

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 being 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.

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

Upper Suite: Scope of work: New flooring, new kitchen cabinets, new countertop, new backsplash, full paint job, new doors and closet doors, paint vanity in bathrooms, separate upper laundry, and repair living room drywall.

Cost Estimate: \$30,000

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	\$295,000
	Total Investment:	\$390,000
	After Repair Value	\$425,000
	Total Upside	\$35,000

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Cashflow Property in Belvedere!



Introduction: This property is an excellent target to do a renovation project. The upstairs is currently in poor shape and requires new windows. The lower is perfectly primed to build a suite. There is currently a kitchenette saving on the cost of the plumbing when doing a kitchen installation. Please note the cost in the proforma is the purchase price PLUS the cost of renovation. Take a look at a video tour as well. <https://www.youtube.com/watch?v=si2BUTeaeTg>

Typical Tenant Profile: This property will attract a family tenant profile once completed it will attract a high end tenant.

Location: Solid area in Edmonton and within 1 KM of a current LRT stop. Slightly lower income, but should attract long term tenant.

Overall Condition: Very poor, the renovation requirement would be approximately \$30k upper and approximately \$65k lower to convert this property into a quality performing suited house.

Bonus Value: The after repair value of this property would be in the range of \$420K - \$425K. Although the renovation would be larger, the work would definitely add additional value above your renovation dollar creating equity in your project.

Buyer's Expectations: The renovation will take time, however, at the end of the process you can expect to profit with equity and refinance to pull that value back out of the property. Even better, you will have a newly renovated quality suited house that will produce excellent cashflow. A perfect project for over the winter, just in time to have it on the rental market for spring.

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	\$390,000.00
Total Building Rent	\$2,925.00

Closing Costs

Downpayment (20%)	\$78,000
Legal	\$1,800
Inspection	\$500
Contingency Fund	\$5,000
Total Investment	\$85,300

Mortgage Terms

Rate	2.89%
Amortization	30
Term	5
Type	Fixed
Payment	\$1,296.97

Monthly Expense Budget For First Year

Revenue

	Monthly	Annual
Rent	\$2,925.00	\$35,100.00
Total	\$2,925.00	\$35,100.00

Rental Breakdown

Upper	\$1,450.00
Lower	\$1,275.00
Garage	\$200.00
Total	\$2,925.00

Expense

	Monthly	Annual
Tax	\$181.25	\$2,175.00
Insurance	\$104.00	\$1,248.00
Condo Fees	\$0.00	\$0.00
Management	\$292.50	\$3,510.00 (Standard 10% for Property Managers)
Vacancy 5%	\$146.25	\$1,755.00
Repairs 5%	\$146.25	\$1,755.00
Mortgage	\$1,296.97	\$15,563.61
Total	\$2,167.22	\$26,006.61

Profit

	Monthly	Annual	Cash on Cash Yield (Annual Cashflow/Total Investment)
Cashflow	\$757.78	\$9,093.39	10.66%
Contingency	\$292.50	\$3,510.00	4.11%
<i>(amount saved into reserve fund after year 1)</i>			
Total	\$1,050.28	\$12,603.39	14.78%

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