

Home Buying Analysis Report

Prepared for: John Doe

Date: February 19, 2025

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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

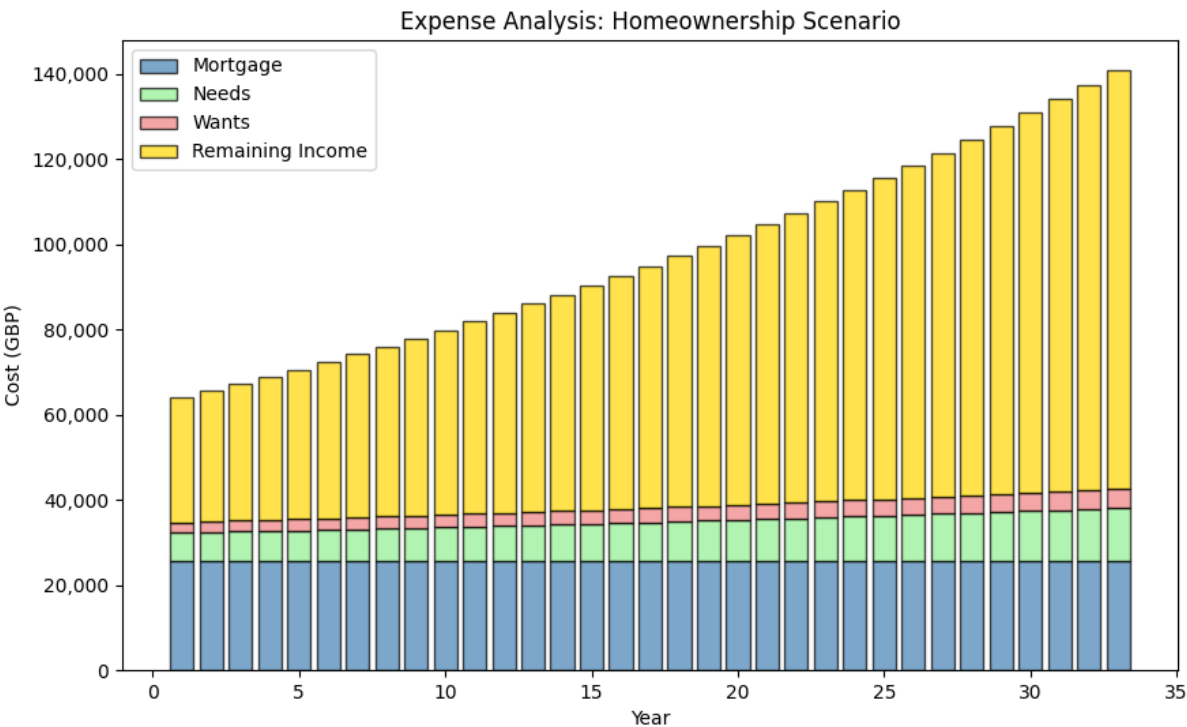
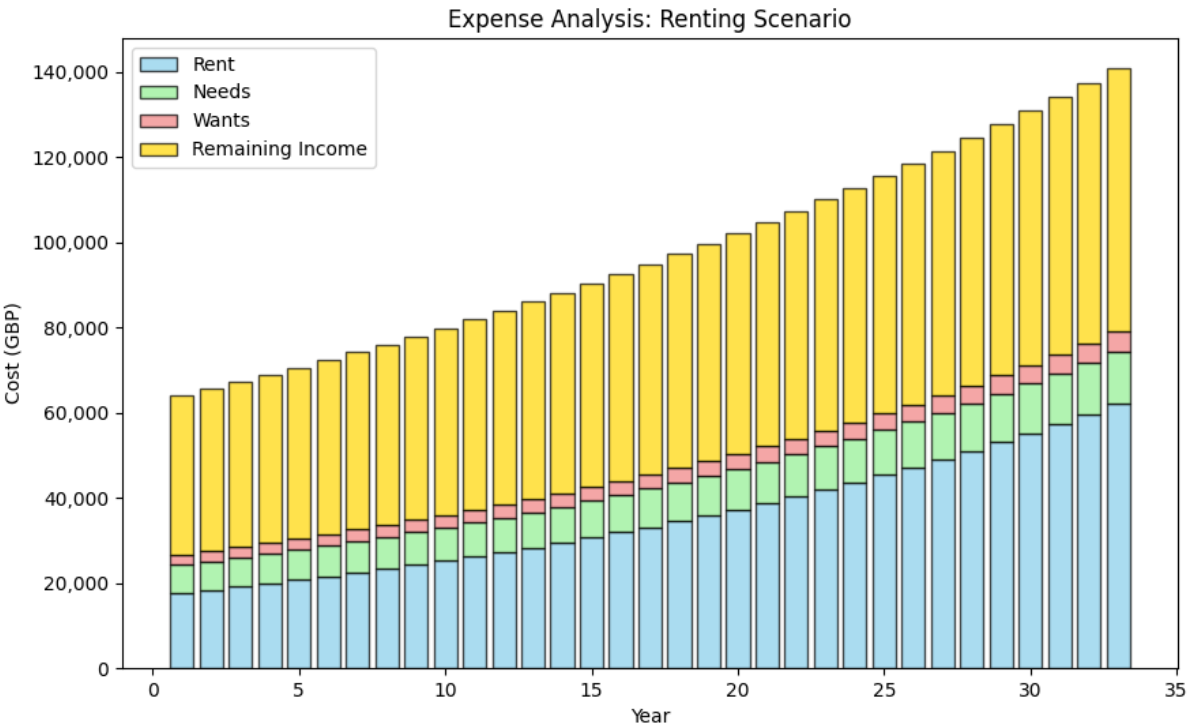
Property Details

Property Value:	GBP 440,000.00
Deposit:	GBP 44,000.00
Monthly Mortgage Payment:	GBP 2,144.34
Mortgage Rate:	5.4%

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

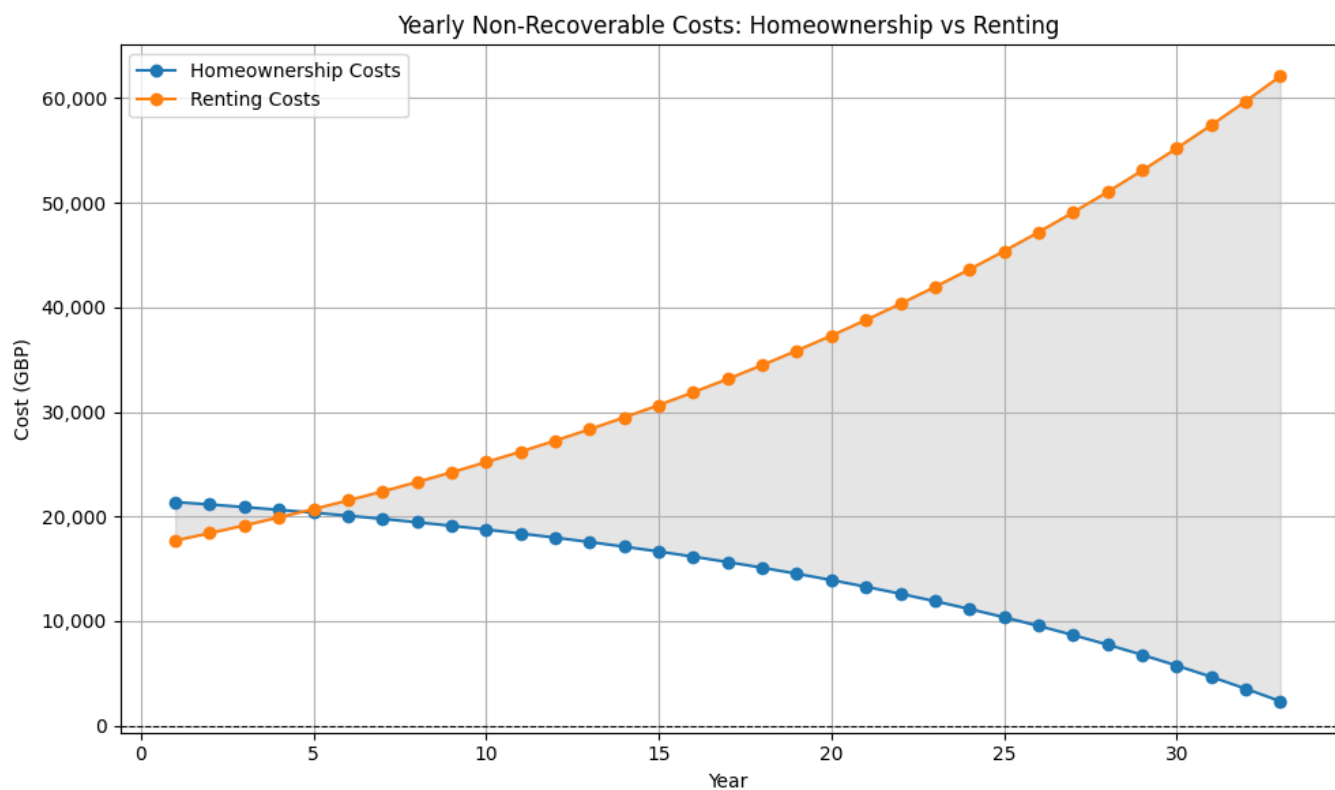


Accummulated Remaining Income After Rent (Present Value): GBP 985,403.48
Accummulated Remaining Income After Mortgage (Present Value): GBP 1,115,754.00

Buying a house is more cost effective with present value difference of GBP 130,350.52.

Year	Rent Cost (GBP)	Income - Rent (GBP)	Income - Mortgage (GBP)
1	17,700.00	37,263.60	29,231.51
2	18,408.00	37,974.67	30,650.58
3	19,144.32	38,693.80	32,106.03
4	19,910.09	39,420.78	33,598.78
5	20,706.50	40,155.38	35,129.79
6	21,534.76	40,897.36	36,700.03
7	22,396.15	41,646.44	38,310.50
8	23,291.99	42,402.31	39,962.22
9	24,223.67	43,164.66	41,656.24
10	25,192.62	43,933.13	43,393.66
11	26,200.32	44,707.32	45,175.56
12	27,248.34	45,486.83	47,003.08
13	28,338.27	46,271.21	48,877.39
14	29,471.80	47,059.96	50,799.68
15	30,650.67	47,852.57	52,771.16
16	31,876.70	48,648.48	54,793.09
17	33,151.77	49,447.08	56,866.76
18	34,477.84	50,247.73	58,993.48
19	35,856.95	51,049.74	61,174.61
20	37,291.23	51,852.38	63,411.52
21	38,782.88	52,654.85	65,705.64
22	40,334.19	53,456.32	68,058.43
23	41,947.56	54,255.89	70,471.37
24	43,625.47	55,052.62	72,945.99
25	45,370.48	55,845.48	75,483.88
26	47,185.30	56,633.41	78,086.63
27	49,072.72	57,415.27	80,755.89
28	51,035.62	58,189.83	83,493.37
29	53,077.05	58,955.82	86,300.78
30	55,200.13	59,711.88	89,179.92
31	57,408.14	60,456.55	92,132.60
32	59,704.46	61,188.32	95,160.70
33	62,092.64	61,905.57	98,266.12

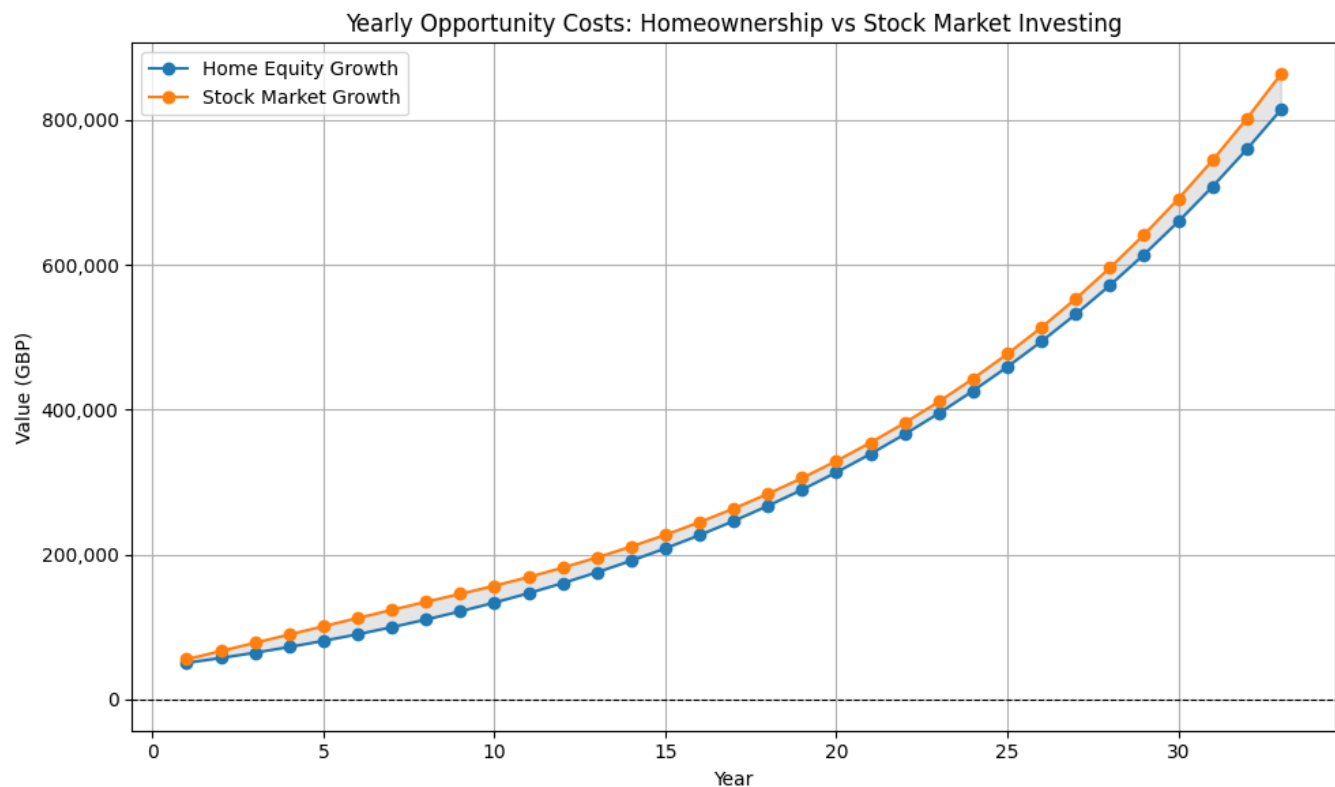
Non-Recoverable Costs Analysis



Accumulated Non-Recoverable Cost - Rent (Present Value): GBP 664,697.71
Accumulated Non-Recoverable Cost - Mortgage (Present Value): GBP 328,082.73
Buying a house is more cost effective with present value difference (cheaper) of GBP 336,614.98.

Year	Homeownership Cost (GBP)	Rent Cost (GBP)
1	21,384.01	17,700.00
2	21,149.21	18,408.00
3	20,901.74	19,144.32
4	20,640.90	19,910.09
5	20,365.97	20,706.50
6	20,076.20	21,534.76
7	19,770.78	22,396.15
8	19,448.87	23,291.99
9	19,109.58	24,223.67
10	18,751.96	25,192.62
11	18,375.04	26,200.32
12	17,977.75	27,248.34
13	17,559.02	28,338.27
14	17,117.67	29,471.80
15	16,652.49	30,650.67
16	16,162.20	31,876.70
17	15,645.42	33,151.77
18	15,100.74	34,477.84
19	14,526.65	35,856.95
20	13,921.55	37,291.23
21	13,283.78	38,782.88
22	12,611.57	40,334.19
23	11,903.07	41,947.56
24	11,156.30	43,625.47
25	10,369.20	45,370.48
26	9,539.61	47,185.30
27	8,665.21	49,072.72
28	7,743.60	51,035.62
29	6,772.22	53,077.05
30	5,748.39	55,200.13
31	4,669.27	57,408.14
32	3,531.88	59,704.46
33	2,333.07	62,092.64

Opportunity Cost Analysis



Accummulated Home Equity (Present Value): GBP 316,174.70
Accummulated Stock Investment (Present Value): GBP 335,303.33
Renting and Investing is will provide higher valuation present value difference of GBP 19,128.64.

Year	Home Equity (GBP)	Stock Investment (GBP)
1	50,282.01	55,276.04
2	57,059.49	66,627.33
3	64,365.45	78,027.92
4	72,234.91	89,448.63
5	80,705.08	100,856.70
6	89,815.42	112,215.48
7	99,607.80	123,484.05
8	110,126.67	134,616.89
9	121,419.15	145,563.40
10	133,535.26	156,771.78
11	146,528.02	168,843.21
12	160,453.66	181,844.13
13	175,371.80	195,846.13
14	191,345.68	210,926.28
15	208,442.29	227,167.61
16	226,732.68	244,659.51
17	246,292.14	263,498.29
18	267,200.43	283,787.66
19	289,542.12	305,639.31
20	313,406.77	329,173.54
21	338,889.29	354,519.90
22	366,090.21	381,817.94
23	395,116.01	411,217.92
24	426,079.49	442,881.70
25	459,100.08	476,983.59
26	494,304.27	513,711.32
27	531,826.00	553,267.10
28	571,807.07	595,868.66
29	614,397.63	641,750.55
30	659,756.59	691,165.34
31	708,052.19	744,385.07
32	759,462.51	801,702.72
33	814,176.01	863,433.83

Conclusion

Expense Analysis

Acc. Remaining Income - Rent	GBP 985,403.48
Acc. Remaining Income - Homeownership	GBP 1,115,754.00
Difference	GBP -130,350.52

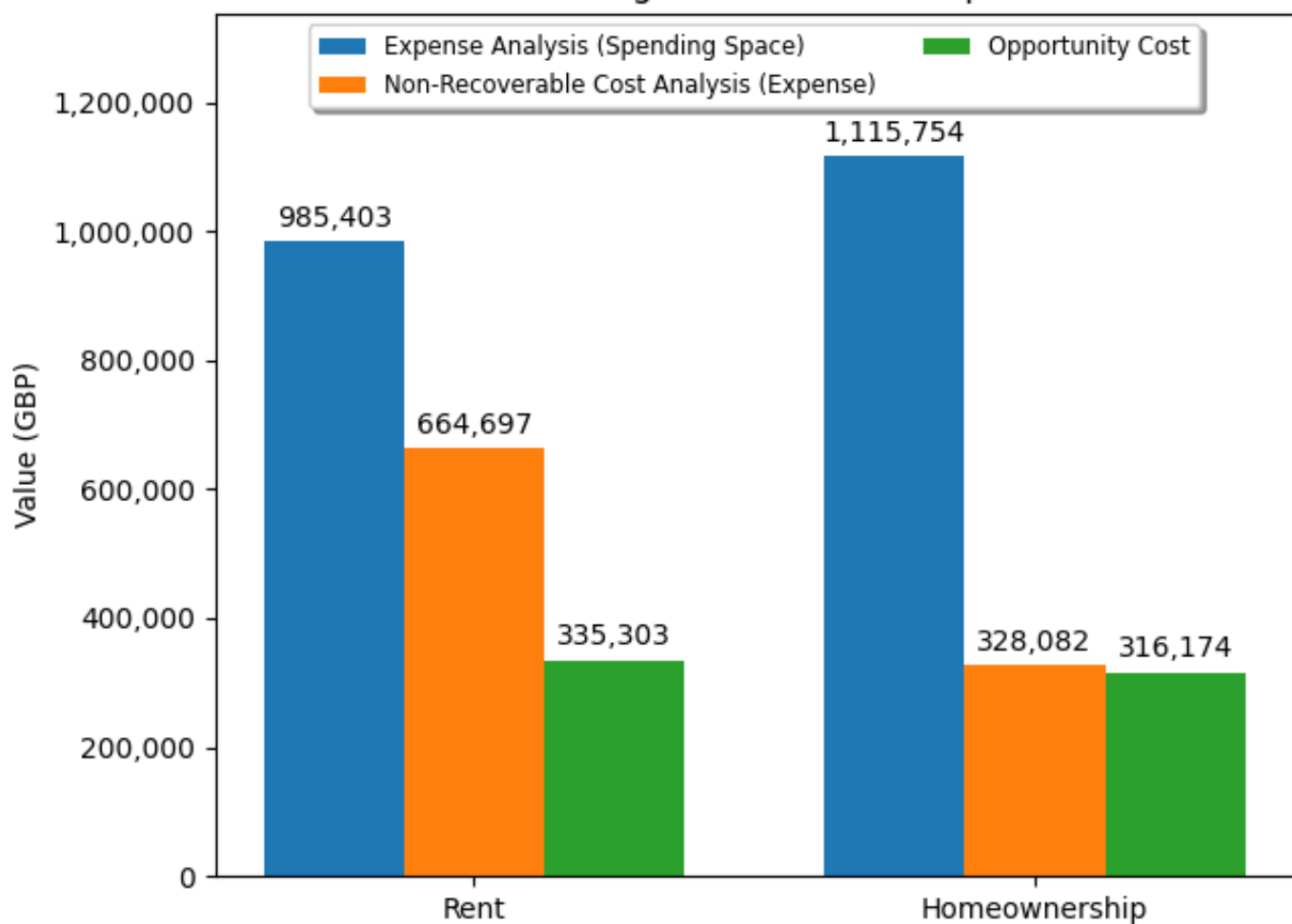
Non-Recoverable Cost Analysis

Non-Recoverable Cost - Rent	GBP 664,697.71
Non-Recoverable Cost - Homeownership	GBP 328,082.73
Difference	GBP -336,614.98

Opportunity Cost

Accumulated Stock Investment	GBP 335,303.33
Accumulated Home Equity	GBP 316,174.70
Difference	GBP -19,128.64

Renting vs Homeownership



Expense Analysis:

Homeownership provides better spending space with accumulated present value spending space difference of GBP 130,350.52.

Non-Recoverable Costs:

Homeownership is more cost-effective over the analysis period, with a present value savings of GBP 336,614.98.

Opportunity Costs:

Investing in the stock market offers better financial growth, with a present value advantage of GBP 19,128.64.

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.