

RENTING VERSUS HOME OWNERSHIP

Home Ownership

Advantages

Tax benefits (deductible interest and property taxes).

Protection against inflation.

Pride of ownership, independence, and security.

Monthly payments/costs are relatively fixed and more predictable than rent.

Disadvantages

Cost and inconvenience of selling a home, if the need arises.

Inconvenience and cost of maintaining a home.

Money invested in home is not readily available if the need arises (non-liquid asset).

Equity in home used for home investment rather than income producing investment.

Renting Your Home

Advantages

Greater mobility, freedom to travel without the responsibility of a house.

Less work, less maintenance.

Little or no cash investment.

Often desirable amenities the individual home-owner could not afford.

Disadvantages

No tax benefits or other financial returns on rental payments.

Little control over the quality of maintenance, environment noise, etc.

No build-up of equity.

No control over increasing monthly rent other than to move somewhere else.

No permanent commitment, a good way to test a new area without jeopardizing financial assets.

No security of remaining any longer than the limit of the existing lease. May have to move when least convenient for you to do so.