




# 9 Decision Metrics For Evaluating A Real Estate Investment

How to evaluate real estate investment property

1. Yields 


How to calculate real estate yields

2. Cap rate in commercial real estate 

How to calculate Cap Rate in real estate

What are the reasons for the lower cap rate?

What are the reasons for the higher capitalisation rates?

3. Outgoings 

Property council rates


Land tax

Body corporate fees


Water rates

Insurance

Maintenance and repairs (if specifically outlined in the lease agreement)

4. Depreciation 

How to calculate depreciation deductions


5. Cash flow 

How to calculate cash flow in real estate

The formula for NPV calculation is


NPV calculation example

Which investment opportunity should you choose?

6. Property's Net Operating Income 


How to calculate Net Operating Income

Example of NOI


7. Capital Growth 

Market emotions cycle

How to calculate capital growth

8. Purchasing cost 

Calculating purchasing cost

9. LTV (Loan to value ratio) 

How to calculate the LTV Ratio

Obstacles in real estate valuation

Conclusion