

Hamptons  
INTERNATIONAL



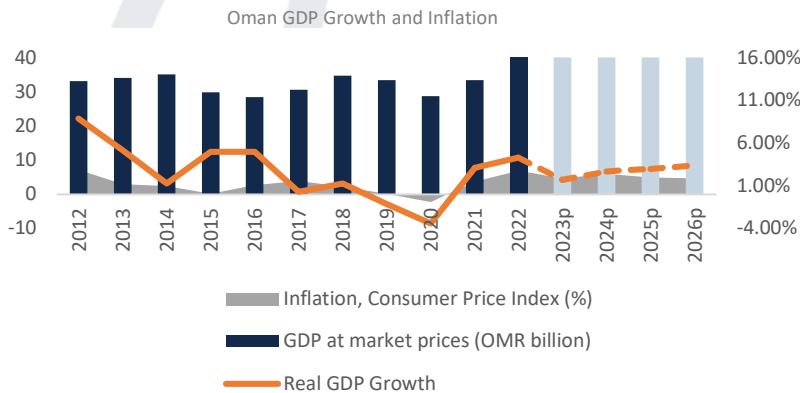
OMAN REAL ESTATE

MARKET OVERVIEW ::: Q4 2023

## MACROECONOMIC OVERVIEW

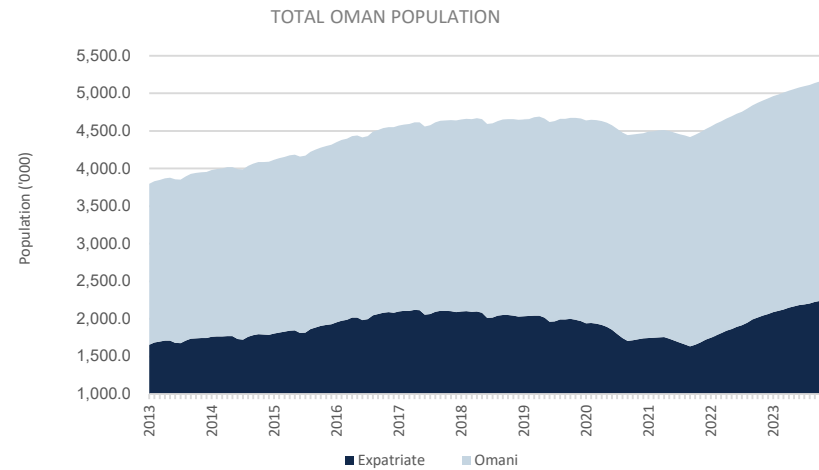
Oman's economic recovery persists regarding favorable oil prices and a consistent drive for reform. Inflation remains under control, further contributing to the positive outlook. The ongoing implementation of the reforms outlined in Vision 2040 is propelling the structural reform agenda forward. These reforms aim to promote inclusive growth, stimulate job opportunities, and strengthen Oman's resilience. The Oman GDP growth has been recorded by the National Centre for Statistics and Information (NCSI) at 2.2% increase in the third quarter of 2023 compared to the same period last year.

The government has implemented policies that have had a positive impact on macroeconomic indicators. These policies have specifically targeted reducing public debt and increasing development spending. The budget surplus of Oman experienced a significant decrease of over 31%, to OMR 830 million, during the initial 10 months of 2023. This decline can be attributed to the decrease in oil and gas revenues this year, as compared to the corresponding period in the previous year, where a surplus of OMR 1.208 billion was recorded.



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

The Ministry of Housing and Urban Planning (MHUP) offered 300 plots of land for investment in December 2023, including 62 in North Al Batinah, 51 in Muscat and 51 in South Al Sharqiyah, 39 in Dhofar, 38 in Al Dakhliyah, 30 in Al Buraimi, 14 in Musandam, nine in Al Dhahirah, three in South Al Batinah, and one in Al Wusta. As part of the plan these plots will be available to support economic growth, increase commercial and industrial output.



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

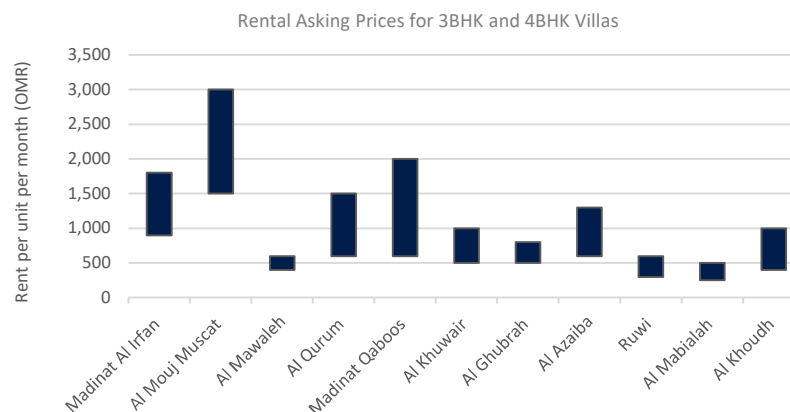
The total population of Oman increased by 5.4% in November 2023 compared to the same period last year. The number of Omanis increased by 2.13% or 62,164, while the number of expatriates increased by 9.02% or 202,446. According to the National Centre for Statistics and Information Omanis currently account for 56.56% of the total population at 2,923,581, while the expat population is at 2,245,076 in November 2023. In addition, the total population in Dhofar governorate in November 2023 is recorded at 518,291 increasing 12.2% compared to the same period last year.

## RESIDENTIAL MARKET

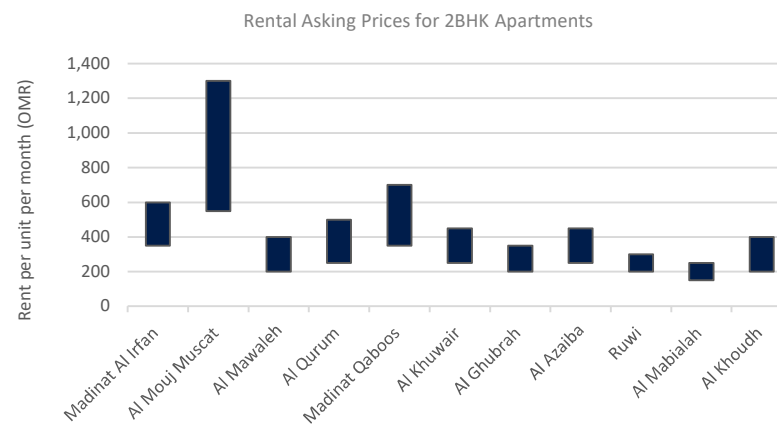
The residential market in Muscat is witnessing a remarkable growth due to its link to the number of population, with an emphasis on the creation of new residential projects and the expansion of existing ones. The total population in Muscat governorate as of November 2023 is at 1,483,852 an increase of 1.4% compared to the same period last year. We note that the percentage of expatriates out of the total population of Muscat Governorate is at 61%, while Omanis is at 39%.

We note there is an increase in the number of new residential developments concomitant with an increase in the transition to high-quality buildings that attract an increase in rent in different areas of Muscat. Al Mouj Muscat remarked as the premium location for residential rent driven by its integrated tourism complexes (ITCs) stretches commanding around OMR 1,500 to 3,000 per month for 3-BHK and 4-BHK villas and around OMR 550 to 1,300 per month for 3-BHK apartments, Madinat Qaboos is situated in the heart of Muscat with highly popular area modern developments, near by the ministries around OMR 600 to 2,000 per month for 3-BHK and 4-BHK villas and around OMR 350 to 700 per month for 3-BHK apartments. Madinat Al Irfan is the biggest mixed-use urban development project rent ranges around OMR 900 to 1,800 per month for 3-BHK and 4-BHK villas and around OMR 350 to 600 per month for 3-BHK apartments.

The Ministry of Housing and Urban Planning signed the first phase agreement of Sultan Haitham City which worth OMR 7 million provides for laying down the basic infrastructure of the city. This will cover an area of more than 6 million sqm.



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



Note: Rental asking price range are based on unfurnished 2BHK apartments within Muscat  
Source: Hamptons International Research, 4Q 2023

## OFFICE MARKET

We note there are increases in the number of active private enterprise in 3Q 2023 compared to the same period of the last year. Furthermore, we observed there is increase in the number of Omanis working in the private sector in Muscat governorate reaching 87,477 employees in October 2023 an increase of 1% compared to the same period the last year. In addition, the number of expatriates working in private sector within the Muscat governorate meanwhile is reported to be at 689,428 persons in November 2023, an increase of 4% compared to the same period last year.

The rental demand for high-quality office space in Muscat is anticipated to maintain a reasonably healthy level. It is important to consider the need for adequate parking. In the broader area, the supply of office spaces will continue to exceed the demand, resulting in a growing number of older units becoming vacant. This is due to tenants capitalizing on lower rents and opting to relocate to newer buildings that offer superior construction quality, design, car parking ratios, and amenities.

AQAR has started operations of the smart office complex namely Office 1991 in Al Khuwair South with a 34,600 sqm total built up office building spread across 13-stories. That including nine floors of 166 smart offices, ground floor for retail and four basement parking levels.

During the quarter, we have noticed there is increase in office asking rents in two areas namely Shatti Al Qurum and Al Ghubrah. The occupancy of the grade A and B office buildings is recorded at 78% and 72% respectively. Grade A office rental meanwhile ranges between OMR 7 to 12 per sqm per month, while the grade B office rental ranges between OMR 4 to 8 per sqm per month.

Number of Active Private Enterprises by Size

Enterprise by size	2022, 3Q		2023, 3Q	
	No	%	No	%
Large	693	0.3%	710	0.3%
Medium	1,859	0.9%	1,897	0.8%
Small	23,671	11.2%	31,263	13.4%
Micro	185,337	87.6%	198,762	85.4%

Source: Royal Oman Police

Office Building Performance Grade (A, B)

	Achievable rent (OMR) per sqm per month	Occupancy
<b>Grade A</b>	7.61	78.0%
<b>Grade B</b>	5.84	72.0%

Source: Hamptons International Research, 4Q 2023

# GHALA HEIGHTS COMPLEX

## Project Components

Movenpick Hotel – 282 Room

Movenpick Hotel Apartments – 58nos

Retail Outlets Net Leasable area – 5,399 sqm

Office Space Leasable area - 26,572.27 sqm

High End Residential Apartments -144 Units



**RETAIL MARKET**

The retail sector in Muscat has been challenging as the market has reached a satiation point. We note that Home R Us have vacated their unit in Muscat Grand Mall leaving a large vacant space within the retail mall. We also observed that Debenhams in the Mall of Muscat is having a clearance sale suggesting the possibility of them moving out as well.

However, not all is glooming in the retail sector. New retail players have been started their business in Oman; Turkish market in Al Hail that consist Turkish furniture , Intrahome Turkish furniture brand on November 18th Street, Al Azaiba North in Muscat. Furthermore, Al Saif Stores Company for Development and Investment announced the leasing of its first showroom in the Sultanate of Oman in Muscat, with an area of 1,200 square meters. The branch is expected to open during the first quarter of 2024. We note an expansion in retails in Muscat recently; Afnan Perfumes opened a new store on the ground floor of Oman Avenues Mall, and Lulu Exchange opened a new branch in Al Hail.

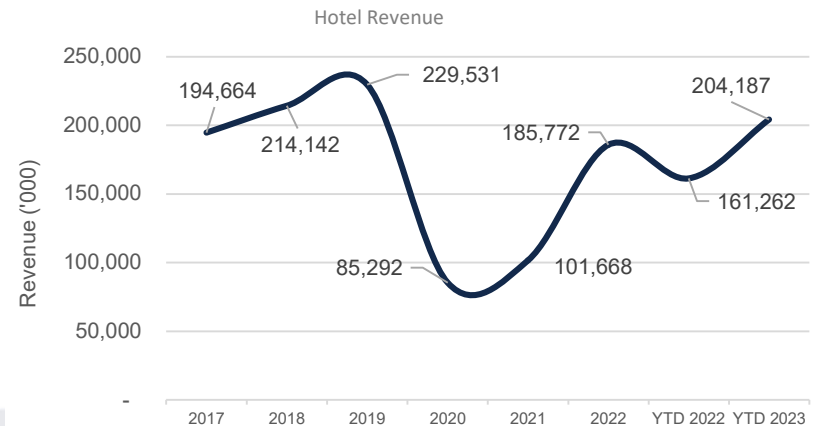
In November 2023, representatives from Muscat's governor, Muscat Municipality Chairman , and building owners in the Qurum commercial district met to discuss the district's facelift. The revitalization plan is set to enhance the economic and social vibrancy of the neighborhood. It includes rehabilitation of public spaces with modern landscaping, paving, lighting and introduction of new commercial spaces. This initiative is specifically targeted at providing growth opportunities for small and medium enterprises in retail, food and entertainment services.

As part of Vodafone's retail network in Oman, there are 75 stores and eStores – self-service and digital areas where customers can get their SIM cards, subscribe to new packages, pay bills, or switch plans – as well as more than 3,700 distributors nationwide. In addition, by the end of the year, six new Vodafone Hubs are expected to open in Oman as part of Vodafone's national expansion plan.

**HOSPITALITY**

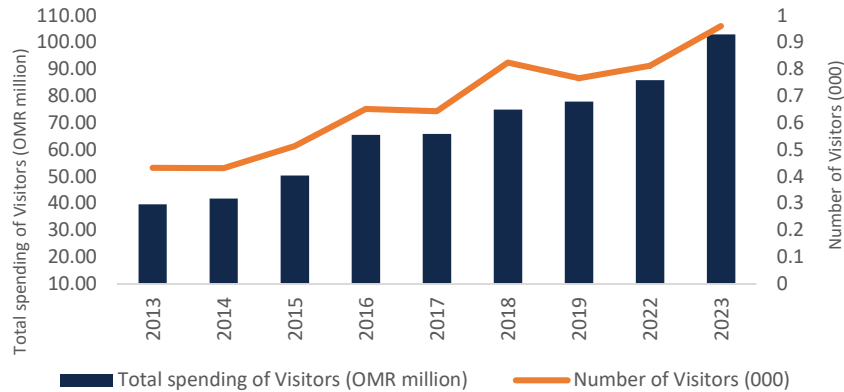
New hotels recently started their operation in 2023 including Wave View Hotel in Al Seeb, a 4-star hotel (60 rooms), DoubleTree by Hilton in Al Qurum, a 4-star hotel (121 rooms) and Aloft Muscat in Ghala, a 4-star hotel (193 rooms) adding around 400 rooms to the existing supply of 3-star and above hotels.

The number of hotel guests in Oman meanwhile was recorded at 1.88 million as of November 2023, indicating an increase of 30.3% 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 48.1%, up from 44.1% last year and increase in hotel revenues, up by 26.6% to OMR 204.1 million. Average daily rates (ADRs) have continued to improve throughout the year and is likely to grow albeit at a slower rate.



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

Khareef Dhofar Season Total Spending, Number of Visitors



Note : Year 2020 and 2021 Dhofar was closed because of COVID-19  
Source: National Centre for Statistics and Information (NCSI), November 2023

Total spending during Kareef season in Dhofar stood at OMR 103 million in 2023, posting an increase of 19.4 percent over the corresponding period in 2022. The number of tourists also increased both from domestic tourism and tourist flow from outside the Sultanate. The tourism contribution in the Sultanate’s GDP is expected to reach 2.75% in the next two years compared to 2.4% in 2022.

New hotels recently completed in Dhofar in 2023 include the Dhofar Oasis Hotel Apartments in Salalah, a 3-star hotel (35 rooms), Itten Plaza Hotel 2, a 3-star hotel (74 rooms) and Salalah International Hotel, a 3-star hotel (49 rooms).

Throughout the year, several new projects were announced in Dhofar including the sustainable city located east of Al-Dahariz as a part of greater Salalah master-plan. The city stretches for 5 Km providing a mix of residential which will cover 30,000 to 40,000 inhabitants and six hotel facilities with a total of 1,100 rooms. The improvement of sustainable cities is a vital portion of Oman's endeavors to diminish its environmental affect and to move forward the quality of life for its citizens. In addition, this project will potentially attract tourists through Kareef season.

Another project that has been (re)announced for several of years is the Al-Sawda island tourism project. Al-Sawda Island forms part of the Kuriya Muriya archipelago of five islands, namely (Halaniya, Al-Sawda, Qabila, Gharzooni, and Hasik). It will feature luxurious hotel suites approaching seven-star standards. The project scheduled to open in December 2026.

A new commercial project signed within the year is Ajwaa by Tibiaan properties and Al Tamman real estate company to develop this project. The project is developed on 20,000 sqm on the Sultan Taimur Street in Al Saada. The project provides more than 220 commercial spaces, retail stores, restaurants and cafés among others.

The establishment of such projects helps the growth of the retail market sector in the Dhofar governorate and contributes to the increase in the investments. In addition, improvement of wholesale & retail trade to contribute to the Sultanate’s GDP where the contribution of wholesale & retail trade recorded second quarter of 2023 is 8.9% or OMR 827.8 million.

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