KIHEI COMMERCIAL CENTER - Typical B3 Flex

NET COST OF BUYING (Cost/Benefits Analysis)

Net Cost BEFORE APPRECIATION of $0.81 per sq. ft. per month*

Floor Area		1,331 sq.ft.	Gross Leaseable Area
			Net Useable Area - 1,265 sq.ft.
Purchase Price	$	453,000.00	**$340 Per Sq. Ft.**
Interior Improvements @ $0 per sq. ft.	$	0.00	**THE VALUE OF YOUR IMPROVEMENTS**
Total	$	453,000.00	**IS YOURS AND NOT THE LANDLORD'S**
First Mortgage (50%)	$	226,500.00	Bank Loan
Second Mortgage (40%)	$	181,200.00	SBA Loan
Cash Down Payment (10%)	$	45,300.00	Plus closing costs
First Mortgage Payment	$	1,324.10	Assuming 5.00%, 25 yr. amortization
Second Mortgage Payment	$	1,035.14	Assuming 4.77%, 25 yr. amortization
Total Monthly Payment	$	2,359.24	Plus Maint. Fee, RE Tax & Insurance
Per Sq. Ft. Per Month	$	1.77	Interest of $1.24 & Principal of $0.53
Savings of Future Rent Increases	$	0.15	**Assuming a rent of $1.45, 3% annual increases,**
			10-year term, and a 5.00% discount rate
Savings of General Excise Tax (1st year)	$	0.06	General Excise Tax is only paid on rent.
Savings from Depreciation	$	0.22	85% on Unit, 100% on Interior Improvements,
			39 yrs., 35% Tax Bracket
Net Cost after Cash Savings	$	1.34	
Principal Payment Per Sq. Ft. (1st 12 mos.)	$	0.53	This is your money - Building Your Equity
(Compare interest of $1.24 with rent)			**$107,000 Principal paid over 10 years**
Net Cost of Buying Before Appreciation	$	0.81	**Compare with rent for a new space**
Appreciation Assuming a 25% increase in 10 years (Doubling in 32 years), Discounted at the First Mortgage Rate (5.00%)	$	0.55	Over the long run your equity will build. **This analysis assumes $113,000 in 10 yrs.**
Estimated Net Cost of Buying	$	0.26	

Build Equity with the Rent that Your Business would otherwise Pay!

(Approximately $220,000 in Equity in 10 Years - a Return on Equity of 4.9x)

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