



# Qatar Real Estate Rental Index Q1 2016 - Q4 2019

KPMG in Qatar

February 2020

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





**KPMG in Qatar is pleased to release the latest 'Real Estate Rental Index', which tracks quarterly changes in the real estate rental market covering three core asset categories:**

- **KPMG Office Rental Index (K-ORI)**
- **KPMG Residential Rental Index (K-RRI)**
- **KPMG Mall Rental Index (K-MRI)**

#### **Indices Derivatives**

These indices have been developed using KPMG's real estate rental database and our deep understanding of the Qatar real estate market. The base quarter for the indices is Q1 2016 = 100 and this includes rental data gathered from more than 100 representative properties in Qatar.

KPMG Office Rental Index (K-ORI) derives its value from more than 50 office developments across the commercial districts of Qatar.

KPMG Residential Rental Index (K-RRI) derives its value from more than 30,000 residential villas and apartments, distributed across high-end, mid-end and affordable housing developments across Qatar.

KPMG Mall Rental Index (K-MRI) derives its value from 22 malls (greater than 10,000 sqm of leasable area) across key municipalities in Qatar.

“The real estate market in Qatar is slowly entering a stabilization mode with affordability being a prime theme across asset categories. This rising affordability coupled with business friendly government initiatives can help strengthen the demand in the market.

Further, it is clear from the recent budget announcement that the government spending has moved beyond FIFA related expenditures and is now committed in upgrading the infrastructure of the country. Efforts to bolster the private sector in the country with introduction of new laws such as 100 percent foreign ownership will help steer the economy in the right direction.”

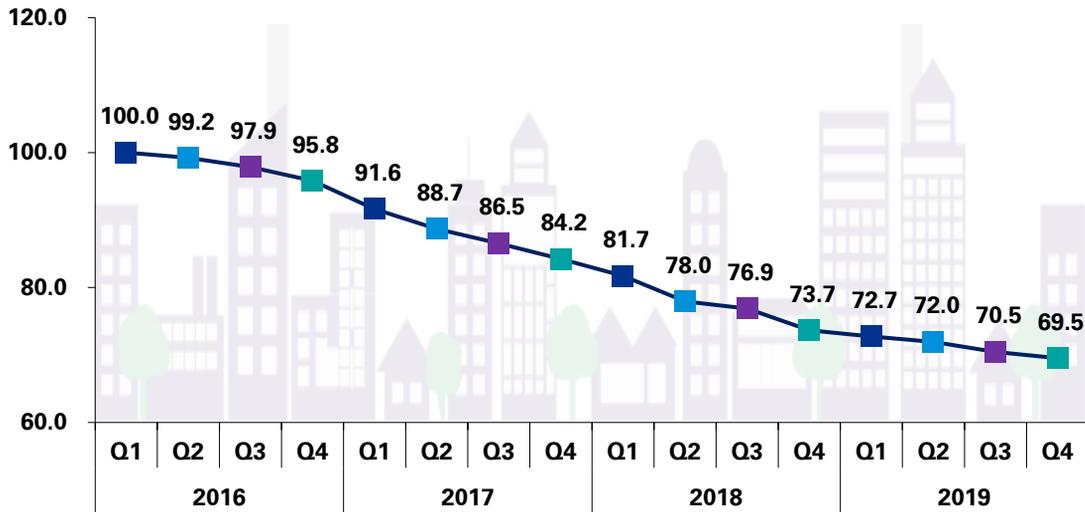


#### **Anurag Gupta**

Director, Advisory  
Head of Real Estate Advisory  
and Valuations  
KPMG in Qatar



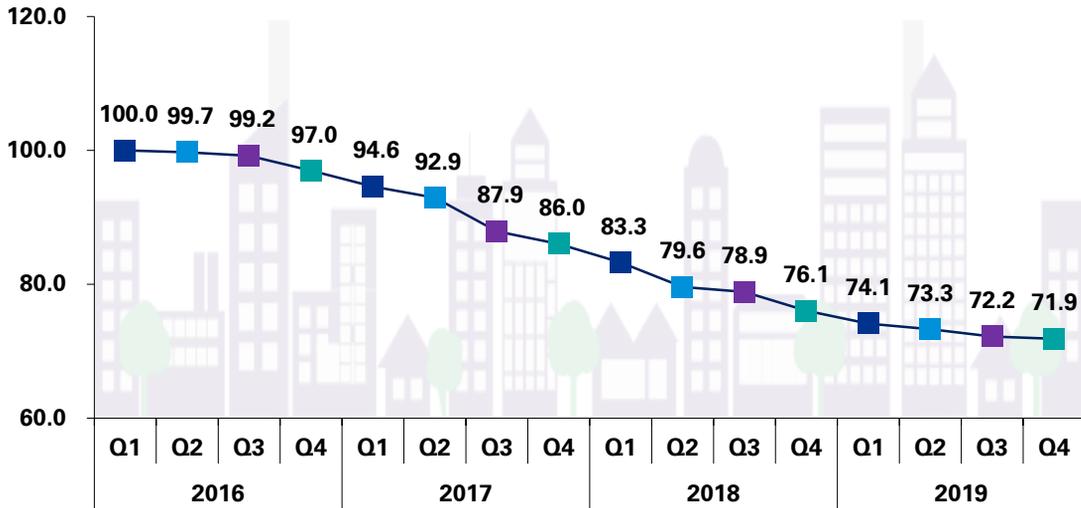
# KPMG Office Rental Index (K-ORI)



- Continuing the trend witnessed over the initial two quarters of 2019 the vacancy rates experienced an increase across all the major business districts of Qatar. Q3 and Q4 2019 witnessed a cumulative drop of 3.4 percent on the rental index compared to 2 percent during the initial two quarters of 2019. Captivatingly, the increasing supply of commercial office spaces coupled with weakened demand has resulted in rental levels falling by about 30 percent since 2016.
- Existing oversupply and influx of new commercial grade-A buildings particularly in Lusail has led to landlords offering 2 – 3 months of rent free period along with options to provide fit-outs as per tenant's requirements, particularly for occupiers guarantying a set lock-in period.
- As more office developments reach completion especially in areas such as Lusail, West Bay and Msheireb, we expect this index trend to continue over the short to middle term. However, government initiatives to expand the private sector and introduction of the 100 percent foreign ownership law could help mitigate this slowdown over the long run.



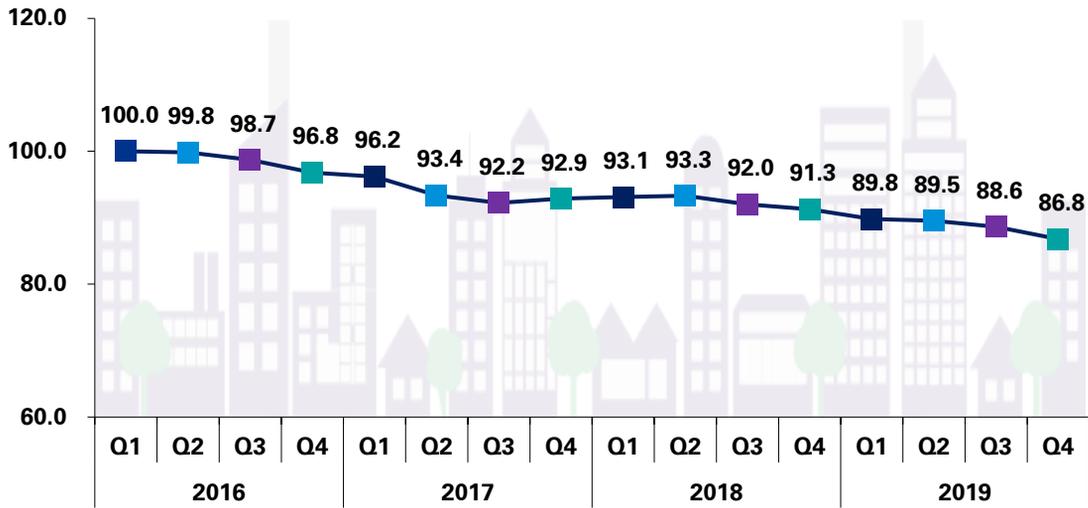
# KPMG Residential Rental Index (K-RRI)



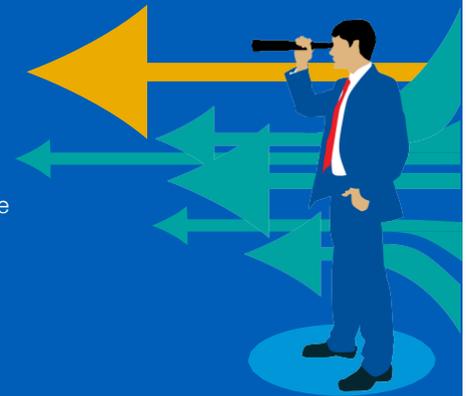
- Q3 and Q4 2019 witnessed a marginal drop of 2 percent on the rental index compared to 3.6 percent during the initial two quarters of 2019. The drop is primarily due to the increase in vacancy rates of the villa category catering to middle and affordable segments. However, the reduced residential prices across Doha has resulted in slight uptick in the demand particularly for the apartments segment which mainly covers up for the overall marginal decline in the residential segment. The rental levels for residential properties have followed a similar trend as commercial office segment witnessing a fall of approximately 28 percent since 2016.
- The overall reduction in the monthly rentals along with attractive offers has led to an upward trend in the occupancy levels in catchments catering to middle income and affordable segment, especially, in central and south of Doha.
- Developers / landlords offering incentives such as 1 to 3 months rent-free period has become a usual norm. This has reflected positively in increasing occupancy and making the residential market, especially the high-end segment more affordable.



# KPMG Mall Rental Index (K-MRI)



- The organized retail market has further experienced a drop of 3 percent over Q3 and Q4 2019, compared to 2 percent witnessed over the initial two quarters of 2019. The decline in the rental index is reflective of the existing oversupply along with growing vacancy in the market. Interestingly, retail segment continues to be the best performing asset category in Qatar representing a decline in overall rentals by just 11 percent since 2016.
- The luxury retailers in the high-end malls of Qatar continue to dominate the leasing activity, which has resulted in maintaining stable outlook on the rental index.
- With the influx of retail malls in Qatar slated to open over the short to middle term, we foresee the mall rental index to experience a further decline. However, a subsequent demand from the retailers could help mitigate the drop in rentals further.



*Note: KPMG Mall Rental Index (K-MRI) derives its value from 22 organized retail developments with maximum weightage given to the malls that have vacancy of more than 25 percent and the upcoming malls that are open for leasing.*



# KPMG in Qatar

## Local lead, global reach

KPMG has had a presence in Qatar for over 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 11 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 our clients to make better decisions, reduce costs, find partners, raise funds, build a more effective organization, and develop appropriate technological strategies to help realize their 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



# Contact us



## **Venkat Krishnaswamy**

Partner,  
Advisory

T: + 974 4457 6541  
E: kvenkatesh@kpmg.com



## **Anurag Gupta**

Director, Advisory  
Head – Real Estate Advisory and Valuations,

T: + 974 4457 6438  
E: aagupta@kpmg.com



## **Sayantan Pande**

Associate Director,  
Real Estate Advisory and Valuations,

T: +974 4457 6445  
E: sayantanpande@kpmg.com

## Market research, content and design



## **Rishu Gupta**

Consultant,  
Advisory

T: +974 4457 6487  
E: guptar@kpmg.com



## **Siddhant Vernekar**

Associate Consultant,  
Advisory

T: +974 4457 6417  
E: svereneker@kpmg.com

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



@kpmg\_qatar

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date, it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

©2020 KPMG LLC, a limited liability company registered with Qatar Financial Centre Authority (QFCA), State of Qatar and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

©2020 KPMG Qatar branch is registered with Ministry of Economy and Commerce, State of Qatar as a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International Cooperative ("KPMG International").