

A young man and woman are smiling warmly at the camera. The woman is in the foreground, leaning against a white door frame. The man stands behind her, his hand on her shoulder. They are in a bright, modern living room with a white sofa and a coffee table in the background.

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renting vs buying

# renting vs buying:

## **Find out when renting may be better than buying.**

Purchasing and owning a property may not suit everyone. Not everyone plans to stay in a given area for a lengthy period. Temporary residency, whether due to a limited-time job, or to save money to move interstate, or to use for other purposes are common reasons to rent.

Another good reason is to test the water to see if an area truly is suitable. Renters get to see what the commute to work is like, test local transport, and even taste local food from restaurants and shops.

Renters know exactly how much their rent will be, whilst owners can find themselves stretched between mortgage and maintenance, insurance and repairs.

There is also another very important consideration. As a renter one can invest money in a wider variety of investments, such as stocks or bonds, or use capital funds to operate a small business.



## other reasons for renting:

### **Renting can also be a preferred option if:**

- Market conditions are such that the opportunity for short-term capital gain is limited which may affect you financially when you try to sell and move to a new area.
- The financial burden of buying a home at this time is likely to place an unwelcome strain on your finances.
- You simply may not be ready for such a financial commitment.
- You are receiving rental assistance from an employer or other source and are making use of the opportunity of saving for a larger deposit which would reduce your future mortgage commitment or, you will be in a financial position to purchase a better home at a later time, or will be able to buy into a more affluent area.

Statistics demonstrate however, that one of the safest ways to make large capital gains on investments is by buying real estate either as an owner occupier or as an investor.

Most of us have experienced or at least witnessed the property boom in Sydney that extended over the better part of a decade and saw property values rise to extraordinary heights. We have now come back off that high and many are asking 'when will such a boom occur again'? No one knows, however, history tells us that property values in most areas are likely to increase over a 10-year period by an average of 10% per year. Unfortunately every dollar spent on rent is money not saved. One option for someone moving to a location for a short period is to buy a property and then retain it as an investment property when the time comes to move to a new location.



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