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In San Francisco, it's often best to rent, according to CBS MoneyWatch.

With the help of data compiled by Rent.com, CBS MoneyWatch worked out the five best cities for renting instead of owning a property and found that San Francisco was at the top of the list. The tool used was a "rent ratio" devised by Rent.com that takes the purchase price of a home and divides it by the annual rent of a home of similar size, shape and amenities, located in the same neighborhood.

Thus, in a market

where a three-bedroom home costs \$500,000 to buy but \$24,000 per year to rent, the rent ratio is 21.

San Francisco's rent ratio is 37.

According to the report, it can cost twice as much to own in San Francisco as it does to rent.

"It varies by neighborhood, but renting could be a much better decision financially than buying," said Peggy Abkemeier, CEO of Rent.com.

The tipping point is considered to be around 15.

"If the rent ratio is 15



Paul Sakuma / Associated Press 2006

or below, it makes more sense to buy a home rather than rent from a purely financial perspective," she said. "The higher the ratio, the higher a housing price spike is needed in future

years to justify the purchase price."

The next four cities where it can work out better to rent are New York, Honolulu, Tucson and Los Angeles.

— Tracey Taylor