



REAL ESTATE INTELLIGENCE - RENTAL INVESTOR

# 369 Valley Forge Road

West Palm Beach, FL 33405 - 2BR / 2BA + Pool - Built 1950 - South End (SoSo)

## NEGATIVE CASH FLOW - A Lifestyle / Appreciation Asset, Not an Income Property

**18**  
Rental Suitability / 100  
**GRADE F**

### Executive Read

Fully renovated, turnkey pool home in a desirable submarket - but at a \$1,590,000 ask against ~\$4,200/mo achievable rent, it does not perform as a leveraged rental. ~1.2% cap, ~31x GRM. Return thesis rests entirely on appreciation, in a market down ~4% YoY.

### 1 Scenario Model: As-Is vs. Renovated-to-Market

Metric	As-Is	Renovated-to-Market
Purchase / value basis	\$1,590,000 (ask)	Already renovated
Market rent (estimate)	\$4,200 / mo	\$4,200 / mo
Gross scheduled rent	\$50,400 / yr	--
Operating expenses (est)	\$31,500 / yr	--
Net operating income	\$18,900 / yr	--
Cap rate	~1.2%	--
Gross rent multiplier	~31x	--

This property is ALREADY renovated to market standard, so the value-add path (renovate for higher rent) does not apply - the as-is numbers are the best case. A ~1.2% cap rate and ~31x GRM confirm a price-driven, low-yield asset.

### 2 WFC DSCR Financing (illustrative)

Financing	Value / Basis
Loan basis (assumption)	80% LTV / 7.25% / 30-yr
Annual debt service	~\$104,100
DSCR (NOI / debt service)	~0.18 - FAILS 1.20-1.25x minimum
Result	Does not size as a DSCR loan at sensible leverage

At long-term market rent the property covers under 20% of financed debt service - cash flow is deeply negative on any conventional leverage.

### 3 Decision

Pursue only as a cash or low-leverage LIFESTYLE / APPRECIATION hold - not as an income purchase. Recommended path: qualify the borrower on income via a full-documentation / jumbo program (Deal Sizer N), not on property cash flow.

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