

ACTIVE ADULT COMMUNITIES: Should You Rent or Buy?

An important decision that you should consider before moving to an active adult community is whether to rent or buy. There are reasons for both: your financial situation, lifestyle, and long-term care needs.



A few areas you might consider when deciding between renting or buying in a 55+ community include:

	Renting	Buying
Initial Costs	No large upfront investment or entrance fees.	Buying can require a significant upfront investment, including a down-payment and closing costs.
Ongoing Expenses	Monthly rent typically includes amenities and services, leading to predictable costs during the term of the lease.	Homeowners are responsible for property taxes, insurance, maintenance, repairs and likely HOA fees.
Longer-term Costs	Rent can increase over time.	Costs of ownership are likely to stay constant unless intentionally changed by the home-owner or HOA. And home-owners may be eligible for tax benefits.
Financial Risk	The primary risk is in the possibility that the ownership of the rental community changes hands, faces insolvency or other issues that might impact its ongoing viability.	Home ownership value can fluctuate with the real estate market. And active adult communities can have a more limited re-sale market because of their narrower age group.
Stability	Stability depends on the lease and the landlord: if the landlord wishes to sell the property, change its use or increase rents, residents may be forced to move or make difficult decisions.	Owned communities are typically managed by a HOA designed to act in the best interest of owners, thereby providing a greater degree of stability.
Flexibility	Renting can make it easier to move if needs or circumstances change.	Ownership can mean less flexibility if a need to move arises.
Freedom and Control	Renovations or improvements are typically disallowed or limited when renting.	Homeowners typically have more freedom to make decisions about their property and renovations.
Community	Rental communities may have a greater turnover of occupancy, resulting in a constant change of residents.	Owning provides a sense of permanence and security with the likelihood of longer tenure for residents.



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