

Providence Property Group Pty Ltd - Sydney

PROPERTY INVESTMENT ANALYSIS

05-Apr-2018

Prepared for:

Consultant:

Property:

Description: In-fill house and land packages - 4 bed + MPR, 2 bath, 2 garage
10 year capital growth rate as per API Pricefinder for the 12 months to 31 December 2016 - 7.9%

CPI figures as per ABS website

Rental figure based off average of mid points from the 3 rental appraisals we received - \$590

10 year rental growth rate as per RP data - 5%

4 week vacancy buffer has been included - \$2,360

Body Corporate - 0 per week

Insurance - \$1,500 per year

Council rates - \$1,500 per year approx. Advised by developer

\$1,000 yearly maintenance included

Financials prepared based on Lot 50

SUMMARY

Assumptions		Projected results over 10 yrs	
Property value	\$651,952	Property value	\$1.395m
Initial investment	\$0	Equity	\$723,032
Gross rental yield	4.71%	After-tax return /yr	80.48%
Net rental yield	3.59%	Net present value	\$610,043
Cap. growth rate	7.90%	IF SOLD	
Inflation rate	2.00%	Selling costs & CGT	\$225,880
Interest rate	5.00%	Equity	\$497,153
Taxable income	\$100,000	After-tax return /yr	73.88%

COMPUTER PROJECTIONS

Investment Analysis		Projections over 10 years				
End of year	2017	1yr	2yr	3yr	5yr	10yr
Property value	\$651,952	703,456	759,029	818,993	953,505	1.395m
Purchase costs	\$17,028					
Investments	\$0					
Loan amount	\$671,505	671,505	671,505	671,505	671,505	671,505
Equity	\$-19,553	31,952	87,525	147,488	282,000	723,032
Capital growth rate	7.90%	7.90%	7.90%	7.90%	7.90%	7.90%
Inflation rate (CPI)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Gross rent /week	\$590	30,680	32,214	33,825	37,292	47,595
Cash deductions						
Interest (I/O)	5.00%	33,575	33,575	33,575	33,575	33,575
Rental expenses	23.76%	7,290	7,436	7,584	7,891	8,712
Pre-tax cash flow	\$0	-10,185	-8,797	-7,335	-4,174	5,307
Non-cash deductions						
Deprec.of building	2.50%	5,343	5,343	5,343	5,343	5,343
Deprec.of fittings	\$27,780	5,738	5,801	4,100	2,465	421
Loan costs	\$2,525	505	505	505	505	
Total deductions		52,451	52,660	51,108	49,779	48,051
Tax credit (single)	\$100,000	8,096	7,729	6,730	4,870	179
After-tax cash flow	\$0	-2,089	-1,068	-605	696	5,486
Rate of return (IRR)	80.48%					
Pre-tax equivalent	131.94%	Your income /(cost) per week				
		(40)	(21)	(12)	13	106