

## A Message from the President of the Youngstown Columbiana Association of REALTORS®

### Buying a Home Vs. Renting: What is the Best Move for You?

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To buy or not to buy...that is the question we hear often in this ever-changing real estate landscape. Depending on your financial situation and long-term goals, many factors play into the decision of renting vs. homeownership. What may be the right decision for one person, may not be for the other. Let us dive into some factors you may want to consider in deciding if renting or owning is best for you:

#### **Commitment**

If you are someone who needs flexibility, signing a one or two-year rental lease commitment may be your best option. These short-term agreements allow you to make quick adjustments based on your financial situation or potential lifestyle changes. For many homeowners, you are locked into long-term mortgages (usually 15-30 years), so needing to make quick adjustments must start with selling your home.

#### **Monthly Obligation**

With both renting and owning a home, you are responsible for paying your monthly rent or mortgage plus whatever utilities you are obligated to pay for. However, as a renter, you could experience a rent increase year after year based on a range of factors determined by your landlord. When owning a home, your monthly mortgage payment will likely stay the same. Plus, you always have the option of re-financing as mortgage rates drop, which could lower your monthly mortgage payment. Mortgage interest can also be a deductible expense at tax time.

#### **Maintenance Cost**

As a renter, you are not responsible for many of the unexpected, out-of-your-control maintenance issues as they arise. In most situations, the cost of unexpected repairs usually falls on the landlord. As a homeowner, all unexpected maintenance issues and repairs become your responsibility as they happen.

#### **Modifications**

One of the best attributes of owning a home is the ability to customize, update, and modify the home in any way you would like. New paint – YES! Kitchen upgrades- YES! New flooring – YES! Whatever changes you'd like to make to the home is your prerogative. As a renter, your landlord decides how much customization you are allowed to do and, in most circumstances, it is not much.

#### **Peace of Mind**

When owning a home, you know that the home is yours for as long as you would like if you make your monthly mortgage payments. As a renter, landlords/owners can decide to sell a home at any time leaving you to find a new place to rent.

#### **Building Your Wealth**

One of the best ways to build your wealth is to own a home in a healthy real estate market. Over time, you build equity in your home as home values appreciate – which we have seen in recent years. As you make monthly

mortgage payments, you are building your wealth year after year. As a renter, your rent payment goes directly toward building your landlords/property owners wealth over time.

### **Financial Position**

Believe it or not, your monthly income and credit score play a role in both purchasing a home and renting a home. Many landlords require decent credit scores and specific monthly income thresholds to qualify as a renter. The same is true for purchasing a home – your credit score, household income, and debt-to-income ratio play a huge part in your overall purchasing power.

Renting a home vs. buying a home is a tough decision for many. Both options have pros and cons, but your financial situation and long-term goals can help you make a sound decision. If you have questions regarding homeownership or decide that purchasing a home is right for you, contact a local REALTOR® to guide you through the entire process.

*Michael Stevens is the 2023 President of the Youngstown Columbiana Association of REALTORS®*