

# Real Estate Market

2nd Quarter | 2019 Review

# Qatar

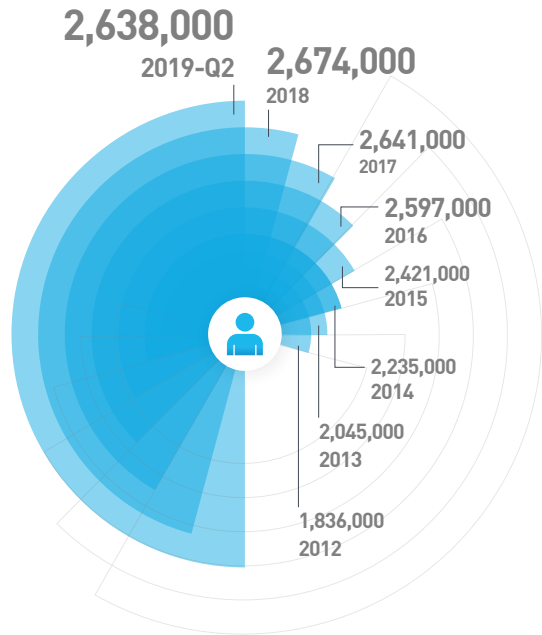




# Macro-Economic Snapshot

- The Real Gross Domestic Product (GDP) increased by 0.9% YoY (QAR 202.3 billion), driven by growth in the non-hydrocarbon sector (1.6% YoY in Q1 2019 - latest estimates released by Ministry of Development Planning and Statistics- MDPS)
- “World Competitiveness Yearbook 2019” published by International Institute for Management Development (IMD), ranked Qatar 10th out of 64 high-income generating countries and 3rd in economic performance
- Qatar’s Population is estimated at 2.64 million as of Q2 2019
- Doha Metro Red Line South was launched, 13 stations from Al Wakrah in the south to Al Qassar in the north were made operational
- Oil export revenue and imports contracted by 7.1% and 5.1% YoY respectively as of May 2019
- During Q2 2019, the Consumer Price Index (CPI) stood at an average of 108.1 points (base year 2013) indicating a 0.3% marginal decline annually and an increase of 0.4% quarterly
- Housing and Utility Expenses Index decreased 1.7% YoY and 0.8% QoQ

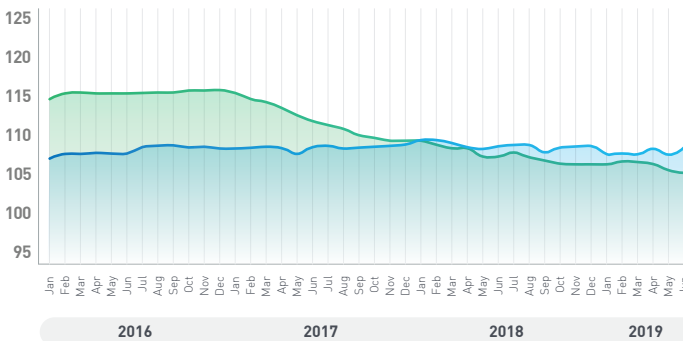
## Qatar Population



Source: Ministry of Development Planning & Statistics

## Consumer Price Index vs. Housing Index

January 2016 – YTD



- Consumer Price Index (2013=100)
- Housing, Water, Electricity, Gas and Other Fuels

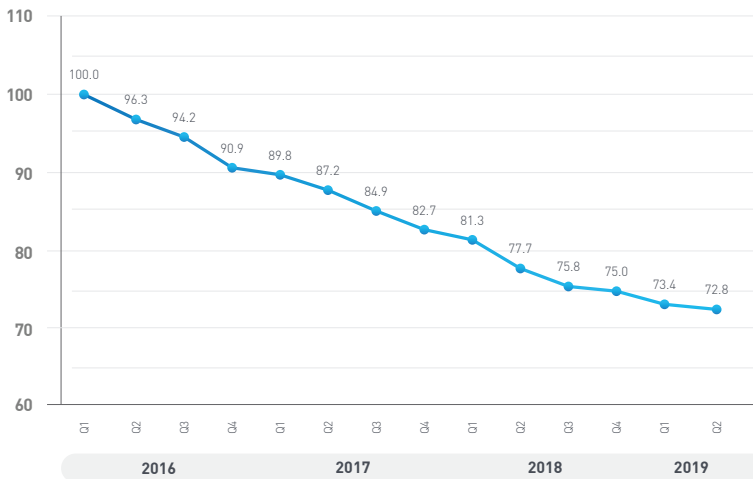
Source: Ministry of Development Planning & Statistics

## Residential

The second quarter 2019 Valustrat Price Index (VPI)-Residential, displayed an overall 6.3% annual and 0.8% quarterly decline in capital values. Villa and freehold apartment prices saw marginal QoQ declines of 0.8% and 0.4% respectively. Amongst freehold apartments, West Bay Lagoon witnessed the highest overall decline in values followed by Lusail and The Pearl. All villa locations experienced marginal declines against the previous quarter. A quarterly capital depreciation between 1% to 3% was observed in clusters of Ain Khaled/Abu Hamour, Old Airport/Najma, Al Wakrah and Al Khor. The remaining clusters experienced quarterly capital depreciation of less than 1%. Gross yields for residential units averaged at an overall 5% adjusted to 6% for apartments and 4.5% for villas.

### VPI - Qatar Residential Capital Values

13 Villa and 3 Apartment Locations  
[Base: Q1 2016=100]



Source: Valustrat

For more details, please visit [www.valustrat.com/vpi-qatar](http://www.valustrat.com/vpi-qatar)

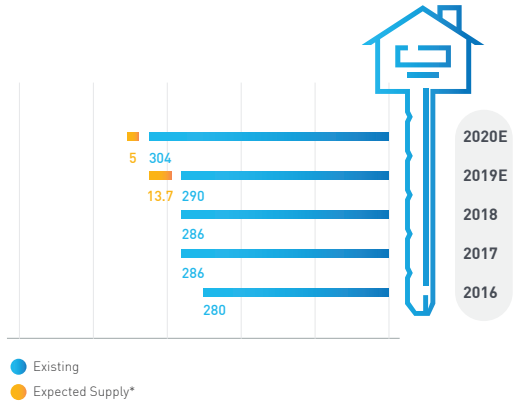


## Residential Supply

- A mix of 1,700 apartments and villas were added this quarter, bringing the total stock to 294,700 units as of quarter end
- Apartment supply consisted of 1,500 units from delivered projects in The Pearl, Lusail, Fereej Bin Mahmoud, Old Ghanim, Fereej Abdul Aziz, Musheireb and Al Dafna
- Completion of villas and compounds in Al Kheesa, Al Wajba, Umm Salal Ali and The Pearl added 200 new properties to existing stock
- An estimated 9,000 units are projected to be completed by end of 2019, with 35% expected in Lusail, 35% in The Pearl and the remaining units across other areas such as Fereej Bin Mahmoud, Nuaija, Musheireb, Onaiza, Al Dafna, Al Sadd, Ain Khaled, Al Khor, Abu Hamour

## Qatar Residential Supply

2016-2020  
('000 UNITS)



\*May be subject to significant downward adjustment

Source: Ministry of Development Planning and Statistics, MEED Projects, ValuStrat



## Residential Sales

- Median transacted ticket sizes for houses increased by 12% quarterly and 3% annually. QoQ increase in median transacted prices can be attributed to larger ticket sizes of housing transactions experienced in areas such as Al Kharaitiyat, Al Markhiya, Lusail, Abu Hamour, Madinat Al Khalifa and Rawdhat Al Hamama
- Transactional volumes for houses declined 25% QoQ and 14% YoY
- The median ticket size for residential houses was QAR 2.8 million. The five largest ticket sizes were seen in The Pearl, New Salata, Lusail and Abu Hamour for dwellings ranging from 1,400 sq m to 5,500 sq m
- 53 transactions were recorded for residential buildings. Rawdhat Al Khail, Al Sadd, Najma, Al Wakrah and Muaiter had the largest transacted prices
- As of May 2019, transactional volume in The Pearl and West Bay Lagoon was 274 units with a total value of QAR 612 million

## Residential Median Transacted Ticket Sizer



Source: Ministry of Justice, ValuStrat



# Residential Rents

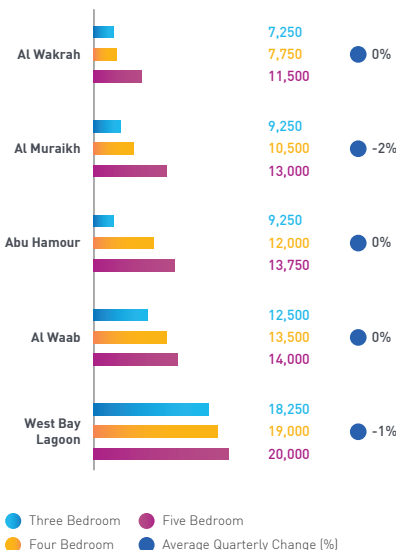
- Residential median asking rents declined 5.6% YoY and 1.5% QoQ
- Median monthly asking rent for apartments fell 1.1% quarterly and 5.4% annually
- Secondary apartment locations such as Al Wakrah, Old Airport, Najma and Al Mansoura experienced highest annual declines in rents of up to 13%
- Median monthly asking rent for villas fell by 4% QoQ and 7.1% YoY
- Villas in Muraikh, Al Gharrafa, Ain Khaled, Abu Hamour, Al Khor and Umm Salal Mohammad experienced annual falls in rent up to 12%
- Some landlords of new residential properties in The Pearl and Lusail offered incentives in the form of rent-free periods of up to 2-months, on minimum one year contracts, in addition to waiving utility expenses

## Residential Median Asking Rents



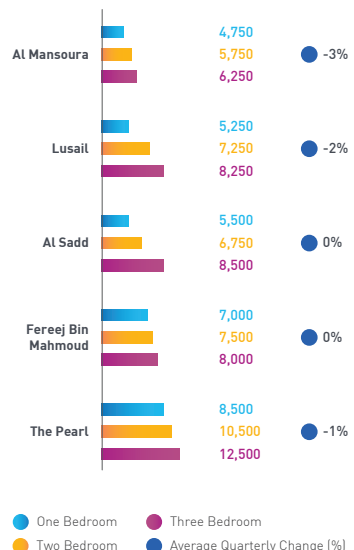
Source: ValuStrat

## Median Monthly Asking Rent (QAR) and Quarterly Change (%) - Villas



Source: ValuStrat

## Median Monthly Asking Rent (QAR) and Quarterly Change (%) - Apartments



Source: ValuStrat



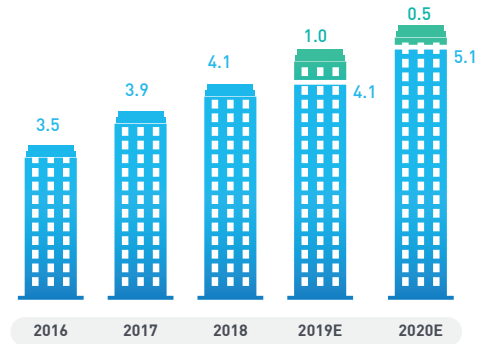
## Office Supply

- As of Q2 2019, the total estimated Gross Leasable Area (GLA) of Qatar's office supply stood at 4.54 million sq m
- Seven office buildings were added this quarter, of which three were in Lusail (Energy City and Lusail Marina District) and one each in Fereej Bin Mahmoud, Old Al Ghanim, Abu Hamour and Al Muntazah, comprising 200,000 sq m GLA
- Upcoming projects till end of 2019 (currently under construction) totalled 600,000 sq m GLA, 52% of which are in Lusail, 45% in Doha Municipality (Msheireb Downtown, Al Dafna, Al Sadd, Al Hitmi and Old Airport) and the remaining located in various areas of Qatar

## Qatar Office Supply

2016-2020

(Million sq m GLA)



Existing Stock Expected Supply

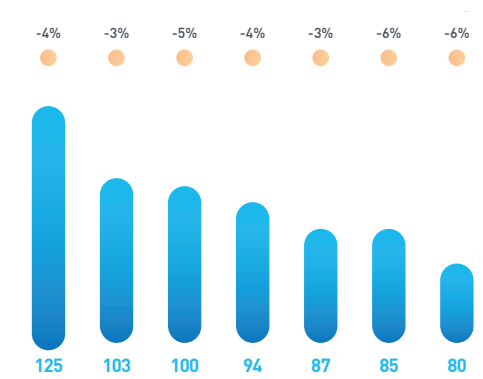
Source: MEED Projects, ValuStrat



## Office Performance

- Median office asking rents fell 14% YoY and 4% QoQ
- As per ValuStrat research, countrywide occupancy of office space is estimated at 65%
- Highest quarterly falls were experienced in secondary locations such as Salwa Road (QAR 80 per sq m) and Grand Hamad Avenue (QAR 85 per sq m), where asking rents ranged from QAR 55 to 110 per sq m
- The median asking rent in Lusail and West Bay was QAR 100 per sq m and QAR 125 per sq m respectively, with an estimated 750,000 sq m GLA office space in vacancy out of 2.1 million sq m in stock
- Offices offered for sale in Lusail at QAR 19,500 per sq m, The Pearl at QAR 19,375 per sq m and in West Bay at QAR 19,100 per sq m

## Office Median Asking Rent (QAR/sq m/Month) and Quarterly Change [%]



West Bay C/D Ring Road Lusail Citywide Al Sadd Grand Hamad Avenue Salwa Road

Median Asking Rate (QAR/sq m)

Quarterly Change [%]

Source: ValuStrat

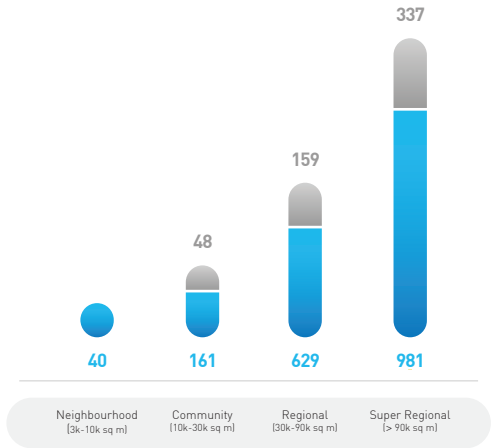


## Retail Supply

- As of Q2 2019, the total supply of organised retail space reached 1.81 million sq m, owing to new additions of neighbourhood retail centres in Lusail
- Two shopping centres (total 95,000 sq m GLA) are in pipeline for the remaining quarters of 2019, including Boulevard Mall in Jeryan Jenaihat and Al Waddan Mall in Mesaieed
- Galeries Lafayette (4,350 sq m GLA) announced a soft opening of its flagship store within Katara Cultural Village
- The saturation ratio of shopping centres in Qatar is 653 sq m GLA per 1,000 capita compared to the GCC average of 620 sq m GLA per 1,000 capita

## Retail Malls and Shopping Centres

('000 sq m GLA)



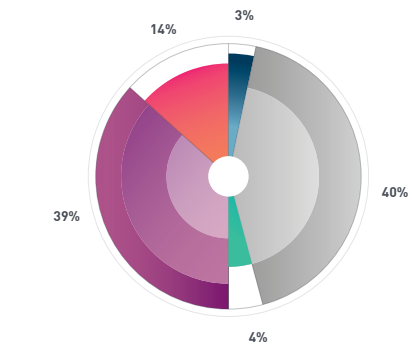
● Existing Stock  
 ● Expected Supply (till 2020)  
 Source: ValuStrat



## Retail Performance

- Amid competition from newly opened super regional malls, relatively older shopping centres have reduced asking rents by an estimated 5% YoY in order to maintain occupancy. Monthly rents for line shops (less than 500 sq m GLA) range from QAR 220-420 per sq m
- Median monthly asking rent among street retail units in Doha on average stood at QAR 195 per sq m, down by 2.5% QoQ
- Median monthly asking rent for street retail outside Doha on average stood at QAR 180 per sq m. This remained un-changed in comparison to the previous quarter
- Due to increased availability of retail offerings countryside landlords offered incentives in the form of rent-free periods of up to 3 months (minimum two years contract period)

## Distribution of GLA of Shopping Centres/Malls across Municipalities



● Al Khor ● Doha ● Al Wakra  
 ● Al Rayyan ● Umm Salal  
 Source: ValuStrat

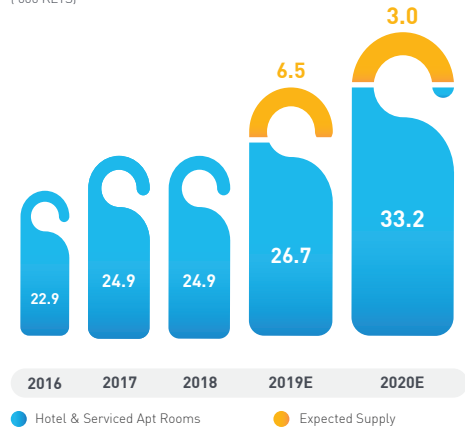


## Hotel Supply

- As per Qatar National Tourism Council (QNTC), there were a total of 26,890 keys across 129 properties as of Q1 2019. There were no additions during the second quarter according to ValuStrat research
- Intercontinental Hotels Group announced 'Hotel Indigo' (a boutique hotel) planning to add 200 rooms by year 2023 in Lusail
- Al Rayyan Tourism Investment Company (ARTIC) rebranded Shangri-La Hotel as JW Marriot Marquis City Centre Doha (314 Rooms)
- Approximately 5,500 keys are in pipeline till end of 2019 of which 45% will be 5-star category

## Hotel Room Supply

2016-2020  
('000 KEYS)



Source: Qatar National Tourism Council (QNTC), ValuStrat

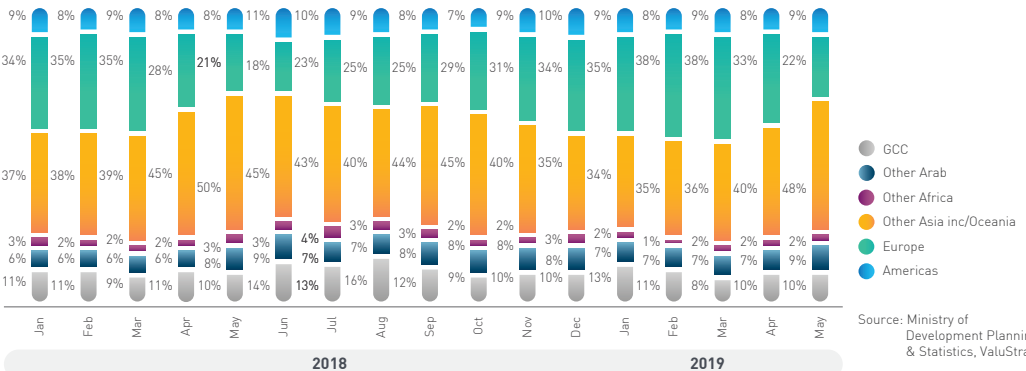


## Hotel Performance

- Till May 2019, the total number of visitor arrivals in Qatar stood at 922,132, up by 11% compared to the same period last year
- Visitor arrivals from other Arab countries and Europe indicated significant growth (up by 22% YoY) during the first five months of this year
- Till May 2019, average occupancy of hotels increased by 6% annually to 66%, while hotel apartment occupancy grew 1% YoY to 74%
- Hotel Average Daily Rates (ADR) declined by 6% YoY whereas the Revenue per Available Room (RevPAR) increased 2% annually. Hotel apartments ADR fell by at least 4% YoY and RevPAR declined by more than 2% on a yearly basis

## Distribution of Qatar Visitors by Region

Jan 2018-May 2019



Source: Ministry of Development Planning & Statistics, ValuStrat



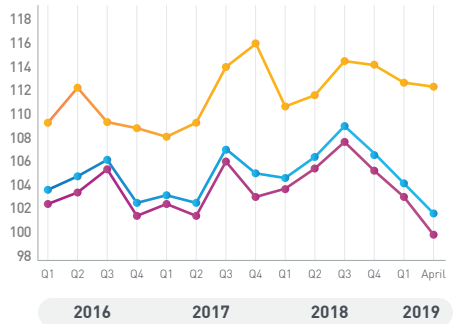


# Industrial Investment/Supply

- Driven by increased supply in food and chemical products, manufacturing output increased marginally by 1% YoY during April 2019, as per latest Industrial Production Index published by MDPS
- An estimated warehousing space of 500,000 sq m GLA is projected to be completed by end of 2019
- Qatar Petroleum announced Barzan Gas project to be operational by end of 2019, increasing gas production up by 2 billion cubic feet per day once fully completed

## Industrial Production Index

Q1 2016 – YTD



● IPI (2013=100) ● Manufacturing ● Mining and Quarrying  
Source: Ministry of Development Planning & Statistics, ValuStrat

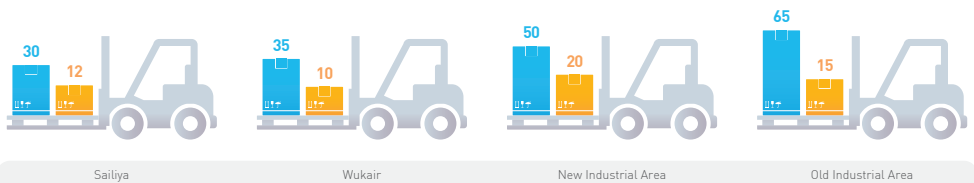


# Industrial Performance

- As per MDPS, till May 2019 net tonnage of bulk cargo more than doubled with Ras Laffan and Hamad Port receiving the highest traffic
- Average asking rent for dry/ambient warehouses in Qatar was QAR 34 per sq m, reduced by 5% QoQ and 12% YoY
- In temperature-controlled warehouses intended for food and chemical storage, average asking rent fell by 3% QoQ and 11% YoY
- Average asking rents for cold storage being leased per unit wise ranged from QAR 8,000-14,000 per month in Doha Industrial Area, where average unit sizes scaled from 50-80 sq m

## Warehouses Asking Rental Rates

(QAR/sq m per month)



● Rent High ● Rent Low

Source: ValuStrat

### **The Peninsula** Local focus, Global vision QATAR'S DAILY NEWSPAPER

15th May, 2019

#### **Doha Metro to boost real estate sector**

"One of the significant impacts of rail transit projects is the impact on the real estate market. Numerous accounts of recent experiences with the impact of rail transit on property values have surfaced within the past two decades regionally and internationally. Proximity to the metro system in Qatar may potentially become a trigger for real estate activity and development," Pawel Banach, General Manager, Valustrat told The Peninsula

### **GULF TIMES**

4th May, 2019

#### **Qatar real estate may remain 'buyer-friendly market' over next quarters of 2019: Valustrat**

"The first quarter 2019 review issued by leading regional consulting firm Valustrat reports the continuation of an overall correction phase where prices have become "more competitive". Residential capital values and rents weakened, and office rents continued to favour tenants. Falling Average Daily Rates (ADRs) have given rise to occupancy in all hotel categories. Industrial storage rents in the industrial sector decreased marginally, the report said."

### **The Peninsula** Local focus, Global vision QATAR'S DAILY NEWSPAPER

30th April, 2019

#### **Real estate sector to remain buyer-friendly market**

"The recent law amendment of expanding freehold ownership in residential and commercial sectors have provided further incentives to foreign owners to have outright property ownership in Qatar," Pawel Banach, MRICS – Valustrat's General Manager, Qatar told The Peninsula.

According to Valustrat's first quarter performance review report, Qatar's estate market witnessed continuation of overall correction phase where prices have become more competitive."

### **The Peninsula** Local focus, Global vision QATAR'S DAILY NEWSPAPER

19th March, 2019

#### **Property ownership law a big boost for real estate sector**

"The recent reform to change freehold ownership law will contribute to a positive transformation of the real estate sector which will now embrace its cultural diversity through new initiatives designed to encourage investments and positively change business perspectives to ultimately result in overall economic growth," Pawel Banach, General Manager of Valustrat Qatar told The Peninsula.

# Premium Subscription Report

# ValuStrat Price Index Qatar Residential Q2, 2019

ValuStrat Price Index Villas  
Base: Q1 2016=100 **71.1**

ValuStrat Price Index Apartments  
Base: Q1 2016=100 **78.0**

Villa  
Transaction  
Volume **378**

Gross  
Yield **4.95%**

Price to Rent Ratio  
- Apartments **17 years**



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 70+ 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.

For subscription, please visit [www.valustrat.com/vpi-qatar](http://www.valustrat.com/vpi-qatar)

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## VPI Online [www.valustrat.com/vpi-qatar](http://www.valustrat.com/vpi-qatar)

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. Prices 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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