

## Transcript

### The True Cost Of Moving To A New Place

So in another video, we figured out roughly what we thought we could pay per month for a place after putting together our additional expenses. So, let's stick with these figures which were based on a \$1,000 budget from which we subtracted \$225 for general housing expenses leaving us with \$775 for rent.

But when you're looking at getting a new place, there are also a variety of one-time move-in costs to take into consideration. Keep in mind that in this example, we're going through all the potential costs you might encounter, so it's likely that some of these might not apply to your situation.

Before you've even gotten a place, you may have to apply for the apartment. Most landlords will want to do a background and credit check. Credit checks aren't uncommon — you'll need to get them any time someone wants to see how financially responsible you are. And they usually cost around \$50.

They might also want to see copies of recent pay stubs, a letter of employment from your work place, and proof of any assets you might have, like a savings account.

Once the landlord approves your application, they'll probably want you to commit to a lease that can be anywhere from six months to two years long—and they often ask for the first and last month's rent up front. Why do they need the last month? It assures the landlord that you won't leave abruptly without paying before the end of your lease. If you do, at least they're covered for a month to clean the space and find a new tenant.

So if this rental is \$775, first and last month's rent is going to equal \$1,150.

Some landlords will also ask for a security deposit equal to a month's rent on top of that. This deposit is to ensure that you'll leave the space in the condition that you found it. If you leave the place undamaged, you should get this deposit back when you move out.

So that's another \$775 for the security deposit.

Now you may be able to find the place on your own, but if you need help, especially in an area where the housing market is competitive, you might want to work with a real estate agent, which may mean that you'll need to pay the real estate agent's commission. This can be ten percent of the annual rent, but it can be negotiable.

So 10 percent of the annual rent is going to be \$775 times 12 months, that's \$9,300. Ten percent of that will be \$9,300 times 0.1, which is 930.

And, when we look at this all together, it looks like we've got a total of \$3,305 that you'd have to pay up front before you even move in.

Now that's not all, we also need to take into consideration the cost of moving.

If you're moving across town and have a few friends who are willing to work for pizza, you could be looking at just a hundred-dollar truck rental for the day. But, if you're hiring movers to load and move your stuff, it'll be more. Most movers' fees are based on the distance you're moving and the weight of your items. So if you're moving far away (and have a lot of stuff), you could pay as much as \$2,500. Many moving companies offer free estimators on their websites, which you can look at to compare costs when figuring out what might work best for you.

As you can see, in this example, you'll want to have saved up some money well before you start looking for a place. But depending on where you'll be renting, your move-in costs will differ... And though this may seem like a lot, your own move-in costs may not be so high.

But, you may look at your move-in costs and what you've got saved and decide you want to look at cheaper rentals to offset some of those initial costs. Whatever the case, by doing some research, figuring out your monthly budget for a rental...and what you'll need to have saved up just to move in, you'll be better prepared to choose a place based on your own budget.