

# TheDavisLibrary

RESOURCES FOR FIRST TIME BUYER COUPLES | VOLUME 8



## Why Pay Your Landlord's Mortgage?

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## OWNING

- > Builds equity for you, not your landlord
- > Pride of ownership
- > Puts your money to work
- > Solid investment
- > Increases your worth
- > Put down roots
- > Connects you to neighborhood
- > Home for your family
- > Long term home
- > Builds wealth over time
- > No capital gains tax on primary residence

## RENTING

- > No return on your money
- > Pays your landlord's mortgage
- > Builds your landlord's equity
- > Increases value of landlord's investment
- > Less connection to neighborhood
- > Home insecurity over the long term
- > Landlord has the right to sell
- > You may have to move
- > Your family has no roots
- > Can't customize your home or make improvements!

VS.



### TO RENT OR TO OWN... THAT IS THE QUESTION

While 'Rent vs. Own' is a question that remains often debated, 9.2 million Canadian households have already voted 'Own'.

According to Canada's National Households Survey, nearly 7 out of 10 Canadian households own their own home, higher than the US where home ownership levels are still over 60%. Looking at couple-family households in Canada, the overwhelming choice at 82.4% is home ownership.

Of the 31% of Canadian households who do not own their home, 13.7% are in subsidized housing leaving just 17.3% who rent in the open market. About 1 in 5 households who bought between 2006 and 2011 bought a condo.

Overall there are about 1.2 million owner-occupied condominium dwellings in Canada.



## **THE CHOICE FOR OWNERSHIP IS CLEAR, OR IS IT?**

Canadians overwhelmingly choose home ownership. We all want to be master of our own destiny and our own home. Another factor is logical; to build equity for yourself as opposed to paying your landlord's mortgage.

For many homeowners, it's really that simple. Ownership provides security, community and a future for your family. Home is where the heart is, and that is especially true when you own your own home and experience the pride of home ownership.

For others, the relationship is more complicated. You cannot personalize a rented home to the same degree, but you can move out more easily if your work requires you to relocate. Renting requires less money up front than a down payment, but rents are guaranteed to go up. In comparison, the amount owing on your mortgage reduces over time until it's fully paid while your equity increases.

Looking at the issue over the long term does seem to clear the air. Calculations that compare carrying costs vs. renting often come out even, but they assume that you will save or invest the difference and is that really going to happen? Think of home ownership as a forced savings plan where you benefit while paying for something you need anyway; a place to live.

Another consideration is the commitment of time and attention that is required to maintain a home. Gone are fun weekends now that you have weeds to pull, lawns to mow, gutters to clean and more. Of course, maintenance is taken care of when you choose to buy a condo, which is perhaps one reason for the seemingly endless increase in the popularity of condos.

While home ownership may not be for everyone, it remains important to the majority of Canadians. So start a down payment savings plan of your own. You'll soon be able to escape the rent trap.