

Residency Visa through property investment in Dubai

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As the world's economies continue to recuperate from the novel Coronavirus, the real estate industry in Dubai has performed surprisingly well and the value of the total sales transactions registered with Dubai Land Department reached AED16.10 billion (approximately US\$4.4 billion) between 1 January 2021 and 7 March 2021^[1].

In general, global investors have been actively looking to diversify their real estate portfolio and Dubai has been identified as one of the top locations in which to invest during the pandemic. In 2019, the Dubai Land Department ('DLD') announced the facilitation of two categories of residency visa for the property owner and his or her dependents thereby, opening up an exciting new way of life which has made property investment in Dubai more attractive.

What is Residency Visa?

The property investment Residency Visa is directed towards high net worth expats who wish to acquire residency in Dubai by purchasing a property. Currently, investors are entitled to apply for three year or five-year property residency visa as facilitated by DLD.

The property owner is eligible to apply for a residency visa for himself or herself and his or her immediate dependants (spouse and children) which can be renewed indefinitely as long as the property ownership is maintained pursuant to the current rules.

How much investment is required for Residency Visa?

An investor is eligible for a three-year Residency Visa subject to a minimum of AED 1 million (approximately US\$250,000) property investment and is eligible to a five year Residency Visa in return for a minimum of AED 5 million (approximately US\$1.4m) property investment.

The government fees for a three-year Residency Visa are currently in the range of AED14,000 (approximately US\$4,000) and for a five-year Residency Visa approximately AED4,000 (approximately US\$1,000).

Residency Visa Requirements

The general eligibility requirements for a Residency Visa, based on our discussions with the DLD, are the following^[2]:

- the property is owned in the individual capacity of the property owner. In other words, ownership via a corporate vehicle does not qualify for a Residency Visa application.

- Ownership of the property must be complete as evidenced by a title deed issued by the DLD in favour of the property owner. Thus, off-plan property purchasers are not eligible to apply for a Residency Visa until the property is complete;
- a five-year Residency Visa cannot be issued to an individual where the property was purchased using financing. Once the property is clear of all mortgages etc., the owner becomes eligible to submit a visa application. However, in the case of the three-year Residency Visa, the property owner is eligible to apply for the Residency Visa so long as he or she can demonstrate that either 50 per cent of the loan amount has been settled or at least AED 1million has been paid to the mortgagee bank or to the seller;
- the property owner will be required to be present in Dubai in person for the visa application and issuance of a power of attorney to an authorised representative will not be acceptable;
- the property owner will require to provide medical insurance with UAE coverage;
- in the case of multiple property ownership, as long as the value of the properties (as stated in the title deed) add up to the minimum investment criteria, the property ownership will be eligible to apply for the Residency Visa.

After issuance of the Residency Visa

Once the Residency Visa has been issued, DLD will register a restriction over the identified property which will indicate that the property was purchased in order to obtain a Residency Visa. The purpose of the restriction is to prevent the investor from disposing of the real estate during the term of the Visa and thereby safeguard the minimum investment threshold.

Thus, if the investor wishes to sell his property during the term of the Visa, the DLD will cancel the Residency Visa unless the investor is able to replace it with a substitute property. The property owner must be present in Dubai at least once every six months to keep it active which is a standard requirement for all UAE visas.

Moving forward

Looking ahead, Dubai continues to retain its top position as being an attractive destination for wealthy investors to obtain property investment visas which is currently subject to minimal criteria and does not even require a language test. As some countries consider raising their taxes on the wealthy, the Dubai Residency Visa options offer an excellent opportunity for potential tax savings and a luxury lifestyle with plentiful sea and sunshine.

In 2021, the Dubai Government announced Emirati citizenship for a variety of categories including property investors and their dependants. These citizenship requirements are separate from that of the investor visa and will be shared in a separate Law Update article soon.

[1] Source: <https://dubailand.gov.ae/en/eservices/real-estate-transaction/#/form>

[2] The eligibility criteria requirements are based on the current policy of the DLD and it is recommended to verify with the DLD prior to the visa application.

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