



Homeowner or Tenant? The question here is pretty clear: is it a better idea for me to purchase a home or to continue renting? Well, that depends on several factors, but let me help you sort out a few of the primary facts. Really the first question you need to determine is how much privacy you need: would you be comfortable renting an apartment, duplex, or condo with nearby neighbors, or is a completely detached home necessary for you to retain your sanity? I'm going to presume you need a home, not an apartment, and that means you'll be looking for a property that's a bit more specialized. As you probably already know, Nashville is one of the premiere cities (in the top 6, according to *Nashville Business Journal*) folks are moving to; the heat of today's local real estate market keeps home prices and rental rates high. Rental rates typically grow by about 7.5% year over year, but the average rent for a 3-bedroom property around here (currently) is \$1,985 per month (9% higher than 2020). Even more surprising? Realtor.com reports Memphis rental rates went up 23% from 2020 to 2021.

Take a good look at "where" you are right now (and I'm talking physically, emotionally, and timewise). Do you have a job you're planning to stick with for a few years, or are you interested in being mobile if a new opportunity comes along? Think along the lines of the next five years or so: are you ready to put down a few roots? In other words, would you, your significant other, child, child-to-be, or pet benefit from a stable home address? Secondly, you hop into the shower one morning and you have nothing but lukewarm water pelting down. Darn it—the hot water heater has failed you again. What to do? If you're a tenant, it's pretty easy: put in a call to the responsible landlord and your water should be steaming again in a day or two. If you're the homeowner, however, you've got some homework ahead: calling for a plumber, understanding the differences for repair and replacement of a new water heater, researching options, brands, and prices, and paying for the installation of a new unit. You've spent hours *and* dollars to maintain a routine component of a functional household.

Now let's talk finances. Buying a home involves some costs you don't need to address as a tenant: the down payment, the annual property taxes, the maintenance and repair costs, the closing costs, and the HOA (if applicable). Notice I didn't put "mortgage payment" or "insurance" in the list, because I'm hoping that even as a tenant, you purchase a renter's insurance policy. Despite these extra costs, buying a home can be cheaper in the long run because it offers you the chance to build equity, a substantial amount. Your home is surely going to increase in value, so after a few years

when you decide to sell, you'll get more than the price you originally paid. And, of course, there are plenty of tax implications as well for being a homeowner. There are loads of websites out there to advise you on tax data; you can't go wrong checking out Khan Academy's online class:

<https://www.khanacademy.org/economics-finance-domain/core-finance/housing/renting-v-buying/v/renting-versus-buying-a-home>.

Let me finish with the most shocking – and most personally convincing – statistic I located to help decide which path to pursue on the buy or rent choice. Recent data from the Federal Reserve indicates that the net worth of a homeowner is over 40 times greater than that of a renter. Give me the choice of having a crisp \$5 bill or a couple of \$100 bills? I'm going with the Benjamins. Once you decide the homeowner path is the right one for you, too, let me know. I'll help you find a better place.