



# Qatar Real Estate Rental Index

Tracking the quarterly changes in the  
real estate rental market

Q1 and Q2 2021

KPMG in Qatar

September 2021

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



# About KPMG's Qatar Real Estate Rental Index

**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 in-depth 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 investable properties in Qatar.

KPMG Office Rental Index (K-ORI) derives its value from more than 50 investable 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 with multiple occupiers) across key municipalities in Qatar.



The logo features the word "KPMG" in a white, sans-serif font above the word "Viewpoint" in a larger, white, sans-serif font. To the left of the text is a vertical bar with a gradient from purple to green. The background of the top section is a dark blue gradient with a silhouette of a city skyline.


# KPMG Viewpoint

A stylized icon of two overlapping speech bubbles, one light blue and one teal, positioned to the left of the text.

The steep fall in monthly rentals post-pandemic compelled landlords/developers to re-think their strategies. Landlords maintain high rental returns during stable demand; however, it is also necessary to adjust with the low-demand scenario when required. Those landlords willing to adjust are witnessing increased traction in leasing activity with subsequent demand for their properties.

Q1 and Q2 2021 experienced a shift in the momentum with monthly rentals experiencing a relatively softer decline. This could be attributed to landlords offering value for money products along with other external factors such as Government efforts in widespread vaccination, gradual lifting of restrictions, and improvement in the overall economic activity. In addition, Qatar Government is strategically working to make Qatar market more attractive with initiatives such as plan to introduce new visa system that opens the door for skilled and experienced workers, including residents or expats to work legally and independently in certain fields and activities. There are proposed measures for inclusion of existing citizens and residents to work under part time and self employment concepts, which will have positive implications on the market in the long run.

As the market continues to be tenant-favored, we see the property market progressing towards the next phase of the real estate life cycle. Along with positive market sentiments, we expect the real estate rentals to stabilize and recover over the next short to medium term.

A stylized icon of two overlapping speech bubbles, one light blue and one teal, positioned to the right of the text.

## **Anurag Gupta, PMP**

Director,  
Head – Strategy and Real Estate Advisory  
KPMG in Qatar





The initial two quarters (Q1 and Q2) of 2021 witnessed a flattening of the curve on the rental index. This is a positive sign for a market that has been under continuous southward pressure over past few years.

In the residential sector, we witnessed signs of recovery. There was an active movement of tenants in the mid to high-end category.

In commercial office space, the demand originating from private occupiers remained low. Serviced office suites continue to be in demand by small enterprises/businesses and startups.

In retail, after a period of lack of activity, the sector experienced a possible rebound in demand from both existing and new brands willing to enter the Qatar market.

We are of the belief that Qatar's Real Estate sector will sustain positive momentum in the second half of 2021. This is due to the successful Covid-19 vaccination efforts (93.9% of the total eligible population (12 years +) have received at least one vaccine dose) coupled with Government measures to support the economy.

We also witnessed increased interest from large regional developers in the Qatar market, reconfirming our view that the market remains attractive and will revert to normal soon.

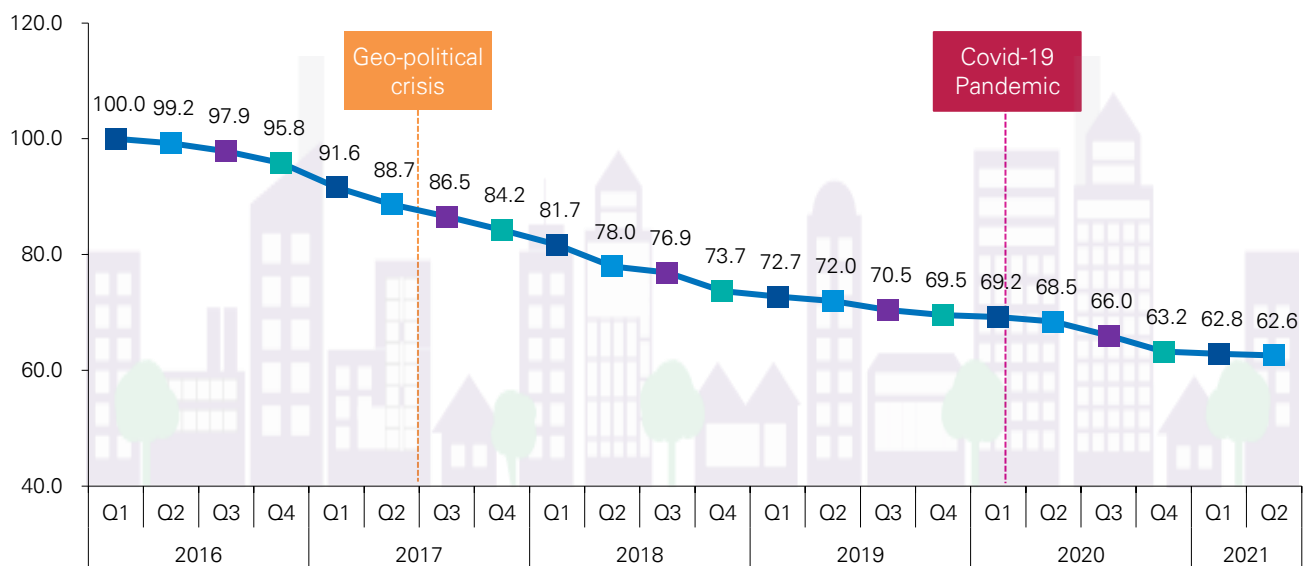


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KPMG in Qatar



# KPMG Office Rental Index (K-ORI)

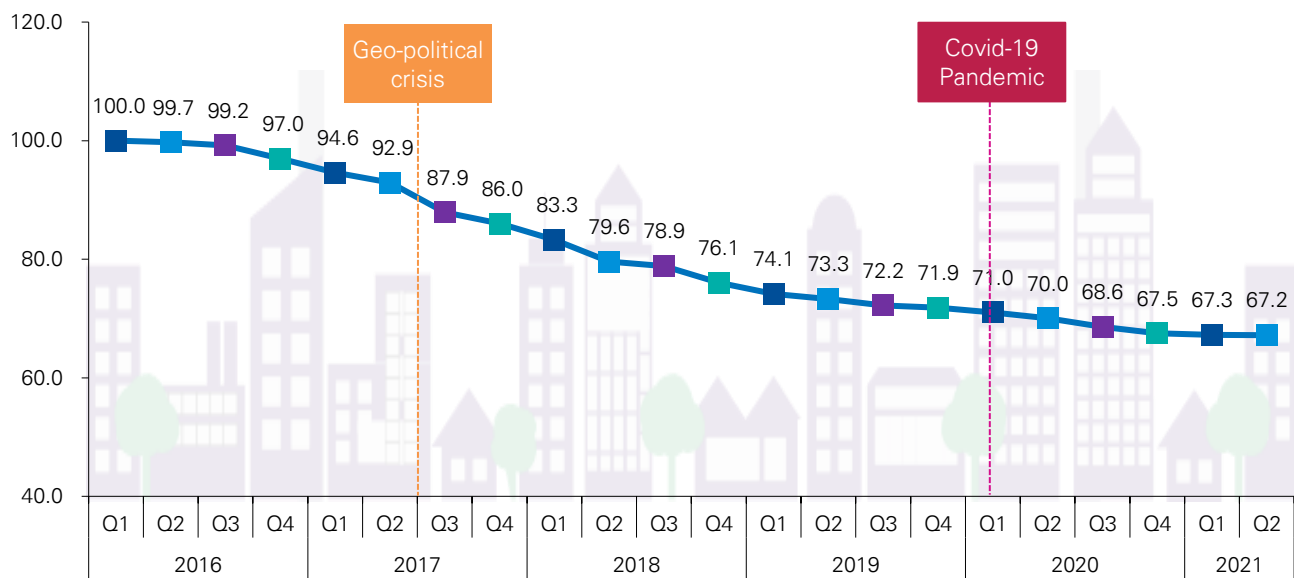
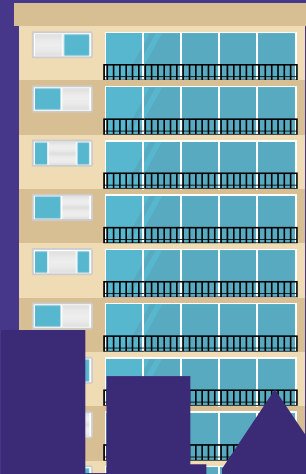


## Office Rental Impact - Low

- After witnessing a drop of 8.4 percent during the last two quarters (Q3 and Q4) of 2020, the rentals for the commercial office segment have experienced significant improvement with just a one percent decline on the rental index during Q1 and Q2 2021. The same period (Q1 and Q2) during 2020 experienced a similar decline of 1.5 percent on the office rental index.
- Office rentals in the central business district are witnessing promising signs of stability. Hopefully, with the uptick in the economic activity, we can expect a possible recovery. Secondary business districts experienced a moderate decline of 1.4 percent. This was primarily due to landlords/developers pricing their products competitively due to an increase in supply. We believe that this decline is exerting pressure on the rentals for office spaces in the peripheral business district, which registered a drop of more than 9 percent during Q1 and Q2 2021.
- As per our interactions with the industry stakeholders, the market continues to remain tenant-favored with relatively subdued demand and geared towards requirements of smaller office spaces with fitted-out options. Large shell and core requirements were relatively less, particularly those originating from the private sector. Interestingly, the demand for co-working spaces and serviced office suites continues to show improvement, with many small and emerging enterprises opting for reduced real estate costs through shared spaces.



# KPMG Residential Rental Index (K-RRI)

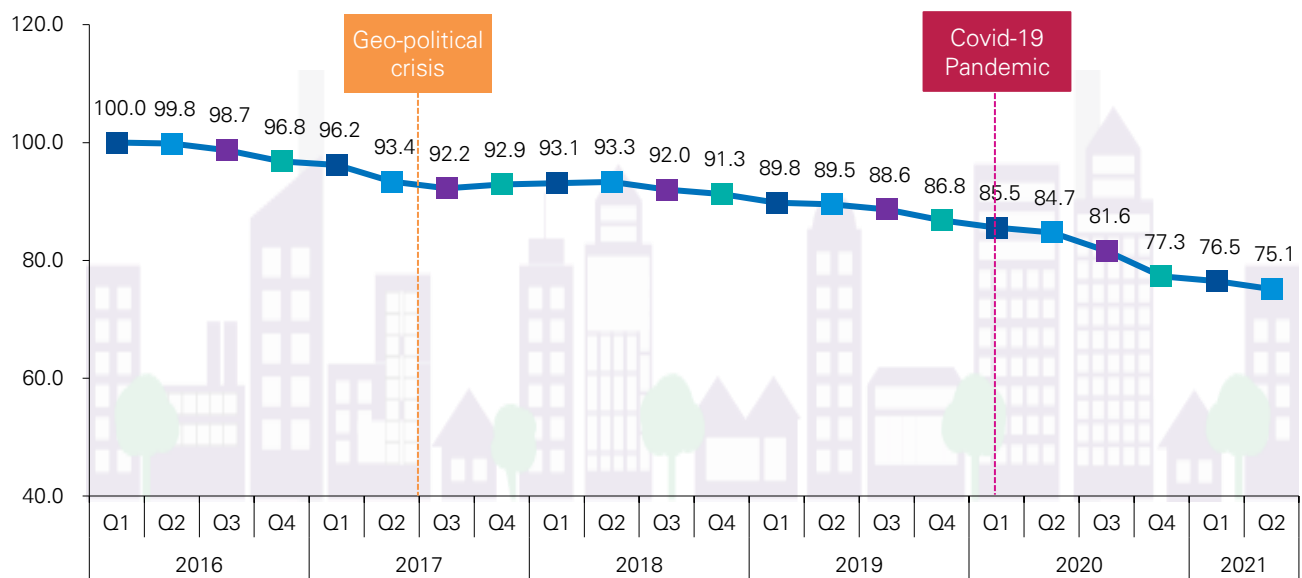


## Residential Rental Impact - Low

- Q1 and Q2 2021 exhibited stable leasing activity resulting in a marginal decline of 0.4 percent on the rental index as compared to 3.7 percent as witnessed during Q3 and Q4 2020. The same period (Q1 and Q2) during 2020 had experienced a decline by approximately 2.7 percent.
- There has been a marked rise in tenant movement over the last two quarters, i.e., Q1 and Q2 2021. Interestingly, the second quarter experienced signs of recovery on the rental index. This is positive news for a sector that has witnessed a constant decline since the beginning of 2016. This positive trend is driven by increased affordability in the mid and high-end categories coupled with increasing demand for larger living spaces, convenient access to recreational amenities, and private outdoor spaces. As per our research, centrally-located districts continue to be popular with tenant's keen on upscale properties.
- While the mid and affordable segment continues to experience stable asking rentals, the high-end segment registered a marginal decline of 1.4 percent on the rental index. The decline for the high-end category was primarily driven by the apartments category (~2 percent) located towards the north of Doha. While the asking rentals for villas in the high-end category continue to remain stable, the mid and affordable segment villas experienced a further correction of close to ~2 percent.



# KPMG Retail Mall Rental Index (K-MRI)



## Retail Mall Rental Impact - Moderate

- The organized retail mall segment registered a relatively softer decline on the rental index by 2.9 percent compared to the material drop of 9.6 percent experienced primarily due to the onset of the pandemic during Q3 and Q4 2020. The same period (Q1 and Q2) during 2020 had recorded a drop of 2.5 percent.
- The malls in Qatar with stable occupancy levels experienced a drop of approximately 1.8 percent in the asking rentals over Q1 and Q2 2021. The malls having occupancy of less than 80 percent (including the upcoming malls) experienced a slightly higher decline in asking rentals i.e., 3.4 percent on the rental index.
- Changing the momentum experienced over the last year, Q1 and Q2 2021 registered improved leasing activity with several new and existing brands occupying organized retail spaces in the leading malls across Qatar.
- The declining rentals remain in favor of the retailers, as major developers/mall operators continue to offer incentives to attract and retain tenants such as rent-free periods, freezing rent periods, and extended fit-out periods. As per our interactions with the leading retailers and mall operators, the retail segment in Qatar is experiencing the advent of new operational models such as Revenue share deals, which offer a combination of base rent and turnover percentage to ease the rental burden on retailers. This is also beneficial in attracting new tenants, as we foresee more retailers opting for this route over the short to mid-term.



# About KPMG in Qatar

**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+ professionals are led by 9 Qatar-based partners. We recruit the best and brightest from around the world and currently employ over 30 different nationalities.**

KPMG in Qatar belongs to a network of independent member firms affiliated with KPMG International. KPMG member firms operate in 145 countries, collectively employing more than 226,882 people, serving the needs of business, governments, public-sector agencies, not-for-profits and through member firms' audit and assurance practices, the capital markets. KPMG is committed to quality and service excellence in all that we do, bringing our best to clients and earning the public's trust through our actions and behaviors both professionally and personally.

We lead with a commitment to quality and consistency across our global network, bringing a passion for client success and a purpose to

serve and improve the communities in which member firms operate. In a world where rapid change and unprecedented disruption are the new normal, we inspire confidence and empower change in all we do.

## Industry focus across Qatar

To enhance the services that we offer, many of our consultants specialize in a particular field or industry. KPMG was the first of the 'Big Four' firms to establish global, industry-focused networks which help us to provide an informed perspective on the latest trends and issues affecting our clients' businesses. In Qatar, we have professionals across most of the country's key sectors, all of whom are active members of our global networks.

## Our industry groups include:

- Government
- Energy and Natural Resources
- Financial Services
- Media, Telecommunications and Technology
- Infrastructure and PPP
- Building, Construction and Real Estate
- Family-owned Businesses and Small and Medium-sized Enterprises

# 40+

years working with some of Qatar's most prestigious businesses and organizations

# 300+

Professional staff based in Qatar

# 147

KPMG member firms operate in 147 countries

Audit

Tax

Advisory



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