



PRACTICAL GUIDE

Investor Yield & Cashflow Worksheet

Gross yield, net yield, cash-on-cash and after-tax return, model any Victorian investment in one page.

Calculating gross yield

- Annual gross rent ÷ purchase price × 100.
- Melbourne inner ring: 2.5% to 3.5% typical.
- Middle ring: 3.0% to 4.0%.
- Outer ring and regional: 4.0% to 5.5%.

Net yield (the real number)

- Subtract: property management (6% to 8% of rent), insurance, rates, water, repairs, vacancy.
- Subtract: land tax (now significant after 2024 reforms).
- Net yield often 1.5 to 2.5 percentage points below gross.

Cashflow model

- Rent income, minus expenses, minus loan interest = pre-tax cashflow.
- Apply marginal tax rate; depreciation reduces taxable income.
- Negative gearing only valuable if you have offsetting income.
- Model 3 scenarios: rates +2%, vacancy 8 weeks, rent flat for 3 years.

Capital growth assumption

- Melbourne long-term average: 6% to 8% per annum nominal.
- Recent decade has been more volatile; don't assume past returns.
- Lower-yield properties typically have higher growth potential.

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