

OWNERSHIP VS. LEASE ANALYSIS / EXAMPLE			
EXAMPLE: 4900 SF @ \$390 PSF (Shell + TI)			
<u>VARIABLES AND ASSUMPTIONS</u>		Cost of Leasing:	\$169,050
		Cost of Ownership:	125,897
		Difference: Annual	\$43,153
Purchase Price	\$1,911,000	Depreciable Life (Years)	39.0
Loan to Value Ratio	80%	Land Value @ 20% of Total Project	\$382,200
Amount Financed	\$1,528,800	Improvement Value (Cost less Land)	\$1,528,800
Total Equity	\$382,200		
Interest Rate: Permanent Loan	7%	Annual Lease Rate	\$40
Amortization Period	20	Operating Expense (Private & CAM)	\$10
Estimated Annual Payment	(\$144,308)	Building Size (SF)	4,900
Annual Interest (Declining)	\$104,406	Tax Bracket	35%
<u>COST OF OWNERSHIP</u>		<u>COST OF LEASING</u>	
Annual Mortgage Payment	\$144,308	Annual Cost of Lease (Net of Expenses)	\$196,000
Operating Expense	\$49,000	Operating Expenses	\$49,000
Total Cost of Ownership	\$193,308	Gross Annual Cost of Lease	\$245,000
		Less Tax Savings	(\$85,750)
Monthly Payment:	\$12,026	Cost of Leasing	\$159,250
		Year End Pass Thru	
		Expense 5%	\$9,800
<u>Tax Advantage: 35% Bracket</u>		Cost of Lease and Pass Thru	\$169,050
Interest	\$104,406		
Operating Expense	\$49,000	<u>Long Term Savings of Ownership</u>	
Depreciation	\$39,198		
Total Deductible Expenses	\$192,604	Accumulated Savings of Ownership	
Tax Savings	\$67,411	20 Years @ \$43,153.49	\$863,070
		Estimated Fair Market Value of Property	
Total Cost of Ownership	\$193,308	@ 20 Years (Assume 25% appreciation over 20 Years)	\$2,388,750
Less Tax Savings	(\$67,411)		
Year End Cost of Ownership	\$125,897	Total Estimated Gain From Ownership After 20 Years	\$3,251,820
		<u>NOTE:</u>	
		After 20 Years of Leasing You Have, ONLY, a Collection Cancelled Checks.	

Note: Interest expense is declining with amortization as equity is increasing with amortization.

Amortization Table**20 Years**

<u>Loan Amt.</u>	<u>7%</u>	<u>PMT</u>	<u>Prin</u> <u>Reduction</u>
1,528,800	107,016	144,308	37,292
1,491,508	104,406	144,308	39,902
1,451,606	101,612	144,308	42,696
1,408,910	98,624	144,308	45,684
1,363,226	95,426	144,308	48,882
1,314,344	92,004	144,308	52,304
1,262,040	88,343	144,308	55,965
1,206,075	84,425	144,308	59,883
1,146,192	80,233	144,308	64,074
1,082,118	75,748	144,308	68,560
1,013,558	70,949	144,308	73,359
940,200	65,814	144,308	78,494
861,706	60,319	144,308	83,989
777,717	54,440	144,308	89,868
687,849	48,149	144,308	96,158
591,691	41,418	144,308	102,890
488,801	34,216	144,308	110,092
378,710	26,510	144,308	117,798
260,911	18,264	144,308	126,044
134,867	9,441	144,308	134,867
0	0	144,308	144,308