



BLOG POST

Should You Sell Your Property

or

Turn It Into a Rental?



Should You Sell Your Property or Turn It Into a Rental?

There are two options available to you if you no longer need a real estate property. You can either sell it or turn it into a rental. Both options have their pros and cons. Consider your choices and select the option that makes the most sense for your situation and financial goals.

Selling Your Home

Selling your home means you will receive a lump sum of money. You can, for instance, use this money to make a down payment on a new

home. The main advantage of selling your home is that you can use the money from the sale to easily finance another real estate purchase.

Selling your home also means you no longer have to worry about maintaining the property. ***This can be your best option if extensive repairs are needed and if you would rather avoid expenses linked to maintenance.*** Typically, maintenance costs between 6 and 10% of a property's value each year.

Renting Your Home

The main advantage of turning your property into a rental is that you will generate a steady income over the long-term. This could be a good way to supplement your income. You can use a portion of this income to make repairs to the property or to make upgrades and increase its value.

Turning your home into a rental means you always have the option of selling it later if you decide you need a lump sum to buy another property or if you no longer want to spend money on repairs and maintenance. You can also turn your property into a rental until the market changes, allowing you to get more for the sale of your home.

The downside of turning your home into a rental is that you will become a landlord.

You'll have to find tenants, address their requests and complaints, and you might even have to evict tenants who don't pay rent. There is also the risk of your property losing value over time.

To help alleviate this downside, if the finances allow it, you could hire a property manager to handle these issues for you.

Remember, you won't be able to start renting your property until it's considered to be livable within your local building codes and landlord/

tenant laws. You might have to spend a significant amount on repairs, especially if this is an old home.

You might also have to spend money to make your home a more appealing option for tenants, especially if there are better rentals available in the area.

Making a Decision

The best option depends on what your plans are. If you would like to move away for a few years and then come back to the area, renting your home on a temporary basis makes sense. If you're moving to a nearby community, becoming a landlord is usually manageable.

However, if you're moving to a different state for good, selling your home would most likely make more sense. Being a landlord would not be convenient and you may need money from the sale to help with moving and acquiring property in your new location.

Do some research on your local real estate market. *If the value of your property is likely to remain steady or to increase, you could turn it into a rental and plan on selling it later.* However, if you think your property will lose its value, selling it now would probably make more sense.

The main question to ask yourself is: Would you rather get a lump sum now or generate a monthly income for the long term? Weigh the pros and cons for each option. Keep in mind that you can always use a management service if you prefer not to act as a landlord or plan on moving to another area. Both options allow you to earn money with your property.