

Good to know: 5 Notable Aspects when Purchasing Real Estate in the Emirate of Dubai

The process of buying property in Dubai differs significantly from that in other places. In particular, the absence of notarisation of the purchase agreement, the different payment methods depending on the property and the extensive use of digital technology result in a distinctive legal and practical procedure. Every person intending to buy property in the Emirate of Dubai should be aware of the following particularities:

Aspect 1

No Right of Direct Ownership for Foreign Legal Entities

While foreign individuals can generally purchase real estate in designated areas known as freehold areas, direct purchase by foreign legal entities is not permitted. Only specific companies registered in the United Arab Emirates are eligible to buy property. However, these local companies may be held by a foreign legal entity, making the latter the indirect owner of the real estate.

Aspect 2

Payment into Escrow Account or by Bank-Guaranteed Cheque

When purchasing properties that are still under construction, so-called off-plan properties, directly from the project developer, project-related escrow accounts are to be used. These are monitored by the Dubai Land Department. Such rule makes payment processing relatively straightforward, especially for foreign investors as it can be carried out simply by bank transfer.

When purchasing in the secondary market, i.e. from a previous buyer and not from the project developer, the purchase price is usually paid by means of bank-guaranteed cheques, so-called manager's cheques. This requires that both the buyer - in order to have such cheques issued - and the seller - in order to cash them - have an account with a bank based in the United Arab Emirates. If this is not the case, it is required to involve a third party to process the payment.

Aspect 3

Important Role of Real Estate Agent

Unlike in other legal systems, no notary is involved in the purchase of real estate in Dubai. Instead, the real estate agent is of pivotal importance. He must therefore be duly registered with the Dubai Land Department.

The agent prepares the relevant contractual documents, coordinates the transaction process and has direct access to the Dubai Land Department's systems. Hence, the agent is not only an intermediary but a key player in the practical implementation of the transfer of ownership. It is therefore essential to select a reliable agent.

Aspect 4

Electronic Purchasing Process

The purchase of real estate in Dubai is largely digitalised. Brokerage agreements, known as Form A and Form B, as well as purchase agreements, known as Form F, are concluded electronically, often with a simple online confirmation via one click. There is no reading aloud of the purchase agreement in a personal appointment or information on the legal consequences of concluding the agreement. The title deed is also issued electronically and stored in the Dubai Land Department's register. There are no originals.

On the one hand, digitalisation enables fast processing, but on the other hand, it requires independent legal review of the contractual documents and caution before rushing to press the button.

Aspect 5

Property Transfer in Real Time

In Dubai, the transfer of property ownership usually takes place in a single appointment at one of the Real Estate Registration Trustee Offices affiliated with the Dubai Land Department. Payment of the purchase price, transfer of title and registration of ownership are completed within one to two hours. Immediately afterwards, the buyer is registered as the owner in the Dubai Land Department's system and receives the newly issued title deed in his name electronically by eMail.



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 20 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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