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RESIDENTIAL

RENT VS. BUY

A clear-eyed way to run the numbers, weigh the trade-offs, and decide what actually fits your life.

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SHOULD YOU RENT / OR SHOULD YOU BUY?

Rent or buy is one of the oldest questions in real estate, and one of the most oversimplified. You have almost certainly heard that renting is throwing money away. You have probably also heard that buying is a trap and that you should invest the difference instead. Both takes are delivered with total confidence, and neither one knows anything about you.

Here is the part nobody says out loud: the right answer changes from person to person, and it changes for the same person from year to year. It depends on your numbers, your timeline, and what you actually want your life to look like. Those three things are yours. Nobody online has them.

So this guide does not argue a side. It hands you the method. You will see every real cost on both sides, the timeline that decides which one wins, the honest case for keeping your money invested instead, and the lifestyle factors that never show up in a spreadsheet but often decide the whole thing anyway.

The goal is not to get you into a house. The goal is to get you to a decision you can defend to yourself a year from now.

At [CLIENT NAME], the job is to help you see the whole picture clearly, whichever way it points.

THE TRUE COST / OF EACH

Most rent versus buy comparisons fail in the first ten seconds, because they compare a rent payment to a mortgage payment. Those two numbers are not the same kind of thing. One is nearly all of what you pay. The other is a fraction of it.

Before you can compare, you have to list everything. Here is what actually sits on each side.

- ***What renting really costs:***

1. ***Base rent***. The number on the lease, and the only one most people count.

2. ***Annual increases***. Your payment is not fixed. Plan on it moving at renewal, and plan on it moving again after that.

3. ***Renters insurance and utilities not included***. Small individually, real over a year.

4. ***Pet rent, parking, amenity, and admin fees***. The line items that turn an advertised rate into your real rate.

5. ***Moving costs, on repeat***. Deposits, application fees, truck rental, and time off work, every time a lease ends and you decide to go.

- ***What owning really costs:***

6. ***Principal and interest***. Only the principal portion builds equity, and early on that portion is small.

7. ***Property taxes and insurance***. Usually escrowed into the payment, and both can move over time.

8. ***Mortgage insurance, if applicable***. Depends on your loan type and down payment. Some versions fall off, some do not.

9. ***HOA or condo dues***. Not universal, not optional when it applies, and subject to increases and assessments.

10. ***Maintenance and the eventual big-ticket item***. The roof, the HVAC, the water heater. You are now the landlord, and the landlord pays.

11. ***Transaction costs on both ends***. Closing costs going in, selling costs coming out. This is the cost that quietly decides the whole question, and it is the subject of the next page.

Put both lists side by side before you compare anything. A monthly payment that looks higher can carry less true cost, and a monthly payment that looks lower can carry more.

KEY TAKEAWAY:

- Rent is not just rent, and a mortgage is not just a mortgage.
- Compare full carrying cost to full carrying cost, or you are not comparing anything.

THE BREAK-EVEN / TIMELINE

Buying carries a cost that renting does not: you pay to get in, and you pay to get out. Those two costs land at the beginning and the end, and everything in between is spent climbing back out of the hole they dig.

Break-even is the moment ownership finally pulls ahead of renting. It is not a date on a calendar. It is a function of how long you stay. Here is the shape of it.

YEAR 1: THE HOLE.

- You have paid closing costs and moving costs. Almost none of your payment has gone to principal.
- If you sold today, selling costs would put you meaningfully behind where renting would have left you.

YEARS 2 TO 3: THE SLOW CLIMB.

- Principal starts to accumulate, slowly. Your payment is largely fixed while rents around you are not.
- You are still usually behind if you sell. This is the range where a job change or a relationship change hurts most.

YEARS 4 TO 6: THE CROSSOVER ZONE.

- For most buyers in most conditions, this is where the lines cross. The exact year depends on your costs, not on a rule of thumb.
- The gap between your fixed payment and a rent that has renewed several times is now doing real work.

YEARS 7 AND BEYOND: THE WIDENING GAP.

- More of every payment goes to principal instead of interest.
- The longer you stay, the more decisively ownership wins, and the less any single market swing matters.

Which means the first question is not can I afford it. The first question is how long am I staying. If the honest answer is under three years, renting is very often the better financial call, and there is nothing wrong with that answer.

KEY TAKEAWAY:

- Break-even is driven by your timeline, not by the market.
- Short stay favors renting. Long stay favors owning. The middle is where you actually have to do the math.

THE OPPORTUNITY / COST QUESTION

This is the strongest argument renting has, and it deserves an honest hearing instead of a dismissal.

A down payment is not free money you had lying around. It is capital. The moment it goes into a house, it stops being able to do anything else. The fair question is not does the house go up. The fair question is does the house do better than whatever else that money could have done.

For example, imagine two people with the same $40,000 and the same monthly budget:

Person A buys.

- The $40,000 becomes a down payment and closing costs.
- Their housing payment is fixed for the length of the loan, aside from taxes and insurance.
- They build equity slowly at first, faster over time.
- They absorb every repair, and they pay to sell when they leave.

Person B keeps renting.

- The $40,000 stays invested and keeps compounding.
- Their housing payment resets at every renewal, upward more often than not.
- They build no equity, and they carry no repair risk.
- They can leave in thirty days with almost no transaction cost.

Here is the trap. Person B only wins the comparison if Person B actually invests the difference, every month, without touching it, for years. On paper that is easy. In practice, the money usually gets spent. The forced savings inside a mortgage payment is boring, and boring is exactly why it works for most households.

So the honest version of the opportunity cost argument is this: it is real, it is significant, and it only pays out if you are genuinely disciplined. Be truthful with yourself about which person you are. That single answer moves the math more than any interest rate will.

KEY TAKEAWAY:

- The down payment has a job somewhere else. Compare against that job, not against zero.
- Investing the difference beats owning only if you actually invest the difference.

WHAT THE SPREADSHEET / CANNOT TELL YOU

You can run the math perfectly and still make the wrong call, because some of the biggest inputs do not have a dollar sign attached. Flexibility has value. So does stability. So does being allowed to paint a wall.

Read both lists. Do not score them. Just notice which one you keep nodding at.

RENTING MAY FIT RIGHT NOW IF:

- Your job, city, or relationship situation could realistically change inside three years.
- You want a fixed, predictable housing cost with no surprise repair bills.
- You do not have the cash reserves to absorb a failed HVAC or roof without stress.
- You value being able to hand back the keys and leave.
- You are still deciding what part of town, or what kind of home, you actually want.

BUYING MAY FIT RIGHT NOW IF:

- You can see yourself in the same area five or more years out.
- You want your housing cost to stop moving every renewal.
- You want control: the pets, the paint, the renovation, the yard.
- You have reserves left after the down payment, not just enough to close.
- You are tired of decisions about your home being made by someone else.

Notice that neither list mentions the market. That is on purpose. Lifestyle fit does not care what rates did last quarter, and the people who regret their housing decision usually got the lifestyle part wrong, not the math part.

If you nodded at both lists roughly evenly, that is useful information too. It usually means your timeline is the real variable, and the worksheet on page 09 will settle it.

KEY TAKEAWAY:

- Flexibility and control are both real value. They just point in opposite directions.
- Most housing regret is a lifestyle mismatch, not a math error.

FOUR MYTHS THAT DISTORT THE MATH

Before you fill anything in, clear these four out of the way. Each one has bent somebody's decision this year.

Myth #1: Renting is throwing money away.

Reality check: renting buys you shelter and flexibility, which are real products. Meanwhile a large share of an early mortgage payment goes to interest, taxes, and insurance, none of which you get back either. Both options have money that leaves and does not return. The question is how much, and for how long.

Myth #2: You need twenty percent down.

Reality check: several loan programs allow considerably less, and plenty of buyers use them. Putting less down changes your payment and may add mortgage insurance, so it is a trade-off, not a free pass. But it is not a locked door, and treating it like one has kept people renting for years longer than they needed to.

Myth #3: You should wait for the perfect moment.

Reality check: nobody has ever identified the perfect moment in advance, including the people who say they do. What you can control is your timeline, your reserves, and your payment. What you cannot control is the market. Build the decision out of the parts you control.

Myth #4: If the numbers work, you should buy.

Reality check: the numbers working is a requirement, not a reason. If your life is likely to move in two years, a spreadsheet that says buy is a spreadsheet that does not know about the move. Pass the math test first, then pass the life test. You need both.

KEY TAKEAWAY:

- Both options have money that never comes back. Size it before you judge it.
- The numbers can only tell you whether you can. They cannot tell you whether you should.

YOUR RENT VS. BUY / WORKSHEET

This is the whole guide compressed into one page you can actually fill in. Use real numbers from your own situation, not estimates you found online. Where you do not know a figure, that blank is your next phone call.

WORKSHEET TABLE (BUILD AS FILL-IN FIELDS)

If you keep renting	If you buy
Monthly rent today: $______	Estimated monthly principal and interest: $______
Expected increase at renewal: ______%	Monthly property taxes: $______
Renters insurance per month: $______	Monthly homeowners insurance: $______
Utilities and fees not included: $______	Mortgage insurance, if any: $______
Parking, pet, amenity, admin: $______	HOA or condo dues: $______
Expected moving costs in the next 5 years: $______	Monthly maintenance set-aside: $______
TOTAL MONTHLY: $______	Cash to close: $______
	Estimated cost to sell later: $______
	TOTAL MONTHLY: $______

Then answer these four:

- How many years do I realistically expect to stay? ______ years
- What could my down payment earn if I left it invested instead? $______
- What are my cash reserves AFTER closing, not before? $______
- Which of the two lists on page 05 did I nod at more? ____________

Now read your own page. If your stay is short and your reserves are thin, you have your answer and it is renting, and that answer is a good one. If your stay is long, your reserves hold, and the buying column is within reach of the renting column, you have your answer and it is buying. If you landed in the middle, you do not have a math problem. You have a timeline you have not decided yet.

KEY TAKEAWAY:

- Every blank you cannot fill is a question worth asking before you sign anything.
- The worksheet does not pick for you. It just makes the choice impossible to fake.

FREQUENTLY ASKED / QUESTIONS

Q: IS IT CHEAPER TO RENT OR TO BUY?

- A: Month one, renting is almost always cheaper. Year ten, owning almost always is. Everything interesting happens in between, and where you land depends on how long you stay.

Q: HOW LONG DO I NEED TO STAY FOR BUYING TO MAKE SENSE?

- A: Long enough to out-earn what it cost you to get in and what it will cost you to get out. For most buyers that is measured in years, not months. Your own closing and selling costs set your number, which is why the worksheet asks for them.

Q: SHOULD I WAIT FOR RATES TO DROP?

- A: Nobody can tell you where rates go. What you can evaluate is whether the payment works for you today and whether your timeline is long enough. If a future drop happens, refinancing is a conversation. If it does not, you still have a home that fit.

Q: DO I REALLY NEED TWENTY PERCENT DOWN?

- A: No. Several programs allow less. Less down usually means a higher payment and possibly mortgage insurance, so it is a trade-off you should price out with a lender rather than assume.

Q: WHAT IF MY CREDIT IS NOT PERFECT?

- A: Perfect is not the bar. Talk to a lender before you disqualify yourself, because the number in your head is often not the number that matters, and the gap between where you are and where you need to be is frequently smaller and faster to close than people expect.

Q: IS IT A BAD IDEA TO BUY IF I MIGHT MOVE IN A FEW YEARS?

- A: Usually, yes, unless you plan to keep the property and rent it out. A short stay is the single most common reason a financially sound purchase turns into a loss.

Q: WHAT IS THE FIRST STEP IF I AM LEANING TOWARD BUYING?

- A: Two calls. A lender, to find out what your actual payment would be instead of your imagined one. An agent, to find out what that payment buys in the areas you would genuinely live in. Both calls are free, and neither one commits you to anything.

FINAL THOUGHTS / & KEY TAKEAWAYS

If you came into this guide hoping someone would just tell you what to do, sorry. What you have instead is better: a method that works with your numbers, and a set of questions that most people never bother to ask before signing a lease or an offer.

Renting is not failure and buying is not graduation. They are two different tools, and the right one depends on how long you are staying, what your money is doing, and what you want your daily life to feel like. Somebody who rents on purpose with clear eyes is doing better than somebody who bought because a stranger online said renting was throwing money away.

Remember:

- Rent is not just rent, and a mortgage is not just a mortgage. Compare full cost to full cost.
- Your timeline decides the break-even, not the market.
- Investing the difference beats owning only if you actually invest the difference.
- Most housing regret is a lifestyle mismatch, not a math error.
- The numbers tell you whether you can. Only you can answer whether you should.

Your next three steps:

- **Fill in the worksheet with real numbers.** Every blank you cannot fill is a question worth asking.

- **Call a lender before you assume anything.** The payment in your head is rarely the payment on paper.

- **Talk to an agent who will tell you to wait if waiting is right.** That is the only kind worth talking to.

Whether this year is the year or not, [CLIENT NAME] is here to walk through your actual numbers with you, with no pressure attached to either answer.

Here is to a decision that still looks smart a year from now.

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Have questions about your own numbers?
Reach out. No pressure, no pitch, just a straight answer.