

# Should You Rent or Should You Buy a Home?



Foster  
& Bond

**Just like deciding where to live and who to live with, renting or buying is a decision only you can make.**



## **LET US HELP YOU MAKE AN EDUCATED DECISION**

Unlike some in our industry, we never encourage *everyone* to buy a home! For some, buying a home represents accomplishing the “American Dream.” While for others, homeownership is simply not a wise move.

We trust that some of the ideas presented here will help you begin the process of deciding whether owning or renting is right for you. As is the case with any major decision, you should consult with a financial planner, a tax advisor, and perhaps an attorney to help you make a well informed decision.

## **THE COST OF HOUSING**

The first step is to determine the amount of money you have available (or want to spend) each month to meet your housing needs. This amount of money not only makes it clear how much your rental budget is, but also is the amount of money you’d be willing to spend as a mortgage payment. Knowing this number will enable your agent to show you both rentals and homes for sale that cost the same on paper.

At the time of move-in, the amount of money needed to rent a home is typically 3 times the monthly rental amount. Whereas the amount of money needed to purchase a home includes a down payment (which may be as little as 3% of the purchase price up to 20%) plus the cost of establishing escrows and closing the loan.

Renting may be a better option due to personal reasons and/or financial reasons. But consider... when you pay your monthly housing expense, you are either paying your mortgage or the landlord’s mortgage.

Whatever you decide, we’re here to help make your move a great one!

## BENEFITS OF RENTING

- › By renting in an area first, you can experience what it is like before deciding if you like it enough to purchase a home in that area.
- › Your ability to “pack up and move” is less restricted. Simply wait for your current lease to end, sub-let your rental (if it’s an option in your lease), or seek to terminate your lease early.
- › You are not responsible for most home repairs. Depending on the terms of your lease, having something fixed in your home is as easy as contacting the landlord. Usually, unless you caused the damage, the associated repair cost belongs to the property owner.
- › “Renter’s insurance” is typically much less expensive than an owner’s policy.
- › The upfront cost of moving-in is less expensive and the on-going costs are typically the responsibility of the landlord (i.e. property taxes, HOA dues, and some utilities).

## DRAWBACKS TO RENTING

- › The cost of rent is typically higher than the cost of a mortgage on the same property; and while rent usually increases over time, a mortgage typically does not increase over time.
- › The landlord may not want to extend your lease or may want to renegotiate the terms of the lease at the time of each renewal.
- › You don’t own the property and cannot make any cosmetic or physical alterations to it without the landlord’s permission. The landlord may require you to undo anything you’ve done prior to the end of the lease.
- › There are no tax advantages to renting.

## BENEFITS OF HOMEOWNERSHIP

- › Between equity gains, mortgage interest deductions, and the long-term economic advantages of homeownership, it is the best way to create wealth.
- › You can update, alter, renovate, and enjoy home projects without needing anyone’s permission (but you may need a permit)!
- › Homeowners enjoy preferential tax benefits.
- › The cost of a mortgage payment is typically less than the cost of rent for the same property.
- › According to a *National Association of REALTORS®* study, “*The Social Benefits of Homeownership and Stable Housing*,” homeowners statistically show:
  - › an improvement in children’s educational achievement;
  - › improved civic participation;
  - › improved health outcomes;
  - › reduced neighborhood crime rates.

## DRAWBACKS TO HOMEOWNERSHIP

- › The initial cost is substantial due to not only the required downpayment, but also setting up escrow accounts and preparing the property for move-in.
- › Homeownership comes with responsibilities and a lot of maintenance. You must budget for incidental expenses and major system replacements.
- › Your ability to relocate is more complicated as you have a property that must be sold or converted into an income property.
- › Property taxes and insurance costs usually increase over time.



ERA Foster & Bond real estate company, based in Atlanta, Georgia, offers full-service real estate solutions to homeowners, sellers, purchasers, landlords, and tenants. ERA Foster & Bond provides the most specialized and efficient home marketing and sales methods, technology, and third-party client resources available today.

With over 25 years of experience and a team of full-time real estate experts, ERA Foster & Bond can help you enjoy your home today and help you get the most out of your home when you need to move.

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