Introduction

During the first half of 2020, COVID-19 had infected 10.2 million people globally, as per the World Health Organisation [WHO]. The global health crisis not only impacted the health of millions around the world but led to restrictions on travel, social mobility and closure of non-essential businesses.

Qatar experienced its first COVID-19 case on 29th February. The government of Qatar was quick to respond by enforcing a range of measures in an effort to restrict the spread of the virus. By the end of H1 2020, Qatar had approximately 95,000 confirmed cases of COVID-19. In terms of testing, Qatar was ranked in the top twenty countries to have the highest testing per million people and also had one of the lowest numbers of deaths in proportion to the number of confirmed COVID-19 cases. In addition to implementing efficient health strategies, the government also announced an economic stimulus package of QAR 75 billion in an attempt to counter the economic fallout and provide relief to those impacted the most by the constraints.

The real estate market, like all sectors in Qatar, was impacted by the pandemic and its resulting constraints on mobility, travel and businesses. The first quarter of 2020 had a good start, particularly January and February. However, lockdown measures were implemented in March, from where we saw regressing fundamentals. In June 2020, the government of Qatar introduced a plan to release the restrictions in four phases. By the end of H1 2020, phase 1 of easing of restrictions was completed.

This report provides an overview of the performance of all sectors in real estate during the first half of 2020. Sectors such as hospitality and retail were directly impacted by the restrictive measures in place. While the remaining sectors were indirectly affected due to ensuing impact of the crisis on the economy. It will be some time before we know the full extent of the influence of COVID-19 on the economy and real estate of Qatar. However, it is evident that a new equilibrium has been established in all sectors as we have to adjust to this “new normal”.

With the advent of COVID-19 in Qatar by the end of February 2020, the Government of Qatar imposed restrictions on gathering, travel, outdoor & professional sports, education & health and business & leisure. The Supreme Committee for Crisis Management of Qatar announced on June 8th a controlled phased lifting of COVID-19 restrictions. The main premise of the plan was on the phasing of the lifting of restrictions, close monitoring of the impact of lifting restrictions and clear precautions. The four-phase plan was based on achieving target Key Performance Indicators (KPIs) and passing the minimum time required to move between phases.

### Timeline:

- **January** - **September 2020**

<table>
<thead>
<tr>
<th>Phases</th>
<th>Restrictions</th>
<th>Lifting of restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gatherings</td>
<td>Public events and gatherings are prohibited</td>
<td>All mosque opening and friday prayers, business &amp; entertainment related mass gatherings, theatres and cinemas with precautions</td>
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<tr>
<td>Travel</td>
<td>Suspension of inbound flights except for transit and cargo, public transport banned</td>
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</tr>
<tr>
<td>Outdoor &amp; Professional sports</td>
<td>Closure of all parks and beaches; suspension of all sport activities</td>
<td>Parks, corniche and beaches (&lt;50 people) professional training outdoor only/large open space</td>
</tr>
<tr>
<td>Education &amp; Health</td>
<td>Suspension of all educational institutes, health clubs and non-emergency health services</td>
<td>40% Capacity selected private healthcare facilities</td>
</tr>
<tr>
<td>Business &amp; Leisure</td>
<td>Partial opening of shops in malls, shops with minimum area of 300 sq m will open, not exceeding 30% mall capacity</td>
<td>All malls, souqs, wholesale market, museums and libraries open (restricted hours and capacity); restricted restaurants opening with low capacity</td>
</tr>
</tbody>
</table>

### October - September 2020

<table>
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</tbody>
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* Forecast-Subject to Change

Source: Ministry of Public Health

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Based on forecasts made by the International Monetary Fund (IMF) and our analysis, we have formulated a timeline to predict the recovery of the economy and various sectors of the real estate market of Qatar.

All sectors of real estate in Qatar were experiencing declining rents and sale prices before COVID-19. To fully evaluate the impact of the pandemic on rents and prices we have to understand the previous trend and see if sale prices or rents fell more than the historical trend.

### Restrictions, Recovery and Growth

<table>
<thead>
<tr>
<th>Sector</th>
<th>Short term level of impact</th>
<th>Lockdown (Q2 2020): Introduction of measures</th>
<th>Recovery (Q3 2020-Q2 2021) **: Removal of social mobility measures</th>
<th>Growth (Q2 2021) Onwards) **: COVID-19 manageable in population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economy</td>
<td>Medium</td>
<td>Reduction in real GDP</td>
<td>Reduction in real GDP**</td>
<td>Growth in GDP**</td>
</tr>
<tr>
<td>Residential</td>
<td>Low</td>
<td>No significant decline in performance</td>
<td>Higher quarterly decline expected compared to 2019</td>
<td>Slowdown in quarterly decline in line with pre-COVID-19 level</td>
</tr>
<tr>
<td>Office</td>
<td>Medium</td>
<td>No significant decline in performance</td>
<td>Higher quarterly decline expected compared to 2019</td>
<td>Slowdown in quarterly decline in line with pre-COVID-19 level</td>
</tr>
<tr>
<td>Retail</td>
<td>High</td>
<td>Significant loss of revenue due to shut down of retail shops, however, no significant decline in asking rents and occupancy</td>
<td>Higher quarterly decline expected compared to 2019</td>
<td>Slowdown in quarterly decline but not predicted to reach pre-COVID-19 levels</td>
</tr>
<tr>
<td>Hospitality</td>
<td>High</td>
<td>Significant loss in RevPAR (Occupancy and ADRs)</td>
<td>Decline in occupancy and ADRs expected to continue compared to 2019</td>
<td>Recovery in occupancy and ADRs but not expected to reach pre-COVID-19 levels</td>
</tr>
</tbody>
</table>

*Forecast based on existing data as of June 2020.

**Forecast based on International Monetary Fund (IMF) projections for the economy of Qatar.

Source: International Monetary Fund (IMF), ValuStrat
Economic Growth

Total GDP at Constant Prices (QAR Billions) & YOY GDP Growth at Constant Prices (%)

- The Gross Domestic Product (GDP) at constant prices with a revised base year of 2018, expanded by 0.9% YoY during Q1 2020, as per the latest statistics released by the Planning & Statistics Authority (PSA). The slowdown in economic growth can be attributed to the fall in real oil output, which remains unchanged compared to Q1 2019. On the other hand, the non-hydrocarbon sector, expanded by 1.4% YoY as of Q1 2020.

- Based on revised estimates of GDP with 2018 as the base year, the mining & quarrying sector (includes oil and gas sector) contributed an average 38.3% to real GDP as of Q1 2020. Over time, mining and quarrying sector sees reduction in its contribution to the GDP.

- Amongst the non-mining sector, manufacturing, construction, wholesale and retail trade, financial and insurance activities, real estate activities and public administration comprise 49.0% of the Financial and Insurance Services and Public Administration experienced more than 7.8% YoY growth as of Q1 2020.

- The International Monetary Fund (IMF) adjusted the forecast for Qatar’s real GDP to an average of -4.3% for 2020 and then at 5.0% in 2021, this is above the Middle East and North Africa (MENA) average of 3.5%.

- A major global trend from the pandemic was a plunge in oil prices. In March 2020, the crude oil (Brent) average fell to $33 per barrel. The World Bank projected oil prices to average $35/barrel in 2020.

- International financial institutions projected oil prices to average in the range of $45-$65/barrel in the medium term. The 2020 national budget of Qatar of QAR 210.5 billion was approved in Q4 2019, representing a 2.0% increase over 2019. The government aimed to continue to consolidate fiscal policy emphasising on new tax measures, limited current expenditure and higher capital spend. QAR 90 billion was allocated for major projects, focusing on World-Cup related developments, infrastructure projects and sectors such as food security, tourism, SME’s and economic free-zones. There was a projected surplus of QAR 500 million, based on forecasted oil prices for 2020 of above $60 per barrel. However, after the pandemic, the forecasted surplus based on the higher oil prices might not materialise as the forecasted oil rate is below Qatar breakeven price of oil ($45 per barrel). The IMF projected Qatar current account balance to average at -1.9% in 2020.
Foreign Trade

- During 2017-2019 Qatar had one of the highest current account balances as a percentage of GDP in the region ranging from 3.8% to 8.7%.

- During H1 2020, export revenues contracted by 28.5% YoY with hydrocarbon related exports declining by 31.4%. Japan, India, United States of America and South Korea were the top export destinations.

- Imports fell 9.3% during the first six months of 2020. USA, China, United Kingdom, India, Turkey and Germany were the top destinations for imports.

Population

Qatar Population 2013-2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2,045,000</td>
</tr>
<tr>
<td>2014</td>
<td>2,235,000</td>
</tr>
<tr>
<td>2015</td>
<td>2,621,000</td>
</tr>
<tr>
<td>2016</td>
<td>2,597,000</td>
</tr>
<tr>
<td>2017</td>
<td>2,641,000</td>
</tr>
<tr>
<td>2018</td>
<td>2,674,000</td>
</tr>
<tr>
<td>2019</td>
<td>2,773,000</td>
</tr>
<tr>
<td>2020-Q2</td>
<td>2,794,000</td>
</tr>
</tbody>
</table>

Source: Planning & Statistics Authority (PSA)
As of June 2020, the population of Qatar was estimated at 2,794,000. 73.5% of the population consists of ages between 25-64. And 72.8% of the total population comprises of males.

Based on repatriation figures announced by various embassies in Qatar, we estimated more than 35,000 expatriates were repatriated to their home countries during April-June 2020.

As per the latest Labour Force Survey Q1 2020 published by the Planning & Statistics Authority (PSA), the economically active population reached 2.2 million, where males within the age group of 25-34 years represented the highest percentage of participation. Non-Qataris comprised 95% of the economically active population.

The Planning & Statistics Authority (PSA) modified the Consumer Price Index, in 2019 making 2018 as the base year. As per PSA, the pattern of households did not change significantly during the previous five years and minor changes were observed in the basket of goods between 2013 and 2018. As per the new base year, Consumer Price Index declined by 3.2% annually and 2.2% quarterly during Q2 2020.

As of Q2 2020, housing and utility expenses index declined 3.9% YoY and 1.0% QoQ.

Qatar Petroleum decreased average fuel pump prices in Qatar in Q2 2020 by more than 47.9% YoY and 37.7% QoQ.

The IMF forecasted inflation for Qatar to average at -1.2% for 2020 and 2.4% for 2021.
Residential Market

Residential Supply & Demand

• As of H1 2020, total residential supply totalled 300,550 units. The first six months of 2020 saw the completion of 2,250 apartments and 700 villas scheduled to be handed over this year.

• An estimated 2,000 units were concentrated in Lusail, The Pearl and West Bay. Al Bandary Real Estate launched Al Shahed Tower with individual units for sale. Tower 13 and 15 of Viva Bahriya, The Pearl started leasing. Phase 1B in Musheireb Downtown also completed construction comprising 157 apartments.

• Approximately, 7,250 units are projected to be added during the remaining quarters of 2020. Some notable developments in the pipeline are: Abraj Bay Towers in Abraj Quartier in The Pearl, Al Mutahida Towers and Tower 24 in Viva Bahriya The Pearl, Al Darwish and Arwa tower in West Bay and Amwaj Tower in Waterfront district, Lusail.

• A significant amount of existing supply is being delivered in the form of medium to large size projects targeting upper-middle to high-income families. Demand is being generated by lower-middle income segments. Moreover, as per our estimates, the overall growth of demand isn’t matching the growth of supply. As of H1 2020, we estimate an oversupply of approximately 80,000 units.

Residential Supply
2017-2021
(000 UNITS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Existing</th>
<th>Expected Supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>286</td>
<td>290</td>
</tr>
<tr>
<td>2018</td>
<td>290</td>
<td>298</td>
</tr>
<tr>
<td>2019</td>
<td>298</td>
<td>298</td>
</tr>
<tr>
<td>2020E</td>
<td>308</td>
<td>10.0</td>
</tr>
<tr>
<td>2021E</td>
<td>308</td>
<td>4.6</td>
</tr>
</tbody>
</table>

Source: MEED Projects, ValuStrat
Residential Rents

- As of Q2 2020, ValuStrat Price Index for residential rental values softened 2.2% compared to Q1 2020, 2.6% compared to Q4 2019 and 5.2% compared to Q2 2019. Over a period of two years, residential rents fell 14%.

- As of Q2 2020, the median monthly asking rent for apartments was QR 6,560, down 2.6% QoQ, 2.8% compared to last six months and 5.4% compared to Q2 2019. Three-bedroom apartments experienced the highest asking rental declines during H1 2020 compared to Q4 2019 and Q2 2019.

- The median monthly asking rent for villas was QR 10,890 as of Q2 2020, softening 0.5% QoQ, 1.0% compared to last six months and 3.7% compared to Q2 2019. Five-bedroom villas experienced the highest fall in asking rents compared to Q4 2019 and Q2 2019.

- As per VPI for residential rental values, rents have not declined significantly during H1 2020 and the fall in rents is in line with historical trend.

- The highest fall in rents up to 2.5% for apartments during H1 2020, was experienced in prime locations: Al Sadd, The Pearl and West Bay compared to Q4 2019.

- The highest fall in rents for villas, up to 3% during H1 2020, was experienced in prime locations: Abu Hamour, Al Duhail, Al Gharrafa and Al Waab.

- Typical incentives offered in the market were in the form of furnishing and utilities included in the rents or one/two month rent free periods (differing contract period).
• As of Q2 2020, as per ValuStrat Price Index (VPI), average residential capital values was QAR 718 per sq ft (QAR 7,731 per sq m), fell by 1.4% QoQ, 1.9% compared to Q4 2019 and 4.1% compared to Q2 2019.

• The average capital value for apartments was QAR 1,036 per sq ft (QAR 11,152 per sq m), reduced by 2.3% QoQ, 2.5% compared to the first six months of 2019 and 6% YoY.

• The average capital value for villas was QAR 560 per sq ft (QAR 6,052 per sq m), declined by 1.2% QoQ, 1.8% compared to Q4 2019 and 3.6% YoY.

• Amongst freehold apartments, Lusail witnessed the highest fall in capital values followed by West Bay Lagoon and The Pearl during H1 2020, compared to Q4 2019.

• For villas, eight locations out of thirteen clusters (The Pearl, West Bay Lagoon, Ain Khaled, Old Airport, Al Dafna, Umm Salal Muhammad, Umm Salal Ali and Al Khor) saw a quarterly marginal change of less than 1% in capital values. Five locations such as Al Waab, Muaither, Al Thumama, Duhail and Al Wakrah saw a quarterly fall of 1.5% to 3.7%.

• As per VPI, capital values of residential units have not declined significantly during H1 2020, the QoQ and YoY fall in values during Q2 2020 were less compared to Q2 2019.

• Gross yields for residential units averaged at an overall 5.1%, adjusted by 6.2% for apartments and 4.6% for villas.
Residential Performance Tree

Residential Median Asking Rents

-14.0% Last 2 Years
-5.2% Last Year
-2.6% Last 6 months
-2.2% Last Quarter

Residential ValuStrat Price Index (VPI)

-10.1% Last 2 Years
-4.1% Last Year
-1.9% Last 6 months
-1.4% Last Quarter
During Q2 2020, the transaction volume of residential houses fell 36.7% over last six months and 26.2% YoY. Although declined significantly during April and May 2020, it picked up again in June 2020. The total value of transactions of residential houses during H1 2020 was QAR 2.6 billion.

The median transacted ticket size for residential houses during Q2 2020 was QAR 2.5 million, no change compared to Q1 2020, 10.7% decline compared to Q2 2019 and 10.7% decline during the last six months.

During H1 2020, The Pearl and West Bay Lagoon saw purchases down 20% compared to the same period in 2019. The total value of transactions amounted to QAR 467.6 million, reduced by 32.1% compared to 2019. The transactional volume started to decline in March 2020 but picked up again in June 2020. However, volume and value of transactions in June 2020 were higher compared to June 2019.
No significant decline in rents and prices compared to 2019. The decline in fundamentals is in line with the historical trend experienced since 2019. However, we have observed landlords increased the incentives offered compared to 2019, in a bid to attract new tenants.

We observed a trend of accelerated falls in rents and prices of apartments in prime locations during H1 2020. This trend was not witnessed in 2019 as during that year we experienced more significant declines in rents/prices of apartments in secondary locations relative to residential units in prime developments.

Sales and leasing activity picked up since May 2020, however, did not reach the same level as 2019.

There was no official reporting of significant job losses, however, repatriation reports from various embassies indicated repatriation of more 35,000 people during H1 2020. There was an increase in vacancies across Qatar. This may limit the absorption rate of new properties in the medium term.

Companies reported an increase in caution in expanding their size, therefore, it may limit future growth of expatriate families in the medium term.

Developers reported no significant delays in construction schedules of under development residential projects.
Office Market

Office Supply & Demand

- As of H1 2020, the supply of office space was 5,060,000 sq m Gross Leasable Area (GLA). As per ValuStrat research, 60% of existing office space is of Grade-A.

- There was an addition of seven office buildings and four mixed-use buildings during H1 2020 in Lusail (Marina and Energy City), Najma, Fereej Bin Omran, Abu Hamour, Al Wakrah, Al Wukair and Umm Salal comprising 220,000 sq m GLA.

- Upcoming projects in 2020, currently under development totalled 580,000 GLA, 48% of which are located in Lusail (Fox Hills, Energy District and Marina District) and Al Dafna and whereas the remaining projects are located in Duhail, Nuaija, Al Hitmi, Al Sadd, Umm Ghuwailina and Al Muntazah. Approximately 60% of the upcoming office space is of Grade-A.

- During H1 2020, we observed an increase in launches of companies working in e-commerce, finance and technology.

Office Supply
2017-2021
(Million sq m GLA)

<table>
<thead>
<tr>
<th>Year</th>
<th>Existing Stock</th>
<th>Expected Supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>3.9</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>4.1</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>4.8</td>
<td></td>
</tr>
<tr>
<td>2020E</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td>2021E</td>
<td>0.7</td>
<td>5.6</td>
</tr>
</tbody>
</table>

• Over time, oversupply in the office sector has been increasing, as observed by increasing vacancy rates in office buildings witnessed since 2016. Due to falling rental rates across office buildings in prime districts such as West Bay and Lusail Marina, there has been a shift in demand from secondary locations to prime districts. However, the influx of supply is more than an increase in demand. As per ValuStrat research, the gap between demand and supply of office space may amount to more than 1 million sq m GLA.
Office Rents

- As of Q2 2020, the median asking rent for office space fell by 1.2% QoQ, 4.7% over six months and 12.8% YoY.

- The highest fall in office rents during H1 2020 was experienced in office buildings across C/D-Ring roads. Offices along C-Ring road quoted rents ranging from QAR 60-110 per sq m while offices along D-Ring road have asking rents ranging from QAR 70-130 per sq m depending on size, quality and furnishing of the commercial spaces offered. Rent-free periods of up to 2 months (differing contract periods) were commonplace in the area.

- We observed a trend of more significant declines in rents within secondary locations (despite no significant supply additions in the area) compared to prime locations.

- Al Sadd also experienced an estimated 5% fall in average rents over six months during H1 2020. The majority of the office space in Al Sadd had asking rents ranging from QAR 55-90 per sq m, although some buildings also quoted rents of up to QAR 140 per sq m. Rent-free periods of up to 3 months (differing contract periods) were commonplace in the area.

- We observed some offices in Al Mansoura and along Al Nasr street offering up to six months rent-free periods with a minimum 3-6-year contract. Smaller office spaces were readily available everywhere except in West Bay, where the option was available, however, in lower quality relatively older office buildings.

- Offices offered for sale in Lusail at an average rate of QAR 20,000 per sq m (QAR 1,858 per sq ft) and in West Bay at QAR 16,250 per sq m (QAR 1,510 per sq ft).
A drop in new inquiries was reported beginning from March 2020. Main transactions focused upon lease renewals compared to new leasing activity. Although, since June 2020, a pickup in leasing activity has been accounted for.

There was a reported increase in preference from tenants for flexible short-term contracts.

The fall in rents during the first six months of 2020 was in line with historical trend, however, landlords were more flexible in offering incentives to close deals compared to pre-COVID-19.

There has been anecdotal evidence of job losses across Qatar. In addition, there were reports of companies adopting a “cautious” approach to expansion, therefore demand for larger office space may become limited in the medium term.

There was an observed increase in preference of “working from home” for private companies compared to government companies. However, there is no one-size-fits-all solution to how work should proceed in the long term and how this new trend will impact office demand in Qatar. Each company have their own work requirements and outlook towards office culture. Restrictions on working in an office started to ease since the advent of Phase 1 of the lifting of measures in June 2020 and with time there can be a clear indication what this trend will mean for office space in Qatar.
Between March–May 2020 there was the closure of all retail shops in shopping centres and commercial complexes except for pharmacies and shops that sold food. In June 2020, with the advent of phase 1, ban on non-essential retail shops was partially lifted.

The total Gross Leasable Area (GLA) of organised retail space grew 5% annually from 2018 to H1 2020 up to 1.89 million sq m, with no addition during the first six months of 2020.

Approximately 170,000 sq m GLA of organised retail space comprising of three shopping centres: Doha Mall in Al Maamoura, 04 Mall in The Pearl and J Mall in Al Markhiya and Place Vendome in Lusail are projected to be completed by end of 2020. Assuming no construction delays, the retail GLA will exceed 2 million sq m by the end of 2020.

Un-organised retail comprises an estimated 70% of the total retail supply in Qatar with the addition of approximately 50,000 sq m during first six months of 2020. 60,000 sq m is in pipeline during the remaining quarters of 2020.

It’s a challenging time for the retail market in Qatar. Despite a reported increase in consumer spending, retail vendors have been experiencing falling turnover since 2017. This can be attributed to a slowdown in the growth of household population and consumer spending and increasing competition from an influx of new retail supply. With the advent of the pandemic, this trend is predicted to exacerbate at least for 2020-21. As per our research, the gap between demand and supply in the retail market in Qatar is estimated to exceed 1 million sq m GLA.
Retail: Demand versus Supply

<table>
<thead>
<tr>
<th>Supply</th>
<th>Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td></td>
</tr>
</tbody>
</table>

Retail Performance

- As of Q2 2020, the median monthly asking rent in shopping centres was estimated at QAR 230 per sq m, down 4% compared to Q2 2019, 2% dip in rents compared Q4 2019 and no change compared to Q1 2020.

- Rent for street retail varied across municipalities. Median monthly asking rents among street retail units in Doha stood at QAR 178 per sq m, down 9% compared to Q2 2019, 2% compared to Q4 2019 and 1% compared to Q1 2020.

- Median monthly asking rents among streets outside Doha stood at QAR 168 per sq m, down 7% compared to Q2 2019, 2% compared Q4 2019 and 1% compared to Q2 2020. The average rent for anchor stores within malls or as standalone outlets countrywide ranged QAR 50 to QAR 120 per sq m depending on size and location.

- The retail leasing market amongst shopping centres was tenant-friendly, landlords offered lucrative incentives (such as waiving services charges or offer turnover rents as base rent, rent-free periods of up to six months with different contract periods) to retain existing retailers or attract new ones. Typical incentives offered in the market for street retail were in the form of rent-free periods of up to 3 months with differing contract periods, utility inclusive contracts and fully fitted offerings.

Median Monthly Asking Rents: Malls & Street Retail

Source: ValuStrat
Retail Performance Tree

### Occupancy (%)

- 100%
- 90%
- 80%
- 70%
- 60%
- 50%

### Monthly Rental Rate (QAR)

- 230
- 220
- 200
- 180
- 160

#### Median Asking Street Retail Doha

- **-22.6%** Last 2 Years
- **-8.7%** Last Year
- **-2.2%** Last 6 months
- **-1.1%** Last Quarter

Source: ValuStrat
On average, 8% of the total leasable area in malls was allowed to open including anchor tenants that sell food and pharmaceuticals. We estimated a monthly loss of an approximately QAR 1.5 billion in total sales from shopping centres due to the social mobility measures which were in place.

Developers of major commercial complexes offered rent exemption for their commercial tenants in March 2020 for at least three months or until further notice. Restrictions began to lift in June 2020 with the implementation of Phase 1 by the government of Qatar.

Restaurants in particular were hit hard by the pandemic, as out-of-home consumption came to a standstill, only delivery and takeaway was allowed during the first six months of 2020. These restrictions were also lifted in June 2020.

Retail vendors reported challenges with cash flow management, rental collection was quoted as being the main problem.

There was a significant increase in demand for food and grocery especially in March and April 2020 due to panic buying in light of uncertainty regarding social mobility measures. However, there was no report of major shortages of any food product. Significant increases in demand were met conveniently by effectively readjusting supply chain routes and using sufficient buffer stock already at hand. Another off-shoot was a reported increase in reliance on local Qatari food products.

COVID-19 boosted e-commerce in Qatar. There was a noted increase in retailers across Qatar resorting to online trading platforms or home delivery services to improve transactions. Owners of malls also facilitated their tenants by modifying their websites to enable customers to connect directly with the retailers. Additionally, hypermarkets reported a surge in demand for online grocery shopping which resulted in an expansion of delivery services being offered.
Hospitality Market

Hospitality Supply and Demand

• As per Qatar National Tourism Council (QNTC), the total stock by end of 2019 was 27,261 keys (130 hotels and hotel apartments). 24,562 keys are hotel rooms and 2,699 are hotel apartments. The five-star segment is the largest in size and encompassed 12,900 rooms across 49 properties at the close of 2019.

• As per ValuStrat research, 988 keys were added during H1 2020 with the opening of Pullman Hotel in West Bay, Imperium Residences in Najma, Dusit D2 Salwa Doha in Muraikh and Al Liwan Suites in Rawdat Al Khail and Diyafa Hotel Suites in Al Sadd.

• As per Valustrat research, 10,000 keys are in pipeline till 2021. There were reported delays in the launch of hotels in 2020 due to uncertainty caused by the advent of COVID-19. As per the latest statistics released by QNTC, a total of 21,500 rooms across 107 projects are under construction at various stages of development.

• 2020 began with increasing visitor arrivals, up till February 2020 there were 498,528 arrivals, up by 32% compared to the same period in 2020. In March 2020 with the advent of the pandemic, government of Qatar imposed a ban on inbound tourists causing the volume of tourists to plunge. Moreover, all recreation facilities and F&B outlets in hotel properties were also mandated to close.

• Since March 2020, hotels had to rely on local residents for turnover. Hotel apartments were reported to fare well compared to hotel segment as they relied on long term leasing tenants. YTD June 2020 tourist arrivals totalled 548,812, down by 48% compared to the same period 2019.

• As per ValuStrat research, the gap between demand and supply at the end of 2019 was estimated at 9,000 keys. This is projected to increase by the end of 2020 depending on the recovery of tourist arrivals and influx of new properties. As per the plan of the lifting of restrictions in July 2020, hotels will be allowed to re-open their F&B outlets. In addition, once inbound travel will re-open in Phase 3, the government of Qatar mandated two weeks stay at designated quarantine hotels for particular inbound traffic.
Hospitality:
Demand versus Supply

<table>
<thead>
<tr>
<th>Supply (Units)</th>
<th>Demand</th>
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<tbody>
<tr>
<td>High</td>
<td>High</td>
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<tr>
<td>Medium</td>
<td>Medium</td>
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<tr>
<td>Low</td>
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YTD June 2020, occupancy of hotels and hotel apartments fell 13% and 12% respectively, compared to the same period in 2019. Occupancy declined the most for 1-2-star hotels followed by the five-star and four-star segment.

The highest occupancy of 66% was recorded for 3-star hotels amongst all hotel properties as of H1 2020. Hotel apartments had an average occupancy of 61% YTD June 2020.

Average Daily Rates (ADR) of hotels declined 2.4%, whereas for hotel apartments the decline was 9.3% as of H1 2020, compared to H1 2019. ADRs fell the most for 1-2-star hotels followed by 5-star segment and 3-star segment.

Revenue per Available Room (RevPAR) was recorded at QAR 192 per night for hotels and QAR 180 per night for hotel apartments, down on average by 22% annually during the first six months of 2020.
Cumulative ADRs & Occupancy of Hotels and Hotel Apartments
2018 - YTD 2020

AdRs hotel Avg.
AdRs Hotel Apartment Avg.
Occupancy Hotel Apartment Avg.
Occupancy Hotel Avg.

Source: ValuStrat, Qatar National Tourism Council (QNTC)

Hospitality Performance Tree

Occupancy (%)
Average Daily Rate (QAR)

Hotel Apartments
Hotels
Source: ValuStrat
With the advent of COVID-19 and mandated ban on inbound tourists, there was a significant decline in arrivals of up to 48% YoY which was not in line with the historical trend.

There was a YoY decline in performance fundamentals of hospitality properties as a result: occupancy, ADRs and RevPARs.

Hospitality properties had to rely on residents to increase occupancy. The majority of the properties announced “Staycation Packages” in May 2020 to attract residents for upcoming Eid festivals.

During March and April 2020 there was a rise in residents occupying hotel apartments due to flexibility of short-term leasing contracts they offered.

The full impact of the pandemic might only be known once the crisis ends. However, it is agreed upon that the negative impact on the hotel industry will be short to medium term.

The recovery of the hospitality industry is centred upon how responsive the operators are to needs of the travellers in the long term. Healthy and safety techniques, policies and procedures will have to be reconsidered in order encourage guests back in their premises while changes in consumer trends will also have been studied in order to effectively elevate occupancy to pre-COVID-19 levels.
Our firm is extremely well-equipped to help our clients navigate uncertain times. We respond quickly to challenging situations and are constantly helping clients to analyse, structure, negotiate and execute the best possible solutions from both a strategic and financial perspective.

What We offer

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- Residential Valuations
- Commercial Valuations
- Industrial Asset Valuations
- Businesses
- Rental Value Assessment

**Market Research**
- National and Zone Level Analysis
- Forecasting Analysis: Prices and Rents
- Target Market Assessment-All Sectors
- Occupancy and Demand Analysis-All Sectors
- Supply Analysis-All Sectors
- ValuStrat Price Index (VPI)-Residential

**Advisory**
- Feasibility Study/ Business Plans
- Highest and Best Use analysis (HBU)
- Market Study
- Leasing Support
- Market Entry strategy
- Recommend tenant mix
- Retail strategy
Logistical challenges might also arise in the coming months. There is a projected fall in the workforce within the short to medium-terms, and due to the existence of social mobility measures, logistical footprint will have to be planned out in order to reduce delays in ‘last mile’ deliveries to consumers. In addition, more businesses will be looking into E2E (End to End) or O2O (Online to Offline) supply chain visibility and resilience. All of this will have to be taken into account, to make necessary changes in supply chain and support the growing e-commerce sector,” ValuStrat said.

Qatar’s efforts to raise strategic stock of food commodities: ValuStrat

Doha: Developers who are willing to sell properties during the COVID-19 crisis might provide favourable deals for the buyer in the form of discount on asking sale prices. This coupled with reduced interest rates offered by banks has increased attractiveness of real estate, particularly in the residential sector, as an investment option, consulting firm ValuStrat Qatar has said in its latest quarterly report titled ‘COVID-19 & The Qatar Housing Market’.

Residential sector remains attractive to real estate investors: ValuStrat

Total housing stock by end of Q1, 2020 was approximately 299,100 units with the addition of 900 apartments and 500 villas during the quarter, ValuStrat said in its first quarter report on ‘Qatar housing market’. All new additions were during the first two months of this year, it said.

8,600 residential units may be added in Qatar by end-2020: ValuStrat

Countrywide sales transaction volumes accumulated to QR22.7bn in value in 2019. In The Pearl & Al Qassar, transaction volumes increased by a staggering 72 percent during 2019, while total transaction value increased by 55 percent to QR2bn,” Pawel Banach (pictured), ValuStrat’s General Manager, Qatar told The Peninsula.

Hotels witness high occupancy in Q4 of 2019
ValuStrat offers premium subscription reports for clients allowing them to 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 100+ page Qatar report includes citywide analysis of freehold districts, including the ValuStrat Price Index, transaction volumes, service charges, Price to Rent Ratios and Net Yields.

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