

### Combine Harvester Example (Buy or Lease)



A farmer is considering buying a new combine rather than hiring a contract harvester.

The purchase price of the new combine is \$400,000 and it is expected to last 15 years. The new combine will cost \$12 per hour operate and maintain and the farmer can harvest 6 acres per hour.

The contract harvester charges a flat rate of \$24 per acre.

How many acres must be harvested per year to justify the cost of the new combine? Assume a 6% MARR.