

Unit 6, 7 Hinemoa Street, Spreydon, Christchurch, Canterbury

Investment Analysis		Projections over 10 years				
End of year	2023	1yr	2yr	3yr	5yr	10yr
Property value	\$675,000	718,740	765,314	814,907	923,940	1.265m
Purchase costs	\$0					
Investments	\$0					
Loan amount	\$675,000	675,000	675,000	675,000	675,000	675,000
Equity	\$0	43,740	90,314	139,907	248,940	589,690
Capital growth rate	6.48%	6.48%	6.48%	6.48%	6.48%	6.48%
Inflation rate (CPI)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Gross rent /week	\$510	25,502	26,267	27,055	28,702	33,274
Cash expenses						
Interest (I/O)(nd)	4.50%	30,375	30,375	30,375	30,375	30,375
Rental expenses	28.48%	7,553	7,780	8,013	8,501	9,855
Pre-tax cash flow	\$0	-12,426	-11,888	-11,333	-10,174	-6,956
Non-cash deductions						
Deprec.of building	0.00%					
Deprec.of chattels	\$40,500	10,125	7,594	5,695	3,204	760
Loan costs	\$0					
Total deductions		17,678	15,373	13,708	11,705	10,615
Tax credit	0.00%	0	0	0	0	0
After-tax cash flow	\$0	-12,426	-11,888	-11,333	-10,174	-6,956
Rate of return (IRR)	31.55%					
Pre-tax equivalent	31.55%					
		Your income /(cost) per week				
		(239)	(229)	(218)	(196)	(134)

Disclaimer: Note that the projections listed above simply illustrate the outcome calculated from the input values and the assumptions contained in the model. Hence the figures can be varied as required and are in no way intended to be a guarantee of future performance. Although the information is provided in good faith, it is also given on the basis that no person using the information, in whole or in part, shall have any claim against enable.me NZ Ltd – Auckland, its servants, employees or consultants. This information is intended as general advice only and does not take account of individual needs or financial circumstances. Intending purchasers should do their own assessment or consult a licensed investment

Assumptions:

- Use existing equity or cash to leverage and purchase the property
- Average capital gain of 6.48% per annum (the average annual change in median house price in Canterbury over the last 20 years has been 7.02%. As this is a townhouse property type, we have discounted the average by a further 10%)
- Inflation rate of 3%
- Rent – we have used Wolfbrook’s property management appraisal which has a 2-year rental guarantee.
- Vacancy – we factor in 2 weeks vacancy per annum
- Rent increases – we factor in annual rent increase of 3% per annum
- Mortgage – we assume the mortgage is fixed Interest Only at 4.5%
- Rental Expenses – we factor in council rates, insurance, repairs and maintenance, accounting fees and property management costs
- Assume all losses (if any) are ring-fenced