

THE 10-YEAR RENT VS. BUY WEALTH STUDY

**WHAT CONSUMERS SHOULD KNOW ABOUT
THE TWO MODELS**

Introduction

AD Mortgage conducted this nationwide study to compare two long-term financial paths for someone who already has enough cash for a down payment: buying a home today or continuing to rent a similar home while investing that capital instead. The goal was to move beyond the usual monthly payment debate and test what each path may look like over a 10-year horizon.

At a time when renting often feels easier in the short term, the more important question is what happens over time. In some markets, buying may still build substantially more wealth. In others, renting and investing the difference may be the stronger financial strategy. This study was designed to show where those lines are starting to separate.

“Our goal with this study is to provide a clear, data-backed perspective on one of the most important financial decisions consumers face,” said **Max Slyusarchuk , CEO at AD Mortgage**. “By analyzing long-term outcomes, we aim to support more informed conversations between borrowers and mortgage professionals.”

What the study examines

This is a scenario-based comparison of two 10-year financial strategies for consumers who already have enough cash for a down payment (previously, we also analyzed how much time is needed to save for a down payment, along with lists of the [most](#) and [least](#) affordable cities across the country). To create a consistent nationwide sample, AD Mortgage selected the five most populous incorporated cities in each U.S. state, resulting in a dataset of 250 cities across all 50 states.

The study compares two paths:

1. Buying a home today using a standardized ownership model
2. Renting a similar home and investing the money that would have been used for a down payment, plus any additional monthly savings from renting instead of owning

This is not a prediction of future performance, but a scenario-based framework for comparing two financial strategies under standardized assumptions.

Scenario 1: Buy a home

In the homeownership scenario, the buyer purchases a home using a 20% down payment and finances the remaining balance with a 30-year fixed-rate mortgage at 6.11%.

Scenario 2: Rent and invest

In the renter scenario, the person does not use the down payment to buy a home. Instead, that capital is invested in.

The model estimates:

- the buyer's monthly housing cost
- the remaining mortgage balance after 10 years
- the home's projected value after 10 years
- the amount of equity the buyer may hold at the end of that period

In simple terms, this scenario shows what homeownership could look like over the next decade if a buyer purchases today and stays in the home for 10 years.

The analysis tests two renter paths:

1. Down payment only investment
The renter invests only the amount that would otherwise have gone toward the down payment.
2. Down payment plus monthly savings investment
The renter invests both the down payment and any monthly savings created when renting costs less than buying.

This scenario is designed to give renting a stronger long-term financial comparison, rather than assuming the renter simply spends the difference.

Methodology

All source data was pulled on March 17, 2026, and reflects market conditions at that time.

The study uses current city-level home values and rents, a national mortgage-rate assumption, state-level home-price growth assumptions, and a long-term stock-market benchmark to build standardized 10-year comparisons across 250 cities.

To create a consistent nationwide sample, AD Mortgage selected the five most populous incorporated cities in each U.S. state. This approach ensures geographical balance and comparability across states, focusing on high-density housing markets where rental and ownership dynamics are most representative of active conditions. Cities are not weighted by population beyond the initial selection.

A few notes are important:

- Home values are based on [Zillow Home Value Index](#) data at the city level
- Rents are based on [Zillow rent data](#) at the city level
- The mortgage-rate assumption is based on [Freddie Mac's Primary Mortgage Market Survey \(PMMS\)](#). The model uses a 30-year fixed mortgage rate of **6.11%**, current as of March 17, 2026
- Projected future home values are based on state-level [House Price Index \(HPI\)](#) growth over the last 10 years
- The ownership model includes a simplified annual housing-cost assumption equal to **2.5%** of home value to reflect taxes, insurance, and maintenance
- Homeowner equity after 10 years is calculated as: projected future home value – remaining loan balance
- The renter-investment scenario is based on the S&P 500 total return index. The model uses a compound annual growth rate (CAGR) of **10.35%**, calculated from

the past 30 years of index performance, and applies it as a constant assumption over the 10-year horizon. This approach represents a simplified growth model and assumes reinvestment of returns over time.

- The study compares modeled outcomes under fixed assumptions and is not personal financial advice.

City	Typical Home Values	Typical Monthly Rent	Monthly Mortgage Payment	Monthly Ownership Overhead	Total Monthly Ownership Cost	Monthly Gap vs Rent	Projected Home Price Growth 10Y	Equity After 10Y	Value of Investing Down Payment Instead of Buying (S&P 500, 10Y)	Total Investment from Down Payment and Rent Savings (S&P 500, 10Y)	Equity Advantage (Buying - DP Only Investment, 10Y)	Equity Advantage (Buying - Renter Investment, 10Y)
1. Alabama												
Huntsville, AL	\$283,226	\$1,320	\$1,375	\$590	\$1,965	\$645	77%	\$311,140	\$151,665	\$293,476	\$159,475	\$17,664
Mobile, AL	\$191,840	\$1,264	\$931	\$400	\$1,331	\$67		\$210,747	\$102,729	\$121,470	\$108,018	\$89,277
Birmingham, AL	\$134,655	\$1,309	\$653	\$281	\$934	-\$375		\$147,926	\$72,107		\$75,820	
Montgomery, AL	\$147,533	\$1,317	\$716	\$307	\$1,023	-\$294		\$162,074	\$79,003		\$83,071	
Tuscaloosa, AL	\$227,726	\$1,490	\$1,105	\$474	\$1,580	\$90		\$250,170	\$121,946	\$146,376	\$128,225	\$103,794

A full calculation table is available via link: <https://admortgage.com/wp-content/uploads/The-10-Year-Rent-vs-Buy-Wealth-Study-table.pdf>

Key findings

1. When renters invest the down payment and let it compound, buying wins in every city analyzed

In every market in the study, the buyer ends the 10-year period with more housing wealth than the renter builds through investing the down payment alone.

That result makes sense. A homeowner is not only putting money into the property upfront. Over time, they may also benefit from home-price growth, while each mortgage payment can increase their share of the home.

Buying wins in all 250 cities vs. down-payment-only investing



That helps explain why buying still comes out ahead even in high-cost markets. In cities such as **San Jose, CA**, **San Francisco, CA**, and **Kailua, HI**, buying remains ahead of the down-payment-only investment scenario despite very high housing costs.

Top 5 cities where buying delivers the largest 10-year advantage over investing the down payment:

1. Bellevue, WA — \$1,549,171
2. San Jose, CA — \$995,237
3. San Francisco, CA — \$900,451
4. Seattle, WA — \$885,426
5. Kailua, HI — \$858,277

2. Even when renters invest both the down payment and their monthly savings, **buying still wins in nearly 80% of cities**

The study then tests a much stronger renter strategy. Instead of assuming renters only invest the down payment, this version assumes they also invest the monthly savings created when renting costs less than buying.

Even under that tougher comparison, **buying still comes out ahead in 199 of the 250 cities analyzed** — nearly 80% of the total sample. Renting plus investing comes out ahead in 51 cities.

This matters because it gives renting a much stronger financial case. Rather than assuming rent is simply “money thrown away,” the model assumes renters invest both their upfront capital and the monthly cost difference over time.

Even then, ownership still holds an advantage in most markets.

Buying wins in 199 cities / Rent + invest wins in 51 cities



The cities where renting plus investing performs best are concentrated in some of the country’s most expensive housing markets, including **Kailua, HI, San Jose, CA, Pearl City, HI, Arlington, VA, and San Francisco, CA**. In these markets, the monthly premium for buying can become large enough for a disciplined renter-investor to come out ahead over 10 years.

Still, those cities are the exception, not the rule. Across the broader dataset, the buy-versus-rent equation remains tilted toward ownership even when renters are modeled as disciplined long-term investors.

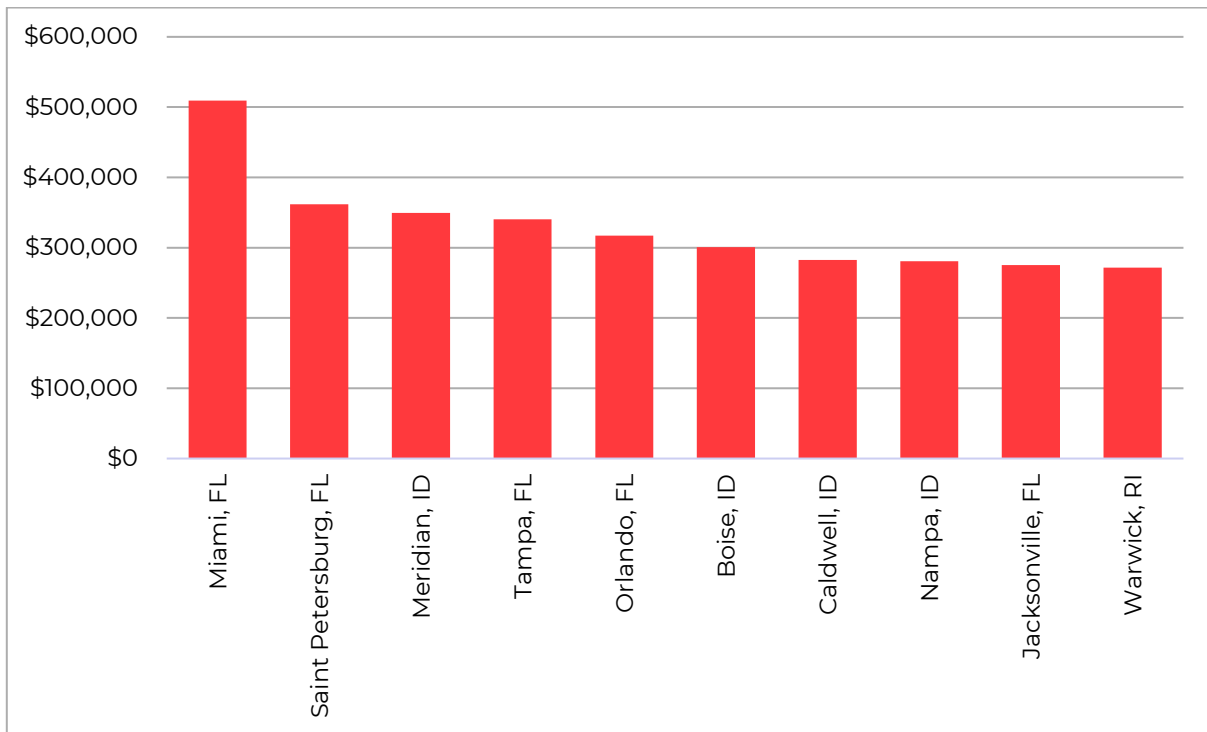
Notable takeaways

1. Florida and Idaho stand out as markets where homeownership outperforms renting plus investing

Among the strongest cities for buying relative to renting plus investing are:

- Miami, FL — about \$510K
- Saint Petersburg, FL — about \$360K
- Meridian, ID — about \$350K
- Tampa, FL — about \$340K
- Orlando, FL — about \$317K

Florida dominates the top of the ranking, while Idaho stands out as a strong secondary cluster.



Shows the top 10 cities where buying delivers the strongest 10-year advantage over renting and investing

2. Some of the country’s least accessible housing markets are also where buying loses most over 10 years

The cities where buying underperforms most relative to renting plus investing are concentrated in some of the country’s most expensive housing markets, including **Kailua, HI, San Jose, CA, Pearl City, HI, Honolulu, HI, and San Diego, CA.**

That pattern also aligns with AD Mortgage’s earlier [U.S. Down Payment Affordability: Top 10 Least Accessible Cities, 2025](#) research. Several of these same markets ranked among the hardest places in the country to save for a down payment, reinforcing a broader point: the markets with the highest barriers to entry are often also the places where buying is hardest to justify over a 10-year horizon.

3. The study also identifies 26 markets where buying wins in every scenario — even on a monthly basis

In 26 markets, buying is already cheaper than renting on a monthly basis. That means the renter does not generate any monthly savings to invest in the first place, making ownership the stronger result not just over 10 years, but also in the month-to-month housing-cost comparison.

These cities represent the strongest ownership case in the study: markets where buying does not require a monthly affordability sacrifice and still provides the long-term wealth-building benefits of leverage, appreciation, and principal paydown.

Cities where buying is cheaper than renting on a monthly basis

1. Birmingham, AL (\$375)
2. Montgomery, AL (\$294)
3. Hartford, CT (\$179)
4. Richmond County, GA (\$59)
5. Columbus, GA (\$37)
6. Macon-Bibb County, GA (\$46)
7. Chicago, IL (\$125)
8. Aurora, IL (\$76)
9. South Bend, IN (\$38)
10. Covington, KY (\$12)
11. Shreveport, LA (\$237)
12. Baltimore, MD (\$407)
13. Detroit, MI (\$799)
14. Jackson, MS (\$686)
15. Gulfport, MS (\$78)
16. Saint Louis, MO (\$78)
17. Roswell, NM (\$48)
18. Cleveland, OH (\$556)
19. Toledo, OH (\$184)
20. Akron, OH (\$202)
21. Philadelphia, PA (\$143)
22. Memphis, TN (\$243)
23. Rutland City, VT (\$122)
24. Bennington, VT (\$198)
25. Charleston, WV (\$94)
26. Huntington, WV (\$18)

Closing note

This study is a scenario-based comparison built on standardized assumptions. It is intended to show how long-term outcomes may differ across markets, not to serve as personal financial advice or a prediction of future investment or housing-market performance.