

Renting vs. owning

Owning and renting each have their advantages, but what's best for you depends on your circumstances. Here are some things to keep in mind as you weigh the benefits of renting against the benefits of owning.



Owning a home is a financial commitment that requires you to plan ahead and reflect on where your life is headed. Before deciding whether to rent or buy, ask yourself what your budget is and if either choice would require you to stretch your finances. Write out your additional financial and savings goals to see how each choice might affect them. Make sure you still have enough money to save for retirement, for example. Compare some specifics to see which is a better fit.

Renting	Owning
You pay less up front. While many landlords ask for the first and last month's rent, as well as a security deposit, this is still less than what you'd likely pay for a down payment.	Most mortgages require a down payment, and you generally get better terms with more money down. You may also need to pay closing costs.
You may not be able to update or personalize your living space. However, repairs, if you need them, generally cost less. Your landlord is likely responsible for fixing things like leaky faucets.	You can usually customize or update your home with renovations (some of which may boost your home's value). However, repairs and maintenance are your responsibility.
Your rent may increase in the future.	Home values can rise and fall over time.
Relocating can be easier; if you think you might move cities or change jobs in the near future, you have less responsibility leaving a rental.	You may build equity (the market value of your home minus what you owe on it), which can increase your personal wealth.

The cost question

For years, the rule of thumb stated renting is cheaper than buying—so renting freed up money for other things, such as savings. However, that may not always be the case. Shifting real estate markets mean it may be cheaper to buy than rent in certain areas, though you likely need to pay more up front. The right option for you is the one that best fits your goals and finances.

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