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**2026**



**MORTGAGES IN THE U.A.E.**





## 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

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### 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.

<b>Buyer Type</b>	<b>First Property ≤ AED 5M</b>	<b>First Property &gt; AED 5M</b>	<b>Additional Property</b>	<b>Off-Plan Property</b>
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.



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### **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 do this!

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