

## Real Estate Sector Profile

Investment potential in Bahrain's real estate market continues to grow. The sector is bolstered by a USD 30 Billion infrastructure and remains a key pillar of the Kingdom's economy. The sector's growth was due to the diversified demographics and permission for foreign property ownerships.

The real estate sector contributed 5.4% to the Kingdom's real GDP in 2021 with a total Gross Value Add (GVA) of BHD 676 Billion, reflecting an annual growth rate of 3%. The sector employs 7% of the total private sector workforce, in which 22% are Bahraini nationals.

Bahrain's real estate transactions value rose by 46% in 2021, to USD 2.8 Billion (BHD 1,046,162,080), compared to USD 1.9 Billion (BHD 717.4 Million) in 2020, according to figures released by Bahrain's Survey and Land Registration Board. Total real estate transactions hit 26,136 in 2021, an increase of 35% compared to 19,405 transactions in 2020. The growth coincides with several major developments, including Bahrain's recently announced National Economic Recovery Plan.

The Real Estate Regulatory Authority (RERA) was formed to support real estate professionals transition to the new regulatory standards in the Kingdom. RERA works closely with Government and industry stakeholders to oversee the development of a National Real Estate Policy supported by a National 5-year sector strategy and plan to bolster the real estate sector, improve consumer protection and streamline real estate services in Bahrain. RERA also provides a strong regulatory framework for buyers, developers, brokers and sales agents and improve real estate transaction standards.

## Real Estate Sector Activities

MOIC - ISIC4

### Real estate activities

- Real estate activities with own or leased property
- Real estate activities on a fee or contract basis



## Key Market Trends

- The real estate market is currently fragmented. The COVID-19 pandemic led to a decline in demand for traditional brick-and-mortar retail and office spaces in favor of e-commerce. As hybrid working continues to be popularized post pandemic, people's perception of office spaces are changing, and more businesses are downsizing to smaller spaces as they continue to maintain a virtual presence. However, there is an increase in demand for retail space as recovery from pandemic disruptions continue and mall visitor numbers increasing by 26.9% year-on-year in the first quarter of 2022.
- The increase in utility costs has affected some business operations and increased the importance of energy efficiency.
- Residential rent performance in Bahrain decreased by 10.5% year on year in 2021; and demand for rental properties across villas and townhouses has remained strong and is increasing with the population growth and development projects in Bahrain.
- Major strategic projects to develop new cities such as Salman City, Khalifa City, East Hidd and East Sitra Cities are in development as part of the Economic Recovery Plan.

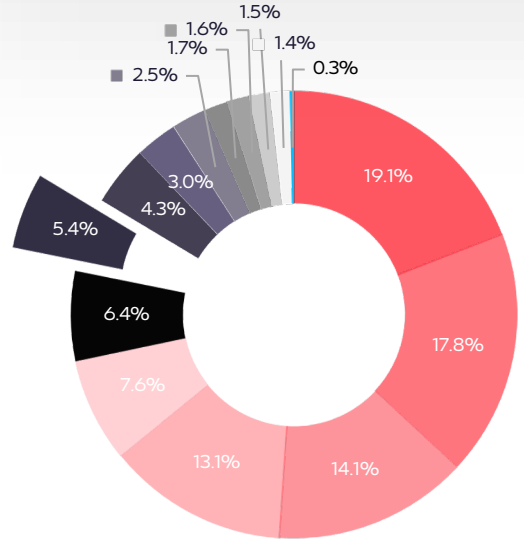
## Sector Opportunities

- **Residential housing:** The residential sector holds opportunities for investors as demand for affordable residential housing grows and mortgage provisions improved. The housing segment of the national recovery plan includes the "Sharaka" program, which allows private developers to bid for contracts for government land, in line with the government's commitment to strengthening its partnership with the private sector and providing quality housing for citizens. The program is set to expand over the coming years to include more than 16,000 housing units.
- **New development projects:** The Kingdom is investing heavily in tourism and a variety of major development projects present an opportunity for international real estate investment in Bahrain, for example, the new 1.3 million sqm beach and resort Bilaj al-Jazayer, in which two hotels are planned to be built on one of four parcels of land at the site. Residential units are also planned to be included in the surrounding sites.
- **Property Technology (PropTech):** Proptech disruption has brought innovation to every player on the real estate market, using information technology to help people research, sell, buy, or manage property. Adopting new and various Proptech solutions provides businesses with cost reduction solutions and value addition.
  - **Virtual tours:** Virtual Reality (VR) will lead Proptech disruption by 2025. Real estate companies can compete by offering value added services to their customers through VR. Virtual staging, tours and visualization of architectural projects help save time, reduce costs, and provide global market reach.
  - **Artificial intelligence (AI):** Businesses should leverage new tech such as online home selling platforms and apps to increase operational efficiency and outreach. AI is expected to play a role in real estate with building organization, design, and management being eyed as potential areas of application. Machine learning also provides opportunities to enhance property design and urban planning.
  - **Big Data and digitalization of property data assets:** By collecting and analyzing real-time and historical data, real estate companies and realtors can produce accurate insights on pricing, home-value trends, and potential risks.
  - **Smart homes with Internet of Things (IoT):** The real estate technology market with IoT is becoming the future of housing technology trends. Using IoT, property owners can monitor a building's temperature, ventilation, air conditioning, lighting, fire, and building security through mobile devices and computers.
- **Environmental, social, and governance (ESG):** Real estate plays a major role in addressing climate change given the industry's contribution to greenhouse gas emissions. As pressure continues to grow for real estate owners and investors to address ESG concerns in their portfolios, many real estate developers and investors are planning to increase investments in sustainability and ESG initiatives.

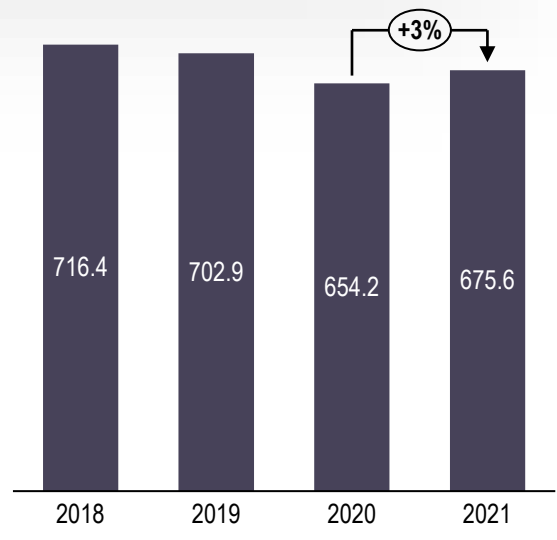
## Real Estate Sector Economic Indicators

iGA-National Accounts, Q4-2021

Sectors' Contribution to Overall GDP (% ,2021)



Real Estate Sector GVA\* (BHD, M)



**BHD 676 B**  
GVA, 2021

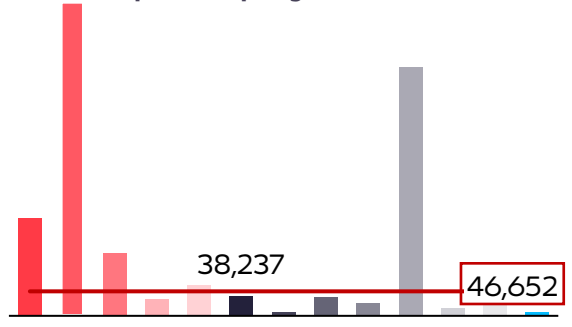


**3%**  
YoY Growth in GVA, 2021



**5.4%**  
Contribution to Real GDP, 2021

GVA per Company (BHD, Q1 2021)



- Mining & Quarrying
- Manufacturing
- Construction
- Real Estate
- Tax / Import Duties
- Other Social & Personal Services
- Accommodation and food services
- Others\*\*
- Average GVA per company
- Financial Services
- Government Services
- Transportation & Communication
- Sale/Trading
- Private Education
- Electricity & Water
- Private Healthcare
- Agriculture

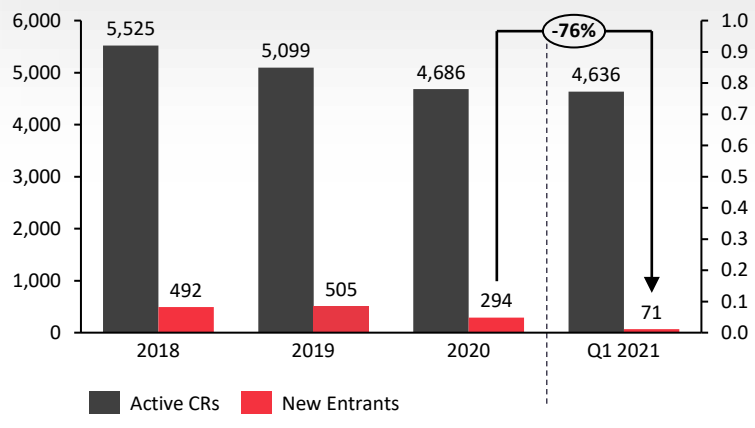
\*Gross Value added (GVA) is the measure of the value of goods and services produced in an area, industry or sector of an economy

\*\*Other includes Government Services, Private Non-Profit Institutions, Households with Employed Persons

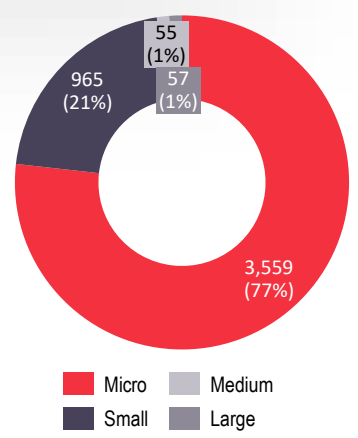
## Real Estate Sector Enterprises

LMRA, Q1 2021 - BLMI

Real Estate Sector Active CRs (2018 - Q1 2021)



Real Estate Sector by Enterprise Size (% ,Q1 2021)

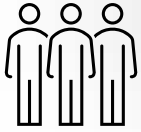


**4,636**  
Active CRs

**8%**  
of total Active CRs in Bahrain

## Real Estate Private Sector Employment

LMRA, Q1 2021 - BLMI / iGA-National Accounts



**37,999**  
Total Employees

**7%**  
(% of Labor Market)



**6,020**  
Total Female Employees

**9%**  
(% Female in Labor Market)

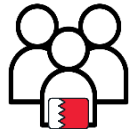


**31,979**  
Total Male Employees

**7%**  
(% Male in Labor Market)



**22%**  
Bahrainization  
Ranked 11/18 Sectors



**8,202**  
Bahraini Employees

**9%**  
(% of Total Bahraini Employees)



**29,797**  
Non-Bahraini Employees

**7%**  
(% of Total Non Bahraini Employees)



**BHD 752**  
Average Wage of Bahrainis



**BHD 384**  
Average Wage of Non-Bahrainis



**BHD 4,665**  
Labor Productivity  
Ranked 9/13 sectors\*

\*13 sectors as per ISIC 3 / National Accounts, iGA



Bahraini Female Participation

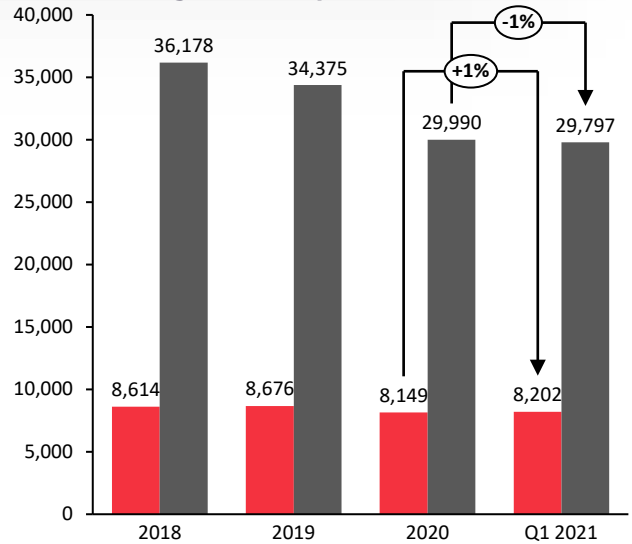
**8%**  
(% of Labor Market  
Ranked 10/18 sectors)



Bahraini Male Participation

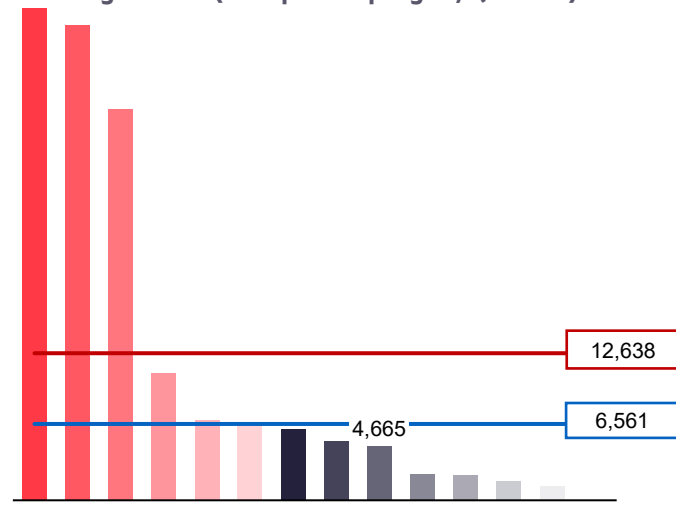
**14%**  
(% of Labor Market  
Ranked 9/18 sectors)

### Real Estate Growth In Employees by Citizenship (2018 - Q1 2021)



■ Bahraini Employees  
■ Non-Bahraini Employees

### Real Estate Labor Productivity by Sector (BHD per employee, Q1 2021)



■ Mining & Quarrying  
■ Electricity & Water  
■ Manufacturing  
■ Transport & Communication  
■ Other Social & Personal Services  
■ Real Estate & Business Activities  
■ Construction  
■ The Financial Corporations  
■ Private Education Services  
■ Private Health Services  
■ Agriculture & Fishing  
■ Hotels & Restaurants

— Sector Average  
— Avg. Labour Productivity per Employee