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Buying or Selling a Home



Should you buy or rent a house for your student?

Article #21

(NC) With high school students across the country deciding on their post-secondary education right now, where they will live while at school should play an important part in the decision. Given that more than two-thirds of post-secondary students plan to live away from home during their studies and parents often foot the bill, have you considered how much it will cost?

While many rent, some parents opt to invest by purchasing a home for their kids to live in while away. But when does this option make sense? According to Nicole Wells, vice-president of home equity finance at RBC, there are five questions you should ask yourself when deciding.

1. What is the market like? The conversation will be different depending where the school is located. In a more urban market, prices may be high compared to smaller towns, where you might find a better deal. Is the market volatile or stable? Do your research first.
2. Do I want to be a landlord? If you'll be renting to your kid's roommates as well, make sure you look into the logistics and legalities of being a landlord. Are you prepared to handle the maintenance on the house? What if someone doesn't pay their rent on time?
3. When do I plan to sell? Will you sell as soon as your child finishes school, or continue to rent it out? You may get more value by holding on to it as a rental unit. Being a university town, there likely won't be a shortage of renters.
4. Who will benefit? Is this a short term play, or are you planning ahead for other siblings that might go to the same school? Think about holding onto the property for longer to gain more value and plan ahead.
5. Have I run the numbers? Calculate the break-even point and when you would see profit. Don't forget to include "extras" such as maintenance, repairs, taxes and insurance. You also need to put yourself first and ensure you aren't drawing on retirement savings that might put your future in jeopardy.

Ensure you aren't drawing on retirement savings that might put your future in jeopardy.
Find more information online at rbc.com/home.



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