

918 W 3rd Ave

Investment Property - Buy & Hold

918 W 3rd Ave
Escondido, CA 92025

\$ 515,000 Purchase Price · **\$ 515,000 ARV**

\$ 118,450 Cash Needed · **-\$ 797/mo Cash Flow** · **2.7% Cap Rate** · **-8.1% COC**



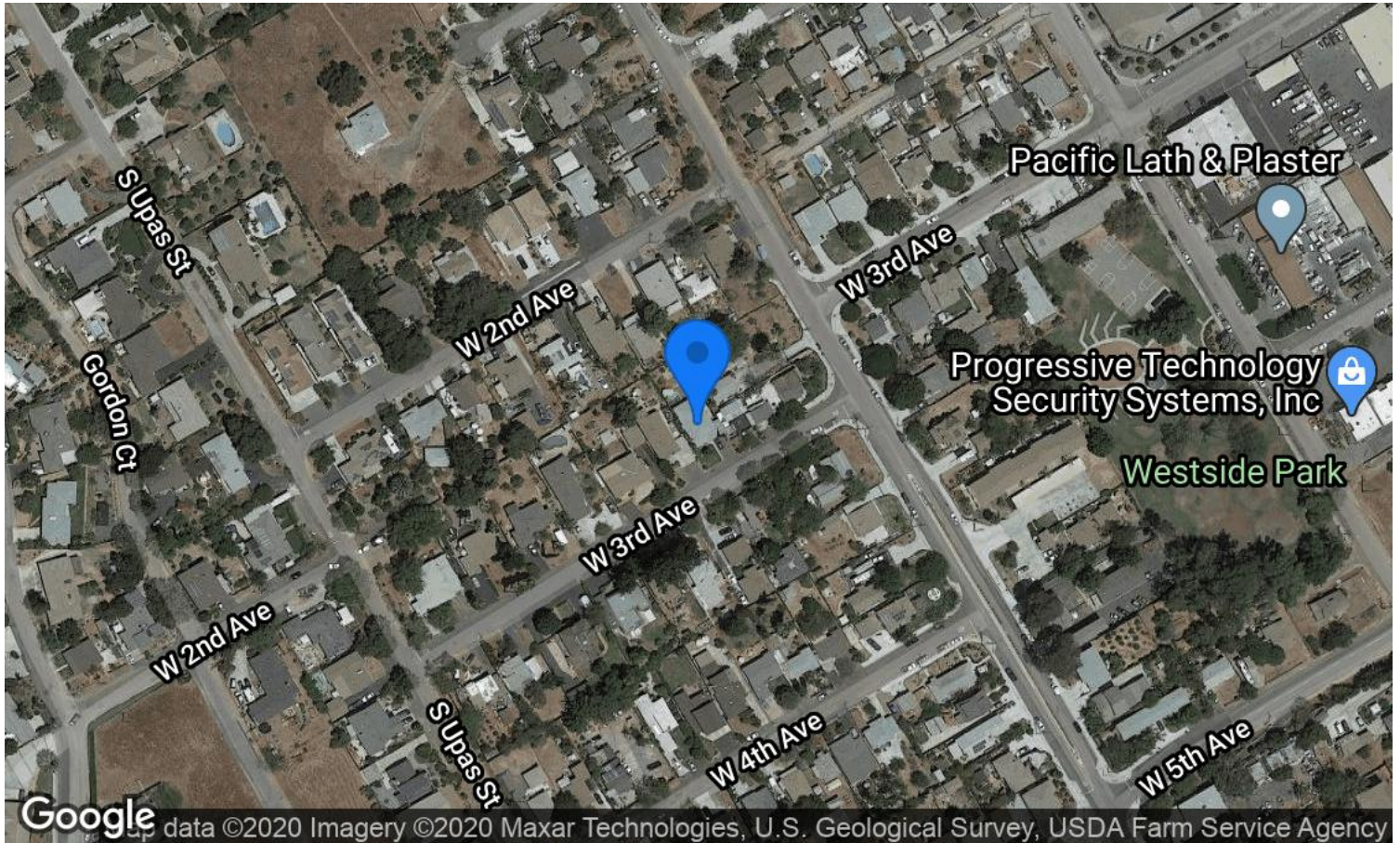
Property Description

ADDRESS

918 W 3rd Ave
Escondido, CA 92025

DESCRIPTION

Property Type:	House
Beds / Baths:	5 BR / 2.0 BA
Square Footage:	1,792
Year Built:	1950
Parking:	
Lot Size:	6,198 sq.ft.
Zoning:	
MLS Number:	



Purchase Analysis & Returns

PURCHASE

Purchase Price:		\$ 515,000
Amount Financed:	-	\$ 412,000
Down Payment:	=	\$ 103,000
Purchase Costs:	+	\$ 15,450
Rehab Costs:	+	\$ 0
Total Cash Needed:	=	\$ 118,450
After Repair Value:		\$ 515,000
Price Per Square Foot:		\$ 287.4

FINANCING (PURCHASE)

Loan Type:	Amortizing
Loan Amount:	\$ 412,000
Loan to Cost (LTC):	80%
Loan to Value (LTV):	80%
Loan Term:	30 Years
Interest Rate:	4%
Finance Rehab Costs:	No
Loan Payments:	\$ 1,967 Per Month \$ 23,603 Per Year

RETURNS & RATIOS (Year 1)

Cap Rate (Purchase/Market):	2.7% / 2.7%
Cash on Cash Return:	-8.1%
Return on Equity:	-7.3%
Return on Investment:	-24.7%
Internal Rate of Return:	-24.7%
Rent to Value:	0.5%
Gross Rent Multiplier:	16.51
Equity Multiple:	0.75
Break Even Ratio:	125.7%
Debt Coverage Ratio:	0.59
Debt Yield:	3.4%

ASSUMPTIONS & PROJECTIONS

Rehab Cost Overrun:	0%
Vacancy:	5%
Appreciation:	4% Per Year
Income Increase:	3% Per Year
Expenses Increase:	2% Per Year
Selling Costs:	6% of Sales Price
Land Value:	\$ 0

PURCHASE COSTS

Total (3% of Price):	\$ 15,450
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REHAB COSTS

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

Cash Flow (Year 1)

		Monthly	Yearly
CASH FLOW			
Gross Rent:		\$ 2,600	\$ 31,200
Vacancy (5%):	-	\$ 130	\$ 1,560
Other Income:	+	\$ 0	\$ 0
Operating Income:	=	\$ 2,470	\$ 29,640
Operating Expenses (52.6%):	-	\$ 1,300	\$ 15,600
Net Operating Income:	=	\$ 1,170	\$ 14,040
Loan Payments:	-	\$ 1,967	\$ 23,603
Cash Flow:	=	-\$ 797	-\$ 9,563

		Monthly	Yearly
OTHER INCOME			
Total:		\$ 0	\$ 0

		Monthly	Yearly
EXPENSES			
Total (50% of Rent):		\$ 1,300	\$ 15,600

Buy & Hold Projections

	APPRECIATION 4% Per Year	INCOME INCREASE 3% Per Year	EXPENSES INCREASES 2% Per Year	SELLING COSTS 6% of Price		
	Year 1	Year 3	Year 5	Year 10	Year 20	Year 30
INCOME						
Gross Rent:	\$ 31,200	\$ 33,100	\$ 35,116	\$ 40,709	\$ 54,709	\$ 73,525
Vacancy (5%):	- \$ 1,560	- \$ 1,655	- \$ 1,756	- \$ 2,035	- \$ 2,735	- \$ 3,676
Other Income:	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0
Operating Income:	= \$ 29,640	= \$ 31,445	= \$ 33,360	= \$ 38,674	= \$ 51,974	= \$ 69,849
EXPENSES						
Total Expenses:	\$ 15,600	\$ 16,550	\$ 17,558	\$ 20,355	\$ 27,355	\$ 36,763
Operating Expenses:	= \$ 15,600	= \$ 16,550	= \$ 17,558	= \$ 20,355	= \$ 27,355	= \$ 36,763
CASH FLOW						
Operating Income:	\$ 29,640	\$ 31,445	\$ 33,360	\$ 38,674	\$ 51,974	\$ 69,849
Operating Expenses:	- \$ 15,600	- \$ 16,550	- \$ 17,558	- \$ 20,355	- \$ 27,355	- \$ 36,763
Net Operating Income:	= \$ 14,040	= \$ 14,895	= \$ 15,802	= \$ 18,319	= \$ 24,619	= \$ 33,086
Loan Payments:	- \$ 23,603	- \$ 23,603	- \$ 23,603	- \$ 23,603	- \$ 23,603	- \$ 23,603
Cash Flow:	= -\$ 9,563	= -\$ 8,708	= -\$ 7,801	= -\$ 5,284	= \$ 1,016	= \$ 9,483
TAX BENEFITS & DEDUCTIONS						
Operating Expenses:	\$ 15,600	\$ 16,550	\$ 17,558	\$ 20,355	\$ 27,355	\$ 36,763
Loan Interest:	+ \$ 16,348	+ \$ 15,745	+ \$ 15,091	+ \$ 13,210	+ \$ 8,109	+ \$ 504
Depreciation:	+ \$ 19,289	+ \$ 19,289	+ \$ 19,289	+ \$ 19,289	+ \$ 19,289	+ \$ 0
Total Deductions:	= \$ 51,237	= \$ 51,584	= \$ 51,938	= \$ 52,854	= \$ 54,753	= \$ 37,267
EQUITY ACCUMULATION						
Property Value:	\$ 535,600	\$ 579,305	\$ 626,576	\$ 762,326	\$ 1,128,428	\$ 1,670,350
Loan Balance:	- \$ 404,745	- \$ 389,335	- \$ 372,644	- \$ 324,590	- \$ 194,276	- \$ 0
Total Equity:	= \$ 130,855	= \$ 189,970	= \$ 253,932	= \$ 437,736	= \$ 934,152	= \$ 1,670,350
SALE ANALYSIS						
Equity:	\$ 130,855	\$ 189,970	\$ 253,932	\$ 437,736	\$ 934,152	\$ 1,670,350
Selling Costs (6%):	- \$ 32,136	- \$ 34,758	- \$ 37,595	- \$ 45,740	- \$ 67,706	- \$ 100,221
Sale Proceeds:	= \$ 98,719	= \$ 155,212	= \$ 216,338	= \$ 391,997	= \$ 866,446	= \$ 1,570,129
Cumulative Cash Flow:	+ -\$ 9,563	+ -\$ 27,413	+ -\$ 43,476	+ -\$ 75,080	+ -\$ 94,804	+ -\$ 40,137
Total Cash Invested:	- \$ 118,450	- \$ 118,450	- \$ 118,450	- \$ 118,450	- \$ 118,450	- \$ 118,450

	Year 1	Year 3	Year 5	Year 10	Year 20	Year 30
Total Profit:	= -\$ 29,294	= \$ 9,349	= \$ 54,412	= \$ 198,467	= \$ 653,192	= \$ 1,411,542

INVESTMENT RETURNS

Cap Rate (Purchase Price):	2.7%	2.9%	3.1%	3.6%	4.8%	6.4%
Cap Rate (Market Value):	2.6%	2.6%	2.5%	2.4%	2.2%	2%
Cash on Cash Return:	-8.1%	-7.4%	-6.6%	-4.5%	0.9%	8%
Return on Equity:	-7.3%	-4.6%	-3.1%	-1.2%	0.1%	0.6%
Return on Investment:	-24.7%	7.9%	45.9%	167.6%	551.4%	1,191.7%
Internal Rate of Return:	-24.7%	2.4%	7%	8.8%	8.3%	7.7%

FINANCIAL RATIOS

Rent to Value:	0.5%	0.5%	0.5%	0.4%	0.4%	0.4%
Gross Rent Multiplier:	17.17	17.5	17.84	18.73	20.63	22.72
Equity Multiple:	0.75	1.08	1.46	2.68	6.51	12.92
Break Even Ratio:	125.7%	121.3%	117.2%	108%	93.1%	82.1%
Debt Coverage Ratio:	0.59	0.63	0.67	0.78	1.04	1.4
Debt Yield:	3.5%	3.8%	4.2%	5.6%	12.7%	-

Recent Comparable Sales

Average Sale Price

\$ 528,300 (\$ 301/sq.ft.)

\$ 459,000 - \$ 615,000

\$ 242/sq.ft. - \$ 344/sq.ft.



Estimated ARV Based on Average Price/
Sq.Ft.

\$ 538,675

Property	Distance	Type	Beds	Baths	Sq.Ft.	Sale Price	Sale Date
● 918 W 3rd Ave Escondido, CA 92025	0 mi	House Built 1950	5	2.0	1,792	\$ 515,000 \$ 287/sq.ft.	12/18/2019
A 201 S Upas St Escondido, CA 92025	0.11 mi	House Built 1960	3	2.0	2,111	\$ 510,000 \$ 242/sq.ft.	07/22/2019
B 503 S Upas St Escondido, CA 92025	0.23 mi	House Built 1962	4	2.0	2,112	\$ 615,000 \$ 291/sq.ft.	08/12/2019
C 920 Ontario St Escondido, CA 92025	0.47 mi	House Built 1956	3	2.0	1,596	\$ 538,000 \$ 337/sq.ft.	02/21/2020
D 1210 W 11th Ave Escondido, CA 92025	0.58 mi	House Built 1956	3	2.0	1,800	\$ 519,500 \$ 289/sq.ft.	08/28/2019
E 819 W 7th Ave Escondido, CA 92025	0.32 mi	House Built 1956	3	2.0	1,334	\$ 459,000 \$ 344/sq.ft.	10/31/2019

Recent Comparable Rental Listings

Average Listed Rent

\$ 2,937 (\$ 1.62/sq.ft.)

\$ 2,395 - \$ 3,500

\$ 1.31/sq.ft. - \$ 1.88/sq.ft.

Estimated Rent Based on Average Rent/
Sq.Ft.

\$ 2,903



Property	Distance	Type	Beds	Baths	Sq.Ft.	Listed Rent	Listing Date
● 918 W 3rd Ave Escondido, CA 92025	0 mi	House Built 1950	5	2.0	1,792	-	-
A 1412 Ferrara Ct Escondido, CA 92025	0.78 mi	House	5	2	2,100	\$ 3,400 \$ 1.62/sq.ft.	11/27/2019
B 159 W 13th Ave Escondido, CA 92025	1 mi	House	4	2	1,276	\$ 2,395 \$ 1.88/sq.ft.	05/23/2020
C 1110 S Quince St Escondido, CA 92025	0.68 mi	House	4	3	1,770	\$ 2,990 \$ 1.69/sq.ft.	11/14/2019
D 655 S Upas St Escondido, CA 92025	0.31 mi	House	3	2	1,830	\$ 2,400 \$ 1.31/sq.ft.	03/21/2020
E 888 Delgado Pl Escondido, CA 92025	0.99 mi	House	4	3	2,193	\$ 3,500 \$ 1.60/sq.ft.	04/04/2020

Property Photos



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