



Glossary: UAE Real Estate Law Part 1

The purchase or sale of real estate can be rather complex. This holds especially true if the property is located abroad and, thus, subject to a jurisdiction different from your own. With our glossary of UAE real estate law, we make terms frequently used in real estate transactions in the United Arab Emirates understandable. Today, we illustrate some of the basic features of a property for you.

Freehold

Freehold is the most comprehensive right to a property. The holder of a freehold property is its unconditional owner and can sell, mortgage or otherwise dispose of the property, provided this does not violate the rights of third parties or public order. Freehold ownership is perpetual.

Foreign real estate investors cannot acquire freehold property in every area in the United Arab Emirates, but only in so-called freehold zones expressly designated for this purpose.

Freehold is to be distinguished from long-term leasehold. This kind of property right is also open to foreign investors in certain areas. It refers to a long-term tenancy contract with a term of up to 99 years.

Off-Plan

The purchase of a property that is still in the planning or construction stage is referred to as an off-plan purchase.

When the completion certificate is issued by the concerned authority, the off-plan project turns into a completed property.

An off-plan property can be acquired in the primary market and, depending on the stage of completion and the terms of the original sale and purchase agreement with the project developer, in the secondary market.

Primary Market

Primary market refers to real estate that is acquired directly from the project developer.

The primary market consists predominantly of off-plan properties. However, some completed properties are also traded on the primary market.

Secondary Market

If the purchase takes place in the secondary market, the seller of the property is no longer the project developer but another previous owner.

A property purchase in the secondary market in the Emirate of Dubai, for example, is therefore no longer handled exclusively by the project developer. Instead, a Dubai-based Real Estate Registration Trustee Office, which is affiliated with the Dubai Land Department, has to be involved in the transfer of ownership.

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

From our office located in the heart of Dubai, our team of German attorneys has been advising small and medium-sized companies, corporations and individuals on the laws of the United Arab Emirates for more than 17 years. Our areas of expertise include corporate law (in particular business set-up), commercial agency law, employment law as well as tenancy and real estate law. We would be happy to attend to your questions as well. Contact us!

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