Rental property analysis

The Hague Netherlands | Existing apartment | Model EPI SAMPLE 1.0

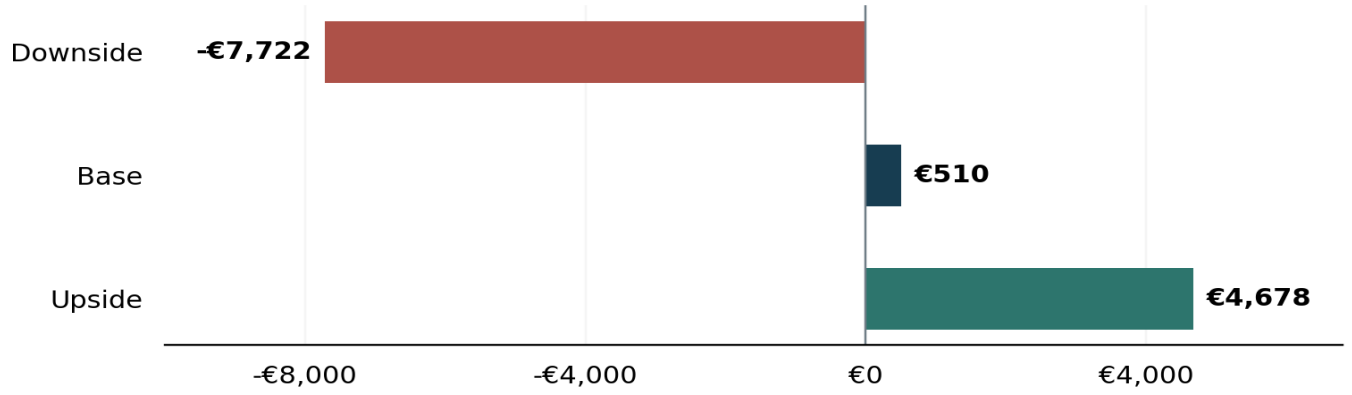
Executive summary

The proposed rental strategy has an unresolved local restriction and a thin financial margin. On the fictional facts, purchase-to-let protection would apply. Permission or an applicable exemption has not been established. The projections below are conditional calculations of a letting scenario; they are not evidence that the property may be rented out. [2]

Even if letting is permitted, the base case requires **€264,000 of equity** and produces only **€510 in year-one cash flow** after operating costs and interest. That equals 0.19% of initial equity before investor taxes. A lower rent or higher borrowing cost turns the cash flow negative.

Initial equity	Gross rental yield	Debt coverage	Year-one cash yield
€264,000	4.80%	1.03x	0.19%

Year one cash flow after debt payments



Scenarios change rent, vacancy, operating costs and the assumed loan quote. Values exclude investor taxes and any cost of obtaining permission. Full assumptions are on pages 2 and 3.

What needs to be resolved

Confirm lawful letting first. Then establish the permitted rent using the property's points assessment, obtain a lender offer that permits letting, and replace the cost allowances with evidence. The sample is deliberately incomplete at property level so the report shows how missing evidence affects the conclusion.

This is a fictional example, not a listing, valuation, lender offer or recommendation to acquire a property. Official sources are identified on page 5. No real property documents have been reviewed.

Assumptions and funding

Currency EUR | Purchase in 2026 | Single residential apartment

Assumed facts: purchase price €500,000; WOZ value €450,000; vacant throughout the six months before acquisition; intended long-term letting; freehold; no permit or points report supplied. Purchase price is assumed to equal the relevant transfer-tax value. All property and finance figures are invented for this example.

Initial use of funds	Amount	Basis
Purchase price	€500,000	Illustrative input
Transfer tax	€40,000	8% rental-home rate in 2026 [1]
Other acquisition and finance fees	€4,000	Allowance including any applicable VAT
Initial interior works	€10,000	Allowance including any applicable VAT
Opening liquidity reserve	€10,000	Cash held separately
Total funding requirement	€564,000	Loan €300,000 plus equity €264,000

The loan is assumed to be 60% of the price, interest-only at 5.25% for five years, with €300,000 repaid at the sale. This is a modelling assumption, not a claim that these terms are available. No principal repayment or additional refinancing is assumed.

Base case annual operating cash flow

Item	Year one
Scheduled rent at €2,000 a month	€24,000
Vacancy and collection loss at 5%	-€1,200
Collected rent	€22,800
Management at 5% of collected rent	-€1,140
Owner association charges including building insurance	-€2,400
Interior maintenance allowance	-€1,800
Owner property charges and other costs	-€1,200
Net operating income	€16,260
Interest payments	-€15,750
Cash flow before investor taxes	€510

Owner costs exclude recoverable tenant service charges. Interior maintenance and association charges are treated as separate expenses. Special assessments, unforeseen works and investor income, wealth, corporate or disposal taxes are not modelled.

Scenarios and sensitivities

Year-one operating results | Same purchase price and initial funding

Assumption or result	Downside	Base	Upside
Monthly scheduled rent	€1,800	€2,000	€2,200
Vacancy and collection loss	10%	5%	3%
Assumed interest rate	6.75%	5.25%	4.75%
Owner costs excluding management	€5,940	€5,400	€5,400
Net operating income	€12,528	€16,260	€18,928
Annual debt payments	€20,250	€15,750	€14,250
Cash flow after debt payments	-€7,722	€510	€4,678
Cash yield on initial equity	-2.93%	0.19%	1.77%
Debt service coverage	0.62x	1.03x	1.33x

Management remains 5% of collected rent in every case. The downside uses 10% lower rent, 10% vacancy, 10% higher fixed owner costs and a rate 1.50 percentage points above base. The upside uses 10% higher rent, 3% vacancy and a rate 0.50 percentage points below base. These are stress assumptions, not probabilities or forecasts. Debt service coverage divides operating income by debt payments; below 1.00x means income does not cover those payments.

Rent and rate sensitivity

The following table changes only monthly rent and interest rate. Vacancy stays at 5%, management at 5% of collected rent, and other annual owner costs at €5,400. Each cell is annual cash flow before investor taxes.

Monthly rent	4.75% rate	5.25% rate	6.25% rate
€1,800	-€156	-€1,656	-€4,656
€2,000	€2,010	€510	-€2,490
€2,200	€4,176	€2,676	-€324

The margin available to absorb a problem

At the base financing rate, cash break-even rent is about **€1,953 per month**. At the base rent, an interest rate above 5.42% produces an annual deficit. Both thresholds are before investor taxes and unexpected costs.

If the property cannot be let for a full year, zero rent with the same fixed owner costs and interest produces an **annual cash deficit of €21,150**. The €10,000 starting reserve would cover less than six months of those simplified ongoing costs. It would not solve the permission issue.

Five year cash flow and exit

Base case | Annual end-of-year cash flows | Conditional on lawful letting

Assume rents and operating expenses rise 2% annually after year one, with 5% vacancy and annual interest of €15,750. A year-five sale assumes 2% annual price growth and 2.5% selling costs. These are hypothetical growth rates. Rent increases also depend on the lease and applicable rules.

Year	Scheduled rent	Operating income	Debt payments	Cash flow
1	€24,000	€16,260	€15,750	€510
2	€24,480	€16,585	€15,750	€835
3	€24,970	€16,917	€15,750	€1,167
4	€25,469	€17,255	€15,750	€1,505
5	€25,978	€17,600	€15,750	€1,850

Exit and total equity result	Amount
Sale price at the end of year five	€552,040
Selling costs at 2.5%	-€13,801
Repayment of loan principal	-€300,000
Return of unused liquidity reserve	€10,000
Net terminal cash to the investor	€248,239
Five years of operating cash flow	€5,868
Total cash returned including terminal cash	€254,107
Less initial equity	-€264,000
Total profit or loss before investor taxes	-€9,893
Annual equity internal rate of return	-0.77%

Exit value changes the result substantially

Year-five sale assumption	Sale value	Equity profit or loss	Equity IRR
20% below purchase	€400,000	-€158,132	-16.90%
Flat purchase price	€500,000	-€60,632	-5.12%
Base 2% annual growth	€552,040	-€9,893	-0.77%
20% above purchase	€600,000	€36,868	2.66%

Exit sensitivities keep base operating cash flows. The loan is repaid once; the unused reserve returns once and earns no interest. IRR includes initial equity, annual cash flows and terminal proceeds. Calculations use full precision; displayed amounts are rounded.

NETHERLANDS / SAMPLE UPDATE / 4 OCTOBER 2026

Local findings & next steps

The Hague, Netherlands | Fictional rental investment | Sources reviewed 4 October 2026

Resolve permission before relying on rental income

The Hague's 2026 purchase-to-let protection threshold is a WOZ value up to €470,000. The assumed €450,000 WOZ, 2026 purchase and preceding vacancy history indicate that the restriction applies. No permit or exemption has been demonstrated. Obtain a written position before proceeding on a rental basis. This is a screening conclusion from assumed facts, not a legal determination about a real property. [2]

The proposed €2,000 rent remains unverified

For relevant new 2026 leases, free-sector classification requires at least 187 WWS points and an initial basic rent above €1,228.07. A measured points assessment and energy evidence are missing. Market demand must also support the proposed rent. Neither the legal rent position nor achievable rent has been established. [3]

Purchase tax is included; other costs need quotes

The sample includes €40,000 transfer tax: 8% of the assumed €500,000 taxable value for a rental home in 2026. Ask the notary to confirm classification and taxable value. The €4,000 fee provision and €10,000 works budget remain allowances. [1]

Priority / who to ask	Evidence needed and decision affected
1. Municipality / legal adviser	WOZ decision, tenancy history and permit or exemption position. Establish whether letting can proceed.
2. Rental specialist	WWS assessment, measured floor plan, energy label and comparable rental evidence. Establish a supportable rent.
3. Lender / notary	Written loan offer permitting letting, title/tenure review and itemised acquisition quotes. Confirm debt costs and cash required.
4. VvE / surveyor	Accounts, reserves, minutes and maintenance plan; condition survey and works quotes. Identify major costs missing from the allowances.

Financial implication

The base case leaves only €510 a year before investor taxes. A year without rent creates a simplified €21,150 cash deficit. The €10,000 reserve covers less than six months of those costs. Resolve the permission and rent questions before treating the projected return as decision-ready.

Sources and assumptions

[1] Belastingdienst - 2026 transfer-tax rates

[2] Gemeente Den Haag - purchase-to-let protection

[3] Huurcommissie - rental-sector classification

All property and finance inputs are illustrative. No real property documents have been reviewed. Returns exclude investor taxes; obtain buyer-specific advice.