

239 Wakea Avenue

NET COST OF BUYING (Cost/Benefits Analysis)

Net Cost BEFORE APPRECIATION of \$3.13 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	\$ 13,082.14	Assuming 6.50%, 25 yr. amortization
Second Mortgage Payment	\$ 10,215.30	Assuming 6.24%, 25 yr. amortization
Total Monthly Payment Per Sq. Ft. Per Month	\$ 23,297.44 \$ 5.41	Plus Maint. Fee, RE Tax & Insurance Interest of \$4.28 & Principal of \$1.13
Savings of Future Rent Increases	\$ 0.40	Assuming a rent of \$4.25, 3% annual increases, 10-year term, and a 6.50% discount rate
Savings of General Excise Tax (1 st year)	\$ 0.18	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	\$ 4.26	
Principal Payment Per Sq. Ft. (1 st 12 mos.) (Compare interest of \$4.28 with rent)	\$ 1.13	This is your money - Building Your Equity \$794,000 Principal paid over 10 years

Net Cost of Buying Before Appreciation	\$ 3.13	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 (6.50%)	\$ 1.34	Over the long run your equity will build. This analysis assumes \$969,000 in 10 yrs.

Estimated Net Cost of Buying \$ 1.79

Build Equity with the Rent that Your Business would otherwise Pay!
(Approximately \$1,763,000 in Equity in 10 Years - a Return on Equity of 4.5x)

PEAKE / LEVOY
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