

Things to Consider When Renting Property in the UAE

The Dubai rental market is different and unique in contrast to the other established markets in the world, such as UK, USA, and India to name a few. In Dubai the demand rises with the influx of expatriate seeking job interviews in this growing economy.

How does the Dubai rental market work?

In Dubai the tenant pays the agents fee as opposed to the landlord. The fee charged to a tenant is normally 5% of the annual rent. The landlord / owner, if overseas can opt for property management options provided by various agencies at an agreed management fee agreement.

If renting a property in an unfamiliar country it is important that a reputable agent is used to ensure that the tenancy is handled correctly and all the legal requirements are met. There are many agents offering properties for rent, and many that do not employ standards that the Western world would be expecting. The RERA (Land Department) rental rules are applicable and are being enforced by the governing body to ensure uniformity is maintained and followed for all rentals in Dubai. Sherwoods, follow these government guidelines so that we can confidently offer up to date, precious advice to landlords and tenants alike in all aspects of renting.

Properties are offered largely on annual contracts, and in most instances the landlord receives the rent cheque in advance in one or two installments only. The law permits the tenant to reside in the premises for a maximum of three years, without a rent increase, and the third year is renewed on a 5% increase only. This is fixed by the RERA government and is reviewed every year end.

Credit cheques are not carried out as the rent is paid in advance. If the rent is paid in more than one installment then the landlord will receive post dated cheques in advance. In the UAE it is a criminal offence to have a cheque dishonoured and the payee can be imprisoned until payment is settled.

Many tenancy contracts are very vague and basic, and offer little clarification to either party regarding issues such as responsibilities for maintenance, termination of contract and usages. At Sherwoods we use the standard template provided in the market, however, we add additional clause to cover and secure both parties to the best of our ability. The new RERA (Land Department) rules are applicable and we ensure all procedures are maintained as per the law.

Suitable tenants are vetted and checks are made to ensure that they have the right to legally reside in the UAE. In all circumstances passport copies are obtained and work references obtained. In most circumstances the landlord has the right to approve or reject a tenant at his discretion.

For overseas landlords, Sherwoods offers a property management service and are able to ensure that the tenant successfully fulfills their obligations of the tenancy such as transferring the utility bills into their own name for example, assisting in general maintenances and services. We can offer to take care of any issues that arise during the first few months of the tenancy, leaving landlords with sound piece of mind knowing that all affairs are dealt with appropriately and hassle free. The property management service depends on the kind of overseeing jobs to be undertaken by Sherwoods and based on that a cost will be assigned, not exceed existing market terms.

Although the UAE is tax free, UK residents will be liable to pay tax on their rental income if it is taken back to the UK.