



Market Watch

Residential Real Estate Annual Report

Qatar - 2023

propertyfinder.qa

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Economic Overview

This section provides a concise analysis of the most recent economic indicators, offering a comprehensive snapshot of economic insights.

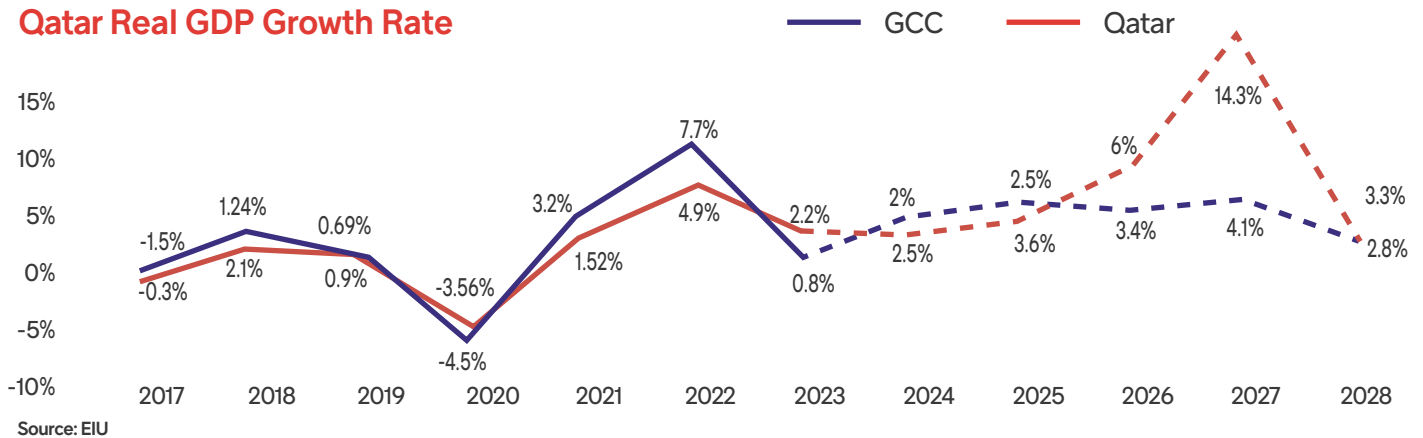


Economic Overview



In 2022, Qatar's economy witnessed a significant boost to economic activity driven by the country hosting the 2022 World Cup and by high global energy prices and demand. Despite a slight deceleration in 2023, with nominal GDP dipping from 860 Billion QAR to 827.5 Billion QAR, the outlook remains optimistic, poised to nearly reach 840 Billion QAR by the conclusion of 2024. Qatar's Economic growth is expected to continue in the next few years, reaching almost 1,366 Billion QAR by the end of 2028. The real growth rate is expected to average between 2% and 3% except for 2026 and 2027 which are expected to grow by 6% and 14% respectively, this major economic boost is anticipated due to the Northfield liquefied natural gas (LNG) expansion project which is expected to start production in 2026.

Qatar Real GDP Growth Rate

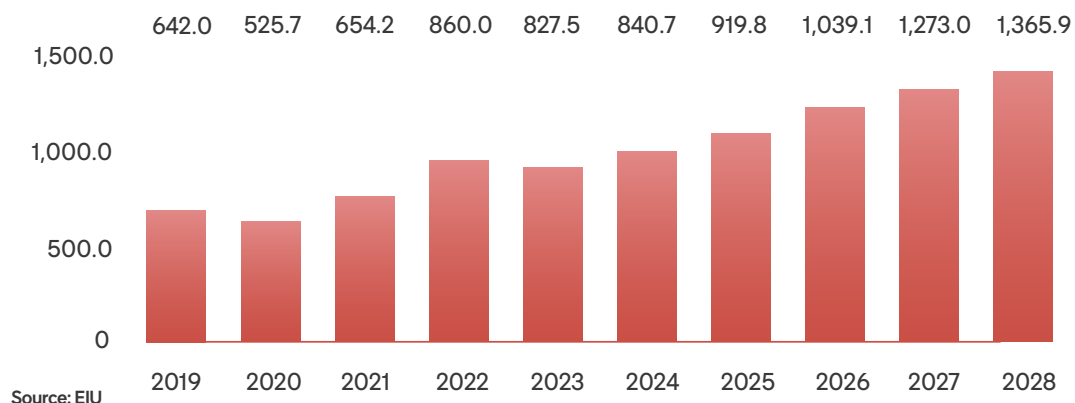


Qatar's economy is primarily dependent on the mining and quarrying sector, which accounted for up to 37% of the GDP in 2023. This sector's share is expected to increase to 39% by 2028, following the commencement of the LNG project. Such heavy reliance on hydrocarbon exports has propelled Qatar to become one of the world's wealthiest economies, boasting a GDP per capita of 75,000 USD in 2023.

The inflation rates remained under control with a 3% average in 2023, despite a modest cut in interest rates in the second half of this year. The overall monetary policy stance will remain restrictive, limiting average inflation in 2024 to 3.1%. Inflation will edge up to 4% in 2025 as VAT is finally introduced and monetary policy continues to be eased.

Qatar has been one of the world's top three largest LNG exporters since 2006. According to the Energy Institute, Qatar moved ahead of both the US and Australia to become the largest LNG exporter globally in 2022, with its shipments amounting to 114.1 Billion cubic metres. Russia's invasion of Ukraine and the subsequent acceleration of EU energy supply diversification will result in an expansion of the customer base of the state energy firm, Qatar Energy (QE) in Europe and, combined with strong demand from Asia. This means that the hydrocarbon sector will remain the core driver of real GDP growth, despite the government's plans for economic diversification and a shift towards renewables.

Qatar's Nominal GDP (Billion QAR)



Economic Overview



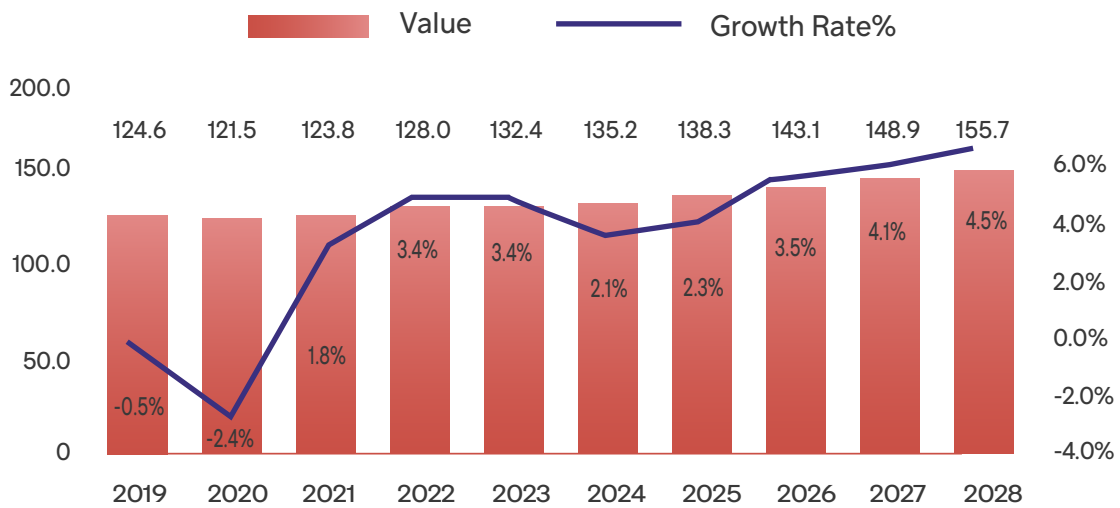
The real estate activities and construction sectors together have grown by 3.4% in 2023 accounting for 132.4 Billion QAR. They contributed to almost 19% of Qatar’s GDP. This reflects the importance of the two sectors, as they contribute to almost one-third of Qatar’s non-oil sector.

The sector is expected to grow steadily in the future to achieve almost 155.7 Billion QAR by the end of 2028, which gives an indicator of how many opportunities the real estate and construction sector has in Qatar, but its contribution is expected to decrease to 17%.

In April 2023, His Highness the Amir Sheikh Tamim bin Hamad al-Thani issued Amiri Decision No. 28 of 2023 to establish the public authority for regulating the real estate sector, the establishment of RERA signifies a pivotal step towards regulating and organizing the real estate sector in Qatar. RERA's formation is integral to implementing the real estate sector’s development strategy, fostering transparency, and stimulating sectoral growth. It provides a structured framework for overseeing real estate activities and ensuring compliance with regulations, thereby enhancing investor confidence and market stability.

In December 2023, The Ministry of Municipality launched Real Estate Platform of Qatar offering accurate data and statistics about real estate sector. Launch of Qatar Real Estate Platform (QREP): The launch of QREP under the auspices of HE the Minister of Municipality Dr. Abdullah bin Abdulaziz bin Turki al-Subaie marks a milestone in digitizing real estate services and enhancing accessibility to critical data. QREP provides a centralized online portal that offers free access to real estate information, facilitates business transactions, and promotes transparency. Its comprehensive features, including data on sales, mortgages, rentals, and accredited brokers, empower stakeholders with valuable insights for informed decision-making.

Real Estate Activities and Constructions’ Contributions to Qatar’s GDP



Source: EIU

Market Performance

This section presents a detailed analysis of real estate transactions, drawing from official sources to provide an overview of the current trends and dynamics within the real estate sector.

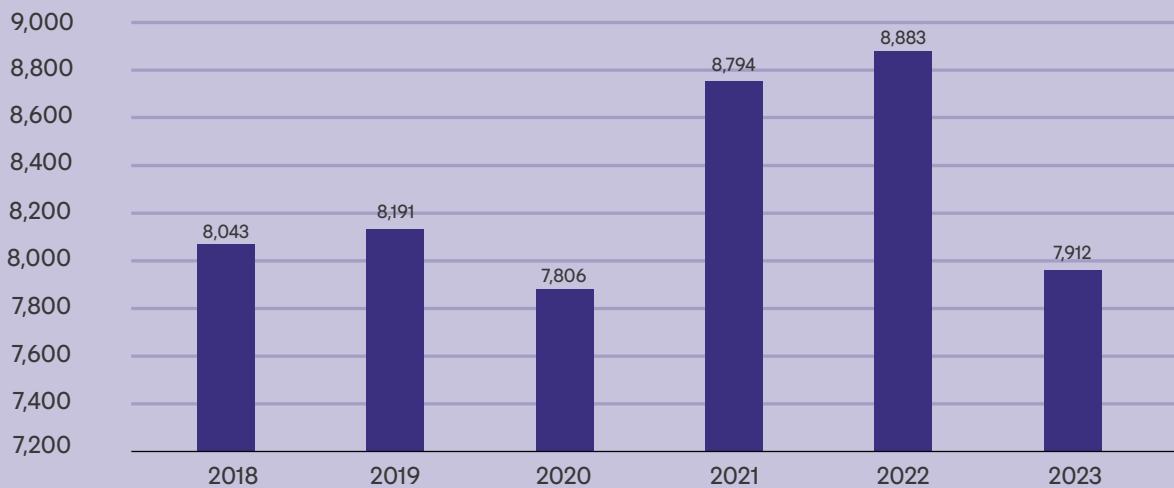


Market Performance

In 2023, the number of new building permits issued was 7,912 representing a decrease from 8,883 in 2022, marking a decline of 11%. The significant increase in new building permits in 2021 and 2022 can be attributed to the backlog created by COVID-19 lockdowns in 2020 and the introduction of a new law allowing foreign companies to own properties in nine areas.

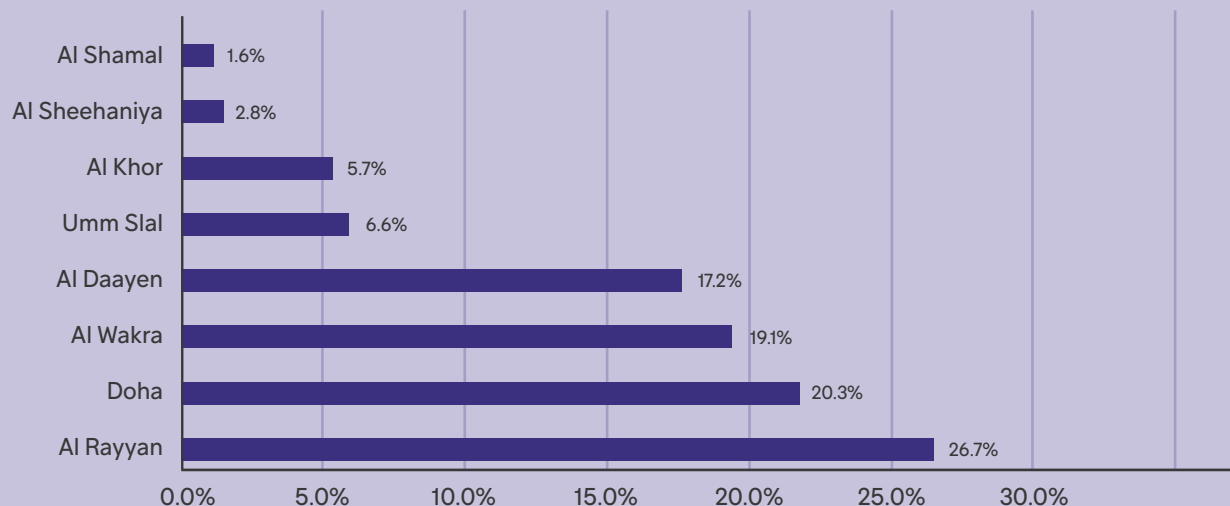
Al Rayyan accounted for the highest share of newly issued permits in 2023, with approximately 26.7%, followed by Al Doha, which had 20.3%. Al Shamal and Al Sheehaniya had the smallest share of new permits, with 1.6% and 2.8% respectively.

Annual Growth of Building Permits



Source: Planning and Statistics Authority

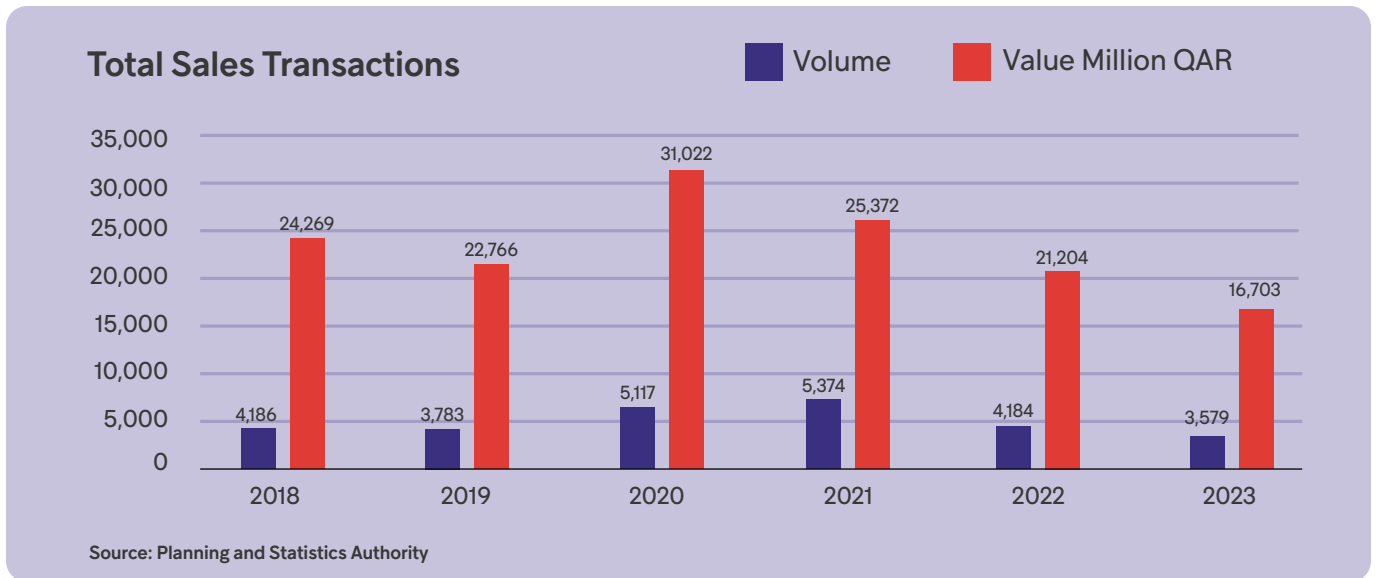
Building Permits by Municipality 2023



Source: Planning and Statistics Authority

Market Performance

According to the Planning and Statistics Authority of Qatar, property sales in the country declined in 2023. The number of transactions dropped to 2,579 from 4,184 in 2022, while the total sales value decreased from 21,204 in 2022 to 16,703 in 2023. Al Doha recorded the highest sales value in 2023, totaling 6.8 billion QAR, which accounted for 40.8% of the total sales value. Followed by Al Rayyan's transaction value that amounted to 4.6 billion QAR, representing 27.4% of the total value.



In terms of the volume of sales transactions, Al Rayyan led with a total of 945 transactions, constituting 26.4% of the total sales transactions, while Al Doha followed with 841 transactions, making up 23.5% of the total.

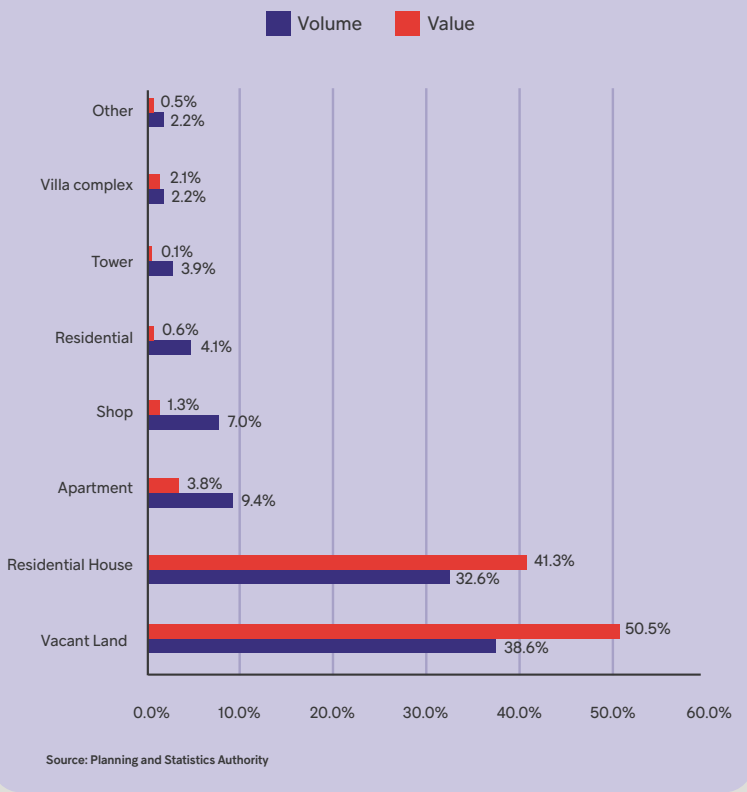
Vacant land emerged as the most sold property type, accounting for 50.5% of the total transactions and 38.6% of the total value. This suggests a lower average transaction value for vacant lands compared to other property types. Residential houses were the second most common type of property sold, comprising 41.3% of the total number of transactions and 32.6% of the total value.



Market Performance

Sales Transactions by Municipality 2023

Sales Transactions by Property Type 2023



4.0% 1.2%

Al Shamal

Al Daayen

15.7% 12.8%

5.6% 2.2%

Al Khor

Umm Salal

10.5% 6.4%

Al Shahaniyah

0.2% 0.1%

Al Rayyan

26.4% 27.4%

Doha

23.5% 40.8%

14.1% 9.2%

Al Wakra

Volume Value

Market Prospects

In this part, we will delve into the dynamic world of real estate in Qatar, exploring the new projects that are driving real estate growth, offering new opportunities for residents and investors alike.



Market Prospects

Ongoing Projects in Qatar

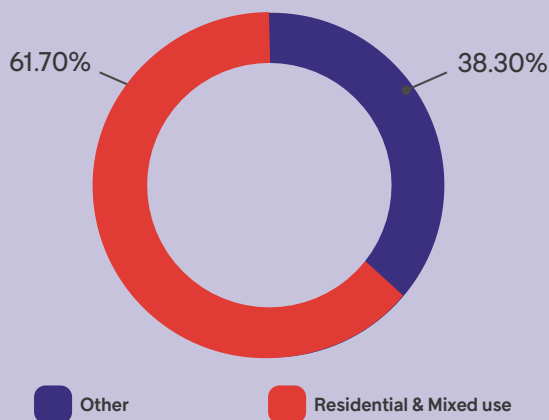
The residential and mixed-use real estate sectors recorded a total of 157 ongoing projects worth USD 19.1 Billion. These projects accounted for approximately 61.7% of the total number of projects and 61.8% of the total investments.

Along the same lines, the market was dominated by private sector development, contributing to 92.6% of the total number of ongoing projects till the end of 2023 and almost 84.5% of the total investments worth USD 11 Billion in ongoing projects until the end of 2023. The governmental development of the ongoing projects was achieved 8 mega projects distributed over 5 different governorates compared to 7 governorates for the private sector. In the private sector, Al Daayen, Al Rayyan and Al Doha accounted for 85% of the total investment.

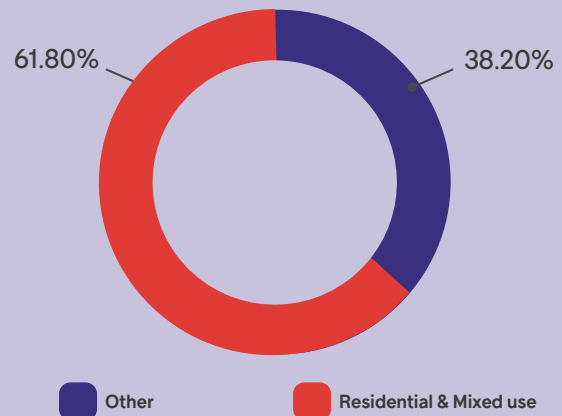
On the other hand, Al Shamal contributed to almost 22% of the total governmental investment in governmental development. Al Daayen alone contributed to almost 49.6% of the total governmental investment in governmental development, while Ras Laffan at Al Khor has the highest number of governmental projects with a total of 4 projects.



Ongoing Projects - 2023



Ongoing Projects Value - 2023



Market Prospects



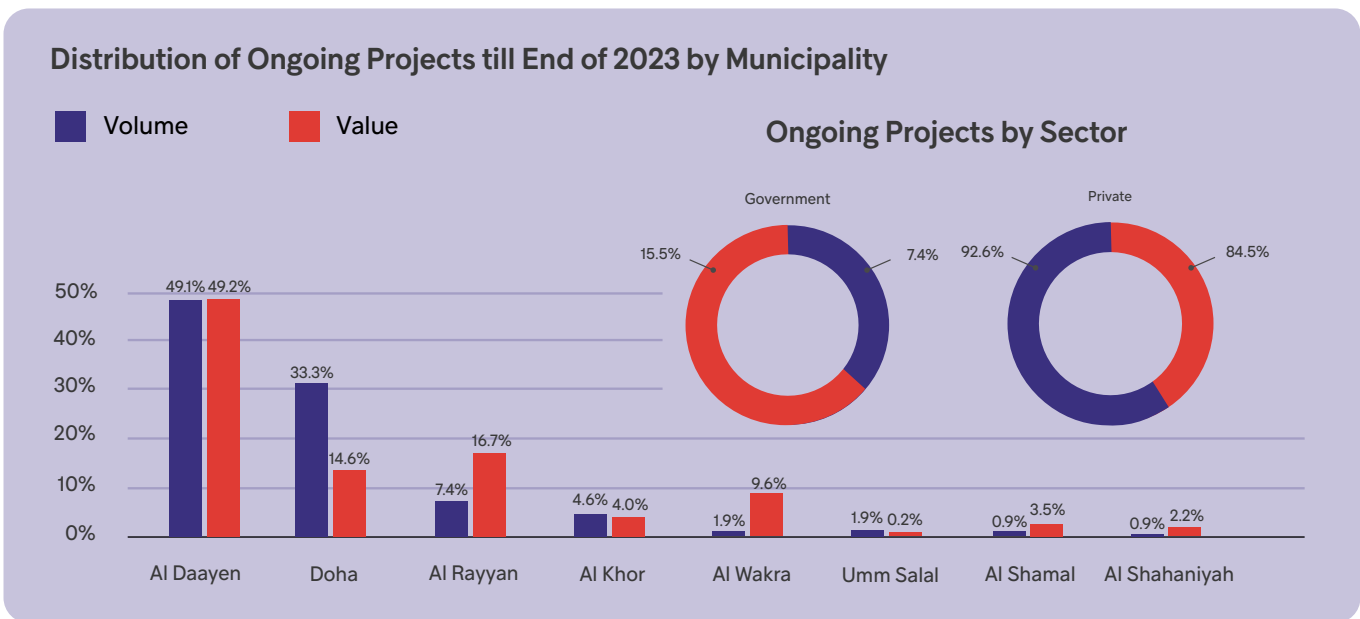
Lusail at Al Daayen municipality accounted for the majority of real estate investments, representing approximately 41.4% of the total investment. This amounted to about 51 projects worth USD 5.4 billion. Notably, all investments in Lusail were made by private companies.

Pearl Qatar at Doha municipality witnessed the development of 19 ongoing projects, which constituted almost 17.6% of the total ongoing projects and 19% of the private projects. The total investments allocated to these projects amounted to USD 1.1 billion, contributing to only 10.1% of the total project value. This indicates that the projects in Pearl Qatar are relatively smaller than those in other municipalities on average.

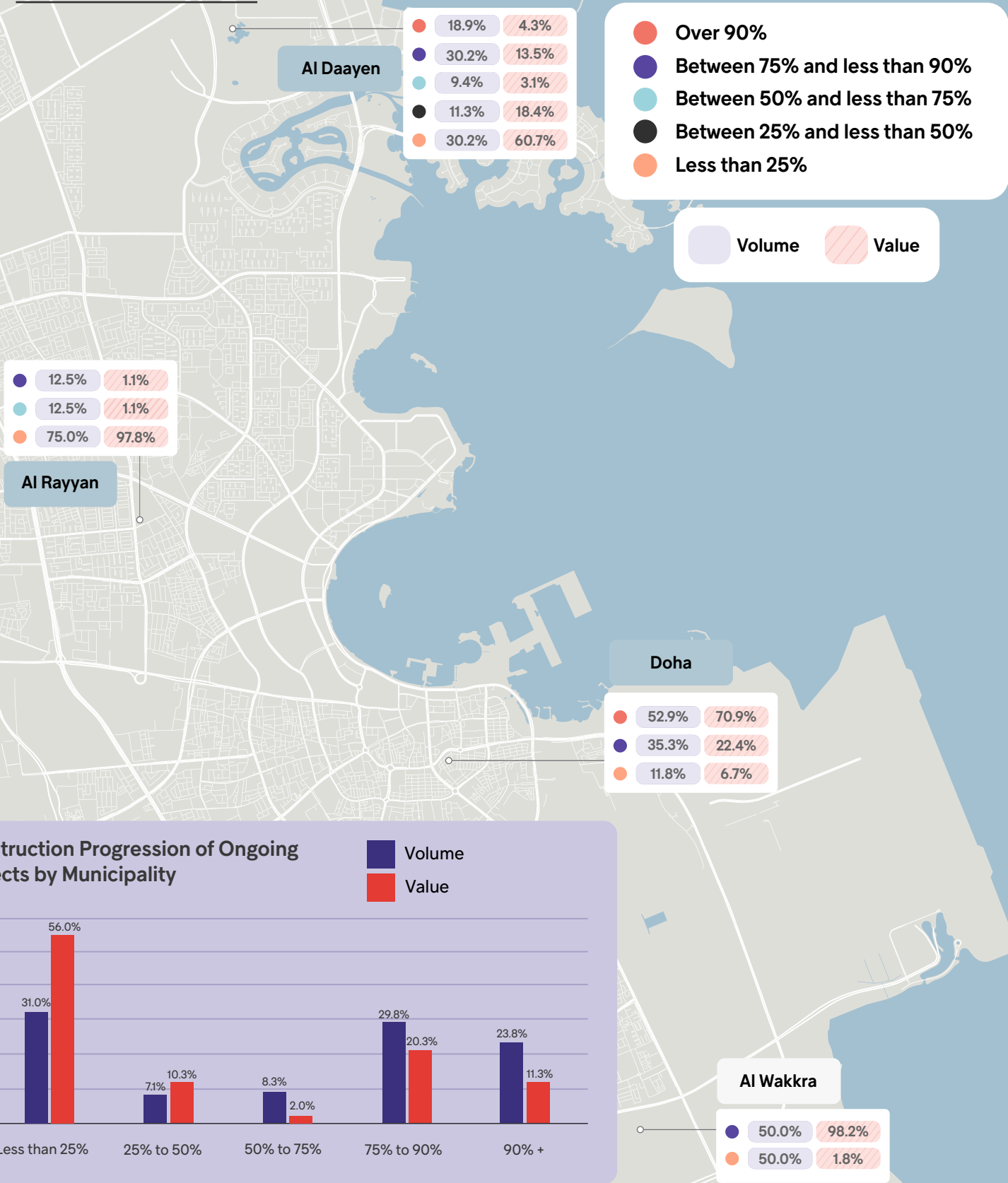
Al Doha ranked second in terms of the number of projects, with 36 ongoing projects valued at USD 1.9 Billion. Despite being the capital of Qatar and potentially the most important municipality, Al Doha experienced a relative decrease in new real estate project investments, possibly due to the intense development it underwent in recent years leading up to the World Cup. In summary, Qatar's real estate sector is among the most promising and attractive in the Gulf region, with significant potential, especially in Lusail City. As the second-largest city in Qatar after Doha and considered the economic capital of Qatar, Lusail also boasts one of the most promising entertainment sectors.

The ongoing real estate projects in Qatar till the end of 2023 have reached advanced stages of development. Out of these projects, approximately 62% have surpassed the halfway mark. Approximately 24% of the projects are nearing completion, with over 90% of the construction already finished. Another 29.8% of the projects are currently between 75% and less than 90% complete.

The construction of projects in Al Doha has made substantial progress. Around 88% of the projects are more than halfway through the construction process. Additionally, 53% of the projects are in the final stages of completion. In terms of the value of investments 71% of the projects are in the final phase.



Construction Progression of Ongoing Projects by Municipality



Market Prospects

Launched Projects in 2023

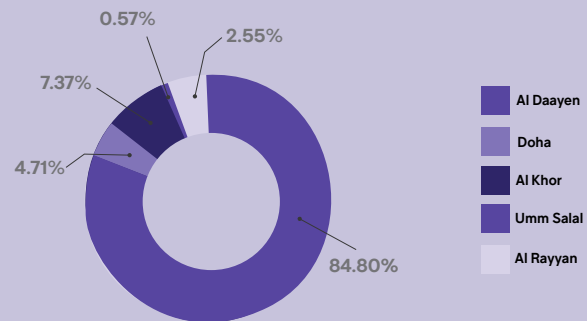
Despite the fact that the number of newly launched real estate projects in Qatar declined from 25 new projects in 2022 to only 20 new projects in 2023, presenting around 20% decline in the number of newly launched projects, but the total value of the new projects has doubled in 2023 in comparison with 2022 achieving USD 1.8 Billion. This hike can be attributed to 3 major governmental projects that were launched in 2023 with a total value of USD 1.13 Billion while it has only USD 100 million in 2022.

The private sector possessed 85% of the newly launched projects in 2023, while the government invested heavily in its projects as it owns 64.1% of the total value of the newly launched projects in 2023. Al Daayen holds the highest number of newly launched projects in 2023 with a total of 11 projects, with the highest share of value with 85% of the total value, due to the launch of the biggest governmental project in it with a total value of USD 1 Billion.

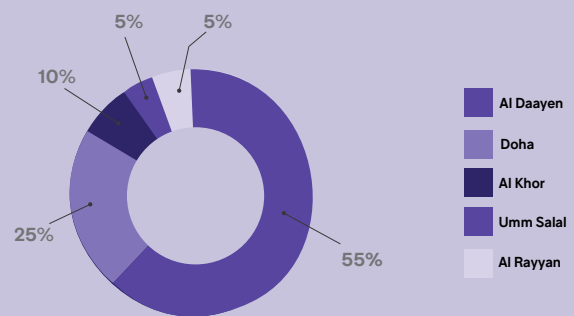
Launched Projects in 2023, Government Vs Private Sector



Projects Value



Projects Volume



Market Prospects

A total of 15 owners of the new projects in 2023 compared to 22 owners in 2022. The Government of Qatar estimated their investment to be approximately USD 1 Billion, representing around 56.7% of the total investment in 2023, allocated for one project namely Al Rawdah & Academy Project located in Al Daayen. Ariane Real Estate launched the highest number of new projects in 2023 with 4 projects 123 Villas in Yasmeen City, Residential Building in Yasmeen City - MU01, Residential Villas, Town Houses and Hotel Apartments at Qetaifan Island, and Skala Compound (South) at Qetaifan Island, all of them together account for USD 267 bn contributing to almost 15.1% of the total value of newly launched projects in 2023.

Launched Projects by Client- 2023	No of Projects	Project Value
Government Qatar	1	56.7%
Ariane Real Estate	4	15.1%
QatarEnergy (Formerly Known as Qatar Petroleum), QatarEnergy LNG (Formerly known as Qatargas), TotalEnergies, Shell, ConocoPhillips	1	4.0%
Shell, ConocoPhillips, QatarEnergy (Formerly Known as Qatar Petroleum), QatarEnergy LNG (Formerly known as Qatargas) , TotalEnergies	1	3.4%
Al Alfia Holding	1	3.1%
Others	12	18%

Market Prospects



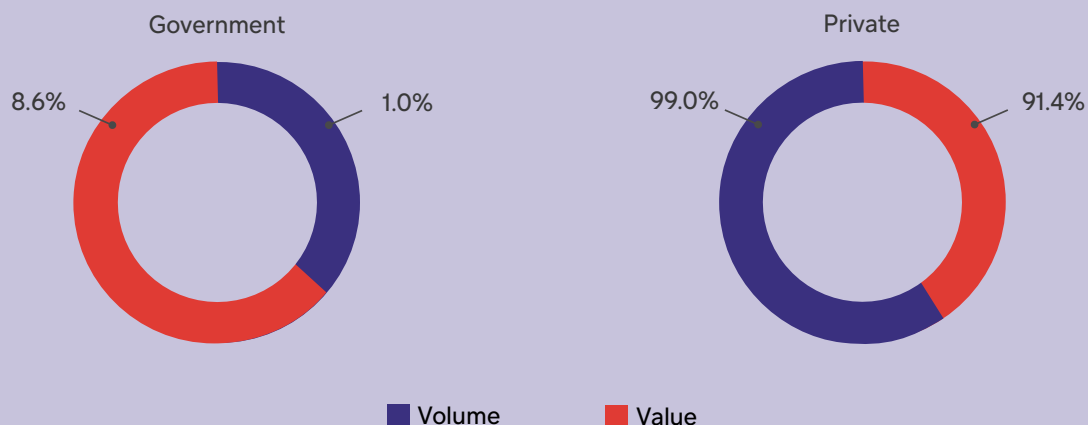
Delivered projects in 2023

During 2023, a total of 514 projects were successfully delivered in Qatar, accounting to a combined value of USD 4.5 Billion. This was a notable increase of approximately 153% in terms of the volume of projects compared to 2022, while the value declined by 22% when compared to the same period.

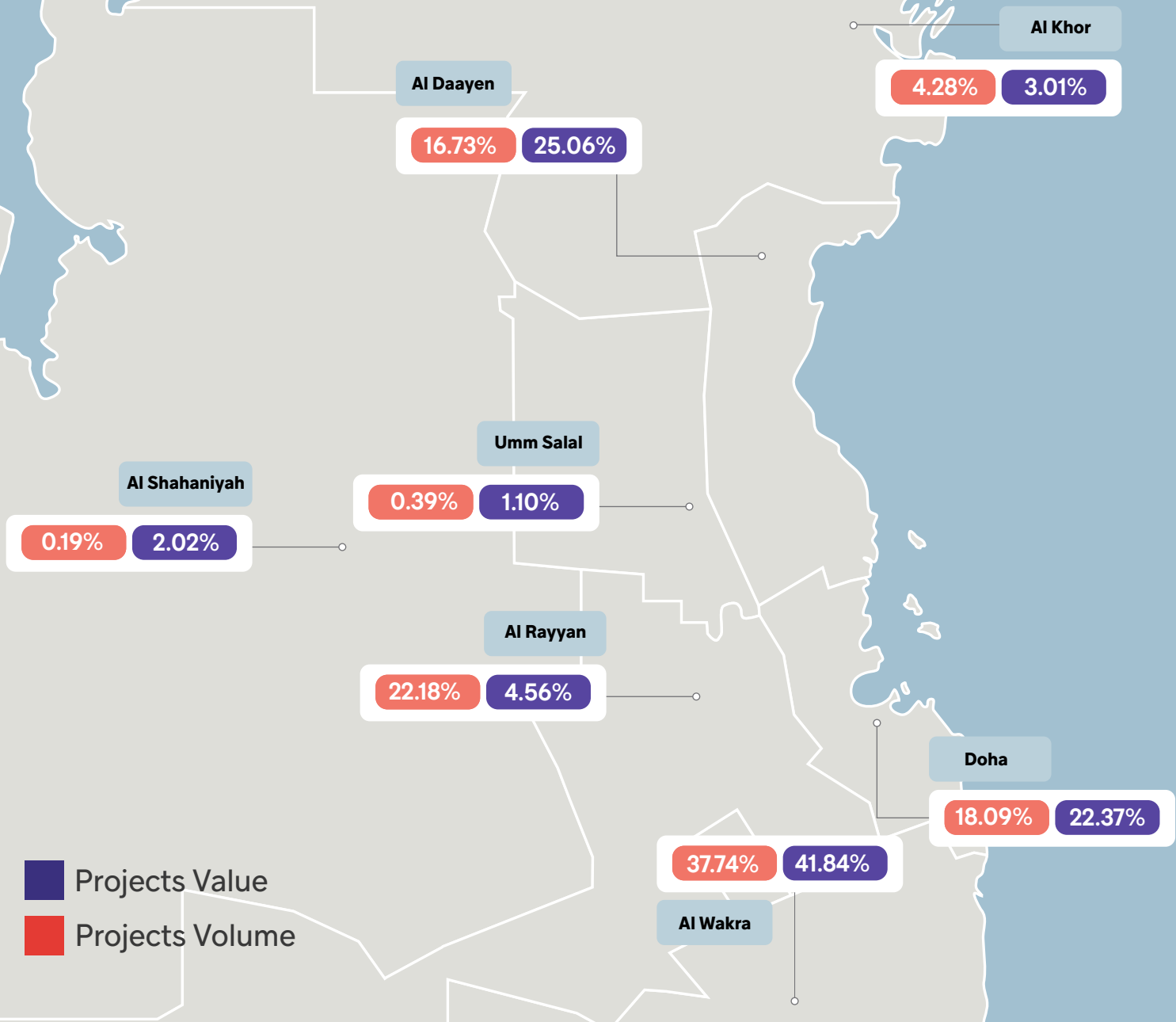
Among these projects, approximately 38% located in Al Wakra contributed to almost 42% of the total value of the projects, while Al Rayyan had almost 22% of the delivered projects but its value accounted for 4.6% of the total delivered projects in 2023.

The private sector delivered the majority of the projects in 2023 with 99% of the delivered projects accounting for 509 projects valued at USD 4.1 Billion, while the governmental sector delivered 5 projects with a value of USD 388 Million.

Delivered Projects by Client Type 2023



Delivered Projects by Governorates - 2023



Market Trends

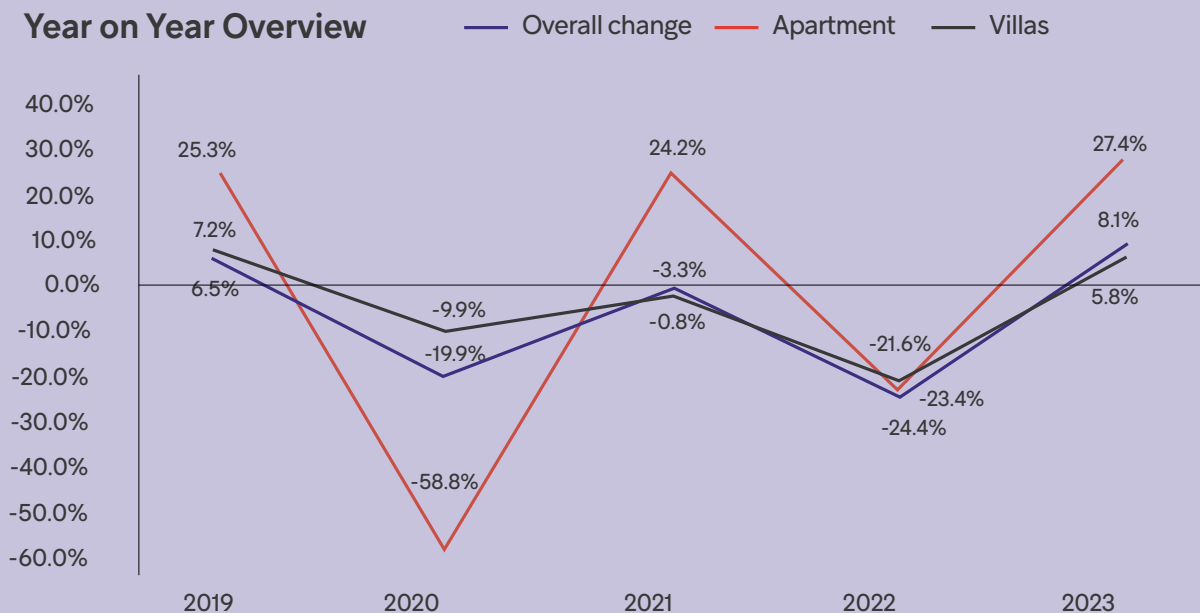


Sales Market Trends 2023

Property Finder's proprietary data revealed that The Pearl Island, Lusail City, Fox Hills, Marina District and West Bay were the top listed communities for those who wanted to own an apartment, while The Pearl Island, Al Thumama, Al Dafna, Rawdat Al Hamama and Al Kheesa, were the top preferred areas for villas either for investment or residential purposes in 2023.

Considering the overall annual performance in 2023, there's an 8% increase (all property types), which was largely influenced by the stronger performance in H1 across both apartments and villas. The year-on-year (YoY) comparison for H1 2023 shows a 12.3% increase, with apartment prices jumping by 36% and villas by 11.4%, compared to H1 2022. This marks the first year that the overall market shifted into positive growth territory after three years of negative growth.

Year on Year Overview



Sales Market Trends for Apartment 2023

The average listed price for apartments in 2023 increased by 8% compared to 2022. This was driven by the increase in the average sales price of two and three-bedroom apartments, which rose by 5.4% and 7.5% respectively, while the prices of one-bedroom apartments increased by 1%.

The average price of the apartment varied depending on the location. Lusail City witnessed around an 8% increase in the average sales price for one-bedroom apartments, followed by two-bedroom apartments which recorded a 5% increase. The surge in the average price was not exclusive to Lusail city, as Fix Hills recorded a notable ROCG, with a 6% increase for a one-bedroom apartment. While Pearl Island recorded a 4%, and 2% increase in ROCG for three, and two-bedroom apartments respectively.

Pearl Island	2022	2023	ROCG
1 Bedroom	1,639,050	1,646,717	0.5%
2 Bedrooms	2,313,651	2,356,182	1.8%
3 Bedrooms	5,420,266	5,637,821	4.0%

Lusail City	2022	2023	ROCG
1 Bedroom	1,152,152	1,248,368	8.4%
2 Bedrooms	1,665,317	1,741,288	4.6%
3 Bedrooms	2,328,402	3,000,000	28.8%

Fox Hills	2022	2023	ROCG
1 Bedroom	1,099,307	1,167,426	6.2%
2 Bedrooms	1,593,006	1,564,418	-1.8%
3 Bedrooms	2,211,356	2,227,958	0.8%



Market Trends

Sales Market Trends for Villas 2023

In 2023, there was a notable increase of 5% in the average asking price for villas, as compared to 2022. Driven by Three and four-bedroom villas which witnessed an increase in the average sales price by recording 4% and 5% respectively.

The average price of villas varied depending on the location. Al Thumama witnessed around a 9% increase of the average sales price for six-bedroom villas, While the villas which have more than seven bedrooms rose by 7%.

The surge in the average price was not exclusive to Al Thumama, as Al Dafna recorded a high ROCG, with a 14% increase for villas that have more than seven-bedrooms and a 10% increase for five-bedroom villas. Along with Pearl Island which recorded a 9%, and 7% increase in ROCG for six, and five-bedroom villas respectively.

AL Thumama	2022	2023	ROCG
5 Bedrooms	1,664,000	1,750,000	5%
6 Bedrooms	1,748,000	1,900,000	9%
7 Bedrooms	2,272,000	2,400,000	6%
7+ Bedrooms	2,700,000	2,900,000	7%

Al Dafna	2022	2023	ROCG
5 Bedrooms	2,000,000	2,200,000	10%
6 Bedrooms	3,865,000	4,100,000	6%
7 Bedrooms	5,500,000	5,700,000	4%
7+ Bedrooms	7,000,000	8,000,000	14%

Pearl Island	2022	2023	ROCG
5 Bedrooms	2,293,000	2,450,000	7%
6 Bedrooms	7,316,000	8,000,000	9%
7 Bedrooms	NA	NA	NA
7+ Bedrooms	NA	NA	NA

Market Trends

Apartment Rental Trends 2023

Qatar's rental market in 2023 experienced a general contraction, with overall rental prices decreasing by 3.4%. The apartment sector, specifically, registered a more significant decline of 6.9%.

Diving deeper into the apartment categories, one-bedroom apartments faced varying degrees of price reductions, with Al Sadd encountering the most considerable drop at 30%. Despite this, the ROI in Al Sadd remains competitive at 5.7%. Lusail City and The Pearl Island also saw declines but presented stronger ROIs, indicating continued investor confidence in these areas. The two-bedroom market also retracted, most notably in Lusail City with a 25% fall in prices.

Al Sadd, however, reported a relatively minor decrease of 4% but boasts the highest ROI among its peers at 9.1%, suggesting its resilience in the rental market.

Three-bedroom apartments continue the trend, with The Pearl Island recording a 20% dip in prices, though the ROIs are generally lower compared to one and two-bedroom units. West Bay, despite a 7% decrease, stands out with a high ROI of 9.1%, which could attract investment amidst the broader market downturn.

1 Bedroom	2022	2023	ROI
Al Sadd	8,901	6,273	5.7%
Fox Hills	7,605	6,381	6.6%
Lusail City	8,658	7,961	7.7%
Pearl Island	12,127	11,331	8.3%
West Bay	10,452	8,674	7.0%
2 Bedrooms	2022	2023	ROI
Al Sadd	7,677	7,356	9.1%
Fox Hills	9,076	7,473	5.7%
Lusail City	11,129	8,366	5.8%
Pearl Island	16,424	15,152	7.7%
West Bay	11,012	9,605	3.3%
3 Bedrooms	2022	2023	ROI
Al Sadd	8,768	7,831	NA
Fox Hills	10,244	9,415	5.1%
Lusail City	11,519	9,876	3.6%
Pearl Island	23,547	18,843	4.0%
West Bay	18,307	16,948	9.1%



Market Trends

Villas Rental Trends 2023

In the villa rental market in Qatar for 2023, we observed a mixed performance with certain areas experiencing decline while others registered growth. Overall, the average villa rental prices saw a modest decline of 1.3%, according to Property Finder's listings data.

Examining the performance based on the number of bedrooms, three-bedroom villas in West Bay Lagoon stood out with an impressive 16% increase in rental prices, contrary to the general market trend. However, Al Gharrafa experienced a significant decrease of 12%, and Ain Khaled also saw a reduction of 5%. Pearl Island's rental prices decreased slightly by 1% but still offered a reasonable ROI of 4.5%.

3 Bedrooms	2022	2023	ROI
Ain Khaled	11,223	10,608	NA
Al Gharrafa	10,347	9,149	NA
Al Waab	12,570	12,517	NA
Pearl Island	19,692	19,420	4.5%
West Bay Lagoon	20,295	23,483	NA

4 Bedrooms	2022	2023	ROI
Ain Khaled	14,063	13,855	NA
Al Gharrafa	13,225	11,480	NA
Al Waab	14,701	14,655	NA
Pearl Island	NA	NA	NA
West Bay Lagoon	30,965	28,511	NA

5 Bedrooms	2022	2023	ROI
Ain Khaled	11,875	12,397	4.0%
Al Gharrafa	13,225	11,612	NA
Al Waab	16,654	15,188	NA
Pearl Island	38,140	37,149	4.0%
West Bay Lagoon	26,773	24,819	1.9%

For four-bedroom villas, the pattern of decrease continued with Al Gharrafa marking a 13% decline, suggesting a lower demand or possibly an oversupply. West Bay Lagoon witnessed an 8% drop, contrasting sharply with its performance in the three-bedroom category.

Moving to five-bedroom villas, the picture changes slightly; Ain Khaled exhibited a 4% growth in rental prices, along with a modest ROI of 4.0%. This contrasted with the downtrends in Al Gharrafa and Al Waab, which saw 12% and 9% decreases, respectively. Pearl Island and West Bay Lagoon both faced reductions in rental prices but maintained different ROI levels, with Pearl Island at 4.0% and West Bay Lagoon at 1.9%.



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Market Watch is published by Property Finder

Aasem Abou Elezz

Senior Manager - Data & Market Insights
aasem@propertyfinder.ae

Fouad Bekkar

VP Data & AI
fouad@propertyfinder.ae

Nancy Matar

Head of B2B Marketing
nancy@propertyfinder.qa

Khaled Al Saeh

Country Manager
khaled@propertyfinder.bh