

# Condo or House ~ Which is right for YOU?

*Deciding what home type is your best fit? Our friends at The Housing Block break down the pros and cons of condo living vs. a detached home.*

Should I purchase a condo or a detached house? It's a common dilemma faced by buyers without a simple one-size-fits-all answer. The difference between a house and condo extends beyond the lack of a yard; the decision about the type of home depends on both your lifestyle and your finances. Here are a few key differences between the two property types to help you decide which is right for you.

## Consider the Resale Value

If you're looking for a good long-term investment, it's hard to argue with the value of a detached house. Detached houses remain in high demand in red hot [real estate](#) markets like Toronto and Vancouver.

Why are detached houses so coveted? It all comes down to supply and demand. In major urban centres, it's a lot easier to build upward for a condo building than it is find vacant land to build new detached houses. With detached houses in short supply, they typically see the highest price appreciation long-term. Multiple offers are also a lot more common – good news for sellers, but not so good news for buyers.

While Canadian homes continue to appreciate in value, condo values decline. Since they're seen as commodities, experts say [their values tend to peak within the first 10 years](#). “As the condo ages, the unit becomes less attractive and under performs compared to newer buildings,” says Toronto realtor Andrew LaFleur.

Not only that, but you have to consider that all of the condos around you have the same value, so there's really no way to make yours stand out when it comes time to sell. Let's face it; you don't hear many condo-flipping stories where the owner made off with a fortune.

## Will You Be House Poor?

Have you ever heard the term “house poor”? It's when all your money is invested in your home. A home is an illiquid asset – if you run into financial difficulty, you could be forced to sell. If a detached house is at the very top of your budget, a condo can be a more affordable option. Rather than buying a home you'll grow into, you can purchase a condo for the next five years and beyond, and move into a house when you're ready.

## Consider the Carrying Costs

A home isn't just a one-time investment – there are plenty of ongoing expenses you should budget for. When you own a house, you'll need to budget for utilities, including heating, hydro, and water, which can fluctuate monthly. There are also the major capital expenses of owning a house, including a new roof, windows, and furnace.

With a condo, budgeting is a lot easier – typically, all you’ll need to worry about are your condo fees. Condo fees remain the same month to month; you’ll usually receive a notice once a year about any increases. Just because condo fees are simpler, however, doesn’t mean they don’t matter. When shopping for condos, it’s important to find out each property’s condo fees and what’s included. For example, some condo fees include all your utilities and cable, while others may have you paying hydro on top of everything else.

## The Cost of Insurance Coverage

Home insurance is a must whether you own a house or condo. Not only is your home most likely your most valuable asset, most lenders won’t approve your mortgage until you have insurance coverage. Home insurance costs can differ depending on the type of property you purchase.

Not surprisingly, home insurance is typically higher for detached houses, since houses face greater weather-related risks. The good news is if you live in a condo, your fees most likely already cover damage caused by flooding and fire. Your insurance premiums should be a lot cheaper, as you’ll only need coverage for your contents.

## The Difference In Closing Costs

A common mistake for first time-home buyers is forgetting to budget for **closing costs**. Closing costs are anything but a drop in the bucket – they typically add up to between 1.5 per cent four per cent on the purchase price of your property. Condos and detached homes share a lot of the same closing costs, including home inspection, legal fees and land transfer taxes.

An additional closing cost condo buyers face is the **status certificate**. When you purchase a condo, you’re not just buying a single unit, you’re buying into a building run by a condo board responsible for managing shared expenses. You’ll want to know where the reserve fund stands – a low reserve fund could indicate your condo fees may be on the rise in the near future. It’s important to have your real estate lawyer review the status certificate to ensure the condo is in good financial shape.

## Will It Fit Your Lifestyle?

Your choice shouldn’t just come down to dollars and cents. It’s important to consider how well your lifestyle is suited for each property type. For example, if you have children, you may want a detached home with a yard. But be prepared for the additional responsibilities like shoveling the driveway and mowing the lawn. If you’re looking for a low maintenance solution, nothing beats the comfort and safety of a condo.

*Originally published by The Housing Block*