

Real Estate Investment Formula Cheat Sheet

Every core rental and flip formula on one page - NOI, cap rate, cash flow, cash-on-cash, DSCR, GRM, the 70% rule, ROI and LTV - with links to each explanation.

REAIXO REFERENCE SHEET

For rental and fix-and-flip investors · Version October 24, 2026

The formulas below are the same ones the glossary and Reaixo's calculators use. Ratios are industry conventions, not regulations, so always check how a figure you are given was calculated.

Income and value

Net Operating Income

$\text{NOI} = \text{Gross Rental Income} - \text{Operating Expenses}$

Net operating income (NOI) is a property's yearly income from rent and other sources minus its operating expenses, before mortgage payments, depreciation and income taxes.

Cap Rate

$\text{Cap Rate} = \text{Net Operating Income} \div \text{Property Value} \times 100$

Cap rate (capitalization rate) is a rental property's net operating income divided by its price or value, shown as a percentage.

Gross Rent Multiplier

$\text{GRM} = \text{Property Price} \div \text{Gross Annual Rental Income}$

The gross rent multiplier (GRM) is a quick screening ratio that divides a property's price by its gross annual rent, before any expenses.

Vacancy Rate

$\text{Vacancy Rate} = \text{Vacant Days} \div \text{Total Days} \times 100$

Vacancy rate is the share of time a rental property - or the share of units in a market - sits empty and earns no rent.

Returns

Cash Flow

$$\text{Cash Flow} = \text{NOI} - \text{Debt Service}$$

Cash flow is the money left over from a rental property's income after paying all operating expenses and debt service — positive cash flow means the property generates more than it costs to run and finance.

Cash-on-Cash Return

$$\text{Cash-on-Cash Return} = \text{Annual Pre-Tax Cash Flow} \div \text{Total Cash Invested} \times 100$$

Cash-on-cash return is a rental property's annual pre-tax cash flow divided by the total cash invested, such as the down payment, closing costs and initial repairs.

Return on Investment

$$\text{ROI} = (\text{Gain from Investment} - \text{Cost of Investment}) \div \text{Cost of Investment} \times 100$$

ROI (return on investment) measures the total gain from an investment relative to its cost, expressed as a percentage.

Financing

DSCR

$$\text{DSCR} = \text{NOI} \div \text{Annual Debt Service}$$

DSCR (debt service coverage ratio) is a property's net operating income divided by its annual loan payments.

Loan-to-Value

$$\text{LTV} = \text{Loan Amount} \div \text{Property Value} \times 100$$

Loan-to-value (LTV) is the loan amount divided by the property's value - for a purchase, usually the lower of the price and the appraisal - shown as a percentage.

Debt-to-Income Ratio

$$\text{DTI} = \text{Total Monthly Debt Payments} \div \text{Gross Monthly Income} \times 100$$

Debt-to-income ratio (DTI) is the share of your gross monthly income that goes to debt payments, including the proposed mortgage payment.

Flips

70% Rule

Maximum Offer = $(ARV \times 70\%) - \text{Estimated Repair Costs}$

The 70% rule is a fix-and-flip screening formula: pay no more than 70% of a property's after-repair value (ARV), minus the estimated repair costs.

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- ☐ After-repair value comes from renovated comparable sales, adjusted for differences - not from list prices. **ARV explained**

Remember

- ☐ Cap rate is before the mortgage; cash-on-cash is after it. **Cap Rate explained**
- ☐ Budget vacancy and a capital reserve before judging cash flow. **CapEx Reserve explained**
- ☐ Rules of thumb (1%, 70%) are screens, not answers. **1% Rule explained**

Calculators and guides

- **Rental Cash Flow Calculator**
- **Cap Rate Calculator**
- **Fix and Flip Calculator**

Sources and review

No regulator defines these formulas; they follow common industry practice.

Where this applies: Not regulated. Investment ratios are industry conventions; lender definitions may differ.

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Worked examples use illustrative round numbers, not current market data. Rates, limits and program rules change - confirm current figures with your lender or a qualified professional.

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