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To Rent or Buy

It's become a popular topic -- should you rent or should you buy a home? It's a good question, but with no clear answer.

Just ten years ago, the answer was simple -- buy! It had been the answer for the past fifty years. But those were different times. For the most part, jobs were relatively stable, incomes rose steadily, unemployment rates were manageable, home prices were not crazy and the real estate market was relatively balanced.

Today, house prices are high in some markets, and mortgage payments may be higher than rents. However, the financial aspect should not be the only consideration.

Take a look at your current situation. If you're single -- living in a high-priced market like Toronto or Vancouver and have a job with an average salary, it might make more sense to rent for the time being. However, not all markets are pricey and everyone's situation is unique, which is why getting good advice and talking to a mortgage broker can help you create your home buying plan.

Families with children usually prefer owning. The stability of ownership and providing a good home for the kids becomes the deciding factor. Having two

income-earners can make mortgage payments and housing costs more manageable. If commuting is not an issue, house prices just outside a major centre offer value -- bigger houses or lower prices.

Owning a home certainly has its ups and downs. Aside from financial concerns, it's an emotional issue as well. Here's an overview of the rent versus buy debate.

Upside to Buying

- Offers long-term benefits of security, equity and potential growth in personal wealth. Also a home's equity value will appreciate over time -- when it comes time to sell, you earn a profit
- A house is your legal property, which allows you greater freedom than a rental property. You can alter the property, including décor changes, landscaping and renovations, to suit your needs and your style.
- You have the option of becoming the Landlord by renting a portion of the house or the entire home. This allows you to generate income and help pay the mortgage.

Downside to Buying

- It's a big financial responsibility
- There are additional costs to homeownership -- taxes, insurance,

and maintenance

- You run the risk of not making any profit through resale.
- You are less mobile than a tenant.

Upside to Renting

- Flexibility. Renting requires no long-term commitment from a Tenant, and is the best option if you don't intend on staying in one place for a long time.
- As a Tenant, there is the possibility of living in an area in which you could not afford to buy
- The only insurance you need is to cover your contents.

Downside to Renting

- You are bound by the rules of the lease agreement, which can impact the freedom to use or renovate the property.
- Renting offers no wealth creation or return on investment. You are helping pay the Landlord's mortgage.
- You have no control over annual rent increases.
- There is no guarantee that a lease will be renewed when it expires.

If you are thinking about buying a home in the next couple of years, I would be happy to meet with you discuss your options.

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