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

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From the rent on an apartment in Dubai, you keep less than the yield figure you are usually shown, because that figure is usually a gross yield: the annual rent divided by the price, with no expenses at all. The largest annual expense is usually the building's service charges, which people also call "management fees". After this comes the fee for the company that manages the letting, followed by maintenance, registering the tenancy contract, insurance, months when the apartment is empty, and sometimes cooling. Here I explain who sets the service charges, how to check them yourself before you buy, and how to calculate how much is left.

**In short**

- Gross yield is the rent divided by the price. Net yield is what is left after expenses, divided by the price. When you hear a figure, first ask which of the two it is.
- You can check the service charges of a specific building yourself in the Service Charge Index of the Dubai Land Department (DLD), on the website or in the Dubai REST app.
- Service charge debt stays with the apartment, and you cannot sell it without clearing that debt, or, according to reports, register or renew a tenancy contract.

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## 01 What service charges are, and who sets them

**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.

## 02 How to check the service charges of a specific building

Before you buy, check the rate approved for the building, and do not rely on the figure the seller or the sales agent gave you.

1. Go to the "Service Charge Index" service on the Land Department website, or in the Dubai REST app.
2. Choose the project name, the type of use (residential, offices or retail) and the year.
3. The approved rate appears straight away, with a breakdown and the name of the company that manages the building. On the website you can also search by Title Deed number or on a map.
4. Multiply the rate per square foot by the area of the apartment to get the annual amount.

5. Compare it with what you were told. If there is a gap, ask in writing.

**For an off-plan property:** a building that has not been handed over yet does not have an approved budget. You can check the rate in buildings the developer has already handed over in the same area, but that is only an estimate.

**My own lesson:** when I bought my property, I did not check the service charges before buying. Today I know this is one of the first checks you need to do, so I do it with every investor I guide, before they decide.

## 03 Service charge debt blocks selling and letting

**Without clearing the debt, you cannot sell, and according to reports it is also hard to let.** Under the law, an apartment cannot be sold while there is service charge debt on it, and the management company has a lien on the apartment because of the debt. According to reports in Gulf News and The National from 2020, an owner with this kind of debt will also not get approval to register or renew a tenancy contract. Registering a sale with the Land Department requires an electronic no objection certificate (NOC) from the developer through Dubai REST, and a developer does not issue it when there is service charge debt. If the debt is not cleared, the management company can claim it at the Rental Disputes Center, and at the end of the process the apartment can be sold to cover the debt.

**What this means for you:**

- **When you buy a resale apartment:** ask the seller for an up-to-date service charge statement, and check that the whole debt is cleared before the NOC, not only the debt for the current year.
- **When you rent it out:** if the tenant committed to paying and did not pay, the debt is still registered against you.

## 04 Gross yield and net yield

| | How it is calculated | What it means |
|---|---|---|
| **Gross yield** | The annual rent, divided by the price of the apartment | A quick figure for a first comparison, with no expenses at all |
| **Net yield** | The annual rent minus the annual expenses, divided by the price of the apartment | What you actually keep, before tax and before a mortgage |

**Two notes:**

- You can also add the purchase costs to the price (the registration fee, commissions and more, see the guide to the costs on top of the price). The yield then comes out lower. What matters is

that you compare properties using the same method.

- The net yield here is before tax in your country of residence and before mortgage repayments. Rental income may need to be reported in your country of residence (see "Do I need to report the property in my country of residence?" in the FAQ), and the calculation is done with an accountant.

## 05 The annual expenses of an owner who rents out

| Expense | Who sets it | What to check |
|---|---|---|
| **Service charges** | RERA approves the building's budget | The rate in the Service Charge Index, multiplied by the area |
| **Cooling (chiller)** | The district cooling company, according to the contract | Whether cooling is included, or there is a separate bill. A separate bill has a fixed annual charge based on capacity, which does not depend on usage, plus a metered charge |
| **Letting management fee** | The agreement with the company that manages the letting | A percentage of the rent, and what it includes |
| **Maintenance and repairs inside the apartment** | The condition of the apartment and the contract | Who is responsible for which repair under the tenancy contract |
| **Tenancy contract registration (Ejari)** | The Land Department | AED 177.75 through Dubai REST or the website, or AED 220 at a service centre, for each registration or renewal |
| **Insurance** | The insurance company | The building is insured through the service charges. Insurance for your contents and liability is your choice |
| **Months when the apartment is empty** | The market and the rent you ask | How long it takes to let, and the months between tenants |
| **Electricity and water (DEWA)** | DEWA | Usually the tenant pays. When the apartment is empty, or when the bill is in your name, you pay |

**Long-term letting** (annual contract): one tenant, a contract registered in Ejari, and the company that manages the letting, if there is one, charges a fee according to the agreement. I have set out the steps, from the first tenant to renewal, in the guide to renting out an apartment. This guide covers long-term letting only. Short-term letting, by the day or by the night, requires a holiday home permit, and it comes with different costs and conditions.

## 06 Example: how gross yield becomes net yield

**Important:** the numbers in the example that were chosen to show the calculation are example assumptions. They are not market data, not a forecast and not a promise, and they do not describe a specific building. The rent in the example is based on the median of new contracts for one-bedroom apartments in JVC, from the guide to renting out an apartment, and the other number taken from an official source is the tenancy contract registration fee. To calculate your own property, replace each assumption with the real number.

**Example assumptions:** a ready apartment priced at AED 1,000,000, with an area of 700 square feet (about 65 m²), let long-term for AED 68,000 a year. Service charges of AED 18 per square foot. Cooling is included in the service charges or paid by the tenant. A management fee of 5% of the rent. One month a year when the apartment is empty.

| Line | AED per year | Where the number comes from |
|---|---|---|
| Annual rent | 68,000 | The median of new contracts in JVC, from the guide to renting out an apartment |
| **Gross yield** (68,000 divided by 1,000,000) | **6.8%** | Calculation |
| Service charges (700 times 18) | 12,600 | Example assumption. Check in the Service Charge Index |
| Management fee (5% of 68,000) | 3,400 | Example assumption. According to the agreement with the company |
| Maintenance and repairs | 3,000 | Example assumption |
| Tenancy contract registration (Ejari) | 178 | Land Department, through Dubai REST (177.75) |
| Contents and liability insurance | 500 | Example assumption |
| An empty month (one month's rent) | 5,667 | Example assumption |
| Electricity and water in the empty month | 300 | Example assumption |
| **Total expenses** | **25,645** | Calculation |
| **What is left** (68,000 minus 25,645) | **42,355** | Calculation |
| **Net yield** (42,355 divided by 1,000,000) | **About 4.2%** | Calculation |

**What this shows:** with these assumptions, about 38% of the rent goes on expenses, and the yield drops from 6.8% to about 4.2%. The service charges alone are almost a fifth of the rent. That is why checking the Service Charge Index is the first check.

**With purchase costs:** if you add to the price the purchase costs of a ready apartment bought through a broker, using the method in the costs guide (4% registration fee, registration and Title Deed fees, trustee office, a 2% agency commission plus VAT, and an electricity and water deposit), the total price comes to about AED 1,067,900. The net yield in the example then drops to about 4.0%.

> You can run the same calculation for your own apartment in the net yield calculator: enter the price, the rent and the expenses, and get the gross and net yield.

## 07 "A yield of X%" from a salesperson? Three questions

When a sales agent shows you a yield figure, especially in a conversation where you are being pushed to close quickly, ask in writing:

1. **Is that gross or net?** And if net, which expenses were deducted in the calculation?
2. **What are the building's service charges?** Then check them yourself in the Service Charge Index.
3. **Is the "guaranteed return" written in the contract?** If it is not in the contract, it does not exist. If it is, check for how long, who pays it and what happens afterwards. It is a commitment by the developer only, not a figure about the market.

And one more thing: do not sign in the same conversation. See the guide to pushy sales agents.

## 08 What I check when I guide you

Before you decide, we check together the building's service charges in the official index, go over the expected expenses, and calculate the net yield based on the numbers of your property, not on a figure someone mentioned. After the purchase, I also guide you through long-term letting.

**My service:** the first consultation call is free and lasts up to 20 minutes, by WhatsApp call, WhatsApp messages or a regular phone call. After the first consultation call I can give you a quote. It depends on the sale process and the services you need.

## Frequently asked questions

### What is the difference between "management fees" and "service charges"?

They are the same payment: the annual payment for maintaining the common areas of the building, called service charges. This is not the same as the fee of the company that lets the apartment for you. That is a separate expense.

### Where can I see a building's service charges?

In the Land Department's Service Charge Index, on the website or in Dubai REST. Choose the project, the type of use and the year, and you will see the approved rate.

### Who pays service charges when the apartment is rented out?

The owner, unless the tenancy contract says otherwise. Even if the tenant has not paid, the owner remains responsible.

### Can I sell an apartment with service charge debt?

No. By law, you cannot sell an apartment with service charge debt. The developer will not issue the NOC needed to register the sale until you clear the debt.

### What net yield can I expect in Dubai?

There is no single number, and I do not give a number without checking the property. The yield depends on the rent, the service charges of the specific building and your expenses. So it is calculated for each property separately, following the example above.

### Can service charges go up?

The budget is set every year, and RERA must approve it before charges are collected. This is why you should check previous years in the index, not just the current year.

### Sources


- Law No. 6 of 2019, the owner pays even when the tenant has not paid, cooling of the common areas, and the sale of a unit because of debt: DLD, announcement of 06.01.2020; Hadef & Partners (checked 13.10.2026).
- RERA approves the budget before collection, approved account: Afridi & Angell; Hadef & Partners (ibid.) (checked 13.10.2026).
- Who manages the building (the developer, a company selected by RERA, a hotel), an Owners Committee instead of an Owners Association: Afridi & Angell (ibid.); Hadef & Partners (ibid.); Mondaq (checked 13.10.2026).
- Mollak (budget, invoices, payment): DLD service page, which lists Mollak as a channel; Bayut, updated 26.02.2026 (checked 13.10.2026).
- The Service Charge Index, on the website and in Dubai REST, search by project, use and year, and by Title Deed or map: DLD (ibid.); Gulf News, 16.09.2023; bhomes, 19.03.2026 (checked 13.10.2026).

- Calculation per square foot and what service charges include (including building insurance and a fund for major repairs): Bayut, updated 15.09.2026; bhomes (ibid.). Building insurance is the responsibility of the management company: also Mondaq (ibid.) (checked 13.10.2026).
- No sale while there is debt, and a lien on the unit: Hadef & Partners (ibid.); Gulf News, 05.10.2020 (no approval to sell or rent until the debt is cleared); The National, 10.09.2020 (no registration or renewal of tenancy contracts) (checked 18.11.2026).
- NOC from the developer through Dubai REST when registering a sale: DLD, Property sale registration; Wasl (developer), help centre: an NOC request is rejected when service charges have not been paid (checked 13.10.2026).
- Definitions of gross and net yield: Wall Street Prep; Danube Properties, on calculating yield in Dubai (checked 13.10.2026).
- Tenancy contract registration fee (AED 177.75 in the app and on the website, AED 220 at a service centre): DLD (checked 18.11.2026).
- District cooling: an annual charge based on capacity (AED 750 per ton of refrigeration per year at Empower) and a metered charge, paid by the owner or the tenant: Gulf News, 03.07.2024; Bayut, 06.09.2024 (checked 13.10.2026).
- Purchase costs in the calculation with purchase costs: the method and the sources are in the costs guide on this site. The calculation for AED 1,000,000: 40,000 registration fee, about 550 registration and Title Deed, 4,200 trustee office, 21,000 broker with VAT, 2,130 electricity and water, about 67,900 in total (checked 13.10.2026).
- The example: the rent (68,000) is the median of new contracts for one-bedroom apartments in JVC, which I calculated from the Dubai Land Department's open data, as set out in the guide to renting out an apartment. The Ejari fee is the Land Department's. The other numbers are example assumptions, and are labelled as such (checked 18.11.2026).
- Holiday home permit for short-term letting: Khaleej Times (checked 18.11.2026).


**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 →**


This information is general and correct as of the update date. It is not investment or tax advice. The numbers in the example are assumptions for the calculation, not market data, a forecast or a promise of any yield.