

A panoramic view of the Dubai skyline under a clear blue sky. The Burj Khalifa is the central focus, surrounded by other skyscrapers and a complex highway interchange in the foreground.

Dubai Residential

The Rentennial

Examining the Rental Market Since 2015

Executive Summary

- **Citywide Rental Yields**

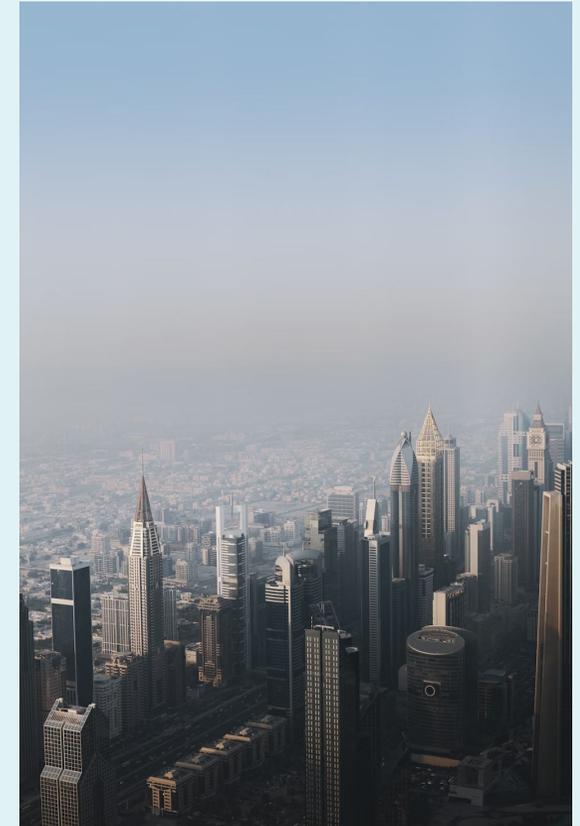
Dubai's residential rental yield data indicates a mild softening in both apartment and villa returns compared to pre-COVID levels. Since 2021, average apartment yields have been slightly below their pre-2020 mean, while villa yields have seen a more noticeable drop. Over the last 18 months, yields on apartments have moved higher, while villa yields have continued to edge downward, with ongoing divergence between the two asset types. This trend may reflect shifts in tenant demand, capital value movement, or supply dynamics within each segment, but ultimately points to the fact that apartments and villas are nigh-on entirely separate markets unto themselves (although some similar trends can be observed within them at the community level).

- **Apartment Market Analysis**

Citywide apartment yields averaged 6.38% between 2015 and 2019 before softening to 6.01% in the post-COVID period, though they have shown signs of recovery in recent months, reaching 6.4% in May 2025. More affordable communities like International City, JVC, and Furjan continue to offer the highest yields, while premium areas such as Palm Jumeirah and Downtown Dubai remain yield-compressed due to elevated capital values. The apartment yield differential data reinforces this pattern: mid-market communities have consistently outperformed the citywide average, while luxury districts remain below it — although some high-end areas have shown relative yield improvement in the current cycle.

- **Villa Market Analysis**

Villa market trends point to a clear divergence between premium and mid-market communities in both yield performance and total return composition. Post-COVID, citywide villa yields have remained relatively stable, though communities like JVC and Jumeirah Golf Estates have seen significant outperformance, while luxury areas such as Palm Jumeirah and Emirates Hills continue to yield well below the average. Yield premium data reinforces this dynamic: mid-market areas have widened their yield advantage in recent years, while previously stable performers like Arabian Ranches have slipped below the citywide benchmark.



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Citywide Rental Yields

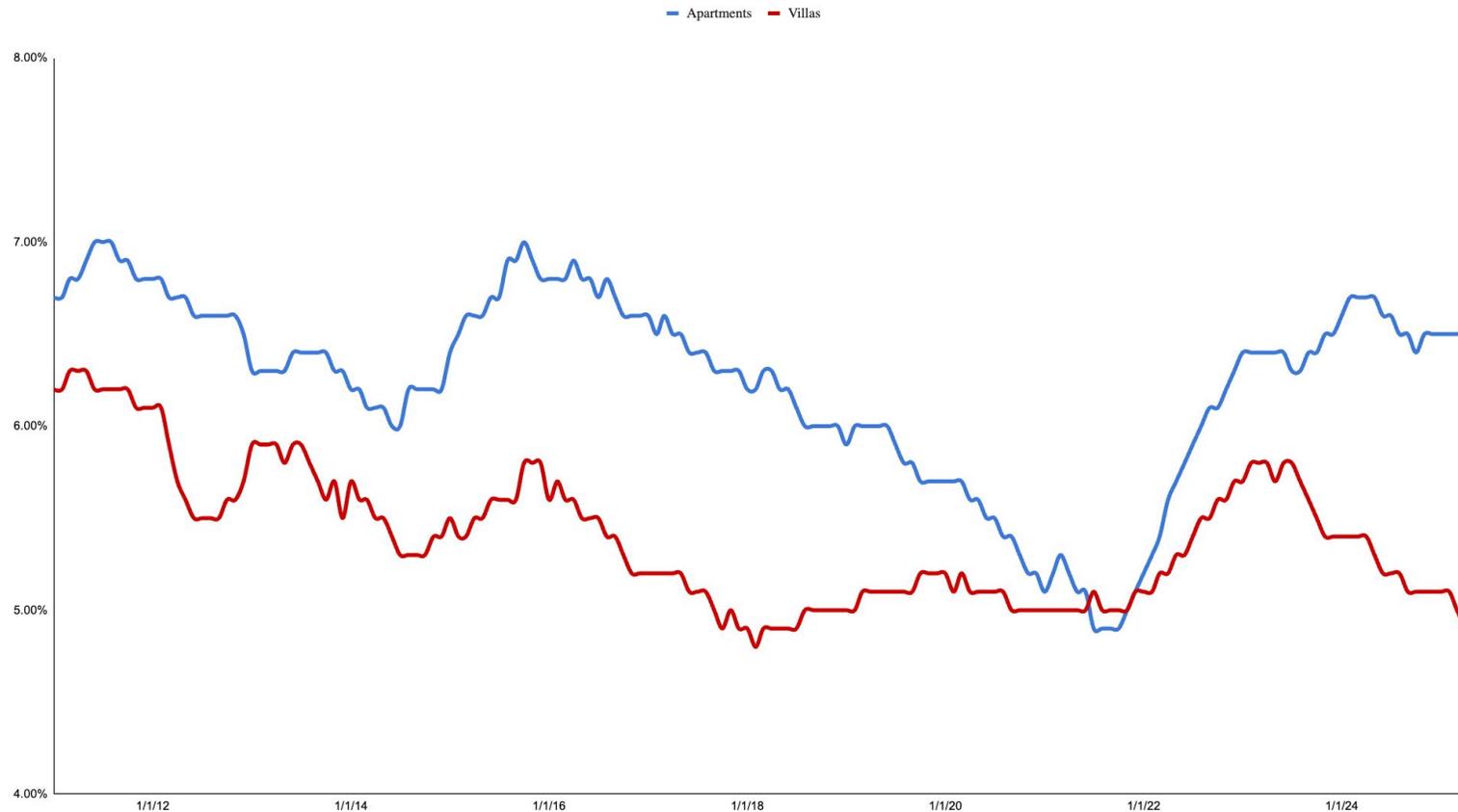
“In three words I can sum up everything I've learned about life: it goes on.”

– Robert Frost



Dubai Net Rental Yields (2015 - 2025 YTD)

Dubai Citywide Average Net Rental Yields

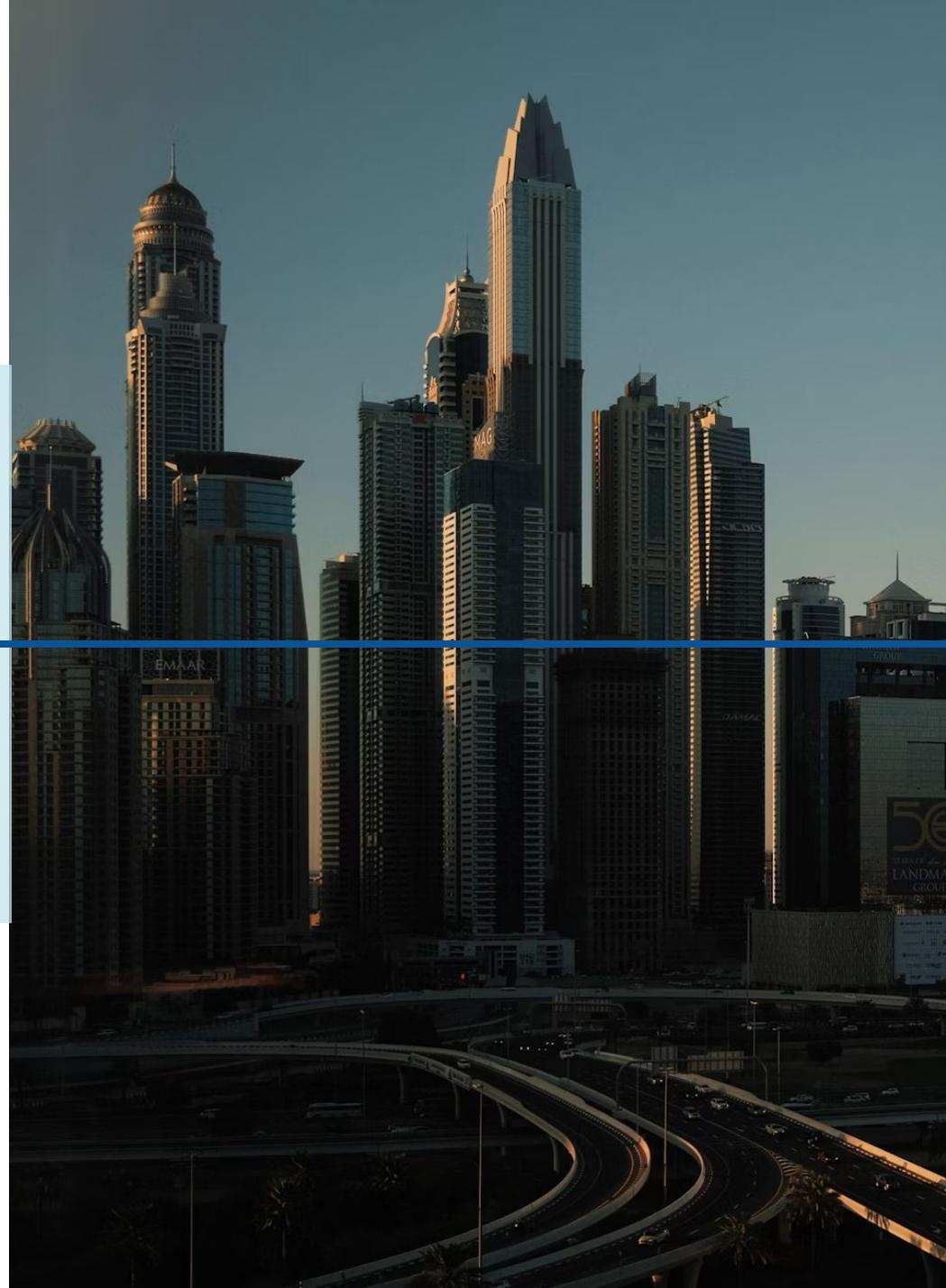


Since 2021, apartment net yields have averaged 6.01%, compared to a pre-2020 average of 6.43%. Villas averaged 5.29% post-2021, down from 5.47% prior to the pandemic. Over the last 18 months, apartment yields have risen to an average of 6.55%, while villa yields have declined slightly to 5.18%. As seen in the graph above, the data shows a continuous divergence in performance since mid-2023, with apartment yields strengthening and villa yields trending lower. This may reflect evolving demand patterns and differences in how rental income has kept pace with capital values across asset types.

Apartment Market Analysis

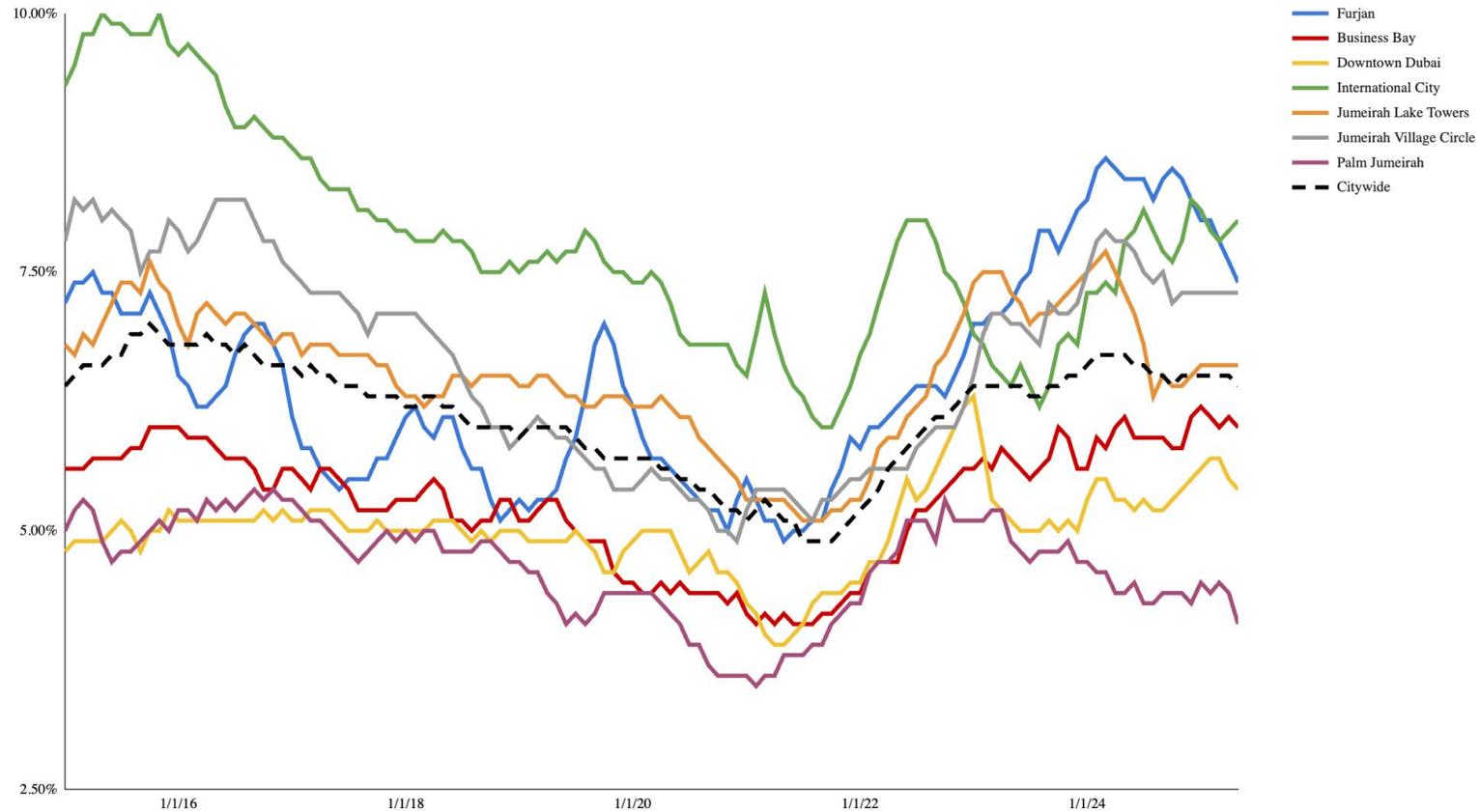
"The world will not be destroyed by those who do evil, but by those who watch them without doing anything."

– Albert Einstein



Community-Wise Rental Yields

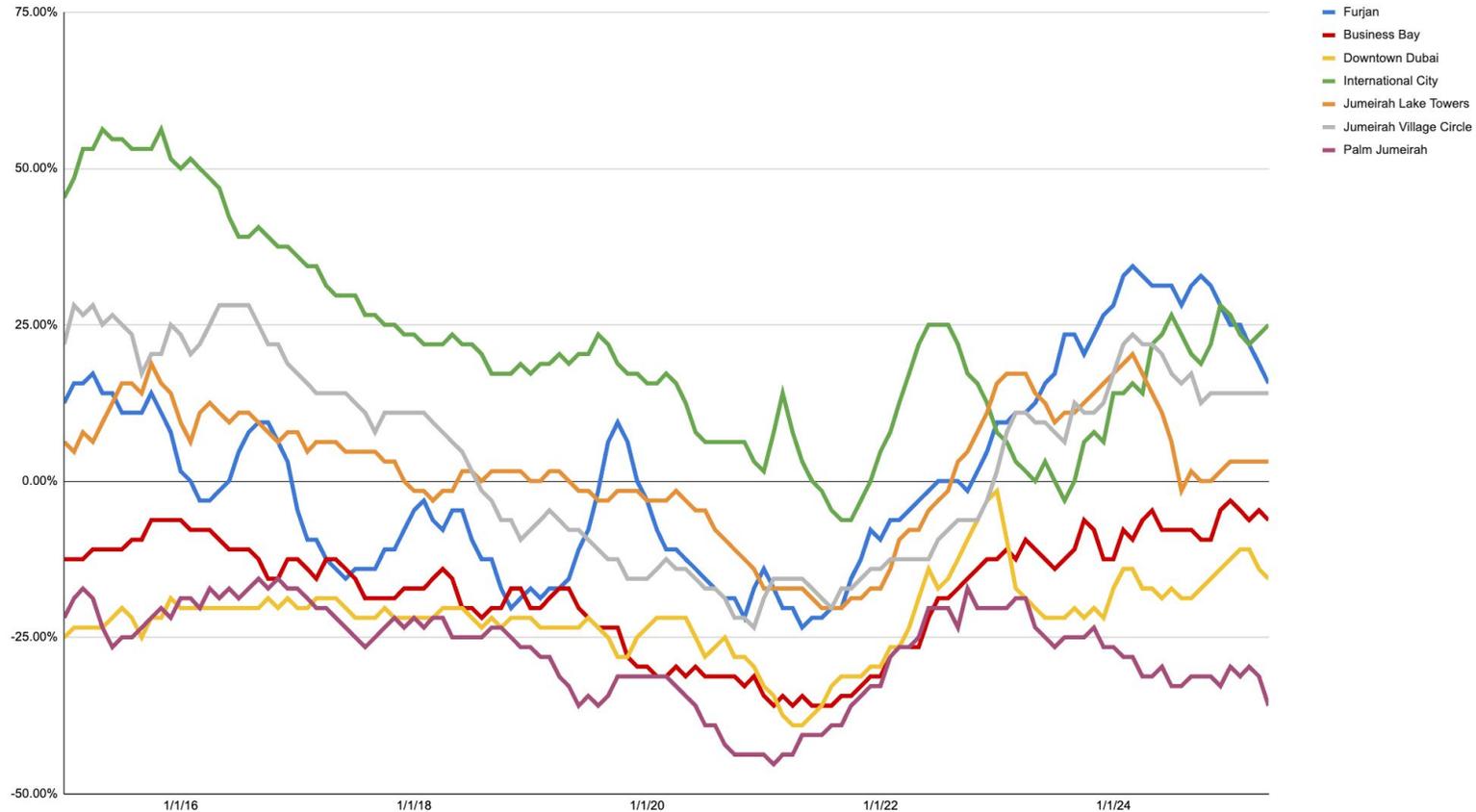
Community Apartment Rental Yields Jan 2015 - May 2024



Apartment yields across Dubai averaged 6.38% citywide between 2015 and 2019, with communities like International City (8.51%) and JVC (7.07%) outperforming. Since 2021, yields have compressed slightly to 6.01%, with notable declines in Palm Jumeirah (from 4.89% to 4.51%) and International City (from 8.51% to 7.15%). Despite the overall moderation, yields have picked up again in recent months – today, International City (8.0%), JVC (7.3%), and Furjan (7.4%) all sit above the citywide average of 6.4%, while Palm Jumeirah (4.1%), Downtown Dubai (5.4%), and Business Bay (6.0%) remain below it.

Community-Wise Rental Yields Relative to Citywide Average

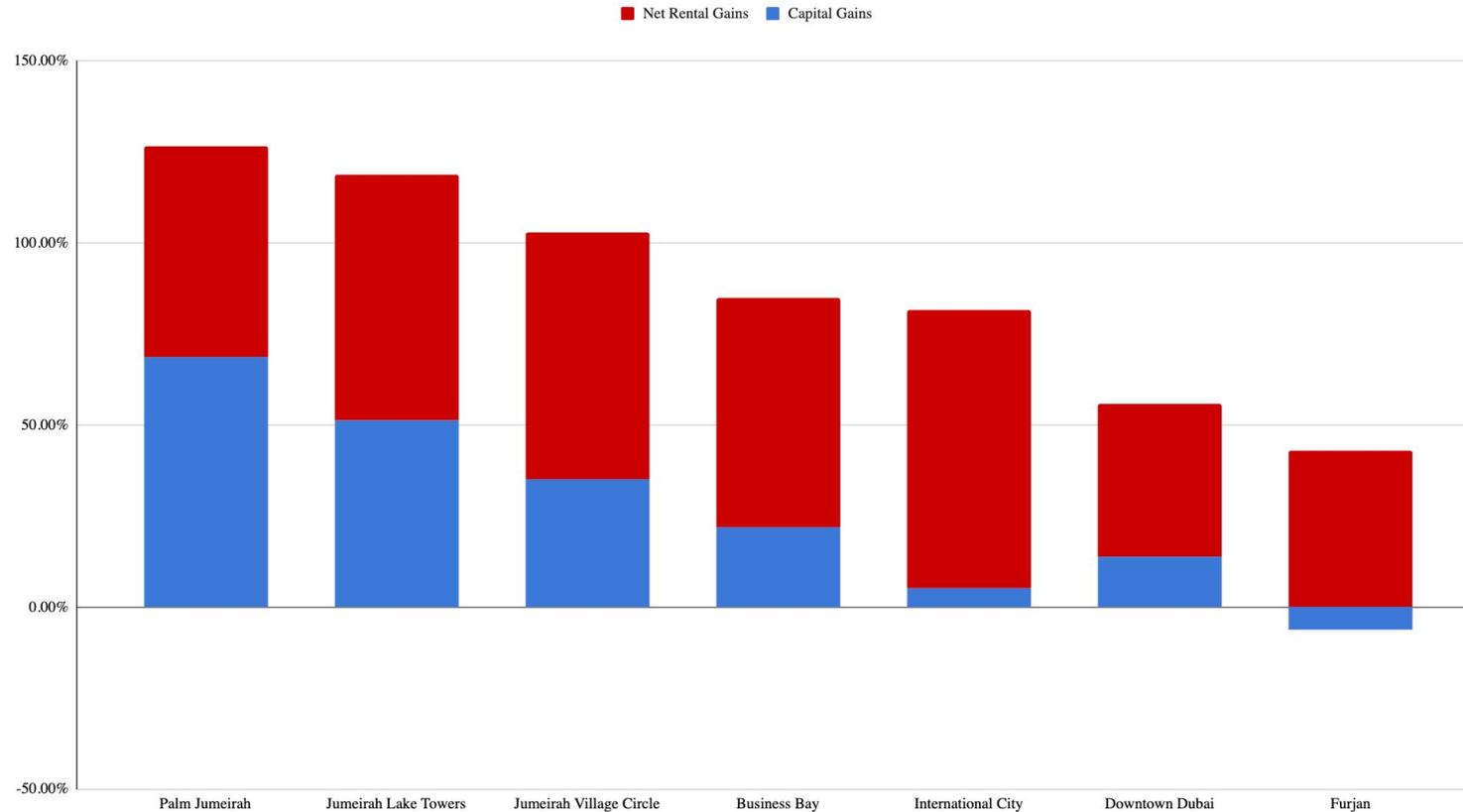
Community Apartment Rental Yield Premium/Discount Relative to Citywide Average



As seen above, International City has been the only sample community to consistently outperform the citywide average across the last ten years, with a 33.1% average premium pre-COVID and still maintaining a 25.0% premium as of May 2025. In contrast, luxury areas such as Palm Jumeirah, Downtown Dubai, and Business Bay have consistently underperformed, with Palm Jumeirah now yielding 36% below the citywide average. Notably, Furjan has seen a significant shift, moving from a slight discount before COVID (at an average of -2.5%) to a 15.6% premium today. These trends align with findings from the previous slide: value-oriented communities are delivering stronger income performance, while premium areas remain yield-compressed.

10 Year Total Return Analysis

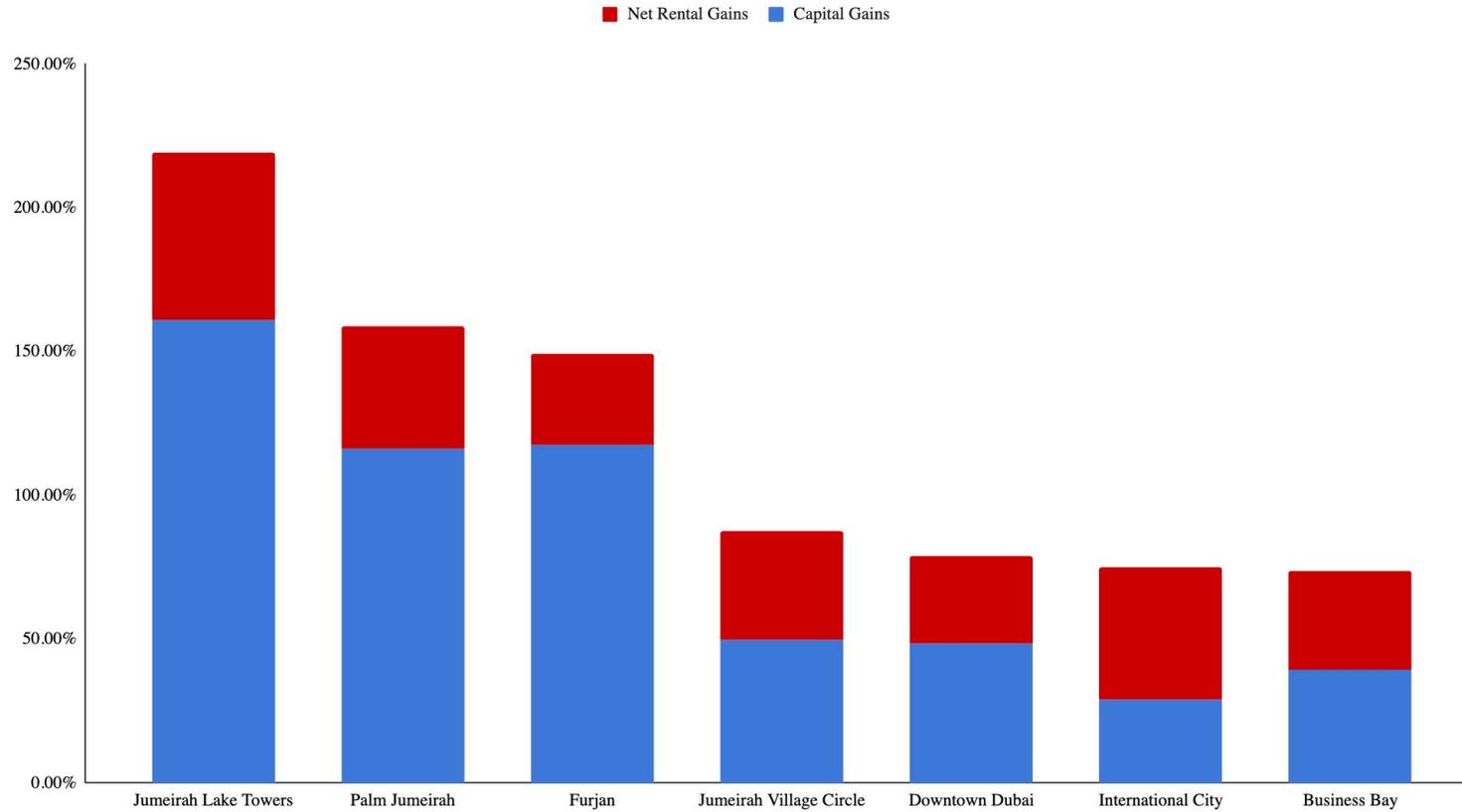
Dubai Community Apartment Total Returns 2015 - 2025 YTD



For investors who entered the market in 2015, total returns were shaped by the diverging dynamics of rental and capital appreciation across market segments. Mid-market communities such as International City and JVC delivered the highest net rental gains, reflecting stronger leasing demand and greater affordability-driven pressure on rents. In contrast, luxury areas like Palm Jumeirah and Downtown Dubai saw relatively stronger capital appreciation, particularly in the latter years of the holding period, as values recovered post-COVID. This pattern reflects a broader structural dynamic: mid-market communities benefit from deeper tenant demand and more elastic rental growth, while luxury areas rely more heavily on capital market cycles and discretionary investment for price gains.

5 Year Total Return Analysis

Dubai Community Apartment Total Returns 2020 - 2025 YTD



For investors who entered the market in 2020, total returns were driven primarily by capital appreciation, as buyers benefited from entering near the cyclical low point. Communities such as Jumeirah Lake Towers (161%), Palm Jumeirah (116%), and Furjan (118%) posted the strongest capital gains, reflecting the sharp post-COVID rebound in prices – particularly in areas that had been heavily discounted. Net rental gains were more evenly distributed across communities, a result of compressed entry prices temporarily boosting yields even in traditionally low-yielding luxury segments. This dynamic flattened the typical spread between mid-market and premium areas, as rental income gains appeared more consistent across the board than they might in a more stable or peaking market.

Villa Market Analysis

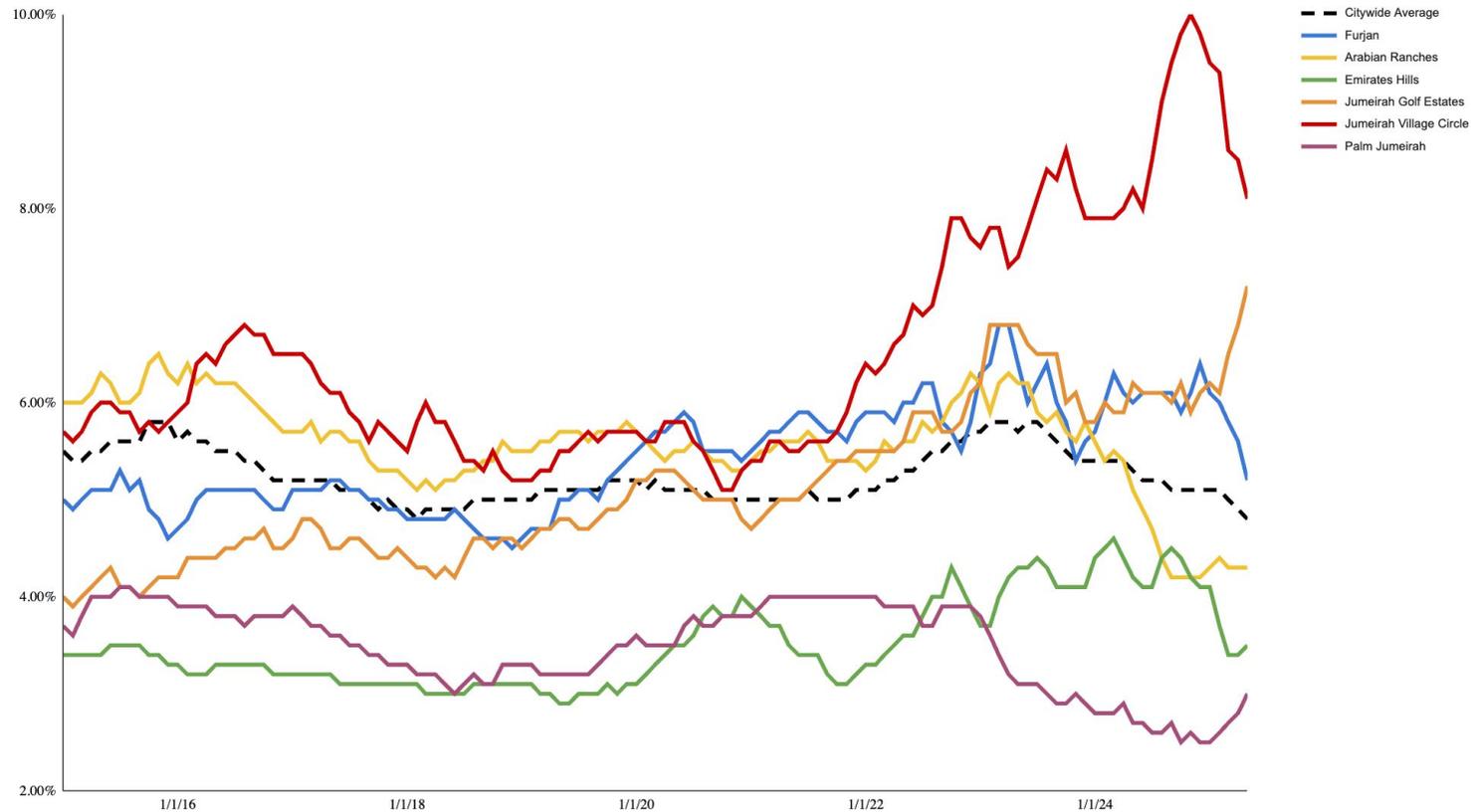
**“He who asks a question is a fool for a minute,
but he who does not ask remains a fool forever.”**

- Chinese Proverb



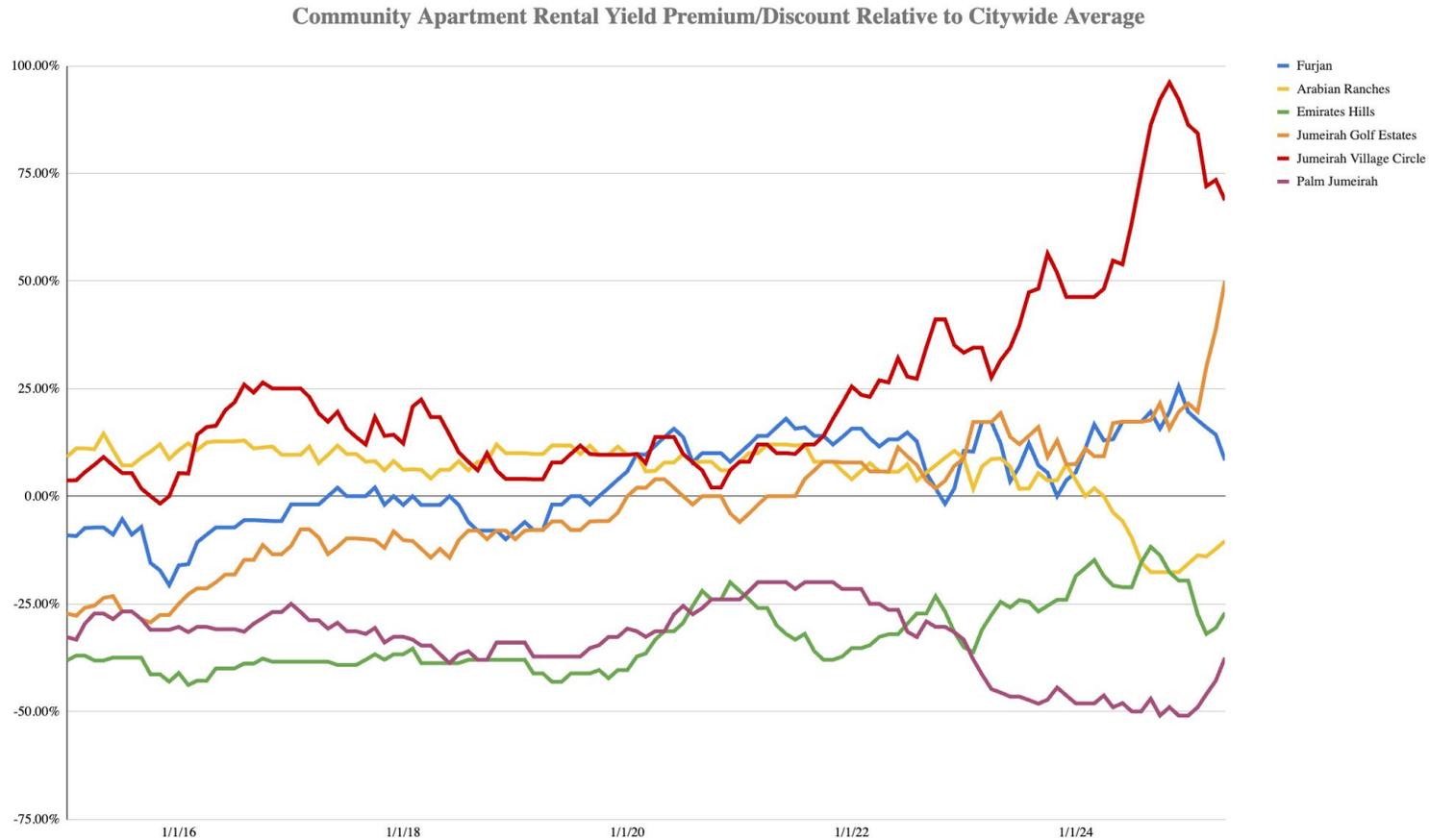
Community-Wise Rental Yields

Community Villa Rental Yield Premium/Discount Relative to Citywide Average



Villa yields have shown modest overall growth post-COVID, with the citywide average rising slightly from 5.24% pre-2020 to 5.29% since 2021, though more recent data suggests some softening, with May 2025 yields at 4.8%. Yield performance has diverged by community: Jumeirah Village Circle and Jumeirah Golf Estates have seen the strongest post-COVID yield growth, now averaging 8.1% and 7.2% respectively. In contrast, premium areas like Palm Jumeirah and Emirates Hills have continued to yield below the citywide average, offering 3.0% and 3.5% as of May 2025. This reflects broader structural dynamics where mid-market villa communities benefit from stronger rental demand and affordability pressure, while luxury areas remain capital-value driven with lower rental upside.

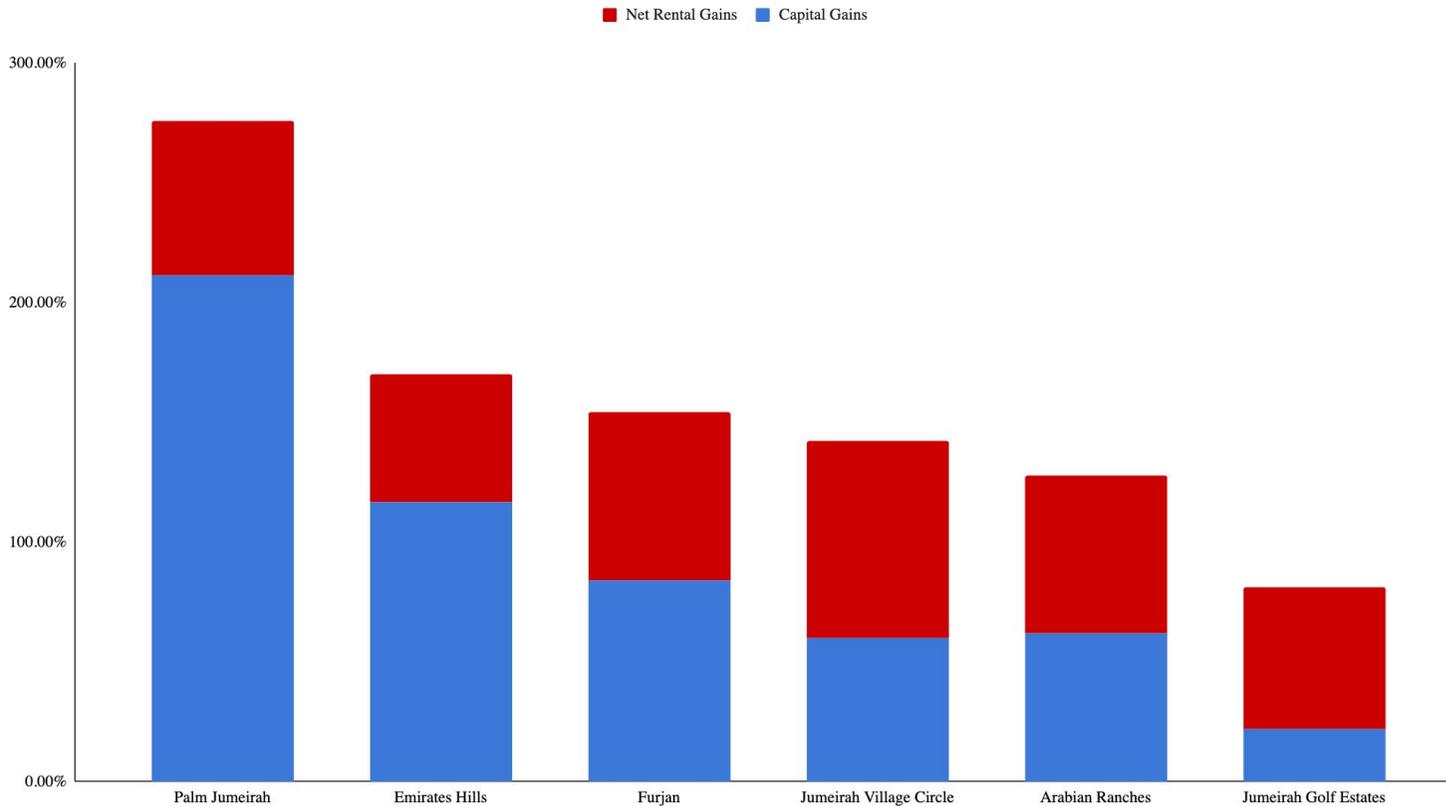
Community-Wise Rental Yields Relative to Citywide Average



Jumeirah Village Circle saw its premium relative to the citywide average surge from 12.4% pre-COVID to 41.2% post-COVID, reaching a remarkable 68.8% above the citywide average in May 2025. Conversely, premium areas like Emirates Hills and Palm Jumeirah have consistently underperformed, with yields trailing the citywide average by 27.1% and 37.5% respectively in the latest data. Interestingly, Arabian Ranches, which historically carried a modest premium, has fallen below the citywide average in recent months (-10.4%), while Furjan and Jumeirah Golf Estates have emerged as high-performing income assets. This graph reinforces the findings from the previous slide, showing that mid-market and upper-mid-tier communities are capturing a greater share of rental demand, while luxury areas remain constrained by elevated capital values.

10 Year Total Return Analysis

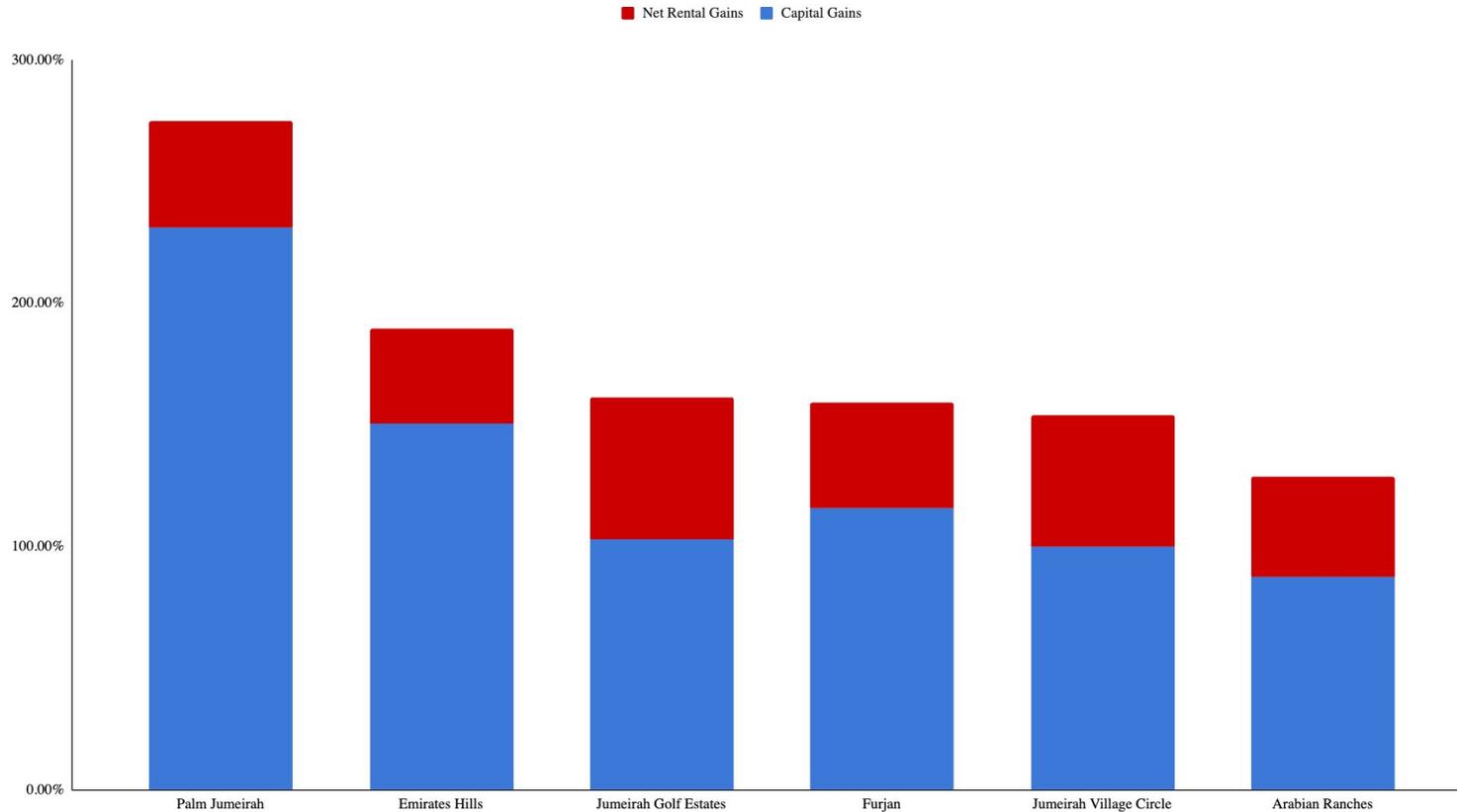
Dubai Community Villa Total Returns 2015 - 2025 YTD



For investors who entered the villa market in 2015, total returns were balanced between capital gains and rental income, though the mix varied significantly by community. Palm Jumeirah (212%) and Emirates Hills (117%) saw the highest capital appreciation, reflecting their long-term positioning as luxury assets that benefited from post-COVID price recovery. In contrast, mid-market and emerging communities like Jumeirah Village Circle (82%) and Furjan (70%) delivered the strongest rental income gains, which can be attributed to consistent tenant demand and affordability-driven leasing. This pattern reflects broader market dynamics in the 2015–2025 cycle, where capital appreciation was concentrated in prime areas while rental income returns were strongest in more accessible villa submarkets.

5 Year Total Return Analysis

Dubai Community Villa Total Returns 2020 - 2025 YTD



For the 2020–2025 period, total returns were dominated by capital appreciation, with buyers benefiting from entering the market at a cyclical low. Palm Jumeirah (231%) and Emirates Hills (150%) posted the strongest capital gains, reflecting the steep rebound in luxury villa prices following the pandemic. Net rental gains were more evenly distributed, as the compressed entry prices of 2020 narrowed the typical rental performance gap between luxury and mid-market villas, making total returns more consistent across segments.

Conclusions

Citywide Rental Yields

Citywide rental yields have remained broadly stable post-COVID (although not fully recovered to pre-pandemic levels), with apartments averaging 6.01% and villas 5.29% since 2021, compared to 6.43% and 5.24% respectively in the pre-COVID period (i.e. 2015-2019 - neither apartments nor villas have managed to reach their 15 year highs of 7% in October 2015 and 6.3% in May 2011 respectively). Apartment yields have shown recent signs of recovery, while villa yields have softened slightly in the last 18 months, reflecting a shift in demand dynamics and pricing pressure. Across both asset classes, mid-market communities continue to outperform on income return, while premium areas remain compressed due to higher capital values.

Apartment/Villa Market Analysis

Both apartment and villa market trends show a consistent yield advantage for mid-market communities such as International City, JVC, and Furjan, which have continued to outperform the citywide average both before and after COVID. Meanwhile, premium areas like Palm Jumeirah, Downtown Dubai, and Business Bay have remained yield-discounted due to elevated capital values. For investors who entered in 2015, total returns were shaped by steady rental income in affordable areas and modest capital gains in premium zones, reflecting the prolonged market softness before the pandemic, while 2020 investors benefited from entering at a price trough, realizing stronger capital appreciation across nearly all communities.

Conclusion

The data in this report paints a picture of a market that has stabilized post-COVID but remains defined by meaningful divergence across asset classes and communities. While rental yields still favor mid-market areas, total rental gains for 2020 investors appear more evenly distributed – a result of lower luxury entry prices magnifying the impact of even modest rental income. Yields in mid-market areas continue to outpace those in premium zones, and while capital appreciation has lifted total returns across the board – particularly for investors who entered in 2020 – the income performance gap remains persistent. As prices have now rebounded substantially from their pandemic lows, future upside may increasingly depend on rental growth catching up to recent capital gains – particularly in luxury communities where yields have compressed. Looking ahead, investors and end users alike may benefit from anchoring expectations to net returns demonstrated in the data, rather than headline guarantees.

JVC villas saw relative net rental yields peak in November 2024, with the monthly average being 96.08% higher than the citywide average (for villas). As of May 2025, the premium is still a staggering 68.75%.

Notably, the oft-cited 10% rental yield, frequently promised by developers and brokers, is largely absent from the data; it appears only three times in a decade: twice in International City apartments (May and Nov 2015) and once in JVC villas (Nov 2024). This suggests that such claims are either based on gross yields or reflect optimistic assumptions not supported by citywide trends.



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-HH General Sheikh Mohammed Bin Rashid Al Maktoum
The Ruler of Dubai, Prime Minister and Vice President of the UAE

