



LEASE VS. OWN COMPARISON

Property Size: 2,842 Square Feet

• **OWN** •

• **LEASE** •

PURCHASE ASSUMPTIONS:

	Per Sq. Ft.	
Purchase Price	\$624.56	\$1,775,000
SBA Fees (Financed)		\$24,000
Total Project Cost		\$1,799,000

LEASE ASSUMPTIONS:

Lease rate per square foot per month	\$2.05
Lease rate per month	\$5,826

START-UP COSTS

Cash down payment (10%)	\$177,500
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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	\$3.72	\$10,585
Property Taxes	\$0.57	\$1,627
Insurance	\$0.09	\$256
Total Monthly Costs	\$4.39	\$12,468

MONTHLY COSTS

	Per Sq. Ft.	Amount
Lease payment	\$2.05	\$5,826
Operating Expense/CAM	\$0.60	\$1,705
Total Monthly Costs	\$2.65	\$7,531

MONTHLY OWNERSHIP BENEFITS

	Per Sq. Ft.	Amount
Monthly Depreciation estimate	\$0.22	\$637
Property Tax Benefit	\$0.12	\$342
Interest Deduction	\$0.60	1,717
Total Ownership Benefits	\$0.95	\$2,695

MONTHLY OWNERSHIP BENEFITS

Monthly depreciation estimate:	\$0.00
Property Tax Benefit	\$0.00
Interest Deduction	\$0.00
Total Ownership Benefits	\$0.00

TOTAL EFFECTIVE MONTHLY COST

\$9,773

TOTAL EFFECTIVE MONTHLY COST

\$7,531

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%): \$ 164,590

Appreciation Benefits of Ownership	
Rate of Assumed Appreciation per Year	3%
Appr Value Year 1	1,828,250
Appr Value Year 2	1,883,098
Appr Value Year 3	1,939,590

• **SBA 504 FINANCING PROGRAM** •

Total Project Cost	\$1,799,000	<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	\$177,500		
Amount financed (includes SBA fees)	\$1,621,500	Monthly payment	\$10,585

• 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.

SBA Financing

	<u>1st Mortgage by Bank</u>	<u>2nd Mortgage by SBA</u>
Loan Amount	\$887,500	\$710,000
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	\$8,875 1.00% (estimate)	\$24,000 2.65% + \$5,000 legal fee
Monthly Payment	\$5,855	\$4,731 (includes SBA fees)

For more information, please contact:

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