

# Property Report

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## **7700 South Shore Drive 27 Units**

7700 South Shore Drive  
Chicago, IL 60649

Presented by:

**James Samuelson**

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# Overview

## 7700 South Shore Drive 27 Units

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### Purchase Info

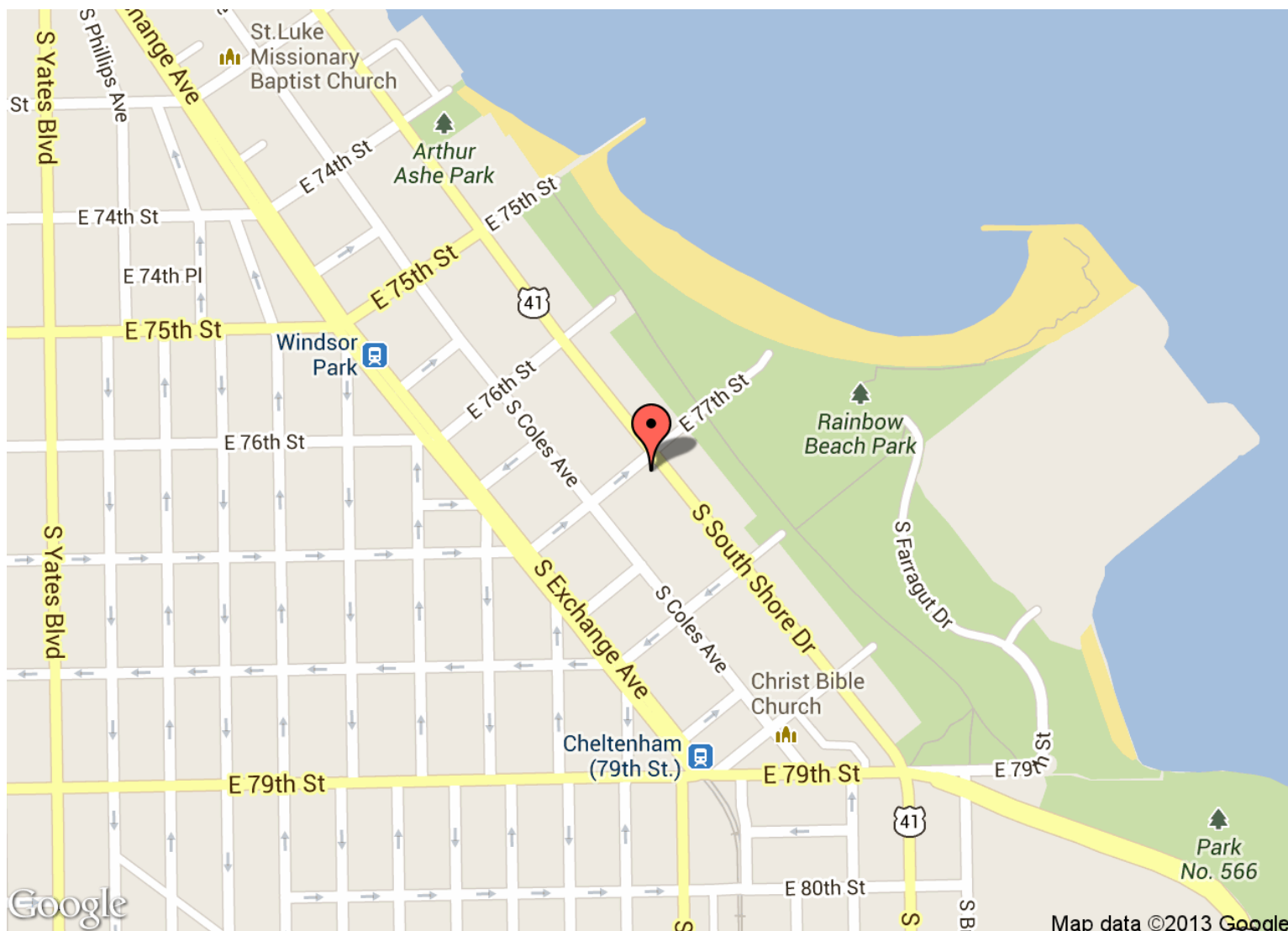
Square Feet (27 Units)	18,477
Purchase Price	\$1,600,000
Initial Cash Invested	\$432,000

### Income Analysis

	Monthly	Annual
Net Operating Income	\$11,788	\$141,456
Cash Flow	\$3,804	\$45,652

### Financial Metrics

Cap Rate (Purchase Price)	8.8%
Cash on Cash Return (Year 1)	10.6%
Internal Rate of Return (Year 10)	18.9%
Sale Price (Year 10)	\$2,150,266



# Purchase Analysis

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Purchase Info	
Purchase Price	\$1,600,000
- First Mortgage	(\$1,200,000)
- Second Mortgage	(\$0)
<b>= Downpayment</b>	<b>\$400,000</b>
+ Buying Costs	\$32,000
+ Initial Improvements	\$0
<b>= Initial Cash Invested</b>	<b>\$432,000</b>
Square Feet (27 Units)	18,477
Cost per Square Foot	\$87
Monthly Rent per Square Foot	\$1.15
Cost per Unit	\$59,259
Average Monthly Rent per Unit	\$787

Mortgages	First	Second
Loan-To-Cost Ratio	75%	0%
Loan-To-Value Ratio	75%	0%
Loan Amount	\$1,200,000	\$0
Loan Type	Amortizing	
Term	30 Years	
Interest Rate	7%	
<b>Payment</b>	<b>\$7,983.63</b>	<b>\$0.00</b>

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	6.3
Operating Expense Ratio	39.7%
Debt Coverage Ratio	1.48
Cap Rate (Purchase Price)	8.8%
<b>Cash on Cash Return</b>	<b>10.6%</b>

Assumptions	
Appreciation Rate	3.0%
Vacancy Rate	8.0%
Income Inflation Rate	3.0%
Expense Inflation Rate	3.0%
LTV for Refinance	70.0%
Selling Costs	\$112,000

Income	Monthly	Annual
Gross Rent	\$21,250	\$255,000
Vacancy Loss	(\$1,700)	(\$20,400)
<b>Operating Income</b>	<b>\$19,550</b>	<b>\$234,600</b>

Expenses (% of Income)	Monthly	Annual
Advertising (2%)	(\$391)	(\$4,692)
Cleaning & Supplies (2%)	(\$391)	(\$4,692)
Insurance (4%)	(\$720)	(\$8,640)
Management Fees (7%)	(\$1,368)	(\$16,422)
Maintenance (4%)	(\$782)	(\$9,384)
Taxes (9%)	(\$1,679)	(\$20,145)
Scavenger (1%)	(\$257)	(\$3,088)
Gas (6%)	(\$1,229)	(\$14,753)
Water (4%)	(\$730)	(\$8,762)
Electric (1%)	(\$214)	(\$2,566)
<b>Operating Expenses (40%)</b>	<b>(\$7,762)</b>	<b>(\$93,144)</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$11,788</b>	<b>\$141,456</b>
- Mortgage Payments	(\$7,984)	(\$95,804)
- Year 1 Improvements	(\$0)	(\$0)
<b>= Cash Flow</b>	<b>\$3,804</b>	<b>\$45,652</b>

# Buy and Hold Projection

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Income	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Gross Rent	\$255,000	\$262,650	\$270,530	\$287,005	\$332,717	\$447,144	\$600,924
Vacancy Loss	(\$20,400)	(\$21,012)	(\$21,642)	(\$22,960)	(\$26,617)	(\$35,772)	(\$48,074)
<b>Operating Income</b>	<b>\$234,600</b>	<b>\$241,638</b>	<b>\$248,887</b>	<b>\$264,044</b>	<b>\$306,100</b>	<b>\$411,373</b>	<b>\$552,850</b>

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Advertising	(\$4,692)	(\$4,833)	(\$4,978)	(\$5,281)	(\$6,122)	(\$8,227)	(\$11,057)
Cleaning & Supplies	(\$4,692)	(\$4,833)	(\$4,978)	(\$5,281)	(\$6,122)	(\$8,227)	(\$11,057)
Insurance	(\$8,640)	(\$8,899)	(\$9,166)	(\$9,724)	(\$11,273)	(\$15,150)	(\$20,361)
Management Fees	(\$16,422)	(\$16,915)	(\$17,422)	(\$18,483)	(\$21,427)	(\$28,796)	(\$38,700)
Maintenance	(\$9,384)	(\$9,666)	(\$9,955)	(\$10,562)	(\$12,244)	(\$16,455)	(\$22,114)
Taxes	(\$20,145)	(\$20,749)	(\$21,372)	(\$22,673)	(\$26,285)	(\$35,324)	(\$47,473)
Scavenger	(\$3,088)	(\$3,181)	(\$3,276)	(\$3,476)	(\$4,029)	(\$5,415)	(\$7,277)
Gas	(\$14,753)	(\$15,196)	(\$15,651)	(\$16,605)	(\$19,249)	(\$25,869)	(\$34,766)
Water	(\$8,762)	(\$9,025)	(\$9,296)	(\$9,862)	(\$11,432)	(\$15,364)	(\$20,648)
Electric	(\$2,566)	(\$2,643)	(\$2,722)	(\$2,888)	(\$3,348)	(\$4,499)	(\$6,047)
<b>Operating Expenses</b>	<b>(\$93,144)</b>	<b>(\$95,938)</b>	<b>(\$98,816)</b>	<b>(\$104,834)</b>	<b>(\$121,532)</b>	<b>(\$163,329)</b>	<b>(\$219,500)</b>

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Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
<b>Net Operating Income</b>	<b>\$141,456</b>	<b>\$145,700</b>	<b>\$150,071</b>	<b>\$159,210</b>	<b>\$184,568</b>	<b>\$248,044</b>	<b>\$333,350</b>
- Mortgage Payments	(\$95,804)	(\$95,804)	(\$95,804)	(\$95,804)	(\$95,804)	(\$95,804)	(\$95,804)
- Improvements	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
<b>= Cash Flow</b>	<b>\$45,652</b>	<b>\$49,896</b>	<b>\$54,267</b>	<b>\$63,406</b>	<b>\$88,764</b>	<b>\$152,240</b>	<b>\$237,547</b>
Cap Rate (Purchase Price)	8.8%	9.1%	9.4%	10.0%	11.5%	15.5%	20.8%
Cap Rate (Market Value)	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%
<b>Cash on Cash Return</b>	<b>10.6%</b>	<b>11.6%</b>	<b>12.6%</b>	<b>14.7%</b>	<b>20.5%</b>	<b>35.2%</b>	<b>55.0%</b>
Return on Equity	9.9%	9.5%	9.2%	8.7%	7.9%	6.9%	6.1%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$1,648,000	\$1,697,440	\$1,748,363	\$1,854,839	\$2,150,266	\$2,889,778	\$3,883,620
- Loan Balance	(\$1,187,810)	(\$1,174,739)	(\$1,160,724)	(\$1,129,579)	(\$1,029,749)	(\$687,601)	(\$0)
<b>= Equity</b>	<b>\$460,190</b>	<b>\$522,701</b>	<b>\$587,640</b>	<b>\$725,259</b>	<b>\$1,120,518</b>	<b>\$2,202,177</b>	<b>\$3,883,620</b>
Loan-to-Value Ratio	72.1%	69.2%	66.4%	60.9%	47.9%	23.8%	0.0%
Potential Cash-Out Refi	(\$34,210)	\$13,469	\$63,131	\$168,808	\$475,438	\$1,335,244	\$2,718,534

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$460,190	\$522,701	\$587,640	\$725,259	\$1,120,518	\$2,202,177	\$3,883,620
- Selling Costs	(\$115,360)	(\$118,821)	(\$122,385)	(\$129,839)	(\$150,519)	(\$202,284)	(\$271,853)
<b>= Proceeds After Sale</b>	<b>\$344,830</b>	<b>\$403,880</b>	<b>\$465,254</b>	<b>\$595,421</b>	<b>\$969,999</b>	<b>\$1,999,893</b>	<b>\$3,611,766</b>
+ Cumulative Cash Flow	\$45,652	\$95,549	\$149,816	\$271,991	\$663,599	\$1,884,904	\$3,855,721
- Initial Cash Invested	(\$432,000)	(\$432,000)	(\$432,000)	(\$432,000)	(\$432,000)	(\$432,000)	(\$432,000)
<b>= Net Profit</b>	<b>(\$41,518)</b>	<b>\$67,428</b>	<b>\$183,070</b>	<b>\$435,412</b>	<b>\$1,201,598</b>	<b>\$3,452,797</b>	<b>\$7,035,488</b>
<b>Internal Rate of Return</b>	<b>-9.6%</b>	<b>7.9%</b>	<b>13.7%</b>	<b>17.6%</b>	<b>18.9%</b>	<b>18.3%</b>	<b>17.8%</b>
Return on Investment	-10%	16%	42%	101%	278%	799%	1,629%

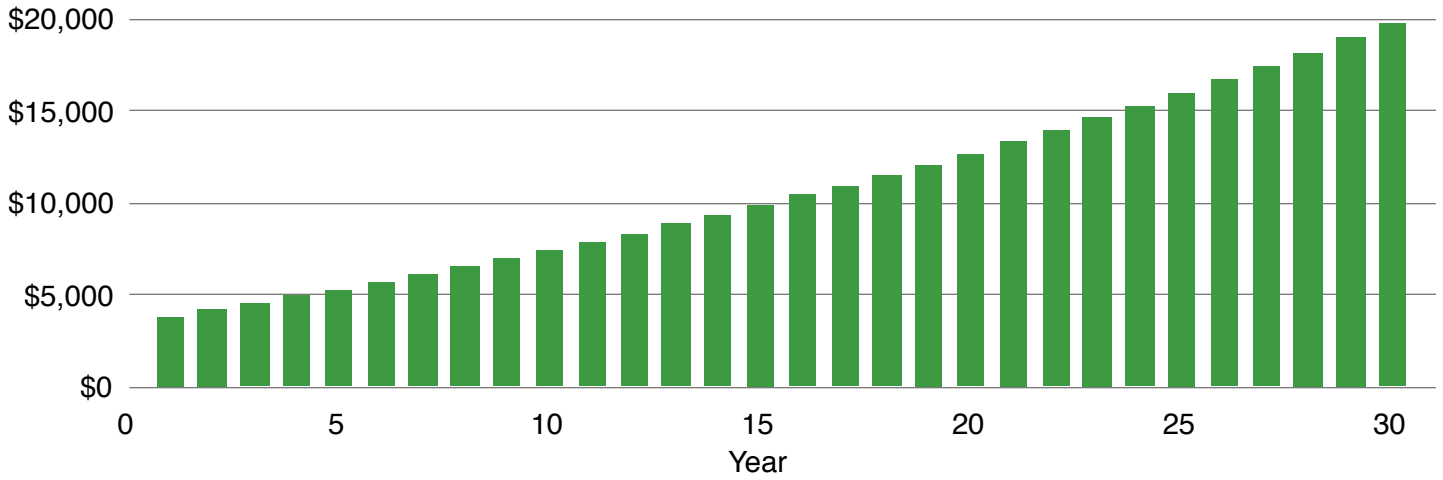
# Graphs

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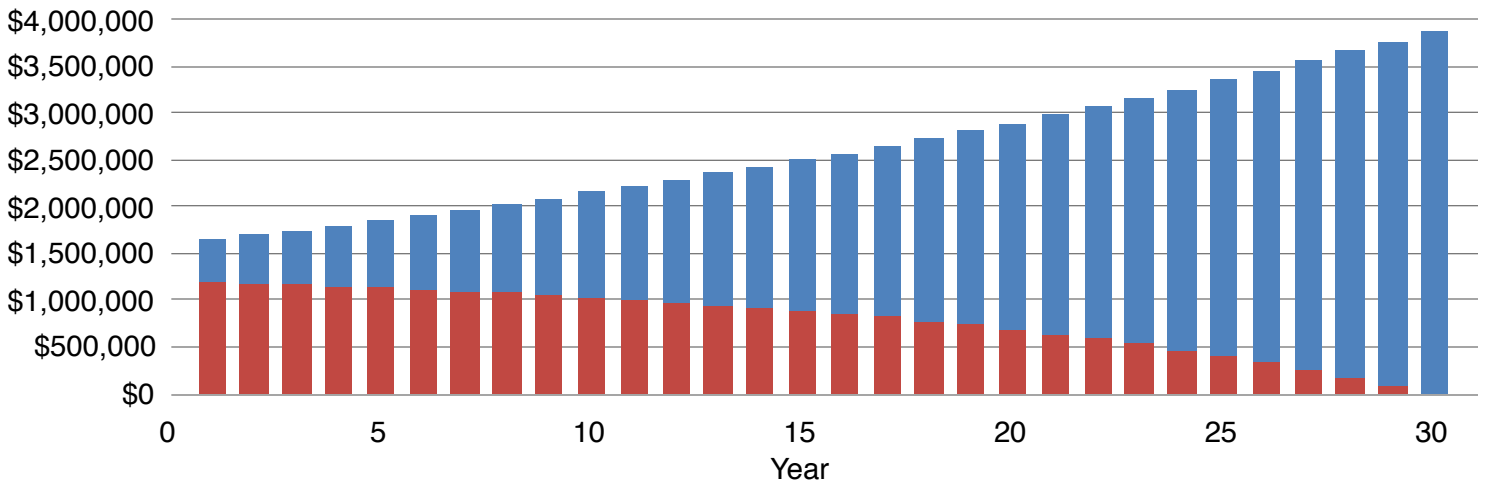


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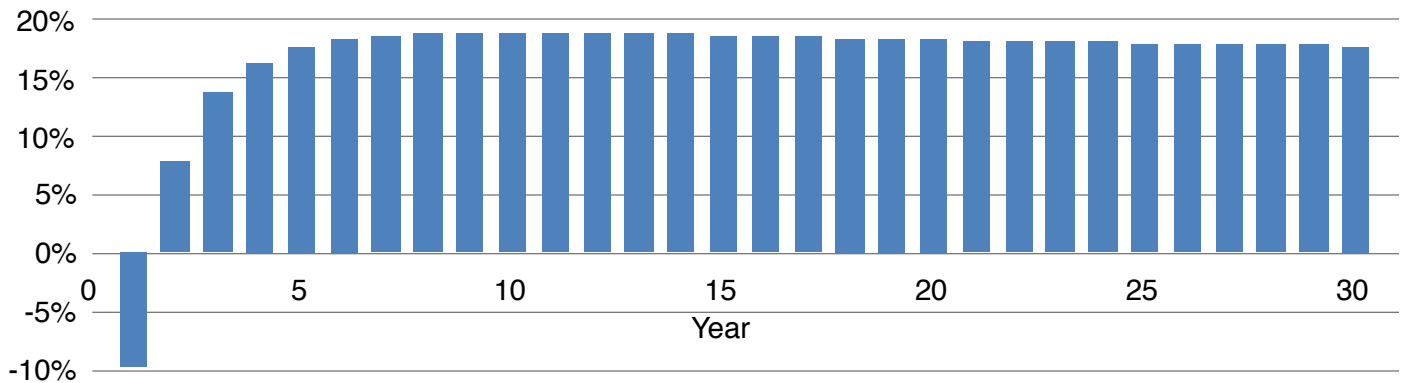
## Monthly Cash Flow



■ Loan Balance + ■ Equity = Market Value



## Internal Rate of Return (IRR)



# Rent Roll

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Unit Description	Square Feet	Units of This Type	Rent (Per Unit)
1 Bed	0	5	\$750 Per Month
2 Bed	0	18	\$850 Per Month
Studio	0	4	\$550 Per Month
<b>Totals for Year 1</b>			
<b>Total Number of Units</b>			<b>27</b>
<b>Total Area (Single Value)</b>			<b>18,477 Square Feet</b>
<b>Total Rent (Sum of Units)</b>			<b>\$21,250 Per Month, \$255,000 Per Year</b>

The total property area may be greater than the sum of the unit areas due to common areas.