



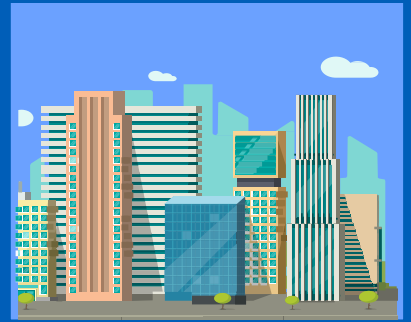
# Real Insights Qatar

**Real estate rental market in Qatar is becoming more tenant-favorable**

**H1 2019**

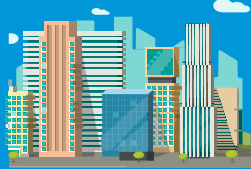
November 2019

[home.kpmg/qa](http://home.kpmg/qa)



# Market Highlights

## Commercial Office Sector



2 percent

Rental decline in H1 2019

Smaller suites and serviced office space are witnessing an uptick in demand as they become more affordable.

## Residential Sector



3.6 percent

Rental decline in H1 2019

Vacancy levels in catchments catering to affordable segment, especially, in the south of Doha has seen an upward trend. The premium locations can be seen receiving positive demand due to increasing affordability and price corrections.

## Retail Sector



2 percent

Rental decline in H1 2019

The high-end malls of Qatar are receiving active demand from luxury retailers, resulting in stable outlook on the retail rental sector.

## Hospitality Sector



5.7 percent

Increase in total number of visitor arrivals to Qatar in H1 2019 compared to H1 2018

Average Room Rate across hotels and hotel apartments experienced a marginal decline in H1 2019, while Occupancy and RevPAR observed an overall increase.

# Commercial office sector



Vacancy rate in the major commercial districts of Doha have been increasing as new supply comes online and demand continues to remain subdued. According to KPMG's Office Rental Index (K-ORI), the overall office rentals in Qatar witnessed a further drop from 78 index points in Q2 2018 to 72.0 index points in Q2 2019.

The initial two quarters of 2019 witnessed a marginal drop of 2 percent in the rental index compared to a 5 percent drop during the last two quarters of 2018. This is because landlords do not necessarily see increase in demand for any further reduction in the rentals.

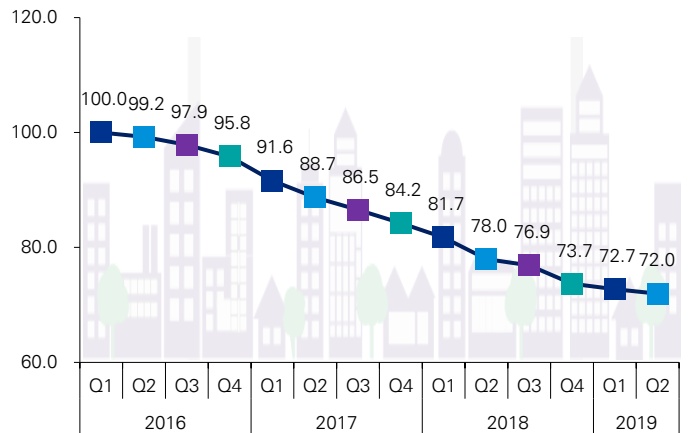
Turnkey developments, particularly, smaller suites and serviced office space are witnessing an uptick in demand as they become more affordable and many businesses can be seen relocating in search of better deals.

Tenants can be seen negotiating further on the lease terms, particularly, for 'bare shell and core' office space. This has resulted in owners agreeing to provide fit-out based on the tenant's requirement, but on the understanding that the tenant guarantee a lock-in period. Such discussions were observed primarily for large space commitments.

### Commercial office supply

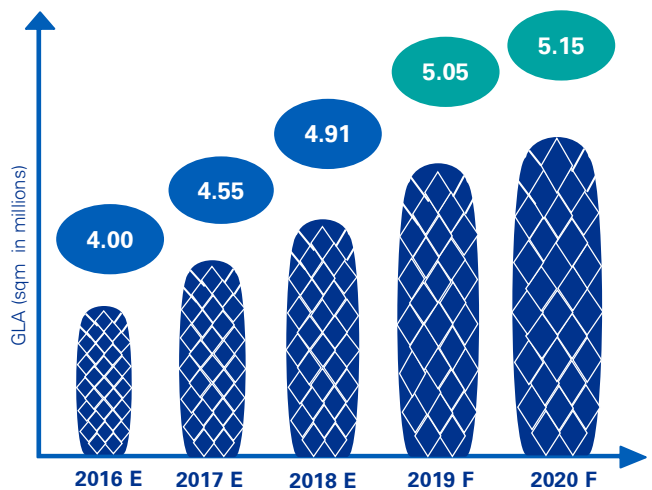
The total leasable stock is estimated to touch 5.0 million sqm by end of 2019, with grade A office buildings constituting to approximately 50 percent of the total commercial office developments in Qatar.

### KPMG - Office Rental Index (K-ORI)



Source: KPMG Qatar Real estate Rental Index Q2 2019

### Estimated current stock and future supply (2016 E – 2020 F)



Source: KPMG Market Research and Assessment

Lower than expected levels of office supply was delivered, which could be attributed to delays in construction. Smaller suites and serviced office space are witnessing an uptick in demand as they become more affordable and many businesses can be seen relocating in search of better deals. Going forward, with the government introducing initiatives such as 100 percent FDI in several sectors, we expect demand for office space, especially the smaller suites to strengthen over the middle term.



Source: KPMG Qatar Real estate Rental Index Q2 2019

E - Estimate

F - Forecast

## Central business district

The central business district in Qatar comprises of West Bay, which is predominantly a Grade-A office location and the latest entrant, Msheireb Downtown Doha, which is nearing completion and has started the leasing activity .

As of H1 2019, the total Grade A office stock in West Bay is estimated at over 1.60 million sqm. Future supply in the form of QP District, QIMC Tower and Burj Al Mana Tower will increase total supply in the district to more than 1.70 million sqm by 2020.

KPMG estimates the overall occupancy across the West Bay micro-market to be in the range of 55 - 60 percent with a vacant stock of approximately 0.64 million sqm. Average asking office rentals in the West Bay micro-market range from QAR 95 to 130 per sqm per month for larger units and QAR 140 to 160 per sqm per month for smaller units.

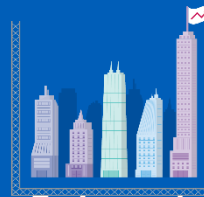
Msheireb Downtown Doha is more than 90 percent complete and expected to be ready by 2020. The development has actively started leasing the office spaces in 17 commercial buildings adding up to 193,000 sqm of commercial office space with the monthly rentals in the range of QAR 125 to QAR 150 per sqm per month.

Leasing activity in the central business district of Doha continues to remain subdued. The reduced rentals and attractive incentives are generating new demand for turnkey developments such as smaller suites and serviced office space in West Bay.

We have also noticed landlords offering 2 – 3 months rent free period and providing fit-outs based on the tenant's requirement, typically, for longer lease commitments.

H2 2018 saw Gulf Drilling International Ltd relocating its operations to Gate Mall (Tower-3) and Qatar Gas occupied few floors in Gate Mall (Tower-2).

Msheireb Properties announced the moving of QNB to Msheireb Downtown Doha.



Estimated  
current stock  
West Bay

~1.60  
mn sqm

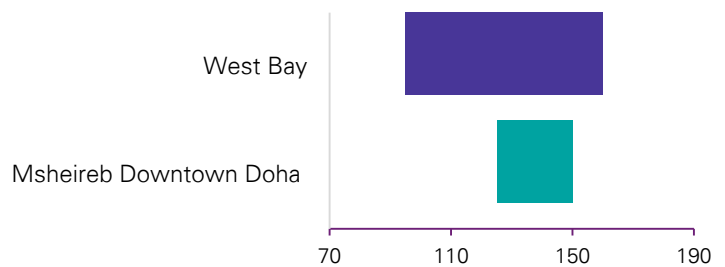
Average  
occupancy  
across  
West Bay



Monthly asking  
rentals  
West Bay

95 - 160  
QAR/sqm

### Median asking rentals for central business districts (QAR per sqm)



Source: KPMG Market Research and Assessment





**Average  
occupancy  
across SBD**

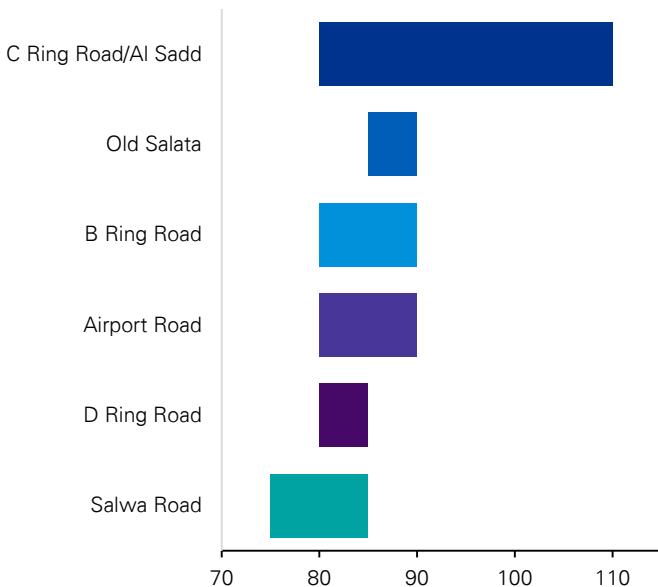


**Monthly asking  
rentals SBD**

**75 - 110**

**QAR/sqm**

**Median asking rentals for secondary business districts (QAR per sqm)**



Source: KPMG Market Research and Assessment

**Secondary business districts**

Most of the developments in the secondary business districts (SBD) of Qatar lean heavily towards the Grade B category with few Grade A office developments concentrated in Al Sadd.

H1 2019 saw addition of approximately 35,000 sqm of office spaces largely in the form of multi-tenant buildings offering small to medium unit sizes, along with the option to lease entire buildings.

As of H1 2019, occupancy levels in secondary business districts ranged between 60 - 65 percent.

The overall decline in rentals in the prime commercial district, West Bay, has impacted the demand for office spaces in the secondary business districts. However, there has been a marginal uptick in the absorption especially by local firms and small players opting for office space in these areas. Developments offering mixed-use components are witnessing a surge with health and fitness providers and shopping centers generally leasing larger space.

Rentals in these areas have experienced a decline by approximately 8 percent between H1 2018 and H1 2019 and is expected to maintain this trend over the short to middle term.

As per our research, a majority of recent office leasing transactions reflect monthly rentals from QAR 75 to QAR 110 per sqm per month, along with attractive incentives of rent-free periods ranging between 3 to 6 months plus fit-outs, typically for large space commitments and longer lease periods.



## Peripheral business districts

The peripheral business districts (PBD) in Qatar primarily comprises of Lusail and Al Wakra micro markets.

H1 2019 experienced new additions to Qatar's office supply, predominantly, in the form of Grade A commercial office buildings. Lusail City led the way with launch of Grade A office buildings in Marina District and Energy City.

In H1 2019, Lusail's Marina District added approximately 125,000 sqm of Grade A commercial office space. Occupancy levels average between 40 to 45 percent and the asking monthly rentals are in the range of QAR 90 to QAR 100 per sqm along with incentives such as 3 -6 months rent free period

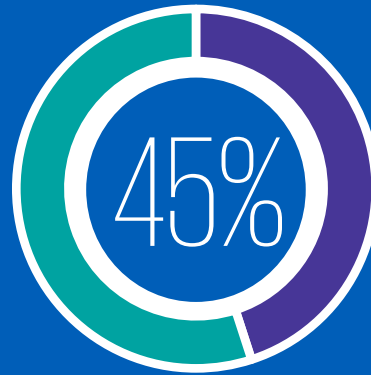
Al Wakra, located towards the south of Doha, is predominantly a Grade B commercial office location. The location typically offers office space of smaller floor plates and witnessed a drop in the overall rentals by around 10 percent between H1 2018 and H1 2019. Asking rentals are in the range of QAR 70 to QAR 80 per sqm per month with overall occupancy dropping to 60 percent from 70 percent as recorded in H1 2018.

In a latest development, Ezdan Real Estate launched a new promotional campaign offering 15-month rent-free on 500 commercial units at Ezdan Oasis, in Al Wukair, targeting primarily small and medium-sized enterprises in Qatar.

## Major transactions

Lusail experienced a sale of an under-construction mixed-use development having commercial and retail component for an amount of QAR 26.5 million. The building is being built on a plot area of 4,000 sqm.

Al Dafna experienced a commercial office tower built on a plot area of 4,000 sqm being sold for approximately QAR 450 million.



**Average  
occupancy  
across PBD**

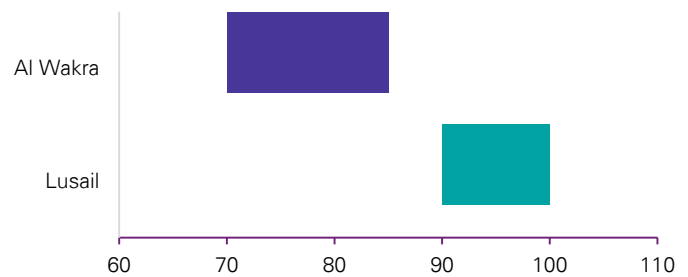


**Monthly asking  
rentals PBD**

**70 - 100**

**QAR/sqm**

## Median asking rentals for peripheral business districts (QAR per sqm)



Source: KPMG Market Research and Assessment

### NOTE:

- Rental rates for commercial office space across all business districts vary depending on the size, location, visibility, fit-outs (core shell, furnished suites, semi furnished suites etc) and other related factors.
- Currently, Lusail is being considered under peripheral business district, however, going forward as the market matures it will be a part of the central business district.



# Residential sector





The initial two quarters of 2019 witnessed a 3.6 percent drop in the residential rental index compared to a 4.5 percent in the last two quarters of 2018. The current drop is mostly led by the villa category (catering to middle and affordable segments) experiencing a drop in the rental index by approximately 8 percent.

The apartment segment witnessed a decline of approximately 6 percent during the same period. The high-end segment (villas and apartments combined) witnessed a drop of 5 percent particularly in H2 2018.

Over the last two quarters, vacancy levels in catchments catering to affordable segment, especially, in the south of Doha has seen an upward trend. This is primarily due to the movement of tenants to the central parts of Doha in search of better deals.

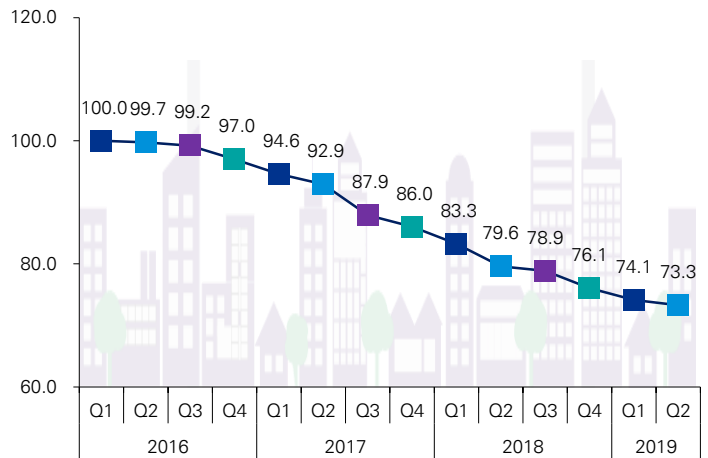
### Supply scenario

As of 2019, the total residential stock in Qatar is estimated at approximately 331,000 units, adding approximately 20,000 units by this year end. This will be a ~ 25 percent increase in the total number of residential units delivered in 2018.

As of H1 2019, a total of 10,500 units are estimated to be completed with approximately 9,500 units expected to come online by the year end. Majority of supply is coming in the form of residential apartments primarily concentrated in Lusail, The Pearl and Al Wakrah.

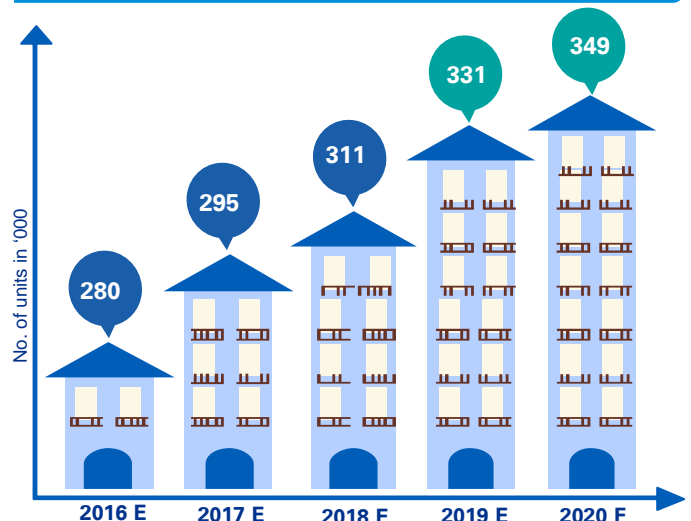
As per KPMG research, Qatar is expected to add a further 18,000 units by the end of 2020, taking the overall number of residential units to approximately 349,000.

### KPMG - Residential Rental Index (K-RII)



Source: KPMG Qatar Real estate Rental Index Q2 2019

### Qatar residential market (Current stock and future supply) 2016 E – 2020 F



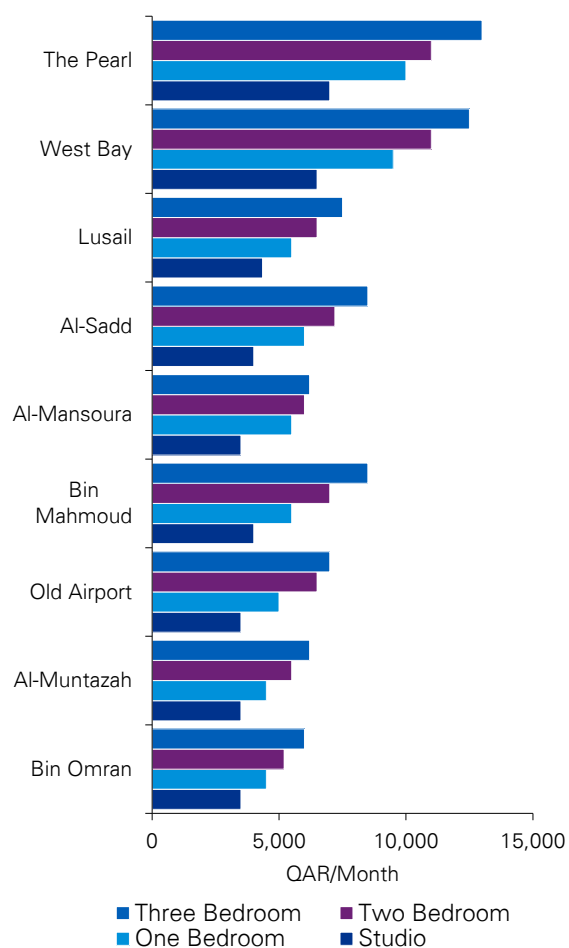
Source: KPMG Market Research and Assessment

Over the last two quarters, vacancy levels in the affordable segment catchment, especially, in south of Doha has seen an upward trend. This is primarily due to the movement of tenants to the central parts of Doha in search of better deals.

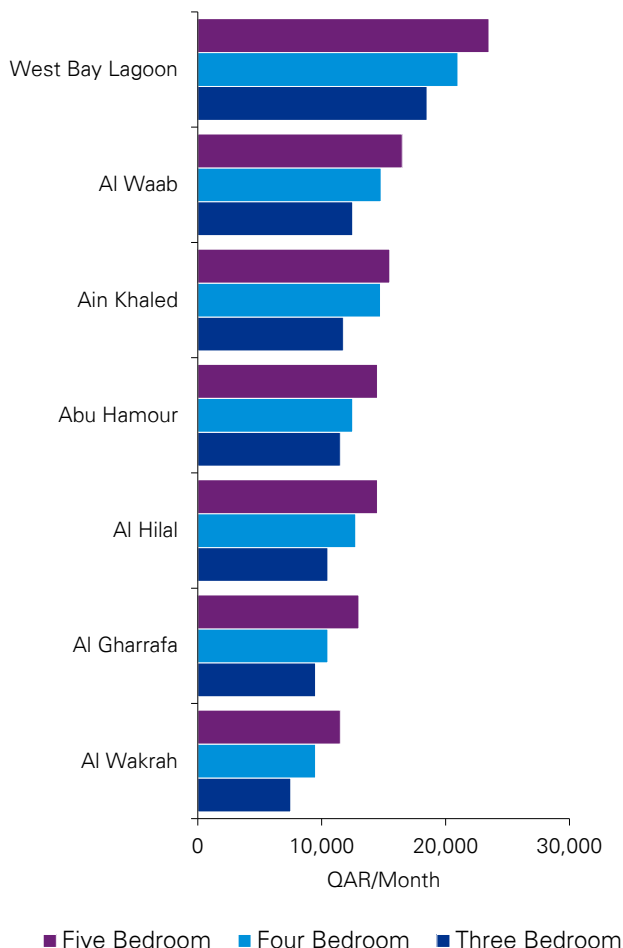
Developers/landlords offering incentives such as 1 or 2 months rent-free has become the norm. This has reflected positively on occupancy and making the residential market, especially, the high-end segment more affordable.



### Median asking rentals for apartments



### Median asking rentals for villas



Source: KPMG Market Research and Assessment

## Rental trends

Average rentals for residential properties in Qatar declined by approximately 15 percent between H1 2018 and H1 2019. This was largely due to a weak demand on the back of limited population growth and a significant increase in supply of residential units.

Residential market catering primarily to the high-end residential housing demand, such as West Bay, The Pearl, West Bay Lagoon, Al Waab, Al Baaya and Abu Hamour, witnessed a decline in the overall asking rentals by approximately 15 - 18 percent between H1 2018 to H1 2019.

Large supply of residential projects expected to come online by the end of 2019, especially in Lusail and The Pearl Qatar, is likely to put further pressure on asking rentals if not met by demand.

Asking rentals for the popular mid-income housing pockets, namely, Al Sadd, Al Hilal, Old Airport, Al Mansoura, Al Muntazah, Najma, Umm Ghuwailina and Legatifiya experienced an overall fall of approximately 10 percent since H2 2018 and are now showing signs of stabilization.

The affordable housing areas that primarily cater to low to mid-income housing segments such as Al Wakra, Muaither, Al Aziziya and locations close to the Industrial Area experienced decline in rentals of 10 - 15 percent between H1 2018 and H1 2019.



## Major transactions

Overall transaction activity remained subdued, however, there were a number of big-ticket transactions reported. An under-construction residential tower built on a plot area ranging between 5,000 - 5,200 sqm was sold in Lusail's Marina District for approximately QAR 31 million.

Another residential building built on an area of 2,625 – 2,650 sqm along the Rawdat Al Khail St was sold for QAR 200 million.

## Recent launches

In H2 2018, Msheireb Properties announced the launch of their first residential tower with 72 apartments, 'Wadi One'.

Al Asmakh Real Estate Development Company released Lusail 1 project to the market in the last quarter of 2018. Located in Lusail City, the project consists of 110 housing units with a lounge area and includes attractive features and advanced services with the latest technology.

The Beverly Hills Lusail project, which is the largest residential complex in Lusail with a 115,000sqm entertainment area reached completion in H2 2018 and is available for leasing. The project consists of 114 villas, in addition to 20 residential buildings of 320 housing units.

H1 2019 saw a number of new residential apartment projects reaching completion primarily catering to mid-income housing segment. Buzwair Holding released a residential building in Al Muntazah and a villa compound in Old Ariport.

SAK Group also launched a residential Building in Al Sadd and are receiving active demand from end-users. ABJ Group announced the leasing for Noura Park Residence in Bin Mahmoud. Doha al Jadeed also added two new residential multistorey buildings that are up for lease and are offering fully-furnished suites.

H1 2019 saw a series of announcements, especially, from the large real estate players in Qatar. United Development Company (UDC) earmarked QAR5.5 billion to be invested over the next five years for existing and planned projects in The Pearl-Qatar and its latest real estate project, Gewan Island. The budget will also be utilized for key developments, such as the Giardino Village, Al Mutahidah Towers, and Floresta Gardens.

UDC also revealed the construction of United School International and a golf course inside Giardino Village, as well as a 100 to 150-bed hospital.

UDC also announced the sales launch for 10 tower plots in Floresta Gardens. The land plots on sale cover medium-rise residential towers, each consisting of 15 floors and approximately 125 to 140 residential units in each tower. Each land plot spans an area of 3,500 sqm with built-up area ranging between 37,000 sqm and 41,000 sqm per plot. All 10 plots offer distinctive waterfront views, attracting potential investors.

On the affordable housing front, Barwa Real Estate Company announced the completion of its new labour city project along Salwa Road. Built on a budget of QAR 1.29 billion, the project offers 3,170 residential houses.





## Major announcements

### Regulation of non-Qatari ownership and use of real estate

The Cabinet approved a draft resolution of the Council of Ministers determining the areas and places in which non-Qataris are allowed to own and use real estate. The resolution comes in implementation of Law No. (16) of 2018 on the regulation of non-Qatari ownership and use of real estate.

In accordance to the law, non-Qataris can have freehold ownership of property in 10 areas while 16 areas have been identified where they can use real estate for 99 years. Foreigners can use the properties commercially or residentially, transfer the lease to another party, and sublet or rent.

### SCDL invites property owners and developers to submit expressions of interest in providing residential accommodations

The Supreme Committee for Delivery & Legacy (SCDL) invited property owners and developers to submit expressions of interest in providing residential accommodations for lease for a period of 12 to 18 months during the FIFA World Cup 2022.

Owners are expected to provide fully furnished residential units along with shuttle bus service if their units are situated more than 1km from public transport nodes.

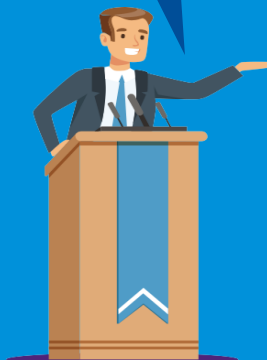
## Areas for non-Qatari ownership and use of real estate determined

### Freehold ownership areas are:

- West Bay (Zone 66)
- The Pearl-Qatar (Zone 66)
- Al Khor Resort (Zone 74)
- Rawdat Al Jahaniyah (investment area)
- Al Qassar (Zone 60)
- Al Dafna (Zone 61)
- Onaiza (Zone 63)
- Al Wasail (Zone 69)
- Al Khraij (Zone 69)
- Jabal Theyleeb (Zone 69)

### The areas where non-Qataris can use real estate for 99 years are:

- Msheireb (Zone 13)
- Fereej Abdelaziz (Zone 14)
- Doha Al Jadeed (Zone 15)
- New Al Ghanim (Zone 16)
- Al Refaa and Old Al Hitmi (Zone 17)
- Aslata (Zone 18)
- Fereej Bin Mahmoud (Zone 22)
- Fereej Bin Mahmoud (Zone 23)
- Rawdat Al Khail (Zone 24)
- Mansoura and Fereej Bin Dirham (Zone 25)
- Najma (Zone 26)
- Umm Ghuwailina (Zone 27)
- Al Khulaifat (Zone 28)
- Al Sadd (Zone 38)
- Al Mirqab Al Jadeed and Fereej Al Nasr (Zone 39)
- Doha International Airport area (Zone 48)



# Retail sector



After maintaining a stable outlook for more than a year, mall rentals have started to feel the heat. As per KPMG – Mall Rental Index (K-MRI), Q3 and Q4 2018, particularly, experienced a decline by 2 percent on the rental index and this is reflective of the increased supply along with growing vacancy in the market. This decline has resulted in many anchor tenants negotiating the lease terms and acquiring better deals as the competition in the sector intensifies.

However, the retail prices throughout H1 2019 remained relatively stable. Some major malls that are yet to come online have kicked-off their leasing exercise and are wooing large retailers with varied leasing options. The market is also witnessing active demand from luxury retailers in the high-end malls of Qatar, which has resulted in maintaining stable outlook on the rental index.

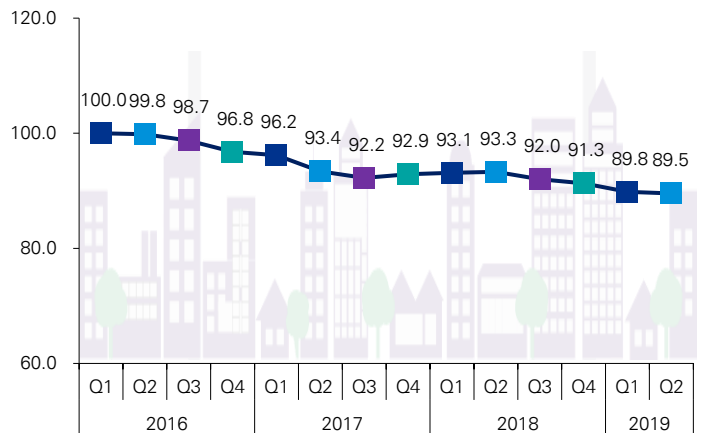
### Supply scenario

Total cumulative retail stock in Qatar in 2019 is estimated at approximately 3.28 million sqm (inclusive of organized retail malls & other unorganized formats\*), of which, malls, constitute approximately 57 percent of the total share, ie; 2.09 million sqm, distributed across 32 malls.

H1 2019 experienced the opening of Doha Souq Mall by Al Bandy Real Estate in Al Mirqab Al Jadeed. The mall spans over a land area of 15,000 sqm and offers a gross leasable area of 26,000 sqm.

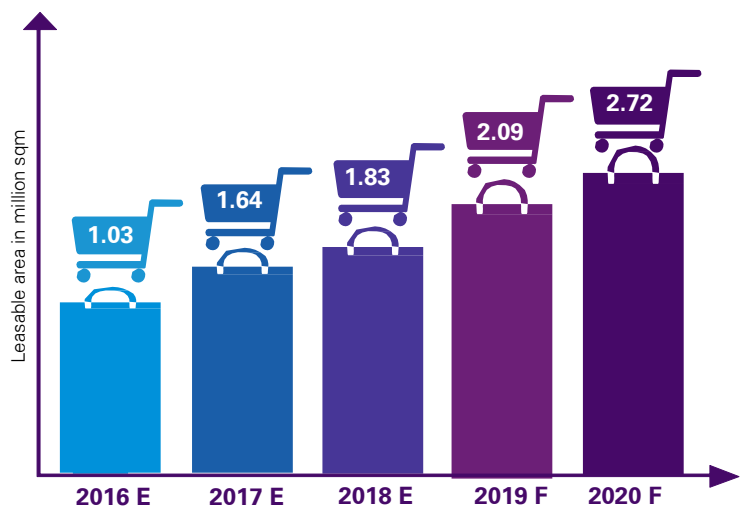
\*Other formats include the retails spaces within the prominent commercial office towers, Traditional souqs, High-street retails and hyper markets

### KPMG - Mall Rental Index (K-MRI)



Source: KPMG Qatar Real estate Rental Index Q2 2019

### Total organized retail mall supply (2016 E – 2020 F)



Source: KPMG Market Research and Assessment

High-end malls in Qatar are witnessing active demand from luxury retailers, which has resulted in maintaining stable outlook in the retail rental sector.

Over the short to middle term, we foresee the mall rental index to experience a further decline. However, this can be mitigated if upcoming new malls and the existing malls are able to attract and retain leading franchisees and attract new retail brands.



Source: KPMG Qatar Real estate Rental Index Q2 2019

E - Estimate

F - Forecast

Katara Cultural Village, Qatar's iconic hub of art, culture and entertainment, added more attractions by introducing the luxury shopping mall last year. As a part of the southern expansion project, H1 2019 witnessed the opening of the planetarium occupying an area of 2,240sqm. Katara Plaza Mall also saw the opening of internationally renowned luxury department store Galeries Lafayette.

The Galleria at Msheireb Downtown Doha, offering approximately 45,000 sqm retail space with over 100 stores along with a cinema multiplex, is expected to open by end of this year. Northgate Mall at Umm Salal Mohammed have postponed their launch and are expected to open the doors in the second half of 2019.

Al Mana Malls unveiled plans to open Doha Mall in February 2020. Strategically located in Abu Hamour, Doha Mall is built on a plot of 125,000 sqm with a total of 270,000 sqm built up area to produce around 100,000 sqm of gross leasable area and serviced with over 3,500 parking spaces. Doha Mall will be home to more than 250 retail stores, with over 14 anchor stores, a new FLiK Cinemas concept with 12 screens, family entertainment hub and a wide range of dining options. The mall has kicked-off the leasing activity and is attracting a number of renowned brands such as Centrepoint, Home Centre, Max Fashion, Shoexpress, Steve Madden and a flagship store by Lulu to name a few.

Another mega-retail development, The Place Vendome at Lusail is expected to be completed by 2020, which will further increase the supply of organized retail space in Qatar.

### Recent activity

Qatar Summer Festival, which kicked off during Eid al-Fitr in H2 2018, attracted more than 110,000 visitors with 12 participating malls and nearly 50 four and five-star hotels offering promotions on room rates as well as offers for beach and pool access, spa treatments and weekend brunch menus.



**Current stock  
(Retail malls)**

**~1.95  
mn sqm**



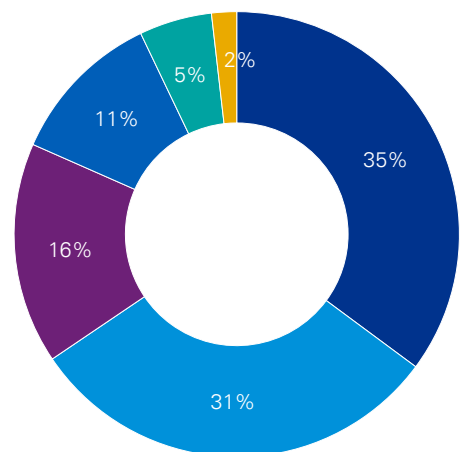
**Average  
occupancy  
across  
retail malls**



**Median asking  
mall rentals**

**150 - 260  
QAR/sqm**

### Organized retail malls across major markets



■ Doha ■ Al Rayyan ■ Umm Salal ■ Lusail ■ Al Wakra ■ Al Khor

Source: KPMG Market Research and Assessment



Source: KPMG Market Research and Assessment

This year, Qatar National Tourism Council (QNTC) announced 'Summer in Qatar' festival which was held between 4 June and 16 August 2019.

As a part of the festival about nine participating malls, which includes Doha Festival City, Mall of Qatar, Lagoona Mall, Landmark Mall, Gulf Mall, Tawar Mall, Al Khor Mall, Hyatt Plaza and Al Mirqab Mall, offered a number of promotions and entertainment activities.

Giving boost to the entertainment-centric options in the Qatar, Doha Festival City entered in a partnership with the leading global entertainment brand, Cartoon Network, and Invent, the in-mall entertainment provider. The partnership will offer a range of family entertainment options including live shows, activity zones and augmented reality pods.

As part of its expansion strategy, Al Meera Consumer Goods Company announced the opening of its new convenience stores 'MAAR' at two newly opened Qatar Rail stations.

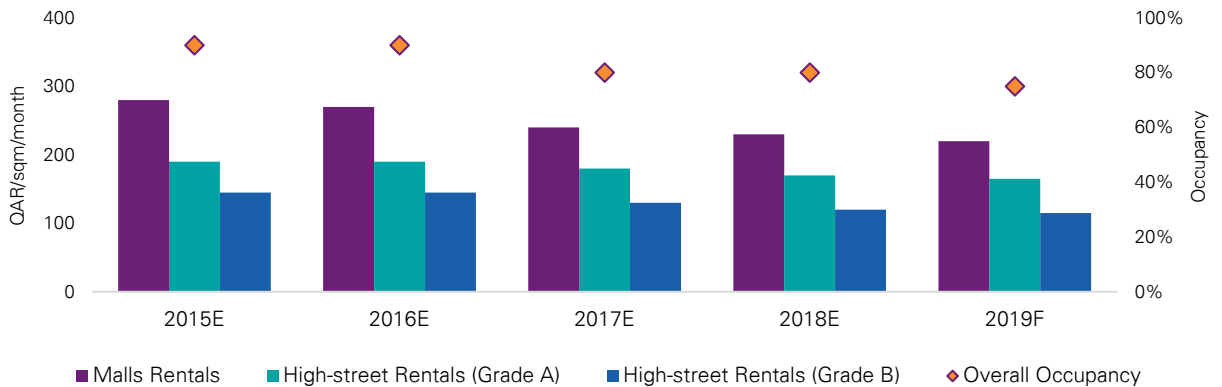
Qatar Development Bank (QDB) announced the winners for Al Furjan Markets Phase 1 raffle draw for 45 retail spaces. QDB will also offer 350 retail shops during the first half of 2019 through same raffle draw system under Al Furjan Markets' project. For Phase 1 of the Al Furjan markets project, QDB witnessed an overwhelming response by receiving 13,266 applications.

Mall of Qatar announced that they are in the final stages of planning for the expansion project as part of efforts to serve Qatar's growing retail segment and to help boost tourism in the country. The expansion work will begin in 2019 and is expected to be completed before 2022.

\*Malls offering net leasable area (NLA) of more than 20,000 sqm



## Estimated Occupancy and Median asking rentals in Qatar (QAR per sqm per month of Leasable Area)



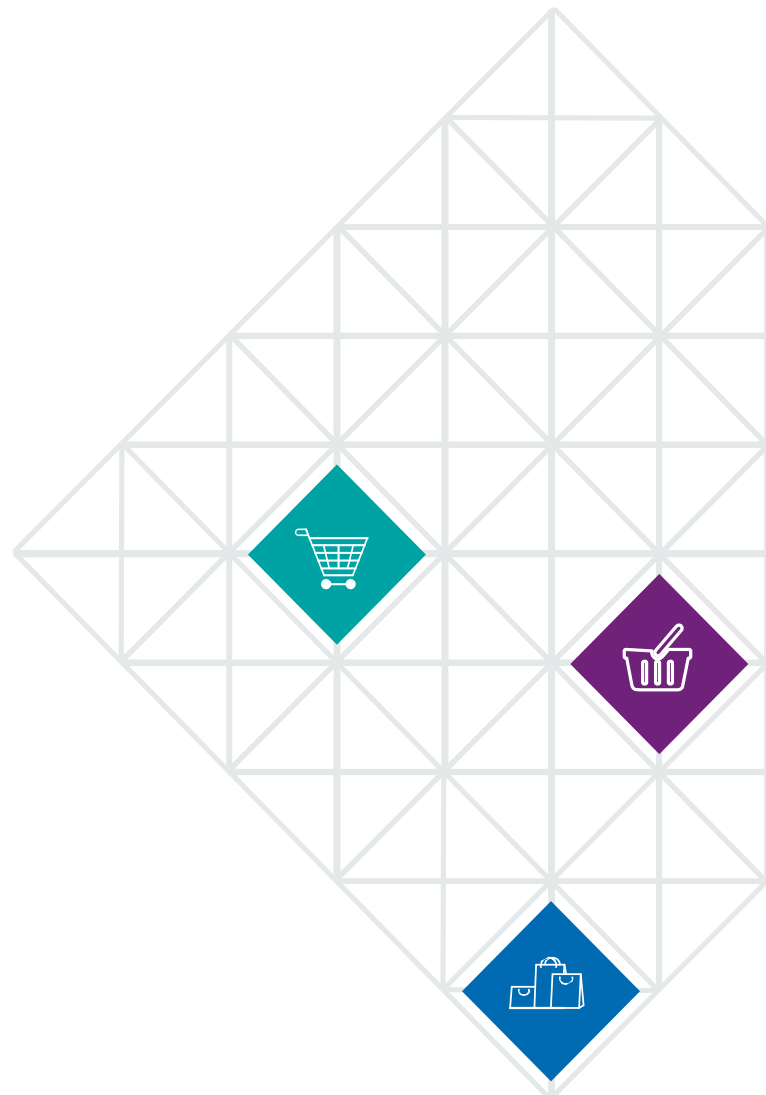
*Source: KPMG Market Research and Assessment*

### Mall rental trends

Overall occupancy in the organized retail segment in Qatar currently averages at 75 percent. Retail establishments operating at an occupancy of 80 percent and above such as City Center at West Bay, Landmark in Al Gharaffa, Villaggio in Al Waab and Doha Festival City in Umm Salal Mohammed command premium rentals.

For Anchor tenants the median asking rentals range between QAR 55 – 70 per sqm per month. For Vanilla tenants, the median asking rentals are in the range of QAR 220 – 320 per sqm per month. The same for smaller organized formats such as The Mall along the D-Ring Road, Al Asmakh Mall, Al Khor Mall in Al Khor, Dar Al Salam Mall in Abu Hamour range between QAR 150 to QAR 210 per sqm per month.

Upcoming malls that have kicked-off the leasing activity can be seen commanding monthly rentals at least 15 – 20 percent lower than the asking rentals of established retail malls in Qatar. This is primarily due to the increasing competition and need to attract the local and international retail franchisees.



**NOTE:**

- Rental rates for retail mall developments vary depending on the size, location, visibility, frontage, floor level and brand position.
- For single retail brands the quoted rentals are of higher range.
- Food court rentals may vary depending on the size and type of the outlet.

# Tourism and hospitality sectors



## Visitor arrival and passenger movement

According to MDPS, number of visitor arrivals to Qatar reached ~ 1.05 million during the initial six months of 2019, representing an increase of approximately 11 percent from 992,689 recorded in H1 2018.

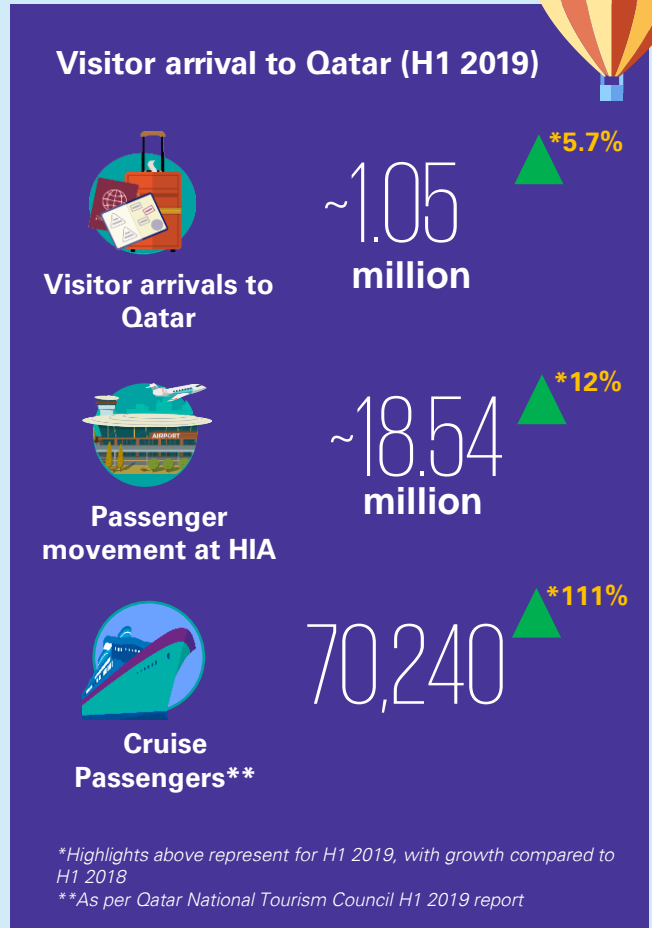
Hamad International Airport (HIA) served 18.54 million passengers in H1 2019, representing an increase of 12 percent compared with the same period in 2018. Q2 2019 reportedly was the busiest second quarter the airport has seen with passenger numbers growing by 18.9 percent compared with the same quarter last year.

According to Qatar National Tourism Council, Doha Port hosted 28 cruise ships in H1 2019, carrying 70,240 passengers, representing an increase of 111% from H1 2018. Visitors from Americas and Europe, notably, Germany, Italy and Brazil contributed significantly to this surge in the overall passenger arrivals to Qatar. The National Tourism Council (NTC) expects the number of tourists to touch 200,000 by 2019-20 and reach the 300,000 mark by the 2021-22 season.

### NOTE:

A visitor is a traveler taking a trip to a main destination outside of his/her usual environment, for less than a year, for any purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited. A visitor (domestic, inbound or outbound) is classified as a tourist (or overnight visitor), if his/her trip includes an overnight stay, or as a same-day visitor (or excursionist) otherwise.

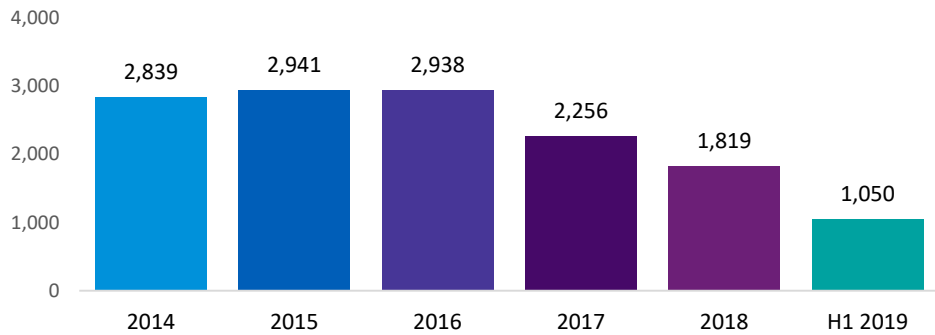
Source: United Nations World Tourism Organization (UNWTO)



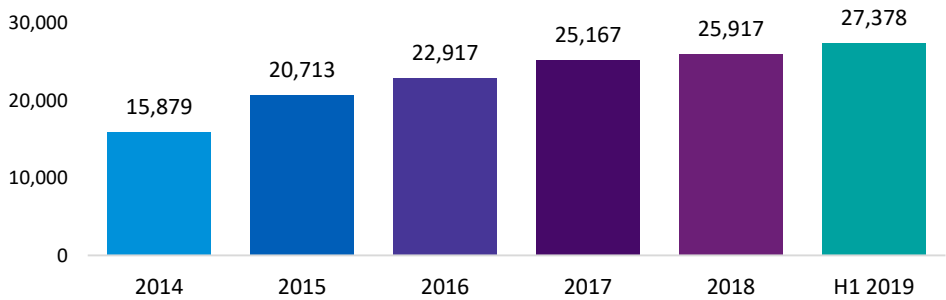
# Hospitality sector snapshot



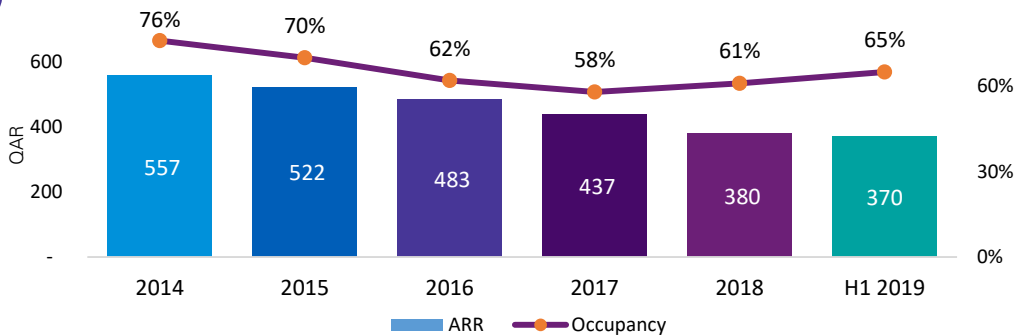
## Tourist arrivals to Qatar (in thousands)



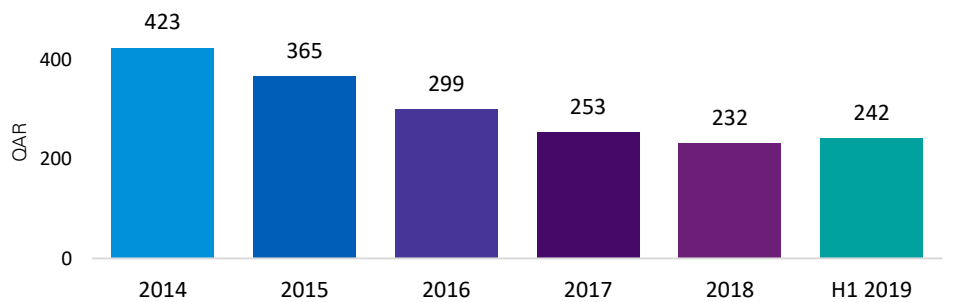
## Total number of hotel and hotel apartments room keys in Qatar



## Occupancy and ARR across hotels and hotel apartments



## Revenue per available room (RevPAR)



## Hospitality sector performance

As per Qatar National Tourism Council (QNTC), Qatar received 588,072 tourists during the initial quarter of 2019. This represents a 10 percent increase in compared to Q1 2018.

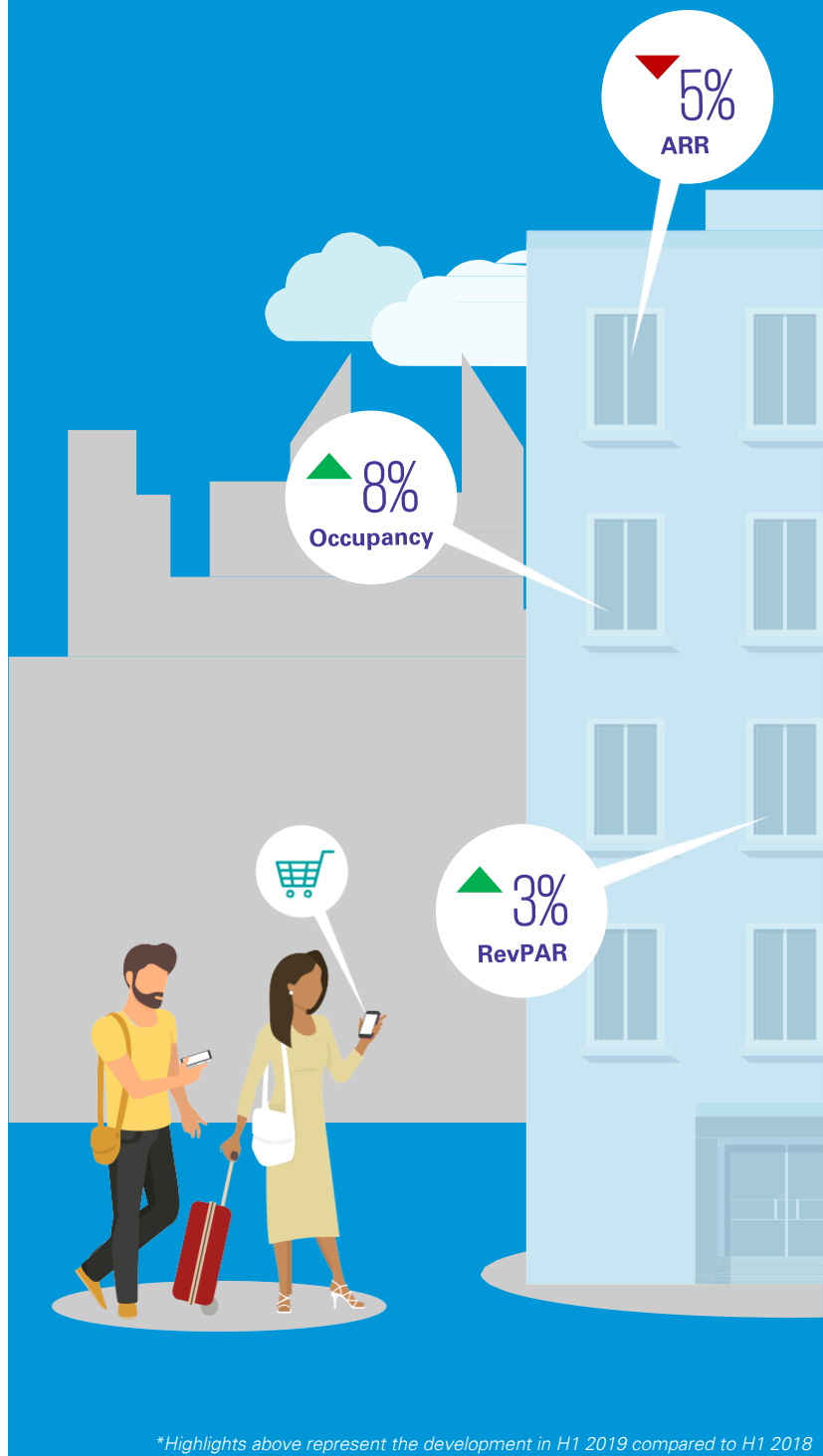
According to the data published by QNTC, 1,079 hotel rooms were added in Q1 2019, taking the overall stock to approximately 26,890 hotel rooms across 129 hotel establishments, representing approximately 7 percent increase in room supply compared to same period in 2018.

As per data published by Qatar National Tourism Council, occupancy across all hotels and hotel apartments was at 65 percent in H1 2019, representing an increase of approximately 5 percent compared to H1 2018, primarily owing to rise in visitor arrivals to Qatar.

The lowest occupancy was recorded for 5-Star category, averaging at approximately 61 percent, which is up 4 percent compared to the same period last year. 3-Star category continues to maintain healthy occupancy of 76 percent. The highest gainer in terms of occupancy were the 1 and 2-Star category hotels, experiencing an increase in occupancy by approximately 13 percent in H1 2019, averaging at 75 percent.

ARR experienced a declining trend across hotels and hotel apartments and averaged at QAR 370 compared to QAR 396 in H1 2018, representing a decline of 5 percent. The largest drop in ARR was witnessed by 5 and 4-Star categories experiencing a decline of 7 percent.

Marginal decline in ARR and subsequent increase in tourist arrivals led to a positive Revenue per Available Room (RevPAR), a 3 percent increase averaging at QAR 242, across hotels and hotel apartments compared to H1 2018.



## Major transactions

In August 2018 Al Khor witnessed the sale for an estimated QAR 252 million upscale beachfront hotel development built on 23,105 sqm land area.

H1 2019 also experienced transaction of a hotel development built on 550 sqm for an estimated QAR57 million in Al Rufaa of Doha municipality.

## Recent activity

The last 12 months was particularly busy for the Tourism and Hospitality sector in Qatar. His Highness the Amir issued Decision No 74 of 2018 establishing the National Tourism Council. The council aims to provide suitable circumstances to implement the national strategy for tourism and related programs including regulation of the sector and promotion of tourism both within and outside the country.

H2 2018 witnessed Katara Hospitality and Marriott International announcing the signing of agreement for Al Messila, a Luxury Collection Resort & Spa, situated in Doha. The resort marks the brand's first property to open in Qatar and eighth across the Middle East and Africa. The signing also marks Katara Hospitality's 39th project under its portfolio of hotels.

H2 2018 also witnessed the popular Thai hospitality brand, Dusit International, signing a management agreement with Al Majed Group to operate Dusit Doha Hotel, located in Doha's West Bay area. Dusit Doha Hotel houses 357 keys, including 261 guest rooms and suites and 96 one, two and three-bedroom hotel apartments.

Souq Al Wakra Hotel Qatar by Tivoli was launched at Al Wakra in H2 2018. The new hotel comprises of two heritage buildings offering a total of 101 guest rooms.

Alfardan Group announced the launch of Marsa Arabia Resort luxury development located in the central island of Porto Arabia in The Pearl Qatar. The project is valued at QAR3.5 billion and is expected to commence operation by 2021.





In addition to this, Qatar Development Bank (QDB) announced the launch of the Doha Tourism Project, which will be developed on a 79,000 square meter area on Qatar's seafont, and will offer 100 investment opportunities for entrepreneurs.

The National Tourism Council also launched a program to develop key destinations within Qatar to enhance visitor experience, starting with Bin Ghannam Island, which is being developed in partnership with Ashghal.

H1 2019 started with SAK Holding announcing the launch of 'Dana Al-Sadd' in Al Sadd area. The new hotel apartment project offers 165 hotel rooms including 20 large hotel suites, three restaurants along with myriad facilities.

InterContinental Hotels Group (IHG), announced the opening of Staybridge Suites at Lusail in partnership with Al Sraiya Hotels & Hospitality Group. The projects offers 119 keys and marks the entry of 'Staybridge' brand in Qatar.

Thailand's leading hotel operator, Centara Hotels & Resorts has opened Centara West Bay Residences & Suites Doha in West Bay, marking its entry into Qatar's growing hospitality sector. The hotel apartment project offers 265 keys.

Hotel brand MGallery, made its debut in Qatar with the launch of 213 keys, Alwadi Hotel Doha. The brand new hotel is located within Msheireb Downtown Doha.

In addition to this, Sharaka Holdings 'Le Mirage Real Estate' and Marriott International signed an agreement to debut the Four Points by the Sheraton brand in Doha. Previously known as Amari Hotel, the hotel will be converted to the Four Points by Sheraton Doha and is expected to open in Q3 2019.

# KPMG in Qatar

## Local lead, global reach

KPMG has had a presence in Qatar for 40 years. We opened for business here in 1978 and are now one of the largest and most established professional services firms in the country. Our 300-strong team are led by 10 Qatar-based partners. We recruit the best and brightest from around the world and currently employ over 28 different nationalities.

Our professionals in Qatar work with some of the country's biggest and most prestigious organizations, often forming long-term partnerships to help them to enhance and transform their business, in a sustainable way.

KPMG in Qatar belongs to a network of independent member firms affiliated with KPMG International. With over 207,000 professionals, led by over 10,500 partners worldwide, our network allows us to bring together subject matter experts from around the globe to form international teams, with deep insight to tackle your most complex challenges.

By choosing KPMG, our clients can be confident that they will be working with professionals who combine global insight with local knowledge to develop custom-designed services that deliver real value. We help you to make better decisions, reduce costs, find partners, raise funds, build a more effective organization, and develop appropriate technological strategies to help you realize your business' potential.

## KPMG's Real Estate practice in Qatar

At KPMG in Qatar, we recognize that your business cannot realize its potential if it is not matched with the requisite execution capability. It is for this reason that our Real Estate Advisory team takes a 360 degree view of your real estate needs. We will not only advise you on what to do, but become part of delivering the answer; drawing on our understanding of the local market and global expertise to ensure solutions are tailored and fit-for-purpose.

## Industry focus across sectors

-  Residential
-  Hospitality and Entertainment
-  Commercial Office
-  Retail
-  Education
-  Healthcare
-  Industrial areas and Economic Zones

## Our services include:

- Corporate Strategy Development and Business Plan
- Detailed Market & Financial Feasibility Studies
- Highest & Best Use Option Studies
- Market Research / Opportunity Analysis Studies
- Location Selection
- Property Valuations
- Financial Model Development / Independent Certification
- Debt Financing and re-Financing
- People, Process and Policy Improvement Initiatives
- Digital and Technology Solutions
- Internal Control and Compliance





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