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MARINER

# Rent Vs. Buy:

Top Considerations in Today's Market

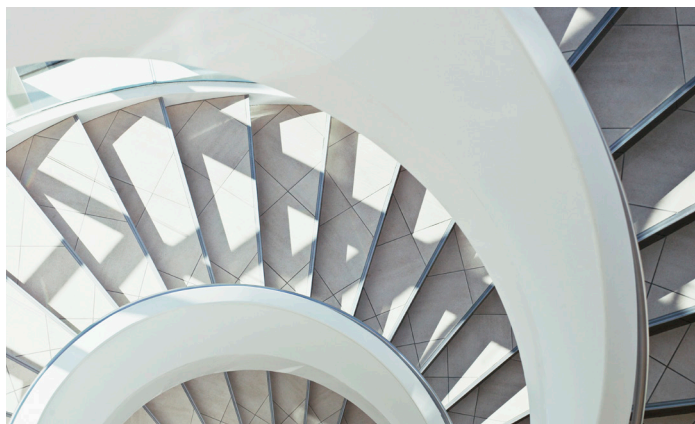


Homeownership is often thought of as a symbol of financial stability and accomplishment.

However, in today's market, more would-be homeowners are choosing to rent, even if they have the financial means to own. Whether you're making a cross-country move, looking to downsize or even deciding if you should buy a second home, here are some crucial considerations for buying versus renting in today's market.

### 1. How long do you plan to live in or own the property?

The length of time you plan to own the property plays a critical role in determining your breakeven point. Those who plan to settle down and own the home for a long time have a higher chance of hitting a breakeven point than those who live in the home for only a few years before selling. This is because with a mortgage payment, the first years primarily pay off the interest rather than the principal. Only after several years will you begin to pay down the principal. So, even if the property appreciates, the best financial decision will depend on how long you'll own the property. This breakeven point also depends on factors like the home's location, your interest rate, the appreciation rate of the property and more. Consider using a rent versus buy calculator to estimate the breakeven point and analyze different scenarios based on your plans and market conditions. This tool can help you make a more informed decision.



### 2. How much is a comparable property to rent in your city?

While rent and mortgage costs are usually similar, today's market has a larger discrepancy than ever before. These differences in monthly costs can vary from market to market, so it's important to research how much it would cost to rent a comparable property in your city. In large metropolitan markets, the monthly savings on rent can be hefty. For example, according to [Realtor.com's February 2024 Rental Report](#), the average mortgage payment in Austin is 140% of the median rent, while in Seattle, mortgages are 121% of the median rent. For your situation, it's important to factor in the premium of paying for a home versus the next-best alternative: renting.

### 3. What's important to you and your lifestyle?

In large metropolitan areas, many who have homebuying power still choose to rent. As noted, it can be less expensive to rent in larger cities. An important consideration when you're deciding whether to rent or buy is your lifestyle preferences. Renters might be able to afford luxury apartments or condos for the same price as a monthly mortgage. These luxury properties can provide upscale amenities, concierge services and even proximity to entertainment districts that single-family homes may not offer. Additionally, renting can mean fewer responsibilities, which may appeal to those who prioritize travel, their careers or other interests. Evaluate your long-term lifestyle goals and how housing choices align with them. Consider factors like job stability, family planning and lifestyle changes that might influence your decision. For those seeking less hassle and modern convenience, renting can be an attractive option.

#### 4. What is the total cost of ownership?

When buying a home, there are additional costs to consider. As the old adage goes, "Rent is the most you'll pay in a month, mortgage is the least you'll pay." In other words, while rent is a fixed cost, the total cost of homeownership can vary from month to month.

This is because homeowners have financial responsibilities that renters don't. Homeowners need to factor in property taxes, mortgage interest payments, maintenance and upkeep costs, homeowners insurance and other costs associated with homeownership.

In addition, renovation costs—both time and capital—can impact the cost of ownership. Many cosmetic renovations don't recuperate the total cost of construction, which can leave homeowners in the red when it comes time to sell their homes. Additionally, home renovations generally take longer and could cost more than anticipated. Therefore, it's important to consider these costs when evaluating the total cost of ownership. Consider creating a detailed budget that includes all potential costs of homeownership.

While gaining equity can be a good way for homeowners to build wealth, high-net-worth individuals may choose to rent to allocate their money to other investments.



#### WE'RE HERE TO HELP

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These are just a few of the broad considerations when deciding whether to rent or buy a home. Your wealth advisor can work with our in-house specialists to assess your personal situation and recommend the best course of action for you.

For more information visit: [mariner.com](https://mariner.com)

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