

Should you rent or buy a home?

Rent vs buy projection, 10, 20 years	NOW		10 year Potential		20 year Potential	
	Possible inflation rate		2%	5%	2%	5%
	2016		2026		2036	
HOME PRICE, estimated future value	\$200,000		\$243,799	\$325,779	\$297,189	\$530,660
Estimated Annual Family Income	\$36,000		\$43,884	\$58,640	????	????
Down Payment	\$5,250					
Closing costs (usually paid by seller)	\$6,000					
Mortgage	\$193,000		\$153,325	\$153,325	\$92,685	\$92,685
			Monthly costs			
Interest Rate (FHA loan 2016)	4.25%					
Monthly Payment (P&I)		\$946	\$946	\$946	\$946	\$946
Property Taxes (increase max 3%/yr)	\$2,512	\$209	\$255	\$341	\$311	\$555
Annual Insurance	\$425	\$41	\$43	\$70	\$61	\$111
Maintenance	\$360	\$30	\$37	\$49	\$45	\$81
Monthly ownership cost:		\$1,226	\$1,281	\$1,406	\$1,363	\$1,693
			2%	5%	2%	5%
Rent		\$1,200	\$1,462	\$1,954	\$1,783	\$3,184
Renter's insurance (est.)	\$250	\$21	\$26	\$35	\$31	\$57
Monthly Tenant cost		\$1,221	\$1,488	\$1,989	\$1,814	\$3,241
Annual Tax savings (itemizing 15%rate)		\$1,300	\$1,755	\$1,755	???	???
Homeowner equity		\$5,250	\$90,474	\$172,454	\$204,504	\$437,975
	now		10 yr @ 2%	10 yr @ 5%	20 yr @ 2%	20 yr @ 5%

Note; these are reasonable estimates of possible inflation rates and expenses as well as equity.
 Insurance and taxes are estimated for a \$200,000 home in Grants Pass Oregon
 Mortgage Interest rate is effective January 2016, inflation rates are possible averages,
 and may be higher or lower.