MULTI-FAMILY VALUATOR CASE STUDY



Property Details

\$699,900

96 Purdy Ave Moncton, New Brunswick E1C7V9







Listing Description

ATTENTION INVESTORS! This great 6 unit apartment building consist of 6x one bedroom apartments. Washer & Dryer are coin operated. Close to the Moncton Coliseum, 10-15 minutes to Casino Moncton, NBCC, The Moncton Hospital, and the University of Moncton. Paved parking for tenants, Bus Service, brick and aluminum siding. This one would be a great addition to your portfolio. Be sure to call your REALTOR® today to schedule your viewing. Please allow 24 HOURS for showing requests. (26464996)

Location Description

From Killam Dr turn onto Purdy, property will be on the left.

Property Summary

Property Type Square Footage Title Land Size

Multi-family 2691 sqft Freehold 576 METRIC|under 1/2 acre

Time on REALTOR.ca Annual NOI 125 days \$38,500

Name: Date:

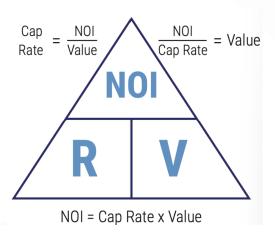
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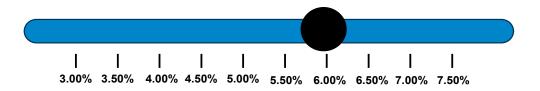
PART 1: CAP RATE

Market Cap Rate (R) is the capitalization rate that your income producing property is bought and sold at. Cap rate is set by the market and is different for every market.

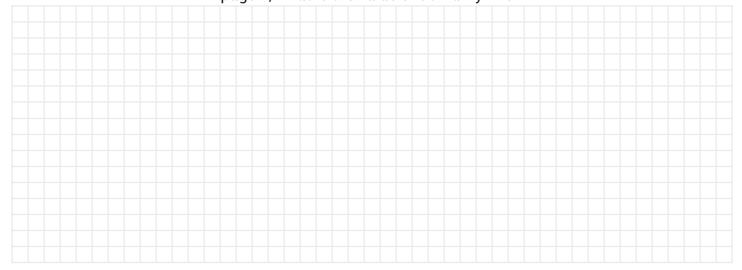
Cap rates are utilized by appraisers to determine the value of a commercial property. This metric is also the key behind the income capitalization approach to property valuation. Put simply, a cap rate represents the yield of a property over the duration of a year. A cap rate also indicates the length of time it will take an investor to recover a staked amount in a property. In other words, a property with a cap rate of 10% would be expected to take around 10 years for an investor to recover the investment amount. Additionally, you can use



the relationship between a property's NOI and cap rate to determine the property value if you know what cap rates similar properties (those of similar vintage and asset class) are trading for in that submarket.



The cap rate in Moncton, New Brunswick for a similar building is 6%. Using this and information on page 1, what is the value of 96 Purdy Ave?



Name: Date:

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PART 2: DSCR

What is a DSCR?

DSCR, or debt service coverage ratio, is a metric used in commercial and multifamily real estate to calculate a project's cash flow compared to its expenses. DSCR is one of the primary metrics used to underwrite commercial and multifamily real estate loans.





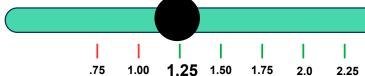


A DSCR of 1 means that a property's cash flow is exactly meeting its expenses, while a DSCR of above 1 means that a property has excess cash flow after meeting its expenses.



< Conventional Financing A-lender, credit union Medium risk 1.25 – 2.00 Lo

Lower risk 2.0

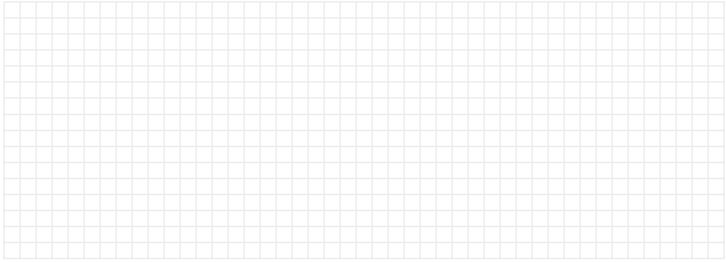


Purchase Price \$641,666 Down Payment (25%) \$160,416.50

Mortgage Amount \$481,249.50

Mortgage Payments \$34,623.96 (annual)

What's the DSCR score for 96 Purdy Ave?



Name: Date: