Rent vs. Buy -- Home Purchase Analysis

Macro Run Time:

Start	44981.06	44981.0608
Finish	44981.06	44981.0608
Elapsed	0	
	60	

Assumptions

Annual Housing Inflation Rate for Period of Ownership	6.00%
Down Payment Percentage of Purchase Price	25.00%
Closing Costs (% of Purchase Price amount)	1.63%
Points (% of Loan amount)	2.00%
Annual Interest Rate on Home Loan	0.09125
Term of Loan in Number of Years	30
Number of Payments per Year	12
Holding Period of Home - Yrs	1
Future Sale Costs as a Percentage of Home Price at End of Period	6.00%
Combined (Fed and State) Marginal Tax Rate	41.00%
Investment Pre-Tax Return (Discount Rate)	7.50%

Cost to Own

Total Purchase Price of House	$242,500
Down Payment Dollar Amount	60625
Closing Costs in Dollars	3952.75
Points in Dollars	3637.5
Downpayment + Upfront Closing Costs + Points	68215.25
Amount Financed (Total Loan Amount)	181875
Future Sales Price	257050
Future Sales Costs	15423

	Year	Month	After Tax Month
Monthly Loan Payment	17757.5399	1479.795 (approx)	
Approximate Property Tax	2425	202.083333	
Approximate Insurance	1212.5	101.041667	
Maintenance Costs/Condo Association Fees	2910	242.5	
Montly Rent Income	-8400	($700)	
Cash Flow Out	15905.0399	1325.42	-154.375

Gross Profit on Sale (Future Sales Price Less Current Purchase Price + Equity)	Err:508	
Present Value of Gross Profit Less Closing Costs	Err:508	
Present Value of Principle & Interest After Tax for Holding Period	Err:508	
Down Payment Plus Points and Closing Costs	-68215.25	
Present Value of Net Profit and Cash Flows	Err:508	Err:508
Net After- Tax Monthly Cost to Own		Err:508

	Year No. 1	Year No. 2	Year No. 3	Year No. 4	Year No. 5
Principle at Beginning of Period					
Monthly Payment					
Monthly Interest Payment					
Monthly Principle Payment					
Annual Interest Payments					
Annual Principle Payments					
Principle at End of Period					
Equity at End of Period					
Annual After Tax Cash Flow					
Present Value of After-Tax Cash Flow	Err:508	Err:508	Err:508	Err:508	Err:508
Total Present Value	Err:508				
Monthly Annuity Equivelent	Err:508	8400			
Loan Equity at End of Holding	7,324.09				