The Pros and Cons of Buying Versus Renting in the U.S. Market

When it comes to deciding whether to buy or rent, there are numerous factors to take into account. The decision ultimately depends on the individual's personal circumstances and priorities. To help make an informed decision, we explore the pros and cons of buying versus renting below:

Pros of Buying

- **It may build equity and credit**
  This gives the buyer more options for getting cash back, refinancing and selling.
- **There's no landlord to answer to**
  Buyers can do what they want with their home, without the restrictions of a landlord.
- **There's more stability**
  Buyers aren't at the mercy of a landlord; they don't need to worry about moving when leases are up and can avoid the risk of rising rent prices.
- **There could be tax benefits**
  Interest paid on a mortgage may be tax deductible; year after year, home buyers could also deduct home equity debt and real estate taxes.
- **Updates and improvements can be made independently**
  Buyers can paint, remodel, and decorate their home as they wish.
- **Buying provides a pet-friendly option**
  Buyers won't have the added expense of paying a pet rent fee or providing an extra security deposit. Typically, owning a private home means not facing restrictions on the size or number of pets, but there can be exceptions to this standard: If buying in an established community with a homeowners association (HOA), buyers are advised to research any breed restrictions before making a commitment. HOAs may also have rules about the number of pets, their sizes, etc.

Cons of Buying

- **There's a considerable amount of upfront paperwork**
  Buyers have to be ready to sign many different legal documents.
- **A substantial amount of money is often required in advance**
  A down payment will likely be required to purchase a home, often more than the amount of a security deposit or first month's rent.
- **Repairs and remodeling can be expensive**
  If something breaks, buyers are responsible for the costs of fixing it.

Pros of Renting

- **Fewer upfront costs and paperwork**
  Renting doesn't require a huge down payment and much less paperwork is involved.
- **Freedom to be more mobile**
  After a tenant's lease is up, they have the flexibility to move to a new location.
- **No responsibility for repairs**
  If something breaks, it's likely the landlord's responsibility to fix it.

Cons of Renting

- **The landlord may decide to sell the property**
  Tenants may have to move before they're ready.
- **The landlord may decide to increase rent if tenants renew their lease**
  Landlords often raise rent, especially in a highly competitive market.
- **Choices may be limited depending on vacancies**
  Rentals are in high demand; individuals may have trouble securing a lease in their desired neighborhood.
- **Renting doesn't build equity**
  By paying rent, individuals are either paying their landlord's mortgage or providing them with income, rather than building their own equity.
- **There are no tax benefits**
  No tax benefits are available when renting.
- **The tenant might have to move multiple times**
  If the rent is raised or the landlord sells the property, tenants might find themselves looking for another place to live.
- **Renting may cost more money in the long run**
  Individuals should make sure they talk with a Graebel network lender; they may find that their monthly payments are much cheaper when buying versus renting.

For more information about buying or renting a home, please contact your Graebel Representative today or visit our Contact Us page.