QTR Q1/'23

Qatar

Real Estate Research First Quarter 2023

IMAGE: NATIONAL MUSEUM OF QATAR



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Macro Economic Snapshot

- As per the latest statistics reported by the Planning and Statistics Authority (PSA), real Gross Domestic Product (GDP) increased by 8% YoY in Q4 2022 to QAR 179.9 billion
- Non-hydrocarbon sector expanded by 4.4% annually, led by double-digit growth in the scientific and technical sector, financial and insurance activities, and wholesale and retail trade division
- The population of Qatar was estimated just above 3 million as of March 2023, an annual increase of 6%
- The Government approved Qatar's budget for 2023 at QAR 199 billion (QAR 63.9 billion for major projects), 14.5% higher than the projected revenue of QAR 228 billion
- Expected widening budget surplus for 2023 is based on an oil price assumption of \$65 per barrel
- As per World Bank, during Q1 2023, Brent crude oil averaged \$81 per barrel and is projected to average at \$84 per barrel for 2023



SOURCE: PLANNING & STATISTICS AUTHORITY (PSA)

Consumer Price Index Annual Change



CONSUMER PRICE INDEX (2018=100) HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS

SOURCE: PLANNING & STATISTICS AUTHORITY (PSA), VALUSTRAT

- International Monetary Fund (IMF) projected real GDP and consumer prices to grow by 2.4% and 3% YoY respectively in 2023
- Following the U.S. Federal Reserve's increase in interest rates, Qatar's Central Bank raised its deposit, lending, and repo rates by 25 basis points
- During Q1 2023 export revenue and imports declined by 15% and 19% YoY, respectively

- In Q1 2023, the Consumer Price Index (CPI) stood at 105.4 (the base year 2018), indicating a 4% annual increase, but a 2.4% fall QoQ
- The Housing and Utility index expanded by 8.7% annually, but remained stable quarterly

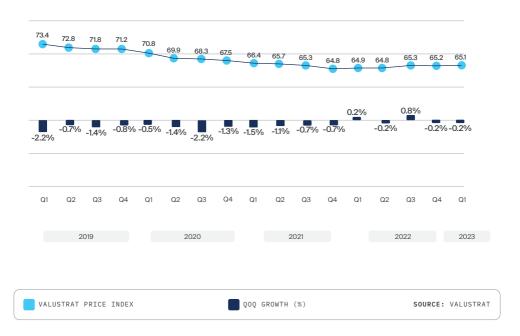
ValuStrat Price Index

Residential Capital Values





3 Apartment Locations 13 Villa Locations BASE: Jan 2016=100



In the first quarter of 2023, ValuStrat Price Index (VPI) was mainly stable, as it dipped just marginally by 0.2% QoQ and increased by 0.3% YoY to 65.1 points. The VPI is a valuation-based price index set at 100 points as of Q1 2016.

The apartment market displayed a quarterly depreciation in capital values of 0.8%. Consequently, units in The Pearl and West Bay Lagoon saw losses of 1.8% and 0.9% compared to Q4 2022. In contrast, capital values of apartments in Lusail saw a slight increase of 0.4% QoQ.

Unlike apartments, the villa sub-market remained stable this quarter. Notable quarterly gains of 2.7% were recorded in Al Khor, and minute gains of 0.6% in Al Thumama. The Pearl, Muaither, Duhail, Al Kharaitiyat, and Al Wakra clusters experienced no change QoQ. However, quarterly price declines were recorded for villas in West Bay Lagoon and Al Dafna, of 3.8% and 2.6%, respectively. The remaining clusters experienced no significant change in values over the last quarter.

The gross yield for residential units receded marginally to 6% from 6.3%, translating into a price-to-rent ratio of 18.4 years. Apartments contributed 8.3% in gross yields, villas accounted for 4.9%.

Residential

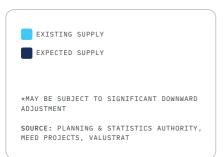
Supply and Sales



2020-2024

'000 Units





Residential Sales

Residential Median Transacted Ticket Size







- An estimated 1,500 units were added in Q1 2023, increasing the residential stock to 336,440 units, around 42% of which are villas and 58% are apartments
- Notable projects added during the quarter:
 The Grand Zone at the Mall of Qatar
 (1,023 apartments), Al Darwish Residential Tower in West Bay (160 apartments), and a residential building (150 apartments) in the Waterfront District of Lusail
- Sales for La Mer Villas (71 units) in Qetaifan Island North and Blossom Residential Tower (112 apartments) in Al Erkhyah Lusail were launched
- An estimated 11,700 units are in the pipeline for 2023, 52% of which are concentrated in Lusail and The Pearl

- The volume of transactions increased by 9.6% QoQ but declined significantly by 36.4% compared to Q1 2022
- The median ticket size for residential units was QAR 2.8 million, showing a quarterly decline of 1.8%, yet still a yearly increase of 7.6%
- Al Khor, Muaither, and Umm Karn had the highest volume of transactions of residential houses during Q1 2023
- 43 transactions for residential buildings were recorded, with Old Airport, Fereej Abdul Aziz, and Al Mansoura comprising the majority of the transaction volume
- During Q1 2023, the volume and value of transactions in The Pearl and Al Qassar fell by 30% and 17% YoY, respectively

Residential

Performance







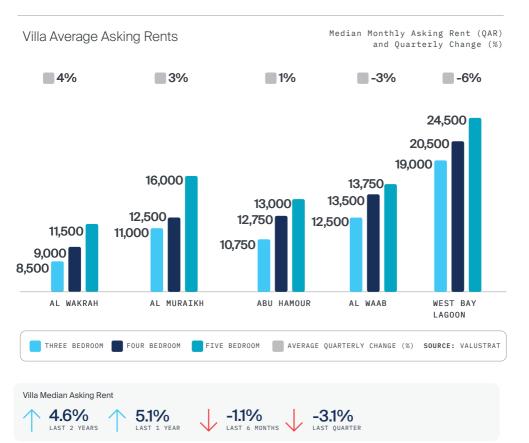
- The median asking residential rent declined steeply by 5.1% quarterly to QAR 9,250, but this is still 3% higher compared to the listed rent in Q1 2022
- The apartment sub-market continued to experience market corrections, median asking rent fell by 5.4% QoQ
- The average quoted rents for apartments in Lusail and West Bay experienced the highest quarterly depreciation of 8% and 9%, respectively
- Although asking rents for apartments in Lusail, West Bay and The Pearl depreciated quarterly, median rents in these areas are still 11% higher on average compared to Q1 2022

Abu Dhabi / Real Estate 01 '23 P. 07

Residential

Performance



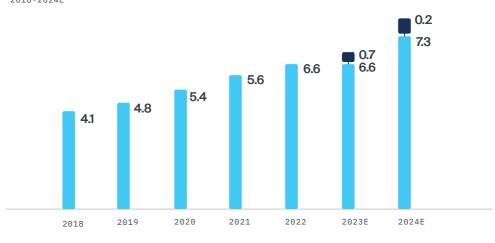


- After four quarters of increases, the villa market experienced a significant decline in median asking rent by 3.1% QoQ
- Landlords are incentivising tenants with fully furnished units and up to 2 months rent-free on varying contract periods
- Average listed rents of villas in Al Muraikh, Al Wakrah, and Abu Hamour grew up to 4% QoQ
- Post-FIFA World Cup 2022, short-term Eskan lease contracts expired, increasing vacancy in the residential market

Office Supply







EXISTING STOCK

EXPECTED SUPPLY

SOURCE: MEED PROJECTS, VALUSTRAT

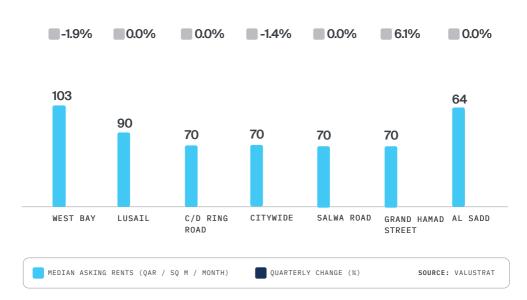
- Office stock totalled 6.78 million GLA sq m, with the completion of 177,000 sq m GLA of office space in Q1 2023
- Majority of office projects added in Q1 2023 were concentrated in Lusail, including the completion of Mashraf Al Rayyan head office
- Approximately 500,000 sq m GLA is in the pipeline for 2023; with 85% concentrated in West Bay and Lusail
- Office supply for 2023 through 2024 indicates a gradual increase in the proportion of Grade A offices (average 65% of total office stock)

Office

Performance



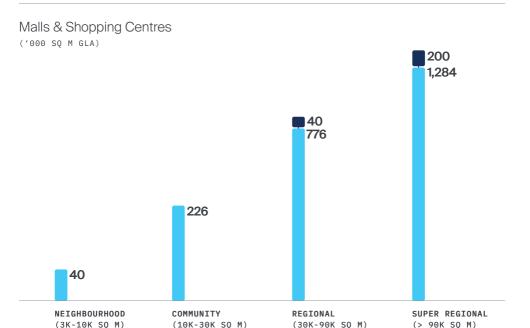
Office Median Asking Rent (QAR/SQ M/Month) and Quarterly Change (%)



- The citywide median asking rent for offices was QAR 70 per sq m per month, indicating a 1.4% decline QoQ and a 2.8% reduction annually
- Offices on Grand Hamad Street were an exception, with quarterly rent appreciation of 6.1%
- Offices along C/D Ring Roads had the highest annual decline of 7.9%, whilst commercial space in Lusail appreciated by 5.9% YoY (no change quarterly)
- Offices are being offered for sale in Lusail and West Bay with rates varying from QAR 12,000 to QAR 22,000 per sq m
- Market corrections in the office sector are projected to persist, especially in secondary commercial districts amid the existing gap in demand and supply

Supply







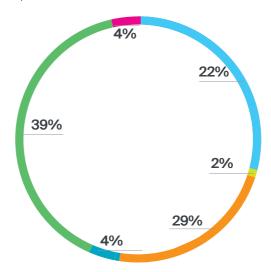
- As of Q1 2023, the stock of organised retail space totalled 2.4 million sq m GLA, with the addition of Aventura Mall (11,000 sq m GLA) in the last quarter
- There is only one mall in the pipeline for 2023 located in The Pearl, La Plage Mall (40,000 sq m GLA)
- Major regional and international food & beverage and fashion brands opened branches in Abu Sidra Mall, including Babyshop, Splash, and Lifestyle
- West Walk in Al Waab saw the opening of key food & beverage outlets, including Starbucks, Khashoka, Karazi, and SASSO etc., with at least 25 more shops opening in the coming months
- Rawabi Hypermarket opened the country's largest single-floor hypermarket in Izghawa, while Al-Meera launched a new fully autonomous branch in Aspire Park

Retail

Demand and Performance



Distribution of GLA of Shopping Centres / Malls Across Municipalities





- The median monthly rent for shopping centres decreased this quarter to QAR 200 per sq m, indicating a 4.8% decline QoQ and a 7% reduction compared to Q1 2022
- Malls across Qatar experienced increased footfall as they participated in major tourism initiatives such as Shop Qatar 2023 and other festivities in the lead-up to Ramadan and Eid
- The median monthly asking rent for street retail within Doha remained stable quarterly at QAR 154 per sq m, down 3.8% YoY
- Similarly, the median monthly asking rent for street retail outside Doha municipality has stabilised at QAR 146 per sq m, receding 1.4% over the last two quarters
- It is expected that market corrections, with soft declines in median rental rates, will continue through the end of the year, particularly in the organised retail sector

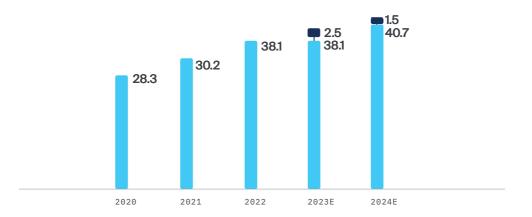
Hospitality

Supply



Hotel Room Supply

2020-2024 | '000 Keys





EXPECTED SUPPLY

SOURCE: QATAR TOURISM, VALUSTRAT

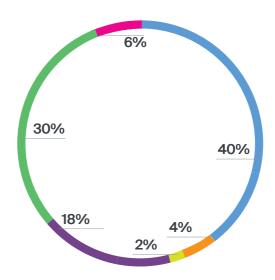
- As per Qatar Tourism, hospitality stock was estimated at 38,145 units (28,867 hotel keys and 9,278 hotel apartments) at the end of 2022
- 6 hospitality projects were inaugurated in Q1 2023, which included approximately 650 keys (430 hotel rooms and 220 hotel apartments), most of which fall within 3-4-star ratings
- Added keys were dispersed across various areas of Doha, including Al Dyafa Tower Hotel (240 keys, 75 apartments) in New Al Mirqab, Central Inn Souq Waqif (252 rooms), and 21 High Street Residence (21 rooms) in Katara
- Pipeline for 2023 has been adjusted downwards to 2,500 hotel rooms to account for delays in a few projects

Hospitality

Performance



Source of Qatar Visitors By Region





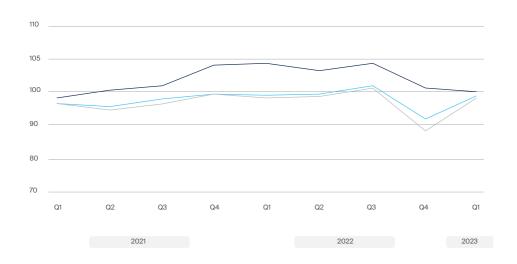
- During Q1 2023, the volume of visitors exceed 1.1 million, indicating a 268% surge YoY
- A significant rise of 18% YoY was recorded in the volume of visitors entering through land transport
- Qatar unified visa processes through a new Hayya platform applicable to all tourists who require a visa to enter the country
- Average Daily Rate (QAR) declined in the first two months of 2023 following the end of the FIFA World Cup 2022 to QAR 429, a 71% reduction when compared to Q4 2022, but a 5% increase YoY
- Occupancy for January and February was at 52%, indicating a 4% decline compared to the same period in 2022

Industrial

Investment / Supply



Industrial Production Index APR 2021-YTD





- For February 2022, the Industrial Production Index (IPI) (base year 2018=100) expanded by 12.4% YoY and 8.3% QoQ
- Milaha introduced a new Upper Gulf Service (UGX) to transport cargo between the main GCC ports and Iraq, including Hamad in Qatar, Sohar in Omar, Jebel Ali in the UAE
- Al Wukair Logistics Park under Gulf Warehousing Company (GWC) is in the pipeline for 2023, a 1.5 sq km logistics park comprising 400 units completed in phase one, and 850 units to be completed in phase two in 2023
- A plant factory and carpet manufacturing unit was launched underlining self-sufficiency in Qatar's food supply and promotion of local products

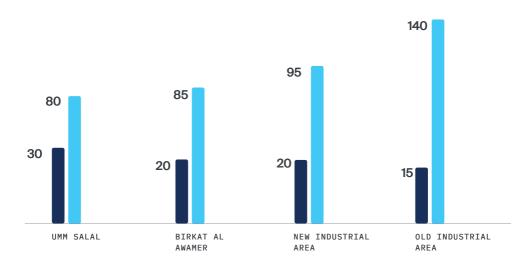
Industrial

Performance



Warehouses Asking Rental Rates

(QAR / SQ M / Month)





- According to Mwani Qatar, Hamad, Doha, and Al Ruwais ports experienced a surge of 30% YoY in cargo during Q1 2023
- The median quoted asking rent for dry warehouses remained stable QoQ, at QAR 42 per sq m, indicating an 11.8% YoY increase
- Contrarily, the median asking rent for temperature-controlled warehouses increased to QAR 48 per sq m, 3.5% higher compared to Q4 2022, but remained stable annually
- Median asking rents of dry and temperature-controlled storage projects in zones 91 & 92 (Aba Salil, Birkat Al Awamer, Logistics Village, and Mesaieed) were QAR 35 and QAR 40 per sq m, remaining stable QoQ for dry storage but declining 4.8% quarterly for temperature-controlled storage

ValuStrat in the Media

GULF OTIMES

6 FEB 2023

Qatar may receive 300,000+ visitors during 2023 cruise season: ValuStrat

According to ValuStrat, Oatar rents in both residential and retail segments may fall up to 10% year-on-year in 2023 owing to "oversupply and slowdown in demand". For 2023, it is expected that the ValuStrat Price Index (VPI) - Residential will experience an annual depreciation reflecting gradual market correction in the sales market. Some 8,000 residential units are expected to be added in 2023, ValuStrat said.

Peninsula

2 FEB 2023

All sectors of Qatar's economy excelled in 2022

The largest project launched was a master plan named Madinatna, in Al Wukair, to be developed by Barwa Real Estate, comprising 6,780 apartments and 20,000 sq m of retail space. Excess supply was outstripped by growth in demand arising from "Eskan leases" and a temporary increase in population. As a result, residential rents increased an estimated 15 percent annually. While home rents saw a substantial increase, residential sales stabilised; the ValuStrat Price Index recorded marginal declines during the first half of 2022.

GULF OTIMES

2 FEB 2023

Qatar real estate market may see correction this year after 'gainful 2022': ValuStrat

Pawel Banach, ValuStrat Qatar General Manager commented, "2022 was transformative for Qatar with a considerable influx of supply across all sectors. In H2, 2022, we saw the opening of no less than 40 hospitality projects and the addition of more than 10,000 residential units. The market conditions should have put downward pressure on rents. However, due to the hosting of FIFA World Cup 2022, there was upward movement in prices and rents across all sectors.

Qatar Tribune

31 JAN 2023

Qatar adds 13,000 residential units, 46 hotels in 2022'

ValuStrat Qatar Head of Research Anum Hasan said, "From a macroeconomic point of view, Qatar is boasting a positive economic outlook for 2023. However, in the context of the real estate sector, the market will have to grapple with the huge influx of supply in 2022 resulting from the hosting FIFA World Cup 2022. Demand is not expected to grow as much as supply, so market corrections are predicted to be pervasive across all real estate sectors during 2023.





Premium Subscription

ValuStrat offers premium subscription reports for clients granting them access to in-depth, statistical analysis of what is happening in residential real estate; allowing for more informed decision making and forward planning. The full in-depth Qatar report includes citywide analysis of freehold districts, including the ValuStrat Price Index, service charges, Price to Rent Ratios and Net Yields.

About VPI

The ValuStrat Price Index for Qatar's residential sector is constructed to represent the quarterly price change experienced by typical residential units within Qatar. The VPI is a valuation-based weighted price index that uses a data sample representing influential locations across the city and is built by our expert RICS Registered Valuers.

Research Methodology

Every effort has been made to ensure the accuracy of this document. New supply data covers all the eight municipalities of Qatar. Only completed and under construction projects are included. The new supply data does not include announced projects, and projects in design phase. The new supply database does not take into account most private building projects, rices are calculated from actual transactions extracted from the Ministry of Justice data that have been carefully cleansed to exclude duplicates and outliers. Rental data is derived from carefully chosen listings from predetermined areas and districts for commercial and residential properties.

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Strategy determines outcome. No matter what industry you're in, we're here to help you win.



Pawel Banach, FRICS
General Manager
pawel.banach@valustrat.com



Haider Tuaima Director & Head of Real Estate Research haider.tuaima@valustrat.com



Anum Hasan Head of Research anum.hasan@valustrat.com



Anothony Fernando, MRICS Associate Director Valuation anthony.fernando@valustrat.com



Maaz Anser Advisory Manager maaz.anser@valustrat.com



Marwen Azri Manager, Residential Valuation marwen.azri@valustrat.com

Doha, QA Office 704, Palm Towers B West Bay +974 4 039 9001

London, UK 64 Knightsbridge, London SW1X 7JF +44 796 338 2486 **Dubai, AE**702 Palace Towers
Dubai Silicon Oasis
+971 4 326 2233

Riyadh, SA 6th Floor, South Tower King Faisal Foundation Building Al Faisaliah Complex +966 11 293 5127 Abu Dhabi, AE
Office C102G, Al Bateen,
Tower C6 Bainunah,
ADIB Building
+971 2 207 6664

Jeddah, SA 111 Jameel Square, Tahlia Road +966 12 283 1455

Karachi, PK 8th Floor, Elegant Tower, Block 5, Clifton +92 213 517 4201

For business enquiries, please email us at: business.enquiries@valustrat.com

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