

## RENTING VS. OWNING

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<b><u>BENEFITS OF RENTING</u></b>	<b><u>BENEFITS OF OWNING</u></b>
<b>Flexibility</b> to relocate for work, health, family, etc.	<b>Freedom</b> to renovate, landscape, decorate, improve property as you wish
<b>Less responsibility</b> Maintenance/upkeep are landlord's job, freeing up your time/money for other pursuits.	<b>Ability to control operating costs</b> Greater ability to choose, retrofit, or operate a dwelling to save money by reducing utility bills.
	<b>Tax savings</b> Potential annual federal income tax deduction for mortgage interest and property taxes
<b>Financial ease/simplicity</b> Lower upfront costs, no down payment, limited barrier to entry	<b>Greater certainty/predictability of shelter costs</b> Roughly two-thirds of initial monthly ownership cost is mortgage that remains fixed for life of mortgage, whereas rent prices in DFW are increasing at 4-6% per year.
<b>Investment flexibility</b> Your savings that might have gone toward down payment/closing costs could be available for different types of investment.	<b>Reduced ownership costs after loan pay-off</b> Once mortgage is paid off, housing expense is limited to taxes, insurance, maintenance. Income can be reduced or go toward other expenses or savings.
	<b>Monthly net worth gain thru mortgage pay-down</b> Your mortgage payments pay down loan principal, increasing eventual cash-out value of your investment, whereas your rent pays down landlord's mortgage, increasing landlord's net worth.
	<b>Appreciation of home value</b> Possible home value increase gives you access to more equity (home equity loan, greater down payment or cash purchase of future home). DFW annual appreciation is 3-4% historically.
	<b>Tax-free capital gains</b> The first \$250K-\$500K capital gains in selling your home are tax-free if it was your primary residence and you lived there at least 2 of the past 5 years.
<b>Possible lock-and-leave security</b> Depending on property type, there may be greater ability to have dwelling maintained and protected by management in your absence—possible greater peace of mind if you travel often.	<b>Pride of ownership</b> Owning a home and stable long-term sense of place and community, civic involvement, neighborhood friendships is often described as being part of the American Dream.

- Thanks to Merrill Lynch for an article outlining some of these concepts.
- Ask REALTOR® Beth Johnson for a customized financial estimate comparing your current rent payment with comparable cost to own in North Texas, showing accrued net worth at specific time periods.
- See AARP "Rent vs. Buy Calculator" for detailed analysis using your inputs:
  - [http://www.aarp.org/money/budgeting-saving/rent\\_buy\\_home\\_calculator/](http://www.aarp.org/money/budgeting-saving/rent_buy_home_calculator/)