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Guide to buy off-plan property in Dubai



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New Construction Projects in Dubai

Dubai is an epicenter of real estate investment in the Middle East, drawing global investors with its cutting-edge architecture, unique developments, and robust market. The city's vast portfolio of top-tier developers, stable economy, and pro-business government policies make it a compelling choice for investors worldwide.

Dubai offers an incredible range of properties for every preference. Whether seeking a spacious off-plan villa or townhouse, or a luxury penthouse or apartment, Dubai has it all. High demand for properties drives continuous new development across the city, with many new properties offered as off-plan or primary sales.

Understanding Off-Plan Properties

An off-plan property is one that is still under construction or yet to be built. When buyers purchase off-plan in Dubai, they sign a contract with the developer before project completion. This type of property purchase is popular worldwide and has gained substantial traction in Dubai. With transparent transactions and strict regulatory adherence, Dubai's off-plan market offers security and convenience that sets it apart from other global markets.

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Why Buy Off-Plan Developments in Dubai?

No Taxes: Dubai's tax-free real estate model attracts global investors to off-plan developments without the burden of additional taxes.

Lower Prices: Off-plan properties are typically more affordable than secondary properties. Developers offer attractive prices and discounts to secure early financing, which results in favorable initial investment opportunities.

Modern Designs & Amenities: New off-plan projects are designed with the latest technology and contemporary amenities, ensuring appeal to discerning buyers.

Capital Appreciation: Dubai's thriving economy contributes to steady property appreciation, enhancing long-term capital gains for investors.

Primary Properties: Primary properties are new, directly sold by the developer, ensuring buyers are the first owners. They come in two forms:

Off-Plan: Under construction with a projected delivery date.

Ready Properties: Completed units ready for occupancy.



Primary vs. Secondary Properties

Primary properties are new, while secondary properties have been previously owned and are sold by private owners for profit. Secondary properties are often in established neighborhoods, whereas primary properties may be in newer areas. Occasionally, a secondary off-plan property becomes available when a buyer resells before the project completes.

Benefits of Buying Primary Properties

Lower Cost: Developers frequently offer discounts and promotions, making primary properties a cost-effective choice.

Flexible Payment Plans: Many developers provide flexible payment plans and may cover fees like the 4% Dubai Land Department fee, increasing the financial attractiveness of primary properties.

High ROI Potential: Lower initial costs and promotions boost capital appreciation even before construction finishes.

Minimal Renovation Needs: As new builds, these properties typically require no renovation.



Is Buying Off-Plan in Dubai Safe?

Dubai's off-plan property market is well-regulated by RERA (Real Estate Regulatory Authority) and DLD (Dubai Land Department), providing buyers with strong protections against project delays.

Off-Plan Payment Plans in Dubai

Dubai offers diverse off-plan payment options:

- 80/20 Plan: The most popular, with 80% paid during construction and 20% upon handover.
 - Construction-Linked Payment: Payments tied to project milestones, ensuring transparency.
 - Time-Linked Payment: Regular payments on fixed dates, providing predictability.
- 60/40 Plan: Buyers pay 60% during construction, with 40% due upon handover.
- 50/50 Plan: An equal split, with half paid during construction and half at handover.
- Deferred Payment Plans: Allow buyers to defer a portion of the property price post-completion, offering financial flexibility.

Down Payments vary but typically range from 10-20% depending on the developer and project type.



What Happens if You Cannot Pay?

For off-plan purchases, buyers sign a legally binding Sales Purchase Agreement (SPA) with the developer. In cases of non-payment, the Dubai Land Department may issue a 30-day notice. Developers may then pursue options, including maintaining the buyer's deposit, auctioning the property, or terminating the SPA per legal terms, depending on construction completion percentage.

Dubai's legal framework ensures buyers and developers have clear, well-defined rights, providing a secure environment for off-plan investment.

Master Developers in Dubai



Dubai's real estate market is shaped by several prominent master developers, each playing a key role in shaping the city's urban landscape.

Emaar Properties is one of the most recognized names, known for iconic developments such as Burj Khalifa, Dubai Marina, and Downtown Dubai. **Nakheel** is another powerhouse, famous for its groundbreaking projects like the Palm Jumeirah, Jumeirah Village Circle, and the recently developed Nakheel Mall. **Meraas** has redefined modern living with its prestigious projects, including City Walk, Bluewaters Island, and the upscale developments in Madinat Jumeirah Living. **Dubai Properties**, part of the Dubai Holdings group, has been a major player in creating vibrant communities like Business Bay, Jumeirah Beach Residence (JBR), and the newly emerging Dubai Creek Harbour. **Majid Al Futtaim** is known for its master-planned communities that prioritize sustainability and luxurious living, such as Tilal Al Ghaf, and its commitment to green spaces and residential excellence. **Union Properties** has contributed with developments like Motor City and Green Community, offering a blend of residential, commercial, and recreational spaces.

Together, these master developers are the backbone of Dubai's ever-evolving skyline, creating world-class communities and shaping the city into a global hub for business and lifestyle.

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Top Tier Developers in Dubai



Following top-tier developers, each bringing unique styles and innovations to the city.

Ellington Properties is known for its premium finishes and design-driven approach, offering a blend of elegance and functionality in communities like Jumeirah Village Circle and Downtown Dubai. **Binghatti Developers** combines affordability with distinctive, eye-catching architectural designs, with a portfolio that spans vibrant communities like Business Bay and Dubai Silicon Oasis. **Danube Properties** has made a name with its affordably luxurious developments that emphasize functionality and value, including projects like Miraclz and Glitz Residences. **Azizi Developments** has contributed significantly to Dubai's luxury landscape, particularly in areas like Al Furjan and the Dubai Canal, with projects that emphasize contemporary luxury and prime locations. **Tilal Al Ghaf** by Majid Al Futtain stands out as an expansive community designed for sustainable living, with a mix of villas, townhouses, and apartments surrounded by lush green spaces and lagoon views. **MAK Developers** focuses on delivering upscale, thoughtfully crafted residential and commercial properties that cater to Dubai's dynamic lifestyle, contributing to the city's reputation for quality and excellence. **Intiaz Developers** has earned recognition for creating modern, high-quality residential projects that cater to the growing demand for affordable yet luxurious homes, particularly in rapidly developing areas such as Jumeirah Village Circle and Dubai Hills Estate. Together, these developers enrich Dubai's skyline and offer a diverse array of choices for investors and residents alike.

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Visa linked to Real Estate



Purchasing real estate in Dubai can potentially lead to obtaining a visa, particularly through the **Golden Visa** or Property Visa schemes. Dubai offers foreign investors the opportunity to apply for long-term residency visas when they buy real estate within certain conditions. The Golden Visa is a long-term residency visa typically granted to investors, entrepreneurs, and skilled professionals, and it is available to those who invest in properties worth **at least AED 2 million**. This visa allows holders to live, work, and invest in the UAE without the need for a local sponsor. For real estate investors, the property must be freehold, and certain property types or locations may have specific requirements.

Additionally, the UAE has introduced a **Property Investor Visa**, which is available to those who purchase residential properties valued above a certain threshold (**usually AED 1 million or more**) and can be renewed every two to three years. This visa makes Dubai an attractive destination for investors looking for long-term residency options, offering a seamless and straightforward pathway to residency as part of their real estate investment strategy. However, the exact visa requirements and eligibility criteria can change, so it's advisable to consult with legal and real estate professionals to understand the current regulations and ensure compliance with all rules.

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Obtaining Mortgage for Off-Plan



In Dubai's real estate market, obtaining a mortgage for off-plan property investments is a possibility, but it comes with certain conditions and requirements that investors should be aware of. Typically, banks and financial institutions in Dubai offer mortgages for off-plan properties through a specialized loan structure. These mortgages allow investors to finance their off-plan property purchases even before the development is completed. However, the terms can vary significantly based on the bank, the developer, and the project's stage of construction.

To qualify for an off-plan mortgage in Dubai, buyers generally need to meet a few key criteria. Most importantly, the buyer must provide a down payment, which typically ranges between 20% and 50% of the property's value, depending on the price and the buyer's residency status. For example, non-resident foreigners may need to put down a larger initial deposit compared to UAE residents. The remaining amount is usually financed through a loan offered by the bank.

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In addition to the down payment, banks often assess the buyer's creditworthiness, income, and the developer's reputation. Some developers have direct partnerships with banks, offering pre-arranged mortgage packages to buyers of their off-plan projects. These partnerships can streamline the mortgage process, making it easier for investors to secure financing. Moreover, payment plans offered by developers are also linked to the mortgage terms, with many off-plan properties allowing investors to pay in installments during the construction period (for example, an 80/20 or 60/40 payment plan).

Once the property is near completion or has reached a certain level of construction, the buyer can then apply for the full mortgage to cover the remaining balance. It's essential to note that banks usually require the property to be registered with the Dubai Land Department (DLD) before finalizing the mortgage, and the mortgage can only be approved once the property is officially completed and handed over.

Overall, getting a mortgage for off-plan properties in Dubai offers a viable route for real estate investors, providing the opportunity to secure financing while benefiting from the lower initial payments during the construction phase. However, it is crucial for investors to carefully consider the terms of the loan, the down payment, and the financial stability of the developer involved. Mortgage Advisors can best validate your options.

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Typical Fees buying Off Plan



Below list of typical fees when purchasing an off-plan property in Dubai:

1. Dubai Land Department (DLD) Fee

- What it is: This is a government fee charged by the Dubai Land Department for registering the property.
- Cost: Typically, the DLD fee is 4% of the property value or the purchase price (whichever is higher). This fee is paid at the time of property transfer and registration once the property is completed and handed over.

2. Developer's Reservation Fee

- What it is: This is a non-refundable fee charged by the developer when you reserve the property. It secures your interest in the off-plan project.
- Cost: This fee can range from AED 5,000 to AED 50,000 depending on the developer and the type of property. This fee is usually deducted from the final payment for the property.

3. Down Payment

- What it is: The initial payment made by the buyer, which is typically required to secure the property.
- Cost: Generally, the down payment is between 20% to 50% of the property's value, with the exact percentage depending on the property and the buyer's residency status. Non-residents may be required to pay a higher down payment compared to UAE residents.

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4. Mortgage Registration Fee

- What it is: If you are taking out a mortgage to finance the purchase, there is a registration fee associated with registering the mortgage at the Dubai Land Department.
- Cost: This is typically 0.25% of the loan amount.

5. Service Charges

- What it is: Once the property is completed and ready for occupancy, there will be ongoing maintenance and service charges for common areas, facilities, and security. These charges are managed by the developer or the property management company.
- Cost: Service charges vary depending on the type and size of the property but typically range from AED 10 to AED 30 per square foot per year. For luxury or premium developments, these fees can be higher.

6. VAT (Value Added Tax)

- What it is: In the UAE, VAT is applied to various goods and services, and off-plan property purchases can be subject to VAT.
- Cost: 5% VAT may be applicable on the purchase of off-plan properties, though there are exemptions for certain types of properties, such as first-time residential purchases.

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7. Developer's Payment Plan Charges

- What it is: Many developers offer payment plans for off-plan properties, which can allow you to pay in installments during construction. However, there may be administrative or handling fees associated with these payment plans.
- Cost: Some developers charge a small fee for processing payments on installment plans, which can range from AED 1,000 to AED 5,000, depending on the developer.

8. Insurance

- What it is: Property insurance might be required to protect against damages or other risks, especially if you are financing the purchase with a mortgage.
- Cost: This can range from AED 500 to AED 3,000 annually depending on the size and type of the property.

9. Legal Fees (Optional)

- What it is: If you engage a lawyer for assistance with the purchase contract or other legal matters, there will be legal fees involved.
- Cost: Legal fees can range from AED 2,000 to AED 10,000, depending on the complexity of the transaction and the law firm.

Typical Fees buying Off Plan



Summary of Typical Fees:

- DLD Fee: 4% of the property value.
- Reservation Fee: AED 5,000 to AED 50,000.
- Down Payment: 20% to 50% of the property value.
- Mortgage Registration Fee: 0.25% of the loan amount (if applicable).
- Service Charges: AED 10 to AED 30 per square foot annually.
- VAT: 5% (subject to property type).
- Developer Payment Plan Fees: AED 1,000 to AED 5,000.
- Insurance: AED 500 to AED 3,000 annually.
- Legal Fees: AED 2,000 to AED 10,000 (if applicable).
- Property Handover Fees: AED 1,000 to AED 5,000 (if applicable).

These costs should be carefully considered when planning to purchase an off-plan property in Dubai, as they can add up to a significant amount. However, Dubai's real estate market remains attractive for investors, thanks to its transparent process and robust legal protections.

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