

REAL ESTATE INVESTMENT ANALYSIS

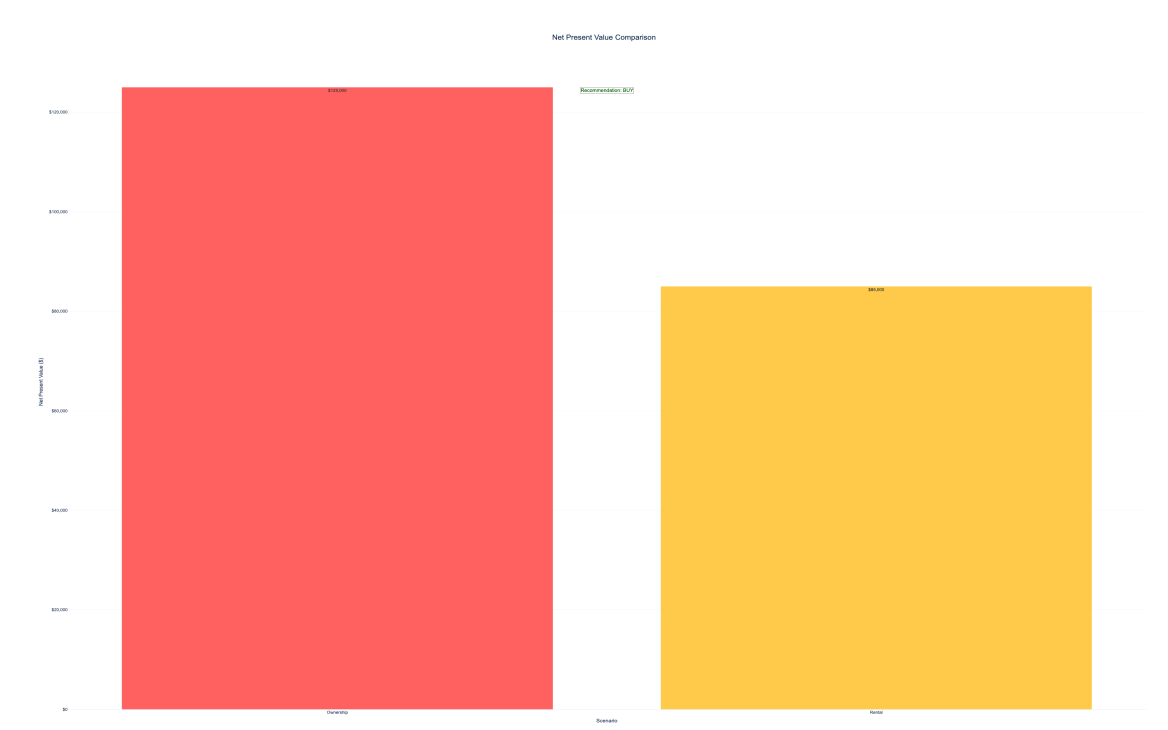
Executive Summary & Recommendation

STRATEGIC RECOMMENDATION: BUY
Analysis Confidence: High

Investment Analysis Summary

Financial Metric	Ownership Scenario	Rental Scenario	Advantage
Net Present Value	\$125,000	\$85,000	Ownership
Initial Investment	\$150,000	\$5,000	Lower
NPV Advantage	-	-	\$40,000

Net Present Value Analysis



Strategic Investment Insights

Primary Strategic Finding: The analysis strongly supports buy as the optimal financial strategy for this real estate decision, providing a net advantage of \$40,000 in present value terms. **Key Value Drivers:** • Market positioning in current interest rate environment • Tax optimization through buy scenario • Cash flow timing and liquidity considerations • Long-term wealth building strategy alignment **Decision Confidence:** This recommendation is based on comprehensive financial modeling incorporating market assumptions, tax implications, and opportunity costs over the full analysis period.

Risk Assessment

Risk Profile: High Risk Investment **Primary Risk Factors:** • Interest rate volatility impacting financing costs and opportunity returns • Real estate market cycles affecting property values and rental rates • Tax policy changes potentially altering investment benefits • Economic conditions influencing employment and housing demand **Risk Mitigation:** • Conservative assumptions used in base case analysis • Sensitivity analysis identifying key variable impacts • Diversification considerations for overall portfolio **Monitoring Requirements:** Regular review recommended as market conditions evolve and personal circumstances change.

Key Assumptions & Parameters

Core Financial Assumptions:

- Analysis Period: 25 years
- Cost of Capital: 8.0% annually
- Property Tax Rate: 1.2%
- Rent Growth Rate: 3.0% annually
- Property Appreciation: 3.5% annually

Purchase Scenario:

- Property Value: \$750,000
- Down Payment: 20%
- Mortgage Rate: 5.5%

Rental Scenario:

- Annual Rent: \$36,000
- Security Deposit: \$3,000

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This analysis is based on the assumptions provided and current market conditions. Consult with qualified financial and tax professionals before making investment decisions.