Does buying a house make sense?

Our practical advice and rent vs. buy calculator can help you decide!

Buying a house can be a big step. And figuring out if renting or buying is a better financial choice can be a little complicated. Fear not! This simple advice and our rent vs buy calculator can help make your decision easier.

Does renting or buying a home fit your life better?

The first question to ask is whether renting or buying makes more sense for where you are in your life. Generally speaking, if you think you might move in the next few years for work or personal reasons, then renting may often make more sense. That's because buying a home usually has higher upfront costs than renting, and it is typically easier to move out of an apartment when your lease comes to an end than sell a house when you want to move.

People often buy houses when they feel established in their jobs, when they have found a community they like, or when they are ready to settle down and maybe start a family. In these cases, people are buying homes with the expectation that they will live in them for several years. And this expectation is important because one key element of deciding whether renting or buying makes more sense is how long you plan to live in the home.

Can you afford to buy and own a home?

The next question to ask in your rent vs buy decision is "Can you afford a home?" To buy a home you usually need to make a down payment. (Veterans who qualify for a VA loan are an exception.) You will probably need to pay closing costs. Once you own the home, you will need to make monthly principal and interest payments and may need to pay mortgage insurance. You'll have to pay property taxes and homeowner's insurance in addition to any maintenance or repairs. Depending on where you buy, you may need to pay condo or homeowners association fees and flood insurance too.

The costs of buying a home come with many upsides too of course! You can get a sense of ownership and pride. You can make the renovations and improvements you want when you own your home. Homeownership gives you roots in a community and gives you a place to have a family and create memories.

If you want help calculating how much you can afford in a monthly mortgage payment, check out our Mortgage Affordability Calculator.

Does renting or buying a home make more financial sense?

Buying a house comes with costs but it also comes with financial benefits. When you buy, you build home equity by paying down your principal and when the market value of your home rises. There can potentially be tax benefits to owning a home (consult a tax advisor for more information). And when you sell your home, you may be able to sell it for more money than you paid to buy it. That's money you can put in your pocket or use to purchase your next home.

Our rent vs. buy calculator takes many of these costs and benefits into consideration. You'll see it asks for much of the information we just discussed about buying and owning a home. It also asks about the monthly cost of rent you might be paying. The calculator takes these numbers to create an estimate of whether renting or buying makes more sense. Change the numbers in any of the fields and the estimate will update!

The decision to buy a house is affected by many things. Your personal preferences. Whether you can afford to buy and own a home. And whether renting or buying makes more sense to you.

Take your time, think about your options, then call Freedom Mortgage at 877-220-5533 or complete our Get Started online form. We'd love to help you get into a new home.

NOTES & REMINDERS