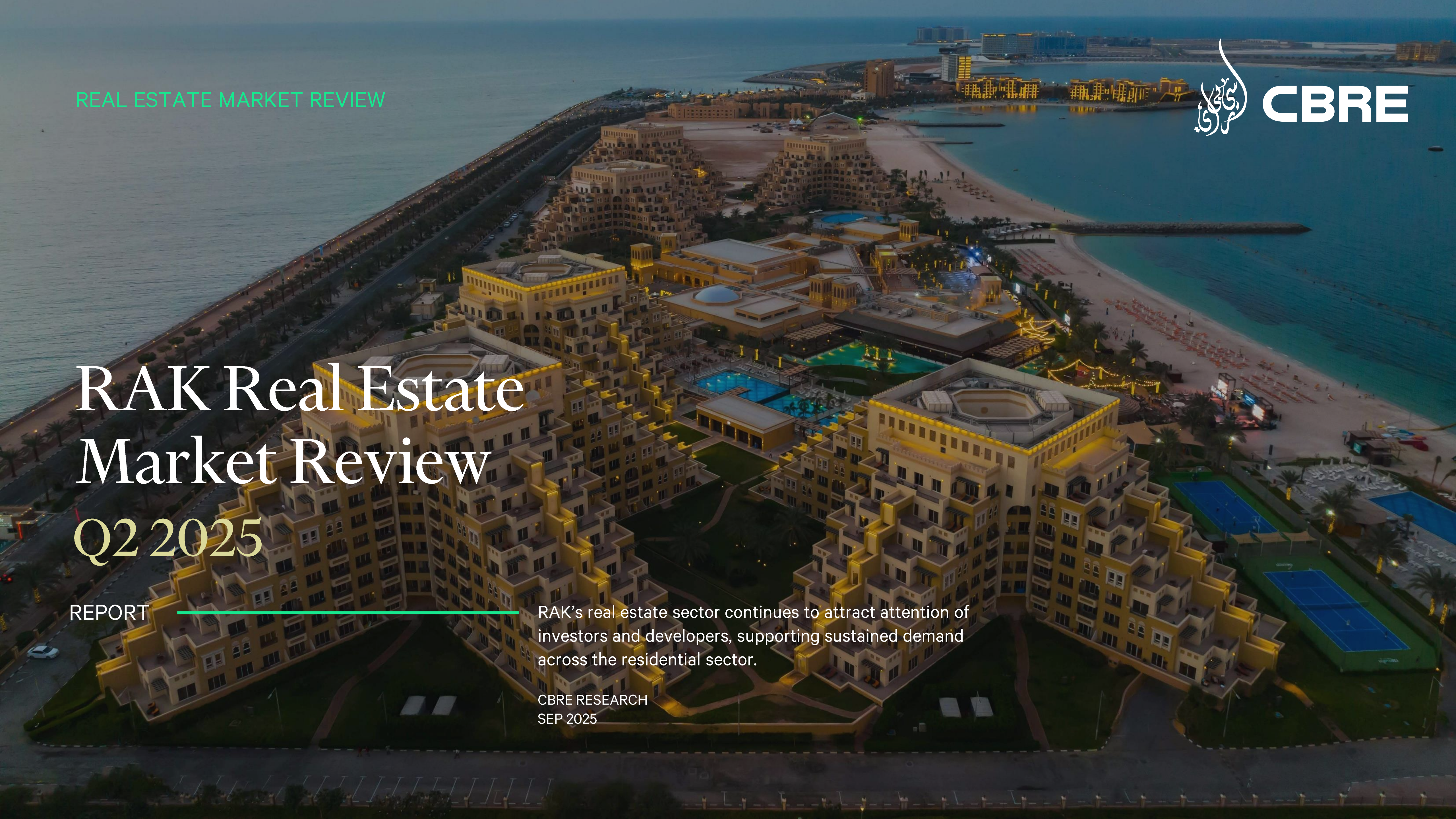


REAL ESTATE MARKET REVIEW

RAK Real Estate Market Review

Q2 2025

REPORT

RAK's real estate sector continues to attract attention of investors and developers, supporting sustained demand across the residential sector.

CBRE RESEARCH
SEP 2025

UAE growth continues, fueled by surging trade, strong tourism, and a full recovery in oil production.

Macroeconomic Overview

- The United Arab Emirates is projected to achieve 5.1% GDP growth in 2025, revised up from 4.7%, and is on the path to outperform the rest of the region. This growth is stemming from a rebound in oil production and continued momentum across non-oil sectors including trade, tourism, and investment.
- During Q1 2025, the country saw year-on-year growth of around 3.9% as per official statistics.
- Oil output rose to 3.05 million barrels per day in June, following the full reversal of OPEC+ cuts and the UAE's planned capacity expansion.
- Non-oil GDP is forecast to grow by 4.7%, driven by a 24% surge in non-oil foreign trade during the first half of the year and the expansion of strategic global partnerships. While the July PMI eased to 52.9, the index rebounded to 53.3 in August, suggesting continued overall stability.
- Tourism continues to play a vital role in economic diversification. Dubai welcomed 9.88 million visitors, while Ras Al Khaimah recorded 654,000 arrivals in H1 2025 - a 6% year-on-year increase - reflecting strong performance across the hospitality sector.

▲ **5.1%**
YoY forecast increase in UAE GDP in 2025

▲ **53.3**
UAE PMI Aug-2025 reading, up from 52.9 in July

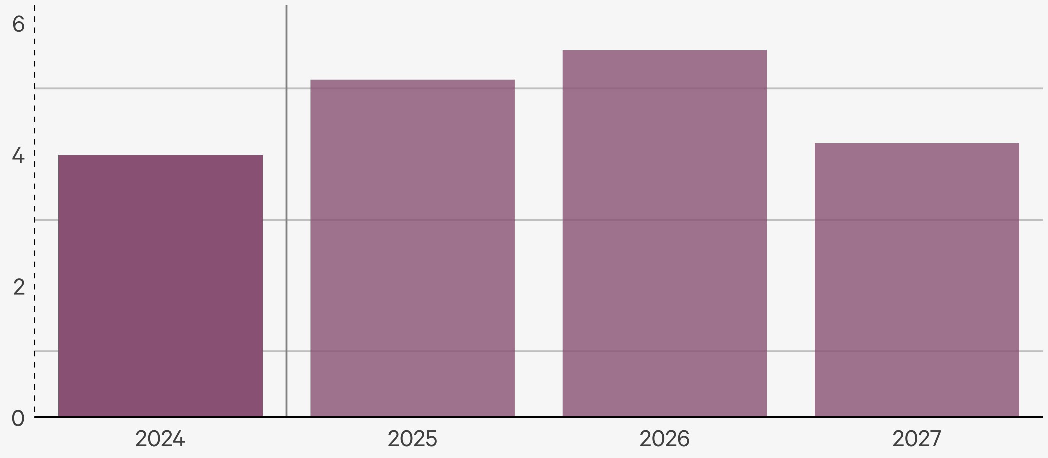
▲ **9.1%**
y-o-y increase in RAK RevPAR (YTD Jun-25)

▲ **1.4pp**
y-o-y increase in RAK hotel occupancy (YTD Jun-25)

▲ **5%**
y-o-y Increase in RAK average apartments rents

▲ **18%**
y-o-y Increase in RAK average sales values

FIGURE 1: UAE, Gross Domestic Product, y-o-y change (%)



Source: CBRE Research/ Oxford Economics/ Macrobond

UAE Macroeconomic Overview

Despite persistent regional tensions and shifting global trade dynamics, including tariff disputes and supply chain realignments, the UAE maintains a resilient macroeconomic position. Fitch's reaffirmation of the AA- rating with a stable outlook underscores the country's fiscal strength and capacity to navigate external uncertainties.

UAE's PMI rose to 53.3 from 52.9 in July, which was its lowest level in nearly four years. While still indicating expansion, the drop reflects business uncertainty amid regional geopolitical tensions, global tariff disputes, and growing concerns over the increasingly competitive landscape, which is being shaped by the rising cost of living.

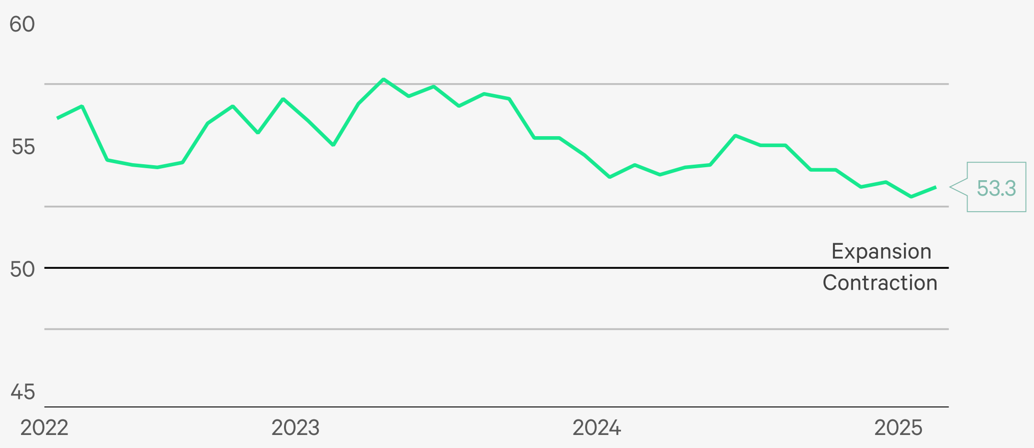
Despite these challenges, the UAE continues to lead globally in FDIs. According to the Greenfield FDI Performance Index 2025, the country ranked first worldwide in 2024 for FDI performance relative to the size of its economy. With a score of 14.26, the UAE attracted over 14 times the expected volume of greenfield FDI for an economy of its scale.

The momentum has continued into 2025, with the UAE securing AED 19.8 billion in greenfield FDI across 613 projects in the first half. Dubai accounted for 86% of the national total, while Ras Al Khaimah attracted approximately AED 700 million from six projects, underscoring its growing role in the country's investment landscape.

Meanwhile, non-oil foreign trade surged to AED 1.7 trillion in the first half of 2025, up 24% year-on-year, driven by record growth in exports and re-exports. Non-oil exports reached AED 369.5 billion, contributing 21.4% of total trade for the first time, with strong gains linked to CEPA agreements now covering markets with nearly 3 billion consumers.

> The UAE's continued growth reflects its accelerating diversification strategy, where rebounding oil output is now complemented by surging non-oil trade, record FDI inflows, and a resilient tourism sector, positioning the country to outperform regional peers despite global economic headwinds.

FIGURE 2: UAE, Purchasing Managers' Indices



Source: CBRE Research/ Macrobond

FIGURE 3: UAE, Key Economic Indicators, YoY % Change

	2023	2024	2025	2026	2027
GDP	**3.6%**	**3.8%**	**5.1%**	**5.6%**	**4.2%**
Oil GDP	-3.1%	1.3%	6.3%		
Non-Oil GDP	6.2%	4.6%	4.7%		
Inflation	1.6%	1.6%	2.5%	2.1%	2.1%

Source: CBRE Research/ Oxford Economics.

RAK Macroeconomic Overview

RAK continues to demonstrate strong economic fundamentals in Q2 2025, supported by a resilient fiscal framework, diversified growth drivers, and rising investor confidence. The emirate's sovereign credit rating remains at A/A-1 by S&P Global and reaffirmed at A+ by Fitch, citing robust fiscal surpluses, low debt (8% of GDP), and a net asset position of 18% of GDP.

S&P Global's GDP growth forecast is 4.2% annually through 2027, while RAK Government anticipates a 6.1% growth up to 2026. The emirate's economy is non-oil dependent, with no single sector holding a dominant share.

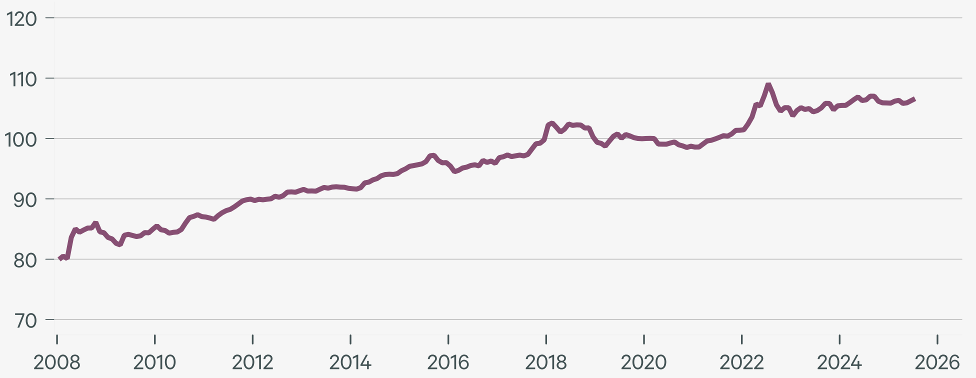
As of July 2025, RAK's CPI stands at 106.6, marking a slight annual increase of 0.19%, indicating overall price stability. Inflationary pressures were most notable in Insurance & Financial Services, Recreation, Sport & Culture, and Education sectors, aligned with the emirate's strategic investments in infrastructure and elevated living standards.

FDIs are gaining momentum, with AED 700 million attracted across six key projects in the first half of the year. A major milestone was the USD 127.1 million adhesives facility launched by H.B. Fuller (US) in Al Hamra Industrial Zone, part of RAKEZ.

Additionally, RAKEZ's participation in Make it in the Emirates 2025, secured an AED 1.1 billion industrial park through THi Investment Management and an AED 30 million MoU with Faraday Future confirming a new EV facility spanning 10,000 sqm, generating 200 skilled jobs.

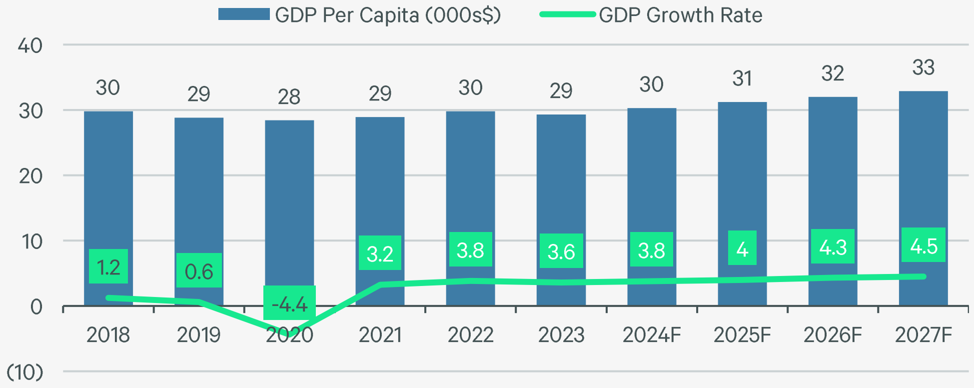
RAKEZ saw strong growth in H1 2025, adding 8,506 new companies, a 43% y-o-y increase. This builds on a record +13K new companies in 2024 (+66% y-o-y), bringing the total to more than 35K. In recognition of its rapid growth, RAKEZ was named the Fastest-Growing Economic Zone in the UAE in March 2025.

FIGURE 4: Ras Al Khaimah, CPI Main Index



Source: CBRE Research/ Macrobond

FIGURE 5: Ras Al Khaimah, GDP Growth Rates (%), GDP Per Capita (000s $)



Source: CBRE Research/ RAK Statistics Center/ S&P Global.

RAK Residential

RAK's residential market continued to surge with sales prices reaching AED 1,947 per sq ft in apartments, driven by a 71% year-on-year increase in Al Marjan, 39% in Al Hamra, and 22% in Mina Al Arab. While villa prices reached AED 1,192 per sq ft, mostly driven by a 29% year-on-year increase in Al Hamra.

These increases are attributed to a market shift towards a new basket of premium projects, rather than reflecting price growth in existing stock. When focusing on a basket of ready properties, the actual increase is more moderate at 18% market wide where apartments rose by 20%, while villas saw a 13% uplift compared to Q2 2024.

The momentum generated by the Wynn resort remains the key driver reshaping the market. Developers are actively expanding and responding with upscale offering, aiming to capture the influx of HNWI drawn by the resort's appeal, not only in Al Marjan, but also across Mina Al Arab, Al Hamra, and the newly emerging Beach District.

In response to record demand, Marjan has expanded its footprint with two major masterplans: RAK Central, a 3.1 million sq ft futuristic business district envisioned as a vibrant work-live-play hub, and the Beach District, a dynamic mixed-use development comprising eight neighborhoods designed to foster a lively and integrated community experience.

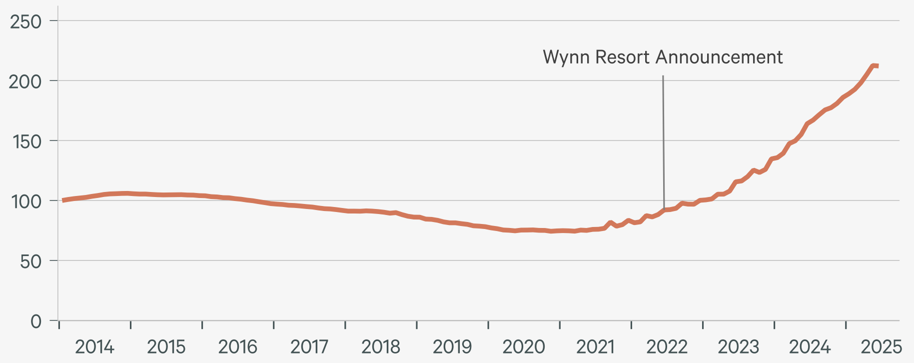
RAK properties on the other hand is responding with bold innovation by partnering with fintech platform Hubpay to facilitate property purchases using cryptocurrency – unlocking access to a new segment of digitally savvy international investors and broadening the investment landscape within RAK's real estate market.

However, this sustained focus on luxury offerings is raising concerns about the market's ability to keep pace with mid- to high-end residential demand. As the premium segment grows, maintaining a balanced supply across price tiers will be key to long-term stability and inclusivity.

RAK's rental market saw solid growth in Q2 2025, with apartment rents up 5% - driven by a 12.4% rise in Mina Al Arab following the delivery of Gateway Residences 2. Villa rents rose by 6%, with no single location leading the trend, indicating broad-based demand across the emirate.

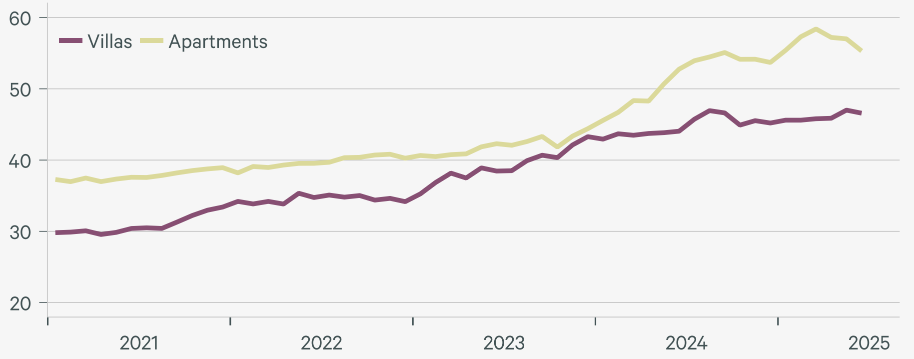
Rising rents are being driven by strong economic activity, a growing population attracted by new job opportunities, and limited new supply - only around 570 units delivered so far this year and more than 1,800 in 2024. While rental regulations cap annual renewal increases at 10%, enforcement remains inconsistent. At the same time, much of the new stock entering the market is positioned at the high or premium end, thus naturally commanding higher rates.

FIGURE 6: RAK, Residential Price Index, Q1 2025



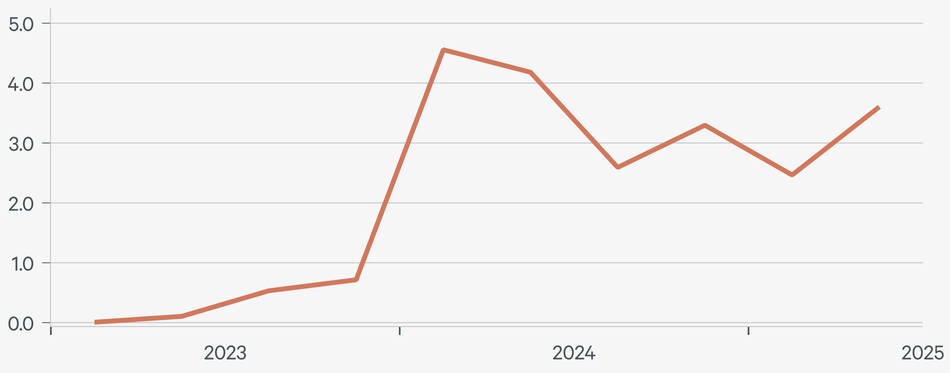
Source: Reidin / CBRE Research

FIGURE 7: RAK, Residential Rental Index, Q1 2025



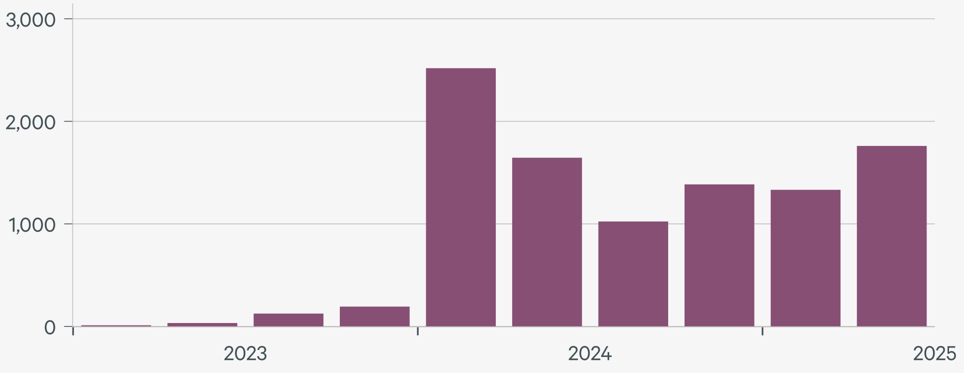
Source: Reidin / CBRE Research

FIGURE 8: Ras Al Khaimah, Off-Plan Residential Sales Value, per Quarter (2023 – Q2 2025)



Source: CBRE Research / RAK Municipality Department

FIGURE 9: Ras Al Khaimah, Off-Plan Residential Sales Volume, per Quarter (2023 – Q2 2025)



Source: CBRE Research / RAK Municipality Department

RAK Residential

Activity across RAK's residential market has remained strong through the second quarter, as reflected by the continued launch activity and high sales volumes and values achieved during the April to June period.

Sales launches from high profile projects including the Fairmont Hotel and Residences, Anantara Branded Residences and Enta Mina, helped to cement another positive quarter.

Around 1,760 off-plan residential sales transactions were recorded during the second quarter, this compared to more than 1,300 achieved during the first three months of the year and over 1,600 during the second quarter of 2024.

In terms of sales values, the total for the second quarter was AED 3.6 billion. This was against AED 2.5 billion during Q1 2025 and AED 4.2 billion achieved for the second quarter period in 2024.

Amidst strong transactional fundamentals and a positive economic growth story, there is persistent interest from UAE based developers and investors looking to enter the market, in addition to other international names.

Though none of the many branded residence launches are operational yet, they are projected to make up a significant 28% of the upcoming freehold supply to be delivered by 2030, with 6,350 units slated for completion, mostly concentrated around Al Marjan Island and to a lesser degree other master communities such as Mina Al Arab and Al Hamra.

Across the wider market, delivery activity remains buoyant, with nearly 570 residential units handed over in Mina Al Arab and over 200 additional units expected to be delivered in Al Marjan Island before year-end.

While several projects initially slated for 2025 have been deferred to the following year, the long-term development pipeline has expanded to over 23,000 units scheduled for completion between 2026 and 2030.

+1,760

Off-plan residential sales volume in H1 2025

3.6 AED billion

Off-plan residential sales value in H1 2025

6,350

Branded units slated for completion, mostly on Al Marjan Island

New Projects

Fairmont Hotel & Residences	
Location	Al Marjan Island
Developer	Ardee Developments
Product Mix	Apartments, Townhouses, & Villas
No. of Units	523 residences + 250 hotel keys
Estimated Delivery	2029
Estimated Budget	US$ 100 million

Hard Rock Hotel & Residences	
Location	Beach District
Developer	RAKHH, db Group, & Hard Rock Int.
Product Mix	Studios, 1 & 2-BR Apartments
No. of Units	395 residences + 300 hotel keys
Estimated Delivery	2029
Estimated Budget	US$ 147 million

Armani Beach Residences	
Location	Raha Island, Mina Al Arab
Developer	Armani Group & RAK Properties
Product Mix	Apartments & Villas
No. of Units	Not announced
Estimated Delivery	2029
Estimated Budget	US$ 170 million

RAK Hospitality

RAK's hospitality sector continued its strong momentum into H1 2025, building on sustained demand and a growing reputation as a burgeoning leisure and adventure destination. Contributing approximately 5% to the Emirate's GDP, the sector continues to deliver solid performance across key metrics, supported by rising interest from both international and domestic travelers.

Hotel visitor arrivals reached 653.7K in H1 2025, up 6% year-on-year from 618.6K in H1 2024. Growth was supported by expanded routes at RAK International Airport, including new direct flights from Poland, Romania, Russia, Uzbekistan, and the Czech Republic, aligned with ongoing airport upgrades to handle larger aircraft and enhance the arrival experience.

International tourists made up 50% of arrivals, led by Russia (31%), followed by the UK (8%), Kazakhstan (7.5%), India (5%), and Germany (4%). Emerging markets showing exceptional year-on-year growth in visitor numbers included Romania (+65%), Poland (+56%), Uzbekistan (+47%), and Belarus (+30%).

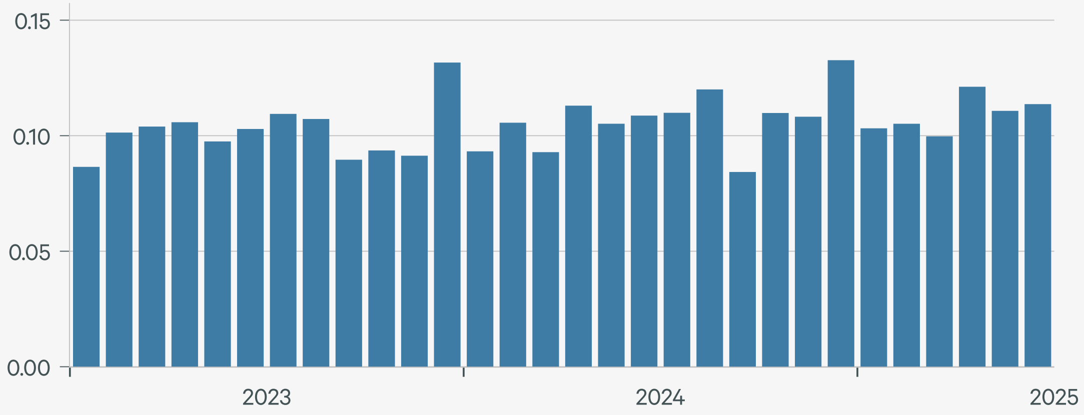
Domestic tourism accounted for the remaining 50%, up from 45% in Q1 2025, underscoring the rising contribution of UAE residents. RAK's positioning as a top staycation spot is reinforced by its diverse natural offerings - from beaches to mountains - and adventure attractions like Jebel Jais.

Total guest nights surpassed 2.27 million in H1 2025, a 3.5% increase year-on-year, with an average length of stay (ALOS) of 3.47 days. International visitors contributed 75% of guest nights, while domestic travelers made up 25%.

Hospitality revenue rose 9% year-on-year to AED 822 million, driven by a 14% increase in room revenue. Notably, MICE and Weddings revenues grew by 36%, fueled by high-value weddings, international conferences, incentive groups, and strategic initiatives positioning RAK as a rising hub for events and incentive travel.

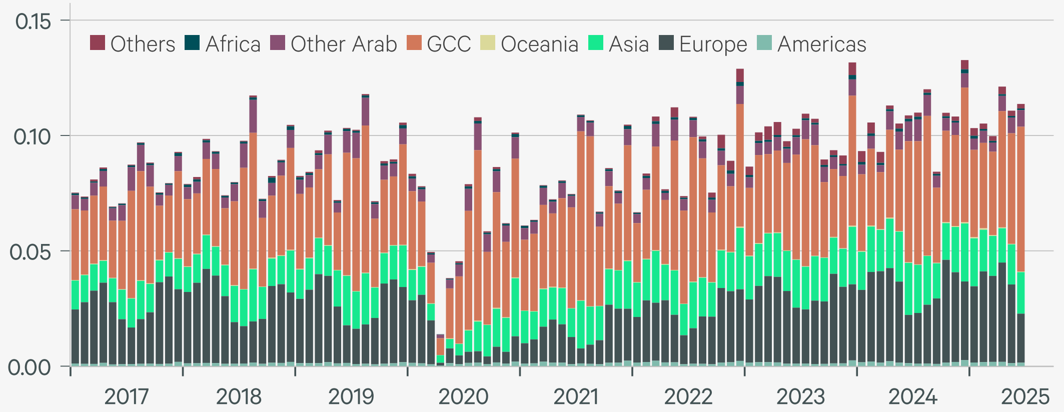
RAK's persistent performance is the result of a well-crafted strategic formula that the Emirate has been relentlessly executing, driven by ongoing collaborations with global luxury hotel brands, a continually expanding and diversified hospitality portfolio, enhancing airport connectivity, and a vibrant lineup of major events that are steadily elevating the Emirate's global positioning.

FIGURE 10: Ras Al Khaimah, Tourists by Month (millions), Q2 2025



Source: CBRE Research / RAKTDA

FIGURE 11: Ras Al Khaimah, Hotel Guest Nights (millions) by Region, Q2 2024



Source: CBRE Research/ RAK Centre for Statistics

RAK Hospitality

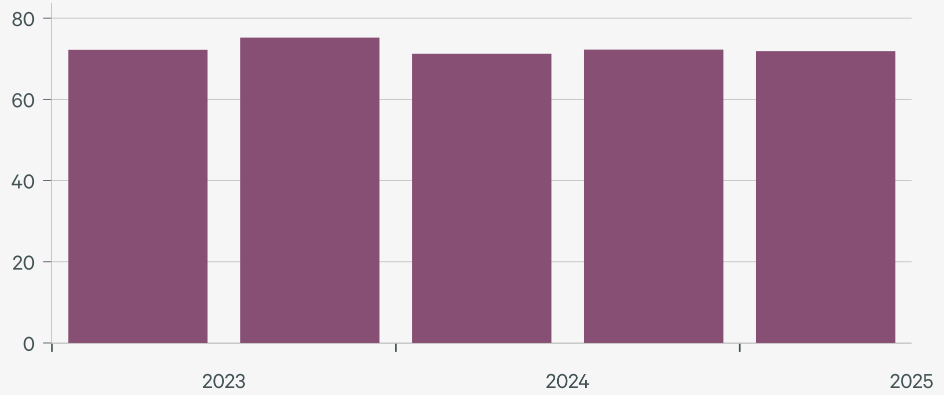
Year-to-date data through June shows solid growth across RAK's key hospitality performance indicators. Occupancy rose by 1.4 percentage points compared to the same period in 2024, reflecting steady demand supported by rising domestic tourism and expanded international air connectivity. While this trails UAE's 4.0 percentage points, it signals resilience amid regional competition.

Average Daily Rate (ADR) increased by 7.6%, nearly matching the UAE's 7.9% growth. This uplift reflects RAK's expanding luxury hospitality portfolio and its positioning as a premium destination for leisure and events. Revenue per Available Room (RevPAR) grew by 9.1%, driven by high-value segments such as MICE and weddings.

RAK's tourism strategy is currently balancing volume and exclusivity, attracting both high visitor numbers and premium travelers. However, as the Emirate expands its 5-star pipeline and intensifies its focus on high-end segments, there's a risk that overall occupancy could soften if luxury demand doesn't scale in parallel. Sustaining growth will require careful market calibration to ensure that upscale development complements consistent room uptake across all segments.

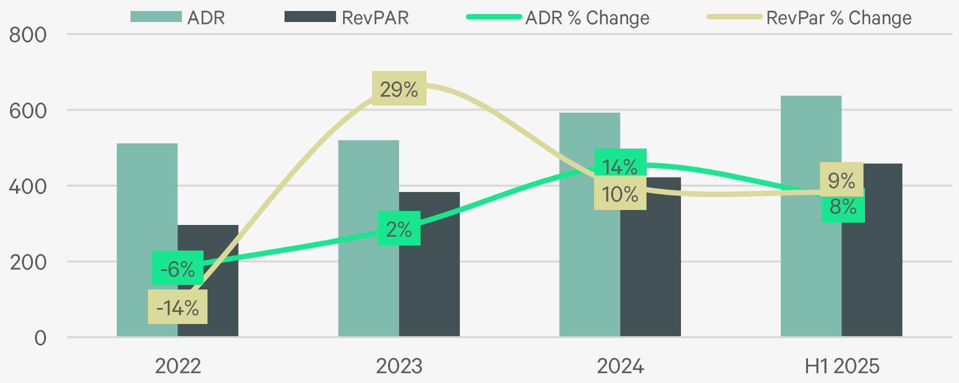
Year to Date – Jun-2025 vs Year to Date - Jun-2024			
	Occ PP Change	ADR % Change	RevPAR % Change
UAE	4.0	7.9	12.2
RAK	1.4	7.6	9.1

FIGURE 12: RAK Quarterly Occupancy Rates (%)



Source: RAK Centre for Statistics / RAKTDA / CBRE Research

FIGURE 13: Ras Al Khaimah, Hotel KPIs



Source: CBRE Research/ RAKTDA

RAK Hospitality

RAK now boasts 55 operational hotels across the Emirate., with only one hotel opening year to date, the Rove Marjan Island, adding 441 rooms. However, the pace of completions is set to accelerate with three more openings scheduled before year-end: Westin Hotel and Apartments, Rotana Mangrove Hotel, and Saij, A Mantis Collection. These additions will bring the total new supply for 2025 to over 1,000 rooms, pushing the total inventory to approximately 9,300 rooms.

Looking ahead, the pipeline remains robust, with 29 new hotels expected to be operational by 2030. Between 2026 and 2030, the number of rooms is projected to more than double, reaching approximately 19,000 keys. A significant portion of this growth will be concentrated in the luxury segment, with 83% of upcoming supply classified as 5-star properties, and 73% located on Al Marjan Island.

Additionally, 13% of the future inventory will comprise serviced apartments, including the newly announced Hard Rock Hotel & Residences, the latest global brand to enter the market. Located in the Beach District near Al Marjan Island, the mixed-use development will feature 300 hotel keys and 395 branded residences, with an expected opening in 2029.

Prior to this, the Fairmont Hotel & Residences was announced, with its sales launch in June 2025. Situated directly on Al Marjan Island, the project will offer 250 hotel keys and 523 branded residences and is also projected to open in 2029.

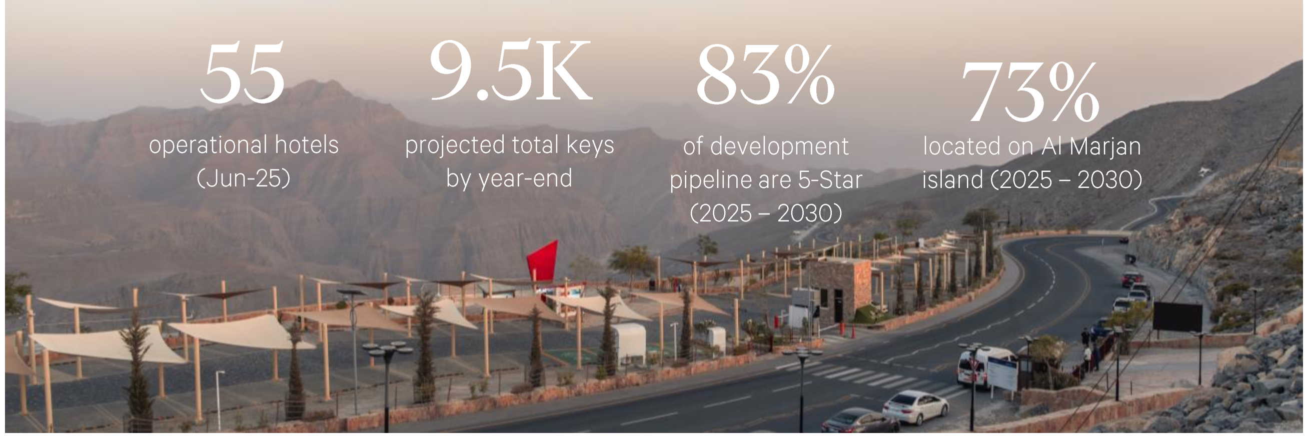
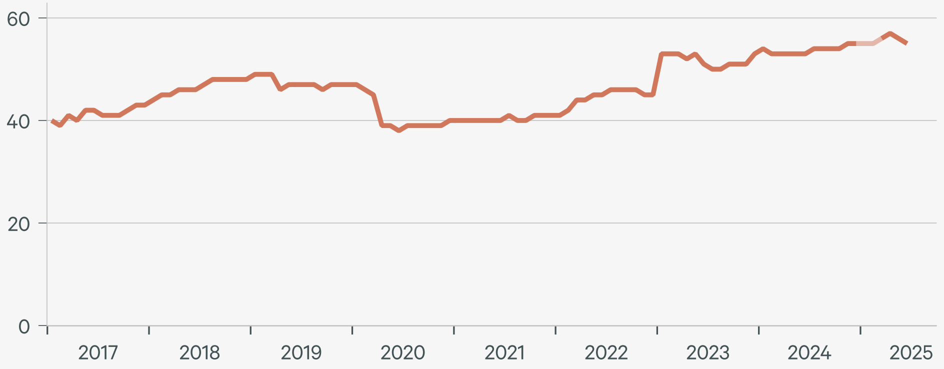
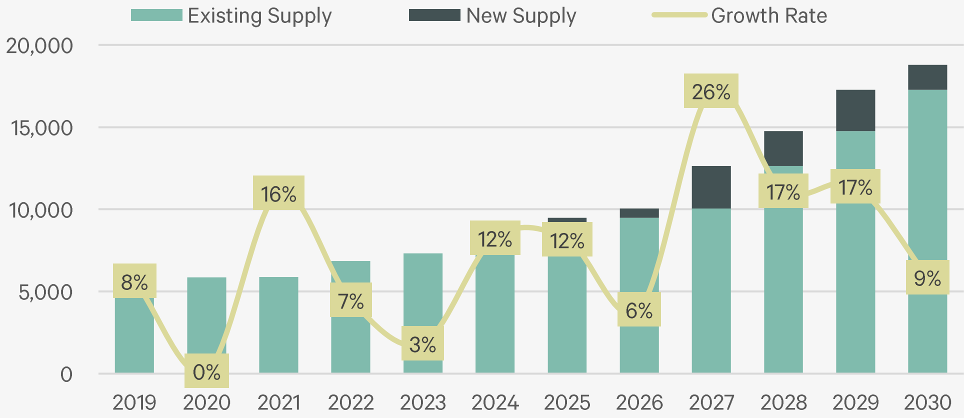


FIGURE 14: Ras Al Khaimah, Total Operational Hotels, Q1 2025



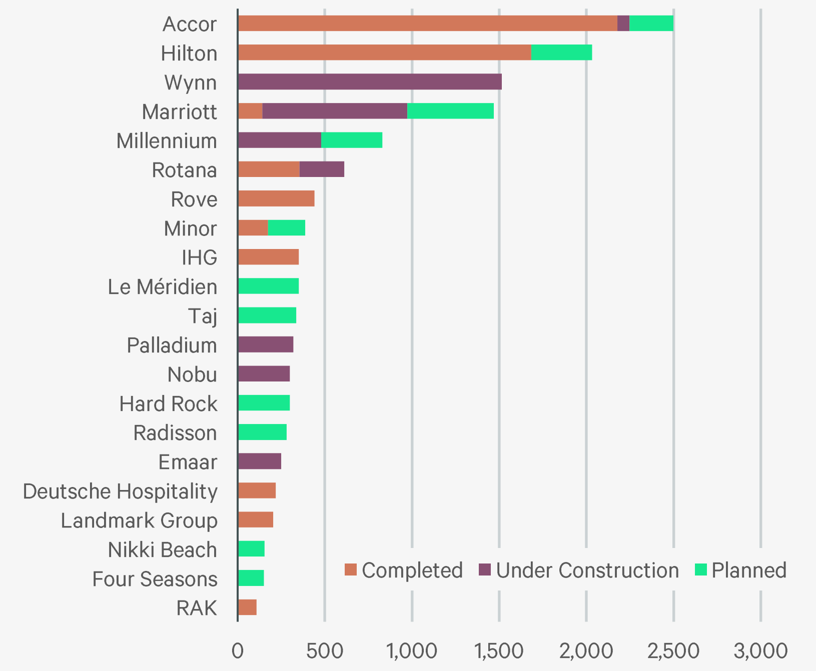
Source: CBRE Research / RAK TDA

FIGURE 15: Ras Al Khaimah, Hotel Supply



Source: CBRE Research / RAKTDA

FIGURE 16: Ras Al Khaimah, International Operator Presence, No. of Keys



Source: CBRE Research / RAKTDA

RAK Hospitality

Accor continues to lead Ras Al Khaimah's hospitality market, holding the largest portfolio of operational hotels and a consistent pipeline of upcoming projects. With approximately 2,500 rooms under management, its dominance has been reinforced by recent openings such as Rixos Al Mairid and Sofitel Al Hamra Beach Resort, which have significantly expanded its footprint in the luxury segment.

Meanwhile, Marriott International and Wynn Resorts are shaping the future of high-end hospitality in the Emirate, together accounting for 48% of the total development pipeline. Marriott's planned projects span multiple districts, while Wynn's bold entry with Wynn Al Marjan Island has already redefined expectations for ultra-luxury offerings.

Wynn continues to push the boundaries of luxury with its latest announcement of Enclave, a new ultra-luxury concept within its flagship resort. Positioned as a "destination within the destination" Enclave will occupy the uppermost floors of the resort's 300-meter tower, featuring 313 bespoke accommodations. Offering guests a private entrance, dedicated elevators, a reserve pool and beach, and a renowned Beirut and Paris restaurant whose UAE debut comes with the opening of Enclave.

The impact of Wynn's presence is now extending beyond Al Marjan Island. Luxury development is gaining traction in adjacent masterplans such as Mina Al Arab, which is seeing increased interest from global brands and investors, and the Beach District, which is a new mixed-use masterplan, comprised of eight districts, of which one is dedicated to hospitality components.

It's clear that RAK has focused efforts to elevate its tourism offering is now delivering tangible results, with luxury developments, global operator interest, and rising visitor demand reinforcing its position as a leading leisure destination.

In H1 2025, RAKTDA signed a series of strategic partnerships to accelerate destination development and market expansion. Highlights include a cross-Emirate adventure tourism collaboration with Fujairah Adventures, MoUs with top Chinese OTAs, and new agreements with four major Saudi platforms to tap into GCC demand.

On the digital front, partnerships with Huawei and Open World are advancing smart tourism and exploring blockchain-powered visitor engagement, which underscores the Emirate's commitment to innovation and sustained growth.

With strong foundations in place and momentum building, RAK's transformation into a world-class destination is well underway.

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