IS IT BETTER TO BUY OR RENT A HOME?

A PRACTICAL GUIDE ADAPTED TO THE GATINEAU SECTOR AND SURROUNDINGS

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Introduction

Housing expenses are generally the highest in the household. It is therefore very important to understand which option is best suited to our reality and our needs. Here is a guide based on real data from your industry and key facts that will help you determine the best solution to this dilemma.

Your needs and objectives

The answer to this question is not always easy to answer, because goals and realities vary from one family to another. Before starting to evaluate the advantages and disadvantages of each option, it is important to clearly define our objectives as well as our resources in the medium and long term. For example, one family would like to be able to travel without the worry of having to maintain a home while another would prefer to have property that will appreciate in value in order to have more monetary options when they retire.

Capital repayment in a mortgage

Now let's talk a little about the financial aspect. When you buy a property, you generally take out a mortgage. A portion of the payments on this mortgage is used to repay the loan while the other part is used to pay interest. In short, part of it results in an increase in our net worth while the other part is money that we will never see again.

The more we repay a mortgage over the years, the more the proportion used to repay the loan and which contributes to increasing the equity we have in a house increases. In fact, the loan decreases as the years progress, which results in lower and lower interest payments.

Three main variables influence the sum of monthly payments or the ratio of capital repayment to interest on a mortgage. These variables are the amortization (the number of years it takes to repay the loan), the interest rate and the percentage of the down payment. Tons of online calculators can help you determine payments and interest paid based on these variables.

Essentially, it could be relevant to compare, on the one hand, the estimated increase in value of a certain property and on the other hand, the amount paid in interest in order to contract this property as well as its maintenance and repair costs. By comparing the two data, you will be able to get a better idea of the real costs and benefits resulting from the purchase of it. For example, if what you pay in interest, maintenance and repairs is less than the amount your home appreciates, you are increasing your equity each month.

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Advantages of renting

Less expensive

In the vast majority of cases, renting your home is a cheaper option in the short term than owning. However, you should know that none of the expenses will stay in our pockets in the long term, as is the case when buying a property

More flexible

The medium-term flexibility that rental offers is a major advantage. In fact, a family that rents its residences will be able to move much more easily than a family that buys its properties. When you rent, you do not need to worry about selling the property and respecting the deadlines generated by this transaction. In addition, there is a way to have leases with very short terms in situations where a family would like to live in housing for a period of less than a year.

Fewer problems related to property

Renting your property instead of buying it greatly reduces costly surprises, headaches caused by repair problems, numerous hours required for maintenance and the general stress of owning a home. For a family wanting to minimize hassle, renting instead of buying could be an interesting solution. Plus, it's much easier to stick to a predetermined budget when you rent instead of buying. In fact, housing-related expenses are easier to predict when you are a tenant.

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Advantages of buying

More profitable in the long term

When you buy a property by taking out a mortgage instead of renting it, you repay this loan and your house increases in value over the years. These are two factors that increase our equity. Equity is the difference between the value of our property and the balance of our mortgage on it.

More options and freedom

When we buy a property instead of renting it, more choices are available to us regarding the type of property, its characteristics and the amenities it has. Indeed, it is more difficult to find a rental property with a large yard, a swimming pool, a beautiful garden or something else. Additionally, there are generally more choices available to us in terms of material quality and room layout. We must not forget that when we are owners, we have the freedom to do what we want with our property except for certain truly exceptional cases. We can make any changes we want, from simply painting the walls to extending the house.

Fewer Hassles related to the rental contract

Buying your house greatly reduces the risk of unpleasant surprises regarding occupancy as well as the regulations imposed on it. When we rent, we can't do everything we want. For example, the owner may prohibit animals, noise after a certain time, hanging certain furniture on the walls or many other activities. In addition, a tenant always runs the risk that his landlord will repossess his accommodation. It is also difficult for a tenant to predict how much their rent will be during the renewal of their lease. In addition, if he lives in a building less than 5 years old, his owner is spoiled for choice as to the amount of rent. All these unpleasant surprises cannot happen when we own our property.

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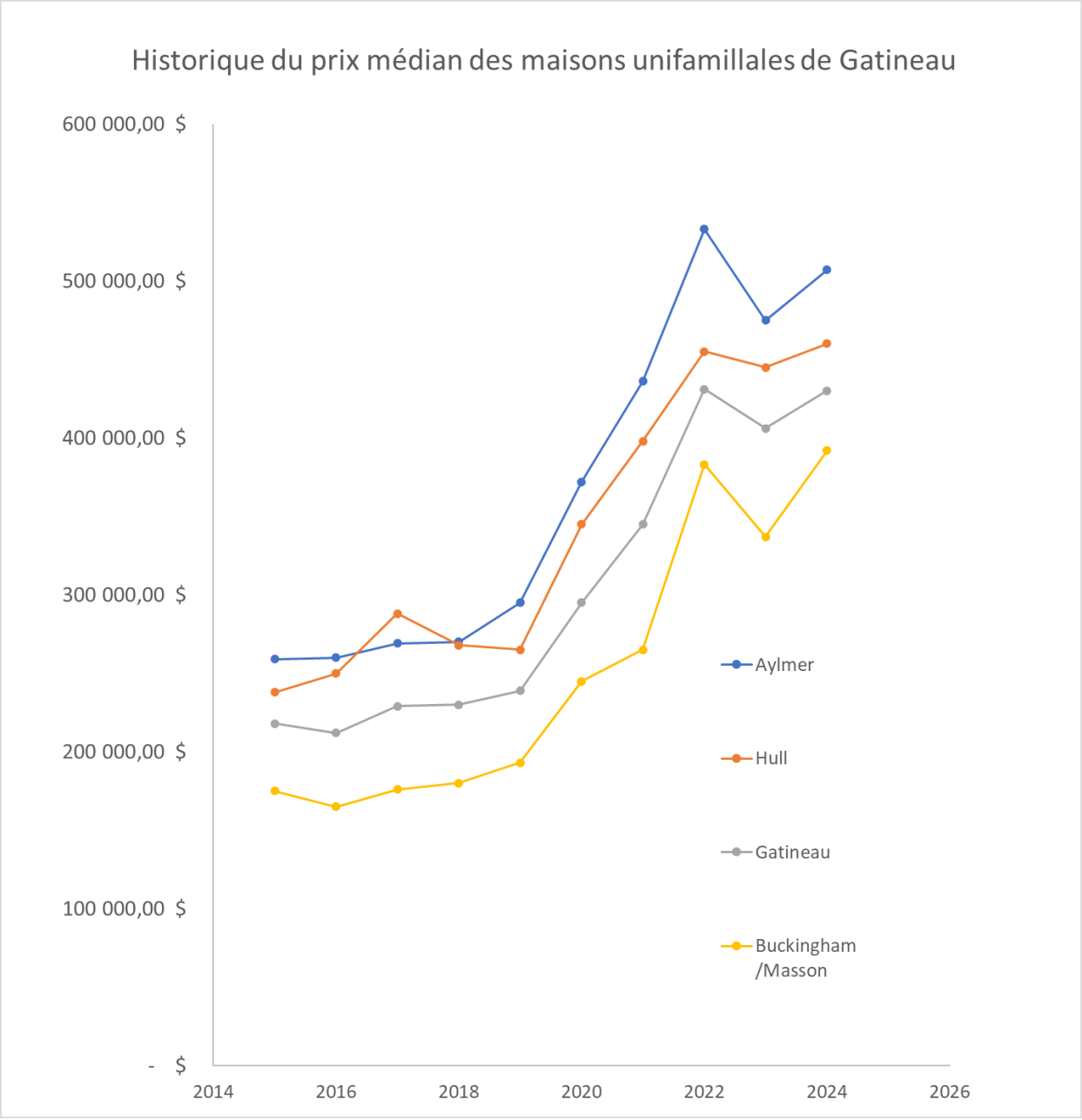
Some relevant data on the sector

Here is relevant data on the different sectors of Gatineau from 2014 to 2024 that could help you make a decision regarding the dilemma of buying or renting. This data represents the median price of single-family homes that sold on the market in different years.



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Conclusion

It can be difficult to know which option is best when it comes to choosing whether to rent or buy. Additionally, when we decide to buy, it can also be difficult to know which sector is best. We hope that the information above has guided you in your decision-making.

This little practical guide was created by two real estate enthusiasts. We have been in this field for a while and we want to help you as much as possible to see more clearly on this subject. We have access to exclusive resources and information in this area. For any other questions, do not hesitate to contact us. We will be happy to assist you in your purchase or rental project.

Sincerely,

- Logis Providence

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