

Buy or rent?

When you come to the Netherlands as an expatriate, you'll have to decide where you want to live. One of the most important questions you'll have to ask yourself is: do I want to rent or buy a property in the Netherlands? Both renting and buying have their advantages and disadvantages. If you rent a property, you don't have to worry about maintenance, because this is the land lords' responsibility. If you buy a property, you can adjust the house to your own wishes and get several tax deductions. The question isn't easy to answer and therefore we have made an overview of the advantages and disadvantages of both renting and buying.

Renting

As your stay in the Netherlands is most probably temporary, you might think renting a property is your best option. The advantages of renting a property instead of buying are:

- Normally, the monthly rent is fixed;
- You don't have to worry about the additional cost, because maintenance and repairs are the land lord's responsibility;
- Usually, lease contracts can be ended quickly, taking into account a notice period of 1-2 month(s); and
- You don't have the risk of property devaluation.

Yet renting not only has advantages. There are also some disadvantages you should consider while you're making your choice. These are:

- The rent you are paying each month is not tax deductible;
- You can't benefit from the possible increase of value of the property;
- Because you don't own the house it's not always possible to adjust the house completely to your own wishes;
- There are fewer houses to choose from; and
- Normally, the rent is raised on a yearly basis.

Buying

Although you might not think of it at first, buying can be very profitable as well, even if your stay in the Netherlands is only temporary. The advantages of buying a property for expats are:

- Buying a home offers several tax deductions:
 - Monthly interest payments are tax deductible;
 - Notary costs for registering the mortgage are deductible in the year you buy your property;
 - The closing fee the bank counts for your mortgage is deductible;
 - The cost of the valuation of the property are tax deductible;
- You can benefit from the increase of the value of your property;
- The increase of the value of your property is tax free;
- Interest rates can be fixed for an agreed amount of time (you can choose between mortgages with fixed or variable interest rates);
- Pride of ownership. Because you own the property you can adjust it completely to your own wishes;
- If you rent it out after you leave the Netherlands, the received rent is tax free;
- There are a lot of houses available on the market if you want to buy; and
- Buying a property is an investment.

As commonly known in the Netherlands: every advantage has its disadvantage. The disadvantages of buying / owning your own property are:

- You are obliged to pay tax on the "deemed rental value";
- Maintenance and repairs are your own responsibility, this can lead to extra costs;
- As there are several additional costs when you buy a property, you should at least live in it for 2-5 years; and
- You take the risk of devaluation of the property.

Taking the above mentioned advantages and disadvantages into account you should be able to make a proper decision to answer the question: Do I want to rent or buy a property in the Netherlands? On request we can help you make a decision that suits your personal situation best. Just fill in the contact form for more information.

***The property selection
for expats!***