



Q: Are there reasons to consider renting rather than buying in today's housing market?

A: If you are considering buying a house, one of the first decisions you need to make is whether buying a house instead of renting one is the right direction for you. Since owning a home is the "American Dream", many people simply assume that it's always to their advantage to buy a home, and for most people, it is.

For some categories of people, renting may be an important option – either on its own or as a step towards buying. If you are moving to a new part of the country and you are not sure that you will like living there, renting is something to consider. Retirees who have sold a home and no longer need to build equity towards a retirement may be better served by renting.

There are actually some advantages to renting that need to be considered. The expense of renting is usually a predictable cost – you know how much your lease will be and what you will be paying for utilities. The amount of money you will need up front to rent is also likely to be less than a down payment on buying a house.

Repairs, if needed, won't necessarily be your responsibility. While you won't be gaining any equity by renting, you won't be losing any either. Today, with home prices declining, many owners are experiencing a loss of equity. And when your lease is up you can simply move out.

There are, of course, some advantages to owning over renting. You can decorate and make changes to a property you own but are usually quite limited when you rent. Research shows that real estate, over time, gains value and is often a significant way for people to build wealth. You will also enjoy some tax benefits if you own that are not available to renters.

One option to consider is "lease-to-own," an arrangement in which some part of your monthly rent (or an additional amount above the rent) goes to an escrow account and builds up over time to be used for a down payment when you decide to buy the home. Some lease-to-own agreements have a fixed period of several years over which you will build up the resources you need to purchase the home.

Before you enter into a lease-to-own agreement be sure you understand:

- ❖ How much you are paying just for rent and how much each month will go towards the escrow account;
- ❖ Whether you are obligated to buy the house at some point or can walk away from the deal;

- ❖ What part of the money you have paid over the years will remain with the owner if you choose not to buy the house.

It is always good to have a qualified professional – such as a REALTOR® or lawyer – work with you whether you are leasing or buying. The paperwork for these transactions has become very complicated over the years and changes in the laws almost every make it nearly impossible for the average person to keep up.

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