

BUY vs RENT



EQUITY TITLE
OF COLORADO

Why Should You Buy a House?

Because... the rent you are paying could build equity in your own real estate.

Do you realize how much you pay in rent over a period of years? In addition to the monthly payment you should figure in the amount you would have accumulated had you invested your payments and earned 10% interest.

This gives you a total picture of what's happening to your money. The rent you pay adds up to a sizable sum.

Using this chart, find your per month rental payment and you can determine how much money you are "giving away" in rent and interest over 10, 15, 20 or 30 years... Money which could be used to build equity in your own real estate!

Per Month	10 Years	15 Years	20 Years	25 Years	30 Years
\$700	\$143,391.00	\$290,129.00	\$531,558.00	\$928,783.00	\$1,582,341.00
\$750	\$153,634.00	\$310,853.00	\$569,527.00	\$995,125.00	\$1,695,366.00
\$800	\$163,876.00	\$331,576.00	\$607,495.00	\$1,061,467.00	\$1,808,390.00
\$850	\$174,118.00	\$352,280.00	\$645,464.00	\$1,127,808.00	\$1,921,415.00
\$900	\$184,360.00	\$373,023.00	\$683,432.00	\$1,194,150.00	\$2,034,439.00
\$100	\$194,603.00	\$373,369.00	\$759,369.00	\$1,326,833.00	\$2,260,488.00
\$1100	\$225,329.00	\$455,197.00	\$835,306.00	\$1,459,517.00	\$2,486,537.00
\$1200	\$245,814.00	\$497,364.00	\$911,242.00	\$1,592,200.00	\$2,719,585.00
\$1300	\$266,298.00	\$538,811.00	\$987,179.00	\$1,724,883.00	\$2,938,634.00
\$1400	\$286,783.00	\$580,259.00	\$1,063,116.00	\$1,857,567.00	\$3,164,683.00
\$1500	\$307,267.00	\$621,705.00	\$1,139,053.00	\$1,990,250.00	
\$1600	\$327,752.00	\$663,152.00	\$1,214,990.00	\$2,122,933.00	
\$1700	\$348,236.00	\$704,599.00	\$1,290,927.00	\$2,255,616.00	

Calculations based on 10% interest rate

Savings: Buying

In many cases, the amount of money a renter spends on rent can be about the same as or less than the amount a homeowner spends on a mortgage. With the tax benefit for homeowners, the savings can be significant.

Buy vs. Rent Comparison

The chart below shows a cost comparison for a renter and a homeowner over a seven year period.

The renter starts out paying \$800 per month with annual increases of 5%

The homeowner purchases a home for \$110,000 and pays a monthly mortgage of \$1,000

After 6 years, the **homeowner's payment is lower** than the renter's monthly payment

With the tax savings of homeownership, the **homeowner's payment is less** than the rental payment after 3 years

Years	Rent Payment	Mortgage Payment	Monthly Difference	After Tax Savings	Yearly Difference	After Tax Savings
1	\$800	\$1000	- \$200	- \$50	- \$2400	- \$600
2	\$840	\$1000	- \$160	- \$10	- \$1920	- \$120
3	\$882	\$1000	- \$118	+ \$32	- \$1416	+ \$384
4	\$926	\$1000	- \$74	+ \$76	- \$888	+ \$912
5	\$972	\$1000	- \$28	+ \$122	- \$336	+ \$1464
6	\$1021	\$1000	+ \$21	+ \$171	+ \$252	+ \$2052
7	\$1072	\$1000	+ \$72	+ \$222	+ \$864	+ \$2664
8-30			Savings increase every year			