



## New Residence Visa Options for Real Estate Owners in Dubai

Real estate owners are often caught unawares by the fact that the purchase of a property in the Emirate of Dubai alone is not enough to gain the right to reside in the United Arab Emirates ("UAE") for periods beyond those granted by tourist visas. On the contrary, real estate owners - as well as their family members - have to apply for residency permits, so-called residence visas, separately after a property has been bought. In such cases, the property purchase provides the basis for the issuance of the residence visas. We will illustrate the currently available options and their particularities below.

### 1. Basics

At the moment, two types of residence visas can be applied for based on a real estate investment. Both types are categorised as "Investor Visa" and identify its holder as an "Investor". The main differences between the two options are the validity of the residence visas as well as their processing costs.

The type of residence visa available to a particular applicant is determined by the amounts invested in real estate property in the Emirate of Dubai.

### 2. Three-Year Real Estate Investor Visa ("3-Year Visa")

Investors had already had the opportunity to apply for a 3-Year Visa based on their real estate property in the past. However, the application requirements were overhauled in mid-2019.

#### a. Eligible Applicants

Those entitled to apply are real estate owners who have purchased a property in a so-called freehold zone with a value of at least AED 1 million. The decisive factor in this regard is the purchase price as shown on the title deed, i.e. the original investment value. The property's value at the time of raising the visa application is of no importance. Thus, the applicant does not benefit from the property's increase in value. At the same time, a decrease of the property's value does not hinder the applicant when applying for a 3-Year Visa.

In case that the applicant owns more than one property, the investment value can be established by adding up the values indicated on any number of title deeds. Whether the applicant is the sole or only a joint owner of a property is irrelevant. The investment value is generally determined by the value of the shares held by the applicant in a property.

There is one exception to this rule. The shares of another person in a jointly owned property can be attributed to the applicant as his own, provided that such other person is the spouse of the applicant and their marital status has been sufficiently proven.

In case that spouses have purchased a property jointly, however, the respective ownership shares only pass the applicable threshold of AED 1 million together, only one of the spouses may be the applicant of the 3-Year Visa. After such residence visa has been issued, the applicant is then permitted to sponsor the

spouse for a dependant visa. Should the value of the shares held by each spouse in their jointly owned property exceed an amount of AED 1 million, both spouses are permitted to apply for a 3-Year Visa in their own right.

The applicant of a 3-Year Visa is not required to live in his property. Hence, a 3-Year Visa can be issued even if the property is leased to a third party.

#### b. Eligible Property

The applicant is only eligible to apply for the 3-Year Visa if the property has been completed and handed over to him. The purchase of undeveloped land or off-plan property is not sufficient. It is, however, irrelevant whether the property serves residential or commercial purposes and for how long the applicant has owned the real estate.

The conclusion of a long-term leasehold does not justify the application of a 3-Year Visa.

In the event that the purchase price is financed and, thus, the property mortgaged, this factor only prevents the applicant from applying for a 3-Year Visa if less than 50% of the loan amount has been paid off at the time of visa application.

#### c. Procedure

The application process for a 3-Year Visa is rather complex since several authorities have to be involved.

Firstly, the applicant must approach the Dubai Land Department ("DLD") in order to obtain a request letter addressed to Dubai Police for the purpose of having his certificate of good conduct issued by the latter. In case that the applicant held a residence visa in the past, he can directly approach Dubai Police and apply for his certificate of good conduct online without the need for the DLD's request letter.

Copies of the relevant documentation must then be submitted to the DLD which issues its initial approval to proceed within 30 days. Once the initial approval has been issued, the applicant has to pay all applicable fees and subsequently submit all original documents to the DLD. Only then, the regular proceedings when applying for a residence visa, i.e. the application of the so-called entry permit, the performance of the medical test as well as the



application of the Emirates ID card, can commence. Further, a health insurance policy satisfying the local requirements must be concluded. The entire procedure until the issuance of a 3-Year Visa generally takes 30 to 45 days.

#### **d. Costs**

The total fees payable to the DLD for the issuance of a 3-Year Visa amount to about AED 15,000. The additional costs for the application of residence visas for family members are roughly AED 8,000 per person. Further costs accrue for the conclusion of suitable health insurance policies for the persons a residence visa shall be obtained for.

#### **e. Particularities**

Applicants must keep in mind that they have to retain the value of their real estate investment during the validity of the 3-Year Visa at all times. In case that the holder of a 3-Year Visa intends to sell his property, he is only permitted to do so if he either cancels his 3-Year Visa before or is able to otherwise prove that his investment volume in real estate continues to amount to AED 1 million or more. The same rule applies when renewing the 3-Year Visa.

The 3-Year Visa does not enable its holder to work in the UAE since his investor status prohibits him from obtaining a work permit. Sponsored family members, however, are able to take up employment, provided that the respective employer sponsors a corresponding work permit.

As is the case with almost all other types of residence visas, the holder of the 3-Year Visa as well as his sponsored dependants must ensure that their residence visas remain valid. For this purpose, both the holder of the 3-Year Visa and his dependants must enter the UAE regularly, i.e. at least every 180 days.

### **3. Five-Year Real Estate Investor Visa ("5-Year Visa")**

In mid-2019, the additional option for real estate investors to apply for a 5-Year Visa was introduced. Compared to the 3-Year Visa, the costs are considerably lower and the application procedure is much simpler. However, applicants must meet higher requirements in order to qualify for a 5-Year Visa.

#### **a. Eligible Applicants**

The investment volume to be proven when applying for a 5-Year Visa amounts to a minimum of AED 5 million. As is the case when applying for a 3-Year Visa, the investment volume can be verified through any number of title deeds. Moreover, the same rules apply in case that spouses have purchased real estate together.

#### **b. Eligible Property**

In addition, property owned by the applicant must have been completed and handed over to him. Leasing the property to a third party does not prevent the applicant from applying for a 5-Year Visa.

In contrast to the 3-Year Visa, the real estate property must be entirely unencumbered when applying for a 5-Year Visa. This means that the property cannot be mortgaged. Thus, any loans must have been fully repaid prior to an applicant being eligible for a 5-Year Visa.

#### **c. Procedure**

Whereas the application process for the 3-Year Visa is rather complicated, proceedings for the 5-Year Visa are straightforward.

In case the applicant has never held a UAE residence visa before, he must firstly present copies of all relevant documents to the DLD in order to obtain the authority's initial approval to proceed further. An initial approval is usually granted within ten working days.

Once the initial approval has been granted - or in the event that the applicant once held a residence visa - all original documents can directly be submitted to the DLD. At the same time, all actions regarding the residence visa issuance can be performed. Ideally, the applicant receives his 5-Year Visa during one appointment at the DLD within one working day. The same time frame applies to sponsored family members.

#### **d. Costs**

The costs for the issuance of a 5-Year Visa amount to approximately AED 2,315 per applicant. Family members can be sponsored for a fee of roughly AED 2,600 each. Additional costs for sufficient health insurance coverages are not included and have to be paid extra.

#### **e. Particularities**

Holders of a 5-Year Visa must likewise ensure that the initial investment volume of at least AED 5 million is upheld during the validity of the residence visa. Furthermore, they are not able to obtain a work permit.

An advantage for holders of a 5-Year Visa is that they have to enter the UAE once a year only in order to retain the validity of the residence visa and not, as is the case for 3-Year Visa holders, every 180 days. Sponsored family members, however, will most likely not benefit from this relaxed rule.

### **4. Conclusion**

The possibilities to apply for residence visas based on real estate investments have significantly improved throughout 2019. However, it remains to be seen to what extent real estate owners will actually make use of the options available.

Surely, a great number of real estate investors are eligible to apply for a 3-Year Visa. For the majority of the applicants, however, the added benefits of a 3-Year Visa should bear no proportion to its high costs, in particular when comparing the



advantages gained through a 3-Year Visa with those of a regular tourist visa. Consequently, only such applicants and their family members for whom a tourist visa is not adequate and who are unable to apply for a residence visa by other means will choose to apply for a 3-Year Visa. By contrast, obtaining a 5-Year Visa is the significantly more attractive option. Yet, the high investment volume of a minimum of AED 5 million limits the eligible group of applicants.

The announcement of another residence visa type, the so-called retirement visa, might further diversify the available options for real estate investors. In one of several available alternatives, the retirement visa is rumoured to be linked to a real estate investment of AED 2 million. Further details, however, are not yet known.

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**Do you have questions? - We would be glad to answer them!**

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