



BAHRAIN PROPERTY REPORT Q1 2023

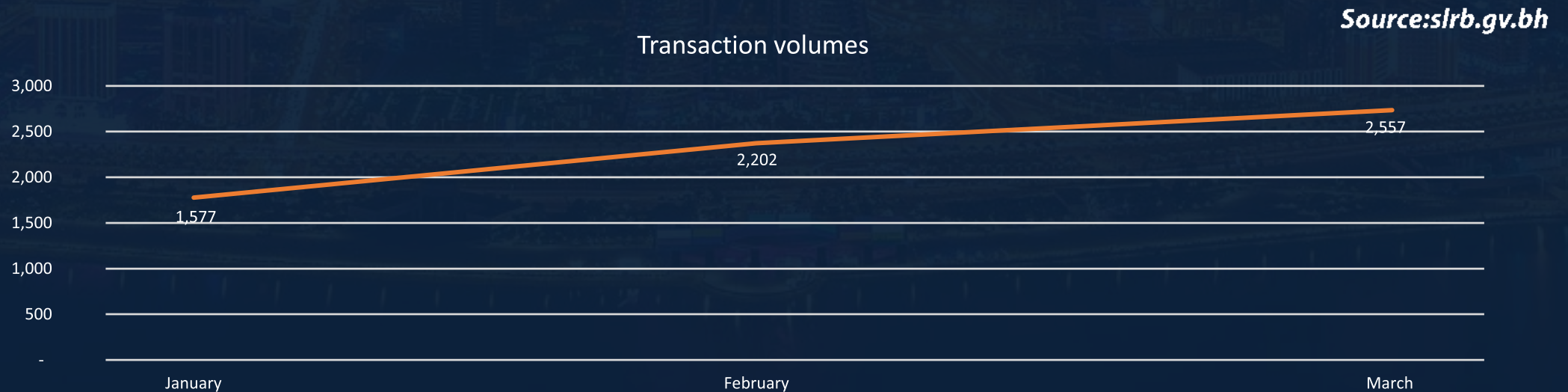
Progressive property valuation and transaction volume improvement have been witnessed due to increased local and regional economic stability and growth.

ASK Real Estate



PROPERTY MARKET

- The Bahrain Property Market has continued to recover from the Covid 19 pandemic. The construction of projects which had stalled during the Covid 19 peak pandemic period have been resumed. New projects have also been launched. The Bahrain skyline is now a hive of construction activities signalling the return to economic normalcy after the Covid 19 pandemic. This has been facilitated by the high oil prices and government interventions.
- The total real estate transactions in the 1st quarter of 2023 stood at 6,336 compared to 5,533 for the same period last year. This was circa 14.5% increase compared to the same period last year. The transactions were worth BHD 243,017,022, which is about 17% down from the same period last year 2022. In monetary terms, the transactions were lower compared to the same period last. However, volume wise, the transactions increased when comparing to the same period.
- According to the SLRB, the value of Gulf real estate transactions amounted to 15,427 million dinars in the first quarter of the current year, an increase compared to the same period last year when the Gulf turnover reached 10,407 million dinars.
- The value of foreign real estate transactions also grew in the first quarter of the current year compared to its equivalent of 2022, reaching 17,057 million dinars this year, compared to 12,857 million dinars in the same period last year.



MACRO ECONOMIC SNAPSHOTS

Global

- The failure of several US regional banks is expected to result in marked tightening of credit conditions across the globe.
- The property market is expected to slow down in the aftermath of the failure of the several US regional banks.

Bahrain

- The country is still under the National Economic Recovery Plan, which was launched in 2021. The plan aims to drive economic growth based on five main pillars, including the launch of strategic projects valued at over US\$30 billion in various sectors, such as infrastructure, industrial, housing, tourism, and healthcare. The housing segment of the plan includes the "Sharaka" programme, which allows private developers to bid for contracts for government land, in line with the government's commitment to strengthening its partnership with the private sector and providing quality houses for citizens.
- The fiscal deficit for 2022 was at BHD 178 million against a budget of BHD 1.185 billion, a decrease of 85% from the previous period. This was due to the continuing fiscal reforms, better-targeted subsidies under the Fiscal Balance Program (FBP) and the rebound in oil prices. However, the government deficit is expected to widen in 2023 as a result of lower oil prices. The FBP, through a series of reforms aims to balance the budget by 2024.
- Annual inflation was 3.6% in 2022, fuelled by the doubling of VAT to 10% and the outbreak of the war in Ukraine. This was an increase from the 2021 rate which was at -0.61%. Notable changes in prices were in the food and non-alcoholic beverages group with +11.5% and restaurants and hotel group with 9.2%.
- The economy i.e GDP grew by 3.22% and 2.82% at constant and current prices respectively in Q4 of 2022 compared to Q3 of 2023.
- Hotels and restaurants grew by 5.72% and 5.8% at constant and current prices respectively, in Q4 of 2022 compared to Q3 of 2022 and grew by 0.6% and 0.58% at constant and current prices respectively between Q4 of 2021 and Q4 of 2022. Hotels contributed 0.92% to the GDP in Q4 a 5.83% increase compared to Q4 in 2021. Restaurants contributed 0.65% to the GDP in Q4 of 2022, a -5.63% growth compared to 2021.
- The construction sector grew by 1.75% and 1.78 % at constant and current prices respectively, in Q4 of 2022 compared to Q3 of 2022 and grew between 0.11% and 5.04% at constant and current prices respectively between Q4 of 2021 and 2022. The construction sector contributed 6.96% to the GDP for Q4 in 2022, a 5,04% increase compared to the same quarter in 2021.
- Real Estate and Business activities grew at 1.10% and 0.83% at constant and current prices in Q4 of 2022 compared with Q4 of 2021. The real estate sector contributed 3.32% to the GDP in Q4, a 5.34% increase compared to 2021.
- The country has a population density of 1915/km² as December 2022.

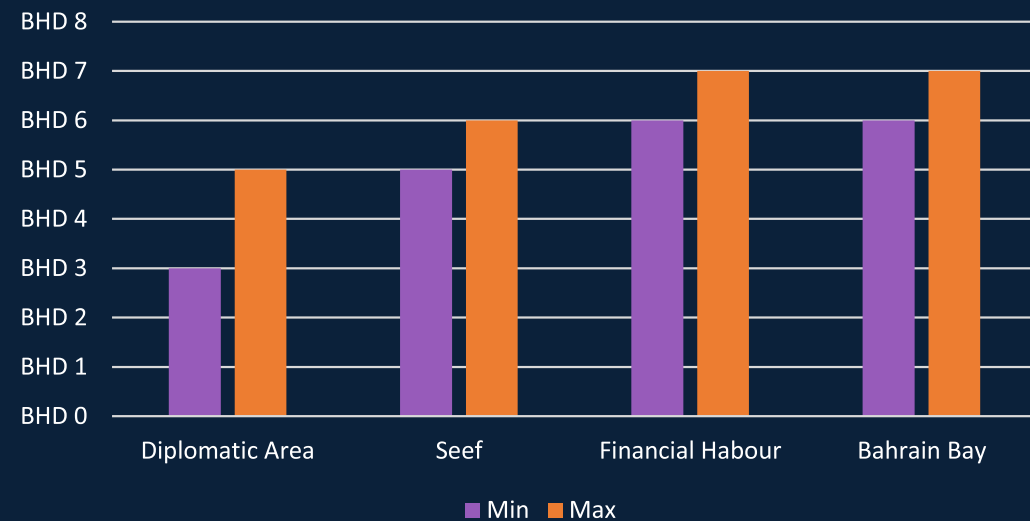


SECTOR PERFORMANCES

Office Sector

The commercial office market continues to be dominated by weak occupier demand. The market is now characterised by flights to quality, as occupiers are moving to new greener buildings. The most affected area is the Diplomatic Area due to the inherent parking and traffic challenges. The prime yield for office investments is in the order of 7-10% and rentals are in the range of BHD 4 - 7 per square metre. The below charts tabulate the office rental rates in prime areas of Bahrain.

Office rental/m²

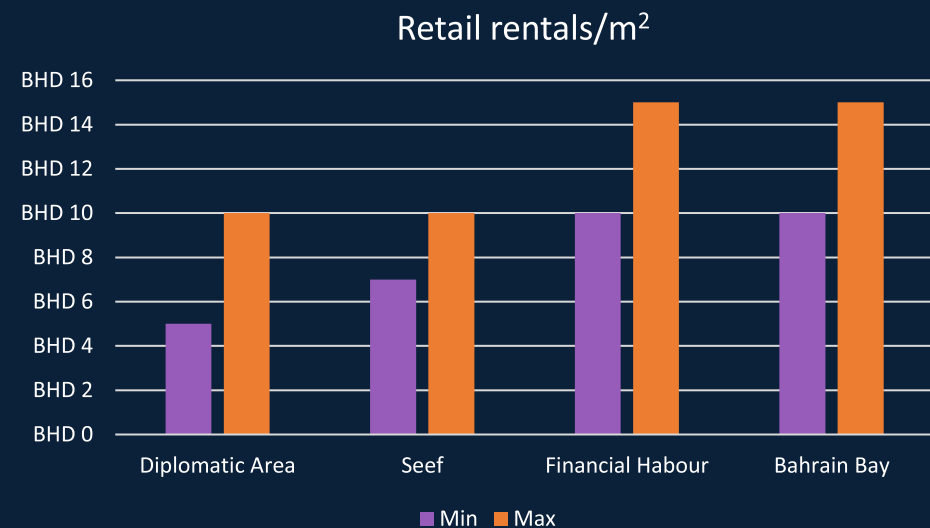




SECTOR PERFORMANCES

Retail Sector

Prime yields for retail investments are in the order of 7-8% and rentals range between BHD 9 – BHD 15 per square metre. The expansion of the Avenues is expected to increase the stock of destination and experience shopping malls in Bahrain. The 1890 Boulevard and Seef Boulevard in Seef, which are under development are also expected to add to the retail stock. The development of drive-through restaurants has become a new trend in Bahrain. The District 2, in Janabiya, is one of the upcoming development with drive-through restaurants and is expected to deliver 2,047 square metres of drive through leasable space by at the end of Q2 of 2023. Overall, the development at District 2 is expected to deliver 2,047 square metres of drive through leasable space by at the end of Q2 of 2023. Overall, the development at District 2 is expected to deliver over 8,850 m² of retail leasable space. The below charts tabulate the retail rental rates in different prime locations of Bahrain.

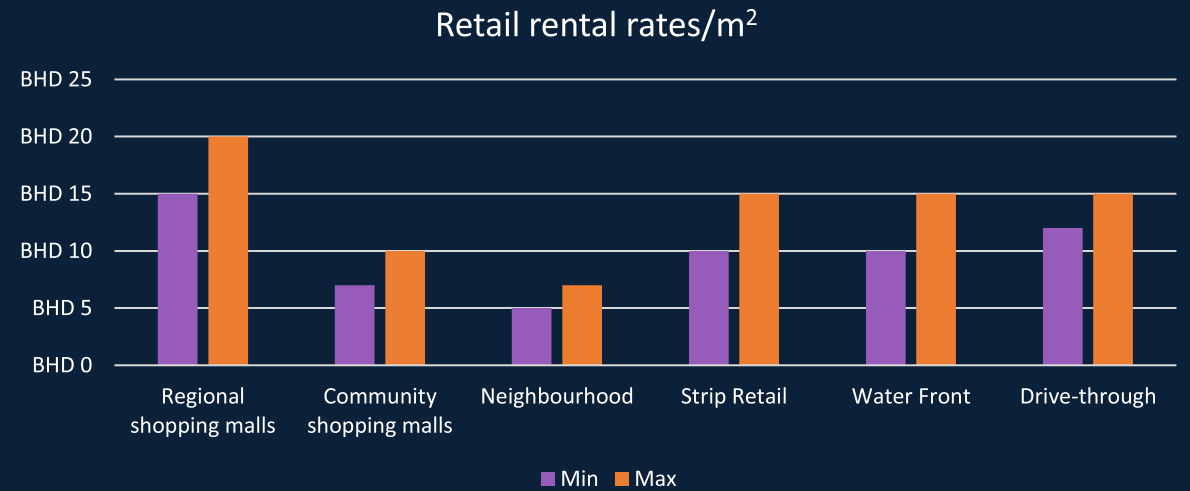


Source: ASK Research 2023



SECTOR PERFORMANCES

Retail Sector



Industrial Sector

The indicative yield for prime industrial properties in Bahrain ranges between 8% & 10% and rentals are between BHD 3 – BHD 5 per square metre. Assets in BIW are commanding the high end of the spectrum.

SECTOR PERFORMANCES

Residential Property in Bahrain

Rental Rates have largely remained stagnant in most area with no movement in rates. The below sections summarises the rentals and capital values per square metre in the different prime areas of Bahrain. Apartment with sea view commands the high end of spectrums.

SEEF

Use	Accommodation	Rental (BHD) per month	Capital Values
Residential Apartments	Studio	200 -275	BHD 550-700
	1 bedroom	250 -350	
	2 bedrooms	350 -450	
	3 bedrooms	500 -900	
	4 bedrooms	900 -1500	

In Seef prime stock is available at The Court Yard, RP Tower, Millennium Tower, The address, Cata-maran, The Platinum, Nodic Towers and the Seef Avenues. New projects under construction include Seef Avenues II, Sumo Tower, MBW Tower, and The District Tower.

REEF

Use	Accommodation	Rental (BHD) per month
Residential Apartments	Studio	500 - 600
	1 bedroom	500 - 800
	2 bedrooms	800 - 1350
	3 bedrooms	1200 - 2500
	4 bedrooms	1650 - 3000

SECTOR PERFORMANCES

Residential Property in Bahrain

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BAHRAIN BAY

Use	Accommodation	Rental (BHD) per month	Capital Values
Apartments	Studio	375 - 550	1400 - 1650
	1 bedroom	500 - 700	
	2 bedrooms	750 - 1200	
	3 bedrooms	1200 - 2500	
	4 bedrooms	2500 - 3000	

In Bahrain Bay, prime stock is available at Water Bay Residence Tower C. Projects under construction includes ONYX, Golden Gate, Four Seasons Private Residence Bahrain Bay and Paramount Residence. The Four Seasons Private Residence Bahrain Bay is expected to open late 2023. The long awaited Golden Gate is expected to deliver approximately 86 111 square meters into the market. The new projects are expected to significantly add to the existing stock and add pressure on the capital and rental values. Apartments in the area are being sold at between BHD 1400 – BHD 1650 per square metre depending on the size, aspect, and other material factors. Some of the penthouses at Bahrain Bay are listed at close to BHD 2000 per square metre.

SECTOR PERFORMANCES

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HARBOUR AREAS

Use	Accommodation	Rental (BHD) per month	Capital Values
Apartments	Studio	300 - 550	1400 -1650
	1 bedroom	450 - 700	
	2 bedrooms	600 - 1100	
	3 bedrooms	800 - 1350	

Projects under construction in the area include First Energy Tower, and the Future Generations Revenue Tower. Apartments are being sold at between BHD 1400 – BHD 1650 per square metre, depending on the size, aspect and other material factors.

SECTOR PERFORMANCES

Residential Property in Bahrain

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JUFFAIR

Use	Accommodation	Rental (BHD) per month	Capital Values
Apartments	Studio	250 - 350	450 - 700
	1 bedroom	300 - 600	
	2 bedrooms	400 - 800	
	3 bedrooms	500 - 1200	

Prime stock is available at Burj Kadi, Vevey, Jana Tower, Sama Tower, Cielo Tower, Providence Residence, Fontana Infinity, Fontana Tower TJ Tower, Capricorn Tower and The Vision. Projects under construction include the Farhan Tower.

SECTOR PERFORMANCES

Residential Property in Bahrain

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AMWAJ

Use	Accommodation	Rental (BHD) per month	Capital Values
Apartments	Studio	200-250	700 - 850
	1 bedroom	280 -500	
	2 bedrooms	300 -750	
	3 bedrooms	1000 -1500	

The long awaited Amwaj Beach Front development is finally expected to deliver 91 Town Houses with a sea front by the end of Q3.

SECTOR PERFORMANCES

Off Plan Sales Project

There are currently 27 approved off plan sales project in the Kingdom of Bahrain. The table tabulates the status and location of each approved off plan sale project.

No	Development	License and Project Status	Location
1	Diyar Al Khair Phase 1	Active	Al Daih
2	Harbour Row 2	Active	Bahrain Bay
3	Symphony Tower	Active	Al Hooraa
4	Marassi Boulevard	Completed	Marassi Al Bahrain
5	Canal View	Active	Dilmunia
6	Al Bareh Phase 1 - 35 Villas	Completed	Diyar Al Muharraq
7	The Address Residences	Active	Marassi Al Bahrain
8	Burj Kadi	Active	Al Fateh
9	Onyx Bahrain Bay	Active	Bahrain Bay
10	The Courtyard Residence	Completed	Seef
11	Difaaf	Active	Reef Island
12	Al Sidra - Phase 1 (89 units)	Active	Diyar Al Muharraq
13	Jeewan Villas - Phase 1 (173 units)	Completed	Diyar Al Muharraq

Source: RERA

SECTOR PERFORMANCES

Off Plan Sales Project

There are currently 27 approved off plan sales project in the Kingdom of Bahrain. The table tabulates the status and location of each approved off plan sale project.

No	Development	License and Project Status	Location
14	Hanging Gardens of Dilmunia	Active	Dilmunia
15	Layan	Active	Durrat Marina
16	Harbour Row 3	Active	Sea Front
17	Somewhere Tower	Active	Al Burhama
18	FEB Tower	Cancelled	Sea Front
19	Spiral Orchid	Active	Water Garden City
20	Marassi Park	Active	Diyar Al Muharraq
21	Jewaan Villas - Phase 2	Completed	Diyar Al Muharraq
22	Al Naseem - Phase 1A	Active	Diyar Al Muharraq
23	Address Residences Marassi Vista	Active	Diyar Al Muharraq
24	Golden Gate	Active	Bahrain Bay
25	Al Naseem Phase 2	Active	Diyar Al Muharraq
26	Amwaj Beachfront - Townhouses	Active	Amwaj
27	Private Residences Bahrain Bay	Active	Bahrain Bay

Source: RERA



SECTOR PERFORMANCES

Hospitality in Bahrain

- The hospitality and hotel sector recorded an estimated 972,000 nights of tourism during the Q1 of the current year compared to circa 894,255 for the same period last year. This was a 8.69% increase from Q1 of last year.
- The average hotel occupancy rate across all classes for Q1 was at 54% .
- Average ADR for the same period was 69% compared to 65.86 for the whole year of 2022.
- RevPar was 37 for Q1 of 2023 compared to the average for the whole year of 2021 which was 33.38.
- The increase in RevPar and ADR in Q1 was mainly due to Formula 1 held recently at BIC.
- Most of the 5 star hotels had 100% occupancy rate before and during the race weekend.

OCCUPANCY RATE

Vacancy rates across the commercial market hover around 40% with best-in-class schemes commanding better occupancy levels. As highlighted above there is now a flight to quality in the office sector. Older buildings with inefficient floor plates and poor parking arrangements are suffering from lower occupancy levels and higher falls in rental rate. The below table summarises the rentals and yields for prime properties.

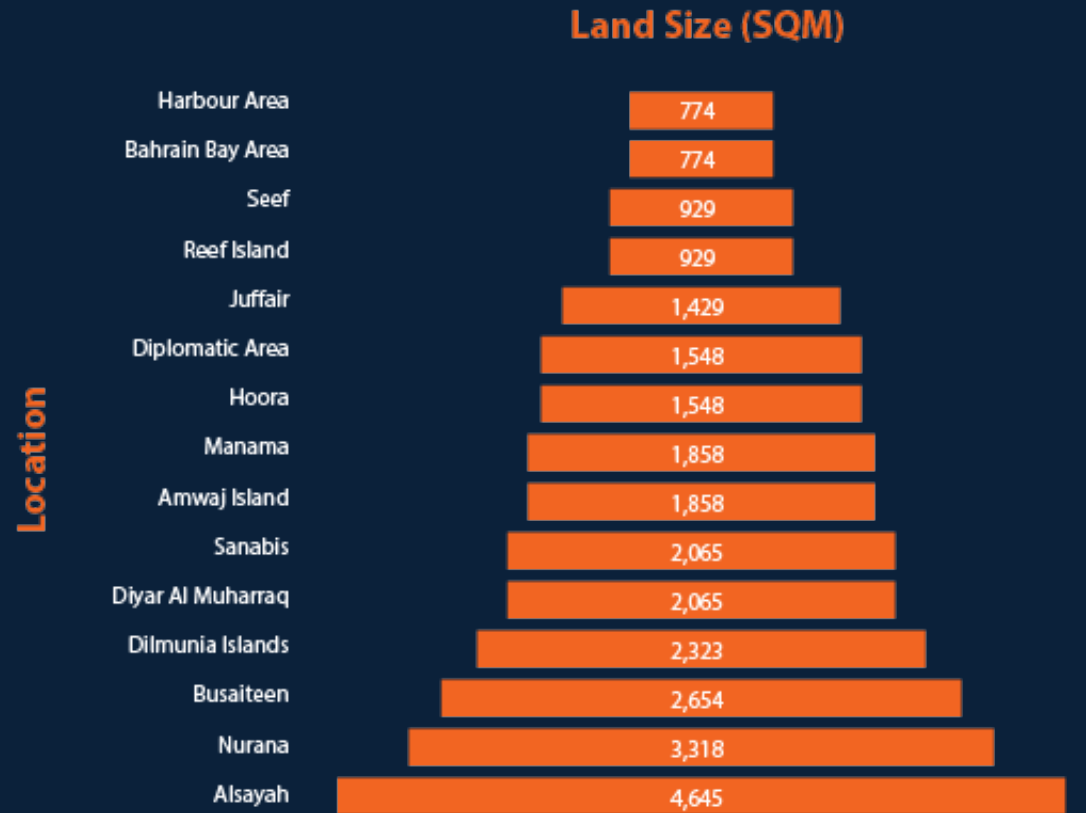
Use	Prime Rentals /m ²	Yield (%)
Retail	BHD9-15	7-8
Offices	BHD 4-7	7-8
Industrial	BHD 3-5	8-10





LAND VALUES

How much investment land can one million dinars buy you across prime locations in Bahrain? The below chart shows the size of land you can buy with a million dinars across different locations in the Kingdom of Bahrain.



SERVICES OFFERED By ASK Real Estate

VALUATION & REAL ESTATE ADVISORY

We offer the following valuation and advisory services.

1. Valuation for the following purposes:

- Financial reporting/ accounting
- Auditing
- Secured lending
- Purchase
- Sale
- Taxation
- Legal
- Insurance and
- Stock market Listing

Our valuations are “Fit for Purpose”.

2. Best use analysis
3. Feasibility studies.

SERVICES OFFERED

By ASK Real Estate

PROPERTY MANAGEMENT

- **HANDOVER**
 - We ensure our clients receive their property in pristine condition.
- **DETAILED PRICING STRATEGY**
 - Our smart technology and market reach allows us to ensure that each unit is individually priced, using a unique algorithm.
- **TENANCY MANAGEMENT**
 - ASK Real Estate screens each tenant to make sure they are well-suited to occupy our clients' properties.
- **ASSET PRESERVATION**
 - Preventative maintenance is offered to all our clients through prequalified and approved vendors.
- **SIZE AND REACHABILITY**
 - Our dedicated team of Property Consultants ensures efficient and healthy occupancy of our managed assets.

SERVICES OFFERED By ASK Real Estate

CONSULTATION SERVICES

- We offer the following:
 - Service charge studies and value engineering
 - Snagging management
 - Buildings handover management and documentation
 - Inventory controlling and registering
 - Identify defective liability period "DLP" issues;
 - Asset registration and lifecycle management
 - 3rd party safety certificates
 - Warranties and guaranties controlling
 - Create rules and regulations;
 - Energy consumption tracking and controlling
 - RERA coordination
 - Navy Approvals
 - Civil Defense Final Safety Certificate
 - Standard operating procedure
 - Collection support.

OWNERS' ASSOCIATION MANAGEMENT

- We offer the following:
 - Developing strategies for the management of the common area
 - Implementing strategies, programs and plans set by the board
 - Representing the owner's association
 - Conduct owner's association and board meetings
 - Provide the full range of administrative and secretarial services
 - Manage the collection of annual subscriptions service charges and banking arrangements to the operational and reserve accounts
 - Arrange for tenders and facilitate the entry into contracts
 - Supervise the performance of contractors and suppliers to the owner's association and report to the board or general assembly
 - Prepare annual budgets for the approval of the board;
Address queries and complaints of the Owners; Process insurance claims
 - Undertake basic credit control processes
 - Collect, update and safeguard all information of the owner's association.

SERVICES OFFERED By ASK Real Estate

FACILITY MANAGEMENT

- Mechanical, electrical and plumbing services
- Heating, air conditioning and ventilation systems (HVAC)
- Lifts controlling and maintenance
- Fire control and detection management and maintenance
- Access control systems
- Building management systems controlling and maintenance (BMS)
- Barrier gates and CCTV
- Civil works and maintenance
- Generator preventive and breakdown maintenance
- Building pressurization systems controlling and PPM
- Pumps preventive maintenance and controlling
- Emergency breakdowns 7/24

BROKERAGE

- Extensive database of local and international properties
- Large brokerage portfolio
- Comprehensive pre-consultancy service
- Strong Marketing Presence:
- Large Property Finder Account in Bahrain
- In-depth Marketing Analysis

SERVICES OFFERED

By ASK Real Estate

MIXED-USE AND RETAIL DEVELOPMENT

- **Retail Strategy**
 - We use market intelligence information to verify the aspirations and positioning of the development. We provide the unique selling propositions of the development to arrive at positioning and desired tenant mix along with the anchors, size and, orientation hence, arriving at a merchandising plan.
- **Leasing Services**
 - We provide leasing services based on the tenant mix that defines the retailers that are targeted locally, regionally, and internationally. We assist in drafting the offers and lease documents - which govern the relationship between the landlord and tenant - and establish the lease approval process.MIXED-USE

OUR SERVICES

Valuation & Real Estate Advisory

Sale Agency

Property Management

Document Clearing

Facilities Management

Owner's Association Management

Letting Agency

Service Charges Analysis

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