

# Legal Alert



## Expanded Real Estate Ownership in Abu Dhabi

By Silvia Pretorius and Zeina Al Oraibi El Zein | 14 July 2019

In the most significant change in real estate law in over a decade, Abu Dhabi has expanded eligibility for real estate ownership to several new categories of persons. This was introduced by Abu Dhabi Law 13 of 2019, which amended the prior statute, Abu Dhabi Law 19 of 2005. The amendment was enacted on 16 April 2019 and took effect on the same day. This is expected to boost real estate demand.

The following categories of persons are now eligible to own real estate in the Emirate of Abu Dhabi:

- Public shareholding companies in which non-nationals own no more than 49 per cent. Under the 2005 statute, companies with any foreign shareholding were eligible only for long-term leases, Musataha rights, or rights of usufruct in respect of real estate in the special investment areas.
- Non-nationals, whether natural or legal persons, may now acquire full ownership rights (often referred to as “freehold”) to real estate within the investment areas, and they may sell, mortgage and otherwise dispose of the same. Under the 2005 statute, freehold ownership in the investment areas was restricted to UAE nationals and nationals of other GCC member states.
- Nationals and their equivalents, whether natural or legal persons. The meaning of this reference to “their equivalents” is unclear, but it could possibly mean that national treatment will be extended to nationals of other GCC member states.
- Anyone in whose regard a decision is issued by the Crown Prince or the Chairman of the Executive Council.

It remains the case that a holder of a right of usufruct or Musataha in excess of 10 years may dispose thereof without the permission of the owner, including granting a mortgage; in contrast, the owner may grant a mortgage only after obtaining the consent of the holder of the usufruct right or Musataha. ■

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