

Bahrain Property Market

savills

MARKET HIGHLIGHTS

- Bahrain's Economic Development Board (EDB) succeeded in attracting direct investments worth USD 1.1 bn (BHD 414.6 million) from 88 companies across financial services, ICT, logistics, manufacturing and tourism sectors.
- GDP grew by 5.9% in 2022, prompting rating agencies to change the country's outlook to positive, helped by higher oil prices.
- Non-oil revenues were 28% higher year-on-year (YoY), reaching USD 2.83 bn (BHD 1.065 bn) in 2022.
- To drive future growth, Bahrain has announced a four-year strategy for the tourism sector that aims to attract 14.1 million tourists by 2026.

RESIDENTIAL

Capital Values

Villa developments continued to remain the preferred asset type of choice throughout 2022, a trend we have witnessed after pandemic restrictions were lifted across Bahrain. The strong demand levels have continued to push prices upwards, with an average y-o-y increase of 2% across developments. The mid-end villa segment has seen the highest increase in capital values and is currently estimated at an average BHD 603/sqm, growing by 5.2% y-o-y.

Capital values growth across apartments gradually slowed over the last four quarters. The price correction was more prominent across mid to low end developments which have seen a 2%-4% drop in values y-o-y. Average capital values across mid-end apartments are estimated at BHD 647/sqm, whilst across low-end apartments, it is estimated at BHD 465/sqm. Capital values across the high-end segment have remained largely stable and are estimated at BHD 854/sqm on average.

The average apartment capital values now sit at BHD 763/sqm. We have noted a substantial uptick in the asking prices of Spiral Orchid in Water Garden City which coincides with the handover.

Rental Values

Rental values in villas continued their strong growth with y-o-y price increases of 4.5%, which equates to an average rental value of BHD 1,139 /month. This appreciation occurred largely due to an increase in rental values across low-end villa products, which have risen by 20% y-o-y. We attribute this to several low-end compounds reaching full occupancy over the past year causing supply shortage, and also with some landlords carrying out refurbishment works.

Average apartment rents have been consistently stable over the past year with no price movement on a y-o-y basis. Although low-end apartment rental values have been stable for three quarters, they are still down 3.6% on a y-o-y basis. Mid and high-end apartments experienced no price movement on a q-o-q basis, with average rental values now estimated at BHD 510 and BHD 646 /month, respectively.

Residential Sales Indices



Residential Rental Indices



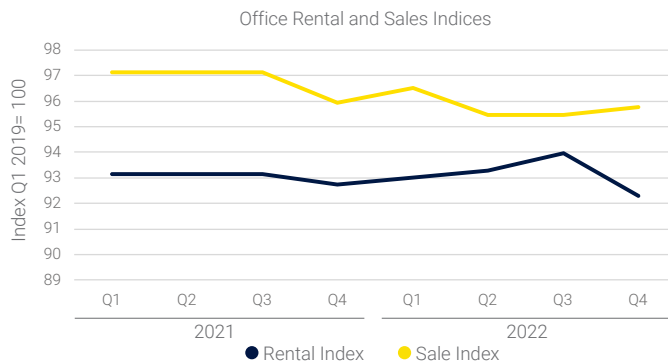
OFFICE

Capital and Rental Values

Demand for office real estate bounced back during 2022 in line with the growing economy. High demand levels were more prominently witnessed across Grade A assets which have seen a healthy increase in occupancy levels throughout the year. Rental values across a basket of Grade

A buildings tracked by Savills have remained stable throughout the year, whilst rents across Grade B projects have seen the highest yearly increase, as a result of spillover demand. Average rental values across Grade A assets are currently estimated at BHD 6.5/sqm/month. Meanwhile, rents across Grade B assets were estimated at BHD 5.5/sqm/month, recording growth of 15% y-o-y. Despite the steady increase in demand levels for office properties, activity levels across Grade C assets have remained limited. It aligns with global and regional office trends where corporate occupier preference has shifted towards modern, energy-efficient and ESG-compliant space, features that are mostly available in higher grade offices. Subsequently, rents have dropped by 4% on a quarterly and yearly comparison, which has led to an overall drop in the office rental index in Q4 2022.

Similar to rental value trends, capital values across Grade B assets saw a steady quarterly increase throughout 2022. Average capital values across Grade B assets are currently estimated at BHD 905/sqm, an increase of 5% y-o-y. Whilst capital values have remained stable across Grade A assets throughout 2022, they have dropped by 6.8% across Grade C assets.



SAVILLS TEAM

HASHIM KADHEM

Head of Professional Services
Bahrain

hashim.kadhem@savills.me
+973 3217 7033

MINAL MEHTA

Associate, Professional Services
Bahrain

minal.mehta@savills.me
+973 3361 2333

SWAPNIL PILLAI

Associate Director
Research, Middle East

swapnil.pillai@savills.me
+971 4 365 7700



Savills plc is a global real estate services provider listed on the London Stock Exchange.

We have an international network of more than 700 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world. This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. While every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.

