REAL ESTATE MARKET REVIEW

Bahrain Real Estate Market Review

H2 2025

REPORT

Growth in annual real estate transactions amidst mixed performance by sector in 2025.

CBRE RESEARCH
MARCH 2026

Growth in annual real estate transactions amidst mixed performance by sector in 2025.

▲ 2.1%
YoY estimated growth in GDP for 2025

▲ 19.8%
Increase in registered real estate transactions in 2025 vs 2024

▶ 0.0%
Change in Prime office rates in 2025

▼ -3.6PP
Decrease in average operational occupancy across tracked retail centres

▼ -4.4%
Decrease in average apartment sales rates compared to 2024

▲ 2.2%
Increase in average hotel occupancy rates in 2025

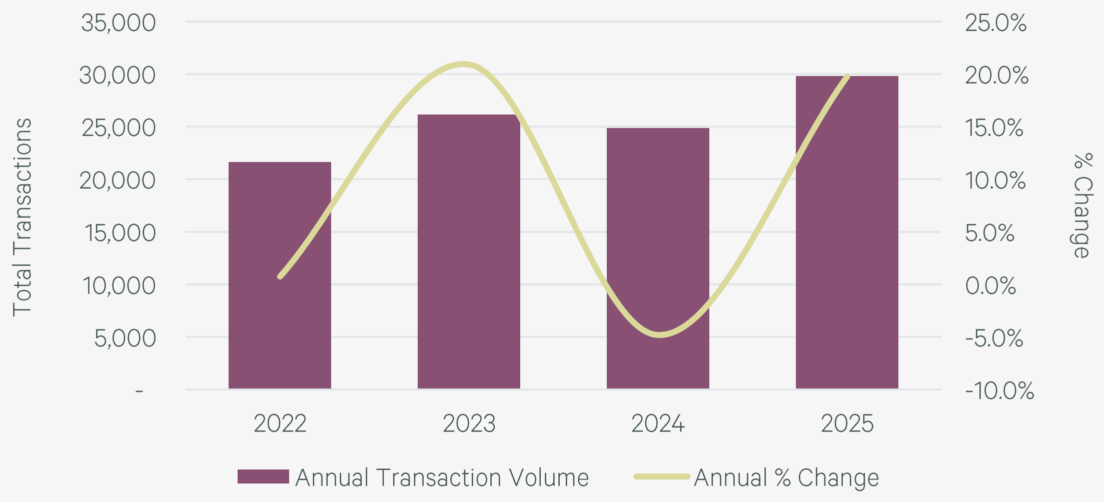
Macroeconomic Overview

– Bahrain's GDP is forecast at 2.1% for 2025, according to Oxford Economics, with growing momentum in the non-oil sector. However, it should be noted that the report emphasises that the yearly growth rates overstate momentum, reflecting favourable base effects in early 2024. Consumer prices remained flat in 2025, with inflation sitting at an average of 0.1% for the year, as many consumer goods sit in deflationary territory.

– Survey & Land Registration Bureau (SLRB) data shows a total of 29,777 registered real estate transactions in 2025, an increase of 19.8% compared to 2024 (Figure 1). Meanwhile, transaction values during the same period totalled BHD1.60 billion, an increase of 51.6%. Each of these metrics is the highest registered in the last ten years.

– November 2025 saw the fourth iteration of Cityscape Bahrain held under the theme of "Elevate your Lifestyle" and showcasing 91 real estate developments. Announcements at the expo included the Orchid Bahrain Bay by Orchid Developers, a 47-storey, three-tower residential property, and US$1 billion worth of projects by Infracorp such as a variety of updates at Bahrain Harbour.

FIGURE 1: Bahrain, Annual Real Estate Transaction Volumes



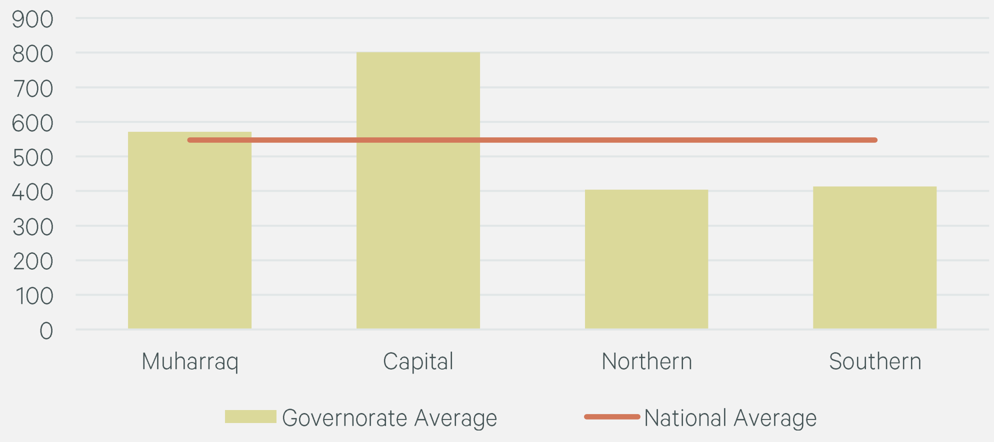
Source: CBRE Research/ SLRB

Residential

CBRE's analysis of RERA's transaction data shows a -4.4% decrease in average apartment sales rates (actual) across Bahrain in 2025 compared to 2024, down to BHD547/sqm. This reflects a continuation of the downward trend since 2023. The Capital Governorate continued to see the highest transaction rates by a large margin, at an average of BD801/sqm, while the Northern and Southern Governorates saw the lowest, at BD404/sqm and BD413/sqm, respectively. Muharraq sat slightly above the average at BD572/sqm (Figure 2). Similarly, villa sales rates fell by -3.5% in 2025, following a period of marginal increases, sitting at an average of BD490/sqm. In terms of location, there were smaller variations between Governorates for villas than for apartments, with the Muharraq Governorate seeing the highest average at BD557/sqm.

In terms of rents, 2025 saw a slight decrease (-1.4%) in quoted apartment rental rates in a continuation of a period of consistent declines, with average asking rates at BD440/month across studio to 3-bed units. The Capital Governorate sat above the average, at BD501/month, bolstered by areas such as Bahrain Bay and Reef Island. Annual variation was broader for villas, with an average asking rental rate of BD924/month in 2025; a decrease of -4.1% YoY in CBRE's analysis of 2- to 5-bedroom properties. In an inverse trend to villa sales, villa rental rates were lowest on average in Muharraq, at BD808/month, while the Capital Governorate quoted an average of BD1,011.

FIGURE 2: Bahrain 2025, Average Apartment Sales Rates by Governorate, BHD/sqm



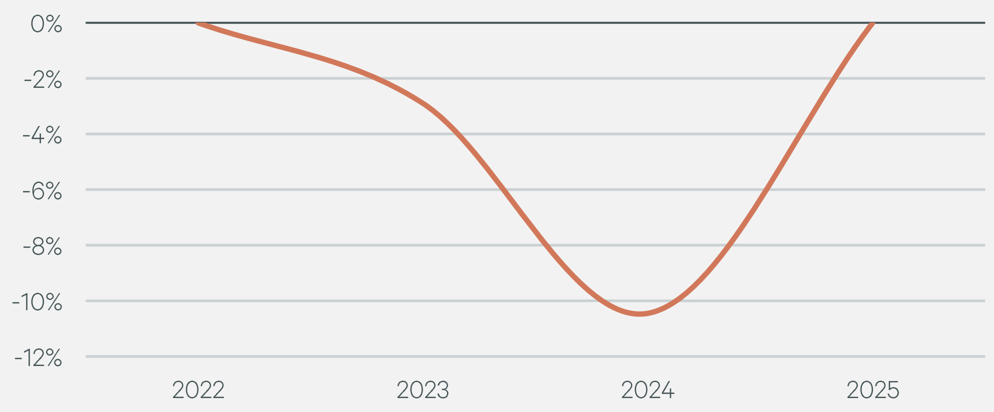
Source: CBRE Research / RERA

Office

Prime office rental rates stabilised in 2025, following a period of consistent declines (Figure 3). Limited occupier demand, particularly from large-scale market entrants, coupled with continued stock increases, contributed to overall rental rate stagnation. This trend is expected to persist until demand begins to absorb the available supply. In the local market, transaction activity in Bahrain is primarily driven by existing tenants seeking improvements in space quality, facilities, and lease terms. Conversely, we are informed that co-working spaces have experienced increased demand, catering to the evolving need for more flexible and typically smaller office footprints. This growth is evidenced by the recent establishment of another international operator's centre at Seef Mall.

A potentially favourable indicator emerged from a recent CBRE poll of over 260 Bahraini respondents exploring hybrid working trends. The poll revealed that only 25% of respondents are currently offered a hybrid working option by their employers, suggesting a prevailing cultural expectation of continued full-time, in-person office attendance.

FIGURE 3: Bahrain, Prime Office Rental Rates, Annual % Change



Source: CBRE Research

Retail

Average occupancy across CBRE's set of 21 tracked retail centres (assessed on a unit-by-unit basis across Super Regional to Regional Category malls) continued its decline in H2 2025, with a decrease of -3.6 percentage points compared to H1 to 63.3% (Figure 4). Of the 21 tracked malls, ten saw decreases in occupancy, five saw increases, and six saw no change. While a number of malls, including Dragon City, the Avenues, and Marassi Galleria continue to outperform with increasing occupancy, only seven of the tracked set (one third) are operating at stabilised occupancy of 80% or above. It is worth noting the closure of one property, Marina Mall, during this time, whose Landmark Group outlets have transferred to Bahrain Mall.

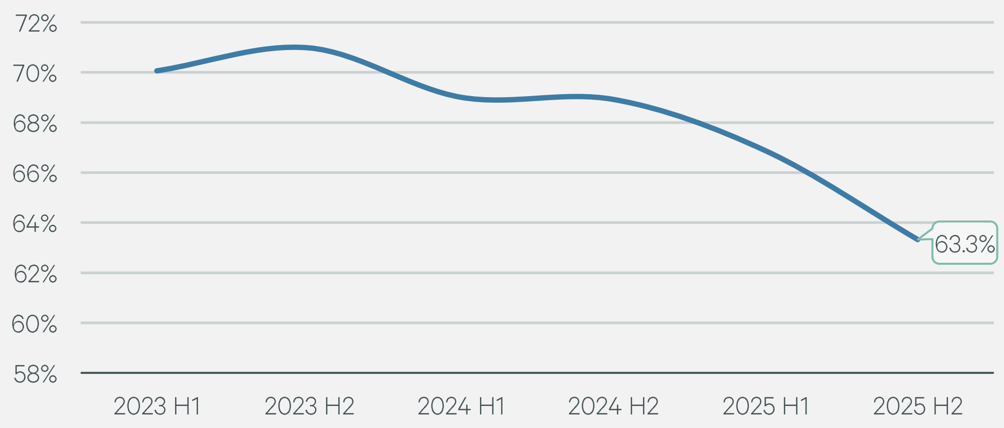
There have been notable store closures of late, including department stores in City Centre. These come amidst a trend away from luxury and high-end brands towards the budget-friendly and affordable, with European brands planned to be introduced to the market. These shifts are a reflection of reduced consumer spending ability in the local market, which fell an estimated -5.3% between 2022 and 2024. Nevertheless, supply of smaller experiential retail centres continues to increase, particularly retail plazas in boulevard styles. Future openings for this type of property include Seef Downtown and the Promenade, as well as the larger-scale Marina Walk at Bahrain Marina.

Hospitality

In terms of Bahrain's hospitality KPIs, there were positive increases across the board in 2025 as compared to 2024 (Figure 5). The most significant gains were seen in RevPARs, which increased 6.3% on average in 2025. Whilst average occupancy saw an increase of 2.2%, reaching 55.7%, these figures remain significantly below regional tourism hubs, including Doha, Abu Dhabi and Dubai.

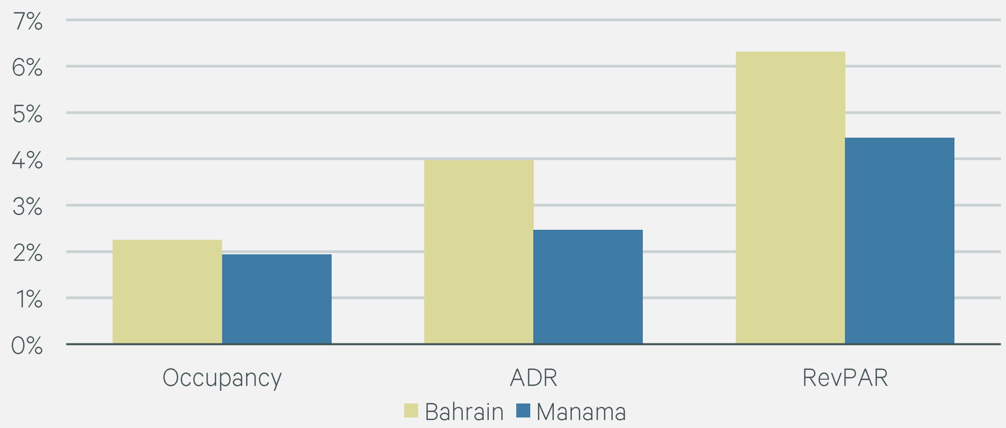
Total passenger traffic at Bahrain International Airport has been on an upward trajectory since 2023, with growth of 7.5% and 4.2%, respectively, in 2024 and 2025. This increase brought the total up to 9.74 million passengers. As of end of 2025 and looking towards 2026, Bahrain was to be positioned as the Middle East's strategic regional hub for budget airline AirAsia X. This move would set Bahrain as the link between London and Kuala Lumpur and facilitates expansion into Europe and Africa for global travellers. This was followed by the signing of a LOI between Bahrain's Civil Aviation Affairs and the Maldivian luxury airline BeOnd to begin operations in the Kingdom.

FIGURE 4: Bahrain, Retail Occupancy Percentage Point Change, 21 Major Shopping Centres



Source: CBRE Research

FIGURE 5: Tourism KPIs, 2025 YoY % Change



Source: CBRE Research/ Co-Star Data

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