

Qatar Real Estate Market Review



Autumn 2023

**A biannual review of key trends and the performance of
Qatar's real estate market**

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Residential Market

The housing market in Qatar is in the midst of a mismatch between supply and demand, with the latter still lagging the former, sustaining downward pressure on values and rents.

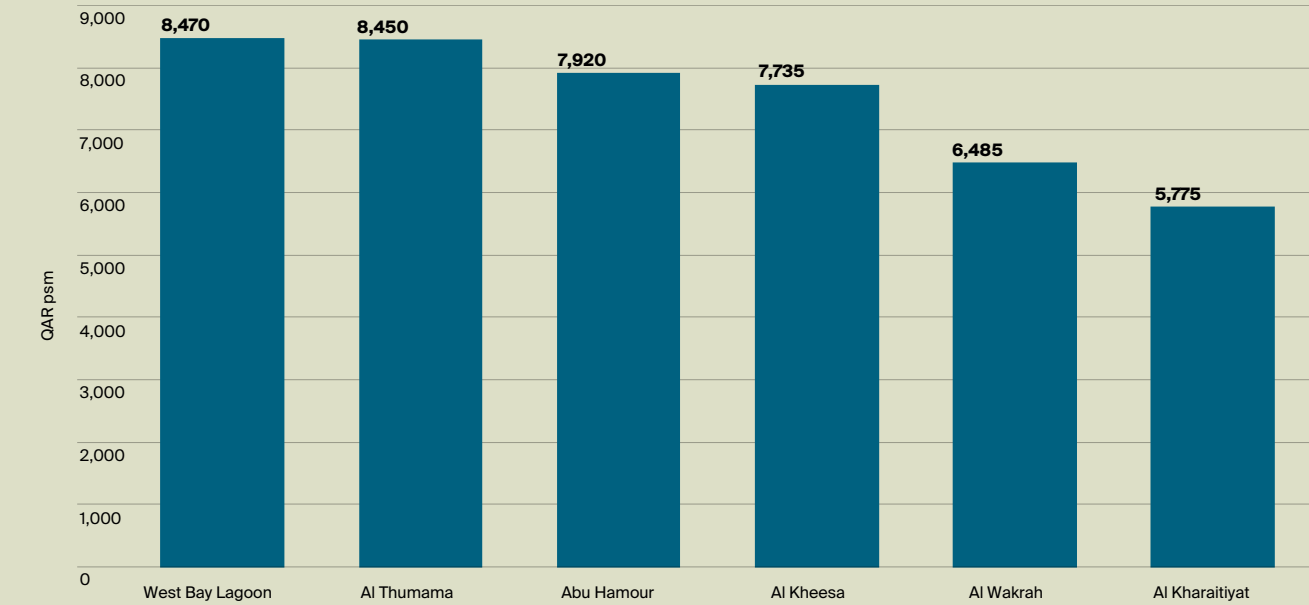
Furthermore, with the headline interest currently standing at 6.25%, up from 5.00% last November, affordability issues are being exacerbated, contributing to a decline in residential sales activity. Indeed, during the 12-months to the end of Q3 2023, residential sales transactions declined by 18%.

Despite this, however, the total value of residential sales climbed by 12% over the same period, highlighting the significant price appreciation in some submarkets, such as Doha and Al Daayen municipalities, where prices have risen by 58% and 46% over the last 12 months. However, the number of transactions in these districts declined by 37% and 38%, respectively, over the same period.

Al Rayyan (235 sales) and Doha (174 deals) municipalities recorded the highest volume of residential transactions during the third quarter.



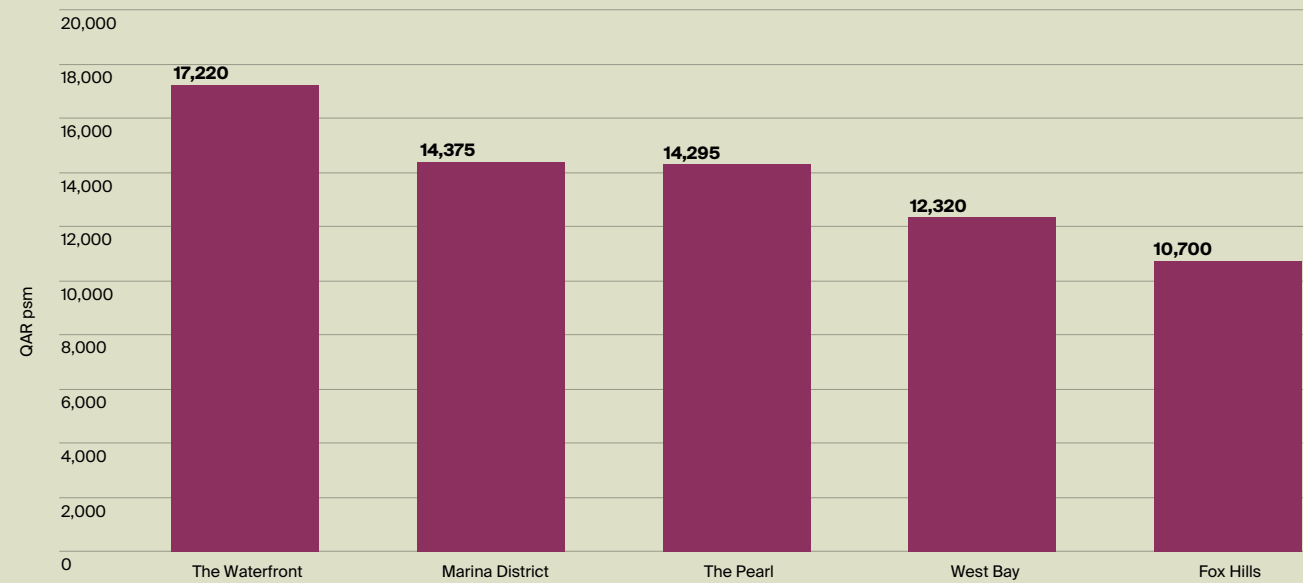
Average Villa Sale Prices



Over the last 12 months, average villa sales prices grew by 1.5% and stand at QAR 7,100 psm.

Source: Knight Frank

Average Apartment Sale Prices



Average sales prices for apartments declined by 3% year-on-year, to QAR 13,780 psm.

Source: Knight Frank

Residential Market

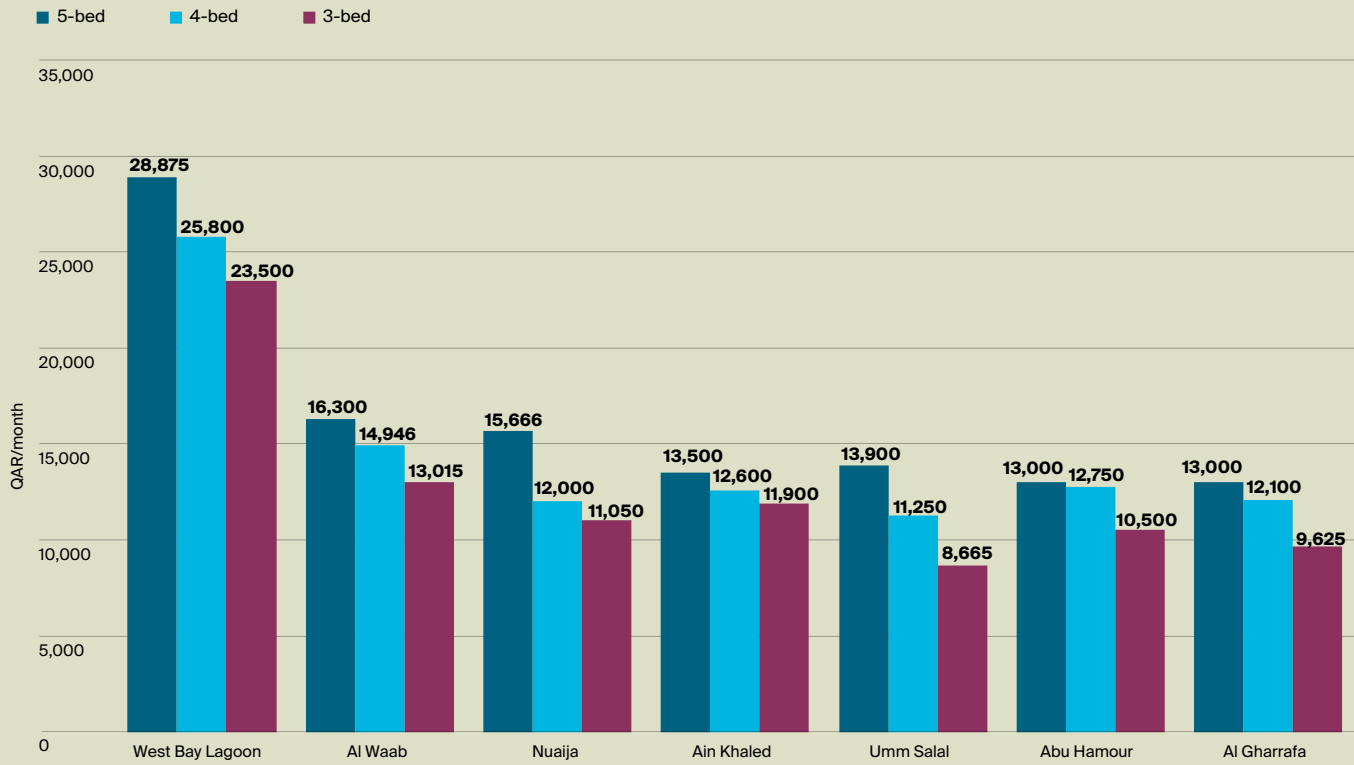
Average villa prices decreased by 2.5% over the past 12 months, falling to QAR 7,100 psm in Q3 2023, with West Bay Lagoon commanding the highest sales price at QAR 8,471 psm, while Al Kharaitiyat has the lowest sale price at QAR 5,773 psm. Neighbourhoods with modern infrastructure and proximity to essential facilities such as schools, hospitals, and shopping centres, offering more services and amenities, tend to command higher sales prices.

For apartments, the average transacted price experienced a 3% decline in the last 12 months, settling at QAR 13,780 psm. Among all major districts in Qatar, Fox Hills (QAR 10,700 psm) has the lowest sales price, while The Waterfront (QAR 17,220 psm) commands the highest price.

Similar to sales prices, rental rates for both villas and apartments have also decreased over the past 12 months. Lease rates have declined across almost all districts, with West Bay and The Waterfront recording the highest quarterly depreciation, at 24% and 20%, respectively, for average quoted rents for apartments.



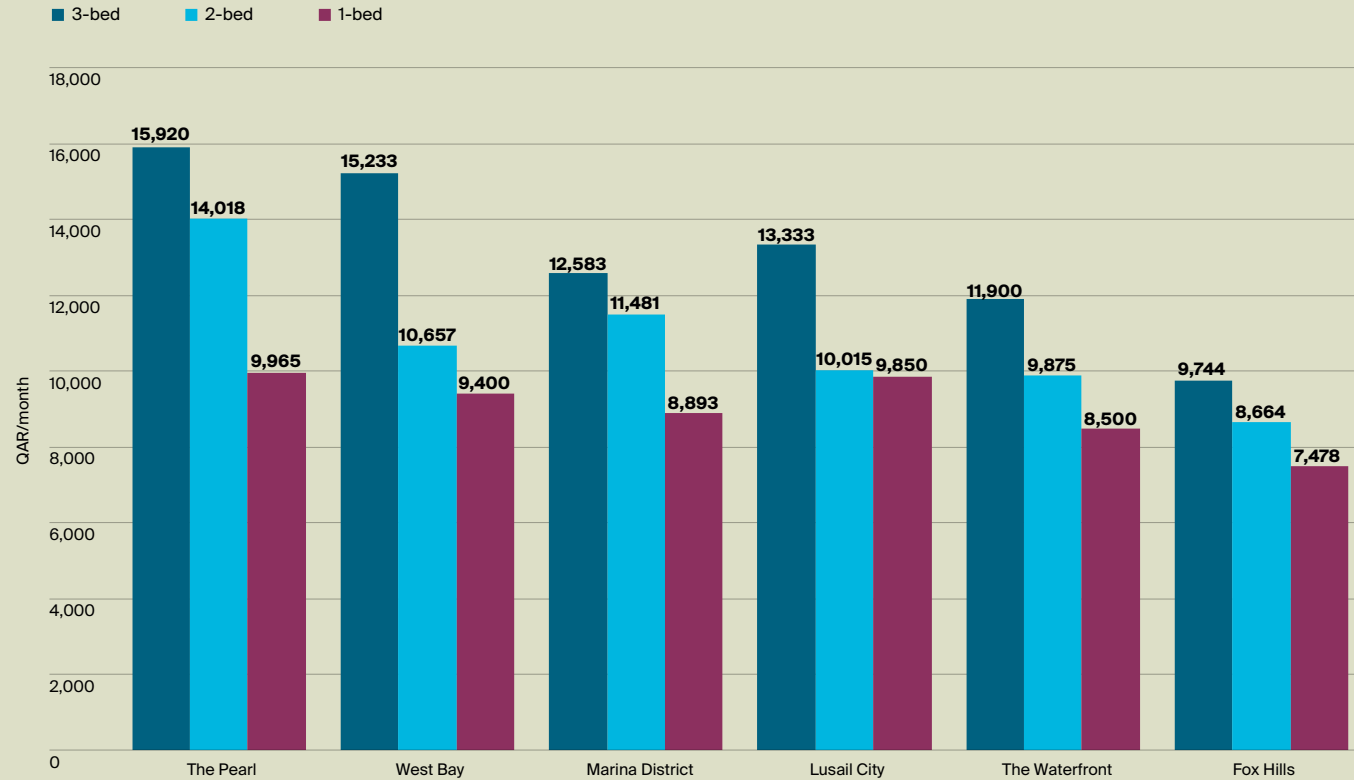
Average Villa Lease Rates



Rental rates for villas fell by 6.5% over the last 12-months and currently average QAR 16,225 per month.

Source: Knight Frank

Average Apartment Lease Rates



Apartment rents declined by 9.2% over the last 12 months and stand at QAR 10,900 per month.

Source: Knight Frank

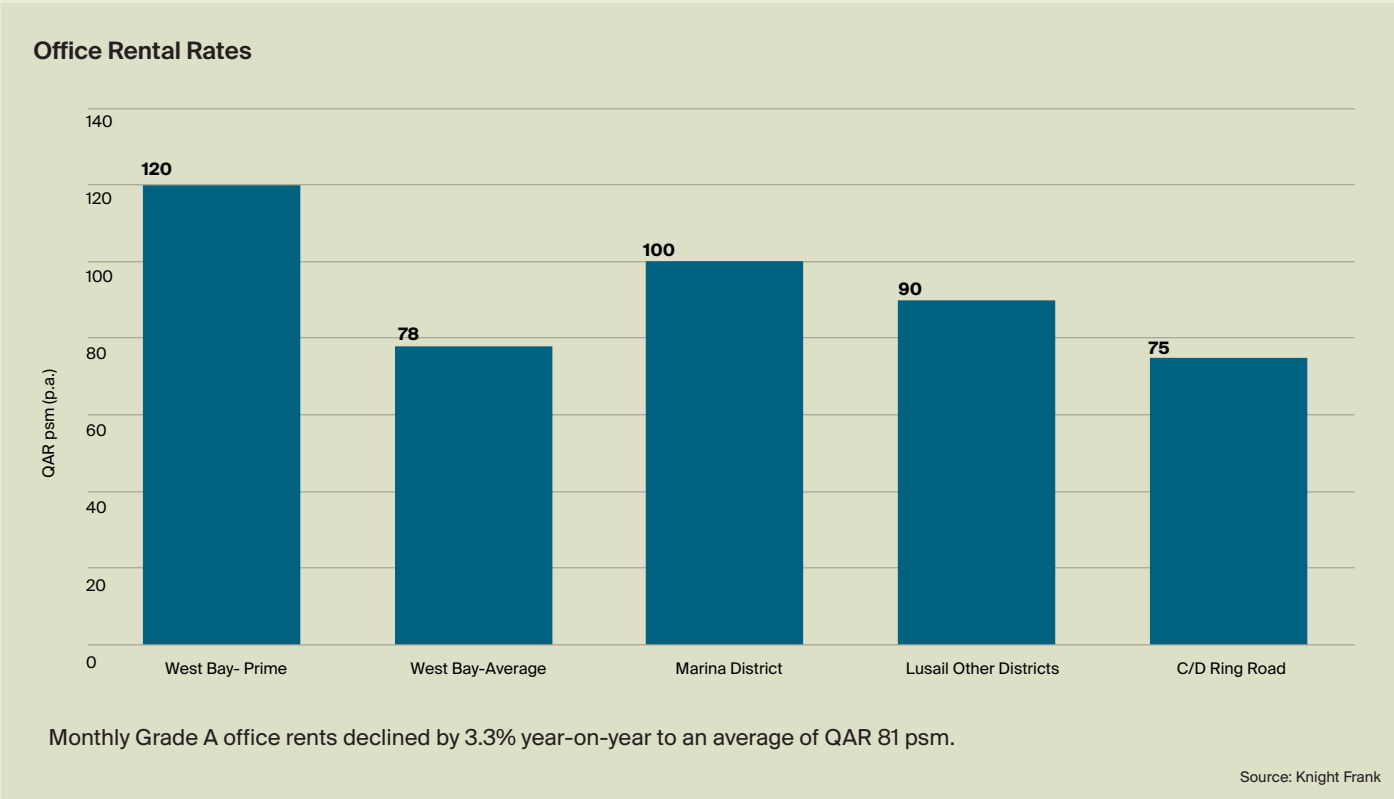
Commercial Market

Office Market

Leasing activity within the commercial office sector in Qatar has remained subdued throughout the first nine months of 2023, following the recovery post-COVID and rise in demand in the lead up to the 2022 FIFA World Cup. The oil and gas sector and the government sectors continue to be the primary drivers of office activity, with relocations to Lusail prominently featured in new deals.

As at the end of Q3 2023, total office supply totalled 5.5 million sqm, predominantly comprising Grade A office stock. Our projections suggest that the total volume of office supply will rise further to 5.7 million sqm by 2025, with the majority of the forthcoming supply concentrated in Lusail, encompassing Fox Hills, Energy City, Commercial Boulevard, and the Marina District.

Despite the near-constant demand from the public sector and oil and gas industries, the Qatari office market’s biggest challenge is an oversupply of office space, which is undermining rents and leaving occupiers firmly in the driving seat. As a result, monthly Grade A office rents declined by 3.3% over the last 12-months to an average of QAR 81 psm.



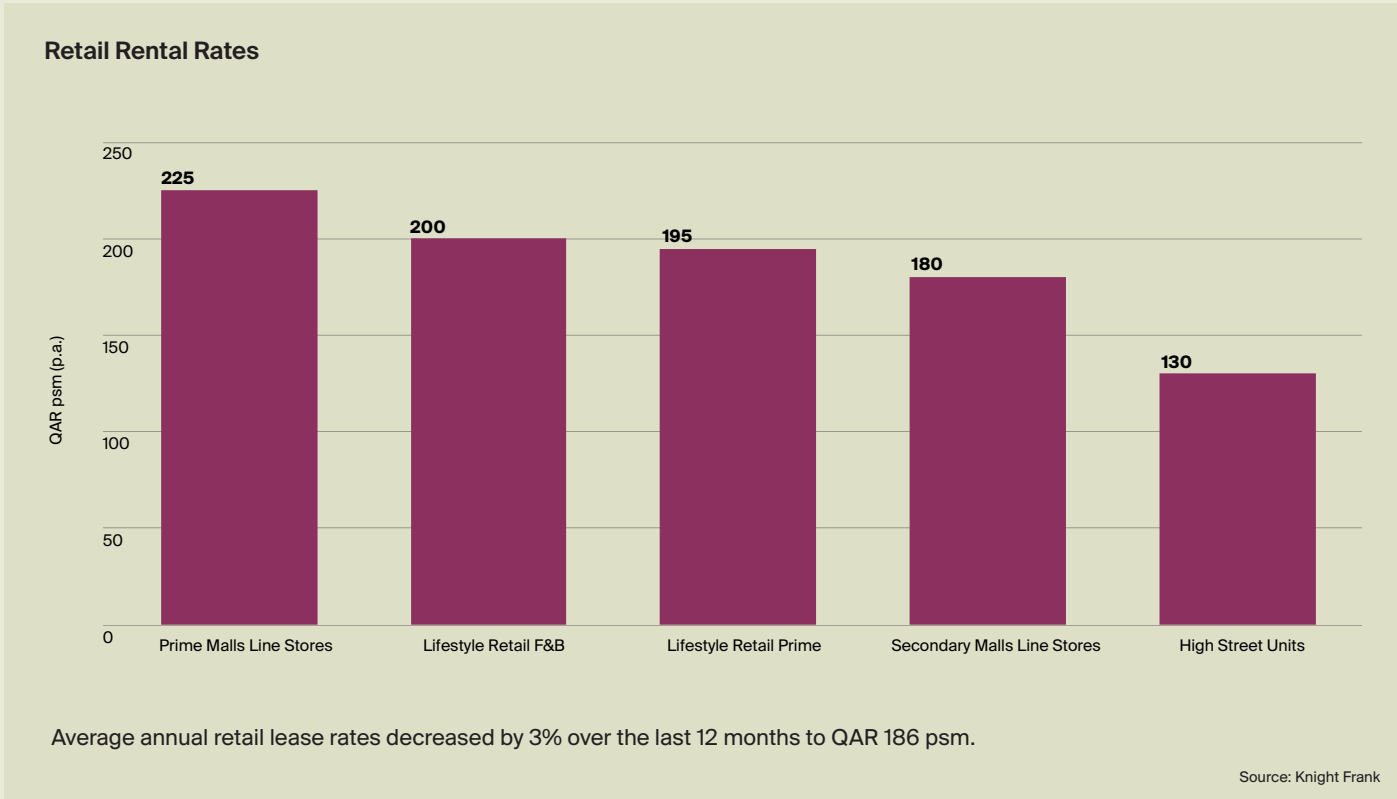
Retail Market

Demand from retailers for new space continues to soften in Qatar. The slowdown in demand is predominantly linked to the substantial increase in supply in recent years. As a result, monthly retail rental rates declined by 3% to an average of QAR 186 psm in the 12-month period to the end of Q3 2023.

Additionally, the retail scene is getting increasingly competitive. As e-commerce penetration expands and consumer behaviour and expectations evolve, traditional shops face challenging market conditions.

However, retail developments that provide a distinctive consumer experience and are tailored to accommodate shifting consumer behaviour by incorporating elements such as a public realm, F&B offerings, and entertainment have sustained high occupancy rates. This includes both indoor and outdoor developments like The Pearl, Souq Waqif, Souq Al Wakra, Msheireb Downtown, Katara, Doha Port, and Lusail Boulevard.

By the end of Q3 2023, the existing retail supply stood at 1.7 million sqm, mainly dominated by regional malls. Several outdoor and indoor retail developments were completed during 2022 and the first half of 2023, increasing the total retail supply to 1.7 million sqm. Our projections suggest a further increase in supply to 2 million sqm by 2025.



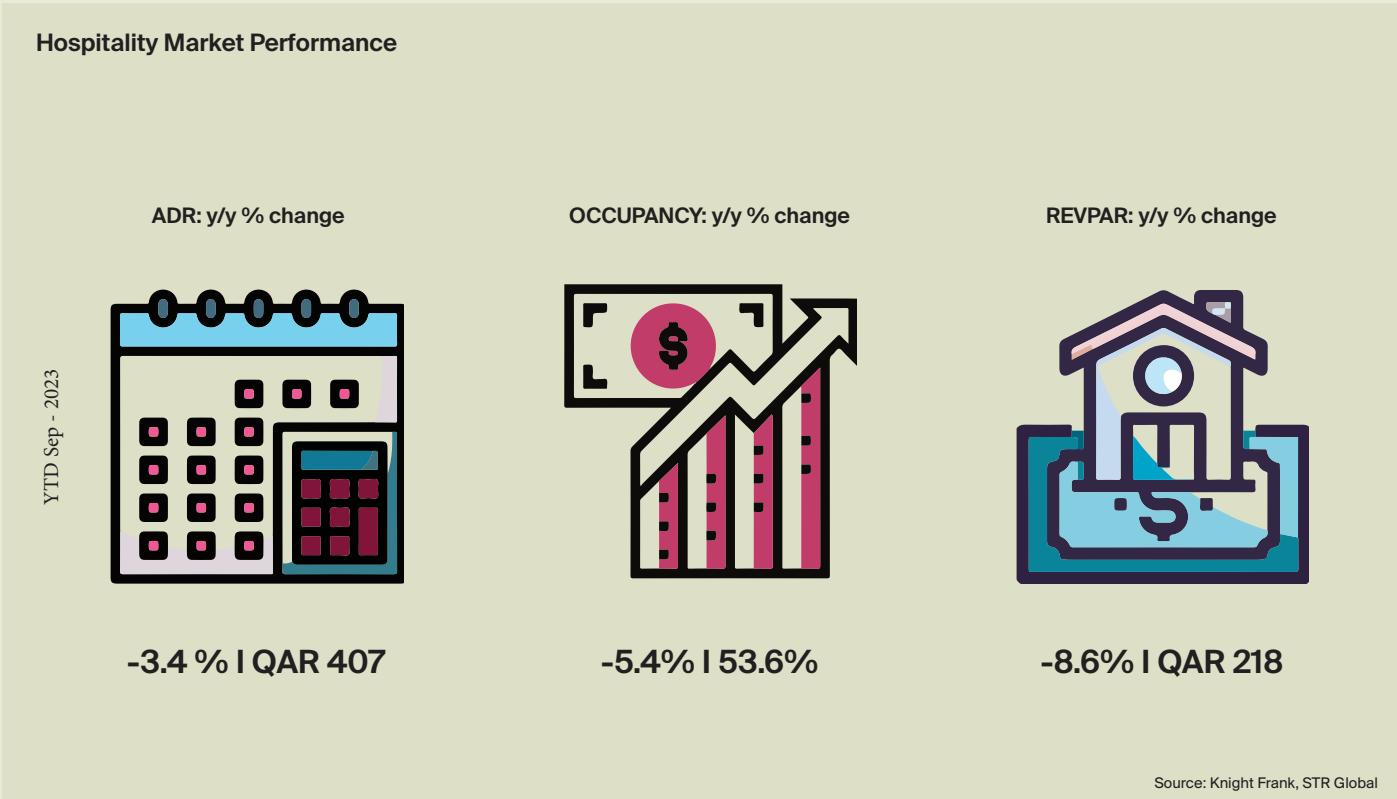
Hospitality Market

Following the successful hosting of the 2022 FIFA World Cup, the tourism sector in Qatar continues to show promising growth, witnessing a 143% surge in visitor numbers, reaching 2.8 million during the initial nine months of 2023, compared to the same period last year (PSA). Notably, 40% of these visitor’s hail from other GCC countries.

Despite the increasing influx of tourists, hotel performance indicators remain weak. The average daily room rate, for instance, fell by 3.4% to QAR 407 per night, while average occupancy declined by 5.4% to 53.6%. As a result, the RevPAR level decreased by 8.6% to QAR 218.

This notable decline in performance is primarily attributed to the significant surge in hotel supply during 2022 and the first nine months of 2023. Hotel room supply continues to trickle onto the market, with over 1,400 keys added during the initial nine months of 2023. This follows a 7,200 key increase during 2022, taking the total hotel inventory in the country to 40,165 rooms (STR).

Still, the revenue projections for the travel and tourism market are positive and are expected to reach US\$ 510 million in 2023. The sector is expected to grow by 11.5% per year (CAGR 2023–2027) (Statista).



We like questions. If you've got one about our research, or would like some property advice, we would love to hear from you.

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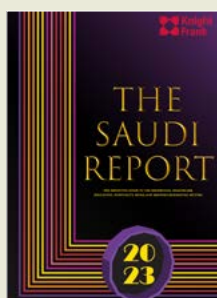
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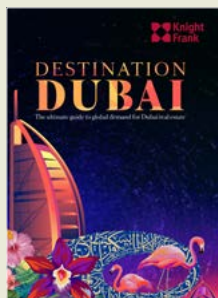
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