

Buying vs. Renting

Is it better to buy or rent? Whether renting is better than buying depends on many factors. The information listed here will assist you in helping answer this question. Included are statistics and studies on home owners and renters as well as financing options and tips.

Buy vs. Rent Comparison

The chart below shows a cost comparison for a renter and a homeowner over a seven year period.

The renter starts out paying \$800 per month with annual increases of 5% The homeowner purchases a home for \$110,000 and pays a monthly mortgage of \$1,000

After 6 years, the **homeowner's payment** is **lower** than the renter's monthly payment

With the tax savings of homeownership, the **homeowner's payment** is **less** than the rental payment after 3 years

Years	Rent Payment	Mortgage Payment	Monthly Difference	After Tax Savings	Yearly Difference	After Tax Savings
1	800	1000	-200	-50	-2400	-600
2	840	1000	-160	-10	-1920	-120
3	882	1000	-118	+32	-1416	+384
4	926	1000	-74	+76	-888	+912
5	972	1000	-28	+122	-336	+1464
6	1021	1000	+21	+171	+252	+2052
7	1072	1000	+72	+222	+864	+2664
8-30			Savings increase every year			

Source: [Ginnie Mae](http://ginniemae.gov), (ginniemae.gov).