

239 Wakea Avenue

NET COST OF BUYING (Cost/Benefits Analysis)

Net Cost BEFORE APPRECIATION of \$2.70 per sq. ft. per month*

Floor Area	4,305 sq.ft.	Gross Leaseable Area
Purchase Price	\$ 3,875,000.00	\$900 Per Sq. Ft.
Interior Improvements @ \$0 per sq. ft.	\$ 0.00	THE VALUE OF THE IMPROVEMENTS
Total	\$ 3,875,000.00	IS YOURS AND NOT THE LANDLORD'S
First Mortgage (50%)	\$ 1,937,500.00	Bank Loan
Second Mortgage (40%)	\$ 1,550,000.00	SBA Loan
Cash Down Payment (10%)	\$ 387,500.00	Plus closing costs
First Mortgage Payment	\$ 12,483.34	Assuming 6.00%, 25 yr. amortization
Second Mortgage Payment	\$ 9,573.98	Assuming 5.56%, 25 yr. amortization
Total Monthly Payment	\$ 22,057.32	Plus Maint. Fee, RE Tax & Insurance
Per Sq. Ft. Per Month	\$ 5.12	Interest of \$3.89 & Principal of \$1.24
Savings of Future Rent Increases	\$ 0.41	Assuming a rent of \$4.25, 3% annual increases, 10-year term, and a 6.00% discount rate
Savings of General Excise Tax (1 st year)	\$ 0.20	General Excise Tax is only paid on rent.
Savings from Depreciation	\$ 0.57	85% on Unit, 100% on Interior Improvements, 39 yrs., 35% Tax Bracket
Net Cost after Cash Savings	\$ 3.94	
Principal Payment Per Sq. Ft. (1 st 12 mos.)	\$ 1.24	This is your money - Building Your Equity
(Compare interest of \$3.89 with rent)		\$841,000 Principal paid over 10 years
Net Cost of Buying Before Appreciation	\$ 2.70	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 (6.00%)	\$ 1.37	Over the long run your equity will build. This analysis assumes \$969,000 in 10 yrs.
Estimated Net Cost of Buying	\$ 1.33	

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

(Approximately \$1,810,000 in Equity in 10 Years - a Return on Equity of 4.7x)

PEAKE // LEVOY
COMMERCIAL REAL ESTATE SERVICES

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