

A PRACTICAL GUIDE + PRINTABLE WORKSHEET

Real Estate Deal Analysis Guide

Review the income, expenses and cash needed before you take the next step.

ANY PROPERTY. ANY MARKET.

Use this framework to review real estate in any market. Work through the fictional example, adapt assumptions to the property type and verify local requirements. The worksheet helps you identify what still needs to be checked.

01 Gather the evidence

Rent roll, leases, expenses and financing

02 Run the numbers

Separate operating income from cash flow

03 Ask better questions

Check the assumptions before relying on a result

02 / START WITH EVIDENCE

Collect the property inputs

Record the source and date for each number. Keep current operations separate from any proposed changes.

Income and tenancy

Request the current rent roll, signed leases, lease dates, concessions, arrears and actual collections. Confirm which units are occupied and which income is recurring.

Operating costs

Gather trailing 12-month expenses and recent tax, insurance and utility bills. Identify owner-paid services, repairs, management, turnover and administrative costs.

Building and use

Confirm the legal unit count and permitted use with the appropriate local office. Review inspection findings, major systems, deferred maintenance and any required approvals.

Financing and cash to close

Obtain lender terms for the actual property: loan amount, rate, amortization, monthly principal and interest, fees and required reserves. Separate recurring expenses from upfront cash.

Local and professional review

Ask the appropriate municipal offices and qualified professionals about requirements affecting the property, including occupancy, rental registration and rent restrictions. Do not assume the same rules apply across markets.

Keep two views. Label an in-place case and a proposed case. Document the cost, timing and approvals behind any rent increase, renovation or change in use.

03 / KNOW THE MEASURES

From rent to cash flow

Use a consistent annual period. These definitions describe this worksheet; lender and accounting conventions can differ.

Effective gross income

Scheduled annual rent minus vacancy and collection loss, plus other recurring income. Do not count a tenant security deposit as rental income.

Net operating income or NOI

Effective gross income minus recurring operating expenses. In this guide, NOI excludes debt service, income taxes, depreciation, upfront renovations and replacement reserves.

Annual cash flow before income tax

NOI minus annual principal and interest payments, minus the annual replacement reserve allowance. Actual major capital spending can exceed that allowance.

Cap rate

Annual NOI divided by purchase price, multiplied by 100. This unlevered measure does not include financing, acquisition costs or future appreciation.

Cash on cash return

Annual cash flow before income tax divided by total initial cash invested, multiplied by 100. Here, initial cash includes the down payment, closing costs, upfront work and opening reserves.

A useful cross-check. Ask your lender how it calculates debt service coverage. Some use underwritten net cash flow after adjustments or reserves rather than this guide's NOI. A worksheet result is not a loan approval.

04 / WORKED EXAMPLE

A fictional four unit property

Illustrative arithmetic only. These figures are not local rent estimates, market benchmarks, an available property or a financing offer.

Purchase price \$800,000 | Loan \$600,000

Initial cash: \$200,000 down payment + \$24,000 closing costs + \$16,000 upfront work + \$10,000 opening reserves = \$250,000.

ANNUAL OPERATING REVIEW	AMOUNT
Scheduled rent: 4 units x \$2,300 x 12	\$110,400.00
Less vacancy / collection loss: 5% of rent	(\$5,520.00)
Plus other recurring income	\$1,200.00
Effective gross income	\$106,080.00
Property taxes	\$18,000.00
Insurance	\$3,600.00
Owner-paid utilities	\$2,400.00
Repairs and routine maintenance	\$4,800.00
Management: 6% of effective gross income	\$6,364.80
Turnover / leasing allowance	\$1,800.00
Other recurring operating costs	\$1,200.00
Total operating expenses	\$38,164.80
NOI: income less operating expenses	\$67,915.20
Less debt service: assumed \$3,750 x 12	(\$45,000.00)
Less annual replacement reserve allowance	(\$4,800.00)
Annual cash flow before income tax	\$18,115.20

8.49% cap rate

\$67,915.20 / \$800,000

7.25% cash on cash return

\$18,115.20 / \$250,000

Monthly cash flow is \$1,509.60 before income tax. Opening reserves are initial cash held aside; the annual reserve allowance is ongoing funding. Neither is a guarantee that all future capital costs are covered.

05 / YOUR WORKSHEET

Put one property on paper

Print and complete this page. Use annual amounts, retain your supporting records and label estimates clearly.

Property / address: _____

Prepared on: _____ Case: In-place / Proposed

INPUT OR CALCULATION	YOUR AMOUNT
A Purchase price	\$
B Down payment	\$
C Closing costs + upfront work + opening reserves	\$
D Total initial cash invested = B + C	\$
E Scheduled monthly rent x 12	\$
F Vacancy and collection loss	\$
G Other recurring annual income	\$
H Effective gross income = E - F + G	\$
I Taxes + insurance + owner-paid utilities	\$
J Repairs + management + turnover + other costs	\$
K Total operating expenses = I + J	\$
L NOI = H - K	\$
M Annual principal and interest payments	\$
N Annual replacement reserve allowance	\$
O Annual cash flow = L - M - N	\$
P Monthly cash flow = O / 12	\$
Q Cap rate = L / A x 100	%
R Cash on cash return = O / D x 100	%

Most important number to verify: _____

Source / next step: _____

06 / PRESSURE TEST AND NEXT STEP

Check what could change

A positive base case can become a cash shortfall if income falls or costs rise. Recalculate rather than relying on a single forecast.

SCENARIO	ANNUAL CASH FLOW
Base case from the fictional example	\$18,115.20
Vacancy rises from 5% to 10% of rent	\$12,926.40
Operating expenses rise by \$5,000	\$13,115.20
Both changes happen together	\$7,926.40

Sensitivity assumptions: other income, debt service and replacement reserves remain unchanged. At 10% vacancy, management remains 6% of effective gross income; all other base operating expenses stay fixed. The additional \$5,000 is a separate cost increase.

Before relying on the result

- ☐ Can the leases and collection history support the income?
- ☐ Are taxes, insurance, repairs and capital needs verified?
- ☐ Does the financing quote match this property and your plans?

Review a property with Chris

Bring the property address, rent roll, known expenses and your questions. Start a conversation about what the numbers show and what still needs to be checked.

Start a property conversation

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Educational use only. Not an appraisal, investment recommendation, tax or legal advice, loan commitment, or guarantee of returns. Consult qualified professionals and verify property-specific information before making decisions.

Reference: Fannie Mae Multifamily Guide, Underwritten DSCR (mfguide.fanniemae.com/node/3781). Brand and contact details: chrishillproperties.com. Reviewed October 2026. All example figures are invented for this guide.