

940 W Lovell Street

Investment Property - Buy & Hold

940 W Lovell St, Kalamazoo, MI 49007
Multi-Family · 3 Units · 1,750 Sq.Ft.

\$ 79,750 Purchase Price · \$ 79,750 ARV
\$ 18,343 Cash Needed · \$ 876/mo Cash Flow · 18.3% Cap Rate · 57.3% COC

Prepared by:



Property Description

ADDRESS

940 W Lovell St
Kalamazoo, MI 49007

DESCRIPTION

Property Type: Multi-Family
Year Built: 1910
Parking: Off-Street
Lot Size:
Zoning:
MLS Number:

UNITS & RENT ROLL

2 Units - Residential

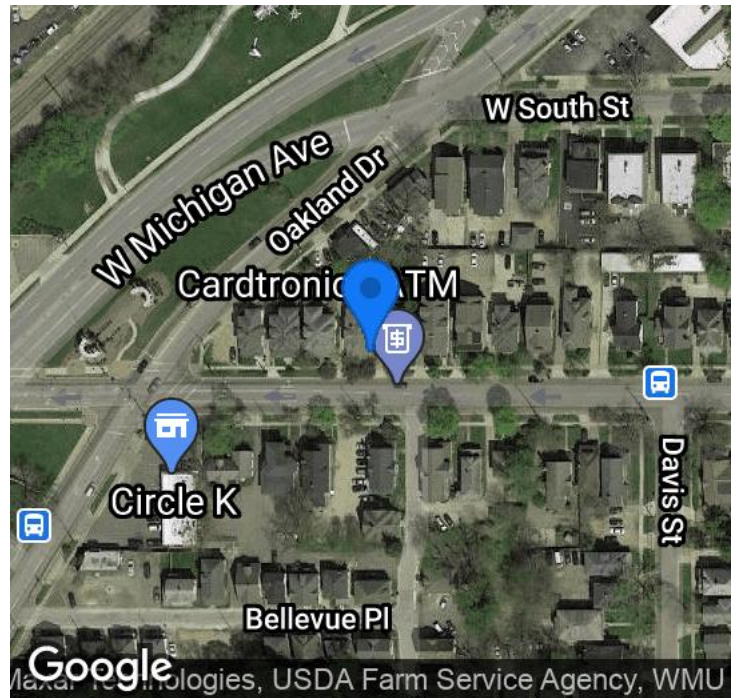
1 Beds / 1 Baths / 525 Sq.Ft.
Gross Rent: \$ 550 Per Month

1 Unit - Residential

2 Beds / 1 Baths / 700 Sq.Ft.
Gross Rent: \$ 750 Per Month

UNIT INFORMATION

Total Units/Spaces: 3
Total Square Footage: 1,750



Purchase Analysis & Returns

PURCHASE

Purchase Price:		\$ 79,750
Amount Financed:	-	\$ 63,800
Down Payment:	=	\$ 15,950
Purchase Costs:	+	\$ 2,393
Rehab Costs:	+	\$ 0
Total Cash Needed:	=	\$ 18,343
After Repair Value:		\$ 79,750
Price Per Square Foot:		\$ 45.6
Price Per Unit:		\$ 26,583

FINANCING (PURCHASE)

Loan Type:	Amortizing
Loan Amount:	\$ 63,800
Loan to Cost (LTC):	80%
Loan to Value (LTV):	80%
Loan Term:	30 Years
Interest Rate:	5%
Finance Rehab Costs:	No
Loan Payments:	\$ 342 Per Month \$ 4,110 Per Year

RETURNS & RATIOS (Year 1)

Cap Rate (Purchase/Market):	18.3% / 18.3%
Cash on Cash Return:	57.3%
Return on Equity:	54.5%
Return on Investment:	35.6%
Internal Rate of Return:	35.6%
Rent to Value:	2.3%
Gross Rent Multiplier:	3.59
Equity Multiple:	1.36
Break Even Ratio:	48.4%
Debt Coverage Ratio:	3.56
Debt Yield:	22.9%

ASSUMPTIONS & PROJECTIONS

Rehab Cost Overrun:	0%
Vacancy:	4.2%
Appreciation:	3% Per Year
Income Increase:	2% Per Year
Expenses Increase:	2% Per Year
Selling Costs:	6% of Sales Price
Land Value:	\$ 0

PURCHASE COSTS

Total (3% of Price):	\$ 2,393
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REHAB COSTS

Rehab Costs:	\$ 0
Cost Overrun:	\$ 0 (0%)
Total:	\$ 0
Total Per Square Foot:	\$ 0

Cash Flow (Year 1)

	Monthly	Yearly
CASH FLOW		
Gross Rent:	\$ 1,850	\$ 22,200
Vacancy (4.2%):	-	\$ 78
Other Income:	+	\$ 0
Operating Income:	= \$ 1,772	\$ 21,268
Operating Expenses (31.2%):	-	\$ 6,637
Net Operating Income:	= \$ 1,219	\$ 14,631
Loan Payments:	-	\$ 4,110
Cash Flow:	= \$ 877	\$ 10,521
Cash Flow Per Unit:	\$ 292	\$ 3,507

	Monthly	Yearly
OTHER INCOME		
Parking:	\$ 0	\$ 0
Laundry:	\$ 0	\$ 0
Storage Rental:	\$ 0	\$ 0
Internet:	\$ 0	\$ 0
Total:	\$ 0	\$ 0

	Monthly	Yearly
EXPENSES		
Property Taxes:	\$ 154	\$ 1,850
Insurance:	\$ 79	\$ 950
Property Management:	\$ 142	\$ 1,701
Maintenance:	\$ 56	\$ 666
Capital Expenditures:	\$ 93	\$ 1,110
HOA Fees:	\$ 0	\$ 0
Utilities:	\$ 0	\$ 0
Landscaping:	\$ 30	\$ 360
Total:	\$ 553	\$ 6,637

Buy & Hold Projections

	APPRECIATION 3% Per Year	INCOME INCREASE 2% Per Year			EXPENSES INCREASES 2% Per Year		SELLING COSTS 6% of Price	
	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30	
INCOME								
Gross Rent:	\$ 22,200	\$ 22,644	\$ 23,097	\$ 24,030	\$ 26,531	\$ 32,341	\$ 39,424	
Vacancy (4.2%):	- \$ 932	- \$ 951	- \$ 970	- \$ 1,009	- \$ 1,114	- \$ 1,358	- \$ 1,656	
Other Income:	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	
Operating Income:	= \$ 21,268	= \$ 21,693	= \$ 22,127	= \$ 23,021	= \$ 25,417	= \$ 30,983	= \$ 37,768	
EXPENSES								
Property Taxes:	\$ 1,850	\$ 1,887	\$ 1,925	\$ 2,002	\$ 2,211	\$ 2,695	\$ 3,285	
Insurance:	+ \$ 950	+ \$ 969	+ \$ 988	+ \$ 1,028	+ \$ 1,135	+ \$ 1,384	+ \$ 1,687	
Property Management:	+ \$ 1,701	+ \$ 1,735	+ \$ 1,770	+ \$ 1,842	+ \$ 2,033	+ \$ 2,479	+ \$ 3,021	
Maintenance:	+ \$ 666	+ \$ 679	+ \$ 693	+ \$ 721	+ \$ 796	+ \$ 970	+ \$ 1,183	
Capital Expenditures:	+ \$ 1,110	+ \$ 1,132	+ \$ 1,155	+ \$ 1,201	+ \$ 1,327	+ \$ 1,617	+ \$ 1,971	
HOA Fees:	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	
Utilities:	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	
Landscaping:	+ \$ 360	+ \$ 367	+ \$ 375	+ \$ 390	+ \$ 430	+ \$ 524	+ \$ 639	
Operating Expenses:	= \$ 6,637	= \$ 6,769	= \$ 6,906	= \$ 7,184	= \$ 7,932	= \$ 9,669	= \$ 11,786	
CASH FLOW								
Operating Income:	\$ 21,268	\$ 21,693	\$ 22,127	\$ 23,021	\$ 25,417	\$ 30,983	\$ 37,768	
Operating Expenses:	- \$ 6,637	- \$ 6,769	- \$ 6,906	- \$ 7,184	- \$ 7,932	- \$ 9,669	- \$ 11,786	
Net Operating Income:	= \$ 14,631	= \$ 14,924	= \$ 15,221	= \$ 15,837	= \$ 17,485	= \$ 21,314	= \$ 25,982	
Loan Payments:	- \$ 4,110	- \$ 4,110	- \$ 4,110	- \$ 4,110	- \$ 4,110	- \$ 4,110	- \$ 4,110	
Cash Flow:	= \$ 10,521	= \$ 10,814	= \$ 11,111	= \$ 11,727	= \$ 13,375	= \$ 17,204	= \$ 21,872	
Cash Flow Per Unit:	\$ 3,507	\$ 3,605	\$ 3,704	\$ 3,909	\$ 4,458	\$ 5,735	\$ 7,291	
TAX BENEFITS & DEDUCTIONS								
Operating Expenses:	\$ 6,637	\$ 6,769	\$ 6,906	\$ 7,184	\$ 7,932	\$ 9,669	\$ 11,786	
Loan Interest:	+ \$ 3,169	+ \$ 3,120	+ \$ 3,070	+ \$ 2,961	+ \$ 2,635	+ \$ 1,681	+ \$ 109	
Depreciation:	+ \$ 2,987	+ \$ 2,987	+ \$ 2,987	+ \$ 2,987	+ \$ 2,987	+ \$ 2,987	+ \$ 0	
Total Deductions:	= \$ 12,793	= \$ 12,876	= \$ 12,963	= \$ 13,132	= \$ 13,554	= \$ 14,337	= \$ 11,895	
EQUITY ACCUMULATION								
Property Value:	\$ 82,143	\$ 84,607	\$ 87,145	\$ 92,452	\$ 107,177	\$ 144,037	\$ 193,574	
Loan Balance:	- \$ 62,859	- \$ 61,869	- \$ 60,829	- \$ 58,587	- \$ 51,896	- \$ 32,291	- \$ 0	

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Total Equity:	= \$ 19,284	= \$ 22,738	= \$ 26,316	= \$ 33,865	= \$ 55,281	= \$ 111,746	= \$ 193,574

SALE ANALYSIS

Equity:	\$ 19,284	\$ 22,738	\$ 26,316	\$ 33,865	\$ 55,281	\$ 111,746	\$ 193,574
Selling Costs (6%):	- \$ 4,929	- \$ 5,076	- \$ 5,229	- \$ 5,547	- \$ 6,431	- \$ 8,642	- \$ 11,614
Sale Proceeds:	= \$ 14,356	= \$ 17,661	= \$ 21,087	= \$ 28,318	= \$ 48,850	= \$ 103,104	= \$ 181,960
Cumulative Cash Flow:	+ \$ 10,521	+ \$ 21,335	+ \$ 32,446	+ \$ 55,589	+ \$ 119,103	+ \$ 273,279	+ \$ 470,223
Total Cash Invested:	- \$ 18,343	- \$ 18,343	- \$ 18,343	- \$ 18,343	- \$ 18,343	- \$ 18,343	- \$ 18,343
Total Profit:	= \$ 6,534	= \$ 20,653	= \$ 35,190	= \$ 65,564	= \$ 149,610	= \$ 358,040	= \$ 633,840

INVESTMENT RETURNS

Cap Rate (Purchase Price):	18.3%	18.7%	19.1%	19.9%	21.9%	26.7%	32.6%
Cap Rate (Market Value):	17.8%	17.6%	17.5%	17.1%	16.3%	14.8%	13.4%
Cash on Cash Return:	57.4%	59%	60.6%	63.9%	72.9%	93.8%	119.2%
Return on Equity:	54.6%	47.6%	42.2%	34.6%	24.2%	15.4%	11.3%
Return on Investment:	35.6%	112.6%	191.8%	357.4%	815.6%	1,951.9%	3,455.5%
Internal Rate of Return:	35.6%	56.5%	61.3%	62.5%	60.8%	60.1%	60.1%

FINANCIAL RATIOS

Rent to Value:	2.3%	2.2%	2.2%	2.2%	2.1%	1.9%	1.7%
Gross Rent Multiplier:	3.7	3.74	3.77	3.85	4.04	4.45	4.91
Equity Multiple:	1.36	2.13	2.92	4.57	9.16	20.52	35.55
Break Even Ratio:	48.4%	48%	47.7%	47%	45.4%	42.6%	40.3%
Debt Coverage Ratio:	3.56	3.63	3.7	3.85	4.25	5.19	6.32
Debt Yield:	23.3%	24.1%	25%	27%	33.7%	66%	-

Recent Comparable Rental Listings

Average Listed Rent

\$ 1,201 (\$ 1.06/sq.ft.)

\$ 450 - \$ 2,000

\$ 0.74/sq.ft. - \$ 1.59/sq.ft.

Estimated Property Rent Based on
Average Rent/Sq.Ft.

\$ 1,861



Property	Distance	Type	Beds	Baths	Sq.Ft.	Listed Rent	Listing Date
R 940 W Lovell St Kalamazoo, MI 49007	0 mi	Multi-Family Built 1910	-	-	1,750	-	-
A 521 Locust St Kalamazoo, MI 49007	0.23 mi	Multi-Family	2	1	-	\$ 780	10/02/2020
B 425 Bellevue Pl Kalamazoo, MI 49007	0.03 mi	House	4	2	1,700	\$ 1,250 \$ 0.74/sq.ft.	12/11/2019
C 913 W South St, Apt 4 Kalamazoo, MI 49007	0.05 mi	Commercial	2	1	900	\$ 875 \$ 0.97/sq.ft.	05/31/2020
D 907 W South St, Apt 2 Kalamazoo, MI 49007	0.05 mi	Commercial	2	1	-	\$ 1,025	05/29/2020
E 907 W South St, # 2 Kalamazoo, MI 49007	0.05 mi	Commercial	2	1	1,000	\$ 1,025 \$ 1.02/sq.ft.	05/31/2020
F 905 W South St Kalamazoo, MI 49007	0.05 mi	Commercial	3	1	800	\$ 925 \$ 1.16/sq.ft.	05/17/2020
G 814 W South St, Apt 2	0.08 mi	Commercial	1	1	800	\$ 1,275 \$ 1.59/sq.ft.	11/02/2020

	Property	Distance	Type	Beds	Baths	Sq.Ft.	Listed Rent	Listing Date
	Kalamazoo, MI 49007							
H	424 Davis St Kalamazoo, MI 49007	0.07 mi	House	7	2	-	\$ 1,750	06/05/2020
I	419 Davis St Kalamazoo, MI 49007	0.09 mi	House	4	2	1,697	\$ 1,600 \$ 0.94/sq.ft.	12/17/2020
J	832 W Lovell St Kalamazoo, MI 49007	0.1 mi	House	6	2	1,500	\$ 2,000 \$ 1.33/sq.ft.	11/25/2020
K	425 Davis St Kalamazoo, MI 49007	0.1 mi	House	4	2	1,416	\$ 1,600 \$ 1.13/sq.ft.	12/17/2020
L	955 Bellevue Pl Kalamazoo, MI 49007	0.09 mi	House	4	1.5	1,440	\$ 1,500 \$ 1.04/sq.ft.	06/20/2020
M	813-821 W Lovell St Kalamazoo, MI 49007	0.11 mi	Commercial	2	1	-	\$ 910	12/17/2020
N	907 W South St, # 1 Kalamazoo, MI 49007	0.05 mi	Commercial	2	1	1,000	\$ 975 \$ 0.98/sq.ft.	05/03/2019
O	421 Bellevue Pl Kalamazoo, MI 49007	0.06 mi	House	4	2	1,568	\$ 1,250 \$ 0.80/sq.ft.	06/19/2019
P	836 W Lovell St Kalamazoo, MI 49007	0.09 mi	House	7	2	-	\$ 450	02/15/2020
Q	914 Leebarton Ct Kalamazoo, MI 49007	0.07 mi	House	4	1	-	\$ 1,400	05/03/2019
R	753 Academy St Kalamazoo, MI 49007	0.15 mi	House	5	2	-	\$ 1,800	06/25/2020
S	747 Academy St Kalamazoo, MI 49007	0.15 mi	Commercial	2	1	-	\$ 850	07/22/2020
T	809 W Cedar St, Apt 4 Kalamazoo, MI 49007	0.18 mi	Commercial	2	1	-	\$ 775	11/28/2020

Property Photos



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DATA SOURCES

Comparable rental information and property data is collected from online rental listings and public county records.