

NOVEMBER 2022

MEDIA BRIEFING

Ras al-Khaimah real estate draws investor eye

Recent announcements indicate a strong appetite for Ras al-Khaimah's 'nature and community living' promise

Ras al-Khaimah is poised to occupy a significant role in the region's burgeoning real estate landscape, according to Cyril Lincoln, executive vice president, global head of real estate finance and advisory at Mashreq Bank.

"The real estate and tourism market in Ras al-Khaimah is going from strength to strength owing to a combination of a number of factors, including supporting infrastructure and regulations, and its robust, diversified economy," says Lincoln.

Regional and global investors are actively eyeing opportunities in the UAE's Northern Emirate, which in recent years has risen in the ranks as a competitive and reliable real estate market.

AT A GLANCE

- Ras al-Khaimah real estate is enjoying a period of robust growth on the back of supporting infrastructure, complementary policies, and a diversified economy
- More than AED4bn worth of land and property transactions were recorded in H1 2022, a 45 per cent year-on-year increase
- High-profile investments by firms such as Wynn Resorts, Aldar Properties, Dubai Investments and Abu Dhabi National Hotels mark a new phase of development
- The 'nature emirate' is steadily bulking up its tourism and hospitality segments
- Sustainability is the centrepiece of the emirate's long-term tourism strategy

Data from the Ras al-Khaimah Municipality reveals that the emirate recorded more than AED4bn worth of real estate transactions in the land and properties sector for the first half of 2022. Of this, the sales volume constitutes AED1bn, followed by AED2bn worth of mortgage contracts and AED370m worth of waiver transactions.

Compared to H1 2021, overall real estate transactions expanded by 45 per cent. Sales volumes rose by 22 per cent, while mortgage volumes grew by 80 per cent.

Even more evident, however, is the recent flurry of high-level investments poured into the market.

The kick off at the outset of 2022 was the integrated resort announced by US-based Wynn Resorts, which coincided with Ras al-Khaimah Tourism Development Authority's (Raktda) introduction of a gaming regulation department.

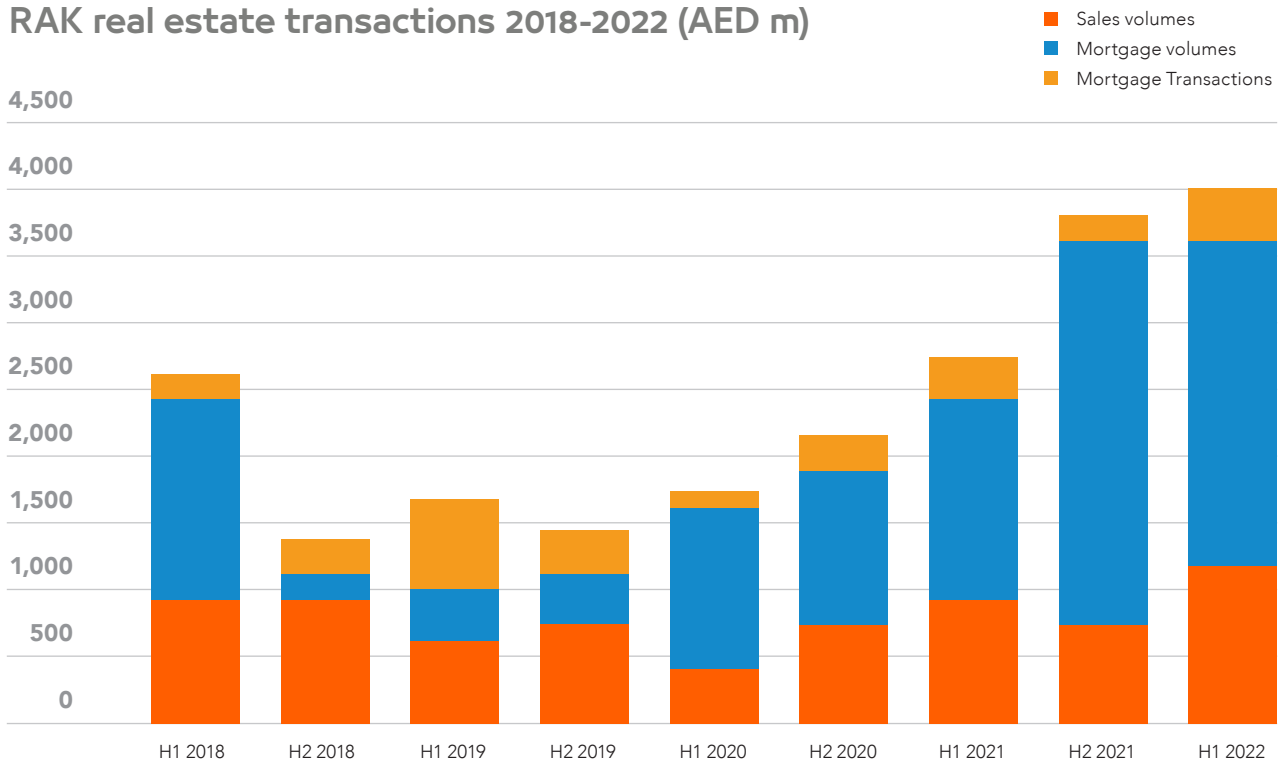
"The numbers are telling of a healthy property market," says Lincoln. "But even more exciting is that regional and international investors are beginning to sit up and take notice of the investment opportunities out in Ras al-Khaimah – and many have already made a move."

In the months succeeding the Wynn announcement, a series of strategic acquisitions were made by Abu Dhabi's Aldar Properties, which saw it scoop up enviable hospitality and retail assets including the Rixos Bab Al Bahr hotel.

Most recently, listed-firms Abu Dhabi National Hotels and Dubai Investments have both made separate announcements detailing AED1bn worth of resort and residential projects on Al-Marjan.

"Al-Marjan island, in particular, has been at the centre of recent activity – a spectacular archipelago that in my opinion perfectly represents the 'nature emirate' of Ras al-Khaimah," says Lincoln.

RAK real estate transactions 2018-2022 (AED m)



Source: Ras al-Khaimah Municipality Land and Properties Sector



In 2021, Ras al-Khaimah became the first city in the world to secure both the Bureau Veritas Safeguard Label, and World Travel and Tourism Council's Safe Travel Stamp for its efforts in implementing Covid-19 safety measures across its hotels.

"A lot of this is happening because of steps taken in recent years, both pre- and post-pandemic. Ras al-Khaimah is shaping its real estate landscape slowly but steadily, by locking the fundamentals in place."

Building its identity

"When you look at real estate activity out in the UAE, Dubai has obviously been the one to rise to the top, followed by Abu Dhabi, which has been a lot more measured in its investment and growth but equally impressive," says Lincoln. "But Ras al-Khaimah, despite its geographical limitations, has been equally ambitious to capture market share."

Over the years, Dubai has secured its spot as a global tourism and hospitality destination on the back of luxurious hotels and a thriving aviation sector supported by Emirates Airlines and Dubai International Airport.

By occupying centre stage in these arenas, Dubai was able to expand its economic success in areas such as real estate, freezones, logistics and trading.

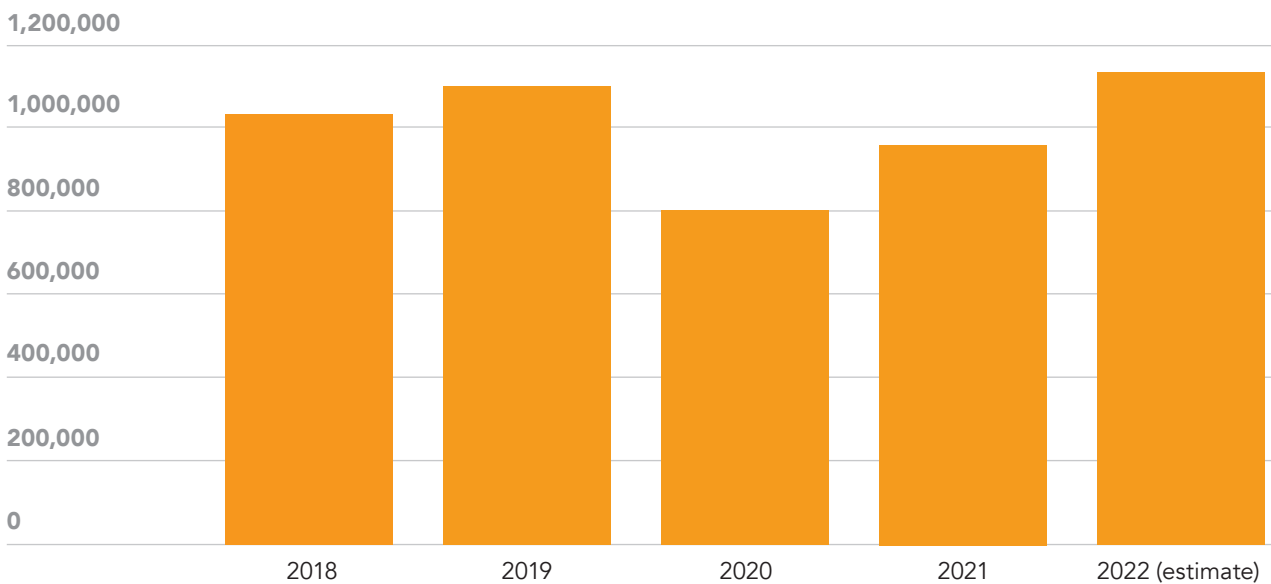
"Ras al-Khaimah is taking a similar route, while building its own identity and niche," says Lincoln.

"The emirate has a low base effect. Its smaller geographic size allows it to control a lot more of the activity on the ground. If it can experience even a portion of Dubai's 'real estate rush', it can easily reach explosive levels of growth."

Synergistic efforts between the real estate and tourism sectors in recent years have seen the emirate carve out a unique value proposition in the UAE – an idyllic destination located less than an hour away from one of the world's most significant business hubs, but also as a viable option for business and inward investment.

In June 2022, credit ratings agency Fitch released an upgraded outlook for Ras al-Khaimah, revising the outlook from 'stable' to 'positive'. According to the agency, the revision reflects its "expectation of continued budget

RAK visitor arrivals (domestic and international)



Source: Raktda

surplus, combined with RAK's record of prudent fiscal management and public finances' resilience during the Covid-19 pandemic".

Championing sustainable tourism

Post the pandemic, Ras al-Khaimah has resecured its status as a well-known, globally competent tourist destination.

The emirate has seen its highest number of visitors in the first half of 2022, recording over 500,000 international and domestic travellers – a 21 per cent rise compared to the first half of 2021.

Already a step ahead, Raktada has announced plans to increase the number of hotel rooms in the emirate to 12,747 within the next five years. The figure stood at 8,130 rooms as of August 2022.

A critical part of Ras al-Khaimah's post-Covid economic recovery strategy has been the push for greater sustainable practices in its hospitality and leisure sectors.

In 2021, Raktada set out a Sustainable Tourism Strategy to position the emirate as a leader in eco-tourism by 2025. Under the 'Balanced Tourism' campaign, the authority will

Hospitality and residential projects planned and under construction in RAK

Project	Developer	Value (\$m)	Project status
Al-Marjan Multipurpose Integrated Resort	Marjan/RAK Hospitality/Wynn Resorts	+1,000	Main contract prequalification
Mina al-Arab: 10 hotels	RAK Properties	320	Execution
Grand RAK Hotel	Al Marjan Island	280	Design
Danah Bay	Dubai Investments	272	Execution
Unnamed luxury resort	Abu Dhabi National Hotels	272	Design
Bateen Al Samar	Sheikh Zayed Housing Programme	150	Execution
Falcon Island: Phase 1	Al Hamra Real Estate Development	130	Design
Rove Hotel at Ras al-Khaimah	Rose Hospitality Group	80	Design
Element by Westin 5 Star Hotel Apartments	Private developer	80	Execution
Mina al-Arab: Anantara Resort	RAK Properties	80	Execution
Bateen Al Samar: Phase 3 (300 Villas)	Ministry of Energy & Infrastructure	80	Bid evaluation
Al Hamra Real Estate Development - Falcon Island: Phase 2	Al Hamra Real Estate Development	70	Design
Al Naeem Twin Tower 4	Private Developer	64	Execution
RAK Properties - Hayat Island: Northbay Residences: Package 1	RAK Properties	60	Execution
Al Hamra Village: Marina Residences Phase 3	Al Hamra Real Estate Development	50	Design
Al Hamra Village Hotel in Ras al-Khaimah	Al Hamra Real Estate Development	50	Study
Al Hamra Village Phase 4	Al Hamra Real Estate Development	50	Execution
RAK Mangrove Hotel (Dafan al-Khor)	Secure Engineering	38	Execution

instil sustainability across biodiversity, hotels, cultural projects and tourist attractions.

With a certification and business accreditation system in place, Raktada can further monitor the integrity of tourist developments in the emirate.

Raktada is also looking to diversify the type of hospitality offerings – for instance, a number of projects are set to be built on the Jebel Jais mountain, including a pop-up hotel, a lodge made of sustainable materials and an eco-friendly ‘glamping’ experience.

“Ras al-Khaimah’s naturally rugged terrain, fair climate, scenic beaches, wadis and wildlife

are a unique offering. And it is ensuring it can share this beauty with the world – while imbibing sustainability at every step,” says Lincoln.

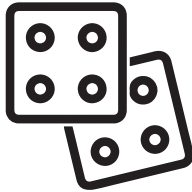
“At the same time, it has also got the infrastructure in place, with ventures such as Al-Marjan island.

“I fully expect the growth in Ras al-Khaimah to explode in the coming years, given that it is learning and adapting best practices from its neighbours, including Dubai and Abu Dhabi,” says Lincoln.

“Financiers are closely watching the market and are keen to support this exciting new phase.”

Ras al-Khaimah real estate marks a busy year

JANUARY 2022



Gaming regulations come to the fore

Ras al-Khaimah Tourism Development Authority (Raktada) announces the establishment of a division of centralise regulations for ‘integrated resorts’.

The newly formed department of entertainment and gaming regulation sets the framework for licensing, taxation, operational procedures and consumer safeguards in the city, prioritising the creation of measures to ensure ‘responsible gaming’.

Its rules reportedly cover hotel operations, convention space, entertainment, restaurants and lounges, spa, retail and gaming facilities in integrated resorts.

Wynn Resort

Rak Hospitality Holding signs an agreement with US-based Wynn Resorts to develop an integrated resort on Al-Marjan island. The project will feature a luxury hotel with over 1,000 rooms, a shopping mall, a meeting and convention facility, a spa, more than 10 restaurants and lounges, entertainment choices and a gaming area.

FEBRUARY 2022



Aldar scoops up retail asset

Al Hamra Mall changes hands from Ras al-Khaimah-based Al Hamra to Abu Dhabi’s Aldar Properties, after the latter acquired the flagship retail asset for AED410m (\$112m).

MARCH 2022



Al-Hamra investment strategy

Al-Hamra plans to invest AED1bn (\$272.2m) as part of a five-year expansion programme. The campaign includes “significant additions” to its real estate and hospitality portfolio and include the optimisation of existing assets.

Areas of immediate focus include planned enhancements for Manar Mall in Rak, and relaunch plans for hospitality, retail, and leisure businesses such as Al-Hamra Residence, Al-Hamra Village and Residence, Waterfront and Al-Hamra Marina & Yacht Club.

MARCH 2022



Falcon Island: phase 1

Al-Hamra launches the AED1bn (\$272.2m) Falcon Island residential project within its Al-Hamra Village community.

The villa development promises a lagoon, a golf course, and a marina. Phase 1 will comprise 240 villas across two- to seven-bedroom layouts, with prices starting from AED1.2m and ranging in size from 120 square metres (sq m) to 650 sq m.



APRIL 2022

Aldar acquires Rixos Bab Al Bahr

Aldar Properties, through its investment arm, acquires the Rixos Bab Al Bahr hotel for AED770m (\$210m) from RAK Hospitality Holding. The acquisition brings Aldar's total portfolio in Ras al-Khaimah to AED1.5bn, including the earlier acquisition of Al Hamra Mall. As part of the transaction, Aldar Investment also secures development rights for an additional 23,225 sq m of gross floor area for residential and commercial use.

Gracing capital markets

UAE-based developer Fam Holding announces plans to list its shares on Abu Dhabi Securities Exchange's (ADX) Second Market as part of efforts to maximise income and sales, and create shareholder value.

Fam Holding was established in 2009 and has an investment portfolio valued at AED2bn, with 5,750 residential apartments in the UAE.

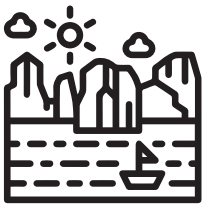
With operations primarily in the Northern Emirates including Ajman and Ras al-Khaimah, and Fam Holding plans to expand into other Middle East and North Africa markets.



MAY 2022

Bay Residence – Central I

RAK Properties announces the launch of Bay Residence – Central I project, one of the four residential buildings in the developer's Hayat Island community.



JULY 2022

Gateway Residences II

RAK Properties awards construction contract of its waterfront project Gateway Residences II on Hayat Island. The project was launched in January 2022, geared towards small and medium families. Gateway Residence I was completed in 2019.

Aldar acquires Hilton resort

Aldar Properties, through its Aldar Investment business, acquires beachfront resort Doubletree by Hilton Resort & Spa Marjan Island, and an adjacent beachfront development plot for AED810m (\$221m). The acquisition now brings Aldar's total Ras al-Khaimah portfolio to AED2bn.



JULY 2022

Falcon Island: phase 2

Al-Hamra launches phase two of the Falcon Island residential project, after phase one is fully sold. Phase two will feature 127 units starting at AED6.2m, consisting of semi-attached townhouses with canal view and standalone sea view villas.retail.



SEPTEMBER 2022

Danah Bay

Dubai Financial Market-listed Dubai Investments launches the AED1bn (\$272m) Danah-Bay project, a mixed-use beachfront community on Al-Marjan island. Spanning an area of approximately 90,000 sq m, the project will include luxury townhouses and villas, residential waterfront apartments, an upper scale 4-star hotel resort and community retail.

ADNH plans luxury resort on Al-Marjan

Abu Dhabi National Hotels (ADNH) plans to invest more than AED1bn (\$272m) to develop a 1,000-room resort on a 1 million square-foot site on Al-Marjan Island. Construction on the project will begin in the first quarter of 2023 and is scheduled for completion by the fourth quarter of 2024 or the first quarter of 2025.

ADNH expects about 8 to 12 per cent yield from the project on its initial investment.

This briefing is brought to you by the MEED-Mashreq Real Estate Partnership

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