

# RAK INVESTMENT PULSE

BY STIRLING HOSPITALITY ADVISORS

## HOSPITALITY INVESTOR'S JOURNEY

YOUR GATEWAY TO HOSPITALITY INVESTMENT

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# ABOUT RAK INVESTMENT PULSE

Stirling Hospitality Advisors is pleased to present the 6<sup>th</sup> edition of RAK Investment Pulse; your exclusive newsletter created to guide and support you through the fast-moving and ever-evolving hospitality sector of Ras Al Khaimah (RAK). As the Emirate continues its ambitious growth, this edition aims to be the light over the path that investors take when they decide to come invest in RAK.

Since its launch in early 2024, RAK Investment Pulse has covered hot topics such as overall market performance, workforce expansion, rise of branded residences and more. Each edition has highlighted emerging trends and investment opportunities, including future demand-supply gaps and hospitality ecosystems. This edition focuses on the investor journey, featuring insights from government entities, banks, investors, and consultants. It aims to provide clear, actionable guidance on navigating departments, registration, permits, and financing, ensuring a smoother path to successfully invest in RAK.

Looking ahead, RAK Investment Pulse will continue to deliver quarterly updates, providing you with the data and strategic insights needed to stay ahead in the rapidly growing hospitality market of Ras Al Khaimah.

We extend our deepest gratitude to our esteemed partners for their invaluable contributions, sharing their data, expertise, and insights. It is through their collaboration that we are able to deliver this insightful publication to a wider audience.

"RAK Investment Pulse fills a crucial need for reliable information and insights. As RAK is building its' history and legacy, this newsletter is a way for the world to stay updated on the remarkable growth and development in this dynamic Emirate."

**Alison Grinnell**CEO of RAK Hospitality Holding





## TABLE OF CONTENTS

Methodology	5
Introduction to the Investor Journey	6
Key Players	8
Why Invest in RAK?	1
Stage 1 – Acquisition	1
Stage 2 – Feasibility & Design Development	1
Stage 3 – Financing	1
Stage 4 – Construction	1
Stage 5 – Licenses	1
Stage 6 – Operating & Asset Management	1
Key Takeaways	2





#### RAK INVESTMENT PULSE

# Methodology & Introduction

## **METHODOLOGY**

Stirling Hospitality Advisors conducted a thorough and systematic evaluation to outline the investment process in Ras al Khaimah (RAK), aiming to guide investors clearly and support their success before entering the market.

#### **APPROACH**



Structured & data driven approach



Mapped full investment process in RAK



Identified & Interviewed key players



Revealed critical insights & opportunities



Created the Investor Journey

The Investor Journey for Hotel Development and Operation in RAK was developed through a comprehensive research approach, combining qualitative insights, official documentation and interviews with key players like RAKTDA, RAKEZ, RAK Municipality, RAK Bank, Colliers PM, Stirling Hospitality Advisors and Marjan.

This methodology ensured accuracy, clarity, and alignment with local regulatory frameworks. Approach was targeted at providing investors with absolute clarity for every phase and step of their journey on the path to owning a successful business in Ras Al Khaimah.



## INTRODUCTION TO THE **INVESTOR JOURNEY**

To map the full investor journey, we identified the key stakeholders for each stage of the hotel development lifecycle (as shown below). We then defined each stakeholder's role and placed it within the respective steps of the journey, from acquisition and planning to licensing and operation.





#### **KEY PLAYERS**



**RAK Municipality** is the principal government body overseeing urban planning, infrastructure, environmental health, and municipal services in Ras Al Khaimah. It plays a central role in regulating land use, building permits, and development standards, while supporting the emirate's economic and urban growth through digital service delivery and sustainability-focused governance.



Ras Al Khaimah Municipality

**Ras Al Khaimah Economic Zone (RAKEZ)** is one of the region's largest economic zones and a key industrial and business hub. It serves over 35,000 companies across 50+ sectors, offering flexible business setup solutions for both free zone and non-free zone entities. RAKEZ supports startups, SMEs, and industrial firms with licensing, infrastructure, and regulatory services.



Ras Al Khaimah Tourism Development Authority (RAKTDA) is the government body responsible for licensing, regulating, and promoting the Emirate's tourism and hospitality sector. It plays a central role in positioning Ras Al Khaimah as a leading destination with initiatives supporting infrastructure development, international connectivity, and private-sector partnerships



**RAKBANK,** established in 1976, is one of the oldest banks in the UAE. It offers personal, business, and digital banking services, with a focus on transparency, accountability, and customer-centricity.



#### **KEY PLAYERS**



**Marjan** is the master developer of freehold land in Ras Al Khaimah, responsible for delivering large-scale hospitality, residential, commercial, and mixed-use projects. Operating in alignment with the Emirate's long-term economic vision, Marjan offers 100% foreign ownership and tax incentives, positioning RAK as a prime destination for global investment.



**RAK Properties** is a leading real estate developer in Ras Al Khaimah, focused on creating sustainable, high-quality communities. Aligned with RAK Vision 2030, the company delivers economic, social, and environmental value through contemporary developments that integrate innovation, nature, and lifestyle.



**Al Hamra** is a leading real estate development and investment company in Ras Al Khaimah. Aligned with the Emirate's Vision 2030, its portfolio spans residential, retail, hospitality, leisure, and entertainment assets, with a focus on high-end, lifestyle-oriented developments and a strong pipeline of premium projects shaping the emirate's future skyline.



**Stirling Hospitality Advisors (SHA)** is one of the leading boutique hospitality advisory institutions in the region, which offers clients a wide range of services, including developing comprehensive tourism destination strategies & activation plans, advisory and asset management.





## WHY INVEST IN RAK?

RAK Tourism Vision 2030 targets 3.5M annual visitors with a 5-year roadmap to boost competitiveness, investment, and liveability.



+13,000



100%



**ECONOMIC** OUTLOOK

**New Companies** In 2024

Real GDP growth in 2024

Repatriation of Capital & Profits In 2024 Tourism Revenue

**TOURISM OVERVIEW**  During The First Half (H1) of 2025:









71.9% Occupancy -1.4% vs H1 2024



637 AED ADR +7.6% vs H1 2024



458 AED RevPAR +6.2% vs H1 2024



3.5 Days of Stay Same as H1 2024

Source: Link1; Link2; Link3; Link4

**Micro Clusters** 

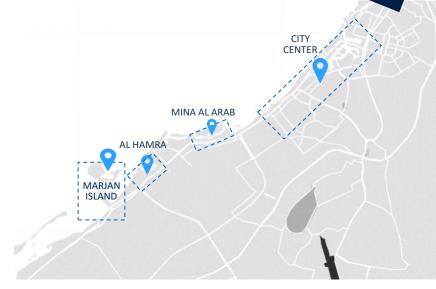


**Avg. Sales Value** +39% YoY in Q1 2025



**Residential Rents** +13% YoY In Q1 2025









## Stage 1: Plot Acquisition

RAK Tourism Vision 2030 targets 3.5M annual visitors with a 3-year roadmap to boost competitiveness, investment, and liveability.

Cost: None.









**Paperwork:** Negotiate and sign Sale Purchase Agreement.

**Stakeholders:** Property Owner. **Time & Cost:** Vary by project.

#### **Investor Tip:**

**Approach Marjan -** as a key master developer in RAK, they work closely with investors to provide access to strategic land parcels and oversee alignment with the broader master plan, as well as investor's goals.

**Due Diligence:** Acquire title deed, site plan and NOC. Confirm seller is RERA-registered.

**Stakeholders:** Brokers, RAK Municipality, Property Owner.

**Time:** 5-8 days.

Cost: ~AED 2,000 + site-plan fee. ~AED

600 for renewal.

**Land Transfer:** Liaise with RAK Municipality, pay the fees, complete the transfer, and collect the Title Deed.

**Stakeholders:** RAK Municipality.

Time: 2 weeks.

Cost: 4% of purchase price.



## Stage 2: Feasibility & Design Development

Develop a hospitality concept tailored to RAK, ensuring alignment with market demand, investment requirements, and brand positioning.



**Appoint Hospitality Advisor:** Develop feasibility study and conduct operator search.

**Stakeholders:** SHA + Others.

Time: 1-3 months.

Cost: ~AED 100K-250K.



**Preliminary Approval:** Align with master developer on the schematic design and take approvals.

**Stakeholders:** Design Consultants, Hotel Operator, Marjan + Others.

Time: 3-4 days.

Cost: None.

#### **Investor Tip:**

Choosing the right architect is key, as design must follow developer and brand guidelines and pass several approval stages with ongoing feedback.

Engaging a hospitality advisor to lead the feasibility study is critical, it transforms vision into a validated, market-aligned, and financially viable development strategy.

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**Start Bank Relationship:** Present feasibility study to banks for early feedback.

Stakeholders: Banks.

**Design Development:** Liaise with designers and create schematics based on feasibility.

**Stakeholders:** Design Consultants & Architects, Hotel Operators, Property Owner.

**Time:** 2-4 months. **Cost:** Vary by project.



## Stage 3: Financing

Work closely with developer, advisors and contractor to ensure financial approval on time.





**Bank Due Diligence:** Fulfil bank requirements: title deed, feasibility study, preliminary designs and approval from master developer.

**Stakeholders:** Property Owner, SHA, Banks + Others.

**Time:** Starting from 1 week.

Cost: None.





**Entity Setup:** Inception of the Special purpose vehicle (SPV) and initiating hotel operation license with RAKTDA.

**Stakeholders:** RAKEZ, RAKTDA, Property Owner.

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Time: 3-4 days.

**Cost:** Vary by project.

#### **Investor Tip:**

Banks typically require 20-30% equity and offer financing at 1.5-2.5% above the interbank rate.

**Selecting a reputable operator and innovative concept** strengthens bank confidence, as they will assess feasibility and market fit before financing.

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**Financial Assessment:** Negotiations and benchmarking of financial terms such as Loan to Value & DSCR ratios, Interest rates and flow of funds.

Stakeholders: SHA, Banks + Others.

Time: 1-3 months.

Cost: None.





**Loan Disbursement:** Structured either through the project's SPV aligned with completion rates or via an escrow account in line with Municipality regulations (applicable to mixed-use projects which aim for residential sales).

Stakeholders: Banks, RAK Municipality, SPV.

Time: 2-3 weeks.

Cost: None.



## Stage 4: Construction 1/2

The Pre-Construction stage focuses on planning, approvals, and procurement to ensure the project is viable, de-risked, and ready to build.

**Early Appointment of Project Manager (PMC):** Appoint PMCs with regional experience relevant to the type of project.

**Stakeholders:** SPV, PMC.

Time & Cost: Vary by project.

**Contract Award:** Finalizing contracts based on the confirmed project cost and awarding the construction contract

Stakeholders: PMC, Architect, Contractors.

Time: 2-3 months.

Cost: Overall development cost.

#### **Investor Tip:**

**Appointment of a competent PMC** with relevant experience will help avoid budget overruns and potential delays.

Proactively engage your hotel operator in the 'Value Engineering' process during the design phase. This collaborative approach unlocks significant cost-saving opportunities on materials and systems

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#### **Tender Process & Value Engineering:**

Evaluating bids, and workshops to optimize costs without compromising quality

**Stakeholders:** PMC, Contractors, Quantity Surveyor, Operator

Time: 3-6 months.

Cost: Agreed PMC Contract Value.

**Site Mobilization:** Obtain Preliminary approval from RAKTDA and request building permit from RAK Municipality to start construction and site handover to contractor.

**Stakeholders:** PMC, Main Contractor, RAKTDA, RAK Municipality.

Time: 1-2 months.

Cost: Permit Fees (Vary by Project).



## Stage 4: Construction 2/2

This execution stage focuses on transforming the approved plans into a physical asset, monitoring progress, and ensuring quality and compliance.

**Substructure & Superstructure:** Completing all foundational works and erecting the main structural frame of the hotel.

**Stakeholders:** PMC, Main Contractor, Lead Designer

**Time:** Typically, 12-18 Months **Cost:** Agreed Contractual Value.

**Systems Commissioning & Authority** 

**Approvals:** Testing all building systems and securing the final Building Completion Certificate

**Stakeholders:** PMC, Contractors, RAK Civil Defence and Municipality

Time: 3-4 months.

Cost: Overall development cost.

#### **Investor Tip:**

Treat the Mock-Up Room as a Non-Negotiable milestone, insist that the mockup room is built and formally signed off by Investor, PMC, and the hotel operator before commencing the construction of remaining guest room inventory.

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**Envelope, Interiors & Mock-up Room** 

**Approval:** Making the building weathertight and commencing internal works, leading in a fully approved guestroom mock-up

**Stakeholders:** PMC, Main Contractor, Interior Designer, Operator

Time: 9-12 months (often overlaps with

Previous Stage).

Cost: Agreed Contractual Value

**Handover & DLP:** Transferring the asset to the owner and hotel operator and start of 12-month Defect Liability Period.

**Stakeholders:** Investor, Hotel Operator, PMC,

Contractor.

Time: 1-2 months.

Cost: DLP Retention Funds upon Successful

handover



## Stage 5: Licensing

Engage early with the licensing authority to streamline approvals and avoid delays.



Trade Name Reservation: Investors provide three trade name options to be checked and reserved.

Stakeholders: RAKTDA, Hotel Operator,

SPV.

Time: 1-2 days.

**Cost:** ~AED 200-2K.



Hotel Star Rating Certification: Obtain the official star rating from RAKTDA, which is required for operation and must be renewed annually.

Stakeholders: RAKTDA, Hotel Operator.

Time: 1-4 days.

Cost: AED 3,000 to 10,000 as per star rating.

#### **Investor Tip:**

**Engage RAKTDA's Tourism Licensing and** Quality Assurance Dept. during the Concept Design stage, immediately after your feasibility study is complete. This transforms the engagement from a regulatory hurdle into a strategic partnership, accelerating your timeline to launch





**Issuance of Hospitality License:** Hotel license will be issued upon inspection ensuring safety, security and building completion certificates are obtained. If rejected, a 6-month initial approval may be issued to re-apply.

Stakeholders: RAKTDA, RAK Municipality, Hotel Operator.

Time: 1-2 days.

Cost: ~AED10K-20K.



## Stage 6: Operations & Asset Management

Run the property efficiently, maintain brand standards, and secure long-term value.



**Pre-Opening:** The intensive 6-12-month period of hiring, training, licensing, and system setup to ensure the hotel is fully ready for its first guest.

**Stakeholders:** Hotel Operator, SHA + Others.

**Time:** 6-12 months prior to opening.

**Cost:** Pre-opening budget.



**Performance Optimization:** A focused 12-24-month period post opening to ramp up occupancy and solidify the hotel's position in the market.

**Stakeholders:** Hotel Operator, Asset Manager,

Owner/Investor.

Time: 12-24 Months

Cost: Operational Budget, focus on achieving

target profitability.

#### **Investor Tip:**

Appointing a professional third-party asset manager early helps to ensure timelines are met and the property opens on schedule.

Even if you plan to hold the asset, maintain it "sale-ready" and perform a valuation annually. A well-documented, high-performing property commands premium offers when opportunities arise.

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**Soft Opening:** Fine-tune operations, ensure staff and systems are ready, and report any issues during the defect liability period.

**Stakeholders:** Hotel Operator.

**Time:** 15-30 days.

Cost: Part of DLP and Warranties + pre-

opening budget

**Strategic Asset Management:** The ongoing, long-term phase focused on maximizing profitability, planning for future capital expenditures (CapEx) and improving asset valuation.

**Stakeholders:** Hotel Operator, SHA + Others.

**Time:** From Opening onwards. **Cost:** Operational budget.





#### **KEY TAKEAWAYS**

RAK Tourism Vision 2030 not only aims to attract over 3.5 million annual visitors, but it also includes a 5-year roadmap to boost competitiveness, attract investment, and improve liveability.

#### Stage 1

#### **Acquisition**

RAK offers the UAE's fastest setup and most cost-efficient entry for investors.

#### Stage 3

#### **Financing**

Selecting a reputable operator and innovative concept strengthens bank confidence, as they will assess feasibility and market fit before financing.

#### Stage 5

#### Licensing

Leverage RAKTDA's investorfocused services early in your project.

#### Stage 2

## Feasibility & Design Development

Engaging a hospitality advisor to lead the feasibility study is critical, it transforms vision into a validated, market-aligned, and financially viable development strategy.

#### Stage 4

#### **Construction**

Appointment of a competent PMC with relevant experience will avoid budget overruns and potential delays.

#### Stage 6

## Operations & Asset Management

Establish a rolling 5-Year Strategic Capital Expenditure (CapEx) plan from the first year of operations.

#### **ABOUT**

## STIRLING HOSPITALITY ADVISORS

A subsidiary of Ras Al Khaimah (RAK) Hospitality Holding, Stirling Hospitality Advisors is one of the leading boutique advisory institutions in the region. Headquartered in RAK, Stirling Hospitality Advisors offers clients a wide range of services, including developing comprehensive tourism destination strategies and activation plans, advisory and asset management. Stirling Hospitality Advisors is responsible for a hotel and resort portfolio valued at over USD 1.25 billion, for clients across various sectors: governments, real estate investment trusts, sovereign wealth funds, banks, family offices and master developers.

Holding a unique position in the industry, Stirling Hospitality Advisors shares the perspective of government, investor, owner, operator, asset manager and consultant, offering its' clients the long-term trusted relationships and focused expertise, and accompanying each project throughout its' entire lifecycle. With a proven track record of successful project delivery, it has been instrumental in transforming RAK into a world-renowned touristic destination for active and family tourism.

Stirling Hospitality Advisors' team of experts has over 150 years of combined hospitality experience, currently asset managing over 3,500 hotel rooms in three countries and has supported clients in over 120 cases of hotel and destination concepts, feasibility studies, market studies, strategies and highest-best use analyses.





#### **CONTACT US**



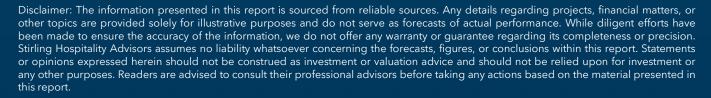
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