

Dubai's new shared housing law

Dani French and Omar Jaroudi examine the new law, highlighting how a comprehensive regulatory framework is transforming co-living into a structured, investable asset class with clearer rules and oversight.

Dubai has introduced a comprehensive statutory framework for shared housing through Dubai Law No. 4 of 2026 on the Regulation of Occupancy and Management of Shared Housing in the Emirate of Dubai. The Law creates clear rules where practice had evolved in a largely unregulated space and signals a material shift for market participants considering co-living and room-sharing models. Issued on February 27, 2026, the Law enters into force 180 days after publication in the Official Gazette, with a one-year period thereafter for existing arrangements to regularise.

This analysis sets out the scope, institutional roles, permitting architecture and enforcement regime as provided in the Law.



SCOPE AND COMMERCIAL OPPORTUNITY

The Law applies broadly across Dubai and includes special development zones and free zones. It governs owners who allocate units for shared housing, occupants of shared housing units, licensed establishments that rent or manage shared housing, and lease and management contracts relating to shared housing.

The commercial opportunity created by the Law is significant, and it extends beyond operational formalisation to the creation of a genuinely investable asset class. By allowing allocation of multiple residential asset types to shared housing, the Law transforms an organically developed segment into one that can be structured, priced and managed with regulatory certainty. For institutional investors, fund managers and developers accustomed to underwriting risk against known regulatory parameters, this clarity is foundational. The presence of a unified permit regime, a centralised register and a dedicated rent index provides the transparency and data infrastructure that underpin asset valuation, financing and exit planning.

Permitted unit types include residential apartments, standalone houses, residential complexes, mixed-use buildings, adjoining houses and multi-storey buildings, subject to Dubai Municipality oversight and amendment over time. For investors, this breadth of eligible asset types allows portfolio diversification within a single regulatory framework, whether the strategy targets purpose-built co-living developments, conversion of existing residential stock, or allocation of units within larger mixed-use schemes.

INSTITUTIONAL ROLES

The Law establishes a layered but integrated governance model with defined responsibilities across three principal authorities.

Dubai Municipality serves as policy lead, with powers to:

- » Set overall policy and strategic plans for shared housing
- » Define conditions for allocating units to shared housing, including maximum occupancy and minimum space per occupant
- » Determine standards for areas and unit types eligible for shared housing
- » Establish and manage a unified

Emirate-level digital platform for permits, documentation and oversight

Competent entities responsible for construction and land-use control in their respective zones serve as permitting and inspection authorities, with powers to:

- » Issue and renew permits through the digital platform
- » Inspect shared housing units and conduct field visits
- » Receive and investigate complaints and take action in coordination with concerned entities
- » Impose administrative penalties and measures under the Law

The Dubai Land Department anchors the transactional layer, responsible for:

- » Creating and managing the electronic Shared Housing Register
- » Prescribing essential data for lease and management contracts and publishing standard templates
- » Establishing and periodically updating a dedicated rent index specific to shared housing units
- » Coordinating with the Licensing Authority on activity-related matters

KEY REGULATORY FEATURES

Permit regime. No person may allocate a unit to shared housing without a permit issued by the competent entity. While a standard permit term is one year, there is an option for two years at the owner's request. Proponents should note that issuance or renewal is conditioned on compliance with planning and construction rules, occupancy limits and required services and facilities.

Operating models and licensing. Only the owner or an authorised establishment may lease shared housing units, subject at all times to holding authorisation from the Land Department. Three permitted models exist:

- » owner leases directly to occupants
- » establishment manages and leases on the owner's behalf under a management contract
- » establishment leases from the owner and subleases to occupants

Shared Housing Register and enforceability.

Management and lease contracts, and occupant data, must be recorded in the Register. In accordance with the usual procedures in Dubai, unregistered lease contracts are not recognised for enforcement by owners or establishments



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until registration. However, a good-faith occupant retains the ability to enforce their lease notwithstanding non-registration by the lessor.

Lease mechanics and rent. The lease term is set by agreement and remains valid until expiry unless lawfully terminated. Rent is payable monthly in advance unless otherwise agreed. As a default rule, rent includes electricity and water charges, though parties may agree otherwise. The lessor remains responsible for settling with service providers.

Lessor obligations. Owners and authorised establishments must comply with permit conditions and technical standards, adhere to occupancy limits, display signage showing permit-holder details and category in Arabic and English, register leases and provide copies to occupants, maintain the unit and avoid unapproved structural changes, implement house rules, provide a multi-language guide to occupants, monitor compliance and notify competent entities of violations.

Occupant obligations and termination right. Occupants must observe health, safety and environmental requirements, use the allocated space for residential purposes only, refrain from economic activity and sub-leasing, avoid unauthorised alterations and allow reasonable access to verify compliance. Occupants may terminate at any time with at least 30 days’ prior notice, with a right to reclaim prepaid rent less one month’s rent

ENFORCEMENT REGIME

The Law establishes a robust enforcement framework with meaningful consequences for non-compliance. Fines range from AED500 to AED500,000. Repeat violations within one year trigger doubling of the fine, up to a maximum of AED1,000,000.

In addition to fines, authorities may impose administrative measures including suspension of revocation of permits.

Inspections and monitoring. Competent entities must perform ongoing inspection and periodic field visits to shared housing units. Employees of competent entities designated by their officials have law enforcement powers, including entering authorised locations, reviewing records, preparing inspection reports and seeking police assistance when needed.

Dispute resolution. Administrative grievances may be filed within 30 days and decided by a committee within 30 days.

The Rental Disputes Centre has exclusive jurisdiction over all disputes arising from rights and obligations under the Law.

Transition period. Existing operators must regularise their position within one year from entry into force. This period may be extended once by the Director-General if necessary.

PRACTICAL CONSIDERATIONS

From a practical standpoint, market participants should map their proposed or existing shared housing uses against permit category criteria, unit-type eligibility and

technical standards. Documentation and operating processes should be stress-tested against the registration and consumer-protection rules specific to this regime.

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Given the inspection powers and range of administrative measures available to authorities, compliance should be embedded as a line function of operations rather than a back-end legal task. Clear ownership, training and audit trails to evidence adherence to permit conditions and ongoing technical requirements will be essential. The net effect of the Law is to legitimise and channel a pre-existing market into a controlled and transparent system, one that seeks to balance flexibility for owners and operators with protections for occupants and neighbourhoods.

From an investment perspective, the Law addresses several characteristics that have historically limited institutional participation in the co-living sector: regulatory ambiguity, lack of standardised documentation, absence of reliable rental benchmarks, and enforcement uncertainty. By resolving these structural impediments, the framework supports not only operational legitimacy but also the due diligence, valuation and financing processes that underpin institutional capital deployment. Whether the investment thesis centres on yield-driven income strategies, value-add repositioning of existing stock, or development of purpose-built co-living assets, the regulatory infrastructure is now in place.

ON PROPERTY MANAGEMENT TRANSFORMATION

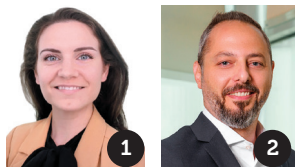
"The Law brings welcome clarity and structure to property management in the shared housing sector. By defining clear obligations—from displaying bilingual signage to maintaining technical certifications—it empowers lessors to operate with confidence within a transparent framework. This professionalisation creates opportunities for property managers who can deliver compliant, high-quality services and establishes shared housing as a legitimate, sustainable sector." - Omar Jaroudi, JLL MENA

For those prepared to structure offerings within this framework, the pathway to investable co-living in Dubai is now clearer than it has been previously.

INTERNATIONAL CONTEXT: QUIETLY LEAPING AHEAD

London and a number of European cities have incubated successful co-living projects, but most rely on planning policy, local guidance and private contracting rather than a single statutory regime that spans permitting, leasing formalities, a product-specific rent index and an Emirate-wide digital platform. The United States tends to treat co-living through zoning overlays and landlord-tenant statutes of general application, with outcomes varying city by city and little standardisation on data. Against that backdrop, Dubai's framework is notable for its breadth and institutional design. It expressly defines the product, designates clear regulators, integrates permitting with a central register, and anticipates rental benchmarking tailored to the asset class.

On paper, it has leapfrogged by creating the legal and data infrastructure in one move. Execution will determine whether the rent index becomes the decision-useful benchmark investors need, whether inspection capacity scales proportionately to growth, and whether technical guidance locks in safety and service standards without stifling innovation. Early movers that engage with the Municipality's guidelines and help shape category criteria in practice will have an outsized voice in how the market matures. 🏡



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