

Dubai Mortgage Market

With ever growing prices of property in Dubai, it is becoming increasingly difficult for a normal buyer to pay the entire amount in one go. Mortgage facility comes in handy for such buyers. In mortgage loan, creditor possesses the title of purchased property till the debt amount, along with interest is paid off. In case the debtor fails to repay, creditor can retain the property. In Dubai, mortgage market is all set for an upsurge. Some important features of Dubai mortgage market are discussed below.

Growth Potential:

Dubai mortgage market is on the rise since 2002 but according to the experts and research reports, we still have to witness the real expansion boom. EFG-Hermes has predicted a growth of up to 10 times by 2012 in a recent research report. Dr Sabahuddin Azmi, an Islamic finance expert reaffirmed, while speaking to a summit held by the support of Shaikh Saud Bin Saqr Al Qasimi, the Crown Prince and Deputy Ruler of Ras Al Khaimah. The growth trend by far has been parallel to real estate market.

Shariah Compliant:

Amlak Finance and Tamweel, the leaders of Dubai mortgage market, with 60% market share collectively, are both shariah compliant. Given that the majority of the Dubai residents are Muslims, and Islam prohibits any kind of interest on loans, shariah compliant lenders are likely to capture the larger market share in future as well. Some people argue that Islamic mortgage is high-priced. The fact is that you may be paying a bigger amount as “down payment” compared to conventional mortgage, but you are also getting a better payment plan afterwards. This is the reason that non-Muslims are also getting increasingly interested in this type of home finance.

Interest Rates:

Interest rate (or profit rate in case of shariah compliant mortgage) is slightly higher when compared to rest of the world, but with competition getting bigger and intense, soon one company or other will be cutting its interest rate to gain competitive advantage over its competitors. Commercial bank of Dubai has already slashed its interest rates, soon other banks will have to catch up with similar reductions or they will lose their business to CBD in no time.

Dubai real estate market along with its mortgage market is getting larger day by day. With expatriates and foreigners taking more interest in buying property, competition in Dubai mortgage market is heating up. This competition will surely help in resolving issues like processing delays and making it more consumers friendly.

About the Author

William King is the director of [Canada Wholesalers Directory](#), [Australian Wholesalers Directory](#), [Dubai & UAE Property & Real Estate Portal](#) and [Pakistan Property & Pakistan Real Estate Properties Portal](#). He has 18 years of experience in the marketing and trading industries and has been helping retailers and startups with their product sourcing, promotion, marketing and supply chain requirements.

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