

# Upside And Downside Of Buying Versus Renting



To buy or rent? It's a dilemma many of us have faced at some point or another. Without advice or guidance, we might never dip our toes into the property market. But to help you make that decision, we have weighed up some of the pros and cons of buying versus renting

## BUYING

### PROS

- Freedom to modify or renovate to suit your needs and taste
- Depending on where you buy, your property may increase in value over time, growing your equity and wealth
- Making regular mortgage payments is like a forced saving plan. Your payments are going towards your own property, rather than to a landlord
- Security. You may not be at risk of having to move due to a rental agreement terminating, unreasonable rental increases or the landlord selling the property
- Reasonable certainty on how much you are paying for how long in your mortgage agreement. Interest rates may fluctuate, but you may have a level of control over repayments, choosing between a fixed, variable rate or a split loan
- First Home Buyer Scheme (FHBS) and discounts are available to those who are eligible

### CONS

- Major financial commitment. Having your own mortgage is a significant responsibility and might impact on your lifestyle and situation
- Large upfront home deposit
- Ongoing expenses such as council and water rates, general maintenance and repairs
- Financial responsibility of regular on-time home loan repayments. Missed repayments could affect your credit rating and lead to a potential repossession of your home by the bank
- Depending on your budget, you may have to compromise on where you live or adjust your lifestyle

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## RENTING

### PROS

- Flexibility to live where you want. Rental agreements are for a fixed period so you can choose to move when it ends and upsize or downsize as needed
- Avoids most maintenance tasks and costs associated with ownership
- Less of a financial commitment than a mortgage. A mortgage is a longer-term commitment

### CONS

- Less certainty. The landlord's circumstances may change and affect your tenancy. The rent may increase or the lease may come to an end
- Renting is not an asset. No matter how affordable, rent is an outgoing cost - to the landlord - contributing to someone else's mortgage repayments or investment income
- Limited freedom to change aesthetics or decorating
- And of course, the possibility of a 'no pets' policy enforced by the landlord

There is a third, increasingly popular option known as 'rentvesting' – buying an investment property to rent out while you rent another home to suit your lifestyle. Rentvesting has its own pros and cons.

If you would like to know more about buying a home or rentvesting, contact our office today. We could help you make the right financial decisions to suit your particular circumstances.