



Rent vs. Own Home Calculations



Home Ownership Costs

Pre-Purchase:

- Need Down Payment
- Closing Costs:
 - Appraisal
 - Home Inspection
 - Legal Fees
 - Change Locks
- Improvements Needed:
 - Roof
 - Plumbing
 - Electrical
 - Windows
 - Appliances

Ongoing:

- Interest on Mortgage
- Property Tax
- Insurance
- All Utilities
- Optional:
 - HOA or Condo fees
 - Lawn Mowing
 - Snow Removal
- Repairs:
 - Paint Exterior
 - Paint Interior
 - Garage Door
 - Re-do Driveway
 - Basement Waterproofing
 - Tree Cutting
 - Animal Infestation

During Sale:

- Realtor Commission
- Legal Fees
- Staging
- Capital Gains Tax

Rental Costs



While Renting:

- Rent
- Security Deposit
- Renters Insurance
- Utilities but a lot of times water is covered by the landlord
- Sometimes Lawn Mowing and Snow Removal

Home Ownership Pros and Cons

Pros	Cons
Stability	No Flexibility
Builds Equity	Hard to Make Money on Primary Residence
Modifications	Responsible for every repair
Can Sublease or Vacation Rental	Opportunity Cost

Rental Pros and Cons

Pros	Cons
Don't Need Down Payment	Lack of Stability due to Rental Increases
Flexible	Not Building Equity
Not Responsible for Repairs	No Modifications Allowed
More Money to Invest	Usually Can't Sublease

750k Home Ownership 20 Years

Operating

Item	Outflow
Down Payment 10%	\$75,000
Closing Costs 2%	\$15,000
Suggested Repair Fund	\$26,250
Total Cash Needed	\$116,250
Operating Costs	\$193,920
Interest Cost	\$303,879
Monthly Outflow	\$4892.83

Sale of Property

Item	Outflow
Sale Price at 5% Yearly Growth	\$2,034,480
All Costs in 20 Years	-\$539,049
Realtor Commission 5%	-\$101,724
Capital Gains Tax	-\$192,672
Total Gain	\$1,201,035
ROI	60%
ROI Per Year	3%

750k Rental for 20 Years

Renting

Item	Outflow
Original Monthly Price	\$2000
Rent Growth	2%
Total Rent in 20 Years	-\$583,136
Utilities	-\$120,000
Total Cost	-\$703,000

Investing

Item	Outflow
APY	8%
Monthly Contribution	\$2500
Total Return	\$1,472,551
Remove Total Costs	-\$703,000
Gain	\$769,551