

Thinking of Investing? What Are the Guidelines for Off-Plan Property Purchases in Dubai?

Investing in off-plan properties in Dubai is an exciting opportunity, offering advantages such as acquiring properties at the project's lowest cost, high return on investment (ROI), and a favourable payment plan.

However, it is important to understand the specific rules set out in Dubai Law No. 13/2008 on the Interim Real Estate Register. In this article, we will outline the key requirements for purchasing off-plan property in Dubai.

Firstly, buyers must be aware of designated areas for foreign ownership, known as freehold properties, as per UAE laws. Choosing a property located in a freehold area is important for foreign buyers.

Registration Process: All off-plan property transactions must be registered in the Interim Real Estate Register. Failure to do so may compromise the validity of the sale or property transfer. Developers are required to register properties within a 60-day timeframe.

Land Acquisition and Approvals: Developers, whether they are primary or subordinate, cannot initiate projects or sell units off-plan without obtaining the necessary land and approvals from competent authorities in the Emirates of Dubai. The development must be noted on the property register.

Legal Due Diligence: It is essential, involving verification with government authorities such as the Dubai Land Department or Real Estate Regulatory Agency. This step ensures the project is registered, has an escrow account, and possesses the necessary permits.

Application Process: Buyers need to follow specific procedures when applying to register an interim real estate unit. This includes providing the necessary data and documents as required by the Land Department of Dubai.

Legal Actions on Registered Off-Plan Units: Units sold off-plan and registered in the Interim Real Estate Register can be legally transferred, mortgaged, or subjected to other actions under the law.

Fees and Expenses: Developers, both main and subordinate, are prohibited from charging additional fees for selling or reselling completed or off-plan units. Administrative expenses, if any, must be approved by the Land Department.

Completion and Registration: Upon project completion, developers must register the finished project in the property register. The registration of off-plan units in the buyer's name as per contractual obligations.

Contract Formalities: Developers and brokers are not allowed to engage in informal contracts for off-plan property sales without prior approval from competent authorities. Such contracts are considered invalid.

Developer's Rights in Case of Violation: Article 11 of Dubai Law No. 13/2008, modified by subsequent laws, outlines procedures for purchasers violating off-plan sale contracts. Developers must notify the Department of violations, and if unresolved within 30 days, the Department issues an official document verifying the developer's agreement and the project's completion percentage. Based on completion rates, developers can maintain contracts, request public auctions, or cancel contracts with specified deductions. If the project is cancelled or not initiated, full refunds may be required.

Correct Area Measurement: The area of a sold real estate unit is considered final, and any increase post-delivery does not entitle the developer to demand additional payment. If the area is smaller, compensation must be provided to the buyer.

Enforcement Against Violations: If a developer or broker violates the law, the relevant authorities will prepare a report and refer the matter to competent investigation authorities.

Conclusion: Understanding the requirements outlined in Dubai Law No. 13/2008 is essential for anyone looking to invest in off-plan property in Dubai. These regulations ensure transparency, protect buyer rights and contribute to the stability of Dubai's real estate market.