

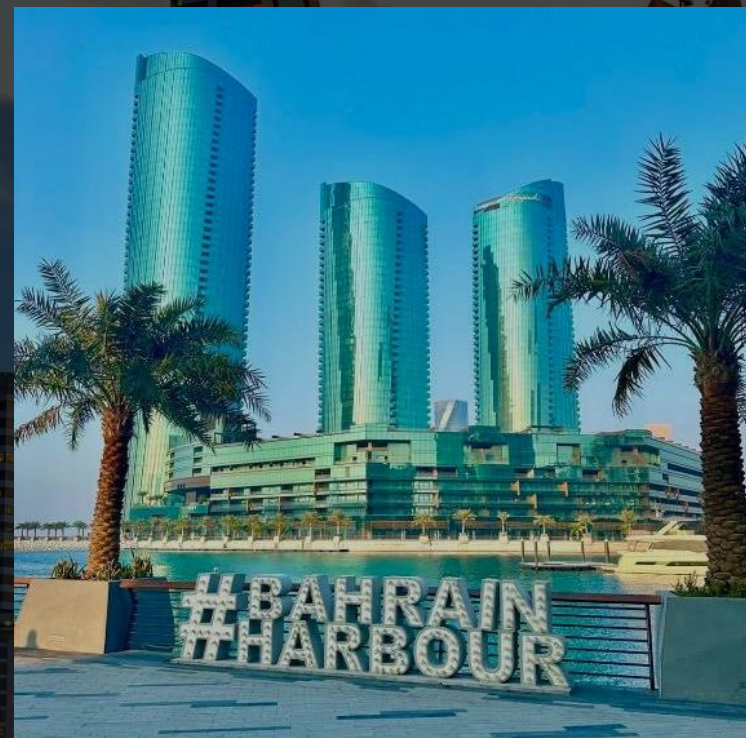
# BAHRAIN PROPERTY

# REPORT Q2 2025

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An aerial photograph of Dubai, United Arab Emirates, at dusk. The Burj Khalifa, the world's tallest building, is the central focus, its green-tinted glass facade reflecting the twilight sky. To its left is the Burj Khalifa's twin tower, also with a green-tinted facade. The surrounding city is densely packed with buildings, and the Dubai Creek is visible in the foreground. The sky is a mix of blue and orange, indicating the time is either dawn or dusk. The text "1. KPI DASHBOARD" is overlaid in the center of the image, with a horizontal orange line underneath it.

# 1. KPI DASHBOARD



# KPI DASHBOARD

	2024 Q2	2025 Q2	% Change	Change
Transactions volumes:	2,520	2,844	12%	↑
Transactions value:	BHD 355,0 Million	BHD 393,6 Million	10%	↑
Rental rates	Stabilised	Stabilised	Stabilised	Stabilised
Occupancy rates	Stabilised	Stabilised	Stabilised	Stabilised
Hotel and Tourism KPI				
Occupancy	54.74%	57.99%	6%	↑
ADR	BHD 71.64	BHD 76.66	7%	↑
RevPar	BHD 39.40	BHD 44.90%	14%	↑

## EXECUTIVE SUMMARY

- Bahrain's economy grew by 2.7% during the first quarter of 2025, driven by financial, manufacturing, and service sectors. The 2025 growth rate is expected to be at 3.5%, according to the World Bank. Inflation is expected to be low at 1%. Despite a high debt-to-GDP ratio of 141.4%, Bahrain is expected to sustain economic stability through non-oil sector expansion and strategic infrastructure investments.
- The real estate market demonstrated strong activity and at the end of Q2 building permits stood at 477, with the Northern and Capital Governorates leading development. Prime office rents remained stabilized at between BHD4 and BHD7. The industrial sector saw increased demand for logistics and warehousing, supported by e-commerce growth. Hospitality KPIs improved, with occupancy, ADR, and RevPAR all rising, driven by tourism and major events.
- Investment trends focused on affordable housing, mixed-use developments, and infrastructure projects. The outlook for Q3 and Q4 2025 remains positive, supported by off-plan developments, foreign investment, and government-backed housing schemes like Mazaya and Tas'heel Plus.





## 2. GLOBAL ECONOMIC OVERVIEW

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# GLOBAL ECONOMIC OVERVIEW

## MAJOR ECONOMIES - USA, CHINA

### United States:

- US GDP grew moderately at 3.8% annually with easing inflation and steady interest rates in Q2 2025.
- Labor market eased with slower payroll gains and a slight rise in unemployment rate to 4.2%.
- Inflation rose with CPI up 2.7% and PCE index up 2.1%; Fed maintained interest rates steady.
- Inflation rose with CPI up 2.7% and PCE index up 2.1%; Fed maintained interest rates steady.
- Consumer confidence improved amid trade uncertainties and tariff negotiation risks.

### China:

- China showed solid 5.2% GDP growth despite weak domestic demand and rising deflationary pressures.
- Retail sales growth slowed, and consumer confidence weakened, showing soft domestic demand and deflationary pressure.
- Real estate investment declined sharply with falling housing prices, reflecting continued contraction in the property market.
- Monetary easing and trade-in programs were implemented to boost consumption and support liquidity.



# GLOBAL ECONOMIC OVERVIEW

## MAJOR ECONOMIES- EUROPE, AND GULF REGION

### Europe:

- Europe's GDP grew slightly, with 0.1% in the Eurozone and 0.2% in the EU during Q2 2025, indicating slow economic expansion
- Inflation eased near 2%, leading the ECB to cut interest rates and pursue monetary easing to boost consumption and investment.
- Weak investment, declining exports, and trade uncertainties constrained growth, while Germany's fiscal stimulus provided some support.
- Low productivity and fragmented markets continue to hinder growth; OECD recommends deeper integration and fiscal reforms

### Gulf Region:

- GCC's GDP growth reached 4.4%, led by a rollback of OPEC+ cuts and strong non-oil sector expansion at 4.1%.
- Saudi Arabia and UAE invested heavily in tourism, technology, and infrastructure to diversify their economies.



An aerial photograph of a modern city skyline, likely Bahrain, featuring numerous skyscrapers and a large body of water in the foreground. The text "3. BAHRAIN ECONOMIC INDICATORS" is overlaid in white, bold, sans-serif font, centered horizontally. A thick orange horizontal line is positioned below the text.

### 3. BAHRAIN ECONOMIC INDICATORS



# BAHRAIN ECONOMIC INDICATORS

## BAHRAIN ECONOMIC KEY PERFORMANCE INDICATORS – Q2 2025

- GDP Growth Rate of 2.7% in Q1, driven by financial, manufacturing, and service sectors.
- The economy is projected to expand by 3.5% in 2025 and moderate to 3% in 2026, according to the World Bank.
- Inflation Rate: 1%
- Central Bank Lending Rate: Stable
- Debt-to-GDP Ratio of 141.4% which may constrain fiscal flexibility.
- Despite a 7% deficit and 128% debt, Bahrain maintains moderate economic stability with positive current account balance.
- Economic Drivers include Non-oil sector growth (finance, tourism, manufacturing); Infrastructure investment and diversification and Strategic energy projects and digital transformation.



# BAHRAIN ECONOMIC INDICATORS

## REGIONAL ECONOMIC COMPARISON – GCC Q2 2025

1. Inflation Rate: Moderate, supported by fiscal reforms and VAT stability.
2. Central Bank Lending Rate: Aligned with US Fed policy; cautious monetary easing.
3. Debt-to-GDP Ratio: Elevated but improving through fiscal consolidation and VAT reforms.
4. Fiscal Strategy: Focused on non-oil growth, social investment, and infrastructure.
5. Comparison: UAE maintains balanced budget; Saudi Arabia and Kuwait face moderate deficits.



# BAHRAIN ECONOMIC INDICATORS

## FOREIGN DIRECT INVESTMENT (FDI) OVERVIEW – Q2 2025

- Total FDI inflows in 2024 reached \$1.8 billion, reflecting continued investor confidence.
- Key sectors attracting FDI: Industrial, ICT, Tourism, and Financial Services.
- Bahrain's FDI stock reached \$43.6 billion, supporting economic diversification.
- The United States Trade Zone (USTZ) initiative completed Phase 1 in Nov 2024, enhancing logistics and real estate prospects.
- Implications- Increased demand for commercial and industrial real estate, logistics hubs, and mixed-use developments.



## PROPERTY TRANSACTIONS: Q2 2025 VS Q2 2024

### Total Transactions:

- Q2 2025: 2,844

- Q2 2024: 2,520

- Increase: +12.86%

### Transaction Value:

- Q2 2025:  
BHD 393.6 million

- Q2 2024:  
BHD 355 million

- Increase: +10.55%

### By Nationality (Q2 2025):

- Bahraini Citizens:  
83.26%

- GCC Nationals:  
4.75%

- Foreigners  
: 11.99%



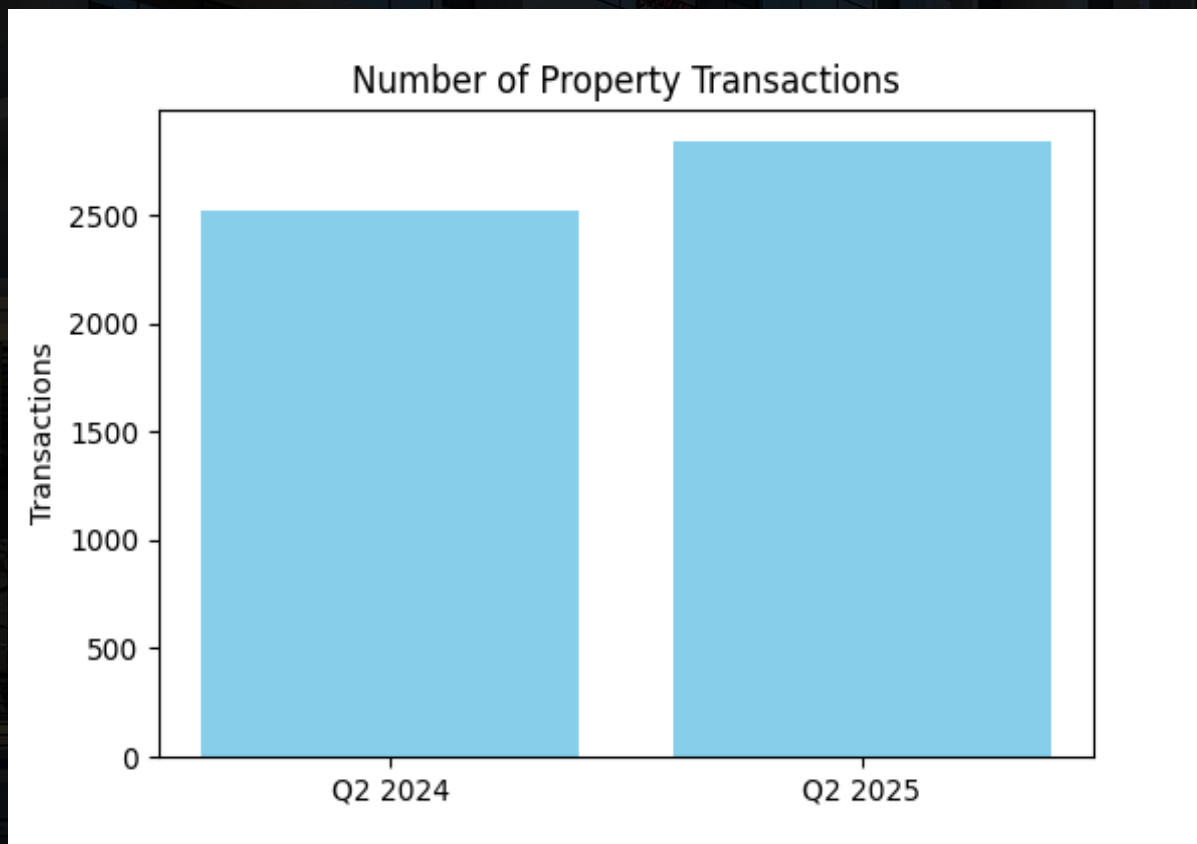
A professional desk setup for a lawyer. In the foreground, a black gavel rests on a wooden surface. To its right is a small, detailed model of a two-story house with a dark roof and light-colored siding. Further back, a pair of golden scales of justice stands on a stack of books. In the background, a person in a grey suit is seated at the desk, their hands clasped. The desk is covered with various items: a large black folder with a pen resting on it, a small house-shaped paperweight, and several stacks of papers and books. The overall atmosphere is formal and professional.

## 4. PROPERTY TRANSACTIONS

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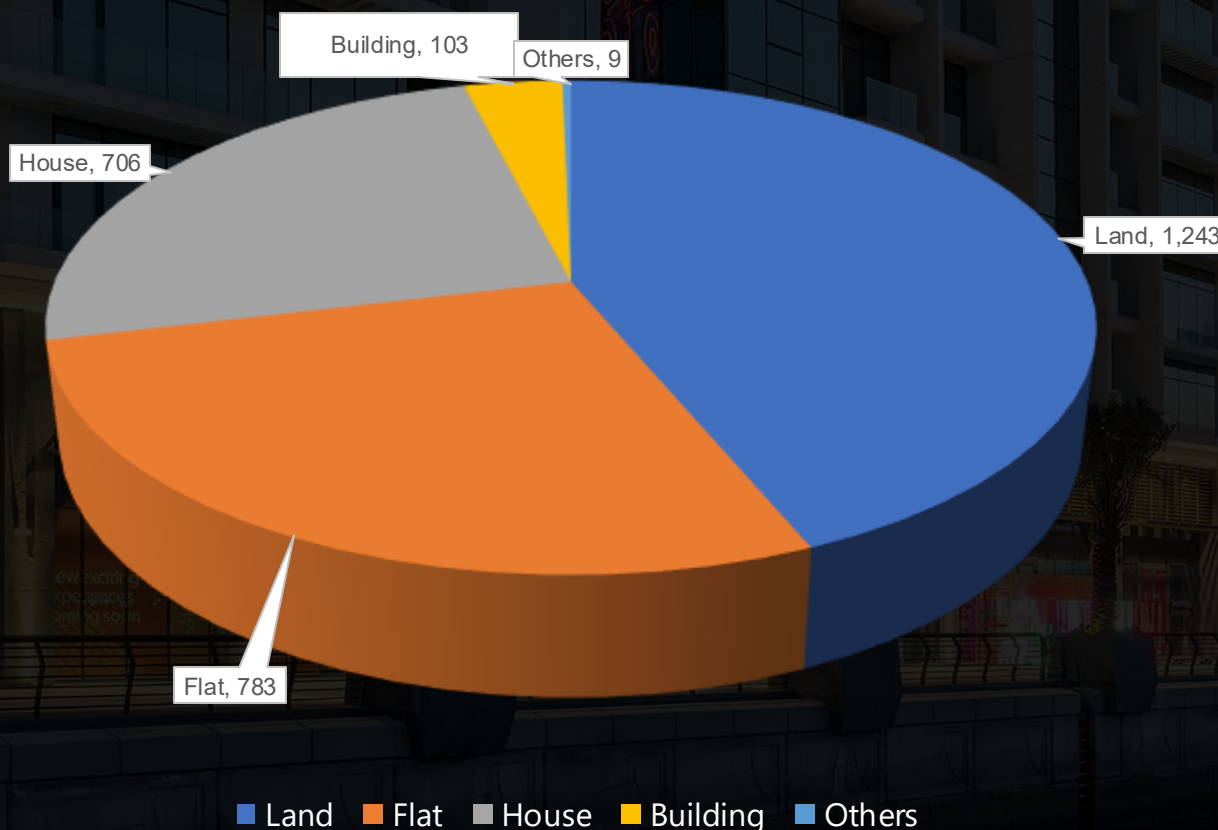


## PROPERTY TRANSACTIONS COMPARISON





## Q2 TRANSACTION BY PROPERTY TYPE





# PROPERTY TRANSACTIONS

## SALES TRANSACTION ANALYSIS

- **Land Dominance:**
  - Land transactions accounted for nearly 43% of total activity, indicating strong investor interest in development opportunities or speculative land holdings.
- **Residential Focus:**
  - Combined, flats and houses make up over 51% of transactions, showing continued demand for residential units, likely driven by population growth, urbanization, or affordability.
- **Low Commercial Activity:**
  - Buildings and "Others" represent a very small fraction of the market, suggesting either limited supply, higher entry barriers, or subdued demand in commercial segments.
- **Market Implications:**
  - Developers may prioritize land and residential projects to align with demand.
  - Policymakers could explore incentives to stimulate commercial property investment.



A hand is using a grey stamp with a clear window containing the words "BUILDING PERMIT" to mark a blueprint. The blueprint shows various building footprints with numbers like 1201, 807, 1207, 1122, 1157, 1155, 804, 245, 117, 119, 115, 1123, 1127, 3125, 1121, 1120, 1119, 1118, 1117, 1116, 1115, 1114, 1113, 1112, 1111, 1110, 1109, 1108, 1107, 1106, 1105, 1104, 1103, 1102, 1101, 1100, 1099, 1098, 1097, 1096, 1095, 1094, 1093, 1092, 1091, 1090, 1089, 1088, 1087, 1086, 1085, 1084, 1083, 1082, 1081, 1080, 1079, 1078, 1077, 1076, 1075, 1074, 1073, 1072, 1071, 1070, 1069, 1068, 1067, 1066, 1065, 1064, 1063, 1062, 1061, 1060, 1059, 1058, 1057, 1056, 1055, 1054, 1053, 1052, 1051, 1050, 1049, 1048, 1047, 1046, 1045, 1044, 1043, 1042, 1041, 1040, 1039, 1038, 1037, 1036, 1035, 1034, 1033, 1032, 1031, 1030, 1029, 1028, 1027, 1026, 1025, 1024, 1023, 1022, 1021, 1020, 1019, 1018, 1017, 1016, 1015, 1014, 1013, 1012, 1011, 1010, 1009, 1008, 1007, 1006, 1005, 1004, 1003, 1002, 1001, 1000. In the top left, there are two white cylindrical objects, possibly containers for pens or pencils. The background is a dark, textured surface.

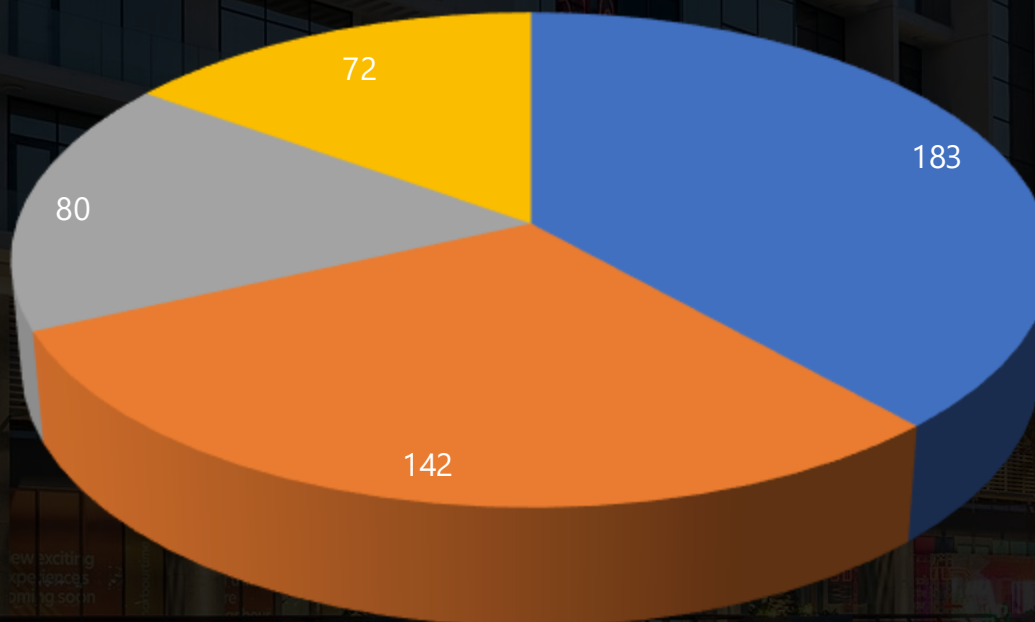
## 5. BUILDING PERMITS

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**BUILDING  
PERMIT**

## NEW BUILDING PERMITS

Building Permits



■ Northern ■ Capital ■ Southern ■ Muharraq



## BUILDING PERMITS

### BUILDING PERMITS BY GOVERNORATE

- In Q2 2025, Bahrain issued a total of 477 new building permits, reflecting ongoing development momentum across the kingdom.
- The Northern Governorate led with 183 permits, accounting for 38.4% of the total, indicating strong residential and mixed-use construction activity in that region.
- The Capital Governorate followed with 142 permits (29.8%), driven by urban densification and commercial developments.
- The Southern Governorate and Muharraq Governorate recorded 80 and 72 permits respectively, together making up just under one-third of total permits.
- Overall, the distribution highlights a concentration of development in the Northern and Capital regions, aligning with population density, urban expansion, and investment trends.

very strong income performance well ahead of prior year <sup>423: 5%</sup>



We have noticed a continued bifurcation of space between best-in class assets and dated secondary assets.

The bifurcation is being driven by a drive to quality and shifts in consume preferences.

The prime yield for office investments is in the order of 7-10% and rentals for grade A & B are in the range of BHD 4 - 7 per square metre depending upon location.

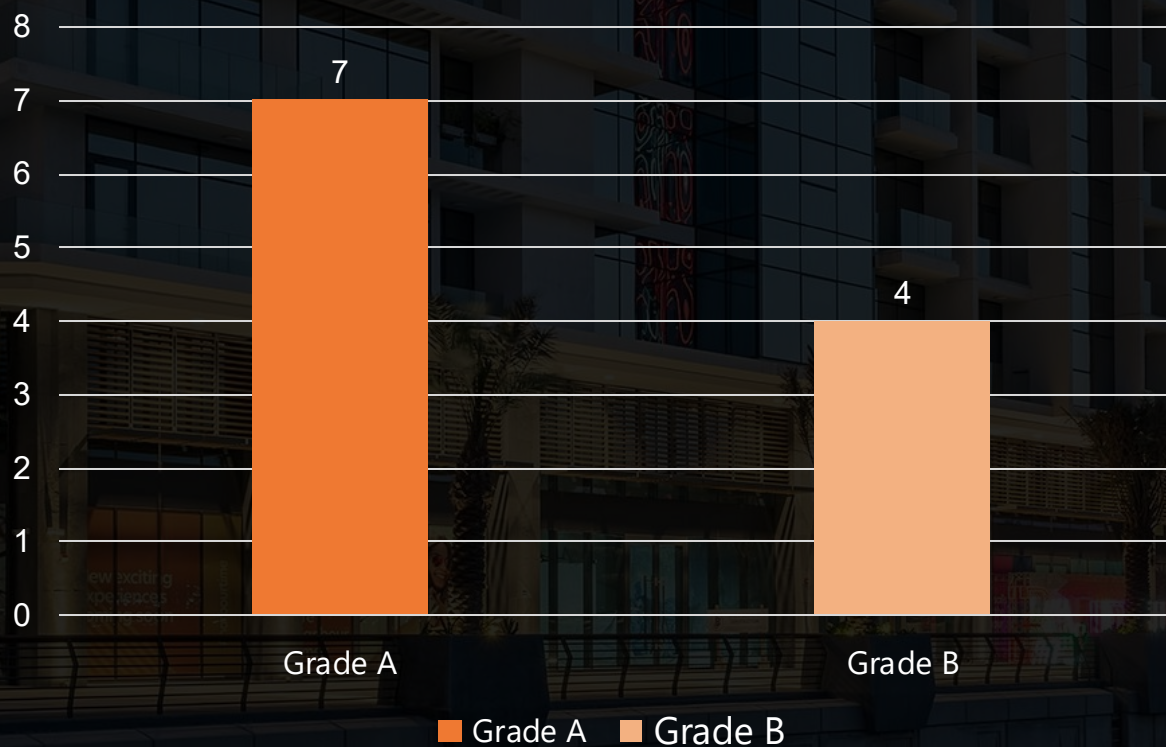
The below charts tabulate the prime office rental rates in Bahrain.

Financial and professional services firms continue to drive demand for quality accommodation.

## SECTORIAL ANALYSIS

### Prime Offices - Rental Rates (BHD/sqm)

Office Sector - Rental Rates (BHD/sqm)





## SECTORIAL ANALYSIS

### RETAIL SECTOR

Prime yields for retail investments are in the order of 7-8% and rentals range between BHD 9 – BHD 18 per square metre.

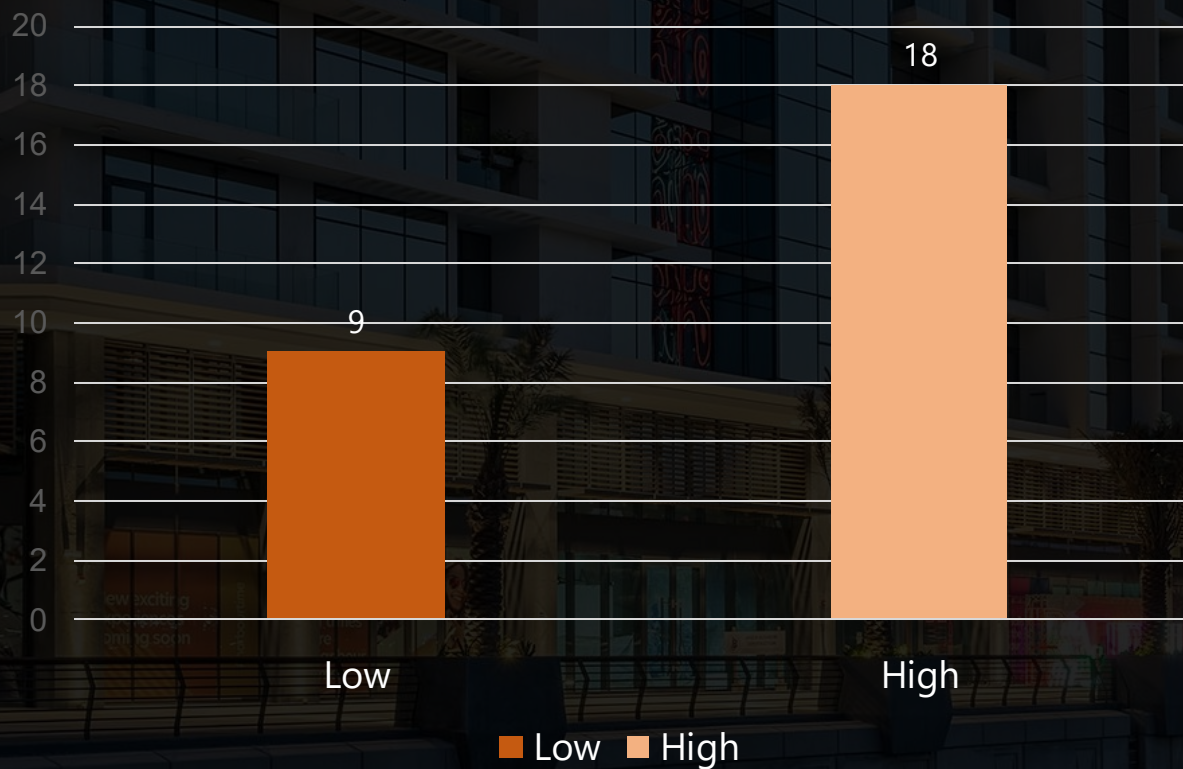
The retail properties sector is expected to remain stable on the back of the growing population, and the increasing affluence of the population. This will induce demand in the retail space. However, the sector faces several challenges such as the rise of e-commerce and competition from developed neighbouring countries such as UAE and Saudi Arabia.

The growth of e-commerce is putting pressure on traditional brick-and-mortar retailers. Nevertheless, there is still a strong demand for physical retail space, especially for high-end brands and retailers that offer unique shopping experience.

## SECTORIAL ANALYSIS

### Prime Offices - Rental Rates (BHD/sqm)

#### Retail Sector - Rental Rates (BHD/sqm)





## SECTORIAL ANALYSIS

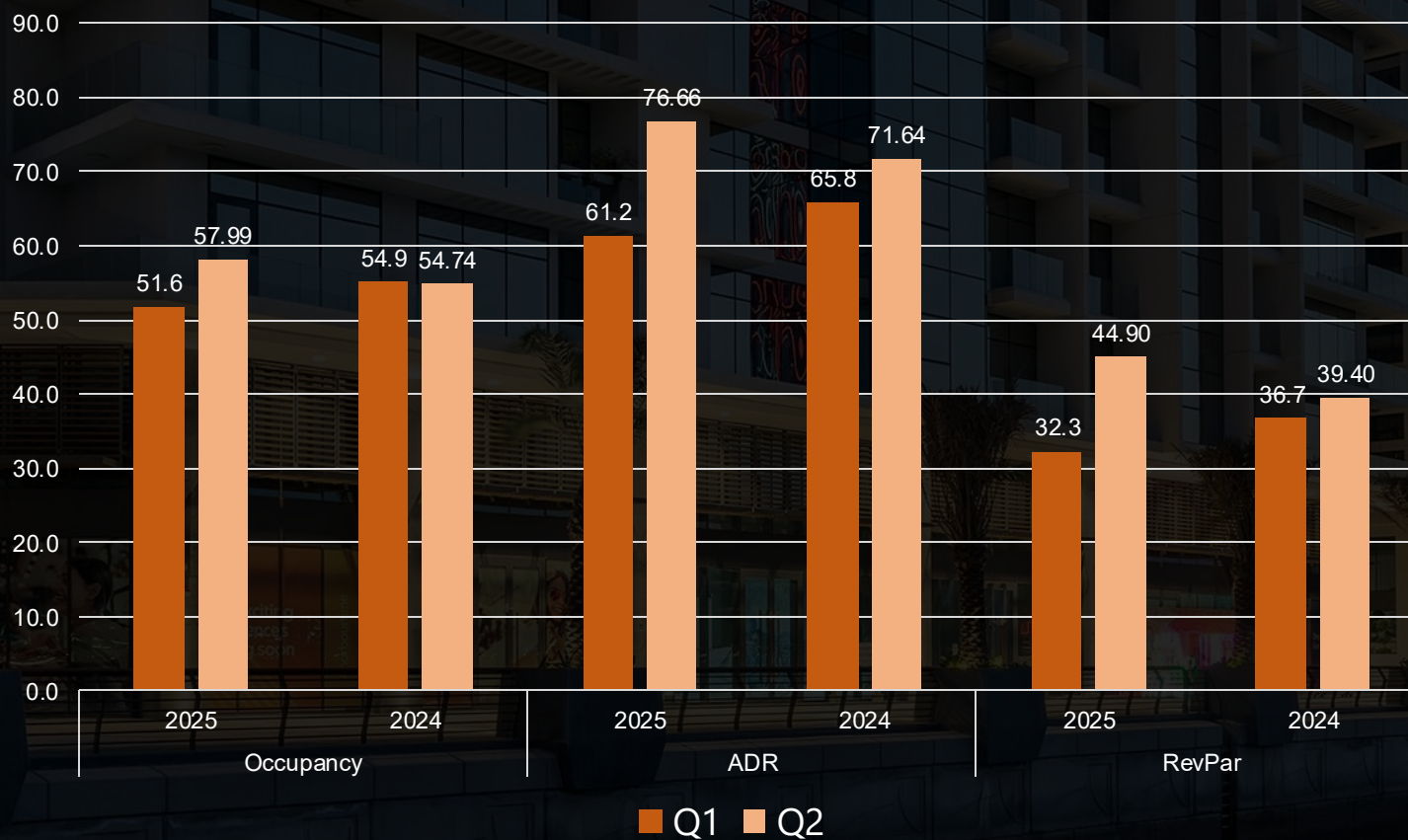
### INDUSTRIAL SECTOR

- The indicative yield for prime industrial properties in Bahrain ranges between 8% & 10% and rentals are between BHD 3 – BHD 5 per square metre.
- In the industrial sector, as has been the trend throughout the world, we have 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.

# SECTORIAL ANALYSIS

## HOSPITALITY SECTOR

### Hospitality PerfoMetr





## SECTORIAL ANALYSIS

### COMMENTARY ON HOSPITALITY KPIS

- In Q2 of 2025, the market exhibited a strong upward trajectory in performance metrics compared to the previous quarter driven by strong international arrivals, major events like the Formula 1 Grand Prix, and government initiatives promoting tourism. Occupancy rose from 51.6% in Q1 to 58.0% in Q2, indicating increased demand and more efficient room utilization. The Average Daily Rate (ADR) saw a notable uplift of £15.44, reflecting enhanced pricing power and potentially a shift toward higher-yielding customer segments or improved product offerings. The most significant growth was observed in Revenue per Available Room (RevPAR), which surged by £12.61—a 39% increase—demonstrating the compounded impact of higher occupancy and ADR. These results suggest a healthier and more dynamic market environment, likely influenced by seasonal demand, strategic pricing, and elevated travel activity.
- When compared to Q2 of 2024, the 2025 performance further underscores the market's positive momentum. Occupancy improved by 3.25 percentage points, while ADR increased by £5.02, indicating stronger demand and more effective revenue management. RevPAR rose by £5.50, driven by the combined effect of these gains. This year-on-year growth reflects not only improved operational execution but also a more favourable market climate. However, such performance may also attract increased competition and evolving consumer expectations, requiring operators to remain agile and responsive.
- Looking ahead to Q3, the outlook remains optimistic but measured. The substantial gains in Q2 suggest that demand is resilient and pricing strategies are yielding results. If seasonal trends and travel patterns continue to support this momentum, further revenue growth is achievable. Nonetheless, the sharp rise in ADR and RevPAR could signal a potential peak, and external factors such as economic shifts or geopolitical developments may influence performance. To sustain growth, operators should closely monitor booking pace, market sentiment, and competitive dynamics, while leveraging Q2's momentum to refine yield strategies and maintain market positioning.

## SECTORIAL ANALYSIS

### HOSPITALITY INDUSTRY MARKET DRIVERS

Events & Leisure: Formula 1 Grand Prix and holiday season boosted travel.

Inbound Tourism: Rise in visitors from Saudi Arabia via King Fahd Causeway

Government Support: Initiatives to develop tourism infrastructure.



## SECTORIAL ANALYSIS

### HOSPITALITY SECTOR

### Hospitality Industry Trends

- Luxury Segment Growth: High-end hotels like Ritz-Carlton and Four Seasons performing strongly.
- Online Bookings: Expected to account for 86% of hotel revenue by 2030.
- Cruise Tourism: Regional alliances enhancing Bahrain's cruise appeal.

### Hospitality Industry Outlook

The outlook for Bahrain's hotel industry remains positive, with continued growth expected in occupancy, ADR, and RevPAR. Limited supply growth and rising leisure demand will sustain profitability into Q3 and Q4 2025.

## 7. INVESTMENT TRENDS





## INVESTMENT TRENDS

### SECTOR-SPECIFIC INVESTMENT TRENDS – BAHRAIN 2025

Fintech & Technology: Driven by government support, high internet penetration, and a thriving startup ecosystem.

Real Estate & Infrastructure: Boosted by population growth, urbanization, and strategic development projects.

Tourism & Hospitality: Supported by international events, cultural tourism, and luxury hotel investments.

Healthcare & Wellness: Expansion in private hospitals, telemedicine, and wellness centers.

Renewable Energy: Solar energy and green building initiatives under the National Renewable Energy Action Plan.

# INVESTMENT TRENDS

## REAL ESTATE INVESTMENT TRENDS – Q2 2025

- Retail Sector: Average occupancy decreased to 68.9%, with larger malls maintaining higher rates.
- Office Sector: Rental rates declined by 2.9% YoY; incentives offered to attract tenants.
- Hospitality Sector: Occupancy up 7%, ADR up 2.6%, RevPAR up 9.8%.
- Residential Sector: Villas demand up 7.8%; over 19,000 freehold units available.
- Investment Focus: Affordable housing, mixed-use developments, and sustainable infrastructure.



An aerial photograph of a complex, multi-level highway interchange with several overpasses and ramps. The image is overlaid with a network of glowing blue lines and dots, suggesting a digital or technological theme. The text "8. INFRASTRUCTURE PROJECTS" is centered in the middle of the image, underlined with a thick orange line.

## 8. INFRASTRUCTURE PROJECTS



## Infrastructure Projects Driving Growth – Q2 2025

- \$3B Bahrain Metro: 184.2 km monorail system by 2030.
- \$5B King Hamad Causeway: Second link to Saudi Arabia.
- Bapco Modernization: \$6B upgrade to increase refining capacity.
- **Road Expansions:**
  - Wali Al Ahd Highway, Shaikh Isa Bin Salman Highway, Budaiya Highway.
  - 375 km of main road maintenance, 330 km of inner roads.

## Infrastructure Projects Driving Growth – Q2 2025

Public-Private Partnerships (PPP): Driving housing, utilities, and tourism projects.

Municipal Projects: 46 parks, 6 coasts, 4 markets, 5 mega PPP developments.



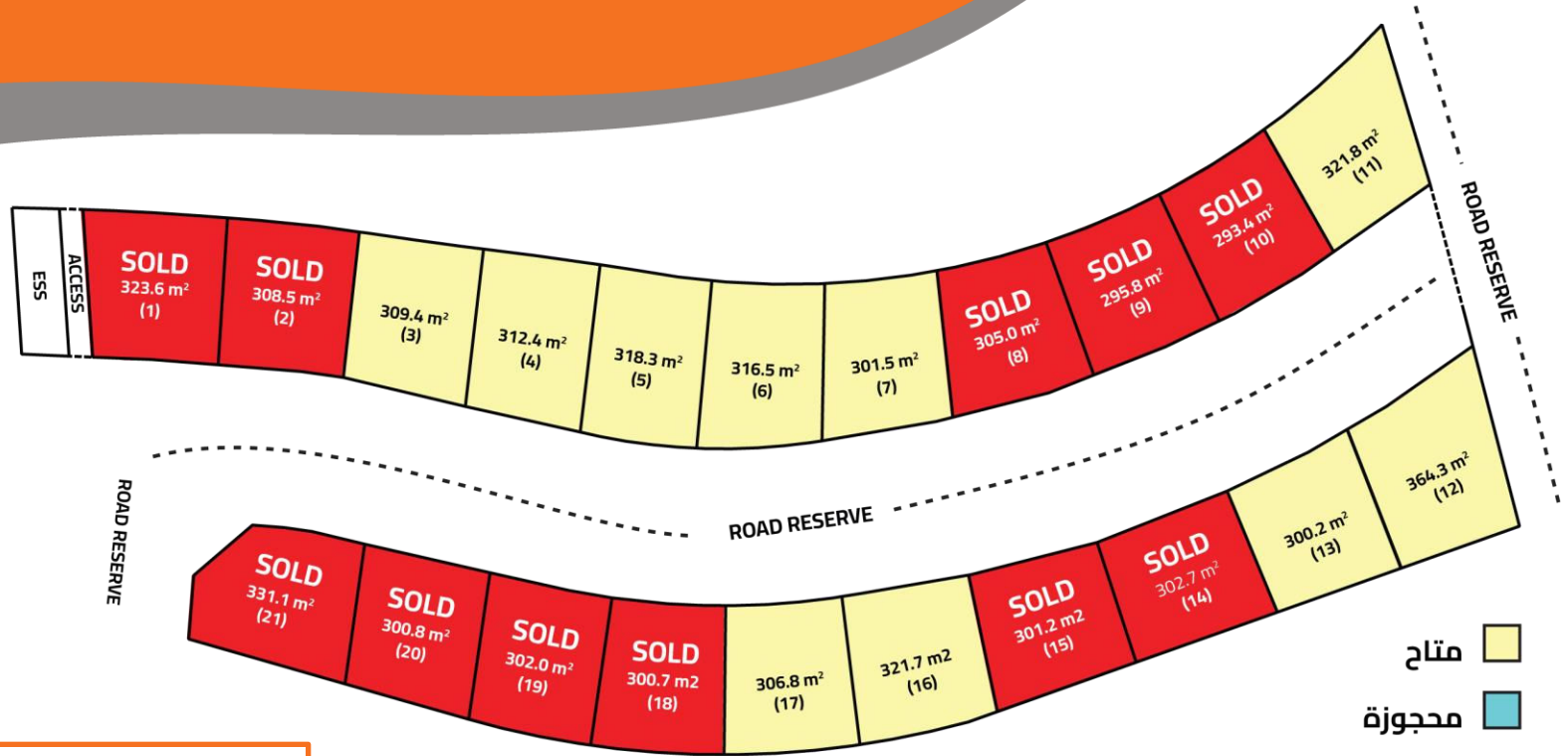


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A wide-angle photograph of the Dubai skyline at dusk. The sky is a gradient of blue and orange. In the foreground, the calm water of the Dubai Marina reflects the city lights. On the left, the sail-shaped Burj Khalifa is illuminated with purple lights. In the center, the two towers of the BurjDubai are lit up. To the right, the tall, rectangular BurjDubai is brightly lit with warm yellow lights. Further right, the twisted, futuristic structure of the BurjDubai is visible. The overall scene is a vibrant display of modern architecture and urban development.

## 9. POLICY REFORMS

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## POLICY REFORMS

### Policy Reforms Impacting Real Estate & Economy

Streamlined Property Registration: Introduction of unified digital registration system to reduce processing time and improve transparency.

Foreign Ownership Reforms: Expanded zones for 100% foreign ownership in real estate and commercial sectors.

Digitalization of Land Records: Full digitization of land titles and cadastral maps by Survey & Land Registration Bureau (SLRB).

RERA Regulatory Updates: Enhanced compliance standards for developers and brokers; new licensing framework for off-plan sales.

Investor Incentives: Tax exemptions, residency permits, and fast-track approvals for strategic foreign investments in real estate.





# 10. MARKET OUTLOOK

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## OUTLOOK FOR Q3 & Q4 2025

The outlook for remains positive and Bahrain real estate market is expected to end the year on a high note, supported by strong demand from both local and international markets.

The economy is expected to grow by 3.5% in 2025 driven by non-oil sectors (finance, ICT, tourism). However, investors should be aware of the risks and challenges that the sector faces such as the global economic slowdown and the ongoing war in Ukraine.

The inflation rate is expected to be around 1% in 2025 supporting consumer confidence. The outlook for Bahrain's hotel industry remains positive, with continued growth expected in occupancy, ADR, and RevPAR. Limited supply growth and rising leisure demand will sustain profitability into Q3 and Q4 2025.

Government initiatives are fueling investment opportunities, including a \$2.1 billion allocation for housing projects targeting 50,000 units and schemes like Mazaya and Tas'heel Plus offering long-term housing loans.

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