

CAPITALIZATION RATE

The value of your building is directly and dramatically affected by the energy cost savings produced by our carbon monoxide monitoring system.

$$\text{PROPERTY VALUE} = \frac{\text{Net Income}}{\text{Capitalization Rate}}$$

Net income is the gross income (rents, etc.) less all operating costs, excluding the cost of debt service (interest on loans). Therefore, the Net Income increases by the same amount as the energy savings.

Example:

A new CO System is purchased and installed for \$15,000.
It saves \$31,500/year in energy, so the Net Income increases by \$31,500/year.

$$\text{PROPERTY VALUE} = \frac{\$31,500 \text{ (energy savings)}}{.09 \text{ (estimated)}} = \$350,000$$

The system costs \$15,000 and produces an increase in value of \$350,000 in property value. Insert the estimated savings for your building into this formula to find out how much our CO system will increase your property value!