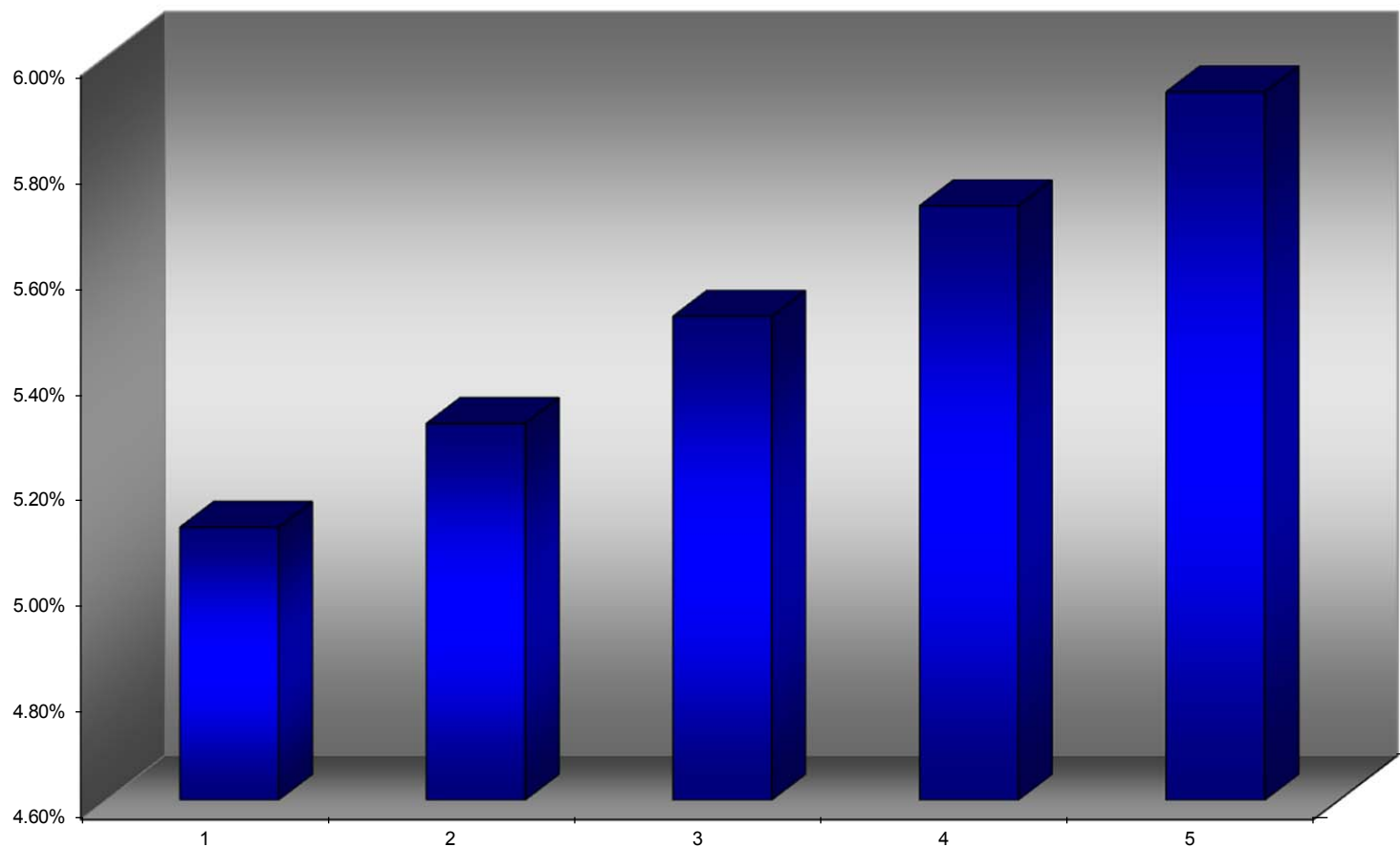
# Cash on Cash Return



Time Period	Initial Investment	Cash Flow	Cash on Cash	Income	Cash Flow	Cash on Cash
	Adj for Refinance	Before Taxes	Before Taxes	Taxes	After Taxes	After Taxes
Year 1	\$ 97,360	\$ 3,827	3.93%	\$	\$ 3,827	3.93%
Year 2	97,360	4,689	4.82%	-	4,689	4.82%
Year 3	97,360	5,579	5.73%	-	5,579	5.73%
Year 4	97,360	6,497	6.67%	-	6,497	6.67%
Year 5	97,360	7,444	7.65%	-	7,444	7.65%

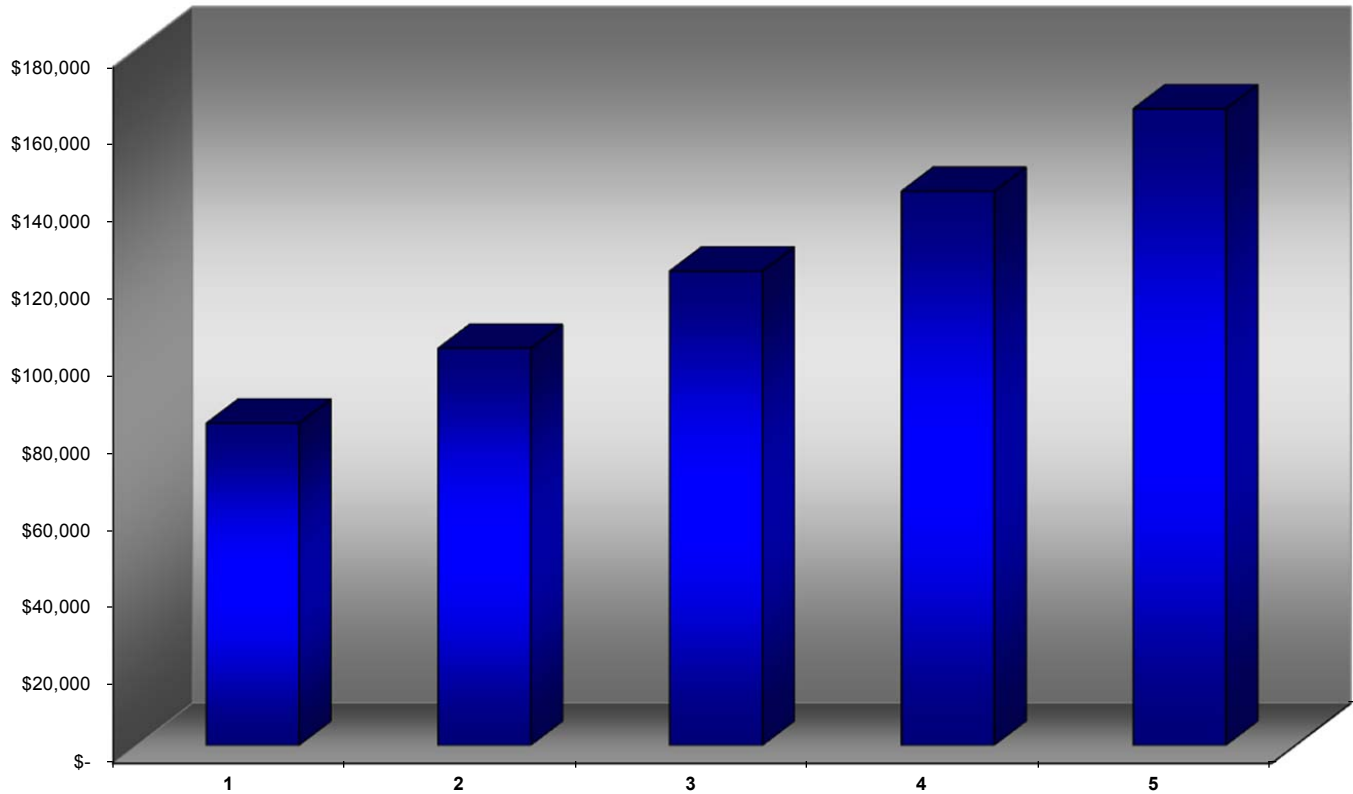


# Capitalization Rate



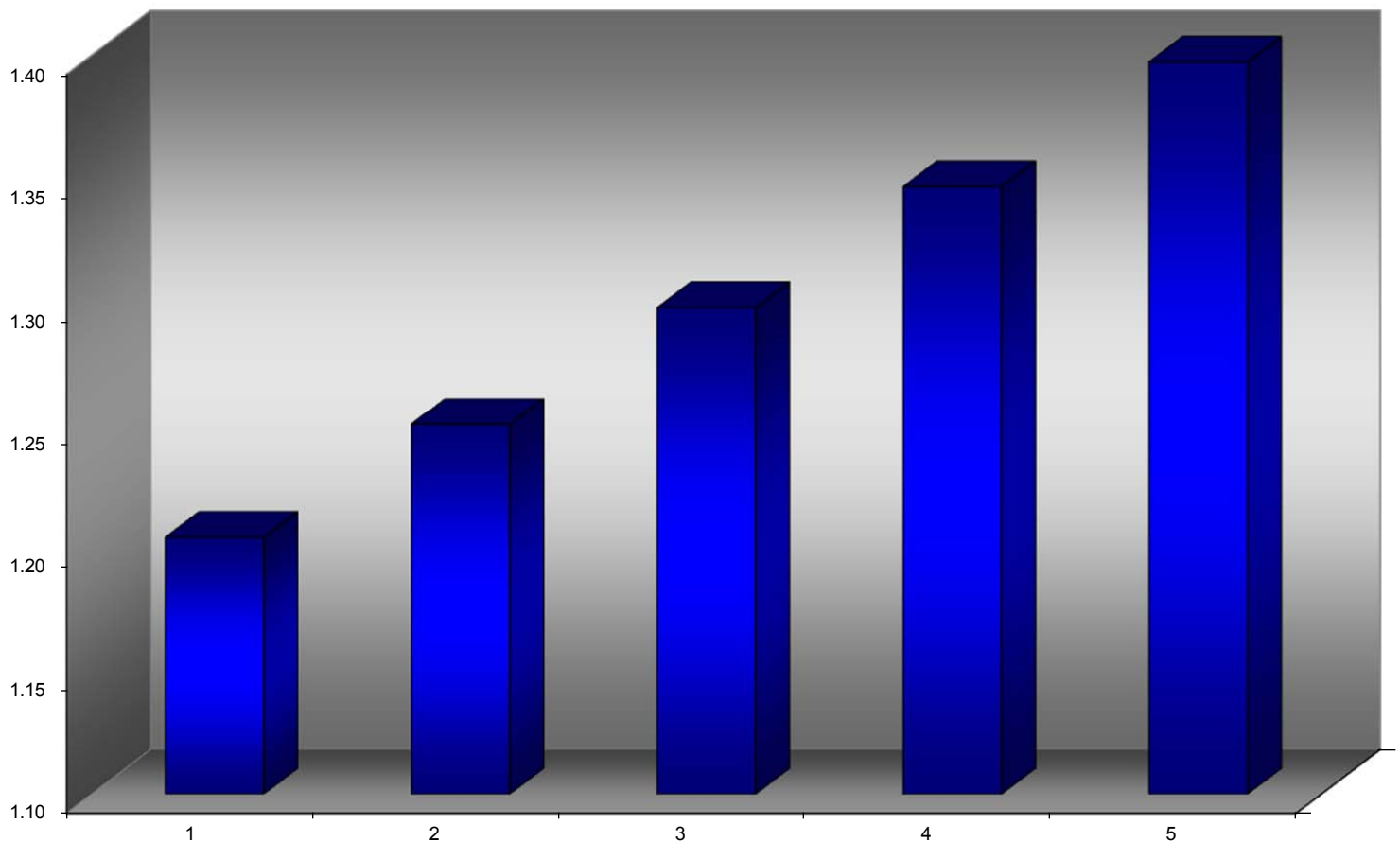
<i>Time</i>	<i>Net Operating</i>	<i>Cap Rate on Cost</i>	<i>Resale</i>
<i>Period</i>	<i>Income (NOI)</i>	<i>\$ 441,280</i>	<i>Value</i>
Year 1	\$ 22,567	5.11%	\$ 442,797
Year 2	23,430	5.31%	456,081
Year 3	24,320	5.51%	469,763
Year 4	25,237	5.72%	483,856
Year 5	26,184	5.93%	498,372

# Property Equity Analysis



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	\$ 420,657	-2.15%	\$ -	\$ (337,420)	\$ 83,237	\$ -	\$ 83,237	\$ 83,237	\$ (14,123)
Year 2	433,277	3.00%	-	(330,683)	102,593	-	102,593	102,593	19,357
Year 3	446,275	3.00%	-	(323,701)	122,575	-	122,575	122,575	19,981
Year 4	459,663	3.00%	-	(316,463)	143,200	-	143,200	143,200	20,626
Year 5	473,453	3.00%	-	(308,961)	164,492	-	164,492	164,492	21,292

# Debt Coverage Ratio



<i>Time Period</i>	<i>Net Operating Income</i>	<i>Mortgage Payments</i>	<i>Debt Coverage Before Taxes</i>
Year 1	\$ 22,567	\$ (18,740)	1.20
Year 2	23,430	(18,740)	1.25
Year 3	24,320	(18,740)	1.30
Year 4	25,237	(18,740)	1.35
Year 5	26,184	(18,740)	1.40

## Input Data Screen

14 Young Street West  
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Waterloo, Ontario

### 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

\$ 429,900

Initial Improvements

Closing Costs

4,300

Land Transfer Tax

5,073

Other Initial Costs

2,007

% of Cost Allocated to Land

20.00%

\$ 441,280

Reserves & Specific Improvements

Reserve Amount

1.00%

Annual Increase

Expense Portion

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): \$ 429,900

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:		\$ 343,920		
Interest Rate:		3.590%	<a href="#">Enter Loan Rate</a>	<a href="#">Enter Loan Rate</a>
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	Month 1
Start Year:	Year 1	Year 1	Year 1	Year 1
Refinance Mortgage #1 or #2?		No - New Loan	No - New Loan	No - New Loan
Additional Monthly Payment:				
Monthly Mortgage Payment: (Formula)		\$ 1,562	\$	\$
Finance Points	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Loan Origination Points		
Loan Origination Points (In Dollars)		\$	\$	\$
Amortization Type		12 Months First Year		
Initial Investment or Down Payment (Cost less Debt - Automatically Calculated)			\$	97,360
MIP Payments?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Down Payment as a % of Cost		22.06%
		Down Payment as a % of FMV		22.65%

### 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

# About Me



## **Mike Milovick**

Royal LePage Grand Valley Realty  
15C  
370 Highland Road West  
Kitchener, Ontario

mike@teammilovick.com  
519 745-7000



**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 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**