

# Home Buying Analysis Report

Prepared for: John Doe

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# **Executive Summary**

This report provides a comprehensive analysis of the financial implications of buying a home compared to renting. Key metrics include estimated mortgage payments, cumulative costs, and equity growth over time. The analysis highlights the potential financial benefits and trade-offs associated with homeownership compared to renting and investing shown thru Non-Recoverable Cost Analysis and Opportunity cost Analysis.

## **Methodology**

Calculations in this report are based on standard financial formulas and assumptions:

- Mortgage payments are calculated using the loan amount, interest rate, and term.
- Rent vs mortgage comparison incorporates rent inflation and income growth rates.
- Equity growth considers property appreciation and principal repayment.
- Stock Growth rate considers the appreciation and money invested to the stock market.

This is considered by getting the balance of mortgage payment and rent, then investing the balance.

All data provided by the client is assumed to be accurate.

# Home Buying Analysis Report

## Client Details

Client Name:	John Doe
Age:	33
Occupation:	Engineer
Marital Status:	Married
Country of Residence:	United Kingdom

## Financial Details

Annual Income:	GBP 90,000.00
Monthly Income:	GBP 5,200.00

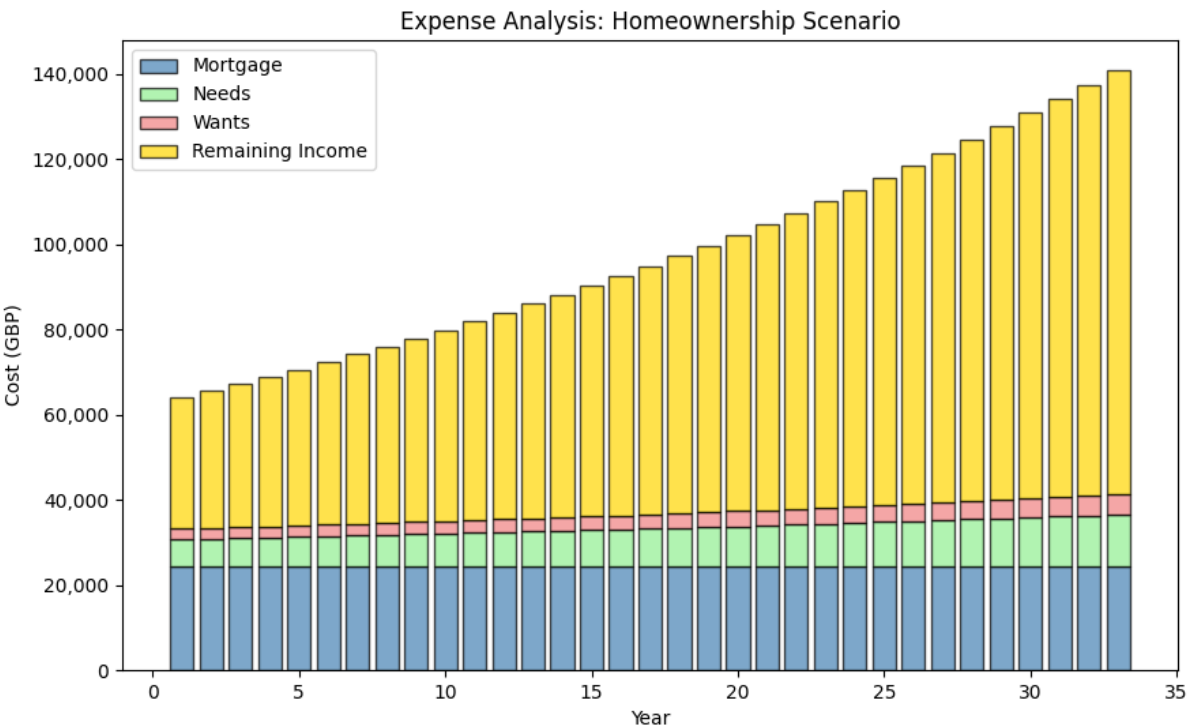
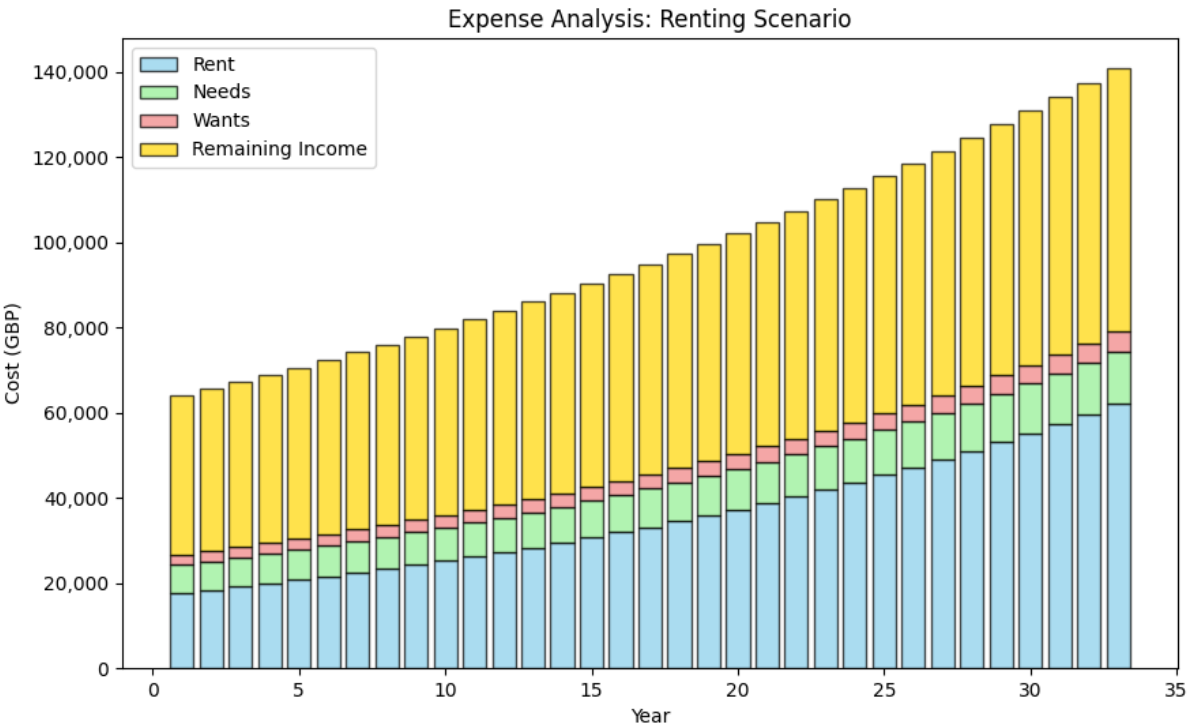
## Property Details

Property Value:	GBP 440,000.00
Deposit:	GBP 44,000.00
Monthly Mortgage Payment:	GBP 2,019.10
Mortgage Rate:	4.9%

## Rates

Rent Inflation Rate:	4.0%
Income Growth Rate:	2.5%
Property Growth Rate:	4.0%
Property Tax Rate:	0.0%
Annual Maintenance Rate:	1.0%
Stock Growth Rate:	7.7%

# Expense Analysis

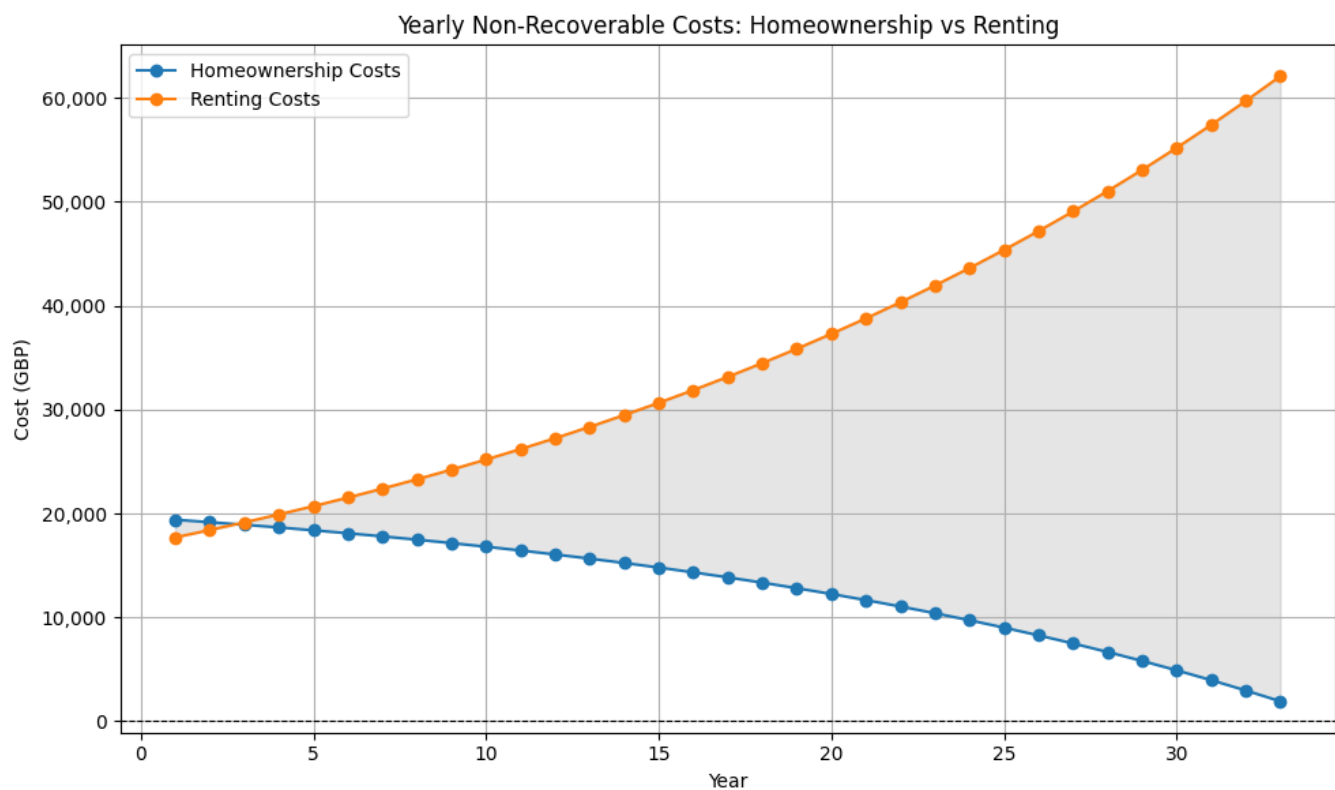


Accummulated Remaining Income After Rent (Present Value): GBP 985,403.48  
Accummulated Remaining Income After Mortgage (Present Value): GBP 1,146,962.83

Buying a house is more cost effective with present value difference of GBP 161,559.35.

Year	Rent Cost (GBP)	Income - Rent (GBP)	Income - Mortgage (GBP)
1	17,700.00	37,263.60	30,734.41
2	18,408.00	37,974.67	32,153.48
3	19,144.32	38,693.80	33,608.93
4	19,910.09	39,420.78	35,101.68
5	20,706.50	40,155.38	36,632.69
6	21,534.76	40,897.36	38,202.92
7	22,396.15	41,646.44	39,813.39
8	23,291.99	42,402.31	41,465.11
9	24,223.67	43,164.66	43,159.14
10	25,192.62	43,933.13	44,896.55
11	26,200.32	44,707.32	46,678.45
12	27,248.34	45,486.83	48,505.98
13	28,338.27	46,271.21	50,380.29
14	29,471.80	47,059.96	52,302.57
15	30,650.67	47,852.57	54,274.05
16	31,876.70	48,648.48	56,295.99
17	33,151.77	49,447.08	58,369.66
18	34,477.84	50,247.73	60,496.38
19	35,856.95	51,049.74	62,677.50
20	37,291.23	51,852.38	64,914.42
21	38,782.88	52,654.85	67,208.54
22	40,334.19	53,456.32	69,561.32
23	41,947.56	54,255.89	71,974.26
24	43,625.47	55,052.62	74,448.89
25	45,370.48	55,845.48	76,986.77
26	47,185.30	56,633.41	79,589.52
27	49,072.72	57,415.27	82,258.79
28	51,035.62	58,189.83	84,996.26
29	53,077.05	58,955.82	87,803.68
30	55,200.13	59,711.88	90,682.82
31	57,408.14	60,456.55	93,635.50
32	59,704.46	61,188.32	96,663.59
33	62,092.64	61,905.57	99,769.02

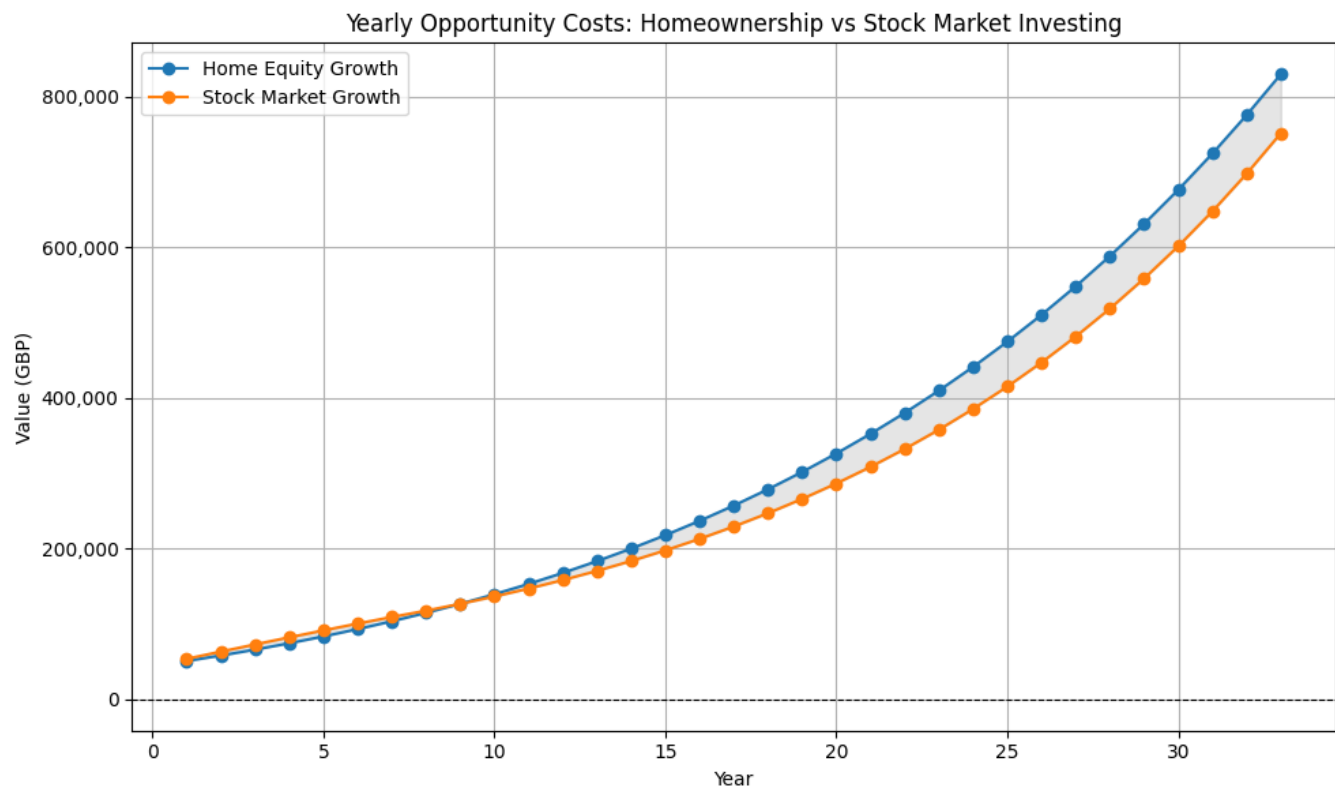
# Non-Recoverable Costs Analysis



Accumulated Non-Recoverable Cost - Rent (Present Value): GBP 664,697.71  
Accumulated Non-Recoverable Cost - Mortgage (Present Value): GBP 292,876.19  
Buying a house is more cost effective with present value difference (cheaper) of GBP 371,821.52.

Year	Homeownership Cost (GBP)	Rent Cost (GBP)
1	19,404.01	17,700.00
2	19,167.58	18,408.00
3	18,919.56	19,144.32
4	18,659.38	19,910.09
5	18,386.46	20,706.50
6	18,100.17	21,534.76
7	17,799.85	22,396.15
8	17,484.81	23,291.99
9	17,154.33	24,223.67
10	16,807.66	25,192.62
11	16,444.01	26,200.32
12	16,062.53	27,248.34
13	15,662.37	28,338.27
14	15,242.59	29,471.80
15	14,802.25	30,650.67
16	14,340.33	31,876.70
17	13,855.77	33,151.77
18	13,347.47	34,477.84
19	12,814.27	35,856.95
20	12,254.94	37,291.23
21	11,668.20	38,782.88
22	11,052.71	40,334.19
23	10,407.06	41,947.56
24	9,729.77	43,625.47
25	9,019.30	45,370.48
26	8,274.02	47,185.30
27	7,492.21	49,072.72
28	6,672.10	51,035.62
29	5,811.80	53,077.05
30	4,909.35	55,200.13
31	3,962.68	57,408.14
32	2,969.62	59,704.46
33	1,927.90	62,092.64

# Opportunity Cost Analysis



Accummulated Home Equity (Present Value): GBP 322,159.36  
Accummulated Stock Investment (Present Value): GBP 291,713.17  
Buying a house is will provide higher valuation present value difference of GBP 30,446.20.



Year	Home Equity (GBP)	Stock Investment (GBP)
1	50,778.20	53,657.42
2	58,073.42	63,265.45
3	65,918.39	72,788.56
4	74,347.74	82,187.23
5	83,398.10	91,417.55
6	93,108.22	100,430.89
7	103,519.08	109,173.44
8	114,674.01	117,585.74
9	126,618.84	126,639.84
10	139,401.99	136,391.10
11	153,074.68	146,893.22
12	167,691.00	158,204.00
13	183,308.15	170,385.71
14	199,986.55	183,505.40
15	217,790.05	197,635.32
16	236,786.08	212,853.24
17	257,045.90	229,242.94
18	278,644.73	246,894.65
19	301,662.05	265,905.53
20	326,181.77	286,380.26
21	352,292.49	308,431.54
22	380,087.74	332,180.77
23	409,666.28	357,758.69
24	441,132.34	385,306.11
25	474,595.93	414,974.68
26	510,173.15	446,927.73
27	547,986.55	481,341.16
28	588,165.40	518,404.43
29	630,846.11	558,321.57
30	676,172.60	601,312.34
31	724,296.69	647,613.39
32	775,378.52	697,479.62
33	829,587.02	751,185.55

## Conclusion

### Expense Analysis

Acc. Remaining Income - Rent	GBP 985,403.48
Acc. Remaining Income - Homeownership	GBP 1,146,962.83
Difference	GBP -161,559.35

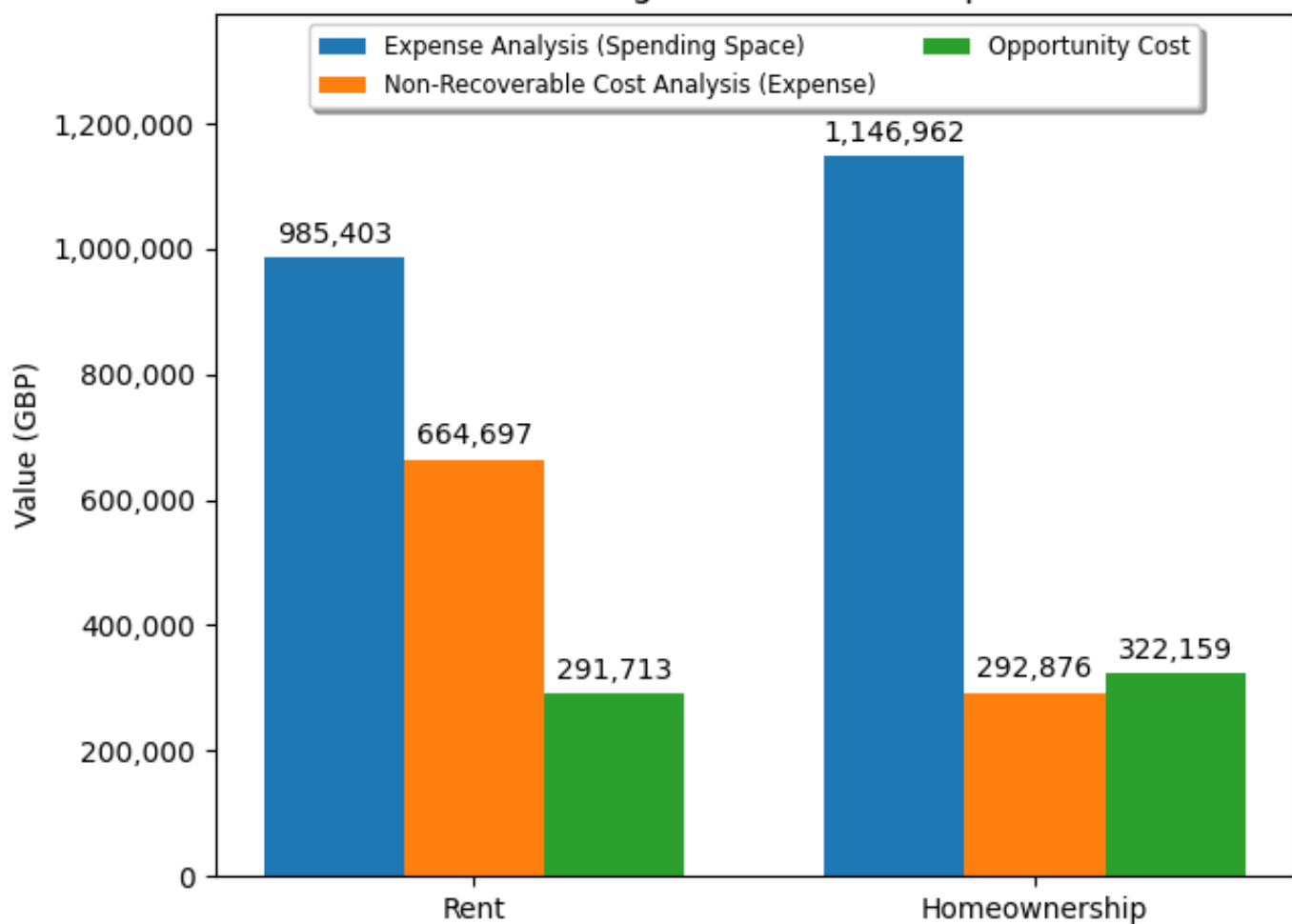
### Non-Recoverable Cost Analysis

Non-Recoverable Cost - Rent	GBP 664,697.71
Non-Recoverable Cost - Homeownership	GBP 292,876.19
Difference	GBP -371,821.52

### Opportunity Cost

Accumulated Stock Investment	GBP 291,713.17
Accumulated Home Equity	GBP 322,159.36
Difference	GBP 30,446.20

## Renting vs Homeownership



#### Expense Analysis:

Homeownership provides better spending space with accumulated present value spending space difference of GBP 161,559.35.

#### Non-Recoverable Costs:

Homeownership is more cost-effective over the analysis period, with a present value savings of GBP 371,821.52.

#### Opportunity Costs:

Homeownership equity growth outperforms stock investments, with a present value advantage of GBP 30,446.20.

#### Recommendation:

## **Disclaimer**

This report is for informational purposes only. Calculations are based on estimates and assumptions provided by the client. Actual financial outcomes may vary due to changes in market conditions, interest rates, or other factors.