Section 1 of the guide: Management fees and net yield in Dubai: how much of the rent is left after expenses

What service charges are, and who sets them

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Service charges are an annual payment that every apartment owner in a jointly owned building pays for maintaining the common areas. They fund security, cleaning, maintenance of the lifts, pool and gym, cooling and electricity for the common areas, building insurance, and a fund for major repairs. Each owner pays a share based on the area of their apartment, so the rate is usually shown in dirhams per square foot.

The law: service charges are regulated by Law No. 6 of 2019 on jointly owned property in Dubai. Under the law:

- **The owner pays,** unless the tenancy contract says otherwise. Even if the tenant has not paid, the owner remains responsible.
- **RERA approves the budget.** The building's management company cannot collect service charges before RERA, the authority that regulates real estate in Dubai, has approved the budget. The money is paid into an account approved by the authority, and is used only for the building's expenses.
- **Who manages the building:** in a large project, it is the developer or a company it appoints with RERA's approval. In a regular building, RERA selects the management company. In a building used as a hotel, it is a hotel management company.
- **Owners Committee:** the law replaced the old Owners Association with an Owners Committee, which reviews the management company, goes over the annual budget and passes complaints on to RERA. In conversation, and in some systems, the old name is still used.

Mollak: this is the Dubai Land Department's system for managing service charges in jointly owned buildings. The management company uses it to submit the budget for approval and issue invoices. Owners receive the invoices through it and pay, also through Dubai REST.

The full guide on the site: u810properties.com/en-guide-netyield

Want to know how much is really left?

Send me the property you are looking at, and we will calculate the net yield together from its own numbers.

Send a WhatsApp message →

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