



**LEASE VS. OWN COMPARISON**

**Property Size: 1,660 Square Feet**

• **OWN** •

• **LEASE** •

**PURCHASE ASSUMPTIONS:**

	Per Sq. Ft.	
Purchase Price	\$647.59	\$1,075,000
SBA Fees (Financed)		\$16,000
<b>Total Project Cost</b>		<b>\$1,091,000</b>

**LEASE ASSUMPTIONS:**

Lease rate per square foot per month	\$2.15
Lease rate per month	\$3,569

**START-UP COSTS**

Cash down payment (10%)	\$107,500
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**START-UP COSTS**

Prepaid lease payment and security deposit	\$0
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**MONTHLY COSTS**

	Per Sq. Ft.	Amount
Monthly Payment	\$3.87	\$6,420
Property Taxes	\$0.59	\$985
Insurance	\$0.09	\$149
<b>Total Monthly Costs</b>	<b>\$4.55</b>	<b>\$7,555</b>

**MONTHLY COSTS**

	Per Sq. Ft.	Amount
Lease payment	\$2.15	\$3,569
Operating Expense/CAM	\$0.60	\$996
<b>Total Monthly Costs</b>	<b>\$2.75</b>	<b>\$4,565</b>

**MONTHLY OWNERSHIP BENEFITS**

	Per Sq. Ft.	Amount
Monthly Depreciation estimate	\$0.23	\$386
Property Tax Benefit	\$0.12	\$207
Interest Deduction	\$0.63	1,040
<b>Total Ownership Benefits</b>	<b>\$0.98</b>	<b>\$1,632</b>

**MONTHLY OWNERSHIP BENEFITS**

Monthly depreciation estimate:	\$0.00
Property Tax Benefit	\$0.00
Interest Deduction	\$0.00
<b>Total Ownership Benefits</b>	<b>\$0.00</b>

**TOTAL EFFECTIVE MONTHLY COST**

**\$5,922**

**TOTAL EFFECTIVE MONTHLY COST**

**\$4,565**

**Benefits of owning include: equity growth, control of costs, cash flow, tax benefits, and retirement investment.**

**Property Taxes:** Estimated at 1.1% of purchase price

**Insurance:** \$0.02 per SF

**Depreciation:** Estimated based upon 80% allocation of purchase price to building cost and 21% tax bracket.

**Property Tax Benefit and Interest Deduction:** Estimated at 21% tax bracket.

**Owner's Equity:** Estimated equity after 3 yrs of owning the property (assumes annual appreciation at 3%):      \$      99,682

<b>Appreciation Benefits of Ownership</b>	
Rate of Assumed Appreciation per Year	3%
Appr Value Year 1	1,107,250
Appr Value Year 2	1,140,468
Appr Value Year 3	1,174,682

• **SBA 504 FINANCING PROGRAM** •

Total Project Cost	\$1,091,000	<i>Note that interest rates vary from month to month and loan terms differ from one lender to another.</i>	
Cash down payment: 10% of Purchase Price	\$107,500		
Amount financed (includes SBA fees)	\$983,500	Monthly payment	\$6,420

• The SBA 504 program provides 90% financing by combining a loan from a regular bank for 50% of the total loan amount and a loan from the SBA for 40% of the total loan amount (plus financed SBA loan fees). The buyer provides a 10% cash down payment.

<b>SBA Financing</b>	<u>1st Mortgage by Bank</u>	<u>2nd Mortgage by SBA</u>
Loan Amount	\$537,500	\$430,000
Interest Rate	6.25% (estimate)	6.00% Oct. '25
Amortization in years	25 year amortization	25 year amortization
Percent of Total Loan Amount	50% of total	40% of total
Loan Fee	\$5,375 1.00% (estimate)	\$16,000 2.65% + \$4,000 legal fee
Monthly Payment	\$3,546	\$2,874 (includes SBA fees)

**For more information, please contact:**

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