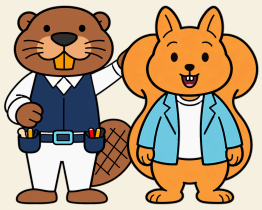
Beginner #03 Study sheet Biba Sensei's Landlord School



Why new studio condos lose money every month

The numbers are examples for explanation. Review the key points of the video in 3 minutes with this one sheet.

1 Case B: new high-priced condominium unit in central Tokyo

Price ¥40 million, assumed rent **¥180,000 / month** / Loan ¥40 million, 30 years, 2% interest → payment **about ¥148,000**

Rent (monthly)	¥180,000

Management fee and repair reserve fund ¥40,000 + payment ¥148,000 Money going out **¥188,000**	**Cash left** Every month **▲about ¥8,000**

¥8,000 × 12 months = **¥96,000**. Over 10 years, that is **¥960,000** out of pocket.

2 Why it loses money: 3 reasons

1. **An overpriced property with the seller's profit built in.** A paper loss the moment you buy (hypothetical: ¥10 million ÷ ¥40 million = 25%)
2. **Management fee and repair reserve fund are deducted every month.** 15-25% of rent (Case B: ¥40,000 ÷ ¥180,000 = about 22%)
3. **Justified with "tax saving", "pension substitute", "insurance substitute".** Tax savings last only the first few years, and continued losses make the next loan harder to get

3 13 danger words

- ①Tax saving / pension or insurance substitute
- ②Several proposals at once
- ③Covering part of closing costs (cash back)
- ④Used property sold by a real-estate company
- ⑤New-build rent listed above market
- ⑥Guaranteed full occupancy
- ⑦"It will appraise well" (cost-basis valuation)
- ⑧"No need to see it in person"
- ⑨"We handle all your tax filing"
- ⑩"Build wealth hands-off"
- ⑪"We're a big company"
- ⑫Listed for sale at about 5 years old
- ⑬About 5% yield, tiny layout, new-build sublease

All of them **rephrase the seller's convenience as the buyer's reassurance**.
Using a residential loan (such as Flat 35) for an investment property breaches the contract. In the worst case, you may be charged with fraud.

Think about it

1. Rent ¥100,000, management fee and repair reserve fund ¥25,000, payment ¥80,000. What is the monthly cash left? For a year?
2. Rent ¥150,000, management fee and repair reserve fund ¥30,000. What percentage of rent disappears?
3. What if you hear, "You're safe, because we guarantee full occupancy"?

Answers ① ▲¥5,000 a month, ▲¥60,000 a year ② 20% ③ It is one of the danger words. Don't feel reassured; check the contract and the basis of the numbers

Next video — Beginner #04: Why you shouldn't trust an "8% yield"

This sheet is general information. Please make your own investment decisions.