

Gulf Hotel Deals Stall as U.S.-Iran War Scrambles Valuations



Deepthi Nair

TODAY AT 1:00 PM GST



Photo Credit: Dubai, UAE [Unsplash / Emma Harrisova](#)

Skift Take

There's no evidence of distressed sales in the Gulf hotel market. But the war clearly changed the math buyers need to close deals.

The U.S.-Iran war hasn't forced Gulf hotel owners to sell. But it has stalled deals as buyers and sellers can't agree on price now that pre-war valuations no longer hold.

"Hotels that were on the market before the conflict remain unsold because sellers and buyers still disagree on price, not because owners are in financial trouble," said James Wrenn, partner and head of hotel and leisure at Knight Frank.

Sellers are becoming “increasingly pragmatic in their pricing expectations” to reflect the time hotels will need to recover, Wrenn said.

Investors are redoing their valuations because most were completed before the war, and their demand and occupancy forecasts no longer hold, said Ali Siddiqui, research manager at consultancy Cavendish Maxwell. “I wouldn’t say it’s a pause, but more of a wait-and-see approach where they’re trying to see how much the market picks up in Q4.”

There were only five disclosed deals from November 2024 to September 2026, worth about \$1.45 billion, according to MMCG Invest. Roughly 80% of that value was in Dubai.

Hotel investment in the Gulf reached at least \$883 million in 2025, led by Brookfield and Leela’s \$504 million purchase of Sofitel The Palm. So far in 2026, it stands at \$300 million — and that was from a single trade. AHS Properties bought the Shangri-La Dubai from a First Abu Dhabi Bank unit for AED1.1 billion (\$300 million). The deal completed in late May at roughly \$990,000 per key, about 57% above the asset’s 2020 auction price. “The terms were agreed before the conflict and closed unchanged,” said MMCG Invest.

Five Gulf hotel Deals

Completed hotel transactions in the Gulf, November 2024 to September 2026

Total: about \$1.45 billion

Sofitel Dubai The Palm

Dubai, completed Nov. 27, 2025
546 keys (361 rooms, 182 branded residences, 3 villas). To be rebranded The Leela.

\$504 million

Buyer: Brookfield-managed funds (75%) and Leela Palaces, Hotels & Resorts (25%)

Seller: Not disclosed

Fairmont The Palm

Dubai, completed second half of 2025
391 keys

\$325 million

Buyer: Arzan Investment Management (AIM Hospitality Fund)

Seller: IFA Hotels & Resorts

Shangri-La Hotel, Dubai

Sheikh Zayed Road, Dubai, completed late May 2026
302 rooms, in a mixed-use tower with offices and residences

\$299.5 million AED 1.1B

Buyer: AHS Properties

Seller: Mismak, a First Abu Dhabi Bank unit

Mövenpick Hotel & Residences Riyadh

Riyadh, completed Nov. 2024
269 hotel rooms plus 90 residences

\$267 million SAR 1.0B

Buyer: Albilad Capital (Albilad Hospitality Fund I)

Seller: Not disclosed

**Radisson Blu Hotel,
Dubai Media City**Dubai, completed Jan. 2025
246 keys**\$54.5 million+** AED 200M+**Buyer:** Select Group**Seller:** Not disclosed

Note: Radisson Blu price was disclosed only as a minimum (more than AED 200 million); the dashed segment marks an open-ended value. Dollar figures for AED and SAR deals are approximate conversions. Key counts include branded residences where noted. Total is approximate.

Source: MMCG Invest

Buyers Target Proven Income in Riyadh, Holy Cities and UAE

Hala Matar Choufany, president for the Middle East, Africa and South Asia at consulting firm HVS, said any pressure is concentrated in highly leveraged hotels and those dependent on international guests.

Investors still active in the market want income-producing assets in established markets. In Saudi Arabia, demand is strongest for hotels already generating revenue in Riyadh and the Holy Cities of Makkah and Madinah, Wrenn said. In the UAE, buyers are concentrating on Dubai, Abu Dhabi, and Ras Al Khaimah.

"The markets that have proven most resilient are those supported by strong domestic, religious and regional demand," Choufany said. "Assets heavily reliant on international arrivals, airline connectivity and MICE activity have faced greater short-term pressure."

Investor appetite for the region hasn't changed, according to Raki Phillips, Accor's regional president for the Middle East, Africa and Turkey. He pointed to long-term tourism plans in Saudi Arabia and the UAE as the reason investors take a long view.

The push for leaner hotel operations predates the war, said Eddy Tannous, COO of Abu Dhabi-based Rotana. "We've seen a generational shift in mindset over the last 10 years," he said. "The parents wanted trophy assets and when their kids who went to the big schools returned, they demanded better returns on investment."

Private Investors, GCC Family Offices Lead UAE Buying

Wrenn said high-net-worth individuals, private investors, and family offices from across the GCC make up most current demand. "Many are looking to build dedicated hospitality investment platforms targeted at certain segments of the market, such as three-star hotels."

Indian investors may also be interested in deals. Many already own hotels at home and are drawn to the UAE's long-term tourism growth, Wrenn said.

The Indian Hotels Company (IHCL), which operates the Taj, said it is in talks with investors in Oman and Abu Dhabi and is considering a fourth property in Dubai. "The investments are still coming in," said Saurabh Tiwari, vice president of operations for the Middle East, Maldives and Sri Lanka at IHCL.

In Saudi Arabia, institutions and funds backed by local and international capital are increasing their participation, alongside a strong private sector, Wrenn said. That shift follows the Public Investment Fund's April decision to reduce capital commitments to large-scale tourism developments. PIF governor Yasir Al-Rumayyan said the fund would still "assume early-stage risks" but expected private investors to provide execution capital.

Zero Q2 Openings in Dubai and Abu Dhabi

Investor caution extends to new supply, too. No new hotels opened in Abu Dhabi or Dubai in the second quarter of 2026, according to a JLL report in July, and few are expected through year-end. Oman added only 400 hotel rooms in the first half of 2026, all in the first quarter, according to a September report by Cavendish Maxwell.

The Gulf's new hotel pipeline shrank by five projects and 1,103 rooms in the second quarter, compared with the first, according to Lodging Econometrics. Doha accounted for most of the drop, losing four projects and 885 rooms. Riyadh bucked the trend, adding one project with 739 rooms.

See more essential travel news in your search results.

ADD SKIFT ON GOOGLE

Choufany said some deals and development decisions have taken longer as investors wait for clearer market conditions, but projects are mostly being delayed, not canceled. "Rebranding and repositioning [existing hotels] can often deliver quicker returns and lower risk than ground-up development," she added.

Banks are still lending to hospitality investors but are more selective, looking harder at sponsor strength, project fundamentals, and realistic business plans, Choufany said. Gulf hospitality development also draws on sovereign-backed investment, institutional capital and public-private partnerships beyond traditional bank debt, she added.

“What we are seeing is more rigorous due diligence and more conservative underwriting,” Choufany said, “rather than a withdrawal of capital.”



Deepthi Nair, Middle East Reporter

Deepthi Nair is Skift’s Middle East Reporter, covering aviation, hospitality, tourism policy, and travel trends across the Gulf. Based in Dubai, she reports on how the region is reshaping global travel.

Tags: hotel asset market, hotel deals, iran war, uae hotels