



## LEASE VS. OWNERSHIP COMPARISON

19210 S. Vermont Avenue, Gardena, California

Building B | 10,228 square feet total

### OWN

| Purchase Assumptions   | Per sq ft |             |
|------------------------|-----------|-------------|
| Size (Square feet)     | \$140.00  | 10,228      |
| Initial Purchase Price |           | \$1,431,920 |
| Tenant Improvements    | \$60.00   | 613,680     |
| Total Purchase Price   |           | \$2,045,600 |
| Down Payment           | 10%       | \$204,560   |
| Loan Amount            |           | \$1,841,040 |
| Loan Period            |           | 25          |

| Start-up Costs            |       |           |
|---------------------------|-------|-----------|
| Down Payment              |       | \$204,560 |
| Closing costs             | 1.25% | \$25,570  |
| Cost Segregation          |       | \$0       |
| Total out of pocket costs |       | \$230,130 |

| Monthly Costs          | Per sq ft |          |
|------------------------|-----------|----------|
| Mortgage Payment (P&I) | 5.480%    | \$11,284 |
| Property Taxes         | 1.1%      | \$1,909  |
| Utilities              | \$0.15    | \$1,534  |
| COA/CAM                | \$0.24    | \$2,455  |
| Total Monthly Costs    |           | \$17,182 |

| Net Monthly Ownership Cost, Net of Tax Benefits |             |             |         |
|---|-------------|-------------|---------|
| Purchase and Alloc to Bldg                      | \$2,045,600 | 70%         |         |
|   | 39 yrs      | 12 mos      |         |
| Monthly depreciation @                          | 40%         | tax bracket | \$1,224 |
| Property Tax, Utilities, COA/CAM                |             |             | \$2,359 |
| Interest Deduction (5 year avg)                 |             |             | \$3,611 |
| Total Tax Benefits                              |             |             | \$7,194 |
| Net Effective Ownership Costs                   |             |             | \$9,988 |
| Net Cost Per SF to Own                          |             |             | \$0.98  |

### LEASE

| Lease Assumptions                   |          |
|-------------------------------------|----------|
| Size (Square feet)                  | 10,228   |
| Lease rate per RSF                  | \$2.00   |
| Monthly lease cost net of utilities | \$20,456 |

| Start-up Costs            |          |
|---------------------------|----------|
| Prepaid Rent              | \$20,456 |
| Security Deposit          | \$20,456 |
| Total out of pocket costs | \$40,912 |

| Monthly Costs                         | Per sq ft |          |
|---------------------------------------|-----------|----------|
| Lease Payment                         | \$2.00    | \$20,456 |
| 3% annual rent increases average      |           | \$642    |
| Avg. Op Ex Pass (est. 2.5% years 2-5) |           | \$535    |
| Total Average Monthly Costs           |           | \$21,633 |

| Net Monthly Lease Cost              |          |
|-------------------------------------|----------|
| Tax Benefits                        | 40%      |
| Depreciation Benefit                | n/a      |
| Operating Expense Deduction         | n/a      |
| Lease Deduction                     | \$8,182  |
| Total Tax Benefits                  | \$8,182  |
| Total Effective Monthly Lease Costs | \$13,451 |
| Net Cost Per SF to Lease            | \$1.32   |

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## LEASE VS. OWNERSHIP COMPARISON (CONTINUED)

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### OWN

### LEASE

#### Additional Tax Benefits Available with Cost Segregation

|   |      |         |
|---|------|---------|
| Monthly Ownership Benefits (Estimated)              |      |         |
| Tax Benefits  | 40%  |         |
| Incr Cost Segregation Deprec Benefits (5yr)         | 264% | \$3,231 |
| Property Tax, Utilities, COA/CAM                    |      | \$2,359 |
| Interest Deduction (5 year avg)                     |      | \$3,611 |
| Total Tax Benefits                                  |      | \$9,201 |
| Net Effective Ownership Costs with Cost Segregation |      | \$7,981 |
| Net Cost Per SF to Own                              |      | \$0.78  |

For additional information, please contact:

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#### Appreciation Benefits of Ownership

|                                       |                    |
|---------------------------------------|--------------------|
| Rate of Assumed Appreciation per Year | 2.0%               |
| <i>Appreciated Value Year 1</i>       | <i>\$2,086,512</i> |
| <i>Appreciated Value Year 2</i>       | <i>\$2,128,242</i> |
| <i>Appreciated Value Year 3</i>       | <i>\$2,170,807</i> |
| <i>Appreciated Value Year 4</i>       | <i>\$2,214,223</i> |
| <i>Appreciated Value Year 5</i>       | <i>\$2,258,508</i> |
| <i>Appreciated Value Year 6</i>       | <i>\$2,303,678</i> |
| <i>Appreciated Value Year 7</i>       | <i>\$2,349,751</i> |
| <i>Appreciated Value Year 8</i>       | <i>\$2,396,746</i> |
| <i>Appreciated Value Year 9</i>       | <i>\$2,444,681</i> |
| <i>Appreciated Value Year 9</i>       | <i>\$2,493,575</i> |
| Total Appreciation                    | \$447,975          |
| Less Down Payment                     | -\$204,560         |
| Net Appreciation                      | \$243,415          |
| Monthly Appreciation                  | \$2,028            |
| Monthly Appreciation per RSF          | \$0.20             |

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