

Business risks in real estate investing in dubai



As stated earlier, risk is always present in any investment. This part of the paper will discuss the business risks that the foreign investor may face in investing in Dubai.

Potential risks in the market All the Emirates including Dubai are willing to fascinate and create a centre of attention to foreign investment. However, it should be mentioned that the main aspect of the problems relating to foreign investments in the UAE is the requirements of a company and establishment which indicate that no sole foreign ownership is possible in this region. If a company or organization or business is to be instrumented in this region it is necessary to include a local partner and enter a joint venture where the local partner would be holding no less than 51% of the company at any time. However, there is an exception to this rule and that indicates that total ownership of a company by foreign investors is possible only in the free trade zone. During the winter of 2002 it was found that the number of such zones were 11. In accordance to the principals of 2002 the UAE development policies indicated that there would be some exemptions available to foreign investors.

This includes recruitment of labours and professionals where there would be assistance provided in this context. Furthermore, there was the advantage of services and multilayer leases. Financially, the principals of 2002 the UAE development policies indicated that there would be profit and capital repatriation, levies in commercial sector, tax exemption in export and import and all there would be totally exempted from any form of tax (HLB Khat 2002).