

HOW TO BUY IN UNITED ARAB EMIRATES



JOHN TAYLOR

LUXURY REAL ESTATE SINCE 1864

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PROPERTY FOR SALE IN DUBAI

Dubai's property market has undergone major structural changes since the early 2000s, making it increasingly easy for expatriates to buy. As ownership laws were relaxed the city experienced a surge in foreign ownership, both for buyers to reside in and as investment purchases.

Property ownership for non-Emiratis (expatriates) is restricted to designated freehold areas, which are spread across the city by a Dubai government keen to boost the real estate sector. Each area has a distinctive look and feel, with various developments offering a choice of apartments, villas, townhouses and commercial spaces for sale. In a city like Dubai — where the impossible can become reality — there are plenty of choices available.

Residential

Many parts of the city form popular spots for apartment living: these include Dubai Marina with its vibrant café culture, beach-front living at JBR, prestigious Palm Jumeira, Downtown Dubai, Business Bay, JLT, Sports City and more. These are offered for sale as freehold apartments, with differing property values based on location, size and amenities available

If you prefer a more low-rise setting, Dubai has numerous villa developments in varying styles and sizes. If your garden doesn't come with a pool, most high-end communities include access to recreation facilities for residents to take a dip, enjoy a BBQ or hit the gym for a workout. The Palm has luxury villas set on its fronds; Emirates Living is a very popular area, offering a choice of villas from the palatial structures gracing the inclines of Emirate Hills, to the spacious properties in The Meadows, Lakes and Springs; Arabian Ranches is also a much sought after destination; and several other communities have come onto the market in recent years, including Jumeirah Park, Victory Heights and Jumeirah Golf Estates.

Commercial

As a business and trading hub, Dubai boasts no end of prime commercial property for sale and rent. Several districts offer great locations for office space, including Business Bay and Downtown Dubai, DIFC, Jumeirah Lakes Towers and Barsha Heights (formerly Tecom). There's also an abundance of prime warehousing and retail space available, with commercial land for sale in many areas, including Dubai Investment Park, Business Bay and Jebel Ali.

RULES AND REGULATIONS

As Dubai continues its transformation into a modern world city, buying and selling property is becoming much easier and much more stable for investors. Several forward-thinking government initiatives have put controls in place to regulate the market and protect buyers and sellers, which has encouraged more investment. Together with simplified legislation, investors will find easier access to mortgages, finance and professional real estate services.

There are clearly defined laws relating to real estate transactions, which differ for UAE nationals, GCC nationals and expatriate buyers. It's essential to fully understand the rules and regulations that apply to you, and to keep abreast of changes in the law.

Overall, buying and selling property in Dubai is quick, easy and secure. As a John Taylor client, we'll be at your side to guide and assist you at every step.

THE BUYING PROCESS

Expatriates have the choice of buying residential or commercial freehold property from the secondary market or purchasing off-plan (under construction). If the value of the acquisition exceeds AED 1 Million at the time of purchase, and the buyer has a monthly income of AED 10,000 plus, they can apply for a residence visa.

With both options it's essential to perform suitable due diligence to safeguard your investment, which as your broker, we'll help you conduct. John Taylor will confirm the owner's country of residence, check if there is any mortgage debt outstanding, the provenance of the property's title deeds and whether there is an existing tenant. Our brokers are all licensed by Dubai Land Department and follow a strict code of ethics.

For off-plan purchases a deposit payment of between 5-10% is usually required, with the balance payable in instalments. While this may be a cheaper option, especially if the project is only partially built, it's still essential to conduct thorough due diligence to ensure everything is in order. John Taylor performs all required checks to ensure the developer is RERA (government) registered and that there is an Escrow trust account in place for the property.

Once a price has been agreed, a contract or Form F is drawn up to be signed by buyer and seller and the sale documents are prepared, which include: Purchase Sales Agreement (in the case of off plan properties), original title deed or Oqood, and a copy of the Seller's passport and (if applicable) their Emirates ID. John Taylor will then invite both parties to sign the contract and the buyer pays a 10% deposit, which is held by the broker and released on the day of transfer.

If the buyer is using finance to purchase the property, their bank will conduct an independent survey of the property to agree the buyer's loan amount and ensure the sale price accords with the market rate. Once the survey has been completed, the buyer's bank issues a final offer letter (not required for cash buyers). If the property is mortgaged, the seller's bank provides a liability letter, valid for 15 days, confirming the outstanding mortgage on the property. Once this is received, the buyer or buyer's bank settles the outstanding balance of the seller's mortgage. After mortgage settlement, the seller's bank issues clearance documentation.

All parties must attend the developer's office to apply for a No Objection Certificate (NOC). Once issued, the NOC, along with clearance for any outstanding service charges, is submitted to the buyer's bank, which can then prepare documentation relating to the final transfer. All parties meet again at a RERA approved transfer center (or developer's office for off-plan property) so the buyer or the buyer's bank can receive their ownership title deed.

FEES AND CHARGES

The buyer is required to pay 4% of the property's purchase price as a transfer fee. Other one-off fees include: agency commissions – approximately 2%; Land Department or trustee office administration fee – AED 4,000 plus AED 580 (villa/apartment/office). Once ownership has been transferred, the new owner will need to pay deposits for utility connections, ranging between AED 1,000 - 5,000.

Registering for a mortgage requires a set-up fee equal to 0.25% of the loan amount, plus AED 290. Buyers will also incur a bank or mortgage broker set-up charge, which varies between different institutions.

FINANCING YOUR PROPERTY PURCHASE

In December 2013, the UAE Central Bank imposed new regulations to regulate property loans for both UAE Nationals and expatriates. These measures were introduced to put the brakes on a rapidly inflating sector, to curb uncontrolled lending by reducing the level of borrowed finance being used for property speculation. As a result, expatriates looking to buy real estate in the UAE that requires bank funding must adhere to the following conditions:

Expatriates are eligible for a maximum loan or mortgage amount equal to seven times the borrower's annual income.

First-time buyers must pay a deposit of at least 25% of the property value, for sales not exceeding AED 5 million, with lending agencies providing a mortgage facility to a maximum of 75%. If the transaction value exceeds AED 5 million, the expatriate buyer must fund 35% of the value, with lending agencies providing a mortgage facility to a maximum of 65%.

Once you are an existing owner, expatriates purchasing a second (or subsequent) property must pay a minimum deposit of 40% of the transaction value (unlimited), with lending agencies providing a mortgage facility to a maximum of 60%.

A Helping Hand

The aim of this guide is to give you some useful background information about buying property in Dubai. As a John Taylor client we'll be with you every step of the way, guiding you through the buying process. If you require any further information or would like to speak with a John Taylor representative, call us now.



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THE GREATEST TRANSACTIONS
ALWAYS BEAR THE SAME SIGNATURE



JOHN TAYLOR DUBAI
Office 408, Dubai Marina
Emaar Business Park
P.O.Box 282147 Dubai, UAE
+971 4 394 1977
dubai@john-taylor.com