TSK REAL ESTATES

RESEARCH GUIDE • SEPTEMBER 2026

ABU DHABI RENTAL YIELD GUIDE

How to read yields, compare communities and underwrite a rental investment properly.

8.92%	233K	AED 9.3B
Highest apartment ROI in Bayut H1 2026 sample	**Active residential lease contracts**	**Value of active residential leases**
Al Reef	ADREC H1 2026	ADREC H1 2026

Built for investors who want the number behind the headline.

This guide separates asking-market yield estimates from registered rental-market data, explains gross versus net yield, and shows how service charges, vacancy, management and purchase costs change the return you actually keep.

Data cut-off: September 2026. Market figures are sourced from ADREC, Bayut, Knight Frank and ValuStrat; methodology and limitations are stated throughout.

Abu Dhabi rental market: 2026 in one page

17%	13.9%	71K
Increase in new-lease apartment prices	**Increase in apartment asking rents**	**Additional residential units projected by 2030**
ADREC H1 2026	Bayut Aug 2026	ADREC H1 2026

What the official registered data says

ADREC reported 233,000 active residential lease contracts with a combined value of AED 9.3 billion in H1 2026. New-lease prices increased 17% for apartments and 9% for villas across the emirate; within investment zones, the increases were 21% and 16% respectively. ADREC also reported approximately 409,000 existing residential units and about 71,000 additional units projected by 2030, with deliveries expected to peak in 2028.

What asking-market data says

Bayut's August 2026 rental index showed apartment asking rents rising by more than 13% year-on-year - specifically 13.9% - to AED 106 per sq ft. Villas averaged AED 57 per sq ft, up 11.7%. Bayut's H1 2026 sales report projected apartment yields from 3.51% in Saadiyat Island to 8.92% in Al Reef across the communities it tracks.

The regulatory point investors must know

On 3 June 2026, Abu Dhabi announced a temporary freeze on annual rental increases for residential, commercial and industrial tenancy renewals. During the measure, renewals are processed at a 0% increase rather than the prior 5% cap. New leases and renewals therefore need to be analysed separately when projecting rent growth.

Sources: ADREC Real Estate Market Report H1 2026 (18 Aug 2026); ADREC Temporary Update to Annual Rental Cap Increase (3 Jun 2026); Bayut rental index, Aug 2026.

A high “ROI” headline is not the same as your return

1. Gross rental yield

Gross yield = annual rent ÷ purchase price × 100. It is useful for a fast comparison, but it ignores the operating costs of owning the property.

2. Net operating yield

Net operating yield = (annual rent − recurring property costs) ÷ purchase price × 100. Typical recurring costs to model include service charges, maintenance reserves, property management, insurance where applicable, and a vacancy/letting reserve.

3. Yield on total acquisition cost

For a more conservative view, divide net income by the total capital used to acquire the property, including applicable registration/transfer costs, brokerage, VAT on brokerage and other transaction costs. This makes two units with the same price and rent easier to compare when their closing costs differ.

4. Cash-on-cash return

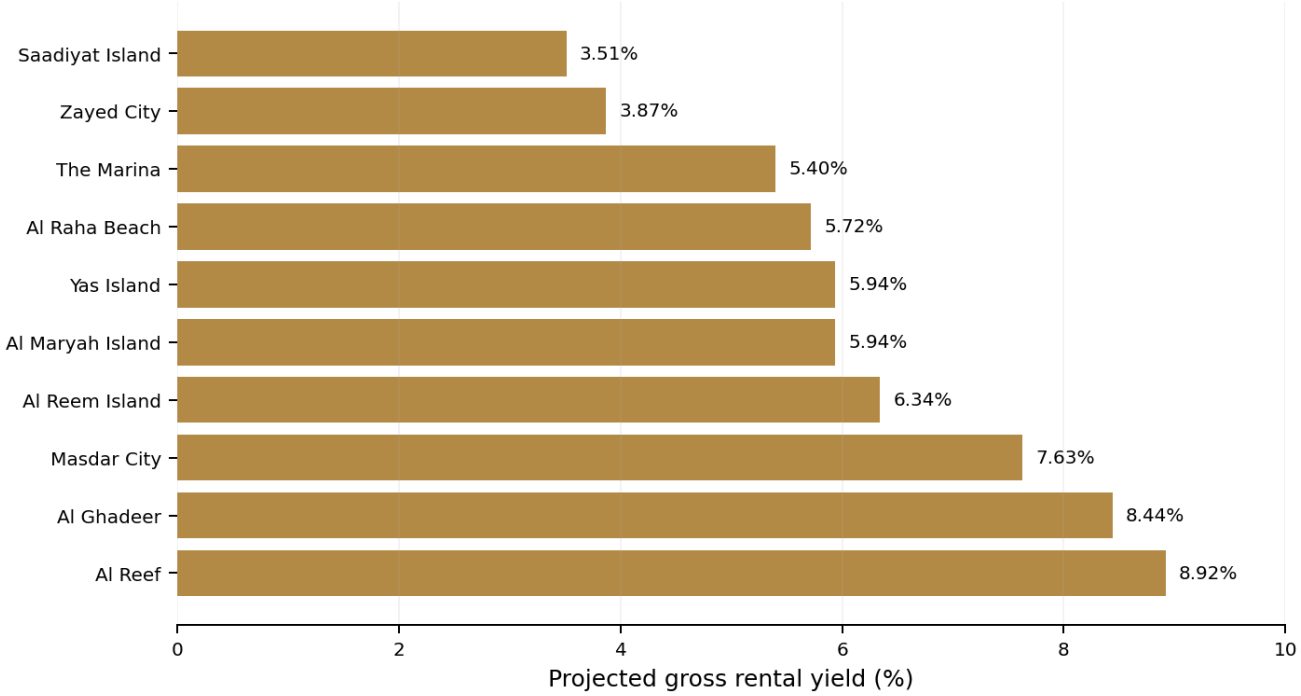
If the purchase is financed, cash-on-cash return measures annual cash flow after financing costs against the investor’s actual cash invested. It can move very differently from the property’s gross yield as interest rates and loan-to-value change.

What TSK will quote in this guide

- Area yield tables = Bayut projected gross ROI/yield, based on advertised ready properties, not registered sale transactions.
- Rental-market growth = ADREC registered lease data or Bayut asking-rent index, clearly labelled.
- Worked examples = transparent assumptions so the reader can replace them with a specific unit’s actual costs.

A city or area average is a screening tool, not an underwriting result for a specific unit.

Apartment yield benchmark by community



8.92%	7.63%	5.94%
Al Reef	**Masdar City**	**Yas / Al Maryah**
Affordable apartment benchmark	Mid-tier apartment benchmark	Luxury apartment benchmark

Source: Bayut Abu Dhabi Sales Market Report H1 2026. Bayut states the report is based on advertised ready properties and the figures are projected returns; they are not transaction-record yields. Al Ghadeer yield is reported in Bayut's accompanying analysis.

Why the highest yield is not automatically the strongest investment

Income-led communities

Al Reef and Masdar City sit at the higher end of the H1 2026 projected apartment-yield range, helped by lower acquisition prices relative to achievable rents. These figures can be attractive for income-focused buyers, but building condition, service charges, vacancy and resale liquidity still need to be checked at unit level.

Balanced income and liquidity

Al Reem Island's projected 6.34% sits between the higher-yield value communities and the lower-yield premium islands. Its broad apartment stock, proximity to Al Maryah and central Abu Dhabi, and established tenant base make it useful as a benchmark when comparing income and resale depth.

Lifestyle-led premium markets

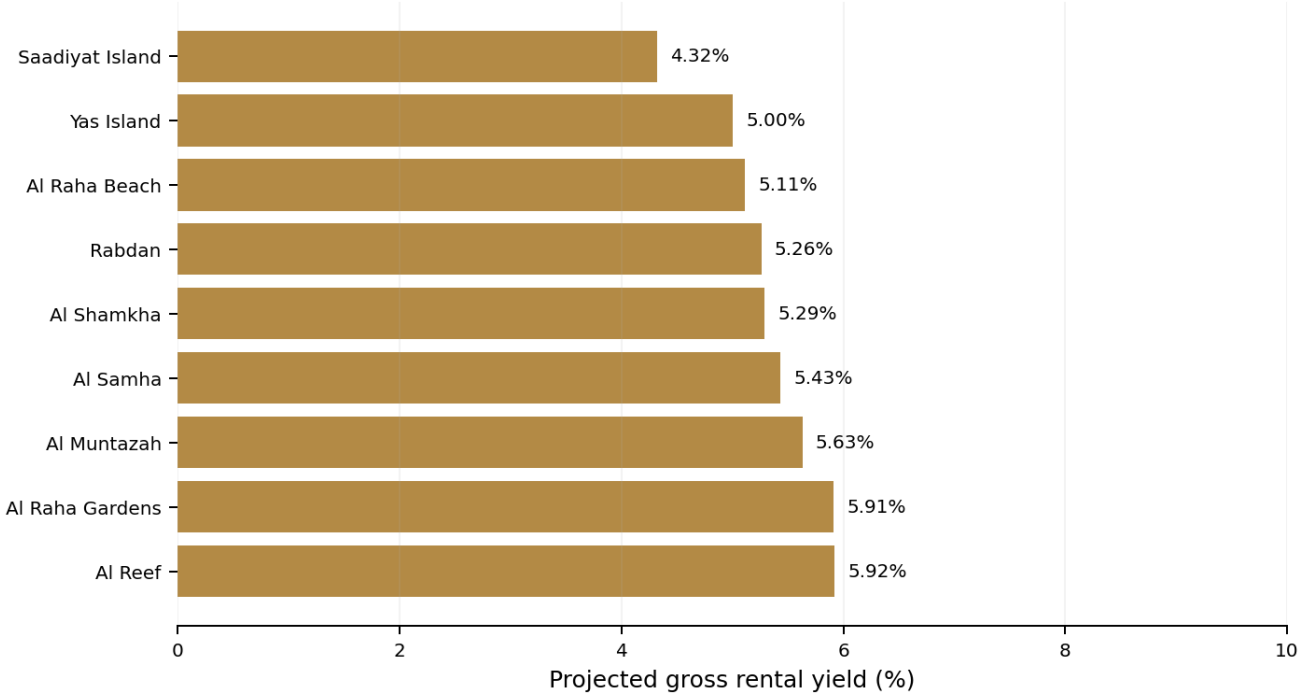
Yas Island, Al Maryah Island and Al Raha Beach were around the high-5% range in Bayut's H1 2026 data. Saadiyat Island's 3.51% reflects a very different price-to-rent relationship: investors there may be paying more for scarcity, lifestyle, branded stock and potential capital appreciation rather than maximising current income yield.

Unit size matters

Bayut's August 2026 rental index showed studios at AED 135 per sq ft, one-bedrooms at AED 112, two-bedrooms at AED 100 and three-bedrooms at AED 88. Smaller units can therefore generate more rent per square foot, although turnover, furnishing and management intensity can be higher.

Source: Bayut H1 2026 sales report and Aug 2026 apartment rental index. The per-sq-ft rental figures are asking-market data.

Villa yield benchmark by community



Community	Projected gross ROI
Al Reef	5.92%
Al Raha Gardens	5.91%
Al Muntazah	5.63%
Al Samha	5.43%
Al Shamkha	5.29%
Rabdan	5.26%
Al Raha Beach	5.11%
Yas Island	5.00%
Saadiyat Island	4.32%

Source: Bayut Abu Dhabi Sales Market Report H1 2026. Projected ROI figures are based on advertised ready-market data.

Worked example: a 1-bedroom on Al Reem Island

This example uses Bayut's H1 2026 average asking figures for a 1-bedroom on Al Reem Island - AED 1.40 million purchase price - and Bayut's H1 2026 average asking rent of AED 94,000 per year. It is an illustration, not a quote for a particular building or unit.

6.71%	5.11%	4.90%
Gross yield	**Illustrative net operating yield**	**Illustrative net yield on total cost**
AED 94K ÷ AED 1.40M	After stated annual costs	After stated acquisition assumptions

Illustrative annual operating costs

Item	Amount
Gross annual rent	AED 94,000
Service charge assumption	AED 12,000
Vacancy/letting reserve (3%)	AED 2,820
Maintenance reserve	AED 3,000
Management assumption (5%)	AED 4,700
Illustrative net operating income	AED 71,480

Illustrative acquisition-cost assumption

For the yield-on-total-cost illustration only, we assumed 2% registration/transfer cost, 2% brokerage plus VAT on the brokerage fee, and AED 1,500 of transfer/admin cost. Actual charges vary by transaction, authority, financing and service provider and should be confirmed before commitment.

The key lesson: a 6.71% headline gross yield becomes about 5.11% after the operating assumptions above, and about 4.90% when the same income is measured against the assumed total acquisition cost.

Base price and rent: Bayut H1 2026 reports. All expense figures in this worked example are illustrative assumptions, not market averages.

What quietly reduces rental yield

Factor	Why it matters	What to verify before buying
Service charges	A high annual building charge can remove a meaningful share of rent.	Latest service-charge statement / approved rate and any arrears.
Vacancy	Even one empty month cuts annual rent by 8.3%.	Current tenant demand, comparable days-on-market, lease expiry timing.
Maintenance	Older units and heavily used furnished units need larger reserves.	Condition, MEP history, appliances, warranties and snagging.
Management	Hands-off ownership improves convenience but reduces net income.	Management fee, leasing fee, renewal fee and maintenance mark-ups.
Furnishing	Can lift achievable rent in some segments but adds capex and replacement costs.	Furnishing budget, tenant profile and furnished-vs-unfurnished comparables.
Purchase premium	Overpaying compresses yield immediately, even when rent is strong.	Recent transactions, competing listings and price per sq ft.
Future supply	Large handover waves can increase tenant choice and incentives.	Nearby completion pipeline and likely competing unit types.

A useful stress test

Run three cases before buying: Base case, downside case and upside case. A simple downside model can reduce achievable rent by 5%, add one month of vacancy and increase maintenance/service costs by 10%. If the deal only works in the optimistic case, the advertised yield is doing too much of the work.

Rising rents, rising prices - and a larger supply pipeline

Rental demand is strong, but the market is not one-directional

ADREC's H1 2026 registered lease data points to strong new-lease growth, particularly in investment zones. At the same time, the government introduced a temporary 0% renewal increase measure in June 2026, which can slow rent growth on occupied units while new-lease asking levels move differently.

Prices have also been rising

Knight Frank reported that apartment prices on Yas Island and Al Reem Island increased by approximately 18% year-on-year to June 2026. Rising capital values can compress future rental yields if rents do not keep pace, even while existing owners benefit from price appreciation.

Supply matters from 2026 onward

Knight Frank tracked approximately 36,900 homes under construction for 2026-2030, with roughly 70% of the apartment pipeline scheduled for 2026 and 2027. ADREC's broader emirate-level projection is about 71,000 additional residential units by 2030, with deliveries peaking in 2028. Investors should therefore compare each project against the local handover pipeline, not just the citywide demand story.

ValuStrat's signal

ValuStrat's Q1 2026 review reported its Abu Dhabi residential rental index unchanged quarter-on-quarter but up 5.9% annually, with occupancy at 88.1%. That combination is consistent with a market where demand remains healthy but performance varies meaningfully by submarket and unit type.

Sources: ADREC H1 2026 market report; Knight Frank Abu Dhabi Residential and Office Market Review, Summer 2026; ValuStrat Abu Dhabi Real Estate Review Q1 2026.

How TSK would compare two rental investments

Step	Question
1. Objective	Is the priority current income, capital appreciation, or a balance of both?
2. True acquisition cost	What is the all-in cost after applicable transfer/registration, brokerage, VAT, financing and setup?
3. Achievable rent	What have comparable units actually leased for, not just what is being advertised?
4. Recurring costs	What are the exact service charges, maintenance needs, management fees and insurance costs?
5. Occupancy risk	How quickly do comparable units lease, and what is the realistic vacancy allowance?
6. Supply risk	What competing stock is handing over in the same building, island or tenant segment?
7. Exit liquidity	How deep is the resale market for this exact unit type and price band?
8. Stress case	Does the investment still make sense at lower rent or higher annual costs?

TSK rule of thumb

Do not buy an area average. Buy a specific unit whose rent, service charge, condition, tenant profile and acquisition price have been checked together. The yield is the result of the underwriting - not the starting assumption.

Research references

Source	Used for
Abu Dhabi Real Estate Centre (ADREC)	Abu Dhabi Real Estate Market Report H1 2026, released 18 Aug 2026. Registered lease, sales and supply data.
Abu Dhabi Real Estate Centre (ADREC)	Temporary Update to Annual Rental Cap Increase in Abu Dhabi, 3 Jun 2026.
Bayut	Abu Dhabi Sales Market Report H1 2026, updated 22 Sep 2026. Projected ROI and asking-sale data.
Bayut	Abu Dhabi Rental Market Report H1 2026 and Abu Dhabi Rental Index, Aug 2026. Asking-rent data.
Knight Frank	Abu Dhabi Residential and Office Market Review, Summer 2026, 22 Jul 2026.
ValuStrat	Abu Dhabi Real Estate Review Q1 2026.
Benchmarking reference	Knight Frank Abu Dhabi Residential Market Review PDF (Summer 2025/26) was reviewed for report structure and information density; this TSK guide uses original copy, layout and analysis.

Important note

This document is general market information and does not constitute investment, legal, tax, mortgage or financial advice. Rental yields vary materially by building, unit, condition, view, service charge, lease status, furnishing and purchase price. Published portal data may reflect asking prices rather than completed transactions. Any proposed purchase should be checked using current transaction records, registered lease evidence and the specific property documents available at the time of investment.

Talk to TSK Real Estates

For a unit-level rental-yield comparison, TSK can model the purchase price, achievable rent, service charges, vacancy allowance and transaction costs before you commit.

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