



INVESTING IN REAL ESTATE IN THE UAE: WHAT YOU NEED TO KNOW BEFORE MAKING A MOVE

Purchasing property in the United Arab Emirates is a great way to invest in the country's real estate market, whether you're looking to buy, rent, or develop a property. With a number of opportunities available in both the residential and commercial sectors, there is something to suit every need and budget. The UAE has a booming economy, offering a vibrant and stable environment in which to invest. The country is home to some of the most luxurious properties in the world, with stunning views and world-class amenities.

However, the legalities surrounding the UAE real estate market are complex and include a multitude of legislations and regulations, which can be difficult for new investors to understand. This article will provide an overview of the key information and practical considerations for expatriates when buying a property in the UAE.

Introduction

When it comes to buying property in the UAE, there are two main types to consider: freehold and leasehold. **Freehold properties** are owned outright, meaning the owner has full ownership and control over the property. **Leasehold properties**, on the other hand, are leased from the owner for a set period of time. Both options have their advantages and disadvantages, so it's important to do your research before making a decision. Acquiring property in the UAE is a popular option for expatriates, with Dubai and Abu Dhabi leading the way in terms of real estate investment. With the right approach, property investment in the UAE can be a great way to build wealth and secure a strong financial future.

When it comes to buying property in the UAE, buyers should consider a few things. Firstly, buyers should research the local market and familiarize themselves with the different types of property available. It's also important to understand the local laws and regulations and to work with knowledgeable and experienced local real estate agents and legal advisors. The government has put in place regulations and regulatory authorities to ensure that buyers have a secure and safe investment. Each emirate has their own regulatory authority that manages and oversees all matters involved in the real estate market of that respective emirate.

Understanding the Property Market

The country's strong economy and attractive real estate market make it a great choice for anyone looking to purchase a property. The UAE offers a strong real estate market with a wide range of properties and attractive returns. The country's political stability, low taxes, and access to a global market make it an ideal place to invest and grow wealth. The UAE also offers a variety of benefits to buyers, from a strong rental market to a wide range of properties and options. Buyers should be prepared to put in the time and effort to find the right property and make the right investment. Some of the top emirates for real estate investment are currently Dubai, Abu Dhabi, Ras Al Khaimah, and Sharjah. These cities have seen an increase in investments due to their lucrative real estate market, favorable taxation policies, and availability of quality infrastructure. Real estate investors can benefit from the potential of capital appreciation, rental yields, and other advantages.



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The following emirates are our top picks for real estate investment:

I. Abu Dhabi

The Government of Abu Dhabi continues to support the real estate market through the implementation of a series of laws, such as Law No. 19 of 2005 Concerning the Regulation of the Real Estate Sector. There are four main ways expatriates can own properties in Abu Dhabi, though they cannot own lands:

1. Ownership

For expatriates who purchase apartments or villas, ownership deeds are granted for 99 years, allowing them to fully dispose of the property (lands are excluded).

2. Musataha

Residential plots can be owned by expatriates up to 50 years, renewable by agreement for a similar period. A Musataha contract entitles the owner to use, build, or alter the property within a specified time frame.

3. Usufruct

Expatriates can own residential property for up to 99 years. In a usufruct contract, the owner is entitled to use the property and its facilities, however, structural changes and additions are not permitted.

4. Long-term lease

Long-term leases are given for a minimum of 25 years.

There are nine areas in Abu Dhabi, where foreigners are allowed to own real estate properties. They are: Yas Island, Saadiyat, Reem, Mariya, Lulu, Al Raha Beach, Sayh Al Sedairah, Al Reef and Masdar City. Properties outside the investment zones can be leased but are limited to a lease period of 25 years. Exemption from the standard rules is available and can be granted on a case-by-case basis to foreign nationals and entities to possess properties outside the investment zones.

The Department of Municipalities and Transport (DMT) in Abu Dhabi has been granted the authority to take charge of and manage the real estate sector and to oversee and control all matters related to it. Furthermore, the DMT is also responsible for enforcing the law, issuing licenses, supervising escrow accounts, and canceling real estate projects.

II. Dubai

Dubai real estate investment is a great way to make money and diversify your portfolio. The emirate of Dubai is known for its luxurious lifestyle and high-end real estate. Dubai is also home to some of the most lucrative real estate investments in the world. Investors can choose from a variety of property types, including apartments, villas, and townhouses. Furthermore, investors can also purchase land, which has the potential to appreciate in value over time. There are also many opportunities to invest in commercial real estate such as office buildings, retail outlets, and hospitality properties.

Some of the most popular areas for flat buyers in Dubai include Dubai Marina, Downtown Dubai, JLT, Dubai Silicon Oasis, and International City. These areas offer a variety of amenities to suit any lifestyle with plenty of restaurants, shopping complexes, and tourist attractions. With its competitive prices and variety of options, Dubai real estate has become an attractive option to investors from around the world.

Dubai has a set of rules and regulations regarding real estate investments meant to protect investors. The Dubai Land Department (DLD) is responsible for overseeing the registration of sales and purchases of land and also oversees transactions involving registered land and real estate. The Real Estate Regulatory Agency (RERA) was created to provide an investment-friendly atmosphere that ensures the interests of all those involved in the real estate market. This government body is in charge of putting in place the legal structures and mechanisms needed to regulate the activities of real estate development and brokerage companies as well as owners' associations in Dubai.

III. Ras Al Khaimah

If you're considering purchasing property in Ras Al Khaimah, you're making a wise decision. The emirate is currently experiencing steady growth in the property market, due to its attractive investment opportunities, freehold ownership for international buyers, and booming economy. With its strategic location on the Gulf of Oman, Ras Al Khaimah is becoming increasingly popular with investors and tourists alike. The area is also home to a multitude of attractions, from vibrant markets to sandy beaches and world-class resorts. The cost of living is also relatively low, making it a smart option for those seeking a more affordable lifestyle.





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The best areas for real estate investment in Ras Al Khaimah are Al Hamra Village, Mina Al Arab, Al Marjan Island, The Cove Rotana Resort, and Dafan Al Nakheel. Al Hamra Village is the most popular area for freehold property investments due to its variety of attractions and amenities, waterfront homes, and high-quality properties. Mina Al Arab is also a popular choice with foreign nationals keen on buying property in Ras Al Khaimah, due to its up-and-coming waterfront development, a mix of apartments and villas, and the wealth of amenities in the vicinity. Al Marjan Island is another freehold area in RAK with apartments, luxury beach resorts and hotels, and waterfront boulevards. The Cove Rotana Resort is ideal for buyers who want to invest in serene luxury, with stylish villas and chalets available. Finally, Dafan Al Nakheel is located in the city center and is an excellent investment option, with Julphar Tower apartments as the popular choice.

The Real Estate Regulatory Administration (RERA) under the authority of the Ras Al Khaimah Municipality Department is responsible for supervising the real estate sector, formulating strategies for this sector, and managing the operations of real estate and residential complexes. Additionally, RERA is responsible for overseeing the operations of real estate brokers, and owners' associations, and issuing regulations for brokerage and registration offices in Ras Al Khaimah.

IV. Sharjah

Based on Law No (2) of 2022, the Sharjah Executive Council (SEC) issued a decision in November 2022 allowing full ownership with no time restrictions in real estate projects to all nationalities. The decision is aligned with a drive to maintain growth in the real estate sector. This new regulatory development is accompanied by a wealth of investment opportunities in Sharjah. Real estate in Sharjah is appealing through its accessibility to Dubai (developments near Dubai-Sharjah border) with the offer of a quieter lifestyle with proximity to the beach and nature.

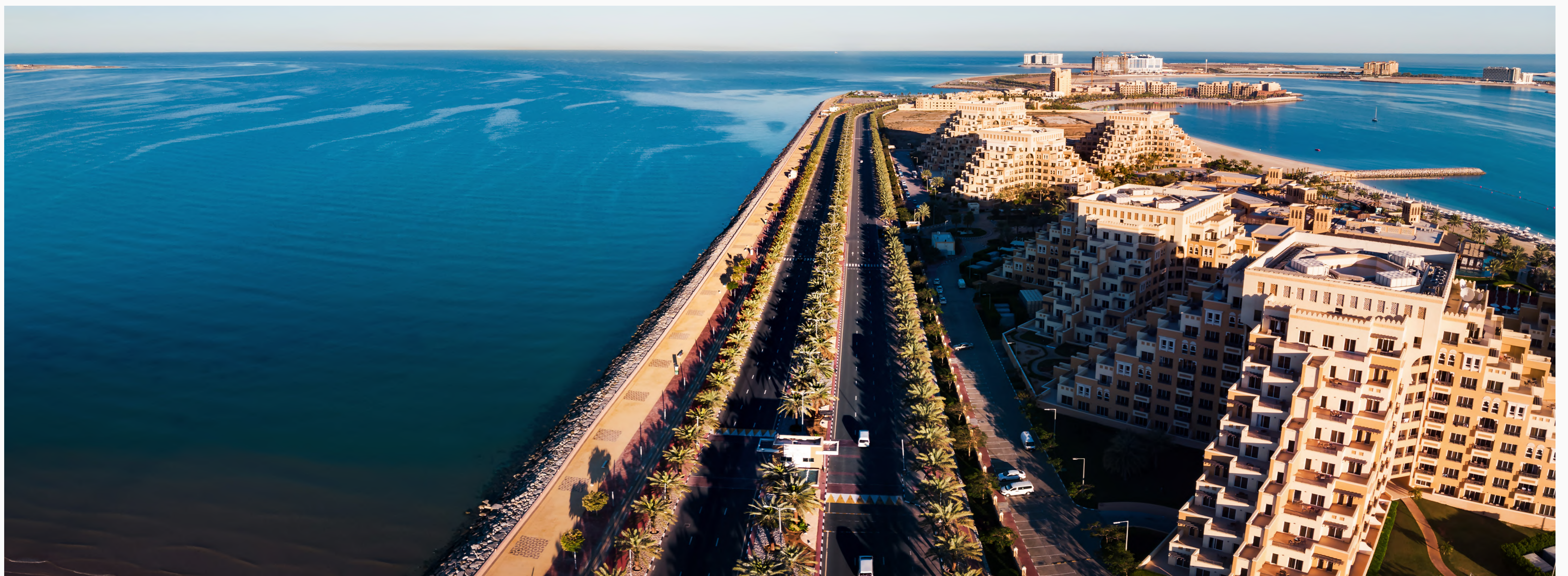
Sharjah's Department of Real Estate Registration works diligently to provide the best services in the real estate sector. They document, audit, and conserve data, as well as safeguard the interests of property owners in the Sharjah area by documenting any changes or activities taking place in real estate, assisting them in attaining their objectives with satisfaction.

Necessary Documents for Buying Property

The real estate market in the UAE is highly dynamic and ever-evolving, it is important to stay familiar with all the requirements for buying property before making an investment. In order to buy property in the United Arab Emirates, you need the following documents:

- Original title Deed;
- Original passport, visa, and Emirates ID (seller and buyer);
- Signed Form F (MOU), Purchase Agreement, Manager's Cheque for the property price payable to the seller; and
- a No Objection Certificate (NOC) issued by the developer.

After fulfilling the legal requirements of buying a property in the United Arab Emirates, a title deed will be issued upon completion of all formalities. This title deed will officially make you a real estate owner in the UAE, and thus, you can enjoy the benefits that come with owning property in the country.





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Major benefits of UAE real estate investment

1. Golden Visa opportunity

As a real estate investor in the UAE, it is possible to apply for a 10-year renewable residency visa if you own a property with a value equal to or more than AED 2,000,000. Furthermore, the husband or wife and children of the investor can be sponsored as well. This provides an excellent opportunity for those looking to make real estate investments in the UAE, as they will be able to enjoy the benefits of living and working in the country as well.

2. Favorable tax environment

The UAE's taxation system is renowned for its low taxation rate, with the real estate sector being no exception. This makes the UAE an attractive destination for foreign investors as they can maximize their profits without incurring any property taxes or stamp duties. The UAE's taxation system, particularly in the real estate sector, provides a great incentive to invest in the country and has contributed to the success of the real estate industry in the region.

3. Attractive returns

Real estate in the UAE is considered a lucrative market for investors, especially buy-to-let properties. Attractive property prices and payment plans have made rentals a popular choice for buyers looking to make steady investment income. In Dubai, return on investment (ROI) is estimated at 5-8% for ready properties. With an increasing demand for short-term rentals, there is an opportunity to tap into the high tourist turnover in the UAE by investing in an apartment or villa and placing it on short-term rentals.

4. Constant growing economy

The UAE's economy is constantly growing due to its strategic location, strong financial reserves, large sovereign wealth fund, promising investor home economies, and consistent government spending. The UAE is a major regional hub for trade, finance, and investment, with a highly developed infrastructure and a rapidly diversifying economy. As a result, the influx of foreign capital has been very significant and has enabled Dubai to become a global city with other Emirates also exponentially growing. The UAE is also home to over 45 free trade zones, which provide tax benefits and other incentives to foreign investors.

Conclusion

It is believed that the UAE's real estate sector will keep expanding in the year 2023. The cost of the properties is likely to increase gradually at a rate of 20 to 25 percent per annum. Investing in the UAE's real estate market is a smart financial decision that can yield long-term returns.

Strohal Legal Group assists businesses and individuals in real estate ventures, project planning, and property utilization. We assist in transaction formations, and also provide counsel on project funding and the most beneficial tax and corporate law structure. Furthermore, we provide advice on any real estate laws, such as the acquisition and sale of properties, leasing of established properties, or cancellation of a lease agreement. Additionally, if necessary, we are available to help our customers with enforcing all real estate related claims and court proceedings.

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