

**Alert | Real Estate/White Collar Defense & Investigations**



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## **UAE Real Estate in 2025: AML Compliance and Investment Trends for Developers**

The UAE's real estate sector has experienced significant growth and development in recent years, becoming one of the world's most active real estate markets. As with other developing global markets, growth may bring challenges. With the residential and commercial appeal of UAE real estate attracting buyers from around the world, one of these challenges is maintaining vigilance against money-laundering. Efforts to detect and prevent illicit flows of money remain a priority for the UAE since its removal from the FATF Grey List in April 2024. Given the influx of investment and the increasing number of high-value transactions, the UAE government has expanded its oversight and controls around the real estate sector, which impacts all industry stakeholders.

Throughout 2024, a series of regulatory updates reinforced the need for diligence across real estate purchases. Now, all regulated real estate companies must carry out enhanced due diligence for high-risk buyers, including foreign investors from jurisdictions with weak anti-money laundering (AML) controls. Know-your-client (KYC) protocols must include full verification of buyer identities and their source of funds, and company or entity purchasers must disclose their ultimate owners. Companies that fail to meet these requirements may face penalties, increased regulatory scrutiny, and potential operational restrictions.

These regulatory changes apply to real estate brokers, agents, and other businesses concluding property transactions on their customers' behalf. While some developers may not fall directly within the UAE's AML framework, businesses accepting cash and cryptocurrency for real estate assets must also be aware

of their potential exposure to money laundering activity, as they may be liable for money laundering offences and may face operational difficulties if they are used as a conduit for criminal activity.

### **Continued Growth of the UAE's Real Estate Sector**

The UAE real estate market remains attractive to global investors. Key factors driving demand include strong foreign investment from Russian, Chinese, Indian, and European buyers, as well as golden visa-linked property investments with long-term residency incentives attached to purchases of over AED 2 million.

The **Dubai Economic Report** from the Dubai Economic Department shows that the real estate market in Dubai contributes between 5-7% to annual GDP, with 2024 set to reflect further highs. Dubai's real estate market continues its upward trajectory, with **residential prices increasing** by 20.7% year-on-year as of March 2024. Off-plan sales grew 23.9%, outpacing the 15.2% rise in secondary market transactions.

### **Investment, Compliance, and Cryptocurrency**

The question remains whether regulatory-driven due diligence and accelerating property transactions can both continue at the same rate. This is particularly relevant in the context of the sector's shift towards digitalization. The UAE is seeing a growing trend in the use of cryptocurrency in property transactions. To enhance transparency and security with respect to these transactions, under the UAE Central Bank AML & CFT Regulations 2024, real estate transactions involving virtual assets must now be processed through a licensed virtual asset service provider, which seeks to ensure all funds are traceable and compliant with AML standards.

The Ministry of Economy has repeatedly confirmed its commitment to global AML safeguards, as well as its support for advancing real estate digitalization and broader blockchain integration. Modernization in the real estate sector may be an opportunity for the UAE authorities to show how they can enforce AML laws while maintaining investor confidence.

### **Key Takeaways**

While the UAE has established itself as a well-regulated investment hub, the real estate sector remains attractive for investment. To stay competitive, businesses should adapt to evolving AML regulations. Those who do not may experience issues.

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