

## MARKET HIGHLIGHTS

- Bahrain real estate transactions rose by 36% y-o-y, reaching BHD 226 mn in Q2 2021 compared to BHD 166 mn in Q1 2020, as reported by SLRB .
- Supportive government measures, a speedy vaccine roll-out and a reasonably open economy is likely to revive economic activity in 2021, with GDP set to grow by 2.9%
- The number of purchases made using credit, debit cards and mobile wallets (at stores and online combined) jumped by 74% y-o-y in May 2021, indicating an acceleration in spending over the last few months.

## RESIDENTIAL

### Capital Values

The pace of price correction for apartments slowed down across Bahrain during Q2 2021. Average capital values across apartments recorded a slight decline of 0.2% q-o-q.

Capital values across the low-end segment remained largely stable while prices across the mid-end apartment market recorded a q-o-q decrease of 1%. While in the high-end segment, capital values remained largely stable compared to Q1 2021. .

Capital values across the villa market remained polarised during the current quarter. Values across mid-end villas showed signs of stability with no change compared to the previous quarter, whereas high-end villa prices recorded a q-o-q decrease of 1.2%.

To promote and distinguish their stock, several developers have been seen to enter into agreements with retail banks to offer attractive financing solutions to end-users.

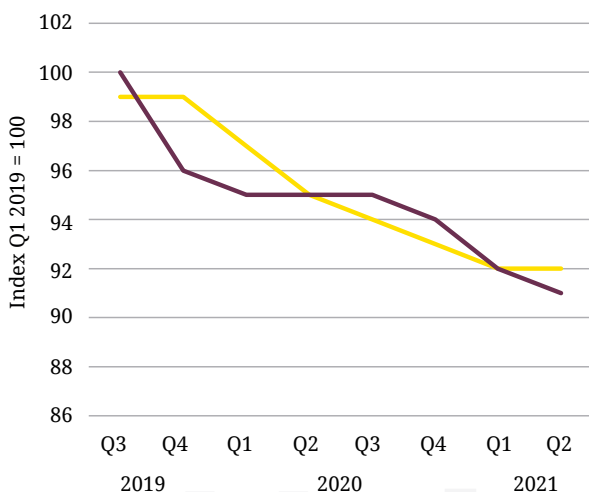
### Rental Values

A generally tough job market has led to a subdued rental market in Bahrain. Rental values across the apartment segment dropped by an average of 1% compared to Q1 2021. Mid-end apartment rental prices experienced a q-o-q contraction of -1.2%, and a -6.7% drop on an annual comparison. In the high-end and low-end segment, an average price correction of 0.7% and 0.3% q-o-q, respectively, was observed.

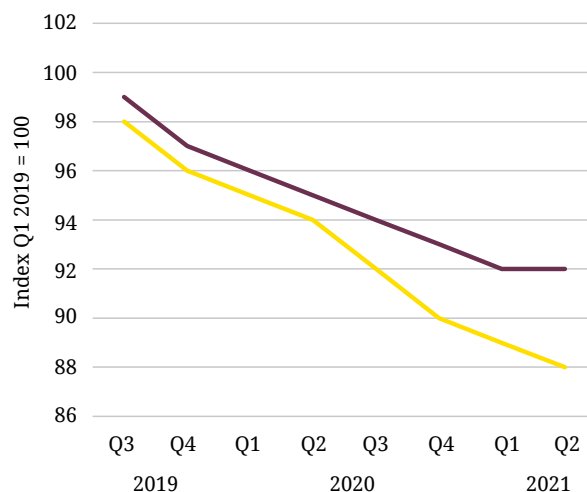
The villa rental market recorded growth of 0.8% in all sub-segments over the past quarter, with both the mid and high-end villas experiencing growth of 0.6% and 1%, respectively.

The villa rental market fared slightly better with a marginal growth of 0.8%. This was assisted by a q-o-q price growth of 1% in the high-end villa sub-segment. Mid-end villas rental prices grew by 0.6%, while low-end villa rental prices remained unchanged.

Residential Sales Indices



Residential Rental Indices

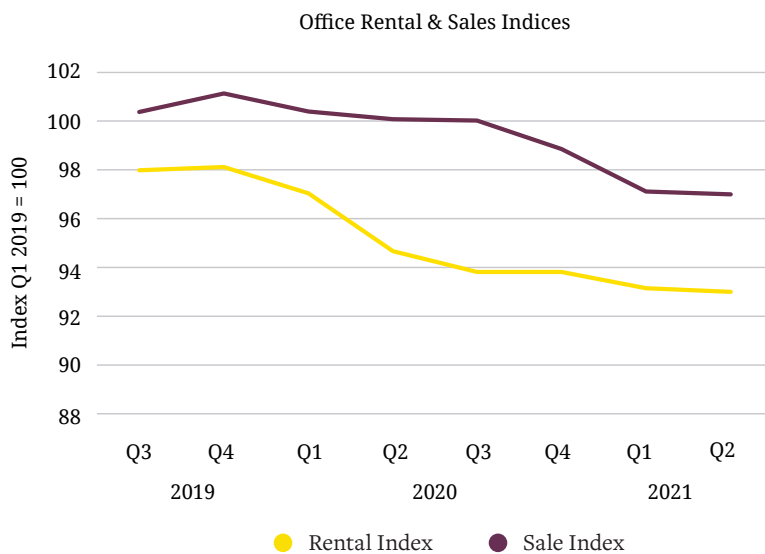


**COMMERCIAL**

The office market has performed relatively better compared to other asset classes. Demand has remained relatively stable, and we continue to observe landlords being flexible to retain and attract new tenants with incentives now including contributions to fit-out costs.

Rental values remained stable on a quarterly comparison. However, they remain down by -1.6% on a y-o-y basis. Similar to the rental market, capital values remained largely stable during Q2 2021. This has indicated that we have reached a period of stability which we expect to continue for the remainder of the year.

Over 21,000 sqm of office space has come online this year with the completion of the Royal Charity Organisation Building, and a further 63,000 sqm is expected to be delivered in Q4 2022 with the Future Generation Fund Building.



**SAVILLS TEAM**

**HASHIM KADHEM**

Head of Professional Services  
Bahrain

hashim.kadhem@savills.me  
+973 3217 7033

**MINAL PATEL**

Associate, Professional Services  
Bahrain

minal.patel@savills.me  
+973 3361 2333

**SWAPNIL PILLAI**

Associate Director  
Research, Middle East

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



Savills plc: 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.