



Qatar Real Estate Rental Index

Real estate rental movements

Q2 2025

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KPMG in Qatar

Introduction

KPMG in Qatar is pleased to release the Q2 2025 'Real Estate Rental Index', which tracks quarterly real estate rental market movement in the covering three core indices:

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

These indices have been developed using KPMG's internal real estate 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 collated and analyzed from more than 100+ representative investable grade income generating real estate developments in Qatar.

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

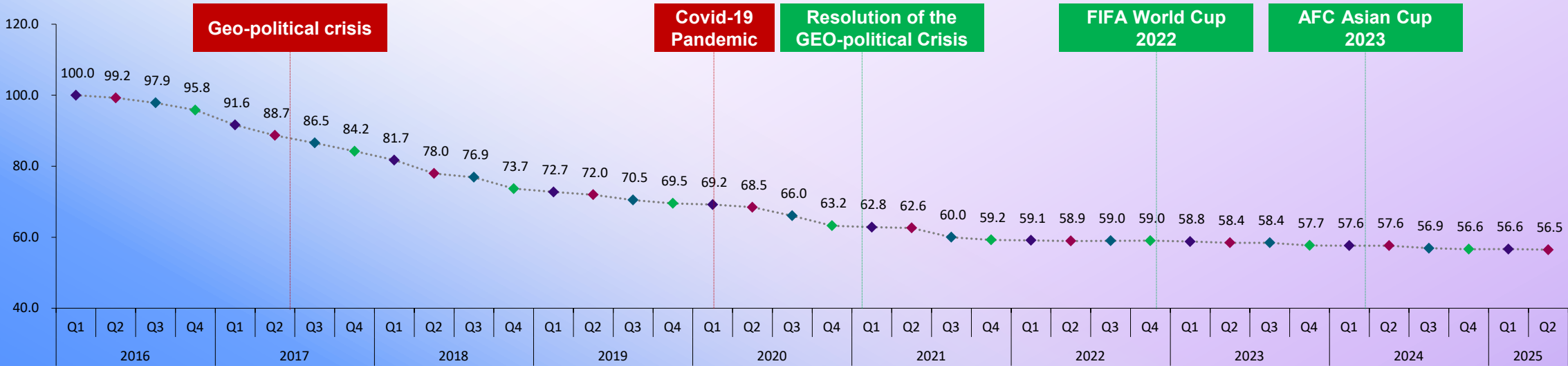
KPMG Residential Rental Index (K-RRI) derives its value from more than 30,000+ residential villas and apartments distributed across high, mid and affordable residential developments across Qatar.

KPMG Mall Rental Index (K-MRI) derives its value from 20+ malls (greater than 10,000 sqm of leasable area with multiple occupiers) across key municipalities in Qatar.

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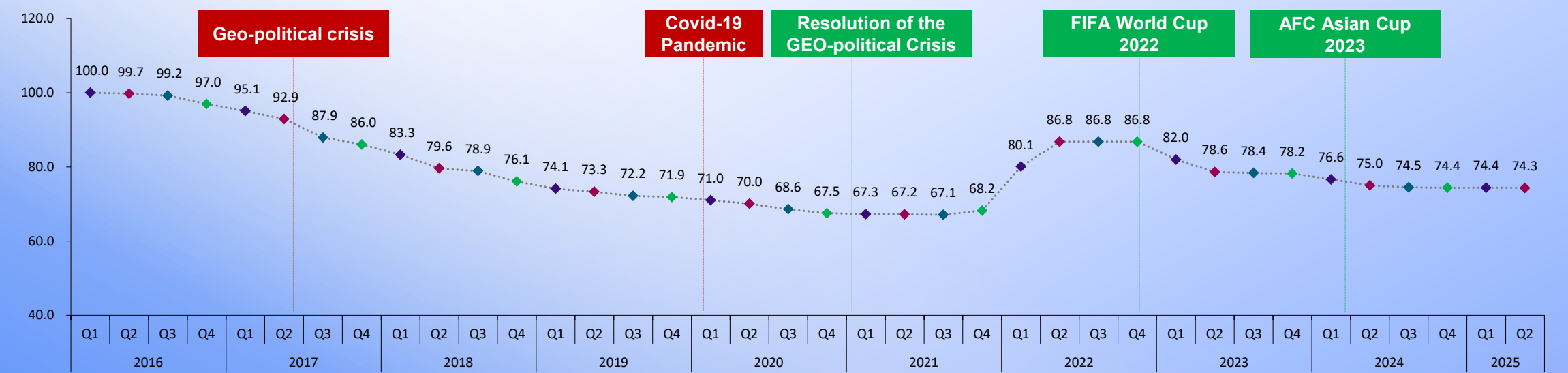
KPMG Office Rental Index (K-ORI)



Office Rental Impact – Low to Moderate

- After a 1.7% drop in Q1 2025, the rental index for investable-grade commercial offices continued to decline in Q2, showing a 2.0% year-on-year decrease compared to Q2 2024. These numbers indicate a generally moderate market trend.
- While rental activity in the Central Business District (CBD) and Secondary Business District (SBD) declined slightly during the first two quarters of 2025, the Peripheral Business District (PBD) saw an increase in rental demand, reflecting growing interest and improved market conditions in certain areas.
- The commercial office sector in Qatar has been reshaped by the rise of flexible work arrangements and hybrid office models. This change, influenced by technological advancements and shifting workforce preferences, has boosted demand for adaptable office spaces and innovative leasing options.
- Based on the 2024 Qatar CEO Outlook, Qatari CEOs foresee a shift back to traditional office setups, with all respondents anticipating a complete return to in-office work for corporate roles within the next three years. As a result, the short-term outlook indicates relative stability, while mid-to-long-term prospects are expected to be positive, contingent upon economic recovery and ongoing sectoral adjustments.

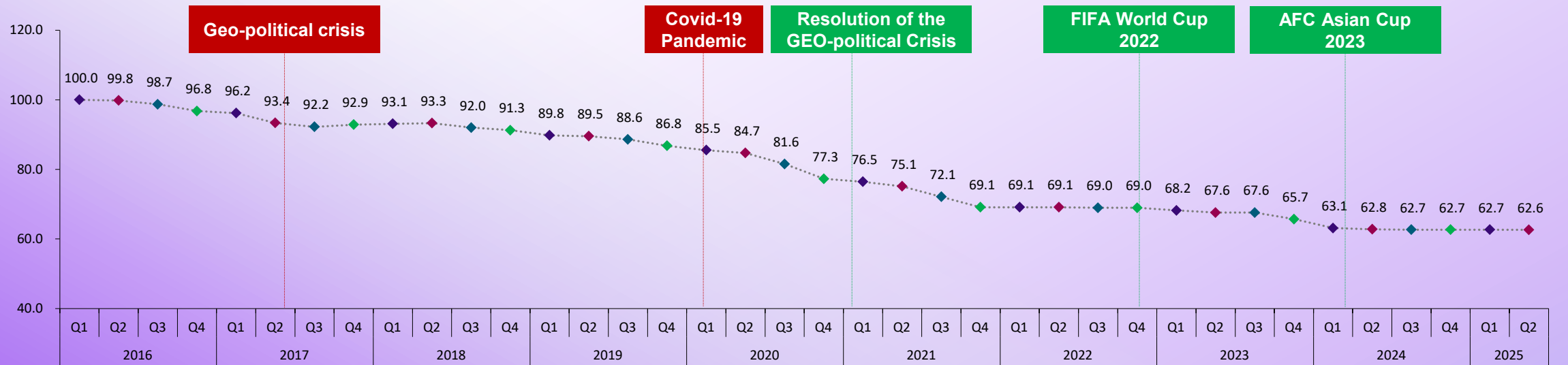
KPMG Residential Rental Index (K-RRI)



Residential Rental Impact - Low to Moderate

- The residential rental market in the first half of 2025 showed a continued stability, with Q2 2025 experiencing a slight 1.0% year-on-year decrease in rental rates compared to Q2 2024, indicating a minimal correction in rental prices. Nevertheless, the rate of decline slowed in past few quarters, with stability observed in Q4 2024 and Q1 2025, as the rental index reached 74.3 by Q2 2025.
- While rental rates in affordable housing areas witnessed minor adjustments, the mid-to-high-end residential market remained relatively stable, supported by consistent demand and limited new supply. Moreover, landlords and developers continued to provide incentives such as rent-free periods and complimentary Wi-Fi to attract and retain tenants.
- Overall, the residential rental market in the first two quarters of 2025 has shown signs of stabilization, with evidence of rental recovery in certain segments. Market demand is anticipated to improve further due to the government's ongoing initiatives across various sectors, which may lead to a stronger consolidation of rental trends in the upcoming quarters.

KPMG Mall Rental Index (K-MRI)



Mall Rental Impact – Low to Moderate

- During the first half of 2025, the rental index for organized retail malls remained relatively stable compared to Q2 2024. By Q2 2025, the index experienced a slight year-on-year decrease of 0.2%, settling at 62.6.
- In recent past, the retail sector has experienced significant changes with the introduction of many new retail spaces. On the occupier strategy front, landlords are actively identifying market gaps; for example, MDD in Galleria formed an exclusive partnership with Ground Control Entertainment to bring three family entertainment centers - Ground Control, NERF Action Xperience, and PLAY DOH Fun Factory. This growth in supply continues to influence leasing trends, leading to more favourable rental terms for retailers.
- In response to seasonal variations in foot traffic during summer, open-air developments are adapting by providing flexible lease agreements and attractive rental incentives to draw and keep tenants amid a competitive market. This approach helps mitigate the impact of lower summer footfall and reflects the retail real estate sector's shift towards enhancing tenant satisfaction.
- Looking forward, the market is expected to stay tenant-centric, with rental patterns influenced by consumer behavior, changing retail formats, and economic factors. Landlords' ability to adjust leasing strategies will be crucial to maintain occupancy levels and ensuring steady cashflow.

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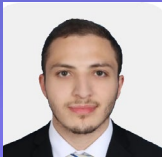
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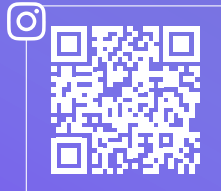
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