



Real value in a changing world

World Winning Cities

Global Foresight Series

Doha: Global Ambition, Regional Influence



Executive Summary



Qatar is articulating a clear long term vision for its future from an economic, social, and physical perspective. Central to this vision is the creation of sustainable communities for both local and expatriate residents based on a unique combination of heritage, culture, favourable economic prospects, innovation, high quality of life and future aspirations.

Investing wisely to increase international influence – the reinvestment of the gas and oil revenues it has secured and the economic successes it has achieved recently, together with strong leadership, will play a significant role in delivering this vision. Qatar is poised to punch well above its weight as one of the world's richest and most dynamic economies.

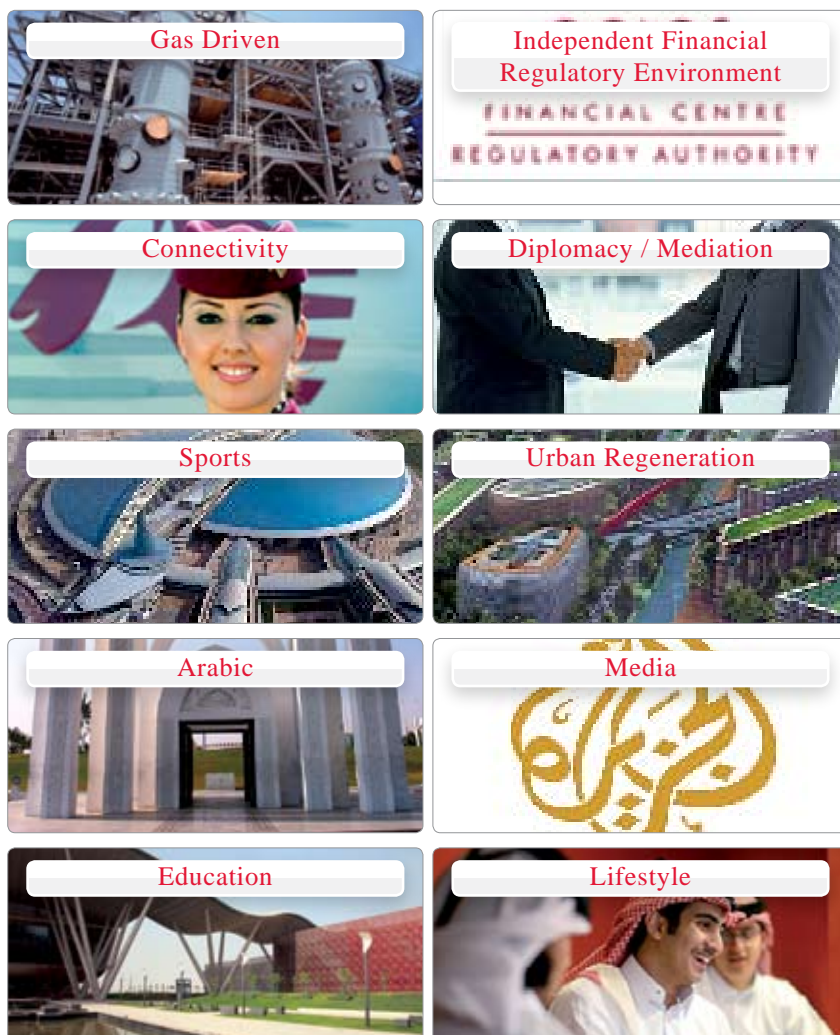
Doha exemplifies the new thinking of investment led urban development that is currently prevalent across the Gulf.

Doha – an increasingly competitive city.

Doha offers a unique combination of ingredients that are likely to see its emergence as an increasingly influential city on the global stage. These include:

- Gas driven wealth
- Re-investing it's wealth in nation building
- From global village to global city
- A clearly articulated long term vision
- Global engagement and regional mediation
- Openness in Arabic expression
- Taking the art of place-making to new levels
- Infrastructural development to reinforce sense of place
- Creating an attractive business framework
- Emphasis on sustainability communities and high quality of life

Fig 1: Doha – Drivers of Real Estate Development



Real Estate Plays a Key Role in the Vision – Qatar has explicitly recognised that real estate plays a vital, multi dimensional role in realising it's vision. In the short term, real estate provides an important source of revenue and employment. Over the longer term, real estate not only houses different components of the vision but also helps shape the vision itself.

The Challenge of Timing – As in other emerging markets, real estate development has tended to move ahead of economic development. Over the short-term, the enthusiastic pace of physical development in Doha is likely to exceed the level of end user demand. However, as the other components of the broader economic vision start to bear fruit over time, increased demand will be generated for all forms of real estate.

Pausing for Breath – Given that Doha is at a less advanced stage in its real estate development cycle than some neighbouring cities, the timing of the current global economic slowdown may be a positive, allowing the market to 'pause for breath' and adjust to the new economic reality.

Principles of City Competitiveness

Followers of urban futures will have observed substantial changes in the defining characteristics of a winning city over the past decade. Success based on size, scale and position in the destination hierarchy has been heavily tempered by attributes of physical and virtual connectivity, creativity, quality of life and environmental sustainability which are leading the 21st Century urban agenda. Underpinning these concepts, the issue of effective and efficient city governance has become a focal point in city success factors; the most inspiring visions are redundant without the capacity to implement change.

This already challenging context for urban planners is exacerbated by the current global economic downturn, concerns over resource constraints and environmental fragility which is focusing attention on the more efficient use of our urban environments.

Many of the world's most exciting city building initiatives are now found in the Arabian Gulf, a region that is redefining the essence of 21st Century city competitiveness. While most

global attention has focussed on Dubai and to a lesser extent Abu Dhabi, Doha has been following its own distinctive agenda of both city and nation building, which is likely to attract increased international attention in the future.

Against this backdrop, Doha: Global Ambition, Regional Influence aims to capture and understand the city's competitive position and assess how this will impact the future development of the local real estate market.

Doha stands out from its neighbours in a number of important dimensions and offers a favourable combination of ingredients revolving around an economy that offers substantial opportunities for long term growth through gas driven wealth, massive infrastructure investment, a clearly articulated long term vision and strong leadership.

The drivers of Doha's future performance are articulated through our principles of city competitiveness: **Performance, Population, Planning, Power, Place Making, Physical, Process and the pivotal role of Property.**

World Winning Cities Research

Jones Lang LaSalle's World Winning Cities programme is a multi-year research initiative designed to assess future city competitiveness, and to predict the rising urban stars amongst the world's emerging markets in Asia, Central and Eastern Europe, North Africa, the Middle East and Latin America.

The programme was launched in 2002, and over the past seven years we have assessed the competitiveness of many of the world's emerging cities, based on rigorous and objective assessment of the key drivers of city success. Our research covers not only the standard measures of future performance

(relating to the economy and demography), but we have also developed a framework for embracing softer metrics such as sustainability, quality of life, culture and city governance; issues that are just as crucial in determining a city's long term success.

The World Winning Cities programme is now seeking to identify the next wave of rising urban stars; cities which we believe will be on the radar screen of the real estate industry over the coming decade. This is based on our on-going monitoring and analysis of city potential across over 130 emerging cities in China, India, CEE, Latin America and the Middle East.



Khalifa Sports City Tower, Doha

The Competitive Profile of Qatar

Performance

Gas Driven Wealth

Qatar's massive gas revenues have underpinned high levels of prosperity; Qatar is the richest nation in the GCC and one of the richest in the world with a GDP per capita in 2008 of almost USD 72,000¹. During the current global economic downturn, Qatar stands out from the crowd, with GDP growth of 6%² predicted for 2009, the fastest economic growth rate among the world's rich nations.

An oil and gas based economy, comparable to its Gulf neighbours of Kuwait, Saudi Arabia and the United Arab Emirates, Qatar has introduced a range of initiatives to leverage its natural resources to create a stable, diversified and sustainable economy. Although many of these initiatives remain in planning stages, Qatar is demonstrating a commitment to the diversification of its national economy, its integration into the global economy and an efficient use of its gas and oil wealth.

Qatar is ranked third in the world in terms of natural gas reserves; in 2008 it produced 35 million tonnes of LNG, a level predicted to more than double to 77 million tonnes by 2010. Unlike the price volatilities inherent in the oil market, gas revenues are somewhat more stable, being secured by long term supply contracts with key international markets. Although gas prices are not

entirely fixed, these long term contracts have enabled Qatar to plan infrastructure investments with greater certainty. Though the price of gas has shown a downward trend over the past 6 months, the fall has been less pronounced than that of oil, allowing Qatar to weather the current global economic crisis better than its more oil dependent neighbours.

Driven by its huge gas reserves, the country is punching well above its weight as one of the world's richest and most dynamic economies.

Re-investing Wealth in Nation Building

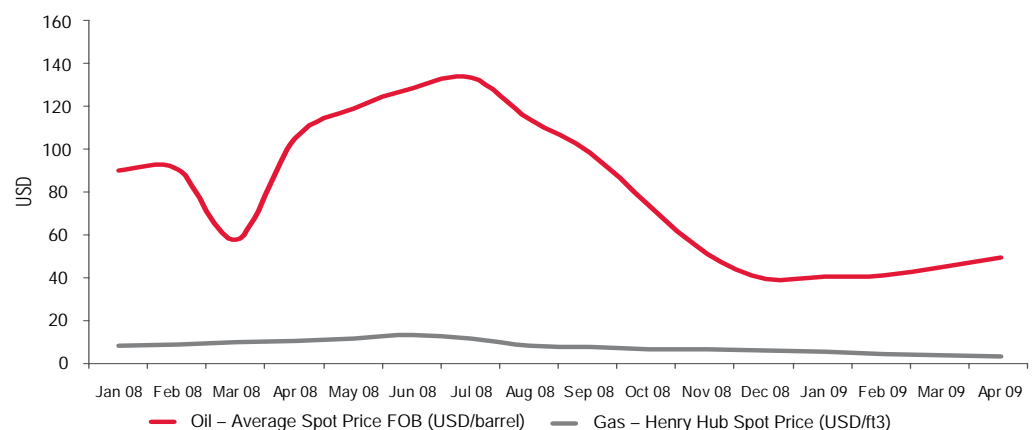
The country's economic wealth is propelling it forward and has enabled a programme of massive infrastructure development, including the construction of a new port and a new international airport. Other infrastructure projects are also being undertaken by the government's Public Works Authority (Ashghal) under a five-year plan.

This ability to embark on new projects in the face of the global downturn illustrates the economic power of Qatar. A key feature of the economic vision for Qatar is the re-investment of gas driven revenues into long term projects that will ensure the diversification of the economy and its long term sustainability.

¹ Global Insight, February 2009

² Kuwait Finance House, Global Insight, February 2009

Fig 2: Gas Prices more stable than Oil prices



Source: Energy Information Administration, US Government

SAUDI ARABIA

QATAR
Doha

UNITED ARAB EMIRATES

OMAN

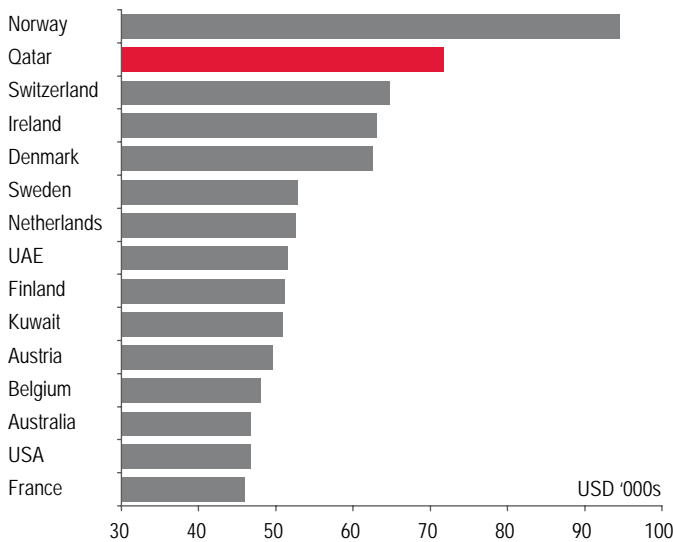
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Fig 3: Key Facts

Qatar	
Population (million)	1.5
Growth (%) 2003–2008	102
Expat Population (%)	80
Real GDP (USD billions)	61.4
Nominal GDP / Capita (USD)	71,800
Doha	
Population (000s)	750
Real Estate	
Commercial (m ²)	600,000
Residential (units)	90,000
Hotels (rooms)	5,100

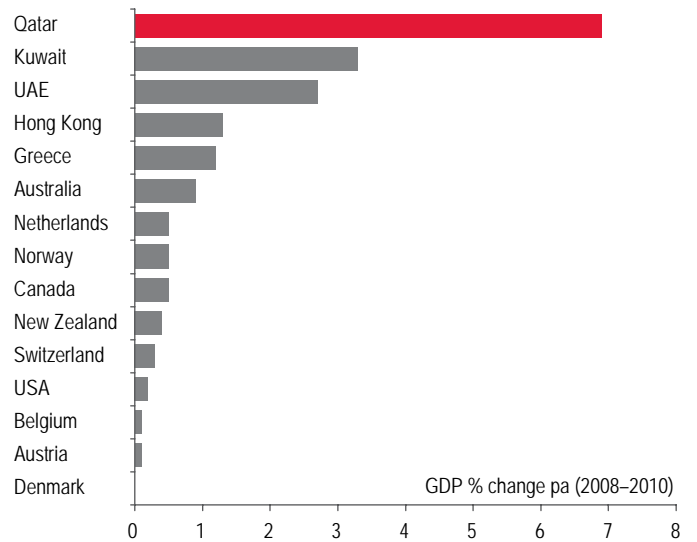
Source: Jones Lang LaSalle, Global Insight, February 2009

Fig 3: One of the World's Richest Nations (Nominal GDP/Capita, 2008)



Countries over 1 million population
Source: Global Insight, February 2009

Fig 4: World's Fastest Growing Economy over the next 2 years



Economies with GDP/Capita over USD 30,000 and population over 1 million
Source: Global Insight, February 2009

Foreign Universities in Qatar

Virginia Commonwealth University

- Communication Design, Fashion Design, Interior Design

Weill Cornell Medical College

- Medicine

Texas A&M University

- Chemical, Electrical, Mechanical and Petroleum Engineering

Carnegie Mellon University

- Business, Computer Science

Georgetown University

- Foreign Service/Policy

Northwestern University

- Journalism, Communication

Population

From a Global Village to Global City

As with other Gulf economies, expatriate labour forms a key component of the recent economic growth of Qatar (accounting for more than 80% of the current 1.5 million population). The importance of the expatriate population is explicitly recognised in the Qatar National Vision 2030, which seeks to create an environment that will both welcome foreign workers, while maintaining the values of the national population. Qatar is differentiating itself from its Gulf neighbours by demonstrably acknowledging the contribution of the foreign workforce and seeking to create a real estate offer that will continue to attract expatriates.

A key component of the economic vision of Qatar is a significant investment in education to create a generation of graduates that will help move Qatar to a knowledge-based economy. Central to this initiative is the development of 'Education City' by the Qatar Foundation – a state-funded organisation headed by the wife of the Emir of Qatar, Sheikha Mozah Bint Nasser Al Missned. This project houses local campuses of foreign universities to provide high quality

educational opportunities for Qatari residents. Ten years in the making and demonstrating the vision and implementation commitment by the country's leaders, 'Education City' is now home to six international universities with others in the planning stage.

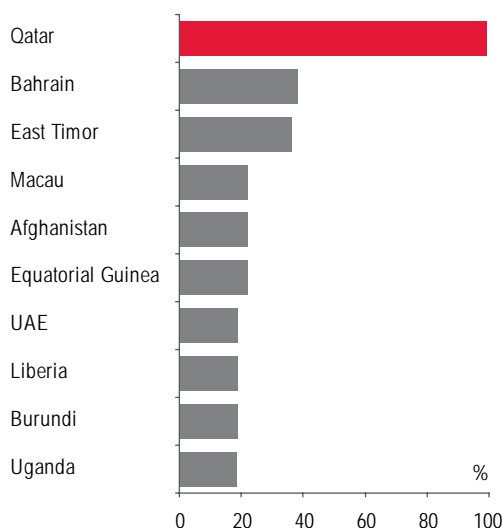
Planning

A Clearly Articulated Long Term Vision

Qatar's 'National Vision 2030' articulates the long term goals for the country; its four main pillars are:

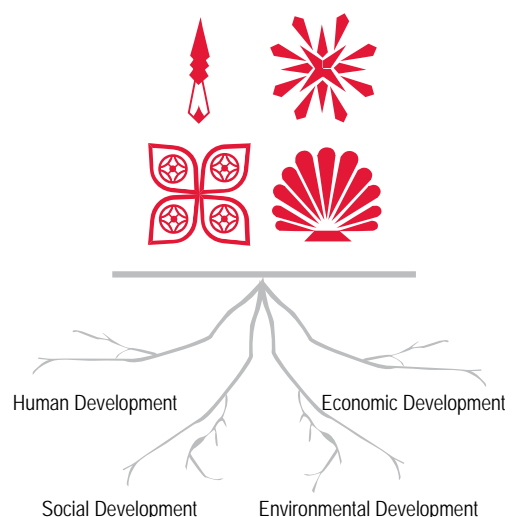
- **Human Development:** development of all its people to sustain a prosperous society;
- **Social Development:** development of a society based on high moral standards and capable of playing a significant role in global partnerships for development;
- **Economic Development:** development of a competitive and diversified economy to secure a high standard of living for all it's people;
- **Environmental Development:** management of the environment to create harmony between economic growth, social development and environmental protection.

Fig 5: World's Fasting Growing Population



Population Growth, 2003-2009 – Top 10 countries globally
Source: Global Insight, February 2009

Fig 6: Four Pillars of Qatar National Vision 2030



Source: Qatar National Vision 2030

Under this umbrella, the Qatar National Master Plan (QNMP) has been created to provide the framework for the physical development of the country, including infrastructure provision, city planning and municipal structural planning. Doha's planning framework is based on the creation of functional clusters, the most visible of which include:

- Education through 'Education City' – the university campus hub;
- Sports through the 'Aspire Sports Academy';
- Technology through the 'Science & Technology Park';
- Banking & Finance through the 'Qatar Financial Centre'.

Unlike some countries in the Gulf that have also embarked on a similar cluster approach, the QNMP recognises the importance of combining heritage and culture with innovation to create a unique sense of place.

The formation of these clusters illustrates how Qatar is embracing the development of real estate projects as a key component in its nation-building strategy. Stadiums, schools, hospitals and technology parks are being built by government (or government-backed) real estate institutions to further economic development and implement the national vision.

The Plan embraces the creation of green areas to promote a healthy living environment and an aesthetically-pleasing landscape. This is evident from the current redevelopment and regeneration of the city centre and is a more holistic approach to creating a "real" city of the 21st Century that differentiates Doha from some of its neighbours.

Power

Global Engagement and Regional Mediation

One of Qatar's unique features has been its success in defining and creating for itself an important political position in the region. It has

played host to the ongoing peace talks on the Darfur conflict, arbitrated on the conflict in Lebanon and provided a strong stance on the Palestinian–Israeli conflict.

This voice has helped define Qatar's identity, and created the potential for Doha to emerge as one of the significant political capitals of the Arab World. Actively promoting this political voice is a bold move consistent with the National Vision 2030 which seeks to build Qatar's role and reputation in the international community.

Qatar has positioned itself carefully in balancing traditional local Islamic sentiment and more liberal western ideals, leading commentators to refer to it as 'the Switzerland of the Middle East'. Providing it can maintain its 'actively neutral' position, this role is likely to increase Qatar's influence as a significant geopolitical player.

Openness in Arabic Expression

Complementing Qatar's growing political voice is its positioning as a centre for the Arabic media. Central to this strategy has been the success of the Al Jazeera television channel, which has achieved an impressive global reach and is shaping debate far beyond Qatar itself.

Fig 7: Major Trade & Political Negotiations

Doha Development Round	<ul style="list-style-type: none"> • World Trade Organisations (WTO) discussions from 2001 onwards
Lebanon Talks	<ul style="list-style-type: none"> • Proposal to form unity government in Lebanon (May 2008)
Emergency Summit of Arab League	<ul style="list-style-type: none"> • Arab response to the situation in Gaza strip (2009)
Sudanese Negotiations	<ul style="list-style-type: none"> • Sudanese government & Justice and Equality Movement (JEM) (February 2009)

Source: Various





Doha Asian Games 2006,
Rings Monument

Established less than 15 years ago, Al Jazeera has emerged as a high-profile and highly respected international news channel, earning a reputation for being a reference point for Middle Eastern events.

Another key component of the media strategy has been the establishment of the Doha Debates in 2004 (under the Qatar Foundation). The fact that Qatar is playing host to such events has helped build a global awareness of its credentials for tolerance.

Its reputation for growing tolerance is also being expressed in other ways – a significant example being the opening of Qatar's first purpose built Christian church (Our Lady of the Rosary) in 2008. This reflects an easing of traditional values by the rulers and a concerted effort to implement a more relaxed and tolerant culture that blends Islamic and western values.

Fig 8: Major Sporting Events

Event	Sport
Doha Asian Games 2006	Various
Doha Masters	Golf
ATP / WTA Qatar Open	Tennis
Class-1 Offshore Powerboat Racing Formula 1 / 2000 Powerboat Championships	Water sports
Gulf Cycling Championships Tour of Qatar (men / women)	Cycling
Asian Indoor Athletics Championships	Athletics
Global Champions Tour	Equestrian
FINA World Series	Swimming
Asian Technical Gymnastic Championship	Gymnastics
Asian Youth Wrestling Championships	Wrestling
Asian Fencing Championships	Fencing
Asian Football Cup	Football
Qatar MotoGP	Motorsport

Source: Various

Place-Making

Many cities around the world have recognised the importance of this new branch of city management over the past decade. Qatar is taking the art of place making further by developing a combination of best in class sporting, cultural, leisure and other attractions to create a strong brand and identity on the global stage.

In a sporting context, Qatar achieved global attention by playing host to the 15th Asian Games in 2006, which helped to profile the country in the international arena. Following this success, Qatar submitted a bid for the 2016 Olympic Games, and whilst unsuccessful, this has galvanised energy to bid for the 2020 Olympic Games, as well as the FIFA World Cups in 2018 and 2022.

Qatar has recently taken further steps to convert its sporting vision into reality through the creation of the 'Aspire Sports Academy'. The aim of this academy is 'to discover the best young sporting talent from the region, and transform them into world-renowned champions. This will in turn generate a sports culture in Qatar, where each generation of athletes inspires the next'.

Qatar has also been promoting itself on the global arena through its national airline, Qatar Airways. The airline has grown in stature since its formation in 1993 and now flies to over 80 destinations on four continents. The ambitious expansion plans for Qatar Airways forms a key part in the nation's desire to build a strong global presence.

Another element in the place making strategy of Qatar is the newly-opened Museum of Islamic Art. This forms a key component in the strategy of promoting Qatar as a champion of Islamic culture and heritage. Qatar is seeking to project an image of Islamic cultural learning and understanding and to integrate this more closely into its overall sense of identity.

Physical

Infrastructural development reinforcing a sense of place

Qatar has recognised that physical city development is a key component in creating a desired sense of place and identity. A significant component of the strategy to create an attractive city offering a high quality of life is the reinvestment of the country's wealth into world class urban infrastructure. This investment includes significant spending on public transport across Qatar.

Heavy infrastructure development is being undertaken to support the mega-developments under construction which will transform the country's character, notably:

- **The Pearl-Qatar** – a four million m² luxury residential community created on reclaimed land, providing homes for 40,000 residents;
- **Lusail** – a large mixed use community to be the future home of Qatar Petroleum, a residential component (Fox Hills), Energy City – a commercial zone for energy related companies, large retail facilities and an exclusive leisure component – Entertainment City.

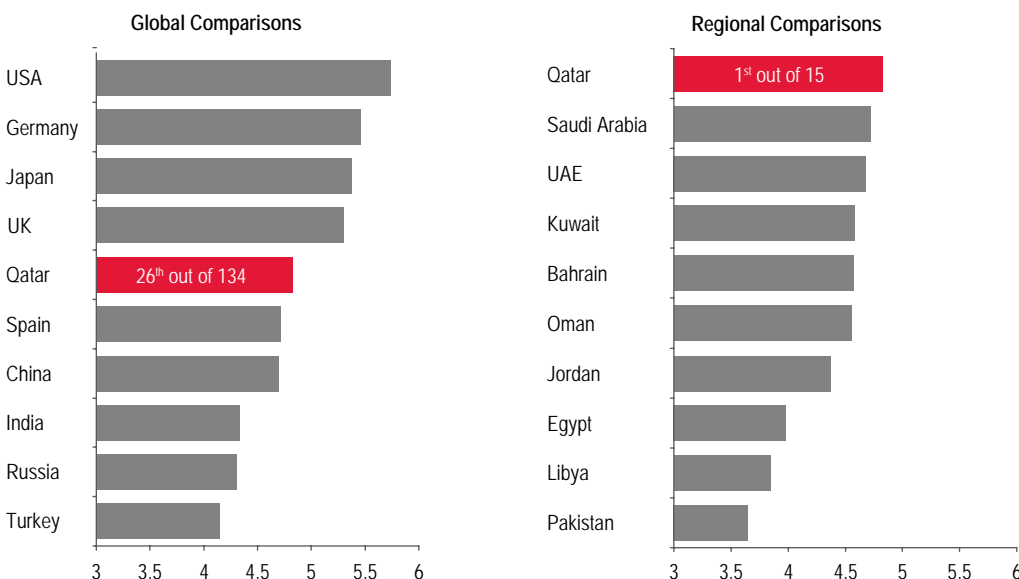
Process

Getting the Business Framework Right

Qatar's government is progressively dismantling barriers to investment through a series of measures, designed to create a more welcoming climate for foreign investment. The country has opened up its commercial sector through the Qatar Financial Centre (QFC), which facilitates the setting up of foreign businesses in Doha. The QFC provides a simplified and attractive regulatory framework for foreign-owned companies wishing to establish in the country.

The relaxation of property ownership regulations has boosted the property market and contributed to a gradual improvement in real estate market transparency. The latest Jones Lang LaSalle Real Estate Transparency Index reveals that Qatar still lags Dubai, Bahrain and Abu Dhabi, and in a global context, real estate market transparency is well below advanced markets. Further improvements in market transparency and provision of more accurate market information and performance benchmarks are required to create more open markets. The establishment of an active real estate regulator and the creation of more publicly listed real estate companies could stimulate the pace of change and market maturity.

Fig 9: Global Competitiveness Index



Source: World Economic Forum, 2009



The Pearl-Qatar

The Pivotal Role of Property

As with other cities in the region, Qatar has recognized that real estate plays a vital, multi-dimensional role in realizing its vision. In the short term, real estate provides a source of revenue for local land owners and developers and creates an important source of employment both in the construction industry itself and supports other related sectors (planners, infrastructure specialists, architects, designers etc). In the longer term, real estate not only houses the different components of the Vision, but also helps to shape the Vision through its impact on the physical character and sense of place created.

Qatar was the first market in the region to open to outright foreign real estate ownership (through Law No. 17 of 2004). Though freehold ownership is currently limited to The Pearl-Qatar, West Bay Lagoon and Al Khor developments, 99-year leasehold ownerships are available across a further 18 designated zones.

Though there has been limited foreign direct investment into the country's real estate market (with most investors being either local or regional

players), outward real estate investment has been significant through the government's investment arm – the Qatar Investment Authority (QIA). The QIA has recently purchased prime developments in western markets, most notably the Chelsea Barracks (in January 2008) and the Shard of Glass office development both in central London. The purchase of these "trophy assets" illustrates Qatar's real estate ambitions overseas and underlines its outward investment intentions.

Locally, Doha's real estate market has been driven by private investors, under the umbrella of government-backed master plan developers (i.e. Qatari Diar, UDC and Barwa). The government is now stepping in to control the pace and quality of development and moderate the potential over-supply, urban sprawl and reduce the pressure on infrastructure. The government has been very quick to react to the changing market dynamics and has been able to take decisions quickly. This is exemplified by the government's directive to merge Barwa with QREIC (formerly Al Aqariya) to help weather the impact of the current economic downturn.

Fig 10: Qatar, Major Projects

Project	Developer	Value (USD)
Lusail	Qatari Diar	16.2 billion
The Pearl	UDC	15 billion
New Doha International Airport	Various	7 billion
Barwa Al Khor (Urjaun)	Barwa	7 billion
Industrial City & Port Expansion	QP/Ras Laffan Industrial City	3.6 billion
Al Waab City	NBKS Group	3.2 billion
Qatar-Bahrain Friendship Bridge	Qatari Diar/ Various	3 billion
The Gate	Salam Bounian	150 million

Source: Various



Property Market Position

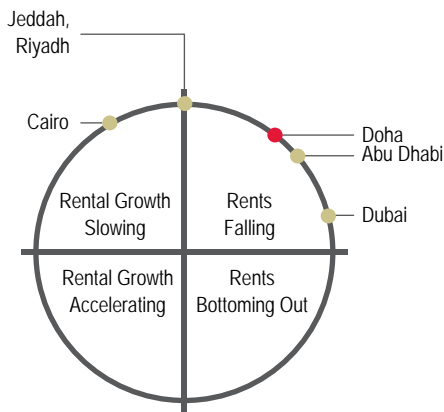
The Doha property market has recently experienced its first real estate cycle, with prices and rentals having declined significantly as the market has passed through the peak over the past six months. This has resulted in a subsequent slowdown in the pace of supply coming online as the previous period of rapidly escalating rents and prices across all asset classes had resulted in supply levels outstripping current demand.

The significant drop in rents and prices experienced over recent months has increased the competitive environment amongst developers, which will ultimately result in better quality product. It has also increased the relative attraction and competitiveness of Doha from an occupier / end user perspective, which will in turn generate greater demand for quality real estate across the city.

With substantial levels of new supply scheduled to be completed over the next few years, the government needs to ensure effective planning mechanisms are in place to avoid oversupply, a scenario which has characterised other emerging real estate markets in the region. While a significant amount of the proposed future supply is currently committed and is likely to enter the market over the next 12 months, the timing of the global economic slowdown could turn out to be a blessing for the Doha market as it provides the opportunity for a ‘pause for breath’ and a reduction in the level of forthcoming supply over the medium term.

The government has also intervened to control the rapid escalation in residential rents that has been experienced over the past few years. Cabinet Decision No 9, of 2008 has imposed a new rental cap with increases being frozen for the next two years on contracts signed since 1st January 2005.

Fig 11: Property Clock, Q1 2009*



* Illustrates where each MENA office market is within its individual rental cycle as at end Q1 2009

Source: Jones Lang LaSalle

Fig 12: Land Prices, Key Areas, Doha

	Land Prices (QR/ft2)	
	From	To
West Bay	14,500	16,000
Lusail	13,000	14,500
The Pearl	10,750	13,000

Source: Jones Lang LaSalle





Office Market

The office market in Doha has seen significant change over the last few years with the CBD shifting from the traditional C–D ring roads to the West Bay area, which will eventually house 180 towers. A number of government agencies have relocated to West Bay, as well as some family offices which account for the majority of current demand.

The supply of modern office space stood at just 200,000 m² in 2007 but has more than doubled during 2008 to around 600,000 m². Forecasts indicate that the total office stock will reach 1.2 million sq m by 2010, a six fold increase in supply over a four year period, which is significant by any market standard. The government has realised the need to create world-class real estate to attract greater numbers and generate future demand and the large increases in quality supply have helped in this process.

A combination of the high levels of new supply and the development slowdown due to the global financial crisis have exerted downward pressure on rents which are currently in the order of USD 850 / m² per annum for prime quality space.

Rents in the commercial sector, though not as high as those in Dubai and Abu Dhabi have been rising steadily over the last 24 months. However, average Grade A rentals have declined in most locations over the past six months, with most tenants not wishing to commit to new leases in a period when further rental declines are forecast.

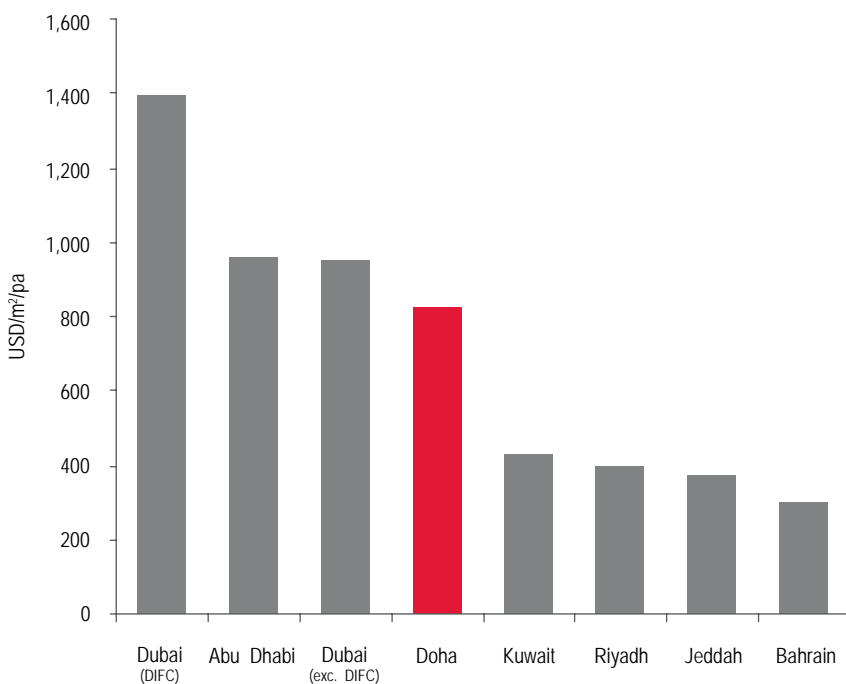
While West Bay has the potential to deliver 180 towers into the market by 2012, this scenario now appears unlikely to materialize due to significant delays, down sizing and project cancellations.

Residential Market

High population growth rates have put significant pressure on the residential market, causing rents to rise by over 25% during 2008. However, significant drops in residential prices have been witnessed over the past 6 months, with up to 70% declines in some exceptional cases. Prices for a 400 m² villa that would have fetched QR3 million in September 2008, are now down to around the QR2 million level.

Several projects with significant residential components are underway, with the Pearl Qatar and West Bay both likely to add large numbers of units to the market over the medium term. The majority of the supply entering the Doha market is targeting the luxury segment, resulting in an ongoing shortage of middle income housing, a trend consistent with most of the high growth Gulf markets. The government has recognised this issue and addressing the problem with the development of additional affordable housing. Similar to the office sector, an increasing number of proposed residential projects are likely to be delayed or even cancelled.

Fig 13: Average Office Rents, GCC Cities, Q1 2009



Source: Jones Lang LaSalle

To date, most developers selling off-plan product have committed to maintaining their prices, confident that transaction activity although slowing, will not stop. Some owners of off-plan units are however now offering significant discounts in the secondary market, with transactions occurring at discounts of up to 40% on developers' asking prices.

As with other markets across the Gulf, the initial stages of the Doha residential market have been largely driven by investor rather than end user demand. Until recently, banks were offering investors mortgage finance on attractive terms and with relatively little security. This situation has changed over the past six months as the global credit crisis has reduced the banks ability and willingness to lend and has thereby slowed the level of speculative investor activity.

Retail Market

With one of the highest levels of GDP per capita in the world, demand for retail in Doha has been strong in recent years. High levels of private wealth have resulted in strong demand for high end retailing. The two major malls in Doha, Villagio and City Centre, have been experiencing high occupancy levels of between 95% and 100% and rents ranging from USD 750 to USD 800 per m² per year.

However, about 500,000 m² of quality retail space is expected to come online in Doha by 2011, which will double the retail stock within the city. Faced with this increased supply and declining global tourism, rentals in the Doha retail market are expected to decline in the short term.

In the longer term, the completion of the Qatar–Bahrain Friendship Bridge (estimated by 2013) will generate additional retail demand by increasing the level of road arrivals into Qatar.

The Pearl Qatar and Lusail developments will significantly increase the amount of retail supply in the city. The Pearl Qatar alone will add almost 200,000 m² of GLA to the retail supply with a number of high-end fashion boutiques and

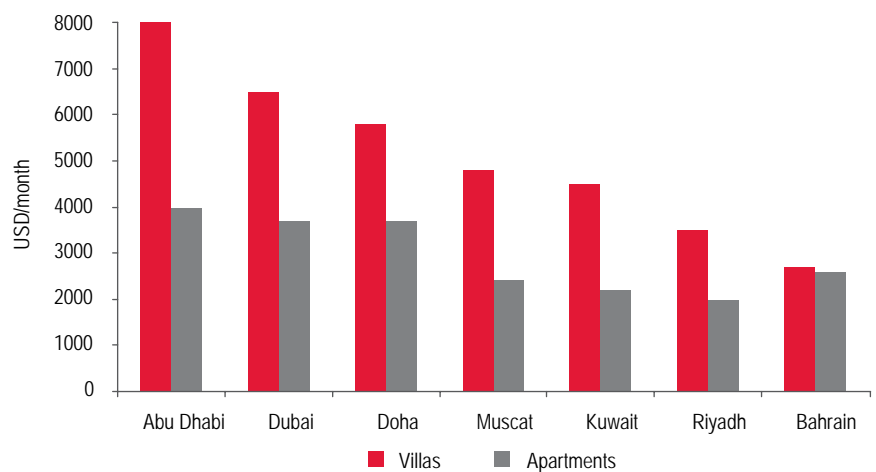
branded retail outlets planned. This fits into the integrated lifestyle environment being created for residents on The Pearl Qatar.

With the onset of new supply entering the market, competition will increase, forcing developers to adopt new strategies to define and deliver unique selling points.

As with other markets across the Gulf, this is likely to result in both 'winners and losers' with greater differentiation between retail projects in Doha.

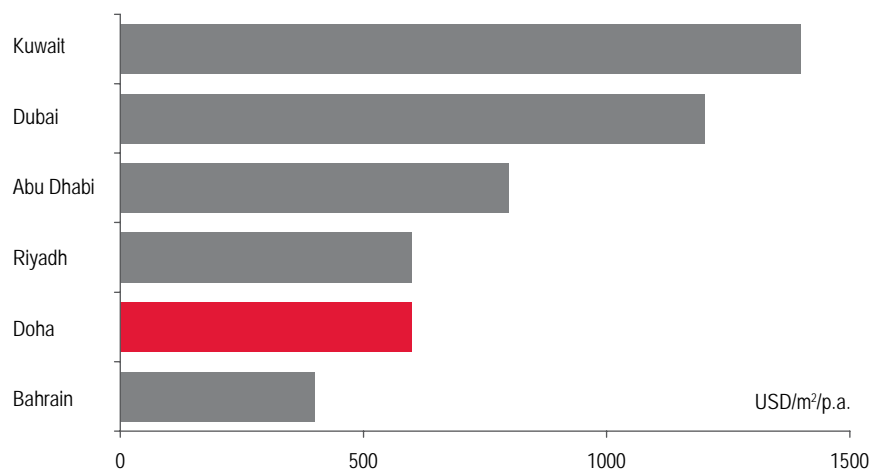


Fig 14: Residential Rentals*, GCC Cities, Q1 2009



* Rents are for prime 3-bedroom villas and 2-bedroom apartments
Source: Jones Lang LaSalle

Fig 15: Retail Malls, Average Rents – GCC Cities, Q1 2009



Source: Jones Lang LaSalle



Hospitality Market

The existing hotel stock is approximately 5,100 rooms. A further 2,300 rooms are expected to be introduced by 2011 within the four and five star market. Overall occupancies across the four and five star market are currently 79% and the average daily rate stands at USD 290.

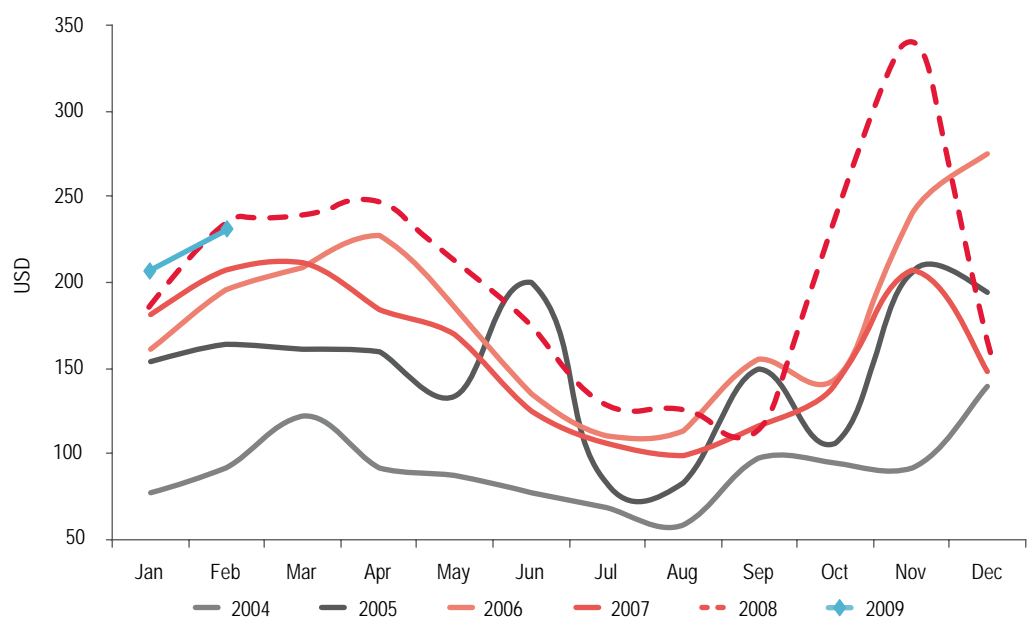
Demand has increased in recent years due to the growth in business activity in the region. This has resulted in 65% of total visitors to Doha coming from the corporate sector. The total number of visitors in 2007 was 780,000, with this targeted to reach 1.4 million by the end of 2010.

Qatar has been actively seeking to promote itself to the leisure segment of the market. The new international airport, which is under construction to the east of the current airport, will assist in positioning Qatar as a leading

regional aviation hub. This coupled with the growth strategy of Qatar Airways is poised to help increase tourism arrivals. Doha also hosts leading sporting and cultural events which aim to increase the number of leisure travellers. A combination of accessibility and increased attractions will bolster both tourism arrivals and hotel occupancies.

At the present time, the majority of Qatar's tourism is in the business segment. Although the level of leisure travel for sporting and other events is likely to increase, the business and convention sector will remain the major driving force of Qatar's tourism mix. As with other destinations in the Gulf region, Doha's hospitality market is also greatly affected by seasonality, with the months from June to September seeing a large fall in hotel occupancies and rates compared to the rest of the year.

Fig 16: Doha, Hotel RevPar, 2004–2009



Source: STR Benchmark

The Road Ahead

Doha has many attributes which are likely to improve its future position and influence on the global stage. To achieve its full potential, it needs to address four major challenges on the road to increased city competitiveness.

Impact of global economic slowdown

Despite its robust and relatively stable economy, the pace of both economic and demographic growth of Qatar will inevitably be impacted by the global economic slowdown in the short term (i.e. next 1–2 years). However, the economic and physical vision for Qatar has always been regarded over a long (20–30 year) period and Doha retains the potential to emerge as an increasingly important city in both a regional and global context over this time frame.

Promoting a clear point of difference / unique selling points

Doha shares a number of similarities with the model of urban development being promoted elsewhere in the Gulf and there will inevitably be an increased element of competition as a number of cities across the region seek to increase their global influence. A key challenge that will face the policy makers in Qatar is therefore how to differentiate Doha's offer from that of other regional cities, most notably Dubai and Abu Dhabi.

Based on our review of the principles of urban competitiveness, Doha's unique selling points (USPs) revolve around a combination of a long term vision of a sustainable city offering a high quality of life to both locals and expatriate residents. This vision has many unique components including **media** (creating a tolerant society reflected by a vibrant open media), **mediation** (playing an increasingly active role as a mediator on the regional and global political stage) and **wealth** (investment of revenues from gas sector into economic diversification and urban infrastructure).

Creating sustainable development from a transient model

One of the lessons from the highly transient demographic approaches being pursued across the Gulf, is that creating a sustainable model of city development requires enfranchising the expatriate population. Qatar is addressing this issue by attempting to provide expatriate workers with a sufficiently attractive quality of life. Qatar's success in this regard will be critical to realising its vision of a long term sustainable city with a majority of expatriate residents.

Challenge of Timing

While the physical master plan (QNMP) provides a clear sense of long term direction in line with the vision of Qatar's rulers, there remain concerns about the short term implementation of the plan.

- At present, infrastructure projects have not kept up with Doha's rapid growth, which is causing problems for residents;
- The master plan has also had difficulty moderating the pace of real estate development which has proceeded well ahead of demand, resulting in the likelihood of short term over supply in some sectors of the market.



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