



10 ZONE

RELOCATING IN THE UAE

PART 1



Whether it's living, getting a car, education etc...here's what you can expect.

Relocating to UAE may sound exciting but it's definitely not an inexpensive option.

The UAE is undoubtedly one of the largest growing economies in the Middle East and quite a natural option for many people with high career aspirations. Dubai and Abu Dhabi are the cities they usually opt for, due to the rapid expansion that these cities have witnessed over the past decade.



In this 2 part series, we will examine the expenses needed to set-up during the first month; from selecting a bank account to borrowing, saving, investing and much more while highlighting the pitfalls that come with it.

COST OF LIVING

A family of four people – with children in nursery and secondary school respectively, planning to rent a three-bedroom apartment or a villa with two cars (hatchback and SUV) can expect their annual outgoing expenses to be around AED 510,000 in Dubai, with their initial month coming to around AED 235,500.

It would be slightly lower in Abu Dhabi at AED 444,700 annually and AED 201,500 in the initial month. On the other hand, a single person looking to rent a 1-bedroom waterfront apartment with a convertible car would ideally have to pay AED 222,500 a year and AED 105,350 in the first month in Dubai and AED 229,700 annually and AED 109,200 in the initial month in Abu Dhabi.

You can initially expect big expenses in the first few months, so kindly ensure that you have enough cash both in UAE and in your local bank account back home.

If you need to convert your foreign money into Dirhams, shop at the exchange companies available in malls in UAE, and also check with the manager for their best rate while transferring a large part of the amount.

COST OF VISAS

The work visa process starts with a 2-month permit issue and gives the employer time to manage medical tests, the Emirates ID card, labour card and a stamped residence permit in the employee's passport. Processing costs will be paid for by the employer. Once a resident, the employee can then sponsor their family members as long as they earn a minimum of AED 4,000 per month.



Usually, employees are issued a residency permit for one or two years and family members with the same length of residency. An expatriate can sponsor his daughters if they are unmarried and a son until the age of 18 or, if they are studying, until the age of 21. He can also sponsor his stepchildren and his parents.

In Abu Dhabi, women can sponsor their husband and children if she is an engineer, teacher, or working in the medical sector earning a minimum of AED 10,000. In Dubai, women who are not employed in one of the above-mentioned categories may still be able to sponsor her family provided she earns more than AED 10,000 and gets special permission.



However, some new visa regulations are also coming into force from this year as the UAE “actively” tries to place itself as a hub for innovation, talent and economic development.

Ten-year residencies are being created for the “skilled, white-collar workforce” in the areas of medicine, research, engineering, academia and scientific innovation. Most importantly mainland UAE will soon be open for foreign investment without the need to have a local partner, which means that expats can own a business in the UAE, outside the free zones, without needing any local, majority stakeholding partnerships. For retiring residents, a new five-year visa is also in the offing for a longer stay beyond work.

SETTING UP COSTS

To activate the electricity and water account, you need to pay a connection fee of AED 110 for DEWA or Dubai Electricity and Water Authority and a security deposit of AED 2,000 for an apartment or AED 4,000 for a villa. The deposit is usually refunded after settling the final bill when one is moving out.

When you are registering for a tenancy contract with Ejari in Dubai, the costs will be around AED 195 and this is required before you can register for any of the utilities. In Abu Dhabi, the equivalent, Tawtheeq, costs between AED 100 to AED 1,000 for an initial registration – and it rests on the landlord’s responsibility.

It would be advisable for new tenants to check if the property is registered before they sign the tenancy contract.

Those people who need help to get settled into their new home, a handyman would cost about AED 150 per hour, a deep clean AED 600 for a 2-bedroom apartment and garden maintenance for AED 250 per month.

RENT COSTS

The number one expense in UAE is the house rent and it will take away a good chunk of your salary. In spite of accommodation allowance and despite rent figures softening out during last year one can expect the following:

- AED 110,000 per year in the ever so popular Dubai Marina for a 1-bedroom apartment
- AED 135,000 for a 2-bedroom; AED 60,000 and AED 90,000 respectively in the affordable Discovery Gardens
- AED 110,000 and AED 175,000 in the Downtown district
- A 3-bedroom villa in the Arabian Ranches costs around AED 170,000 per year while it costs AED 215,000 in the Meadows

In Abu Dhabi the rates vary, as below:

- 1-bedroom apartment in Saadiyat Beach costs around AED 115,000 per annum
- 2-bedroom AED 165,000 and in the mid-end Khalifa City and Mohammed Bin Zayed City, AED 85,000 and AED 125,000
- A 3-bedroom villa in Saadiyat Beach would cost AED 310,00 and AED 135,000 in Khalifa City

You will need a residency visa to rent, and this copy must be presented when you are signing the lease. In UAE, it is usual to pay your annual rent in 1 to 4 cheques upfront. Some landlords will also accept PDCs or Post dated cheques along with some security deposit. And in some instances, tenants who pay their annual rent in a single cheque may command a certain discount over those who pay it over 2 to 4 cheques.

Be prepared during summer times, when your bills might start shooting up since the AC bills may touch the range of AED 4,000 to AED 5,000 a month.

SCHOOL FEES

After the house rent, comes school fees and they tend to be a family's second biggest expense.

HSBC's cost to settle calculator states that, you can expect to pay anywhere around AED 35,000 for pre kindergarten fees and up to AED 70,000 a year for mid school, although some schools might charge more.

While parents are usually charged school fees on a term basis, there are also options to spread the cost over a period of 12 months, with some banks who offer zero per cent interest payment plan options.



COST OF CARS

When in UAE, renting a car can range anywhere from AED 21,600 per year for a hatchback to AED 36,000 for an SUV and AED 54,000 for a convertible. It is more cost-efficient to buy a car, especially with UAE's thriving second-hand market, for those who are looking to stay long term.

Some people even recommend leasing is much more effective for residents who are with the intention in UAE only for a shorter period.

For those who need a car that will hang onto its value even after they buy it, then some models fare much better than others. According to a recent survey in 2017, Nissan Patrol had the best resale value one year after purchase – whereby it managed to retain 85 to 88 per cent of what the buyer initially had shelled out. Lexus IS came in the next place with an 83 to 86 per cent retention rate followed by Toyota Land Cruiser which took the third position with a retention rate of 82 to 85 per cent.





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