$300,000 rental property

25% down · 6.5% over 30 years · rent $2,600 a month (0.87% of the price: under the 1% rule)

Open these numbers on the website: `brixyield.com/#z=1ErU`

BUY IT, OR INVEST THE CASH?

Buying wins by $776.6K

After 30 years the property is worth $842.0K, which is **$842.0K** of equity. Adding the monthly cash flow the property pays you, reinvested in the market, brings buying to **$1.45M**. The same $89,000 left invested at 7% grows to **$677.5K**.

This is a sample report, built from the example deal. Your own report is built from your numbers.

Monthly cash flow	Cap rate	Cash-on-cash return	Cash invested
$33	**5.8%**	**0.4%**	**$89,000**
first-year average	income after running costs ÷ price	first-year cash flow ÷ cash invested	down payment, closing, repairs

Annual return (IRR)	Equity multiple	Debt coverage (DSCR)	Total profit
10.6%	**12.70×**	**1.02×**	**$1.04M**
vs 7.0% market yield	cash back per $1 put in (cash flow not reinvested)	year-one income after running costs ÷ mortgage payments	over 30 years, all cash in and out (cash flow not reinvested)

Monthly cash flow is thin, but the annual return (**10.6%** over 30 years) still beats the market's **7.0%**. That is common when the gain comes from the home's growth and the loan paydown rather than monthly income, especially when you borrow most of the price (**75%** here). It also leaves less room for surprises, like an empty month or a big repair.

WHERE EACH RENT DOLLAR GOES



Mortgage **55%** · Running costs **39%** · Vacancy **5%** · Left for you **1%**

THE DEAL

Purchase price	$300,000
Down payment	$75,000 (25%)
Loan	$225,000
Interest rate / term	6.5% over 30 years
Monthly mortgage payment	$1,422
Closing costs and repairs	$14,000

MONTHLY INCOME AND COSTS

Rent if fully occupied	$2,600
Vacancy	−$130
Running costs	−$1,015
Mortgage payment	−$1,422
Cash in your pocket	**$33**

SAMPLE

PART ONE

Cash flow

What the property earns and costs you in its first year.

FIRST-YEAR INCOME STATEMENT

	PER MONTH	PER YEAR
INCOME		
Rent if fully occupied Monthly rent × 12	$2,600	$31,200
Vacancy Rent lost while empty	−$130	−$1,560
Rent collected	**$2,470**	**$29,640**
COSTS		
Running costs Property tax, insurance, maintenance, management, other	−$1,015	−$12,174
Mortgage payments Principal and interest	−$1,422	−$17,066
RESULT		
Cash in your pocket What is left after everything above	**$33**	**$400**
WORTH KNOWING		
Loan paid down Principal repaid in year 1: builds equity	$210	$2,515
Break-even rent Monthly rent at which cash in your pocket would be zero	$2,559	

MONTHLY COSTS IN DETAIL

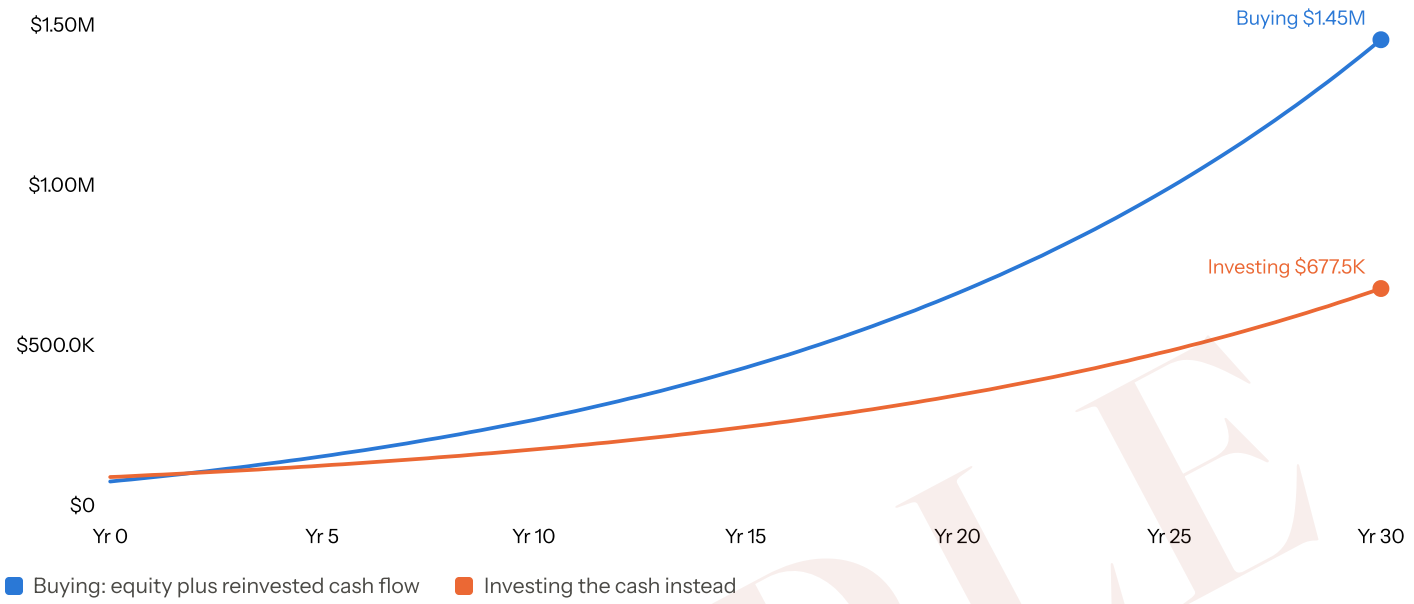
MONTHLY COST	$ / MONTH	% OF RENT
Mortgage	$1,422	54.7%
Vacancy	$130	5.0%
Property tax	$300	11.5%
Insurance	$138	5.3%
HOA fees	$0	0.0%
Maintenance	$200	7.7%
Management	$247	9.5%
Other expenses	$130	5.0%
Total	**$2,567**	**98.7%**

SAMPLE

PART TWO

Investment

How the property compares with investing the same cash at 7% a year, over 30 years.



WHO IS AHEAD, BY HOLD PERIOD

IF YOU HOLD FOR	BUYING (EQUITY + CASH FLOW)	MARKET ALTERNATIVE	BUYING'S LEAD
5 years	$153.6K	$124.8K	+$28.7K
10 years	$267.4K	$175.1K	+$92.3K
15 years	$430.6K	$245.6K	+$185.0K
20 years	$662.8K	$344.4K	+$318.4K
25 years	$991.3K	$483.0K	+$508.2K
30 years (chosen)	**$1.45M**	**$677.5K**	+$776.6K
35 years	$2.11M	$950.2K	+$1.15M
40 years	$3.02M	$1.33M	+$1.69M

Before selling costs. Selling a home usually costs about 6% of its price, which would lower the buying figures; switch on "Subtract selling costs" to include it.

WHAT THE NUMBERS SAY

BOTTOM LINE

Buying finishes ahead

After 30 years, the property is worth **$842.0K** (loan fully repaid), so your equity is **$842.0K**. Add the monthly cash flow the property pays you, reinvested in the market as it arrives, worth **$612.1K** by then, and buying leaves you with **$1.45M** in total. The same up-front cash left invested grows to **$677.5K**. Buying leads by **$776.6K** (about 2.1× the other path).

SENSITIVITY

What would flip the verdict

Holding everything else fixed, the two paths tie if the market returns **10.6% a year** (you assumed 7%), and buying stays ahead at every appreciation rate from **0%** to **20% a year**, even if the home never gains value. The closer your market assumption is to this tipping point, the less the verdict can be trusted, because a small change in the market return can reverse it.

SAMPLE

THE CROSSOVER

When buying pulls ahead

Buying overtakes the market path after **23 months (1.9 years)**, when both are worth about **$101.7K**. Before that, the market line leads, mainly because closing costs and repairs are cash you spent but that does not show up as equity. After that, appreciation on the whole property, the loan paydown and the cash flow it pays outgrow what your cash would have earned.

HOLDING PERIOD

How long to hold before selling pays

After 6% selling costs, selling beats the market path only if you hold for at least **51 months (4.3 years)**, when the sale nets about **$113.3K** and, with the **$5.7K** of cash flow the property has paid you (reinvested), you finish ahead of the **$118.7K** the market path holds. Sell earlier and the market comes out ahead. Holding past the loan term helps: once the mortgage is repaid after **360 months (30 years)**, your **$1,422** payment stops, and your cash flow goes from **$1,781/mo** to **$3,291/mo** (month 361 of the schedule, which also has that year's rent rise), and from there it moves with rent and costs. Your lead is still widening at year 40 (**$1.62M**).

RETURN

Your annual return against the market

Counting the monthly cash flow and the equity you keep at the end, your money earns about **10.6% a year** over 30 years, against **7%** in the market. You get back **12.70×** what you put in (**$1.13M** on **$89.0K**), a total profit of **$1.04M**. In year one the income left after running costs covers the mortgage payments **1.02×**, which is thin: lenders usually want 1.25 or more.

READING THE CHART

Why the blue line sits above equity

In months when the property pays you, that cash is reinvested in the market at **7%** as it arrives, so the buying line is more than equity: by year 30, equity is **$842.0K** and the reinvested cash flow adds **$612.1K**. Either way both paths put in the same cash, so the comparison stays fair.

CASH FLOW

How the monthly cash flow evolves

The property pays you from the start: **$33/mo** in month 1, growing to **$1,781/mo** by the end as rent rises 3% a year. Over 30 years that adds up to **$288.0K**. It is not part of equity, so the buying line adds it by reinvesting it in the market month by month.

STARTING POINT

Both lines don't start at the same height

On day one the property path holds **$75.0K** of equity, but the market path holds all **$89.0K** of cash. The **$14.0K** difference is closing costs and initial repairs: real money spent that does not build equity. The property has to earn that back before it can lead.

THE LOAN

Where your mortgage payment goes

In month 1, **86%** of your **$1,422** payment is interest, so equity builds slowly at first. Principal overtakes interest after **233 months (19.4 years)**. Across the loan you pay **$287.0K** in interest on a **$225.0K** loan.

LEVERAGE

Why a small down payment can work hard

In year 1 the home appreciates about **$10.5K** and your loan paydown adds more, for an equity gain of **$13.0K**. Add **$400** of cash flow and your **$89.0K** of cash earns about **15.1%** in year 1, versus **7%** in the market. Borrowing lets you earn appreciation on the whole property, not only on your own cash.

LEVERAGE

How a price fall would hit your equity

You own **25%** of this home on day one, so a **10%** fall in its value would cost you **40%** of your equity, and a fall of **25%** would wipe it out. After 10 years you own **55%**, so the same 10% fall would cost **18%**. These are not forecasts: they show how much the loan magnifies a move in either direction, and why a fall hurts most early in the loan.

SAMPLE

ADVANCED ANALYSIS

Stress tests

How the verdict holds up when things go less well than planned. Each row reruns your whole deal with one change. The lead is buying's advantage over investing the same cash, after 30 years.

SCENARIO	CASH FLOW / MO	ANNUAL RETURN	LEAD OVER MARKET	RESULT
Your case	**$33**	**10.6%**	**+$776.6K**	**Buying ahead**
Rent 15% lower	−$281	8.2%	+$272.8K	Buying ahead
Two months empty every year	−$240	8.5%	+$338.5K	Buying ahead
Running costs 25% higher	−$220	8.5%	+$354.5K	Buying ahead
Rent never rises	$33	6.3%	−$134.6K	Investing ahead
Home value stays flat	$33	10.5%	+$572.7K	Buying ahead
Market returns 10% instead	$33	10.6%	+$187.1K	Buying ahead
Several things go wrong at once rent 10% lower, 1.5 months empty, costs 15% higher, 2 points less appreciation	−$478	6.1%	−$177.9K	Investing ahead
One-off events (worked from your schedule; they have no cash flow or return of their own)				
Home value falls 15% once and stays down in any year; running costs held where they are	–	–	+$650.3K	Buying ahead
Forced to sell in year 3 selling costs of 6% paid, proceeds invested at the market yield	–	–	−$64.8K	Investing ahead
Forced to sell in year 5 selling costs of 6% paid, proceeds invested at the market yield	–	–	+$40.0K	Buying ahead
Forced to sell in year 10 selling costs of 6% paid, proceeds invested at the market yield	–	–	+$259.0K	Buying ahead

SAMPLE

ADVANCED ANALYSIS

What moves the result most

Each input is nudged up and down on its own. The bar shows how much that input alone swings buying's lead; the figures show the lead and the annual return in each case. Your case: +$776.6K, 10.6%.

INPUT	IF LOWER	IF HIGHER	SWING IN THE LEAD
Monthly rent	10% lower +$440.7K · 8.9%	10% higher +$1.11M · 12.4%	$671.8K
Vacancy	No vacancy (0 months) +$964.4K · 11.6%	1 month more +$463.7K · 9.0%	$500.7K
Purchase price	10% lower +$1.02M · 12.5%	10% higher +$529.1K · 9.1%	$495.1K
Property tax rate	0.5 point lower +$989.1K · 11.7%	0.5 point higher +$564.1K · 9.5%	$425.0K
Interest rate	1 point lower +$945.8K · 11.5%	1 point higher +$599.9K · 9.6%	$345.8K
Appreciation rate	1 point lower +$680.3K · 10.5%	1 point higher +$921.0K · 10.8%	$240.8K
Market yield	1 point lower +$873.8K · 10.6%	1 point higher +$639.3K · 10.6%	$234.5K

SAMPLE

ADVANCED ANALYSIS

What it would take

The value of one input at which the deal ends level with the same cash left in the market, keeping everything else as you entered it. Today the deal ends $776.6K ahead of the market after 30 years. These are tipping points, not forecasts.

IF THIS CHANGED, ON ITS OWN	YOURS	ENDS LEVEL AT	THAT IS
Price growth	3.5%	Ahead across 0% to 20%	
Monthly rent	$2,600	$1,999	$601 less (23%)
Purchase price	$300,000	$394,111	$94,111 more (31%)
Interest rate	6.5%	10.67%	4.17 points higher
Alternative yield	7%	10.57%	3.57 points higher

A POINT EITHER WAY ON THE RATE

INTEREST RATE	PAYMENT	CASH FLOW, FIRST YEAR	AT THE END, AGAINST THE MARKET
4.5%	$1,140	+$315/mo	Ahead $1.11M
5.5%	$1,278	+$178/mo	Ahead $945.8K
6.5% (yours)	$1,422	+$33/mo	Ahead $776.6K
7.5%	$1,573	−$118/mo	Ahead $599.9K
8.5%	$1,730	−$275/mo	Ahead $416.5K

A REFINANCE ON THIS DEAL

After 5 years, to 5.5% over 25 years, costing 2% of the new loan.

The loan then	$210.6K owed on a home worth $356.3K (59%)
The new loan	$210.6K, no cash out
Payment	$1,422 to $1,293 a month
Cash flow, the year after	$247 a month to $376 a month
Debt service coverage	1.17× to 1.29×
Cost of refinancing	$4.2K paid in cash
The deal at year 30	ahead of leaving the loan by $99.7K

SAMPLE

ADVANCED ANALYSIS

A changing rate

An adjustable-rate loan on this deal: 5.75% for 5 years, then a rate that can rise 2 points a year up to 10.75%. The income and costs are the calculator's own; only the mortgage payment changes. Coverage is net operating income divided by the mortgage payments.

RATE AFTER THE CHANGE	PAYMENT	CASH FLOW A MONTH	COVERAGE	CASH ON CASH
2.75% (−3)	$963	+$706/mo	1.73×	9.5%
3.75% (−2)	$1,073	+$596/mo	1.56×	8.0%
4.75% (−1)	$1,190	+$479/mo	1.40×	6.5%
5.75% (the start rate)	$1,313	+$356/mo	1.27×	4.8%
6.75% (+1)	$1,442	+$227/mo	1.16×	3.1%
7.75% (+2)	$1,576	+$93/mo	1.06×	1.3%
8.75% (+3)	$1,716	−$47/mo	0.97×	−0.6%

IF IT CLIMBS A STEP A YEAR

YEAR	RATE	PAYMENT	CASH FLOW A MONTH	COVERAGE
Year 1 (fixed)	5.75%	$1,313	$142/mo	1.11×
Year 2 (fixed)	5.75%	$1,313	$183/mo	1.14×
Year 3 (fixed)	5.75%	$1,313	$225/mo	1.17×
Year 4 (fixed)	5.75%	$1,313	$267/mo	1.20×
Year 5 (fixed)	5.75%	$1,313	$311/mo	1.24×
Year 6	7.75%	$1,576	$93/mo	1.06×
Year 7	9.75%	$1,853	−$137/mo	0.93×
Year 8	10.75%	$1,994	−$231/mo	0.88×
Year 9	10.75%	$1,994	−$182/mo	0.91×
Year 10	10.75%	$1,994	−$132/mo	0.93×
Year 11	10.75%	$1,994	−$81/mo	0.96×
Year 12	10.75%	$1,994	−$28/mo	0.99×
Year 13	10.75%	$1,994	$27/mo	1.01×
Year 14	10.75%	$1,994	$82/mo	1.04×
Year 15	10.75%	$1,994	$140/mo	1.07×
Year 16	10.75%	$1,994	$199/mo	1.10×
Year 17	10.75%	$1,994	$259/mo	1.13×
Year 18	10.75%	$1,994	$321/mo	1.16×
Year 19	10.75%	$1,994	$385/mo	1.19×

SAMPLE

IF IT CLIMBS A STEP A YEAR

YEAR	RATE	PAYMENT	CASH FLOW A MONTH	COVERAGE
Year 20	10.75%	$1,994	$450/mo	1.23×
Year 21	10.75%	$1,994	$518/mo	1.26×
Year 22	10.75%	$1,994	$587/mo	1.29×
Year 23	10.75%	$1,994	$657/mo	1.33×
Year 24	10.75%	$1,994	$730/mo	1.37×
Year 25	10.75%	$1,994	$805/mo	1.40×
Year 26	10.75%	$1,994	$882/mo	1.44×
Year 27	10.75%	$1,994	$960/mo	1.48×
Year 28	10.75%	$1,994	$1,041/mo	1.52×
Year 29	10.75%	$1,994	$1,124/mo	1.56×
Year 30	10.75%	$1,994	$1,209/mo	1.61×

On that path the cash flow first turns negative in year 7. Over the hold, the adjustable loan's payments come to $158.3K more than the fixed loan's. This is one path, not a forecast: rates can also fall.

SAMPLE

ADVANCED ANALYSIS

Offer guide

How far the price, or the rent, can move before the deal stops meeting a goal. Handy before you make an offer.

GOAL	HIGHEST PRICE YOU COULD PAY	LOWEST RENT THAT WORKS
Cash flow of at least $0 a month Your deal already meets this	$304,857 +1.6% vs. now	$2,559 −1.6% vs. now
Debt coverage of at least 1.25 Your deal does not meet this today	$259,979 −13.3% vs. now	$3,000 +15.4% vs. now
Beat leaving the cash invested Your deal already meets this	$394,111 +31.4% vs. now	$1,999 −23.1% vs. now

- To do at least as well as investing the cash, you could pay up to **$394,111** (rent unchanged), or you would need rent of at least **$1,999** a month at today's price.
- To break even on monthly cash flow, the price would have to be **$304,857** or lower.

WHERE THE BUYING PATH'S WEALTH COMES FROM



Your down payment · Loan paid down · Home appreciation · Cash flow, reinvested

SOURCE	AMOUNT	SHARE
Your down payment	$75,000	5%
Loan paid down	$225,000	15%
Home appreciation	$542,038	37%
Cash flow, reinvested	$612,069	42%
Buying path in total	**$1,454,108**	
For comparison: the same up-front cash, left invested	$677,491	

Equity is the down payment plus the loan you have repaid plus the home's rise in value. The cash flow the property pays you is reinvested in the market on top of that.

SAMPLE

APPENDIX

Year by year

Yearly totals for flows and year-end values for balances.

THE LOAN, THE INCOME AND THE COSTS, YEAR BY YEAR

	Starting balance	Principal paid	Interest paid	Mortgage payment	Ending balance	Rent collected	Running costs	Cash flow
Purchase					$225.0K			-$89.0K
Year 1	$225.0K	$2.5K	$14.6K	$17.1K	$222.5K	$29.6K	$12.2K	$400
Year 2	$222.5K	$2.7K	$14.4K	$17.1K	$219.8K	$30.5K	$12.6K	$886
Year 3	$219.8K	$2.9K	$14.2K	$17.1K	$216.9K	$31.4K	$13.0K	$1.4K
Year 4	$216.9K	$3.1K	$14.0K	$17.1K	$213.9K	$32.4K	$13.4K	$1.9K
Year 5	$213.9K	$3.3K	$13.8K	$17.1K	$210.6K	$33.4K	$13.9K	$2.4K
Year 6	$210.6K	$3.5K	$13.6K	$17.1K	$207.1K	$34.4K	$14.3K	$3.0K
Year 7	$207.1K	$3.7K	$13.4K	$17.1K	$203.4K	$35.4K	$14.8K	$3.5K
Year 8	$203.4K	$4.0K	$13.1K	$17.1K	$199.5K	$36.5K	$15.3K	$4.1K
Year 9	$199.5K	$4.2K	$12.8K	$17.1K	$195.3K	$37.5K	$15.8K	$4.7K
Year 10	$195.3K	$4.5K	$12.6K	$17.1K	$190.7K	$38.7K	$16.3K	$5.3K
Year 11	$190.7K	$4.8K	$12.3K	$17.1K	$185.9K	$39.8K	$16.9K	$5.9K
Year 12	$185.9K	$5.1K	$11.9K	$17.1K	$180.8K	$41.0K	$17.4K	$6.5K
Year 13	$180.8K	$5.5K	$11.6K	$17.1K	$175.3K	$42.3K	$18.0K	$7.2K
Year 14	$175.3K	$5.8K	$11.2K	$17.1K	$169.5K	$43.5K	$18.6K	$7.9K
Year 15	$169.5K	$6.2K	$10.8K	$17.1K	$163.3K	$44.8K	$19.2K	$8.5K
Year 16	$163.3K	$6.6K	$10.4K	$17.1K	$156.6K	$46.2K	$19.9K	$9.2K
Year 17	$156.6K	$7.1K	$10.0K	$17.1K	$149.5K	$47.6K	$20.5K	$10.0K
Year 18	$149.5K	$7.6K	$9.5K	$17.1K	$141.9K	$49.0K	$21.2K	$10.7K
Year 19	$141.9K	$8.1K	$9.0K	$17.1K	$133.9K	$50.5K	$21.9K	$11.5K
Year 20	$133.9K	$8.6K	$8.4K	$17.1K	$125.2K	$52.0K	$22.6K	$12.3K
Year 21	$125.2K	$9.2K	$7.9K	$17.1K	$116.1K	$53.5K	$23.4K	$13.1K
Year 22	$116.1K	$9.8K	$7.3K	$17.1K	$106.2K	$55.1K	$24.2K	$13.9K
Year 23	$106.2K	$10.5K	$6.6K	$17.1K	$95.8K	$56.8K	$25.0K	$14.8K
Year 24	$95.8K	$11.2K	$5.9K	$17.1K	$84.6K	$58.5K	$25.8K	$15.6K
Year 25	$84.6K	$11.9K	$5.1K	$17.1K	$72.7K	$60.3K	$26.7K	$16.5K
Year 26	$72.7K	$12.7K	$4.4K	$17.1K	$60.0K	$62.1K	$27.6K	$17.4K
Year 27	$60.0K	$13.6K	$3.5K	$17.1K	$46.4K	$63.9K	$28.5K	$18.4K
Year 28	$46.4K	$14.5K	$2.6K	$17.1K	$31.9K	$65.8K	$29.4K	$19.4K
Year 29	$31.9K	$15.4K	$1.6K	$17.1K	$16.5K	$67.8K	$30.4K	$20.4K
Year 30	$16.5K	$16.5K	$586	$17.1K	$0	$69.8K	$31.4K	$21.4K
Year 31	$0	$0	$0	$0	$0	$71.9K	$32.5K	$39.5K
Year 32	$0	$0	$0	$0	$0	$74.1K	$33.5K	$40.6K
Year 33	$0	$0	$0	$0	$0	$76.3K	$34.7K	$41.7K
Year 34	$0	$0	$0	$0	$0	$78.6K	$35.8K	$42.8K
Year 35	$0	$0	$0	$0	$0	$81.0K	$37.0K	$44.0K
Year 36	$0	$0	$0	$0	$0	$83.4K	$38.2K	$45.2K
Year 37	$0	$0	$0	$0	$0	$85.9K	$39.5K	$46.4K
Year 38	$0	$0	$0	$0	$0	$88.5K	$40.8K	$47.7K

SAMPLE

THE LOAN, THE INCOME AND THE COSTS, YEAR BY YEAR

	Starting balance	Principal paid	Interest paid	Mortgage payment	Ending balance	Rent collected	Running costs	Cash flow
Year 39	$0	$0	$0	$0	$0	$91.1K	$42.2K	$49.0K
Year 40	$0	$0	$0	$0	$0	$93.9K	$43.6K	$50.3K

EQUITY AND THE MARKET ALTERNATIVE, YEAR BY YEAR

	Home value	Equity	Equity gained	Down payment + loan repaid	Reinvested cash flow	Buying: equity + cash flow	Market balance
Purchase	$300.0K	$75.0K		$75.0K	$0	$75.0K	$89.0K
Year 1	$310.5K	$88.0K	$13.0K	$77.5K	$413	$88.4K	$95.2K
Year 2	$321.4K	$101.6K	$13.6K	$80.2K	$1.4K	$102.9K	$101.9K
Year 3	$332.6K	$115.7K	$14.1K	$83.1K	$2.9K	$118.6K	$109.0K
Year 4	$344.3K	$130.4K	$14.7K	$86.1K	$5.0K	$135.4K	$116.7K
Year 5	$356.3K	$145.7K	$15.3K	$89.4K	$7.9K	$153.6K	$124.8K
Year 6	$368.8K	$161.6K	$15.9K	$92.9K	$11.5K	$173.1K	$133.6K
Year 7	$381.7K	$178.2K	$16.6K	$96.6K	$15.9K	$194.2K	$142.9K
Year 8	$395.0K	$195.6K	$17.3K	$100.5K	$21.3K	$216.8K	$152.9K
Year 9	$408.9K	$213.6K	$18.1K	$104.7K	$27.6K	$241.2K	$163.6K
Year 10	$423.2K	$232.4K	$18.8K	$109.3K	$35.0K	$267.4K	$175.1K
Year 11	$438.0K	$252.1K	$19.6K	$114.1K	$43.5K	$295.6K	$187.3K
Year 12	$453.3K	$272.5K	$20.5K	$119.2K	$53.3K	$325.8K	$200.4K
Year 13	$469.2K	$293.9K	$21.3K	$124.7K	$64.4K	$358.3K	$214.5K
Year 14	$485.6K	$316.1K	$22.3K	$130.5K	$77.0K	$393.2K	$229.5K
Year 15	$502.6K	$339.3K	$23.2K	$136.7K	$91.2K	$430.6K	$245.6K
Year 16	$520.2K	$363.6K	$24.2K	$143.4K	$107.2K	$470.8K	$262.7K
Year 17	$538.4K	$388.9K	$25.3K	$150.5K	$125.0K	$513.8K	$281.1K
Year 18	$557.2K	$415.3K	$26.4K	$158.1K	$144.8K	$560.1K	$300.8K
Year 19	$576.8K	$442.9K	$27.6K	$166.1K	$166.7K	$609.6K	$321.9K
Year 20	$596.9K	$471.7K	$28.8K	$174.8K	$191.1K	$662.8K	$344.4K
Year 21	$617.8K	$501.8K	$30.1K	$183.9K	$217.9K	$719.7K	$368.5K
Year 22	$639.5K	$533.2K	$31.4K	$193.8K	$247.5K	$780.7K	$394.3K
Year 23	$661.8K	$566.1K	$32.8K	$204.2K	$280.1K	$846.1K	$421.9K
Year 24	$685.0K	$600.4K	$34.3K	$215.4K	$315.8K	$916.2K	$451.4K
Year 25	$709.0K	$636.3K	$35.9K	$227.3K	$355.0K	$991.3K	$483.0K
Year 26	$733.8K	$673.8K	$37.5K	$240.0K	$397.8K	$1.07M	$516.9K
Year 27	$759.5K	$713.1K	$39.2K	$253.6K	$444.6K	$1.16M	$553.0K
Year 28	$786.1K	$754.1K	$41.1K	$268.1K	$495.7K	$1.25M	$591.7K
Year 29	$813.6K	$797.1K	$43.0K	$283.5K	$551.4K	$1.35M	$633.2K
Year 30	$842.0K	$842.0K	$45.0K	$300.0K	$612.1K	$1.45M	$677.5K
Year 31	$871.5K	$871.5K	$29.5K	$300.0K	$695.7K	$1.57M	$724.9K
Year 32	$902.0K	$902.0K	$30.5K	$300.0K	$786.2K	$1.69M	$775.7K
Year 33	$933.6K	$933.6K	$31.6K	$300.0K	$884.2K	$1.82M	$830.0K
Year 34	$966.3K	$966.3K	$32.7K	$300.0K	$990.3K	$1.96M	$888.1K
Year 35	$1.00M	$1.00M	$33.8K	$300.0K	$1.10M	$2.11M	$950.2K
Year 36	$1.04M	$1.04M	$35.0K	$300.0K	$1.23M	$2.26M	$1.02M
Year 37	$1.07M	$1.07M	$36.2K	$300.0K	$1.36M	$2.43M	$1.09M
Year 38	$1.11M	$1.11M	$37.5K	$300.0K	$1.51M	$2.62M	$1.16M
Year 39	$1.15M	$1.15M	$38.8K	$300.0K	$1.66M	$2.81M	$1.25M

SAMPLE

EQUITY AND THE MARKET ALTERNATIVE, YEAR BY YEAR

	Home value	Equity	Equity gained	Down payment + loan repaid	Reinvested cash flow	Buying: equity + cash flow	Market balance
Year 40	$1.19M	$1.19M	$40.2K	$300.0K	$1.83M	$3.02M	$1.33M

APPENDIX

Inputs and assumptions

INPUTS USED

PURCHASE AND FINANCING

Purchase price	**$300,000**
Down payment	**25%**
Interest rate	**6.5%**
Loan term	**30 yrs**

RENT

Monthly rent	**$2,600**

GROWTH AND COMPARISON

Appreciation rate	**3.5%/yr**
Alternative investment yield	**7%/yr**

HOLD PERIOD

Hold period	**30 years**

OPTIONS

Subtract selling costs from property equity	**No**
Show in today's dollars	**No**

ADVANCED ASSUMPTIONS

Closing costs	**$9,000**
Initial repairs	**$5,000**
Annual rent growth	**3%**
Vacancy	**0.6 months/yr**
Yearly property tax rate	**1.2% of value**

OPERATING COSTS

Insurance	**0.55% of value**
HOA fees	**$0**
Maintenance	**0.8% of value**
Management	**10% of collected rent**
Other expenses	**5% of rent**

HOW THE MODEL WORKS

- **Mortgage:** fixed rate, paid monthly, principal and interest only. After the loan is repaid there is no payment, while rent, costs and growth continue.
- **Rent and costs:** rent rises once a year; vacancy is months per year; property tax, insurance and maintenance are yearly percentages of the home's value, reset each year as it appreciates; HOA fees are a fixed monthly amount that rises each year at the rent-growth rate; management is a percentage of the rent actually collected (nothing is charged for empty months); other expenses are a percentage of rent.
- **Buying vs. investing:** the market path is the same up-front cash left invested at a constant yield. The buying path is the property's equity plus the cash the property pays you each month, reinvested in the market at that same yield. In a month when the property costs you money, you pay the shortfall and the market path invests the same amount, so both paths put in the same cash and treat every dollar alike.
- **Not included in the main verdict:** taxes of any kind, mortgage insurance, refinancing, extra payments, major repairs beyond your maintenance and other-expense budget, risk and volatility, and the time of being a landlord. A refinance and a changing rate are worked out separately, on their own pages, when they are part of this report.

Brixyield is an educational planning tool, not financial, tax or legal advice. Results are estimates that depend entirely on the assumptions entered. Please consult a qualified professional before making a decision.

SAMPLE