

Qatar Real Estate Market Review



Summer 2023

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

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Residential Market

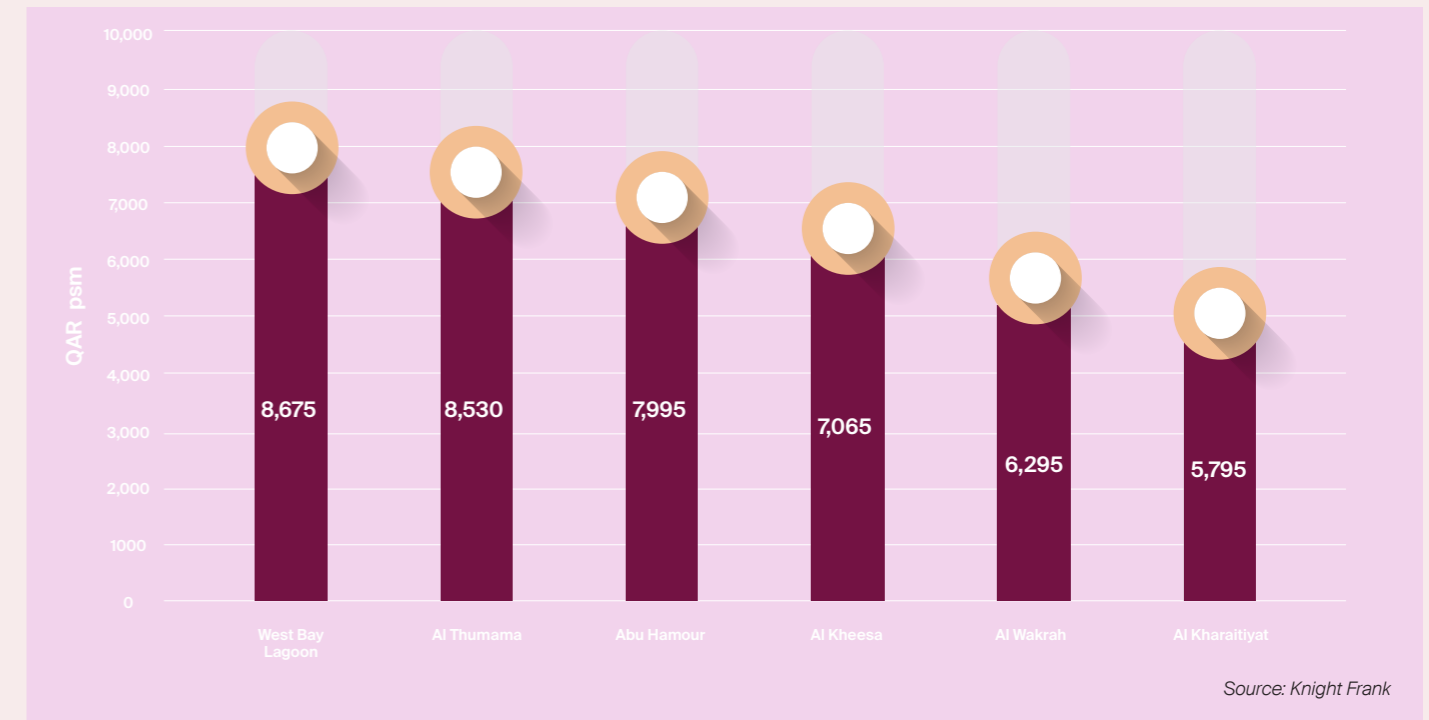
The housing market in Qatar faces challenges as demand weakens against growing supply glut stemming from the construction boom in the lead up to the 2022 FIFA World Cup. This supply-demand imbalance, coupled with rising interest rates, which are fuelling affordability challenges, are together contributing to a shrinking mortgage market, while at the same time the number of home sales is declining.

The total number of residential sales transactions fell by 36% over the 12-months to Q2 2023, while the value of residential transactions declined by 24% over the same period. Doha (185 sales) and Al Rayyan (182 deals) municipalities recorded the highest volume of residential transactions during the second quarter.

Findings from our 2023 Destination Qatar report, which analyses results of a survey of Qatari High Net Worth Individuals (HNWI) shows that Lusail is the most preferred residential investment target, with an average budget of US\$ 1.8 million. Among the HNWI we surveyed, 71% already own a home in Lusail, with Lusail Marina and Lusail Waterfront identified as the two most favoured locations for a residential real estate acquisition. [\(see our Destination Qatar report click here\)](#)

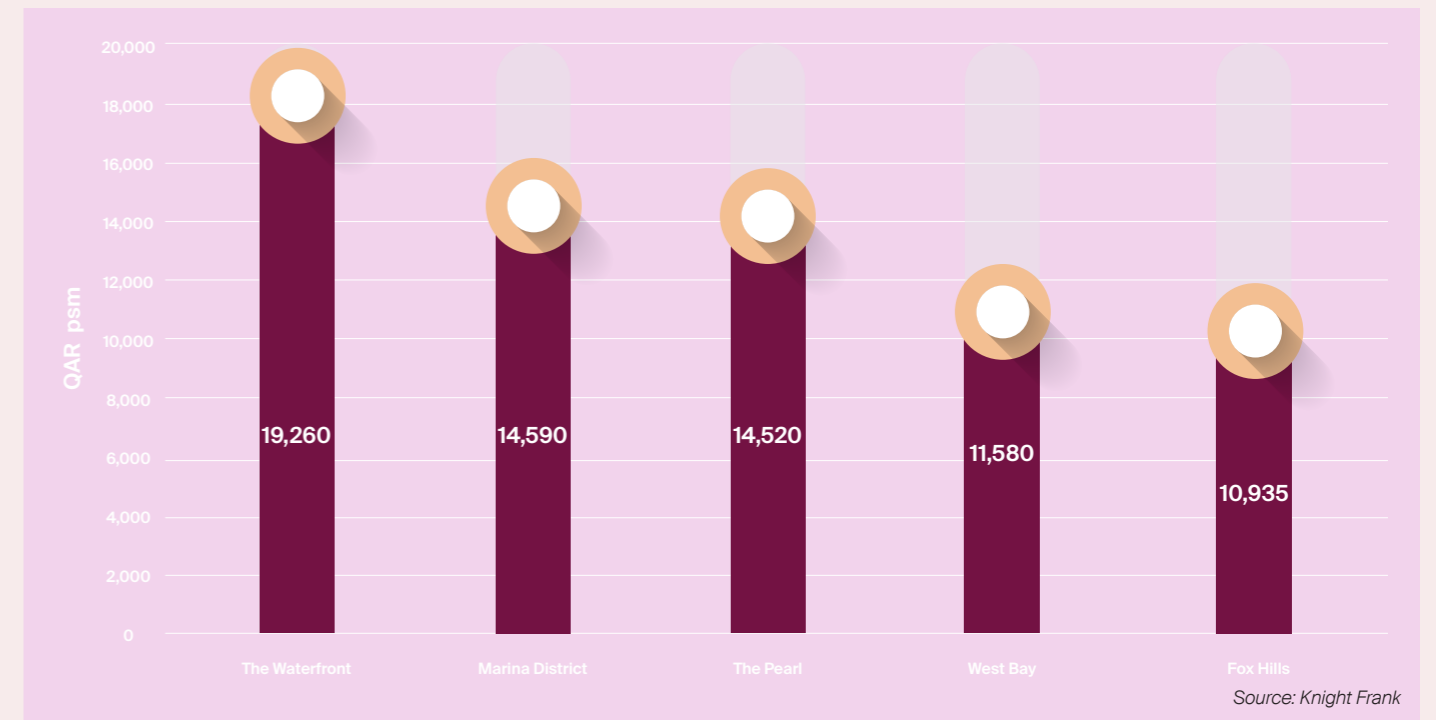


Average Villa Sales Prices



Over the last 12 months, villa sales prices fell by 3% and stand at QAR 7,130 psm.

Average Apartment Sales Prices



The average transacted price for apartments declined by 2% over the last 12-months to QAR 13,750 psm.

Residential Market

During the first half of 2023, the residential supply in Qatar received a significant boost from developments specifically reserved for visitors to the 2022 FIFA World Cup. These properties have now been released to the market and as a result, apartment and villa rental rates have receded to pre World Cup levels.

Rental rates have dropped in almost all districts; however, the Waterfront and Fox Hills, both in Lusail, experienced the highest quarterly depreciation of 23% and 18%, respectively, in the average quoted rents for apartment.

During Q2 2023, the gross yield for single-let residential properties in Qatar averaged 5%. This is down by 9% compared to Q4 2022. Apartments currently have a higher gross yield of 6.2%, while villa yields stand at 3.5%.

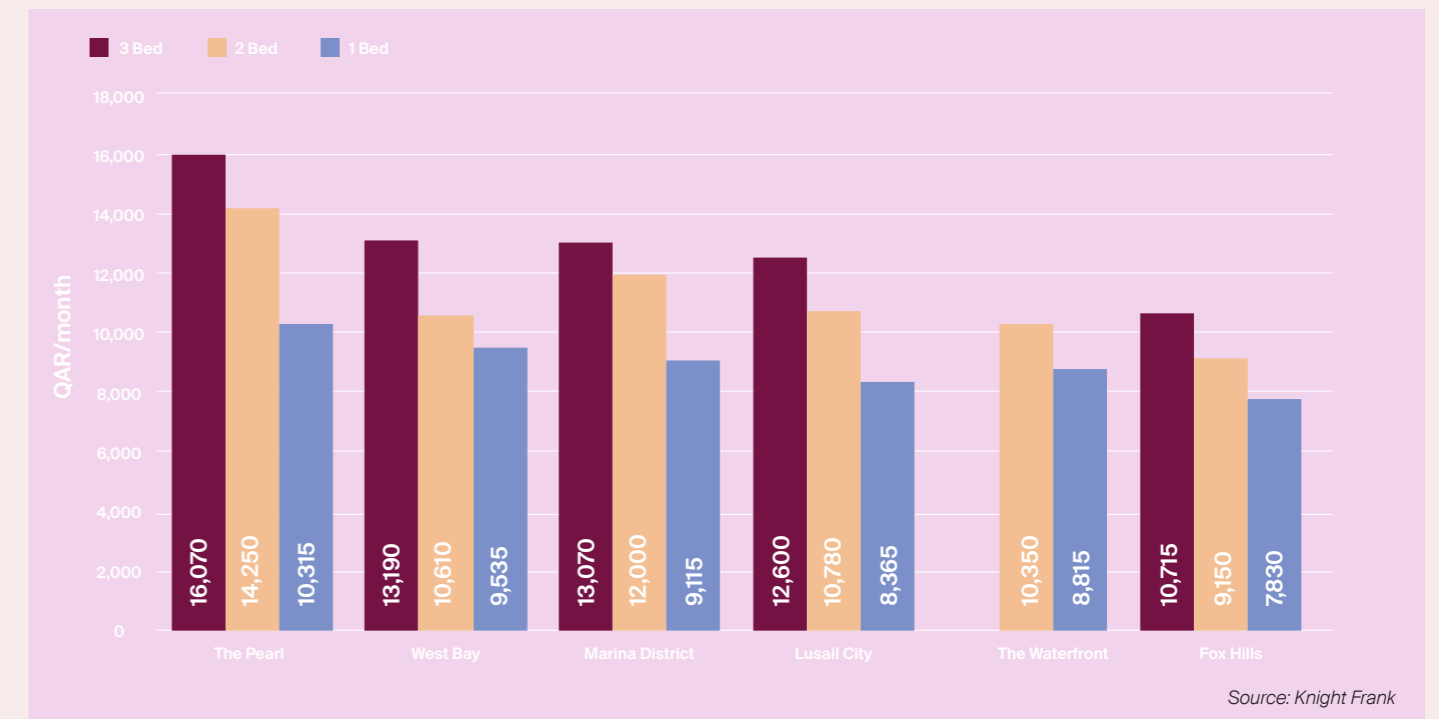


Average Villa Lease Rates



○ Villa lease rates are 5% down on Q2 2022 and average QAR 16,600 per month.

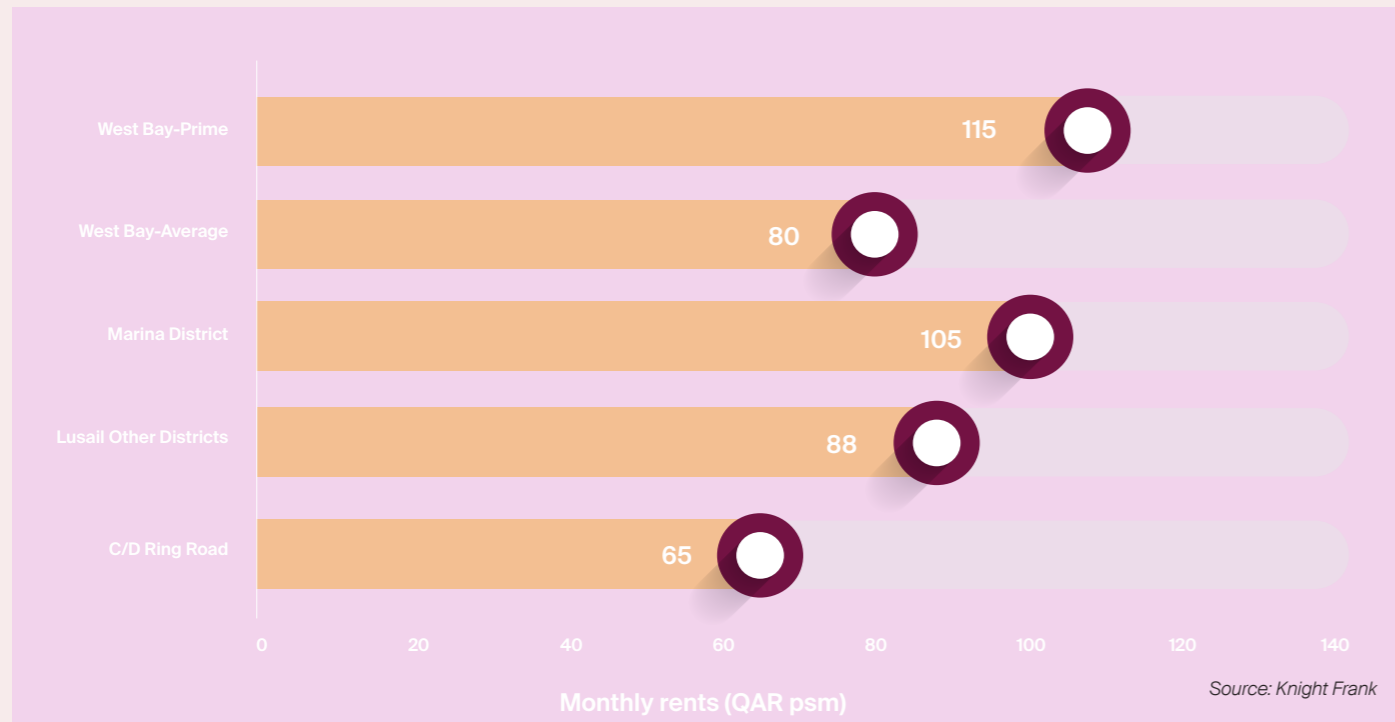
Average Apartment Lease Rates



○ Apartment rental rates are 10.5% lower than Q2 2022 and currently average QAR 10,000 per month.

Commercial Market

Office Market



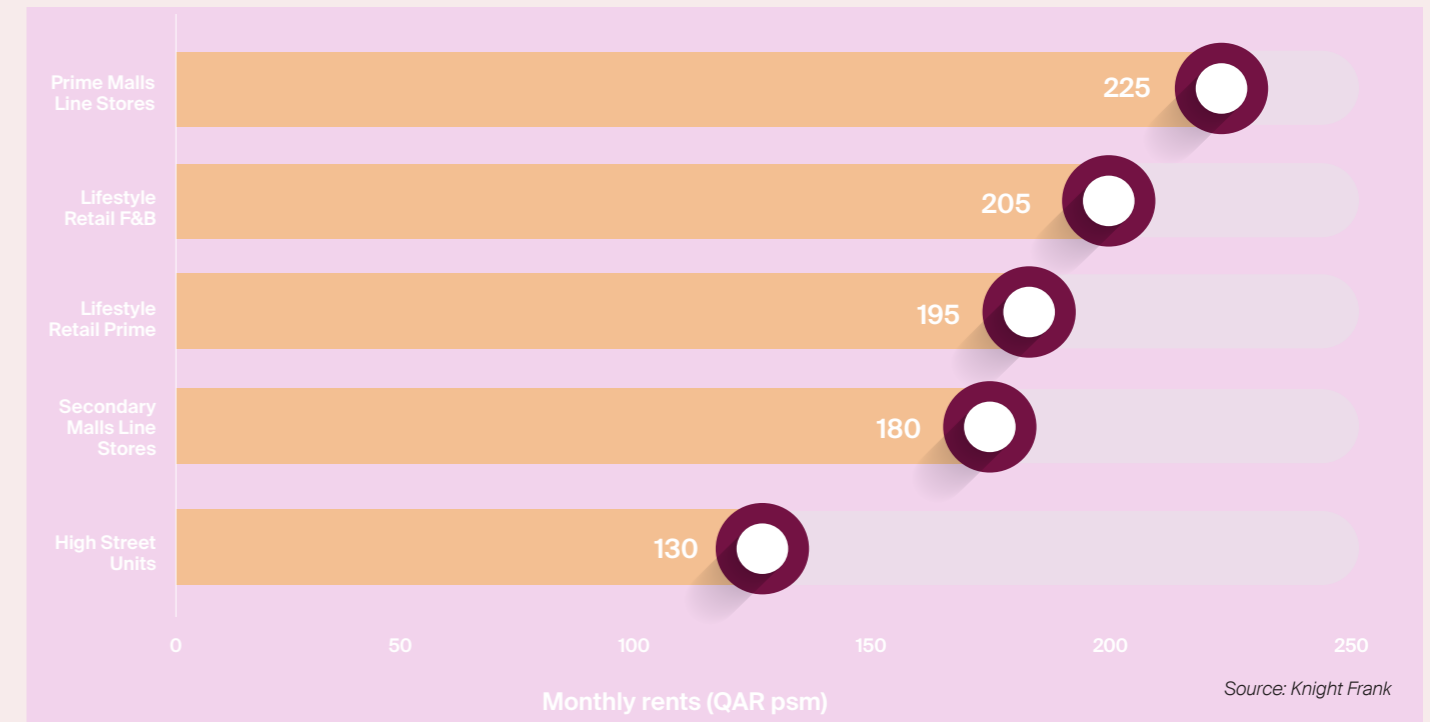
○ Monthly Grade A office rental rates declined by 3.5% year-on-year to an average of QAR 90 psm.

Despite strong 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, leaving occupiers firmly in the driving seat.

As has been the case historically, the public sector remains the backbone of new requirements, particularly in Lusail. A recent example of a substantial lease is Qatari Diar's 6,200 sqm lease at The Qatar Financial Centre Authority's (QFCA) Lusail Boulevard.

With a concerted effort by authorities to relocate public sector entities to Lusail, we expect leasing activity in Lusail to continue rising. Indeed, the Qatar Investment Authority (QIA) and the Qatar Central Bank have already announced plans to relocate to Lusail this year.

Retail Market



○ Annual retail rental rates declined by 2.5% to an average of QAR 195 psm in the 12-months to the end of Q2

The lead up to the 2022 FIFA World Cup drove a surge of state-of-the-art projects, such as new malls, stadiums, as well as transport infrastructure, which have enriched the country's architectural landscape and created favourable conditions for retailers to establish their businesses. This, coupled with the record growth of tourist arrivals during the first six months of this year, is expected to catalyse the overall growth of the retail sector.

The rise in the number of retail options available to consumers, particularly formal retail malls, has resulted in an increasingly competitive landscape for retailers, as well as landlords. Landlords offering rent-free incentives and fit-out contributions are emerging as the winners in the race to retain retailers, with rents and occupancy rates holding relatively stable. In contrast, retail developments where landlords do not offer such incentives are experiencing a considerable drop in occupancy and rental rates.

Hospitality Market

Following the successful hosting of the 2022 FIFA World Cup, the tourism sector in Qatar continues showing promising growth, with a significant increase of 206% in visitor numbers reaching 1.77 million during the first five months of 2023, compared to the same period last year (STR).

The surge in tourism arrivals was fuelled by the festivities offered as part of Qatar Tourism’s “Feel Winter in Qatar” campaign and numerous world-class sporting events such as Qatar GKA Freestyle Kite World Cup 2023, Qatar TotalEnergies Open and ExxonMobil Open.

Hotel room supply continues to trickle onto the market, with over 1,230 keys added during the first six months of 2023. This followed an unparalleled increase in room numbers in 2022, when over 7,265 keys were delivered, taking the total hotel inventory in the country to 38,750 rooms.

Despite increased visitor arrivals, average occupancy fell from 58% to 53% over the year’s first six months, highlighting that both rising hotel stock, combined with the supply overhang from the World Cup is remaining ahead of demand.



Market Performance

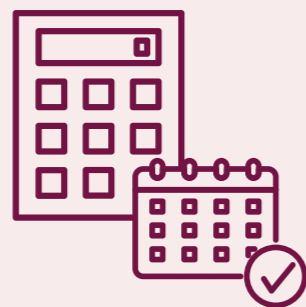
YTD JUNE- 2023

ADR: y/y % change



0.8%

OCCUPANCY: y/y % change



-8.1%

REVPAR: y/y % change



-7.4%



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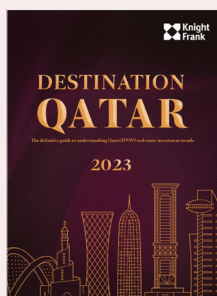
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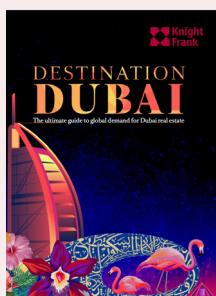
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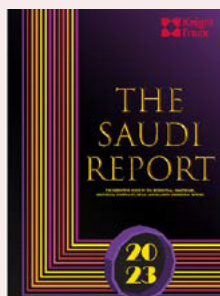
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
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
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