Qatar Real Estate Market Review

Knight Frank

Autumn - 2024

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

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Residential Sales Market

Lusail remains the most expensive neighbourhood in Qatar

Over the past 12 months, Qatar's residential real estate market has remained subdued, with villa and apartment prices dropping by 6.6% and 6.4%, respectively. Prime areas like The Waterfront and The Pearl Island, however, appear to be bucking this trend with rising prices and continued investor interest.

Lusail's Waterfront stands out as the pinnacle of luxury in Qatar's apartment market, commanding the nation's highest average sale price of QAR 14,365 psm, reflecting its premium location and exclusivity. Elsewhere, Fox Hills nestled within Lusail, emerges as the most affordable district in the prestigious development, with apartment prices averaging around QAR 10,560 psm, offering a comparatively accessible entry point into one of Doha's most sought-after addresses.

On The Pearl Island apartment prices have decreased by 5.5% over the last 12 months to QAR 13,290 psm. Despite this, it remains a preferred location for high-income residents and expatriates, offering exclusive waterfront properties and vibrant retail and entertainment options. According to our latest Destination Qatar 2024 report, 47% of respondents identified Lusail as their preferred location for a residential purchase, while 22% chose The Pearl Island as their top choice.

Abu Hamour, located in Doha's south west, stands out as the most expensive neighbourhood for purchasing a villa, with prices averaging QAR 8,610 psm, largely due to its relatively smaller villa sizes compared to other areas. In comparison, Al Wakair offers more affordable options, with prices approximately 33.2% lower at QAR 5,755 psm.

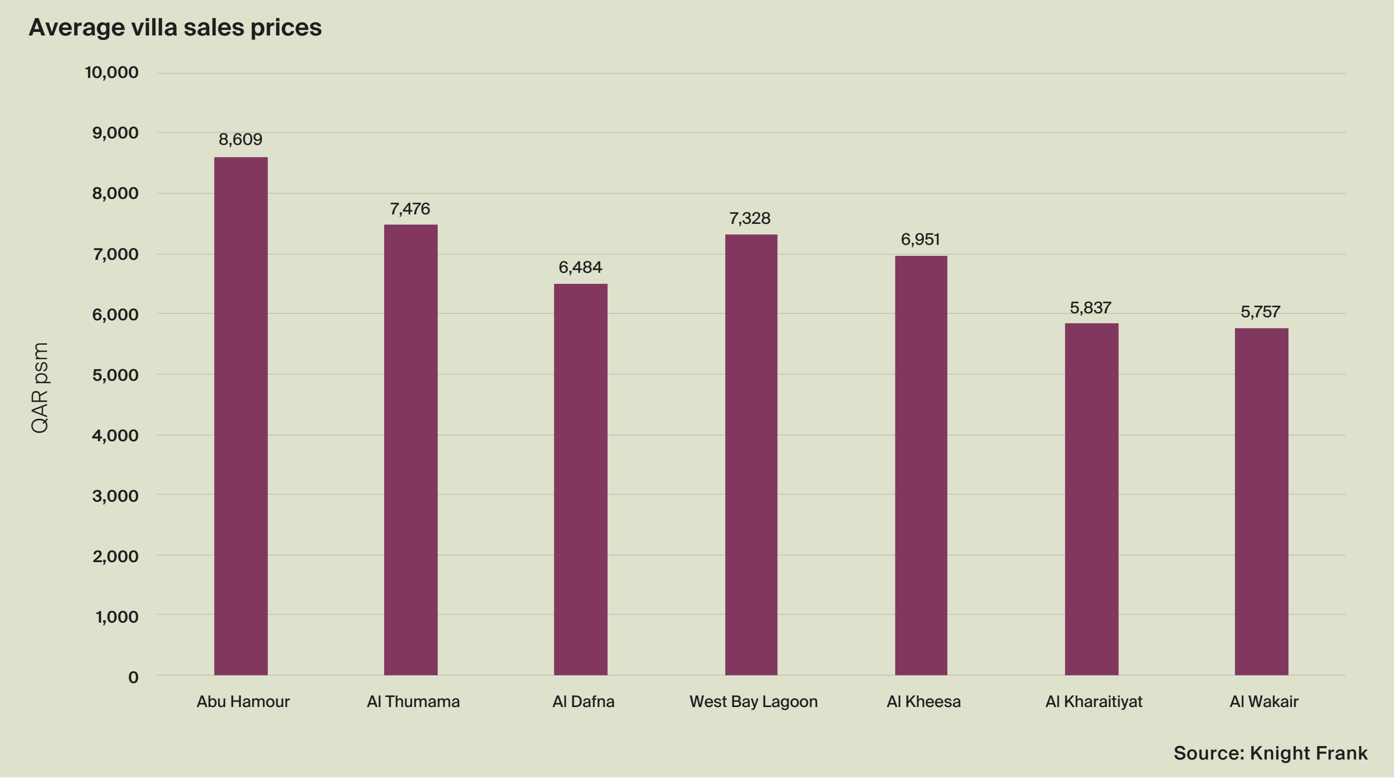
Demand expected to rise

The government's focus on diversifying the economy and attracting foreign investment will likely help to supercharge demand in the residential market. Indeed, regulations allowing non-Qataris to own properties in designated freehold zones have already boosted interest from resident expats. Furthermore, new regulations granting renewable residency, but with permanent residency benefits such as healthcare and education, through property purchases of at least US$ 1 million are likely to attract significant interest both from the region and abroad.

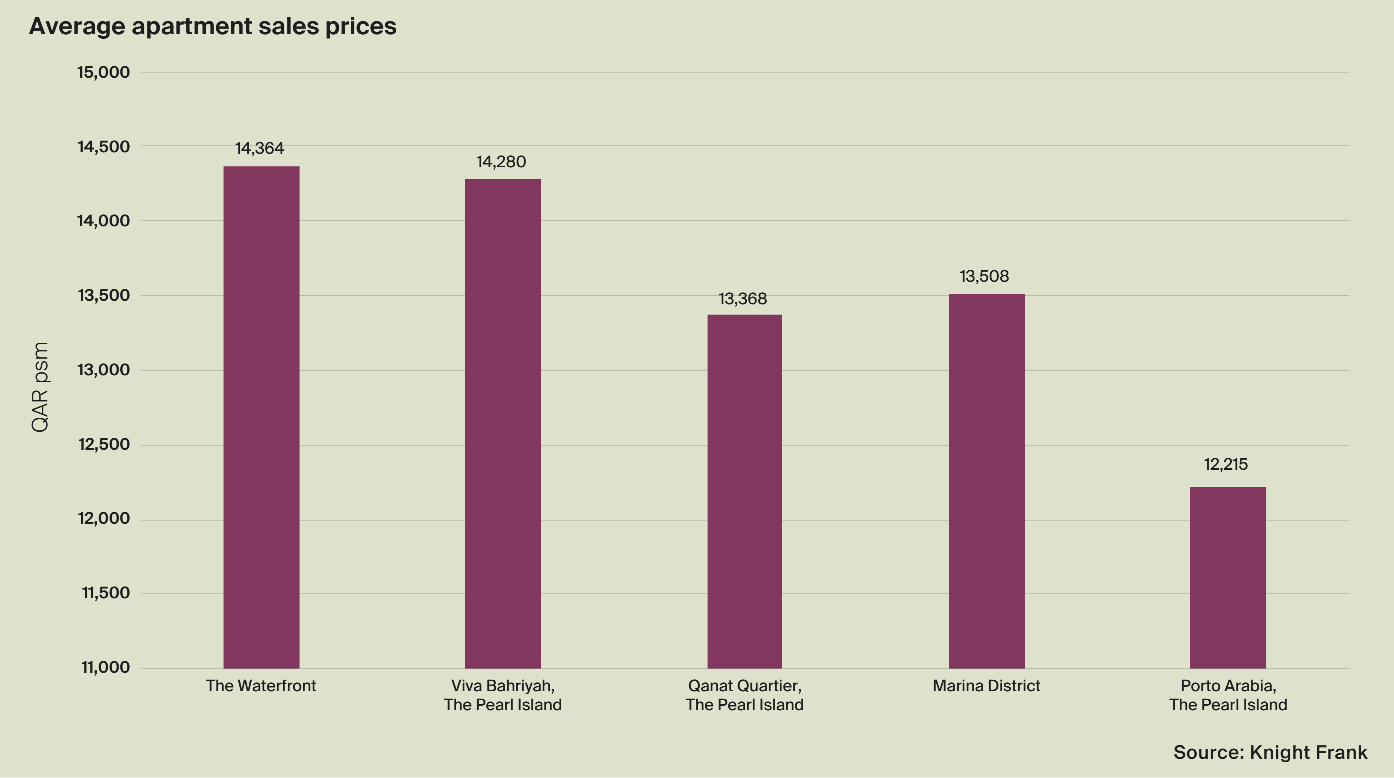
These moves align with Qatar's National Vision 2030, which aims to foster a sustainable and diverse economy, with plans to double the size of the economy on track following an expected increase in government revenues to 2014 levels this year.

Qatar's Freehold Zones initiative has increased the availability of properties for expatriates, boosting transaction volumes and values. In fact, in the last 12 months, the total volume of residential sales transactions has increased by 12.6% to 867 deals, while the value of residential transactions increased by 12.8% to QAR 3.6bn. This upward trend in both property volumes and values hints at early signs of market stabilisation and recovery.

Despite the increase in volumes and value of residential transactions, the sale prices for villas and apartments remain under pressure in Q3 2024, largely due to the surge in supply. Development continues to trickle onto the market following the US$ 330bn transformative construction boom in the 10 years leading up to the hosting of the FIFA 2022 World Cup. We forecast that the number of homes in Qatar will rise from about 394,000 today to close to 408,000 by the end of 2026.



Over the last 12 months, average villa sales prices declined by 6.6% and stand at QAR 6,750 psm.



Average sales prices for apartments declined by 6.4% year-on-year, to QAR 12,645 psm.

Residential Leasing Market

Villa lease rates continue to decline

Villa rents in Qatar continue to be subdued, with average monthly lease rates decreasing by 7.5% to QAR 15,085 over the past 12 months. Notably, areas like Nuaija and West Bay Lagoon have recorded sharper declines, with rents falling by 20% to QAR 14,240 per month and 9% to QAR 25,465 per month, respectively.

Unsurprisingly, rents continue to be influenced by location, property size, and amenities. West Bay Lagoon, despite its rental decline, still commands the highest rates, with rents averaging QAR 25,465 per month, reflecting its premium appeal and luxurious lifestyle offerings. Similarly, Al Waab, which caters to mid-to-high-income households, at QAR 14,605 per month, is the country's second most expensive neighbourhood to lease a villa. It is also a popular choice for families due to its proximity to schools.

With rents at QAR 8,550 per month, Abu Hamour and Umm Salal Mohammed retain their appeal to budget conscious tenants.

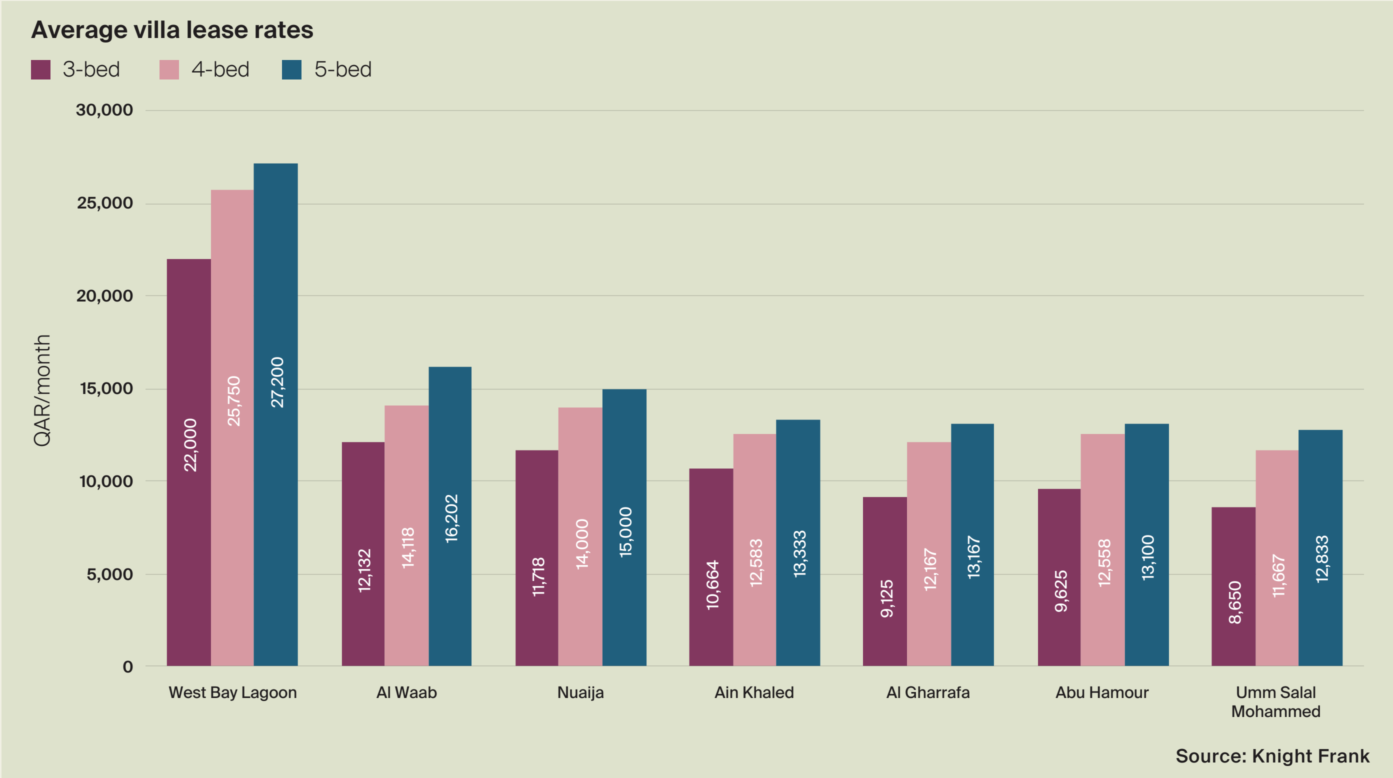
Luxury apartment rents climb

In contrast to the villa leasing market, apartment rents have stabilised, particularly in prime locations. High-end areas like West Bay and Marina District have seen rental increases of 9.6% and 3.2%, respectively, driven by strong demand from expatriates and professionals seeking modern amenities and proximity to Doha's primary commercial hubs. In contrast, areas such as Fox Hills have faced a 5% decline in rents due to increased supply and competition among landlords.

Overall, average apartment rents have risen by 2.3% over the past year to QAR 11,200 per month, reflecting growing demand for quality housing.

The market has seen a divergence in tenant preferences, with newer, well-managed properties in prime locations attracting higher rents, while older buildings in more secondary locations have experienced waning demand and rent falls. The influx of new residential units, particularly in areas like Fox Hills and Al Erkiyah, has expanded tenant options and placed downward pressure on occupancy rates and mid-market rents.

Residential buildings at The Pearl in Doha



Monthly rental rates for villas fell by 7.5% over the last 12 months and currently average QAR 15,085.

The average monthly apartment rental rate increased by 2.3% over the last 12 months and stands at QAR 11,200.

Commercial Market

Office Market

The public sector continues to drive demand in Qatar's office market, with a significant surge in leases by government ministries and state-owned enterprises in prime business districts. A notable example is the government's recent lease of the World Trade Centre Tower on the Corniche, which offers 58,000 sqm of Grade A office space. This transaction highlights the focus on premium office locations, such as Msheireb Downtown and West Bay. Indeed, Qatar Airways also recently announced plans to relocate its global headquarters to Msheireb Downtown next year.

Aside from the government sector and quasi-government entities, other sectors, including finance, technology, and professional services, also continue to contribute to office demand.

Lusail and West Bay remain the most sought-after locations in Qatar. Monthly rents in Lusail have increased by 3% year-on-year, reaching an average of QAR 92 psm, while Grade A offices in prime West Bay are leasing for between QAR 95 psm and QAR 150 psm, excluding service charges.

In contrast, secondary locations are experiencing downward pressure on rents due to oversupply and tenant relocations to newer spaces, with rates now averaging QAR 50–70 psm per month. This shift underscores the growing preference from tenants for high-quality, contemporary office environments.

Overall, Grade A office rents have climbed by 3.2% to QAR 82 psm per month over the past 12 months. The upward trend in rents aligns with Qatar's government initiatives to attract foreign direct investment and foster a business-friendly environment under National Vision 2030, driving growth and competitiveness in the office market.

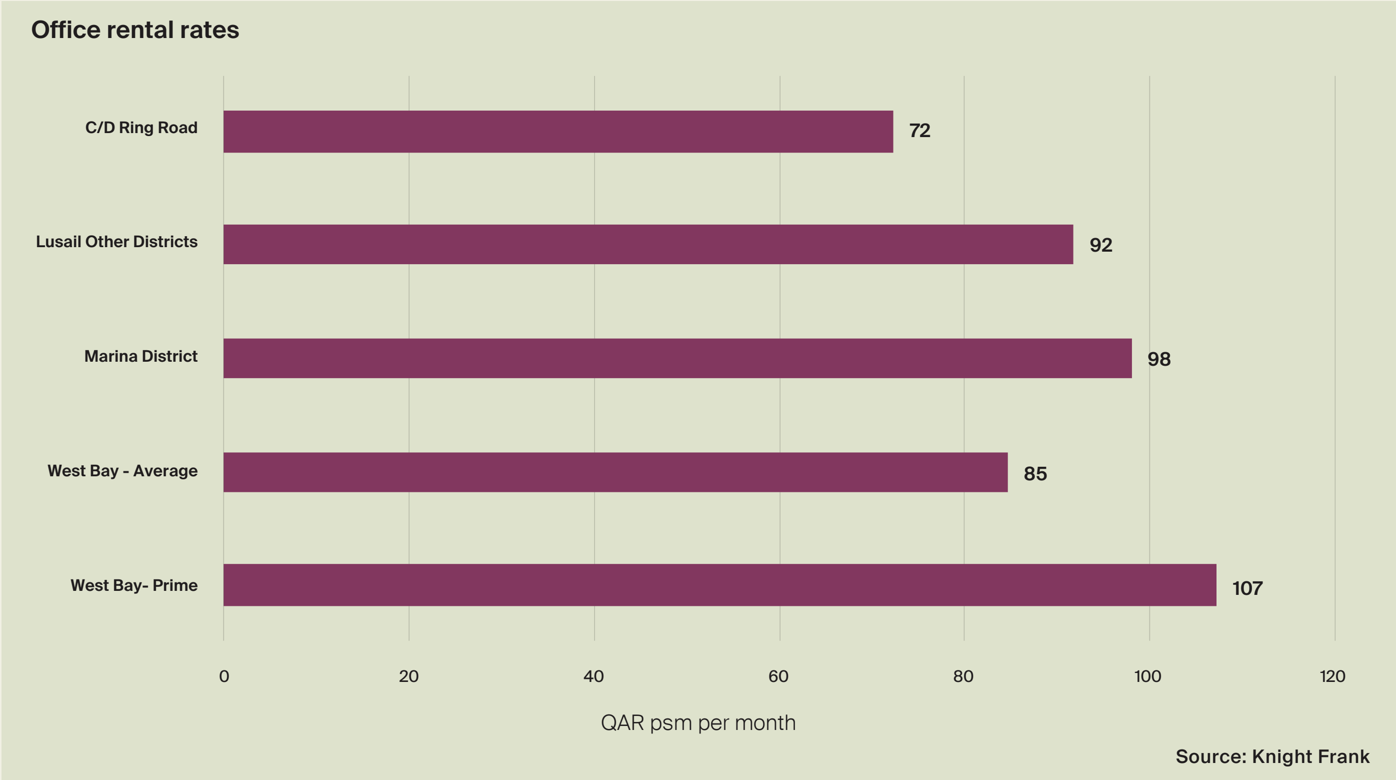
Retail Market

Qatar's retail landscape is rapidly evolving, driven by major developments like Lusail Boulevard, Katara Plaza and Doha Port, which all offer a vibrant mix of luxury brands, dining, and entertainment. These new lifestyle-oriented destinations are transforming shopping into immersive experiences, reinforcing Qatar's vision to establish itself as a leading regional hub for retail and leisure. They build on the 881,000 sqm of retail developments completed since 2011.

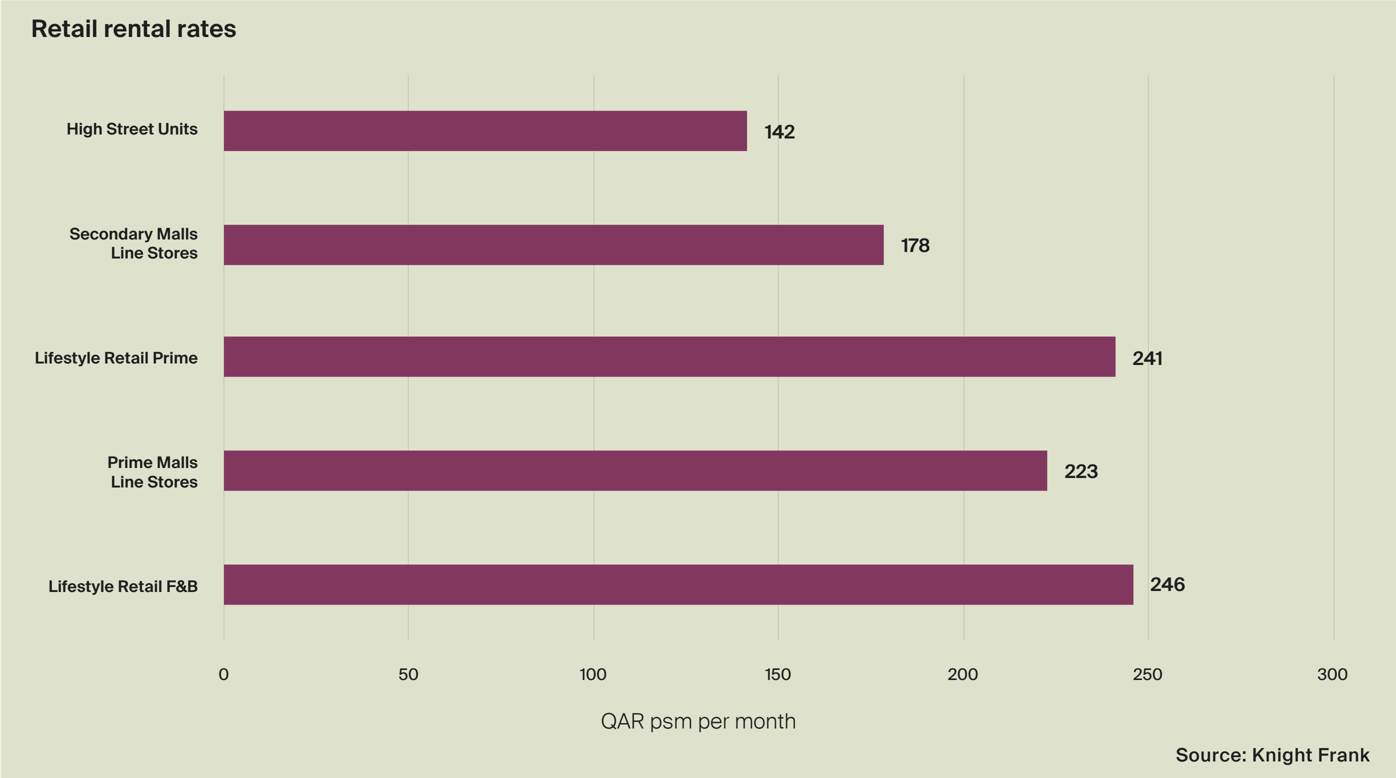
In fact, Qatar's efforts to become a global shopping destination through shopping festivals such as Shop Qatar and year-round retail events appear to be resonating strongly with potential visitors from around the GCC, as evidenced by our 2024 Destination Qatar Report. We found that 79% of GCC nationals and GCC-based expats are keen to travel to Qatar solely for a shopping holiday, highlighting the emergence of Qatar as a regional retail destination.

Overall, the retail market in Qatar remains competitive with a two-tier dynamic similar to that of the office sector. High-quality retail developments that focus on curating unique consumer experiences, such as vibrant public realms, F&B options, and family-centric entertainment, continue to enjoy strong demand and high occupancy rates. On the other hand, landlords of older retail developments in more secondary locations are reliant on incentives such as discounted rents to reduce vacancy rates and combat declining footfall.

Nationally, average monthly lease rates have softened slightly, decreasing by 0.6% to QAR 206 psm over the past year. Premier malls in Doha maintain monthly headline lease rates for line units ranging between QAR 200-300 psm , while secondary malls average below QAR 180 psm per month. High street units offer more affordable options, with rents ranging from QAR 120-160 psm per month, depending on size and use.



Monthly Grade A office rents climbed by 3.2% over the last 12 months to an average of QAR 82 psm



Average annual retail lease rates decreased by 0.6% over the last 12 months to QAR 206 psm.

Hospitality Market

Qatar has made significant strides in diversifying its tourism industry. Efforts have included developing local attractions like the Qatar National Museum, the Museum of Islamic Art, Meryal Water Park, and the recently announced US$ 5.5bn 650,000 sqm Simaisma theme park. Qatar's tourism sector has solidified its position as a vital driver of economic growth, achieving an impressive 31% growth in 2023 to reach a historic high of QAR 81.2bn (US$ 23.3bn), which equates to 10.3% of GDP.

In addition, the cruise sector continues to expand, with Qatar now attracting major cruise lines. During the 2023/24 season, 73 ships carrying 347,000 passengers docked in Qatar, with the government forecasting a 30% rise in cruise calls this season, supported by a 24.5% rise in cruise passenger numbers.

Furthermore, the introduction of visa-free entry for citizens from 88 countries has also boosted Qatar's reputation as one of the most welcoming and accessible nations in the world, as evidenced by the rise in the number of tourists visiting Qatar. After 4 million tourists came to the country in 2023, a further 3.2 million tourist arrivals were registered between January and September 2024, a 26% increase compared to the same period last year (Qatar Tourism).

Qatar's hotel market continues to expand steadily, with over 1,300 new rooms introduced in 2023, contributing to the country's growing hospitality portfolio. As of the end of Q3 2024, Qatar's total supply of quality hotel rooms stood at approximately 40,000 keys, with internationally branded properties accounting for 60% of this inventory. Looking ahead, the market is projected to grow further, with the quality room supply expected to reach 47,290 keys by the end of 2026.

As a result of the increased influx of tourists, the hotel performance indicators in Qatar improved steadily between January and September 2024. The Average Daily Rate (ADR), for instance, increased by 6% to QAR 431, while average occupancy levels increased by 23% to 66%. As a result, the Revenue Per Available Room (RevPAR) level grew by 30% to QAR 285.

Hospitality Market Performance

ADR: y/y % change	OCCUPANCY: y/y % change	REVPAR: y/y % change
6% | QAR 431	23% | 66%	30% | QAR 285

Source: Knight Frank, STR Global

Kempinski Hotel, Doha

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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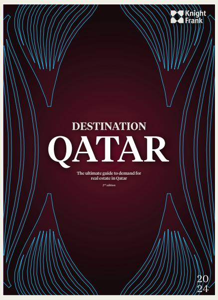
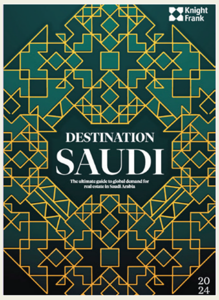


Destination Qatar - 2024



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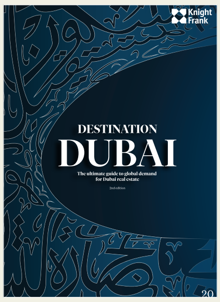

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