

LEAD MAGNET · STRATEGY & YIELD

The Tokyo Yield Worksheet

Gross to net to IRR — the exact line items a licensed agent runs before calling a deal good. Print it and fill it in against any listing.

Step 1 — The headline (gross) yield

Annual rent income (¥)	
Purchase price (¥)	
Gross yield = rent ÷ price × 100	_____ %

This is the hyomen-rimawari every listing quotes. It assumes 100% occupancy and zero costs. It is a marketing number.

Step 2 — Strip out the real costs

Cost	Typical	Your ¥/yr
Vacancy allowance	~5%	
Management fee (of rent)	~5%	
Building management (kanrihi)	varies	
Repair reserve (shuzen-tsumitate-kin)	varies	
Property + city tax	~1%/yr of price	
Insurance + accounting	—	

Step 3 — The number that matters (net yield)

Net income = effective rent – all costs (¥)	
Net yield = net income ÷ price × 100	_____ %

Reality check: a Tokyo apartment quoted at 8% gross typically lands near **4–4.5% net**. If your net is within a point of your gross, you've forgotten a cost.

Step 4 — If you're financing (cash-on-cash & IRR)

- **Cash-on-cash** = annual cash flow after loan payments ÷ your actual cash invested. Leverage can lift this well above the net yield — or below zero.
- **IRR** ties together rent, costs, financing and the eventual sale price over your hold. A 4% net deal with modest appreciation and cheap debt can out-IRR an 8% gross deal in a thin rural market.

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