



GUIDE · INVEST

The yield of a building

What a building really earns: every cost named, the price set against the income value, the financing against the test the bank will run.

25%	5%	3.75%
hard equity, at least	the imputed rate of the bank test	default capitalisation rate



01 THE METHOD

What a building *really* earns

A yield advertised as “net” is not always net. Our calculation, complimentary on affinites-immobilier.ch/en/yield, names every cost, from the asking price, the rent roll, the non-recoverable charges and the equity.

3%

vacancy, as a share of rents

5%

management, as a share of rents

1%

maintenance, as a share of the price

3.75%

capitalisation rate

Prudent default assumptions, to be adjusted to the property.

02 LINE BY LINE

From the rent roll *to net income*

The rent roll

Annual net rents under current leases, excluding service charge payments. It is checked against a roll signed by the property manager, the leases and the receipts of the last twelve months.

Vacancy

In the canton of Vaud, around 1% or less; allow 2 to 3% for a well-located residential building, 5 to 10% for commercial premises.

Management

4 to 6% of rents collected in French-speaking Switzerland, VAT often on top. Count it even if you manage the building yourself.

Maintenance

Routine upkeep, plus a provision for major works; on an older building, often 10 to 20% of the rent roll.

Non-recoverable charges

ECA buildings insurance, compulsory in the canton, liability insurance, municipal property tax (up to 1.5% of the tax value), condominium costs.

Net income

What the building produces before any debt and any tax: the figure the bank, the valuer and the next buyer look at.



03 PRICE AND VALUE

What the building is worth, *not what is asked for it*

Gross yield	The rent roll divided by the price: the one in the adverts, simple, and silent on costs.	Net yield	Net income divided by the price: the only one that compares two buildings honestly.
Income value	Net income divided by the capitalisation rate: the method used by banks and valuers.	The capitalisation rate	In French-speaking Switzerland, often between 3 and 4.5% for a well-located residential building; the net yield there is often 3 to 4%. Markedly higher, it almost always signals a risk.



Paying above the value

It is a bet on the future, and the bank does not finance it: it lends on the lower of the two, the price or the value.

04 FINANCING

The banks' rules *for an investment property*

25%

hard equity at least:
savings, securities, a gift

75%

of the price, the financing
cap

10 years

at most to bring the debt
down to two thirds of the
value

5%

imputed interest in the
bank test

These rules stem from the Swiss banks' self-regulation since 2020. The second pillar (occupational pension) can never be used to buy an investment property; purchase costs come on top, also from your own funds. The calculation applies amortisation of at least 1% of the debt per year. **Bank test coverage:** the bank checks that net income covers 5% imputed interest and amortisation. The rents carry the debt; otherwise, it lends less.



05 WHAT IF...

The building *under stress*

SCENARIO	WHAT IS TESTED
Rate at 3.5%	Renewing the mortgage in a more expensive market
Vacancy doubled	A slow re-letting
Rents down 5%	A weaker rental market
Maintenance at 1.5% of the price	Heavier works than expected

Coverage that stays above 100% in all four scenarios indicates a robust building. Below that, the bank could require faster amortisation or additional equity on renewal.



The reference rate

The Federal Housing Office's reference rate stands at 1.25%. Each quarter-point rise in principle allows rents indexed to it to be increased by 3%; each fall gives a right to a reduction. A change of owner is not enough to raise a rent.

06 THE LIMITS

What the calculation *leaves out*

Tax

Income, wealth, property gains tax on resale: your fiduciary quantifies them.



Energy works

A low-rated CECB signals investment to come.



Capital gains

The calculation bets on no rise in value.



Form of ownership

A company is not compulsory: the fiduciary and the notary answer, we prepare the figures.

Indicative calculation: it replaces neither a review of the leases nor a valuation. Alexandre can go through the property with you: leases, market rents, works.

Run the figures *on your property*

The yield calculation is complimentary online; Alexandre can then go through it with you, leases and works in hand.

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This service online

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