



BUYING OFF-PLAN PROPERTIES IN DUBAI: A LEGAL PERSPECTIVE

A. INTRODUCTION

Dubai's real estate market continues to grow, with off-plan developments representing a significant portion of recent transactions. While off-plan purchases remain attractive due to structured payment plans and early-stage pricing, they also involve inherent risks, including construction delays, project cancellations and reliance on developer performance. In response to these concerns, Dubai has implemented a dedicated legal and regulatory framework aimed at safeguarding buyer funds, formalising off-plan rights and increasing oversight of developers. Understanding this framework is essential for any investor considering to purchase off-plan properties in Dubai.

B. LEGAL FRAMEWORK

Escrow Accounts – Law No. (8) of 2007

Law No. (8) of 2007 concerning escrow accounts for real estate development introduced one of the most important safeguards for off-plan buyers. Under this law, developers are required to open a dedicated escrow account for each off-plan project, into which all buyer payments must be deposited. Funds held in the escrow account may only be withdrawn in line with approved construction progress and verified milestones. Developers are prohibited from using these funds for unrelated purposes. This mechanism is designed to ensure that buyer payments are directly tied to actual construction and to reduce the risk of misuse of funds.

Off-Plan Registration – Law No. (13) of 2008 and Law No. (19) of 2020

Law No. (13) of 2008 introduced the Interim Real Property Register, commonly referred to as the Oqood system. Under this regime, all off-plan sale contracts must be registered with the Dubai Land Department. An off-plan sale that is not registered has no legal effect. The registration process allows authorities to monitor off-plan projects, confirms the buyer's legal interest in the unit prior to completion and reduces the risk of disputes arising from unregistered or duplicated sales.

Additionally, Law No. (19) of 2020 amended this framework and, together with the escrow regime, provides mechanisms to address project delays or cancellations. Depending on the circumstances and the stage of construction, buyers may be entitled to partial or full refunds, subject to compliance with statutory procedures and regulatory oversight.

C. CONTRACTUAL CONSIDERATIONS

While the legal framework provides regulatory safeguards, the practical relationship between buyer and developer is governed by the Sale and Purchase Agreement ("SPA"). The SPA sets out the purchase price, payment schedule, anticipated completion date and the parties' respective rights in the event of delay or default. As SPAs are typically drafted in the developer's standard form and can be extensive, careful review is essential. Particular attention should be given to whether payment instalments are clearly linked to construction milestones and whether termination provisions are reasonably balanced.

While UAE courts generally uphold freely agreed contractual terms, provisions that contravene mandatory statutory requirements or public order are unenforceable. Accordingly, although the SPA governs the commercial terms of the transaction, Dubai's off-plan regulatory framework continues to operate as an additional layer of protection for buyers.

D. IMPLICATIONS AND TAKEAWAYS

Off-plan purchases in Dubai are not unregulated or unprotected. The legal framework governing escrow accounts, mandatory registration and developer obligations provides a level of protection that is often underestimated by buyers. From a practical perspective, buyers should ask detailed questions at the outset, confirm that projects are properly registered and understand how payments and termination rights are structured. Having the SPA reviewed before signing can help identify risks early and

avoid surprises later. While off-plan investments involve uncertainty, the combination of regulatory oversight and legal safeguards means that, with the right approach and professional support, buyers are not entering the process unprotected.

If you are considering an off-plan purchase, or have already signed an SPA and are facing issues with a developer, our team at [Meyer-Reumann & Partners](#) will be pleased to help and assist. We can review your SPA, advise on your rights under Dubai's off-plan regulatory framework and help you navigate any disputes that arise. For assistance, please contact our lawyer Natacha El Azar at natacha@meyer-reumann.com.

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