

INVESTOR PERSPECTIVES / SEPTEMBER 2026

UAE to U.S. Real Estate

Beyond dollar exposure: geography, income drivers and the ownership decisions that matter.



THE INVESTMENT QUESTION

If the dirham already tracks the dollar, what should a U.S. real estate allocation add to the portfolio?

For Dubai- and UAE-based high-net-worth individuals, families and their advisors.

Executive perspective

For a dirham-based investor, the strongest U.S. allocation argument is diversification of assets and economic exposure.

The Central Bank of the UAE maintains a fixed exchange-rate regime against the U.S. dollar. [1] Moving AED cash into a USD investment therefore does not create the same currency diversification as moving from an unhedged rupee portfolio. The case must rest on what is owned, where income originates and how the investment changes the family's overall risk.

Potential objective	What the investment must demonstrate
Geographic diversification	Exposure to different local demand drivers, regulations and property markets.
Income diversification	A return source that adds to, rather than duplicates, existing business and real estate risks.
Operational value creation	A specific plan for revenues, costs, capital expenditure and management accountability.
Long-term capital allocation	A holding period and distribution profile consistent with the family's liquidity needs.
Institutional oversight	Clear reporting, incentives, legal rights and tax administration.

A useful starting question

If the exchange rate between AED and USD remains stable, would this investment still deserve a place in the portfolio? If the answer depends entirely on a currency gain, the thesis needs to be rebuilt.

U.S. real estate may provide a different geographic exposure while increasing concentration in the same asset class. A family already heavily invested in property should assess that trade-off explicitly.

01 / Currency is only one dimension

A dollar peg does not make all AED and USD assets economically interchangeable. A Dubai apartment, a U.S. hotel, a Treasury security and a global equity fund have different cash-flow drivers, liquidity, leverage and legal claims. Their currency labels reveal only part of their risk.

A family's future spending may also extend beyond AED and USD. Education in the United Kingdom, retirement in India or a business commitment in Europe introduces other goal currencies. The portfolio should be evaluated against those actual obligations, not only the currency shown on the bank statement.

Illustrative family balance sheet	Risk revealed
UAE business income plus local property	Business and property outcomes may depend on overlapping local conditions.
U.S. hospitality allocation	Adds U.S. demand exposure, but remains exposed to property, travel and financing cycles.
Liquid USD reserves	Can support capital calls and near-term goals; still subject to purchasing-power erosion.
GBP or EUR future obligations	AED/USD stability does not remove currency mismatch against these goals.
Assets and retirement needs in India	The rupee side of the balance sheet requires a separate liability and currency analysis.

The CBUAE explains that maintaining the peg links the UAE's interest-rate environment closely to U.S. rates. [1] It would therefore be weak analysis to describe U.S. and UAE property financing as entirely independent interest-rate exposures.

Diversification test

Map geography, sector, customer demand, leverage, liquidity and currency separately. A new jurisdiction is useful only if the combined portfolio is better suited to the investor's goals.

02 / Underwrite the investment on its merits

The same investment discipline applies whether capital originates in New York, Mumbai or Dubai. A sponsor should explain how the property generates cash, how that cash reaches investors and what could prevent the business plan from working.

Underwriting question	Evidence to request
Why this location?	Demand generators, supply pipeline, customer mix, competition and sensitivity to a local slowdown.
Why this operator?	Relevant realized experience, operating systems, staffing plan and accountable decision makers.
What improves the economics?	Documented renovation or operating changes, their cost and the timing of disruption.
What protects the capital?	Leverage, debt maturity, reserves, covenant headroom and realistic sale alternatives.
What reaches the investor?	Cash after property expenses, debt, recurring capital needs, fund fees and sponsor participation.

For hospitality, separate a property ownership thesis from an operating-business thesis. Revenue can respond quickly to demand, while payroll, insurance, maintenance and brand obligations can remain substantial. A favorable market does not eliminate execution risk.

The exit case deserves particular attention. A plan that depends on refinancing at a lower rate or selling at a richer valuation may perform poorly even if the operator improves the asset. Ask for a delayed-exit case that preserves necessary capital expenditure and does not assume a convenient liquidity event.

Compare the proposed private investment with public REITs, diversified equities and liquid fixed income on the same after-fee, after-tax basis. Ease of comparing prices is not a weakness of public markets, and infrequent private valuations are not evidence of lower economic risk.

This page presents an original diligence framework, not an assessment of a named asset or a claim about Alterra's realized investment performance.

03 / Residence, ownership and U.S. tax

“Based in Dubai” is a location description, not a complete tax profile. U.S. citizens and resident aliens are generally subject to U.S. tax on worldwide income even when living abroad. [2] An investor with Indian connections also needs an independent residence and funding analysis; citizenship alone does not establish the appropriate overseas investment route.

For a foreign partner, U.S. partnership withholding can arise on allocated effectively connected income, while a transfer of an interest may have separate withholding consequences. [3] Property dispositions can fall under FIRPTA. [4] These mechanisms should be reflected in the timing of cash received and the responsibility for returns and refunds.

Ownership question	Required analysis
Individual, family company, trust or other vehicle?	Compare liability, tax classification, administration, succession and total costs.
Direct partnership interest or corporate structure?	Determine investor-level filings, entity-level taxes, distribution taxes and exit consequences.
Treaty relief assumed in the model?	Confirm an actual applicable treaty and eligibility; a UAE address is insufficient.
Who bears U.S. estate exposure?	Review domicile, asset situs, entity ownership and succession before subscribing.

The IRS’s published income-tax treaty list does not list the UAE. [5] Do not insert a reduced treaty rate into a U.S. return model simply because an investor lives in Dubai. Another country connection requires its own eligibility analysis.

The Form 706-NA instructions describe filing obligations for certain estates of nonresident noncitizens, including a test involving U.S.-situated assets above \$60,000 with adjustments. [6] This is not a universal exemption or a conclusion about the situs of every partnership interest. Obtain structure-specific estate advice.

04 / Build a durable ownership plan

Cross-border ownership should continue to work through distributions, family changes, relocation, incapacity and exit. The initial wire is the beginning of the operating relationship, not the end of the implementation work.

Before committing	Written answer to retain
Investor identity and residence	Beneficial owners, source of funds, relevant tax residences and required tax forms.
Entity comparison	Projected cash after all entity and investor taxes, recurring fees and exit costs.
Capital and liquidity plan	Initial funding, future calls, local reserves and capacity to hold through a delayed sale.
Administration	Who prepares returns, obtains tax numbers, delivers statements and tracks withholding credits?
Family and succession	Who can act, receive information, transfer an interest or manage it after an owner's death?
UAE and other home-country obligations	Local treatment of the actual owner and structure, with advice specific to the investor.

Ask the sponsor to provide a sample reporting package and a clear calendar for financial statements, capital-account reporting and tax documents. Confirm the governing jurisdiction, dispute process, transfer restrictions and procedures for verifying any change in payment instructions.

A useful investment memorandum should identify what the U.S. allocation adds, what concentration it creates, how much illiquidity the family can accept and what remains uncertain. Those questions should be answered before a commitment becomes difficult to change.

Alterra perspective

For UAE investors, the case for U.S. real estate is strongest when the asset, operator and ownership structure stand on their own merits. The dirham's dollar linkage makes a precise diversification argument essential.

Sources, methodology & important information

Scope: UAE-based portfolio and ownership considerations, with selected U.S. federal concepts. No specific U.S. investment vehicle, tax residence, UAE corporate-tax treatment or treaty entitlement is assumed. Local tax and legal obligations require separate review. Portfolio examples are illustrative; no allocation size, return or protection of principal is promised.

Primary sources

- [1] Central Bank of the UAE: How the monetary system works
Fixed USD exchange-rate regime and the relationship between UAE and U.S. monetary conditions.
- [2] IRS: U.S. citizens and resident aliens abroad
Worldwide-income obligations for U.S. persons living abroad.
- [3] IRS: Partnership withholding
Foreign-partner income withholding and partnership-interest transfers.
- [4] IRS: FIRPTA withholding
Selected U.S. real-property disposition withholding rules.
- [5] IRS: United States income tax treaties A to Z
Published treaty list reviewed September 11, 2026; UAE not listed.
- [6] IRS: Instructions for Form 706-NA
Estate filing framework for nonresident noncitizens; structure and situs matter.

Use of this paper

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Sources accessed September 11, 2026. Data cutoffs and dated rules are identified where used. Verify later changes and the investor-specific position before a transaction. Analytical frameworks and uncited worked examples are Alterra's original educational analysis; source organizations do not endorse this paper.

Prepared by Alterra Equities LLC | 381 Park Avenue South, 15th Floor, New York, NY 10016 | ir@alterraeq.com