

REAL ESTATE MARKET REVIEW

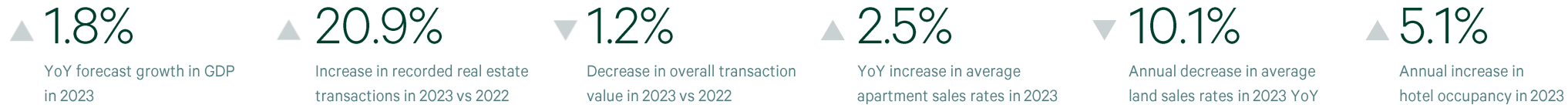
Bahrain Real Estate Market Review Q4 2023

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CBRE RESEARCH
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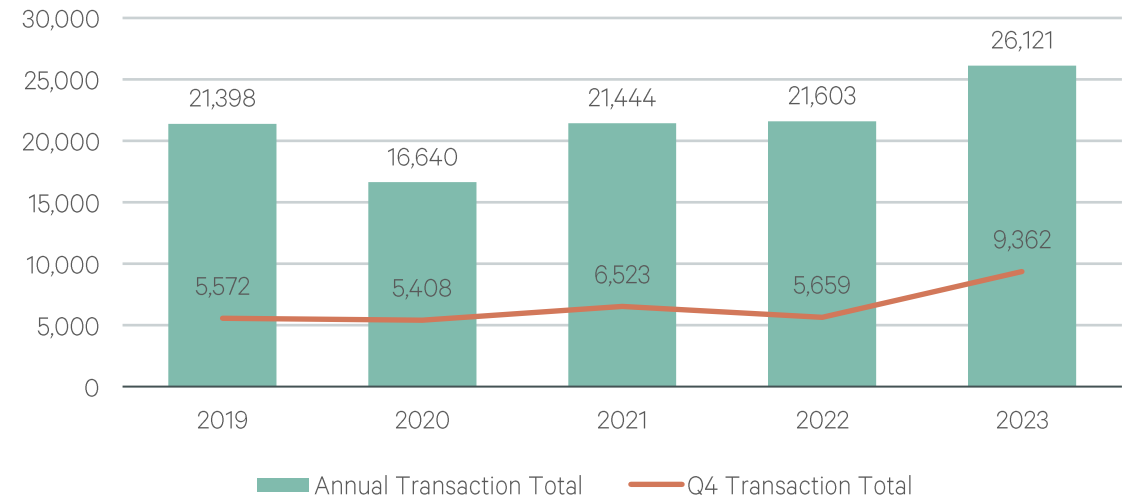
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Market Overview

- Bahrain’s GDP growth estimate for 2023 has increased to 1.8%, up from 1.7% a month earlier, according to Oxford Economics, with expansion in the oil sector offsetting a slowdown in the non-oil sector.
- SLRB data shows that there were 9,362 total real estate transactions in Bahrain in Q4 2023, an increase of 65.4% YoY compared to Q4 2022 and an increase of 82.0% QoQ compared to Q3 2023. This has brought total transactions for 2023 to 26,121, an increase of 20.9% compared to a year earlier and equates to over 4,500 additional transactions over this period. The total value of real estate transactions fell marginally by 1.2% YoY, down from BHD1.09bn in 2022 to BHD1.07bn in 2023. Average land transaction rates decreased by 10.1% YoY in 2023 to BHD24.9 per sqft across areas and zones.
- The Real Estate Regulatory Authority (RERA) launched the Aqari platform in December 2023, providing registered users with detailed transaction data, as recorded by the Survey and Land Registration Bureau (SLRB). The increased transparency aims to inform real estate professionals and improve investor confidence in the Bahrain’s market. The databank also provides broader insights relevant to stakeholders, from numerous government sources.

FIGURE 1: Bahrain, Total Annual Real Estate Transactions



Source: CBRE Research / SLRB Data

Bahrain Residential

Average apartment sales rates across the Kingdom grew by 2.5% in the year to 2023 (Figure 2). The highest average sales figure was recorded in the Capital Governorate at BHD765 per square metre in 2023. Villa sales rates, which are based on title deed area, declined marginally by 0.4% in 2023. The highest villa rates were recorded in Muharraq at BHD554.8 per square metre.

The second iteration of Cityscape Bahrain was held at Exhibition World in Sakhir in November 2023. The expo featured more than 58 real estate projects from a range of public sector, local and global private real estate developers. During this period, the Manama coastline witnessed the groundbreaking ceremony of Bahrain Marina, a large-scale mixed-use project with an approximate built-up area of 256,000 square metres. The project is set to include 274 residential units, hospitality and retail components, along with a 163-berth marina and yacht club.

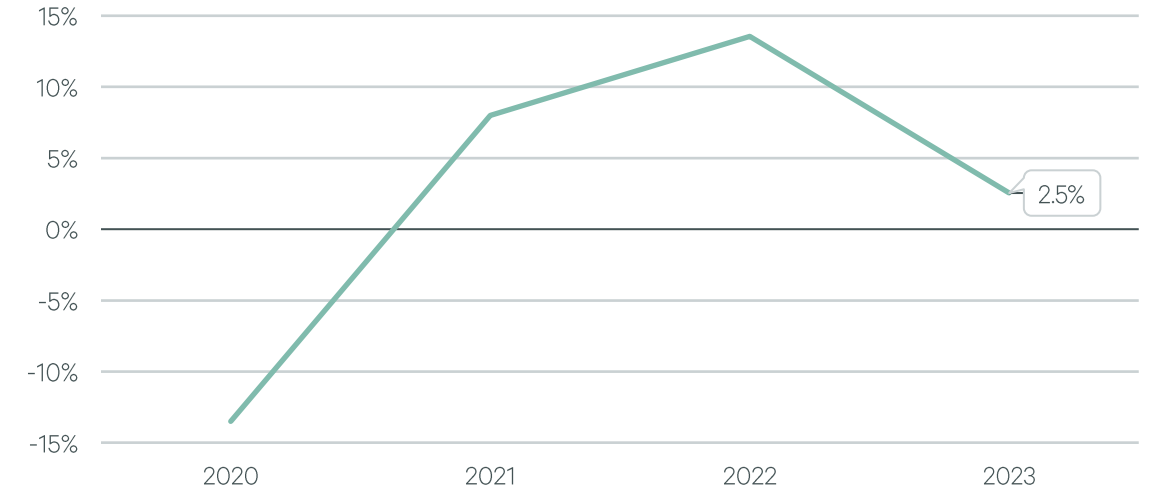
In the rental market, mid- to high-end quoted apartment rates fell by 1.7% in the year to Q4 2023. Over the same period, mid to high end villa rates remained relatively stable, witnessing only a marginal 0.1% decline.

Bahrain Office

According to CBRE data, there were no significant new office buildings completed in 2023, a trend which has continued from 2022 (Figure 3), with the last major opening being the BIBF building at Bahrain Bay in 2021. There are a number of openings scheduled for 2024, including Sayacorp Tower and Seef Boulevard. Should these openings go ahead as scheduled, the total supply of office space in Bahrain will increase 1.1% in 2024. Looking ahead to 2025, with the completion of FGR Tower in Bahrain Bay and other developments, supply will increase a further 4.0% to a total of over 1.4 million square metres.

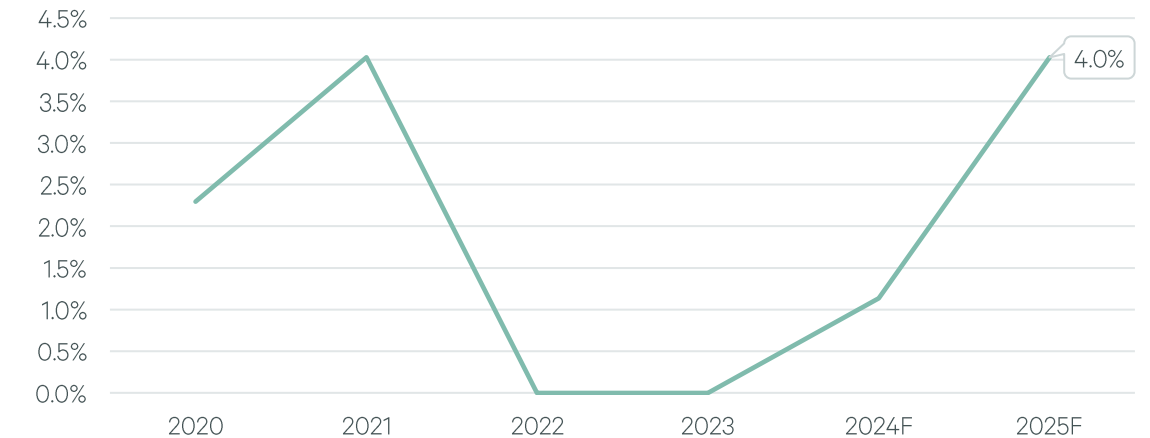
Bahrain has seen rental rates remain stable in 2023, with Grade A rents sitting at BHD5.98 per sqm per month on average. The headline vacancy rate has stabilised and seen a small improvement based on growth in the workforce as well as reduced development and new additions of Grade A properties to the market. However, with the projects coming online in the next 24 months, it is anticipated that there will be further downward pressure on rents, as demand is unlikely to match the growth in supply over this period, despite the probable flight to quality.

FIGURE 2: Bahrain, Annual Average Residential Apartment Transacted Sales Rate Variation



Source: CBRE Research / Aqari

FIGURE 3: Bahrain, Annual Office Supply Growth



Source: CBRE Research

Bahrain Hospitality

Key performance indicators for the hospitality sector demonstrated almost uniform improvement in 2023. STR Global's data shows that average hotel occupancy in Manama was up by 5.1% (Figure 4) compared to 2022. Over this period, although Manama's ADR fell by 2.7% to an average of BHD61.0, its RevPAR increased by 1.9%. Bahrain as a whole performed similarly, with its occupancy rate increasing by 4.4% and ADRs falling by 2.2%, resulting in RevPARs increasing by 2.1%. In terms of tourism statistics, the latest data shows that airport passenger arrivals increased 11.2% in Q4 2023 when compared with the same period in 2022.

December saw the opening of Bahrain's first Raffles property. The converted property, previously Al Areen Palace & Spa, offers 78 private pool villas ranging from one to three bedrooms plus five food and beverage outlets. The property, operated by Raffles (Accor Group) and owned by GFH, is set on over 130,000 square metres. A further announcement during Q4 2023 was the Kempinski Hotel and Residences at Bahrain Financial Harbour. The property, which is set to open by the end of 2025, will include 74 guest rooms plus 186 branded residences spread across the east Harbour Heights tower.

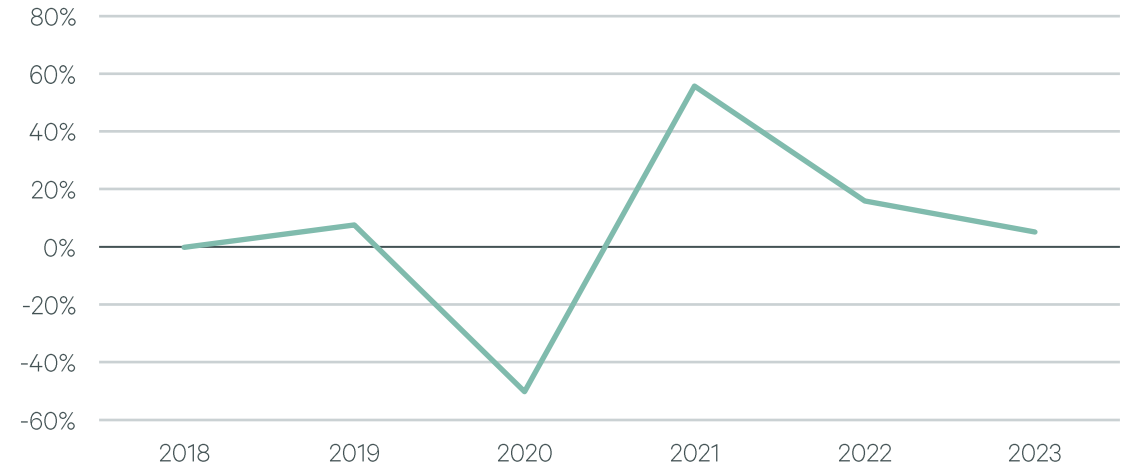
Bahrain Retail

CBRE's biannual retail occupancy survey for H2 2023 showed marginal growth for the third consecutive period. H2 saw average occupancy increase by 1.0 percentage point across CBRE's set of 20 tracked malls in Bahrain. Of these properties, eleven saw higher trading occupancy, while six properties saw lower occupancy and three remained the same, compared to H1 2023.

We anticipate that, going forward, occupancy rates will be impacted due to the introduction of new stock such as Marassi Galleria Mall and The Avenues Phase 2. Marassi Galleria introduces significant additional GLA to the total stock. Given the size of the Bahrain market, it is likely that as the property reaches stabilised occupancy, other super regional and regional centres will see a dilution in footfall, without a notable increase in demand on the horizon.

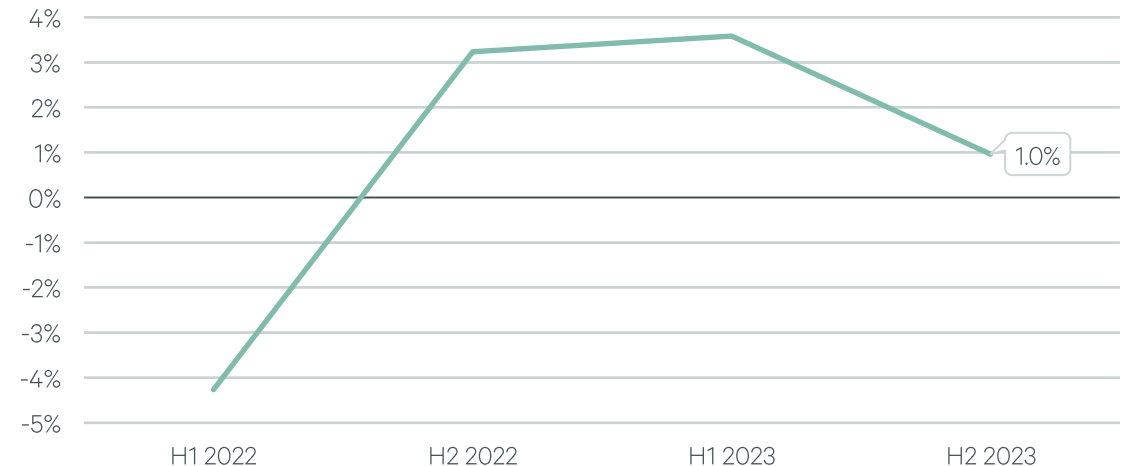
Average tracked rental rates declined by over 4% in 2023. We anticipate that the increasing supply across all segments, from neighbourhood plazas to destination malls, will increase pressure on landlords to provide more competitive commercial terms in the coming periods.

FIGURE 4: Manama, Hotel Occupancy, Percentage Change YoY



Source: CBRE Research/ STR Data

FIGURE 5: Bahrain, Retail Occupancy, Percentage Point Change



Source: CBRE Research

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