

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

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

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

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

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	\$
Total Monthly Cost	\$	\$

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	\$
Net Cost After 5 Years	\$	\$

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

Short-term Housing Plan (1-2 years)

Medium-term Housing Plan (3-5 years)

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

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