

KIHEI COMMERCIAL CENTER - Typical Office Space

NET COST OF BUYING (Cost/Benefits Analysis)

Net Cost BEFORE APPRECIATION of \$0.77 per sq. ft. per month*

Floor Area (does not include the mezzanine)	616 sq.ft.	Gross Leaseable Area
		Net Useable Area - 588 sq.ft. plus mezzanine
Purchase Price	\$ 200,000.00	\$325 Per Sq. Ft.
Interior Improvements @ \$0 per sq. ft.	\$ 0.00	THE VALUE OF YOUR IMPROVEMENTS
Total	\$ 200,000.00	IS YOURS AND NOT THE LANDLORD'S
First Mortgage (50%)	\$ 100,000.00	Bank Loan
Second Mortgage (40%)	\$ 80,000.00	SBA Loan
Cash Down Payment (10%)	\$ 20,000.00	Plus closing costs
First Mortgage Payment	\$ 584.59	Assuming 5.00%, 25 yr. amortization
Second Mortgage Payment	\$ 457.01	Assuming 4.77%, 25 yr. amortization
Total Monthly Payment	\$ 1,041.60	Plus Maint. Fee, RE Tax & Insurance
Per Sq. Ft. Per Month	\$ 1.69	Interest of \$1.18 & Principal of \$0.51
Savings of Future Rent Increases	\$ 0.14	Assuming a rent of \$1.35, 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	\$ 0.21	85% on Unit, 100% on Interior Improvements,
		39 yrs., 35% Tax Bracket
Net Cost after Cash Savings	\$ 1.28	
Principal Payment Per Sq. Ft. (1 st 12 mos.)	\$ 0.51	This is your money - Building Your Equity
(Compare interest of \$1.18 with rent)		\$47,000 Principal paid over 10 years
Net Cost of Buying Before Appreciation	\$ 0.77	Compare with rent for a new space
Appreciation Assuming a 25% increase in		
10 years (Doubling in 32 years), Discounted	\$ 0.52	Over the long run your equity will build.
at the First Mortgage Rate (5.00%)		This analysis assumes \$50,000 in 10 yrs.
Estimated Net Cost of Buying	\$ 0.25	

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

(Approximately \$97,000 in Equity in 10 Years - a Return on Equity of 4.9x)

PEAKE LEVOY
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