ANALYZER EXPRESS

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Introduction

The focus of **Analyzer Express** is on Income and Expense Statement analysis and comparison analysis. In contrast, if you want to analyze a real estate investment over say 10 years, or carryout Buy v Lease Analysis or evaluate a lease from a Landlord's or Tenant perspective, use Investor Express

> **Note:** You cannot transfer an Analyzer Project to an Investor Pro project but can copy and paste the Property Information and Client Information from one project to another one.

Analyzer Express can be used to analyze and compare financial statements for;

  Office Buildings
  Retail properties
  Rental Apartment building;

  and investments involving "Units" such as;
       Trailer Parks
       Nursing Homes
       Mini Warehouses

Example

You want to determine the value of a rental apartment building and have received the last year Income & Expenses Statement from the owner.

The question is "How realistic is the income & Expense Statement?"

Steps

1. Enter the Income & Expenses Statement provided by the owner in Column 1 and then look at the Financial Measures report to determine if the Income & Expenses are realistic or not.

2. Then re-do the Income and Expense statement in Column 2 adjusting any rents, vacancies and expenses that are incorrect or unrealistic.

3. Once this has been done, you can use Goal Seeking to determine the value of the building based on your "Desired Return" such as the Cap Rate, Return on Equity etc.

Project Info Folder

The following examples use the Analyzer Express Investit Example "Rental Apartment Buildings"

To open this example open Analyzer. On the Investit Panel select the "Investit Examples" folder and then select the "Rental Apartment Buildings" example

Introduction
The Project Info Tab is used to enter

1. Properly Name & Description
2. Price and Acquisition Costs
3. Enter the Rentable Area, No. of Units etc.
4. Set up the Time period (Default is 12 Months)
5. Set up the Column 1 and 2 headers
    Column 1: 2005 by Owner
    Column 2: 2006 Forecasted
6. Select whether you want calculate the Financial Ratios using the Potential or Effective Gross Income

Calculate Financial Measures based on

○ Potential Gross Income

● Effective Gross Income

Following is an example of a completed Project Info. Folder

Analyzer Pro - Rental Apartment Building Pro

File   Edit   Reports   Tools   Utilites   Investit   Help

| My Company Info. | Property Info. | Client Info. | Goal Seeking | Notes |

| **Project Info.** | Financing | Rental Units Income | Rental Units Expenses |

Report Headers

| Property Name | The Georgia |
| Description | 79 Unit Apartment Building |

Total Purchase Price

Purchase Price	$ 5,400,000	
Acquisition Costs	2.00%	% of Purchase Price
Total Purchase Price	$ 5,508,000	

Time Period and Column Headers

	Number of Months	Column Heading
Column 1	12	2005 from Owner
Column 2	12	2006 Forecasted

Calculate Financial Measures based on

○ Potential Gross Income

◉ Effective Gross Income

Unit of Measure

Land Area	Sq. Ft
Frontage	Ft
Building Area	Sq. Ft

Change Unit of Measure

Total Rentable Area

| Units | 58,000 Sq. Ft |

| Total Number of Units | 79 |

Comments

Template: Rental Apartment Buildings

Finance Folder

Introduction

The Finance Folder is used to enter the mortgages information. The Payment Calculator allows you to quickly calculate the Monthly Payment.

	Project Info.	Financing		Rental Units Income		Rental Units Expenses

	Mortgage Description	Lender	Amount	Interest Rate	Amortization Period [Yrs.]	Monthly Payment	Balloon Term Expiry Date
First Mortgage		USA Bank	$ 3,700,000	7.000%	25	$ 26,150.83	

Example, entering the "Second mortgage" and calculating the Monthly Payment

Description:	Second Mortgage
Lender:	Discovery Finance
Amount:	$480,000
Interest Rate:	8.00%
Amortization:	15 years
Balloon Term Expiry Date:	Dec 2009

Steps
1. Click on the Add button to add a new row
2. Enter the Description, Lender, Amount, Amortization and Balloon Term Expiry Date

Mortgage Description	Lender	Amount	Interest Rate	Amortization Period [Yrs.]	Monthly Payment	Balloon Term Expiry Date
First Mortgage	USA Bank	$ 3,700,000	7.000%	25	$ 26,150.83	
Second Mortgage	Discovery Finance	$ 480,000	8.000%	15	$ 0.00	Dec 2009

3. Click on the "Payment Button" to display the Payment Calculator and then click on the "Compute" button to calculate the monthly payment and then the Ok button.

Monthly Payment Calculator

Mortgage Description	Second Mortgage
Amount	$ 480,000
Nominal Annual Interest Rate	8.000%
Amortization Period	15 Years

Mortgage Settings

Payment made at	End of Period
Compounding Frequency	Monthly

Monthly Payment	$ 4,587.13

Compute   OK   Cancel   Help

Following is the completed Second Mortgage

	Project Info.		Financing		Rental Units Income		Rental Units Expenses	

Mortgage Description	Lender	Amount	Interest Rate	Amortization Period [Yrs.]	Monthly Payment	Balloon Term Expiry Date
First Mortgage	USA Bank	$ 3,700,000	7.000%	25	$ 26,150.83	
Second Mortgage	Discovery Finance	$ 480,000	8.000%	15	$ 4,587.13	Dec 2009

Income Folder

Introduction
The Income Folder is used to enter the Incomes and Vacancies for Column 1 and 2 which are labeled "2005 from Owner" and "2006 Forecasted"

| Project Info. | Financing | Rental Units Income | | | | Rental Units Expenses | |

				2005 from Owner		2006 Forecasted	
Income Description	Entry Choice	Qty	Income	Vac & Cr. Loss	Income	Vac & Cr. Loss	
Studios	$ per Unit per Mo	4	$ 650	2.00%	$ 670	4.00%
One Bedrooms	$ per Unit per Mo	58	$ 810	3.50%	$ 820	4.00%
Two bedrooms	$ per Unit per Mo	11	$ 975	3.50%	$ 1,025	4.00%
Three Bedrooms	$ per Unit per Mo	4	$ 1,050	4.00%	$ 1,100	4.00%
Laundry	$ per Unit per Mo	79	$ 12	3.70%	$ 13	4.00%
Parking	$ per Parking Space per Mo	81	$ 30.00	0.00%	$ 33.00	4.00%

Steps
1. Enter the Description
2. Select the Entry Choice E.g., $ per Unit per Mo

				2005 from Owner		2006 Forecasted	
Income Description	Entry Choice	Qty	Income	Vac & Cr. Loss	Income	Vac & Cr. Loss	
Studios	$ per Unit per Mo	4	$ 650	2.00%	$ 670	4.00%
One Bedrooms	$ per Unit per Mo	58	$ 810	3.50%	$ 820	4.00%
Two bedrooms	$ per Unit per Mo	11	$ 975	3.50%	$ 1,025	4.00%
Three Bedrooms	Amount	4	$ 1,050	4.00%	$ 1,100	4.00%
Laundry	Amount (Outside the NOI)	79	$ 12	3.70%	$ 13	4.00%
Parking	$ per Unit per Mo	81	$ 30.00	0.00%	$ 33.00	4.00%

Entry choice dropdown list:
- Amount
- Amount (Outside the NOI)
- $ per Unit per Mo
- $ per Unit per Yr
- $ per Mo
- $ per Yr
- $ per Parking Space per Mo
- $ per Sq. Ft. per Mo
- $ per Sq. Ft. per Yr
- $ per Unit x Total No.of Units per Mo
- $ per Unit x Total No.of Units per Yr
- $ per Unit of Total Rentable Area (Units) per Mo
- $ per Unit of Total Rentable Area (Units) per Yr
- $ per Unit of Total Building Area per Yr
- $ per Unit of Total Building Area per Mo

Move

Comments

1. Enter the Qty. If you selected an Entry Choice such as "$ per Unit x Total No. of Units per Mo" the Total No of Units is entered in the Project Info Folder.

2. Enter the Income In Column 1 and 2 based on the Entry Choice and enter the Vacancy Allowances if appropriate.

Note: To learn more about Entry Choices and how to create you own Entry Choices go to the Investit Online learning Center and print out the Universal features guide.

Expenses Folder

Introduction
This folder is used to enter the column 1 & 2 expenses. Follow the same process as explained above for the Income Folder.

| Project Info.	Financing	Rental Units Income	Rental Units Expenses		
				Expenses	
Expenses	Entry Choice	Qty	2005 from Owner	2006 Forecasted	
Accounting and Legal	$ per Yr		$ 2,000	$ 6,000	
Advertising	$ per Yr		$ 2,500	$ 7,000	
Licenses and Permits	$ per Yr		$ 2,100	$ 2,500	
Insurance	$ per Yr		$ 9,000	$ 14,000	
Prop. Management	% of Effective Gross Income		4.00%	5.00%	
Salary, Res. Caretaker	$ per Mo		$ 1,750	$ 2,600	
Property Taxes	$ per Yr		$ 21,000	$ 29,000	
Maintenance & Repairs	$ per Unit x Total No.of Units per Yr	79	$ 210.00	$ 500.00	
Elevator Service	$ per Mo		$ 400	$ 700	
Utilities	$ per Unit x Total No.of Units per Yr	79	$ 350.00	$ 425.00	
Supplies	$ per Mo		$ 200	$ 250	
Garbage Collection	$ per Unit x Total No.of Units per Mo	79	$ 60.00	$ 90.00	
Other Expenses	$ per Unit x Total No.of Units per Mo	79	$ 30.00	$ 80.00	

Goal Seeking

Introduction
Goal Seeking calculates the value of the property based on the Financial Measures such as the Cap Rate, Return on Equity etc

Steps;

1. Click on the Goal seeking Button on the menu bar
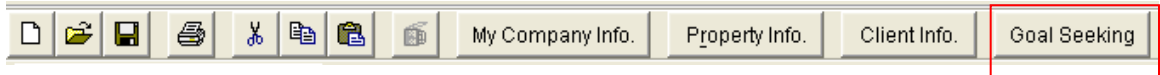
2. On the Goal Seeking Screen, enter the desired Cap Rate, Return on Equity etc. In the lower section of the Goal Seeking Wizard you can enter a Price and click on the "Display Results" button. The Financial Measures such as the Cap Rate will be calculated.

The Goal Seeking Report can be printed from the Report menu. Following is an example;

Goal Seeking Results
Discovery Plaza
Retail Medical Building

Currency: $

		2005 from Owner	2006 Forecasted
Financial Measures		**Purchase Price**	
Cap Rate	8.00 %	$ 884,375	$ 939,438
Return on Equity	10.00 %	$ 780,350	$ 824,400
Potential Gross Income Multiplier	8.00	$ 840,000	$ 919,200
Effective Gross Income Multiplier	8.30	$ 871,500	$ 953,670
Net Income Multiplier	12.50	$ 884,375	$ 939,438

Purchase Price	$ 900,000	**Financial Measures**	
Cap Rate		7.86 %	8.35 %
Return on Equity		6.89 %	8.04 %
Potential Gross Income Multiplier		8.57	7.83
Effective Gross Income Multiplier		8.57	7.83
Net Income Multiplier		12.72	11.98

Sample Reports

Following are examples showing the Analyzer Express Income Statement, Financial Measures and the Goal Seeking Reports.

Income & Expense Statements. Column 1 & 2 with Ratios

Income & Expense Statement
Discovery Plaza
Retail Medical Building

September 14, 2006
Analyzer Pro
Commercial

Currency: $

	Quantity	2005 from Owner (12 months)				2006 Forecasted (12 months)			
			% of EGI	$ per Sq. Ft	$ per Unit or Sq. Ft		% of EGI	$ per Sq. Ft	$ per Unit or Sq. Ft
Income									
Clinic. Base Rent	2,500	45,000	42.86%	18.00 /yr	1.50 /mo	50,000	43.52%	20.00 /yr	1.67 /mo
Clinic. Additional Rent	2,500	15,000	14.29%	6.00 /yr	0.50 /mo	17,500	15.23%	7.00 /yr	0.58 /mo
Starbucks. Base Rent	1,500	27,000	25.71%	18.00 /yr	1.50 /mo	27,000	23.50%	18.00 /yr	1.50 /mo
Starbucks. Additional Rent	1,500	9,000	8.57%	6.00 /yr	0.50 /mo	10,500	9.14%	7.00 /yr	0.58 /mo
Parking	15	9,000	8.57%	- /yr	50.00 /mo	9,900	8.62%	- /yr	55.00 /mo
Potential Gross Income		**105,000**	**100.00%**	**26.25 /yr**	**2.19 /mo**	**114,900**	**100.00%**	**28.73 /yr**	**2.39 /mo**
Less: Vacancy and Credit Loss		-	0%	- /yr	- /mo	-	0%	- /yr	- /mo
Effective Gross Income.		**105,000**	**100.00%**	**26.25 /yr**	**2.19 /mo**	**114,900**	**100.00%**	**28.73 /yr**	**2.39 /mo**
Operating Expenses									
Recoverable Expenses		24,000	22.86%	6.00 /yr	0.50 /mo	28,000	24.37%	7.00 /yr	0.58 /mo
Property Management		5,250	5.00%	1.31 /yr	0.11 /mo	5,745	5.00%	1.44 /yr	0.12 /mo
Legal & Office		5,000	4.76%	1.25 /yr	0.10 /mo	6,000	5.22%	1.50 /yr	0.13 /mo
Operating Expenses		**34,250**	**32.62%**	**8.56 /yr**	**0.71 /mo**	**39,745**	**34.59%**	**9.94 /yr**	**0.83 /mo**
Net Operating Income (NOI)		**70,750**	**67.38%**	**17.69 /yr**	**1.47 /mo**	**75,155**	**65.41%**	**18.79 /yr**	**1.57 /mo**
Less: Debt Service		44,215	42.11%	11.05 /yr	0.92 /mo	44,215	38.48%	11.05 /yr	0.92 /yr
CASH FLOW BEFORE TAX		**26,535**	**25.27%**	**6.63 /yr**	**0.55 /mo**	**30,940**	**26.93%**	**7.74 /yr**	**0.64 /mo**

Financial Measures
Discovery Plaza
Retail Medical Building

Currency: $

Purchase Price	$ 900,000
*Acquisition Costs	$ 18,000
*Total Purchase Price	$ 918,000
Financing	$ 515,000
Equity (Based on the Purchase Price)	$ 385,000
Loan to Value Ratio	57.22%
Commercial Rentable Area (Sq. Ft)	4,000.00
Price per Sq. Ft	$ 225

	2005 from Owner	2006 Forecasted
Capitalization Rate (Using Purchase Price)	7.86%	8.35%
Potential Gross Income Multiplier (PGIM)	8.57	7.83
Effective Gross Income Multiplier (EGIM)	8.57	7.83
Net Income Multiplier (NIM)	12.72	11.98
Return on Equity (ROE)	6.89%	8.04%
Default Ratio or Break-even (Using PGI)	74.73%	73.07%
Default Ratio or Break-even (Using EGI)	74.73%	73.07%
Debt Service Ratio	1.60	1.70
Income per Sq. Ft per Year (Using PGI)	$ 26.25	$ 28.73
Income per Sq. Ft per Month (Using PGI)	$ 2.19	$ 2.39
Operating Expense Ratio (Using PGI)	32.62%	34.59%
Operating Expense Ratio (Using EGI)	32.62%	34.59%
Operating Cost per Sq. Ft per Year	$ 8.56	$ 9.94
Operating Cost per Sq. Ft per Month	$ 0.71	$ 0.83

* The Financial Measure calculations;
a) Uses the Purchase Price not the Total Purchase Price which includes the Acquisition costs
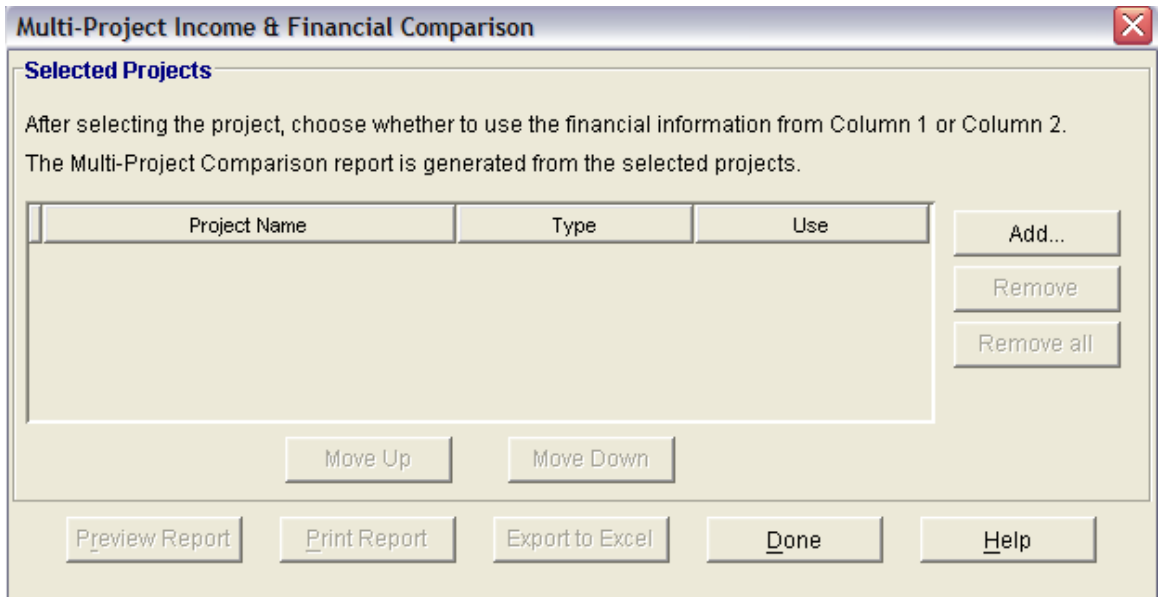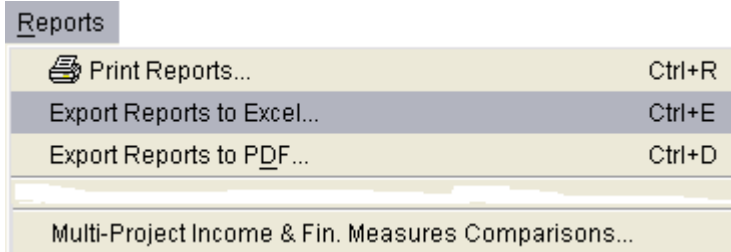b) Excludes Income and Expenses not included in the Net Operating Income

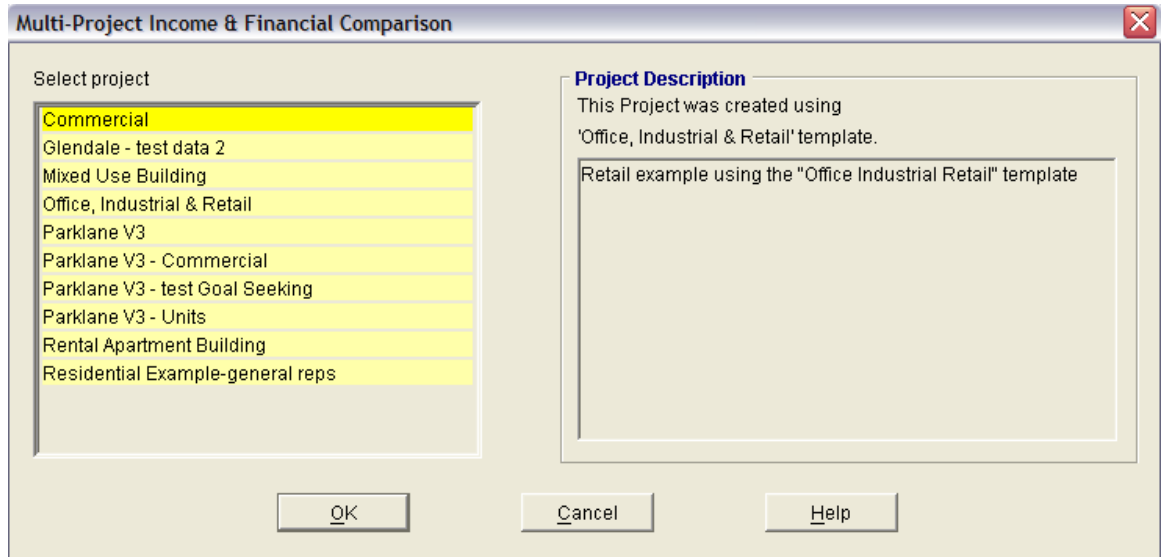## Comparison Report

Introduction

Multi-Project comparison reports allow you to compare the financial performance up to four Analyzer Express projects side by side.

Steps

1. Select "Multi-Project Income & Financial Measures Comparisons…" on the report menu
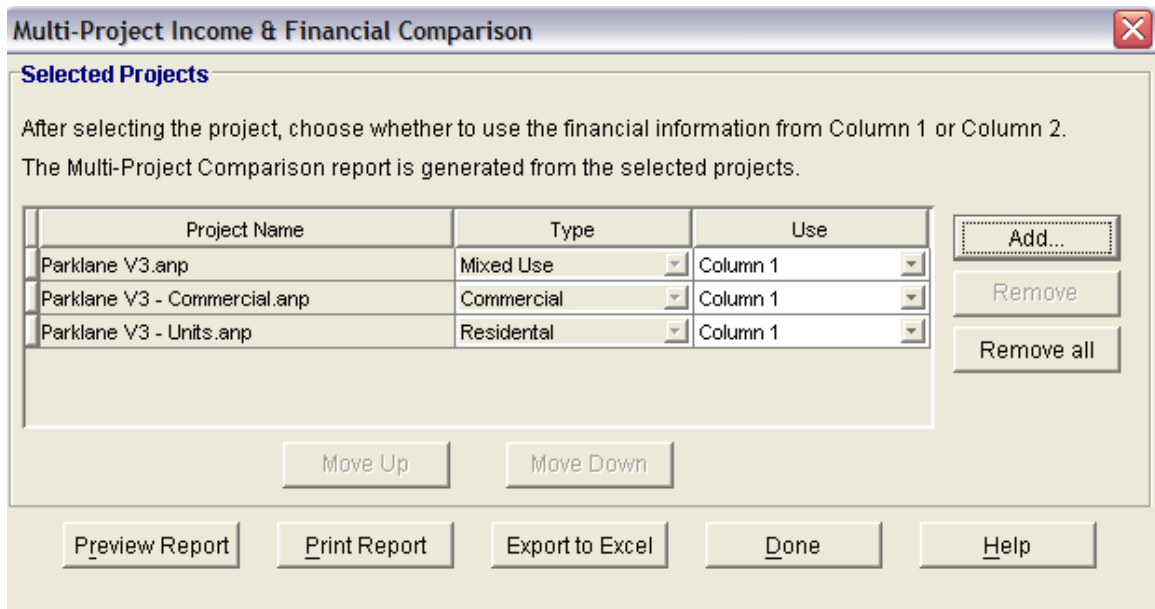

2. Click on the "Add" button which will display the Project list.

3. Select a Project and the click on the "OK" button

Repeat the process to add more projects to the list. The maximum number of projects is four

You can then preview, print or export the comparison report