

Before leaving for Raleigh, Brad spent some time online looking at apartments. He narrowed his selection to the three complexes listed below based on their location in relation to where he worked. He spent his first night in Raleigh in a motel and spent the next day looking at the three apartment complexes. He finally decided to sign a one-year lease for a 1 bedroom apartment at **Lake Johnson.**

The Woodlands:

Nestled on 83 acres of wooded landscape. The Woodlands features amazing recreational facilities. Kitchen appliances, ceiling fans, air conditioning, window coverings. Rent includes water and trash. All electric.

Studio	535 square feet	\$ 580
1 Bedroom	720 square feet	\$ 650
2 Bedroom	960 square feet	\$ 925

The Falls:

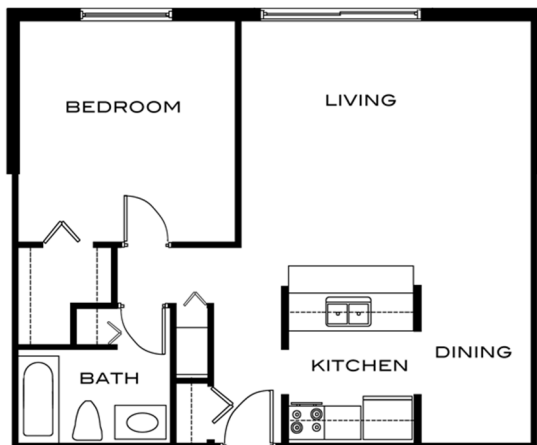
The Falls offers an outdoor and covered pool, two tennis courts, volleyball courts and a personal health club. Kitchen appliances, spacious closets, air conditioning. Rent includes water and trash. All electric.

Studio	337 square feet	\$ 750
1 Bedroom	560 square feet	\$ 880
2 Bedroom	760 square feet	\$1,005

Lake Johnson:

Nestled on the wooded lake shore. Easy access to recreation areas, shopping, entertainment and downtown Raleigh. Washer/dryer, kitchen appliances, spacious closets, air conditioning, ceiling fans. Rent includes water and trash. All electric.

Studio	560 square feet	\$ 650
1 Bedroom	750 square feet	\$ 790
2 Bedroom	1,070 square feet	\$1,100



1. What is Brad's **annual** rental cost for the apartment?..... \$ _____

Annually, how much more or less expensive are the other two 1 bedroom apartments?

The Woodlands 1 Bedroom \$ _____
 The Falls 1 Bedroom \$ _____

2. What is Brad's **annual** rental cost per square foot?..... \$ _____
Hint: Divide the annual cost by the total square footage.

What is the **annual** rental cost per square foot for the other two 1 bedroom apartments?

The Woodlands 1 Bedroom \$ _____
 The Falls 1 Bedroom \$ _____

3. If Brad's monthly rent increases by 5% the second year, what will his rent be? \$ _____
 (round to the nearest dollar)

4. What is the average monthly rent for the three size apartments in each complex?

The Woodlands \$ _____
 The Falls \$ _____
 Lake Johnson \$ _____

5. Lake Johnson Apartments includes:
 → 20 studio apartments (15% vacancy rate)
 40 one bedroom apartments (5% vacancy rate)
 25 two bedroom apartments (4% vacancy rate)

Considering both the rental rates and vacancy rates, what is the annual rental income for the entire complex? \$ _____

Hint: 15% of 20 is 3. This means only 17 apartment are rented. The other three should not be included.

Name:

Period:

Date: