



Who says you have to own a home to live the American dream? Renting can actually be better for your pocketbook and lifestyle.

Before the housing boom went bust this year, homeownership was considered a good investment. But now, with the rash of mortgage foreclosures, renting may be a more attractive option. Here's why.

1. Renting can save money

According to popular myth, renters are just throwing their money away. But the reality is that when you buy a home, you're paying for closing fees, mortgage interest, property taxes, private homeowners' insurance and maintenance — costs that return nothing on your investment. You'd be better off banking that money or putting it into the stock market. In fact, a recent study by Fidelity Investments indicates that stocks provided investors with nearly 4.6% higher average returns in the past 45 years than real estate.



2. Homeowners' tax deductions are overstated

Conventional wisdom says that buying a home saves you money because the mortgage interest is tax-deductible. But a study by the National Multi Housing Council — a national advocacy group representing the interests of large apartment firms in the U.S. -- points out that half of homeowners don't get a break, because even with mortgage interest and property taxes, their total deductions do not exceed the standard federal tax deduction (\$10,900 for couples and \$5,450 for singles).

3. More options are available to renters

With fewer houses and condos selling, more owners are converting their properties into rentals or providing incentives to lure prospective tenants. In condo-heavy cities such as Palm Beach, Fla., for example — where the vacancy rate has jumped 2.5% — investors are undercutting apartment rates to generate interest. "A lot of people are offering three free months to attract renters," says Robert Smith, a real-estate adviser in Orlando, Fla. "And modern apartments offer amenities that may be unaffordable in a new home."

4. Renting gives you flexibility

Buying a home is a big commitment. If you have to move for any reason — say, for work — your property would need to appreciate by at least 10% for you to recover your sales costs, which typically takes about five years. Renting allows you the freedom and mobility you need to find the right job before you tie yourself to a massive home investment.