



3440 Trade st  
Deltona, FL 32725 • Single Family

PURCHASE PRICE  
\$194,900

EST. RENOVATION  
\$19,500

AFTER REPAIR VALUE  
\$194,900

PROJECTED NOI  
\$21,049

CAP RATE  
10.80%

FINANCIAL BREAKDOWN



- Holding Costs \$5,000
- Purchase \$194,900
- Renovation \$19,500

◆ INVESTMENT ANALYSIS

Based on the provided data and the current market conditions in Deltona, FL (Volusia County), here is a brief investment analysis for **3440 Trade St**:

**Investment Analysis Summary**  
At a purchase price of \$194,900 and an ARV of \$194,900, this property does not function as a "fix-and-flip." Instead, it must be evaluated as a "buy-and-hold" rental or a turnkey investment.

- Pros**
- Strong Entry Price Point:** The purchase price is significantly below the Deltona median home price (currently ~\$315,000). This provides a low barrier to entry for the Central Florida market, where finding habitable inventory under \$200k is increasingly difficult.
  - Immediate Cash Flow Potential:** With a \$0 renovation budget, the property can be placed on the rental market immediately. In Deltona, similar small-footprint homes rent for \$1,600–\$1,800. This suggests a **Cap Rate of approximately 6.5%–7.2%** (after factoring in taxes, insurance, and vacancy), which is competitive for the current interest rate environment.
  - Strategic Commuter Location:** Deltona is a primary "bedroom community." This specific location near the I-4 corridor provides easy access to both the Orlando and Daytona Beach job markets, ensuring a consistent pool of long-term tenants.

- Cons**
- Fails the 70% Rule:** For investors seeking forced equity, this deal fails the 70% rule ( $\$194,900 \text{ ARV} \times 0.70 = \$136,430$ ). Since the purchase price equals the ARV, there is **zero margin for error** or instant equity; you are paying full retail value.
  - High Insurance and Tax Risk:** Volusia County has seen significant increases in property insurance premiums and property tax reassessments. These "hidden" costs can quickly erode the narrow margins of a sub-\$200k property, potentially turning a cash-flow positive deal into a "break-even" scenario.
  - Limited Appreciation Ceiling:** If the ARV is capped at \$194,900 while the neighborhood median is much higher, the property is likely a very small square-footage home or a manufactured home on land. Such properties often appreciate at a slower rate than traditional single-family homes in the same zip code.

## Market Valuation Report

**\*\*MARKET VALUATION REPORT\*\***

**\*\*TO:\*\*** Investment Committee / Stakeholder

**\*\*FROM:\*\*** Senior Real Estate Appraiser

**\*\*DATE:\*\*** October 26, 2023

**\*\*SUBJECT PROPERTY:\*\*** 3440 Trade St, Deltona, FL 32725

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### ### 1. NEIGHBORHOOD ANALYSIS

**\*\*Market Area:** Deltona (Southwest Volusia County)

The subject property is located in the 32725 zip code of Deltona, a predominantly residential "commuter city" situated between the Orlando metropolitan area and the Daytona Beach coastal area.

\* **\*\*Market Conditions:\*\*** The Deltona market remains relatively resilient due to its position as one of the few remaining "affordable" pockets in Central Florida. While the broader Florida market has seen a cooling trend due to interest rate spikes, the sub-\$250,000 price point remains highly competitive with low "Days on Market" (DOM) because it captures the largest pool of first-time homebuyers and institutional investors.

\* **\*\*Neighborhood Vibe:\*\*** This specific pocket of 32725 is characterized by established single-family homes, mature landscaping, and a lack of HOAs, which appeals to buyers seeking lower monthly carry costs. It is a blue-collar, family-oriented neighborhood with proximity to the I-4 corridor, making it an ideal location for those commuting to Orlando or Lake Mary.

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### ### 2. MLS VALUATION ESTIMATE

To determine the estimated listing price, we look at similar 3-bedroom detached dwellings within a 3-mile radius, specifically focusing on "entry-level" inventory.

\* **\*\*Estimated Market Range:\*\*** \$198,000 – \$215,000

\* **\*\*Investor Target ARV:\*\*** \$194,900

\* **\*\*Valuation Comparison:\*\*** The Investor's Target ARV of **\*\*\$194,900\*\*** is actually **\*\*conservative\*\***.

In the current Deltona market, finding a detached single-family home (built post-1980) for under \$200,000 is increasingly rare. Most 1,000 sqft homes in this area that are in "move-in ready" condition are listing and selling in the low \$200s. The target ARV suggests the investor is either looking for a quick liquidation or is pricing the property at the "floor" of the market to drive a multiple-offer scenario.

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### ### 3. AMENITIES IMPACT

The valuation of 3440 Trade St is heavily influenced by its specific configuration:

\* **\*\*The 3/1 Configuration (Functional Obsolescence):\*\*** The most significant factor is the **\*\*1-bathroom\*\*** limit. In the 1990s-built era, 2 bathrooms became the standard for 3-bedroom homes. A 3-bed, 1-bath home suffers from "functional obsolescence," as it limits the buyer pool (families with children often require a second bathroom). This typically results in a 10-12% discount compared to 3/2 models in the same neighborhood.

\* **\*\*Square Footage (1,000 SqFt):\*\*** At 1,000 square feet, this is a "compact" 3-bedroom. The bedroom sizes are likely small (approx. 10x10 or 10x11). However, in a high-interest-rate environment, smaller square footage is a benefit for utility

efficiency and lower insurance premiums—a major selling point in Florida currently.

\* **Year Built (1990):** The 1990 construction is a major asset. Unlike the 1960s/70s homes common in Deltona, a 1990 build likely has modern wiring, standard plumbing, and potentially better hurricane tie-downs/roof-to-wall connections, which significantly lowers the cost of Homeowners Insurance (HOI) for the end-buyer.

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#### ### 4. VERDICT: IS THE ARV REALISTIC?

**Verdict: YES – HIGHLY REALISTIC / CONSERVATIVE**

The Investor's Target ARV of **\$194,900** is not only realistic; it is arguably **below market value**, even for a 1-bathroom home.

#### **Supporting Reasoning:**

1. **Price Floor:** In the 32725 zip code, the "land value + shell" of a 1990s home rarely dips below \$180,000 in the current economy.
2. **Rentability:** This property at \$194,900 would likely yield a high CAP rate for a buy-and-hold investor, as rents for 3-bedroom homes in Deltona typically range from \$1,650 to \$1,850.
3. **Renovation Factor:** Since the renovation budget is \$0, the property is assumed to be in "Average" or "Good" condition. If the interior is clean and the roof/HVAC have remaining life, \$194,900 represents a "steal" in the current Central Florida landscape.

**Recommendation:** The investor could likely push the ARV to **\$205,000** if the property is clean and functional, but \$194,900 ensures a nearly instantaneous sale.