

Read Instructions carefully

Question #46

A property has 21,000 square feet of rental space. The vacancy and credit losses is expected at 8% and operating cost (without capital cost allowance) is 28 percent of effective gross income.

Financing details for this property is as follows: down payment is 30%; the loan is \$400,000; Interest rate is 10% per annum compounded semi-annually; term of loan is 12 years.

The cost of the down payment is 6.50% above the effective cost of borrowing and 50% of the capital gains is taxed.

What is the net operating income if the rate is \$25 per square foot for the first 10,000 square feet of space and \$28 per square feet for the balance?

- a. \$357,120
- b. \$369,619
- c. \$366,860
- d. \$401,760

Question #47

A property has 20,000 square feet of rental space. The cost of rent is \$30 per square foot. The vacancy and credit losses is expected at 8% and operating cost (without capital cost allowance) is 30 percent of effective gross income.

Financing details for this property is as follows: Loan-to-value ratio is 65%; the loan is \$325,000; Interest rate is 12% per annum compounded semi-annually; term of loan is 10 years. There are no processing fees.

The cost of the down payment is 5.00% above the effective cost of borrowing and 50% of capital gains is taxed.

What is the market value of the property using the net income approach?

- a. \$2,775,862
- b. \$2,738,483
- c. \$3,873,300
- d. \$3,546,125