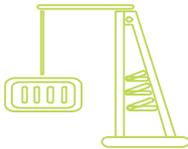


ECONOMIC



3.4%
Forecasted
GDP growth
2018



6.7%
Construction sector
growth
Q1 2018



3.7%
Real estate sector
growth
Q1 2018



4.2%
Manufacturing sector
growth
Q1 2018

HOSPITALITY

13,700 Rooms
H1 2018
19,400 Rooms
2022
Growth in 4 & 5 star
hotel rooms

3.1
million
Tourist visitors in
Q1 2018

63%
Visits for
Holiday &
Leisure
Q1 2018

RESIDENTIAL

5,300
Pipeline supply in
private villa
communities

BD850/m²
Average
apartment
sales rate

34%
Apartment
supply growth
2018

RETAIL

82%
Average
occupancy rate in
established malls

BD15.5
per m²/month
Average
RENT
Across shopping
centre categories

990
thousand m²
1.6
million m²
Retail supply growth
H1 2018 to 2022

BAHRAIN
REAL ESTATE MARKET
UPDATE H1 2018
SNAPSHOT

HEALTHCARE

5%
Increase in private
facilities
H1 2018

2
New
hospitals
H1 2018

76%
Of hospitals
in Capital
Governorate

INDUSTRIAL

c. 70%
Occupancy
rate in
pre built units

BD2-4
m²/month
Pre-built unit
rents

BD1
m²/annum
Government land
*Industrial activity

EDUCATION

130
Pre Schools
74
Private/K-12
Schools

52%
Of private schools
are in Southern
Governorate

36%
Growth in private
school numbers
2013/14 – 2017/18

OFFICE

c. 1.3
million m²
Office stock in
the capital

BD6
per m²/month
Average for
Grade A and B

NEW
Freehold
Increase in freehold
developments offering
smaller office units for
sale

ECONOMIC

GDP growth is forecast at 3.4% for 2018 despite an overall deceleration in Q1. Construction growth accelerated markedly in Q1 at 6.7% and signs indicate that this will continue, with a number of new projects, led by the Bapco Modernization Program, breaking ground in 2018.

The government believe that should underpin a broader positive growth momentum, which will also benefit further from the upcoming VAT introduction.

RETAIL

Development in Bahrain's retail sector continues to see supply growth in the destination, community and neighbourhood segments.

Pipeline projects are geared towards experience and leisure based retail, with an emphasis on both F&B and entertainment elements. Historically unique to the Capital, destination malls are now being developed out of town, within the Northern and Muharraq governorates.

INDUSTRIAL

Bahrain has made notable improvements in pre built product. Regionally competitive rates are offered on units and government, long term, ground lease land.

International grade pre built and serviced facilities have been developed over the past decade, through private investment, providing incubators for international operations. Hidd, in the Muharraq Governorate, has become the centre for industrial development of this grade.

HOSPITALITY

As Bahrain focuses on tourism's contribution to growth, the hospitality sector has seen on an influx of luxury hotel announcements, openings and pipeline projects throughout the Kingdom, expected to increase current supply significantly in the next 5 years.

Development has been led by 5-star projects, however, there is a gradual increase seen in branded 4-star products that offer a more affordable price point for leisure and business travellers.

RESIDENTIAL

The freehold residential apartment segment continues to see the majority share of development activity, with a large increase in stock anticipated over the coming 3 years, particularly within the Capital and Muharraq Governorates.

There is also significant growth projected for residential villa communities throughout the Kingdom. Bahraini nationals represent the majority of the buyer market, with the rental sector dominated by expatriates.

HEALTHCARE

The healthcare sector is witnessing increased regulatory oversight and the introduction of a national health insurance law to take effect in 2019. As figures steadily rise in terms of new licenses for private facilities, with the largest proportion in the Capital Governorate, Bahrain aims to encourage foreign investment.

With a lack of purpose built facilities, within the capital, many clinics adapt to commercial office properties and more recently retail malls.

OFFICE

The commercial office market is in over supply in the Grade A and B classes, with attractive rental rates and incentives for tenants offered in new, high specification buildings within the central business district (CBD).

Significant pipeline developments are typically purpose built facilities for owner occupiers and freehold offerings. There is little investment grade stock outside of the Capital Governorate.

BAHRAIN REAL ESTATE MARKET UPDATE H1 2018 SECTOR SUMMARY



EDUCATION

Development in the education sector fuelled by the government, private investment and neighbouring GCC countries is seeing new facilities introduced, as well as upgrades to existing. Both the local and expatriate population favour private education, which is evident from the increased growth shown in numbers of student applications.

New developments are geared around more modern facilities, that meet the needs of international class teaching methods.