

## **Oman Luxury Residential Real Estate Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 150 pages | Mordor Intelligence

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### **Report description:**

The Luxury Residential Real Estate Market in Oman is expected to register a CAGR greater than 6% during the forecast period (2022 - 2027).

COVID-19 had impacted the Oman luxury residential real estate sector, as this sector in Muscat experienced declined demand due to pandemic restrictions. Despite the disruption, now the market is in the recovery phase. The luxury residential real estate market is experiencing significant growth, such as the potential growth of the hospitality and travel sector due to relaxed restrictions and vaccines rolled out.

The Hay Al Naseem project, the first of the integrated Villa housing developments in Oman being developed under Al Souruh, will serve as a broad model for the new developments. Hay Al Naseem is spread across 350,000 square meters. It functions as a mixed-use development with apartments, villas and townhouses, commercial facilities, public spaces, and recreational services.

Omran and Saraya Holding Oman, Muscat's premier resort village, is currently developing a residential project under the name of Muscat Bay. This is a natural, peaceful place that will be home to 435 exclusive residential units that combine attractive waterfront and mountainside views with easy access to modern amenities. In addition, two five-star hotels will form the major leisure components of Muscat Bay, providing guests with a luxurious retreat where the mountains meet the Arabian sea.

Oman Luxury Residential Real Estate Market Trends

Increasing Expatriates Demand for Furnished Properties Particularly Luxury Homes

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While the Omani population has continued to grow steadily, expatriate numbers started to drop gradually. The expatriate population has started to stabilize over recent months, but there is the potential for further reductions in numbers due to the long-term economic impacts of the pandemic and a growing focus on Omanisation of the workforce, particularly for white-collar positions.

Oman's National Centre for Statistics and Information (NCSI) has revealed that the country's expatriate population has been on the rise since October 2021. There were 1,634,357 expatriates in Oman as of October 1, 2021, a decline from 1.64 million in September and 1.68 in August of last year. But since then, the ex-pat population in the country has been steadily increasing, rising from 1,657,055 in November of 2021 and climbing to 1,688,461 in December last year.

Current evidence is that there is a significant and growing supply/demand imbalance while many of the luxury residential units developed over recent years have been ill-considered in terms of location, design, quality, and/or target market. The proportion of well-considered, good-quality, as a result of the supply and demand mismatch, average rental values have been consistently declining across the city. Villas generally performed slightly better, with average reductions of 20% to 30% over the last 18 months. The more limited supply of villas/townhouses in the more exclusive locations of Shatti Al Qurum, Muscat Hills, and Al Mouj showed the most resilient performance due to restricted supply relative to good demand.

The average rental values have dropped by a further 10% to 15% over the last 18 months, while the increasing tightening of tenant budgets and growing focus on value have resulted in more marked drops of 15% to 25% for average villa rental values. The exception to these trends has been the more robust performance of the limited supply of high-end villas at Al Mouj and Muscat Hills, which have experienced a more moderate drop of around 10% in average rental values since the start of 2020 and have remained relatively stable in 2021.

#### Increase of Luxury Residential Properties

Eagle Hills Muscat, a joint venture between Eagle Hills Abu Dhabi and Ezz International, has launched a new sales center in the Sultanate of Oman as demand for premium brand housing units continues to rise in the Sultanate. The Sultanate of Oman's first luxury brand residences, as well as the region's first "Residences at Mandarin Oriental" project, was created to provide a five-star lifestyle. It is located in the center of Muscat along Shati Al Qurm. The project provides an aesthetic touch to the original qualities of the site by its synergy with the spirit of Muscat, whether in the city's general scale or its minute nuances, thanks to its unique design.

Despite fluctuating oil prices and the impact of the coronavirus pandemic continuing to threaten Oman's economy and real estate sector, Al Mouj Muscat has stated that there remains demand for ultra-luxury properties. The debut of the development's latest ultra-luxury gated community, Golf Beach Residences, a collection of six-bedroom villas and mansions within the integrated tourism complex, was met with "great demand," according to Arabian Business. The 19 villas are being introduced in the Shatti District's northern sector of Golf Beach Residences, flanked on each side by the St Regis Hotel, which is set to open at the end of 2022, and the Kempinski Hotel, which is currently open. Murooj Lanes, an 'entry level' property, was launched in Q4 of 2020, and roughly 300 flats were sold out in 48 hours, demonstrating significant demand.

Expatriates over the age of 23 can purchase housing units in multi-story residential and commercial buildings under the usufruct system for 99 years if they hold a valid residence permit for at least two years at the time of application. The usufruct purchase system, according to a document issued by the Ministry of Housing and Urban Planning, includes the right of the expatriate to own the housing unit in person or in partnership with first-degree relatives, the ability to obtain financing with the real estate unit as collateral, the ability to sell the residential real estate unit after four years, and the right to transfer the right of usufruct after death to the legal heirs.

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## Oman Luxury Residential Real Estate Market Competitor Analysis

The Oman Luxury residential real estate market is fragmented with many players. Some of the major players in the market are AL Hudu Real Estate Oman, Aqwaas Real Estate, Tibiaan Properties, Saraya Real Estate, Savills Oman - Muscat, etc. The growing presence of international funds and foreign capital is increasingly attracting domestic developers to have joint ventures to gain a foothold in the country and enhance their financial strength and management expertise.

Additional Benefits:

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

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