

Navigating UAE Real Estate

A Comprehensive Guide to Investment & Ownership

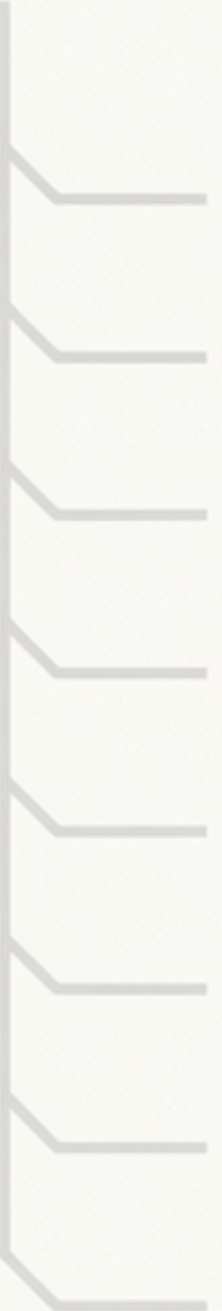


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11.1 Section 11: A Framework for Your Investment

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11.1

Market Fundamentals: Off-Plan vs. Secondary



Off-Plan (Under Construction)

- Buyer pays in milestones to a project escrow account.
- Title is issued upon completion and handover.
- **Dubai:** Escrow is mandated under Law 8/2007 and related regulations.
- **Abu Dhabi:** Sales must satisfy ADREC rules (project approval, disclosure statement, staged payments).
- **Other Emirates:** Registrars/escrow supervision applied via competent authority.

Secondary (Ready/Occupied)

- Buyer pays a deposit.
- Process involves obtaining an NOC (No Objection Certificate), conducting a valuation, and bank processing (if mortgaged).
- Title transfer is completed at the emirate's land department.

11.1

Investor Safeguards and Initial Costs



Key Protections

- Escrow release is staged against construction progress.
- Developers must be licensed and registered.
- Abu Dhabi has strengthened the use of project accounts, limiting non-construction uses of escrow outflows.

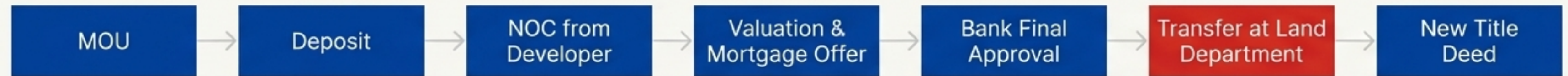
Government Fees (Illustrative)

Emirate	Transfer Fee	Mortgage Fee
Dubai	4%	0.25%
Abu Dhabi	~2%	~0.1%
Sharjah	Published by SRERD	
Ajman	~3%	
RAK	~4%	
UAQ & Fujairah	Published by land departments	

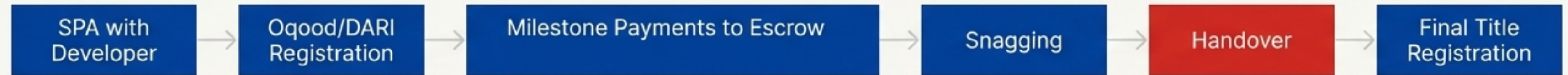
11.2

The Transaction Lifecycle: Buying & Selling

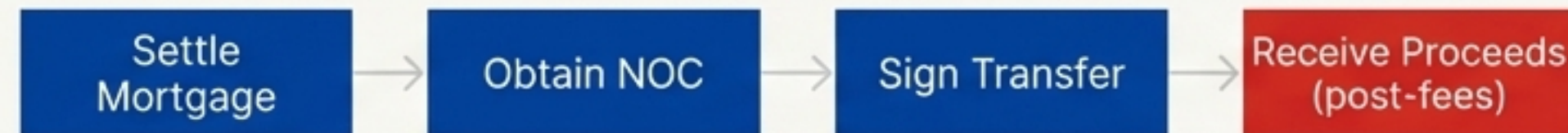
Buy (Ready)



Buy (Off-Plan)



Sell



11.2

Securing Your Tenancy and Preparing Your File

Rent (Long-Term)

- Register tenancy contract (Ejari in Dubai / Tawtheeq in Abu Dhabi).
- Pay security deposit.
- Activate utilities (DEWA, ADDC, etc.).
- Comply with emirate-specific tenancy rules.

Documents You'll Typically Need

- ☐ Passport / Emirates ID
- ☐ Signed Contracts (MOU, SPA)
- ☐ NOC from Developer
- ☐ Bank Approvals / Mortgage Offer
- ☐ Valuation Report
- ☐ Insurance Certificate (if required)
- ☐ Utility Clearances



11.3

Managing Your Asset: Ongoing Costs & Liabilities



Service Charges (Strata/JOA)

Dubai

Budgeting, approval, and publishing via RERA's Mollak platform. An official Service Charge Index is available.

Abu Dhabi

ADREC provides guidance for service-charge regulation for jointly-owned properties.

Insurance

Master/Community

Arranged by the Owners' Association (covers buildings, common areas, liability) per laws like Dubai Law 6/2019.

Unit Insurance

Owners arrange their own contents/landlord cover; lenders may stipulate minimums.

Defect Liability

Dubai

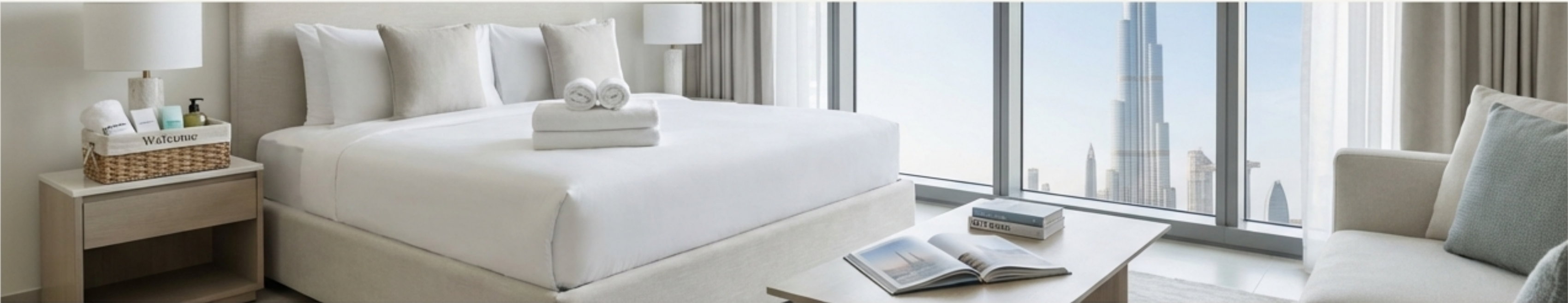
Developers are liable for structural defects for **10 years** from completion.

All Emirates

Workmanship/defect periods apply per law and contract (check SPA).

11.4

Strategy Focus: Short-Term Rentals (Holiday Homes)



Dubai (DET)	Abu Dhabi (DCT)	Ras Al Khaimah (RAKTDA)	Sharjah (SCTDA)
Register operator, obtain unit permits, meet safety standards, display QR code, remit Tourism Dirham.	Permit each unit via Holiday Homes portal, meet insurance and compliance standards.	Holiday Homes license plus unit permits, classification, and safety standards via electronic system.	Operate under e-licensing for hotel/serviced accommodation; check local classification.

****Yield Notes****
Returns depend on seasonality and fees (tourism, cleaning, platform). Ensure HOA rules allow STRs, as some communities restrict them.

11.5

Premium Assets: The Value of Branded Residences

What They Are

Residences operated or serviced by global hotel brands, offering hotel service standards, amenity access, and brand reputation. Examples: Four Seasons, St. Regis, Mandarin Oriental, W, Waldorf Astoria.

Why It Matters to Investors

Historically stronger resale liquidity.
Achieves a premium price-per-square-foot.
Potential for significant rental uplift vs. non-branded properties.

The Investor Lens

Fees (service charges, FF&E, operator costs) are typically higher.
Crucial to model net yields realistically to account for all costs.



11.6

Commercial & Industrial Real Estate: The Business Ecosystem



Free-Zone & Port-Linked Ecosystems

- **JAFZA (Dubai):** Land, pre-built warehouses, offices. Facility lease is mandatory.
- **KEZAD (Abu Dhabi):** Long-term land leases, warehouses, build-to-suit. Integrated with Khalifa Port.
- **Other Zones:** DMCC, DIEZ, RAKEZ, SAIF, HFZA, etc., each with sector focuses.

Costs & Considerations

- Costs include base rent, service charges, and utility deposits.
- Long-tenor land leases (25-50 years) are common in industrial zones.

Critical Due Diligence

- ☐ Zoning/usage approvals
- ☐ Build permits
- ☐ EHS
- ☐ Fire/life safety
- ☐ Customs/bonded status

11.7

The Complete Fee Schedule: Dubai & Abu Dhabi

Dubai (DLD/RERA)

Transfer (Sale) Fee: **4%** of purchase price.
Trustee/Registration Fee: ~AED 4,000-4,200 (for properties \geq AED 500k).
Mortgage Registration: **0.25%** of loan amount (+ admin).
Off-plan (Oqood) Registration: **4%** of price (+ admin).
Holiday Homes Permit: AED 300/bedroom + AED 50/unit + other fees.
Tourism Dirham: AED 7-20 per room/night (max 30 nights).

Abu Dhabi (ADREC/DARI)

Transfer/Registration: **2%** of purchase price (commonly split 50/50).
Off-plan Unit/Plot Registration: **2% (ownership) / 1% (musataha)**; AED 10,000 late penalty.
Mortgage Registration: **0.1%** of loan amount.
NOC (Resale): Developer-set, commonly AED 500 – 5,000.

11.7 Fee Schedule: Other Emirates & Third-Party Costs

Other Emirates (Headline Transfer Norms)

Sharjah	~2-4% (citizens/GCC often lower)
Ras Al Khaimah	4% (split 2% buyer / 2% seller)
Ajman	Schedule published by Ajman DLD
Umm Al Quwain	Department schedules published
Fujairah	Market guides cite ~2%

**Always check the emirate's land department service page for the live tariff on your specific case.*

Agency & Third-Party Items (UAE-Wide)

- Broker Commission (Sale): typically **2% + 5% VAT**
- Valuation Fee (Mortgage): typically ~AED 2,500-3,500
- Bank Processing (Mortgage): commonly **0.5-1%** of loan

11.7 Clarifications: Tenant Obligations & The UAE Tax Landscape

Tenant-Side Fees

Dubai: Ejari registration and contract admin fees as per DLD/REST workflow.

Abu Dhabi: Tenancy attestation via TAMM/ADREC channels; refundable deposits may apply for utilities.

'Property Tax' vs. Reality

- **VAT: 5%** standard. Residential first supply (within 3 years) is zero-rated; subsequent residential supplies are exempt; commercial sales/leases are subject to **5% VAT**.

NO ANNUAL PROPERTY TAX: A bold, definitive statement clarifying that there is no federal personal income tax and no annual property tax, although municipal/tourism fees may apply in specific contexts.

11.8

The Foundation of Our Intelligence: References & Sources

- Dubai Law 8/2007 (Escrow Law) & Law 6/2019 (JOA)
- Abu Dhabi Real Estate Law Directory (ADREC/DARI)
- Dubai Land Department (DLD) & RERA Fee Schedules / Mollak Platform
- Dubai Department of Economy and Tourism (DET) Holiday Homes Guide
- Abu Dhabi Department of Culture and Tourism (DCT) Holiday Homes Manual
- Federal Tax Authority (FTA) Real Estate VAT Guide (VATGRE1)
- Key Free Zone Authorities (JAFZA, KEZAD) Regulations
- Official portals for Sharjah (SRERD), RAK (RAK Municipality), Ajman (Ajman DLD), etc.



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