

BUY OR RENT A HOME?

Introduction

This question asks you to combine writing and thinking skills. These include making an argument and explaining your idea with reasons and numbers.

Your task is to answer this question: Is it better to buy an apartment or rent?

Your analysis will include (at least) three sections.

- A summary of the advantages and disadvantages of **buying** an apartment.
- A summary of the advantages and disadvantages of **renting** an apartment.
- Your recommendation, with an argument and reasons.

There are many factors to consider. Money is important, but it's not the only thing.

Assumptions

Here are the main assumptions and some numbers to help with the analysis.

- Jack and Jill are in their early thirties. They are married with no children. They each have a full time job.
- Their combined monthly net income is 3.3 million won.
- They have a total of 80,000,000 won in cash and no debt.
- They want to move to an apartment. It's not very close to the subway, shopping or schools.
- Apartment purchase price: 300,000,000 won. It has 3 bedrooms is 11 years old.

If they buy, they will use 80 million won as a down payment and borrow the rest of the money from the bank. Each month they would pay 800,000 won in interest.

If they rent, they will use the 80 million won as a deposit and sign a two-year contract. Plus, they will need to pay 600,000 won per month for rent.

Budget

Their monthly budget is 1.7 million won. That does not include savings. These are **minimum** expenses.

1. Food - 600,000
2. Utilities, phone, and maintenance - 300,000
3. Car and transportation - 200,000
4. Entertainment - 100,000
5. Medical insurance - 300,000
6. Other - 200,000