



QATAR REAL ESTATE MARKET

1ST QUARTER | 2019 REVIEW

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REAL ESTATE MARKET

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MACRO ECONOMIC SNAPSHOT

- Real Gross Domestic Product (GDP) increased 0.3% YoY (QAR 207.4 billion), driven by growth in the non-hydrocarbon sector (2.4% YoY in Q4 2018 - latest estimates released by Ministry of Development Planning and Statistics).
- International Monetary Fund (IMF) forecasted GDP growth for Qatar to be 2.6% for 2019.
- Population is estimated at 2.76 million as of Q1 2019.
- Government of Qatar passed a new law which legalised freehold ownership for various asset classes (including shops, offices and residential villas in a compound) in 10 locations. A further 16 locations have been identified where real estate can be held on 99-year leases.
- Government also passed a law regulating investment of up to 100% foreign ownership in all sectors, as well as providing entry support for new investors.
- Oil export revenue and imports contracted by 1.5% and 3.4% YoY respectively, as of February 2019.
- During Q1 2019, the Consumer Price Index (CPI) stood at 107.7 points (base year 2013) indicating a marginal decline of 1.4% annually and 0.8% quarterly.
- Housing and Utility Expenses Index decreased 2.1% YoY and increased 0.2% QoQ.

QATAR POPULATION

2,421,000 2,597,000 2,641,000 2,674,000 2,760,000



2015



2016



2017



2018



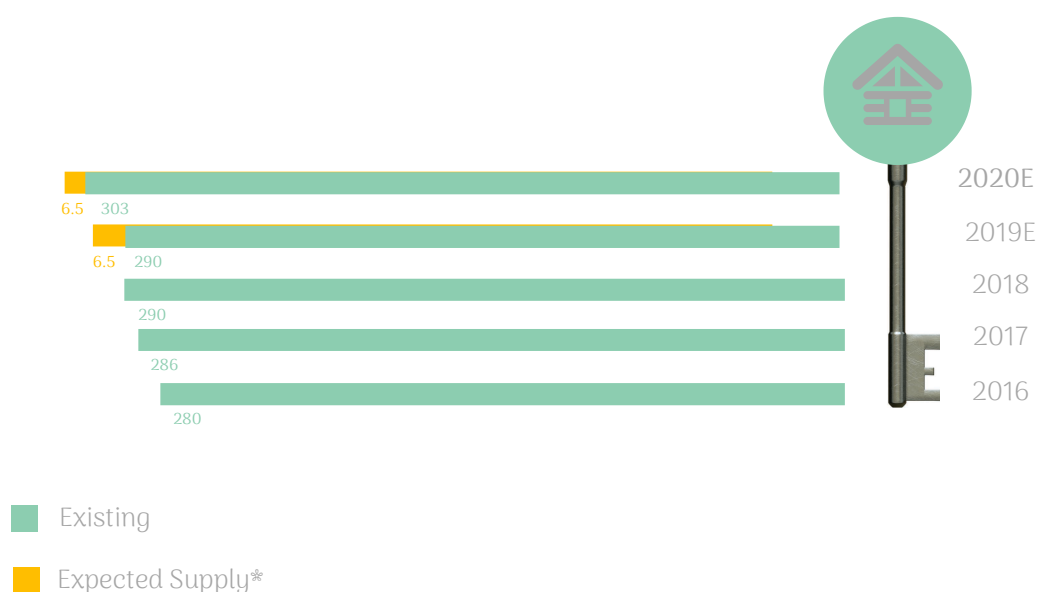
Q1, 2019

RESIDENTIAL SUPPLY

- Total housing stock by end of 2018 was approximately 290,000 units. During Q1 2019, nearly 3,000 units were added.
- Apartment supply consisted of 2,500 units with notable additions coming from Ezdan 25 Complex (Al Wukair), Viva Bahriya 12 and 13, Porto Arabia Parcel 7B (The Pearl), Al Fardan Gardens 9 (Abu Sidra), Gold Bay Cubes Tower, Barwa Dara A and Marina Residential Tower 11 (Lusail).
- Completion of villa compounds in Al Wukair, Baaya, Abu Sidra, Al Sakhama, and Al Hilal added 500 new units to the existing stock.
- An estimated remaining 10,000 units are projected to be completed by end of 2019. This includes upcoming 3,200 units in Lusail, 3,200 units in The Pearl and 3,500 units in central areas of Doha such as Mushiereb, Al Sadd, Fereej Bin Mahmoud, Al Dafna and Old Airport.

QATAR RESIDENTIAL SUPPLY

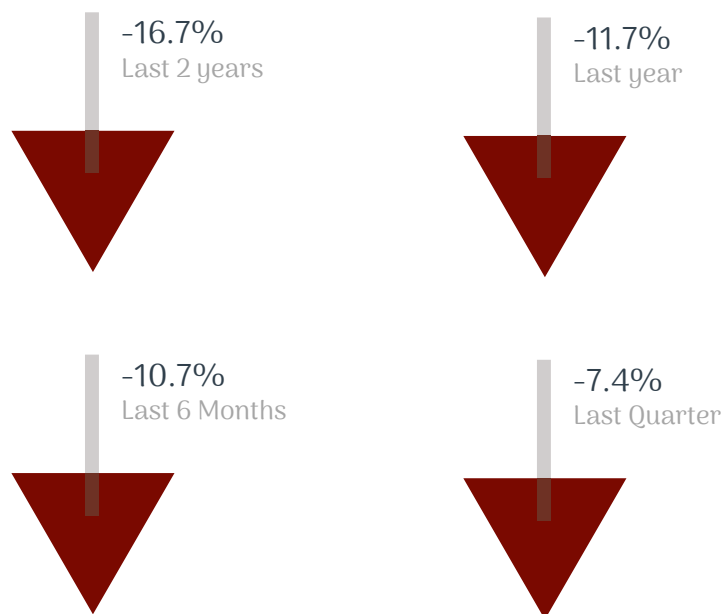
2016 - 2020 ('000 UNITS)



RESIDENTIAL SALES

- Median transacted prices for houses decreased by 7.4% quarterly and 11.7% annually.
- Transaction volume for houses saw a 20.5% annual increase, however, declined 3.3% when compared to the last quarter of 2018.
- Majority of transactions took place in Al Rayyan (28%) followed by Doha (22%) and Al Daayen (19%).
- The median transacted price for residential houses was QAR 2.5 million. The five largest ticket sizes were seen in The Pearl, Onaiza and Luaib for dwellings ranging from 1,300 sq m to 2,700 sq m.
- 58 transactions were recorded for residential buildings, Al Sadd, Fereej Abdul Aziz, Al Mansoura, Lusail and Fereej Bin Dirham saw the highest transacted values.

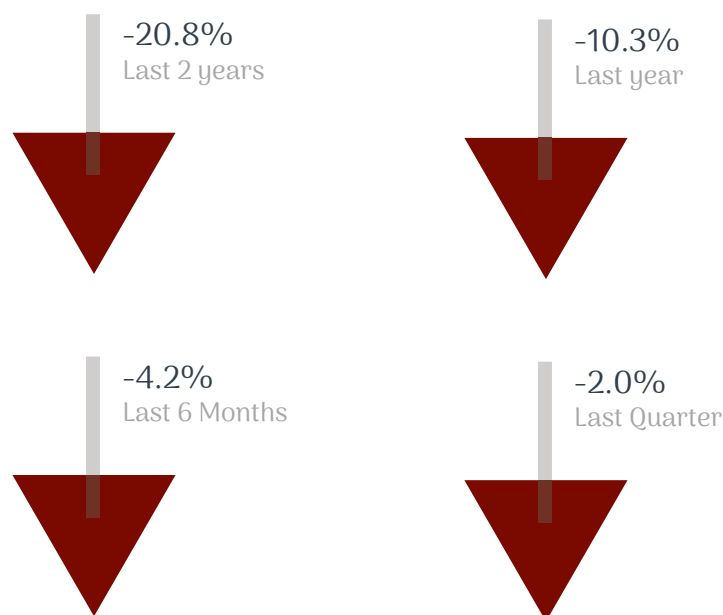
RESIDENTIAL MEDIAN TRANSACTED PRICES



RESIDENTIAL RENTS

- Residential median asking rents declined 10.3% YoY and 2% QoQ.
- The median asking rent for apartments fell 2.1% quarterly and 10.8% annually.
- Secondary apartment locations such as Al Wakrah, Old Airport, Najma and Al Mansoura experienced the steepest annual fall in rents of up to 15%.
- Median monthly asking rents for villas fell by 1.3% QoQ and 7% YoY.
- Villas in Muraikh, Al Gharrafa, Ain Khaled, Abu Hamour, Al Khor and Umm Salal Mohammad experienced annual declines in rents of up to 10%.
- Rent free periods of up to 3 months were common in Lusail, Al Wakrah and Doha in the areas of Al Sadd, The Pearl, Mushiereb, New Doha, Najma, Old Airport, Fereej Bin Mahmoud and Al Mansoura.

RESIDENTIAL MEDIAN ASKING RENTS

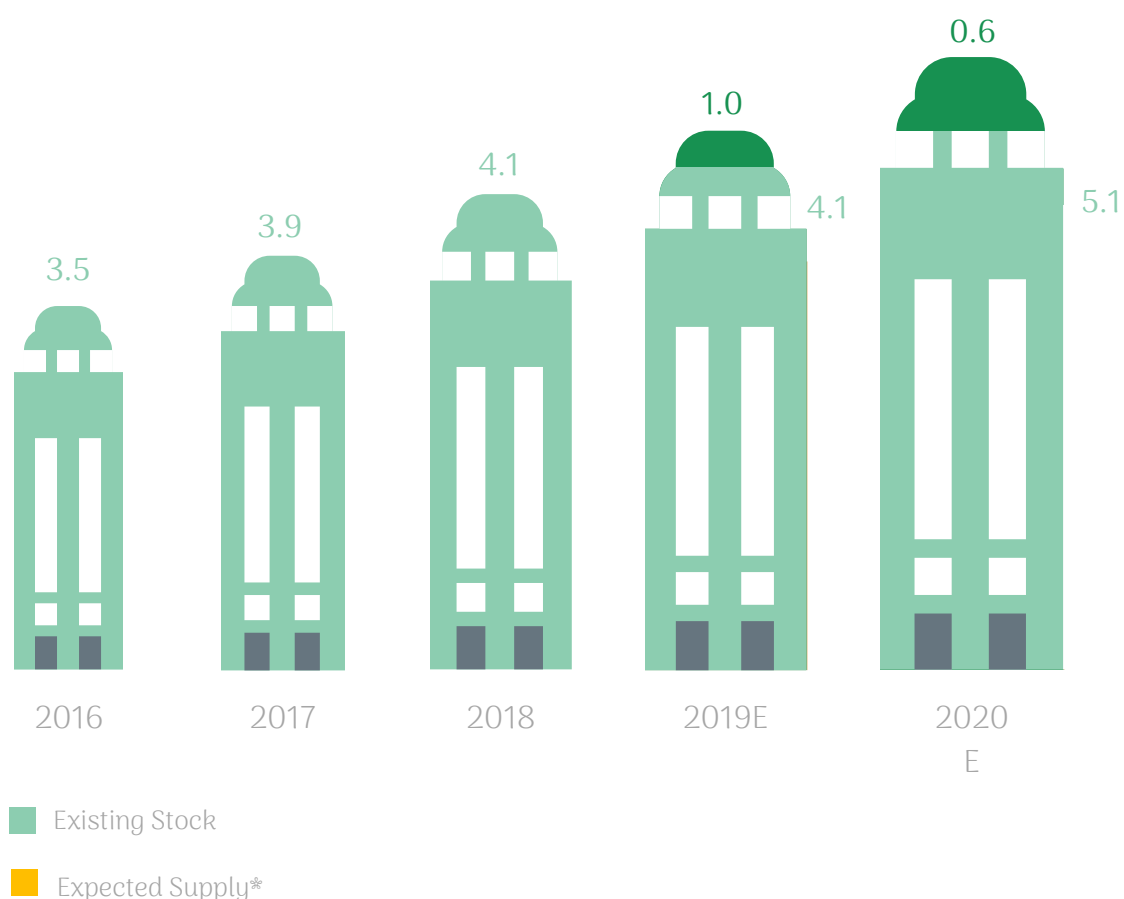


OFFICE SUPPLY

- As of Q1 2019, the total estimated Gross Leasable Area (GLA) of Qatar's office supply stood at 4.34 million sq m.
- Eight office buildings were added this quarter with two in Lusail (Energy City and Marina) and one each in Al Hilal, Fereej Bin Omran, Old Ghanim, Al Sadd and Ain Khaled, comprising 200,000 sq m GLA.
- Upcoming projects till 2020 (currently under development) totalled 1.4 million sq m GLA, 55% of which are in Lusail (Energy City and Marina District), 35% in Doha Municipality (Musheireb Downtown, New Doha, Al Dafna, Mirqab Al Jadeed, Najma, Duhail and Al Sadd) and the remaining located within other municipalities.

QATAR OFFICE SUPPLY

2016 - 2020 (Million sq m GLA)

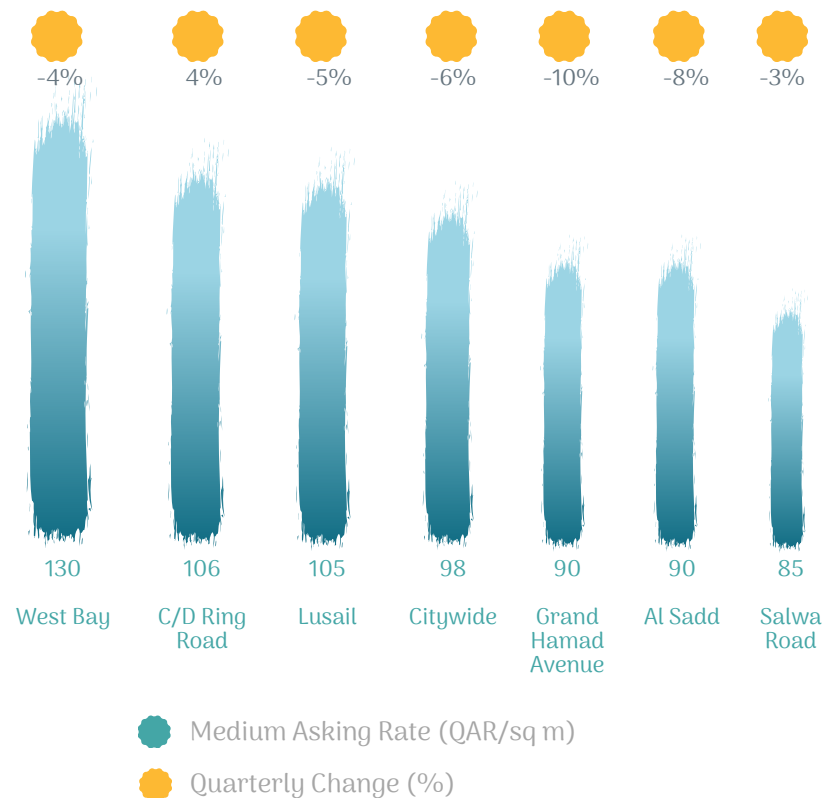


OFFICE PERFORMANCE

- Median office asking rents fell 11.2% YoY and 6.3% QoQ.
- Fall in rents in prime locations has pressurised secondary locations such Al Sadd (QAR 90 per sq m) and Grand Hamad Avenue (QAR 90 per sq m) which experienced the highest quarterly declines.
- Falling rents in relatively older office buildings in West Bay reduced the overall median asking rent in the area to QAR 130 per sq m with occupancy at 70%.
- Majority of office demand has been generated by existing companies looking for reduced rents and better incentives.
- In addition, existing tenants are increasingly looking to consolidate their office footprint, which has led to property owners offering incentives such as rent-free periods of up to 5 months to attract and retain tenants.
- Offices offered for sale in Lusail at 18,840 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 (%)

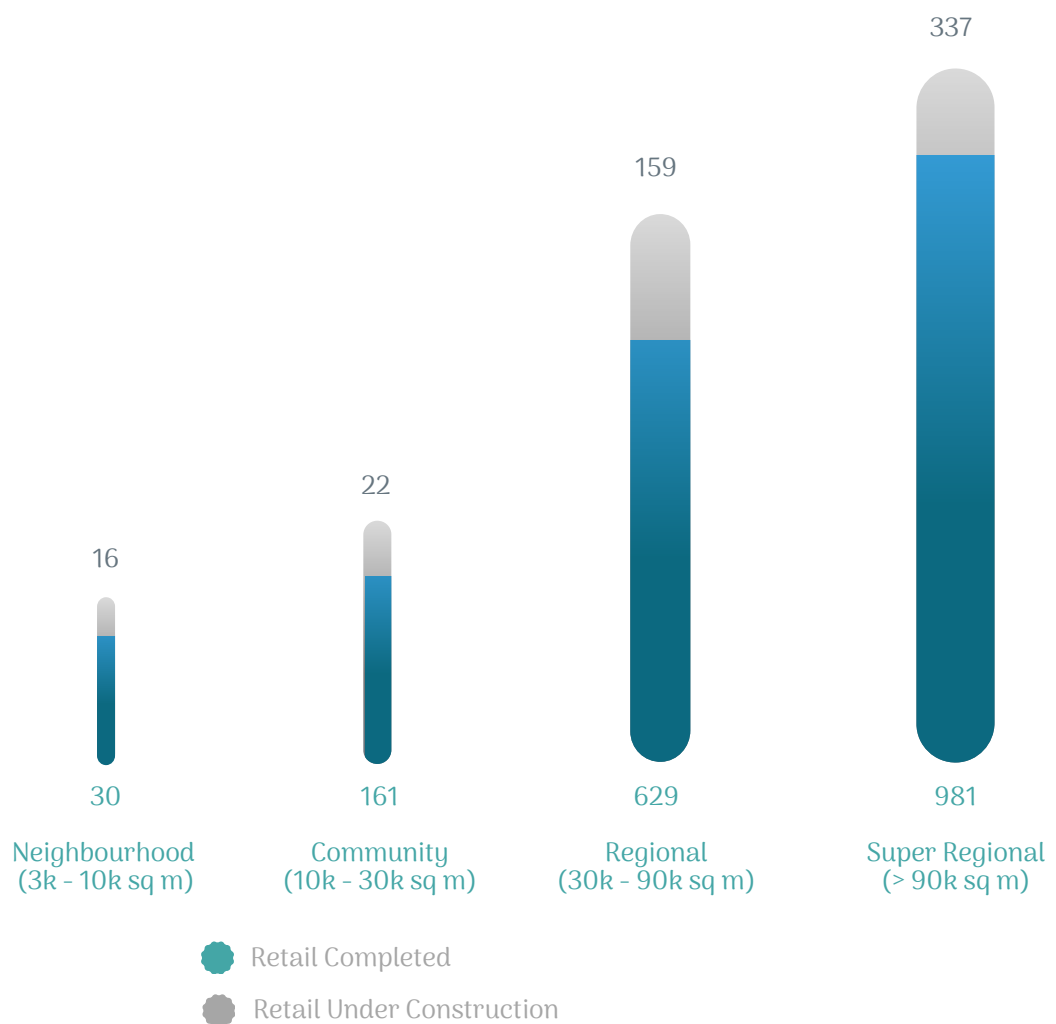


RETAIL SUPPLY

- The year began with an estimated 1.8 million sq m GLA from a collection of 32 malls and shopping centres.
- Lulu hypermarket opened their 8th department store in Bin Dirham Plaza (B Ring Road).
- Al Meera announced the expansion of the group's retail space from 97,000 sq m to 100,000 sq m in 2019.
- 185,000 sq m GLA from 4 shopping centres are in the pipeline for 2019.
- Based on GLA and population figures, shopping centre GLA of Qatar stood at 650 sq m per 1,000 capita compared to the GCC average of 615 sq m per 1,000 capita.

RETAIL MALLS & SHOPPING CENTRES

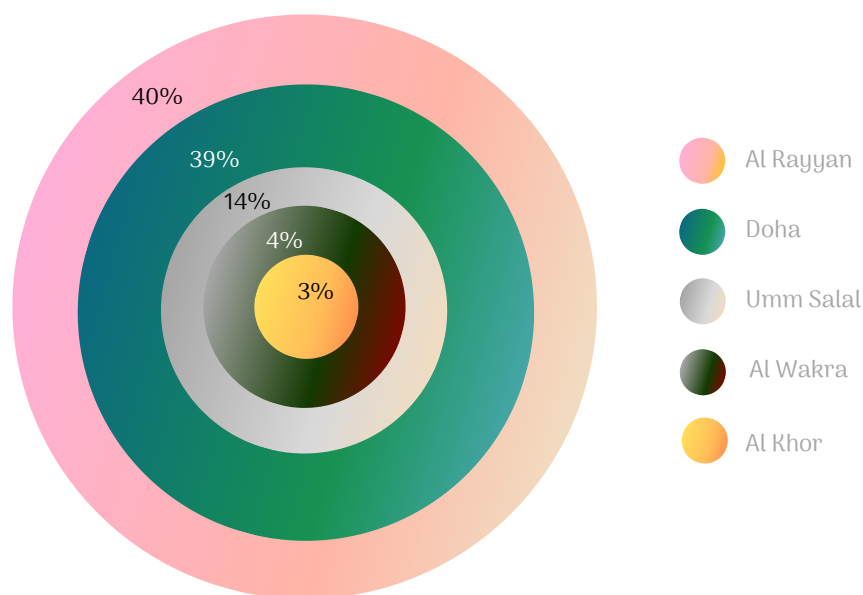
('000 sq m GLA)



RETAIL PERFORMANCE

- As per United Development Company (UDC), there has been an increase in occupancy in The Pearl resulting in 368 outlets being leased in Q1 2019 compared to 323 shops in Q1 2017.
- While average occupancy across malls is estimated at 80%, performance of older and newly completed shopping malls might come under pressure due to upcoming supply.
- Median monthly asking rents for street retail outside Doha was QAR 180 per sq m with landlords offering rent-free periods of 1-5 months in some areas (minimum two-year contract).
- The median monthly asking rent for street retail within Doha was QAR 200 per sq m, this remained unchanged compared to last quarter.

DISTRIBUTION OF GLA OF SHOPPING CENTERS/MALLS ACROSS MUNICIPALITIES

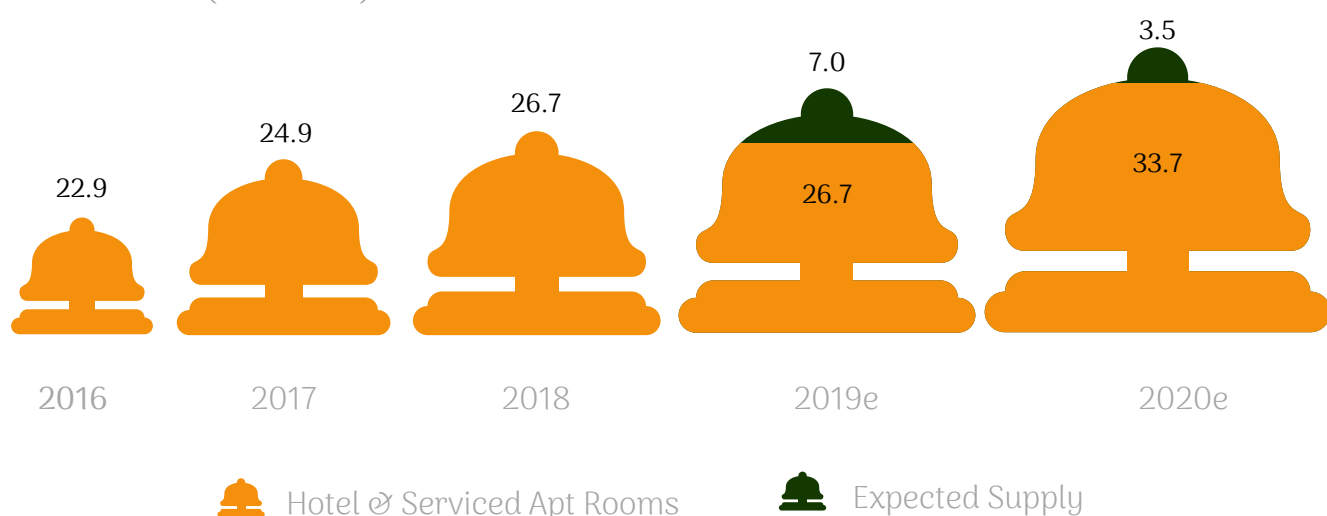


HOTEL SUPPLY

- 2018 ended with 26,665 keys within 127 different establishments.
- Mandarin Oriental Doha (249 keys), Dana Al Sadd (165 rooms), VIP hotel (193 keys) and Dusit Doha (357 rooms) were unveiled adding a total of 964 keys.
- Approximately 9,540 hotel rooms are in the pipeline till 2020 of which 55% are of 5-star category

HOTEL ROOM SUPPLY

2016 - 2019 ('000 KEYS)



HOTEL PERFORMANCE

- Total international hotel guests in full year 2018 declined 19% YoY to 1.8 million.
- 376,000 visitor arrivals recorded in Qatar as of February 2019, up by 8% compared to the same period last year.
- European tourists remained the top source market for Qatar followed by Asian countries.
- Till February 2019, average occupancy increased by 7% annually to 67%, while hotel apartments occupancy grew 3% YoY to 76%.
- 4-5-star hotels experienced 7% increase in occupancy during first two months of 2019.
- Average Daily Rate (ADR) for hotels declined by 6.4% YoY, whereas Revenue per Available Room (RevPAR) increased 4.2% YoY. Hotel apartments ADR fell by 5.6% YoY and RevPAR declined by 2.8% YoY

INDUSTRIAL SUPPLY

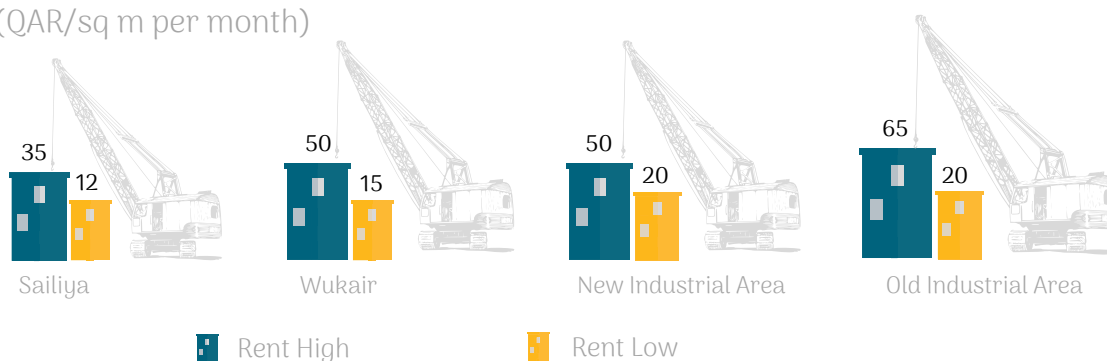
- Driven by reduced supply in rubber and refined petroleum products, manufacturing output decreased marginally by 1.2% YoY during January 2019, as per latest Industrial Production Index published by Ministry of Development Planning & Statistics.
- Two new Free Zones located in Umm Al Houl and Ras Bufontas are expected to start receiving investors in 2019 with special focus given to logistics, spare parts, pharmaceuticals and petrochemicals.
- An estimated warehousing space of 650,000 sq m GLA is projected to be completed by 2020.
- Storage space exceeded 12 million sq m GLA with 40% concentrated in Old Industrial Area.

INDUSTRIAL PERFORMANCE

- As per MDPS, net tonnage of bulk cargo more than doubled in Qatar Ports to approximately 24.8 million tons as of February 2019, with Ras Laffan and Hamad Port receiving the highest traffic. Hamad Port is poised for further growth with the addition of a second container terminal by 2020.
- Average asking rents for dry/ambient warehouses in Qatar were QAR 36 per sq m per month, reduced by 2% QoQ and 12% YoY.
- In temperature-controlled warehouses intended for food and chemical storage, average asking rents fell 3% QoQ and 12% YoY.
- Average asking rents for cold storage being leased per unit ranged from QAR 8,000-14,000 per month in Doha Industrial Area, where average unit sizes scaled from 50-80 sq m. Moreover, incentives in the form of rent-free/ fit-out periods and inclusion of utilities were commonly observed.

WAREHOUSES ASKING RENTAL RATES

(QAR/sq m per month)



SOURCE & REFERENCES

- Major Source of the data is from ValuStrat

WWW.FIRST-QATAR.COM

First Qatar Real Estate Development Company

