

RAK economic indicators in first half of 2020 Impact of COVID-19 Pandemic

Indicators from administrative sources



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Executive summary

Most indicators compiled monthly in RAK show the effects of the COVID-19 pandemic. In April to June 2020, guest nights fell to 30% their level in 2019. Few passengers arrived at the airport but many left in June. Freight through the seaport fell by 45%. The value of Certificates of Origin was down, but also in January, before the pandemic. However, the value of exports through RAK ports had reached record levels in the first quarter but were down by 24% in April to June. The number of building permits issued in the second quarter was less than half of the level in the same period of 2019. No effect has been observed on consumer prices.

Introduction

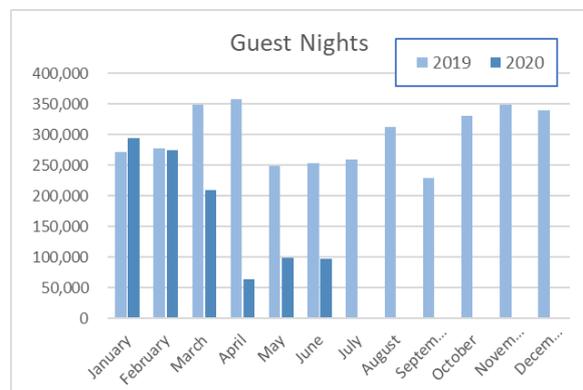
The following sections describe the latest developments in statistics derived from administrative records and in the CPI compiled by RAK Centre for Statistics and Studies.

Note: Unless otherwise specified, comparisons are made with the same period of the previous year. In other words, June 2020 is compared with June 2019, May 2020 with May 2019, April to June 2020 (2020 Q2) with April to June 2019 (2019 Q2) and so on. (Comparisons with immediately preceding periods are avoided, because of seasonal effects. These effects can be particularly uncertain in exceptional circumstances.)

1 - Hotels

From monthly data compiled by the Tourism Development Authority, the following points may be noted:

- The **number of hotels** operating in June 2020 was 38, 9 fewer than in June 2019 and one fewer than in May 2020.
- In June, the number of **available rooms**, which at the end of 2019 had increased by 10% compared with the average in 2017, was down by 32% in comparison to the same month in 2019.
- The number of **guest nights** had reached record levels of over a million in the last three months (Q4) of 2019 but was down to 260 thousand in the period April to June (Q2) 2020. This was less than one third of the level of 2019 Q2. The decline started in March at 40% of the March 2019 level. It was particularly steep in April at 82% below the level of the same month in 2019. Guest nights in May and June were respectively down by 60% and 62%.
- The overall **average length of stay** fell from 3.1 nights in 2019 Q2 to 2.7 in 2020 Q2. It tends to be longer from October to May and shorter from June to September. In March and April, the average was longer than usual (at 4.2 and 4.6 nights respectively) but in May and June, it was shorter than usual (at 2.6 and 2.1 respectively).

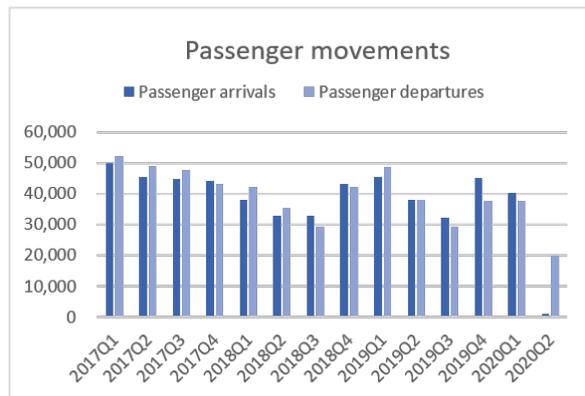


- In 2019 Q2, guests of **European** nationality accounted for 58% of all guest nights. They stay for an average of 6-7 days. With the number of European guests down by 85%, in 2020 Q2 they accounted for 10% of all guest nights.
- **Total hotel revenue** fell by 70% in 2020 Q2, same as the 70% fall in guest nights.

2 - Airport passengers

Based on statistics from the RAK International Airport, the following points may be noted:

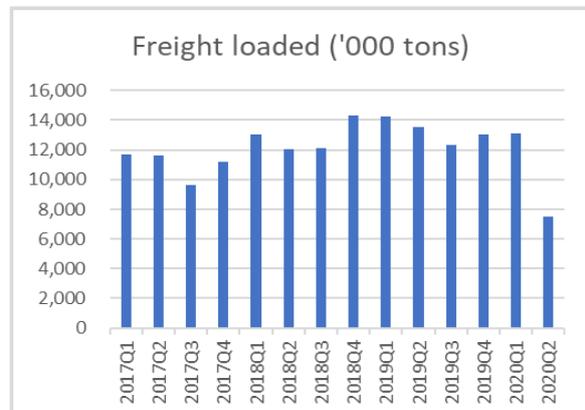
- Fewer than 1,000 passengers arrived at RAK International Airport in April to June (Q2) 2020 compared with 38,000 in the same period of 2019. In March the number was about half the number that arrived in March 2019.
- The pattern of departures was similar in March to May, but in June over 19,000 passengers departed, twice the number in June 2019.
- Aircraft movements in the second quarter of 2020 at 1,834 were half what they were in 2019 Q2.



3 - Marine transport

Marine transport statistics are compiled by the Saqr Seaport Authority:

- The tonnage of goods unloaded in 2020 Q2 was down by 33% to two-thirds of its level in 2019 Q2. This was however similar to the quantities unloaded in the first and third quarters of 2019
- The tonnage loaded has been relatively more stable in the past three years but fell in 2020 Q2 by 45% from its level in 2019 Q2.
- The number of ships arriving and departing in Q2 was about two-thirds of the number doing so in 2019 Q2.

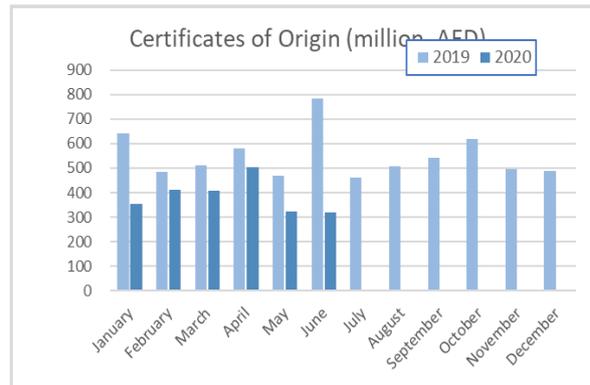


4 - Certificates of Origin

The RAK Chamber of Commerce and Industry compiles data on certificates of origin:

- The number of certificates has declined steadily since 2017, while the value increased by 11% in 2018 but fell by 17% in 2019.

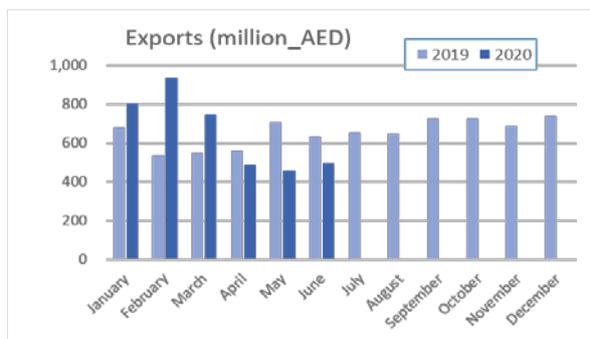
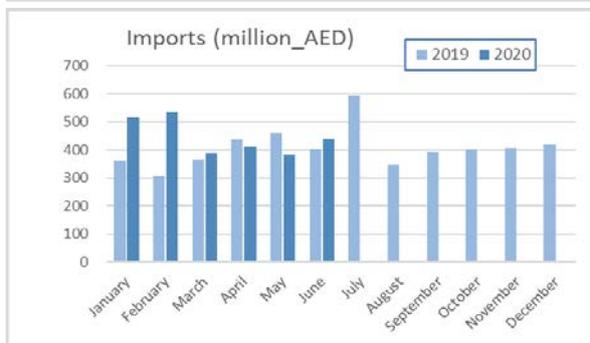
- In 2020, the value certified in January was down by 45% compared with January 2019, while in February, March and April it was down by 15%, 20% and 13% respectively. The precise effect of COVID-19 is not clear, but the values fell in May and June to levels 31% and 59% below those of the same months in 2019. (The June 2019 level was, however, exceptionally high.)



5 - Foreign trade

Statistics from the RAK Customs Department show the following developments:

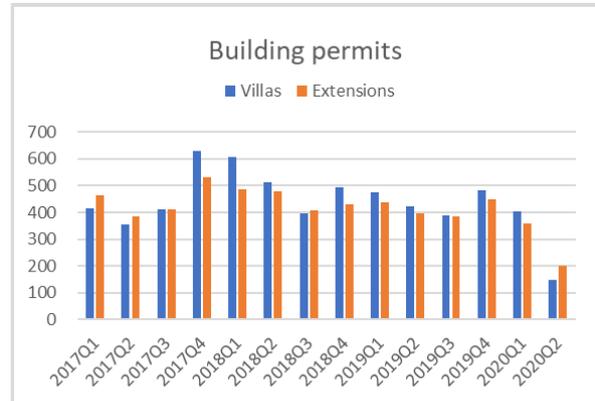
- In the first two months of the year, the value of imports was up by 57% from the same period in 2019. Thereafter, it was up by 7% in March, down by 5% in April and 16% in May, but up by 8% in June, all compared to the same periods in 2019.
- The value of exports increased strongly in 2018, by 31% overall compared to 2017, while the value of re-exports fell. In 2019 there was little change in the value of exports (2% up). In the first quarter of 2020, however, it was up by 41% followed by a fall of 24% in 2020 Q2.
- The value of re-exports was down by 2% in 2020 Q1, and by 20% in 2020 Q2.



6 - Building permits and real estate sales

Based on the data on building permits and real estate transactions compiled by the Ras al-Khaimah Municipality, the following points may be noted:

- The number of building permits granted for both villas and extensions peaked in the fourth quarter of 2017. In 2019, those granted for villas were down by 12% (not including villas for investment, for which 214 were granted in April 2019) and those for extensions by 8%. In Q1 of 2020, they fell again by 15% and 18%, and in Q2 they were down by nearly two-thirds (65%) and one half respectively.
- The real estate sales are erratic, with occasional exceptionally high values recorded. September 2019 was one such exceptional month, with sales at 4 to 5 times the more usual level, and June 2020 also saw a high figure, twice the size of that in June 2019.



7 - Consumer prices

The following points may be noted from the Consumer Price Index (CPI) compiled by the Centre for Statistics and Studies:

- During the period November 2019 to March 2020, the all items index of consumer prices (CPI) remained stable at 107.4 (that is 7.4% above the average level in 2014). The index then fell in April by 1% to a level of 106.4, since when there have been no further changes. The change between March and April can be attributed to a 5% fall in transport prices, while most other items remained unchanged.

