

Vacancy Gaps and the Dh700,000 Eviction Ruling: Lessons Dubai Property Owners Can Draw From Recent Case Law

Record 72,000 new homes and a Dh700k eviction ruling expose long-lease risks; experts detail how short-term lets safeguard yield and owner flexibility.

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/EINPresswire.com/ -- Dubai's residential market is poised for its biggest supply swell in a decade.

Independent tracking by

ArabianBusiness counts about 73,000

new apartments and villas scheduled to hand over in 2025. Agents already report tenants negotiating harder, with Bayut and dubizzle analysts calling the current trend a "phase of stability" after two years of steep rent rises.

“

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Lina A.

While extra choice is good news for renters, landlords face a double bind: longer leasing voids and a tighter legal climate. In March, the Dubai Rental Disputes Centre ordered a villa owner to pay AED 700,000 in damages for an unlawful eviction—a figure roughly equal to three years of rental income [as posted in GulfNews](#). The same legal framework compels owners who evict for “personal use” to keep the unit off the market for two full years or risk further penalties. Add the amended Smart Rent Index,

which bars any rent rise without 90 days’ written notice, and the margin for procedural error has narrowed sharply.

“Few individual investors budget for both a two-month vacancy and a six-figure court award in the same year,” observes Dr Rania Allam, partner at Creekside Advocates. “The safest course is often one that sidesteps tenancy law litigation altogether.”



Deluxe Holiday Homes, Dubai

Vacancy drag is real—yet often ignored

Leasing agents canvassed by GulfNews say the average reletting window in mid-priced communities now stretches four to twelve weeks, depending on fit-out and price positioning—time during which service charges still accrue and mortgages still fall due. On an apartment that would conventionally rent for AED10,000 a month, two vacant months shave 16per-cent off the headline yield before any agency fees appear.



Dubai Welcomes Tourists

Repairs, rain and refund obligations

Last year's record rainfall exposed another hidden liability: landlords shoulder most structural repair costs for leak-damaged flats unless a contract says otherwise. And if a tenant terminates early for force-majeure reasons, prevailing guidance requires owners to refund unused rent, subject to modest penalties. In practice, courts often look for evidence of "good faith"—something that can evaporate quickly in a contentious eviction.

Why some owners are pivoting to short stays

By contrast, the short-term segment is experiencing its own mini-boom. KhaleejTimes notes a 30per-cent jump in demand for furnished holiday homes year-on-year, even as long-term rents plateau. Average peak-season occupancy for professionally managed units still hovers in the mid-80s, and stays are prepaid, eliminating arrears risk.

Flexibility is the draw. Owners can:

- Block personal dates without breaching a lease.
- Sell while occupied—a staged, furnished property that already produces income often commands a premium.
- Exit the management contract with modest notice, avoiding multi-year tenant disputes.

A recent owner experience

Lina A. (name changed at her request) bought a one-bed in Dubai Hills in 2023. Initially leased long-term at AED95,000, the unit sat vacant for 58days after her first tenant moved out, costing her nearly AED19,000 once DEWA, cooling and service fees were factored in. In late-2024 she switched to a regulated holiday-home operator. Between November and April the flat earned AED78,300 net of management fees, and Lina personally used it for two weeks over New Year's Eve. "I kept thinking short stay would be a hassle, it turned out to be the opposite: zero arrears, housekeeping on schedule, and I walked in with a suitcase like a guest" she said.

What the 2025 landscape means for individual landlords

1. Budget for vacancies or beat them. If you plan to stay with twelve-month leases, treat one empty month a year as baseline.
2. Follow notice rules to the letter. A 90-day lapse can cancel any intended hike.
3. Weigh legal downside vs. flexible upside. A single eviction misstep can cost more than a year of gross rent; prepaid short stays remove that variable altogether.
4. Keep liquidity in view. Properties marketed as income-ready holiday units often move faster because buyers inherit a revenue stream from day one.

Industry voices expect the debate to intensify as the new-build wave hands over. As Justin Varghese of GulfNews puts it, "Short-term stays remain hot while long-term rents cool." Owners who recalibrate early—whether by fine-tuning notice letters or trialling flexible letting—are likely to preserve yield and peace of mind.

About Deluxe Holiday Homes

Deluxe Holiday Homes Rental LLC is a Department of Economy and Tourism-licensed [holiday home operator](#) and [property management firm based in Dubai](#), managing 800+ apartments, townhouses and villas across forty Dubai neighbourhoods. The company provides turn-key furnishing, revenue management, and 24/7 guest services for individual landlords seeking compliant, flexible short-term income.

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