

Rental Property Analysis

(Link) - [Use Our Rental Property Analysis Calculator](#).

Category	Details
Property Details	Enter Address, Type of Property, Year Built, Square Footage, Number of Units.
Purchase Information	List Purchase Price, Down Payment, Closing Costs, Renovation Costs. Calculate Total Investment. Example: Total Investment = Purchase Price + Down Payment + Closing Costs + Renovation Costs
Financing Details	Specify Loan Amount, Interest Rate, Loan Term. Calculate Monthly Mortgage Payment. Example: Monthly Mortgage = $(\text{Loan Amount} * \text{Interest Rate}) / (1 - (1 + \text{Interest Rate})^{-(\text{Loan Term})})$
Rental Income	Input Monthly Rent, Vacancy Loss (%), Other Income. Calculate Gross Rental Income. Example: Gross Rental Income = $(\text{Monthly Rent} * (1 - \text{Vacancy Loss})) + \text{Other Income}$
Operating Expenses	Detail Property Taxes, Insurance, Utilities, Management Fees, Maintenance, HOA Fees, Marketing, Legal Fees. Sum these expenses for total Operating Expenses.
Cash Flow Analysis	Calculate Gross Operating Income, Net Operating Income, Cash Flow Before Taxes, Cash Flow After Taxes. Example: Net Operating Income = Gross Rental Income - Operating Expenses. Cash Flow Before Taxes = Net Operating Income - Mortgage Payment.
Profitability and Return Metrics	Determine Cap Rate, Cash on Cash Return, Internal Rate of Return, Return on Investment. Example: Cap Rate = $(\text{Net Operating Income} / \text{Purchase Price}) * 100$. Cash on Cash Return = $(\text{Annual Cash Flow} / \text{Total Investment}) * 100$.
Market Analysis	Research Comparable Rental Rates, Area Vacancy Rates, Economic Indicators.
Future Projections	Estimate Appreciation Rate, Rent Increase Rate, Long-Term Expenses.

Gross Monthly Rent Collected	Rental Property Expenses	Debt Service (Mortgage Payments)	Property Value	Total Cash Invested	Net Operating Income	Monthly Cash Flow	Cap Rate (%)
\$3,300	\$300	\$2,400	\$385,000	\$125,000	\$3,000	\$600	0.78%
Cash on Cash Return (%)	Gross Annual Rent	GRM	Total Profit	ROI (%)	Break-Even Ratio		
5.76%	\$39,600	\$1,283	\$10,000	32%	82%		
					Break-Even Ratio Guide		Cap Rate Guide
					Bad (High Risk): Above 85%		Bad Cap Rate: Below 4%
					Good (Moderate Risk): 75% - 85%		OK Cap Rate: 4% - 6%
					Better (Low Risk): 65% - 75%		Good Cap Rate: 6% - 8%
					Great (Very Low Risk): Below 65%		Great Cap Rate: Above 8%

Disclaimer

This spreadsheet and its contents are provided for informational purposes only and should not be construed as financial advice. The data and guidelines, including the Break-Even Ratio and Cap Rate guides, are intended as a basic framework to assist in analyzing rental properties. Please be aware that real estate markets and conditions vary significantly by location. Therefore, it is crucial to consult with a local expert or financial advisor to gain comprehensive insights tailored to your specific situation. We recommend seeking professional guidance to ensure any investment decisions align with your financial goals and risk tolerance. By using this spreadsheet you acknowledge this disclaimer

Pros and Cons Analysis/Checklist

Property Details	Pros	Cons	Explanation
Location	Central location, close to amenities	Busy street, might be noisy	
Size	Spacious, 3 bedrooms	More maintenance required	
Price	Below market value	Potential hidden costs	
Rental Yield	High rental yield indicates good cash flow.	High yield might be due to lower property value, indicating a less desirable area.	Rental Yield: The annual rental income as a percentage of the property's value.
Capital Growth Potential	Located in an up-and-coming area with planned developments.	In an area with declining population or economic activity.	Capital Growth Potential: The likelihood of the property increasing in value over time.
Local Amenities	Close to highly rated schools and comprehensive public transport.	Limited access to amenities or poor public transport links.	Local Amenities: Proximity to schools, parks, shops, and public transport.
Maintenance Costs	Newly renovated with low maintenance requirements.	Older property that may require significant upkeep.	Maintenance Costs: Expected ongoing costs for property upkeep.
Occupancy Rates	High occupancy rates in the area, suggesting steady rental income.	Seasonal or high vacancy rates leading to inconsistent income.	Occupancy Rates: The historical or expected vacancy rates for the property.
Tenant Demand	Strong demand with a waiting list of potential tenants.	Oversupply of rentals leading to competitive pricing and vacancies.	Tenant Demand: The current demand for rental properties in the area.
Zoning Regulations	Zoning allows for potential expansion or development.	Strict zoning limitations could restrict improvements or uses.	Zoning Regulations: Any zoning laws that could affect property use.
Insurance Costs	Affordable insurance rates due to low-risk area.	High insurance costs due to location in a flood zone or high-crime area.	Insurance Costs: The cost of insuring the property against various risks.
Tax Implications	Lower property taxes or eligibility for tax deductions.	High property taxes or unfavorable tax changes.	Tax Implications: Property taxes and any tax benefits such as depreciation.
Financing Options	Favorable mortgage rates and terms.	Limited financing options or high interest rates.	Financing Options: Availability and terms of loans for purchasing the property.

Important Terms to Know and Remember	
Term	Description
Personal Income Tax	Tax levied on an individual's earnings from wages, investments, and other sources.
Gross Annual Rental Income	The total income generated from a property before any expenses are deducted, calculated on a yearly basis.
Gross Monthly Rent Collected	The total amount of rent money received from tenants each month before expenses.
Net Annual Cash Flow	The amount of money left over after all operating expenses and financing costs have been paid, calculated annually.
Property Cash Flow	The difference between the rental income generated by a property and its operational costs.
Effective Gross Rental Income	The adjusted gross income after accounting for vacancy losses and additional income from property-related services.
Repair and Maintenance Costs	Expenses incurred to keep the property in good condition and maintain its value.
Greater Cash Flow	A situation where a property's income exceeds its expenses, resulting in positive cash flow.
Fair Market Value	The estimated price at which a property would sell under current market conditions.
Determine Market Rents	The process of evaluating the rental rate a property could realistically command in the open market.
Leasing Fees	Charges associated with securing tenants for the property, typically paid to a property manager or leasing agent.
Mortgage Debt Service	The cost of servicing the debt on a property, including principal and interest payments on the mortgage.
Median Sales Prices	The middle value in a list of sales prices for properties sold in a particular area, indicating the central market value.
Gross Annual Rent	The total amount of rent collected over a year without deducting any expenses or vacancies.