

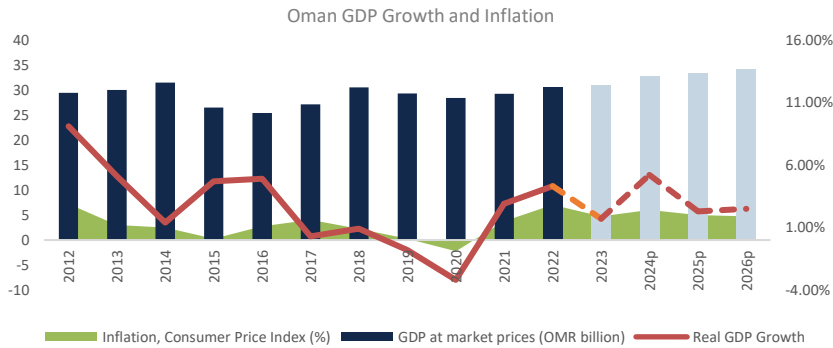


# MUSCAT

REAL ESTATE

MARKET OVERVIEW ::: Q3 2023

**Hamptons**  
INTERNATIONAL



Source: National Centre for Statistics and Information (NCSI), IMF

Oman’s economy grew by 2.1% during the first half of 2023 boosted by oil activities growing by 1.4% and non-oil activities growing at 2.1%. GDP at current prices was reported at OMR 10.1 billion, reflecting a decrease of 9.5% during the second quarter of 2023. The International Monetary Fund (IMF) further projects Oman’s full year 2023 GDP to grow by 1.2%.

Policies espoused by the government contributed to improving macroeconomic indicators, as the government prioritised reducing public debt, enhancing development spending and promoting an attractive investment environment to stimulate the performance of the national economy, in addition to rearranging priorities for sustainability and balance in public finance. Oman’s general budget recorded a surplus of OMR 656 million at the end of the first half of 2023, compared to a surplus of OMR 784 million achieved over the same period in 2022.

The logistics sector steadily improved indicated by ‘Transportation and Storage’ activities increasing by 9.9% during the second quarter of 2023. In a massive boost to the manufacturing sector and to promote Oman as an ideal investment destination, several important projects have been announced. Elaborating on the new projects, the Ministry of Commerce, Industry and Investment Promotion (MoCIIP) has identified new investment opportunities worth over OMR122 million across the Sultanate.

Total tourism revenue generated in the Sultanate of Oman meanwhile stood at OMR 1.9 billion at the end of 2022, posting an increase of 47.3 percent over the corresponding period in 2021. The number of tourists also increased both from domestic tourism and tourist flow from outside the Sultanate. The tourism contribution is expected to reach 2.75% in the next two years compared to 2.4% in 2022.

Real estate activities in the first half of 2023 increased steadily to OMR 611.7 million from OMR 598.0 million from the same period last year. This is supported by improving economic conditions and a rise in the expatriate population to the highest in over a decade. Total value of real estate trading in the Sultanate recorded a rise of 15.8% to OMR 1.8 billion at the end of August 2023 compared to OMR 1.6 billion during the same period in 2022.

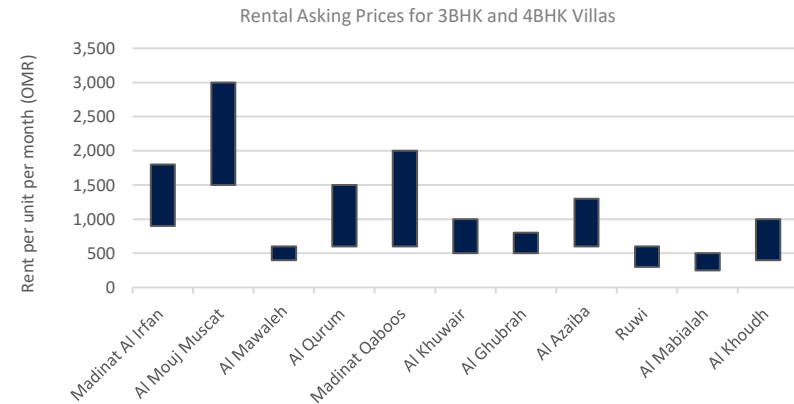
General index of residential real estate prices saw an increase of 6.2% in the second quarter of 2023, mainly driven by residential land prices which saw the index grow by 14.8% during the same period. It is noted however the price index for residential apartments, villas and other homes saw a decline.

Expatriate population, one of the major drivers of residential demand witnessed an increase of 5.6% from the start of the year until August 2023 within the Sultanate. The number of expatriates within the Muscat governorate meanwhile is reported to be at 890,368 persons. We have witnessed this increase of expatriate population have a positive impact on the demand for residential buildings. Further demand is substantiated by Omanis who are predominantly located outside of Muscat, travelling to the capital for work and higher education purposes.

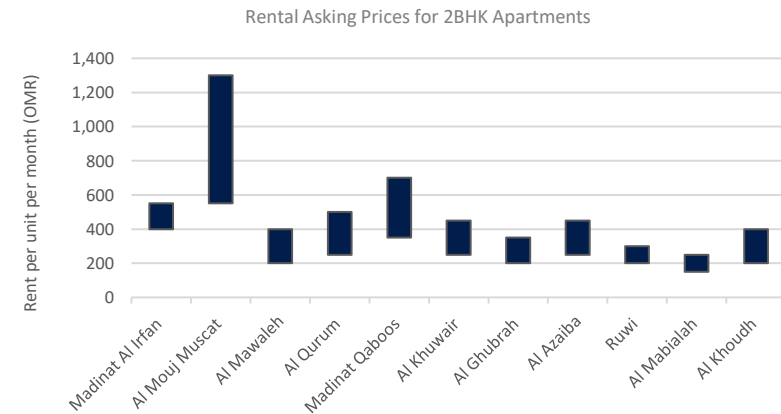
We have observed residential asking rents to be stable during the quarter across the board driven by flight-to-quality. It is likely that rents have declined dramatically over the past few years contributed by the exodus of the expatriate population and the aggressive development of newer residential products in the market, leaving decent ‘bargains’ for quality residential products with decent facilities and amenities.

Several new residential projects continued to launch within the year most notably Aida by Dar Global and its joint venture partner Omran Group. The luxury development project is developed on 3.5 million sqm of land by the sea and is expected to feature a 3,500 residential unit mixed-use gated community with a Trump Golf Course.

Other notable projects include Sultan Haitham City which was inaugurated by His Majesty in May 2023. The smart city project is expected to cover an approximate area of 14.8 million sqm, with focus on utilizing green spaces estimated to be around 2.9 million sqm. The city will likely house 100,000 residents in 20,000 residential units of different styles.



Note: Rental asking price range are based on unfurnished 3BHK to 4BHK villas within Muscat  
Source: Hamptons International Research, 3Q 2023



Note: Rental asking price range are based on unfurnished 2BHK apartments within Muscat  
Source: Hamptons International Research, 3Q 2023

Muscat office occupier demand continued to be driven by flight-to-quality and SMEs. The number of active private enterprises increased by 13.5% from Q2 of 2022 to Q2 of 2023 indicated in the right-hand side table. In line with the increased number of enterprises, the number of workers within these enterprises also witnessed an increase from 1.59 million to 1.77 million within the same time period.

This has positively impacted serviced office operators witnessed by the expansion of IWG with two new HQ offices; Bait Eteen building in Al Khuwair providing 76 offices, coworking desks and four meeting rooms and Hi Office building in Al Athaiba which will be 1,260 sqm spread across 3 floors of a busy business district building and is scheduled to open winter 2023.

We also observed the opening of a new Network Airline Services office in Muscat, an ideal location for visiting customers whilst still being near to the airport. Network Airline Services represent Air Tanzania, Allied Air Cargo, Amerijet and Vistara.

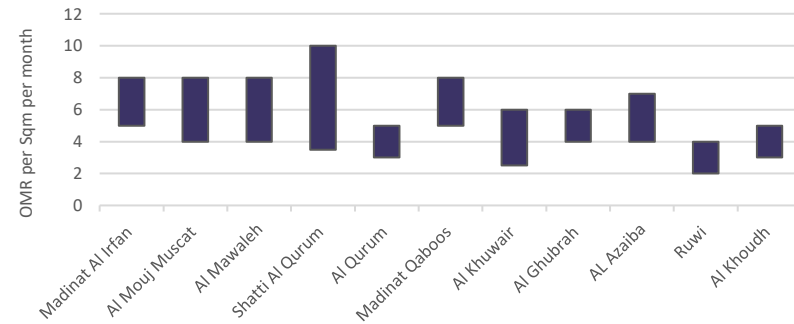
We expect rental demand for good quality office space within Muscat to remain reasonably healthy, although this must be qualified by the requirement for sufficient parking. Overall supply within the wider area will continue to outstrip demand and an increasing number of older units will become vacant as tenants take advantage of lower rents and relocate to more modern buildings with better built quality, design, car parking ratios and provisions of facilities and amenities.

Number of Active Private Enterprises by Size

Enterprise by size	2022, 2Q		2023, 2Q	
	No	%	No	%
Large	733	0.4%	705	0.3%
Medium	1,902	0.9%	1,905	0.8%
Small	22,297	11.1%	30,609	13.4%
Micro	175,542	87.6%	194,390	85.4%

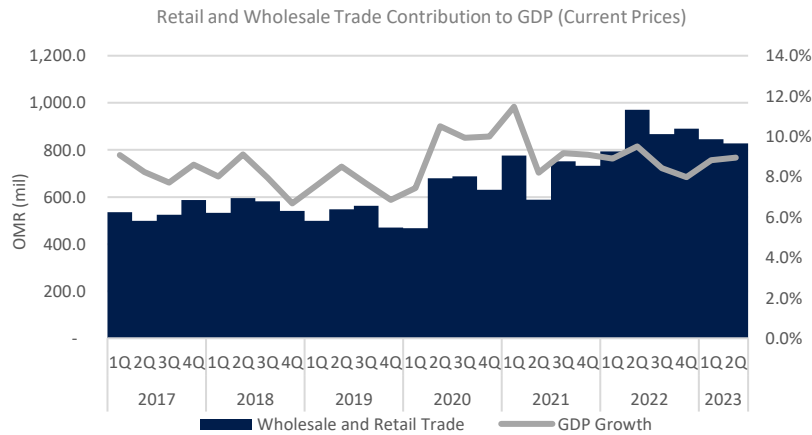
Source: Royal Oman Police

Office Rental Asking Prices



Note: Rentals vary depending on the unit status (shell & core/ furnished), building quality, parking, visibility, other tenants in the building, additional facilities if any.  
Source: Hamptons International Research, 3Q 2023

**RETAIL MARKET**



Source: National Centre for Statistics and Information (NCSI), September 2023

Retail and wholesale trade figures saw a decline of 5.9% to OMR 1.67 billion in the first half of 2023. However, the sector has indicated progressive growth over the past years especially rebounding substantially after the pandemic. It is likely that the wider retail market will be challenging as this market appears to have reached a saturation point.

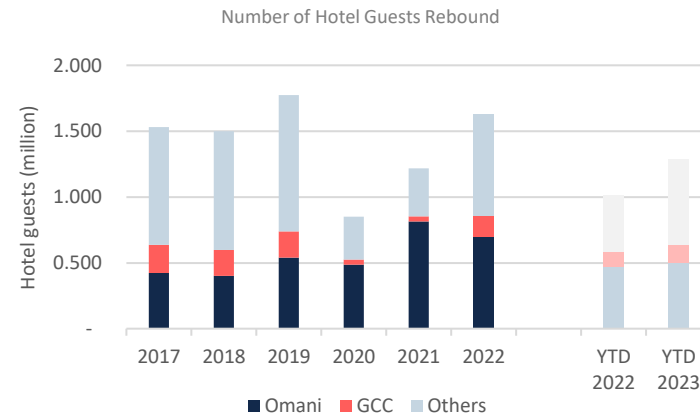
Regardless, certain retail players continue to expand; supermarket chain, SPAR Oman opened its 26th store at Al Khoud, and Max Fashion opened a new 1,060 sqm outlet in Oman Avenues Mall, both in the second quarter of 2023.

New retail players include global names such as Applebee’s, one of the world’s largest casual dining brands opening in City Centre Muscat and Läderach, a premium chocolate brand which has 157 stores in 18 countries opening in the Mall of Oman.

**HOSPITALITY**

The number of hotel guests was recorded at 1.28 million as of August 2023, indicating an increase of 26.7% compared to the same period last year. The increase was driven mainly by tourist flow from outside the Sultanate. This resulted in average hotel occupancy increasing to 46.3%, up from 41.9% last year and increase in hotel revenues, up by 26.3% to OMR 138.4 million. Average daily rates (ADRs) have continued to improve throughout the year and is likely to grow albeit at a slower rate.

New hotels recently completed in 2023 including the DoubleTree Hilton, a 4-star 122 room hotel and Aloft Hotel, a 4-star 193 room hotel. New hotel operators are planning to open include Nikki Beach Resort and Spa Muscat, Tivoli Muscat Hotel & Residences, The Okura Resort, St Regis Al Mouj Muscat Resort, Mövenpick and Mandarin Oriental Muscat.



Source: National Centre for Statistics and Information (NCSI), Hamptons International Research, August 2023

## Contact Us

**Daniel Sellu MRICS**

General Manager  
+968 9829 4201  
sellud@hamptons.om

**Ridhwan Radzi MRICS**

Head of Research and Consultancy  
+968 9910 7117  
radzir@hamptons.om

**Jagruti Naravani**

Leasing Manager  
+968 9963 1370  
naravani@hamptons.om

**Hussain Al Hinai**

Senior Analyst, Research and Consultancy  
alhinaih@hamptons.om

**Moosa Al Ghusaini**

Assistant General Manager, Valuation  
+986 9829 4200  
alghusainim@hamptons.om

**Nasr Al Farsi**

Head, Property Services  
+986 9808 0620  
alfarsin@hamptons.om

**Musheer Ahmed**

Senior Consultant, Sales and Investment  
+986 9829 4202  
ahmedm@hamptons.om