

A black and white photograph of a Dubai skyline featuring several tall skyscrapers, including the Burj Khalifa, reflected in the water of a canal. A small boat is visible in the foreground, leaving a wake. The sky is filled with scattered clouds.

BEYOND THE SALES PITCH

10 Common Mistakes Dubai Property Buyers Make

OnCoarse

PURPOSE FOR DEVELOPING THIS REPORT

Dubai's residential real estate market remains one of the most active property markets globally, supported by high transaction volumes and sustained interest from international buyers. However, as property sales are largely facilitated by commission-based intermediaries, buyers may find it difficult to distinguish between a sales narrative and an objective assessment of a property's underlying risks and return potential.

This report examines **10 common mistakes** that buyers should be aware of before entering Dubai's residential property market. Its purpose is to challenge widely repeated assumptions, highlight information that may be overlooked during the sales process and equip buyers with a more robust framework for independent decision-making.

The findings presented in this report reflect OnCoarse's assessment of recurring issues observed in Dubai's residential apartment market. They have been informed by discussions with market professionals and interviews with property buyers, including individuals who indicated that certain risks, costs and limitations had not been fully explained before their purchase. Further – Dubai Land Department (DLD) transaction and rental data were also used, where relevant, to test and illustrate the assumptions examined in this report.

This report is provided exclusively for informational and educational purposes. It does not constitute investment, financial, legal or brokerage advice and does not recommend buying, selling, leasing, holding or otherwise transacting in any real estate asset.

Key mistakes overview

Misunderstanding the Return Profile

1. **Relying** on Return on Investment (ROI) as the primary metric
2. **Making** a decision based solely on gross rental yield
3. **Ignoring** the associated costs of owning a property
4. **Linking** Dubai's economic growth directly to property price appreciation

Oversimplifying Off-Plan Investment

5. **Assuming** that reselling an off-plan property at handover carries no risk
6. **Treating** capital appreciation as guaranteed

Overlooking Asset-Specific Factors

7. **Equating** a larger apartment with a higher return
8. **Believing** that a reputable developer protects investment performance

Ignoring Market Forces

9. **Expecting** Dubai's property market to grow indefinitely
10. **Overlooking** upcoming supply



Misunderstanding the Return Profile

1. Relying on ROI as the primary metric
2. Making a decision based on gross rental yield
3. Ignoring associated ownership costs
4. Linking economy to unit appreciation

1 RELYING ON ROI AS THE PRIMARY METRIC

Dubai's real estate is primarily sold through licensed brokers who present available options to prospective buyers. However, the barriers to entering the brokerage profession remain relatively low, with more than 20,000 professionals received licences between 2024 and 2025. This figure does not imply that brokers generally lack the competence or rigour required to advise clients. Nevertheless, the rapid expansion of the sector increases the risk of buyers receiving recommendations that are not supported by sufficiently robust analysis.

Return on Investment, or ROI, is commonly quoted by brokers as a key reason for selecting a particular unit. However, the term is often used to describe annual gross rental income divided by the property's purchase price, excluding associated acquisition costs. This calculation does not represent ROI; it represents gross rental yield. ROI is a broader measure of the total profit or loss generated by an asset's value change to the total acquisition cost. Therefore, when a broker uses the term "ROI," buyers should clarify exactly what the figure represents and how it has been calculated.

$$\text{Return on Investment (ROI)} = \frac{\text{Unit Value}_{\text{At resale}} - \text{Total acquisition cost}}{\text{Total acquisition cost}}$$

What brokers commonly refer to as ROI should generally be described as gross rental yield, where annual rental income is measured before compulsory expenses. More importantly, buyers should also consider net rental yield, which reflects rental income after recurring ownership costs and should be assessed against the total amount invested, including the purchase price and associated acquisition costs. The capitalisation rate, or cap rate, may also be used to measure the property's net operating income relative to its value.

Validating that a broker uses the correct terminology should therefore form part of a buyer's preliminary assessment before completing a transaction and paying the brokerage commission. Brokers are not expected to be financial analysts. However, where financial terminology is used to support an investment case, buyers should be confident that the underlying concepts and calculations are applied correctly. Correct terminology does not guarantee a sound investment, but it provides a basic indication that the broker understands the return profile being presented.

2 MAKING A DECISION BASED ON GROSS YIELD

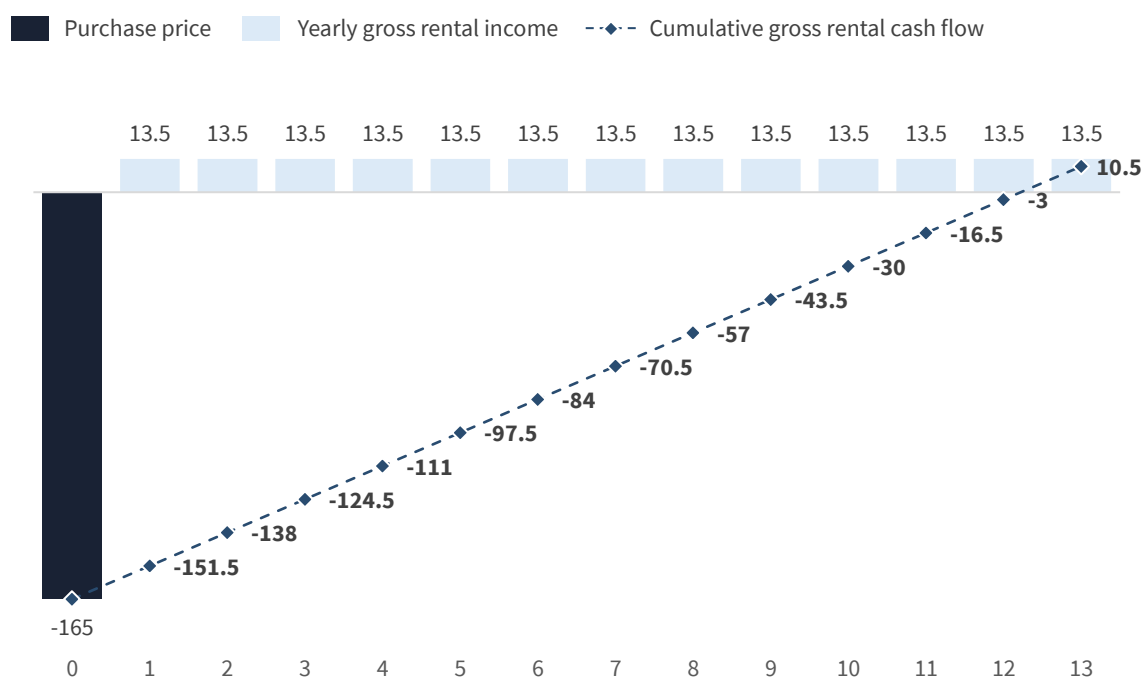
Gross rental yield is commonly presented as a headline measure when selecting a property. Yet, viewed in isolation, it offers only fragmented insight.

Consider a ready-built studio priced at USD 165,000, excluding DLD fees and brokerage commission, and expected to generate annual rent of USD 13,500. This implies a gross rental yield of approximately 8% - a figure frequently presented as evidence of an attractive income profile.

As illustrated in Exhibit 1, cumulative gross rent would equal the original purchase price after 12-13 years, assuming uninterrupted occupancy and that the stated rent is achieved every year. Rather, it represents the cumulative gross cash income generated by the unit before operating expenses. Rental growth has deliberately been held flat to isolate the metric and test what the advertised 8% yield delivers on its own.

Exhibit 1: Projected cumulative gross rental income under full occupancy

(13-year holding period; USD thousands)



Actual earnings would be reduced by service charges, maintenance costs and periods of vacancy – all of which are borne by the property owner throughout the holding period. Moreover, the quoted purchase price excludes acquisition costs, including the 4% DLD registration fee and brokerage commission, further extending the effective payback period and reducing the income profile.

Gross rental yield is therefore a useful screening metric, but not a conclusive one. It indicates potential income before costs and risks, rather than the return ultimately received by the owner, as such should not be used as the primary basis for assessing a property.

3 IGNORING ASSOCIATED OWNERSHIP COSTS

Gross rental yield should not be treated as the income ultimately earned from owning an apartment. Just as corporate revenue does not translate directly into shareholder earnings, gross rental income is reduced by the costs of operating and maintaining the property. Understanding these deductions is therefore essential before assessing any residential investment in Dubai, with 3 main associated costs are shown below:



SERVICE CHARGES

Compulsory annual payments used to fund the management, security, cleaning and maintenance of the building and its shared facilities, including lifts, swimming pools and common areas. Charges are generally applied at an approved rate per square foot, meaning that larger apartments typically incur higher total payments



VACANCY RISK

Periods during which the apartment is not occupied generate no rental income. Although vacancy is not a direct expense, it reduces the income received over the year and should therefore be incorporated into assessment of the property's performance

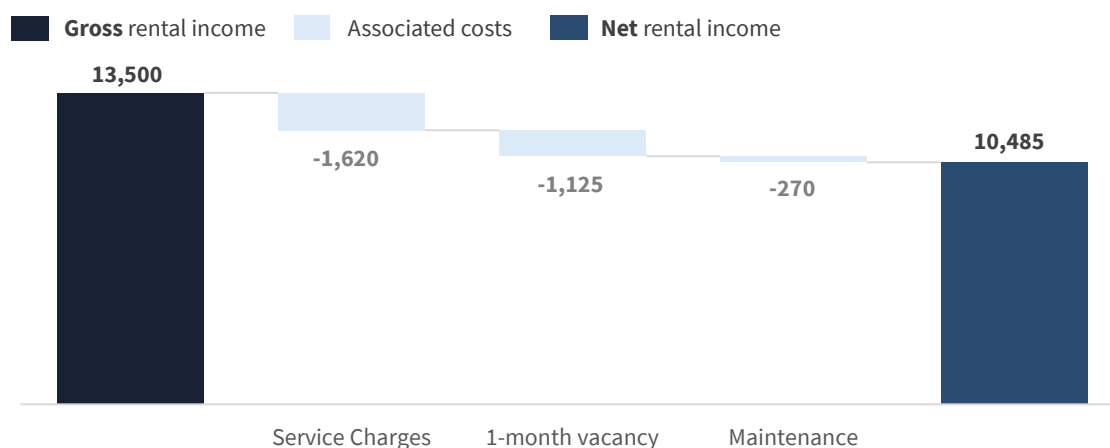


UNIT MAINTENANCE

The owner is responsible for major repairs and replacements above the threshold specified in the tenancy contract. These may include air-conditioning components, plumbing, electrical systems and other material repair works

Next – the effect of these service charges is illustrated in the Exhibit 2, for the Studio mentioned in the previous section – yielding 13,500 USD in gross rental income.

Exhibit 2: Effect of main associated ownership costs on the rental income
(USD)



Together, these ownership costs and vacancy assumptions reduce annual rental income by approximately USD 3,000. More importantly, the headline gross rental yield falls from around 8% to an estimated net yield of approximately 6%, extending the implied rental payback period from 12–13 years to around 16–17 years. These costs materially change the property's income profile and should therefore be assessed by every buyer before completing a purchase.

4 LINKING ECONOMY TO UNIT APPRECIATION

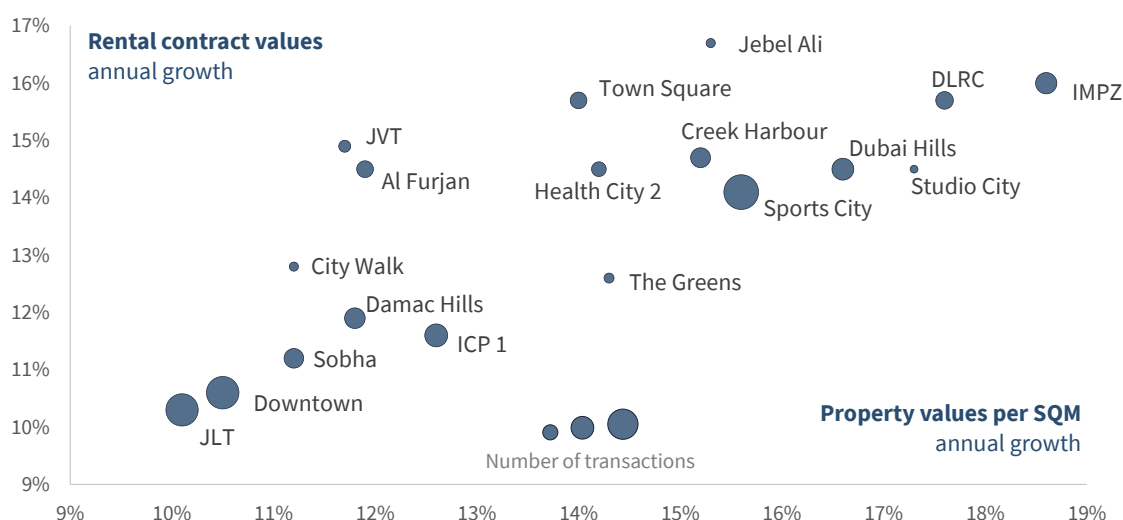
Dubai's economy has continued to expand, reaching approximately USD 255 billion in 2025 and recording a CAGR of 6.2% since 2022. While economic growth provides a supportive backdrop for residential real estate, it does not fully explain why apartment prices move.

To understand the mechanism, it is useful to view an apartment as an income-generating asset. As with a business, stronger and more sustainable income can support a higher valuation, while weaker income expectations place pressure on value. For residential apartments, achievable rental income is one of the clearest indicators of earning potential. When rental values rise, owners can generate more income from the same asset, which may support higher property prices. A 10% increase in achievable rent does not automatically translate into a 10% increase in value, but it strengthens the apartment's income profile and can boost the price buyers are prepared to pay.

This is why economic growth is often associated with rising property values. A stronger economy attracts businesses, workers and residents, increasing demand for housing. Where this demand grows faster than the supply of available apartments, rental values rise. Higher rents then provide the underlying support for apartment appreciation.

Exhibit 3 compares the average annual growth in property values – USD per square meter (SQM) and gross rental income for 1-bedroom ready-built apartments across 18 Dubai neighbourhoods between 2022 and 2025. The results show a clear correlation: neighbourhoods with stronger rental growth generally also recorded stronger property-value appreciation. As such, rental growth provides a strong indication of the direction of apartment values, even if the scale of appreciation is shaped by a broader set of market factors.

Exhibit 3: 1-BR relationship between rental growth and value appreciation per square metre (2022-2025, %)



For example, JLT recorded average annual growth of 10.3% in rental contract values, alongside annual apartment-value appreciation of 10.1%. In IMPZ, rental contract values increased by an average of 16.0% per year, while apartment values appreciated by 18.6%. These examples illustrate the clear relationship between rental growth and property-value appreciation.

Sources: DLD Transactions and Rental Data, OnCoarse Analysis



Oversimplifying Off-Plan Investments

5. Ease of off-plan sale

6. Guaranteed capital appreciation

5 EASE OF OFF-PLAN RESALE

Perhaps the most widely used argument for entering Dubai's real estate market is that an off-plan property can be purchased during construction and resold upon completion. At first glance, the logic appears sound: once the unit is completed, it becomes immediately rentable.

However, the ease of resale should be tested against the demand in the ready-built market. Off-plan transaction volumes provide an indication of the number of units that will eventually enter the secondary market, while ready-built transaction volumes offer a proxy for the market's capacity to absorb them. Not every off-plan buyer will seek to sell at handover, but a large gap between the two segments points to greater competition among potential sellers.

Exhibits 4-6 compare transaction volumes between off-plan and ready-built properties from 2022 to 2025 across the most liquid apartment categories: studios, 1-bedroom and 2-bedroom units. In each segment, off-plan purchases materially exceeded ready-built transactions. In 2025, off-plan transaction volumes were 3.6X higher for studios, 3.5X higher for 1-bedroom apartments and 2.9X higher for 2-bedroom units.

The figures challenge the assumption that selling at handover will necessarily be straightforward. Where a large number of similar units reaches completion at the same time, owners may face substantial competition for a comparatively smaller pool of secondary-market buyers.

Exhibit 4: Studio – transaction volume comparison
(2022-2025)

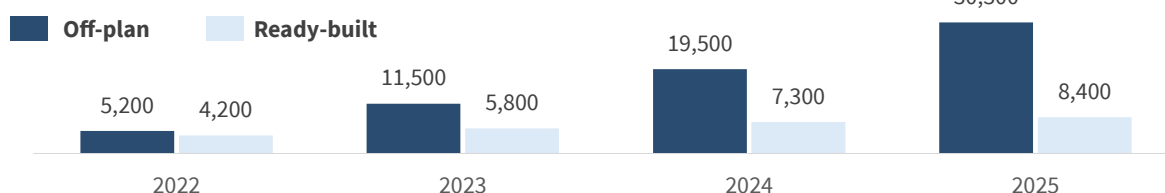


Exhibit 5: 1-Bedroom – transaction volume comparison
(2022-2025)

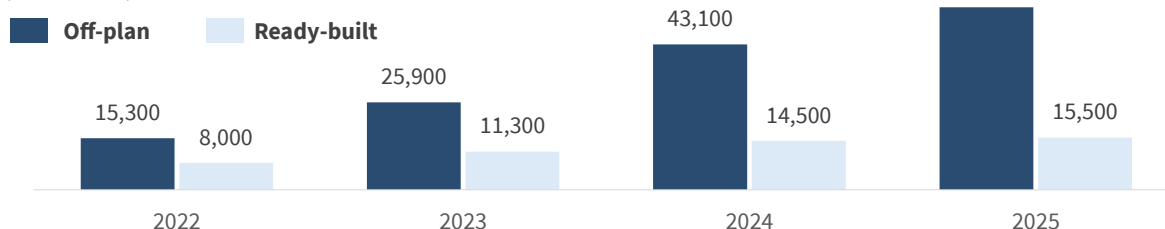
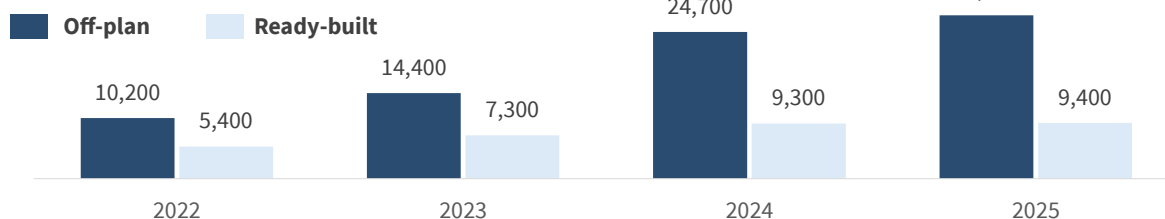


Exhibit 6: 2-Bedroom – transaction volume comparison
(2022-2025)



Sources: DLD Transactions Data, OnCoarse Analysis

6 GUARANTEED CAPITAL APPRECIATION

Another widely repeated narrative is that off-plan property will appreciate towards handover, encouraging buyers to enter at an earlier stage and benefit from the expected price increase. Once again, the logic appears reasonable: early buyers accept greater construction risk and delay the opportunity to generate rental income, and therefore expect to be compensated through appreciation.

However, several additional risks should be considered before making a purchase.



COMPETITION WITH EXISTING BUYERS

Off-plan properties may appreciate as construction progresses. However, these increases do not necessarily reflect genuine market appreciation. As the project approaches completion and available inventory is absorbed, the developer may raise the price of the remaining units. Earlier buyers seeking to realise a profit must then compete with other investors holding similar units. Where there is little difference between the properties, reducing the asking price may become the main way to attract a buyer.



COMPETITION WITH THE WIDER MARKET

As shown in the previous section, off-plan is the dominant segment of Dubai's residential property market. Buyers seeking to resell their units must therefore compete not only with other owners in the same project, but also with a broad and highly active market of new launches. New projects may offer longer payment plans, incentives and direct developer support, making a secondary-market resale less attractive unless it is priced competitively.

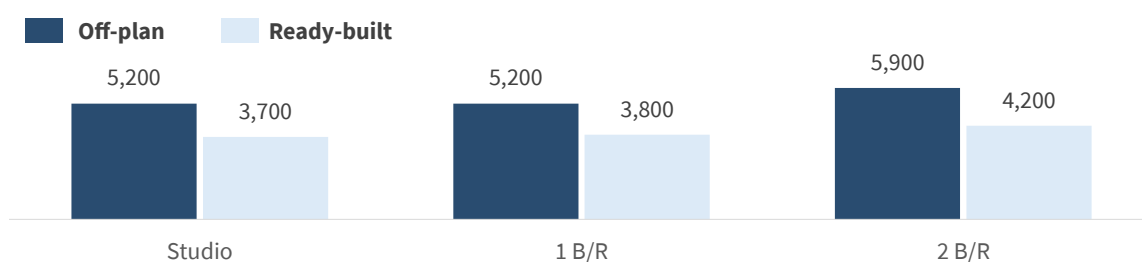


PRICE PRESSURE

Off-plan properties are generally priced higher per square metre than comparable ready-built units – as shown in Exhibit 7. Premium is partly supported by payment plans, which allow buyers to spread the cost throughout construction and, in some cases, beyond handover.

The off-plan price may also reflect the value the developer expects the property to achieve once completed. However, where a buyer enters at a premium to the ready-built market, the potential for further appreciation – and, more importantly, the ability to realise that appreciation upon resale – becomes less certain.

Exhibit 7: Price per square meter comparison between the off-plan and ready-built segments
(2025, USD/SQM)



Sources: DLD Transactions Data, OnCoarse Analysis



Overlooking Asset-Specific Factors

7. Higher return for larger apartments

8. Reputable developer offsets risks

7 HIGHER RETURN FOR LARGER UNITS

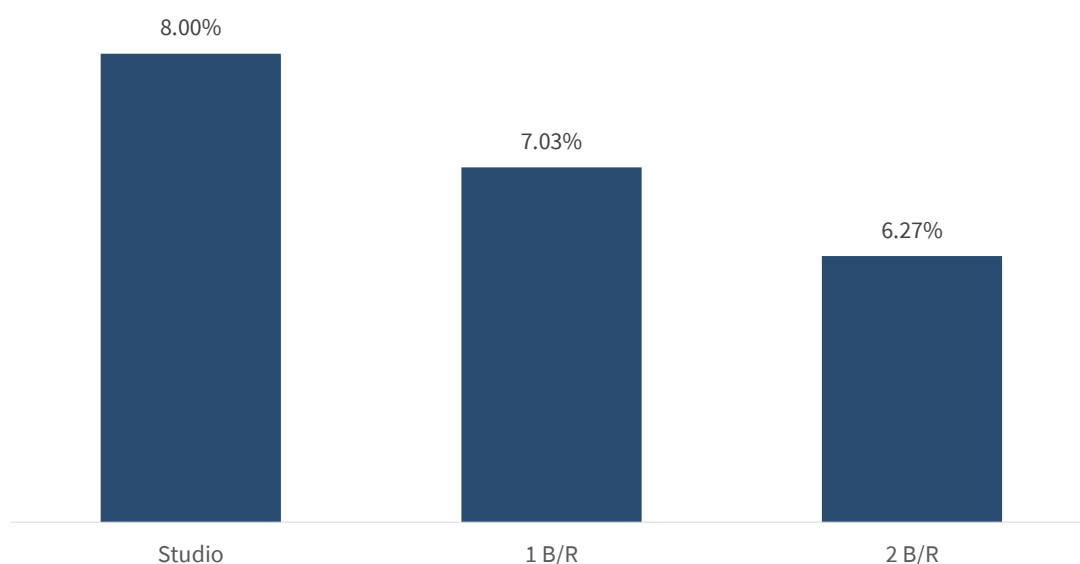
Higher entry prices are often associated with higher expected returns, compensating investors for committing more capital. In Dubai's ready-built apartment market, however, gross rental yields frequently move in the opposite direction.

Across the main apartment categories – studios, 1-bedroom and 2-bedroom units – studios generally generate the highest gross rental yield relative to their purchase price. As unit size increases, rental income rises, but typically at a slower rate than the purchase price. The result is a declining percentage return on the capital invested.

Exhibit 8 compares the average gross rental yields achieved across the three apartment categories in June 2026. While the figures reflect a specific point in time, the broader pattern – studios outperforming larger units on gross rental yield – has remained visible across multiple market periods.

Exhibit 8: Gross rental yield

(June 2026, %)



This distinction is particularly relevant because brokerage commissions are generally linked to transaction value, creating a commercial incentive to sell larger and more expensive units. Yet a higher purchase price does not necessarily produce a higher percentage return for the buyer.

Service charges also increase with the chargeable area of the apartment. Larger units therefore carry higher absolute ownership costs, placing further pressure on the net return generated relative to the capital invested.

Buyers should therefore assess unit size against the return profile they are seeking. More space may provide greater utility and higher absolute rental income, but it does not necessarily produce a stronger yield

8 REPUTABLE DEVELOPER OFFSETS RISKS

A strong developer brand is an important consideration when purchasing property in Dubai. Reputation is typically built through a track record of successful delivery, strong construction standards, prime locations and reliable customer service. However, these strengths do not necessarily guarantee an equally strong investment return for every buyer.

Emaar Beachfront provides a useful case study. The development benefits from a highly reputable developer, a premium location and strong build quality. Yet, as explored in the previous sections, investment performance is ultimately shaped by the income generated by the asset. Where rental values remain under pressure, property-price appreciation may also be limited.

To assess this relationship, the performance of 1-bedroom units in Emaar Beachfront was reviewed between 2022 and 2025, focusing on changes in both rental values and resale prices.

Exhibit 9: Median annual rental value
(2022-2025, USD)

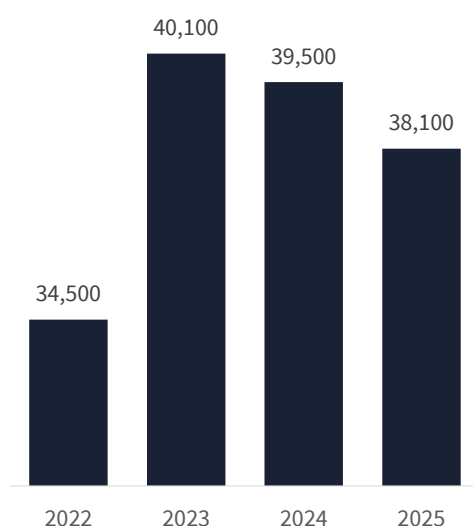
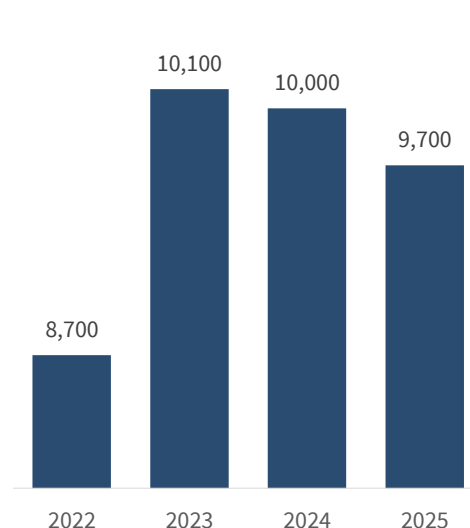


Exhibit 10: Median annual resale value
(2022-2025, USD/SQM)



Projects within Beachfront initially recorded a sharp increase in rental contract values, which was accompanied by stronger property values per square metre between 2022 and 2023. Thereafter, annual rental values moved onto a downward trajectory, while median resale values declined from approximately USD 10,100 per square metre in 2023 to USD 9,700 in 2025 – broadly following the direction of the rental market.

This example serves as an important reminder that strong construction quality and a reputable developer do not, on their own, guarantee investment performance. The developer is not the source of the underperformance; rather, brand and build quality provide only a limited hedge against wider market forces, particularly changes in achievable rental values.



Ignoring market forces

9. Expecting indefinite growth

10. Ignoring supply dynamics

9 EXPECTING INDEFINITE GROWTH

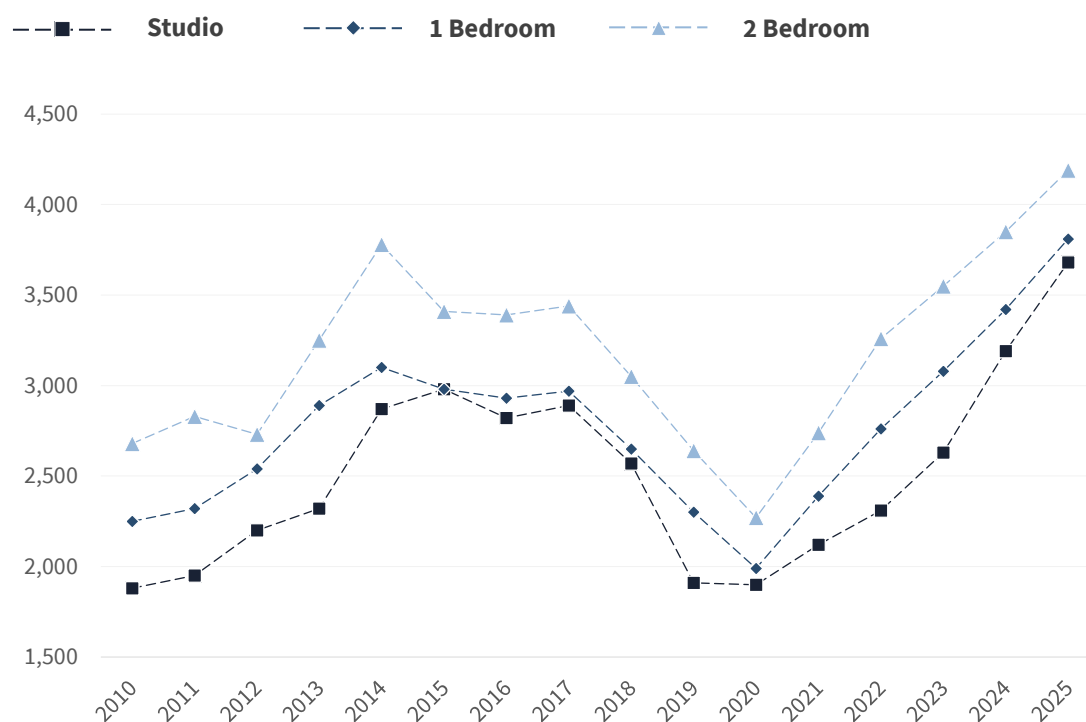
Dubai's residential real estate market has recorded strong appreciation since the beginning of the decade. This growth is often presented to buyers in a way that encourages FOMO – the fear of missing out. Yet, focusing only on recent appreciation overlooks the wider market cycle that made this growth possible.

Like other income-producing assets, real estate moves through cycles. Prices accelerate, growth slows, the market stabilises and, in some cases, values correct. Rental income is central to this process. Rising rents support higher property values, which signal attractive development margins and encourage new construction. As additional supply enters the market, it can slow rental growth – or place downward pressure on rents and prices where supply begins to exceed demand. This relationship is captured by the DiPasquale–Wheaton Four-Quadrant Model, which links rental markets, property values, construction activity and the available stock of real estate.

Dubai's current growth cycle should therefore be viewed in its historical context. The appreciation recorded during this decade followed a prolonged correction that began around 2014 and reached its lowest point around 2020. Recent growth should not be treated as evidence of guaranteed future performance, but as a basis for assessing where the market may currently sit within the cycle. If rental values stop rising – because demand weakens, supply increases or both – the fundamental support for continued price appreciation also begins to weaken.

Exhibit 11: Historic price per square meter for ready-built units

(2010-2025, USD/SQM)



Sources: DLD Transactions and Rental Data, OnCoarse Analysis

10 IGNORING SUPPLY DYNAMICS

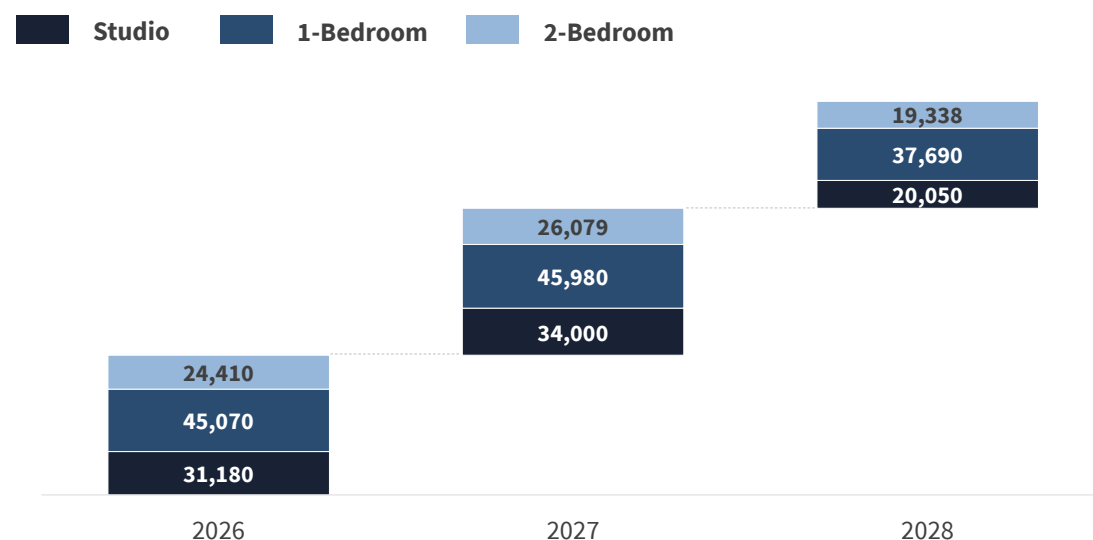
Rental growth – and, by extension, the conditions supporting further property appreciation – depends on a simple balance: tenant demand versus available supply. When demand exceeds the number of apartments available for rent, landlords gain pricing power. A tenant facing limited alternatives may accept a 10% rent increase rather than relocate. As more units enter the market, that leverage begins to weaken. Tenants have more choice, while landlords must compete more actively to secure occupancy.

Future supply is therefore one of the most important indicators of the direction of Dubai's rental market and the property values it supports.

Exhibit 12 presents the scheduled delivery of studios, 1-bedroom and 2-bedroom apartments between 2026 and 2028. Approximately 85,000 studios, 128,000 one-bedroom apartments and 70,000 two-bedroom units are currently expected to be completed over this period.

Exhibit 12: Scheduled Delivery of New Ready-Built Units

(2026-2028, count of units)



Not every completed apartment will enter the rental market: some will be occupied by their owners. Nevertheless, a significant share of this stock is likely to be offered for rent, increasing competition between landlords.

New supply does not, by itself, launch a market correction. However, it remains a material factor in assessing future rental performance. Areas facing a significant increase in available stock may experience slower rental growth – or, in some cases, declining contract values – placing pressure on property valuations.

The relevant question is therefore not simply how much supply is scheduled for delivery, but whether local rental demand is sufficient to absorb it. Buyers should assess upcoming completions alongside rental-market dynamics before making a purchase decision.

Sources: DLD Projects and Units Data, OnCoarse Analysis

CONCLUSION

This report was prepared to highlight 10 common mistakes made by buyers in Dubai's residential property market. It is intended for informational purposes only and does not constitute investment, financial or brokerage advice.

OnCoarse hopes that the data and analysis presented in this report will help UAE property buyers ask more informed questions and assess sales claims more critically.

This report does not suggest that brokers should not be trusted. Licensed brokerage professionals perform an essential market function and play a central role in facilitating transactions. However, given the inherent conflict of interest within a commission-based sales process, buyers should independently validate key assumptions, challenge the underlying rationale and ensure that all material questions are properly addressed before making a decision.

10 Common Mistakes Dubai Property Buyers Make

OnCoarse is an independent real estate analytics provider focused on delivering data-driven insights into Dubai's residential property market. Based in the DIFC PropTech Hub, the company does not participate in real estate transactions and receives no brokerage commissions or transaction-based remuneration.

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