

Would you buy your rental property again today?

Even if it has been a great investment.

A question worth asking when income starts to matter more.

Suppose this is your rental

HYPOTHETICAL EXAMPLE

Property value	\$500,000
----------------	------------------

Mortgage balance	\$200,000
------------------	------------------

Current equity	\$300,000
----------------	------------------

Equity = property value minus mortgage balance.

Before selling costs and any taxes due on a sale.

What does that equity produce in cash?

Suppose you keep \$6,000 a year after operating expenses, mortgage payments and a reserve for major replacements.

2%

Current annual cash yield on equity

$$\$6,000 \div \$300,000 = 2\%$$

Hypothetical. Before personal income taxes.

There is more to the return

That 2% measures current cash income relative to today's equity.

Appreciation and mortgage principal paydown also affect your return. Tax effects matter, too.

I would want to understand all of those before deciding what to do.

Keeping it may make sense

Maybe you have favorable financing and a property that needs very little of your time.

You may have good reasons to expect rent growth. Or you may value owning an asset you know well.

A low cash yield alone would not settle the question for me.

Selling changes the calculation

The \$300,000 of equity in this example is before selling costs and any taxes due.

I would compare keeping the rental with what I could do with the actual net proceeds.

That comparison needs to include the alternative's risks, fees and access to my money.

Here's the question I would ask

**Knowing the property,
the financing and the work
involved, would I choose
to keep this much of my
wealth here today?**

If the answer is yes, I want to know why.
If it's no, I want to know what changed.

That gives me something useful to act on.