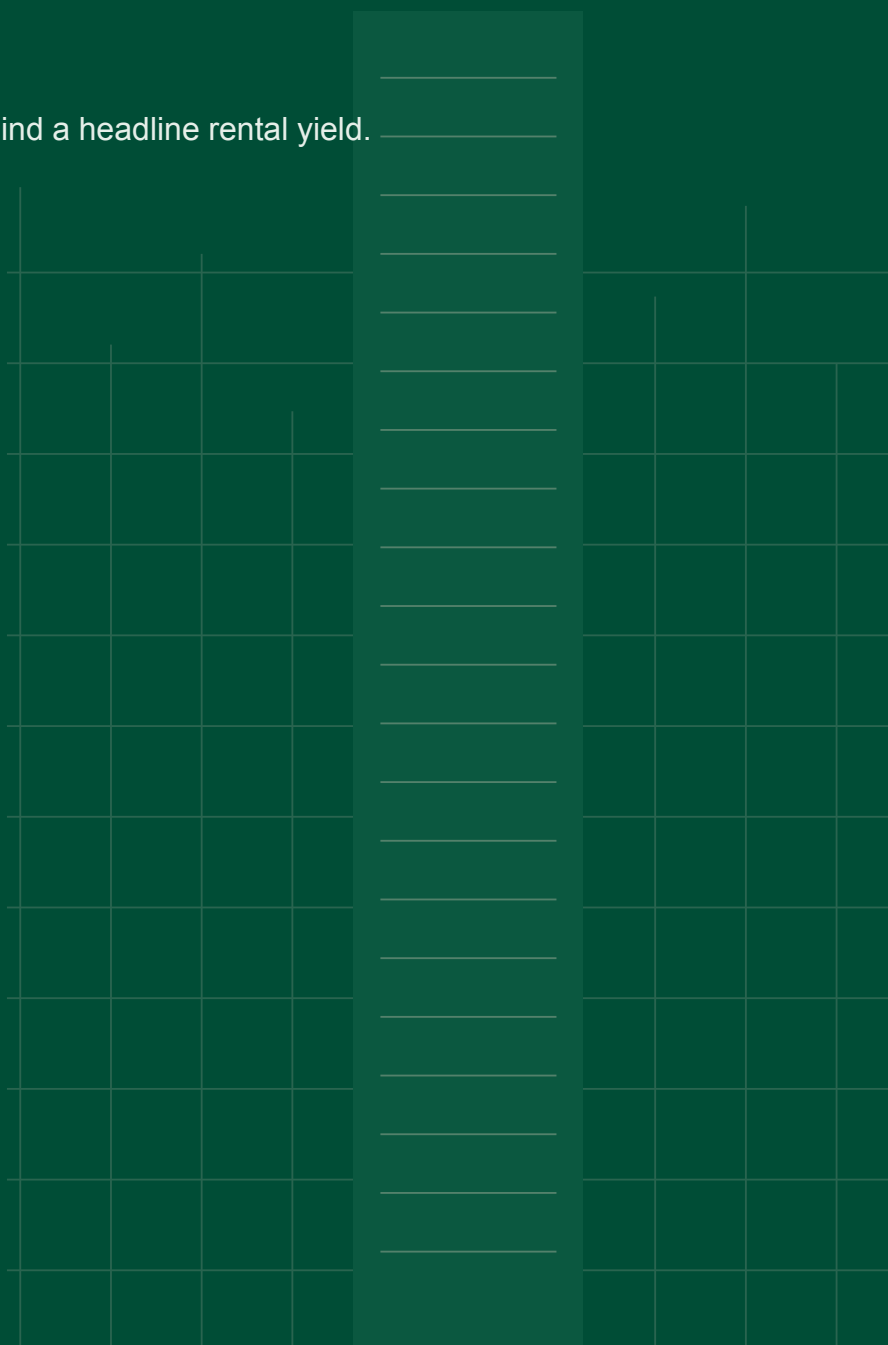
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FREE SAMPLE / ENGLISH

Dubai Property Investment Guide

Free sample: understand the return behind a headline rental yield.



OCTOBER 2026 / EDITION 1.0

Research checked 20 October 2026

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Inside the investment package

This free sample contains a worked example from the Locaro Dubai Property Investment Guide. It shows the difference between a headline yield and a return after the assumed costs. Every price, rent, vacancy and financing input in the example is hypothetical. It is not a current property quote or a forecast.

The full package includes the English guide, a separate XLSX investment calculator and a printable due diligence workbook. It covers market evidence, area selection, ready and off-plan buying, finance, tax boundaries, ownership, letting, residency considerations and exit. Research was checked on 20 October 2026; source periods are stated individually.

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Build a return you can explain

Keep five measures separate

Gross rental yield divides annual contracted or assumed rent by the purchase price. It is a screening measure. It does not deduct vacancy, management, repairs, service charges, insurance, taxes or borrowing costs. State whether the rent is asking, agreed, historical or projected.

Effective rental income is the rent remaining after your assumed vacancy and collection loss. Net operating income subtracts property operating costs from effective income, before financing and your personal income taxes. Operating yield on total acquisition cost divides that income by the price plus the relevant purchase costs. This is a more complete unlevered comparison, but still a model.

Cash-on-cash return divides cash after debt service by the initial equity cash invested, under the model's definition. Read its denominator: a calculation that omits fees, refurbishment or reserves can overstate the return. Mortgage principal is a cash payment but also reduces the debt balance; it must not be mistaken for an operating expense.

Total investment return includes operating cash flows and the sale, after selling expenses and repayment of remaining debt. Capital gain alone is not total profit. Equity multiple compares total cash distributions with contributed equity and does not describe the timing of those distributions. A five-year result should not be presented as an annual percentage.

A simple cash purchase example

These are deliberately round hypothetical inputs, not a Dubai market quote. A property costs AED1,500,000 and has AED100,000 of acquisition costs, making AED1,600,000 total acquisition cost. Assumed annual rent is AED105,000. At 5% vacancy and collection loss, effective income is AED99,750. With AED25,000 of annual operating costs, net operating income is AED74,750.

Gross yield is 7.00% of price. Operating yield on total acquisition cost is 4.67%. If the investor also sets aside AED50,000 in cash reserves, the initial cash commitment is AED1,650,000 and annual income relative to that committed cash is 4.53%, before personal taxes. These are different measures of the same example; none is a guaranteed return.

From assumed rent to operating income

Hypothetical example | AED per year | Before finance and personal tax



At unchanged operating costs, a 10% lower rent and 10% vacancy reduce effective income to AED85,050 and net operating income to AED60,050. Operating yield on acquisition cost becomes 3.75%. This shows why two reductions can matter together: weaker rent and a longer letting period can coincide.

Fees change the break-even sale price

Use the same AED1,600,000 acquisition cost and assume, solely for illustration, selling costs of 2.5% of sale price. Ignoring rental income, finance, taxes and additional fixed exit charges, the sale price required to recover acquisition cost is AED1,600,000 divided by 0.975, or about AED1,641,026. That is 9.40% above the original AED1,500,000 price. A 5% price increase would not by itself cover this example's round-trip costs.

Once rent, debt, refurbishment and timing are included, use the full model. A booking discount, free furnishing or payment plan should be translated into cash flows on the dates you receive or pay them. An advertised discount from an unverified reference price is not a realised gain.

Finance changes both upside and downside

Consider an entirely hypothetical AED900,000 loan over 20 years at a constant nominal 5% annual interest rate with monthly repayments. The payment is about AED5,940 per month, or AED71,275 per year. Against AED74,750 of operating income in the earlier example, cash after debt service is only about AED3,475 before personal taxes and unusual expenses. Eligibility and maximum loan-to-value limits must be checked separately; the example is not a financing offer.

A lender's valuation may be below the agreed price, increasing the cash deposit. An initial fixed-rate period can end before your holding period. Obtain the full rate formula, fees, insurance requirements, early-settlement terms and repayment schedule. Stress the reset rate and the rent at the same time rather than changing only one flattering assumption.

Currency can change your result

Model cash flows in AED first. Then translate the amounts into the currency in which you measure wealth or pay your bills. In the workbook, the conversion convention is AED per one unit of reporting currency; an AED amount is divided by that rate. Never mix a rate quoted in the inverse direction.

A stable AED/USD relationship does not remove EUR, GBP, INR or other currency exposure. Bank spreads, transfer fees and timing create additional differences. The model's conversion input is illustrative and is not a live exchange-rate feed. Use a quoted executable rate for actual transfers and consider the result under an adverse conversion rate.

03 / LOCARO

Five checks before a payment

1. Verify the seller or developer, unit identity and the registered property or project.
2. Obtain the full contract and understand payment triggers, cancellation terms and restrictions on resale.
3. Confirm bank beneficiary details through an independent channel.
4. Replace advertised rent with suitable comparable evidence and include vacancy and all costs.
5. Test whether you can fund the purchase and hold the property in a downside case.

The complete workbook turns these questions into a record of documents, dates and unresolved issues. The calculator uses its own detailed hypothetical default example, which differs from the rounded teaching example in this sample.

The full guide

Visit Locaro or contact locarorealty.com@gmail.com for product availability. No investment return, financing approval or residence eligibility is guaranteed. This sample provides general education, not personalised legal, tax or financial advice.