

# Qatar Real Estate Q2, 2020

The outbreak of global pandemic has temporarily impacted the demand for housing. Further delay in delivery of under construction projects is expected due to logistic and supplies issues.

Office market steady in spite limited access, work from home and social distancing measures taken.

Retail sector is worst hit by the global pandemic. Stimulus package offered to tenants to combat the after effects.

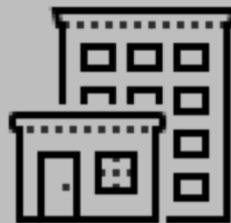
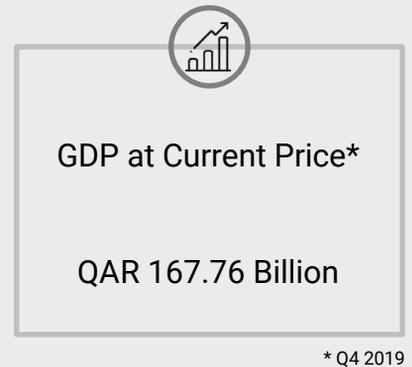
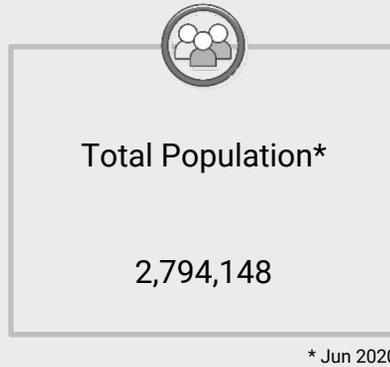
Hospitality sector is majorly impacted due to travel restrictions worldwide.

Overall land rates are stabilizing across Qatar.

## Municipalities



## Micro Economics – Latest Standings



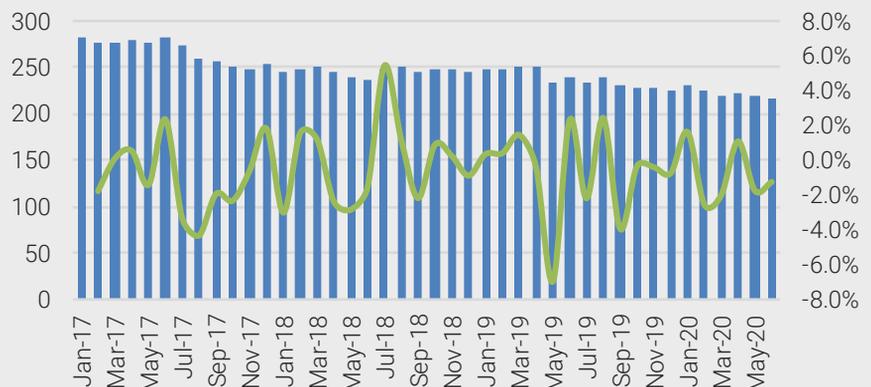
No. of Properties Sold  
682

Value of Properties Sold  
QAR 3.048 Billion

Ref: MDPS

For the period March 2020 to May 2020

## Real Estate Price Index (QoQ)



Ref: QCB

## YTD Snapshot



Ref: AREDC Research

## Key Demand Drivers



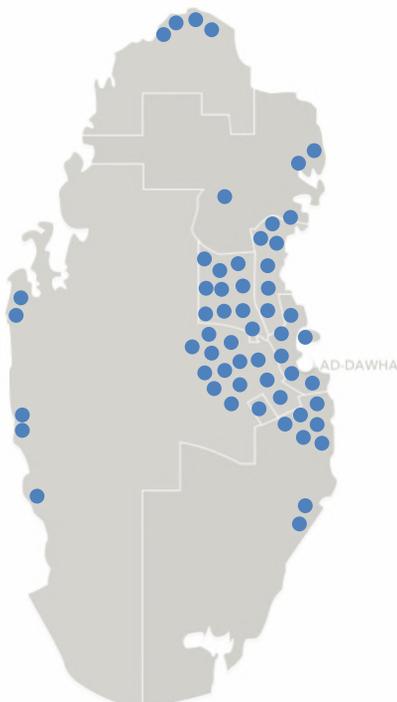
25%  
Government



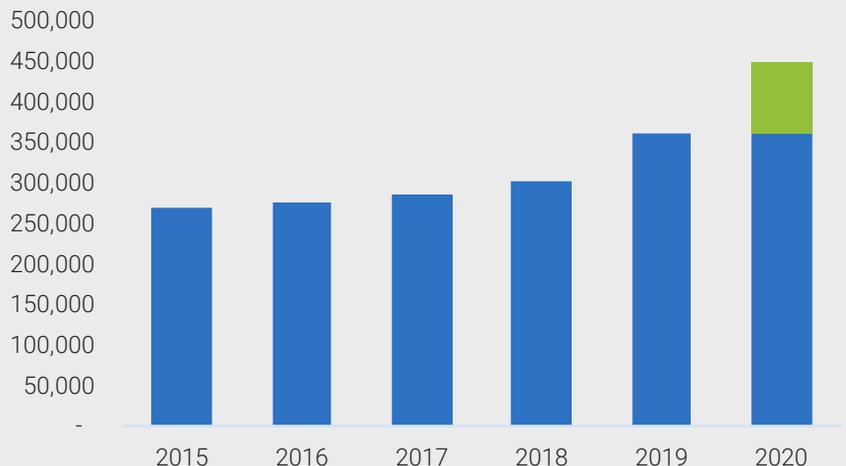
13%  
Companies

Government and companies are taking residential units for their employees under HRA. Emphasis on policies related to Usufruct areas to drive investments.

## Residential Concentration



## Residential Supply (Units) – YoY Comparison



Ref: AREDC Research

## Residential Market Gauge

	Q1 20	Q2 20
Unit Sales	<span style="color: yellow;">■</span>	<span style="color: red;">■</span>
Rental Trend	<span style="color: yellow;">■</span>	<span style="color: yellow;">■</span>
Occupancy	<span style="color: yellow;">■</span>	<span style="color: yellow;">■</span>
Overall Market	<span style="color: yellow;">■</span>	<span style="color: yellow;">■</span>

## Apartment Snapshot

Micro markets	Rental Rate* (QAR/Month)**	Sale Price* (QAR/PSM)
The Pearl	10,000	10,500
West Bay	10,000	8,500
Lusail	7,500	10,000
C&D Ring Road	5,500	12,000
Downtown	4,500	12,000
Al Wakra	3,800	--
Al Khor	4,000	--

Ref: AREDC Research

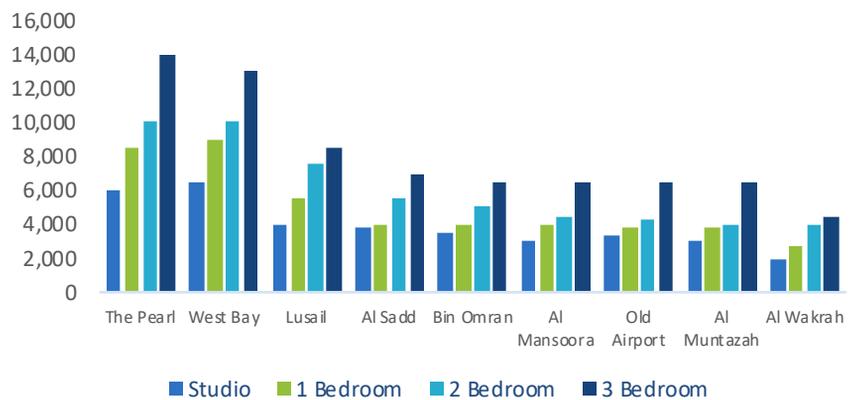
\* Average

\*\* For standard 2BR unit

## Market Outlook

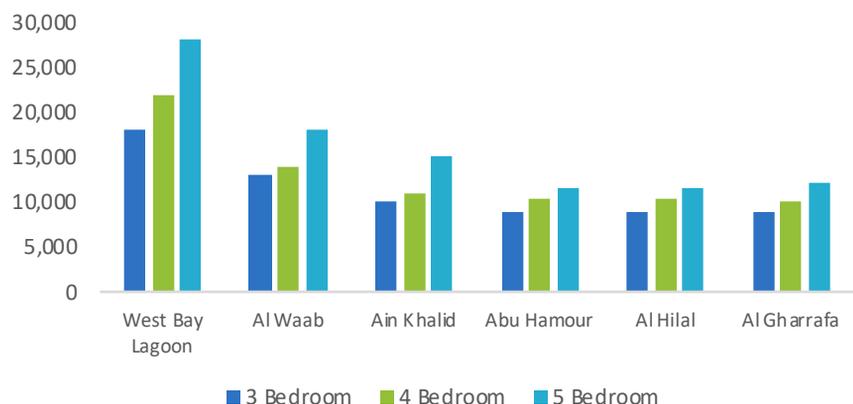
The residential segment in Q2 2020 amidst the COVID-19 has been impacted in terms of retaining occupancies. Many housing lease contracts have been breached due to job loss in various sectors. However, the landlord's have been instinctively offering adjustments in the lease terms and rent free periods to sustain the market. Due to affordable inventory available in the newly developed locations, the average rentals dips around 4% - 5% across all asset classes in the residential segment. In the outright purchase market in the usufruct areas have witnessed a fall in the average sales price per sq. m of around 4% - 5%.

## Apartment Rental Rates in Prime Areas



Ref: AREDC Research

## Rental Rates of Villas in Residential Compounds in Prime Areas



Ref: AREDC Research

## YTD Snapshot



Ref: AREDC Research

## Office Concentration



## Key Demand Drivers



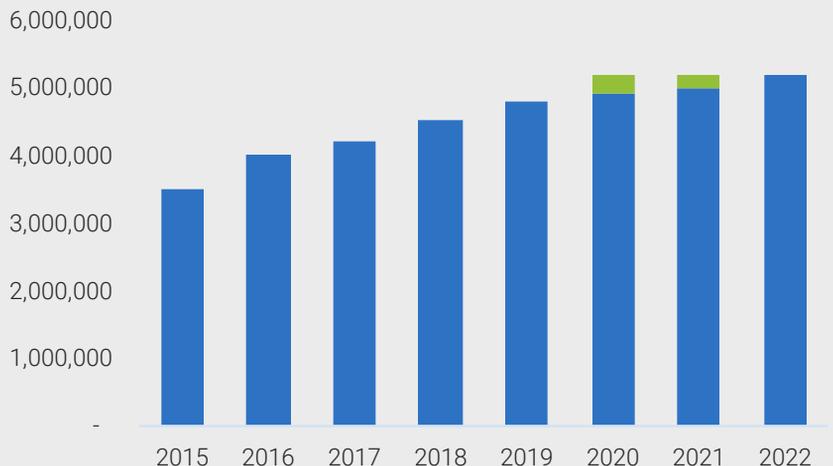
Affordable Rental



Better Leasing Terms

Makeshift arrangement to work from home was the new norm during the quarter which impacted the demand temporarily however, office market to be back on track post COVID-19.

## Office Supply (sq.m) – YoY Comparison



Ref: AREDC Research

### Office Market Gauge

	Q1 20	Q2 20
Rental Trend	■	■
Occupancy	■	■
Sentiments	■	■
Overall Market	■	■

### Office Snapshot

Micro markets	Monthly Rental Rate (QAR/sq.m)*	Occupancy (%)*
West Bay	110	65%
C Ring Road	75	70%
D Ring Road	70	65%
Al Sadd	80	72%
Salwa Road	65	60%
Airport Road	80	65%
Old Slata	75	60%

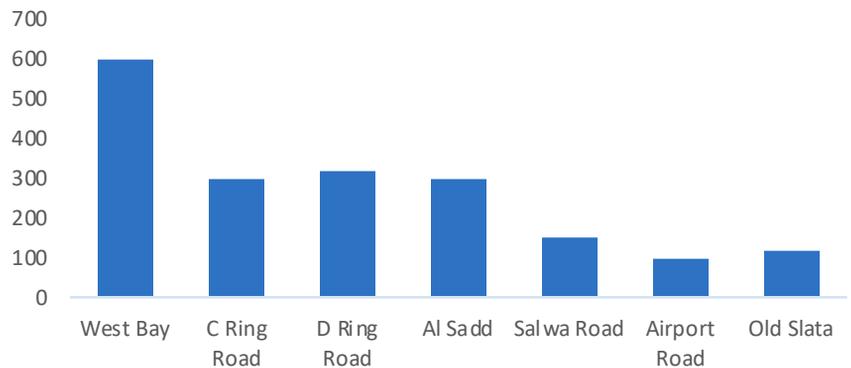
Ref: AREDC Research

\* Average

### Market Outlook

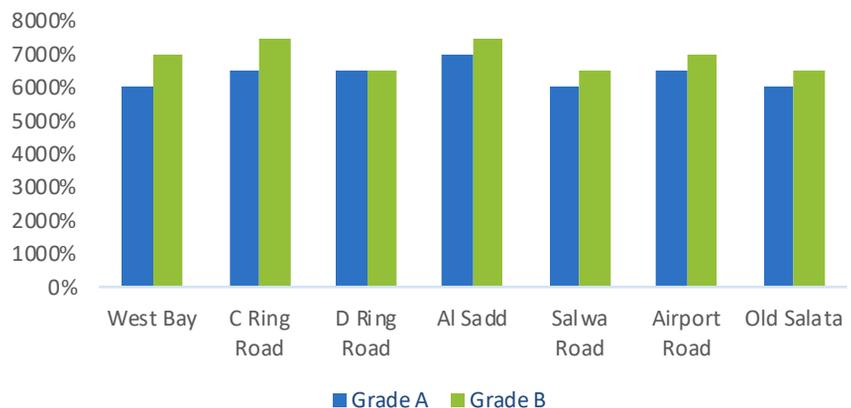
The lockdown imposed due to COVID-19 has not much impacted the overall office market outlook. The existing occupiers choose to access the premises with restrictions and guidelines imposed by the government. However, no significant transaction was noticed in the office market. The occupancies in West Bay offices towers is in the range of 55% to 65% while asking monthly average rental ranges from QAR 90 to QAR 130 per sq. m. The Suburban Business District (SBD) as in Doha downtown, C & D Ring road, Al Sadd, Salwa Road and Airport Road are commanding monthly rentals ranges between QAR 70 to QAR 90 per sq. m.

### Office Sizes (sq.m) in Prime Areas



Ref: AREDC Research

### Average Occupancies (%) – By Grade



Ref: AREDC Research

## YTD Snapshot

Total Net Leasable Area

2,100,000 sq.m\*

Operating Malls

25

Overall Occupancy

78%\*\*

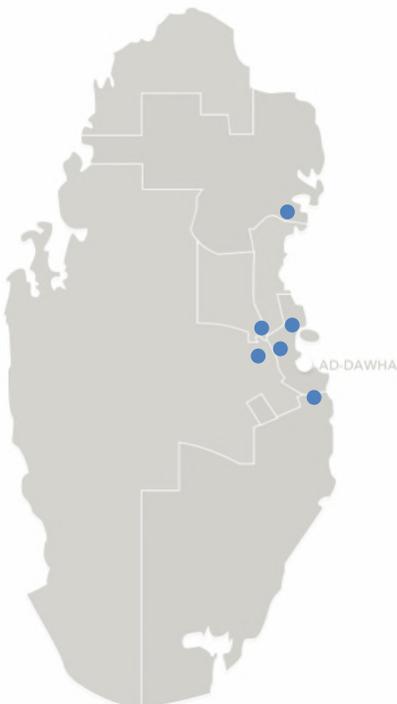
Median Mall Size

55,000 sq.m\* (NLA)

\*Including upcoming malls

\*\*Average

## Retail Concentration



Ref: AREDC Research

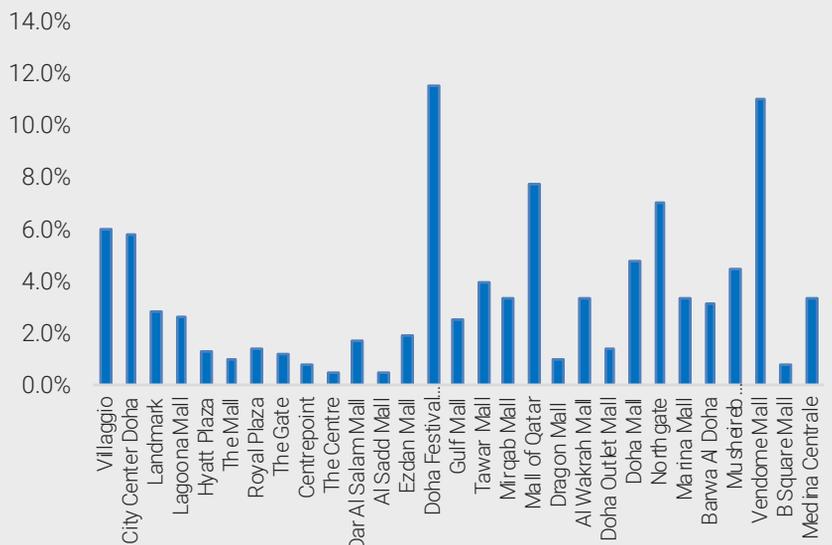
## Key Demand Drivers



Rental Incentives

Mostly the tenants have been offered rent exemptions for several months along with adjustments in contracts to relieve pressure.

## Net Leasable Area Distribution



Ref: AREDC Research

## Retail Market Gauge

	Q1 20	Q2 20
Rental Trend	<span style="color: yellow;">■</span>	<span style="color: yellow;">■</span>
Occupancy	<span style="color: yellow;">■</span>	<span style="color: yellow;">■</span>
Sentiments	<span style="color: yellow;">■</span>	<span style="color: red;">■</span>
Overall Market	<span style="color: yellow;">■</span>	<span style="color: yellow;">■</span>

## Retail Snapshot

Year	Shopping Mall*	Showrooms (Street Shopping)*
2015	250	140
2016	270	145
2017	260	140
2018	250	145
2019	240	140
Q1 2020	240	120
Q2 2020	230	100

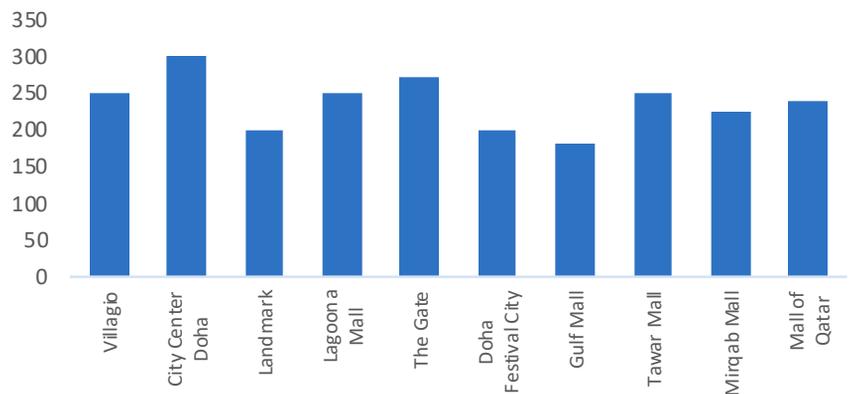
Ref: AREDC Research

\*Average Monthly Rental Rates (QAR/sq.m)

## Market Outlook

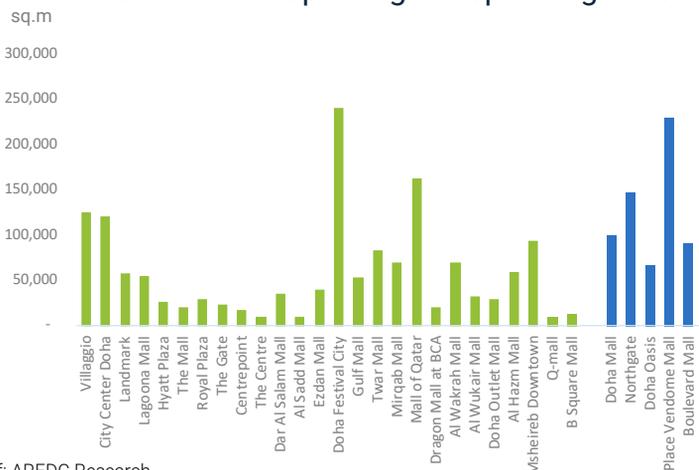
At the outbreak of the global pandemic COVID-19, the worst hit sectors are the retail segment including the shopping malls and showrooms (street shopping). The activities and operations within the malls and showroom were completely restricted during the Q2 2020 due to social distancing norms. Mostly the retail operators have been compensated by the landlord's in terms of rental adjustments, extensions and waiver offs. However, a short term impact has been witnessed wherein rentals some places are compromised by at least 5% - 6% in order to retain the existing tenants and lure new entrants in the market.

## Average Monthly Rentals in Prime Malls (QAR/sq. m)



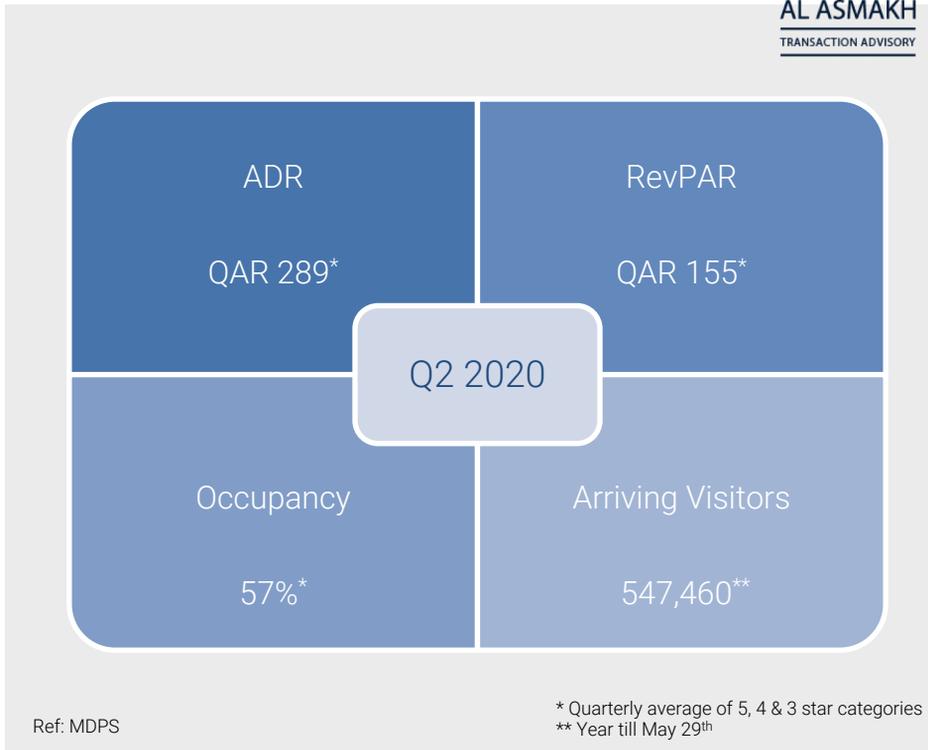
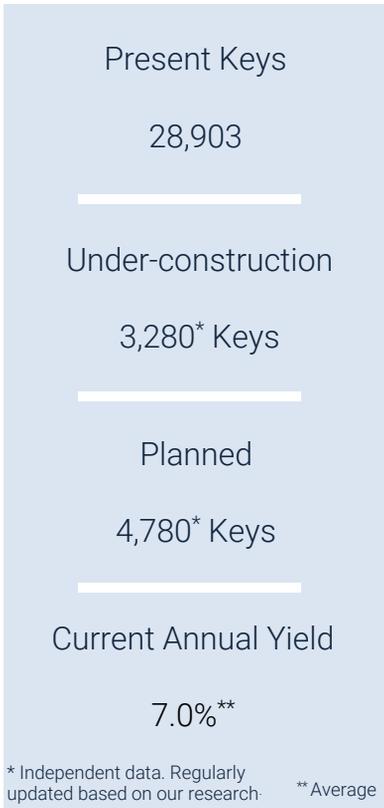
Ref: AREDC Research

## Leasable Area in Operating and Upcoming Malls

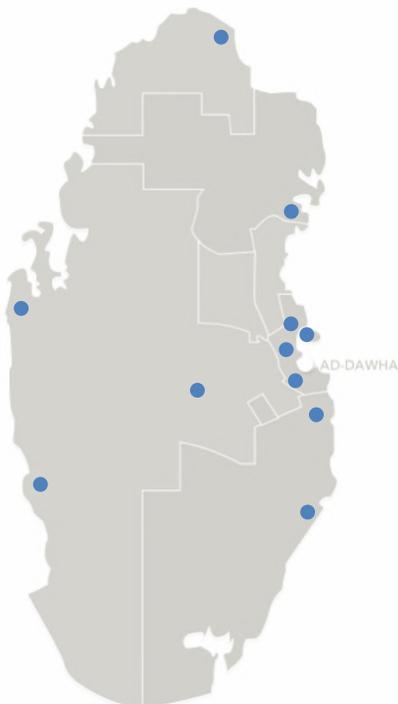


Ref: AREDC Research

## YTD Snapshot



## Hotel Concentration



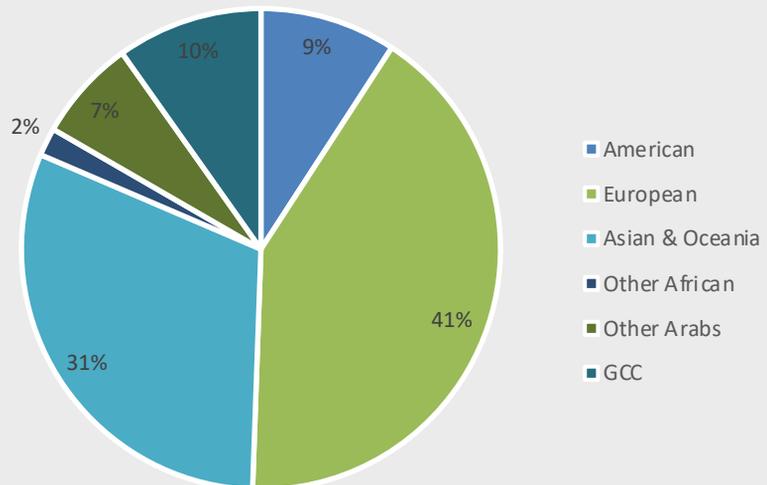
## Key Demand Drivers



Government Initiative

Government initiatives to temporarily set up COVID 19 quarantine facilities in 5 & 4 star hotels boosts sustainability while travel restrictions worldwide is hampering hotel performance.

## Distribution of Arriving Visitors by Region



## Hospitality Market Gauge

	Q1 20	Q2 20
ADR	Yellow	Yellow
RevPAR	Yellow	Red
Occupancy	Yellow	Red
Overall Market	Yellow	Yellow

## Hotel Snapshot

Category	No. of Hotels	No. of Keys
Luxury Class	21	5,757
Upper Upscale Class	24	6,345
Upscale Class	11	2,168
Upper Midscale Class	23	4,610
Midscale Class	26	3,526
Economy Class	38	6,497
<b>Total</b>	<b>143</b>	<b>28,903</b>

Ref: AREDC Research

## Market Outlook

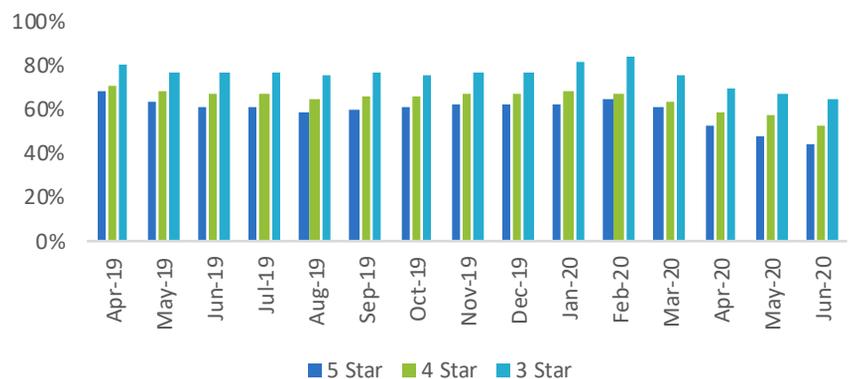
The travel ban on international travelers worldwide since mid of March 2020 has not been eased as of yet hence, the tourist arrivals in Qatar have been negligible in this quarter. As a result the world-wide hospitality is the worst hit industry owing to the travel restrictions. A sharp dip was witnessed in the hotel performance in spite the stimulus provided by the government to convert hotels into quarantine centers. According to MDPS statistics, the average hotel occupancy in 5 star hotel for 2<sup>nd</sup> quarter 2020 was around 48% while in Q2, Average Daily Rates (ADRs) and Revenue per Available Room (RevPAR's) were QAR 481 and QAR 231 respectively.

## ADR Tracker



Ref: AREDC Research

## Occupancy Tracker



Ref: AREDC Research

## Land Market Gauge

	Q1 20	Q2 20
Land Price	■	■
Land Sale	■	■
Sentiments	■	■
Overall Market	■	■

## Market Outlook

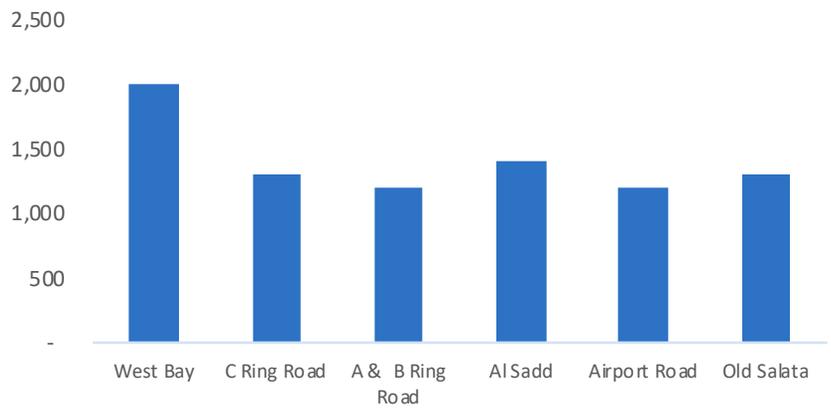
In Q2 2020, the land rates have reduced marginally as compared to previous quarters. The highest ticket value of the land transaction recorded is only QAR 150 million. Transactions in land segment recorded in Al Thumama in Doha municipality were in the range QAR 300 to QAR 350 per sq.ft. In Iizghawa, Bu Hamour of Al Rayyan municipality were in the range QAR 300 to QAR 325 per sq.ft. In Al Wukair, Wakra municipality the land transaction witnessed were in the range QAR 200 to QAR 250 per sq.ft. Various other neighboring municipalities of Doha, the land parcels were transacted in the range QAR 140 to QAR 300 per sq.ft.

## Key Transactions in Q2 2020

Location	Municipality	Amount (QAR)
Old Rayyan	Al Rayyan	150,000,000
Muaither	Al Rayyan	108,738,722
Musherib	Doha	70,633,000
Al Kheesa	Al Daayen	50,000,000
Lusail	Doha	37,697,582
Legtaifiya	Doha	22,716,512
Legtaifiya	Doha	19,000,000

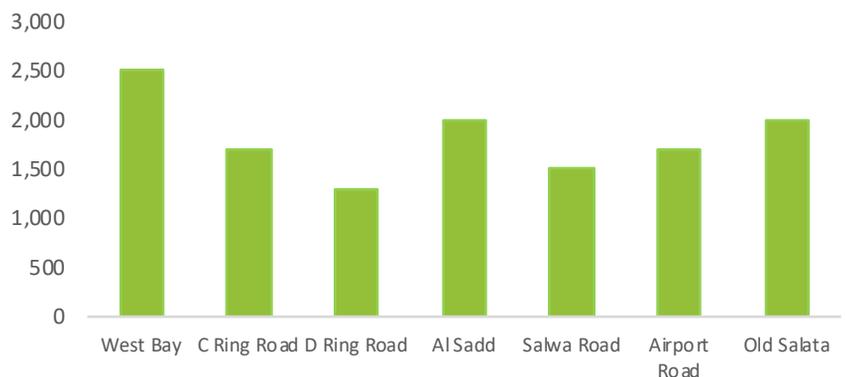
Ref: MoJ

## Average Residential Land Prices for Buildings (QAR/sq.ft)



Ref: AREDC Research

## Average Commercial Land Prices for Buildings (QAR/sq.ft)



Ref: AREDC Research

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- IMF: International Monetary Fund.
- QSA: Qatar Statistics Authority
- QCB: Qatar Central Bank
- MOJ: Ministry of Justice
- IIF: The Institute of International Finance

## ▪ VALUATIONS AND APPRAISALS

- Property Valuation
- Hospitality Valuation
- Industrial Valuation
- Masterplan Valuation

## ▪ CONSULTING AND ADVISORY

- Real Estate Market Research
- Feasibility, Highest and Best Use Studies
- Development Advisory
- Portfolio Analysis

## ▪ CORPORATE DEAL ADVISORY

- Property Buying/Selling/Leasing Assistance
- Merger, Acquisition, and Joint-Venture
- Portfolio Restructuring

## ▪ CAPITAL MARKET SERVICES

- Corporate Lending & Structured Finance
- Loan Restructuring
- Project Financing
- Private Placements – Equity or Debt

## ▪ Market Gauge

- - Bettering as compared to previous quarter
- - Remained stable as of previous quarter
- - Declining as compared to previous quarter

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