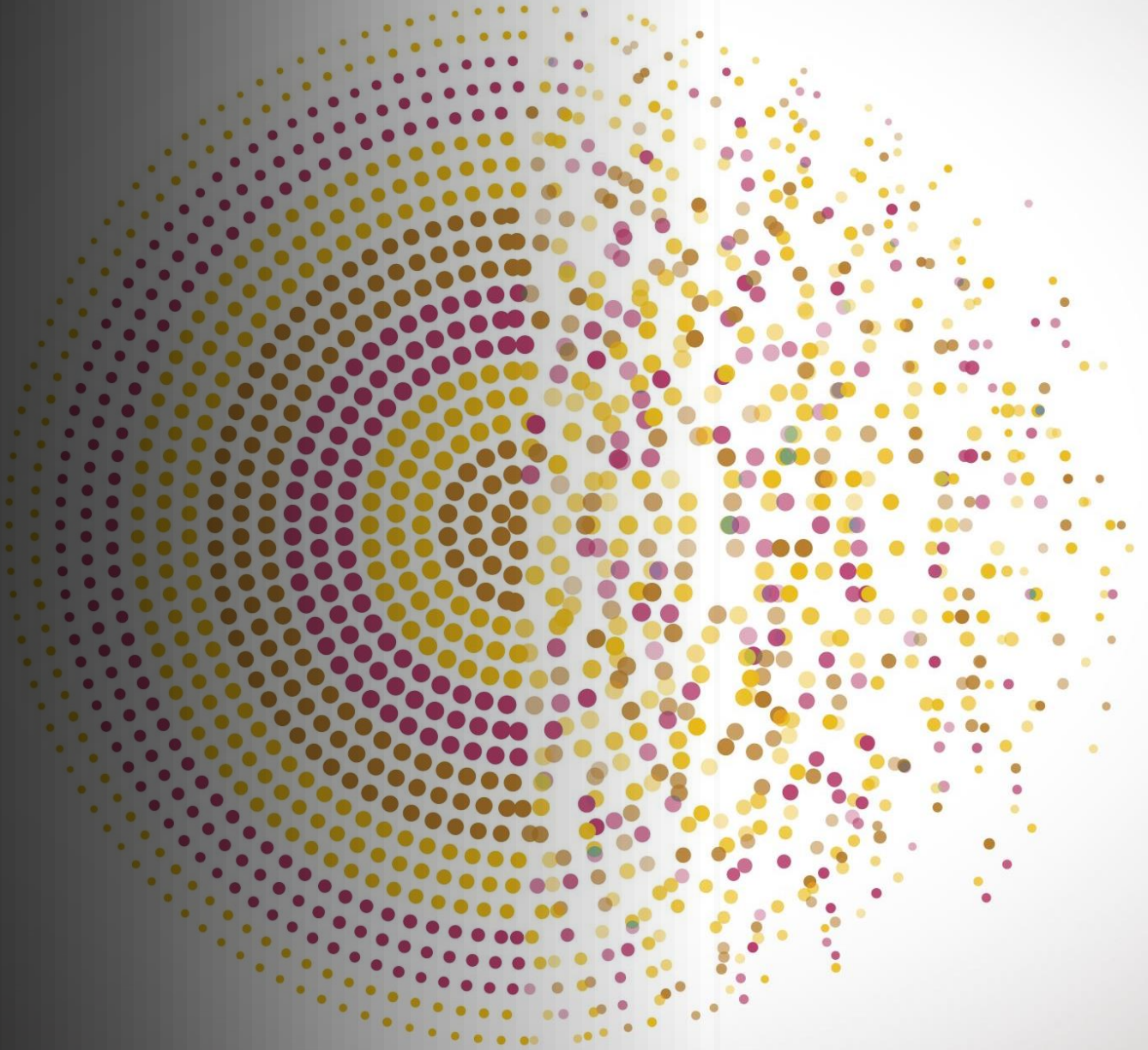




Buyer's Guide

By Diamond Ilorí

- Sales Instructor, Dubai Real Estate Academy



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OUR JOURNEY

Congratulations for taking this bold step towards a very important investment,

I like to take every buyer I work with (whether an investor or a buyer for personal use) on a journey that will benefit them and allow them make informed decisions.

If you are reading this, know that I respect you, I value the money you have worked hard for, I know how important this investment is for you.

And this is how our journey would be;

1. You will quickly go through this buyer's guide'
2. We can then have a short call to quickly understand your enquiry better,
3. I will then send the options or schedule a physical or zoom meeting where we will both explore the options available.
4. If you decided to move ahead with one of the options, I will send all documents including sales offer and invoices.

As you read this; If you have any questions, you can reach out to me anytime and I will be there for you.

SHOULD YOU BUY FROM A BROKER (AN AGENT) OR DIRECTLY FROM THE DEVELOPER ?

There are two people who will approach you to help you with your real estate enquiries;

- a) The ones who work directly with a builder(developer) and
- b) The ones who work as a real estate professionals (they always get certified just as lawyers do (**RERA certified**))

You see those who work with the developer are loyal to their development... Even if the development is not going to be good for you, they will convince you in every way to buy it because they can only sell what their company has... not any other development which, in effect, limits you.

But a **certified real estate professional** can sell all the inventories of all real estate development companies in Dubai. They are bound by law to be in support of your best interest. Your relationship with them continues after you buy, they can help with renting it out, resales or even future challenges.

DO YOU SPEND MORE USING A REAL ESTATE PROFESSIONAL?

NO!

You don't pay either of them to work for you...They get their commissions from the real estate development companies which they sell... So, whether you are buying from the real estate development worker or from a real estate professional(agent), you are paying the same amount, but you have an exclusive service from the real estate professional than from the developer.

HOW PROTECTED IS YOUR MONEY? WHAT IS AN ESCROW SYSTEM?

When it's time to pay, you don't pay to an agent, neither do you pay directly to the developer.

Dubai mirrored exactly the **Singapore Escrow system** .

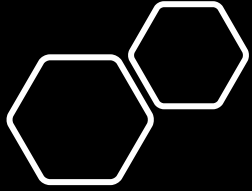
When a developer thinks about a development; They will submit the development model to the Ministry in charge of housing and urban planning... And get approval to build it.

After approval, the government opens an **Escrow account** on their behalf: the developer then deposits 25% of the total amount that will complete the development into this account as a security deposit...The developer then start to sell the off-plan project while the buyers keep paying into this account... If you check the payment plan of the projects, you will notice that 20 to 30% are always paid within 3 months...

This will allow the developers escrow account grow up to 50 to 60% of the total money required to complete this project...Then the developer can start building, they must not start building until this stage is completed. The government then ask them to register all their contractors under the escrow system so they can get paid in cheque directly from the government... As people continue to pay, the escrow account grows, and the contractors are paid. After the completion of the project. The developer will then call all the buyers(investors) to get their property handover... There's a document every buyer will sign consenting to have gotten their properties in the same state that was promised...This handover documents will then be presented to the government and the government will now release the remaining money in the escrow account to the developer.

Again, this is to double check things like;

- Abandoning a project halfway
- Collecting money from buyers(investors) and running away with it.
- Eradicate real estate scams
- No need for real estate developers to borrow money from the Bank... All they need to have is the 25 to 35% of the total amount of the development

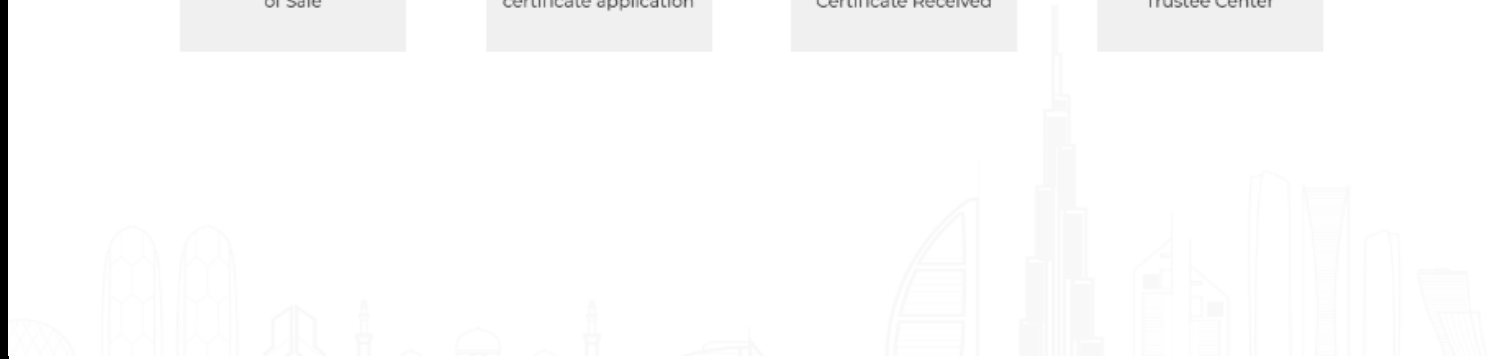
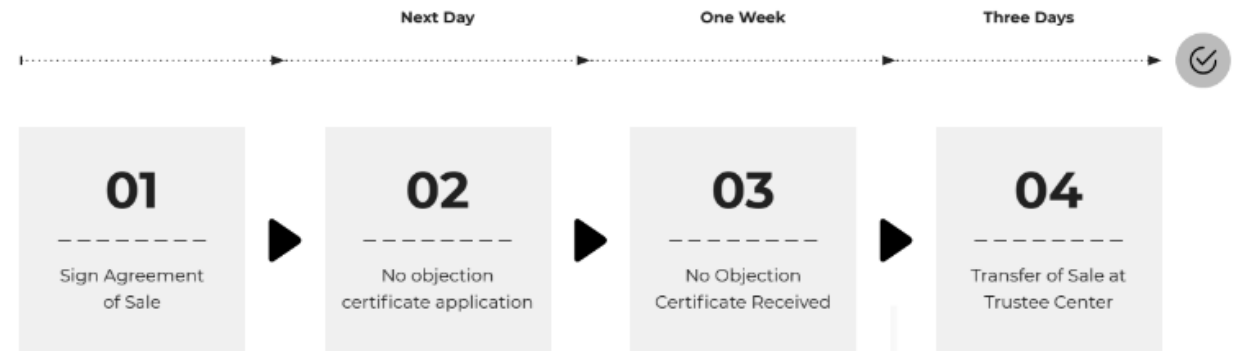


PROCEDURES

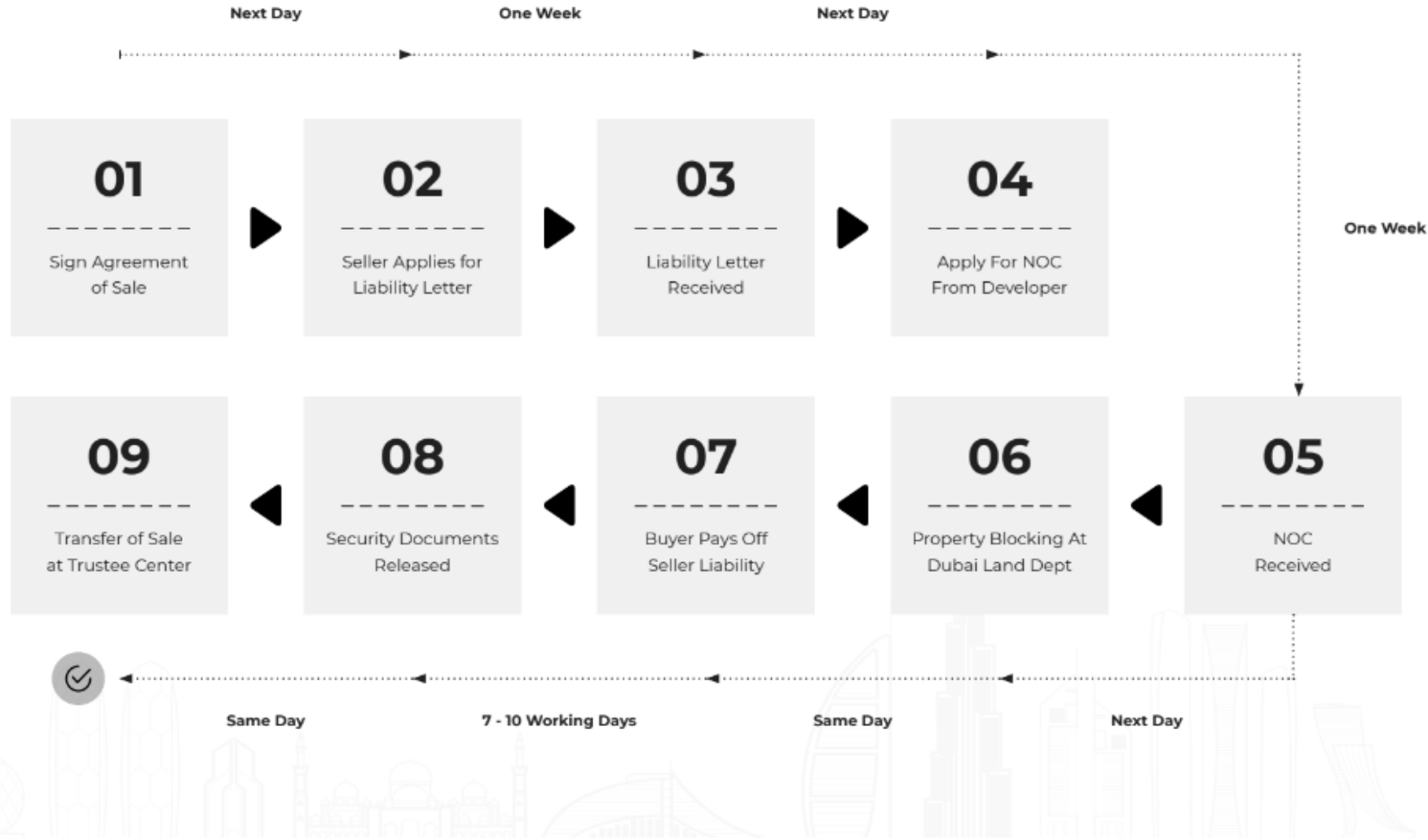
You can either buy a property which is “ready-to-move-in” or you buy the one under construction (off-plan)

Buying properties in the secondary market (“ready-to-move-in”), there are different types of buyer, and each requires a unique procedure: and here is the process:

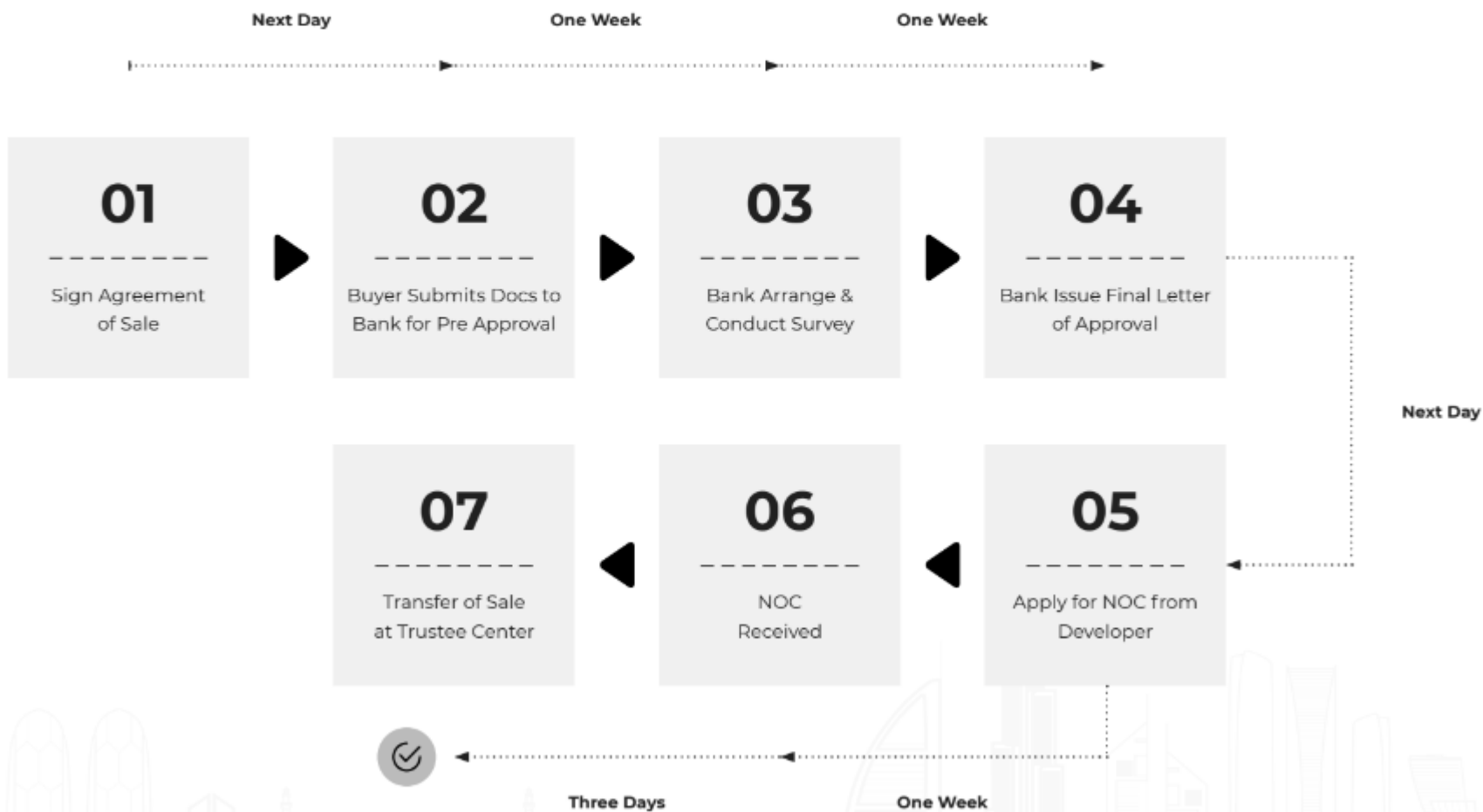
Cash Buyer to
Cash Seller.



Cash Buyer to Finance Seller.



Finance Buyer to Cash Seller.



Cash Buyer to Finance Seller.



DOCUMENTS REQUIRED TO BUY A PROPERTY IN DUBAI

Individual seller and buyer

- Original Title Deed
- Original passport

Corporate seller and buyer

- Original Title Deed
- Original Certificate of Incorporation / Trade License
- Original Memorandum and Articles of Association Legal
- Translation of the Memorandum and Articles of Association
- Original Certificate of Good Standing (not more than 6 months old) Original Certificate of Incumbency (not more than 6 months old)
- Copy of shareholder(s) passport(s)
- Original Resolution approving the sale or purchase (as the case may be)
- Original Power of Attorney
- Attorney's original passport

The above list of corporate documents is not exhaustive, and the requirements will vary depending on the corporate entity in question.

It is therefore advisable when dealing with a corporate entity to approach the **Dubai Land Department** prior to the completion date to have the documents pre-approved.

Apart from presenting original documentation to the **Dubai Land Department** and the developer, the seller/ buyer will also need to ensure that they have prepared copies of the same in order that the original documents may be returned. Any documents presented to the Dubai Land Department which are not in Arabic are required to be translated into Arabic by a certified legal translator.

LEGAL FRAMEWORK

Ownership of real property in Dubai is NOT restricted to citizens of the United Arab Emirates and GCC nationals. Other foreign nationals - and companies wholly or partly owned - have the right to own real property in Dubai but in certain areas ("Designated Areas"). The Designated Areas include both residential and commercial areas in and around Dubai. The purchasing party is not required to hold any type of residency or similar permits in order to purchase real property

COSTS

The following fees will generally apply to the sale and purchase of real estate in Dubai: (Ready-to-move-in)

NOC fees – these can range between **AED 500 and AED 5,000** and are payable to the **developer**, usually by the **seller** but this is subject to mutual agreement. Certain developers also levy a refundable deposit upon the **buyer** which is only refunded when the buyer presents the new title deed at the developer's office and their records are updated.

Real Estate Agent's Commission - this commission is for the most part paid by the buyer and is usually 2% of the purchase price. Often, the seller will also be responsible for the payment of agent's commission if the seller retains an agent.

Transfer fees – these are calculated at 4% of the purchase price with an additional amount paid towards Admin fees which currently does not exceed **AED 5,000** and paid to the Dubai Land Department.

Mortgage registration fees (if applicable) are calculated at a rate of 0.25% of the registered loan amount and paid to the **Dubai Land Department**. Developers ask for their annual services charges to be paid in advance and buyers should therefore account for their pro rata share upfront. Additional fees will apply at the offices of the developer and the Dubai Land Department in order to discharge a seller's mortgage.

FINANCING

Although a large proportion of real property in Dubai is transferred based on cash, financial institutions in Dubai do offer mortgages.

For the most part however these are ALWAYS available to UAE nationals and foreign nationals as well.

Restrictions on mortgages have been placed upon banks and lenders by the UAE Central Bank. These Central Bank Regulations currently restrict lending on First Property to a maximum of 75% of the value of the property for property valued at **less than AED 5 million**; Up to a maximum of 65% of the value of the property for property valued at **more than AED 5 million**.

Second and Subsequent Properties Up to a maximum of 60% of the value of the property irrespective of the value of the property.

A separate set of loan to value ratios apply to UAE nationals. For properties under construction, the restrictions are: Up to 50% of the value of the property irrespective of the purpose for which the property is being purchased or the value of the property.

The same loan to value ratio applies to UAE nationals in this instance Certain other restrictions have also been imposed by the Regulations, including but not limited to: maximum term of the mortgage should be 25 years; maximum age at the time of the last installment payment should be 70 years for foreign nationals (or 75 years if self-employed) ; the ratio of debt to income shall not exceed 50%; the maximum financing amount allowed for foreign nationals shall not exceed 7 years annual income.

TAX AND STRUCTURING

The Dubai law currently places no restrictions on the number of properties a foreign national can own and there are no tax implications in Dubai itself on real property ownership.

If a foreign national wishes to acquire property in the name of a corporate entity, then the only corporate entities permitted to purchase real property in Dubai are either companies registered within the United Arab Emirates or offshore companies incorporated in the Jebel Ali Free Zone.

The Dubai Land Department does not apply any restrictions however on the structure of the corporate offshore entity and these can therefore be owned either by individuals or foreign companies.

As at the date of putting together this handbook the Dubai Land Department has blocked Jebel Ali Free Zone offshore companies from buying real property.

We await confirmation of whether there is a temporary or permanent block.

INHERITENCE

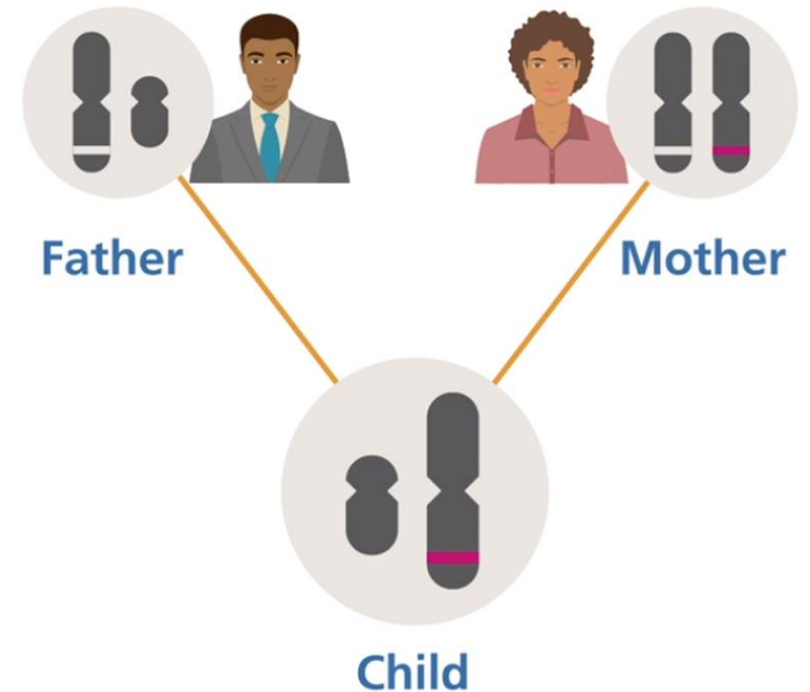
Generally, in Dubai, the principles of Sharia's apply to issues of inheritance.

However, as a foreign national, issues of inheritance must be divided into whether the foreign national is a Muslim or a non-Muslim. In the case of Muslim foreign nationals, the principles of Sharia's law applies automatically to their real property and the Succession Courts will on application issue a Succession Certificate to this effect.

In the case of non-Muslim foreign nationals, the laws of succession in his/her country in which he/she is a citizen should be upheld by the UAE Courts and his/her real property should devolve, upon death, in accordance with his/her Will that is accepted to be valid in that country.

Obtaining a Succession Certificate can take months, if not years in some cases. Of late, the option of a foreign national signing a **"Dubai Will"** before the Dubai Notary Public has been popular and the route chosen by many.

These Dubai Wills should ideally supplement the home will and be restricted to UAE assets.



TYPES OF PROPERTIES IN DUBAI

From a residential perspective, there are primarily three property types that you can buy as a foreigner in Dubai. Each of these properties correlates to a different style of home or land within Dubai. Before buying real estate in Dubai, you should thoroughly assess the market.

Freehold Properties

With the rapid development of Freehold properties, the process of buy property in Dubai for foreigners has become easier than ever. Freehold properties are most commonly sought by foreigners who are interested in investing in the UAE, or who plan to buy a flat in Dubai. Individuals living in the UAE have access to freehold properties that can be rented, sold, and inherited if required.

There are also relatively undeveloped parcels of land rather than homes or apartments. This allows owners to develop a property of their choice on the land.

Since the investor enjoys the full ownership of the property in perpetuity, the property can be used for any purpose. It also requires less amount of paperwork and does not require consent from the state. If you are looking to purchase a freehold property in Dubai, you will have to purchase this through a government-approved property or real estate developer.

Commonhold Properties

Another type of property that can be purchased by potential investors in Dubai is commonhold. These properties consist of primary condominiums, apartments, and non-residential units in a building. Purchasing a commonhold property provides you with the individual right for buying, selling, or renting a property for the purpose of inheritance. This is similar to a freehold property. However, since commonhold properties are very similar to apartments, the owners must make fee payments for the property maintenance as well as its common areas. These buildings are usually owned by a real estate or property developer.

Usufruct Properties

A common type of arrangement for property within the UAE is called usufruct. This is primarily regarded as a lease for long-term investment. The occupant of the property does not have the right to amend or change a usufruct property in any way.

Leases for usufruct properties have a life that could go up to 100 years.

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IDENTIFY YOUR MOTIVE FOR BUYING PROPERTY IN DUBAI

One of the most essential aspects that an individual must consider before purchasing a property in Dubai is to evaluate whether they want it for investment purposes or personal use, For retirement plan or for flipping. The motive for identifying a personal property in Dubai is explained as follows:

Purchasing Property In Dubai For Investment Purpose

One of the mistakes investors do is to buy properties in locations that is goof for flipping for the purpose of rental which might have a low rental income.

A place good for investment might not be good for personal use while a place good for high rental income might not be good with capital appreciation.

Defining your purpose from the onset will help you avoid this mistake.

The real estate market in UAE is very popular and there are many benefits of buying a house in Dubai. These include high rental yield, high market capitalization, and a transparent process for businesses.

Most foreigners or expatriates hope to buy an affordable house in Dubai that can get them a massive return on their investment. A thorough assessment of the market can help to buy an apartment in Dubai at a good rate.

Purchasing Property In Dubai For Personal Use

Over the years, Dubai has become a huge real estate and business hub. The city is now home to several expatriates that have come from various parts of the world. Dubai-based properties are often regarded as highly expensive and out of reach for several foreigners that work as blue-collar workers.

But such things have now changed. Individuals that are employed or have a personal business in Dubai are now more inclined towards purchasing their personal property and not renting them out. As the government has relived certain restrictions on property ownership, hence the complexity in buying property in Dubai for foreigners has been eased.

If your personal motive for purchasing property in Dubai is to reside, then you should consider whether the site is close to hospitals, supermarkets, restaurants, and schools. Raising your family in a progressive and developed city like Dubai can be a very rewarding experience.

FACTORS TO CONSIDER BEFORE BUYING PROPERTY IN DUBAI FOR FOREIGNERS

LOCATION

One of the most essential elements that you should consider before investing in Dubai's real estate properties is location. Individuals who want to invest in an apartment property or buy a luxury house in Dubai should research the best locations for future investment in real estate. Some of the prime locations in the city, such as Dubai Marina, have a particular set of facilities associated with them that provides opportunities for a high-quality lifestyle.

Hence, investors should look to that could be beneficial for them. Looking for such properties can be time-consuming work; however, real estate offers you a list of the best real estate in Dubai at ideal locations that can provide long-term yield on investment to foreign buyers.

RESEARCH AND ANALYZE MARKET STATS

It is certainly difficult to select a specific location when there is a wide range of highly tempting options. To get the best return on your investment, it is essential to start your personal research of the property market.

As an interested investor, you can also read about the current trends, predictions, and patterns on financial investments. Newer projects for investment in Dubai may be more attractive for investors.

TENURE

Before investing in Dubai's real estate market, you should evaluate the overall tenure for which you plan for your investment to remain in the UAE. This is important as it will help you to determine the total value that you can derive from your potential return on investment.

AFFORDABILITY

One of the most important factors that are considered globally for purchasing real estate property is affordability. An individual's housing expense on a monthly basis must not increase more than 45% of their total income. Your budget should also be enough for upfront fees. This could be nearly 9% of the property's overall price of purchase.

Being an owner of a real estate property in Dubai, you would also need to keep track of the maintenance fees and payment of the annual service charges.

RENTAL YIELDS

If you are thinking of renting out your property in Dubai, you should focus on how much monetary gains you will get. This will help you assess if the potential rental income is adequate for covering your repayment, mortgage, and maintenance expenses.

Typically, investors can get a gross yield of anywhere between 10% and 13%.

FACTORS TO CONSIDER BEFORE BUYING PROPERTY IN DUBAI FOR FOREIGNERS

RESIDENCE VISA

The real estate properties that are valued at AED 700,000 or above in the UAE can help you gain a residency visa for you and your family. This could be subjected to specific guidelines.

There are mainly two types of residence visas that are typically available in the UAE. One is a 5-year multi-entry visit visa. The other is a 3 to 5-year visa for residency.

Owners of real estate properties also have an option to sponsor residence visas for their families.

A property in Dubai that has been valued at AED 2 million or more, has no specific mortgage value attached to it can help foreigners get a golden visa for 10-years or more. This depends primarily on specific conditions for eligibility.

BASIC REQUIREMENTS FOR MORTGAGE

Foreigners or expatriates who want to invest in a real estate property that is valued at nearly AED 2 million have an option for borrowing nearly 75% of the total value of the property. On the contrary, citizens of the UAE have the option to borrow nearly 80%.

For real estate properties that are valued at AED 700,000 or more, initial or first-time buyers have an option to borrow nearly 65% of the total value of the property.

On the contrary, citizens of the UAE have an option to borrow nearly 70% of the value of the property.

Expats that want to invest or purchase a second property have an option to borrow nearly 60% of the total value of the property.

If you plan to purchase properties that are off-plan, a deposit of 50% would be required from expatriates as well as citizens of the UAE.

- The debt-to-income ratio of the buyer must not be 50% or more.
- The period of the mortgage must not be more than 25 years. This is because there is an age limit (This is usually in the range of 60 to 75 years).
- Foreign citizens have an option to make an application for a specific loan amount that should not exceed their yearly revenue or income by more than seven times.

NOTE: This is subject to change and should be double checked as at the time reading this

PURCHASING A PROPERTY THROUGH REAL ESTATE DEVELOPERS IN DUBAI

When purchasing an apartment or house in Dubai, it is essential that you research the real estate developer and ensure they have a credible reputation before you sign a particular contract or agree to buy the property with a specific amount.

This is done to make sure that you have made a solid and viable investment. Apart from that, there are various other things that you may need to do for creating a background before selling a property:

Collect comprehensive data in a written form for all the fees required to be paid along with the potential due date.

Cross verify the rates on other similar properties. This will help you to make sure that you have paid the right amount.

Evaluate recent developments. This will allow you to view what other buyers have said regarding the personal residential properties by the real estate developer that you are considering.

- You should appoint a broker that possesses global experience in purchasing real estate. This will help you to better understand how the real estate process works as well as ask important questions.
- Before you choose a real estate developer, you should make sure that all of the aforementioned points apply to the real estate agents or property developers Dubai.

This will enable you to verify whether the real estate developer is licensed and operates in the right way.

Moreover, you must also assess and review the experiences of your previous clients before making any financial investment.

Frequently Asked Questions (FAQ's)

Can a foreigner buy property in Dubai?

- From a residential perspective, having foreign ownership of property in Dubai is allowed in areas that are designated to be freehold. These properties allow the investors 100% ownership and control of their properties, including amending or selling the properties to another interested individual.

How long do expats need to stay for buying a home to make sense?

- Even if you plan to live in UAE for just a year, it makes sense to buy a home in the country. Even if you are not living in it, you can rent it out and earn a tidy profit, even if the market goes up and down. In addition, while you are living in the country, you can use that house to reside in, which will save you on rent costs. Land Registry Tax is charged at just 4% flat rate and there are no property taxes, whether you want to live in that house or rent it out.

Where can expats buy property in Dubai?

- Expats can buy leasehold and freehold properties in Dubai. A freehold property consists of one of the 23 specific areas in Dubai that allow you to buy a house in Dubai Marina, the Sheikh Zayed Road, Al Barsha South, Jebel Ali, Palm Jumeirah, and other such places.
- **A leasehold property**, on the other hand, gives living rights to an expat on a property for a specific period of time, which can be no more than 99 years. During that time, they cannot make any changes to the property.

Is it a good time to buy property in Dubai 2022?

- In 2022, the property market in Dubai has become a buyer's market since homes have become very affordable. If you compare UAE with major countries like the UK, you get a lot of value for money. A beautiful beachfront house in Dubai may cost as little as a studio apartment in London.
- The Expo 2021 is also creating a lot of buzz around the city and Dubai is also establishing itself as a leader in industry and science.

Can I get residency if I buy property in Dubai?

- Yes (terms and conditions apply)

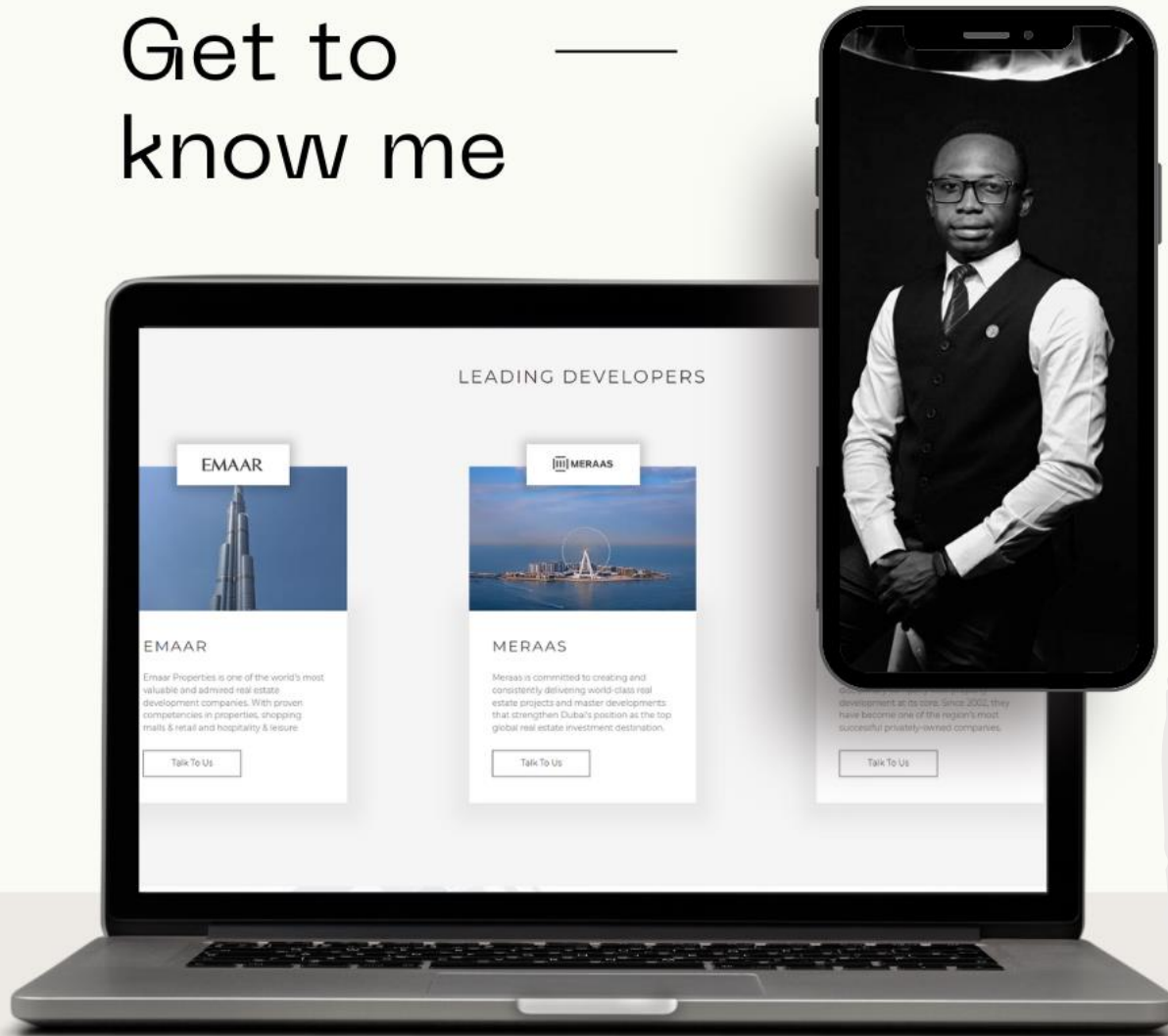
Is it easy to buy property in Dubai?

- Yes, the process of buying a house in Dubai for expats is quite simple. Since the old restrictions have been lifted, it has become very easy for expats to select and buy properties in freehold areas. These properties offer great value for money and let expats become part of a beautiful and thriving community that offers them the kind of lifestyle they want.

Is buying property in Dubai a good investment?

- Indeed, it is. Dubai provides higher yields on rent when compared with several other mature real estate markets. On average, investors can attain reasonable rental yields. Prices of property per square foot are lower when compared with many other cities around the world. This makes Dubai an affordable location for having your personal primary real estate.

Get to know me



About Me

EDUCATION BACKGROUND

- **Sales Psychology (Diploma)**– Dubai Real Estate Academy, Dubai
- **Real Estate Asset Management (Diploma)** – Bayut Academy - Dubai
- **Investment Banking (MSc)** - Institut francais, France
- **Business Administration (BSc)**, Heim Weldios University, Porto-Novo

SALES HISTORY

- Sales tell the tales; Diamond has closed on approximately **70 million AED** in sales across marketing and selling Dubai properties.
- He has been involved in some of Dubai's most significant transactions, including the 300-Million AED sales in 2022.

AWARDS AND RECOGNITION

- Africa's 50 Most influential Youths in International real estate brokerage – Gulf Business
- Most valuable contributor to customer's experience – Provident Group

