

DUBAI Real Estate Flash Note

Short-Term Rental Performance (DET – Tourism Data)

September 14, 2026



Prospective Expert Analysis

Short-term leasing is a highly effective investment strategy in Dubai, provided investors target suitable unit typologies (studios and 1-bedrooms) located in close proximity to public transport links or prime tourist attractions (beaches, shopping malls).

For investors seeking a hands-off approach, partnering with a DET-licensed property management firm secures a yield premium over traditional leases while retaining the flexibility to use the residence personal stays a few weeks a year



Introduction & Macroeconomic Context

Supported by the government's strategic objective to position Dubai among the top three global destinations for tourism and business (Dubai Economic Agenda D33), the short-term rental market (Holiday Homes / Airbnb) has experienced significant expansion.

Directly regulated by the **DET** (Dubai Department of Economy and Tourism), this asset class enables investors to maximize rental yields compared to traditional long-term residential leases.

Detailed Analysis of Data & Key Figures

Key performance indicators published by the DET for the tourism and hospitality sector highlight a clear growth momentum:

- **International Visitor Arrivals:** Over 17 million international visitors recorded on an annual basis.
- **Average Hospitality Occupancy Rate:** 77% average occupancy across all accommodation types.
- **Average Daily Rate (ADR):**
 - Downtown / Palm Jumeirah: ~AED 850 to AED 1,400 / night
 - Dubai Marina / JBR: ~AED 600 to AED 950 / night
 - Business Bay / JVC: ~AED 350 to AED 550 / night
- **Revenue Per Available Room (RevPAR):** Up +5% year-on-year, reflecting sustained purchasing power among visitors.

Concrete Case Study: Annual Lease vs. Short-Term Rental (Studio in Dubai Marina)

Comparing the revenue generated by a 45 sq. m (485 sq. ft.) studio apartment in Dubai Marina valued at AED 900,000:

- **Option 1: Traditional Annual Lease (Ejari)**
 - Gross Annual Rent: AED 70,000
 - HOA / Service Charges: -AED 9,000
 - Property Management Fee (5%): -AED 3,500
 - Net Annual Income: AED 57,500 (6.38% Net Yield)
- **Option 2: Short-Term Holiday Home (Managed by an Operator/Concierge)**
 - Average Annual Occupancy Rate: 78% (284 rented nights)
 - Average Daily Rate (ADR): AED 480
 - Gross Annual Revenue: AED 136,320
 - Operational Expenses:
 - Management / Operator Commission (20%): -AED 27,264
 - DEWA / Wi-Fi / Chilled Water Utilities: -AED 12,000
 - DET Permit / Tourism Dirham Fees: -AED 3,500
 - HOA / Service Charges: -AED 9,000
 - Maintenance & Cleaning/Linen: -AED 4,000
- **Net Annual Income: AED 80,556 (8.95% Net Yield)**
- **Yield Premium vs. Long-Term Lease: +2.57% net**

Risk Analysis & Key Considerations

- **Seasonality Impact :** Between May and September (summer period), daily rates drop by 40% to 50%, and occupancy rates dip to ~60%. Annualized cash flow management is essential.
- **Strict DET Regulatory Compliance:** Every short-term rental property must hold an official DET permit. Operating without a license incurs severe financial penalties (ranging from AED 5,000 to AED 20,000).

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