

Sample Comparison Table: Home vs. Rental Property Ownership

HOME OWNERSHIP RENTAL PROPERTY

Purchase Price	\$300,000	\$300,000
Down payment amount	\$60,000	\$60,000
Debt service (mortgage payments)* I assume a Canadian mortgage compounding two times a year on a debt of \$240,000 @ 4% interest	\$1,250/month, or \$15,000/year	\$1,250/month, or \$15,000/year
Property taxes* I assume \$2,400 property taxes on a \$300,000 property	\$200/month, or \$2400/year	\$200/month, or \$2400/year
Maintenance budget* I assume \$3,000 / year or \$250 / month condo fees on a \$300,000 property	\$3,000/year, or \$250/month condo fees	\$3,000/year, or \$250/month condo fees
TOTAL MONTHLY PROPERTY OWNERSHIP PAYMENTS	\$1,700	\$1,700
EQUITY *built by mortgage reimbursement	\$500/month, or \$6,000/year	\$500/month, or \$6,000/year
MARKET APPRECIATION *I assume a conservation industry standard of 3%	\$300,000 x 3% = \$9,000	\$300,000 x 3% = \$9,000
COST OF ADDITIONAL HOUSING	\$0	(\$1,000) (rent)
RENTAL INCOME	\$0	\$1,700
YEARLY ROI * equity + appreciation - cost of housing / \$60,000 down payment	\$6,000 equity + \$9,000 appreciation - \$20,400 in payments to own the property = (5,400) / \$60,000 investment = (9%)	\$6,000 equity + \$9,000 appreciation - \$20,400 in payments to own the property + \$20,400 in rental income - \$12,000 rental housing= \$3,000 / \$60,000 investment = 5%
COST AND RETURN ON INVESTMENT	(\$5,400) or (9%) return	\$3,000 or 5% return