

# 11 SHAPLEIGH RD KITTERY ME

11 Shapleigh Rd, Kittery, ME



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**ANALYSIS**

**Analysis Date:** January 2011

**PROPERTY**

**Property:** 11 SHAPLIEGH RD KITTERY ME  
**Property Address:** 11 Shapleigh Rd  
 Kittery, ME  
**Year Built:** 1984



**PURCHASE INFORMATION**

**Property Type:** Commercial  
**Purchase Price:** \$600,000  
**Fair Market Value:** \$400,000  
**Tenants:** 3  
**Total Rentable Sq. Ft.:** 4,000  
**Resale Valuation:** 1.5% (annual appreciation)

**FINANCIAL INFORMATION**

**Down Payment:** \$120,000  
**LT Capital Gain:** 20.00%  
**Federal Tax Rate:** 35.0%  
**State Tax Rate:** 8.0%  
**Discount Rate:** 8.00%

**LOANS**

	Debt	Term	Rate	Payment	LO Costs
Fixed	\$480,000	25 yrs	6.0%	\$3,093	

**INCOME & EXPENSES**

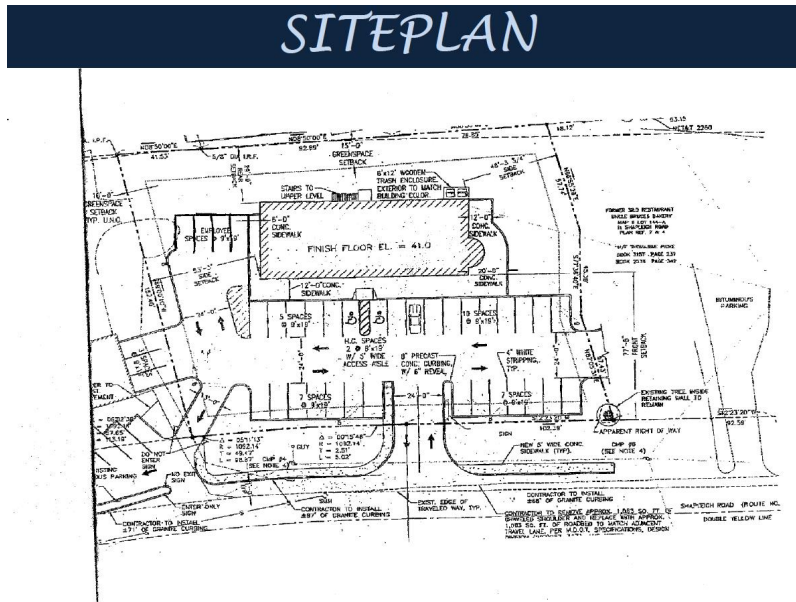
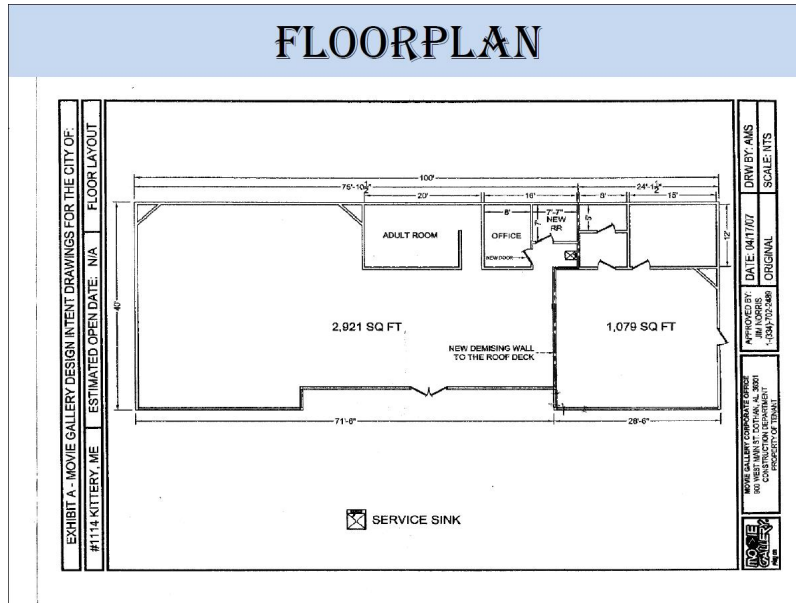
**Gross Operating Income:** \$72,000  
**Monthly GOI:** \$6,000  
**Total Annual Expenses:** (\$6,280)  
**Monthly Expenses:** (\$523)

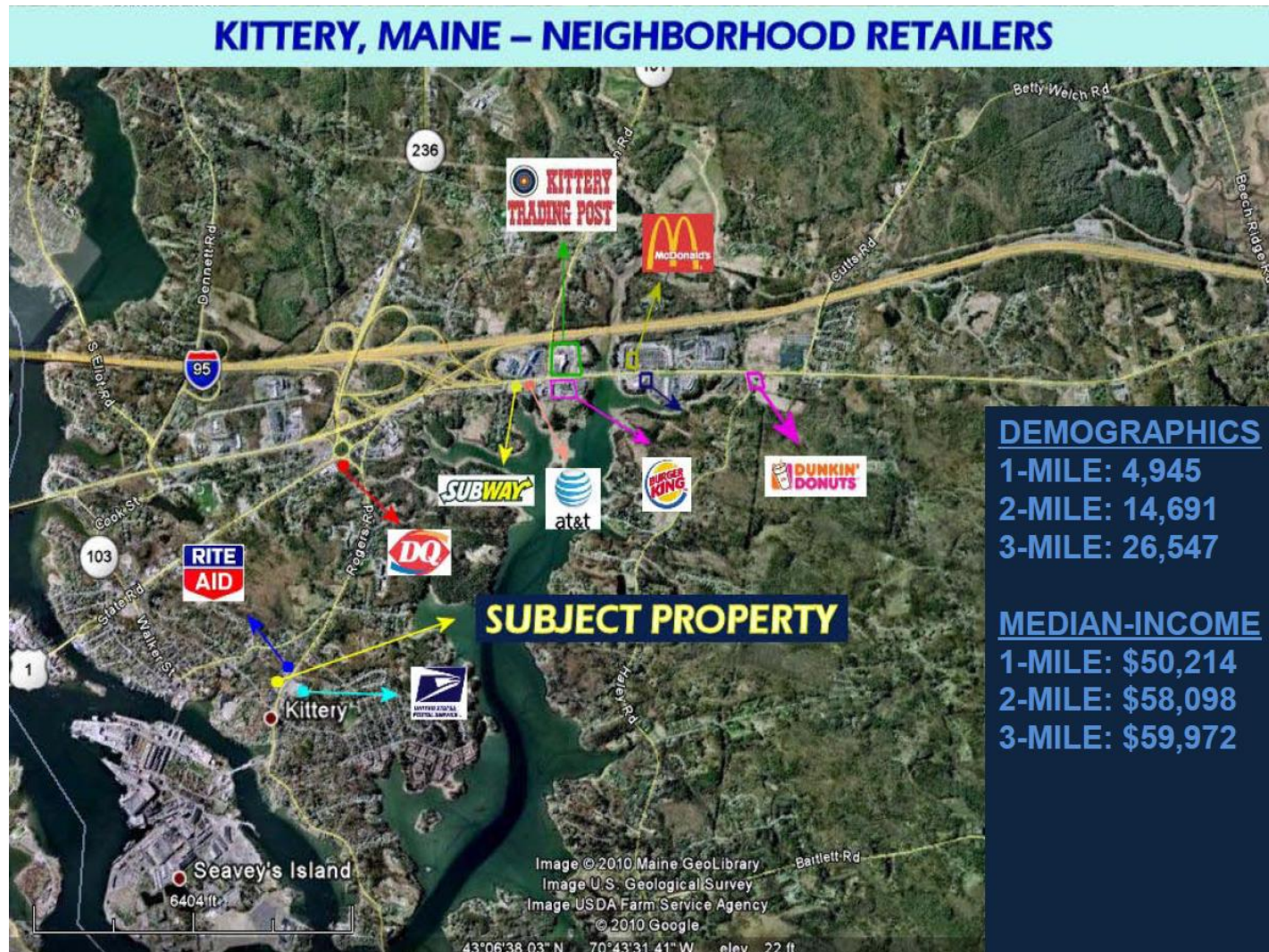
**CONTACT INFORMATION**

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The calculations and data presented are deemed to be accurate, but not guaranteed. They are intended for the purpose of illustrative projections and analysis.

### KITTERY, ME -- 11 SHAPLEIGH RD





## ACQUISITION COSTS

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<b>Purchase Price, Points and Closing Costs</b>	\$600,000
<b>Investment - Cash</b>	\$120,000
<b>First Loan</b>	\$480,000

## INVESTMENT INFORMATION

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<b>Purchase Price</b>	\$600,000
<b>Price per Tenant</b>	\$200,000
<b>Price per Sq. Ft.</b>	\$150.00

## INCOME, EXPENSES & CASH FLOW

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<b>Gross Scheduled Income</b>	\$72,000
<b>Total Vacancy and Credits</b>	\$0
<b>Operating Expenses</b>	(\$6,280)
<b>Net Operating Income</b>	\$65,720
<b>Debt Service</b>	(\$37,112)
<b>Cash Flow Before Taxes</b>	\$28,608
<b>Total Interest (Debt Service)</b>	(\$28,568)
<b>Depreciation and Amortization</b>	(\$9,828)
<b>Taxable Income (Loss)</b>	\$27,324
<b>Tax Savings (Costs)</b>	(\$11,750)
<b>Cash Flow After Taxes</b>	\$16,859

## FINANCIAL INDICATORS

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<b>Cash on Cash Return Before Taxes</b>	23.84%
<b>Optimal Internal Rate of Return (yr 17)</b>	16.73%
<b>Debt Coverage Ratio</b>	1.77
<b>Capitalization Rate</b>	10.95%
<b>Gross Income / Square Feet</b>	\$18.00
<b>Gross Expenses / Square Feet</b>	(\$1.57)
<b>Operating Expense Ratio</b>	8.72%

**BEFORE TAX IRR**

Time	Future Cash Flows		
Initial Investment	(\$120,000)		
End of Year 1	\$28,608	End of Year 11	\$37,959
End of Year 2	\$28,988	End of Year 12	\$39,058
End of Year 3	\$29,908	End of Year 13	\$40,179
End of Year 4	\$30,846	End of Year 14	\$41,322
End of Year 5	\$31,803	End of Year 15	\$41,997
End of Year 6	\$32,778	End of Year 16	\$41,997
End of Year 7	\$33,774	End of Year 17	\$41,997
End of Year 8	\$34,789	End of Year 18	\$41,997
End of Year 9	\$35,825	End of Year 19	\$41,997
End of Year 10	\$36,881	End of Year 20*	\$450,770

IRR = 26.85%

\* (\$41,997 + \$408,773)

**AFTER TAX IRR**

Time	Future Cash Flows		
Initial Investment	(\$120,000)		
End of Year 1	\$16,859	End of Year 11	\$19,362
End of Year 2	\$17,033	End of Year 12	\$19,576
End of Year 3	\$17,316	End of Year 13	\$19,777
End of Year 4	\$17,596	End of Year 14	\$19,964
End of Year 5	\$17,870	End of Year 15	\$19,856
End of Year 6	\$18,138	End of Year 16	\$19,332
End of Year 7	\$18,400	End of Year 17	\$18,776
End of Year 8	\$18,654	End of Year 18	\$18,185
End of Year 9	\$18,900	End of Year 19	\$17,559
End of Year 10	\$19,136	End of Year 20*	\$389,731

IRR = 16.65%

\* (\$16,709 + \$373,022)

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>GROSS SCHEDULED INCOME</b>	\$72,000	\$72,400	\$73,368	\$74,355	\$75,362	\$76,390	\$77,438	\$78,506	\$79,596	\$80,708
Total Operating Expenses	(\$6,280)	(\$6,300)	(\$6,348)	(\$6,398)	(\$6,448)	(\$6,499)	(\$6,552)	(\$6,605)	(\$6,660)	(\$6,715)
<b>NET OPERATING INCOME</b>	\$65,720	\$66,100	\$67,020	\$67,958	\$68,914	\$69,890	\$70,886	\$71,901	\$72,937	\$73,993
Loan Payment	(\$37,112)	(\$37,112)	(\$37,112)	(\$37,112)	(\$37,112)	(\$37,112)	(\$37,112)	(\$37,112)	(\$37,112)	(\$37,112)
<b>NET CASH FLOW (b/t)</b>	\$28,608	\$28,988	\$29,908	\$30,846	\$31,803	\$32,778	\$33,774	\$34,789	\$35,825	\$36,881
Cash On Cash Return b/t	23.84%	24.16%	24.92%	25.70%	26.50%	27.32%	28.14%	28.99%	29.85%	30.73%
<b>NET OPERATING INCOME</b>	\$65,720	\$66,100	\$67,020	\$67,958	\$68,914	\$69,890	\$70,886	\$71,901	\$72,937	\$73,993
Depreciation	(\$9,828)	(\$10,256)	(\$10,256)	(\$10,256)	(\$10,256)	(\$10,256)	(\$10,256)	(\$10,256)	(\$10,256)	(\$10,256)
Loan Interest	(\$28,568)	(\$28,041)	(\$27,481)	(\$26,887)	(\$26,256)	(\$25,587)	(\$24,876)	(\$24,121)	(\$23,320)	(\$22,470)
<b>TAXABLE INCOME (LOSS)</b>	\$27,324	\$27,803	\$29,283	\$30,814	\$32,402	\$34,047	\$35,754	\$37,524	\$39,360	\$41,267
Income Taxes	(\$11,750)	(\$11,955)	(\$12,591)	(\$13,250)	(\$13,933)	(\$14,640)	(\$15,374)	(\$16,135)	(\$16,925)	(\$17,745)
<b>CASH FLOW (a/t)</b>	\$16,859	\$17,033	\$17,316	\$17,596	\$17,870	\$18,138	\$18,400	\$18,654	\$18,900	\$19,136
Cash On Cash Return a/t	14.05%	14.19%	14.43%	14.66%	14.89%	15.12%	15.33%	15.55%	15.75%	15.95%

Footnotes: b/t = before taxes; a/t = after taxes



Description	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
<b>GROSS SCHEDULED INCOME</b>	\$81,842	\$82,999	\$84,179	\$85,383	\$86,093	\$86,093	\$86,093	\$86,093	\$86,093	\$86,093
Total Operating Expenses	(\$6,772)	(\$6,830)	(\$6,889)	(\$6,949)	(\$6,985)	(\$6,985)	(\$6,985)	(\$6,985)	(\$6,985)	(\$6,985)
<b>NET OPERATING INCOME</b>	\$75,070	\$76,169	\$77,290	\$78,434	\$79,108	\$79,108	\$79,108	\$79,108	\$79,108	\$79,108
Loan Payment	(\$37,112)	(\$37,112)	(\$37,112)	(\$37,112)	(\$37,112)	(\$37,112)	(\$37,112)	(\$37,112)	(\$37,112)	(\$37,112)
<b>NET CASH FLOW (b/t)</b>	\$37,959	\$39,058	\$40,179	\$41,322	\$41,997	\$41,997	\$41,997	\$41,997	\$41,997	\$41,997
Cash On Cash Return b/t	31.63%	32.55%	33.48%	34.43%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
<b>NET OPERATING INCOME</b>	\$75,070	\$76,169	\$77,290	\$78,434	\$79,108	\$79,108	\$79,108	\$79,108	\$79,108	\$79,108
Depreciation	(\$10,256)	(\$10,256)	(\$10,256)	(\$10,256)	(\$10,256)	(\$10,256)	(\$10,256)	(\$10,256)	(\$10,256)	(\$9,828)
Loan Interest	(\$21,566)	(\$20,608)	(\$19,590)	(\$18,509)	(\$17,362)	(\$16,144)	(\$14,850)	(\$13,477)	(\$12,019)	(\$10,472)
<b>TAXABLE INCOME (LOSS)</b>	\$43,248	\$45,306	\$47,445	\$49,669	\$51,491	\$52,709	\$54,002	\$55,375	\$56,833	\$58,809
Income Taxes	(\$18,597)	(\$19,481)	(\$20,401)	(\$21,358)	(\$22,141)	(\$22,665)	(\$23,221)	(\$23,811)	(\$24,438)	(\$25,288)
<b>CASH FLOW (a/t)</b>	\$19,362	\$19,576	\$19,777	\$19,964	\$19,856	\$19,332	\$18,776	\$18,185	\$17,559	\$16,709
Cash On Cash Return a/t	16.14%	16.31%	16.48%	16.64%	16.55%	16.11%	15.65%	15.15%	14.63%	13.92%

Footnotes: b/t = before taxes; a/t = after taxes



Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Rent Multiplier	5.64	5.69	5.70	5.71	5.72	5.73	5.73	5.74	5.75	5.75
Capitalization Rate	10.95%	11.02%	11.17%	11.33%	11.49%	11.65%	11.81%	11.98%	12.16%	12.33%
Cash On Cash Return b/t	23.84%	24.16%	24.92%	25.70%	26.50%	27.32%	28.14%	28.99%	29.85%	30.73%
Cash On Cash Return a/t	14.05%	14.19%	14.43%	14.66%	14.89%	15.12%	15.33%	15.55%	15.75%	15.95%
Debt Coverage Ratio	1.77	1.78	1.81	1.83	1.86	1.88	1.91	1.94	1.97	1.99
Gross Income per Sq. Ft.	\$18.00	\$18.10	\$18.34	\$18.59	\$18.84	\$19.10	\$19.36	\$19.63	\$19.90	\$20.18
Expenses per Sq. Ft.	(\$1.57)	(\$1.58)	(\$1.59)	(\$1.60)	(\$1.61)	(\$1.62)	(\$1.64)	(\$1.65)	(\$1.66)	(\$1.68)
Net Income Multiplier	6.18	6.23	6.24	6.25	6.25	6.26	6.26	6.27	6.27	6.27
Operating Expense Ratio	8.72%	8.70%	8.65%	8.60%	8.56%	8.51%	8.46%	8.41%	8.37%	8.32%
Loan To Value Ratio	116.12%	112.20%	108.24%	104.24%	100.18%	96.06%	91.89%	87.64%	83.33%	78.95%

Footnotes: b/t = before taxes; a/t = after taxes



Description	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Gross Rent Multiplier	5.76	5.76	5.77	5.77	5.81	5.90	5.98	6.07	6.17	6.26
Capitalization Rate	12.51%	12.69%	12.88%	13.07%	13.18%	13.18%	13.18%	13.18%	13.18%	13.18%
Cash On Cash Return b/t	31.63%	32.55%	33.48%	34.43%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Cash On Cash Return a/t	16.14%	16.31%	16.48%	16.64%	16.55%	16.11%	15.65%	15.15%	14.63%	13.92%
Debt Coverage Ratio	2.02	2.05	2.08	2.11	2.13	2.13	2.13	2.13	2.13	2.13
Gross Income per Sq. Ft.	\$20.46	\$20.75	\$21.04	\$21.35	\$21.52	\$21.52	\$21.52	\$21.52	\$21.52	\$21.52
Expenses per Sq. Ft.	(\$1.69)	(\$1.71)	(\$1.72)	(\$1.74)	(\$1.75)	(\$1.75)	(\$1.75)	(\$1.75)	(\$1.75)	(\$1.75)
Net Income Multiplier	6.28	6.28	6.28	6.28	6.32	6.42	6.51	6.61	6.71	6.81
Operating Expense Ratio	8.27%	8.23%	8.18%	8.14%	8.11%	8.11%	8.11%	8.11%	8.11%	8.11%
Loan To Value Ratio	74.48%	69.93%	65.29%	60.55%	55.70%	50.75%	45.68%	40.48%	35.16%	29.69%

Footnotes: b/t = before taxes; a/t = after taxes



