

# The legal aspects of buying in Dubai

EVER SINCE THE SHEIKH'S ROYAL DECREE SOME FOUR YEARS AGO, WHICH FORMED, THE BASIS OF FREEHOLD OWNERSHIP RIGHTS FOR FOREIGNERS IN DUBAI, EARLY INVESTORS PILED IN TO MAKE THE MOST OF THE OPPORTUNITIES OFFERED BY **DUBAI'S** AMBITIOUS ECONOMIC GROWTH PLANS.



**B**ut the Dubai market is evolving and presents a range of opportunities and risks for those buying there. International property lawyer Dennis Phillips discusses a couple of 'live' legal issues currently affecting the market.

#### NO CONTRACTS....

During the early growth period, Dubai has very much been a 'sellers' market'. This has, perhaps, been one of the main factors influencing seemingly bizarre legal practices. Among those practices, lawyers continue to witness situations where many buyers have paid 20, 30 and sometimes even 50 or more per cent of their property price instalments without having signed any form of binding contract. And when things don't go as expected then they're unsure what to do. But today, with more property actually approaching completion and still more starting to be built, the market conditions may well become much more competitive. So before long (if it's not starting to happen already), this may start to favour you as a buyer. Against that backdrop, if you're currently considering Dubai you should insist on being issued with a full purchase contract before paying over any substantial deposit. That way, you'll be clear on exactly where you stand legally and have a much stronger basis on which to negotiate should any problems such as building delays or shoddy workmanship ever arise. Many of the main terms on contracts issued by the main developers are likely to remain non-negotiable. But if you're not getting a contract at all when you ask for one then look for a developer who is prepared to give you one. Once you get a copy, pass it to your lawyer. We should be able to advise you in full on the terms of that contract and guide you as to which of those terms are and aren't worth negotiating hard on, to ensure you're getting the best deal for your money.

#### WHAT HAPPENS IF I DIE OWNING PROPERTY IN DUBAI?

As you may know, Dubai is one of seven of the United Arab Emirates

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(UAE). The Federal law of the UAE states that land, buildings or other assets based there are to be dealt with under the provisions of UAE Law following the death of the owner. In principle, this would also apply to foreigners but there is still a degree of uncertainty as to how foreigners with property interests in Dubai will be treated. This uncertainty exists due to the fact that it's only been relatively recently that foreigners have been permitted to own property there and these matters have yet to be settled. UAE inheritance matters are dealt with under Shariah law and specialist advice must be taken.

However, by way of very general background, your family circumstances are the key factors in determining what will actually happen to your assets should the worst happen. For those with 'conventional' family circumstances, this is unlikely to be problematic. However, for those co-habiting or in a same sex relationship things

may prove to be more complicated.

All that said, it is widely rumored that the government will allow non-citizens to dispose freely of their assets in Dubai as they would in their home country. So, if you are resident in the UK or anywhere else that would allow you to leave your assets to anybody you choose, it's anticipated you should be able the same in Dubai. As always and particularly given the uncertainties of Dubai's law and procedure, you should seek independent professional advice geared towards your personal circumstances when buying there. 

• **Dennis Phillips, Solicitor and Principal of Phillips International Lawyers** supplied this article. This article does not constitute legal advice. For more information visit [www.phillipsinternationallawyers.com](http://www.phillipsinternationallawyers.com) or email [dp@phillipsinternationallawyers.com](mailto:dp@phillipsinternationallawyers.com).