

Real Estate Market

3rd Quarter | 2019 Review

Qatar

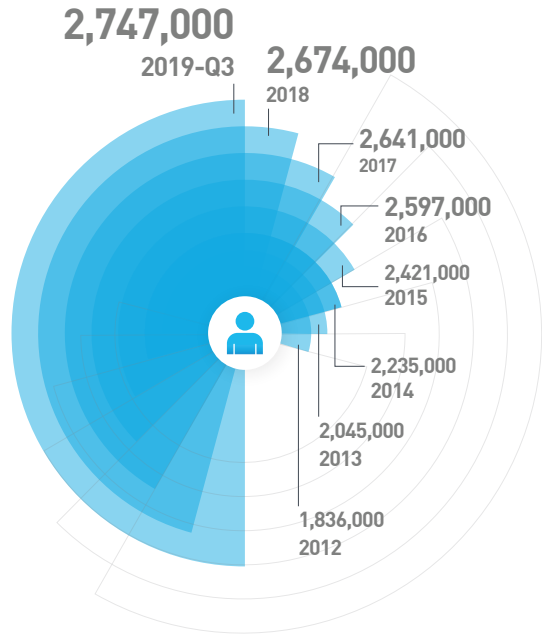




Macro-Economic Snapshot

- The Real Gross Domestic Product (GDP) contracted 1.4% YoY (QAR 200.2 billion), driven by a fall in the hydrocarbon sector (1.9% YoY in Q2 2019 - latest estimates released by Planning & Statistics Authority)
- Qatar Central Bank (QCB) projected economy to grow at 2.8% between 2018-2020, on the back of favourable movements in global oil prices, strong exports and improvement in fiscal balance
- Population is estimated at 2.75 million as of Q3 2019
- Government of Qatar amended some provisions of law No. 21 (2015) by granting automatically renewable residence permit for a period of five years for expatriate investors without a sponsor who are owners and beneficiaries of real estate (renewable for the duration of ownership)
- During first two months of Q3 2019, oil export revenues expanded by 3% and imports contracted by 2% YoY
- During Q3 2019, the Consumer Price Index (CPI) stood at 108.8 points (base year 2013) indicating a marginal increase of 0.2% annually and 0.7% quarter wise
- Housing and Utility Expenses Index decreased 0.7% YoY and 2% QoQ

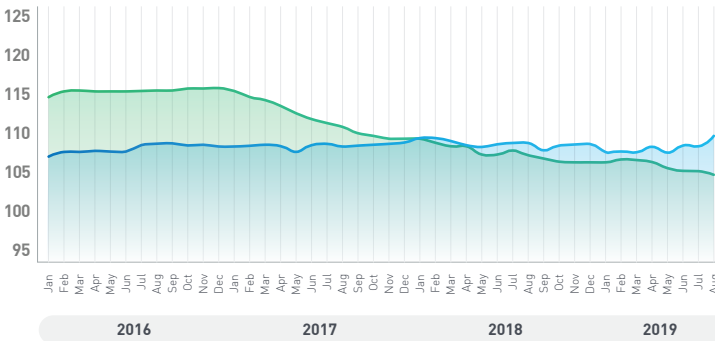
Qatar Population



Source: Planning & Statistics Authority (PSA)

Consumer Price Index vs. Housing Index

January 2016 – YTD



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

Source: Planning & Statistics Authority (PSA)

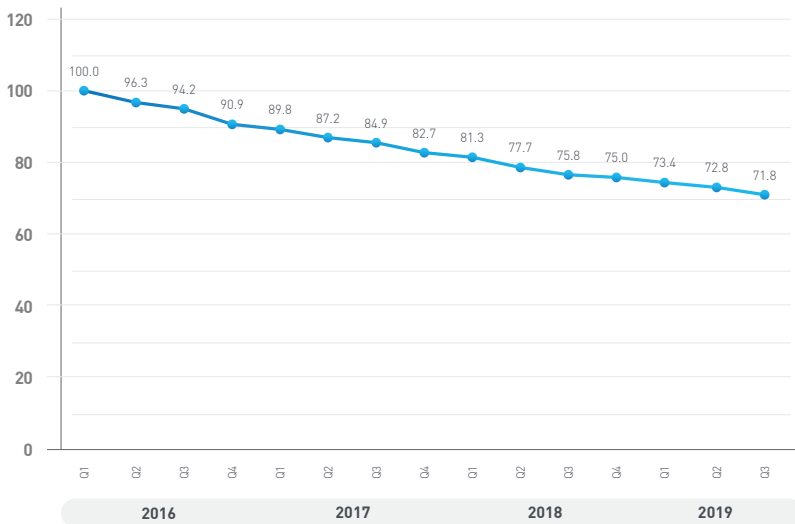
- The US Federal Reserve reduced interest rates a quarter-point twice this quarter, Qatar Central Bank followed suit
- Government introduced the first phase of 'Single Window Services' in order to facilitate and shorten the process of establishing a company or factory

Residential

The third quarter 2019 Valustrat Price Index (VPI)-Residential, displayed an overall 5.3% annual and 1.4% quarterly decline in capital values. Villa and freehold apartment prices saw marginal QoQ declines of 1.3% and 1.6% respectively. Amongst freehold apartments, Lusail witnessed the highest overall decline in values followed by West Bay Lagoon and The Pearl. A few villa locations experienced marginal declines against the previous quarter. A quarterly capital depreciation between 1% to 5% was observed in clusters of Ain Khaled, Abu Hamour, Al Thumama, Old Airport, Al Hilal, Duhail and Al Wakrah. The remaining clusters experienced quarterly capital depreciation of less than 1%. Gross yields for residential units averaged at an overall 5.0%, comprising 6.0% 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

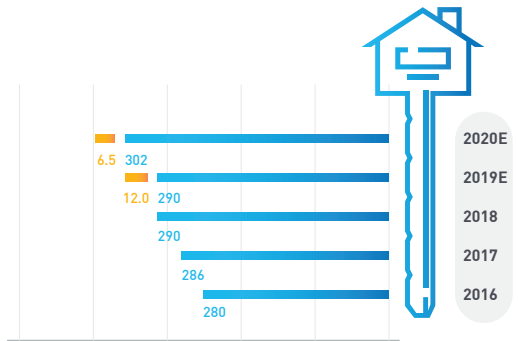


Residential Supply

- 1,250 residential units (apartments and villas) were added this quarter, bringing total supply to 295,950 units
- 1,000 apartments were added to stock from recently delivered projects in The Pearl (Viva Bahriya), Lusail (Fox Hills & Waterfront district) and Musheireb
- Completion of villas and compounds in Al Khor, Abu Hamour, New Salata and Muraikh added 250 new properties to existing supply
- The United Development Company (UDC) launched Floresta Gardens in The Pearl. Once completed by end of 2022 will comprise of 10 mid-rise residential towers and 114 villas
- An estimated 13,500 units are projected to be completed by end of 2020; 65% of which are expected to be in The Pearl and Lusail

Qatar Residential Supply

2016-2020
('000 UNITS)



- Existing
- Expected Supply*

*May be subject to significant downward adjustment
Source: Planning & Statistics Authority (PSA), MEED Projects, ValuStrat



Residential Sales

- The median transacted ticket size for houses declined by 6% quarterly as well as annually. Quarterly falls in median transacted ticket size can be attributed to lower priced transactions experienced in Al Aziziyah, Al Khor, Umm Lekhba, Abu Sidra and Umm Karn and lack of transactions in prime locations
- Transactional volumes for houses declined 2% QoQ and 20% YoY
- The median transacted price for residential houses was QAR 2.6 million. The five largest ticket sizes were seen in The Pearl, Umm Salal Ali, Muaither and Leqtaifiya
- 54 transactions were recorded for residential buildings, as Al Sadd, Al Dafna, Fereej Bin Mahmoud, New Doha and Rawdhat Al Khail witnessed the largest transacted prices
- Till August 2019, transactional volumes in The Pearl and West Bay Lagoon was 394 units worth a total of QAR 877 million

Residential Median Transacted Ticket Size



Source: Ministry of Justice, ValuStrat



Residential Rents

- Residential median asking rents declined 7.2% YoY and 1.6% QoQ
- The median monthly asking rent for apartments fell 1.6% quarterly and 7% annually
- The Pearl, West Bay and Lusail saw median monthly asking rental rates decline 8% annually. Occupancy in The Pearl increased as a result of declining rents and various incentives being offered
- The median monthly asking rent for villas fell by 1.6% QoQ and 8.5% YoY
- Highest annual falls in rent of up to 10% were experienced in Abu Hamour, Ain Khaled, West Bay Lagoon and Al Duhail
- Citywide, relatively older residential projects were offering full furnishing as a further incentive in addition to 1 or 2- months rent free periods or inclusion of utilities

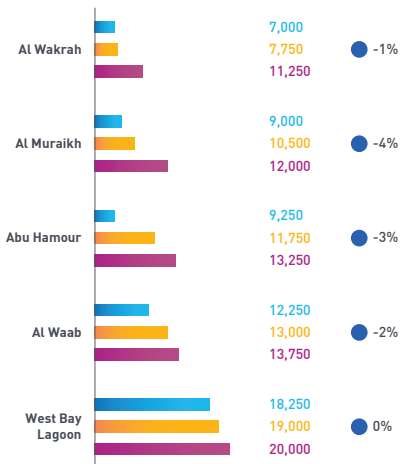
Residential Median Asking Rents



Source: ValuStrat

Median Monthly Asking Rent (QAR) and Quarterly Change (%)

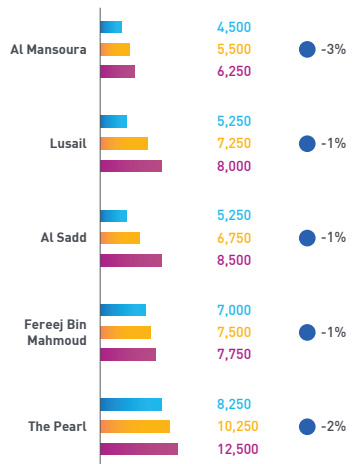
Villas



● Three Bedroom ● Five Bedroom
● Four Bedroom ● Average Quarterly Change (%)

Source: ValuStrat

Apartments



● One Bedroom ● Three Bedroom
● Two Bedroom ● Average Quarterly Change (%)

Source: ValuStrat



Office Supply

- Gross Leasable Area (GLA) of Qatar's office supply as of Q3 2019 stood at 4.685 million sq m
- Eight office projects were added this quarter in Doha Jadeed, West Bay Lagoon, Mushireb Downtown, Lusail, Nuaija and Al Wakrah, comprising 145,000 sq m GLA
- Qatar Free Zones Authority (QFZA) is planning to create a new free zone in Musheireb Downtown, once fully completed by 2020 this will add a total 193,000 sq m GFA to office stock
- Upcoming projects till end of 2020 (currently under development) totalled 1.1 million sq m GLA, 60% of which are in Lusail and remaining located in other areas of Qatar

Qatar Office Supply

2016-2020

(Million sq m GLA)



● Existing Stock ● Expected Supply

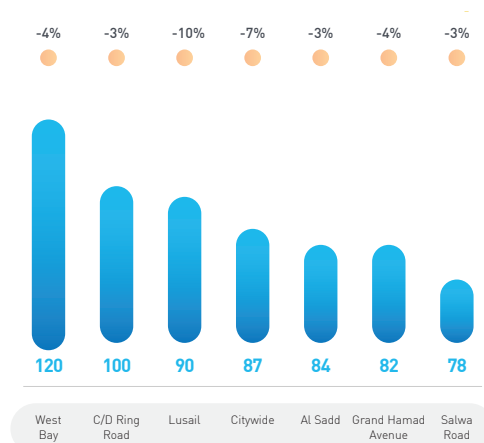
Source: MEED Projects, ValuStrat



Office Performance

- Median office asking rents in Qatar fell 18% YoY and 7% QoQ
- Existing over-supply and further quarterly influx of new commercial office spaces induced the most significant QoQ fall in rents in Lusail to QAR 90 per sq m per month, with rent free periods of up to 2 months being common place
- Offices along Salwa road offered the lowest median monthly asking rent, with rates ranging from QAR 60 to QAR 100 per sq m for varying sizes, rent free periods here were offered up to a month (varying contract periods)
- Monthly asking rents in Al Wakrah and Al Khor ranged from QAR 50-90 per sq m
- Monthly asking rental rates in The Pearl ranged from QAR 110-140 per sq m, while asking prices averaged QAR 19,375 per sq m

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



● Median Asking Rate (QAR/sq m)

● Quarterly Change [%]

Source: ValuStrat

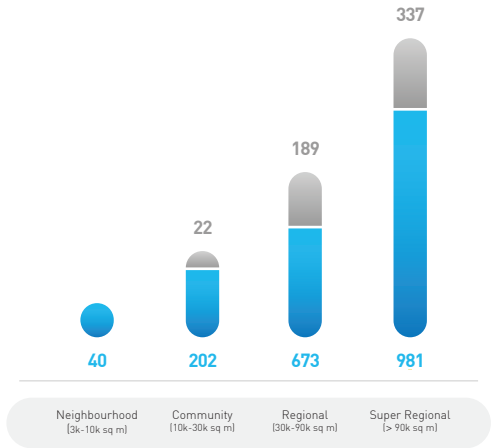


Retail Supply

- As of Q3 2019, the total supply of organised retail space reached 1.89 million sq m, with the newest addition of Al Waddan Mall (26,000 sq m GLA) in Mesaieed (Al Wakrah), The Galleria (44,000 sq m GLA) and Department Store (15,000 sq m GLA) in Msheireb Downtown (Doha)
- Al Meera, Monoprix and Lulu Hypermarket announced the launch of anchor stores in The Mall, Galleria Msheireb Downtown and Doha Mall respectively
- An estimated 548,000 sq m GLA (8 shopping centres) of organised retail space is estimated for completion by 2020
- The saturation ratio of shopping centres in Qatar is 677 sq m per 1,000 capita compared to the GCC average of 615 sq m per 1,000 capita

Retail Malls and Shopping Centres

('000 sq m GLA)



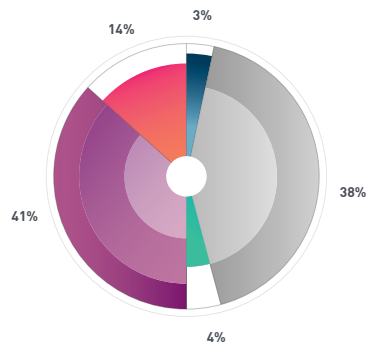
● Existing Stock
 ● Expected Supply (till 2020)
 Source: ValuStrat



Retail Performance

- Events such as 'Summer in Qatar' and Eid Al Adha, as well as outbound resident spending habits, contributed towards increased sales and footfall during the quarter
- Countrywide monthly rents for medium line shops (between 100 sq m and 250 sq m) ranged from QAR 200-380 per sq m. While, monthly asking rents for shops (26-36 sq m) ranged from QAR 300-350 per sq m in newly released Al Waddan Mall (Mesaieed)
- Median monthly asking rents among street retail units within Doha stood at QAR 192 per sq m, down by 1.5% QoQ. In Lusail, asking rents ranged from QAR 80-170 per sq m for sizes 110-350 sq m
- The median asking rents among street retail units outside Doha stood at QAR 172 per sq m, down by 4.4% quarterly. Rent-free periods offered ranged up to 15 months (for contract periods of up to 4 years)

Distribution of GLA of Shopping Centres/Malls across Municipalities



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

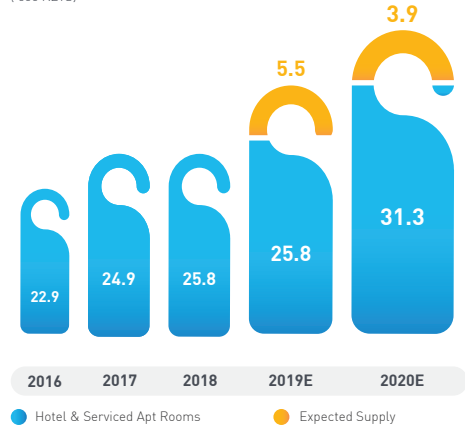


Hotel Supply

- Total number of hotel rooms and apartments stood at an estimated 27,288 units within 132 establishments
- Muntazah Plaza Hotel in Al Mansoura (119 keys), Swiss Belinn in Al Sadd (126 keys) and Al Messila Resort & Spa in Al Messila (153 Keys) were unveiled adding a total of 398 keys during Q3 2019
- Governor West Bay Suites and Residences in Al Dafna (191 rooms) was rebranded as Magnum Hotel & Suites West Bay
- Due to delayed deliveries, projected hotel supply has been adjusted downwards to an additional 8,000 keys by 2020

Hotel Room Supply

2016-2020
('000 KEYS)



Source: Qatar National Tourism Council (QNTC), ValuStrat

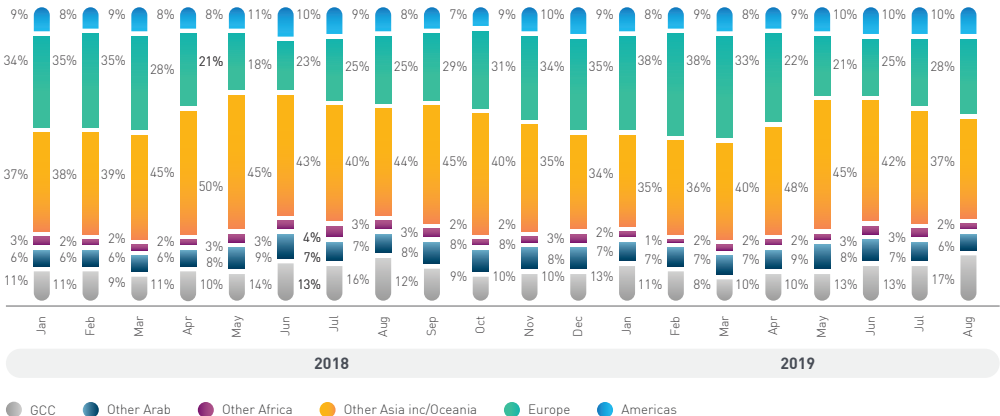


Hotel Performance

- Till August 2019, the total number of visitor arrivals in Qatar stood at 1.35 million, 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 eight months of 2019
- As of August 2019, average occupancy of hotels increased by 5% annually to 63%, while hotel apartment occupancy declined 2% YoY to 70%
- Average Daily Rate (ADR) for hotels declined 5% YoY, whereas for hotel apartments fell by at least 3% YoY

Distribution of Qatar Visitors by Region

Jan 2018-Aug 2019



Source: Planning & Statistics Authority (PSA), ValuStrat

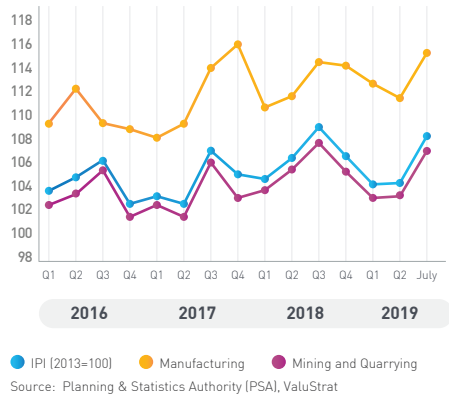


Industrial Investment/Supply

- Driven by increased supply in basic metal and rubber products, manufacturing output increased 3.7% YoY during July 2019, as per latest Industrial Production Index published by Planning & Statistics Authority (PSA)
- Qatar Industrial Manufacturing Company (QIMC) launched 'The Gulf Glass Factory', a QAR 230 million project, which is expected to produce 200 tons/day once completed by 2021
- An estimated 800,000 sq m GFA of warehousing spacing is projected to be handed over by 2020, assuming no construction delays

Industrial Production Index

Q1 2016 – YTD

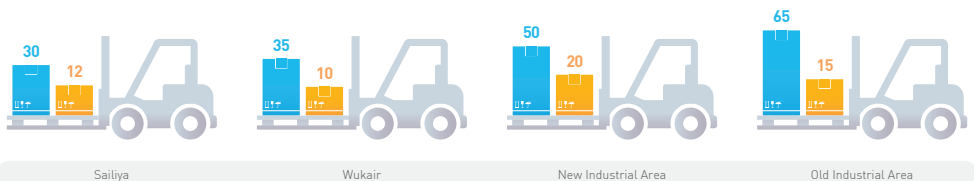


Industrial Performance

- Qatar General Electricity & Water Corporation (Kahramaa) has awarded 34 works, services and supply contracts worth a total value of QAR 565 million to local factories and companies
- Government of Qatar announced exemptions for production factories in the SME zone and Mesaieed Industrial Zone of Manateq from paying rent for 2019
- Average asking rents for dry/ambient warehouses in Qatar fell 7% YoY and remained unchanged QoQ. The rate of decline has notably slowed since previous quarter
- The average asking rent for temperature-controlled warehouses intended for food and chemical storage, fell by 3% QoQ and 11% YoY
- The average asking rents for cold storage, being leased per unit wise, ranged from QAR 8,000-15,000 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

6th October, 2019

Cityscape Qatar Conference to Feature Overview of State's Real Estate Market

"The overview and insights will be delivered by Pawel Banach, General Manager and Anum Hasan, Senior Market Research Analyst of ValuStrat, the region's leading advisory, valuations and research consulting group.

The two will present a comprehensive overview of the current market covering the entire property spectrum including residential, commercial, office, retail, hospitality and industrial. They will then drill down into gross yields within the residential sector and examine the issue of leasing versus buying apartments in the context of The Pearl and Lusail."

GULF TIMES

16th August, 2019

Median ticket size for Qatar residential houses stood at QR2.8mn in Q2: ValuStrat

"Median ticket size for residential houses in Qatar stood at QR2.8mn in the second quarter of this year, research and consultancy firm ValuStrat said in a report. As many as five largest ticket sizes were seen in The Pearl, New Salata, Lusail and Abu Hamour for dwellings ranging from 1,400sq m to 5,500sq m, ValuStrat said in its 'Qatar Real Estate Market 3rd Quarter 2019 Review'. Median transacted ticket sizes for houses increased by 12% quarterly and 3% annually, it said. Quarter-on-quarter (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, the report said."

GlobalPropertyGuide

28th August, 2019

Qatar's housing market is recovering

"In Q2 2019, transaction volumes for houses fell by 14% from a year earlier, following y-o-y growth of 20.5% in Q1 2019 and 1% in Q4 2018, according to ValuStrat. The highest transacted prices can be seen in The Pearl, New Salata, Lusail and Abu Hamour."

The Peninsula

Local focus, Global vision
QATAR'S DAILY NEWSPAPER

17th July, 2019

Real estate sector to attract more long-term investments

"The sales transaction volume accumulated to QR9.5bn in value during the first five months of 2019. Residential capital values have reduced, though the quarterly rate of decline has slowed. On the other hand, the rental market showed a relatively noticeable softening, during the first half of 2019," Pawel Banach, ValuStrat's General Manager, Qatar told The Peninsula."

Premium Subscription Report

ValuStrat Price Index Qatar Residential Q3, 2019

ValuStrat Price Index Villas
Base: Q1 2016=100 **70.7**

ValuStrat Price Index Apartments
Base: Q1 2016=100 **76.7**

Villa
Transaction
Volume **371**

Gross
Yield **5.0%**

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

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VPI Online 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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