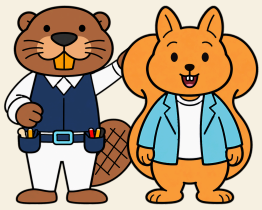
Beginner #04 Study sheet Biba Sensei's Landlord School



Why you shouldn't trust an "8% yield"

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

1 Gross yield subtracts not a single yen of expenses

Gross yield = annual full-occupancy rent ÷ purchase price × 100
Wooden apartment: ¥7.5 million ÷ ¥90 million × 100 = **8.33%** (assumes full occupancy all year and zero expenses)
Use it only for first screening. Cut-off 8% or higher (6% or higher in central Tokyo), target 10% or higher

2 Doubt the rent in the numerator

Rent per unit: ¥7.5 million ÷ 12 ÷ 8 units = **about ¥78,000**
Size per unit: 200㎡ ÷ 8 units × 0.8 = **about 20㎡**
Market rent for 20㎡ is in the **¥60,000s**
¥60,000 × 8 units × 12 = **¥5.76 million → 6.4%**

3 Subtract expenses to get net yield

Expenses: management fee, fixed asset tax, vacancy loss, advertising fee, insurance, renovation at move-out
¥5.76 million × 15% = ¥864,000
¥5.76 million − ¥864,000 = **¥4.896 million → 5.44%**

4 For the same property, the yield falls this far

Gross yield (figure on the sales sheet)	8.33%
Re-set rent to market	6.4%
Subtract expenses	5.44%

A difference of **¥2.604 million** a year (¥7.5 million − ¥4.896 million).
Net yield = (annual rent income − annual expenses) ÷ (purchase price + purchase closing costs) × 100

5 Checks before you buy

- Did you re-set the rent to market?
- Did you subtract expenses?
- Did you put closing costs in the denominator?
- Did you confirm the actual fixed asset tax?

Think about it

1. Price ¥50 million, annual full-occupancy rent ¥4 million. What is the gross yield?
2. If expenses in ① are 15% of rent, what is the yield after expenses? (Ignore closing costs.)
3. A suburban property with a gross yield of 7%. Does it pass the cut-off (8% or higher)?

Answers ① 8% ② 6.8% (¥4 million − ¥600,000 = ¥3.4 million ÷ ¥50 million) ③ No

Next video — Beginner #05: How much is left each month? Calculate it with a cash flow tree

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