

Qatar Real Estate Market Review



Summer 2024

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

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Residential Sales Market

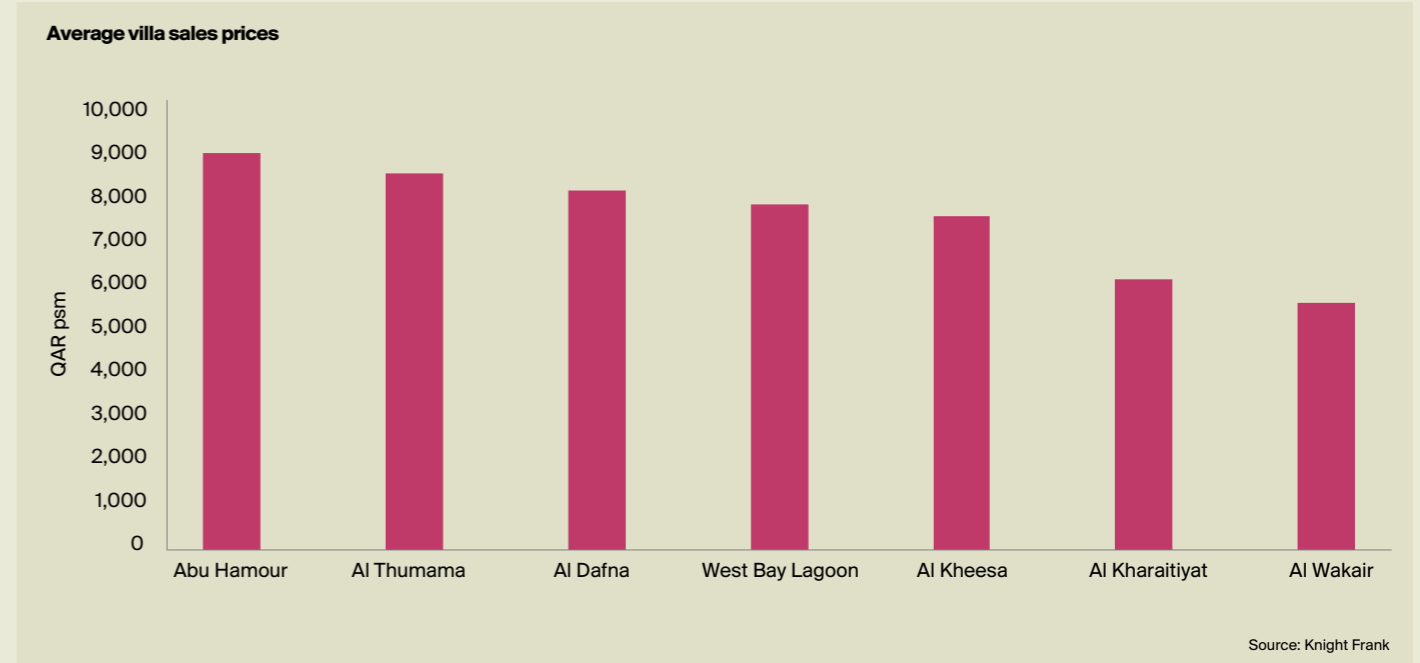
The housing market's performance in Qatar has remained subdued over the last 12 months, largely due to several converging factors. Demand for residential properties has declined, while supply has surged following the construction boom associated with the FIFA 2022 World Cup. This imbalance between supply and demand has resulted in an oversaturated market, putting downward pressure on property prices and rental rates.

While the volume of residential sales transactions remained stable over the 12 months to the end of Q2 2024, the total value of deals decreased by 24.5%, underscoring the downturn in values. The rise in interest rates, currently at 6.25%, up from 3.90% in 2021, is exacerbating matters as potential buyers contend with higher interest rates, making mortgages unattractive.

Villa prices appear to be faring slightly better than those of apartments, with values decreasing by 5% to an average of QAR 7,025 psm in the last 12-months. Apartments, meanwhile, have registered average price falls of 7.5% over the same period and currently stand at QAR 12,820 psm.

Due to the relatively smaller villa sizes compared to other areas, Abu Hamour (QAR 8,810 psm) in Doha's south-west remains the most expensive neighbourhood to buy a villa. In contrast, Al Wakair (QAR 5,480 psm) is about 37.8% cheaper.

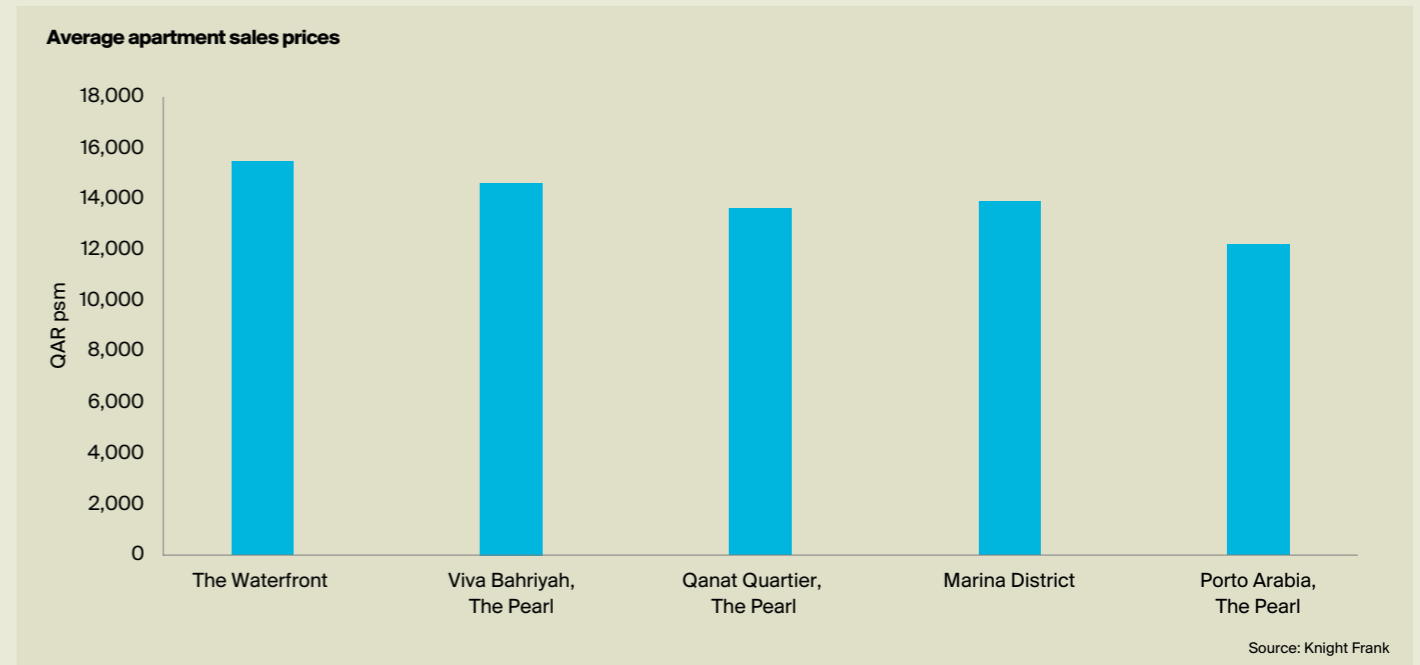
Lusail's Waterfront commands the nation's highest apartment sales price at an average of QAR 15,480 psm, while Fox Hills remains the most affordable district in Lusail to buy an apartment, with prices hovering at around QAR 11,000 psm.



- Over the last 12 months, average villa sales prices declined by 5% and stand at QAR 7,025 psm.



The Pearl



- Average sales prices for apartments declined by 7.5% year-on-year, to QAR 12,820 psm.

Residential Leasing Market

Mirroring the sales market, the rental market for villas in Qatar has also experienced subdued performance, with average rents decreasing by 4.4% to QAR 15,465 per month over the past 12 months. Notably, areas like Nuaija (-10%) and Umm Salal (-8%) have recorded sharp falls in rents as demand from families and expatriates has decreased, with these two groups turning their attention to more desirable areas that have become more affordable.

A two-tiered apartment market appears to have emerged, with rents remaining stable for high-end luxury apartments, while more affordable locations grapple with oversupply, leading to rental declines. Rents for luxury apartments in districts such as West Bay and The Waterfront, for instance, have remained unchanged for two quarters, underpinned by moderate but sustained demand from expats and professionals. These areas offer modern amenities, entertainment options, and proximity to commercial centers, making them attractive to renters. However, due to increased supply and competition, districts such as the Marina District and Fox Hills have faced downward pressure on rents. As a result, over the past 12 months, apartment rents in Qatar have decreased by 5.5% to QAR 10,300 per month.

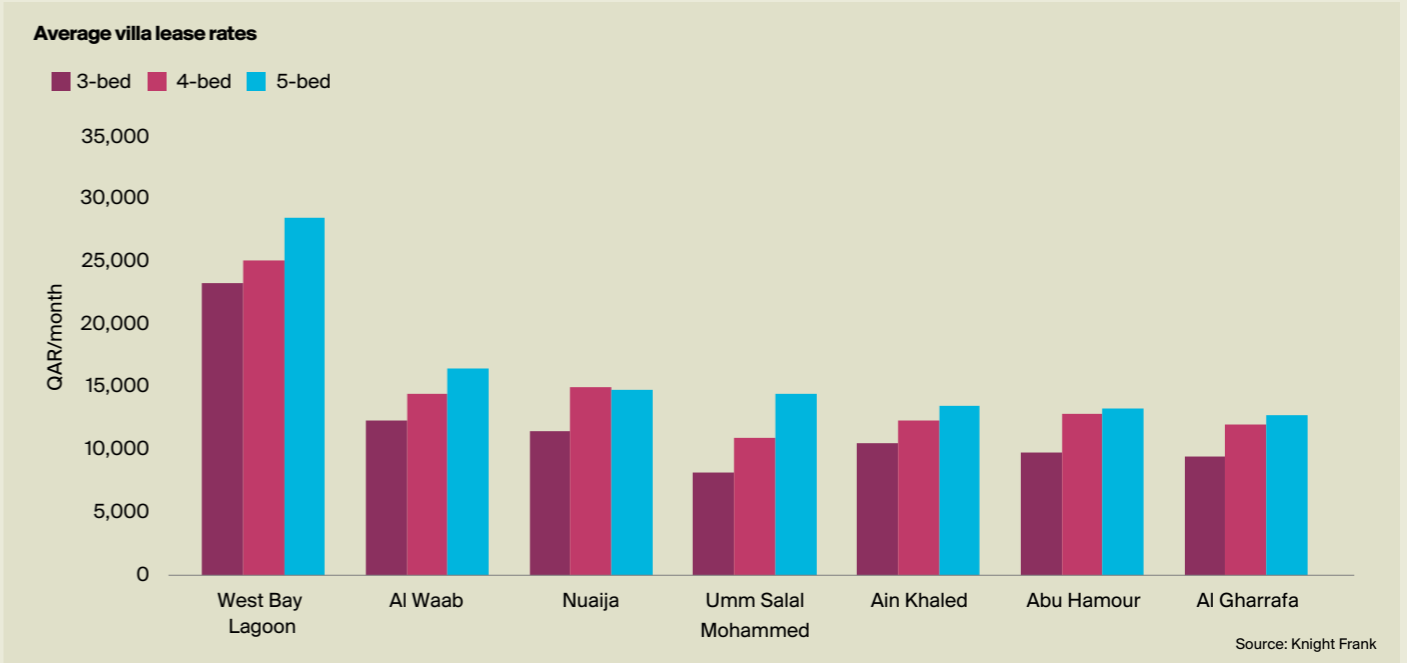
The oversupply situation is expected to persist, with another 6,400 homes forecast to be delivered this year, most of which will be in Doha and Al Daayen Municipalities. These new completions will push Qatar's residential stock to an estimated 400,000 units. As at the end of Q2 2024, the total number of apartments in Qatar reached 246,000, while the stock of villas increased to 134,000.

Among recent developments, Grand Zone at the Mall of Qatar (1,023 residential units) was one of the most significant completions in 2023.

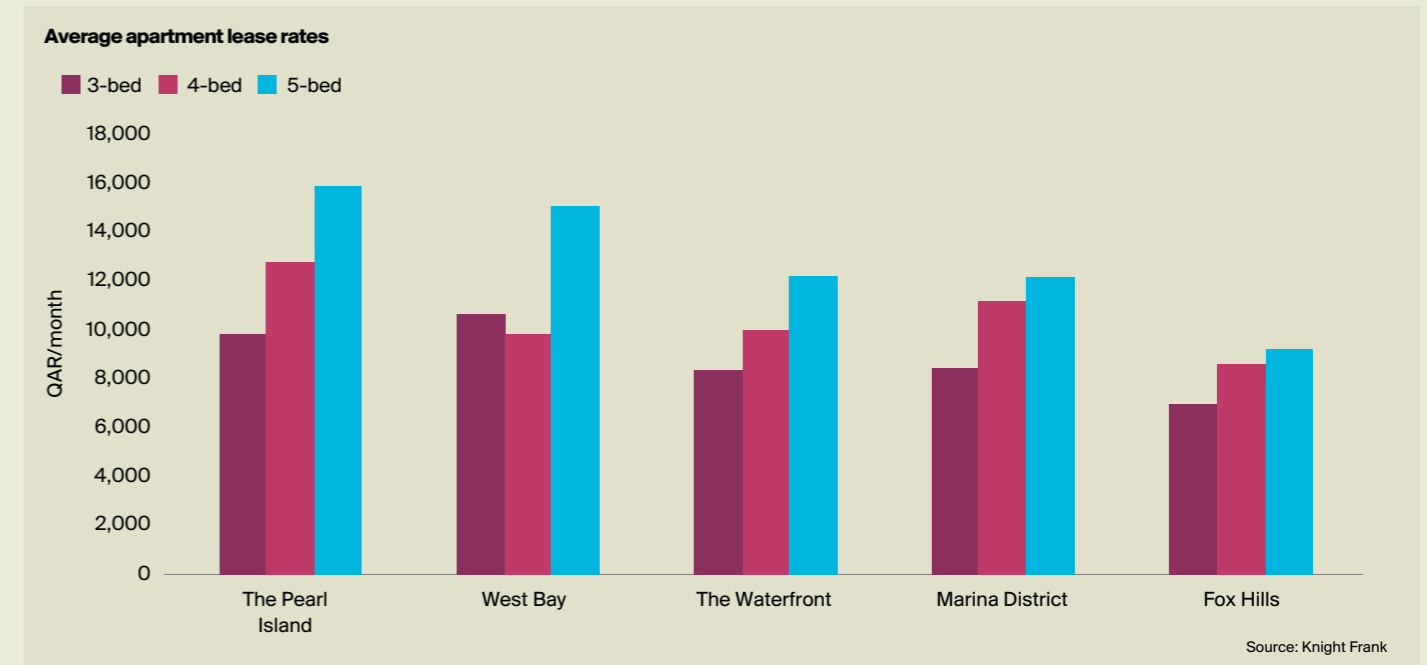
Looking further ahead, we expect to see a stabilization in the rental market, in part aided by the government's efforts to improve public transportation infrastructure through the recently announced expansion of the Doha Metro network, for instance, as well as the addition of new bus routes, which together are expected to improve interconnectivity across Doha's various new districts, making them more accessible and appealing to those who may opt not to drive. Transport infrastructure aside, plans are underway to boost educational and healthcare offerings across Doha as well, again contributing to the ongoing improvement in the quality of life across the city.



Qanat Quartier, The Pearl



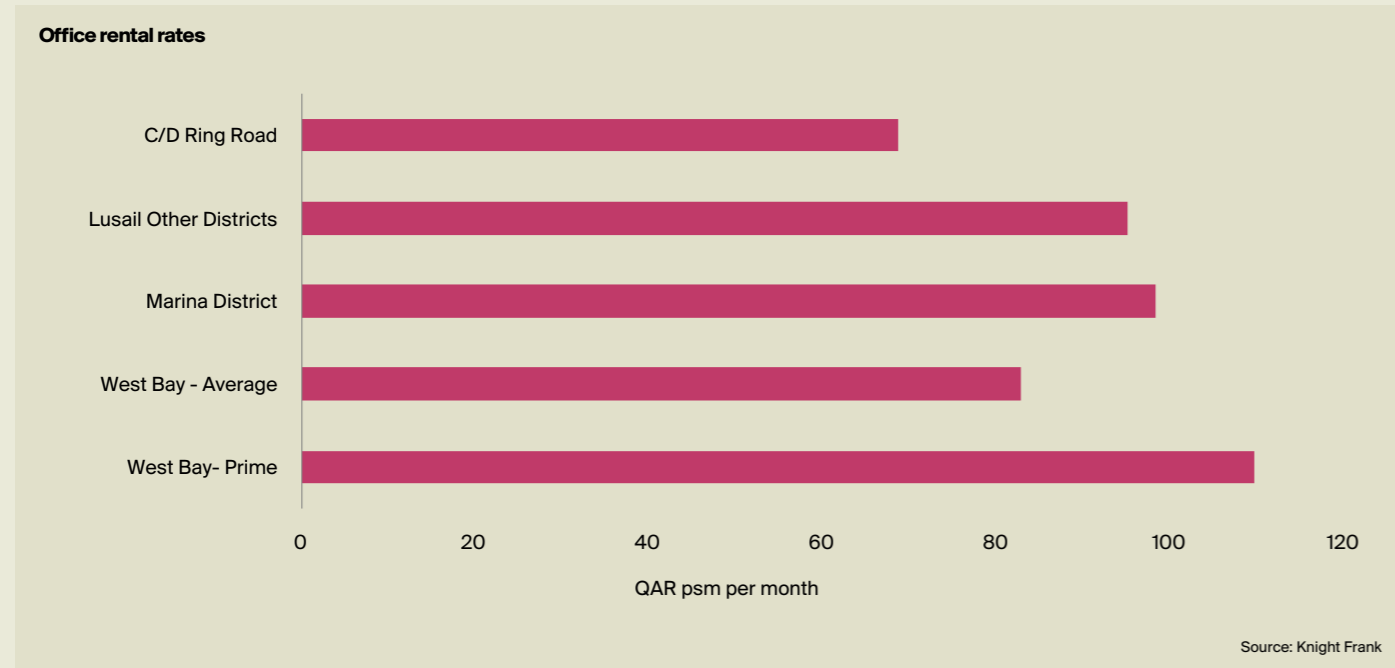
- Rental rates for villas fell by 4.4% over the last 12-months and currently average QAR 15,465 per month.



- The average apartment rental rate declined by 5.5% over the last 12 months and stands at QAR 10,300 per month.

Commercial Market

Office Market



- Monthly Grade A office rents climbed by 1% over the last 12-months to an average of QAR 81 psm per month.

The public sector remains the main driving force behind Qatar's office market demand with government ministries and state-owned enterprises continuing to seek and occupy large offices in central business districts.

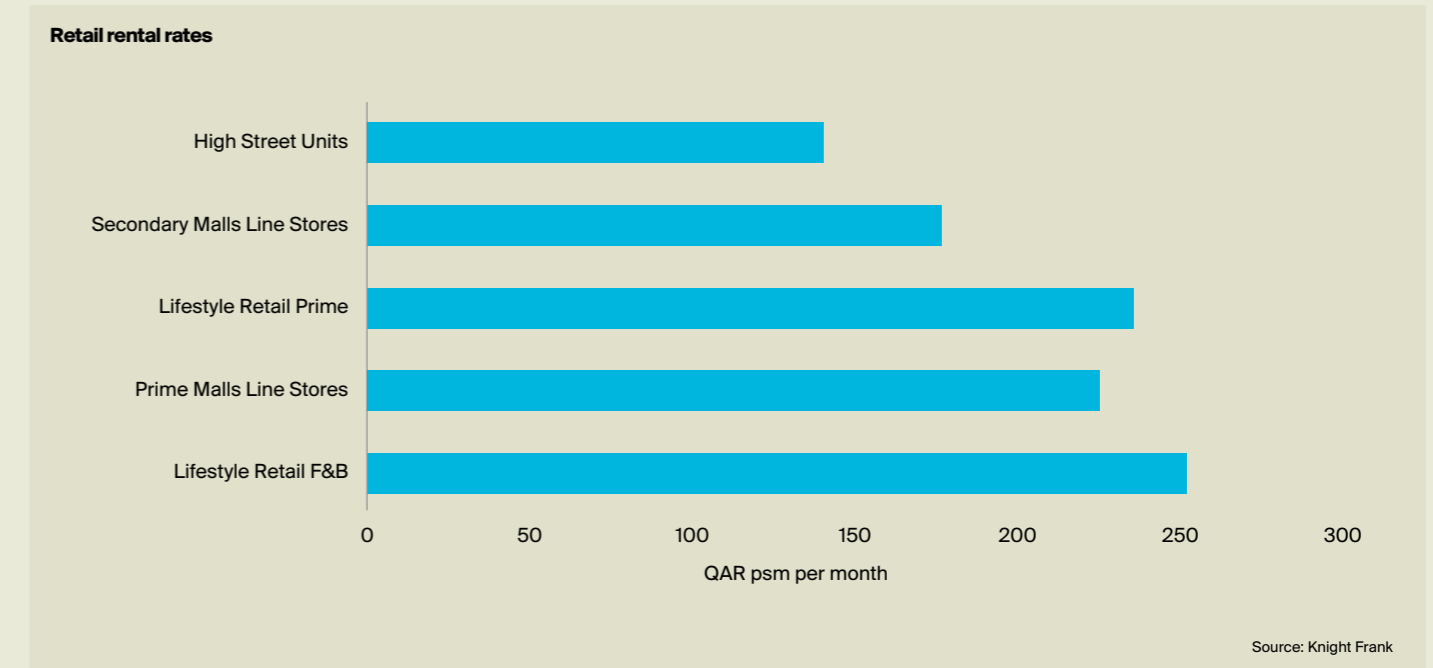
In addition, Qatar Investment Authority, Qatar National Bank, and Ooredoo are planning to expand their office presence, particularly in Lusail. West Bay, however, continues to experience a drift of public sector-linked occupiers who are moving from more secondary stock in this area to prime space in Lusail, which is sustaining upward pressure on rents here. Indeed, rents in Lusail have climbed by 1.5% over the last two quarters to reach an average of QAR 110 psm per month.

This builds on the broader global theme of occupiers gravitating towards new offices that offer modern amenities, and high-quality infrastructure alongside sustainability accreditations. In the smaller but equally important private sector, financial institutions and tech firms are leading the demand for offices.

The demand for flexible workspace, including serviced offices and co-working space, has also been rising. Startups, small and medium enterprises (SMEs), and companies seeking flexible lease terms are driving this trend. Here, too, there is a growing emphasis on sustainable office buildings, complete with green building standards.

Overall, rental rates in prime business districts such as West Bay and Marina district have remained relatively stable over the last 12-months. Average monthly rental rates in these areas range from QAR 90-125 psm. In more secondary locations, rents are trending downwards due to an oversupply of offices, stemming largely from occupiers relocating to newer stock, creating competition among landlords. Average monthly rates in these areas range from QAR 60-95 psm.

Retail Market



- Average annual retail lease rates decreased by 7% over the last 12 months to QAR 200 psm per month.

Qatar's shopping malls have gone through a period of significant transformation in recent years. Major mall and retail developments that have opened in recent years include Place Vendôme (230,000 sqm) in Lusail, and Doha Oasis Printemps (38,000 sqm), the Middle East's largest luxury department store. Both have been operational since 2022. Place Vendôme is the third super-regional mall to open in Qatar after Mall of Qatar and Doha Festival City.

Qatar now boasts over 1.78 million sqm of leasable retail space in major malls. Additionally, there is over 400,000 sqm of leasable space in outdoor retail and leisure destinations in and around the capital, Doha, such as The Pearl Island, Souq Waqif, Msheireb Downtown, Katara, Doha Port and Lusail Boulevard.

Perhaps unsurprisingly, the significant increase in supply has undermined retail rents, with average monthly rates falling by 7% to QAR 200 psm between Q2 2023 and Q2 2024.

Retail developments that offer a distinctive consumer experience and are tailored to accommodate shifting consumer behaviour by incorporating elements such as an inviting public realm, F&B offerings, and entertainment, for instance, have sustained high occupancy rates.

In contrast, developments where landlords have focused on discount-based rent incentives to entice tenants and boost their occupancy rates continue to experience increasing voids and declining footfall.

Monthly headline lease rates for line units in Doha's premier malls continue to range from QAR 210-270 psm per month. Many secondary malls have monthly line unit lease rates below QAR 200 psm per month. High street units remain the most affordable for retailers with monthly rents ranging from QAR 100-170 psm per month, depending on size and use category.

Hospitality Market

Following the successful hosting of the world's largest soccer event, the tourism sector in Qatar continues to show promising growth, witnessing a remarkable 58% surge in visitor numbers, reaching 4 million in 2023, compared 2.6 million in 2022 (PSA). Notably, 28% of these visitors hail from other GCC countries.

Qatar's tourism sector is emerging as a key contributor to economic activity, growing by 31% to reach a record-breaking QAR 81.2bn (US\$ 23.3bn) in 2023, representing 10.3% of total economic output. Separately, domestic visitor spending reached QAR 1.4bn, up by 8.4% year-on-year, while international visitor spending increased by nearly 40% year-on-year, to QAR 60.4bn (WTTC).

Hotel room supply continues to trickle into the market, with over 1,300 keys added in 2023. This followed an unparalleled increase in room numbers in 2022 when over 7,200 keys were delivered (equating to 18% of existing supply at the time). In fact, at the end of H1 2024, the total quality room supply in Qatar stood at c. 40,000 keys, 60% of that comprised internationally branded rooms. By the end of 2026, the quality room supply in Qatar is expected to reach 46,600 keys.

As a result of the increased influx of tourists, the hotel performance indicators in Qatar have improved steadily between January and May this year. The ADR, for instance, increased by 8.3% to QAR 464, while average occupancy levels increased by 33% to 70%. As a result, the RevPAR level grew by 44% to QAR 327.

Hospitality Market Performance

ADR: y/y % change



8.3% | QAR 464

OCCUPANCY: y/y % change



33% | 70.4%

REVPAR: y/y % change



44% | QAR 327

Source: Knight Frank, STAR Global



Katara Towers, Lusail

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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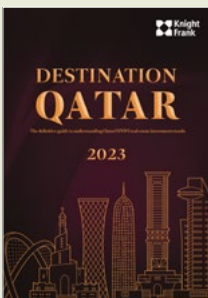
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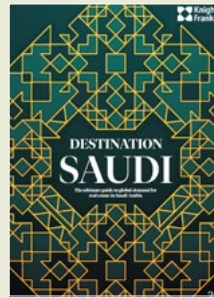
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