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PART OF ADIB GROUP من مجموعة مصرف أبوظبي الإسلامي

# ABU DHABI
# INVESTMENT YIELDS



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Capital Markets Insight | **October 2026**

**Abu Dhabi continues to strengthen its position as one of the GCC's most attractive real estate investment destinations,** supported by economic diversification, population growth, infrastructure investment, and increasing institutional participation. The market's appeal is increasingly centred on income resilience, asset quality and long-term value preservation rather than speculative capital appreciation.

Investor activity throughout **2025** and **2026** has demonstrated a growing preference for income-producing assets with secure cash flows, strong tenant covenants and strategic locations. Logistics, office and well-positioned residential assets continue to attract the greatest institutional interest, reflecting broader capital market trends favouring stability and predictability in a higher-cost capital environment.

Several structural drivers continue to underpin Abu Dhabi's investment outlook, including the ongoing expansion of the Abu Dhabi Global Market (**ADGM**), increasing foreign direct investment, industrial growth within **KEZAD** and Khalifa Port, and continued public- sector investment programmes. Limited availability of institutional-grade stock remains a key factor supporting pricing and investor demand across several core sectors.

**KEY TAKEAWAY**

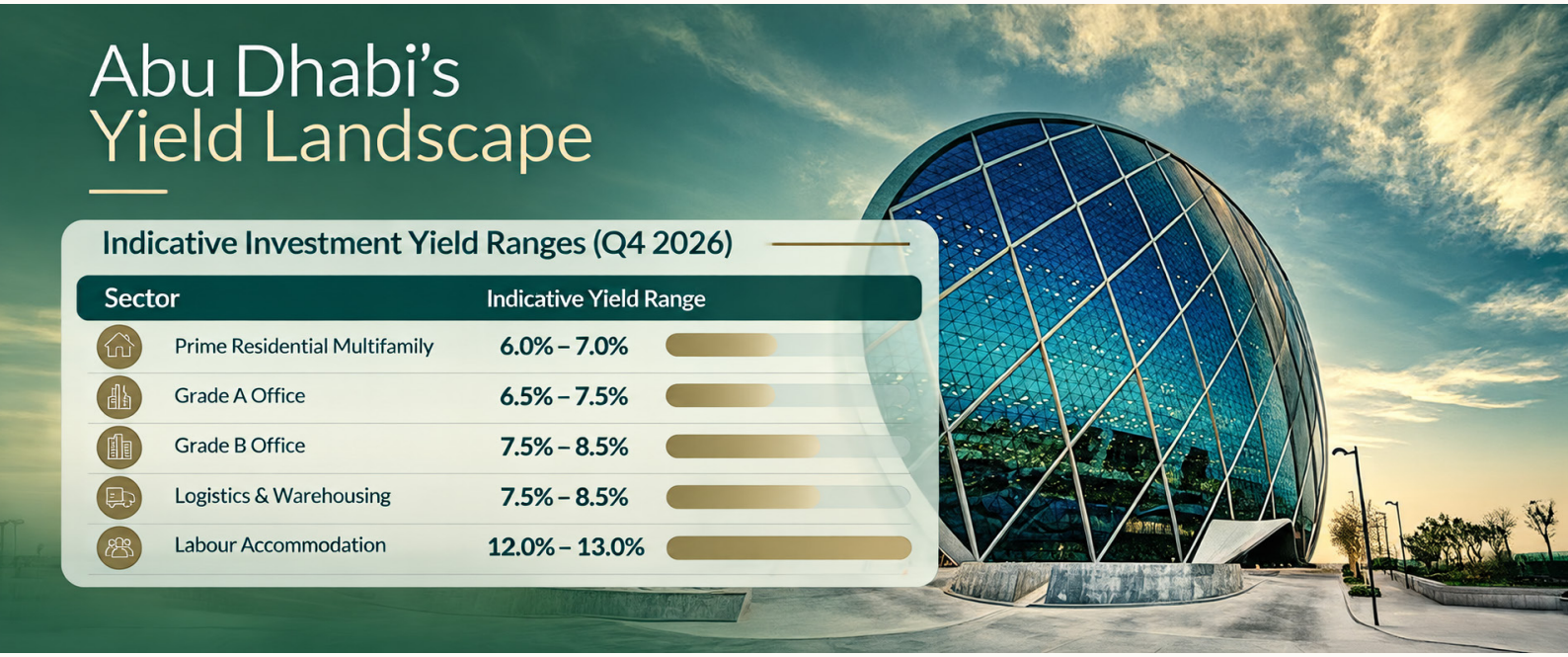
Income-producing assets, secure cash flows and strategic locations are central to investor demand.

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# ABU DHABI'S YIELD LANDSCAPE

### Indicative Investment Yield Ranges (Q4 2026)

Investment yields across Abu Dhabi continue to reflect a market characterised by strong occupier fundamentals and increasing institutional maturity. Yield compression has been most evident in prime office and logistics assets, where limited supply and growing investor demand continue to support pricing. Meanwhile, higher-yielding sectors such as labour accommodation remain attractive to investors seeking enhanced income returns.




*Note: Indicative market yield ranges are based on MPM Capital Markets' assessment of prevailing market conditions, transaction benchmarks, investor sentiment, and occupational fundamentals. They represent estimates of the pricing levels at which comparable assets may transact and should not be interpreted as actual transaction yields or valuation conclusions. Actual yields may vary depending on asset-specific characteristics, lease profile, tenant covenant strength, market conditions, and transaction structure.*

*Source: MPM Capital Markets estimates based on market evidence, investor discussions, transaction benchmarks, and published market fundamentals.*

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# OFFICE SECTOR

## Institutional Demand Meets Limited Supply

The office market remains Abu Dhabi's most institutionalised investment segment. Demand continues to be supported by growth across financial services, consulting, technology, legal and government-related sectors, while the availability of premium office space remains relatively constrained within the Emirate's principal business districts.

During Q2 2026, approximately 47,500 sqm of office space was delivered, bringing total stock to around 3.4 Million sqm. Despite the introduction of new supply, leasing activity remained resilient, supported by business expansion and continued occupier demand. The Abu Dhabi Registration Authority reported a 21% year-on-year increase in new economic licences during Q1 2026, highlighting the strength of the broader business environment.

Al Maryah Island continues to command the highest office rents in the Emirate, with Grade A leases reaching approximately AED 320 per sq ft. Capital Centre, Al Reem Island and the Corniche also continue to demonstrate healthy levels of occupier

Prime office yields are currently estimated at 6.5% to 7.5%, reflecting high occupancy rates, limited Grade A supply, strong tenant profiles and the continued expansion of ADGM.

The continued scarcity of institutional-grade office assets suggests that prime buildings within ADGM, Al Maryah Island and Masdar City are likely to remain among the most sought-after investment products in the market. While global interest rate movements will influence pricing, occupational fundamentals remain firmly supportive of long-term investor demand. This analysis reflects prevailing market conditions and should not be interpreted as investment advice.



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# INDUSTRIAL AND LOGISTICS

## A Core Investment Sector in Transition

Industrial and logistics real estate has emerged as one of Abu Dhabi's strongest-performing asset classes. Once considered an alternative investment segment, logistics is increasingly viewed as a core allocation by institutional investors. Growth in manufacturing, trade activity, supply-chain infrastructure and e-commerce continues to drive occupier demand.

The sector benefits from substantial government support through the Abu Dhabi Industrial Strategy, alongside ongoing investment in KEZAD, Khalifa Port and related logistics infrastructure. Demand currently exceeds available supply in several industrial locations, supporting both rental growth and investment performance.

Recent investment activity has reinforced the sector's institutional appeal. Notable transactions include Aldar's acquisition of a logistics portfolio within KEZAD for approximately AED 650 Million, together with a series of new industrial projects and manufacturing investments announced during 2026.

Prime logistics yields are estimated within a range of 7.5% to 8.5%, although premium assets with strong lease profiles and investment-grade tenants may transact at tighter yields.

Logistics remains arguably the most compelling sector from a capital markets perspective. The combination of structural demand drivers, limited institutional-grade stock and Abu Dhabi's strategic position within regional trade networks continues to support positive investor sentiment and long-term rental growth prospects. This assessment represents market analysis rather than a forecast or recommendation.

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# RESIDENTIAL INVESTMENT MARKET

## Stability Underpinned by Demographics



Abu Dhabi's residential sector continues to attract both institutional and private capital seeking stable income and long-term wealth preservation. During Q2 2026, approximately 7,159 residential transactions were recorded with a combined value of AED 28.9 billion.

Demand remains concentrated within established investment locations including Saadiyat Island, Yas Island, Al Reem Island, and Al Raha Beach, where lifestyle amenities, infrastructure investment, and new development activity continue to support occupier interest.

Prime residential yields are generally estimated between %6.0 and %7.0, supported by deep occupier demand, strong liquidity, relatively low operational risk and broad investor appeal.

The residential sector remains a defensive investment play within Abu Dhabi's broader real estate market. While future supply additions may moderate rental growth in certain locations, institutional-grade residential assets in established master-planned communities are expected to maintain strong occupancy levels and stable income performance.

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# LABOUR ACCOMMODATION

## Income-Driven Investment Performance Supported by Industrial Growth

Labour accommodation remains one of Abu Dhabi's highest-yielding real estate sectors and continues to attract investors seeking strong recurring income streams. Demand is supported by ongoing industrial expansion, logistics activity, manufacturing growth, major infrastructure projects and the continued need for compliant workforce housing across key employment hubs including KEZAD, Musaffah, ICAD, Mafraq and Al Ain.

The sector differs from traditional residential assets in that investment performance is largely driven by occupancy levels, operational efficiency, and employer demand rather than capital appreciation. As a result, investors typically focus on assets with established occupancy, modern specifications, strong management standards, and proximity to major industrial and logistics centres. Assets secured by long-term corporate occupiers and diversified tenant bases generally attract the strongest investor interest and achieve more stable income performance.

Indicative market yields for labour accommodation assets are estimated between 12.0% and 13.0%, positioning the sector among Abu Dhabi's highest-yielding mainstream real estate asset classes. The yield premium reflects the operational intensity of the asset class, specialist management requirements and the higher perceived risk profile relative to institutional office, logistics and multifamily residential investments.

While labour accommodation is often considered a niche sector, it continues to benefit from Abu Dhabi's long-term economic diversification agenda, industrial development strategy and expanding workforce requirements. As investment activity across manufacturing, logistics, infrastructure and industrial sectors continues to grow, labour accommodation is expected to remain an important component of the Emirate's income-producing real estate market, particularly for investors prioritising cash flow generation and yield enhancement.



# Transaction Evidence and Capital Flows

INVESTOR ACTIVITY HIGHLIGHTS
IN ABU DHABI'S REAL ESTATE MARKET



## Key Drivers Behind Investor Focus

Recent transaction activity suggests investors are increasingly prioritising:

- Income visibility and predictable cash flows
- Long-term lease structures
- Strong tenant covenant profiles
- Institutional-grade specifications
- Strategic locations supported by infrastructure investment
- Exposure to Abu Dhabi's diversification agenda

## Strong Investment Activity in 2026

Two key themes have been evident throughout 2026, driving investor confidence in Abu Dhabi's real estate market:

1. **Continued investor focus on prime assets**
   Assets located within major economic clusters driving attractive yields.

2. **Rising importance of asset quality**
   Higher quality assets are driving investment decisions, reflecting a more mature and selective market environment.




## Investment Outlook 2027

Abu Dhabi enters 2027 with strong investment fundamentals across the GCC, supported by:

- Economic diversification
- Infrastructure investment
- Expanding institutional participation
- A limited supply of prime income-producing assets

## Sector Outlook



### Logistics & Industrial

Well positioned from a yield perspective, supported by strong occupier demand and constrained supply.



### Grade A Office

Continue to offer stable, defensive income characteristics, attracting investors seeking higher income returns.



### Residential

Remain attractive due to ongoing workforce requirements and Abu Dhabi's long-term economic diversification agenda.

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Providing our integrated services

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