

# Buying Versus Renting

## Buying versus Renting

Usually, if you can come up with a down payment then buying is your best option. However, this may not apply to everyone. Consider the following:

### Renters ...

- Neither gain equity, nor lose it. Despite any improvements renters make to their homes -- and regardless of any outside influences that would cause the property value to increase -- renters will never gain equity.
- Renters put little money up front.
- Reap no tax advantages. Any and all tax breaks and other tax-associated advantages are enjoyed by landlords.
- Are often restricted from making modifications such as painting walls (some landlords will allow renters to paint their walls only if they paint them white again before they vacate their homes).
- Can merely pack up and leave upon the expiration of their leases. They don't face the hassle of finding a buyer and waiting until a sale takes place.
- Face much less work in maintaining their homes, inside and out. In many multifamily properties, they enjoy the convenience of a full-time maintenance staff to handle appliance repairs and other minor repairs.

### Buyers ...

- Often gain equity. However, they can also lose it. Their equity can also remain static.
- Must go through the process of selling their homes and finding a buyer, either with a Realtor's help or not, if they elect to move out of their homes.
- Must put down a greater amount of money (a substantial down payment) than a renter, who merely pays a security deposit and first/last month's rent.
- Are subject to variable costs in the absence of documentation that keeps costs fixed.
- Must either perform maintenance/repairs on their own or using the services of a professional whom they hire and pay themselves. Buyers are fully responsible for any and all repairs.
- Are free to paint, redecorate and remodel their homes as often as they wish.
- Enjoy the tax breaks and other tax advantages associated with homeownership.
- Build equity regardless of whether the value of their homes increases over time.
- Eventually own their homes and are free of a monthly mortgage payment.

After reviewing this comparison, you may feel that neither buying nor renting is the "perfect" choice. We should then consider your lifestyle -- including such factors as the stability of your career, how often you travel for business and whether or not you plan to reside in your current hometown for a long period of time -- either choice has plenty of valid advantages. Here is a calculator that will help you crunch the numbers in determining whether you're better prepared to rent or buy.

