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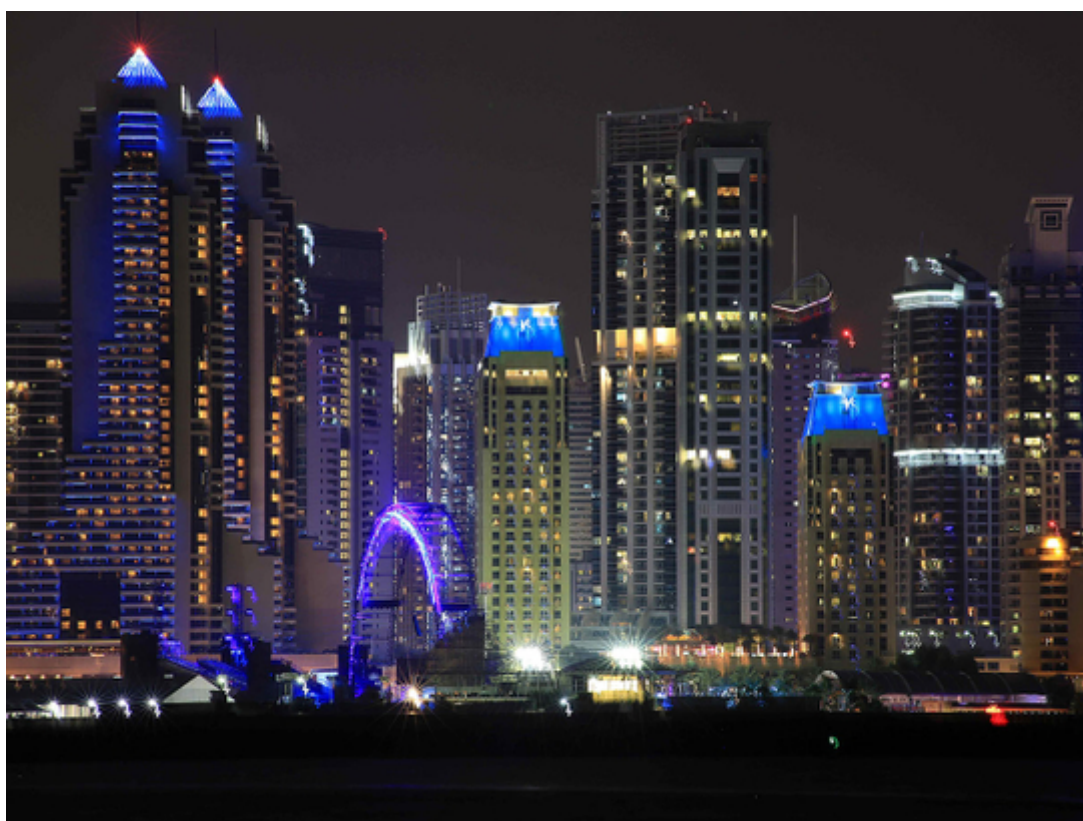
How to: Buying property in Dubai with a Dh1m budget

We simplify the math of saving for a down payment and finally purchasing your dream home

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Property Weekly



With a Dh1-million budget, there are options in various communities, including Dubai Marina.
 Image Credit: Gulf News Archives

The property market in Dubai is extremely diverse, which makes finding the right property simple. Purchasing a house definitely involves focused planning, and due to the ease of hunting property in the market, the importance of the former supersedes the latter. While talking about planning the first thing that strikes to mind is the budget.

So let's assume you have a budget of Dh1 million.

What can you buy?

In Dubai you can find a decent two-bedroom apartment or a villa in this budget in many localities, such as Dubai Marina, Dubai Silicon Oasis and Jumeirah Village Circle.

If you are going to purchase the property by getting a mortgage loan, then at least 25 per cent of the property value – Dh250,000 – should be borne as the down payment. Let us consider the interest rate as 3.3 per cent for the overall tenure of 25 years. In this case, the EMI that has to be paid on the mortgage would be around Dh3,675, where the total loan amount payable would be around Dh1.1 million.

A COMPLETE GUIDE

- [The complete expat guide to buying a house in the UAE](#)

For a monthly instalment of Dh3,700, the homebuyer needs a monthly income of at least Dh15,000, assuming monthly rent is Dh7,000 and other monthly expenses add up to Dh3,000 with no other existing loans or credit card payments.

Saving for a down payment

According to our scenario, the down payment would be Dh250,000. Saving at least Dh3,000 per month will take a minimum of six to seven years for the buyer to gather enough for the down payment. If the buyer uses a savings account to save the down payment money, it would generate some profit considering the maximum profit of 1.25 per cent per annum. Apart from the savings account, the buyer can take up some other investment options, which are low risk and generate higher profits in a comparatively lesser time.

Purchasing a house involves some additional costs other than just the down payment. There are quite a few pre-purchase costs like Land Department fee, registration fees, mortgage registration fee, estate agency fees and much more. For a property of Dh1 million, these costs will be around Dh70,000. Along with the down payment, the buyer needs to save for these expenses as well.

Buying vs renting


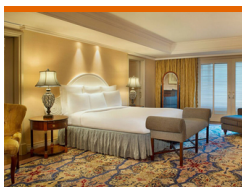



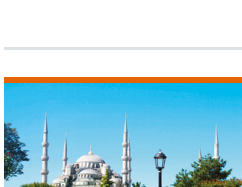
The living costs in the UAE are slightly expensive where the house rent takes away at least 30-40 per cent of the monthly income. From the scenario, the monthly instalments on the home mortgage will be around Dh3,700, which is half of the monthly rent of Dh7,000. Once you've moved into a new house you will be saving half of the rental expense and also have the down payment savings that have been made from the last six to seven years. Paying half of the rental income will not only save you money, but also at the end of the day you will be owning a house.

Future planning

Buying a property of Dh1 million is definitely one of the bigger purchases you will make in your life. In proportion to the investment made, the maintenance costs also will be a tad bit high on this budget. So while investing a huge amount buyers must not forget to consider their future. There can be several expenses in the pipeline – like their kids' education or a wedding and most importantly retirement that needs to be considered apart from saving for a house.

Nikhil Rastogi is the co-founder and director MyMoneySouq

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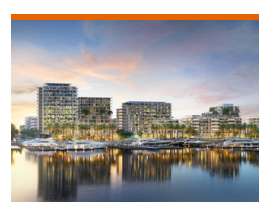
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