

Rent or Buy – Which is Better?

If there's one topic that's bound to cause debate, it's whether you are better off buying or renting a home.

Although the debate that has been around for decades, the climate of low interest rates and rising rents has once again stirred discussion. Numerous studies have attempted to compare the finances of each option but with so many variables to take into account, few studies have been able to reach a substantive conclusion.

Comparing like with like is a difficult task when factors such as interest rate charges, rent increases, maintenance costs and appreciation are hard to predict. Assumptions have to be made about how often rents increase, and likewise, any calculations of property purchase has to take into account costs like the deposit, loan establishment fees, property maintenance and strata/council costs.

Reasons for Buying

Thankfully money is not the only contributing factor in the decision about whether to buy or rent. The most obvious advantage to buying a home is the sense of security and stability it brings. It gives your family an asset to call their own that can be passed down through generations or downsized to fund retirement.

Another great advantage is that the family home is generally exempt from capital gains tax unless you rented it out for a time or it's on more than two hectares of land.

Property ownership also allows you the freedom to do what you want with the property. Whether it be hanging a picture, replacing a hot water system or owning a pet – it's your own little piece of Australia under your control!

Reasons for Renting

But perhaps you feel that you're not in a financial position to buy or you enjoy the freedom of being able to move around, in which case renting may be your best choice. Renting gives you're the opportunity to live in an area where you may not be able to afford to buy and you are free of the costs of maintenance, rates and insurance.

Renting also allows you to move homes more frequently, but on the other hand there is the uncertainty of not knowing whether you will be able to remain in a home you have grown fond of.

Ultimately the decision to buy or rent will be determined by your individual circumstances and finances. It's important you are able to meet the monthly mortgage repayments, and this is where we can help – by tailoring a home loan suited to your lifestyle and financial position.

For further information, please don't hesitate to call AlphaLoan today so we can match your needs against 100's of home loans from our panel of lenders, including all the major banks and many more!

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