

DESTINATION QATAR

The definitive guide to understanding Qatari HNWI real estate investment trends

2023



FOREWORD

Qatar's recent role as host nation for the 2022 FIFA World Cup has undoubtedly helped to elevate its status as one of the Gulf's leading commercial nerve centres.

The world's largest footballing event helped to crystallise Qatar's vision of a modern state, with over US\$ 300 billion being spent on transport infrastructure, hotels, new office towers, new mini-cities, an incredible metro system and brand new world class international airport to compliment one of the world's best airlines.

With surging levels of development, the State's real estate market has taken off, with domestic buyers dominating activity. And with the world's highest GDP per capita at an estimated US\$ 69,000, it is no surprise to see the luxury segment of the residential market, in particular, experiencing unrelenting demand from Qatari second-home buyers.

In our inaugural Destination Qatar report, we examine the attitudes of the super-rich towards property investment in Qatar, which we have undertaken through a survey of high-net-worth-individuals (HNWI) based in Qatar.

I invite you to explore our analysis and welcome the opportunity to discuss our findings with you in more detail.

James Lewis

Managing Director, Middle East & Africa



DISCOVER THE FULL REPORT



OUR SURVEY

Knight Frank's 2023 Destination Qatar survey, carried out in partnership with YouGov, has been designed to measure and understand domestic appetite to invest and own real estate in Qatar.

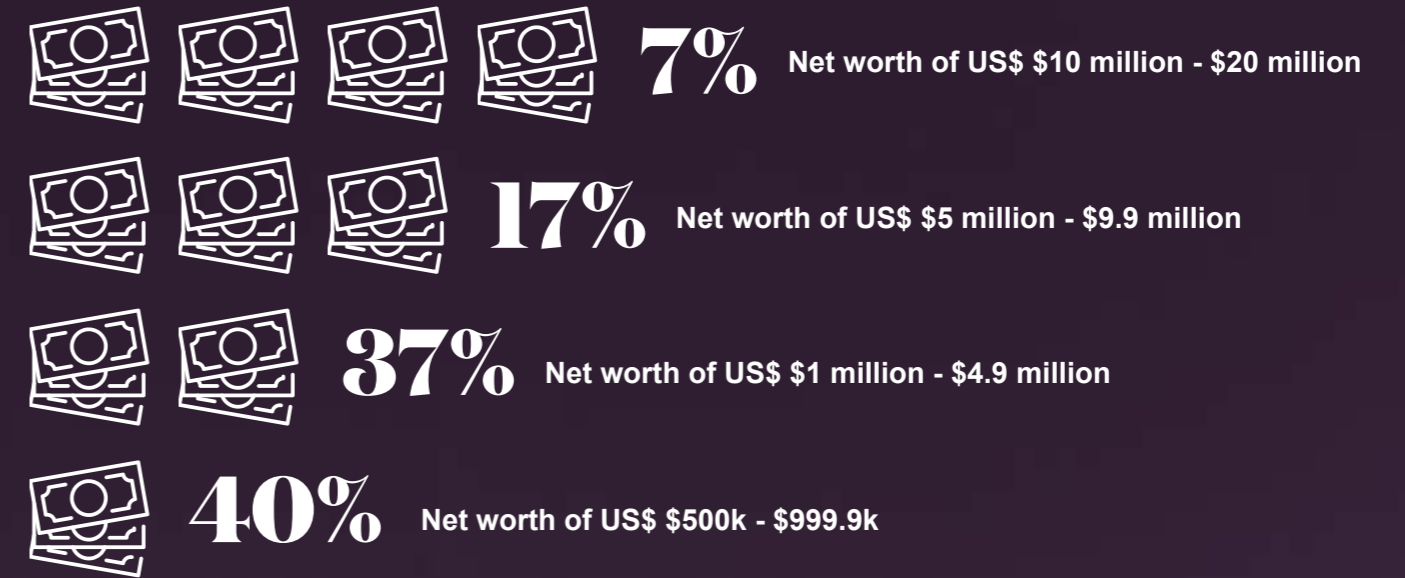
30 Qatar-based HNWI, each with a net worth of over US\$ 500,000 (excluding their primary residence) have been surveyed to gauge their appetite to invest in the rapidly growing real estate market in Qatar. Together, this exclusive group have a net worth in excess of US\$ 155 million.

The accompanying qualitative and quantitative analysis that accompanies the survey results goes beyond the raw data to offer an indicative steer on future capital allocation based on current preferences as sentiment is a far better indicator of future capital allocation than deals themselves.

US\$ 155+
million

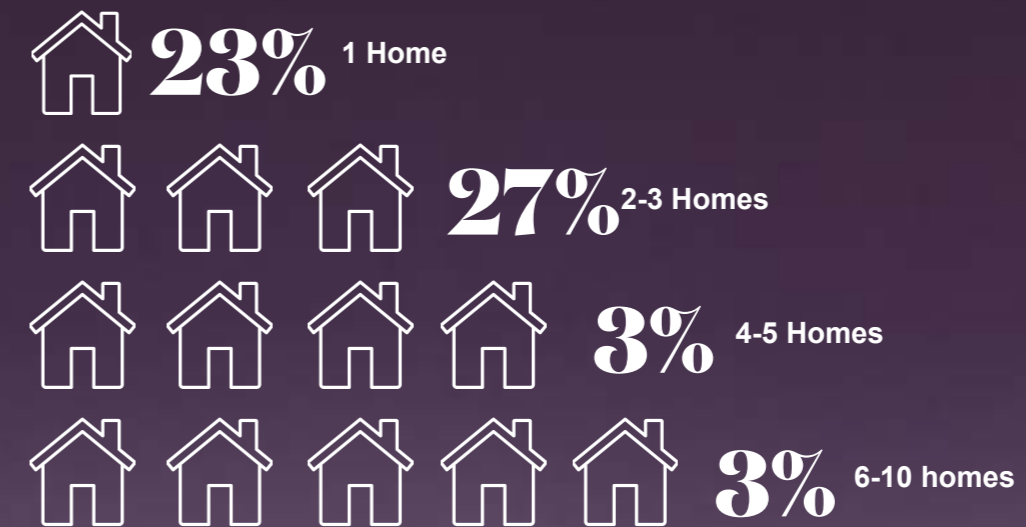
Combined personal wealth of HNWI respondents

Personal wealth of respondents



Source: Knight Frank, YouGov

Number of homes owned by respondents in Qatar*



*excluding main home, or primary residence

Source: Knight Frank, YouGov

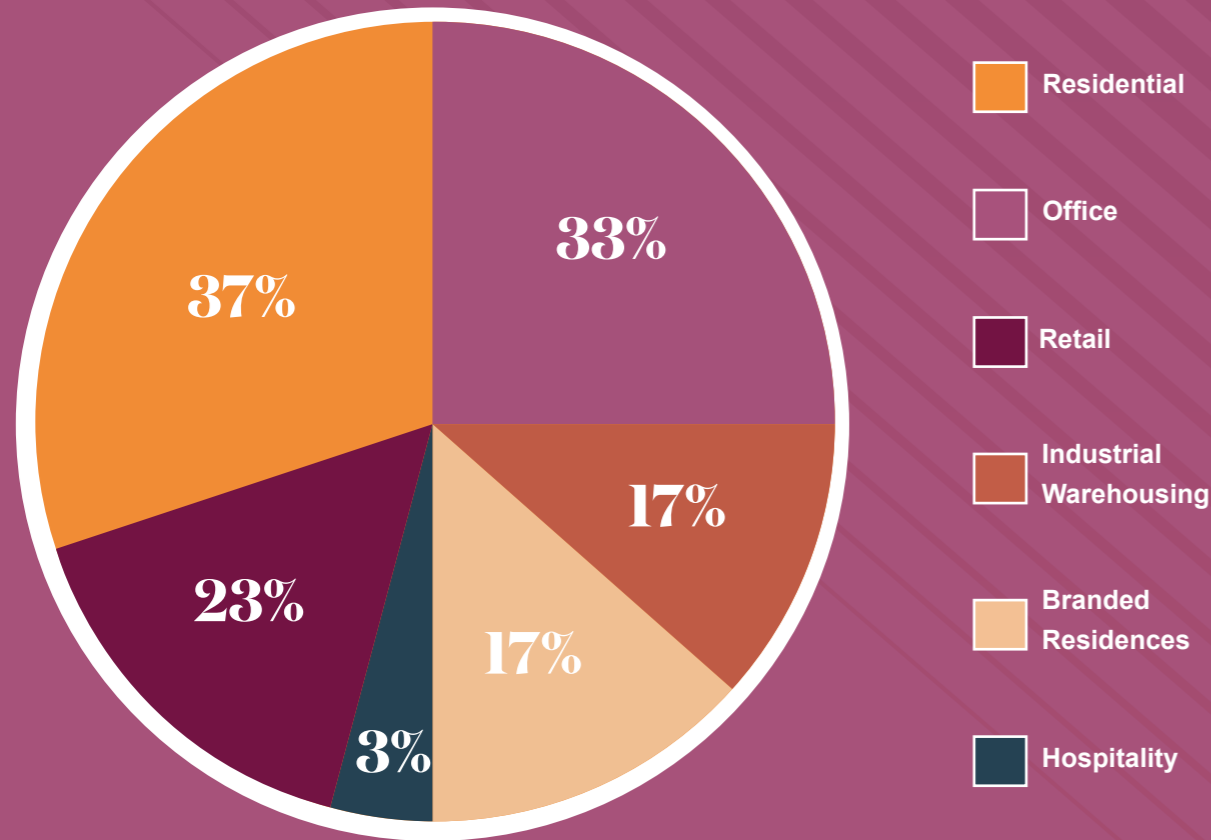
RESIDENTIAL AND OFFICE SECTORS TOP PREFERENCES

One of the first areas we have explored in our survey is the most preferred real estate sector among HNWI in Qatar. Perhaps unsurprisingly, the residential sector has emerged as the most preferred asset class, likely driven by the natural human affinity to this sector, with 37% of our respondents citing it as their primary target.

Following on closely in second place is the office sector at 33%, with retail (23%) rounding off the top three targets.

HNWI real estate sector preferences in Qatar

Percentage of respondents



Source: Knight Frank, YouGov

CHASING RETURNS

The residential sector has arguably been one of the biggest beneficiaries of the hosting of the World Cup, with 850,000 new jobs created between 2010 and 2022. The resulting influx of expatriate workers helped the country's population swell by 60% to an estimated 2.75 million at the end of 2022 (Oxford Economics).

This boom in the number of residents has placed upward pressure on rents, with some districts in Doha registering rent rises of 25-30% in the last 12-months.

The prime residential leasing market for apartments has seen yearly rents grow by 22% during 2022 to an average of about QAR 12,300, with three-bedroom apartments at The Pearl commanding the highest lease rates.

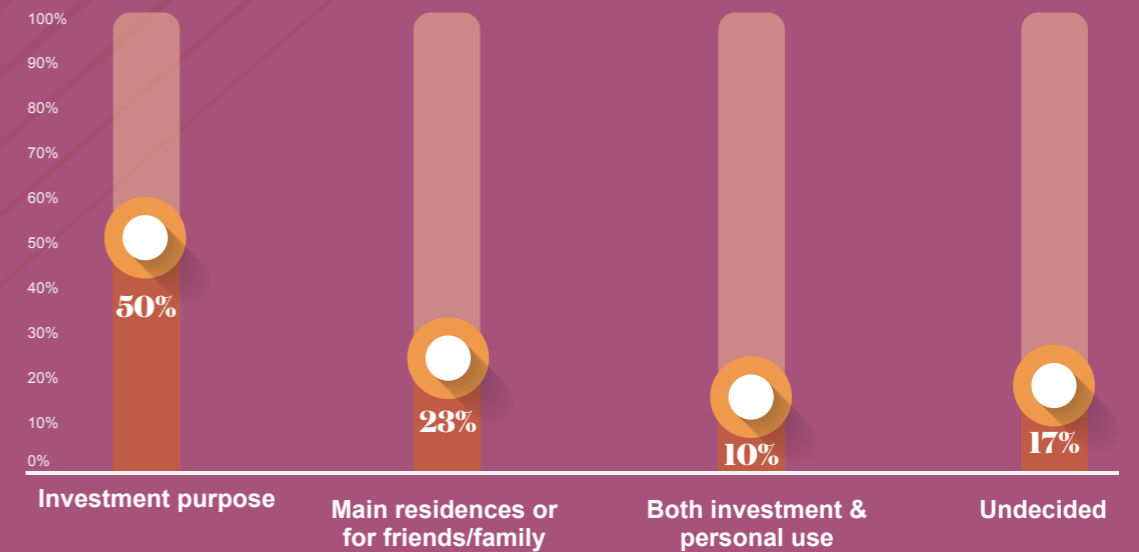
Residential capital values have also increased after March 2019, buoyed by the change in home ownership rules which now allows international buyers and investors to purchase real estate in Qatar.

With residential yields for single let apartments (6.4%) and single let villas (4%) remaining competitive, it has proved to be an attractive sector for many investors, as evidenced by our own market experience.

Even among our survey respondents, 'investment reasons' are cited as the most popular motive behind a residential purchase (50%). A further 23% of HNWI respondents are planning to use their next residential property as a 'main home for friends/family'.

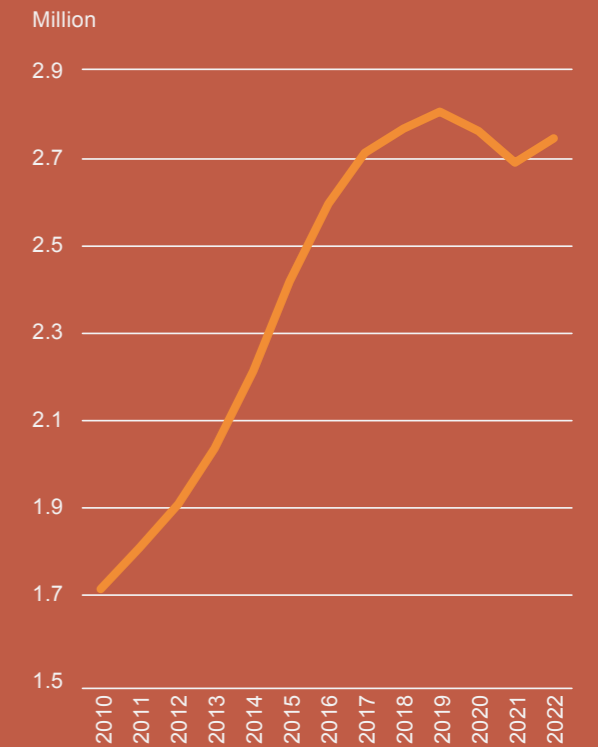
HNWI residential purchase motives

Percentage of respondents



Source: Knight Frank, YouGov

Qatar's population growth

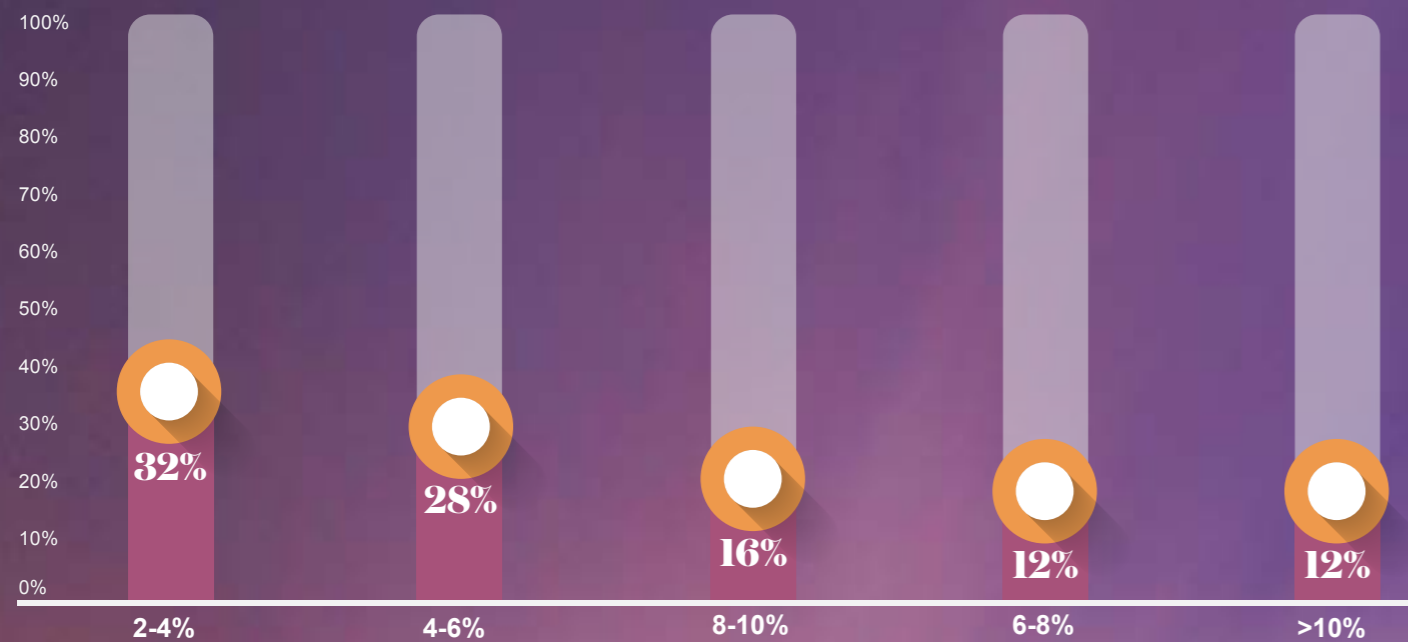


Source: Oxford Economics

EXPECTATIONS IN LINE WITH MARKET REALITY

When asked their expectations on capital value growth during 2023 from any residential investment, the largest proportion of HNWI (32%) forecast price growth of 2-4% this year. While residential values declined in some parts of Doha last year, apartments in Marina District and The Pearl registered a price growth of 20% and 15%, respectively. The upmarket nature of these areas suggests that demand for luxury homes has been far less impacted than the mainstream market, mirroring a global trend of outperformance at the top end of the residential price spectrum.

Capital value growth expectations in 2023 Percentage of respondents



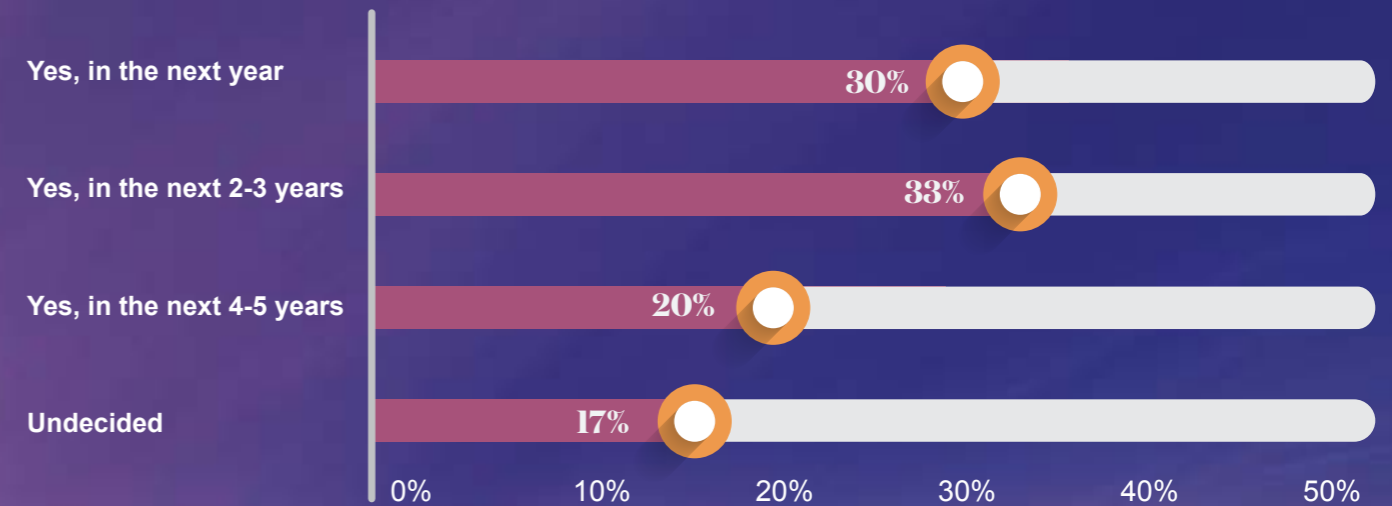
Source: Knight Frank, YouGov

HNWI HOME PURCHASE INTENTIONS RIDING HIGH

The appetite to own residential property in Qatar received a major boost after March 2019 when ownership laws were extended to international investors; however, the onset of the pandemic, coupled with rising demand in the lead up to the 2022 FIFA World Cup dampened demand to purchase. Indeed, transaction volumes during 2022 were 23% down on 2021. In the wake of the World Cup however, the euphoria surrounding the tournament has helped to boost general sentiment and indeed, 30% of our HNWI sample are interested in buying a residential property during 2023.

A further 33% are looking to purchase within the next 2 to 3 years and another 20% are looking to purchase a residential unit within the next four to five years. While the feel-good factor from the success of World Cup gradually subsides, the incredible urban transformation of the country has left Qatar with a strong foundation to build on as its residential offering continues to expand and new satellite cities around Doha, such as Lusail, continue to emerge.

Residential purchasing intentions Percentage of respondents



Source: Knight Frank, YouGov



30% of HNWI intend to buy a home during 2023.

THE PLACE TO BE IS...

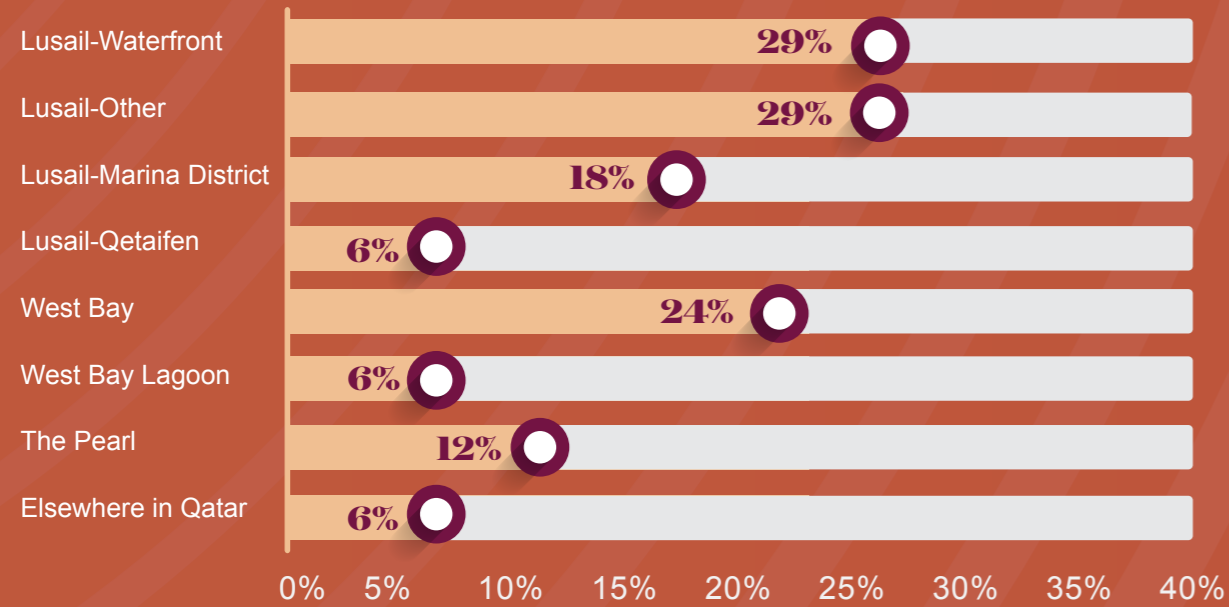
When it comes to the most preferred residential property acquisition locations, Lusail has been named as the most preferred option by our HNWI respondents. Indeed, 71% of those we surveyed already own a home here.

Lusail is Qatar's first sustainable city and is being built as part of the country's diversification drive to attract more tourists. It offers a diverse selection of leisure and recreational developments, including the 1.3 square kilometre project, Qetaifan Island North, whose island precinct is being positioned as somewhat of a crown jewel in Qatar's development drive and THE most exclusive address in Qatar for the country's wealthy. Qetaifan Island North will also host a 280,000 sqm water park, Meryal, complete with the world's tallest water slide at 85m.

Lusail's proximity to Doha means it is viewed as a 'city within a city'. Lusail comprises 19 mixed-use entertainment, business, and residential zones, as well as four islands and a lagoon with two marinas. 25,000 residential structures are also due to be completed in Lusail, including high rise towers, as well as stand-alone family homes.

Where HNWI already own property in Qatar

Percentage of respondents



Source: Knight Frank, YouGov



71% of HNWI already own a home in Lusail

THE FUTURE IS LUSAIL

Lusail Marina (40%) and Lusail Waterfront (40%) have also been named as the most popular future target locations by most HNWI in Qatar looking for additional residential property. The Pearl and West Bay follow at 32% each.

Most popular future target locations for residential purchases by HNWI in Qatar

Percentages indicate the proportion of respondents that named each area



Source: Knight Frank, YouGov

IN FOCUS: LUSAIL

Everything you need to know

2ND
LARGEST CITY IN
QATAR

EXTENDS ACROSS AN AREA OF
38 SQUARE
KILOMETRES

19 
INTEGRATED AND
DIVERSE MIXED-USE
DISTRICTS

FEATURING
22 
HOTEL
WITH INTERNATIONAL STAR RATINGS

 **ESTIMATED VISITORS**
80,000

EXPECTED
200,000 **POPULATION**


 **4**
EXCLUSIVE
ISLANDS

Landmark developments

- Place Vendôme: a US\$ 1.3bn mall, with 580 shops (opened in 2022)
- Crescent Park
- Lusail Marina District and Promenade
- Qetaifan Island North
 - 280,000 sqm water park, Meryal
 - 335 hotel rooms
 - 20,425 sqm of retail
 - 146 villas
 - 33 land plots (capacity of 3,626 residential units)
 - 14,648 sqm souq
 - 1.2km canal
 - 4,300 sqm residents' beach club



Residential development plans

- 40,000 apartments
- 90 townhouses
- 3,000 villas



	MARINA DISTRICT	WATERFRONT	FOX HILLS
AVERAGE APARTMENT PRICES PER MONTH	QAR 14,700	QAR 19,000	QAR 11,555
AVERAGE APARTMENT LEASE PRICES PER MONTH	QAR 13,400	QAR 12,550	QAR 11,290

Source: Knight Frank



HEY BIG SPENDER

Prime residential prices in Qatar range from QAR 11,200 psm (c.US\$ 3,100 psm) in Al Dafna, to about QAR 19,000 psm (c.US\$ 5,200 psm) in the highly sought after Lusail Waterfront.

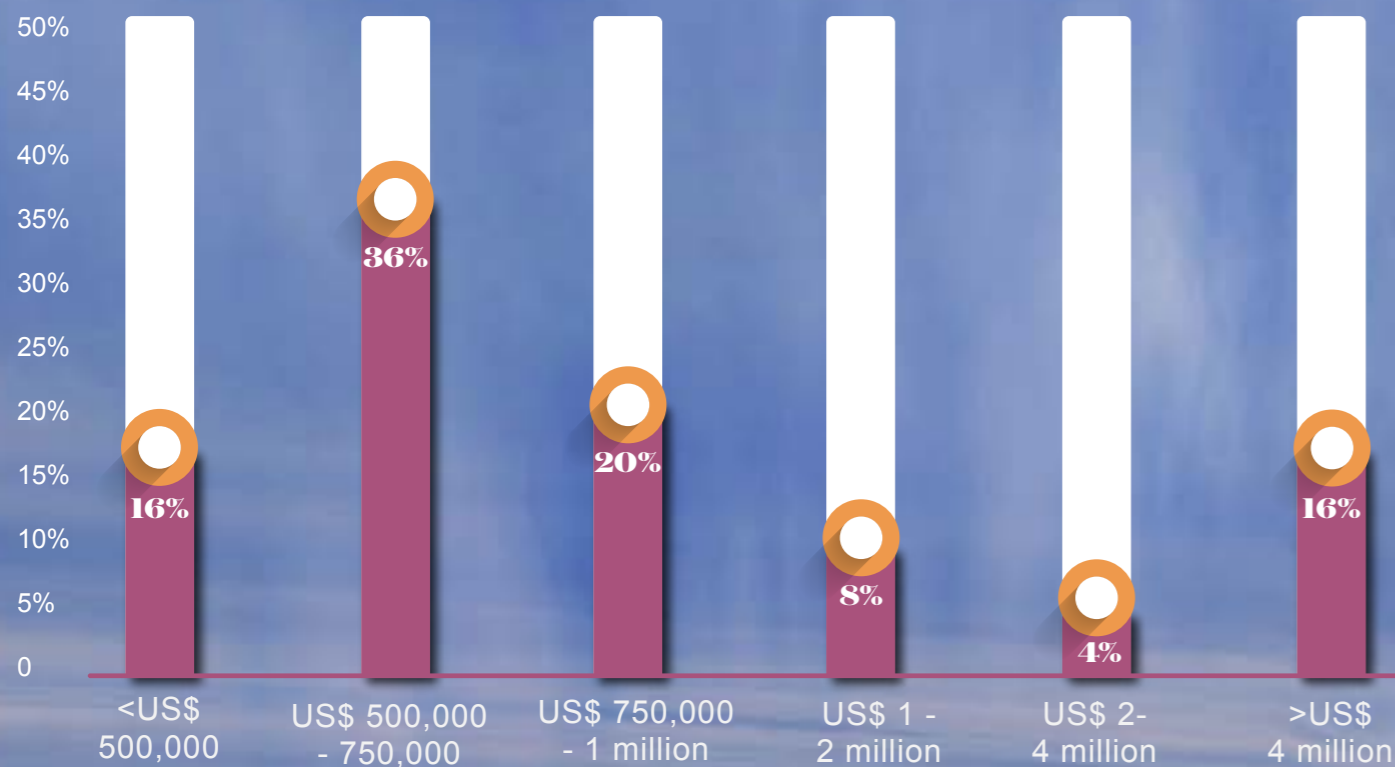
The majority of our HNWI respondents (36%) are only prepared to commit between QAR 1.8-2.7 million (c.US\$ 500,000-750,000), while a fifth will spend between QAR 2.7-3.6 million (c.US\$ 750,000-1 million).

At the top end of the budget spectrum, 16% of HNWI are willing to spend over QAR 14.5 million (>US\$ 4 million) on a residential purchase this year.

For reference, average prices in Qatar start at around QAR 6,500 psm (US\$ c 1,800 psm) and climb to QAR 20,000 psm (US\$ 5,500 psm), depending on the quality and location of the property. For branded residences, prices reach past QAR 30,000 psm (US\$ 8,200 psm). At the end of 2022, average villa prices reached around QAR 7,200 psm (c.US\$ 2,000), and average apartments stood at QAR 13,500 psm (c. US\$ 3,700 psm).

Average HNWI budgets for residential purchases in Qatar

Percentage of respondents



Source: Knight Frank, YouGov



The market is starved of homes that are affordable, which to an extent may be holding back the true nature of demand.

THE OPPORTUNITY LIES IN PRODUCT DIVERSIFICATION

Oversupply of residential property (23%) and a global economic slowdown; are viewed as the primary risks to the residential market in the minds of our HNWI respondents.

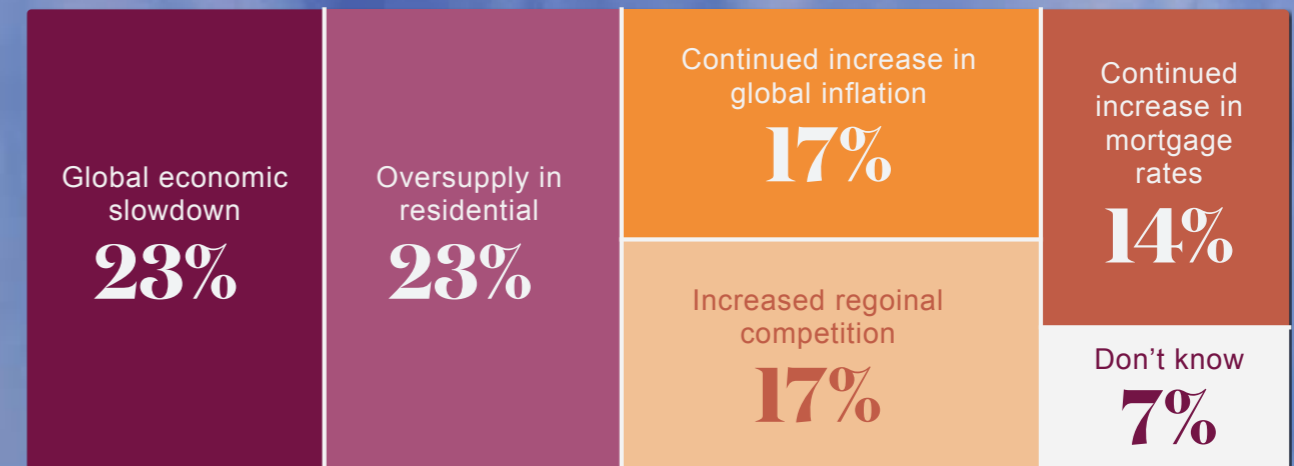
The Qatari government has introduced a number of regulatory changes to strengthen the residential sector, including the granting of ownership rights to non-GCC nationals in 10 freehold zones.

Despite these efforts, Qatar's residential sector continues to face a range of challenges.

The residential sector in Qatar is heavily focussed on luxury developments, which account for 80% of the market according to our analysis. As a result, the market is starved of homes that are affordable, which to an extent may be holding back the true nature of demand for homes in Qatar, hinting that this is one of the strongest opportunity areas in the market – to develop homes at a range of price points in order to create, enlarge and diversify the buyer pool.

Biggest risks to the residential market

Percentage of respondents



Source: Knight Frank, YouGov



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- Hospitality, Tourism and Leisure
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- Project and Building Consultancy
- Property Asset Management
- Real Estate Strategy and Consultancy
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- Prime Residential
- Private Office
- Residential Project Sales and Marketing
- US Prime Residential



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● INSIGHTS

● VIDEOS

● DATA

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