

Income Approach

Property: Kenai Peninsula Urology Clinic Building

Address: 262N Binkley St. Soldotna, AK

Effective date of value: April 29, 2014

Operating Statement

Operating Income

Potential Gross Income:			
	<u>square ft. *</u>	<u>\$/sq.ft.</u>	<u>rent/mo.</u>
Medical Clinic	2,228	\$2.15	\$4,790
Total Monthly:	2,228		<u>\$4,790</u>
* gross leaseable area (GLA)	(total GLA)		
Potential Gross Annual Income (PGI):			<u>\$57,482</u>
Vacancy & Collection Loss:			
	<u>rent/yr.</u>	<u>vacancy</u>	<u>rent loss</u>
Medical Clinic	\$57,482	5%	\$2,874
Total Vacancy allowance			<u>\$2,874</u> 5%
Effective Gross Income (EGI):			<u>\$54,608</u>

Operating Expenses

Fixed Expenses:

Real Property Taxes	\$3,590
Insurance	<u>\$1,600</u>
Total Fixed Expense	<u>\$5,190</u>

Variable Expenses:

Property management @	6%	\$3,276
Building Repairs/Maintenance @	1.5%	\$819
Utilities-		
heat	\$0 (by tenant)	
electrical	\$0 (by tenant)	
refuse	\$0 (by tenant)	
water & sewer	<u>\$0 (by tenant)</u>	
total		\$0
Snow plow/sanding		\$0 (by tenant)
Yard/landscape care		\$0 (by tenant)
Janitorial		\$0 (by tenant)
Legal & Accounting		<u>\$500</u>
Total Variable Expense		<u>\$4,596</u>

Total Expenses: **\$9,786 18%**

Net Operating Income (NOI): **\$44,823**

Capitalized Value ~ Income Approach

	Net Operating Income	Overall Capitalization rate	= Indicated Value	Indicated Value Rounded:
Net Operating Income	\$44,823	7.50%	\$597,635	\$698,000
Net Operating Income	\$44,823	7.75%	\$578,357	\$578,000

Note: The Potential Gross Income, Vacancy rates, and Operating Expenses are based on the appraiser's analysis/conclusions of market rents, current vacancy rates and typical forecast expenses. This data may vary from contract rents, actual/reported vacancy, or current/reported expenses.

