

# Investment Property Worksheet

This form is designed to assist in estimating the first-year benefits of a real estate investment. It does not consider the effect of selling or exchanging the property in the future. This form is not a substitute for legal or tax advice. Anyone contemplating the purchase of a real estate investment should seek the services of competent legal and tax advisors.

## PROPERTY INFORMATION

Purchase Cost \_\_\_\_\_  
 Cash Invested \_\_\_\_\_  
 Financing: Amount \_\_\_\_\_ Rate \_\_\_\_\_ P&I \_\_\_\_\_ per month  
 Financing: Amount \_\_\_\_\_ Rate \_\_\_\_\_ P&I \_\_\_\_\_ per month  
 Land Cost \_\_\_\_\_ Depreciation \_\_\_\_\_  
 Personal Property Cost \_\_\_\_\_ x \_\_\_\_\_ % = \_\_\_\_\_  
 Building Cost \_\_\_\_\_ x \_\_\_\_\_ % = \_\_\_\_\_  
 Land Improvement Cost \_\_\_\_\_ x \_\_\_\_\_ % = \_\_\_\_\_  
 Total Depreciation \_\_\_\_\_

## INCOME & EXPENSES

Annual Rent \_\_\_\_\_ Less Vacancy \_\_\_\_\_ = Gross Operating Income \_\_\_\_\_  
 Annual Operating Expenses  
 Real Estate Tax \_\_\_\_\_ Management \_\_\_\_\_ Insurance \_\_\_\_\_  
 Repairs \_\_\_\_\_ Utilities \_\_\_\_\_ Supplies \_\_\_\_\_  
 Association Dues \_\_\_\_\_ Advertising \_\_\_\_\_ Miscellaneous \_\_\_\_\_  
 Total Operating Expenses \_\_\_\_\_

## THE FOUR BENEFITS

I. Gross Operating Income \_\_\_\_\_  
 minus: Operating Expenses - \_\_\_\_\_  
 equals: Net Operating Income = \_\_\_\_\_  
 minus: Annual Debt Service (monthly P&I x 12) - \_\_\_\_\_  
 equals: Cash Flow Before Tax = \_\_\_\_\_  
 II. Annual Debt Service \_\_\_\_\_  
 minus: Interest - \_\_\_\_\_  
 equals: Principal Reduction = \_\_\_\_\_  
 III. Net Operating Income \_\_\_\_\_  
 minus: Interest - \_\_\_\_\_  
 minus: Total Depreciation - \_\_\_\_\_  
 equals: Taxable Income = \_\_\_\_\_  
 multiplied by: Tax Bracket x \_\_\_\_\_ %  
 equals: Tax PAID or SAVED = \_\_\_\_\_  
 IV. Appreciation (estimate) \_\_\_\_\_

## RATES OF RETURN

**Return on Investment with Appreciation**  

$$\frac{\text{Cash Flow before Tax} + \text{Principal Reduction} + \text{Tax Saved} + \text{Appreciation}}{\text{Cash Invested}} = \text{_____ \%}$$
  
**Return on Investment without Appreciation**  

$$\frac{\text{Cash Flow before Tax} + \text{Principal Reduction} + \text{Tax Saved}}{\text{Cash Invested}} = \text{_____ \%}$$
  
**Capitalization Rate**  

$$\frac{\text{Net Operating Income}}{\text{Purchase Cost}} = \text{_____ \%}$$
  
**Cash on Cash**  

$$\frac{\text{Cash Flow before Tax}}{\text{Cash Invested}} = \text{_____ \%}$$

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