Manual Static Pro Forma Worksheet - R. John Anderson September 2016

WHAT REVENUE CAN YOUR BUILDING PRODUCE?

#1. MONEY IN	Quantity	Rent per Unit	SF per Unit	Rent/SF	Total SF	Total Monthly Rent
Studio Apartments		$	SF	$	SF	$
One Bedrooms		$	SF	$	SF	$
Two Bedrooms		$	SF	$	SF	$
Commercial Space		$	SF	$	SF	$
Common Area/Storage/Garages		$	SF	$	SF	$
				Total	SF	$

Gross Potential Annual Income - GPI (Monthly Rent x 12 months)	$

WHAT WILL IT COST TO OPERATE THE BUILDING?

#2. VACANCY AND OPERATING EXPENSES	% of Gross Income	
GPI - From #1		
Vacancy Factor (% of GPI)	5%	
Annual Operating Expenses(OpEx); Insurance, tax, property management, repairs, expenses, etc. (% of GPI-Vacancy)	25%	

#3. CALCULATE NET OPERATING INCOME	
Take your Potential Gross Income (PGI) from #1	
Subtract the Vacancy Factor	
Sub-Total is the **Gross Operating Income (GOI):**	
Subtract the Operating Expenses GOI X 25% OpEx) from #2	
Remainder is the annual **Net Operating Income (NOI):**	

WHAT WILL IT COST TO BUILD? - WHAT IS YOUR RETURN ON PROJECT COST?

#4. COST OF BUILDING THE PROJECT	Quantity	Cost per SF	Total
Land Cost	1	N/A	$
Hard Costs (Total SF from #1 x Cost per SF) *		$110	$
Soft Costs (Total SF from #1 x Cost per SF) *		$25	$
Other (Off-site Improvement Costs)	1	N/A	$
		Total Project Cost:	$

#5. CALCULATE ESTIMATED RETURN ON PROJECT COST	
Take your **Annual NOI** from #3	
Divide that by your **Total Project Cost** from #4	
Product is your **Estimated Return on Project Cost**	

***Note: Check your local Hard Construction costs and build a detailed Soft Cost Budget. Use the $110 and $25 per SF numbers to run the exercise, but get to know what things cost in your town.**

HOW DO YOU FINANCE THE BUILDING? - HOW MUCH MONEY IS LEFT AFTER YOU PAY EXPENSES AND DEBT SERVICE?

#6. DEBT SERVICE	$
Total Project Cost from #4	
Assume 25% **Equity** (down payment) is required in cash and other equity (land, deferred fees, etc.)	
Assumed **Loan Amount** is 75% of the Total Project Cost. This is the **Total Project Cost** less the **Equity** provided:	
How much do you have to pay each month to service that debt? (Assume 4.5% interest and 25 year amortization with no PMI) www.mortgagecalculator.org	
Multiply Monthly Payment by 12 to produce your **Annual Debt Service**.	
Divide the Annual NOI by the **Annual Debt Service** to produce your **Debt Service Coverage Ratio:**	

#7. CALCULATE CASH-ON-CASH RETURN	
Take your **Annual Net Operating Income** from #3	
Subtract your **Annual Debt Service** from #6	
This produces your **Net Annual Income** (or Cash Flow after OpEx and Debt Service):	
Divide your **Net Annual Income** by the 25% **Equity** number from #6 to calculate your return on the Equity; your **Cash on Cash Return:**	

#8. ESTIMATE ANNUAL DEPRECIATION EXPENSE	
Multiply the **Total Project Cost** by .75 as a rough estimate of the value of improvements to the land. Divide the result by 27.5 years to determine the **Annual Depreciation Expense:**	