



Market Watch

Residential Real Estate Annual Report - 2023

Bahrain

propertyfinder.bh

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Economic Overview

This section provides a concise analysis of the most recent economic indicators, offering a comprehensive snapshot of economic insights.

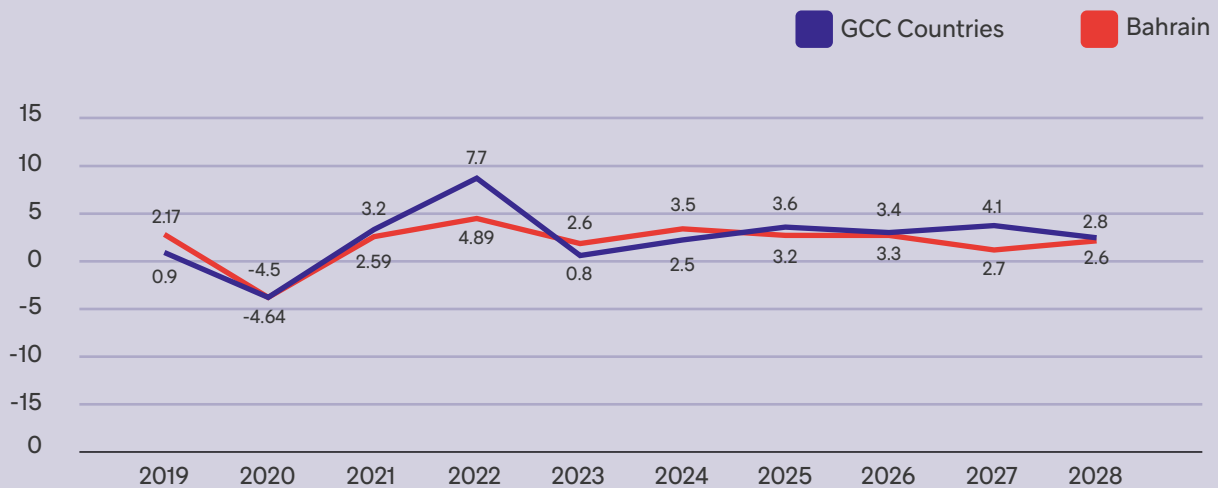




In 2023, Bahrain's nominal GDP achieved a milestone of 16.2 Billion BHD, experiencing a real GDP growth of 2.6%. This growth is anticipated to accelerate to 3.5% in 2024, buoyed by increased production in the oil sector and the government's ability to relax fiscal constraints thanks to a relatively balanced budget.

Despite the significant role of the oil sector in Bahrain's economic landscape, the nation enjoys a broad-based economy, with the non-oil sector contributing the majority of its GDP. Enhanced investments in critical areas such as infrastructure, gas, logistics, financial technology (fintech), and tourism are poised to further boost the non-oil sector's growth, solidifying their role as key pillars of Bahrain's economic development.

Bahrain's Real GDP Growth vs GCC Countries



Source: Economist Intelligence Unit.

Following the launch of its US\$30 Billion long-term Economic Recovery Plan (2021), targeting infrastructure project investments. These investments are not confined to the oil sector. Instead, they extend to non-oil sectors, including information and communications technology, manufacturing, tourism, logistics, and finance, all of which will benefit from government support under the plan. This plan is expected to significantly contribute to Bahrain's economic growth, to anticipate boosting the nominal GDP to reach 18.4 Billion BHD by the end of 2028.

Inflation rates remained under control with a 1% average in 2023, and is expected to remain at low levels throughout the forecast period, reflecting an easing of global commodity prices that will offset the impact of a weakening of the US dollar on import prices. Average inflation is expected to achieve 1.4% in 2024, as subsidy reforms boost prices in that year.

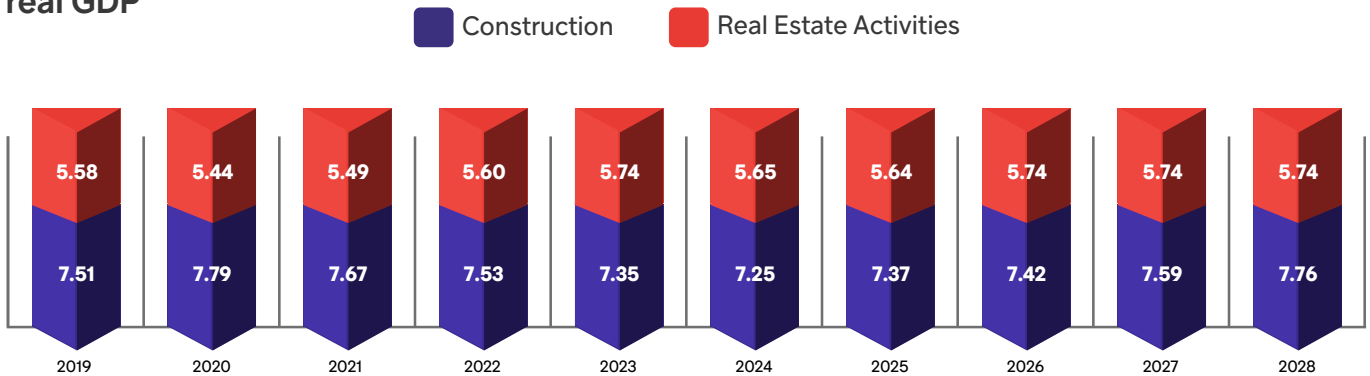
The Bahraini Dinar's currency peg to the US dollar, and relatively strong local interest rates, will also help to keep price pressures in check.

The real estate activities and construction sectors contribution to Bahrain's real GDP saw a growth of nearly 1.3%. Together, they made up almost 13.5% of Bahrain's GDP. Looking ahead, these sectors are anticipated to

maintain a steady pace of growth, aiming to approach 2 Billion BHD by the end of 2028.

Toward the end of 2023, the government introduced the Aqari Data Bank platform, marking a key development among the e-services initiated by the Real Estate Regulatory Authority (RERA). This effort aligns with the strategic objectives of the National Real Estate Sector Plan (2021-2024), which seeks to foster a sustainable real estate sector that supports broader economic growth. Additionally, the government is actively pursuing various other projects aimed at enhancing the real estate sector, recognizing its critical importance in bolstering the national economy and contributing to the kingdom's non-oil GDP.

Real Estate Contributions to Bahrain's real GDP



Source: Economist Intelligence Unit.



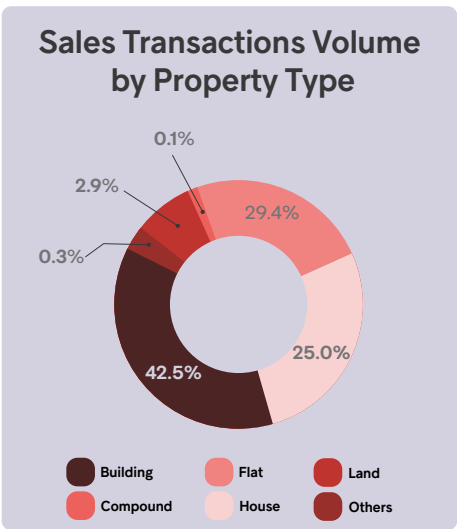
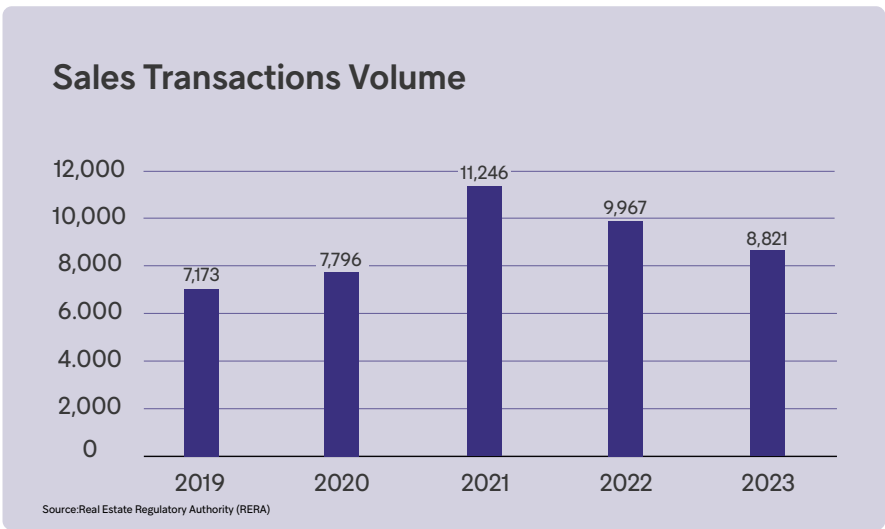
Market Performance

This section presents a detailed analysis of real estate transactions, drawing from official sources to provide an overview of the current trends and dynamics within the real estate sector.

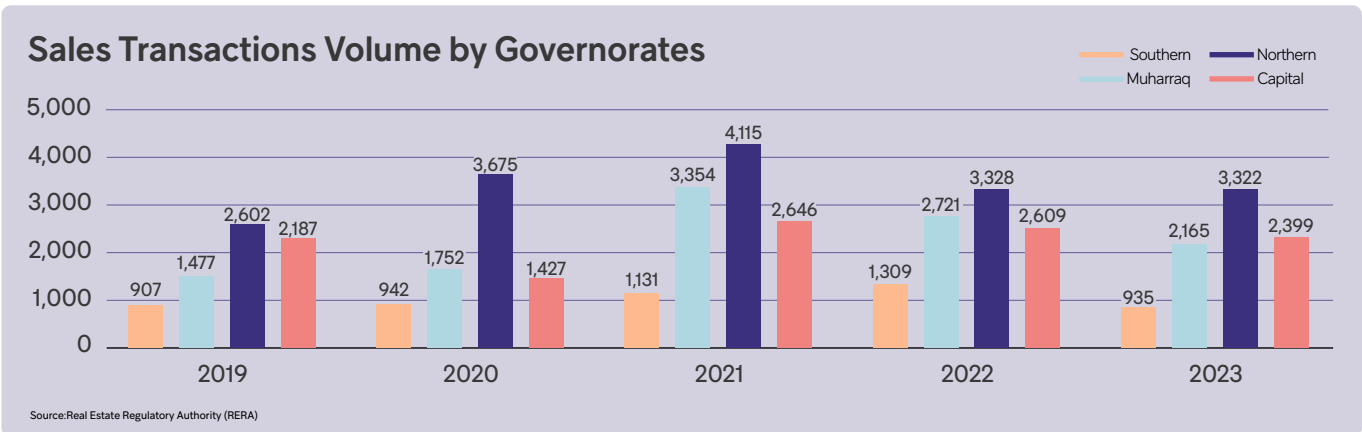




In December 2023, Bahrain introduced the Aqari Data Bank, a cutting-edge real estate platform launched under the auspices of the kingdom’s Real Estate Regulatory Authority (RERA). Serving as a centralized national platform that constitutes the primary source of real estate information in the Kingdom of Bahrain, Aqari is the cornerstone of real estate information in Bahrain, offering comprehensive and reliable data sourced directly from official channels. This initiative, aligned with Bahrain’s National Real Estate Plan (2021-2024), represents a significant step in digital transformation within the real estate sector. Aqari’s goal is to enhance transparency, provide equal access to information for investors, and ultimately contribute to the success of real estate projects by leveraging accurate and up-to-date data.



Accordingly, after excluding gifts and mortgage transactions, the market witnessed a decline in sales transactions by almost 11.5% in 2023, recording 8,821 transactions, compared to 9,967 transactions in 2022. The Northern governorate possessed the highest share of the sales transactions accounting for 3,322 in 2023, while the Capital came second with 2,399 followed by Muharraq. While the Southern came lastly with 935 transactions only in 2023. The most significant reductions were observed in the Compound and Others categories, plummeting by 58.3% and 54.5% respectively, reflecting a substantial contraction. Buildings and Houses sales also declined, with Building transactions dropping by 23.3% and House sales decreasing by 26.1%. Land sales saw a relatively smaller yet significant decrease of 8.4%. Contrasting this downward trend, the Flat category was the only one to demonstrate resilience, registering a slight increase of 1.8%





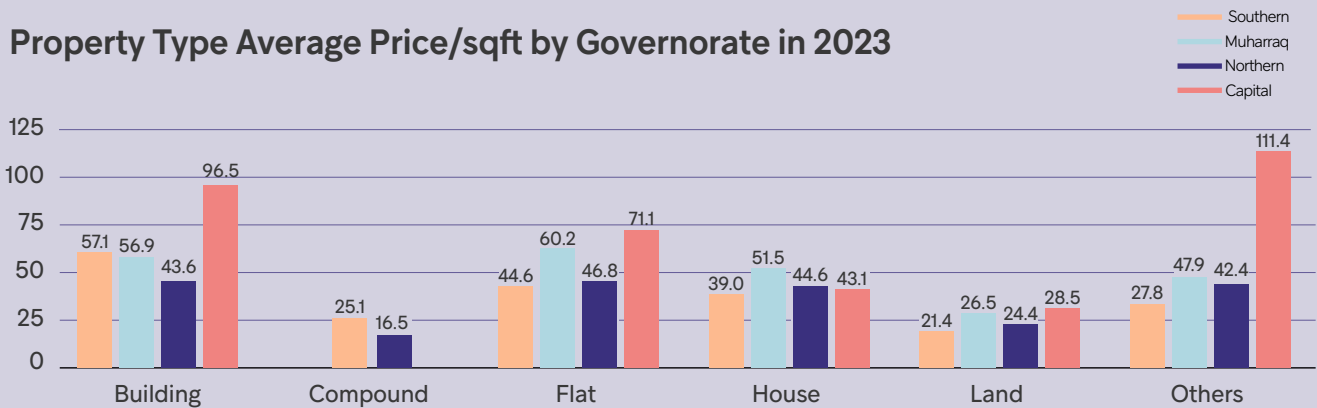
In 2023, the average price per square foot for real estate components in Bahrain showed a diverse set of changes compared to 2022. The Compound category faced the most substantial drop, plummeting from BHD 67 to BHD 42, a decrease of approximately 37.3%. Similarly, Building prices decreased by 3.8%, from BHD 264 to BHD 254.

The average price per square foot for flats increased slightly, from BHD 216 to BHD 223, or about 3.2%. The House category experienced a minor decrease, going from BHD 181 to BHD 178, or 1.7%. Land prices decreased

by 3.8%, moving from BHD 105 to BHD 101.

The Others category stood out with a significant increase, where the average price per square foot went up from BHD 188 in 2022 to BHD 230 in 2023, marking an increase of 22.3%. Overall, the year 2023 witnessed varying price dynamics, with the Compound and Building categories experiencing price declines, Flats and Others increasing in value, and the House and Land categories experiencing slight decreases.

Property Type Average Price/sqft by Governorate in 2023



Source: Real Estate Regulatory Authority (RERA)

Market Prospects

In this part, we will delve into the dynamic world of real estate in Bahrain, exploring the new projects that are driving real estate growth, and offering new opportunities for residents and investors alike.





Ongoing Projects in Bahrain

The residential and mixed-use real estate sector recorded a total of 47 ongoing projects worth USD 7,127 Billion. These projects accounted for approximately 75.8% of the total number of projects and constituted approximately 92.4% of the total investments.

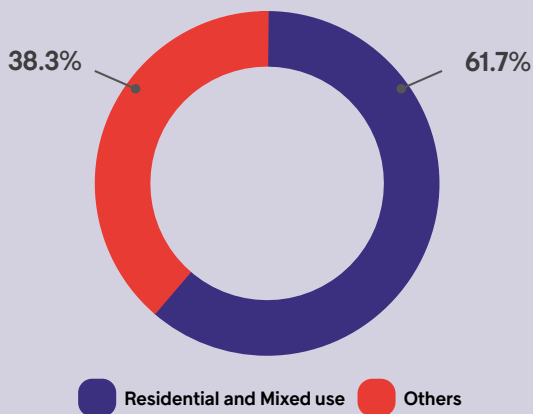
Along the same lines, the market was dominated by private sector development, contributing to 71.7% of the total number of ongoing projects till the end of 2023 and almost 82.5% of the total investments worth USD 5,873 Million in ongoing projects during the same period.

Capital governorate accounted for the majority of real estate investments, representing approximately 53.8% of the total investment. This amounted to about 18 projects with 39.1% of the total number of projects. Muharraq had the largest number of projects with 20 ongoing projects by the end of 2023, with a total value of USD 2,544 million.

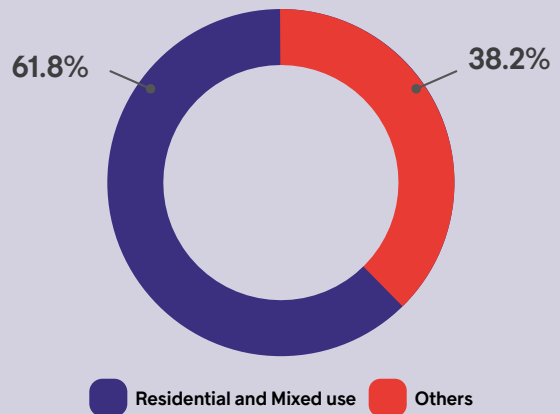
Together they contributed to 82.6% of the total number of projects and 89.5% of the total investments assigned for the ongoing projects in Al Bahrain.

Capital governorate held 51.5% of the total number of the privately owned projects, and 64.1% of the investments of the private sector, while it has only 1 governmental project with a total of 5.7% of the total governmental investment. While Muharraq had the highest number of governmental projects with 53.8% of the total projects and 61.4% of the total governmental investment. Also it held up to 39.4% of the total number of private projects and 30.3% of the total private sector investment.

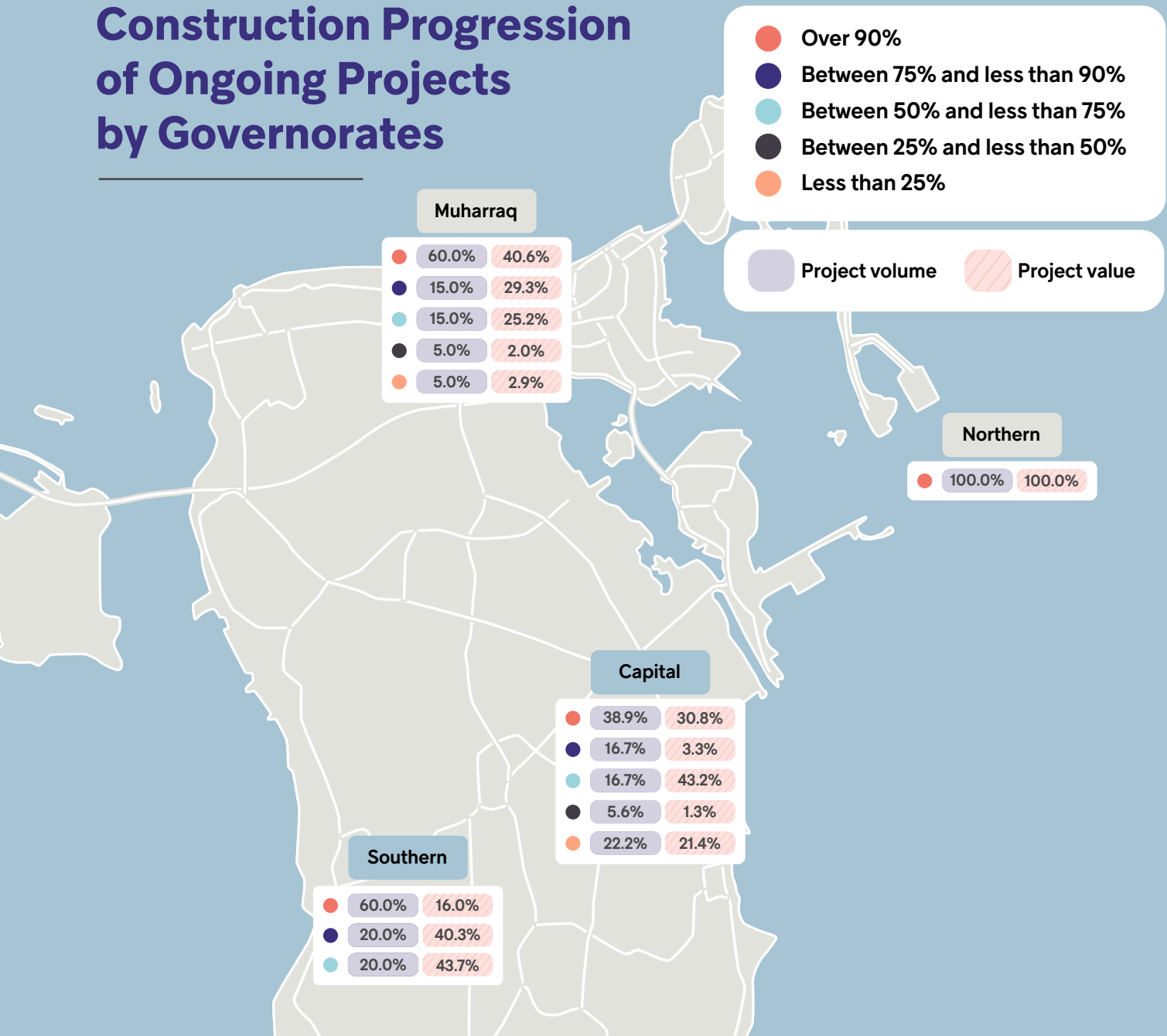
Ongoing Projects - 2023



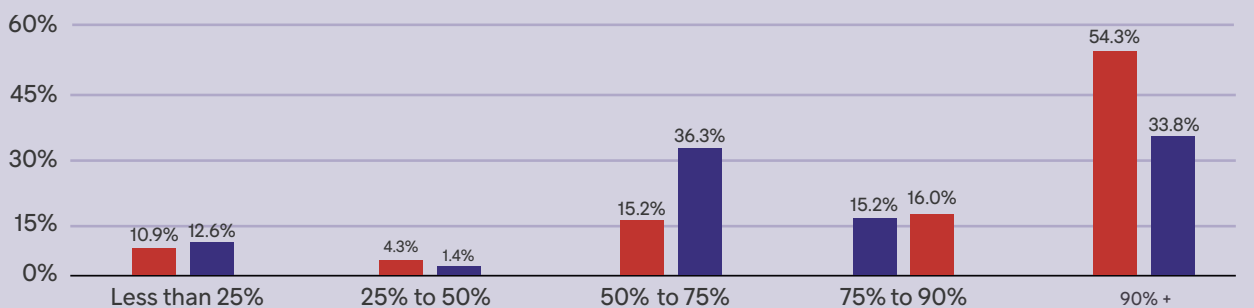
Value of Ongoing Projects - 2023



Construction Progression of Ongoing Projects by Governorates



Construction Progression of Ongoing Projects in Bahrain - 2023



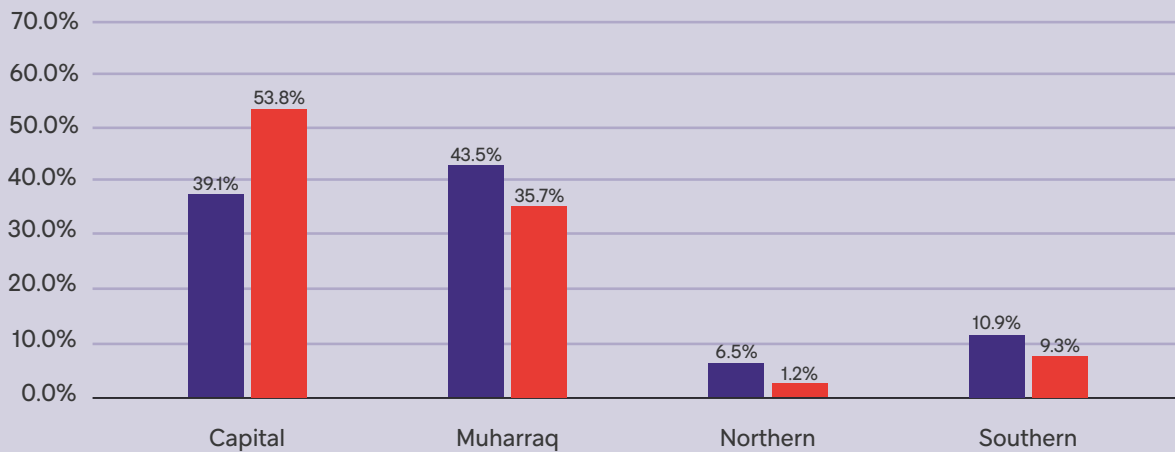


The current real estate projects have proceeded to a point of development in 2023. Roughly 84.8% have passed the halfway point and approximately 54.3% of the construction are almost completed with more than 90% of the construction, also 15.2% of the projects have completed about 76% to 90% of the construction.

The Capital had a total of 18 ongoing projects by the end of 2023, and had reached advanced phases of construction. Around 72.2% of the projects are more than halfway through the construction process. Additionally, 55.6% of the projects are in the final stages of completion with more than 75% of the construction completed. But in terms of the value of the total investments, 77.3% of the projects have passed the halfway through the construction process, while 30.8% are in the final stages with more than 90% of the constructions completed.

Ongoing Projects by Governorates - 2023

■ Projects Volume
■ Projects Value



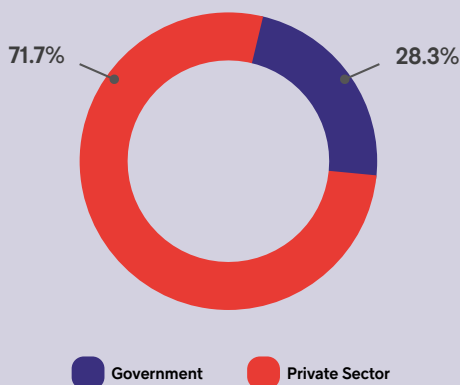


Muharraq governorate had 20 ongoing projects by the end of 2023, with 90% of the projects having passed the halfway mark in the construction process. 15 of them are reaching advanced stages with more than 76% of their construction completed, 12 of the projects are about completion with more than 90% of the construction completed. All the 12 projects which have reached advanced stages are assigned with around 40.6% of the total investments directed to the governorate.

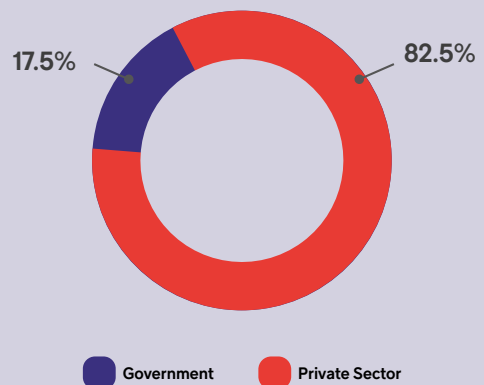
There were 3 ongoing projects in the Northern Governorate, all of them already are owned by the governmental sector, and are already nearing completion with more than 90% of the construction process finished.

Finally, Southern Governorate had 5 ongoing projects by the end of 2023. All of them have passed the halfway mark in the construction process, with 60% nearing completion while in terms of value, 43.7% of the projects investments have just passed the halfway mark with 51% - 75% of the construction completed.

Ongoing Projects - 2023



Value of Ongoing Projects - 2023



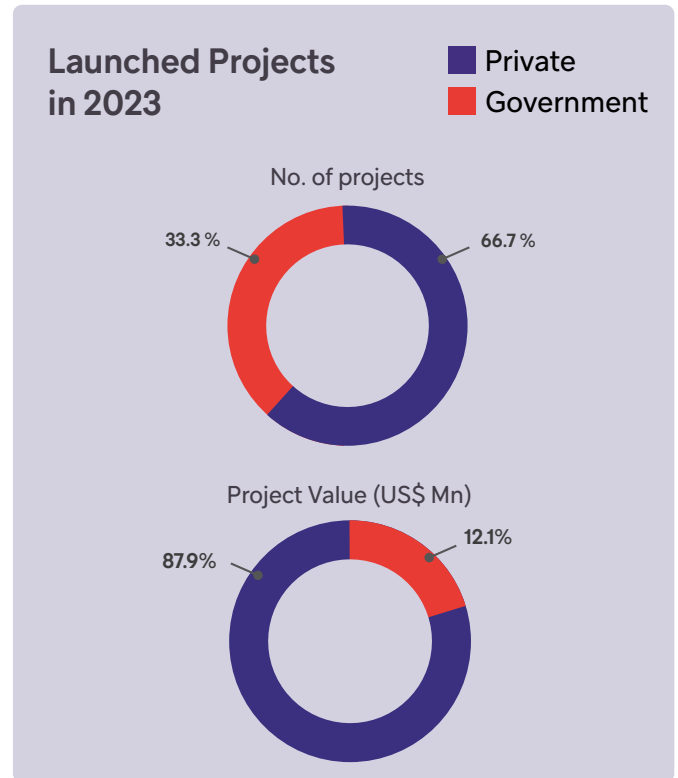
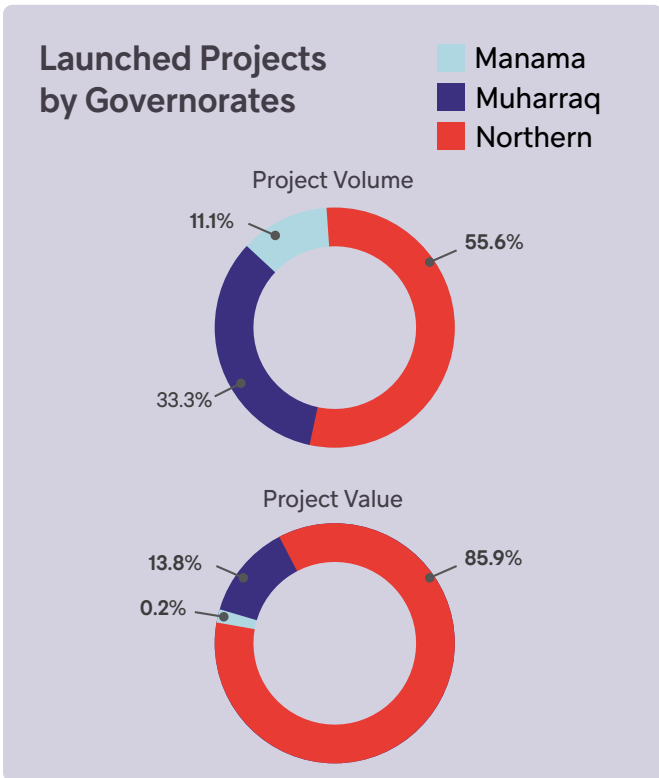
Launched Projects in 2023

The private sector holds the majority of the launched projects with 6 newly launched projects, amounting to 87.9% of the total investments directed for the newly launched projects in 2023, while the governmental sector with only 3 projects has only 12.1% of the total investments amount of USD 122.5 million.

Manama saw a decrease in the number of newly launched real estate projects from 7 in 2022 to 5 projects in 2023, representing a 28.5% decrease in the number of newly launched projects, with the total value of the new projects increasing by nearly 239% in 2023 compared

to 2022, reaching USD 870 million, Private sector holds the majority of these projects with 80%, that is worth almost 92% of the total investment directed to the newly launched projects in the governorate.

Muharraq had 3 newly launched projects in 2023, with total estimated investment of USD 140 million representing 13.8% of the total investment of the newly launched projects in 2023. The private sector possesses the majority of these projects with 2 out of the 3 projects, that is worth USD 90 million.

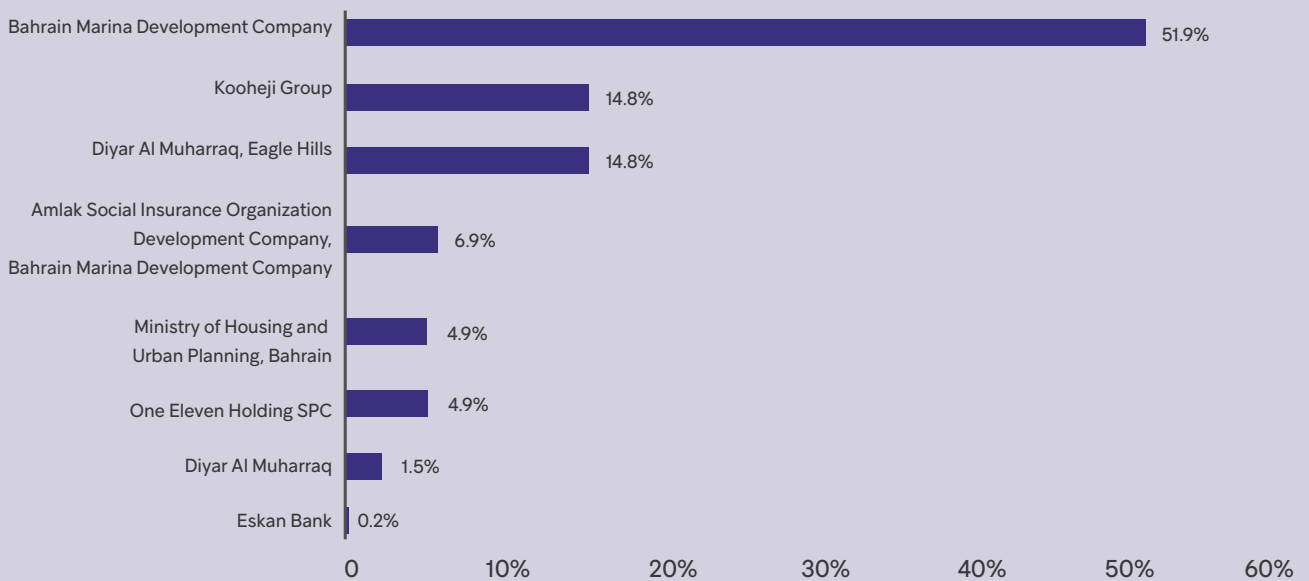


A total of 8 owners of the new projects in 2023 as opposed to 13 owners in 2022. The Bahrain Marina Development Company, is investing in one project in Al Manama amounting to about USD 525 million, or almost 52% of the entire investment expected in 2023. Additionally, the Kooheji Group unveiled a brand-new project in Al Manama called Onyx Sky View, which is projected to be

worth USD 150 million in 2023.

With a combined investment of USD 150 million, Eagle Hills and Diyar Al Muharraq are working on two projects: the first, called Marassi Terraces in Diyar Al Muharraq, and the second, called Marassi Bay in the Bahrain governorate.

Launched Projects by Developer - 2023



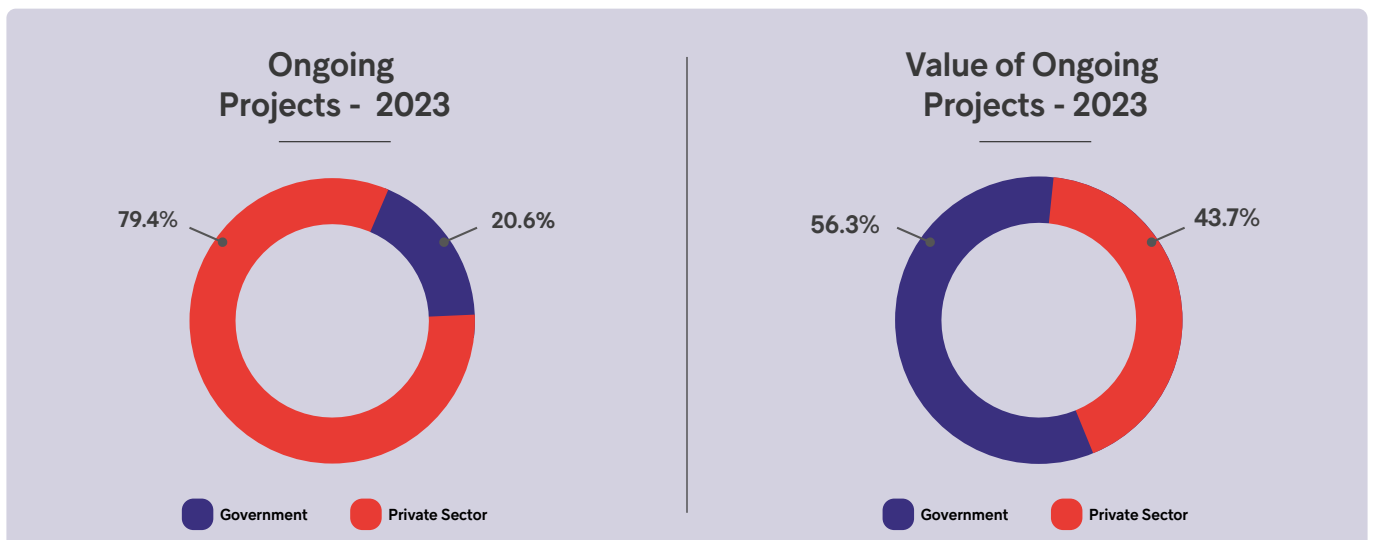


Delivered Projects in 2023

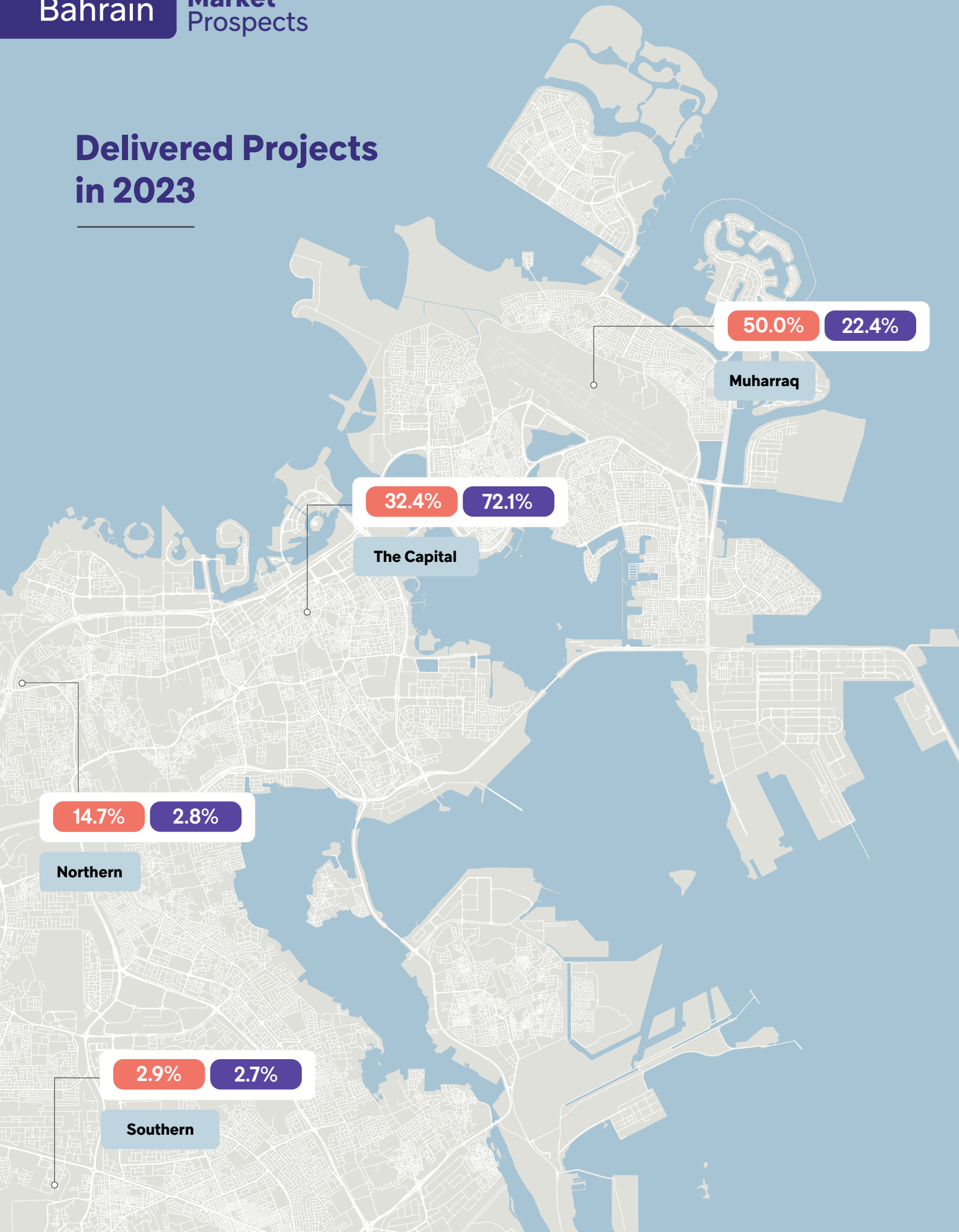
Around 34 projects totalling USD 1.5 Billion in value were successfully completed in 2023. Comparing the volume of projects to 2022 and their value to the same time, there was a significant growth of about 47.8% and 92.4%, respectively.

Of the total projects delivered in 2023, approximately 50% were located in Muharraq and contributed just 22.4% of the overall project value. In contrast Capital had only 11 projects delivered, but its value accounted for 72.1% of all the projects delivered. While Northern, with 14.7% of the projects delivered, owns only 2.8% of the total value of the delivered projects.

The majority of projects in 2023 were delivered by the private sector, which accounted for 79.4% of all projects delivered, or 27 projects valued at USD 637 million. The government, on the other hand, only delivered 7 projects, totaling USD 821.7 million, indicating the extent of investment made in government projects.



Delivered Projects in 2023



Market Trends

Here are the top areas in demand according to Property Finder 's most searched areas. The top areas are determined as per the listings on our portal, classified by residential apartments and villas/townhouses

for sale and rent along with the price movement for each location.

The Return-on-Capital-Gains (ROCG) is calculated by comparing the average sales price of properties to its current value in 2023.





Sales Market Trends For Apartments 2023

Property Finder’s proprietary data revealed that Al Juffair, Amwaj Islands, Seef, Diyar Al Muharraq and Manama were the top listed communities for those who wanted to own an apartment, while Amwaj Islands, Diyar Al Muharraq, Riffa, Saar and Barbar, were the top preferred areas for villas either for investment or residential purposes in 2023.

According to data from Property Finder, while the market prices didn’t witness any change, the average listed price for apartments in 2023 experienced a 4% increase from the previous year. Driven by the increase of five-bedroom apartments’ average sales price increased by 14%, While the average price for one-bedroom apartments decreased by 1.3% compared to 2022, the market experienced modest growth for studios, two-bedroom, and three-bedroom apartments, each of which saw a slight increase of below 1%.

The average apartment price varied from one location to another. Seef Area saw the highest average price for apartments. The surge in average prices led to the ROCG increase for three bedrooms by 4.5%. While two

bedrooms witnessed 1.8% increase in 2023 compared to 2022.

Amwaj Islands and Seef also observed a notable decrease in 2023 compared to 202 for. One-bedroom apartments in both areas witnessed a 5.6% and 2.5% decrease respectively.

Al Juffair	2022	2023	ROCG
One Bedroom	63,810	62,240	-2.5%
Two Bedrooms	75,420	75,169	-0.3%
Three Bedrooms	120,165	109,290	-9.1%

Amwaj Islands	2022	2023	ROCG
One Bedroom	55,992	52,876	-5.6%
Two Bedrooms	78,419	76,364	-2.6%
Three Bedrooms	116,316	116,245	-0.1%

Seef	2022	2023	ROCG
One Bedroom	70,099	69,211	-1.3%
Two Bedrooms	89,333	90,906	1.8%
Three Bedrooms	236,339	246,896	4.5%

Sales Market Trends for Villas 2023

In 2023, there was a slight decrease of 2% in the average asking price for villas, as compared to 2022. This was driven by five-bedroom Villas which witnessed a decrease in the average sales price by recording 4%.

The average price of villas varied depending on the location. Amwaj Islands witnessed around 5% increase in the average sales price for five bedroom villas, while four-bedroom villas recorded a 4.6% increase. The surge in the average price was not exclusive to Amwaj Islands,

as Diyar Al muharraq recorded a notable ROCG, with 4.4% increase for five-bedroom villas and a 4.2% increase for four-bedroom villas.

Despite the positive performance in some areas, Riffa experienced a notable decline, with the average price in the area decreasing by 5%. Prices for three and four-bedroom villas declined by 3%, while the average price for five-bedroom villas decreased by 7%.

Amwaj Islands	2022	2023	ROCG
Three Bedrooms	204,029	207,707	1.8%
Four Bedrooms	259,119	271,122	4.6%
Five Bedrooms	352,650	370,038	4.9%

Diyar Al Muharraq	2022	2023	ROCG
Three Bedrooms	148,620	147,630	-0.7%
Four Bedrooms	175,519	182,911	4.2%
Five Bedrooms	165,817	173,092	4.4%

Riffa	2022	2023	ROCG
Three Bedrooms	191,479	222,058	-3.1%
Four Bedrooms	206,005	250,000	-3.4%
Five Bedrooms	236,905	350,000	-6.8%





Apartment Rental Trends 2023

In 2023, the rental market in Bahrain presented a varied landscape. The market maintained upward momentum, as reflected by the 6.3% increase in average rental prices, indicating a healthy and growing sector. Despite this surge, the apartment rental market experienced a marginal contraction, with a 0.3% decrease.

The overall growth in the rental market was particularly interesting when considering the static and slightly declining sale prices for one-bedroom and two-bedroom apartments in some areas.

Looking at the most listed areas, Al Juffair led the apartment listings, likely driven by the area's popular amenities and strategic location, which also contributed to the solid ROI observed for both one and two-bedroom apartments.

As buyers and renters navigated the market, the distinctions between various living options became clear. The minor dip in apartment prices could suggest a trend towards larger living spaces, perhaps influenced by new lifestyle preferences emerging post-pandemic.

Seef's stability in sales prices and its presence in the top listings for apartments hint at a consistent demand for

One bedroom	2022 Average Price	2023 Average Price	ROI (Rental Yield)
Al Juffair	439	435	8.4%
Amwaj Islands	365	350	8.0%
Hidd	299	259	5.6%
Manama	349	338	6.3%
Seef	451	461	8.0%

Two bedrooms	2022 Average Price	2023 Average Price	ROI (Rental Yield)
Al Juffair	569	584	9.3%
Amwaj Islands	552	533	6.3%
Hidd	300	289	6.2%
Manama	398	408	3.3%
Seef	874	876	7.0%

Three bedrooms	2022 Average Price	2023 Average Price	ROI (Rental Yield)
Al Juffair	757	711	7.8%
Amwaj Islands	802	802	8.3%
Hidd	334	333	6.0%
Manama	609	615	4.8%
Seef	1,412	1,485	7.2%

properties in this locale, balancing the scales between rental yield and sale price appreciation. Similarly, the consistency in Amwaj Islands, both as a top-listed area and in maintaining its average sales prices, underscored its resilience and potential as a wise investment choice for apartments.

While some areas like Al Juffair and Seef saw a rise in sales prices for larger apartments, leading to substantial ROI increases, the average rental market for apartments remained fairly stagnant.

Villas Rental Trends 2023

The villa market saw robust growth, with average rental prices increasing by an impressive 11.6%.

For three-bedroom units, Amwaj Islands saw a slight decrease in prices, yet maintained a healthy ROI of 6.8%. Hamala and Manama showed positive growth with 6% and 3% increases in prices respectively, indicating a thriving market. Four-bedroom homes in Amwaj Islands and Hamala enjoyed a 5% price uptick, suggesting a rising preference for larger family homes.

Manama, notably, observed an 11% increase, signifying a strong demand for spacious living.

However, the five-bedroom market told a different story. Amwaj Islands and Hamala saw minor price decreases, whereas Manama bucked the trend with a significant 9% increase. This variance across the board painted a complex picture of the real estate landscape, with sizeable homes having a mixed appeal.

Three Bedrooms	2022 Average Price	2023 Average Price	ROI (Rental Yield)
Amwaj Islands	1,205	1,178	6.8%
Hamala	735	778	7.2%
Janabiya	854	872	5.9%
Manama	765	787	6.8%
Saar	748	757	6.3%

Four bedrooms	2022 Average Price	2023 Average Price	ROI (Rental Yield)
Amwaj Islands	1,306	1,370	6.1%
Hamala	1,201	1,259	NA
Janabiya	1,063	1,057	6.3%
Manama	915	1,016	5.5%
Saar	1,002	1,016	5.2%

Five bedrooms	2022 Average Price	2023 Average Price	ROI (Rental Yield)
Amwaj Islands	1,679	1,653	5.4%
Hamala	1,331	1,305	NA
Janabiya	1,223	1,138	5.5%
Manama	1,083	1,183	3.9%
Saar	1,181	1,141	5.1%

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