

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 (1 st 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. (1 st 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	\$ 0.55	Over the long run your equity will build.
at the First Mortgage Rate (5.00%)		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)

PEAKE // LEVOY
COMMERCIAL REAL ESTATE SERVICES

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