Dubai: the holiday hub

How viable is it to invest in a holiday home in Dubai?

By Hina Navin
Special to PW

There are numerous international celebrities, business leaders and foreigners from different walks of life who have become proud homeowners in many of Dubai's luxury-themed communities. Growing in popularity as a business and holiday destination, Dubai has been attracting a large number of visitors all year round, making the emirate — already one of the world's top ten tourist destinations according to the MasterCard Global Destination Cities Index — ideal for a holiday home.

There is an abundance of tourist attractions and international and regional events held throughout the year that are driving the large number of trade and leisure visitors. "Tourist arrivals in Dubai are growing with about ten million visitors in 2012," says a spokesperson of real-estate company Hamptons Middle East and North Africa (Mena). "The city has announced its Tourism Vision 2020, aiming to attract 20 million visitors by the turn of the decade, which makes vacation homes a good investment proposition. With strong airline connectivity to the UAE and the country's central location only four hours away from nearly 2.5 billion people, an investment in a vacation home in the country is ideal for investors from all over the world.

"Also, with more than 200 nationalities living in Dubai, anyone will feel at home in the city."

The property market in Dubai offers a selection of locations to invest in a residential property. Sunil Saraf, Managing Director of Tanjay Real Estate Brokers, explains, "Some are tourist-focused areas such as Palm Jumeirah, Dubai Marina, Downtown Dubai, Jumeirah Beach Residence and Jumeirah Lakes Towers that attract a large number of tourists. These are popularly dominating spots for visitors to purchase an ideal second house away from their home country."

Saraf adds, "The other areas are the well-known villa communities such as Emirates Living, Jumeirah Islands, Arabian Ranches, etc. Being end-user communities, these are prime spots for visitors looking for long-term investment that offer high capital appreciation and good rental income. There is a serious demand for villas in the country due to a lack of supply compared with high-rise apartments. In recent years, we have witnessed the highest hike in villa prices across Dubai.

"Properties in Dubai pay a handsome rental yield. For example, a Dhl million property can offer a 6.5 per cent rental yield, which is good income out of one's asset. Considering the rapid growth in tourism, Dubai is seeing widespread development of hotel and service apartments that offer good second-home options and lucrative investment opportunities. If the tourism momentum continues, the yield for these properties can go up to 9 per cent."

"Well-known villa communities are prime spots for long-term investment that offer high capital appreciation."

Sunil Saraf
Managing Director, Tanjay Real Estate Brokers

Dubai attracts foreign property buyers and investors because of its tax-free policy, high-class lifestyle and secured environment. There are several residential properties that come with premium amenities and superb landscaping — perfect for a second home that can also generate rental income. *Property Weekly* takes a look at the different areas that are most attractive to overseas buyers.

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