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Prudent Portfolio: When Moving to Westchester, Should You Rent or Buy?

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The migration of Baby Boomers and Millennials is underway and that means decisions must be made by those on the move. One of the biggest decisions: go all in to [purchase](#) a house or condo or opt for a rental?

There are pluses and minuses to each possibility and much to be mulled before making the decision. A prime consideration is stage of life. Are you selling the big house to move to a smaller, retirement residence? Conversely, are you thinking of buying because there are growing children in the family or babies expected?

Careful consideration is needed especially for those who see their homes as a platform for investment. In the short term, apartment living can potentially save money, which could be used for other investments. But owning a home can increase equity over time. Remember, however, the S&P index grows far more over time than the average home, so run the numbers if you are considering buying a home as an investment rather than meeting a lifestyle goal.

Buying means you will need a significant chunk of up-front cash for costs ranging from a down payment – typically 20 percent of the purchase price (sometimes less) – to moving expenses. Once you have selected a location and negotiated an offer, the closing itself carries its own costs. Then there are the monthly expenses. In Westchester County, the average home price is \$617,000, meaning buyers will need at least \$100,000 down if applying for a standard mortgage. That could result in a payment of at least \$3,500 per month with property tax and insurance payments included.

Keep in mind there are programs for some first-time homebuyers that may make it easier to get into that first house. The Veterans Administration, for instance, partners with private lenders to guarantee a portion of [home mortgages](#) for eligible veterans, including no-down-payment provisions. There also are Federal Housing Administration programs for first-time buyers, plus a variety of other incentives.

Conversely, you may want to rent rather than buy. If you decide to rent, you may end up paying a monthly amount similar to that of a mortgage – but you won't need anywhere near as much up-front money to make the move.

Typically, renters can expect to pay at least the first and last month's rent up front, and in some apartments or rental houses can expect to pay the equivalent of another month's rent as a security deposit. The exact amount of the deposit can vary from landlord to landlord and often is contingent on factors such as the applicant's [credit score](#).

Renters also face the question of whether to rent a house or an apartment. That decision may be easier than it seems. If you are raising a family, renting a house could be the better way to go depending on your family's needs.

If you rent a house you have a few options regarding maintenance. You can take care of your yard, driveway and small projects yourself or you can hire gardeners and maintenance personnel to do it for you – or include provisions for upkeep in the lease.

If you purchase an apartment, you probably will be assessed a monthly maintenance fee. If you buy a house it is advisable to determine whether it is part of a subdivision that has a homeowners association, which likely will charge a monthly fee for maintenance such as landscaping, snow plowing and lawn mowing in common areas. If not, set aside some money each month for routine expenses and any work you may need to have done.

There are many ways to achieve the basic life necessity of “shelter,” and make it part of a well-thought-out investment plan at the same time. No matter what you are planning to do, the key is to have just that – a plan. Take into [account](#) all of your needs, determine where you want to live and what type of housing unit or free-standing home would best suit your needs, then build a budget. Know how much you could spend per

month on a mortgage, rent and maintenance fees. Once you have a set number in mind, work with the professionals that know the area and know how to make your money work best for you.

Remember, all options have their benefits and whether investors are just starting out or are downsizing, the experience can provide for future financial growth. The key is knowing your own lifestyle needs and how they fit into your long-term financial portfolio.

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