

Property ownership laws in the GCC - recent trends

Abdul-Haq Mohammed

Partner and Regional Head of Real Estate,
Trowers & Hamlins

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Introduction

- Property laws
- Foreign ownership
- Residency/domicile
- Inheritance



Background

- Liquidity
- Real estate – attractive asset class
- Tourism
- Individual/developer



Strategies

- Differing approaches
- Reclamation
- Stages of development
- Theory and practice



Obstacles

- Land registration regimes
- Inheritance for non-Muslims
- Residency rights
- Co-ordination between authorities



Breakdown

- Restrictive
 - Saudi Arabia
- Cautious
 - Abu Dhabi
- Open
 - Bahrain, Dubai and Oman



Case Study - Bahrain

- Freehold ownership
 - Designated areas (eg Bahrain Bay, Durrat Al Bahrain)
 - Special projects
 - Mostly on reclaimed land
- Leases not registrable
 - Contractual rights
- Residency – limited self-sponsorship
 - Residency law awaited
- Inheritance - law of home country



Case Study - Oman

- Wait and see approach
- Detailed law
 - Includes safeguards for end-users
 - Development time-limits and exit restrictions
 - Implementing regulations awaited
- Integrated tourist complexes (eg Blue City, The Wave)
- Renewable visa
- Inheritance – law of home country



Case Study – Abu Dhabi

- Nascent development strategy
 - Opening up with major projects
- Long lease rights in designated areas (eg Al Reem, Al Raha)
 - Leases are registrable
- Clarity required on residency
- Uncertainty over UAE inheritance laws



Investors and developers

- Different perspectives
- Business model
- Long-term project or short-term returns?
- Master developer or developer-seller



Islamic finance trends

- Distinct concept of ownership
 - Shari'ah -v- Civil Code
- Distinction used to facilitate Islamic finance structures
 - Ijarah
 - Istisna'a
 - Sukuk



Islamic finance investment

- Bundle of economic and proprietary rights
- External investors
- Short to medium term return
- Freehold and registration not essential



Creative solutions

- Market attuned to alternative ownership structures
- Investors not willing to wait for law to catch up
- Taking advantage of real estate opportunities
- Laws need to be fine-tuned to preserve confidence



Conclusion

- Significant developments in recent times
- Implementing regulations needed after general pronouncements
- Coherent strategies required
- New opportunities outside Dubai



Contact

Abdul-Haq Mohammed – Partner

Trowers & Hamlins

PO Box 3012

Manama

Kingdom of Bahrain

Tel: + 973 17 515600

Fax: + 973 17 535616

amohammed@trowers.com



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