Rent vs. Buy Calculator

A Quick How-To Guide

This calculator compares the total cost of renting versus buying a home over the time you expect to stay in it. Fill in the fields below, review your result, then test a few different scenarios to see how sensitive the answer is.

[Access the calculator here.]

Step 1 — Enter the Basics

- **Monthly Rent:** what you do pay or would pay to rent a comparable home today
- **Security Deposit:** typically 1 month's rent
- **Expanded Menu:** Renter's insurance monthly $150 is a good estimate
- **Home Price:** the purchase price of the home you are considering
- **Down Payment:** entered as a percentage or dollar amount (physician loans are 0% down)
- **Mortgage Rate:** physician loans have higher interest rates typically between 7.875%-8.5% for 30 year term (ARMs available)
- **Mortgage Term:** your expected loan length (e.g., ARM, 15 years, 30 years)
- **Years You Plan to Stay:** the single most important input — it drives the whole comparison
- **Click Show Options**

Step 2 — Add the Fixed and Recurring Costs

- **Closing Costs:** 5% is a good estimate
- **Property Tax:** 1% is a good estimate
- **Homeowner's Insurance:** 0.50% is a good estimate
- **Private Mortgage Insurance:** $0 for physician loans
- **Utility Costs:** this will depend on your services but $300-$600 per month is a good estimate
- **Home Repairs & Maintenance:** ongoing ownership costs, usually estimated as 1% of home value per year
- **HOA Dues:** if applicable, it will show on the Zillow/MLS listing
- **Selling Costs:** 7.5% is a good estimate for realtor and title fees
- **Home Appreciation (yearly):** 4-5% in metro areas

Step 3 — Set the Advanced Assumptions

- **Annual Rate of Return (default 7%):** what your down payment or monthly savings could earn if invested instead of put into the home
- **Marginal Tax Rate (default 22%):** your income tax bracket, used to estimate mortgage-interest deduction savings
- **Capital Gains Tax Rate (default 15%):** tax on investment growth or home-sale profit above the exclusion
- **General Inflation Rate (default 3%):** used to grow costs like maintenance and insurance over time

Step 4 — Read the Result

The calculator will show a total cost comparison and often a breakeven point — the number of years you'd need to stay before buying becomes cheaper than renting. If you plan to stay past that point, buying tends to win; if you'll likely move sooner, renting is usually the safer bet.

Step 5 — Stress-Test It

Run the numbers more than once. Try a lower rate of return, a shorter time horizon, or no tax deduction benefit, and see whether the recommendation holds up. A result that only works under optimistic assumptions is worth a second look.

This tool provides directional estimates only and is not investment or tax advice. For guidance specific to your situation, talk with a qualified lender (me) or tax professional.

Ashley McKown
Mortgage Advisor, Edge Home Finance
NMLS #2750531

I specialize in physician home loans and relocation financing for medical professionals at every stage of their career.

- 📞 *248-622-3565*
- ✉️ *ashley.mckown@edgehomefinance.com*
- 🌐 *ashleymckownmortgage.com*