

REAL ESTATE MARKET REVIEW



Bahrain Real Estate Market Review

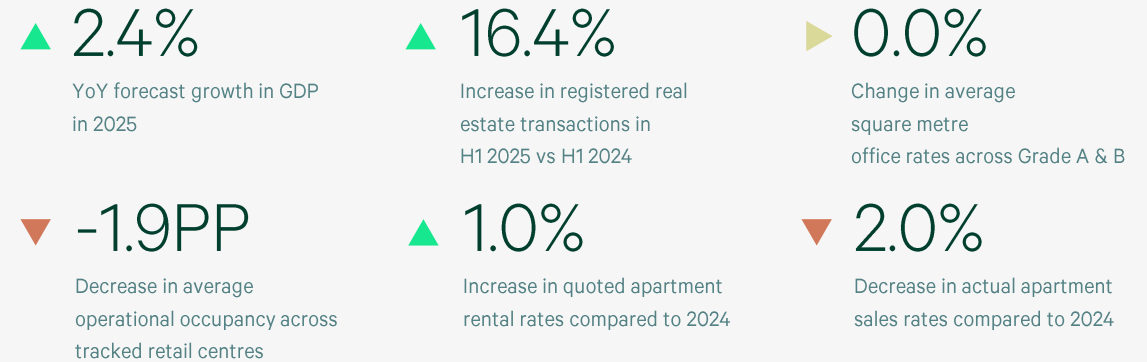
H1 2025

REPORT

Bahrain sees an uptick in transactional volumes amidst otherwise limited change in performance across sectors.

CBRE RESEARCH
SEPTEMBER 2025

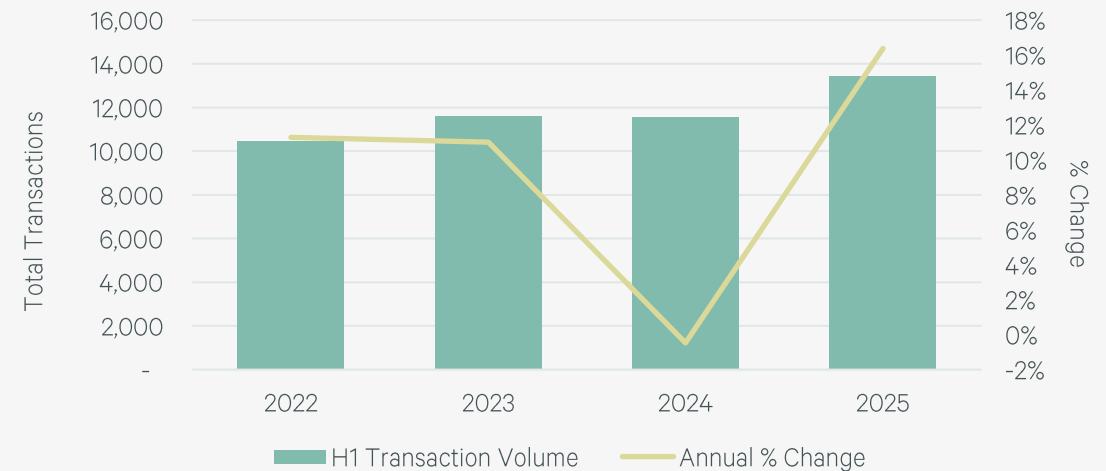
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Macroeconomic Overview

- Bahrain’s GDP is forecasted at 2.4% for 2025, according to Oxford Economics, with the non-oil sector likely to account for 86% of the total GDP, bolstered by the ICT and Financial Services industries in particular. Meanwhile, oil GDP is expected to grow by around 4.4%.
- Inflation has generally been contained, with the forecast for the year sitting at 2.7%.
- The Kingdom’s refining capabilities are increasing under the ongoing, multi-billion-dollar Bapco Modernisation Programme (BMP), which is the largest strategic project undertaken in Bahrain’s history. The project is set to increase crude capacity from 267,000 to 400,000 barrels per day and improve energy efficiency.
- According to data from the Survey & Land Registration Bureau (SLRB), a total of 13,452 real estate transactions were registered in H1 2025, a 16.4% increase as compared to H1 2024. In terms of transaction values, H1 saw an increase of 3.9% as compared to the same period in 2024, amounting to a total of BHD775.2 million. Each of these metrics suffered a downturn in transactions during 2024 as compared to 2023, hence are now positively demonstrating a marginal level of recovery.

FIGURE 1: Bahrain, H1 Real Estate Transaction Volumes



Source: CBRE Research/ Oxford Economics

Bahrain Residential

CBRE’s analysis of RERA’s transactional data shows a 2.0% decrease (Figure 2) in average apartment sales rates (actual) in H1 2025 compared to H2 2024, to BHD625/sqm. This reflects a continuation of the downward trend from 2024 levels. Similarly, villa sales rates fell by -2.3% (Figure 2) following a period of general, marginal increases to an average of BHD486/sqm.

In terms of rents, H1 saw a marginal (1.0%) increase in quoted apartment rental rates for the first time following a period of consistent declines (Figure 3), as the average asking rate across Bahrain reached BHD451/month. For villas, the trend of marginal yet consistent decline continued, with average quoted rates falling -1.0% to BHD954/month.

During H1, handover of the newly completed Four Seasons Residences began at Bahrain Bay. The property sets a new standard of luxury living, being the first true branded residence property in the Kingdom, offering 112 units connected by footbridge to the Four Seasons hotel. The development offers a range of amenities for residents, including a private pool terrace, state-of-the-art fitness suite, family and games rooms, and private cinema, all with luxury finishings and details such as crystal chandeliers and velvet seating.

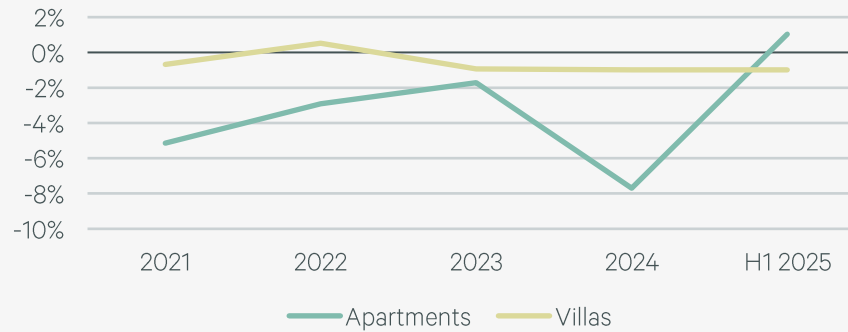
In the affordable housing segment, a total of 2,584 applications for housing financing schemes were approved during the first half of 2025. In addition, the Tas’heel+ financing scheme was introduced in April during the Social Housing Innovation Conference and Exhibition as part of a directive to accelerate housing projects and provide 50,000 new units. The programme offers immediate housing finance with a maximum funding limit of BHD 91,000. Moreover, an off-plan sales programme has been launched, allowing developers to begin selling units before practical completion, enabling reservation of units to secure financing in advance. This model is being applied to the Hai Al Naseem project in Salman City and the Al Wadi project in Buhair.

FIGURE 2: Bahrain, Average Residential Sales Rate Variation, YoY % Change



Source: CBRE Research/ RERA

FIGURE 3: Bahrain, Quoted Residential Rental Rate Variation, YoY % Change



Source: CBRE Research

“ Apartment and villa sales rates in H1 showed a slight decrease compared to the same period last year, while quoted apartment rental rates experienced a marginal increase. Overall changes remained at modest levels.

”

Bahrain Retail

Average occupancy across CBRE's set of 21 tracked retail centres (Super Regional to Regional Category) declined slightly from H2 2024 to H1 2025, with a decrease of -1.9 percentage points to 66.9% (Figure 4).

This is largely due to the additional stock added to the set with the Avenues Phase 2 expansion, which completed and opened to the public during H1. The expansion took the Avenues from Regional to Super Regional mall status, adding over 200 new units and 40,000 square metres of leasable area. Given this addition, despite increases or no change in occupancy in half of the tracked malls, the average occupancy was forced down. Super Regional malls now account for 29% of the total retail GLA in Bahrain, whilst Regional malls account for the largest share at 37% (Figure 5).

The expansion of the Avenues directly competes with last year's opening, Marassi Galleria Mall. Both of these destination malls are managed by regional groups (Kuwait's Alshaya Group and the UAE's Emaar Properties, respectively), benefiting from established relationships with international brands;

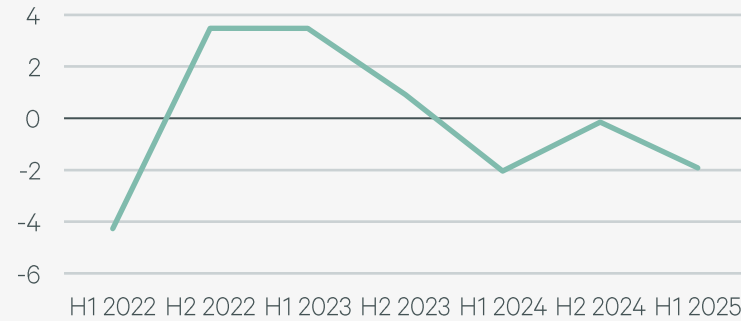
however, the scale of the new projects and an already over-supplied market pose challenges to ramp up and performance of retail centres at all levels.

These new market entries have further increased the pressures to smaller malls; in particular, those that have not modernised and/or diversified. This has led to further consideration of alternative uses to fill vacant spaces, including the opening of public offices. Seen as a community benefit, these government outposts are easing congestion at ministry headquarters, providing an easier access point for citizens to public services, whilst also driving higher footfall at retail centres.

Nevertheless, a number of plaza-style properties with a range of F&B options at different price points, as well as welcoming outdoor environments, are outperforming the rest of the market. These properties, over traditional community malls, are attracting footfall at various times of the day, week and year.

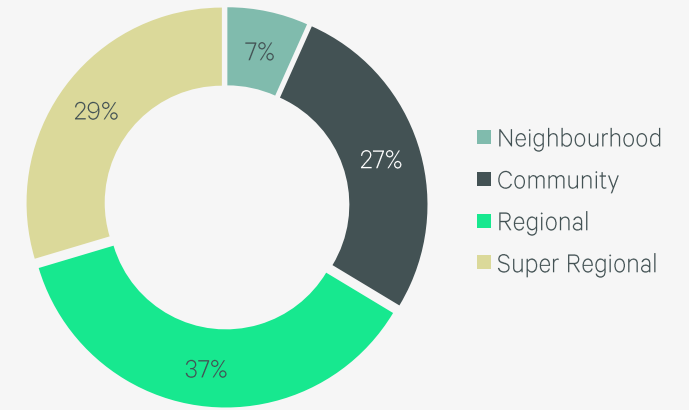
“ While average trading occupancy in H1 was influenced by the introduction of new retail space, half of CBRE's tracked retail centres maintained or improved their occupancy levels. ”

FIGURE 4: Bahrain, Retail Occupancy Percentage Point Change, 21 Major Shopping Centres



Source: CBRE Research

FIGURE 5: Bahrain, Retail Supply by Category, % of Total GLA



Source: CBRE Research

Bahrain Office

Average office rental rates remained constant from H2 2024 to H1 2025, as the market contends with a continued supply stream and limited growth in demand from new market entrants. According to CBRE research, average Grade A & B office rates remain at BD5.1/sqm/month across tracked locations (Figure 6). We do not anticipate any significant change to this trend in the short- to medium-term.

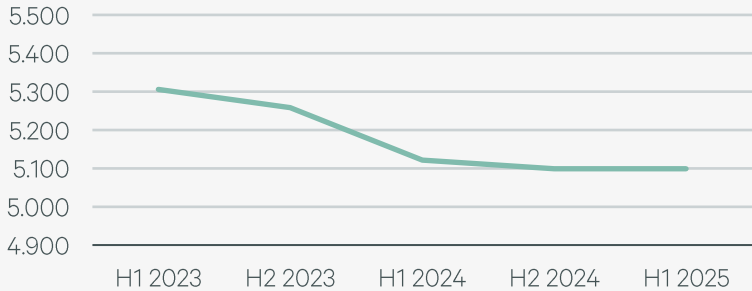
In terms of occupier trends, we continue to witness interest in pre-fitted offices, as opposed to shell and core, for prospective tenants who require space with a quick turnaround and limited upfront capital expenditure. This ‘one size fits all’ approach tends to be the preference of local and smaller regional businesses, particularly SMEs. However, larger regional or global corporate occupiers typically have more specific requirements in terms of their office spaces, including brand guidelines and ESG standards, that can often only be met on a case-by-case basis with personalised fit-outs undertaken at the business’s own cost.

A notable shift in interest towards sustainability practices has been seen across the region, as developers and occupiers alike look to catch up with the standards in other parts of the world. While the sustainable technology and infrastructure in Bahrain continues to lag other regions, upcoming developments are taking steps towards integrating sustainable practices and seeking international recognition such as LEED certification. Moreover, international occupiers looking to open regional office premises are often instructed to meet certain levels of sustainability credentials, where possible.

These additional occupier requirements mean that newer and higher-grade properties are likely to continue to absorb the limited additional demand for new space in the market, whilst older properties are forced to make a choice between further lowering asking rates or spending significant capital on upgrades to better meet market expectations.

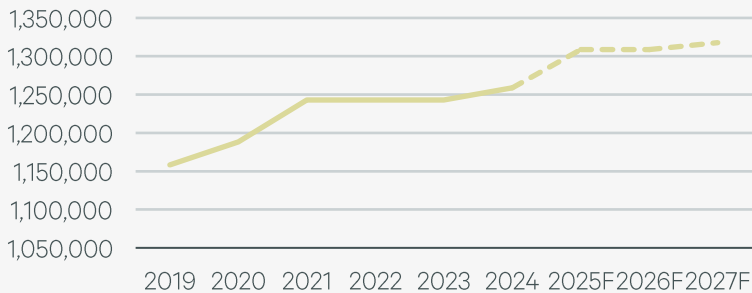
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International tenants are often driven to meet certain criteria in relation to sustainability; however, office occupancy decision making is largely led by cost and flexibility.
 ”

FIGURE 6: Bahrain, Average Monthly Office Rental Rates, BHD/sqm/month



Source: CBRE Research

FIGURE 7: Bahrain, Total Leasable Office Supply, NIA sqm



Source: CBRE Research

Bahrain Hospitality

Total inbound tourism flows continue to increase year-on-year, with a 19.9% increase in 2024 compared to 2023 (Figure 8), according to data from the Bahrain Information & eGovernment Authority. This brought the total annual figure close to 14.9 million. It is worth noting that of these visitors, 86.2% were from Saudi Arabia, while a further 10.8% were from other GCC countries, amounting to 97% of all tourists.

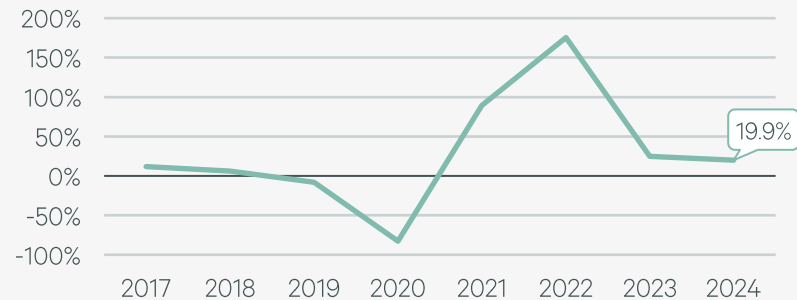
In terms of hospitality KPIs, Bahrain has seen positive yet marginal increases across the board in H1 2025 as compared to H1 2024 (Figure 9). In general, ADRs and RevPARs are higher for Bahrain as a whole compared to Manama specifically. This is largely due to several high-end and luxury resorts being located outside of the capital, whilst most mid-range properties are located within the city. On the other hand, occupancy is normally higher in the capital as opposed to the overall country, due to a concentration of more affordable properties and impact from business travel.

The Bahrain Formula 1 Grand Prix was held in April, along with pre-season testing in February. 2025's iteration of the race saw a record attendance of 105,000 across the full weekend. In other sporting events, the DP World Tour held the Bapco Energies Bahrain Championship at the Royal Golf Club in January. Such events are part of an ongoing initiative to establish Bahrain as a sports destination and diversified leisure hub.

Two additional golf courses are currently under planning in the Kingdom, including an 18-hole championship course designed by Sergio Garcia at the Rashid Equestrian and Horseracing Club's Raffa facility, as well as an 18-hole course by Olazabal Design in Al Areen. Moreover, construction on the Bahrain Surf Park broke ground in H1, which is proposed to span over 52,000 square metres within the Bilaj Al Jazayer development. The project includes a wave pool and the Club Hawaii Experience Academy, providing comprehensive training programs for surfers of all levels. These efforts are all part of the wider tourism strategy to position the Kingdom as a leading regional tourism destination.

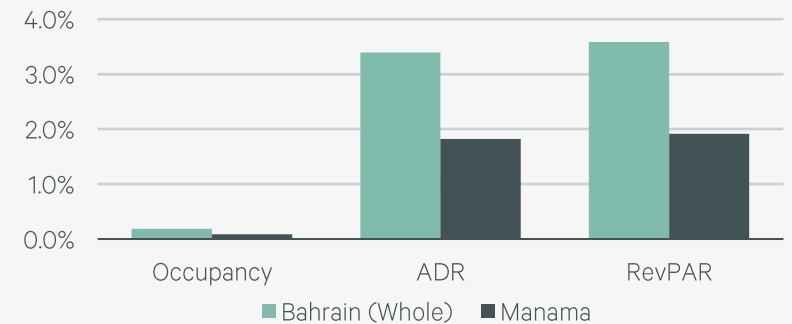
“ Bahrain has seen positive yet marginal increases in hospitality KPIs across the board in H1 2025 following a 19.9% increase in inbound tourism flows in 2024. ”

FIGURE 8: Bahrain, Total Inbound Tourism Flows, Annual % Changes



Source: CBRE Research/ Bahrain Information & eGovernment Authority

FIGURE 9: Tourism KPIs, H1 2025 YoY % Change



Source: CBRE Research/ Co-Star Data

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