

Income Properties



Yield =



***Net Operating Income / Total
Investment***



?



If You Bought It All Cash

Capitalization Rate =



***Net Operating Income /
PURCHASE PRICE***

What is the Yield & Cap Rate?

Purchase Price = \$100K

Pre Debt NOI = \$10K

w/ 50% Leverage

Post Debt NOI = \$6K

ALL CASH

Yield = $10/100 = 10\%$

Cap Rate = 10%

50% Leveraged

Yield = $6/50 = 12\%$

Cap Rate = 10%