

# 123 Main Street (Windsor, ON)



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**\$147,500**  
Private Sale  
4 Unit Property  
2,800 square feet

**Contact Information**  
Brian R. (Owner)  
647-403-XXXX  
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## Property Details & Monthly Rent

Unit	Beds	Baths	Status	Potential
1260 Upper	1	1	Vacant	\$675
1260 Lower	2	1	\$700	\$750
1264 Upper	1	1	\$675	\$675
1264 Lower	1	1	\$650	\$675
<b>Total</b>	<b>5</b>	<b>4</b>	<b>\$2,025</b>	<b>\$2,775</b>

## Initial Investment

<b>Total Cost</b>	Asking Price	\$147,500
	(Less: Mortgage/s)	(\$118,000)
\$156,360	Plus: Closing Costs	\$3,860
	Plus: Immediate Projects	\$5,000
<b>LTV</b>	<b>Initial Cash Outlay</b>	<b>\$38,360</b>
	Plus: Initial Vacancy Buffer	\$0
80%	<b>Total Cash Investment</b>	<b>\$38,360</b>

## Estimated 1st Year Returns

Gross Rents & Other Income	\$28,616
(Less: Operating Expenses)	(\$14,945)
<b>Net Operating Income (NOI)</b>	<b>\$13,670</b>
(Less: Depreciation)	(\$2,450)
(Less: Mortgage Interest)	(\$2,969)
<b>Taxable Income</b>	<b>\$8,251</b>
(Less: Capital Investments)	(\$4,500)
Plus: Depreciation	\$2,450
(Less: Mortgage Principal payments)	(\$3,419)
<b>Pre-Tax Cash Flow</b>	<b>\$2,782</b>
(Less: Income Taxes)	(\$2,888)
<b>Post-Tax Cash Flow</b>	<b>(\$106)</b>

## Key Metrics

Metric	Y1	5Y Avg	10Y Avg
Cap Rate	9%	11%	12%
Investment Return	22%	25%	31%
Pre-Tax Cash Yield	7%	24%	30%
Post-Tax Cash Yield	(0%)	15%	19%

## Total Return

Hold Period (Yrs)	1	2	3	4	5	6	7	8	9	10
Pre-Tax IRR	(26%)	8%	19%	24%	27%	27%	28%	28%	28%	28%
Post-Tax IRR	(30%)	1%	10%	14%	17%	18%	19%	19%	20%	20%
Pre-Tax Cash-on-Cash	0.7x	1.2x	1.6x	2.1x	2.6x	3.1x	3.6x	4.2x	4.7x	5.4x
Post-Tax Cash-on-Cash	0.7x	1.0x	1.3x	1.6x	2.0x	2.3x	2.6x	3.0x	3.4x	3.8x

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## General Assumptions

Assumption	Input	Market	Market Basis
Rent Increase	3%	-0.2%	CMHC - CAGR all room types from 2005
Expense Increase	2%	1.8	StatCan - Seasonally Adjusted CPI (5YR annualized)
Appreciation	2%	5.1%	Teranet - NB 11 City HPI (5Y annualized growth)
Vacancy Rate	8%	5.0%	CMHC Rental Survey - Windsor
Avg. Tenancy (months)	24	N/A	

## Tax

<b>Marginal Rate</b>
<b>35%</b>
<b>Building / Land Split</b>
<b>80% / 20%</b>

## Mortgage Assumptions

Assumption	Mortgage
Loan-To-Value	80%
Interest Rate	2.55% Variable
Amortization (yrs)	25
Compounding	Monthly

## Immediate Projects

Project	Estimated Cost
Roof	\$3,500
Electrical	\$1,000
Other (1 projects)	\$500
<b>Total</b>	<b>\$5,000</b>

## Monthly Rent Assumptions

Assumption	Input Current / Potential	Market	Market Basis
Bachelor Market Rent	N/A	\$502	CMHC Rental Survey - Windsor
1 Bedroom Market Rent	\$663 / \$675	\$647	CMHC Rental Survey - Windsor
2 Bedroom Market Rent	\$700 / \$750	\$778	CMHC Rental Survey - Windsor
3+ Bedroom Market Rent	N/A	\$926	CMHC Rental Survey - Windsor

## Operating Expenses

Assumption	Input
Property Management	8.5% of gross rents
Property Taxes (annual)	\$2,647
Condo / HOA Fees (annual)	N/A
Insurance (annual)	\$1,688
Utilities (annual)	\$5,400
Maintenance (annual)	\$1,000
<b>Total Annual Estimate</b>	<b>\$14,945</b>

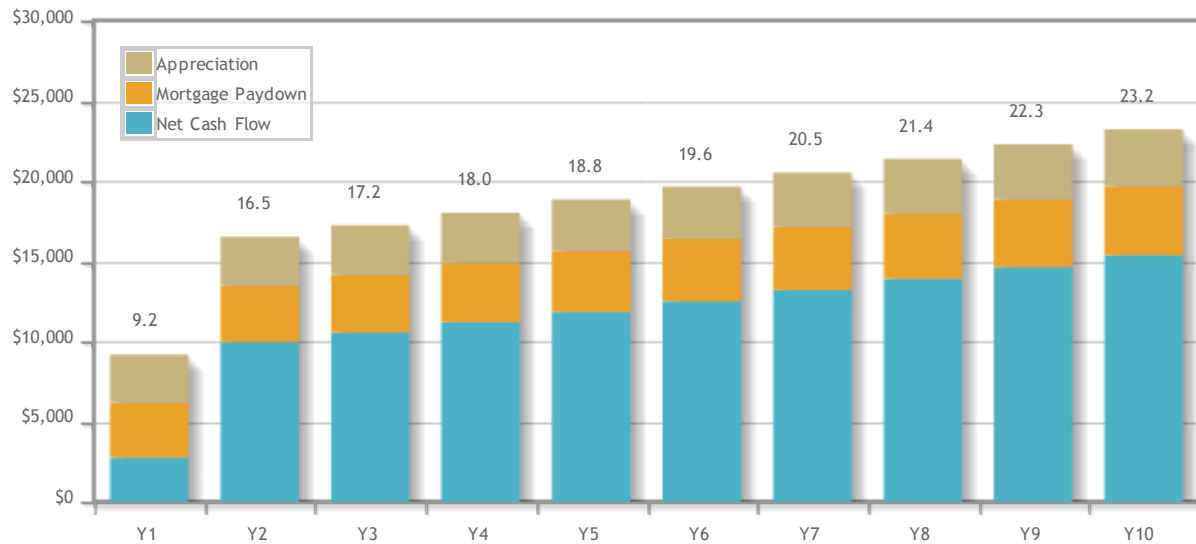
## Closing Costs

Assumption	Input
Legal	\$1,280
Appraisal	\$250
Inspection & Survey	\$565
Sales & Transfer Taxes	\$600
Title Insurance	\$228
Other	\$937
<b>Total Closing Costs</b>	<b>\$3,860</b>

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	Year 1	Year 2	Year 3	Year 5	Year 10
Gross Rent	28,616	31,555	32,502	34,481	39,973
Other Income	-	-	-	-	-
<b>Total Income</b>	<b>28,616</b>	<b>31,555</b>	<b>32,502</b>	<b>34,481</b>	<b>39,973</b>
Property Management	(4,210)	(4,242)	(4,369)	(4,635)	(5,374)
Utilities	(5,400)	(5,508)	(5,618)	(5,845)	(6,453)
Maintenance	(1,000)	(1,020)	(1,040)	(1,082)	(1,195)
Property Taxes	(2,647)	(2,700)	(2,754)	(2,865)	(3,163)
Condo / HOA Fees	-	-	-	-	-
Insurance	(1,688)	(1,722)	(1,756)	(1,827)	(2,017)
<b>Total Operating Expenses</b>	<b>(14,945)</b>	<b>(15,192)</b>	<b>(15,538)</b>	<b>(16,255)</b>	<b>(18,203)</b>
Capital Expenses	(5,000)	-	-	-	-
Mortgage Payments	(6,388)	(6,388)	(6,388)	(6,388)	(6,388)
<b>Pre-Tax Cash Flow</b>	<b>2,782</b>	<b>9,975</b>	<b>10,576</b>	<b>11,838</b>	<b>15,382</b>
<b>Mortgage Principal Payments</b>	<b>3,419</b>	<b>3,507</b>	<b>3,598</b>	<b>3,786</b>	<b>4,300</b>
<b>Appreciation</b>	<b>2,950</b>	<b>3,009</b>	<b>3,069</b>	<b>3,193</b>	<b>3,526</b>
<b>Total Pre-Tax Return</b>	<b>9,151</b>	<b>16,492</b>	<b>17,243</b>	<b>18,817</b>	<b>23,207</b>

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## Purchase Price

Sale Price	\$132,750	\$140,125	\$147,500	\$154,875	\$162,250
Cash Required	\$35,410	\$36,885	\$38,360	\$39,835	\$41,310
10 Yr Hold Pre-Tax IRR	30.9%	29.4%	28.1%	26.8%	25.7%
10 Yr Hold Pre-Tax Return	5.72x	5.53x	5.35x	5.18x	5.03x

## Appreciation

Annual Appreciation	0%	1%	2%	3%	4%
10 Yr Total Pre-Tax Return	\$174,549	\$189,209	\$205,234	\$222,740	\$241,843
10 Year Hold Pre-Tax IRR	26.4%	27.2%	28.1%	28.9%	29.8%
10 Year Hold Pre-Tax Return	4.55x	4.93x	5.35x	5.81x	6.3x

## Financing

1st Mortgage Interest Rate	2.05%	2.3%	2.55%	2.8%	3.05%
Year 1 Pre-Tax Cash Flow	\$3,134	\$2,960	\$2,782	\$2,602	\$2,419
10 Year Total Pre-Tax Return	\$210,842	\$208,052	\$205,234	\$202,393	\$199,526
10 Year Hold Pre-Tax IRR	28.9%	28.5%	28.1%	27.7%	27.3%
10 Year Hold Pre-Tax Return	\$3,134	\$2,960	\$2,782	\$2,602	\$2,419

## Vacancy Rate

Vacancy Rate	4%	6%	8%	10%	12%
Year 1 Pre-Tax Cash Flow	\$4,469	\$3,620	\$2,782	\$1,956	\$1,142
10 Year Total Pre-Tax Return	\$219,521	\$212,372	\$205,234	\$198,110	\$190,996
10 Year Hold Pre-Tax IRR	30.9%	29.5%	28.1%	26.7%	25.4%
10 Year Hold Pre-Tax Return	\$4,469	\$3,620	\$2,782	\$1,956	\$1,142

## Rents

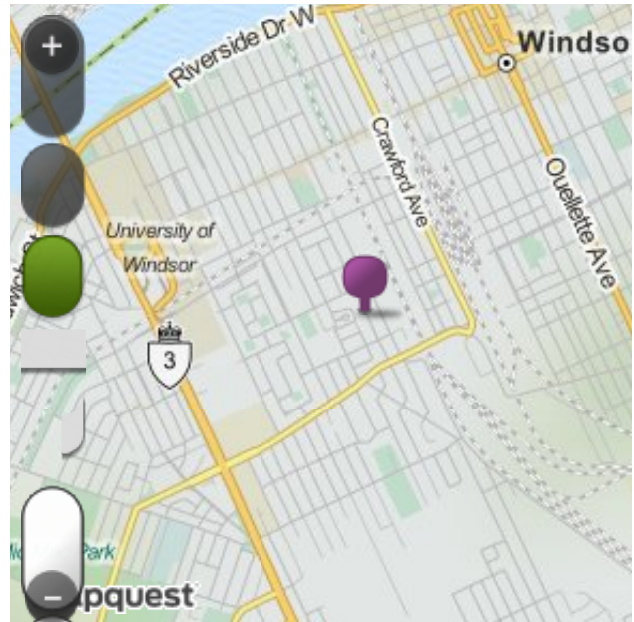
Growth in Rents	1%	2%	3%	4%	5%
10 Year Total Pre-Tax Return	\$178,673	\$191,601	\$205,234	\$219,614	\$234,776
10 Year Hold Pre-Tax IRR	25%	26.5%	28.1%	29.6%	31.1%
10 Year Hold Pre-Tax Return	4.66x	4.99x	5.35x	5.73x	6.12x

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## General Market

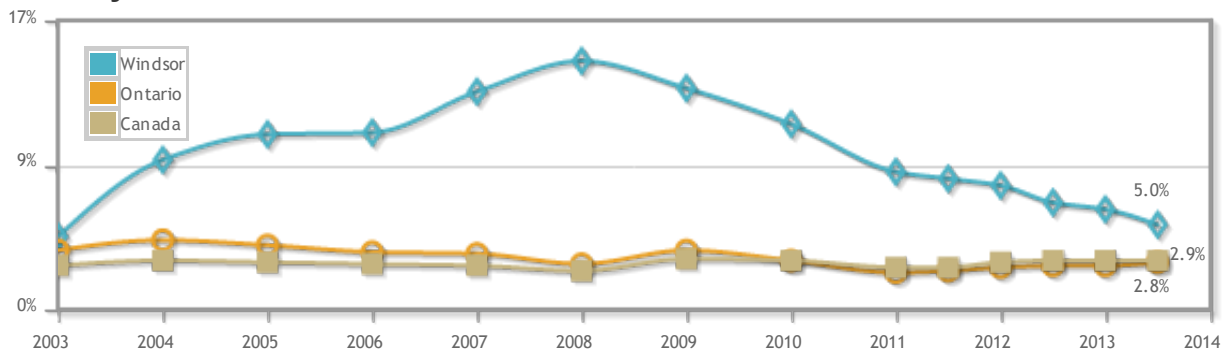
**Windsor**

Unemployment was up a modest 0.2% over the last year indicating a slight weakening of the local economy. This is well off the provincial rate of 7.4%. The current rental market is relatively weak with a vacancy rate above both the national and provincial rates, but the market continues to improve with vacancy rates on a downward trend.



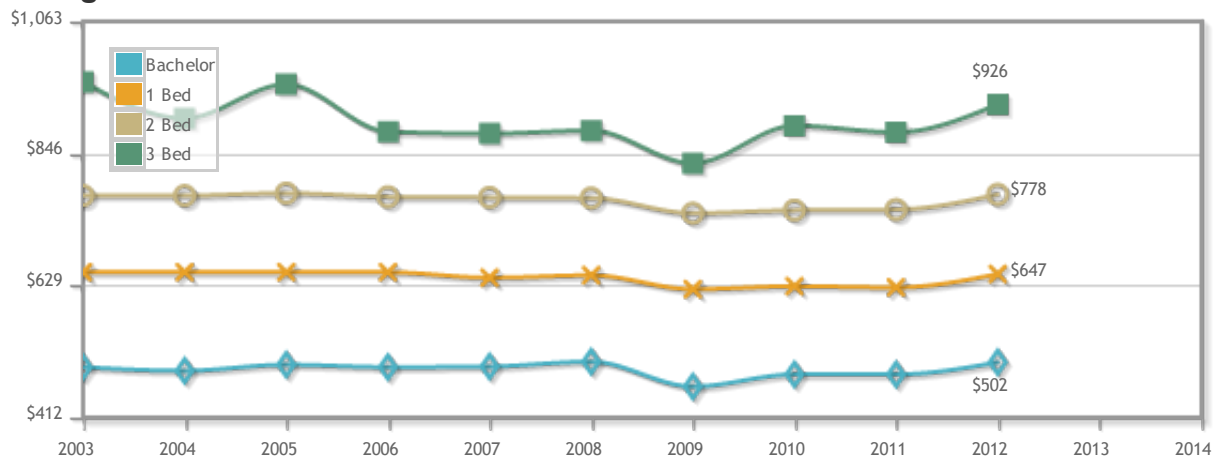
Metric	City	ON / CAN
Population Change 2013-2014	0.5%	1.2% / 1.3%
Unemployment Aug. 2014	9.0%	7.4% / 7.1%

## Vacancy Rates



Source: CMHC Rental Market Survey

## Average Rent



Source: CMHC Rental Market Survey