



THE DUBAI SHORT-LET MARKET REPORT

Q4 2024



Dubai Short-Let Market Review Q4 2024

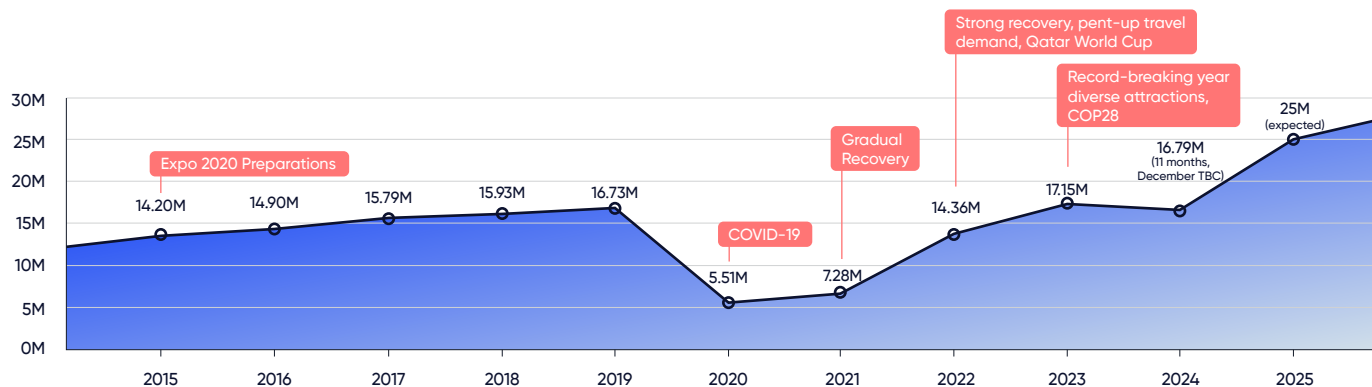
Dubai's most trusted rental and property management company 2024

Welcome to The Dubai Short-let Market Review Q4 2024 Report by AirDXB. This report provides insights on trends and statistics impacting investments into Dubai's real estate market, with a focus on short-let.



Dubai Welcomes 16.79 Million International Tourists from January to November 2024

Dubai's tourism sector continues to thrive, with 16.79 million international tourists visiting between January and November 2024. This influx has significantly boosted the hospitality industry, driving hotel occupancy rates to 77% and increasing demand for short-let rentals. The surge in visitors not only enhances Dubai's global appeal but also stimulates the real estate market, as investors seek to capitalize on the growing need for accommodation. This trend underscores Dubai's position as a premier destination for both leisure and business travelers, further solidifying its status as a global tourism hub.



Dubai's tourism trends from 2015 to 2025 reveal significant fluctuations with steady growth until the pandemic caused a sharp decline in 2020, followed by a strong recovery in 2021-2023. The rise in tourist arrivals, especially in 2023 with 17.15 million visitors, and the projected 25 million in 2025, directly impact the short-term rental market, offering substantial opportunities for property owners.

Dubai Smart Rental Index Brings Limitations for Long-Term Landlords

The Dubai Smart Rental Index 2025, launched by the Dubai Land Department, aims to enhance transparency and fairness in the long-term rental market for tenants. This forward-thinking initiative leverages advanced technologies, including artificial intelligence, to provide accurate and up-to-date rental valuations by evaluating properties based on a comprehensive set of criteria, such as technical and structural characteristics, location, and available services.

What is the Dubai Smart Rental Index 2025?

The Dubai Smart Rental Index is an innovative tool designed to offer precise and fair long-term rental valuations for properties across Dubai in favour of tenants. The index incorporates various factors to assess properties, ensuring that the valuations are reflective of the true quality and advantages of each property. Among the criteria considered are:

- 1 Technical and Structural Characteristics:** Evaluates the building's construction quality and infrastructure or if there were renovations completed on the property.
- 2 Location:** Considers the property's proximity to key amenities, transportation, and business hubs.
- 3 Available Services:** Takes into account the range of services and facilities available to tenants, such as maintenance, security, and recreational amenities.

Implications for Long-Term Landlords

While the index promises to bring fairness and transparency, it also introduces limitations for long-term landlords, particularly those with investments in older buildings or properties in less prime locations. Here's what long-term tenancy landlords need to be aware of:


- 1 Restrictions on Rental Increases:** Under the new system, landlords with properties that rank low on the Smart Rental Index will face restrictions on their ability to increase rents. Even if the previous rental index permitted a 20% increase, a low ranking on the new index may prevent such increases.
- 2 Requirement for Renovations:** To achieve higher rankings and justify rental increases, landlords may need to invest in renovations and improvements to enhance their properties' appeal and structural integrity.



Our renovation work focuses on enhancing the overall quality and appeal of properties, which can significantly benefit long-term tenants under the Smart Rental Index. By upgrading key areas such as kitchens, bathrooms, and living spaces, we help landlords achieve higher rankings on the index, ensuring fair rental valuations and attracting quality tenants.



Emily Magras, Head of Interiors

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Why Short-Term Rentals Are More Attractive

In light of the new limitations introduced by the Dubai Smart Rental Index, short-term rentals have emerged as an even more attractive option for property owners. Here's why:

- 1 **Higher Income Potential:** Short-term rentals often generate higher returns compared to long-term leases, particularly during peak tourist seasons. Especially now if the long-term rental price increases are capped due to the Smart Rental Index.
- 2 **Flexibility in Pricing:** Unlike long-term rentals restricted by the Smart Rental Index, short-term rentals allow for dynamic pricing based on market demand, enabling property owners to maximize their income.
- 3 **Immediate Returns:** With the ability to rent properties on a nightly or weekly basis, owners can see faster returns on their investments.

Conclusion

The Dubai Smart Rental Index 2025 marks a significant step forward in creating a balanced and fair rental market in Dubai for long-term tenants. While long-term landlords may face new challenges, the landscape is now ripe for short-term rental opportunities.

By embracing the flexibility and higher income potential of short-term rentals, property owners can navigate the evolving market dynamics and capitalize on the increasing demand for temporary accommodations.



The introduction of the Dubai Smart Rental Index is a game changer for the real estate market. While it brings more transparency and fairness for long-term rentals guests, it also opens up new opportunities for short-term rentals. We're seeing a surge in demand as property owners look for flexible and profitable alternatives.



Louis Bowers, Head of Business Development & Strategic Partnerships, AirDxB

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Potential Impact of Trump's Presidency on Dubai's Expatriate Market: Sanctions and Russian Nationals

The re-election of Donald Trump as U.S. President has reignited discussions about the potential lifting of sanctions on various countries, including Russia. If Trump decides to ease sanctions, it could lead to a shift in the expatriate population in Dubai. A reduction in sanctions might encourage some Russian nationals to return home, potentially impacting the demand for high-end real estate and long-term rentals in Dubai. However, the city's strategic location, robust infrastructure, and favorable business environment are likely to continue attracting international investors and residents, ensuring sustained growth in the real estate sector.



About AirDXB

AirDXB simplifies the process for investors aiming to benefit from the city's dynamic real estate market. Through AirDXB, investors gain access to a curated selection of properties ideal for short-term rental, strategically located to maximise rental income. AirDXB offers comprehensive management services, handling everything from bookings and guest communications to property maintenance. By leveraging market insights, AirDXB optimises pricing strategies to ensure competitive rates and high occupancy levels throughout the year. With our expert guidance and exceptional services, you can secure your dream property and a lucrative asset which will accumulate value over time whilst earning you a monthly income.

Gregory Lewis

CEO & Founder

AirDXB

15 AWARDS WON ON MERIT



MEA Business Awards
Most Trusted Short-Term Rental & Property Management Agency 2024 - Dubai



World Business Outlook
Best Real Estate Management Consultancy UAE 2024



Virtuzone Awards 2023
Hospitality Company of the Year



IRECMS
Dubai Awards 2023
Best Real Estate Management Consultancy of the Year



Innovation Award
Property Management Company of the Year - UAE



Most Innovative Companies to Watch 2024
Business Insight Review



Award Winners
Best Host Management UAE 2024



Award Winners
Excellence in Hospitality For Short Term Rentals UAE 2024



Innovation Award
Property Management Service of The Year 2024



Build Real Estate & Property Awards 2024
Short-Term Rental & Property Management Firm of the Year 2024 Dubai



Global Brands
Best Marketing Campaign in Property Management UAE 2024



Global Brands
Most Customer-Centric Property Management Company UAE 2024



Global Brands
INTERIORS Most Innovative Interior Design Brand - UAE 2024



Business Tabloid
Excellence in Guest Experience UAE 2024



Arabian Best of Best Awards
Best Holiday Homes Rental Company UAE 2024

2024 at AirDXB

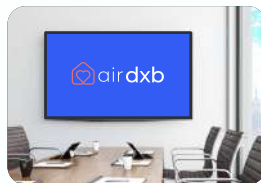


Expanded our reach:



300% Increase

In our Owner Relations Team with dedicated Account Managers and Property Managers



More Office Space

Added to accommodate growth



New Website

Insights, News, Area Guides and more



New Owners Portal

For 360° oversight



AirDXB

6th Birthday!

Unforgettable Guest Stays



55% Increase

In our Guest Relations Team

In 2024 AirDXB welcomed

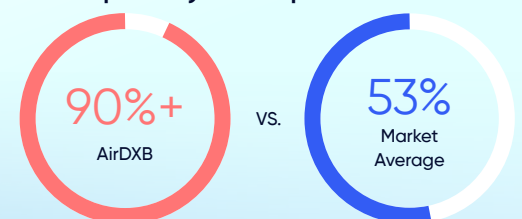
14,449

Bookings

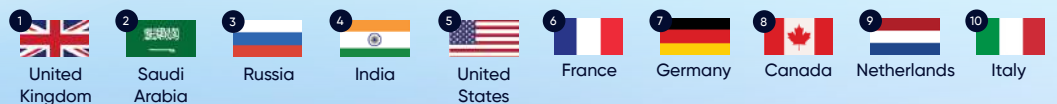
176

Nationalities

Occupancy Comparison



Top 10 Nationalities from 2024

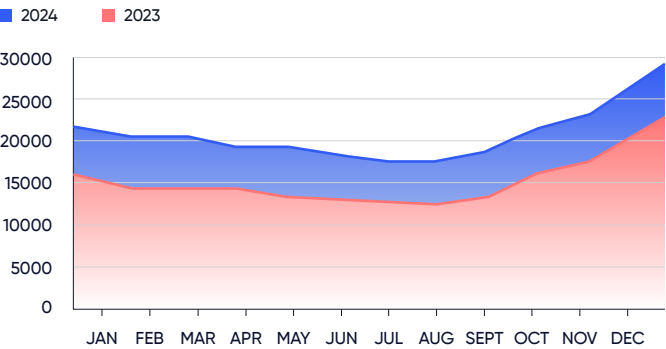


The Dubai Short-Let Market Q4 2024

Entire Place Active Listings Supply & Demand

AirDNA data for 2023 and 2024 shows a significant rise in active listings for entire place rentals in Dubai. This trend points to a growing supply of short-term rental options, driven by factors such as increasing tourism, heightened investor confidence, the influx of management companies into the market, and the demand for flexible living solutions from both tourists and residents.

While the surge in active listings is a positive indicator for AirDXB and property owners, reflecting strong market confidence, it also presents a challenge. With more properties available for rent, the dynamics of supply and demand come into play. As supply increases, competition among rental properties intensifies, potentially leading to a decrease in rental prices.



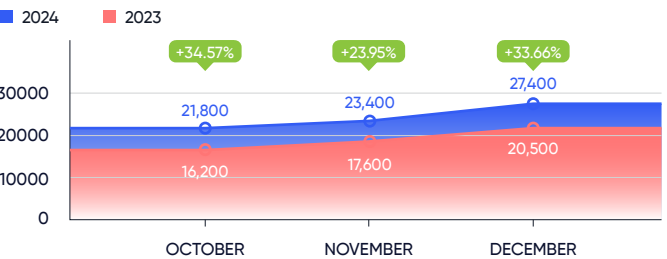
Market Average Daily Rates

Month	Average Daily Rates (AED) 2024	2023	% Change
October	735	764	-3.79%
November	831	941	-11.69%
December	924	1100	-16%

Source: AIRDNA

In October 2024, average daily rates for short-term rentals in Dubai saw a 3.79% year-on-year decrease. This trend continued into November and December, with decreases of 11.7% and 16%, respectively. These rate declines correlate with substantial year-on-year increases in the availability of entire place active listings: October 2024 had 34.57% more listings than October 2023, while November and December saw increases of 32.95% and 33.66%, respectively.

Entire Place Active Listings



Source: AIRDNA

This trend highlights the need for strategic adjustments to effectively navigate the competitive landscape. Enhancing property features, optimizing pricing models, and focusing on exceptional guest experiences will be crucial in attracting and retaining renters. By staying attuned to market dynamics and consumer preferences, AirDXB can continue to thrive and lead in Dubai's evolving short-term rental market.

AirDXB has been successfully overcoming the increased competition in the market by expanding its reach across multiple platforms. What we have found is that Booking.com, in particular, offers several key advantages that make it an ideal platform for securing high-value bookings. It provides higher Average Daily Rates (ADR) and Revenue Per Available Room (RevPAR) due to its extensive global reach and strong reputation, which attract a large volume of international travelers willing to invest in premium accommodations. AirDXB have seen a +15% increase YOY on High Value Bookings. Additionally, Booking.com offers promotional tools, flexible pricing options, and lower fees for property owners, allowing them to optimize their revenue potential. The platform's demographic also tends to be older, more affluent, and more responsible, leading to fewer maintenance issues and better care of properties. These combined benefits make Booking.com a powerful tool for property owners seeking higher rental rates and fewer complications.

Interiors Impact

Did you know that professionally furnished properties can earn you up to 20% more on the short-let market?

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INTERIORS

Guest Preferences

Property Finder sheds light on the evolving preferences of home seekers in the UAE, focusing on the most searched home features in 2024.

Key Findings

- 1 Popularity of Short-Term Rentals:** Short-term rentals were among the top 25 most searched terms on Property Finder, indicating a significant interest in flexible living arrangements. Dubai alone recorded over 22,000 searches for short-term rentals.
- 2 Desired Home Features:** The most sought-after features included balconies with over 5.5 million searches, maid's rooms had 3.1 million searches, and central air conditioning had 2.3 million searches. Other popular amenities were gyms, pet-friendly spaces, private pools, and properties with scenic water views.
- 3 Niche Preferences:** There was an increase in niche searches for homes with barbecue areas, private jacuzzi and advanced security systems.



OVER
22,000
SEARCHES FOR
SHORT-TERM RENTALS

Implications for the Market

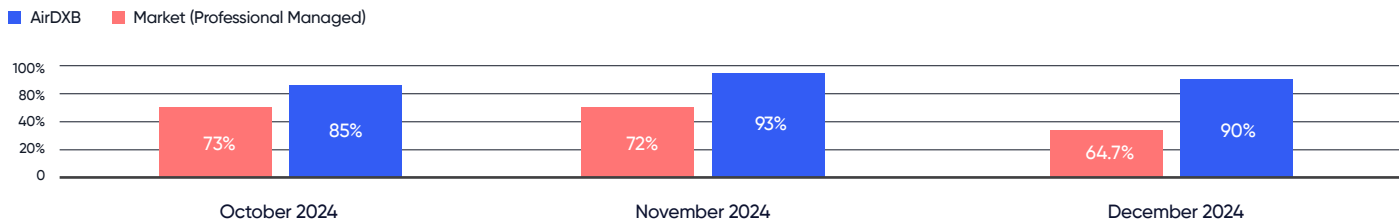
- 1 Shift Towards Flexibility:** The high volume of searches for short-term rentals suggests a shift towards more flexible living options. This trend could be driven by factors such as a transient workforce, tourists seeking short stays, and residents looking for temporary housing solutions or more flexible payment options which short-term rentals offer.
- 2 Lifestyle-Oriented Amenities:** The demand for features like balconies, gyms, and pet-friendly spaces highlights a preference for properties that enhance the quality of life. These amenities are likely to attract both families and individual renters who prioritize a well-rounded lifestyle.

The insights from Property Finder's 2024 report underscore the changing dynamics of the real estate market in the UAE. The demand for flexible living options, coupled with a preference for lifestyle-oriented amenities, suggests that both property developers and investors need to adapt to these evolving trends. By aligning their offerings with the preferences of home seekers, they can better meet the market demand and capitalize on the opportunities presented.





Occupancy AirDxB vs Market Average

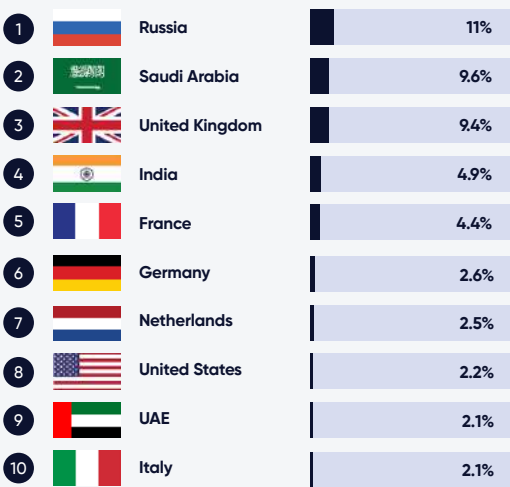


Booking Lead Time

AirDxB booking lead times have consistently remained short, reflecting a predominant trend towards last-minute reservations. The majority of bookings are typically made within 7 days of check-in, accounting for 75% of guests in October and 72% in November.

This indicates that our clientele strongly prefers last-minute bookings. A substantial portion of guests also book their stays within the next 30 days: 21% in October and 26% in November. This demonstrates a tendency towards short-term planning, though not as immediate as those booking within a week. Bookings made more than 30 days in advance are minimal, with only 4% in October and 2% in November. This suggests guests are less inclined to plan their stays far in advance, favoring more spontaneous travel arrangements.

Guests Nationalities Q4 2024



Implications

- Flexible Pricing Strategy:** Given the high percentage of last-minute bookings, implementing dynamic pricing strategies can maximize revenue by adjusting rates based on demand fluctuations closer to the check-in dates.
- Promotional Campaigns:** Marketing efforts should be tailored to encourage early bookings through exclusive discounts for reservations made well in advance, balancing the short-term booking trend.
- Operational Readiness:** High last-minute booking rates necessitate a robust operational strategy to ensure quick turnovers and readiness for incoming guests.
- Understanding Guest Behavior:** This data provides valuable insights into guest behavior, allowing for better-targeted marketing and improved guest satisfaction by catering to their booking preferences.





Lucrative Opportunity for Villas and Large Properties

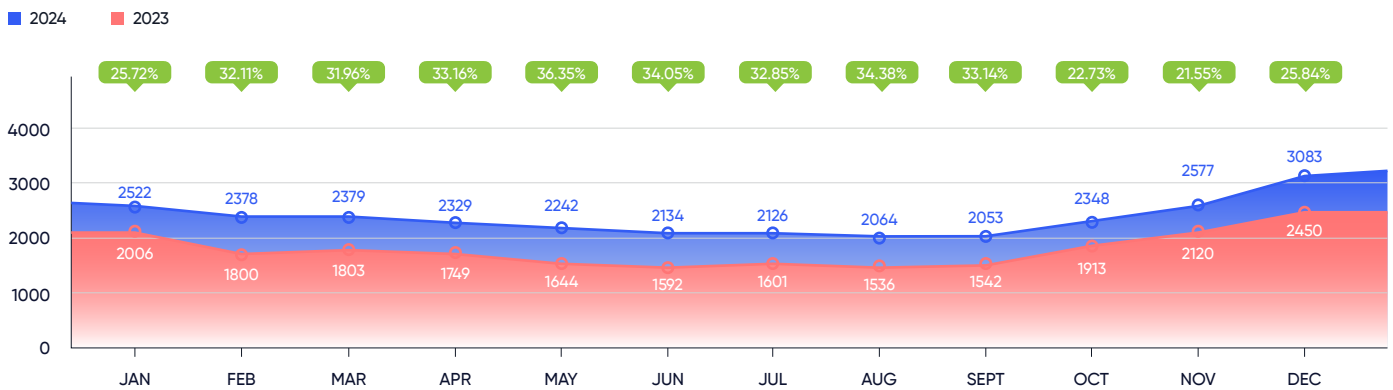
In 2024, Dubai's short-term rental market for large properties saw significant growth, building on the strong foundation established in 2023. The popularity of villas and larger properties with 3-6+ bedrooms continued to rise, driven by the increasing demand for spacious and luxurious accommodations among tourists and business travelers. This surge in demand was reflected in the number of active listings, which saw a notable increase compared to the previous year.

Looking ahead to 2025, we predict that this growth will continue as more investors recognize the value of investing in villas and larger properties. With the increasing demand and rising revenues, these properties remain a promising choice for those looking to maximize their returns in Dubai's thriving real estate market.

The trend of investing in villas and larger properties in Dubai's short-term rental market presents a lucrative opportunity. The growing demand and financial gains make these properties a valuable investment, promising substantial returns in the years to come.

How many bedrooms did listings have?

Active listings 3+ bedroom over the past 2 years



Source: AIRDNA



Let's look at an example

Spotlight on: Your short-let investment in Dubai South

- Al Maktoum International Airport in Dubai South is set to become one of the world's largest. This airport will handle over 220 million passengers and 12 million tonnes of cargo annually.
- The area offers a variety of living spaces, including villas, townhouses, and apartments, catering to diverse lifestyles and budgets.
- The development includes a business park aimed at attracting companies across different sectors, providing modern office spaces and facilities.
- Well-connected via major highways, including Sheikh Mohammed Bin Zayed Road, it will feature an integrated public transport system, including a proposed metro line.
- Positioned for significant growth, it aims to attract investments and businesses, playing a key role in Dubai's long-term vision for economic diversification and development.



Louis Bowers

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		Studio	1	2	3	4+
Transaction Price (avg, AED)		466,241	726,860	1,034,437	1,766,122	3,400,000
Long Term 12 month Revenue (avg, AED)		38,088	51,607	71,696	125,471	167,701
Short Term 12 month Revenue (avg, AED)		73,475	99,895	139,032	192,341	252,501
Short Term Rate Per Night		223.33	303.63	422.59	584.62	767.48
Running Costs (avg, AED)*	ST	18,369	24,974	34,758	48,085	63,125
Net Returns (AED)	LT	38,088	51,607	71,696	125,471	167,701
	ST	55,106	74,921	104,274	144,256	189,376
Yield	LT	8.17%	7.10%	6.93%	7.10%	4.93%
	ST	11.82%	10.31%	10.08%	8.17%	5.57%
Short Term vs Long Term - % Yield Difference	+/-	44.68%	45.18%	45.44%	14.97%	12.92%

Sources: AirDXB, Property Finder, Bayut, Propsearch, Dubizzle & RERA
(ST= Short term) (LT = Long term)

Dubai Real Estate Market Q4 2024

Real Estate Transactions Q4 2024

49,561

TOTAL VOLUME

+39.87%

YOY

147.2B

TOTAL VALUE (AED)

+20.1%

YOY

Total Property Sales Transactions

Month	Sales Volume	YoY Comparison
October	20,460	+70.6%
November	14,483	+18.5%
December	14,618	+32.69%

Total Property Sales Value

Month	Sales Volume	YoY Comparison
October	61.1 Billion	+54.4%
November	43.1 Billion	+1.8%
December	43.1 Billion	+5.1%



Price Per Square Foot

Month	2023	2024	% Change
October	1,234	1,473	+19.37
November	1,271	1,480	+16.47
December	1,281	1,500	+17.10%

Top 5 Performing Locations in Q4 2024

Sales Volume

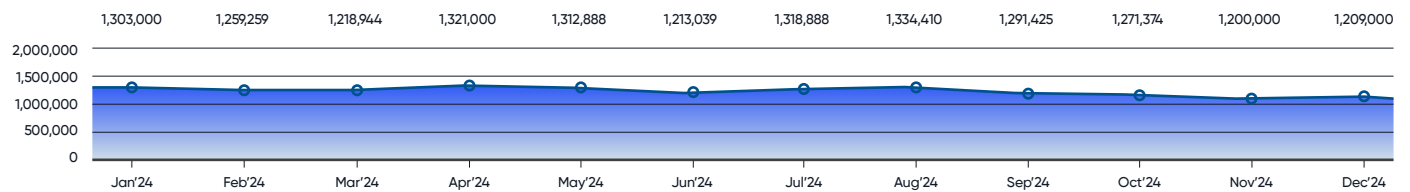
1 JVC	4,709
2 Wadi Al Safa 5	3,386
3 Business Bay	3,344
4 Dubai South	2,765
5 Dubai Marina	2,365

Sales Value (Billion AED)

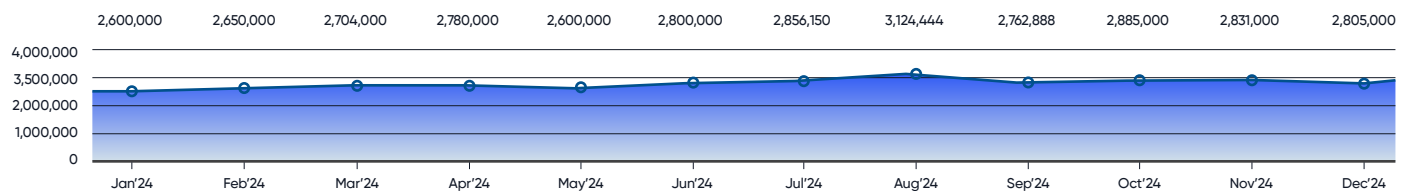
1 Dubai Marina	9,364
2 Business Bay	9,057
3 Al Yelayiss 1	7,246
4 Wadi Al Safa 5	6,540
5 Dubai South	6,183

Median Prices 2024 by Property Type

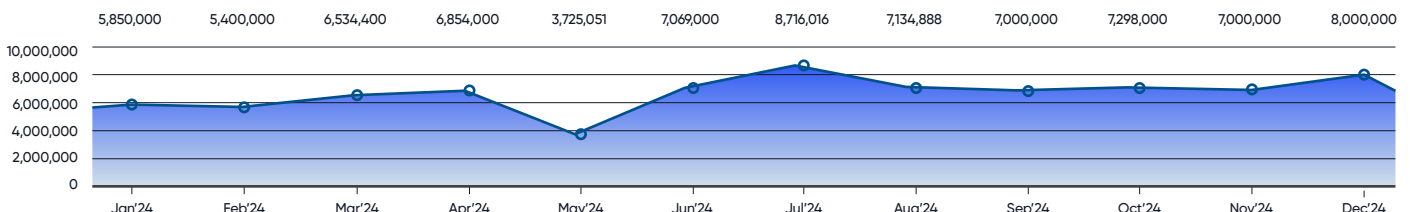
Apartment



Townhouse



Villa



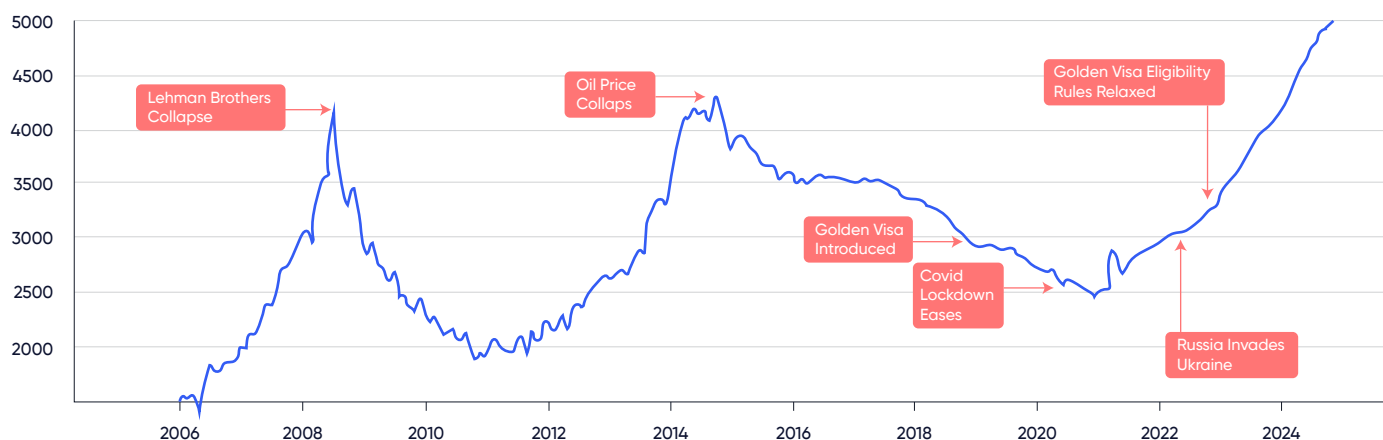


Apartment average prices in the Top 10 areas



Dubai Property Prices Have Shot Well Past Prior Peaks

■ Dubai Residential Sales Price (US\$ psm)



Source: Chart: Hasnain Malik - REIDIN (October 2024)

Given the current surge in Dubai property prices, maintaining a chain-free property is paramount for maximizing investment flexibility and profitability.

By avoiding long-term tenancy contracts, property owners can swiftly capitalize on favourable market conditions, enabling quick sales at peak prices without the delays and complications of existing leases.

This strategy not only attracts a broader range of buyers—who often prefer vacant properties for immediate occupancy or rapid returns on investment—but also minimizes risks associated with tenant issues, ensuring a smoother and more efficient transaction process. In a booming market like Dubai's, maintaining a chain-free property provides a strategic advantage for investors seeking to optimize their returns.

Why Investors Should Stick To Short-Let

In H2 2024 Long-term rental transaction volumes have declined, with villa transactions down by 14% and apartment transactions down by 6%.

Property Prices in H2 2024, villa and townhouse prices rose by 19%, while apartment prices increased by 13%. This growth is expected to moderate in 2025. Keeping properties chain-free is recommended to maximize investment returns at peak sales prices. We are excited to share our Q4 report soon, packed with in-depth data analysis.

19%

VILLA & TOWNHOUSE
PRICE INCREASE

15%

APARTMENT
PRICES INCREASE

Source: Property Monitor



Buying Preferences

Mortgage

12,056

NO. OF TRANSACTIONS

↑46.9% VS Q4-2023

55.2B

VALUE

↑76.3% VS Q4-2023

In Q4 2024, Dubai witnessed a significant surge in mortgage transactions, totaling 12,056, which represents a 46.9% increase compared to Q4 2023. The value of these transactions also saw a substantial rise, reaching AED 55.2 billion—an impressive 76.3% increase from the same period the previous year.

This remarkable growth reflects the robust demand for real estate, driven by favorable financing conditions, competitive interest rates, and growing confidence in Dubai's property market. The increase in both the volume and value of mortgage transactions highlights that buyers are actively leveraging financing to secure properties, despite rising prices. This trend is expected to continue as more investors and homebuyers seek to benefit from the city's thriving real estate market.

Off-Plan vs Ready

Q4 2024 data indicates that while ready properties remain a stable segment in the market, off-plan properties continue to be the preferred choice. The off-plan market has been another significant driver of activity, with new project launches appealing to a wide range of buyers, from investors to end-users. This reflects Dubai's ongoing appeal as a growing market for new developments, attracting both local and international investors looking for long-term growth.

While uptake has been strong, the increasing frequency of new launches warrants careful observation. A slowdown in absorption rates could serve as an early indicator of potential oversupply, which may lead to a cooling market. As we move into 2025, maintaining a balanced perspective will be crucial. The market's health remains strong, but the lessons of past cycles must guide decisions across all stakeholders—developers, investors, and consumers alike.



Q4 2024 Top Off-Plan Locations

Q4 2024 Top off-plan locations transacted included projects in Jumeirah Village Circle 13%, Business Bay 10% and Dubailand Residence Complex 5.7%.



Jumeirah Village Circle

13%



Business Bay

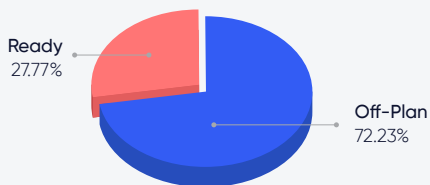
10%



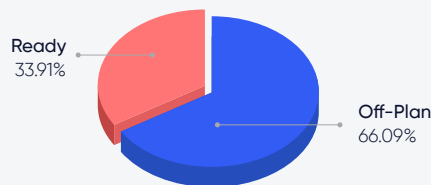
Dubailand Residence Complex

5.7%

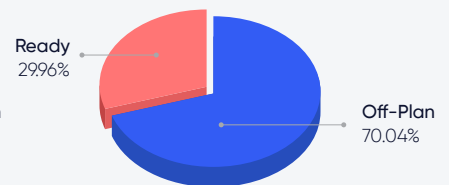
October



November

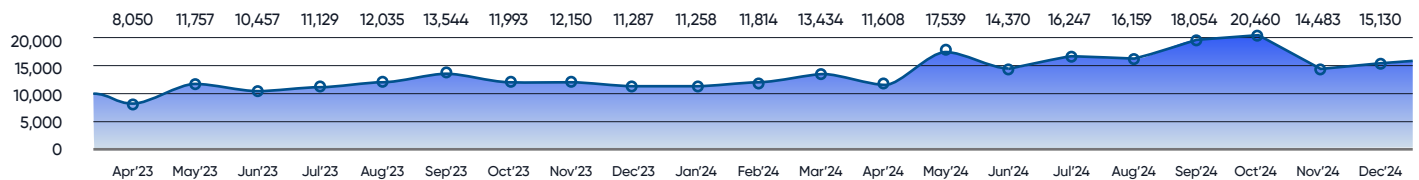


December

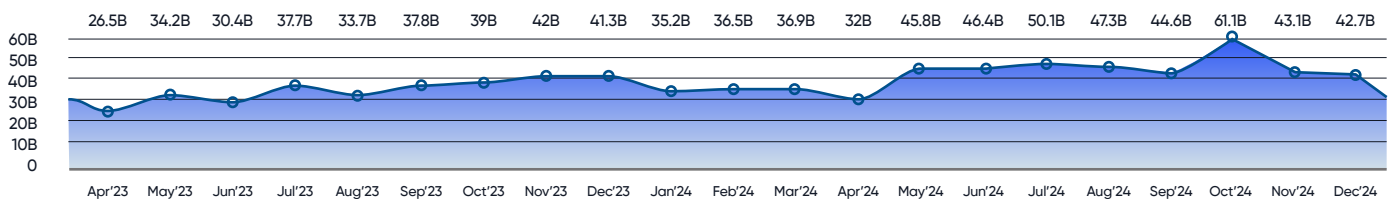


Dubai Real Estate Rolling Tracker


Total Property Sales Transactions



Total Sales Value (AED)






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