



Buying vs. Renting: 45 Pros and Cons

Every buyer has their reasons for buying. They also have their fears for not purchasing. Agents should be compelled to listen to your clients concerns and guide them through the process.

Rent Advantages

- Usually cheaper than a mortgage payment
- Generally, few if any maintenance costs
- No down payment required (less deposit)
- No real estate taxes (renters insurance optional)
- Less stress (who cares, it's not yours!)
- Freedom to move or downsize when necessary
- No risk of home price depreciation
- Some utility bills may be included
- "Free" amenities such as pool, gym, security
- Money can be used for other, more profitable investments

Rent Disadvantages

- Rental payment may exceed monthly cost of mortgage
- No ownership or wealth creation
- Payments never stop when renting
- Rent will rise over time
- Must deal with a landlord or management company
- No tax benefits
- Rules, regulations, and limitations
- More temporary, less stability
- Always at the mercy of the property owner
- Pets may not be allowed

Ownership Advantages

- You can build home equity and wealth – "nest egg"
- Status- Status-Status
- Sizable tax deductions possible
- Ability to remodel, expand, tear down
- Pride of ownership (social status, accomplishment)
- Mortgage payments can improve credit score quickly
- Ability to borrow against home (HELOC or cash-out refi)
- No monthly payments once mortgage paid off
- Fixed payments (if you choose a fixed mortgage)
- No landlord/Pets OK
- Can exclude capital gains when you sell (up to \$250k per owner \$500k for 2 owners)
- Can rent out to others
- It's the American Dream!

Ownership Disadvantages

- Not everyone qualifies for a mortgage
- You must pay taxes and homeowners insurance
- Total housing payment can be more expensive
- Mortgage payment can rise (if an A.R.M.)
- Down payment necessary
- Pricey HOA dues (if applicable)
- You're "stuck" in a home (long-term commitment)
- Increased liability and responsibility
- Ownership can be stressful!
- Taxes and insurance generally rise
- Your home can be damaged or destroyed (and not fully insured)
- Can be foreclosed upon