

# Renting vs. Buying— Which Is Right for You?

Comparing the specifics between renting and buying can help you weigh the benefits of each and help you decide which best fits your personal and financial goals.

Deciding whether to rent or buy is an exciting—and big—decision. Each option has its own advantages, and the decision you make should be based on your personal situation. Of course for some, renting or buying may not be a choice, but the information below can help you on your journey.

Renting	Buying
<p>When renting, you are likely to need less money up front. Most landlords ask for the first and last month's rent as well as a security deposit—this will most likely be less than what you would spend on a down payment for a mortgage.</p>	<p>Most home mortgages require a 20% down payment. If you put down a larger down payment, you may benefit from a lower monthly payment and lower mortgage rate.</p>
<p>Compared with owning a home, you may not be able to update or personalize your living space. On the other hand, if you need repairs, they will generally cost less or will be paid for by your landlord.</p>	<p>Owning a home allows you to customize or renovate it to your taste—which may boost your home's value. However, any repairs or maintenance would be your responsibility.</p>
<p>The amount of rent you pay is fixed for the span of your lease agreement. However, your landlord may increase your rent in the future.</p>	<p>Interest rates rise and fall over time and may have a huge impact on whether you can afford to buy a house. Generally, higher interest rates mean higher mortgage payments, and lower interest rates mean lower mortgage payments. But once you lock in a rate, it's fixed for the duration of the loan.</p>
<p>Renting provides flexibility in the short term, especially if you think you might move or change jobs in the near future.</p>	<p>Owning a home can be valuable in the long term by allowing you to build equity. In the simplest terms, your home's equity is the difference between how much your home is worth and how much you owe on your mortgage.</p>

---

# What Other Factors Should You Consider?

## Taxes

One of the benefits of renting versus buying is that you are not required to pay property taxes on a rental property. As a homeowner, you are required to pay property taxes based on your home's value and location. These tax payments typically go toward public schools, parks and roads in your local community.

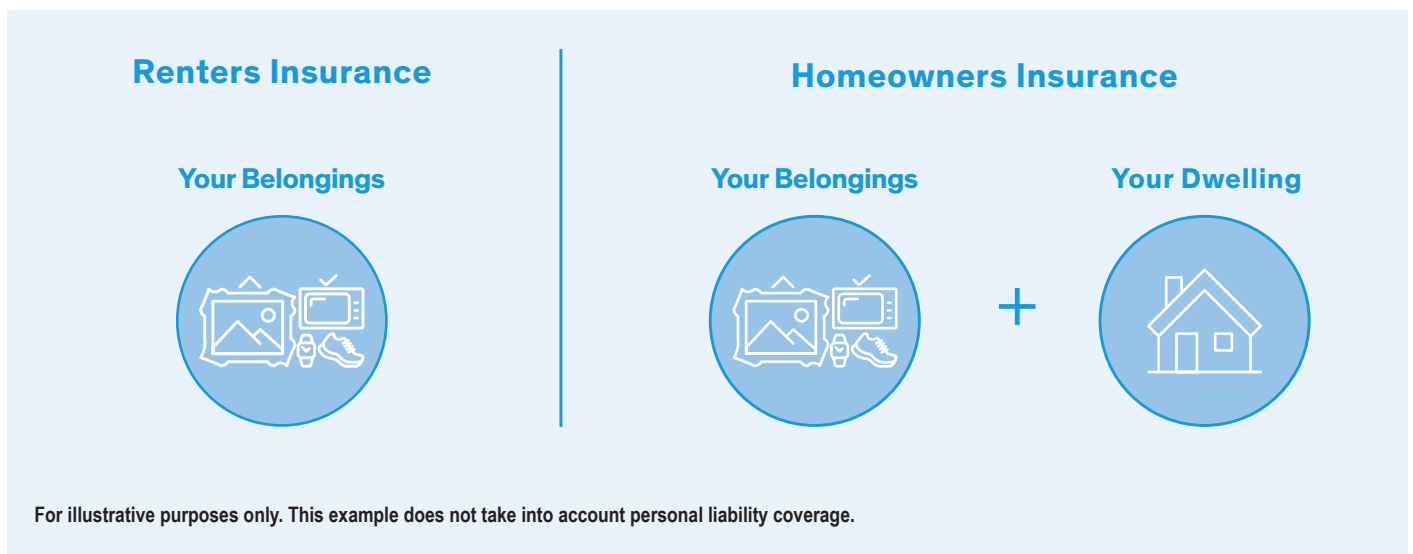
However, owning a home offers several tax breaks. When considering homeownership, take time to explore your tax deductions and speak to a tax professional so that you understand the deductions available to you.

## Insurance

Whether you rent or buy, you still have to pay insurance, though each policy provides different coverage. Renters insurance covers your belongings inside your dwelling in the event of damage. Homeowners insurance, on the other hand, covers your belongings inside the dwelling as well as the dwelling itself. Both renters and homeowners insurance include personal injury or liability coverage. Contact your insurance provider to see what your policy may cover.

---

## What Does Your Insurance Cover?



---

## Looking at the Big Picture

Understanding your needs and the considerations mentioned at the beginning of this article will help you make the decision that's best for you. For example, are you only looking to make a real estate investment, or do you want to find a family home in a good school district? Is this a short-term home, or is this your forever home? Your personal budget and your stage of life also can help answer these questions. No matter what your personal circumstances, you will want to make sure your decision meets your needs and feels like home.

# Four Questions to Ask Yourself When Comparing Renting vs. Buying

- 1 If you're thinking about renting, do you have enough money for a security deposit, if required?
- 2 If you're thinking about buying a home, do you have enough money for a down payment and closing costs?
- 3 When renting or buying, is being in a good school district a consideration for you?
- 4 If you're thinking about buying a home, have you thought about maintenance expenses like cutting the lawn or potential unexpected costs like repairing or replacing a roof?

**Note to All Readers:** The information contained herein reflects, as of the date hereof, the views of AllianceBernstein L.P. (or its applicable affiliate providing this publication) ("AB") and sources believed by AB to be reliable. No representation or warranty is made concerning the accuracy of any data compiled herein. In addition, there can be no guarantee that any projection, forecast or opinion in these materials will be realized. Past performance is neither indicative of nor a guarantee of future results. The views expressed herein may change at any time subsequent to the date of issue hereof. These materials are provided for informational purposes only and under no circumstances may any information contained herein be construed as investment advice. AB does not provide tax, legal or accounting advice. The information contained herein does not take into account your particular investment objectives, financial situation or needs, and you should, in considering this material, discuss your individual circumstances with professionals in those areas before making any decisions. Any information contained herein may not be construed as any sales or marketing materials in respect of, or an offer or solicitation for the purchase or sale of, any financial instrument, product or service sponsored or provided by AB or any affiliate or agent thereof. References to specific securities are presented solely in the context of industry analysis and are not to be considered recommendations by AB. This is not intended to be legal advice (and should not be relied upon as such), but just a discussion of issues.

The [A/B] logo is a registered service mark of AllianceBernstein and AllianceBernstein® is a registered service mark used by permission of the owner, AllianceBernstein L.P.  
© 2023 AllianceBernstein L.P., 501 Commerce St., Nashville, TN 37203



**ALLIANCEBERNSTEIN®**

DCI-326216-2022-12-02  
DCI-8255-0123  
[AllianceBernstein.com](https://www.AllianceBernstein.com)