

More real estate Myths put to rest -Owning a Home as Opposed to Renting

*Is there a right answer whether to own a home or whether to rent a home?
Probably not!*

PALM BEACH GARDENS, FLORIDA, USA, August 18, 2022 /EINPresswire.com/ -- In Part 2 of Real Estate Myths Stephen Gravett addresses an age-old real estate myth, owning a home versus renting a home, with some fresh perspective for today's current real estate and home building markets.

Real estate ownership is maintenance intensive- "as opposed to a carefree rental." This of course is true to an extent, but many people hire competent vendors to care for their homes. For example, yard and lawn, pest spraying, AC quarterly checks, alarm monitoring and so on can be shopped and vendors employed.

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Weighing the importance of Renting versus Buying a home may come down to one's station in life at that moment.”

Stephen Gravett



Myths abound about the advantages of owning a home as opposed to renting a home. In the end there may be no right or wrong answer depending on circumstances.

Once a crew is assembled with qualified people and ongoing costs are predictable, the financial plan for these expenses can be maintained as part of monthly household living expenses. Usually, they will not increase and will stay steady over time. "I have heard of people that owned homes for over twenty years with some or most of their crew never once raising prices." This happens in areas where crew members are plentiful and interchangeable.

The point is that these amounts for home maintenance also exist in rentals except you don't pay them directly. These costs are passed on in the form of the overall monthly rental payment. "Rentals can be deceiving in other ways. Many believe that your rent includes maintenance, taxes and building insurance. This is true. But, unlike a fixed rate mortgage that never varies, rental payment increases are at the whim of the owners, they can raise the payment at any

time." In these times getting more than a two-year rental contract is not easy.

With frequent rental raises over time, an awkward uneasiness comes every time the monthly rental statement arrives in the mail. "Actually, there are a lot of things out of your control in a rental home. First, your rent is going up, and depending on the neighborhood and your property's desirability it could be a tidy sum. Second, new ownership may buy the rental complex and thereafter the quality of your project can deteriorate, or rents will be raised or both. Third, amenities may get run down and are not promptly repaired." With these inevitable rental increases owning a home versus renting is looking better. Rental living can be stressful.

Owning a home has other important elements. In a rental there is no value appreciation and no equity reward. There is no tax savings either. Rental payments cannot be written off on individual tax returns. Owners can write off the interest part of their mortgage payment. Having control of your own destiny is generally preferred as well. Of course, property in all categories do need periodic maintenance which for certain items can be expensive. There are several ways to plan for this.

"Let's take a roof replacement. In Florida a good well installed roof should last 20+ years. Assume the roof on a new home cost \$30,000 and will last 20 years. In 20 years, the roof replacement cost will be \$40,000. Two options here. Write a check every month for \$84 and put it in a dedicated savings account- forgetting any interest you may earn, in 20 years you will have the money to pay cash for that repair, and if inflation takes that roof cost up by 5% adjust accordingly." Another option is to refinance your home and take the excess funds out of the refi to pay for the roof. This can be accomplished on any other items that are recurring – paint, pool and flooring (carpet).

Owning real estate has a few solid principles to aspire to and stay disciplined with. Once established this rhythm will become second nature and further solidifies the control of your own homeowner destiny. "Don't be intimidated by home ownership and continue to procrastinate. The longer you wait the more you stand to lose. Jump into the equity tax saving home ownership bonanza and start adding to your future financial security. The benefits far outweigh the inconvenience." There are billions of homeowners worldwide and in the USA, there are hundreds of millions of successful homeowners.

Owning versus renting does not always come down to a financial exercise. In certain cases, renting is a personal preference sometimes influenced by personal circumstances. Those would be job, illness, poor financial standing or a preference to live in an amenity's environment.

Stephen Gravett has been a real estate developer for over 47 years and was most recently CEO of Kennedy Homes for the past 11 years and is still CEO of Kennedy Development Partners (KDP). He is also full time Director of Operations for 5 Star Developers. He is a state licensed broker and since 1980 a State licensed General Contractor Unlimited. He flew B-52's in the US Air

Force during the Vietnam war.

Stephen Gravett

Stephengravett.com

+1 561-789-3194

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