

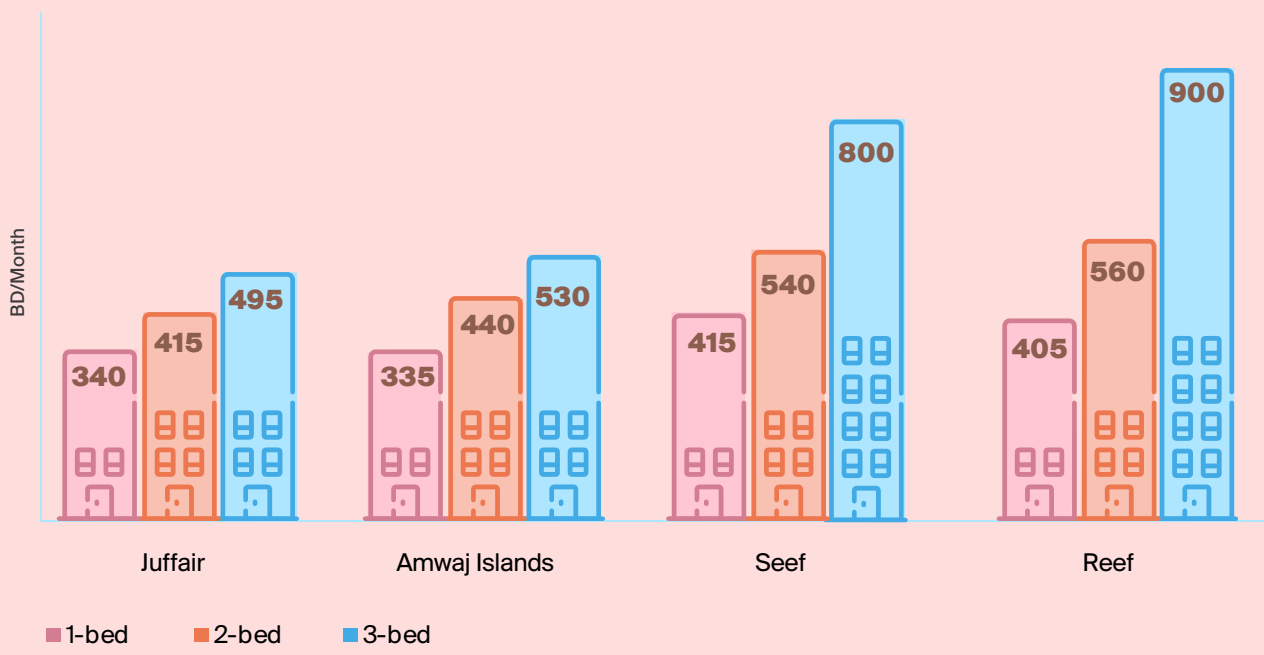
# BAHRAIN REAL ESTATE MARKET REVIEW



SUMMER 2023

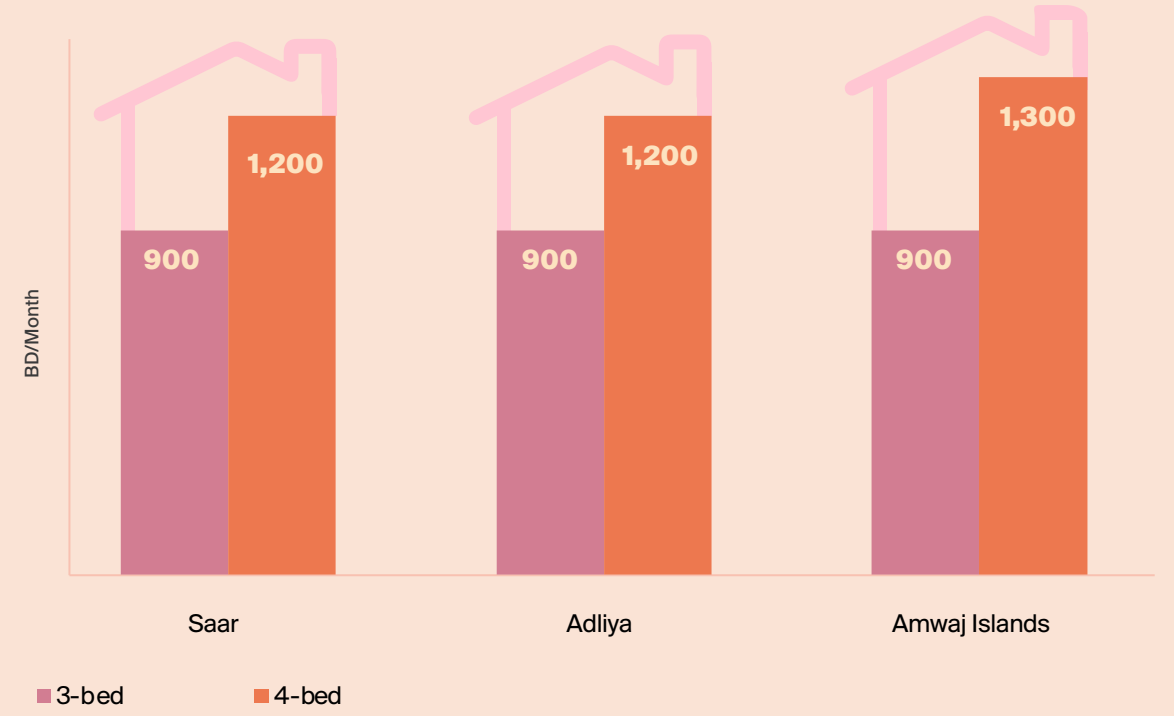
## Residential Market

### Average Apartment Rents



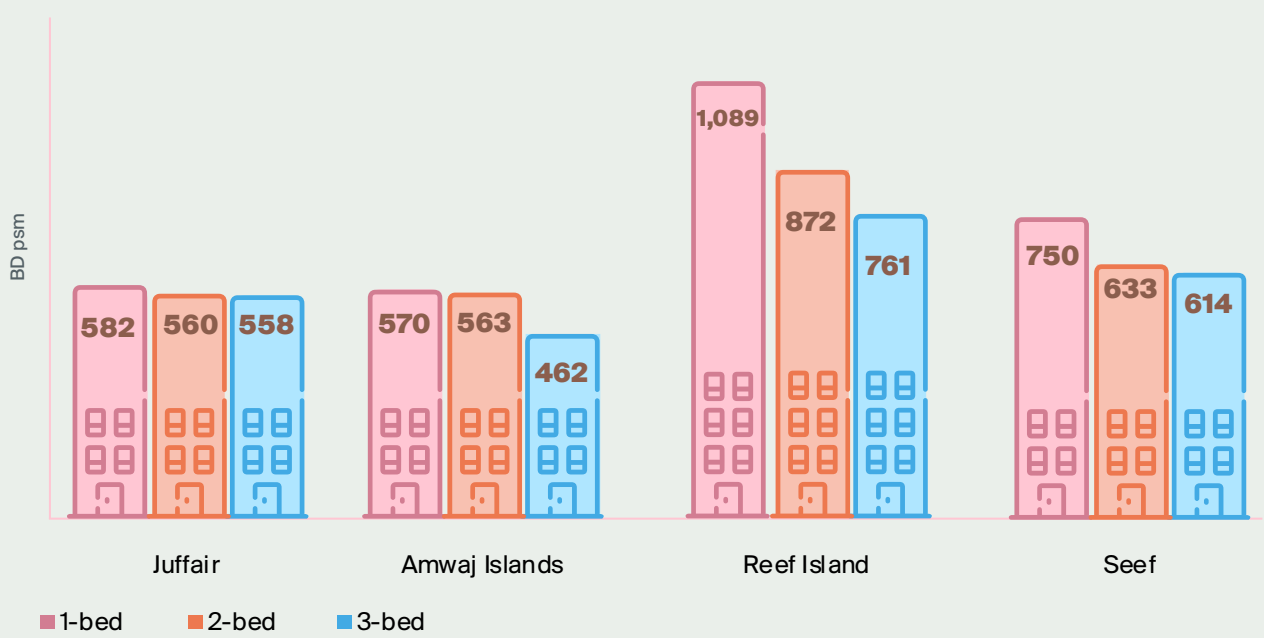
The average rental value for apartments fell by 3.5% over the last 12 months to BD 515 per month.

### Average Villa Rents



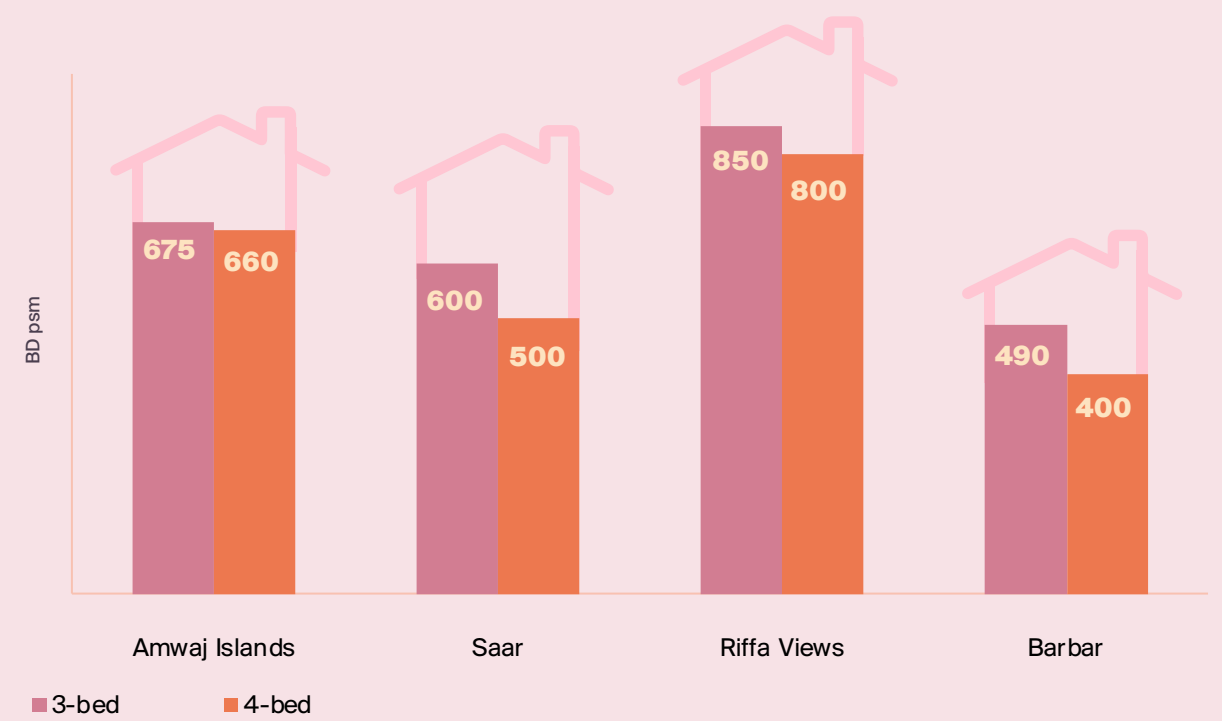
Over the last 12 months, average villa rents fell by 1.5% and stand at BD 1,067 per month.

### Average Apartment Sales Prices



The average price for apartments declined by 3.5% year-on-year to BD 668 per sqm.

### Average Villa Sales Prices



The average price for villas increased by 1.5% over the last 12-months to BD 640 per sqm.

Source: Knight Frank



Over the last 12 months, Bahrain's real estate market has experienced fragmented performance, which can be attributed to a lack of liquidity and a decreased appetite for investment. However, favourable economic legislation, such as the foreign ownership law, introduced in 2016, the strata law, which came into effect in 2018, the creation of 10 freehold zones and the introduction of the Golden Residency Visa in 2022, which grants long-term residency, are all anticipated to stimulate activity in the real estate market.



The volume of residential transactions increased by 13% during Q1 2023, compared to the same period last year.



Bahrain's real estate market has experienced a 0.7% year-on-year increase in the total volume of residential transactions (c. 21,600 deals) as at the end of 2022. Total transaction values have climbed by 3.9% to BD 1.08 billion.



Affordable housing projects, those offered through the Mazaya Social Housing Finance Program, are the most popular options among Bahraini nationals.



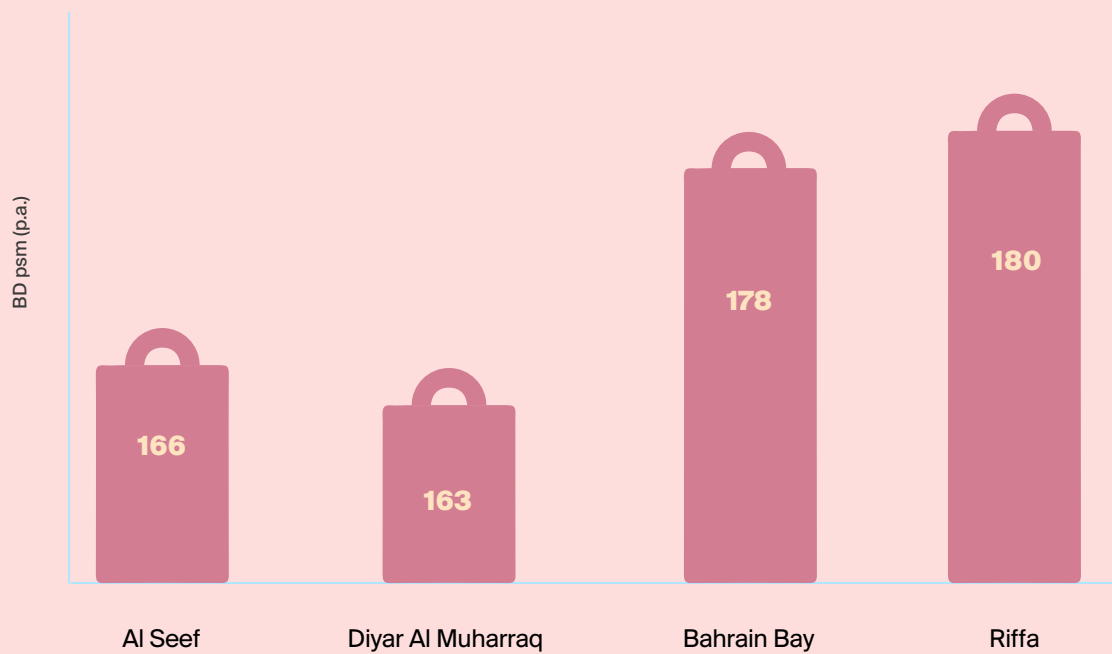
We have noted a surge in demand for affordable housing units in Bahrain, as many families are looking for both comfortable and cost-effective homes owing to the current global economic landscape, increased cost of credit and high residential prices.

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## Commercial Market

### Retail Market



● Average retail lease rates declined by 2.6% to BD 172 per sqm per annum in the 12-months to the end of Q1.

### Industrial Market



● Average warehouse lease rates grew by 9.9% year-on-year to BD 35 per sqm per annum.

Dragon City and The Avenue Malls, which combine traditional retail with new F&B, entertainment, and leisure, continued to enjoy the highest lease rates and occupancy levels, with the latter approaching BD 200 per sqm per annum and 95%, respectively.

The trend among the younger population to visit developments that mix the pleasures of conventional shopping with new F&B and leisure opportunities has increased significantly.

Similar to other GCC countries, the logistics sector is the best performing asset class in Bahrain. The trend is fuelled by strong demand and high yields of 9% compared to gross yields of 5% for single let villas, 6.5% for single let apartments, and 7.5% for offices, as well as increasingly long leases.

Bahrain has established dedicated industrial zones, such as The Bahrain Logistics Zone (BLZ) and The Bahrain International Investment Park (BIIP), to support logistics and warehousing activities and attract investment. Bahrain International Investment Park is home to over 114 of the region's largest manufacturing and industrial services firms, with approximately 80% of the investment coming from foreign companies.

### Office Market



Bahrain launched a new Golden License scheme in 2021 for foreign and local businesses to stimulate economic growth, to the benefit of Bahrain's commercial real estate sector. It offers various incentives for businesses, such as priority in land allocation, streamlined business licensing, and efficient building permit approvals. The new license program is part of an economic recovery plan to create more than 20,000 jobs annually for citizens by 2024 and attract US\$ 2.5 billion in foreign investment by the end of 2023.



● Average office lease rates fell by 2.1% in the last 12 months and stand at BD 59 per sqm per annum.



The concept of flexible workspaces, including co-working spaces and serviced offices, has gained popularity in Bahrain. This trend is a reflection of the changing nature of work and the growing need for flexibility and agility in business operations. The growing number of freelancers, small businesses, and startups in the country are the primary drivers of this trend. These individuals and companies often lack the resources and infrastructure to set up their own offices, making co-working spaces and serviced offices a more affordable and practical option.

Source: Knight Frank

For more information, contact us

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