

In November 2005 the RAK government issued a decree permitting expatriates to enjoy freehold ownership of property developed in selected developments in Ras Al Khaimah. The legislation was preceded by a grant of 4.6 million square metres of strategically located land to RAK Properties PJSC to be used in proposed residential and industrial projects.

Ras Al Khaimah began an ambitious phase of development including investments in infrastructure improvement, tourism, property, shopping, and efforts to attract industrial and commercial enterprises.

What Sets RAK Apart from the Rest of the Emirates

- Greater availability of land
- Lower start up costs and the accessibility of important building materials such as cement and ceramics
- Improvements in road infrastructure
- Stable rental market
- 20 per cent capital appreciation in '06 and '07
- Only 45-minute drive from Dubai International Airport
- Only emirate other than Dubai to permit foreign ownership
- Year-round rental offers and fantastic buy-to-let opportunities
- Natural beauty – stunning beaches and mountain backdrop

The Real Estate sector contributed AED 1.86 billion or 20.1 per cent of RAK GDP in 2005, rising from 19.1 per cent in 2004. Growth of the sector has consistently outpaced the overall economy in the 2001-2005 periods. The building, construction and real estate sectors have been and will continue to play an important role in the economic development of the emirate as it supports the government's plan to develop and upgrade the tourism and industrial sectors, as well as the rising demand for residential properties and the growing infrastructure needs of the emirate driven in part by rapid growth. Building plans are underway for the emirate, with residential, commercial and tourism development projects worth a total of almost AED 106 billion (USD 29 billion) currently in various stages of development.

Projects worth over AED 17 billion (USD 4.7 billion) are currently in various stages of development across the emirate. The projects span residential, commercial and tourism developments.

In January 2006 RAK Properties started the work on the construction of the AED 10 billion (USD 2.72 billion) Mina Al Arab project in Ras Al Khaimah. Spread along a 3-kilometre beach, the project is scheduled for completion in 2011 and will include a selection of five-star resort hotels, including two ecotourism resorts, 3500 residential units, a cluster of 386 villas and six gated communities.

RAK Properties has also launched, 'Julfar Towers', a residential and commercial development in the centre of Ras Al Khaimah, which is to be ready in 2008, and it is responsible for Mangrove Islands, a low-rise residential and commercial building development. A community area complete with a golf club, 2000 luxury villas, schools and shopping malls is also being planned for an area on Emirates Road and should be completed in 2009. The foundation stone for the AED 850 million (USD 231.60 million) WoW RAK theme park project on 120 acres in the Khor Qurm region was also laid in August 2006.

Another major project underway is Al Hamra Village, an 1800-unit residential complex with a shopping mall and two hotels, one of which will be of a seven-star standard. The five-star Al Hamra Fort Hotel and Beach Resort, already established in the area, will be part of the complex, along with the brand new Al Hamra Palace Hotel. The latter is due to open at the end of 2008 and will offer 400 rooms, 37 suites, a golf course and five restaurants.

Major Real Estate Projects in Ras Al Khaimah

Name	Type	Investment in AED million	Investment in USD million	Note
Al Hamra Village	Seaside tourism and residential project	1,000	274	First phase completed in 2007
The Cove	Beach resort	221	61	Under construction
Julfar Towers	One residential and one office tower	400	109	Under development
Saraya Islands	Tourism project	1,830	500	Expected completion 2010
Mina al Arab	Mixed-use leisure and holiday beach resort	10,000	2,700	Expected completion 2011
Al Marjan Island	Offshore island tourism project	2,940	800	Expected completion 2009
Yasmin Village	Rural residential and commercial property project	800	217	Under planning

Real Estate in Ras Al Khaimah

RAK Properties

The company is the premiere real estate development company in RAK. It was formed with the support of the RAK government to oversee the development of property, tourism and leisure facilities in the emirate. Julfar Towers and Mina Al Arab are two of its upcoming projects. Government grants, comprising five plots of land, accounted for AED 352.5 million at the end of September 2006. The company had net profit of AED 376.6 million during the nine months ending in September 2006. The market capitalization of the company was AED 2.7 billion as of January 23, 2007.

Rakeen Development Company

Rakeen Development, the emirate's newest property developer, a private joint stock company, has been launched recently with a paid up capital of AED 400 million. Rakeen is likely to develop and manage over 12 mega projects, consisting of mixed use property developments both in RAK and international markets, such as Italy, Iran, India, Azerbaijan, Ukraine and Georgia. Some of the projects in RAK include Al Marjan Islands, RAK offshore, The Gateway, Al Hamra Amenity Centre, Jabal Al Jais and Banyan Tree Resort.

The Outlook for the Real Estate Sector in Ras Al Khaimah

The population in RAK has grown at an annual growth of 4.6 per cent over 2000-04. In addition, almost 50 per cent of the emirate's population is under the age of 19. As Dubai is witnessing a rapid increase in the prices of residential units with a fast growth in its population, it is expected that people may choose to acquire residential properties in other emirates close to Dubai. Ras Al Khaimah, with its proximity to Dubai and good connectivity with the latter through Emirates Highway, offers a very good alternative to staying in Dubai. A healthy demand for housing units in Ras Al Khaimah can be expected during the coming few years. Growth of the manufacturing and agricultural sectors will also require additional facilities – industrial units, warehouses and so on. This indicates that the emirate is likely to witness a robust demand for building and construction activities in the medium-term.

Tourism Real Estate

Although the contribution of the tourism sector (represented by restaurants and hotels in RAK's GDP by economic activity) to the emirate's GDP is small – 2.1 per cent in 2005 – the sector's annual growth of 1 per cent was the second highest (after oil's) during the period 2001-5. The sector, building on RAK's unique geographical position and many tourist features like mountains, desert and beautiful beaches, has the potential to grow at a much higher clip during the coming years. The emirate is also likely to benefit from the high influx of tourists to the UAE, complementing the tourism industry of Dubai. Ras Al Khaimah would indeed seem to be positioning itself as a next favoured destination after Dubai, benefiting from its proximity to Dubai. The overall hotel occupancy rate saw a strong boost during the period, increasing to 77 per cent in 2005, a marked change from 35 per cent registered in 2001.

The Government of Ras Al Khaimah considers the tourism sector, together with the manufacturing sector, as cornerstones in its future development plans. More tourism projects are on the anvil. The number of hotels in the emirate is expected to reach 25 in the coming few years. The newly established Ras Al Khaimah Airways is likely to add to the increase in tourism activities in the emirate. Foreign investors are allowed to participate in the industry's development.

Ras Al Khaimah Tourism Statistics

	2001	2002	2003	2004	2005	Annual growth
Hotels	5	6	6	6	6	4.7%
Rooms	537	744	749	825	933	14.8%
Beds	842	1,142	1,117	1,388	1,630	18.0%
Guests (thousands)	34	87	105	116	157	46.6%
Guest nights (ths)	106	227	261	360	473	45.3%
Occupancy (%)	35	44	53	68	77	---

Source: Ministry of Economy and Planning