

# Housing Market Research Guide

Chapter 10.1: Renting vs. Owning - Making Informed Housing Decisions

## About This Guide

This guide will help you research and analyze the rental and housing markets in a location where you might want to live. You'll gather data on both renting and buying options, compare their financial implications, and develop a personalized housing strategy.

## Project Overview

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### Project Description

For this portfolio project, you'll research the rental and housing markets in a location where you might want to live in the future. You'll compare the financial implications of renting versus buying and develop a personalized housing strategy based on your circumstances and goals.

### Learning Objectives

- Research and analyze real housing market data
- Compare the financial implications of renting versus buying in a specific location
- Evaluate how local economic factors affect housing decisions
- Develop a personalized housing strategy based on market research
- Apply critical thinking to complex housing decisions with multiple variables

### Project Components

1. **Location Selection:** Choose a city or area where you might live in the future
2. **Market Research:** Gather data on rental and purchase options
3. **Financial Analysis:** Compare costs of renting vs. buying
4. **Market Trends Analysis:** Research local economic factors affecting the housing market
5. **Personal Strategy:** Develop a housing strategy for this location

## Step 1: Location Selection

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### Choose a Location

Select a city, town, or area where you might want to live in the future. This could be:

- A location where you plan to attend college
- A city where you'd like to work after graduation
- An area where you're considering relocating
- Your current location, if you plan to stay there

### **My Selected Location**

City/Area: \_\_\_\_\_

State: \_\_\_\_\_

Specific Neighborhood(s) (if applicable): \_\_\_\_\_

Reason for selecting this location: \_\_\_\_\_

## **Step 2: Market Research**

### **Rental Market Research**

#### **Research Tips**

Use these resources to research rental options:

- Apartments.com
- Zillow.com (Rentals section)
- Realtor.com (Rentals section)
- Rent.com
- Local property management company websites
- Local newspaper classifieds
- Social media housing groups for the area

### **Rental Data Collection**

Research and record information for at least 3 rental options that would meet your needs:

Property Type	Location	Size (sq ft)	Bedrooms	Bathrooms	Monthly Rent	Utilities Included?	Other Fe

### **Average Rental Costs**

Calculate the following based on your research:

- Average monthly rent for properties that meet your needs: \$\_\_\_\_\_
- Typical security deposit amount: \$\_\_\_\_\_
- Estimated monthly utilities not included in rent: \$\_\_\_\_\_
- Estimated monthly renter's insurance: \$\_\_\_\_\_
- Annual rent increase percentage in this area (if available): \_\_\_\_\_

### **Rental Requirements**

Research typical rental requirements in this location:

- Minimum credit score typically required: \_\_\_\_\_

- Income requirements (e.g., 3x monthly rent): \_\_\_\_\_
- Common lease terms (length, renewal options): \_\_\_\_\_
- Pet policies and deposits: \_\_\_\_\_

**Note**

If you're having trouble finding specific information about rental requirements, contact a local property management company for general information.

## Home Purchase Market Research

### Research Tips

Use these resources to research home purchase options:

- Zillow.com
- Realtor.com
- Redfin.com
- Local real estate agency websites
- County property appraiser websites (for property tax information)
- Local newspaper real estate sections
- HUD.gov (for first-time homebuyer programs)

### Home Purchase Data Collection

Research and record information for at least 3 properties for sale that would meet your needs:

Property Type	Location	Size (sq ft)	Bedrooms	Bathrooms	Listing Price	Year Built	HOA Fe

### Average Home Purchase Costs

Calculate the following based on your research:

- Average price for homes that meet your needs: \$\_\_\_\_\_
- Property tax rate in this area: \_\_\_\_\_
- Estimated annual property taxes: \$\_\_\_\_\_
- Estimated monthly homeowner's insurance: \$\_\_\_\_\_
- Average HOA fees (if applicable): \$\_\_\_\_\_
- Historical appreciation rate in this area (if available): \_\_\_\_\_

### Mortgage Information

Research current mortgage information:

- Current average interest rate for a 30-year fixed mortgage: \_\_\_\_\_
- Typical down payment requirement percentage: \_\_\_\_\_
- Down payment amount needed for average home: \$\_\_\_\_\_
- Estimated closing costs percentage: \_\_\_\_\_
- Closing costs amount for average home: \$\_\_\_\_\_

### First-Time Homebuyer Programs

Research any first-time homebuyer assistance programs available in this location:

- Program name: \_\_\_\_\_
- Benefits offered: \_\_\_\_\_
- Eligibility requirements: \_\_\_\_\_
- Program name: \_\_\_\_\_

- Benefits offered: \_\_\_\_\_
- Eligibility requirements: \_\_\_\_\_

## Step 3: Financial Analysis

### Cost Comparison Calculation

Using the data you've collected, calculate and compare the costs of renting versus buying in your chosen location.

#### Monthly Payment Comparison

Cost Category	Renting	Buying
Base Payment (Rent or Mortgage P&I)	\$	\$
Property Taxes	N/A	\$
Insurance (Renter's or Homeowner's)	\$	\$
Utilities (difference, if any)	\$	\$
HOA/Maintenance Fees	\$	\$
Estimated Maintenance Costs	N/A	\$
<b>Total Monthly Cost</b>	\$	\$

#### Long-Term Cost Comparison

Cost Category	Renting (5 Years)	Buying (5 Years)
Upfront Costs (Security Deposit or Down Payment + Closing)	\$	\$
Monthly Payments (Total for 5 years)	\$	\$
Maintenance and Repairs (Total for 5 years)	\$	\$
Tax Benefits (Mortgage Interest Deduction)	\$0	\$
Property Appreciation (or Rent Increases)	\$	\$
Equity Built (Principal Payments + Appreciation)	\$0	\$
<b>Net Cost After 5 Years</b>	\$	\$

#### Break-Even Analysis

Based on your calculations, at what point (approximately how many years) does buying become more financially advantageous than renting in this location?

Estimated Break-Even Point: \_\_\_\_\_

#### Calculation Help

For mortgage payment calculations, use an online mortgage calculator such as:

- Bankrate Mortgage Calculator: [bankrate.com/calculators/mortgages/mortgage-calculator.aspx](http://bankrate.com/calculators/mortgages/mortgage-calculator.aspx)
- NerdWallet Mortgage Calculator: [nerdwallet.com/mortgages/mortgage-calculator](http://nerdwallet.com/mortgages/mortgage-calculator)

## Step 4: Market Trends Analysis

### Local Housing Market Trends

Research and analyze current trends in your chosen location's housing market:

#### Rental Market Trends

- Rental vacancy rate: \_\_\_\_\_
- Average rent increase over past year: \_\_\_\_\_
- Rental market characterization (tenant's market, landlord's market, balanced):  
\_\_\_\_\_
- New rental developments in the area: \_\_\_\_\_
- Rental market forecast for next 1-3 years: \_\_\_\_\_

#### Home Purchase Market Trends

- Average days on market for homes: \_\_\_\_\_
- Price trends over past year: \_\_\_\_\_
- Market characterization (buyer's market, seller's market, balanced):  
\_\_\_\_\_
- New housing developments in the area: \_\_\_\_\_
- Home price forecast for next 1-3 years: \_\_\_\_\_

#### Local Economic Factors

Research economic factors that might impact the housing market in this location:

- Major employers and industries: \_\_\_\_\_
- Employment growth trends: \_\_\_\_\_
- Population growth trends: \_\_\_\_\_
- Planned infrastructure or development projects: \_\_\_\_\_
- Any significant local economic challenges: \_\_\_\_\_

#### Research Resources

Use these resources to find market trends information:

- Zillow Research: [zillow.com/research](https://www.zillow.com/research)
- Realtor.com Market Trends: [realtor.com/research](https://www.realtor.com/research)
- Local real estate board monthly reports
- Local chamber of commerce economic reports
- Local newspaper business section
- City/county economic development websites

## Step 5: Personal Housing Strategy

### Personalized Housing Strategy

Based on your research and analysis, develop a personalized housing strategy for this location.

#### Current Personal Financial Situation

Briefly describe your current or expected future financial situation as it relates to housing in this location:

- Expected income level: \_\_\_\_\_
- Savings available for housing: \_\_\_\_\_
- Expected credit score range: \_\_\_\_\_
- Debt obligations: \_\_\_\_\_
- Financial goals beyond housing: \_\_\_\_\_

#### Personal Housing Priorities

List your top 3-5 housing priorities for this location:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

#### Recommendation and Rationale

Based on your research and analysis, would renting or buying be more advantageous for you in this location?

Explain your reasoning, considering both financial and non-financial factors:

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#### Short-term Housing Plan (1-2 years)

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#### Medium-term Housing Plan (3-5 years)

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#### Financial Preparation Steps

List specific financial steps you would need to take to prepare for your housing plan in this location:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

## Project Submission Guidelines

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### Final Report Components

Your final Housing Market Analysis report should include:

1. **Introduction:** Description of your chosen location and why you selected it
2. **Market Research:** Summary of your rental and purchase market findings
3. **Financial Analysis:** Detailed cost comparison between renting and buying
4. **Market Trends:** Analysis of local housing market conditions and economic factors
5. **Personal Strategy:** Your recommended housing approach with rationale
6. **References:** Sources used for your research
7. **Appendices:** Data tables, calculations, and additional information

### Format

- 1-2 page analysis of whether renting or buying would be more advantageous
- Supporting data tables and calculations
- Clear explanation of your reasoning
- Personal housing strategy with specific financial targets and timeline

### Evaluation Criteria

- Thoroughness of market research for both rental and purchase options
- Accuracy of financial calculations comparing renting vs. buying
- Quality of analysis regarding local market trends and conditions
- Appropriateness of housing recommendations based on personal circumstances
- Integration of concepts from both Day 1 and Day 2 learning