



INVESTMENT OPPORTUNITIES REPORT

prepared for

MRS & MR XYZ

INVESTMENT AREA MARKET SUMMARY

The Washington Metropolitan area is a melting pot of innovation, culture, community, and history. It has become more than just a political town or temporary workplace, and the DC real estate market continues to exhibit strong growth. Both Northern Virginia and Washington, D.C. show strength in both sales and an increase in average sold price. Job Growth, low unemployment and new construction are contributing greatly to the current state of the local real estate market. Continued low interest rates and government programs are impacting first time home buyers as well as "move up" buyers. Additionally, the amount of development in the area is attracting national, local, and foreign investors eager to invest in homes or rental units in the D.C. market. With multiple large-scale developments in the area, the area will continue to transform into dynamic, walkable, multi-use spaces, which will attract home buyers, investors and renters alike and increase the appeal of underutilized and up-and-coming areas.

Prepared by



Dear Mr & Mrs XYZ,

I'm so excited that you are looking to invest in (or around) my favorite City and I'm even more excited that I get to help you find a great investment property!

There is an enormous amount of facts and figures that could be explained about the various neighborhoods, developments, pros, and cons, of the variety of submarkets, and we will get into those in the near future. For now, this report is aimed to give you a brief overview of some areas, based on your initial criteria, and provide examples of what returns you are able to see in the different locations. Then, once you have narrowed down where you would like to invest, we will dive into more detail. Same goes for the investment properties: while all of them are currently listed for sale, once you decide where you prefer, I will get you more options of that particular type, and details of each. Of course, feel free to ask me any questions or request more information on any particular topic/property. To get you started, [click here](#) to see an overview of some popular neighborhoods: [click on the link](#) for a summary of the area.

Washington D.C. is one of the most desirable cities in the United States, especially if you want to be in a desirable neighborhood. As you will see in the investment properties in this document, your price range can get you a variety of properties in the area. We can discuss whether it makes more sense for you to buy a single-family home (that targets young families and military families as renters), or a smaller townhome (for the many young professionals and students). Unfortunately, virtually all townhomes, and most townhouse communities, charge a monthly HOA (Homeowners Association) fee in the area. These range from \$100/month on the low end (usually for basics like landscaping and snow removal) to over \$800/month (for luxury amenities like pool, fitness studio, dog play area, etc.). The average HOA fee for newer condominiums is around \$550/month, while townhouse communities average around \$300/month. Since this greatly reduces your bottom line, especially in vacant months, I only included properties that are on the low end of the above-named fees. That's why you won't see any super-luxurious high-rises (if you do want to take a look at these as well, please let me know). I also included an estimate of how much each property will approximately rent for, based on recent comparables, as well as pro formas that calculate your return on a select few properties. You will get a more detailed investment return sheet for each property once we narrow down choices.

All that being said, let's get this party started! I'm excited to hear your feedback and get into more details with you soon!

Inga

P.S. I'm not sure what time frame you are looking to buy in. Real estate prices usually increase in late March here (though inventory does too). Prime rental time is June – August and January. Something to keep in mind.



SUBMARKET I



Washington DC is a diverse city and offers every type of housing. The city is divided into four quadrants (NW, NE, SW, SE) which has its own character. NW is the most expensive and has large single-family homes. NW is middle class (and has a variety of housing types). NE is mostly government buildings and businesses, and SE is very low income). The quadrants are further divided into smaller neighborhoods, each with its own "good, bad, and up-and-coming." It is fairly clearly defined where you "want to live" and "don't want to live." Since DC has a limited amount of land, prices keep going up. Formerly more affordable areas are now popping up in places you couldn't imagine 10 years ago. A "Must" for investments... any "good" area within the District boundaries is a "Must" for one reason or another, and we should look at properties on a case-by-case basis. Options in your price range where you can get a previously unoccupied, it is very difficult to find a property that has an income of less than \$500/month.

OVERVIEW OF SUBMARKET I



Investment Property 1

Neighborhood: West End (Washington, DC)

Price: \$585,000

of Bedrooms: 1

of Bathroom: 1

SF: 1,025

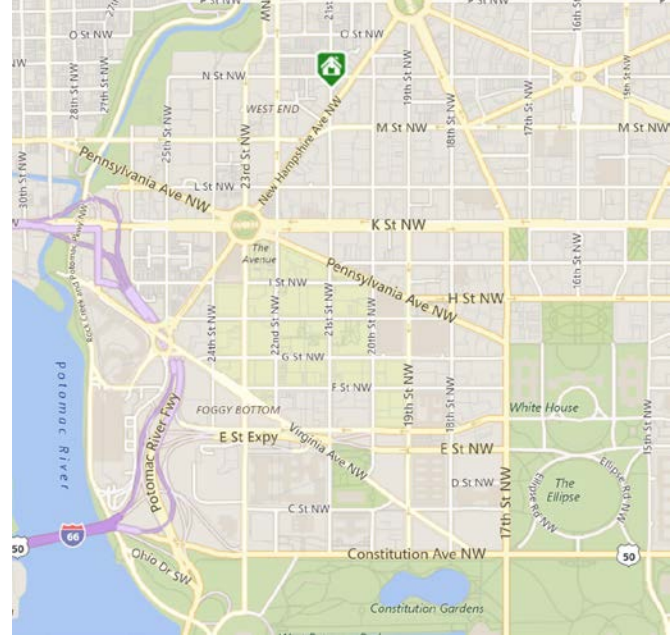
SF Lot: N/A

Rent estimate: \$3,000 / month

HOA Fees: \$210 / month
includes water and sewer

Utility + Tax Estimate \$600 / month

General Remarks: West end is a very in demand location, for both professionals and students, as it is walking distance to GW University, Georgetown, Rock Creek Park, , Downtown, and Dupont Circle. This condo has original DC charm and has been updated. It has a patio, private entrance, two wood burning fireplaces, and a spacious size for a 1-bedroom condominium.



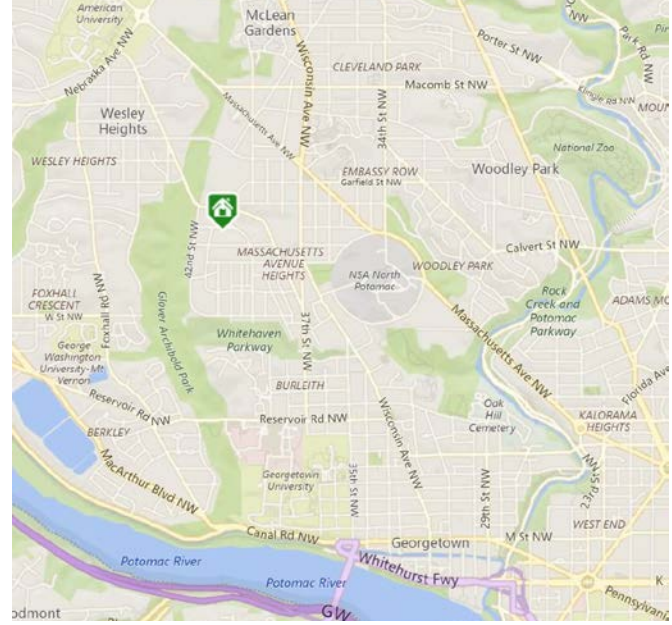
OVERVIEW OF POSSIBLE INVESTMENT 1



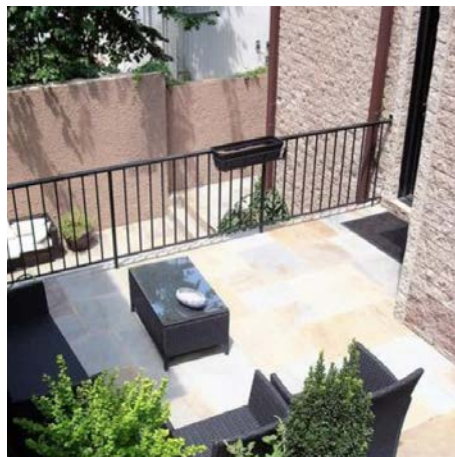
Investment Property 2

Neighborhood:	Glover Park (Washington, DC)
Price:	\$550,000
# of Bedrooms:	2
# of Bathroom:	2
SF:	773
SF Lot:	N/A
Rent estimate:	\$2500 / month
HOA Fee:	\$268 / month includes water, sewer, trash removal, and alarm system
Utility + Tax Estimate	\$560 / month

General Remarks: This property is located in a boutique condo building in Glover Park, which is walking distance to Georgetown and close to American University. The building is relatively new (built in 2013), which is reflected through; high-end features and finishes. The condo also includes a 175 sf stone terrace, in-unit laundry; and comes with a Home Warranty



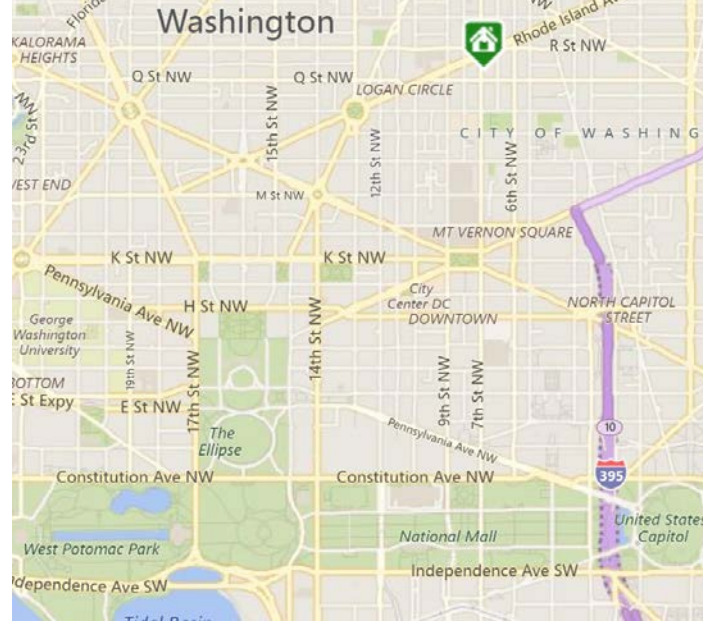
OVERVIEW OF POSSIBLE INVESTMENT II



Investment Property 3

Neighborhood: Shaw (Washington, DC)
Price: \$625,000
of Bedrooms: 2
of Bathroom: 2
SF: 878
SF Lot: N/A
Rent estimate: \$3,100 / month
HOA: \$336 / month
Includes snow removal and trash removal
Utility + Tax Estimate \$600 / month

General Remarks: The area this condo is located in, Shaw, is currently one of the hippest neighborhoods in D.C.. It has plenty of restaurants, nightlife, and amenities within walking distance, while still being close to downtown. This condo has exposed brick walls and updated finishes: slate floors, jetted tub, recessed lighting, water purifier, and a private outdoor space.



OVERVIEW OF POSSIBLE INVESTMENT III





Investment Summary for Property 1

Assumptions

Annual Expense Increase: 3%
 Annual Rent Increase: 3%
 Annual Value Appreciation: 0.5%

First Year Income and Expense

	Monthly	Annual
Income:	\$3,000	\$36,000
Vacancy (8%):	\$240	\$2,880
Property Tax:	\$250	\$3,000
Total Insurance:	\$83	\$1,000
HOA Fee:	\$208	\$2,500
Maintenance Cost:	\$100	\$1,200
Other Co	\$83	\$1,000
Cash Flow:		\$24,420

For the 20 Years Invested

Return (IRR):	5.24% per year
Total Profit when Sold:	\$659,293
Cash on Cash Return:	110.25%
Capitalization Rate:	4.17%
Total Rental Income:	\$889,947
Total Expenses:	\$233,772
Total Net Operating Income:	\$656,175

Year	Annual Income	Expenses	Cash Flow	Cash Return	Property Value	If Sold at Year End Cash to Receive	Return (IRR)
Begin			(\$598,000)				
1	\$33,120	\$8,700	\$24,420	4.08%	\$587,925	\$587,925	4.08%
2	\$34,114	\$8,961	\$25,153	4.21%	\$590,865	\$549,504	4.21%
3	\$35,137	\$9,230	\$25,907	4.33%	\$593,819	\$552,252	4.33%
4	\$36,191	\$9,507	\$26,684	4.46%	\$596,788	\$555,013	4.46%
5	\$37,277	\$9,792	\$27,485	4.60%	\$599,772	\$557,788	4.60%
6	\$38,395	\$10,086	\$28,309	4.73%	\$602,771	\$560,577	4.73%
7	\$39,547	\$10,388	\$29,159	4.88%	\$605,785	\$563,380	4.88%
8	\$40,733	\$10,700	\$30,034	5.02%	\$608,814	\$566,197	5.02%
9	\$41,955	\$11,021	\$30,935	5.17%	\$611,858	\$569,028	5.17%
10	\$43,214	\$11,352	\$31,863	5.33%	\$614,917	\$571,873	5.33%
11	\$44,511	\$11,692	\$32,818	5.49%	\$617,992	\$574,732	5.49%
12	\$45,846	\$12,043	\$33,803	5.65%	\$621,082	\$577,606	5.65%
13	\$47,221	\$12,404	\$34,817	5.82%	\$624,187	\$580,494	5.82%
14	\$48,638	\$12,776	\$35,862	6.00%	\$627,308	\$583,396	6.00%
15	\$50,097	\$13,160	\$36,937	6.18%	\$630,444	\$586,313	6.18%
16	\$51,600	\$13,554	\$38,046	6.36%	\$633,597	\$589,245	6.36%
17	\$53,148	\$13,961	\$39,187	6.55%	\$636,765	\$592,191	6.55%
18	\$54,742	\$14,380	\$40,363	6.75%	\$639,948	\$595,152	6.75%
19	\$56,385	\$14,811	\$41,573	6.95%	\$643,148	\$598,128	6.95%
20	\$58,076	\$15,256	\$42,820	7.16%	\$646,364	\$601,118	7.16%
Total	\$889,947	\$233,772	\$656,175	110.25%			

SUBMARKET II



Arlington and Alexandria are two of Washington, D.C.'s premier suburbs. One of the reasons for this is that both cities are home to a large number of government facilities, military installations, and international embassies. Arlington is also home to several villages, each of which have a unique character and appeal. Generally, you will find larger, multi-unit buildings in the Northern end of the county, while smaller, single-unit buildings are found around the metro line, and in the South. Both size, type, and price in the market vary. You can find an overview of the different neighborhoods, their demographics, and the diverse dining, shopping, and activity scene.

OVERVIEW OF SUBMARKET I

Alexandria is located on the South and is one of the city's oldest suburbs. Old Town Alexandria, the city's historic, walkable center, is its biggest draw for locals and visitors. With its theaters, shops, and restaurants, it is a popular destination. Old Town is also home to a large number of government facilities, military installations, and international embassies. Old Town is also home to several villages, each of which have a unique character and appeal. Generally, you will find larger, multi-unit buildings in the Northern end of the county, while smaller, single-unit buildings are found around the metro line, and in the South. Both size, type, and price in the market vary. You can find an overview of the different neighborhoods, their demographics, and the diverse dining, shopping, and activity scene.

Investment Property 4

Neighborhood: Halls Hills (Arlington)

Price: \$589,900

of Bedrooms: 2

of Bathroom: 1.5

SF: 1,390

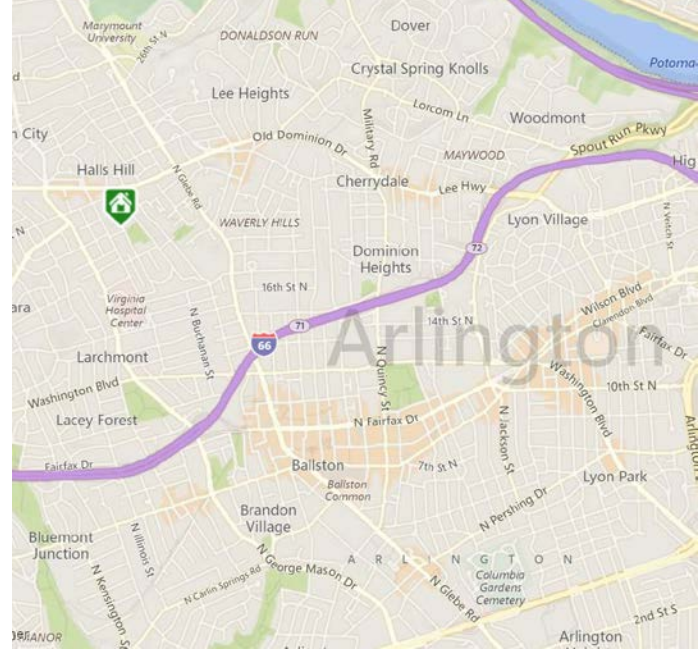
SF Lot: 3,940

Rent Estimate: \$2,400

HOA Fee: N/A

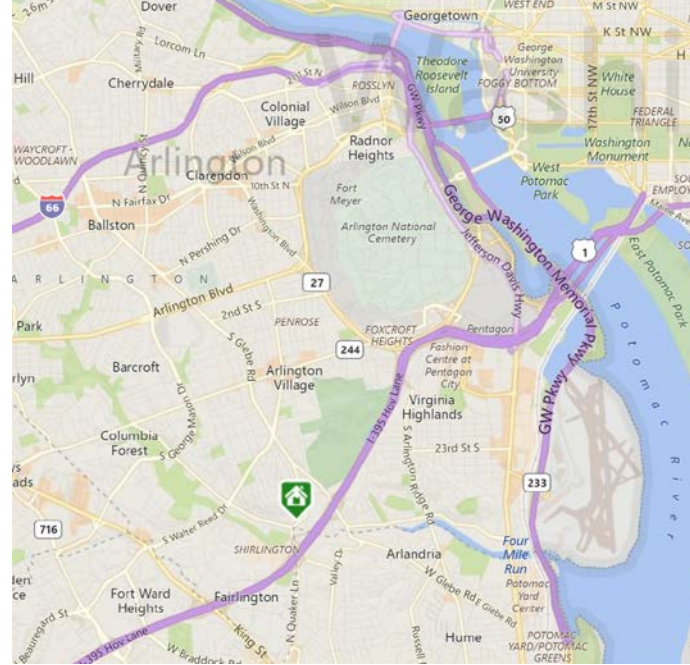
Utility + Tax Estimate \$625 / month

General Remarks: Located in North Arlington, the reputation of this location is great off the bat. It is also walking distance to Virginia Hospital Center, a main employer in the area. This brick duplex has been renovated and has a new kitchen, hardwood flooring on main & upper levels, a finished, walk-up lower level with new carpet, and a newly installed central A/C.



Investment Property 5

Neighborhood:	Shirlington (Arlington)
Price:	\$692,500
# of Bedrooms:	2
# of Bathroom:	3.5
SF:	2,116
SF Lot:	1,200
Rent Estimate:	\$3,000 / month
HOA fee:	\$130 / month includes landscaping and snow removal
Utility + Tax Estimate	\$650 / month
General Remarks:	This townhouse is located in the very in-demand Shirlington Crest community, walking distance to Shirlington Village, and a short drive to the Pentagon. This particular model has a unique layout and is large for only 2 bedrooms. It has a newer (built in 2008), has a roof deck, and a 2-car garage.



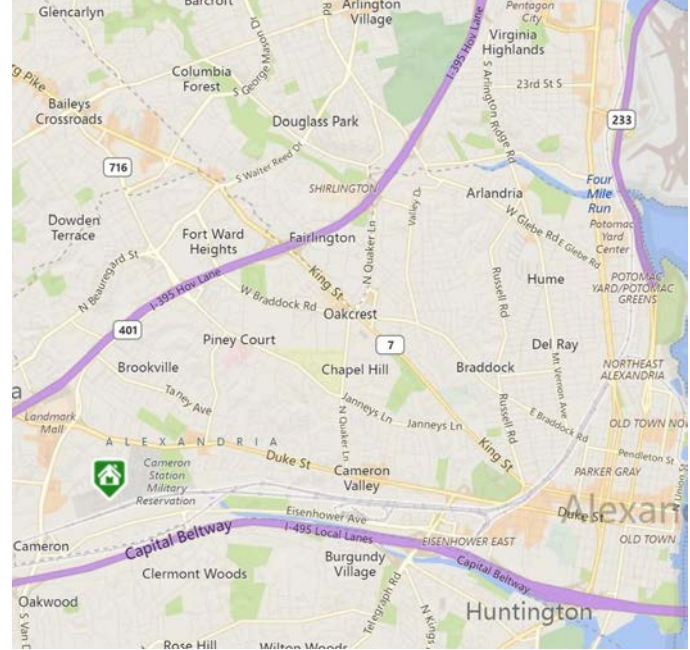
OVERVIEW OF POSSIBLE INVESTMENT V



Investment Property 6

Neighborhood: Cameron Station (Alexandria)
Price: \$659,500
of Bedrooms: 3
of Bathroom: 3.5
SF: 2,440
SF Lot: 1,170
Rent Estimate: \$3,200 / month
HOA fee: \$121 / month
includes clubhouse, fitness center, outdoor pool, and transportation service
Utility + Tax Estimate \$620 / month

General Remarks: Cameron Station is a well-known community in Alexandria, and almost a little city in itself with its large park, sports fields, elementary school, a few stores and restaurants. Due to the number of houses in the community, the HOA fees are very low for what you get. This 4-level townhouse has been renovated in 2017 and features a 2-car garage, gas fireplace, and deck.



OVERVIEW OF POSSIBLE INVESTMENT VI



Investment Property 7

Neighborhood: Clarendon (Arlington)

Price: \$544,000

of Bedrooms: 1

of Bathroom: 1

SF: 851

SF Lot: N/A

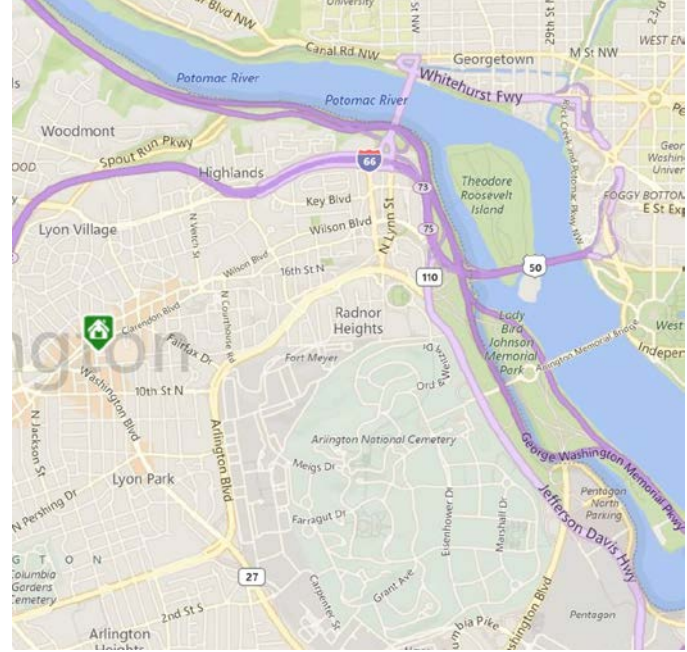
Rent Estimate: \$2,200 / month

HOA fee: \$365 / month

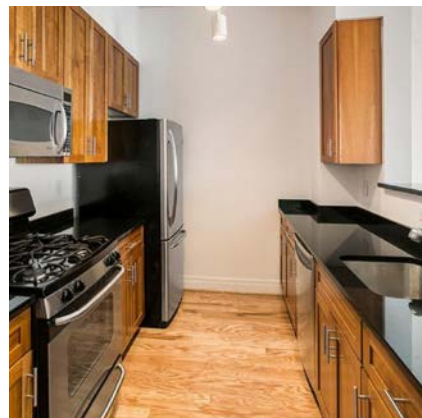
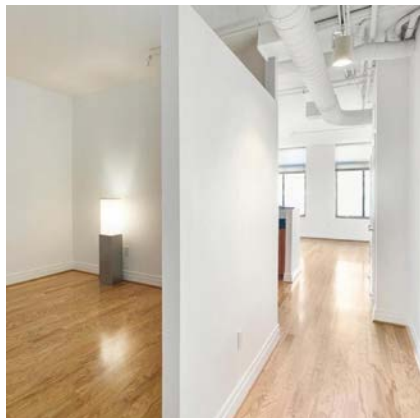
Includes outdoor pool clubhouse, reserved parking, custodial services maintenance, fitness centers, snow removal, trash removal, and water

Utility + Tax Estimate: \$525 / month

General Remarks: Clarendon is "the place" to live when you are under the age of 30. It has many bars, restaurants, and other amenities at its doorstep, as well as many auxiliary campuses of multiple universities close by. This 1-bedroom with den unit has high, loft-style ceilings, oversized windows, fresh paint and new hardwood floors.



OVERVIEW OF POSSIBLE INVESTMENT VII



Investment Property 8

Neighborhood: Columbia Pike (Arlington)

Price: \$250,000 – 500,000

of Bedrooms: 0 - 2

of Bathroom: 1 - 2

SF: varies

SF Lot: N/A

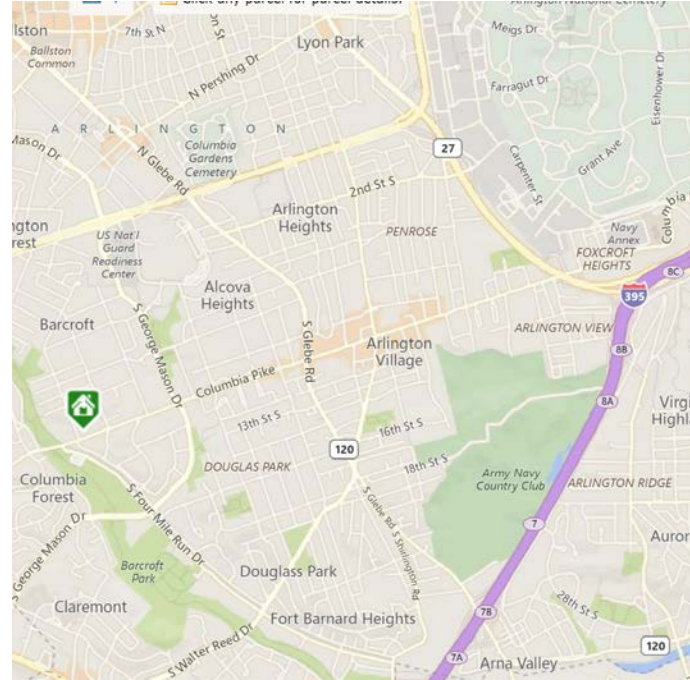
Rent Estimate: \$1500 - \$2300 / month

HOA fee \$192 / month
Includes roof plaza with firepit, clubroom, fitness center, and bike storage

Utility + Tax Estimate \$500 / month

General Remarks: This condo building is currently under construction, with an estimated delivery in the Spring of 2018. It is on Columbia Pike, which has been in the news for its new development and transportation improvements. A village center is currently being built as well. This project sits on the lower end of "the Pike" and next to one of the area's most prominent trails. The HOA fee is the lowest of any new condo building recently built in Arlington. Studios are starting at \$250,000 and move up to \$500,000 for the best 2-

bedrooms. This might be a great investment, as the prices in the area are rising. You can find more info if you [click here](#).



OVERVIEW OF POSSIBLE INVESTMENT VIII





Investment Summary for Property 6

Assumptions

Annual Expense Increase: 3%
 Annual Rent Increase: 3%
 Annual Value Appreciation: 0.5%

First Year Income and Expense

	Monthly	Annual
Income:	\$3,200	\$38,400
Vacancy (8%):	\$256	\$3,072
Property Tax:	\$250	\$3,000
Total Insurance:	\$83	\$1,000
HOA Fee:	\$125	\$1,500
Maintenance Cost:	\$100	\$1,200
Other:	\$83	\$1,000
Cash Flow:		\$27,628

For the 20 Years Invested

Return (IRR):	5.28% per year
Total Profit when Sold:	\$747,532
Cash on Cash Return:	111.24%
Capitalization Rate:	4.19%
Total Rental Income:	\$949,277
Total Expenses:	\$206,902
Total Net Operating Income:	\$742,375

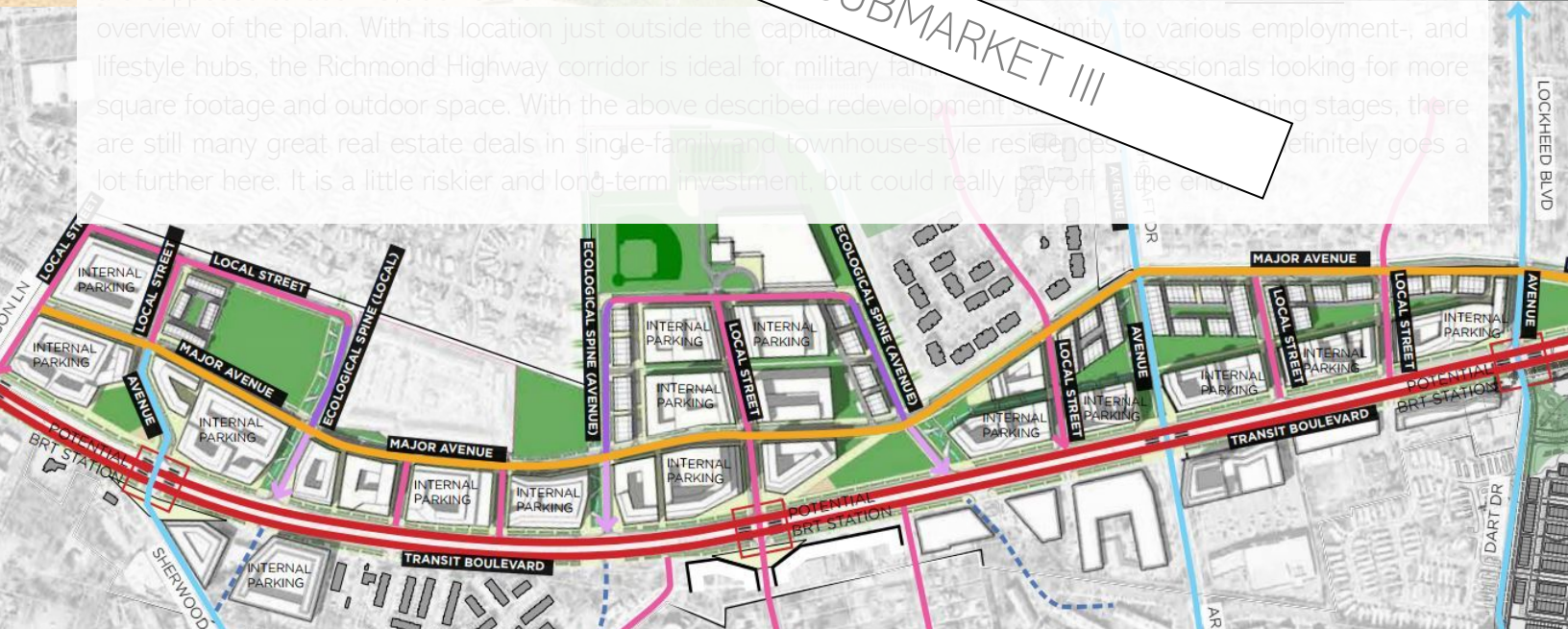
Year	Annual Income	Expenses	Cash Flow	Cash Return	Value	If Sold at Year End Cash to	Return (IRR)
Begin			(\$672,000)				
1	\$35,328	\$7,700	\$27,628	4.11%	\$662,295	\$619,014	3.3%
2	\$36,388	\$7,931	\$28,457	4.23%	\$665,606	\$619,014	2.4%
3	\$37,479	\$8,169	\$29,311	4.36%	\$668,935	\$622,109	1.80%
4	\$38,604	\$8,414	\$30,190	4.49%	\$672,279	\$625,220	2.62%
5	\$39,762	\$8,666	\$31,096	4.63%	\$675,641	\$628,346	3.14%
6	\$40,955	\$8,926	\$32,028	4.77%	\$679,019	\$631,487	3.50%
7	\$42,183	\$9,194	\$32,989	4.91%	\$682,414	\$634,645	3.77%
8	\$43,449	\$9,470	\$33,979	5.06%	\$685,826	\$637,818	3.99%
9	\$44,752	\$9,754	\$34,998	5.21%	\$689,255	\$641,007	4.17%
10	\$46,095	\$10,047	\$36,048	5.36%	\$692,701	\$644,212	4.33%
11	\$47,478	\$10,348	\$37,130	5.53%	\$696,165	\$647,433	4.46%
12	\$48,902	\$10,659	\$38,244	5.69%	\$699,646	\$650,670	4.58%
13	\$50,369	\$10,978	\$39,391	5.86%	\$703,144	\$653,924	4.69%
14	\$51,880	\$11,308	\$40,573	6.04%	\$706,660	\$657,193	4.79%
15	\$53,437	\$11,647	\$41,790	6.22%	\$710,193	\$660,479	4.89%
16	\$55,040	\$11,996	\$43,044	6.41%	\$713,744	\$663,782	4.97%
17	\$56,691	\$12,356	\$44,335	6.60%	\$717,313	\$667,101	5.05%
18	\$58,392	\$12,727	\$45,665	6.80%	\$720,899	\$670,436	5.13%
19	\$60,144	\$13,109	\$47,035	7.00%	\$724,504	\$673,788	5.21%
20	\$61,948	\$13,502	\$725,603	7.21%	\$728,126	\$677,157	5.28%
Total	\$949,277	\$206,902	\$747,532	111.24%			

SUBMARKET III



The Richmond Highway Corridor runs between Alexandria and Fort Belvoir (military installation) and is a main thoroughfare by the nation's capital and largest metropolitan suburbs. It's currently not a very nice area; very dependent with a lot of military and government jobs. However, Fairfax County is working on *Embark Richmond Highway*, a multi-phased project to revitalize the area. The proposed revitalization, which is slated to start in 2018 and be complete in 2028, will include mixed-use activity centers supported by a Bus Rapid Transit, roadway-, pedestrian-, and bicycle improvements, and a 1.5-mile extension of the Metrorail. The developments are supposed to add 13,000 residential units and 10,000 jobs to the area. [Click here](#) to see an overview of the plan. With its location just outside the capital, its proximity to various employment-, and lifestyle hubs, the Richmond Highway corridor is ideal for military families and professionals looking for more square footage and outdoor space. With the above described redevelopment in various stages, there are still many great real estate deals in single-family and townhouse-style residences. It definitely goes a lot further here. It is a little riskier and long-term investment, but could really pay off in the end.

OVERVIEW OF SUBMARKET III



Investment Property 9

Neighborhood: Fair Haven (Fairfax County)

Price: \$519,000

of Bedrooms: 3

of Bathroom: 2

SF: 1,390

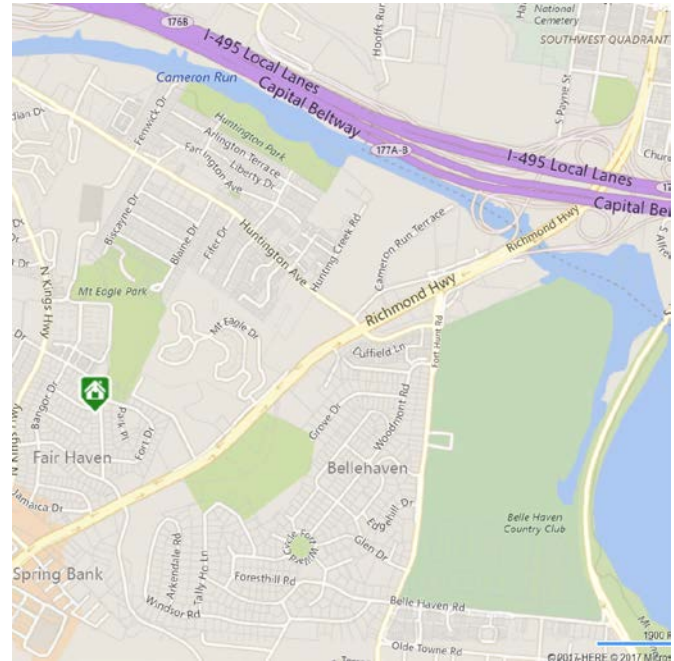
SF Lot: 6,502

Rent Estimate: \$2,300 / month

HOA fee: N/A

Utility + Tax Estimate \$540 / month

General Remarks: While lying within the future revitalization district of the Richmond Highway, this property is still in close enough proximity to Old Town to stand on its own. It's just 2 blocks to the metro, and remodeled with all new flooring, a new high-end kitchen, separate butler pantry, laundry, and office area. It also has a fenced yard, deck, 3-car driveway, and a shed.



OVERVIEW OF POSSIBLE INVESTMENT IX



Investment Property 10

Neighborhood: Bucknell Manor (Fairfax County)

Price: \$599,900

of Bedrooms: 4

of Bathroom: 3.5

SF: 2,442

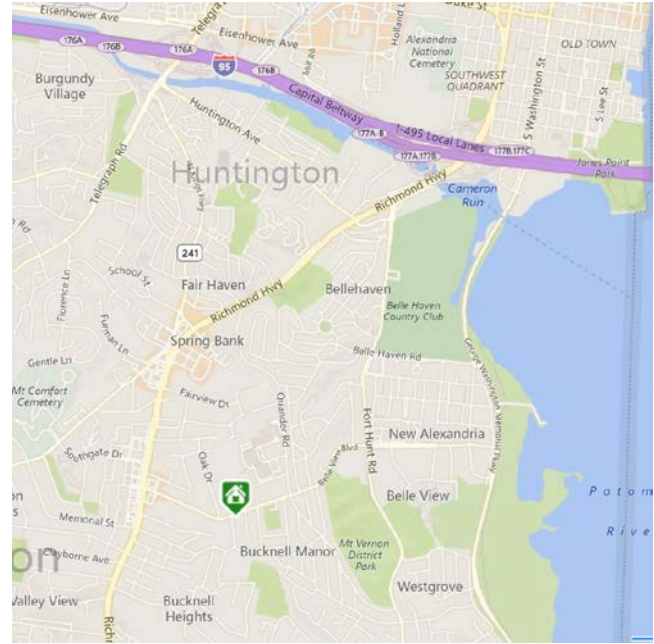
SF Lot: 10,019

Rent Estimate: \$3,200 / month

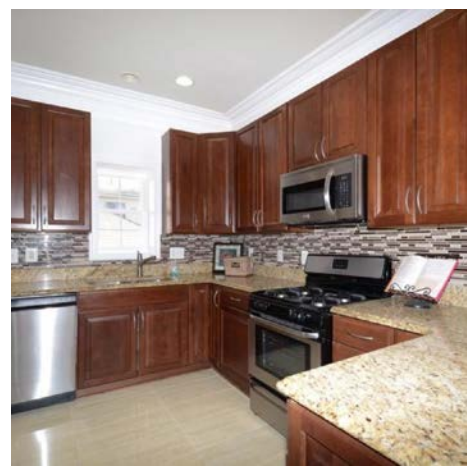
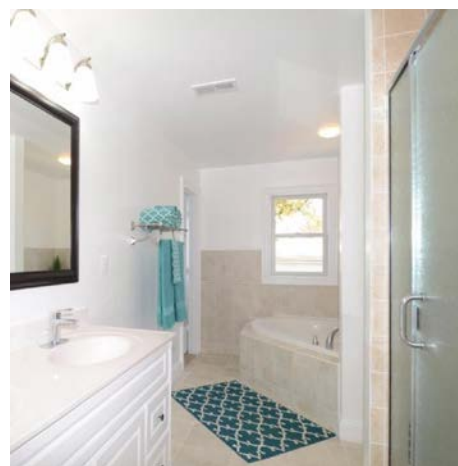
HOA fee: N/A

Utility + Tax Estimate \$550 / month

General Remarks: This property is located between Richmond Highway and George Washington Parkway, close to many parks, Belle Haven Country Club, and the Mount Vernon Trail. It has recently been renovated to include an upgraded kitchen, new carpet, and fresh paint. Two other highlights include a 2-story foyer and back deck.



OVERVIEW OF POSSIBLE INVESTMENT X





Investment Summary for Property 10

Assumptions

Annual Expense Increase: 3%
 Annual Rent Increase: 3%
 Annual Value Appreciation: 0.5%

First Year Income and Expense

	Monthly	Annual
Income:	\$3,200	\$38,400
Vacancy (12%):	\$384	\$4,608
Property Tax:	\$250	\$3,000
Total Insurance:	\$83	\$1,000
Maintenance Cost:	\$167	\$2,000
Other:	\$167	\$2,000
Cash Flow:		\$25,792

For the 20 Years Invested

Return (IRR):	5.40% per year
Total Profit when Sold:	\$696,545
Cash on Cash Return:	113.81%
Capitalization Rate:	4.31%
Total Rental Income:	\$908,004
Total Expenses:	\$214,963
Total Net Operating Income:	\$693,041

20 Year

Year	Annual Income	Expenses	Cash Flow	Cash on Cash Return	Accumulated	Sold at Year End	Return
Begin			(\$612,000)				
1	\$33,792	\$8,000	\$25,792	4.21%	\$601,995	\$559,855	-4.31%
2	\$34,806	\$8,240	\$26,566	4.34%	\$605,005	\$562,655	0.25%
3	\$35,850	\$8,487	\$27,363	4.47%	\$608,030	\$565,468	1.85%
4	\$36,925	\$8,742	\$28,184	4.61%	\$611,070	\$568,295	2.69%
5	\$38,033	\$9,004	\$29,029	4.74%	\$614,126	\$571,137	3.21%
6	\$39,174	\$9,274	\$29,900	4.89%	\$617,196	\$573,992	3.58%
7	\$40,349	\$9,552	\$30,797	5.03%	\$620,282	\$576,862	3.86%
8	\$41,560	\$9,839	\$31,721	5.18%	\$623,384	\$579,747	4.09%
9	\$42,807	\$10,134	\$32,673	5.34%	\$626,500	\$582,645	4.27%
10	\$44,091	\$10,438	\$33,653	5.50%	\$629,633	\$585,559	4.43%
11	\$45,414	\$10,751	\$34,662	5.66%	\$632,781	\$588,486	4.57%
12	\$46,776	\$11,074	\$35,702	5.83%	\$635,945	\$591,429	4.69%
13	\$48,179	\$11,406	\$36,773	6.01%	\$639,125	\$594,386	4.80%
14	\$49,625	\$11,748	\$37,876	6.19%	\$642,320	\$597,358	4.90%
15	\$51,113	\$12,101	\$39,013	6.37%	\$645,532	\$600,345	5.00%
16	\$52,647	\$12,464	\$40,183	6.57%	\$648,760	\$603,346	5.09%
17	\$54,226	\$12,838	\$41,389	6.76%	\$652,003	\$606,363	5.17%
18	\$55,853	\$13,223	\$42,630	6.97%	\$655,263	\$609,395	5.25%
19	\$57,529	\$13,619	\$43,909	7.17%	\$658,540	\$612,442	5.32%
20	\$59,254	\$14,028	\$660,731	7.39%	\$661,832	\$615,504	5.40%
Total	\$908,004	\$214,963	\$696,545	113.81%			