

Basement Suite Renovation

Project with Upside



Introduction: This particular property has been targeted because of its potential for building a quality basement suite. It meets the criteria of being in a good location, large enough space downstairs to build a 3 bedroom suite, and suitable zoning and lot orientation. The upstairs requires little work, this is important so that you can get it renovated and rented quickly so that you have some cashflow while the basement is developed. Last but not least, it is at the right price point for there to be sufficient upside when calculating the cost of the renovation. An advanced buying strategy could be to refinance after the renovation to pull the renovation equity and some of the upside back out of the property to use on the next project.

Please note: the renovation costs are intentionally estimated on the high side to be conservative

Upper Suite: Scope of work: New flooring, painting kitchen cabinets, new countertop, new backsplash, full paint job, new doors and closet, paint vanity in bathrooms, separate upper laundry, and repair living room drywall. **Cost Estimate: \$15,000**

Lower Suite: Fully unfinished basement development including: legal sized windows, permit application, 2 new furnaces, new hot water tank, 3 bedroom suite, quality kitchen and bathroom, resilient channel sound barrier, and all other items required to complete suite. **Cost Estimate: \$65,000**

Financial Snapshot:	Purchase Price	\$335,000
	Total renovation cost:	\$80,000
	After Repair Value	\$440,000
	Total Upside	\$25,000
	Total Investment	\$415,000

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Cashflow Property in Caernarvon!



Introduction: Please note, that the analysis of this rental property will comment specifically on the finished product as well, the price used to determine cashflow will be the total investment.

Typical Tenant Profile: This high end suite will attract high end stable tenants who will pay top end rents. The ensuite bathroom in the master bedroom is an added bonus that will further improve rentability.

Location: Caernarvon : Located in a very stable and sought after part of the northwest, very attractive for tenants.

Overall Condition: Excellent condition, brand new everything, no real ongoing maintenance in the near future.

Bonus Value: The upside from the renovation of \$25,000 makes this a very attractive value proposition.

Buyer's Expectations: Once the renovation is complete, this property will be extremely easy to simply rent out and let be. Very easy to manage on an ongoing basis.

Suite: 3br up/3br down Garage: Double Garage Detached Square Feet: 1171.12 Year Built: 1974

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Monthly Pro Forma

Purchase Price	\$415,000.00
Total Building Rent	\$3,150.00

Closing Costs

Downpayment (20%)	\$83,000
Legal	\$1,800
Inspection	\$500
Contingency Fund	\$5,000
Total Investment	\$90,300

Mortgage Terms

Rate	2.84%
Amortization	30
Term	5
Type	Fixed
Payment	\$1,371.24

Monthly Expense Budget For First Year

Revenue

	Monthly	Annual
Rent	\$3,150.00	\$37,800.00
Total	\$3,150.00	\$37,800.00

Rental Breakdown

Upper	\$1,550.00
Lower	\$1,350.00
Garage	\$250.00
Total	\$3,150.00

Expense

	Monthly	Annual
Tax	\$204.58	\$2,455.00
Insurance	\$110.67	\$1,328.00
Condo Fees	\$0.00	\$0.00
Management	\$315.00	\$3,780.00 (Standard 10% for Property Managers)
Vacancy 5%	\$157.50	\$1,890.00
Repairs 5%	\$157.50	\$1,890.00
Mortgage	\$1,371.24	\$16,454.88
Total	\$2,316.49	\$27,797.88

Profit

	Monthly	Annual	
Cashflow	\$833.51	\$10,002.12	Cash on Cash Yeild (Annual Cashflow/Total Investment)
Total	\$833.51	\$10,002.12	
Contingency	\$315.00	\$3,780.00	
<small>(amount saved into reserve fund after year 1)</small>			

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To become part of our Cashflow Mailing list, please email Office@JamesKnull.com