

# Advantages of Buying versus Renting

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**Deciding to buy a home is a highly personal choice that involves weighing numerous financial factors and individual preferences.** While renting may be easier on your budget and provide more flexibility to relocate for new work opportunities, there are a number of strong reasons to purchase a home, including:

## FINANCIAL FACTORS

**Build Equity** – For most mortgages, monthly payments include both principal and interest, with principal representing your actual ownership of the home. Over time, the principal portion of each monthly payment increases, helping homeowners build equity faster.

Owners can also build equity by making smart improvements, especially if the cost of the project boosts your home’s resale value by more than what you invest in the improvement.

**Tax Benefits** – If you itemize your federal income tax return, you can deduct property taxes and any mortgage interest paid during the tax year. You may also be able to take advantage of other local, state or federal incentives, such as home improvements that qualify for an energy tax credit.

**Potential Rental Income** – At some point, you may decide to convert your home into an investment property by leasing out some or all of your space. (For example, keep your first home for rental income when you decide to move to larger quarters.) Just be sure to investigate local rental property laws first.

## SUBJECTIVE CONSIDERATIONS

**Creative Freedom** – Your home is your space, and you can do whatever you want with it, just be mindful of zoning violations. Paint the walls, add a deck, create a workshop for your favorite hobbies, etc. When you own a home, you’re only limited by your imagination.

**Privacy** – In contrast to sharing space with roommates or other family members, owning a home provides a private “sanctuary.” Even if you’ve been renting your own apartment space, you may be craving a retreat from noisy (or nosey) neighbors.

**Sense of Belonging** – Buying a home involves a larger, longer-term commitment (than renting) that often extends beyond a house into a community, opening the door to participation in local events, meeting and supporting neighbors, and building deeper friendships.

