



Name: _____

VIEWING GUIDE - DRAWING CONCLUSIONS: IS RENTING REALLY A WASTE OF MONEY?

What are the main differences between renting and buying?

Rent

Buy

-space for a period of time
- no future value

-rent money, not space
- future asset
- can live in your asset

What are the two parts of a mortgage payment?

- interest (rent on the money)
- payment against the balance owed

Owen the owner vs. Roger the renter

Owen

Roger

Who will have the higher monthly costs?



*

Who's net worth will be greater in year 1?



After factoring costs & inflation, who has greater net worth after 25 years?



* both of these points are worth discussing, given the different factors, such as Roger investing the difference and all of the possible outvariables mentioned in the video

What are some of the variables that might affect the final value in each situation?

moving before paying off adds transaction costs

BUYING

housing market isn't guaranteed*

easy to skip saving

markets are unpredictable

RENTING

EXTENSION: Which option do you think is best right after high school? Why?

Answers will vary, but likely many will see renting as a worthwhile option while going to school and saving a down payment. Depending on the housing market where they see themselves ultimately living, they may see renting as a lifelong option.

Five years later? Why?