Sell, Rent, or Hold

The three path worksheet for Singapore condo owners

Most owners get this decision wrong because they compare the wrong numbers. The sale price and the monthly rent are not the same kind of number. Compare net with net, then ask what the money will actually do next.

PATH A SELL

What actually reaches you, after everything comes off

Estimated sale price	S$
Less outstanding loan	S$
Less agent fee and legal costs *Typically around 2 percent plus legal*	S$
Less CPF refund *Principal plus accrued interest. This returns to CPF, not to your bank account*	S$
CASH IN HAND	S$
TOTAL NET PROCEEDS (cash plus CPF)	S$
Expected return on those proceeds a year *Only count what the money will realistically earn in its next use*	S$

PATH B RENT IT OUT

Gross rent is not income. This is what is left.

Gross rent a year *Monthly rent times twelve*	S$
Less vacancy *Two weeks a year is a realistic starting assumption*	S$
Less maintenance and property tax	S$
Less letting agent fee and repairs budget	S$
Less income tax on the rent *Confirm your rate with a tax adviser*	S$
NET RENT A YEAR	S$
Equity tied up (value less loan)	S$

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Page two: the hold path, the comparison, and the questions that decide it

PATH C HOLD, NO TENANT

No income, so the whole case rests on capital growth

Equity tied up in the property	S$
Income produced a year *This one is zero. That is the point.*	S$
Capital growth needed a year to match the better of A or B *Take the better annual figure from A or B, divide by the property value*	%

PUT THEM SIDE BY SIDE

Path A, sell and redeploy	S$ .... a year
Path B, rent it out	S$ .... a year
Path C, hold with no tenant	S$ 0 a year, plus .... percent growth needed

THE HALF THE NUMBERS CANNOT ANSWER

If the two live paths land within about ten percent of each other, the numbers are not deciding this. These five questions are.

1. If you sell, where does the money actually go, and by when?
2. If there is no stronger next use for it, what is selling really solving?
3. If you rent it out, can you carry two months of vacancy without stress?
4. Which path do you still feel comfortable with if prices go sideways for three years?
5. Who else has to agree with this decision, and have you asked them yet?

Want a second pair of eyes on your figures

Send me your three numbers and I will run them against what is actually transacting and renting in your project, then tell you straight which path holds up.

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This worksheet does not account for Seller Stamp Duty, ABSD on a replacement purchase, or minimum occupation requirements, all of which can change the picture materially. Loan approval and repayment terms should be confirmed with your banker. Tax treatment of rental income should be confirmed with a tax adviser.