








# A Quick Guide to Freehold vs Leasehold

One of the first questions asked by prospective homebuyers: Is the property freehold or leasehold? Find out their differences.

FREEHOLD		LEASEHOLD
<p><b>Tenure is forever</b></p> <p>Both property and land are owned forever* by the purchaser.</p> <p><small>*Note that state governments can take back freehold land for major projects such as MRT or economic development.</small></p>		<p><b>Lease period of typically up to 99 years</b></p> <p>Starts from 30 years and subject to renewal but in some rare cases, it may even last up to 999 years.</p>
<p><b>Buyer has ownership of the property and land</b></p> <p>Owner has all rights upon the property and land.</p>		<p><b>Buyer returns ownership at the end of the lease to the landowner or government</b></p> <p>Buyer has the option to renew at the end of the lease.</p>
<p><b>More expensive to own</b></p> <p>Freeholds usually cost more as it includes both land and property. The plus side is homeowners get more flexibility to renovate or make changes to the house and land.</p>		<p><b>More affordable to own</b></p> <p>Leaseholds generally cost less than freeholds, but comes with more renovation restrictions.</p>
<p><b>Less hassle when transferring ownership</b></p> <p>The process is usually more straightforward. A freehold property transaction can typically be completed within 90 days of signing the Sale and Purchase agreement.</p>		<p><b>Lease transfer requires state approval</b></p> <p>Homeowners will need a letter of consent from the landowner (the state). This process can take several months. Property transfers from Bumi to non-Bumi owners will also need more time to approve.</p>
<p><b>Higher resale value, lower rental yield</b></p> <p>Freeholds tend to appreciate in value faster but they give lower rental yields due to a higher entry price point.</p>		<p><b>Lower resale value, higher rental yield</b></p> <p>Leaseholds older than 30 years may stagnate or depreciate in value so they are usually more suited for shorter term investment purposes but with a higher rental yield.</p>

Freeholds are generally more desirable than leaseholds since you can pass on your property to your family. There may be instances where your preferred location is leasehold so you will need to decide what matters more to you.

Should you have any banking queries, please reach out to our **Personal Financial Consultant** at your nearest branch today.