

Austin Cashflow Table

Due to so many requests for properties that cashflow at 10%, I decided to write this table to fill everyone in on what to expect from certain properties, at certain prices, in certain areas. 10% down is quite standard perhaps in other less dynamic cities, however in Austin in order to capture a well-maintained property using a low-risk mortgage in a high-income area investors are requested to consider putting 20% down. I have outlined below areas and their cashflow potential vs. their price.

In Austin cashflow is uniquely linked to the area rents. If you want higher rents, you need to buy in a high-rent area. However a high-rent area will cost more of a down payment to cashflow or break-even – usually 20% or more. A low rent area carries a low purchase price, and therefore a low down payment – 10% will do however you need to be able to handle repairs and possibly high maintenance costs. If you have \$20,000 to put towards purchasing a property and can handle the occasional repair, I would suggest in these areas:

10% Down Payment – 6% Interest Rate				
Cashflow	Rents	Average Price	Area	Condition
\$0 break even	1700	225,000	N, 10, NW, RR, CL	Good
+\$50	1600	190,000	N, 10, NW, RR	Good
+\$100	1500	160,000	NE, 2N, 2, 9	Average
+\$150	1400	150,000	NE, 2N, 2, 9	Average
+\$200	1300	140,000	NE, 2N, 11	Needs Work
+\$300	1200	110,000	11, 3E, 3	Needs Work

Anything with rents over \$1800 currently costs on average at least \$300,000. These areas are high demand luxury or student areas with most tenants pre-leasing and staying for several years. Putting 20% down for a property in these areas is a minimum. If you have over \$60,000 to put down and handle closing costs, I would suggest a property in these areas: 1B, 4, 6, 7, 8E.

Contact me regarding any questions you might have. Download my cashflow calculator to get the real numbers on any property you have in mind.

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