

5 Year Rent vs. Own Comparison

2,504 SF ground floor plus 630 SF storage
 \$500,000 price for 3,134 SF total
 Includes \$150,000 interior improvements

5 Year Cost to Rent

Assume monthly NNN rental of	\$3,488
Annual NNN rental of	\$41,856
Annual tax and CAM or condo fee	\$10,397
Annual effective rent	<u>\$52,253</u>
5 year effective rent (Assumes 3% annual increase)	\$277,418
Tax benefit of effective rent at 28% tax bracket	\$77,677

Net 5 year cost to rent \$199,741

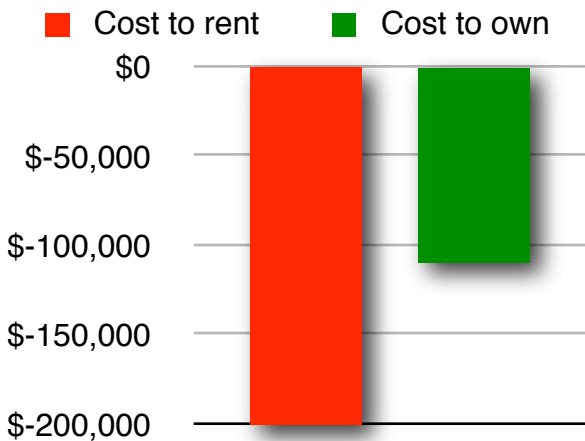
5 Year Cost to Own

Down payment (10%)	\$50,000
Closing costs	\$9,000
Sum of mortgage payments (10 yrs, 7% interest, 20 yr amortization)	\$209,331
5 yr condo fee and taxes (3% annual increase)	\$55,199
Total out of pocket cost to own	<u>\$323,530</u>
Principal paid on mortgage	\$61,845
Total tax benefit during 5 years of interest, depreciation, condo fees and property taxes at 28% tax bracket	\$74,521
Return of down payment	\$50,000
Net income from theoretical sale after 5 years assuming 4% annual appreciation, after tax and depreciation recapture, less opportunity cost and selling expenses.	\$27,565

Net 5 year cost to own \$109,599

**Ownership saves \$90,142
over 5 years!**

**Your \$50,000 initial investment
can grow to more than
\$1,100,000 over 20 years,
a return of 15.6%!**



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