# Lease vs. Buy Comparison

Example

## Purchase

| | | |
|---|---|---|
| **Purchase Terms** | | |
| Building Size - Square Feet | | 1,600 |
| Project Amount | $ | 1,035,000 |
| Price Per Square Foot | | $647 |
| Required Down Payment | ***$*** | ***103,500*** |
| Total Mortgage Debt | $ | 931,500 |
| Proposed Interest Rate (Combined) | | |
| Monthly Payment (Not Including CAM) | | |
| Monthly Payment (Per Square Foot) | | |
| Annual Loan Payments | | |
| Buyer's Assumed Tax Bracket | | |
| Expected Appreciation Rate | | |
| **Annual Benefits Of Ownership (ROI)** | | |
| Tax Deduction - Depreciation | | |
| Tax Deduction - Interest Paid | | |
| Tax Deduction - Total | | |
| Annual Tax Savings (Total X Tax Rate) | | |
| Annual Appreciation | | |
| Equity Build Up in Loan Payments | | |
| Annual Return On Investment | | |
| Annual Rate Of Return On Investment | | 81.56% |
| **Recap Purchase Transaction Costs** | | |
| Annual Return On Investment | $ | 84,410 |
| Less Annual Loan Payments | $ | (77,398) |
| Net Annual Gain (Profit) | ***$*** | ***7,012*** |
| Annual Equity Gain * | | $55,116 |

* Year 1 Equity + Appreciation

## Lease

| | | |
|---|---|---|
| **Lease Terms** | | |
| Building Size - Square Feet | | 1,600 |
| Security Deposit | $ | 1,440 |
| Tenant Improvement Cost | $ | - |
| Total Cash Outlay | ***$*** | ***1,440*** |
| Lease Obligation (Years) | | |
| Rent Per Square Foot | | |
| Monthly Rent | | |
| Annual Rent Payments | | |
| **Tax Benefits Of Renting** | | |
| Tax Deduction (Rent) | | |
| Tax Deduction (Depreciated T.I.'s) | | |
| Tax Deduction - Total | | |
| Less Tax Savings | | |
| After Tax Rent Expense | | |
| **Alternative Earnings On Down Payment** | | |
| Required Down Payment | | |
| Less Cash Outlay When Renting | | |
| Net Cash Available For Investment | | |
| Assumed Rate On Investment | | 5.00% |
| Annual Income From Investment | $ | 5,103 |
| Less Applicable Taxes | $ | 2,041 |
| Annual After Tax Gain | $ | 3,062 |
| **Recap Of Lease Transction Costs** | | |
| After Tax Rent Expense | $ | (5,184) |
| Less Annual After Tax Gain | $ | 3,062 |
| Net Cost To Lease (Loss) | ***$*** | ***(2,122)*** |
| Annual Equity Gain | | $0 |

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