REAL ESTATE MARKET REVIEW

RAK Real Estate Market Review

H1 2026

REPORT

Macro headwinds persist, yet fundamentals remain robust, with resilience becoming increasingly visible across sectors.

CBRE RESEARCH
SEPTEMBER 2026

Growth outlook weakens amidst continued regional macro headwinds

Macroeconomic Overview

- The UAE macro-economic outlook has been further downgraded, with expectations for a modest GDP contraction of 1.5% in 2026 amidst the negative impact of an extended regional conflict. This has been adjusted downwards from an initial 4.8% GDP growth forecast at the beginning of the year, reflecting continued disruptions to trade and oil flows, as well as to major non-oil sectors including tourism, hospitality, aviation, retail, and a range of other external facing sectors.
- However, the hydrocarbon sector is now expected to rise by around 5.2% in 2026, as the UAE has accelerated oil production and exports following its May exit from OPEC. This has allowed oil production to rise above pre-conflict levels to around 4.84 million barrels per day (mbpd) in June and 4.66mbpd in July, about 30% above February's pre-conflict level of 3.64mbpd and near ADNOC's maximum sustainable capacity of 5mbpd. Oil prices are also likely to be elevated over 2025 levels, supporting the oil sector growth.
- The country's tourism sector continues to face dual headwinds from limited international flight schedules, in addition to weaker tourism flows regionally, with continued constraints on inbound flights from the US, Europe and Asia. This is also continuing to negatively impact performance in the UAE's retail sector, particularly across the luxury segment of the market, which is heavily reliant on international visitor spend.
- Looking ahead, a strong recovery is expected in 2027, with GDP growth projected to rebound to 6.6% as global trade routes stabilize and new energy capacities come online.

▼ -1.5%
y-o-y forecast decrease in GDP in 2026

▲ 55.3
UAE PMI August-26 reading, from 52.7 in July-26

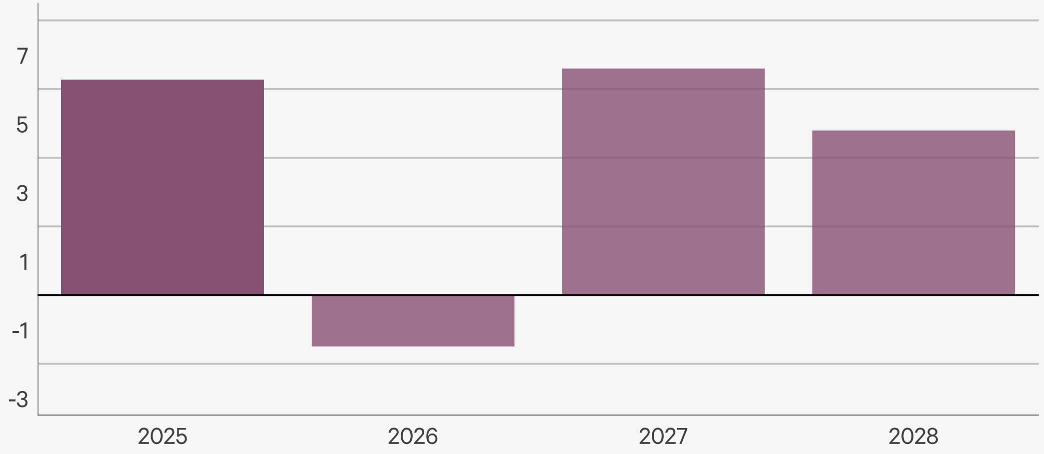
▼ 28.6%
y-o-y decrease in RAK RevPAR (YTD Jun-2026)

▼ 32.1pp
y-o-y decrease in RAK hotel occupancy (YTD Jun-26)

▲ 14.3%
y-o-y increase in RAK average apartments rents

▲ 18.0%
y-o-y increase in RAK apartments sales values

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



Source: CBRE Research/ Oxford Economics/ Macrobond

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UAE Macroeconomic Overview

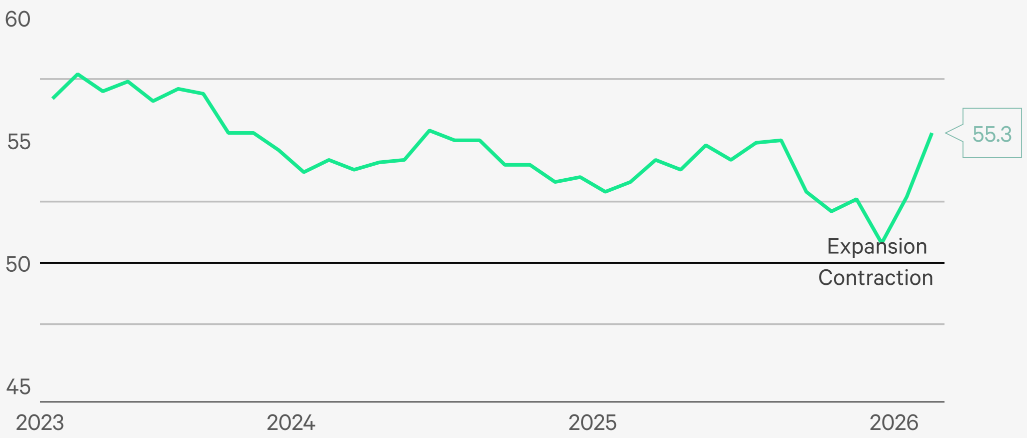
In response to evolving regional geopolitical conditions, the UAE has accelerated a coordinated set of economic support measures and structural reforms aimed at reinforcing resilience, sustaining capital inflows, and safeguarding trade continuity, providing a supportive backdrop for RAK's growth. Inflation remains contained at 1.3% in 2025 and is forecast to rise to 2.9% in 2026, while business activity remains in expansionary territory, with the PMI bouncing to 55.3 in August from 52.7 in July and 50.8 in June.

Since March 2026, the UAE has implemented targeted measures to support foreign direct investment (FDI) and maintain trade continuity, including liquidity support, business relief initiatives such as loan restructuring and fee deferrals, and enhanced customs facilitation. The CEPA program has also expanded rapidly to 37 agreements globally (as of mid-2026), with 18 now in force, up from six in early 2025. These efforts have coincided with record non-oil trade of AED 1.93 trillion (US$ 525 billion) in H1 2026, a 13.1% increase year-on-year. Complementing these measures are alternative logistics corridors, including Saudi land routes and East Coast ports, alongside Dubai's AED 2.5 billion stimulus package to improve business liquidity and support SMEs and the wider private sector, reinforcing the UAE's position as a resilient hub for trade and investment.

At the emirate level, RAK is aligning closely with these initiatives through enhanced investor incentives and industrial expansion. RAKEZ now supports over 40,000 companies and continues to expand its investor ecosystem through simplified licensing, digitalized services, and targeted partnerships signed in 2026 to attract international businesses and strengthen industrial competitiveness, alongside active participation in national initiatives such as 'Make it in the Emirates'. These efforts are strengthening RAK's positioning as a competitive manufacturing and trade hub, well-placed to capture incremental FDI.

> *"The UAE's coordinated policy response continues to reinforce trade and investment resilience, even against a challenging regional backdrop. RAK is capturing this momentum, strengthening its position as a competitive manufacturing and trade hub."*

FIGURE 2: UAE, Purchasing Managers' Indices



Source: CBRE Research/ Macrobond

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

	2024	2025	2026	2027	2028
GDP	**6.6%**	**6.3%**	**-1.5%**	**6.6%**	**4.8%**
Oil GDP	0.6%	4.3%	5.2%	15.5%	3.1%
Non-Oil GDP	8.6%	6.8%	-3.5%	3.7%	5.4%
Inflation	1.7%	1.3%	2.9%	1.3%	1.8%

Source: CBRE Research/ Oxford Economics.

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RAK Macroeconomic Overview

In H1 2026, RAK demonstrated continued fiscal resilience while navigating increased regional headwinds. Highlighting this underlying strength, S&P Global reaffirmed the emirate's 'A/A-1' rating with a stable outlook in Mar-26, while Fitch affirmed its 'A+' rating in Apr-26 but placed it on 'Rating Watch Negative' (RWN), citing the potential medium-term economic impact of the prolonged regional conflict. Both agencies pointed to a robust net asset position, expected to average 23% of GDP in the coming years.

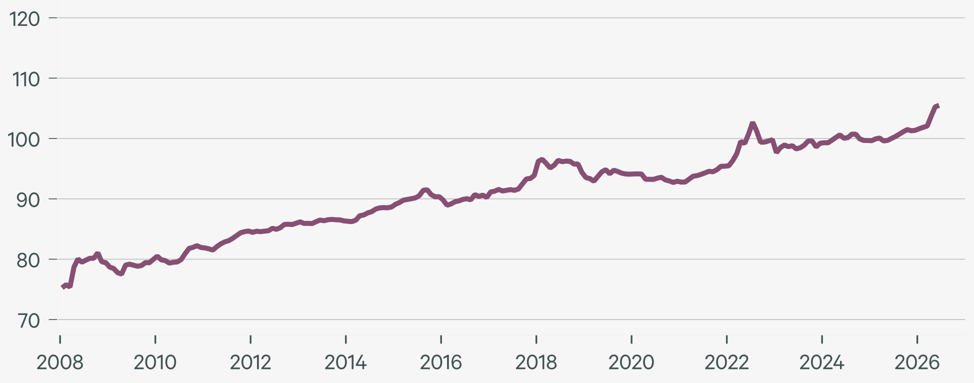
S&P Global also revised its 2026 GDP growth forecast for RAK down to 2.0% (from 3.6% previously) due to regional geopolitical risks, though it maintained its 'Stable' outlook, reflecting confidence in the emirate's fiscal buffers, low debt levels, and continued financial support from the UAE federation.

Despite these external pressures, the emirate's economic fundamentals remain anchored by the anticipated delivery of high-impact projects, most notably the Wynn Al Marjan Island integrated resort. Wynn Resorts confirmed in August 2026 that the US$5.1 billion project opening date is September 2027.

RAK's business activity remained robust through H1 2026, with the RAK Chamber of Commerce & Industry reporting AED 771.5 million in new investment capital across 967 newly registered establishments, drawing 1,399 new investors from 68 nationalities and an expected 2,449 jobs, alongside 9,963 license renewals, 138 new free zone establishments, and 70 new branches of local and foreign firms.

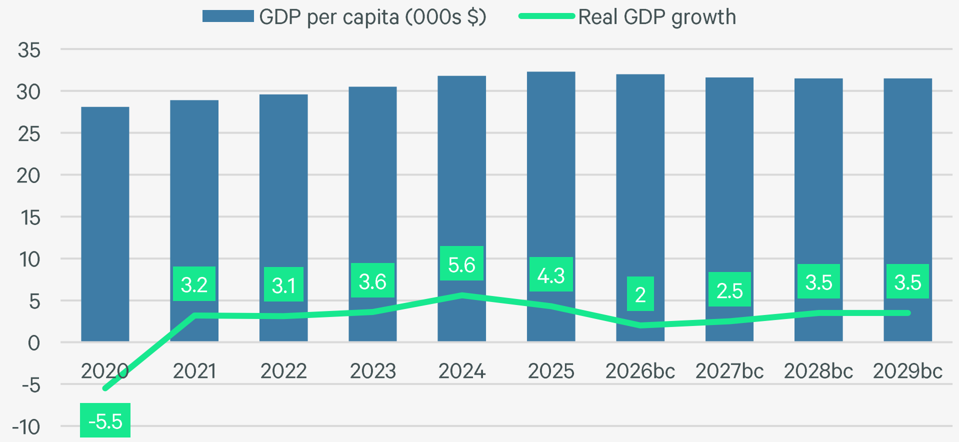
Inflation trended remarkably higher through H1 2026, with RAK's CPI reaching 105.5 in June – a 5.5% year-on-year increase. This upward price pressure was primarily driven by growth in the Transport and Recreation, Sport & Culture, Education expenditures.

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 Centre/ S&P Global.

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RAK Residential

RAK's residential market sustained strong momentum through June 2026, with apartment prices reaching AED 2,298 per sq ft, up a robust 18% year-on-year. On a quarterly basis, prices eased 1.9%, reflecting a period of stabilization following the high-value launches recorded in late 2025.

At a community level, Al Marjan Island led annual growth, with apartment prices up 23.1% year-on-year, though softening 2.4% quarter-on-quarter. Al Hamra recorded a more moderate 14.7% year-on-year increase, with a sharper quarterly decline of 12.3%.

The first half of 2026 was notably defined by record-breaking milestones. The Sky Palace at Waldorf Astoria Residences sold for a US$ 35.4 million, the highest-value residential transaction in the emirate's history, followed by the project's penthouse for US$ 15 million. At Mondrian Al Marjan Island Beach Residences, a Sky Mansion was sold for US$ 10.5 million in January, followed by a further US$ 34.7 million transaction in May, underscoring sustained demand for trophy properties.

Similarly, the villa segment showed consistent momentum, as average prices rose to AED 1,279 per sq ft, a modest 0.5% quarterly decline, and a 7.3% annual gain, bolstered by a 10.5% year-on-year price jump in Al Hamra district.

Looking at ready stocks, apartment prices have reached AED 1,044 per sq ft, whilst ready villas have reached AED 1,248 per sq ft, marking a 11% and 10% increase respectively as compared to Q2 2025.

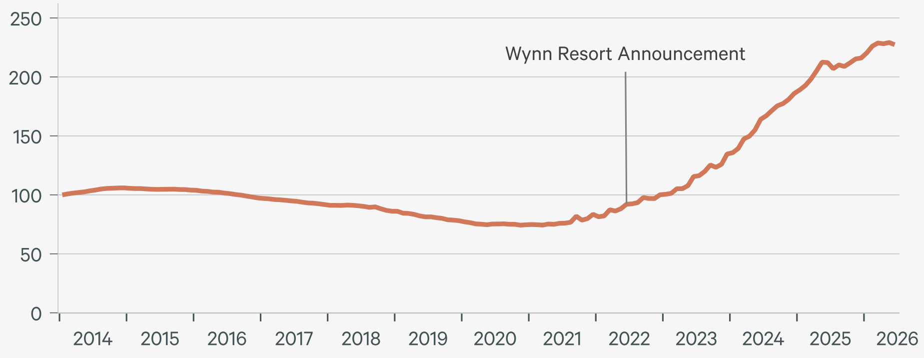
The rental sector remains on a strong upward trajectory, with Mina Al Arab continuing to outperform the broader apartment market via a substantial 10.6% year-on-year increase. This was complemented by steady growth in Al Marjan Island, which saw a 3.2% rise. Together, they drove the total rental market to a robust 14.3% annual growth rate, though quarterly performance saw a significant moderation of 6.8%.

Villa rental performance was more fragmented, where Al Hamra recorded strong annual and quarterly gains of 8.7% and 5.3%, respectively. While Mina Al Arab moderated, softening by 0.6% year-on-year and 6.9% quarter-on-quarter.

The first two months of the year ushered in a wave of transformative, multi-billion-dirham real estate announcements across the emirate. At Marjan Beach, RAK Properties announced The Strand masterplan and its Lunara towers, while Beyond Developments unveiled the AED 25 billion Evermore alongside its first phase, Le Chateau. Additionally, Aark Developers officially launched the Karl Lagerfeld Beach Residences on Al Marjan Island.

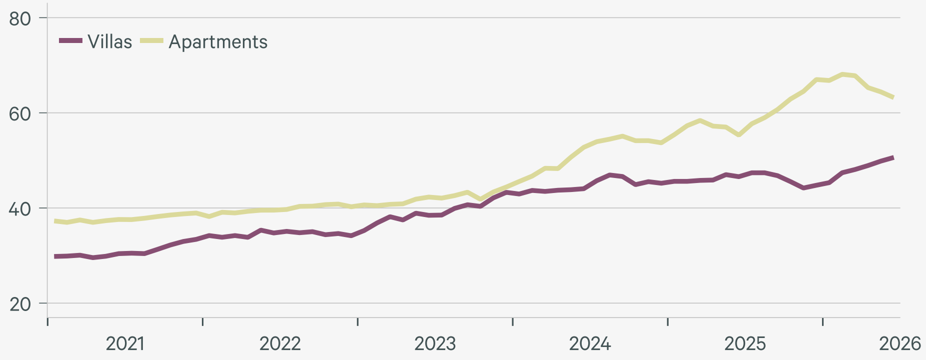
Despite the positive performance, growth moderation has started to be evident in quarterly performance and is further anticipated over the coming quarters. Heightened geopolitical tensions are expected to weigh on investor sentiment, curbing transactional activity and price appreciation. While core fundamentals remain strong, the market is likely to enter a phase of gradual normalization following a long period of outsized growth.

FIGURE 6: RAK, Residential Price Index, Q2 2026



Source: Reidin / CBRE Research

FIGURE 7: RAK, Residential Rental Index, Q2 2026



Source: Reidin / CBRE Research

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FIGURE 8: Ras Al Khaimah, New Supply Breakdown, by Product Type (2026 – 2030)

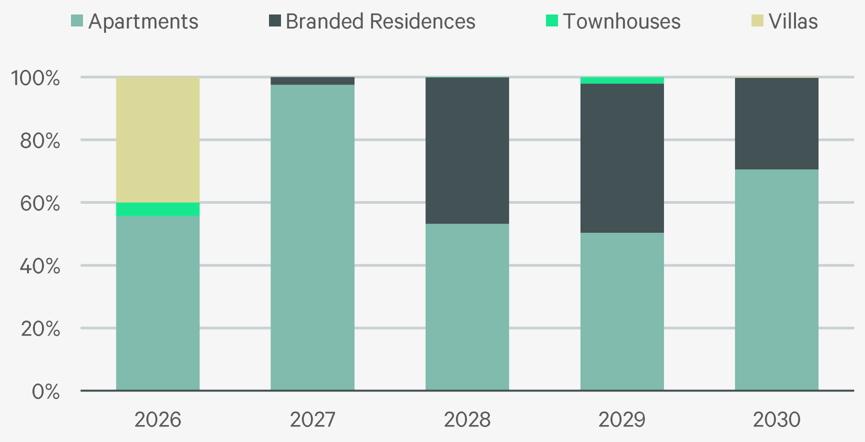

FIGURE 9: Ras Al Khaimah, New Supply Breakdown, by Geography (2026 – 2030)

RAK Residential

RAK's residential market predominantly comprises apartments, accounting for 63% of the total freehold stock and an estimated 62% of new units scheduled for delivery between 2026-2030. That said, the yearly share swings widely from 98% in 2027 down to 50% in 2028–2029, before jumping again to 71% in 2030. That dip coincides with the rise of branded residence completions, which account for 22% of the total delivered inventory (~10,000 units).

This will help transform the market, with the composition shifting from a more negligible presence during 2026 and 2027 to roughly half of all newly completed stock during 2028 and 2029, before settling around 30% in 2030. Villas, by contrast, will become inconsequential for the pipeline post 2026, when they made up about 40% of expected supply, whilst townhouses remain a marginal product throughout the period. Post 2030 villas are likely to see growth return as development focus likely shifts again towards more suburban developments.

While Marjan Island remains the dominant contributor with a 64% share of the new stock, limited project availability is shifting momentum toward emerging master plans. New communities like Marjan Beach and RAK Central, along with Mira Coral Bay, the new master development in Al Mairid (RAK City), will capture more pipeline share during 2029 and 2030.

Following the modest 320 units delivered in H1 2026 and roughly 1,500 expected in H2 2026, the market is set for a dramatic acceleration as completions rise to 4,300 units in 2027 alone, then surge past 24,000 units cumulatively across 2028–2030, an annual average of roughly 8,000 units. Albeit with further impacts on delivery timelines likely given the current regional backdrop.

1H26 Snapshot

18.0% y-o-y increase in apartment sales values	**14.3%** y-o-y increase in apartment rent rates
7.3% y-o-y increase in villa sales values	**~10k** Branded units slated for completion between 2026 & 2030

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New Projects

The Strand | Lunara

Location	Marjan Beach
Developer	RAK Properties
Product Mix	1 & 2-BR Apartments and 3-BR Penthouses
No. of Units	583
Estimated Delivery	2029
Estimated Budget	US$ 100 million

Evermore | Le Chateau

Location	Marjan Beach
Developer	Beyond Developments
Product Mix	1 to 3-BR Apartments
No. of Units	257
Estimated Delivery	2029
Estimated Budget	US$ 180 million

Karl Lagerfeld Beach Residences

Location	Al Marjan Island
Developer	Aark Developers
Product Mix	Branded 1 to 4-BR Apartments & Villas
No. of Units	704
Estimated Delivery	2029
Estimated Budget	US$ 1,400 million

Source: CBRE Research / MEED

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RAK Hospitality

The RAK hospitality sector demonstrated resilience and adaptability during the first half of 2026. The emirate welcomed a record 670,400 hotel visitors, up 2.7% year-on-year (72% domestic, 28% international). However, total guest nights fell 29% to 1.61 million, driven by a March–June dip as shorter domestic staycations increasingly displaced longer international stays, whereby domestic visitors accounted for 49% of guest nights, international for 51%.

RAK's visitor profile was dominated by the GCC, accounting for 60% of total arrivals, followed by Europe (18%) and non-Arab Asia (13%). Visitor trends indicate strengthening regional demand, with GCC arrivals increasing by 47% year-on-year, offsetting declines across most international source markets. The steepest contraction was among European visitors, whose arrivals softened by 43% year-on-year.

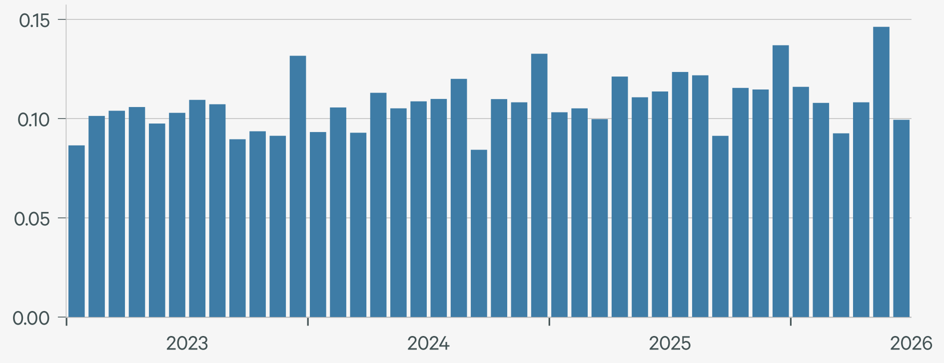
In response, RAKTDA pivoted its strategy towards the domestic market, successfully resulting in a 47% year-on-year surge in domestic visitors, with May being the strongest single month in the destination's history. Although total occupancy for the period averaged a more subdued 49% due to the loss of international visitor volumes, the market remained highly engaged over weekends, with occupancy rates exceeding 60% and reaching 70% in select prime establishments. Average Length of Stay (ALOS) declined to 2.4 days during H1 2026, from 3.5 days for the same period last year.

Financially, the sector generated more than AED 606 million in total revenues, supported by AED 385 million in room revenue and AED 192 million from F&B operations. Although market performance softened during the period, aggressive promotion and high-quality inventory are expected to support a relatively swift recovery. Nevertheless, downward pressure on room rates is likely to persist in the near term as hotels compete for a smaller pool of travelers during the seasonal summer slowdown.

RAK is continuing to enhance its tourism infrastructure through significant investments in air, land, and maritime connectivity. RAK International Airport is advancing the development of a new VVIP terminal, scheduled to open in 2027, while plans are also underway for a new 30,000 sqm passenger terminal by 2028 to accommodate growing visitor demand.

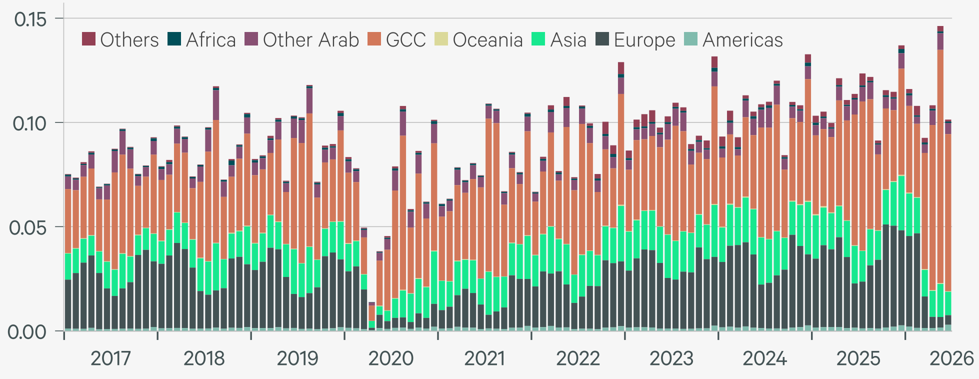
Complementing these upgrades, RAKTDA is expanding integrated mobility solutions across the emirate through new transit hubs, autonomous shuttle services, enhanced marine links with Dubai, and future air taxi operations. At the same time, the tourism offering is also diversifying through a partnership between Action Flight Aviation and BLINC Space, introducing immersive astronaut training and spaceflight-readiness experiences, including G-force conditioning and aerobatic flight programs, from H2 2026.

FIGURE 10: Ras Al Khaimah, Tourists by Month (millions), FY2023 – June 2026



Source: CBRE Research / RAKTDA

FIGURE 11: Ras Al Khaimah, Hotel Guest Nights (millions) by Region, June 2026



Source: CBRE Research/ RAK Centre for Statistics

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RAK Hospitality

The RAK hospitality market experienced divergent performance trends during H1 2026. Looking at YTD data through Jun-26, the emirate's average occupancy rate fell by 32.1 pp year-on-year to sit at 49%. This contraction was driven by a sharp downturn in performance since March, which weighed heavily on overall revenue generation, pulling YTD RevPAR down by 28.6% to AED 348/room/night.

Despite the pressure on occupancy volumes, operators managed to sustain pricing power, as the YTD ADR increased by 5.2% to reach AED 705.6/room/night. This strong performance demonstrated a sustained premium on the emirate's hospitality offerings even amid shifting demand dynamics.

As of June 2026, RAK's operational footprint stands at approximately 9k keys across 60 hotels. No new properties opened during the first half of the year, but Rotana The Mangroves and SAIJ Mountain Lodge by Mantis are set to open in Q3- and Q4-2026, respectively.

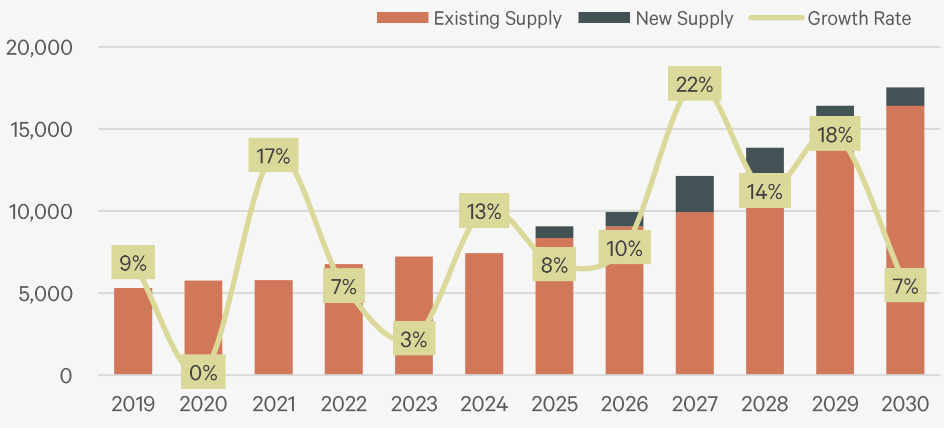
In existing inventory, the Pullman Resort Al Marjan Island and Rixos Al Mairid RAK are undergoing extensive refurbishment, with a targeted reopening in Q1 2027 and Q4 2026, respectively, and total keys around 766 keys.

The development pipeline features 22 hotels and around 8.5k keys scheduled for delivery between 2027 and 2030. This upcoming supply is heavily premium and concentrated, with 5-star properties accounting for 82% of planned hotels, and 64% located on Al Marjan Island, while serviced apartments make up 12% of the total upcoming keys, to capture longer-stay demand.

1H26 Snapshot

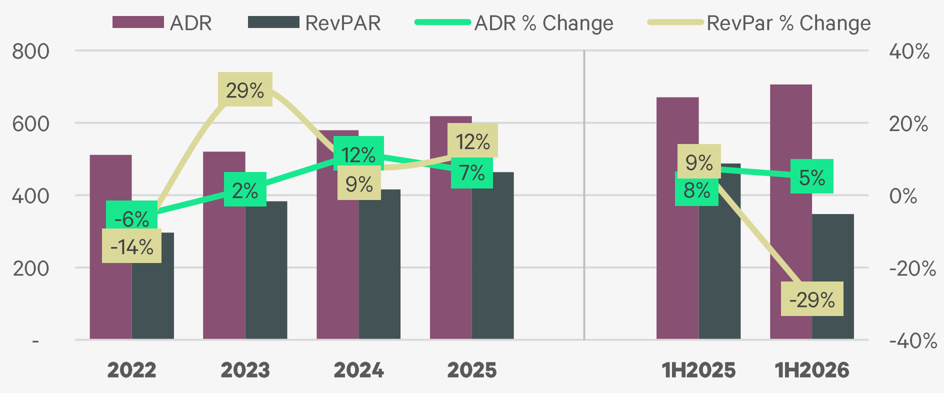
32.1 pp y-o-y decrease in RAK hotel occupancy	**5.2%** y-o-y increase in Average Daily Rate (ADR) y-o-y performance	**28.6%** y-o-y decrease in Revenue Per Available Room (RevPAR)
8.5k hotel keys in the pipeline (2026 – 2030)	**82%** of development pipeline is 5-star rated hotels	**64%** of development pipeline is located on Marjan Island

FIGURE 12: Ras Al Khaimah, Hotel Supply



Source: CBRE Research

FIGURE 13: Ras Al Khaimah, Hotel KPIs Annual Performance



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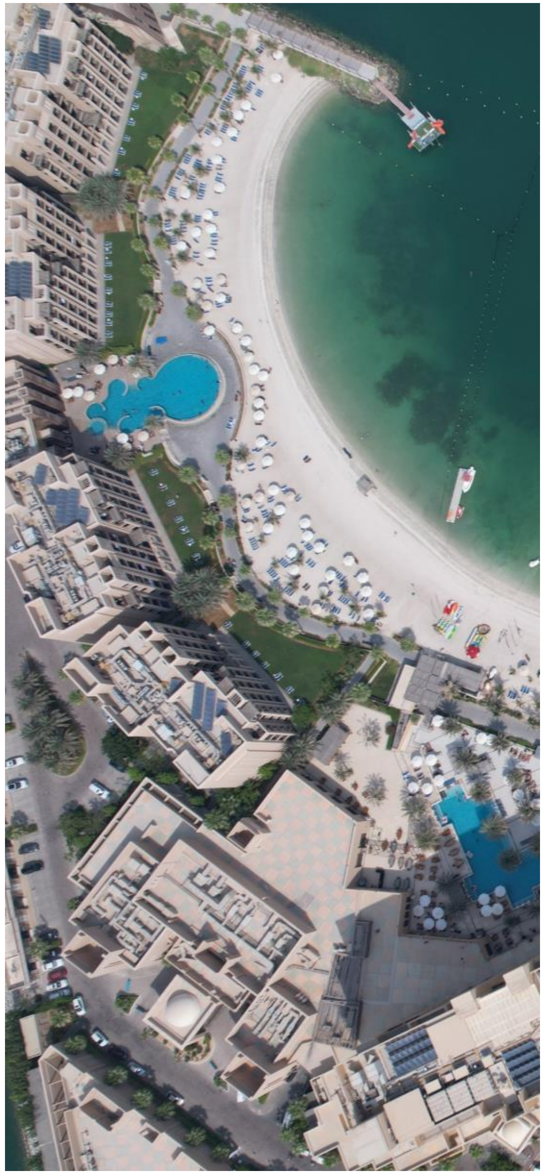


RAK Hospitality

Hilton and Accor continue to stand as the undisputed market leaders in RAK, maintaining a dominant and highly competitive share of the emirate's hospitality inventory with nearly matching operational capacities.

Hilton currently holds an edge in total room count, commanding 2,166 completed keys and a stable expansion pipeline of 350 keys under construction.

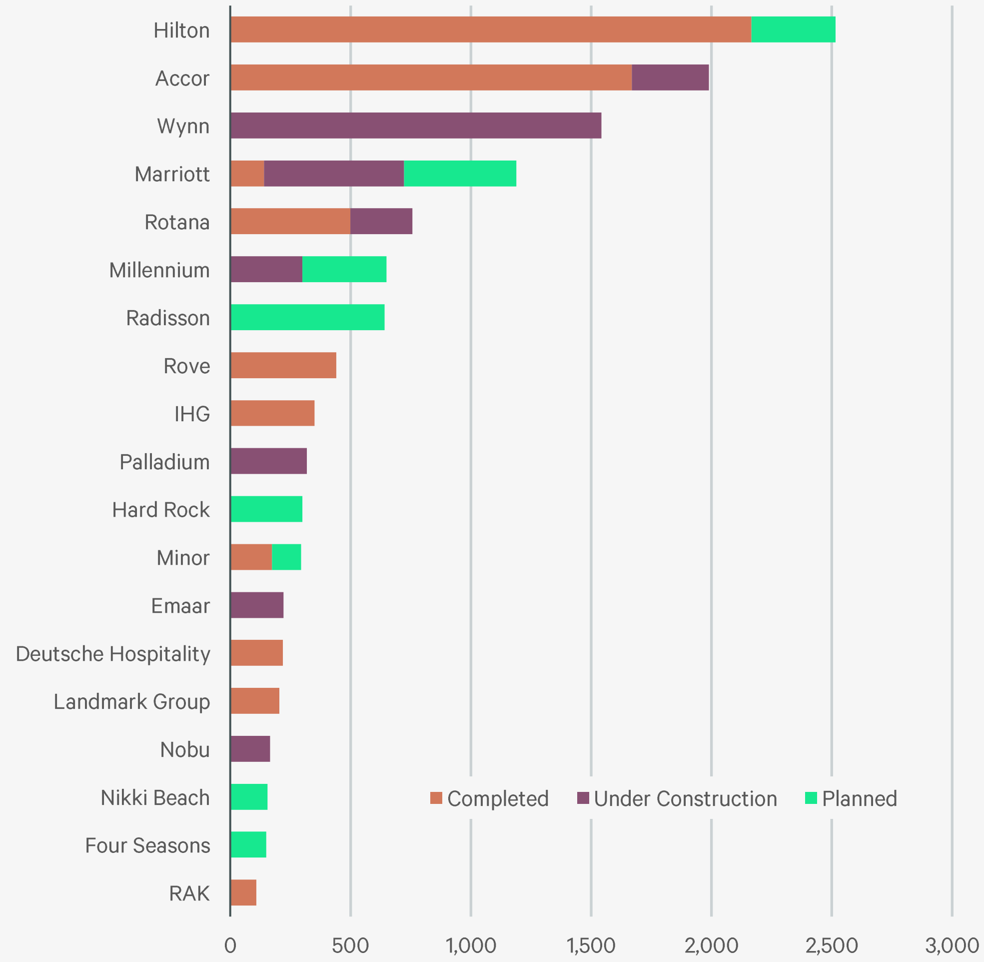
Accor trails behind with 1,989 keys, after conceding the top spot in operational volume following the announced refurbishment of the Pullman Resort Al Marjan Island and Rixos Al Mairid, taking a portion of Accor's inventory offline, and leaving the operator with 320 keys under construction.

Wynn Resorts represents a unique, high-impact force in the market. While it currently possesses zero operational keys, its singular, massive integrated resort of 1,542 keys under construction completely dominates RAK's development pipeline.

Although Marriott's current active footprint is a modest 141 completed keys, it has 766 planned keys via the JW Marriott and Luxury Collection pipelines, comfortably securing its position as a major pillar of RAK's next-generation supply.

However, regional geopolitical headwinds introduce caution to delivery schedules. While well-capitalized flagship projects press ahead, macroeconomic tensions risk disrupting supply chains and extending material lead times. Consequently, most of the under-construction and planned developments will face delays, shifting completion targets further out.

FIGURE 14: Ras Al Khaimah, International Operator Presence, No. of Keys



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