



PROPERTY TIMES

# Q4 REAL ESTATE MARKET REVIEW

QATAR Q4 2023



CUSHMAN &  
WAKEFIELD





31/12/2023

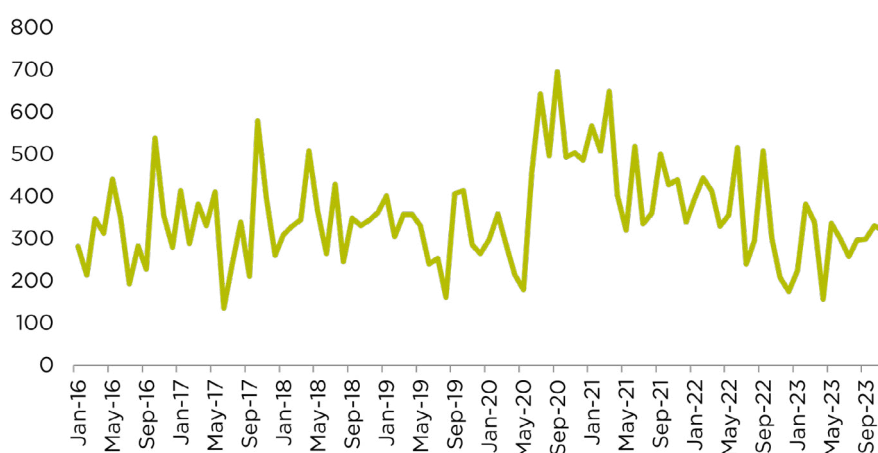
## Contents

Economic Overview	2
Office Market Overview	3
Residential Market Overview	4
Hospitality Market Overview	5
Retail Market Overview	6

- Qatar's GDP growth for 2023 fell to 1.1% following strong growth of 4.1% in 2022. This was due in part to mixed results from the energy sector in Q4. The near-term outlook will face headwinds from high interest rates and softening global growth.
- Qatar's online real estate platform was officially launched by the Ministry of Municipality and Environment in November. The portal records details of real estate leasing and sales transactions throughout the State of Qatar with the goal of increasing transparency in the real estate sector.
- The establishment of a new Real Estate Regulatory Authority was confirmed earlier this year. Q4 saw the inaugural meeting of Qatar Chamber's Real Estate Committee. The committee is mandated to follow up on the implementation of strategic plans adopted by Qatar to develop the country's real estate market.
- According to the Planning and Statistics Authority (PSA), the number of real estate transactions in Qatar fell by 18.9% for the first eleven months of the year compared to the same period in 2022; however, transactions for October and November increased by 28.3% (YoY).
- By the end of November, the number of residential sales in Qatar fell by 16.2% compared to 2022 (PSA). Residential sales transactions increased in October and November by 16% (YoY), which is likely a result of the relative lack of activity during the FIFA World Cup in 2022.
- The number of building permits issued in Q4 matched the same quarter in 2022 and reflected a marginal fall (0.7%) from Q4 2021. There were 7,912 building permits issued for the entire year, which reflected a fall of 10.9% on 2022 and 16.8% on 2021.

Figure 1

### Overall real estate sales transactions in Qatar, Jan 2017 – Nov 2023



Source: Planning and Statistics Authority

## Author

**Johnny Archer**

Director

Consulting & Research, Qatar

+974 44837395

johnny.archer@cushwake.qa

## Contacts

**Edd Brookes**

Head of Middle East

+974 44837395

edd.brookes@cushwake.qa

# QATAR Q4 2023

## Economic Overview

### Tourism at record high but GDP facing headwinds from interest rates and softening global growth

Oxford Economics kept their 2024 GDP growth forecast for Qatar at 2.5% but acknowledged downside risks. The available data for Q4 is mixed. Non-energy sector activity appears to be gaining traction, but industry plunged in October, implying energy sector performance is weakening. The near-term outlook will face headwinds from high interest rates and softening global growth. Oxford Economics still estimate the economy expanded by 1.1% this year.

Non-energy sectors will drive GDP expansion in 2024 with growth of 3%, after a disappointing outturn this year. Stronger demand lifted the PMI to 51.5 in November, suggesting activity is improving, with outstanding work rising for the first time in 16 months. Meanwhile, tourist arrivals reached a record high of 3.1mn in the year to October and the tourism sector will continue to support future growth.

The fiscal outlook is positive despite downward pressure on gas prices, with projected budget surpluses at around 6% of GDP this year and next. According to the Ministry of Finance Q3 budget briefing, the quarterly surplus widened to QAR12bn, from QAR10bn in Q2. Revenues fell by 24.5% y/y while spending was nearly 4% y/y lower as the decline in capital spending offset a modest rise in the wage bill.

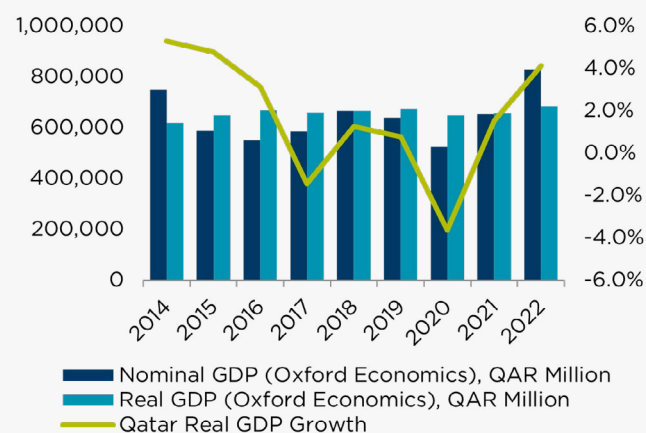
Oxford Economics kept their 2024 CPI inflation forecast at 2.2%, down from an estimated 2.9% this year. Inflation fell to 1.3% in November, given the supportive base from the World Cup last year. Inflation eased below 1% in December, the lowest level since early 2021. Food is still the key driver of inflationary pressures, alongside recreation & culture and communication prices. Oxford Economics' baseline forecast assumes interest rates will stay at current levels until Q3 2024. The last meeting of the US Fed, which sets the tone for local rates, suggests rate cuts may begin sooner.

Stable rents limited the rise in inflation toward the end of the year. Headline inflation softened to 1.3% in November from 2.5% y/y in October, as prices slipped by 0.1% m/m. The biggest drivers behind the monthly fall was the transport category and prices of restaurants and hotels. Housing, which has the largest share in the CPI basket, stabilised, leaving prices 2.9% lower than in the same month last year. Overall, Oxford Economics kept their 2024 inflation forecast at 2.2%, which marks an easing from the 2.9% pace they estimated for 2023.

(Economics Overview insight provided by Oxford Economics Country Economic Forecast as of December 2023).

Figure 2

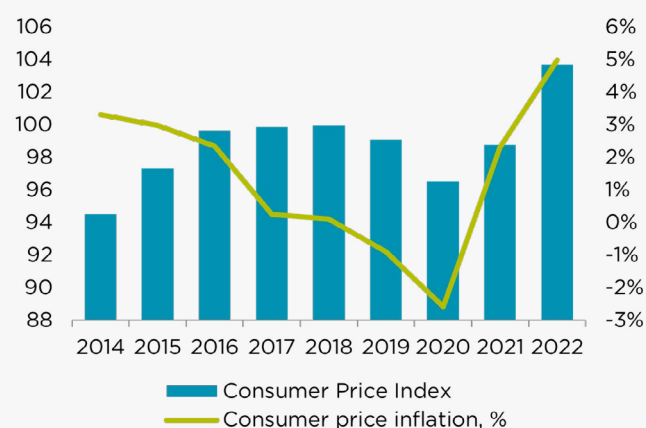
GDP (QAR million) and Real GDP growth (%), 2014 – 2022



Source: PSA/Oxford Economics

Figure 3

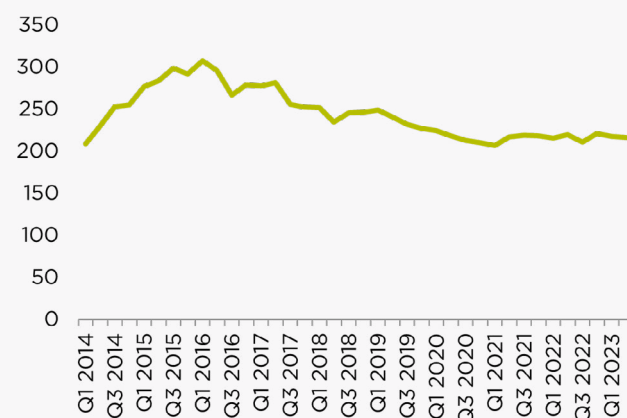
Consumer Price Index & Consumer Price Inflation (%), 2014 – 2022 (2018=100)



Source: PSA/Oxford Economics

Figure 4

Real Estate Pricing Index, Q1 2014- Q2 2023 (base 100 – Q1 2009)



Source: Qatar Central Bank



## Office Market Overview

### Government entities agree to lease buildings in Msheireb and West Bay

Recent months have seen increased activity in the government sector. We understand that in excess of 70,000 sq m of office space across West Bay and Msheireb has either been leased or is under offer to various government entities.

These transactions will see the availability of vacant office space in West Bay reduce to approx. 15%, while overall availability in the prime office districts of Msheireb, Lusail and West Bay is approx. 21%. The fall in availability in recent years is reflective of a number of large-scale leases by government entities or the Oil and Gas sector. This includes the vast Abdullah Bin Hamad Al Attiyah District, which is occupied in its entirety by Qatar Energy.

The areas experiencing the highest vacancy are Al Wessil (Energy City) and Lusail Downtown; however, this is largely due to the number of new buildings. We expect occupancy to increase as these districts mature.

Outside of government demand, the majority of office activity in recent months has been concentrated on small units, which typically represent small companies and start-ups seeking premises to establish a commercial registration. There has been limited demand from private sector corporate occupiers – a sector which the office market in Doha will increasingly rely on for future take-up. The QFZA, QFC and Invest Qatar have all been taking strides to boost private sector demand and encourage inward investment; however, traction is more likely to be evident in the medium term rather than the short term.

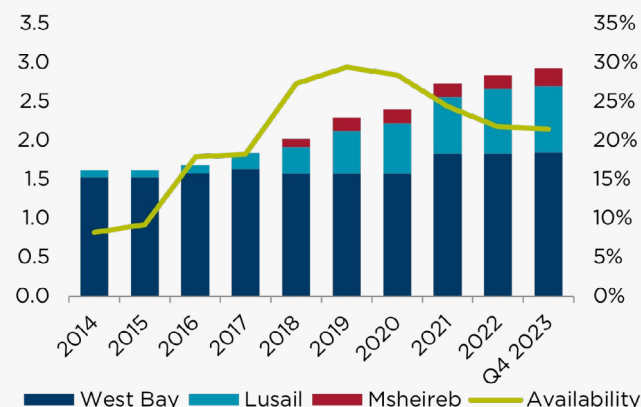
Office demand has been largely concentrated in prime districts, where new supply has increased. With little demand for older office space, an increasing number of buildings are being considered for refurbishment or redevelopment. We expect GSAS ratings to play an important role in any major office lettings in Qatar in the coming years. Ultimately, it may be the shortage of high-specification energy efficient buildings that drives new office construction, despite the availability of older office space.

The current oversupply of office space in Qatar will continue to be a drag on office rent. The supply of purpose-built office accommodation in Qatar has reached approx. 5.4 million sq m in 2024 with an estimated 1.3 – 1.4 million sq m of vacant space available.

Office rents have remained relatively flat over the past 12 months. Grade A stock is now typically available to lease for between QAR 100 and QAR 120 per sq m per month, exclusive of service charges. Shell and core office space can be leased from QAR 65 per sq m in areas such as Lusail and West Bay, while this type of accommodation is available for QAR 50 – 60 per sq m per month in some of Doha's older office districts.

Figure 5

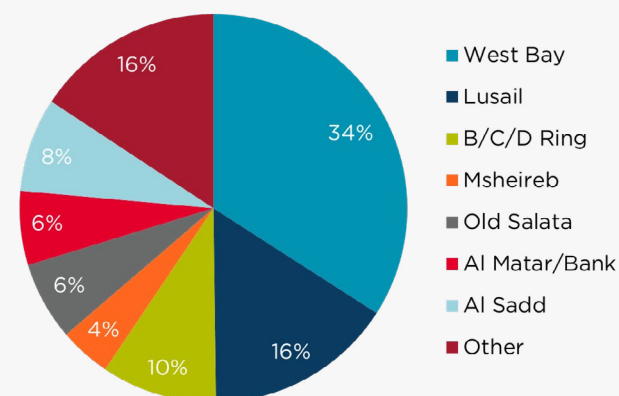
Grade A office supply by district & availability (sq m millions) (2015 – Q3 2023)



Source: Cushman & Wakefield

Figure 6

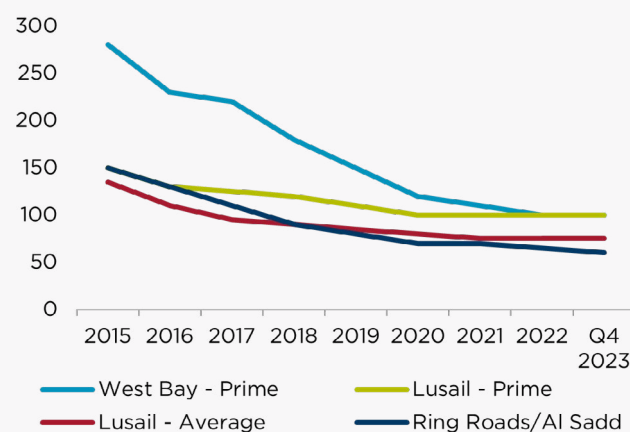
Overall supply by district (Q4 2023) (%)



Source: Cushman & Wakefield

Figure 7

Average office rents by district (QAR/sqm/month), 2015 – Q4 2023



Source: Cushman & Wakefield

Residential Market Overview

New apartment buildings attract strong demand from residents looking to upgrade

Following the release of apartments back to the market post-World Cup there was a significant downward correction in rental rates in Doha during the first half of the year; however, residential rents have stabilized over recent months.

As annual leases expire and new residents arrive in Qatar, there has been strong demand for apartments in newly constructed buildings of higher specification. This demand means that many new buildings in good locations often reach full occupancy within three months.

At the premium end of the market, there has been a noticeable trend in tenants relocating from older towers in the Pearl, to new buildings. This has led to a disparity in occupancy rates between buildings based on their age and quality.

Similarly, residents in some of Doha’s older suburbs are increasingly looking to relocate to modern apartments in Lusail’s Fox Hills and Erkiyah City – which are often available at similar rental levels.

While there is an increasing gap in occupancy rates between new apartment buildings and older buildings, occupancy rates are generally high in villa compounds across Doha, with incremental growth in rents during 2023.

Cushman and Wakefield statistics indicate that the supply of apartments and villas in Doha has grown to more than 400,000 units by 2024 – a compound annual growth rate in supply of 6.2% over the past decade. We expect the pace of new construction to slow somewhat in the coming years, with the largest amount of new housing concentrated in the various master planned districts of Lusail.

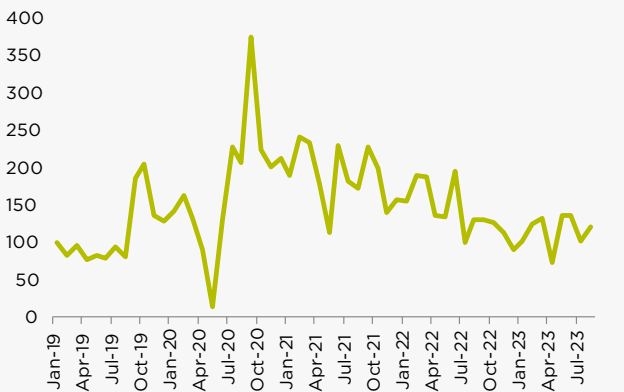
Apartments are commonly marketed with one-month rent-free. Furnished apartments typically command a premium of between QAR 500 and QAR 1,500 per month depending on the number of bedrooms. There is an increasing range of rents on the Pearl Island, due to the addition of new supply in Floresta Gardens and Giardino Village, while landlords of many older properties have reduced asking rents to attract tenants.

In Fox Hills, one-bedroom furnished apartments are now typically available for between QAR 5,000 and QAR 6,500 per month, with three-bedroom units now commanding between QAR 9,000 and QAR 11,000 per month.

PSA statistics indicate that the number of residential sales transactions increased by 16.2% in October and November (YoY), possibly reflecting a slowdown in activity during the FIFA World Cup. Overall sales transactions in 2023 to November fell by 17.7%

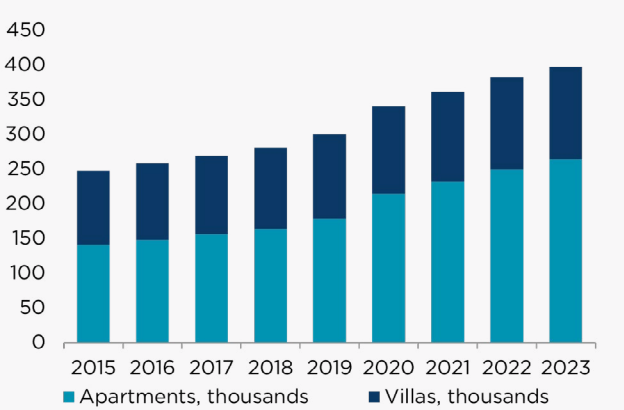
The introduction of a Real Estate Regulatory Authority in 2023, coupled with updated mortgage lending regulations should provide a framework for increased investment in the real estate sector in Qatar over the coming years. The launch of the MME’s online property portal in November, which records lease and sales activity, should provide an unprecedented level of transparency to increase investor confidence.

Figure 8  
Residential house sales, Qatar, Jan 2019 – Nov 2023



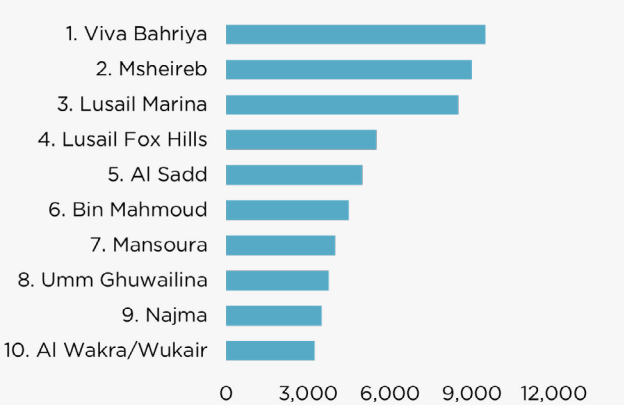
Source: Planning and Statistics Authority

Figure 9  
Supply of Apartment and Villas (000s), Qatar, 2015 – 2023



Source: Cushman & Wakefield

Figure 10  
Typical 2-bedroom apartment rents by district, Q3 2023 (QAR/month)



Source: Cushman & Wakefield

# QATAR Q4 2023

## Hospitality Market Overview

### Record tourist arrivals in 2023 provide encouragement, despite signs of oversupply

The National Tourism Councils latest report, covering the first half of 2023, confirmed that more than 2 million visitors arrived in Qatar in the first 6 months of the year. The largest contributor to tourist arrivals is Saudi Arabia, which constitutes 26% of all arrivals to the state.

The number of arrivals from January to June reflected an increase of 95% on pre-pandemic levels of 2019, and 48% on pre-blockade levels of 2017, providing encouraging signs of growth to support the hotel real estate sector in Qatar.

While tourist arrivals have increased significantly, occupancy rates fell from 58% in H1 2022 to 53%, due largely to an increase in hotel room supply over that period. Between June 2022 and June 2023, the supply of hotel rooms increased by 27% to 38,754. While the unprecedented increase in supply in the approach to the World Cup has put pressure on performance metrics, ADRs remained stable at QAR 425 for the first 6 months of the year.

Over the second half of the year, the PSA statistics showed that occupancy rates remained stable between 52% and 58% with a spike to 66% in October.

Overall Average Daily Rates softened to QAR 404 by November with RevPARs down to QAR 269. Average revenues for the year to November reflect an improvement on 2020 and 2021, although there was fall on 2022 figures – which were boosted by the World Cup.

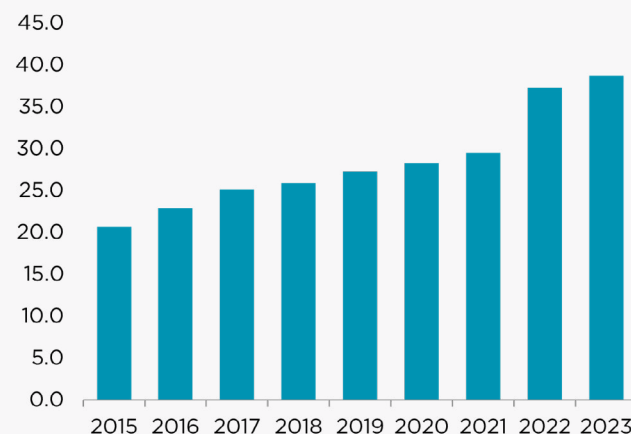
Four Seasons Resort and Residences at The Pearl Island and Waldorf Astoria in West Bay opened their doors in Q4, adding new supply at the luxury end of the market. Other new hotels expected to open in the coming months include Andaz Doha, NH Collection Oasis Doha Hotel, Rixos Qetaifan North, and Rosewood Doha.

The delivery of new hotels over recent years has also resulted in a significant increase in the number of F&B outlets, which are a vital component in boosting hotel performance. The increased number of F&B establishments has increased competition in this subsector, putting further pressure on overall revenues.

Recent trends in the sector, coupled with additional pipeline supply, have seen a noticeable reduction in the number of people in Qatar looking to invest in or develop new hotel projects in 2023. This is likely to remain the case until a sustained growth in tourism and occupancy rates is evident to justify construction.

Figure 11

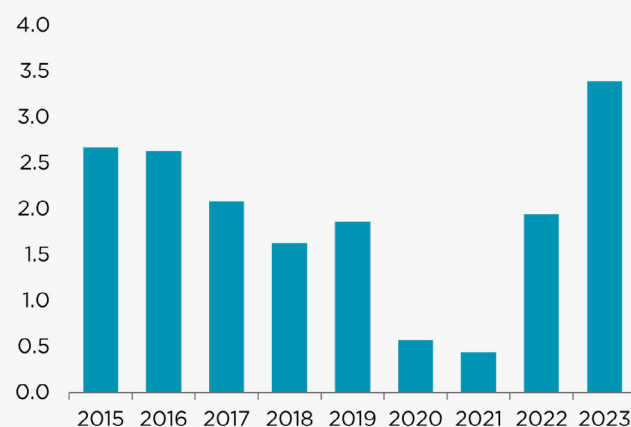
Supply of hotel keys (incl. hotel apartments) (000s) 2015 – 2023



Source: PSA & STR Global

Figure 12

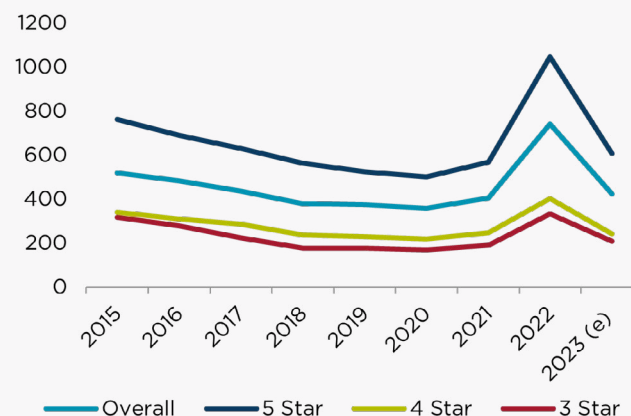
Arrivals to Qatar, Jan – Nov Inclusive 2015 – 2023 (millions)



Source: PSA

Figure 13

Average Daily Rate by star classification 2015 – 2023 (QAR)



Source: NTC

Retail Market Overview

Increasing disparity in performance between Doha’s largest retail destinations and older malls

Valero Mall became an addition to Doha’s retail landscape in December, providing 24-hour shopping in Lusail’s Marina District. The largest addition to the retail and F&B sector in 2023 was West Walk – a mixed-use development of restaurants and retail outlets in Al Waab.

Cushman and Wakefield’s research indicates that there is more than 1.7 million sq m of leasable floor space in Qatar’s main organised retail malls (20,000 sq m +). There is also more than 400,000 sq m of leasable space in open air retail/F&B destinations, including The Pearl, Souq Waqif, Souq Al Wakra, Msheireb Downtown, Katara, Doha Port, Lusail Boulevard, and West Walk.

Some of Qatar’s main malls have indicated that footfall and spending have remained consistent this year. The increase in supply over recent years has, however, seen both footfall and occupancy drop in some of Doha’s older malls, as properties compete for a finite number of retailers and F&B operators. While there is an increasing disparity between malls, Cushman and Wakefield estimate that there is now an overall vacancy rate of more than 20% (by unit) in Qatar’s 20 largest malls.

Retail mall managers have reported the noticeable impact that international geo-politics has had in Q4. A number of international brands have seen a downturn in trade due to the war in Gaza. It is unclear what impact geo-politics and associated consumer behaviour will have on Qatar’s retail market in 2024.

In an increasingly competitive market, retail experts in Qatar are emphasising the requirement to expand the entertainment and leisure provisions in malls to attract shoppers. With a surplus of accommodation in many locations, many vacant areas, often in upper floor locations, are being considered for new entertainment concepts. Over the past 12 months, some of these locations have been utilized by gyms, fitness clubs and clinics, taking large floorplates at discounted rents.

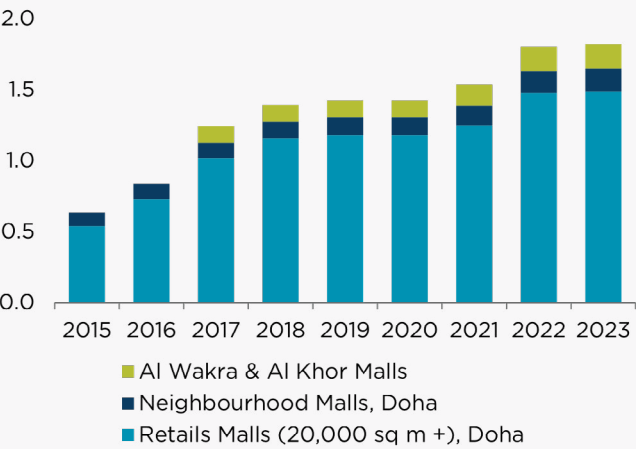
While there has been demand for retail space in the busier malls, a number of retailers have closed their doors in recent months due to a challenging trading environment. Outside of prime locations, rent-free incentives, fit-out contributions, and turnover rent arrangements are all on offer from most developments to entice new retail tenants.

Headline rents for line units in Doha’s prime malls remain between QAR 200 and QAR 250 per sq m per month, exclusive of service charges. Line unit rents in many secondary malls is often below QAR 200 per sq m per month. Anchor tenants typically pay rents of between QAR 60 and QAR 150 per sq m per month.

Retail showrooms lease for between QAR 80 and QAR 150 per sq m per month, while convenience retail outlets in secondary locations such as strip malls usually lease for between QAR 5,000 and QAR 10,000 per month, depending on the unit size.

Figure 14

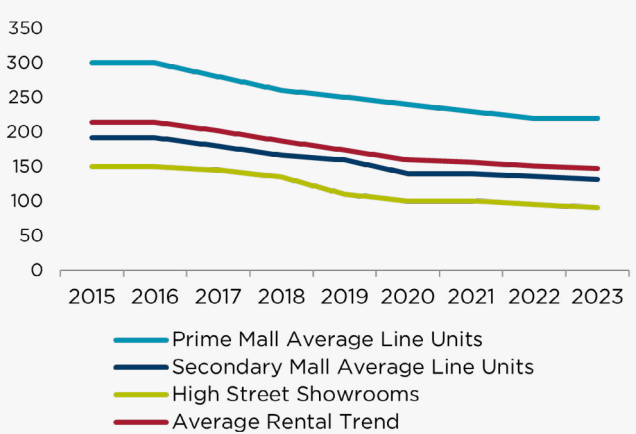
Supply, organised malls, sq m (millions) 2015 – 2023



Source: Cushman & Wakefield

Figure 15

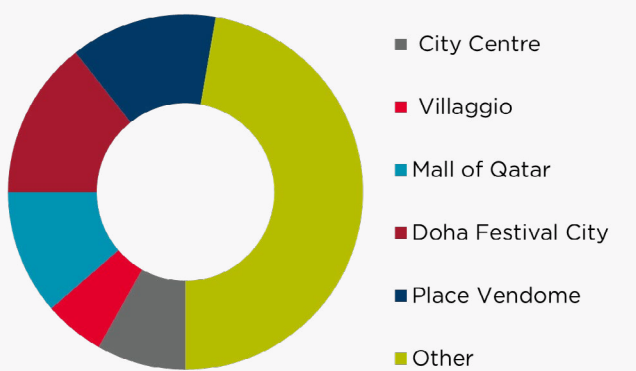
Average rental trends (QAR/month), Qatar 2015 – 2023



Source: Cushman & Wakefield

Figure 16

Organised supply by retail mall Q4 2023



Source: Cushman & Wakefield





## EMEA

### Colin Wilson

Chief Executive | EMEA

+44 (0)20 3296 3000

colin.wilson@cushwake.com

## Qatar - Doha

### Edd Brookes

General Manager

+974 5586 7044

edd.brookes@cushwake.qa

## UAE - Dubai

### Edd Brookes

Head of Middle East

+971 (0) 4 518 2629

middleeast@cushwake.com

## EMEA

### Andrew Phipps

Head of EMEA Research & Insight

+44 (0)20 3296 4236

andrew.phipps@cushwake.com

## Qatar - Doha

### Johnny Archer

Head of Consulting & Research

+974 4483 7395

johnny.archer@cushwake.qa

## UAE - Dubai

### Waleed Mahmoud

Senior Researcher

+971 (0) 4 518 2628

waleed.mahmoud@cushwake.com

### About Cushman & Wakefield

This report has been produced by Cushman & Wakefield for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield shall not be liable to any reader of this report or any third party in any way whatsoever. All expressions of opinion are subject to change. The data contained in this report is based upon that collected by Cushman & Wakefield. Our prior written consent is required before this report can be reproduced in whole or in part.

©2023 Cushman & Wakefield.

To see a full list of  
all our publications  
please go to  
[cushmanwakefield.com](https://cushmanwakefield.com)  
or download the  
Research App

Global Headquarters  
77 West Wacker Drive  
18th Floor  
Chicago, IL 60601 USA  
phone +1 312 424 8000  
email [info@cushwake.com](mailto:info@cushwake.com)

Doha  
15th Floor, Tornado Tower  
West Bay  
P.O Box 37584  
phone +974 (0) 4 440 9623  
email [infoqatar@cushwake.qa](mailto:infoqatar@cushwake.qa)













Qatar Office  
15th Floor  
Tornado Tower  
West Bay  
Doha  
Phone: +974 44837395  
Email [infoqatar@cushwake.qa](mailto:infoqatar@cushwake.qa)

This report should not be relied upon as a basis for entering into transactions without seeking specific, qualified, professional advice. Whilst facts have been rigorously checked, Cushman & Wakefield can take no responsibility for any damage or loss suffered as a result of any inadvertent inaccuracy within this report. Information contained herein should not, in whole or part, be published, reproduced or referred to without prior approval. Any such reproduction should be credited to Cushman & Wakefield.

©CUS42023624 12/23