



RENTING OR CREATING A HOME

Nearly everybody at least once in their lifetime has pondered whether it would be better to buy a place to live in rather than rent. Traditions and government policies meant that in different European countries the number of home owners varied a lot. Especially in the southern countries where buying is much more the norm than in the north. For a lot of people living in rented accommodation, their dream is to buy their own property, and, although finance is an important aspect, the thought of being 'king of your own castle' often helps to pave the way.

To compare the difference between buying and renting you can calculate the future rental payments compared with the probable future value of a property. However these figures can only be based on assumptions, as nobody can predict how future property markets will develop. It is nearly impossible to put into the equation with numbers, the feeling of security you gain by owning a property.

In the end feelings play a big part in the decision to buy a house or flat. The joy of having found a perfect place to live, the sense of security which owning a property provides, and the freedom to design your perfect house is exciting. The best hedge against inflation is to own your home, it is a better way to secure the future. **You have to think of your**

personal situation, realising that the cost of living will rise, which will affect both owners and people who rent properties, however at the end of the day you will have the security of a property that has value, and in most cases will have risen many times above the rate of inflation - a nest egg.

If you consider the security of your future, the idea of building up capital by purchasing a building becomes a very viable and interesting proposition - best to start **thinking today about tomorrow**. Buying is a long term investment, it is no good being upset about the fact that over the years you have paid a lot of money in rent to help someone else maintain their investment. If you buy, once the mortgage is finished, the house is yours and it is something which will appreciate in value which you can leave to your loved ones. Assuming the amount of rent is 500 euros per month over 25 years, including an increase of 2%, you will pay 192.182 euros with no end result. If however you own the property, once the mortgage is paid you are free and clear - the first step into a more satisfying future.

The question "why am I paying rent instead of a mortgage?" is the first step needed to think about buying, once you find your dream house then you can enjoy all the advantages positively—quality of life, independence, safety and security ■