

# BAHRAIN PROPERTY

## REPORT Q1 2024

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



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The background of the slide is a photograph of a modern city skyline. A prominent feature is a tall, slender skyscraper with a green-tinted glass facade and a pointed top, situated in the center. To its left and right are several multi-story residential or commercial buildings with balconies and large windows. In the foreground, there is a body of water, possibly a canal or lake, with a paved walkway and some palm trees along the edge. The sky is a mix of blue and white clouds.

# 1. REAL ESTATE PERFORMANCE AND KPI

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# REAL ESTATE PERFORMANCE AND KPI



As we navigate through the complexities of the current economic climate, it is crucial to remain informed about the trends and shifts within the real estate sector. This report provides a comprehensive overview of the market's performance in the first quarter of 2024. It is designed to offer stakeholders a clear understanding of the changes in the real estate sector and key performance indicators within the industry. By dissecting these components, we aim to deliver insights that can drive strategic decision-making and foresight in these interlinked sectors. Below is a summary of the KPI for the 1st quarter of 2024.

KPI	2023	2024	% Change	Change
	Q1	Q1		
<b>Transactions volumes:</b>	6,335	6,124	-3.33%	↓
<b>Transactions value:</b>	243,017,022	273,681,823	12.62%	↑
<b>Rental rates</b>	Stabilised	Stabilised	↔	↔
<b>Occupancy- Office and Retail</b>	Stabilised	Stabilised	↔	↔
<b>Hotel and Tourism KPI</b>				
<b>Occupancy</b>	54.67%	55%	0.61%	↑
<b>ADR</b>	69.03	68.34	-0.99%	↓
<b>RevPar</b>	37.87	37.47	-1.07%	↓

The first quarter of 2024 has seen a modest reduction in transaction volumes by 3.33% from the first quarter of 2023, pointing to a slight decrease while the total transaction value has seen a substantial increase of 12.62%, suggesting a higher value per transaction. This could indicate a shift in market dynamics, potentially reflecting transactions involving higher-value properties or an overall increase in property values.

Rental rates for office and retail spaces have remained stable from Q1 2023 to Q1 2024. This stability also extends to occupancy rates for these property types, which have not shown any significant fluctuation over the year. The consistency in rental and occupancy rates suggests a steady demand for commercial spaces despite the slight contraction in transaction volumes.

In the hotel and tourism sector, occupancy rates have marginally increased by 0.61%, while the Average Daily Rate (ADR) experienced a slight decrease of 0.99%, and Revenue Per Available Room (RevPar) decreased by 1.07% compared to the same quarter of 2023.



## 2. GLOBAL ECONOMIC OUTLOOK

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- The global economic growth which rose by an estimated 3.1% in 2023, is projected to slow to 2.9% in 2024 and then increase to 3.0% in 2025. The U.S. and China remain pivotal to this outlook, with the U.S. showing robust policy responses to economic challenges, and China benefiting from fiscal stimulus measures that are expected to boost consumption and investment.
- In Europe, economic activity is restrained due to the lingering effects of energy price volatility and geopolitical tensions, although green energy initiatives present long-term growth potential. Asian economies, particularly India and Southeast Asia, exhibit robust growth, underpinned by strong domestic demand and digital transformation initiatives. India's economy is forecasted to grow at 6.3%, buoyed by its expansive digital economy and reforms, while China is projected to grow at 4.2%, supported by its recovery from strict COVID-19 measures and efforts to stimulate key sectors.
- Global inflation is showing signs of easing, projected to decrease to 5.8% in 2024 from 6.8% in 2023. This downward trend is supported by effective central bank policies across the globe, aiming to stabilize prices by addressing supply side disruptions and demand fluctuations.
- Trade growth is projected to stay below the historical average, affected by rising trade restrictions and geopolitical fragmentation.



# 3. REGIONAL GCC ECONOMIC OUTLOOK

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# REGIONAL GCC ECONOMIC OUTLOOK



- The GCC economies have shown robustness in the face of global economic challenges, with a forecasted growth rate of 3.6% in 2024. This growth is underpinned by strategic diversification away from oil-dependency, particularly in sectors like tourism and technology.
- Saudi Aramco has made a significant gas discovery in the Jafurah Field, with an additional 15 trillion standard cubic feet of gas and 2 billion barrels of condensate, further bolstering the kingdom's energy reserves.
- The geopolitical crisis has disrupted the Red Sea trade route, prompting interest in alternative land routes through the Arabian Peninsula and Levant (Iraq and Turkey), although these routes face their own challenges.
- The COP28 summit's outcomes, particularly the ALTERRA climate investment fund initiative by the UAE, highlight the region's commitment to green initiatives and sustainable finance. There has been a notable increase in green financing in the GCC, particularly in the UAE and Saudi Arabia. This trend is accelerating economic diversification and could attract more foreign investment.
- The Public Investment Fund (PIF) and Mumtalakat Holding Company have signed an MoU to bolster investment and cooperation, enhancing economic development and creating new opportunities in strategic sectors within Bahrain and beyond.



The background of the slide is an aerial photograph of a modern city skyline at sunset. Three prominent, curved skyscrapers with glass facades are the central focus, reflecting the warm colors of the sky. The buildings are situated on a waterfront, with a body of water in the foreground. In the lower right, there are several multi-story residential or commercial buildings with balconies. The sky is a mix of orange, yellow, and blue, with some light clouds. The overall scene is a mix of urban architecture and natural beauty.

# 4. BAHRAIN ECONOMIC OUTLOOK

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## CONGRATULATORY MESSAGE FROM ASK REAL ESTATE ON HIS MAJESTY THE KING'S SILVER JUBILEE



On the auspicious occasion of His Majesty the Great King's silver jubilee of assuming power, we extend our heartfelt congratulations and blessings. ASK Real Estate Conveyed deep pride and joy on this national milestone, symbolizing a luminous chapter and a prosperous era in the rich history of Bahrain, under the illustrious rule of His Majesty the King, may he be protected and preserved by God. This period has witnessed remarkable cultural accomplishments and a transformative advancement in the modern renaissance, guided by His Majesty for twenty-five years. We pray to the Almighty to safeguard His Majesty the King, bestow upon him good health and happiness, and perpetuate the blessings of progress and prosperity in the Kingdom of Bahrain.





# BAHRAIN ECONOMIC OUTLOOK

## HIGHLIGHTS



Bahrain's economic landscape in 2023 demonstrated resilience and strategic growth despite global challenges. The country's GDP grew by 2.4% during the year, a positive outcome driven largely by the non-oil sectors which saw a 3.4% expansion. This growth reflects Bahrain's ongoing efforts to diversify its economy beyond traditional oil-based revenues.

- King Hamad bin Isa Al Khalifa celebrated 25 years of leadership in Bahrain, a period characterized by notable global diplomatic engagements and numerous accolades for his service. His reign has been pivotal in enhancing Bahrain's international standing and fostering regional stability and development.
- Bahrain's financial sector, including banking and insurance, grew by 5.7% in 2023. The country's regulatory environment, coupled with its established reputation as a financial hub, continues to attract regional and international banks and financial institutions.
- The hotels and restaurants sector surged by 8.0%, driven by an increase in both regional and international tourism. Bahrain is set to further boost tourism by increasing the number of hotel rooms by 3,000 between 2024 and 2026, with plans to develop new tourist sites and attractions, enhancing the sector and supporting events.
- Bahrain's golden license initiative has attracted \$2.4 billion in investment across nine projects, expected to generate over 500 nationwide jobs.
- The Bahraini government is actively monitoring global inflation, anticipating a global inflation decrease from last year's 6.9% to 5.8% this year.
- Bahrain's sovereign wealth fund, Mumtalakat, has invested in Singapore Gulf Bank, intending to enhance the kingdom's digital banking landscape and support financial sector growth.
- Multiple infrastructure projects worth millions of dinars are set to begin in Bahrain's Southern Governorate, enhancing connectivity and utility services.



# 5. PROPERTY MARKET

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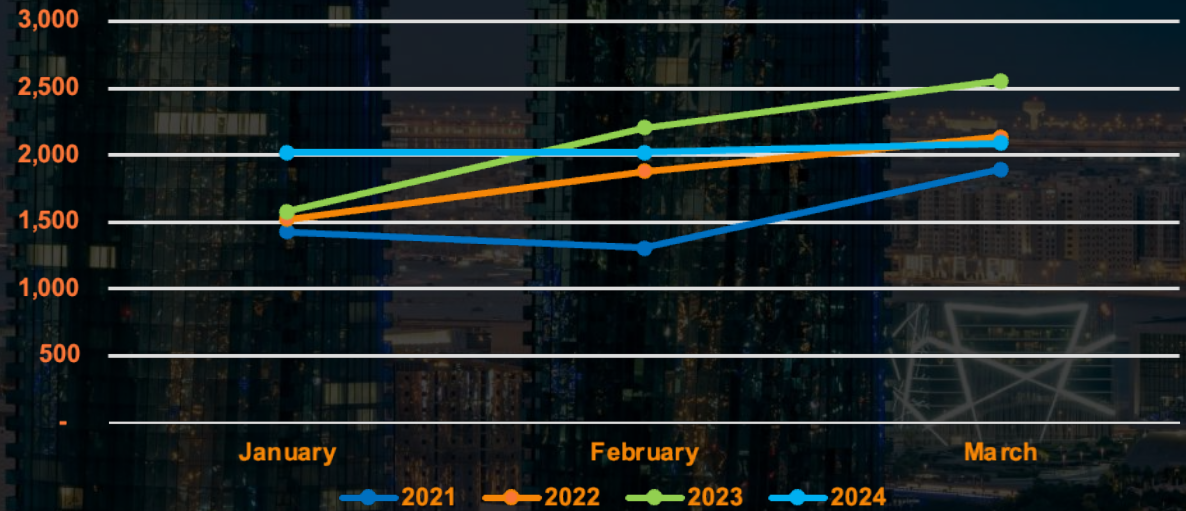


# PROPERTY MARKET



In the first quarter of 2024, real estate transactions in Bahrain showed noteworthy growth compared to the same period in previous years. January transactions surged to 2,017, indicating a robust market start, compared to 1,576 in 2023. Although February saw a slight decrease to 2,021 transactions from the 2,202 recorded in 2023, the numbers remained significantly higher than the 1,880 in 2022. March continued the trend with 2,086 transactions, up from 2,557 in 2023 and substantially higher than 1,892 in 2021, suggesting sustained activity and investor confidence in Bahrain's real estate market.

### Real Estate Transactions

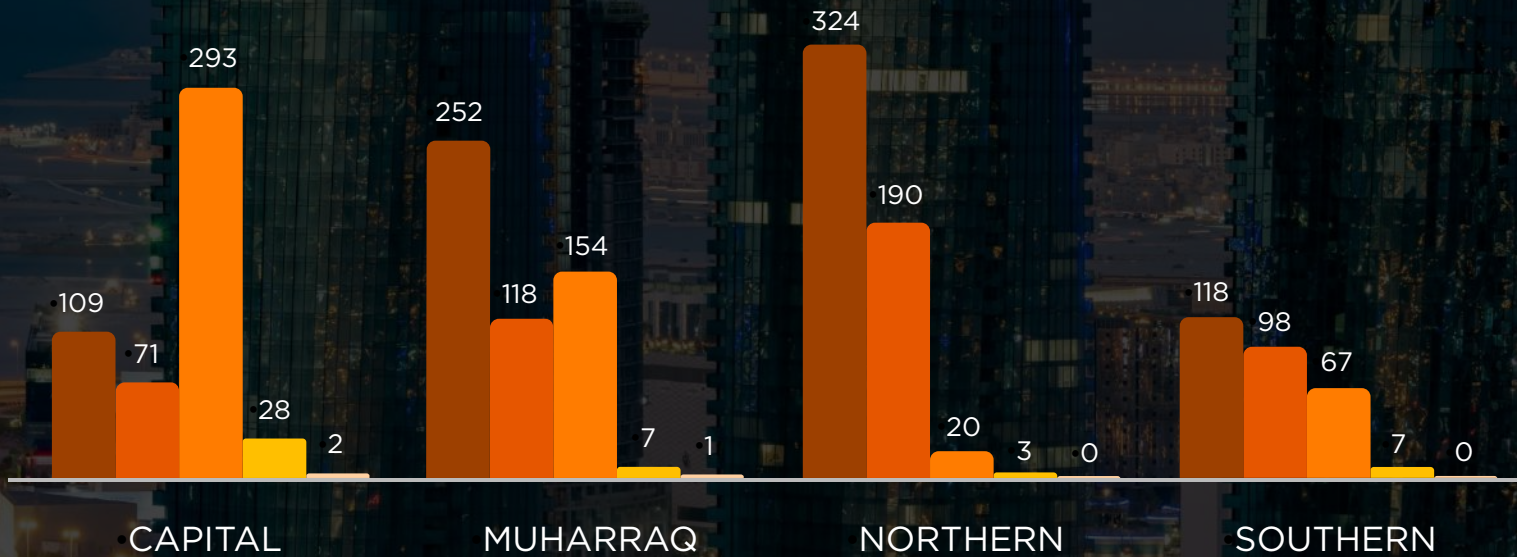


Source: SLRB.



## SALE TRANSACTIONS

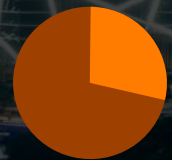
### By Property Types and Governorates



#### BUYER TYPE



73.61%  
Individual



26.39%  
Commercial



LAND



HOUSE



FLAT



BUILDING



OTHERS



The background of the slide is an aerial night photograph of a city, likely Dubai, showing a large body of water, a prominent skyscraper with a glowing top, and various city lights and infrastructure.

# 6. OFF-PLAN SALES

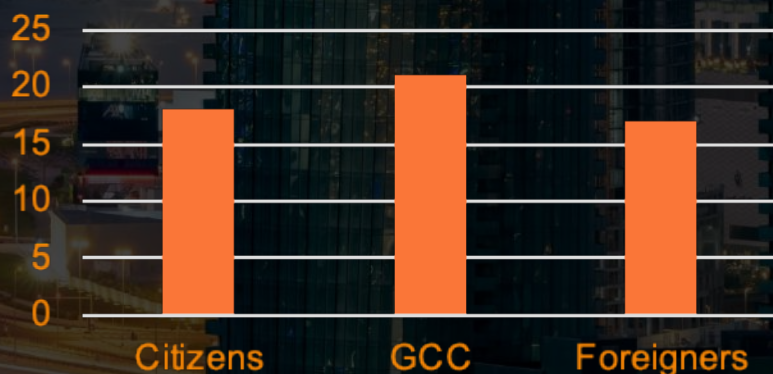
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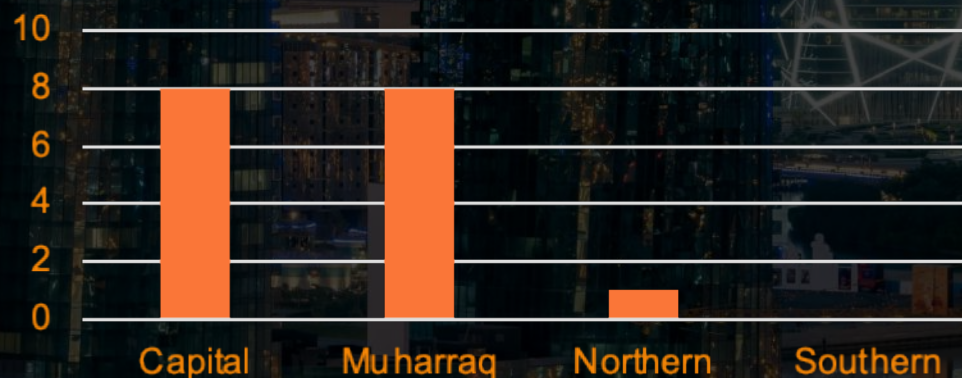
## OFF PLAN SALES

- Bahrain's real estate market saw a total of 56 off-plan sales transactions in the first quarter of 2024, with purchases made by 18 citizens, 21 GCC nationals, and 17 foreign buyers, indicating a healthy interest across different buyer demographics. Concurrently, active off-plan development projects were predominantly concentrated in the Capital and Muharraq regions, each hosting 8 projects. In contrast, the Northern region had only 1 active project, and there were no new developments in the Southern region.

### Buyer Demographics



### Projects by Governates



Source: RERA Aqari Q1 2024



# 7. BUILDING PERMITS – ISSUANCE AND USAGE

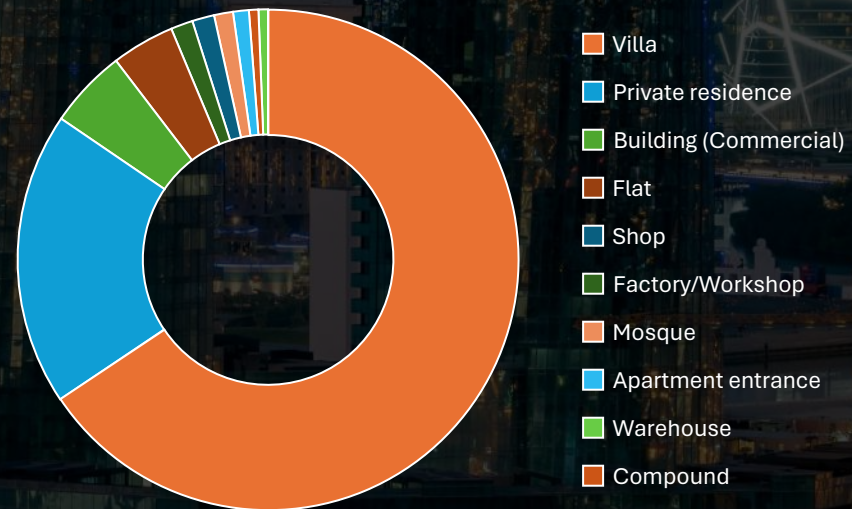
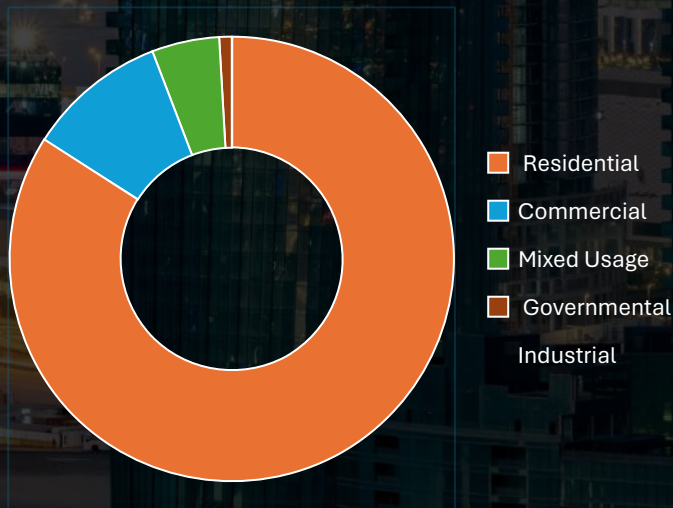
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# BUILDING PERMITS – ISSUANCE AND USAGE

In the first quarter of 2024, the issuance of building permits in Bahrain predominantly highlighted a robust emphasis on residential developments. A total of 462 permits were issued for the residential sector of which 322 permits were for villas and 93 for private residences, reflecting the region’s significant focus on expanding its housing infrastructure. Additionally, commercial activities also saw notable permit allocations, with 56 permits for commercial properties and 25 specifically for commercial buildings, showing continued investment in business facilities. Permits for flats added up to 20, and there were modest issuances for mixed-use developments at 27 which for mixed-use developments. The governmental sector saw minimal activity, receiving only 5 permits while no permits issued for industrial projects during this period. This broad distribution of permits across various property types underscores a dynamic approach to development, concentrating primarily on residential areas while also supporting commercial and mixed use developments.



Source: RERA Aqari Q1 2024



# 8. COMMERCIAL SECTOR

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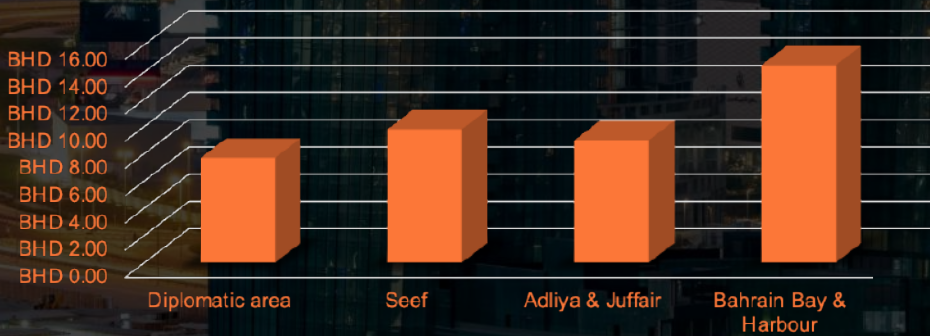




# COMMERCIAL SECTOR

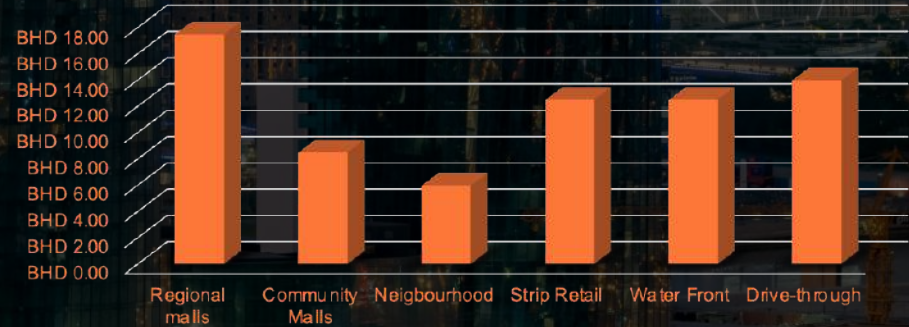
In the first quarter of 2024, Bahrain's real estate market have remained stable with prime retail investments yielding a stable 7-8%. Rental rates for prime locations vary, with Diplomatic area at BHD 7.70, Seef at BHD 9.80, Adliya & Juffair at BHD 9.00, and a premium for Bahrain Bay & Harbour at BHD 14.50 per square meter. Retail types also exhibit varied rental values, with Regional malls at the higher end at BHD 17.50 and Neighborhood shops at BHD 6.00 per square meter, indicative of diversified retail spaces catering to different market segments. The sustained high occupancy in prime developments and persistent foot traffic, particularly driven by the Food & Beverage sector, point to a healthy and dynamic retail landscape in Bahrain. The below charts tabulate the retail rental rates in different prime locations of Bahrain and across different retail classes.

### Retail Rentals



Source: ASK Research 2024

### Retail Types



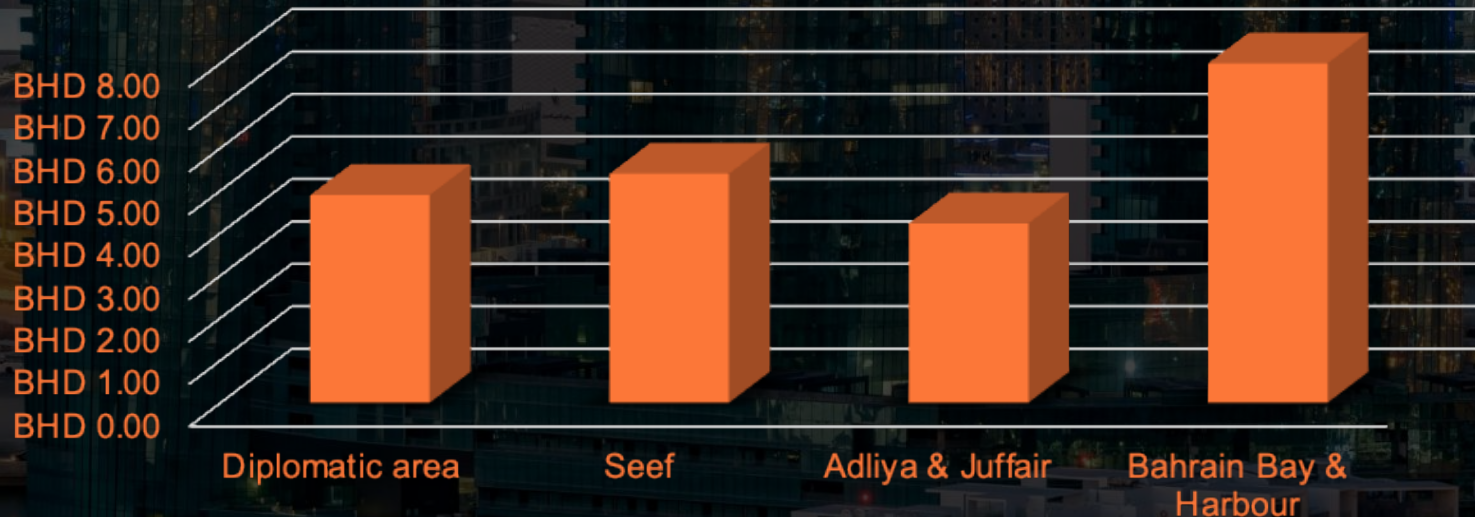
Source: ASK Research 2023



# AVERAGE RETAIL RENTALS ACROSS DIFFERENT GOVRNORATES

Office rentals in Bahrain reflected a diverse price range, indicative of varying demand across key business districts. The Diplomatic area, known for its diplomatic missions and corporate offices, saw rentals at BHD 4.90 per square meter. Seef, a bustling commercial hub, recorded slightly higher rates at BHD 5.40, pointing to its continued popularity among businesses. Adliya & Juffair, areas favored for their urban lifestyle and amenities, were marginally more affordable at BHD 4.23. In stark contrast, Bahrain Bay & Harbour, a premium waterfront development signifying luxury and high-end corporate presence, commanded the highest rentals at BHD 8.00 per square meter, underscoring its status as a top-tier business locale.

## Office Rentals



Source: ASK Research 2024



# 9. INDUSTRIAL SECTOR

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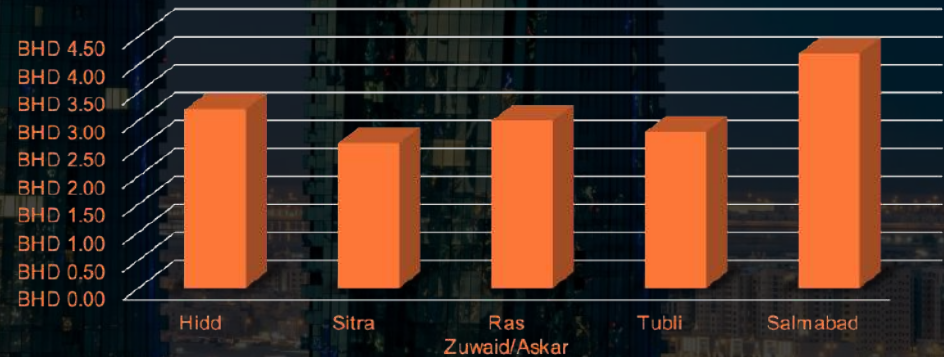




# INDUSTRIAL SECTOR

The indicative yield for prime industrial warehouses (workshops/factories) in Bahrain ranges between 8% & 10% with an average rental of BHD 3.15 per square meter. Hidd, known for its industrial and logistic facilities, had rentals at BHD 3.20 per square meter while Sitra, often chosen for its strategic location was the most economical at BHD 2.60. Ras Zuwaid/Askar, with its proximity to key industrial operations, was competitively priced at BHD 3.00, reflecting its central role in industrial activities. Tubli, with a balance of connectivity and industrial space, saw rentals at BHD 2.80. Salmabad stood out as the most expensive industrial area with rentals at BHD 4.20 per square meter.

## Warehouse Rentals



Source: ASK Research 2024

As has been the trend throughout the world, in 2024, we noticed an increase in demand for logistic and warehousing space as a result of the growth of the e-commerce sector. The e-commerce sector in Bahrain is expected to grow due to a number of factors such as the increasing internet penetration; growing affluence of the population; government's support; and increasing convenience and affordability of online shopping. With the e-commerce sector in Bahrain expected to grow at a (CAGR) of 8.3% between 2023 to 2027 and having a market worth circa BHD 590 million by 2027, we expect increased demand for logistic and warehousing space in the next five years.





# 10. RESIDENTIAL SECTOR

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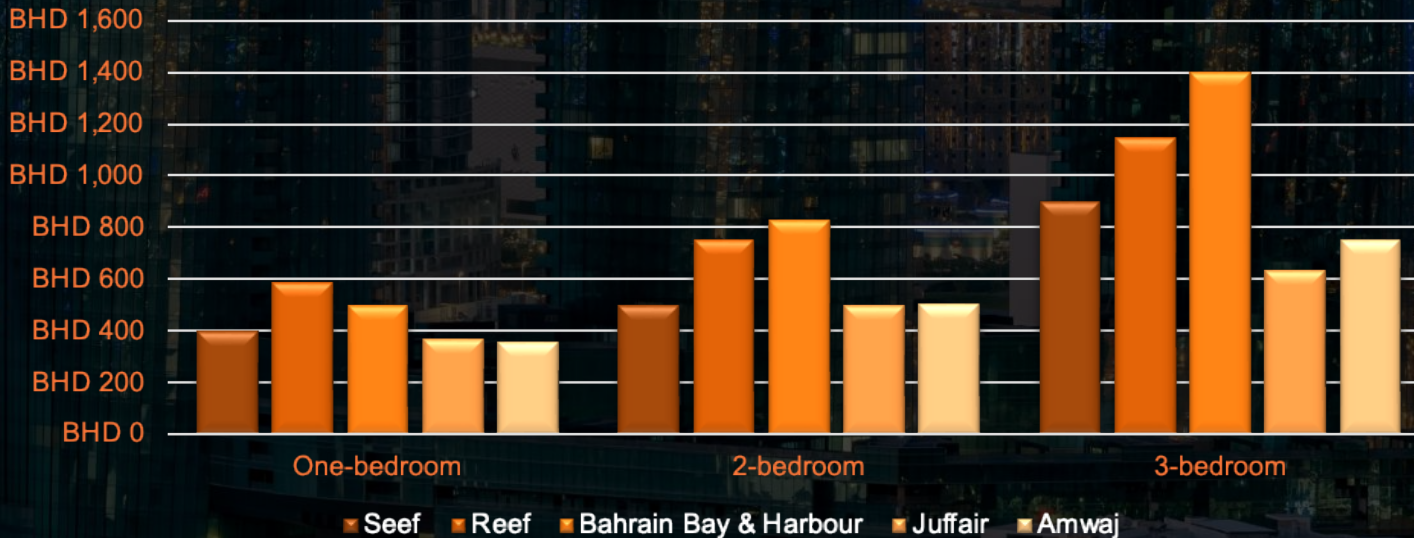


## RESIDENTIAL SECTOR APARTMENT RENTALS



Bahrain's rental market showcased diverse pricing across key residential areas. One-bedroom units were most affordable in Amwaj at BHD 360 and peaked in Seef at BHD 400. For two-bedroom apartments, rates ranged from BHD 505 in Amwaj to BHD 830 in Bahrain Bay & Harbour, indicating a premium for waterfront and central city locations. Three-bedroom rentals saw the highest costs in Bahrain Bay & Harbour at BHD 1,400, reflecting the area's luxurious offerings, while Juffair presented more moderate pricing at BHD 635. The rental landscape reflects the varied appeal of different neighborhoods, with premium locations commanding higher rates, and more modest yet still popular areas offering competitive pricing for residents.

### Apartment Monthly Rentals



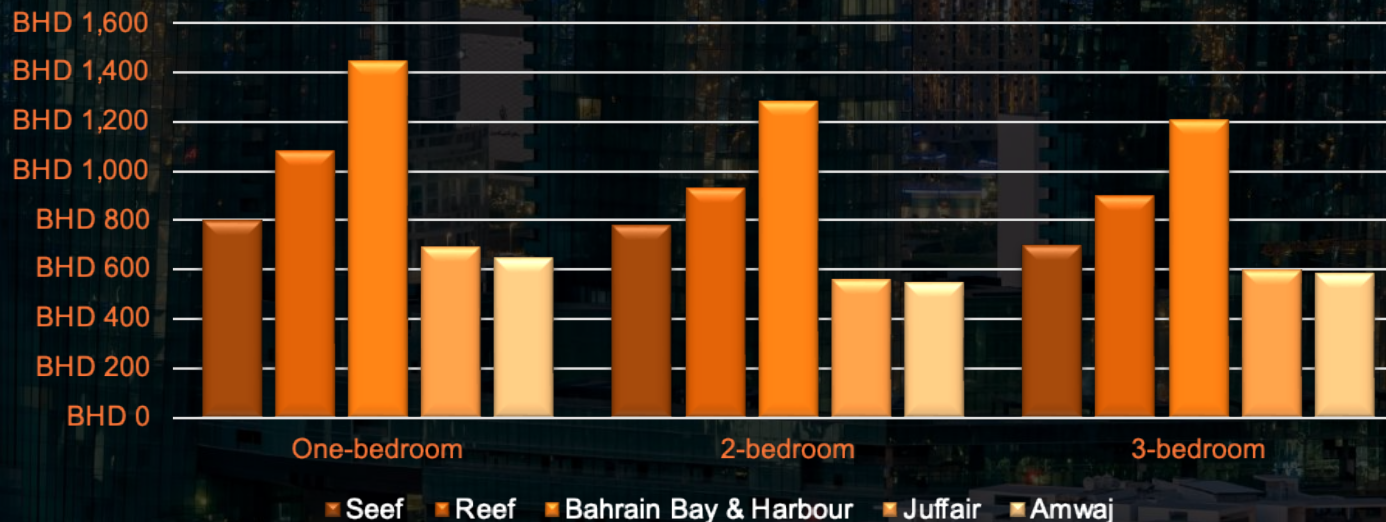
Source: ASK Research 2024



## RESIDENTIAL SECTOR APARTMENT SALES

Bahrain's apartment sales market showcases a spectrum of choices tailored to various preferences and budgets across various prime areas. Bahrain Bay & Harbour topped the market with the highest rates for one-bedroom to three-bedroom properties, ranging from BHD 1,450 to BHD 1,210. In contrast, Seef offered more accessible rates, with prices for a one-bedroom at BHD 800 and decreasing to BHD 700 for a three-bedroom property, suggesting a more favorable market for larger units. Juffair and Amwaj, popular among expatriates, offered competitive rates with a close margin across all property sizes, indicating a balanced market catering to diverse buyer segments. The sales rates indicate a correlation between location desirability and price, with waterfront and central urban areas demanding a premium.

### Apartment Sales (per sqm)



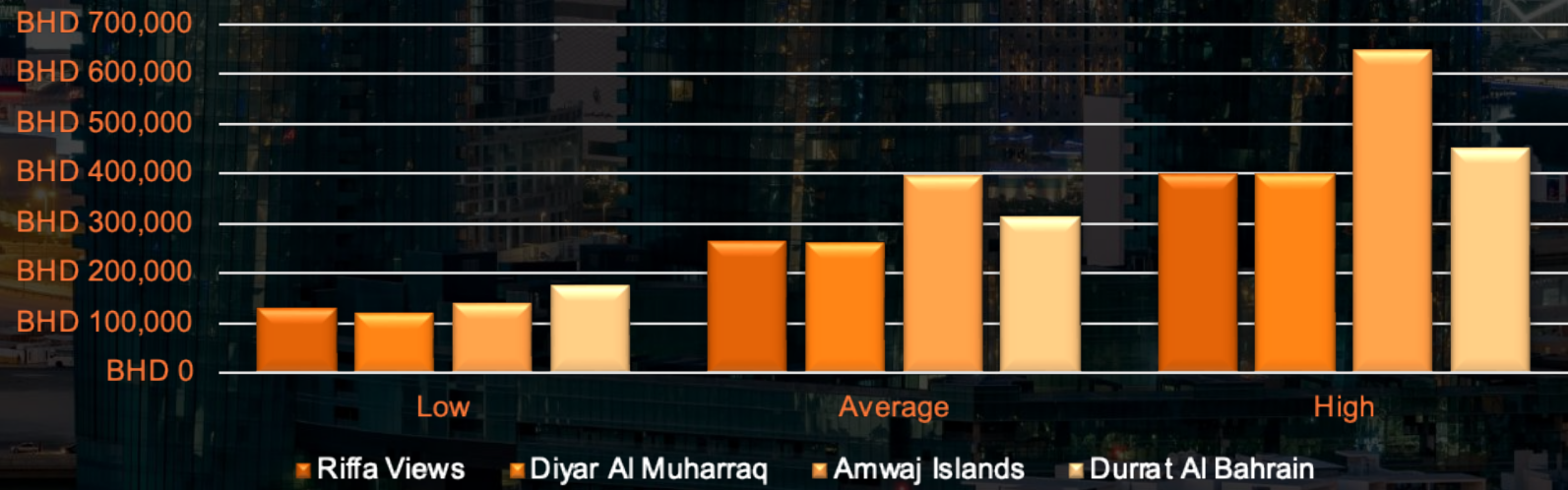
Source: ASK Research 2024



## RESIDENTIAL SECTOR VILLAS SALES

The market for villa sales in Bahrain is particularly appealing in areas where foreign ownership is permitted, and a few localities stand out as popular choices. Riffa Views, for example, offers a range of properties from BHD 130,000 at the low end to BHD 400,000 for high-end villas, with an average price of around BHD 265,000. Diyar Al Muharraq also showcases a range with villas starting from BHD 120,000, reaching up to BHD 400,000, and averaging at BHD 260,000, reflecting its desirability among buyers. Amwaj Islands, favored for its luxurious lifestyle and waterfront properties, has villas starting at BHD 140,000 and going as high as BHD 650,000, with an average price point of BHD 395,000. Lastly, Durrat Al Bahrain is known for its premium villas, with sales prices ranging from BHD 175,000 to BHD 450,000 and averaging BHD 312,500.

### Villa Sale



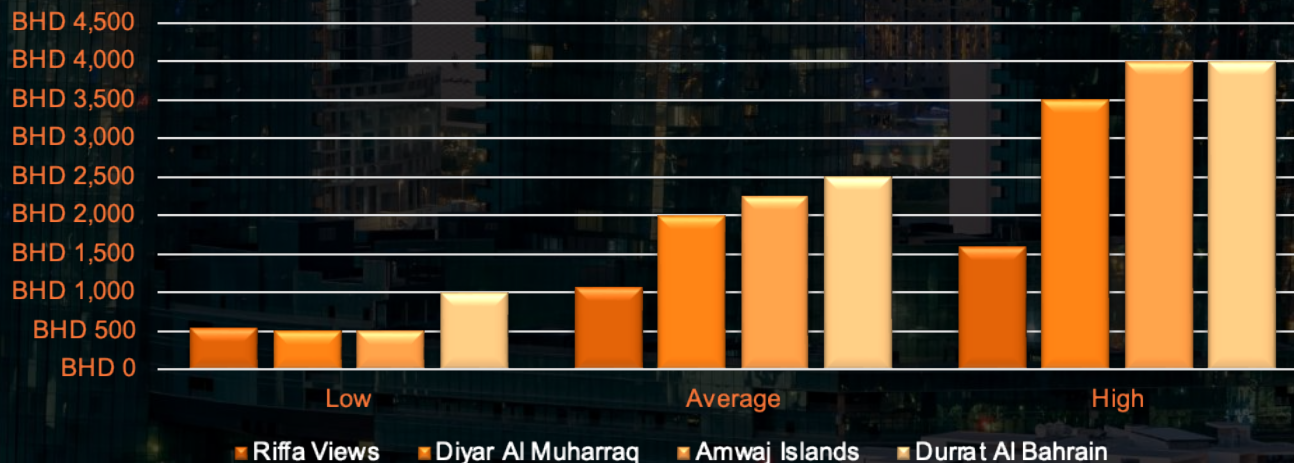
Source: ASK Research 2024



## RESIDENTIAL SECTOR VILLAS RENTALS

The rental market in Bahrain exhibits a spectrum of pricing that caters to a broad range of preferences and budgets. In Riffa Views, the rentals vary from BHD 550 for more modest accommodations to BHD 1,600 for the higher-end offerings, with an average rental cost around BHD 1,075. Diyar Al Muharraq offers properties at a starting point of BHD 500, ascending to BHD 3,500, with the average rental sitting at BHD 2,000, indicating a demand for upscale living. Amwaj Islands, known for its luxurious waterfront lifestyle, sees rentals beginning at BHD 500 and peaking at BHD 4,000, with an average of BHD 2,250, reflecting its premium living standards. Durrat Al Bahrain, another premium locality, has rentals starting from BHD 1,000 to a high of BHD 4,000, averaging at BHD 2,500, showcasing the exclusive options available within this development. This variety in rental rates illustrates the dynamic and varied nature of Bahrain's rental market.

### Villa Rentals



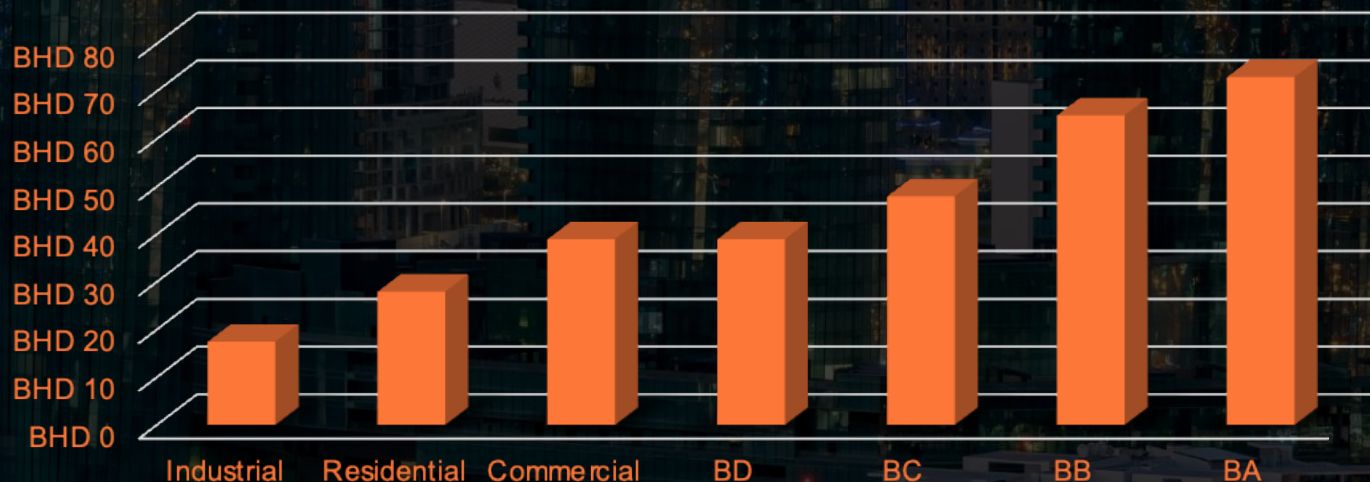
Source: ASK Research 2024



## RESIDENTIAL SECTOR LAND SALES

The value per square feet across different zones presents a clear gradient, reflective of their respective market demand and utility. Industrial zones offer the most affordable options at BHD 18 per square meter, suitable for manufacturing and warehousing needs. Residential areas are priced at BHD 28 per square meter, catering to the housing market. The Investment Buildings BD zone and commercial areas are on par, both valued at BHD 39 per square feet, indicating a demand for business districts and retail spaces. BC are observed to be at BHD 48 while BB see a significant rise to BHD 65 per square feet with the highest classification BA tops the chart at an average of BHD 73 per square feet. However, asking rates in prime locations such a Bahrain Bay and Financial Harbour are north of BHD 100 per square feet.

### Land Rates (per sq feet)





# 11. HOSPITALITY SECTOR

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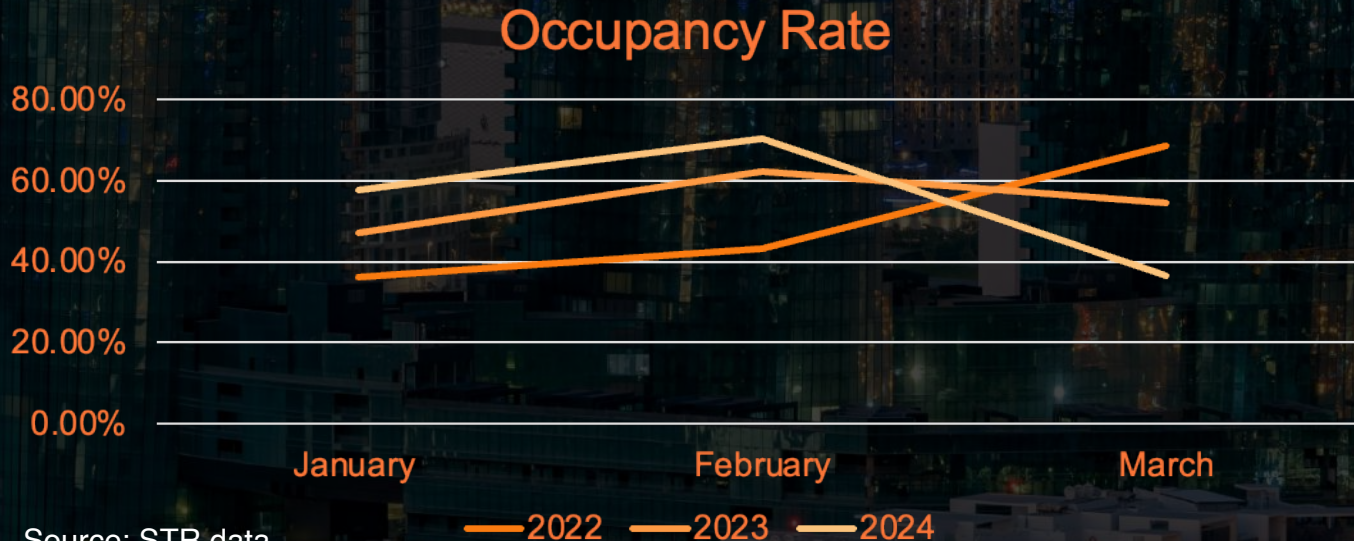
# HOSPITALITY SECTOR



- The hospitality sector has charted a path of resilience and adaptation from 2022 to 2024, as it responds to and evolves with the shifting global landscape. The following analysis delves into key performance indicators - Occupancy, Average Daily Rate (ADR), and Revenue per Available Room (RevPAR) - providing insights into the sector's resilience and adaptability.

## OCCUPANCY RATE:

- The occupancy rates for the first quarter of 2024 have shown a remarkable start in January and February, with a significant rise from the previous years, reaching 57.81% and 70.49% respectively. This upward trend, however, faced a downturn in March with a dip to 36.70%, which can be largely attributed to the onset of Ramadan—a period typically associated with a decrease in tourism activities as the region's pace of life and business activities slow down in observance of this holy month. This seasonal fluctuation aligns with regional patterns of travel and hospitality industry performance.

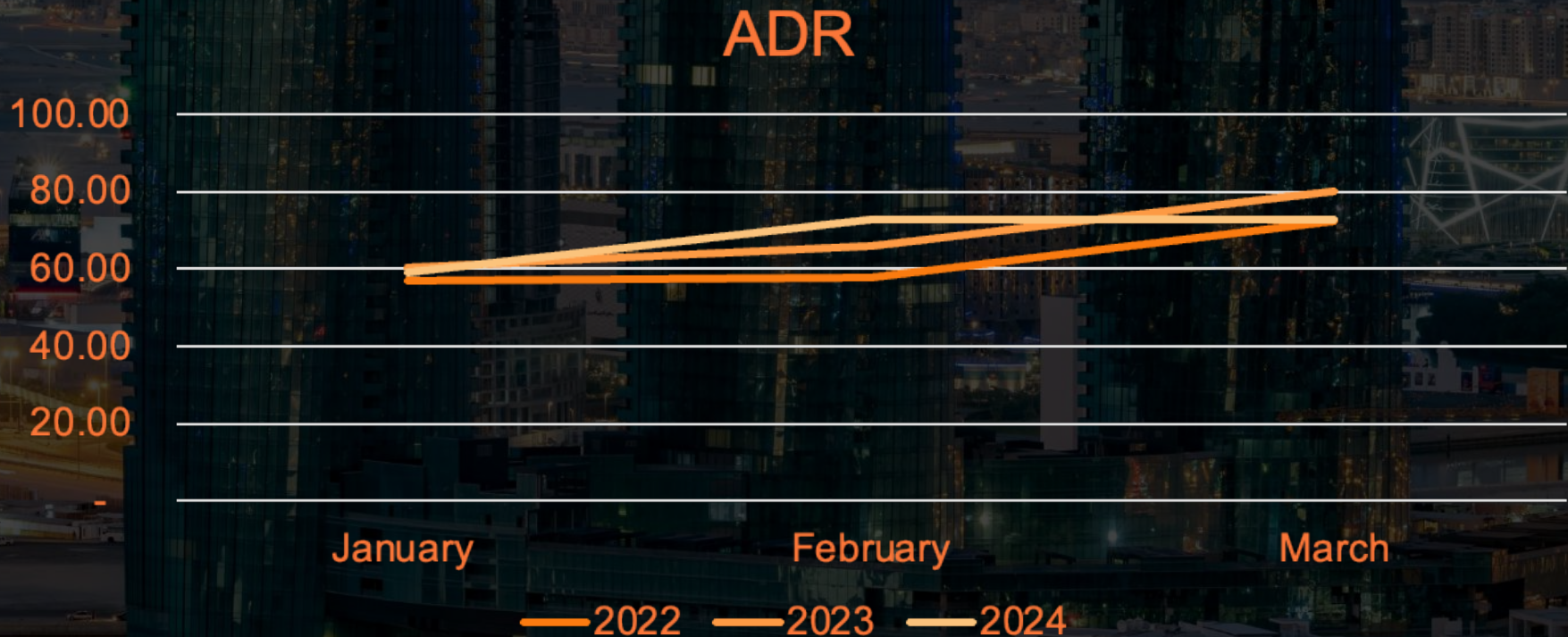




## HOSPITALITY SECTOR

### Average Daily Rate (ADR)

The first quarter of 2024, Bahrain's hotel Average Daily Rate (ADR) presented an encouraging start, with January's ADR marginally decreasing to BHD 59.34 from the previous year's BHD 60.56 but maintaining a steady improvement from 2022's BHD 56.90. February continued this upward trajectory, rising significantly to BHD 72.89, a notable increase from 2023's BHD 66.20 and 2022's BHD 57.95. However, the ADR in March 2024 saw a dip to BHD 72.80 from the previous year, despite being higher than in 2022.



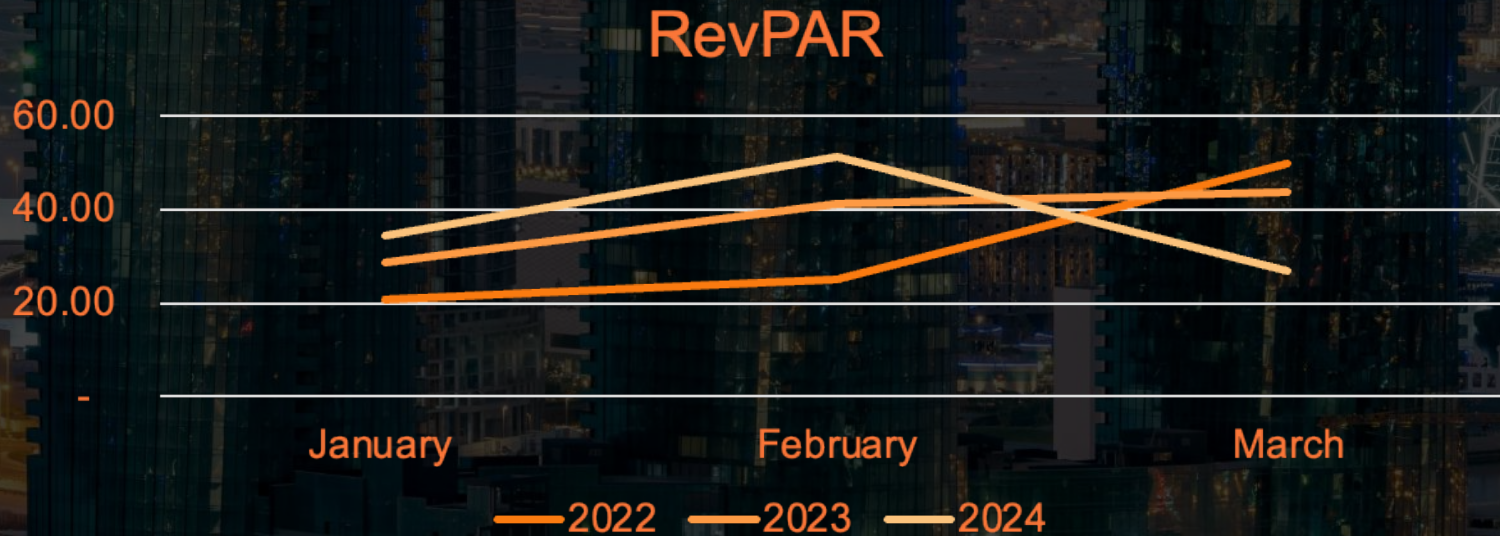


## HOSPITALITY SECTOR

### Revenue per Available Room (RevPAR)



The RevPAR showed promising growth in the first quarter of 2024, compared to the same period in previous years. January saw a significant rise to BHD 34.31 from BHD 28.57 in 2023 and BHD 20.67 in 2022, indicating strong post-pandemic recovery. February continued the momentum with an impressive increase to BHD 51.38, up from BHD 41.17 in 2023 and BHD 25.13 in 2022, suggesting a robust peak season. However, March's RevPAR dipped to BHD 26.72, down from BHD 43.89 in 2023. Nonetheless, this is still an improvement reflecting the industry's ongoing adjustment to global trends and regional cultural factors.



Source: STR data

As the hospitality industry navigates the intricacies of the evolving global landscape, the above industries' KPI indicator shows the resurgence and resilience of the hotel and tourism sector in the Kingdom of Bahrain.



The background is an aerial architectural rendering of a modern city waterfront development. It shows a dense cluster of skyscrapers and mid-rise buildings along a canal or waterfront. The buildings have various architectural styles, including glass facades and curved forms. There are green spaces, walkways, and a small boat in the water. The overall scene is bright and detailed.

# 12. OFF PLAN SALES PROJECTS

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## OFF PLAN SALES PROJECTS

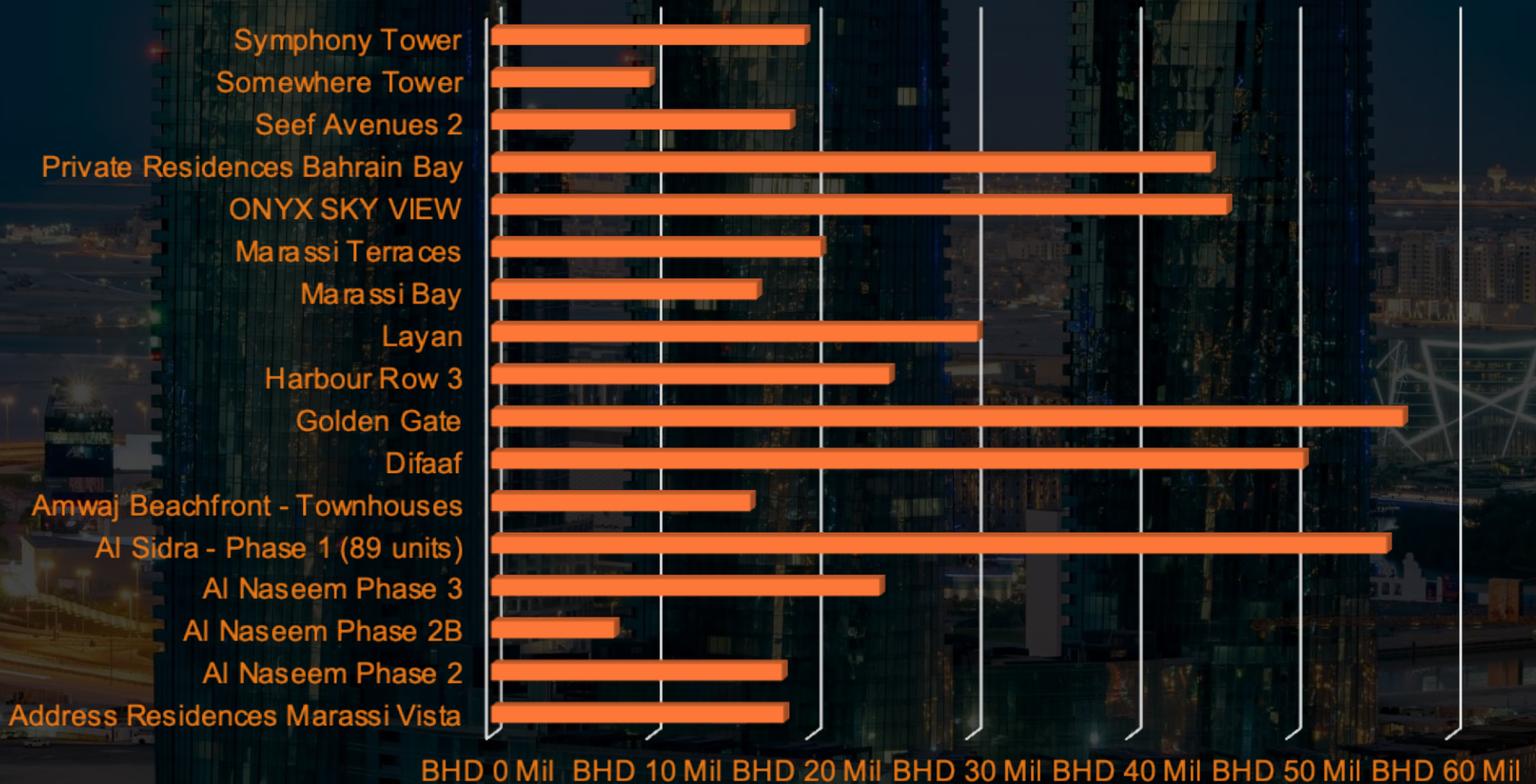
- There are currently 17 developments which are active off plan sales project in the Kingdom of Bahrain. The below table tabulates the value of each approved off plan sale project.

Project	Location	Project Value
Address Residences Marassi Vista	Diyar Al Muharraq	BHD 18,300,000
Al Naseem Phase 2	Diyar Al Muharraq	BHD 18,200,000
Al Naseem Phase 2B	Diyar Al Muharraq	BHD 7,700,000
Al Naseem Phase 3	Diyar Al Muharraq	BHD 24,300,000
Al Sidra - Phase 1 (89 units)	Diyar Al Muharraq	BHD 56,000,000
Amwaj Beachfront - Townhouses	Amwaj	BHD 16,200,000
Difaaf	Manama / SEA FRONT	BHD 50,800,000
Golden Gate	Manama / SEA FRONT	BHD 57,000,000
Harbour Row 3	Manama / SEA FRONT	BHD 24,900,000
Layan	Durrat Marina	BHD 30,400,000
Marassi Bay	Diyar Al Muharraq	BHD 16,600,000
Marassi Terraces	Diyar Al Muharraq	BHD 20,600,000
ONYX SKY VIEW	Manama / SEA FRONT	BHD 46,000,000
Private Residences Bahrain Bay	Manama / SEA FRONT	BHD 45,000,000
Seef Avenues 2	Manama / SEA FRONT	BHD 18,700,000
Somewhere Tower	Al Burhama	BHD 9,900,000
Symphony Tower	Al Hooraa	BHD 19,600,000



# OFF PLAN SALES PROJECTS

## Development Projects



Source: RERA



# 13. BANK MERGERS AND ACQUISITIONS IN BAHRAIN - A DEEPER DIVE

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# BANK MERGERS AND ACQUISITIONS IN BAHRAIN - A DEEPER DIVE



**Introduction** The Bahraini banking sector is undergoing significant transformations marked by an increase in mergers and acquisitions (M&A). This report analyzes recent trends, their implications, and potential future trajectories, highlighting the growing trend of consolidation in response to demands for post-pandemic economic recovery, heightened competition, and the rising importance of digital advancements.

## Recent M&A Landscape

### Completed M&A

- **National Bank of Bahrain (NBB) Acquisition of Bahrain Islamic Bank (BISB) (2020):** NBB acquisition of BISB enhanced its portfolio offerings focusing particularly on markets where Sharia-compliant operations are crucial.
- **Kuwait Finance House (KFH) Acquisition of Ahli United Bank (AUB) (Oct 2022):** KFH's acquisition of AUB created a regional powerhouse with over \$118 billion in assets, transforming AUB-Bahrain into a fully Shariah-compliant institution.
- **Al Salam Bank Acquisition of Ithmaar Consumer Banking (Nov 2022):** This acquisition expanded Al Salam Bank's Islamic banking services by including Ithmaar Bank's consumer division, thereby enhancing its consumer sector offerings.
- **Ahli United Bank (AUB) Acquisition of Citi Bank Consumer Banking (Dec 2022):** AUB broadened its consumer banking segment by acquiring Citi Bank's consumer operations in Bahrain, aiming to serve a larger customer base.
- **Al Salam Bank Acquisition of Kuwait Finance House (KFH) (2024):** Al Salam Bank solidified its leadership in the Islamic banking sector by acquiring KFH's operations in Bahrain.

### Potential M&A

- **Gulf Finance House (GFH) Potential Acquisition of Ithmaar Holding Portfolios (2024):** GFH is currently in discussions to acquire the financing and investment portfolios of Ithmaar Holding. The deal is under negotiation, with both parties working to finalize the transaction structure and awaiting necessary regulatory approvals and shareholder consent.
- **National Bank of Bahrain (NBB) Potential Merger with Bank of Bahrain & Kuwait (BBK) (2024):** NBB is exploring a potential merger with BBK to create a dominant financial entity, enhancing regional efficiency and competitive advantage.



# BANK MERGERS AND ACQUISITIONS IN BAHRAIN - A DEEPER DIVE



**Market Impact Analysis** The recent M&A activities suggest a strategic alignment towards the formation of two dominant banking entities in Bahrain. Al Salam Bank, through its acquisitions including that of KFH, is poised to dominate the Islamic banking landscape. Conversely, the potential NBB and BBK merger could establish a formidable force in conventional banking. These strategic consolidations are expected to enhance Bahrain's financial stability, attract investments, and drive innovation, potentially leading to further acquisitions as smaller banks may merge with these dominant entities to remain competitive.

## Opportunities:

- **Enhanced Competitiveness:** Larger entities improve Bahraini banks' ability to handle international transactions and attract foreign investments.
- **Operational Efficiency and financial stability:** M&A streamlines operations, reduce redundancies, and enhance service delivery which can better withstand economic fluctuations, providing greater systemic stability.
- **Global Market Penetration:** Consolidated banks can expand more effectively into new markets.

## Challenges:

- **Job Losses:** Mergers can lead to significant layoffs due to cost-cutting measures.
- **Reduced Competition:** Fewer banking institutions might lead to higher fees and reduced consumer choices.



## BANK MERGERS AND ACQUISITIONS IN BAHRAIN - A DEEPER DIVE

The consolidation trend within Bahrain's banking sector is crafting a landscape where few but powerful entities dominate, potentially setting the stage for Bahrain to become a more competitive player on the global financial scene. This evolution promises enhanced operational capabilities and market reach for the consolidated entities, but it also brings challenges such as potential job losses and decreased market competition. Effective regulatory oversight and strategic management will be crucial in balancing these outcomes to ensure sustainable growth and innovation in Bahrain's banking industry.





# 14. CONCLUSION

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## CONCLUSION



As the first quarter of 2024 concludes, Bahrain's real estate market continues to demonstrate resilience and adaptability amidst a dynamic economic landscape. The sector is well-poised to navigate through upcoming challenges and capitalize on emerging opportunities. Factors such as ongoing bank consolidations and shifts in the broader economic environment are expected to significantly influence market dynamics, including the demand for office space, commercial rental rates, and overall market activities. The sector's ability to adjust to these evolving conditions will be critical for sustaining its growth trajectory and ensuring stability.

Furthermore, Bahrain's real estate sector benefits immensely from the GCC's substantial investment in real estate, amounting to \$1.68 trillion, with Bahrain contributing projects valued at \$21 billion. These investments span across residential, commercial, and hospitality sectors, bolstered by economic activities including bank mergers and technological advancements, such as the strategic Batelco-Nokia 5G collaboration.

The nation's economic framework is additionally reinforced by the strong performance of non-oil sectors, particularly finance and manufacturing. Initiatives like the Golden License, which have attracted \$2.4 billion in investments, are playing a pivotal role in stimulating job creation and enhancing demand within the real estate market. This influx of capital has been instrumental in driving the development of both commercial and residential properties.

This vibrant economic environment, combined with Bahrain's strategic initiatives and infrastructure enhancements, positions the country as a robust and competitive player in the regional market. Looking forward, Bahrain is strategically positioned to leverage regional opportunities and global economic trends, ensuring the continued vitality and growth of its real estate market in the face of shifting global dynamics.



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