Chapter 6: Gross Scheduled Income (Potential Gross Income)

This and the next several chapters should not tax your computational skills very much, but that doesn't mean the topics are trivial. The purpose of this book is to review and practice each of the concepts in my *Cash Flow* book, not to contrive a high-impact math workout. With some of these concepts, a computer is helpful; with others, a stubby pencil should do.

Gross Scheduled Income (aka Potential Gross Income) is a property's gross income assuming all space is actually rented. To express it as a formula:

Gross Scheduled Income = Total annual rent payable for occupied space plus total potential rent, at market rates, for vacant space

Problem 6-1:

You own a fully occupied two-family house with rents of $725 and $900 per month. What is your property's Gross Scheduled Income?

Problem 6-2:

Your two-family house begins the year with rents of $725 and $900 per month, but the rent for each apartment will increase by $80 per month on October 1. What is your property's Gross Scheduled Income for the current calendar year?

Problem 6-3:

You purchase an apartment complex with 28 one-bedroom units, 18 two-bedroom units and 4 three-bedroom units. Two of the one-bedroom units are vacant, as is one of the two-bedroom units. The one-bedrooms are rented for $950 each, the two-bedrooms for $1,150 and the three-bedrooms for $1,350 per month. The market rent of the vacant units is $75 more per month than the rent of the similar occupied units. What is this property's Gross Scheduled Income?

Problem 6-4:

You purchase a different property with both apartments and commercial space. The rent roll looks like this:

Unit type	Occupied	@Rent	Vacant	@Market Rent
one-bedroom	11	1,225/mo	1	1,300/mo
two-bedroom	8	1,425/mo	1	1,500/mo
Retail	5,000 sf	33.00 / sf		
Retail			3,000 sf	35.00 / sf
Office	2,000 sf	26.00 / sf		
Office			1,200 sf	28.00 / sf

What is this property's Gross Scheduled Income?