## MULTI-FAMILY VALUATOR CASE STUDY <br> Property Details

## \$699,900

96 Purdy Ave
Moncton, New Brunswick E1C7V9


## Listing Description

ATTENTION INVESTORS! This great 6 unit apartment building consist of $6 x$ 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
Multi-family
Time on REALTOR.ca
125 days

Square Footage 2691 sqft

Annual NOI
\$38,500

Title
Freehold

Land Size
576 METRIC|under 1/2 acre

## MULTI-FAMILY VALUATOR CASE STUDY <br> 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
 Date:

## MULTI-FAMILY VALUATOR CASE STUDY 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.


Purchase Price
\$641,666

Down Payment (25\%) Mortgage Amount
\$160,416.50
\$481,249.50

Mortgage Payments
\$34,623.96 (annual)

What's the DSCR score for 96 Purdy Ave?


## Date:

