

## MACRO-ECONOMIC HIGHLIGHTS

- Bahrain recorded 2% y-o-y real GDP growth in Q2 2023, supported by a 2.0% increase in the non-oil sector and a 2.2% increase in the oil sector. The economy is now expected to grow by 1.8% y-o-y in 2023 from the high of 4.9% witnessed in 2022.
- Bahrain's re-exports increased by 4% to BD184 million during Q3 2023, compared to BD177 million in Q3 2022, as per the Information and eGovernment Authority (iGA).
- Bahrain's fiscal breakeven price for Brent oil is around USD 108 per barrel for 2023, according to the IMF. However, despite the voluntary output cuts agreed upon by OPEC+ oil producers in November, Brent oil prices have fallen to less than USD 74 per barrel. As a result, S&P has revised Bahrain's outlook to 'stable' on fiscal deficit worries.
- Bahrain's Information and Communications Technology (ICT) sector has attracted BD111 million in direct investments during the first nine months of 2023.

## RESIDENTIAL

### Sales Market

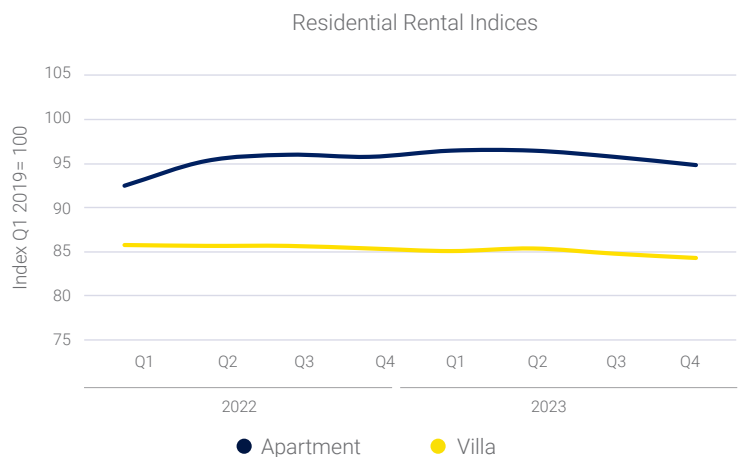
Residential sector capital values struggled with annual declines of 2.9% in apartments and 3.1% in villas. Across apartments, the price correction was more prominent in the low-end segment, where prices have dropped by 4.3% y-o-y and are now estimated at BD 445/sqm. Mid and high-end apartment prices are both down 1% q-o-q with values averaging BD 636/sqm and BD 826/sqm, respectively. Compared to apartments, prices across villa developments have remained relatively steady. High-end villas experienced negligible price movement over the past quarter, whereas mid-end villa values dropped by an average of 1.7% over the same period. On average, high-end villa capita values are estimated at BD 598/sqm, and the mid-end segment is estimated at BD 573/sqm.



### Rental Market

Overall rental values in the residential sector recorded marginal declines compared to Q4 2022. Rents across apartments were corrected by 1.3% and villas by 1% y-o-y. Across apartments, the biggest drop was observed for low-end properties, where quoted rents dropped by 5.6% y-o-y and are now estimated at BD 425/month. Mid-end properties were corrected by 3.5% y-o-y and are now estimated at BD 493/month. High-end properties on the other hand, saw a marginal annual increase and are now estimated at BD 649/month.

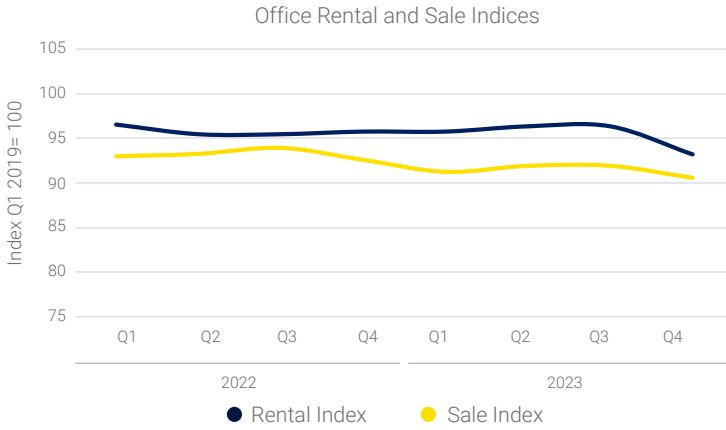
Rental values on average dropped by 1% across villa developments. On average, rents in the low-end segment dropped by 3.1% y-o-y and are estimated at BD 775/month. Rents across mid-end and high-end segments are now estimated at BD 1,069/month and BD 1,275/month respectively, having corrected by an average of 1% y-o-y.



COMMERCIAL

SAVILLS TEAM

Office Sales and Rental Market



Demand for office space remained relatively stable across Bahrain during the last quarter of 2023. A limited number of new corporates have entered the market in the last quarter. Leasing activity was observed from existing companies consolidating their operations in the kingdom. The demand for good quality space has remained a priority for corporates and existing supply and demand dynamics have led to stable

rental values when compared to the previous quarter. Rental values across high-end properties are now estimated at BD 6.5/sqm/month, whilst rents for mid-end properties, have increased by 4.2% y-o-y, are now estimated at BD 6.3/sqm/month. An increasing preference for ESG-compliant quality space has led to limited demand for low-end properties, where rents have dropped by 4.9% y-o-y and are currently estimated at BHD 4.1/sqm/month.

Similar to rents, capital values for low-end properties remained largely stable in the last quarter. Average prices across low-end properties are now estimated at BD 705/sqm. Mid-end and high-end prices have remained stable as well and are currently estimated at BD 825/sqm and BD 885/sqm, respectively.

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Retail Market



Whilst mall rents stabilised with no quarterly price change, they are still down 10.9% yearly, with average rents sitting at BD 12.3/sqm/month. Strip malls and mixed-use developments fared better, albeit with y-o-y declines of 6.5% and 3.5%, and are now estimated at BD 9.8/sqm/month and BD 7.1/sqm/month, respectively.



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Industrial Rental Market



The industrial sector experienced the least price movements over the past year. Average industrial warehouse rental prices experienced growth of 1.4% yearly, equating to BD 2.7/sqm/month. Medium-sized warehouses, which now average BD 2.8/sqm/month, increased on a y-o-y basis by nearly 1%, closing the price difference with larger sized warehouses.