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Qatar Residential Real Estate Market - Growth, Trends, Covid-19 Impact, and Forecast (2023 - 2028)

Market Report | 2023-01-23 | 120 pages | Mordor Intelligence

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Report description:

The Qatari residential real estate market is expected to register a CAGR greater than 11.5% during the forecast period. COVID-19 has negatively impacted the Qatari residential real estate market. Many residential projects were delayed or canceled due to COVID-19. Due to the COVID-19 outbreak and the subsequent collapse of global oil prices, the country's government requested the postponement of more than QAR 29.1 billion (USD 8 billion) in unawarded contracts on capital expenditure projects in April 2020.

Key Highlights
Qatar's economy is one of the thrivings in the Middle East. High GDP growth and population influx, aided by job opportunities and government legislation, are some of the drivers propelling the country's residential real estate market forward.
The high net worth of the ordinary Qatari inhabitant, both local and expatriate, considerably impacts the construction industry, increasing the demand for luxury and well-organized residential areas.
The population growth rate, combined with a steady supply of expatriate workers, is expected to generate further demand in the medium to long term.? Over recent years, the Qatari government has adopted a series of legislative revisions aimed at preserving the rights of residential building investors in response to rising development activity in the industry.
Qatar's expanding population, along with a strong demand base and high discretionary income levels, suggests that demand for residential real estate will likely continue to climb in the near future. Despite their wealth, the bulk of Qatar's expatriate population prefers to rent rather than buy. Tightened personal credit restrictions have exacerbated the problem of low homeownership.
UrbaCon Trading and Contracting (UCC) agreed to build two residential complexes in Al Wakra, Qatar, totaling more than QAR 5 billion (USD 1.37 billion). Al Wakra, a traditional fishing village, is currently Qatar's second-largest city and home to the 40,000-seat Al Janoub football stadium, designed by Zaha Hadid; Al Wakra will be a significant destination for the 2022 World Cup.

Qatar expects this to serve as a springboard for future expansion, with high-end homes at the center of the city's development. ?Qatar's Namaa Doha Real Estate firm has broken ground on its 49 high-end villa projects in Giardino Village - The Pearl. Construction works on the residential project are progressing at a steady pace, with the project currently scheduled for completion by the end of 2022.? The project will also offer investment opportunities at 49 standalone villas, with each villa comprising two levels, a basement, and a penthouse, in addition to a private pool and parking spaces.

Qatar Residential Real Estate Market Trends

Qatar's Housing Market is Gradually Improving

Qatar's property market remains sluggish as the COVID-19 pandemic has wreaked havoc on the country's economy and finances. Despite reducing demand, supply continued to expand, resulting in dropping residential property prices. With the building of 1,700 flats and villas in Q1 2021, the total housing stock was around 304,715 units.
The Pearl, Al Dafna, Mirqab Al Jadeed, and Fereej Abdul Aziz provided 1,650 units from project handovers in Lusail (Fox Hills and Marina District), The Pearl, Al Dafna, Mirqab Al Jadeed, and Fereej Abdul Aziz.
Residential building contracts were given during the quarter in Lusail Waterfront, Marina, and Fox Hills, with 450 units expected by the end of 2022. For the remaining quarters of 2021, 6,300 units were maintained in the pipeline.
For residential properties, the median transacted ticket size was more than USD 500 million, up by 3.4% quarterly and 6.8% annually. When compared to the same period in 2020, housing transaction volumes fell by 3.3% quarterly but were 52.8% higher. Umm Garn had the most residential housing sales, and Fereej Al-Amir had the largest ticket size of all the locations. For residential buildings, 68 transactions were registered, with the biggest number of transactions occurring in Old Airport and Umm Ghuwailina. The number and value of transactions in The Pearl and West Bay Lagoon declined by 6.8% and 11.7% yearly in the first two months of 2021, respectively. Apartments in The Pearl sold for an average of USD 4200 per square meter.
In October 2021, the total number of properties sold increased by 2.8%, while the value of real estate sold increased by 28% over the previous year. By the end of 2022, 13,500 residential units are expected to be added to the Qatari market.
This follows the addition of 580 residential units in the fourth quarter of 2021. Fifteen mixed-use buildings in The Pearl, apartment and mixed-use buildings in Qetifan North, 1,700 villas in Furjan Wadi Lusail, Al Yussum townhouses, 2 in Yasmeen City Lusail, and Milos apartment complex in Legtafiya are among the latest developments.
Prices climbed in a number of places from H1 2020 to H1 2021, including Lusail City (from USD 3173 per sq. m to USD 3400 per sq. m) and West Bay (from USD 2900 per sq. m to USD 3200 per sq. m), owing to the completion of new high-rise units. Lusail is becoming a favorite choice for apartment investors, and demand continues to rise.

Residential Rents Continue to Fall in Qatar, Increasing Occupancy Rate

Qatar's rental market has become more stable as a result of increased demand linked with hosting a worldwide event such as the FIFA World Cup in 2022. The median monthly asking rent for residential units fell 1.8% quarter-over-quarter and 5.7% Y-o-Y. Compared to apartment rents, which underwent dramatic declines during 2020, villa rents continue to decline slowly. Apartments had a median monthly asking rent of USD 1727, down by 1.9% quarterly and 6% annually.
Three-bedroom apartments saw the greatest quarterly rent decreases, up to 5.3%. West Bay, Fereej Bin Mahmoud, and Al Mansoura saw the biggest quarterly rent cuts, ranging from 3.5% to 5%.
The median monthly asking rent for villas was USD 2800, down by 1.2% quarter-on-quarter and 3.9% Y-o-Y. Rents for three-bedroom villas dropped the most in the quarter, by up to 2.8%. Rentals in Al Aziziya and Ain Khaled compounds fell by an estimated 3.3% from one quarter to the next. One-, two-, and three-bedroom apartments at The Pearl had average monthly

asking rents of USD 2120, USD 3300, and USD 4100, respectively.
The demand for villa rentals in Qatar remains high, although prices have come down as a result of the influx of new units. In the first half of 2021, prices in Abu Hamour and Ain Khaled declined by USD 278 compared to the first half of 2020, while prices in Al Thumama fell from USD 3548 to USD 3000 during the same period.
However, median advertised prices have risen in regions like Al Messila and Al Soudan, where contemporary luxury units are available. In places like Al Muntazah, Al Wakair, and Al Muraikh, landlords and owners are offering 'grace periods' and 'free months' incentives, which could be the reason for price stagnation.

Qatar Residential Real Estate Market Competitor Analysis

There is huge competition between residential real estate companies in Qatar. The market is dominated by a few players. The sales proportion of residential real estate properties through online channels has consistently grown, owing to the rising internet penetration, growing demand, increasing personal disposable incomes, surging middle-class youth population, and opportunities offered by government infrastructure investments.

Foreign investment in Qatar's residential real estate market is estimated to increase in the coming years, as non-Qataris may invest in selected real estate projects, such as the West Bay Lagoon and The Pearl. Major real estate players in the market are Al Mana Real Estate, United Development Company, Qatari Diar Real Estate Company, Ezdan Holdings, and Barwa Real Estate Company.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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