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## Rent Vs Purchase Analysis (evaluated over a 10 year time span)

This tool is designed to process the various variables involved in evaluate purchasing a home vs. buying a home. And while a traditional mortgage is 30 years it is only going to evaluate the first 10 years of the loan.

It's very easy to use. To get started simply fill out what you are currently or what you might have to pay for rent. Then fill in a potential home purchase price and finally what the potential loan details might bea.

Monthly Rental Amount:

Rental Rates have increased on average 8.5% since 1980\*. We are using the conservative 5% increase year over year.

Purchase Price:

Home Price Appreciation. Home prices have appreciated 4.3% year over year. We are using a home price increate percentage of 4%.

Principal Calculations

Principal Amount:

Down Payment: (10% default)

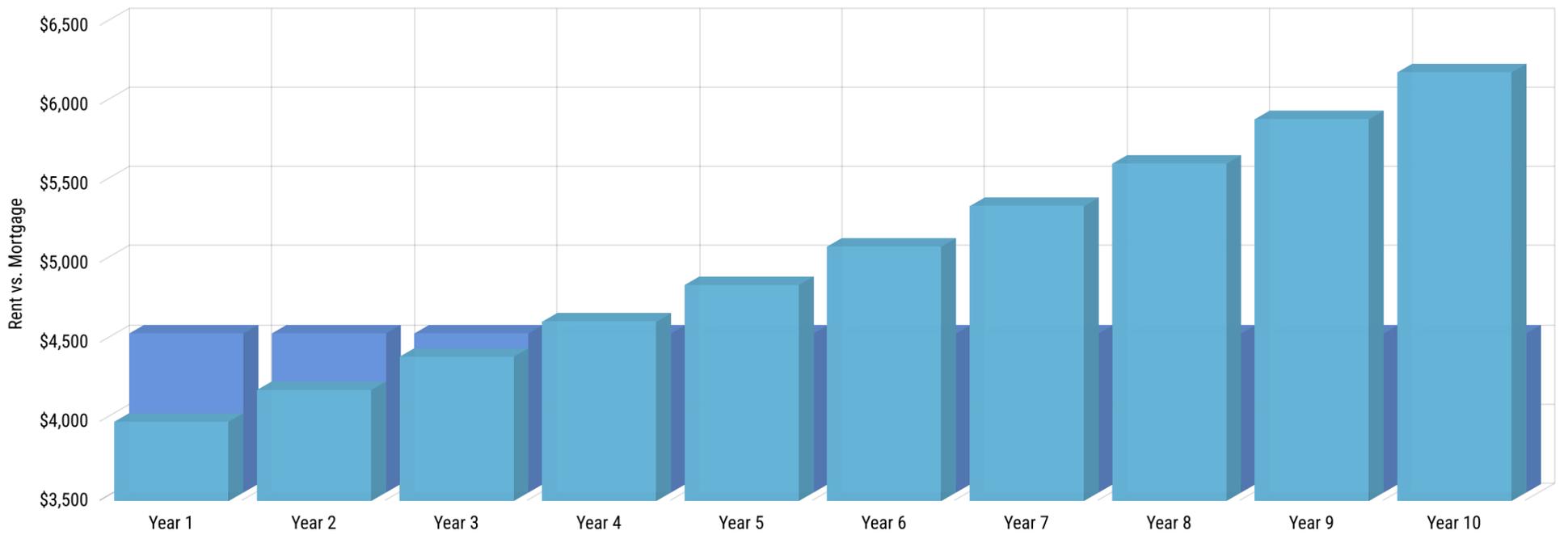
Interest Rate:

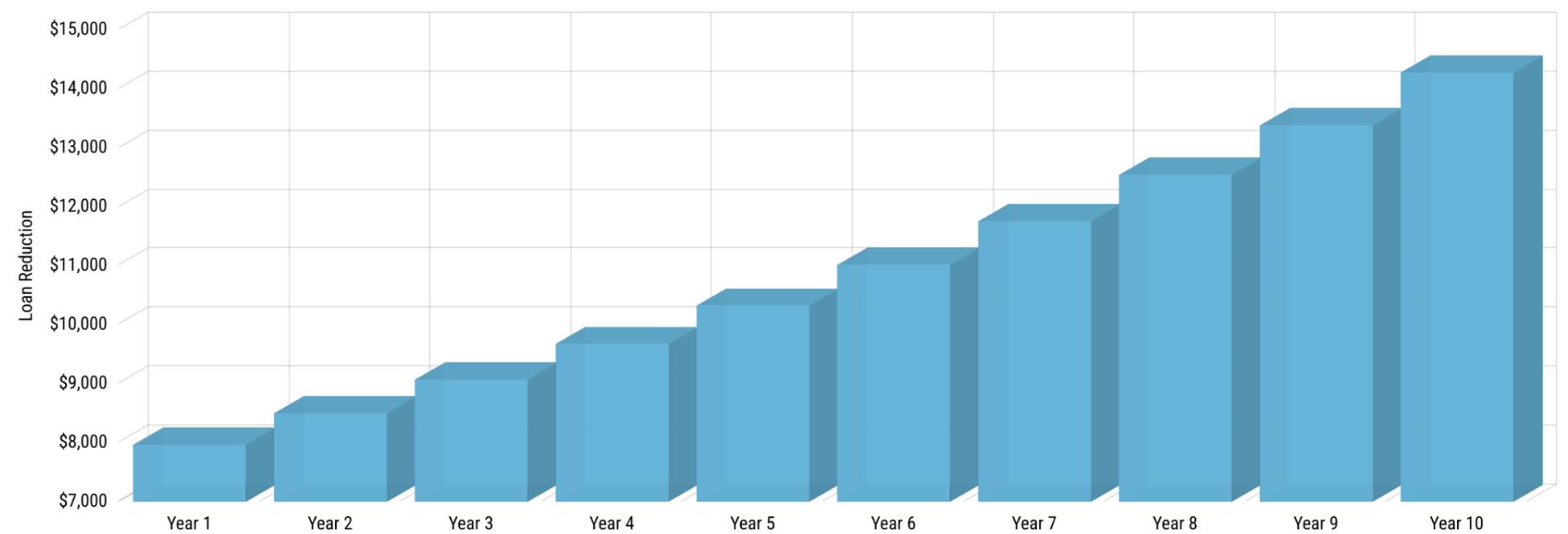
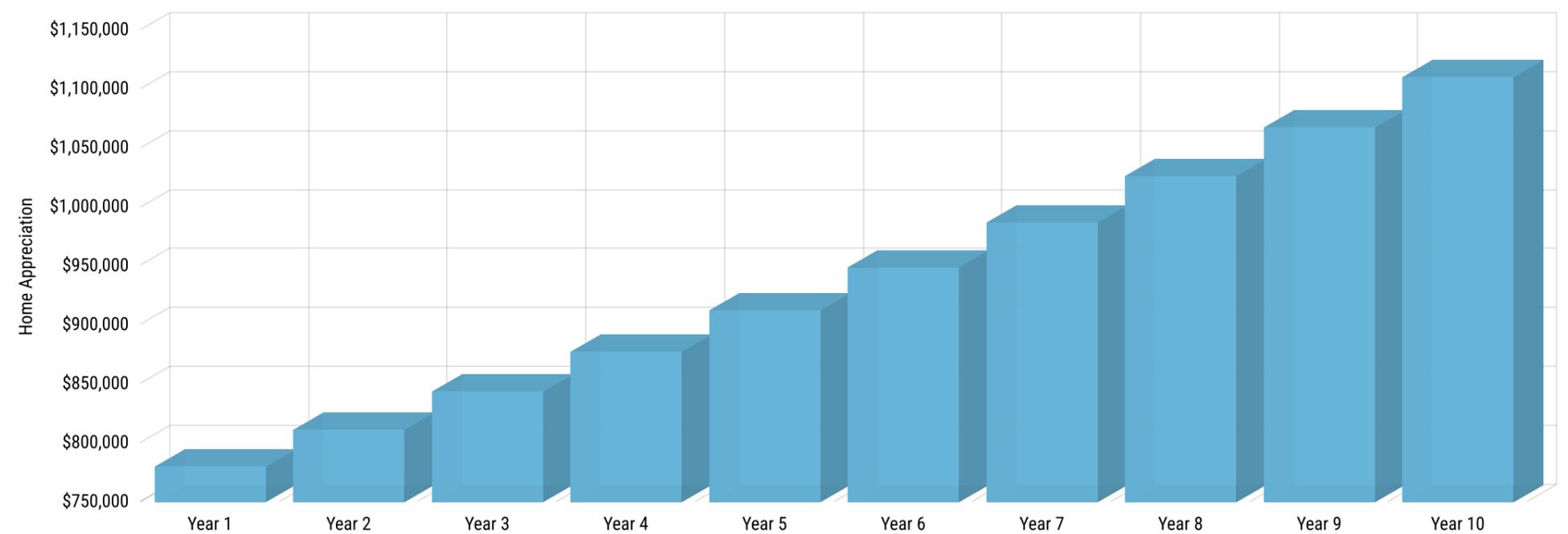
Term (in months):



Year	Year 1 Monthly Rent	Year 1 Home Value	Loan Reduction)
Year 1	<input type="text" value="4000"/>	<input type="text" value="780000"/>	<input type="text" value="7,963.72"/>
Year 2	<input type="text" value="4200"/>	<input type="text" value="811200"/>	<input type="text" value="8,497.08"/>
Year 3	<input type="text" value="4410"/>	<input type="text" value="843648"/>	<input type="text" value="9,066.14"/>
Year 4	<input type="text" value="4631"/>	<input type="text" value="877394"/>	

Year 5 Monthly Rent	Year 5 Home Value	Year	Loan Reduction)
4863	912490		
		Year 4	9,673.33
Year 6 Monthly Rent	Year 6 Home Value		
5106	948990		
		Year 5	10,321.15
Year 7 Monthly Rent	Year 7 Home Value		
5361	986950		
		Year 6	11,012.37
Year 8 Monthly Rent	Year 8 Home Value		
5629	1026428		
		Year 7	11,749.91
Year 9 Monthly Rent	Year 9 Home Value		
5910	1067485		
		Year 8	12,536.83
Year 10 Monthly Rent	Year 10 Home Value		
6206	1110184		
		Year 9	13,376.41
		Year 10	14,272.28
Total Rent Paid: \$603,792.00		Total Appreciation: \$ 360,184.00	
		Total Loan Reduction: \$108,469.22	





## Here's a summary of the results based upon data provided:

Total Rent Paid Over 10 Years - \$603,792.00

Total Mortgage Payment (Principal+Interest) over 10 years - \$540,418.16

A fixed monthly mortgage payment amount of 4,503.48

Total Property Appreciation over 10 years - \$360,184.00

Total Loan Reduction (Equity Growth) over 10 years - \$108,469.22

To calculate the big picture we need to Add the Total Property Appreciation and the Total Loan Reduction because this is the growth in value created over the years:

\$360,184.00

+ \$108,469.22

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\$468,653.22

and then Subtract that from Total Mortgage Payment Amount over the years:

\$540,418.16

- \$468,653.22

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\$71,764.94

## Putting it all together:

### Total Cost of Living:

Renting: \$603,792.00 Owning: \$71,764.94

After ten years of home ownership and factoring in home appreciation and loan reduction you paid \$71,764.94 to live versus had you rented you would have paid \$603,792.00 and owned nothing after ten years as a result.

Additionally after ten years with rent increases your final rent amount would be approximately \$6,206.00

Your mortgage payment remains at \$4,503.48

And here's the best part. That home appreciation continues after year ten but the amazing thing is that your loan reduction accelerates with each passing year. The first couple of years more money is being paid towards interest but at some point the loan will reach what is known as the "tipping point". This is when more of your payment is going towards principal than is going towards interest.



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