

Five myths about apartment renting

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During the past 15 years, we've witnessed a growing number of individuals and families who are choosing to rent - not as an alternative to homeownership, but as the preferred option. Nonetheless, some prevailing stereotypes continue to position renting as a "second choice" to homeownership.

Whether you're a longtime renter or considering renting for the first time, it's helpful to understand what modern-day renting looks like in the United States. That way, you can address any questions or doubts you might have and determine whether renting is the right choice for you.

Here are a few persistent myths about renting - and the truth behind them:

Myth No. 1: Renting is just "throwing money away."

This is one of the most common generalizations about renting, but sweeping statements like this beg the questions: How do you define value? What do you consider a worthwhile investment?

It's important to remember that the answers to these questions vary from person to person, depending on their lifestyle, stage of life and priorities. For some, a smart investment might mean a property that they can call their own and sell in the future or pass on to their children. But for others, it may mean convenience, access to premium amenities and maintenance-free living. It may mean the flexibility to change jobs, explore new cities, have a shorter commute, save money for travel or a variety of other benefits that renting offers.

When you purchase a home, there's always a risk that market forces could decrease the value of your home and you could either lose money when you sell or be forced to wait. For some, the freedom to move without being tied down is considered a value-add. And for those worried about building

credit - as renting becomes more popular, more banks and lenders will consider your rent statements a testament to your credit profile.

Myth No. 2: Renting is expensive because property owners operate on high-profit margins.

Another prevailing stereotype is that rents are arbitrarily high to fund large profit margins for apartment operators. In reality, the rental housing industry is a small-margin business and rents are set to cover critical operating costs.

For every \$1 of rent, 38 cents covers the mortgage; 14 cents covers property taxes; 16 cents covers operating expenses, such as insurance, utilities and ongoing maintenance; 12 cents covers capital expenditures that ensure quality housing; and 10 cents covers payroll, providing essential jobs to communities. From there, only 10 cents is left for profit, which in some instances is further distributed to investors like public pension funds and retirement accounts.

Understanding where your rent is really going can provide a helpful perspective as you evaluate your options.

Myth No. 3: Renting is a hassle.

For some, renting might seem like an unstable and risky option. What if you don't like the apartment you choose and find yourself moving only a few months later? What if your personal or employment situation changes and you need to find a place better suited to your needs?

The reality is, whether you rent or buy, you will have similar concerns. But renting offers flexibility to accommodate life changes without the hassle of having to sell or rent out a property you own. There are also many aspects of renting that can alleviate common stressors, like not being worried about fixing a plumbing issue, being hit with an unexpected repair, or having to mow your lawn.

For individuals or families with a busy lifestyle, the right community can also cut down on time and money spent going to a private gym, paying for a pool club membership or cleaning and maintaining a home where everything, including repairs, is your responsibility.

Myth No. 4: Renting means less space and variety.

What's the first image that pops into your mind when you think about renting? It's probably something like a five-floor walk-up or a high-rise apartment building. And while those types of apartments exist, there's more variety on the market than you may realize.

For starters, even your "standard" apartment community offers a certain level of choice - urban or suburban; high-tech amenities or the basics; a community that's buzzing with activity; or a neighborhood that boasts peace and quiet.

Beyond that, there are studio apartments, single-family rentals, duplexes, micro-apartments for minimalist living, modern designs with high-tech amenities, transit-oriented developments, waterfront communities, properties that offer concierge services, pet-friendly options, family-friendly options and much more. Choice and customization are hallmarks of the industry - it's all about finding the right fit for you.

Myth No. 5: Homeownership is the American Dream; renting is a backup option.

According to the U.S. Census Bureau, between 2008 and 2018, the number of renters nationwide increased by 16.4 million. During that same time, the number of homeowners increased by only 6.8 million.

Renting is no longer the backup option - it's becoming an intentional lifestyle choice. From millennials who want flexibility to change jobs and live in the center of the action, to baby boomers who want maintenance-free living and a sense of community, to Gen Zers exploring their options, apartment living offers many benefits.

Ultimately, the American Dream is about the freedom to invest in and create your own path. Whether that looks like homeownership or renting - that's up to you.

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