

Rent or Buy?

You need a calculator

a classmate

mode	the number that appears most often in a set of data
median	the number that comes in the middle of a set of numbers when they are arranged in order
mean	the sum of the numbers divided by the number of numbers (sometimes called the average)

Activity One

Melissa’s mum is considering whether to buy a house in Central Taurapa, Normandy, or Fitzherbert. Melissa finds some house prices for each area in the newspaper and lists them in a table:

Central Taurapa	Normandy	Fitzherbert
\$200,000	\$150,000	\$78,000
\$344,000	\$207,000	\$125,000
\$250,000	\$160,000	\$1,400,000
\$355,000	\$230,000	\$69,000
\$293,000	\$225,000	\$89,000

1.
 - a. Work out the mean price and the median price for each area.
 - b. Which area has the highest mean price?
 - c. Which area has the highest median price?
 - d. Do you think the mean price or the median price gives a more accurate impression of house prices in an area? Why?
2. Melissa finds a 2-year-old newspaper with these house prices:

Central Taurapa	Normandy	Fitzherbert
\$214,000	\$175,000	\$78,000
\$373,000	\$119,000	\$125,000
\$251,000	\$92,000	\$1,283,000
\$374,000	\$200,000	\$71,000
\$293,000	\$125,000	\$90,000
\$295,000	\$120,000	\$159,000

- a. Work out the mean and median prices.
 - b. Which area’s prices have increased the most in the last 2 years:
 - i. by mean?
 - ii. by median?
3. Melissa’s mum wants to buy a house that is likely to increase in value. What would be the best area for her to buy in?



Activity Two

Melissa finds out the weekly rents for 10 different properties in Normandy:

Weekly rents for houses in Normandy									
\$300	\$270	\$320	\$200	\$270	\$270	\$200	\$240	\$260	\$270

- Work out the mean rent in Normandy.
 - What is the most common rent (the mode)?
- Melissa gathers information about the house that they are thinking of buying. She makes this table:

Owning a house in Normandy	Cost	Working
Repayments on mortgage	\$800 per month	
Rates	\$195 per 2 months	
Maintenance	\$1,000 per year	
Insurance	\$450 per year	
Yearly cost of owning a house		

- Copy and complete Melissa's table.
 - Work out whether renting or buying a house in Normandy is cheaper.
3. On the day that Melissa's mum has to decide whether to make an offer on the house, interest rates go up, and so the cost of mortgage repayments rises to \$870 a month. At the same time, Normandy rates rise to \$1,560 per year. Is it now cheaper to rent or to buy a house in Normandy?

Maybe it's cheaper to rent a house than buy one.



Melissa's mum

Investigation

- Find out how much it costs to rent and how much it costs to buy a 3-bedroom house in your area.
Tell your classmate five good reasons for renting a house. Get your classmate to give you five good reasons for buying a house.

