

Rent vs Own Comparison

The Plaza at Suwanee Station
1300 Peachtree Industrial Blvd. Suwanee, GA 30024

● RENT ●		Sq. Ft.	Rate / Sq. Ft	● OWN ●		Sq. Ft.	Price / Sq Ft
		1,400	\$18			1,400	\$200
LEASE ASSUMPTIONS:				PURCHASE ASSUMPTIONS:			
Rent per square foot per month		\$1.50		Purchase Price		\$280,000	
Rent per month (total)		\$2,100		Down Payment		\$28,000	
MONTHLY COSTS:				MONTHLY COSTS:			
Rent payment		\$2,100		Mortgage payment		\$1,954	
NNN operating costs (estimate)		\$496		Operating costs (estimate)		\$496	
Total Monthly Costs		\$2,596		Total Monthly Costs		\$2,450	
MONTHLY OWNERSHIP BENEFITS:				MONTHLY OWNERSHIP BENEFITS:		Year 1	
Annual appreciation:		\$0		Annual appreciation: At 3%		\$700	
Annual depreciation:		\$0		Annual depreciation: (40%)		\$239	
Average Monthly Principal Payment		\$0		Average Monthly Principal Payment		\$500	
Total Ownership Benefits		\$0		Total Ownership Benefits		\$1,439	
TOTAL EFFECTIVE MONTHLY COST		\$2,596		TOTAL EFFECTIVE MONTHLY COST		\$1,011	

Assumptions

This Proforma is an estimate and for illustration purposes only
Calculations based on a 20 year mortgage @ 7% with 10% down.
Actual terms and rates will vary over time and by financial institution.
The Rent amount shown above is for the starting year.

Most leases provide for rent increases of about 3% per year. After 10 years, the mortgage payment would remain the same, but the rent would increase by 34% After 20 years the rent would increase by 80% while mortgage payments would cease.

An appreciation rate of 3% per year is assumed for property appreciation.
Depreciation must be applied at your current tax bracket.
2006 Tax Mill Rate was 37.870.

ESTIMATED FEES	Cost / Sq. Ft. / Year
Association (CAM)	\$2.00
Taxes	\$2.05
Insurance	\$0.20

● INCREASE IN PROPERTY VALUE & OWNER'S EQUITY ●

	Property Value	Loan Balance	Owner's Equity
YEAR 5:	\$324,597	\$217,366	\$107,230
YEAR 10:	\$376,297	\$168,269	\$208,027
YEAR 20:	\$505,711	\$0	\$505,711

Owner's Equity is the difference between the Property Value (appreciating at 3% per year) and the remaining Loan Balance.