Calculating Cap Rate on Investment Properties

**NOI** (Net Operating Income) divided by **Purchase Price**

**Worksheet:**

Building: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Total monthly rent per unit (gross income) X12=

Gross Income$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Less Cost:**

$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Tax per year

$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Insurance per year

$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Month gas X 12

$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Month Electric X12

$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Month Water/Sewer X 12

$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Vacancy (10%)

$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Repairs/Maintenance annually

$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Management Fee

**EQUALS:**

$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Operating Expense

**Minus** $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Gross Income

$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Net Operating Income (NOI)

**Divided by:**

$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Purchase Price

**Equals:**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Cap Rate (investment) Investor goal is 7% or Higher