MATT SIDDELL
REAL ESTATE ADVISORY

2025

MORTGAGES IN THE U.A.E.

www.mattsiddell.com

A GUIDE TO MORTGAGES IN THE U.A.E.

It is essential that you understand mortgages in the UAE before you acquire real estate in Dubai because the rules might not be what you are used to.

In Dubai, you can't treat property equity like an ATM. If you want access to cash later on, you need to *plan that before the purchase* – not after.

Here's the core of the rule:

If you own a property outright i.e. no mortgage OR your existing mortgage is very low e.g. <50% LTV, you cannot easily remortgage that property to release equity as a private individual.

UAE banks generally do not offer "cash-out refinancing" for individuals so it might be a good idea to use a mortgage when you buy, so you don't regret it later.

Why?

1. Regulatory framework: The UAE Central Bank is conservative about risk and typically does not permit mortgages for cash release purposes unless it's tied to a clear property purchase.

2. Mortgage purpose: Mortgages are intended only for property purchases, not for freeing up equity to use elsewhere.

3. Bank lending policy: Even if you wanted to refinance a low-LTV property, banks may not accept that structure, particularly if the funds are to be used outside real estate (e.g., for business, investments, etc.).

A GUIDE TO MORTGAGES continued

What are the exceptions?

- Portfolio investors using corporate structures may have more flexibility, but this typically involves:
    - Registering property under a corporate entity (e.g. in a Free Zone).
    - Engaging with private banks or specialist lenders.
    - Providing full disclosure on fund usage and submitting business plans.
- Developer financing sometimes allows post-handover payment plans, which resemble deferred financing but are not cash-out loans.

Age Limits:

Minimum borrower age is often 21 subject to the individual bank's policy.

The maximum term is 25 years as per the regulations.

The final mortgage payment must be paid by a certain age and age limits are set by the individual bank. Many use 65/70 at maturity as follows:

- Age 65 years for employed Expats
- Age 70 years for self-employed Expats
- Age 70 years for UAE Nationals

A GUIDE TO MORTGAGES continued

LTV Limits:

In 2013 the Central Bank imposed lending limits to reduce volatility and create a more stable market. These are maximum lending limits mandated by the Central Bank and banks may apply stricter limits based on individual risk, income, nationality, or the developer.

Buyer Type	First Property ≤ AED 5M	First Property > AED 5M	Additional Property	Off-Plan Property
UAE Nationals	85%	75%	65%	50%
UAE Residents	80%	70%	60%	50%
Non-Residents	75%	65%	60%	50%

Capital Repayment Only:

All standard mortgages in the UAE are repayment and the debt is amortised; interest-only exists in limited cases (usually investment loans and/or during construction, typically ≤5 years).

This means the interest and repayments must be paid monthly, so it's important to ensure your investment generates sufficient profit to cover; the interest, the repayments and any tax obligations in your home country.

FEES RELATING TO MORTGAGES:

These are the typical fees relating to mortgages in Dubai.

Fee Type	Amount / Range	Notes
Bank Arrangement Fee	0.5% – 1% of loan amount (capped)	Usually capped at AED 25,000. Some banks may charge less in promotions.
Valuation Fee	AED 2,500 – 3,500	Paid upfront. Non-refundable, even if loan is declined.
Mortgage Registration Fee	AED 290 + 0.25% of loan amount	Paid to Dubai Land Department (DLD). Abu Dhabi has similar structure.
Early Settlement Fee	1% of remaining loan or AED 10,000	Charged if you repay your mortgage early.
Partial Settlement Fee	0.5% of partial amount paid	If you're making an extra payment on top of your instalment.
Life Insurance	0.3% – 0.9% of loan amount annually	Often mandatory. Cost depends on age, health, and bank's insurer.
Property Insurance	AED 500 – 2,000 per year	Basic building insurance required by banks.
Broker Fee (if used)	0% – 1% of loan amount	Some brokers work on commission from banks; others charge you directly.
Admin / Courier Fees	AED 500 – 1,000	Occasionally added by the banks.

A GUIDE TO MORTGAGES IN THE U.A.E.

It is essential that you understand mortgages in the UAE before you acquire real estate, because they might not be what you are used to.

Avoiding Tax:

If income tax is high in your home country, one solution could be to form a company in the UAE that owns the property. This way you can leave the profits in the UAE and reduce your tax liability.

Calculator: Use this link to calculate the monthly repayments for your mortgage.

Investment Appraisals & Advice:

Our advice and our appraisals are professional and robust, and we will ensure that the cashflow from your investment is sufficient to truly deliver a healthy profit. Not everyone can so this!