

PROPERTY OWNERSHIP COMPARISON CALCULATOR

Rich 1 Percent
Unmatched Wealth Creation Knowledge



Interest rate 7%
Property growth rate 5%
Annual running costs (% of property value) 1%
Gearing 85%
Rental income 10%
Equity required to buy extra property \$17,647

STEP 1
Fill in all blue cells as appropriate

STEP 2
Check financial results below

RESULT OF BUYING AN EXPENSIVE HOME TO LIVE IN

Property lived in	End of year...										
	Today	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Value of property	\$200,000	\$210,000	\$220,500	\$231,525	\$243,101	\$255,256	\$268,019	\$281,420	\$295,491	\$310,266	\$325,779
Borrowing	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000
Equity	\$30,000	\$40,000	\$50,500	\$61,525	\$73,101	\$85,256	\$98,019	\$111,420	\$125,491	\$140,266	\$155,779
Interest payments		-\$11,900	-\$11,900	-\$11,900	-\$11,900	-\$11,900	-\$11,900	-\$11,900	-\$11,900	-\$11,900	-\$11,900
Cumulative interest		-\$11,900	-\$23,800	-\$35,700	-\$47,600	-\$59,500	-\$71,400	-\$83,300	-\$95,200	-\$107,100	-\$119,000
Net wealth from lived in property	\$30,000	\$28,100	\$26,700	\$25,825	\$25,501	\$25,756	\$26,619	\$28,120	\$30,291	\$33,166	\$36,779
Net effect on your wealth	\$0	-\$1,900	-\$3,300	-\$4,175	-\$4,499	-\$4,244	-\$3,381	-\$1,880	\$291	\$3,166	\$6,779

POTENTIAL OF BUYING 2 PROPERTIES AND REINVESTING RETURNS IN MORE PROPERTIES

Property lived in	End of year...										
	Today	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Value of property	\$100,000	\$105,000	\$110,250	\$115,763	\$121,551	\$127,628	\$134,010	\$140,710	\$147,746	\$155,133	\$162,889
Borrowing	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000
Equity	\$15,000	\$20,000	\$25,250	\$30,763	\$36,551	\$42,628	\$49,010	\$55,710	\$62,746	\$70,133	\$77,889
Interest payments		-\$5,950	-\$5,950	-\$5,950	-\$5,950	-\$5,950	-\$5,950	-\$5,950	-\$5,950	-\$5,950	-\$5,950
Cumulative interest		-\$5,950	-\$11,900	-\$17,850	-\$23,800	-\$29,750	-\$35,700	-\$41,650	-\$47,600	-\$53,550	-\$59,500
Net wealth from lived in property	\$15,000	\$14,050	\$13,350	\$12,913	\$12,751	\$12,878	\$13,310	\$14,060	\$15,146	\$16,583	\$18,389
Properties rented	End of year...										
	Today	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Value of property	\$100,000	\$105,000	\$110,250	\$115,763	\$121,551	\$127,628	\$134,010	\$140,710	\$147,746	\$155,133	\$162,889
Borrowing	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000
Equity	\$15,000	\$20,000	\$25,250	\$30,763	\$36,551	\$42,628	\$49,010	\$55,710	\$62,746	\$70,133	\$77,889
Rental income		\$10,000	\$10,500	\$11,025	\$11,576	\$12,155	\$12,763	\$13,401	\$14,071	\$14,775	\$15,513
Interest payments		-\$5,950	-\$5,950	-\$5,950	-\$5,950	-\$5,950	-\$5,950	-\$5,950	-\$5,950	-\$5,950	-\$5,950
Annual running costs		-\$1,000	-\$1,000	-\$1,000	-\$2,000	-\$3,000	-\$5,000	-\$7,000	-\$10,000	-\$15,000	-\$23,000
Cumulative net rental income		\$3,050	\$6,600	\$10,675	\$14,301	\$18,006	\$21,844	\$25,796	\$29,949	\$34,394	\$39,144
Net equity	\$30,000	\$37,100	\$45,200	\$54,350	\$64,603	\$76,131	\$88,944	\$103,154	\$118,946	\$136,433	\$155,779
Free equity to purchase extra properties		\$7,100	\$15,200	\$24,350	\$33,603	\$41,763	\$48,676	\$57,390	\$67,946	\$80,473	\$95,000
Number of properties owned at end of year	2	2	2	3	4	6	8	11	16	24	36
Free equity after new purchases	\$0	\$7,100	\$15,200	\$6,703	\$13,308	\$1,174	\$12,793	\$15,156	\$16,335	\$12,238	\$7,402
New purchases at end of year	\$0	\$0	\$0	\$100,000	\$100,000	\$200,000	\$200,000	\$300,000	\$500,000	\$800,000	\$1,200,000
New borrowing at end of year	\$0	\$0	\$0	\$100,000	\$100,000	\$200,000	\$200,000	\$300,000	\$500,000	\$800,000	\$1,200,000
RESULTS											
Total value of properties owned	\$200,000	\$210,000	\$220,500	\$331,525	\$448,101	\$670,506	\$904,032	\$1,249,233	\$1,811,695	\$2,702,280	\$4,037,394
Total borrowing	\$170,000	\$170,000	\$170,000	\$270,000	\$370,000	\$570,000	\$770,000	\$1,070,000	\$1,570,000	\$2,370,000	\$3,570,000
Total equity	\$30,000	\$40,000	\$50,500	\$61,525	\$78,101	\$100,506	\$134,032	\$179,233	\$241,695	\$332,280	\$467,394
Total rental income		\$10,000	\$10,500	\$11,025	\$21,576	\$22,655	\$44,288	\$57,002	\$90,852	\$136,395	\$204,715
Total interest expenses		-\$11,900	-\$11,900	-\$11,900	-\$11,900	-\$18,900	-\$25,900	-\$39,900	-\$53,900	-\$74,900	-\$109,900
Total running expenses		-\$1,000	-\$1,000	-\$1,000	-\$2,000	-\$3,000	-\$5,000	-\$7,000	-\$10,000	-\$15,000	-\$23,000
Total cumulative income (expenses)		-\$2,900	-\$5,300	-\$7,175	\$501	\$1,256	\$14,644	\$24,746	\$51,699	\$98,194	\$170,008
Net effect on your wealth	\$0	\$7,100	\$15,200	\$24,350	\$48,603	\$71,763	\$118,676	\$173,980	\$263,394	\$400,473	\$607,402