



LEASE VS. OWN COMPARISON

Property Size: 1,752 Square Feet

• **OWN** •

• **LEASE** •

PURCHASE ASSUMPTIONS:

| | Per Sq. Ft. | |
|---------------------------|-------------|--------------------|
| Purchase Price | \$644.98 | \$1,130,000 |
| SBA Fees (Financed) | | \$16,000 |
| Total Project Cost | | \$1,146,000 |

LEASE ASSUMPTIONS:

| | |
|--------------------------------------|---------|
| Lease rate per square foot per month | \$2.15 |
| Lease rate per month | \$3,767 |

START-UP COSTS

| | |
|-------------------------|-----------|
| Cash down payment (10%) | \$113,000 |
|-------------------------|-----------|

START-UP COSTS

| | |
|--|-----|
| Prepaid lease payment and security deposit | \$0 |
|--|-----|

MONTHLY COSTS

| | Per Sq. Ft. | Amount |
|----------------------------|---------------|----------------|
| Monthly Payment | \$3.85 | \$6,743 |
| Property Taxes | \$0.59 | \$1,036 |
| Insurance | \$0.09 | \$158 |
| Total Monthly Costs | \$4.53 | \$7,937 |

MONTHLY COSTS

| | Per Sq. Ft. | Amount |
|----------------------------|---------------|----------------|
| Lease payment | \$2.15 | \$3,767 |
| Operating Expense/CAM | \$0.60 | \$1,051 |
| Total Monthly Costs | \$2.75 | \$4,818 |

MONTHLY OWNERSHIP BENEFITS

| | Per Sq. Ft. | Amount |
|---------------------------------|---------------|----------------|
| Monthly Depreciation estimate | \$0.23 | \$406 |
| Property Tax Benefit | \$0.12 | \$218 |
| Interest Deduction | \$0.62 | 1,093 |
| Total Ownership Benefits | \$0.98 | \$1,716 |

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

\$6,221

TOTAL EFFECTIVE MONTHLY COST

\$4,818

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%): \$ 104,782

| Appreciation Benefits of Ownership | |
|---|-----------|
| Rate of Assumed Appreciation per Year | 3% |
| Appr Value Year 1 | 1,163,900 |
| Appr Value Year 2 | 1,198,817 |
| Appr Value Year 3 | 1,234,782 |

• **SBA 504 FINANCING PROGRAM** •

| | | | |
|--|-------------|--|---------|
| Total Project Cost | \$1,146,000 | <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 | \$113,000 | | |
| Amount financed (includes SBA fees) | \$1,033,000 | Monthly payment | \$6,743 |

• 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 | \$565,000 | \$452,000 |
| 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 | \$5,650 1.00% (estimate) | \$16,000 2.65% + \$4,000 legal fee |
| Monthly Payment | \$3,727 | \$3,016 (includes SBA fees) |

For more information, please contact:

**Carly Whitney
213-369-9947**