RealOUTLOOK

Bahrain

Introduction

RealOUTLOOK:

- Credible Facts
- In-depth Analysis
- Regular Review
- Sector-Specific Coverage

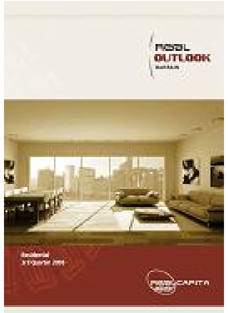
Report Type	Frequency
Residential	Quarterly
Commercial	Semi-Annually
Rentals	Semi-Annually

Introduction

Released issues:

1. **Residential**

   Q3 2008



2. **Commercial**

   Q3 2008

3. **Residential**

   Q4 2008

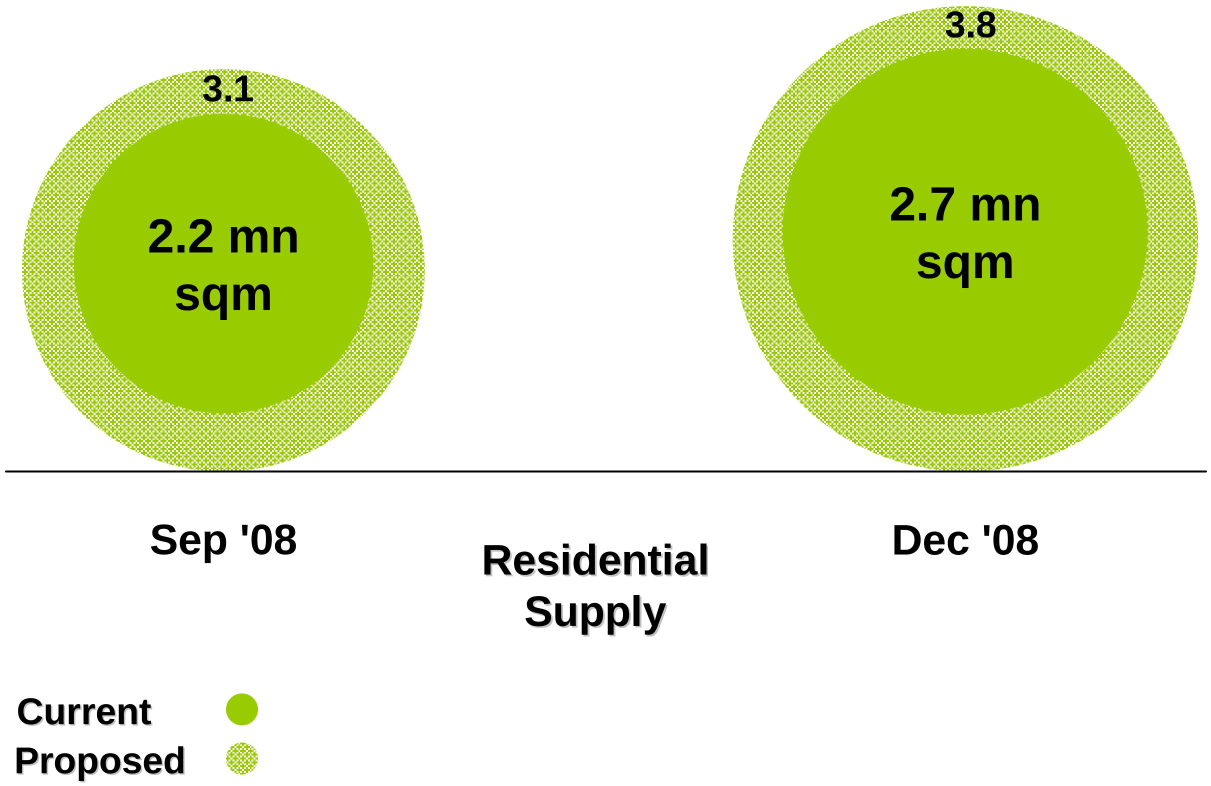
Residential

Bahrain

Q4 2008

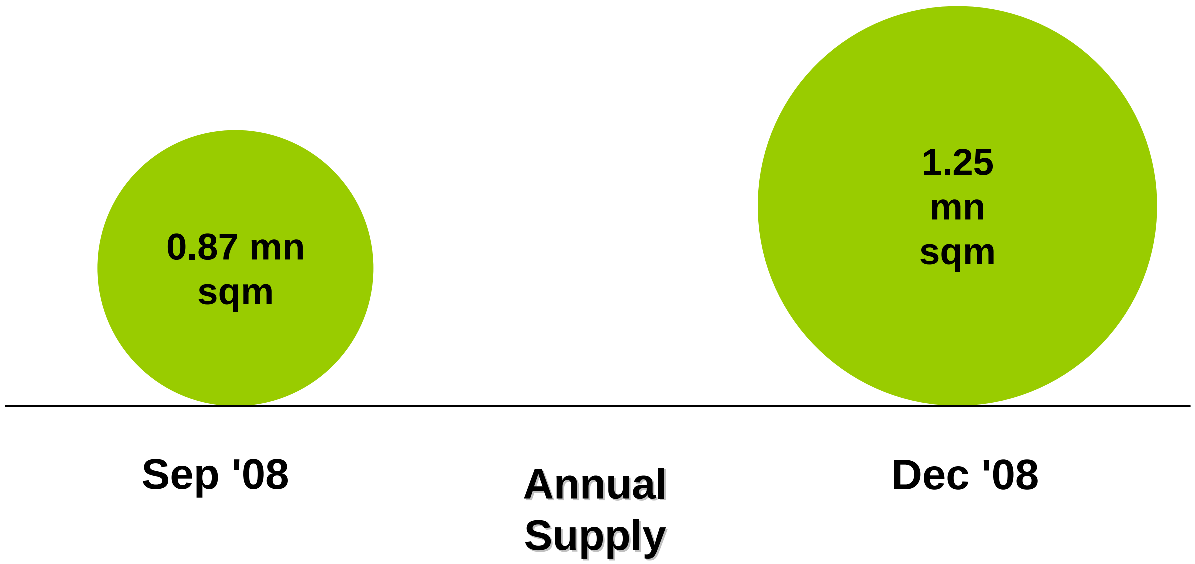
Residential Supply

- Estimated at 2.7 mn sqm (around 13,500 units)
- Supply increased by 21% in last 3 months



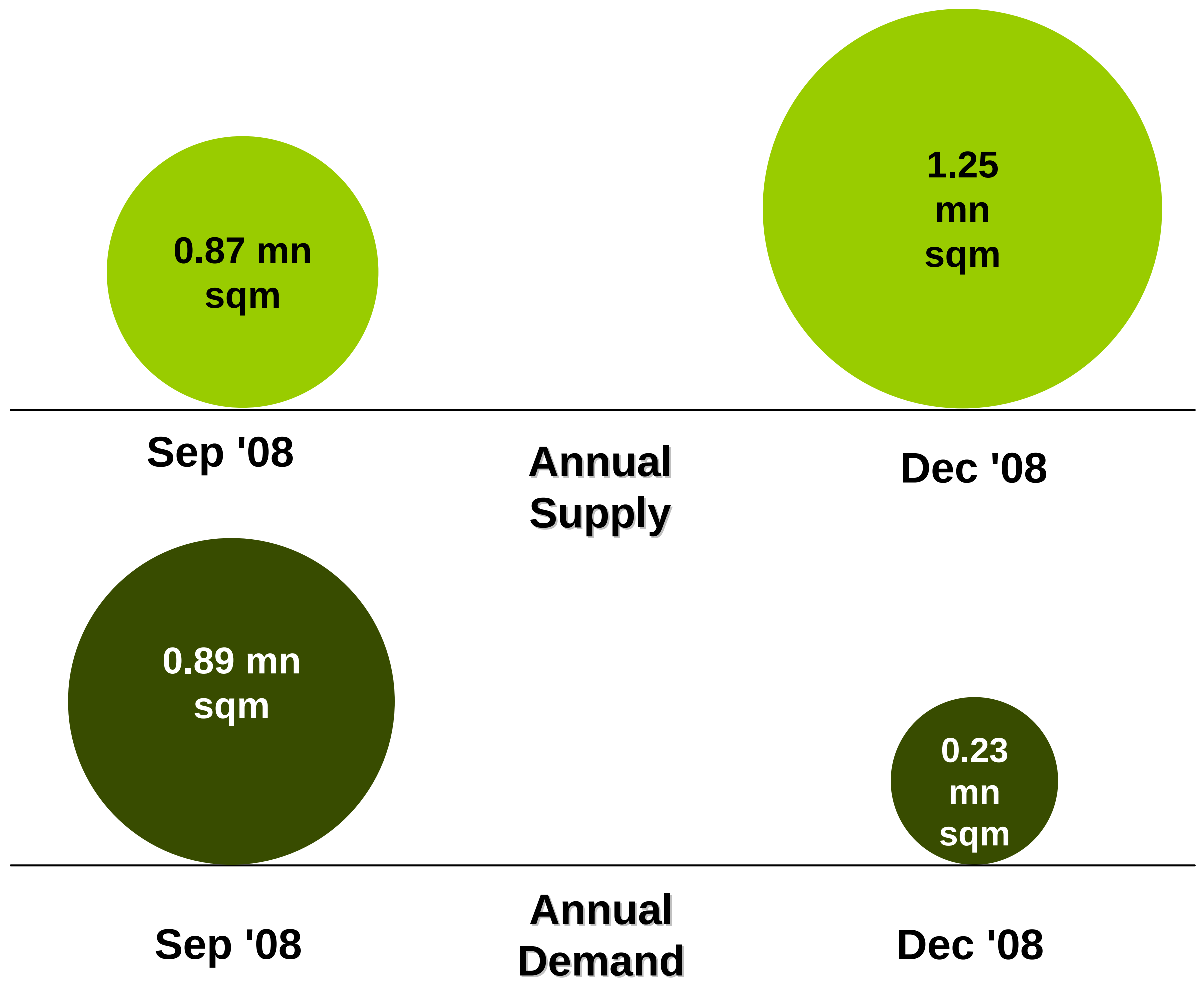
Residential Supply

- Estimated at 2.7 mn sqm (around 13,500 units)
- Supply increased by 21% in last 3 months
- Annual supply has climbed to 1,253,000 sqm (5,970 units)



Residential Demand

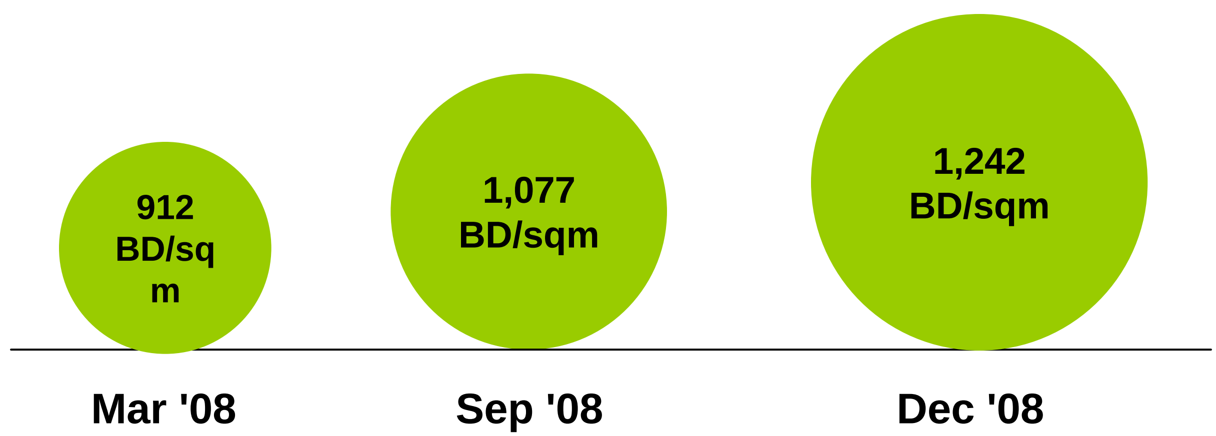
- Annual demand has fallen behind annual supply



Residential Demand

- Inventory time increased from 8.3 to 49 months
- Average rate increased by 15% in 3 months to reach BD1,242 / sqm

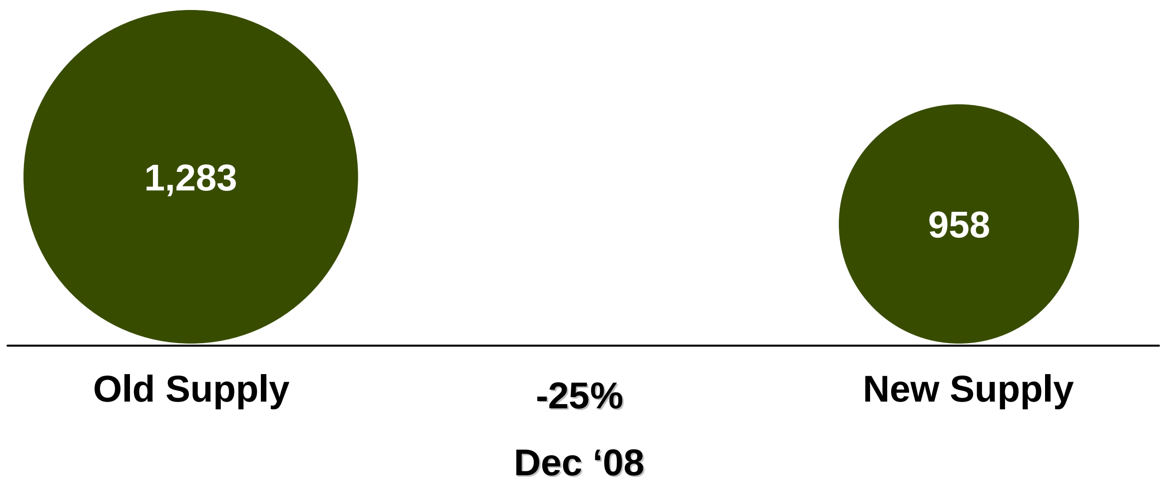
Inventory Time



Price Escalation

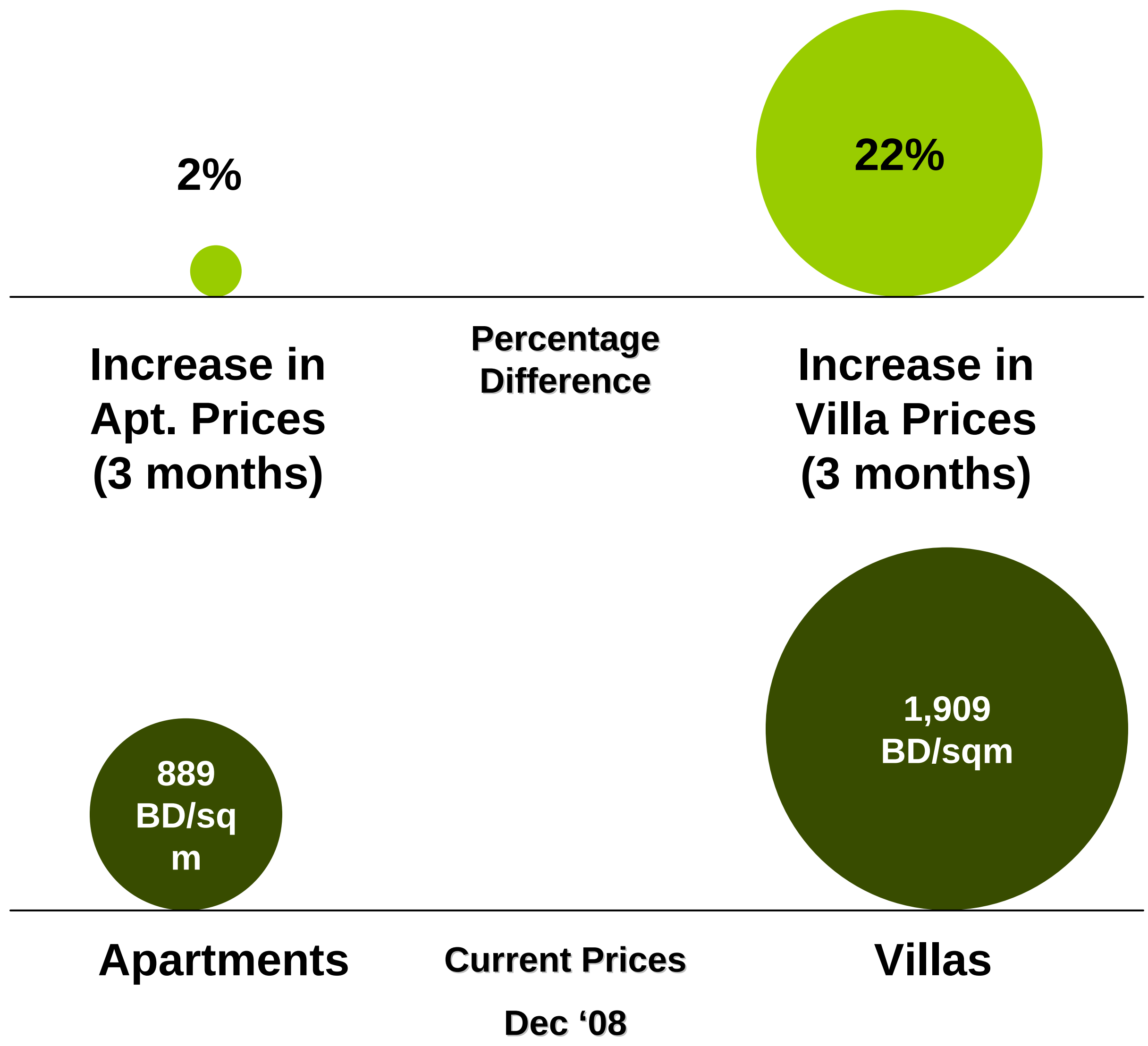
Demand & Prices Plunge

- Average rate for new launches is BD 958/sqm
- Average rate for existing supply is BD 1,283/sqm



Villas vs. Apartments

- Villa prices jumped by 22% while apartments increased by just 2%
- Average rate for an apartments is BD 889/sqm
- Average rate for a villa is BD 1,909/sqm



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Increase in Apt. Prices (3 months) | **Percentage Difference** | **Increase in Villa Prices (3 months)**

Apartments | **Current Prices Dec ‘08** | **Villas**

Commercial

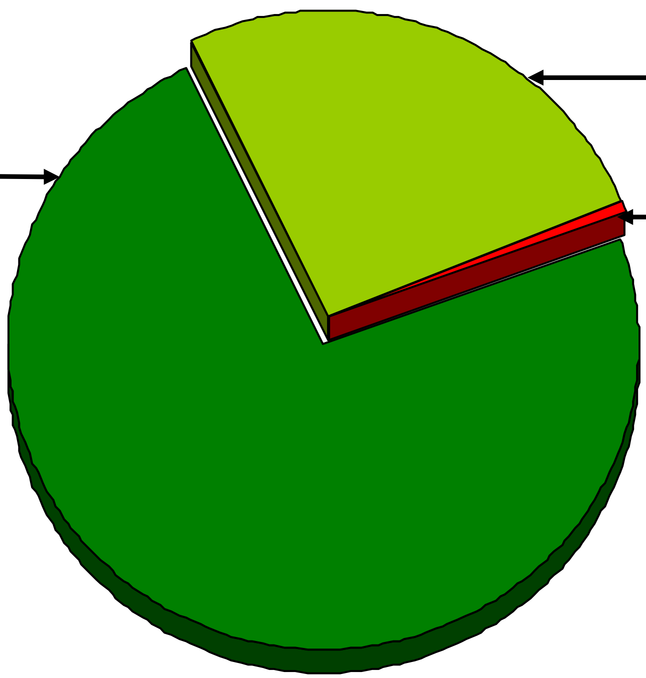
Bahrain

Q3 2008

Office Stock

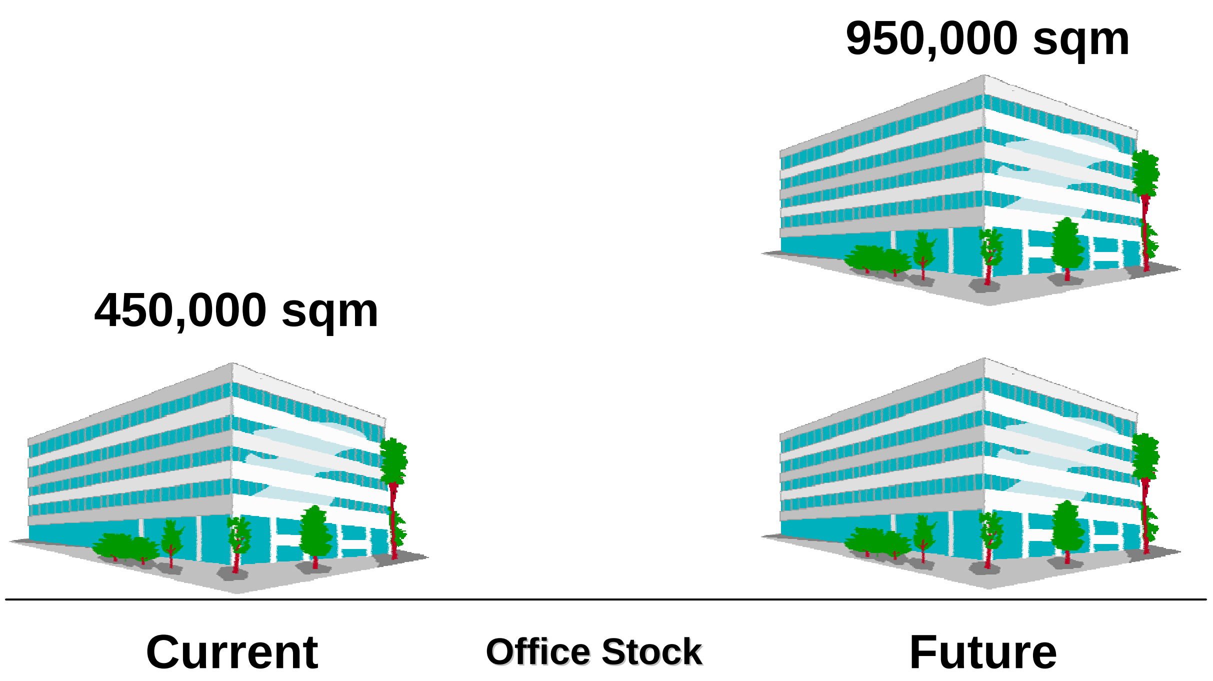
Existing Stock of "Class A" Office space:

- Bahrain has around 500,000 sqm. of existing office space
- Around 73% is concentrated in Central Manama



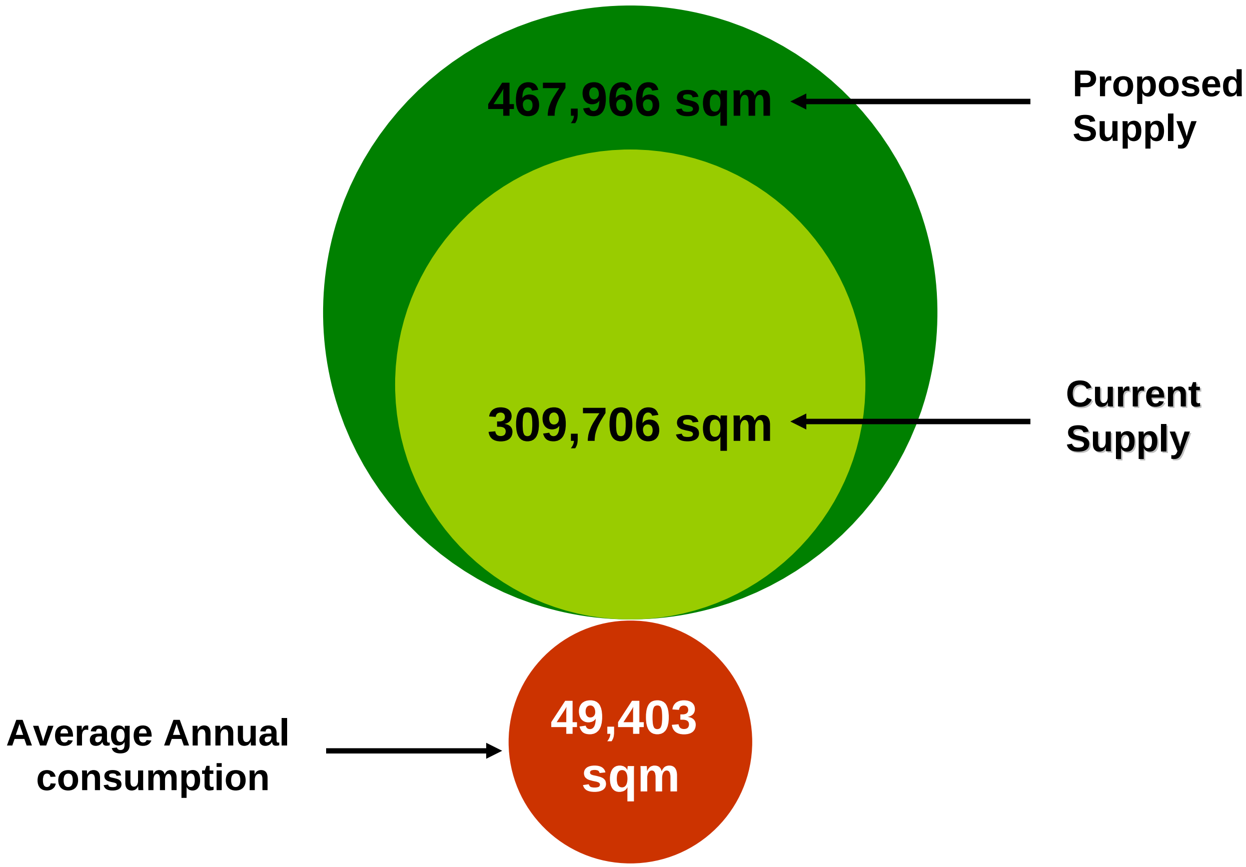
Office Supply

- Total supply of 454,000 sqm
- Within 2-3 years the office stock will double in size



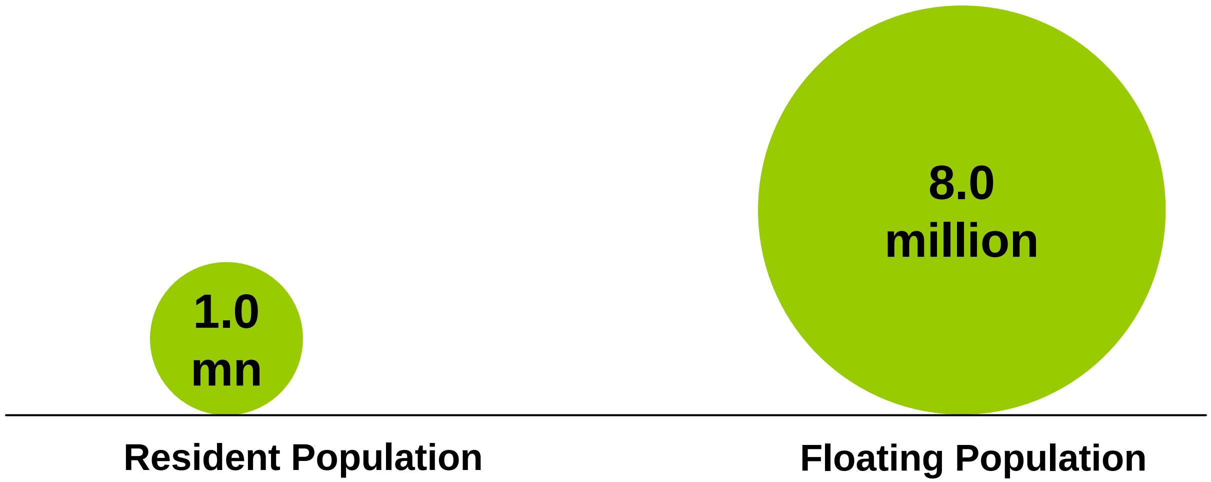
Office Over-Supply

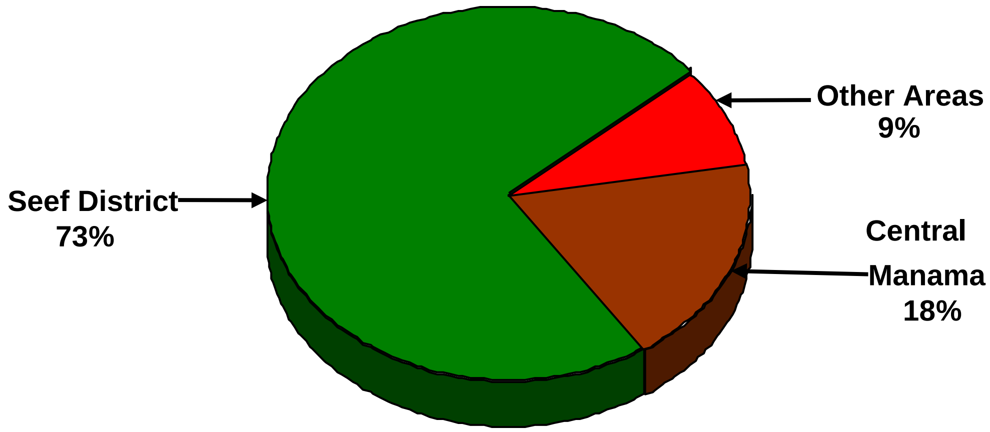
- Average consumption of office space is 49,403 sqm per annum
- At current levels of consumption, Bahrain needs 7 years to make use of future supply



Retail Market

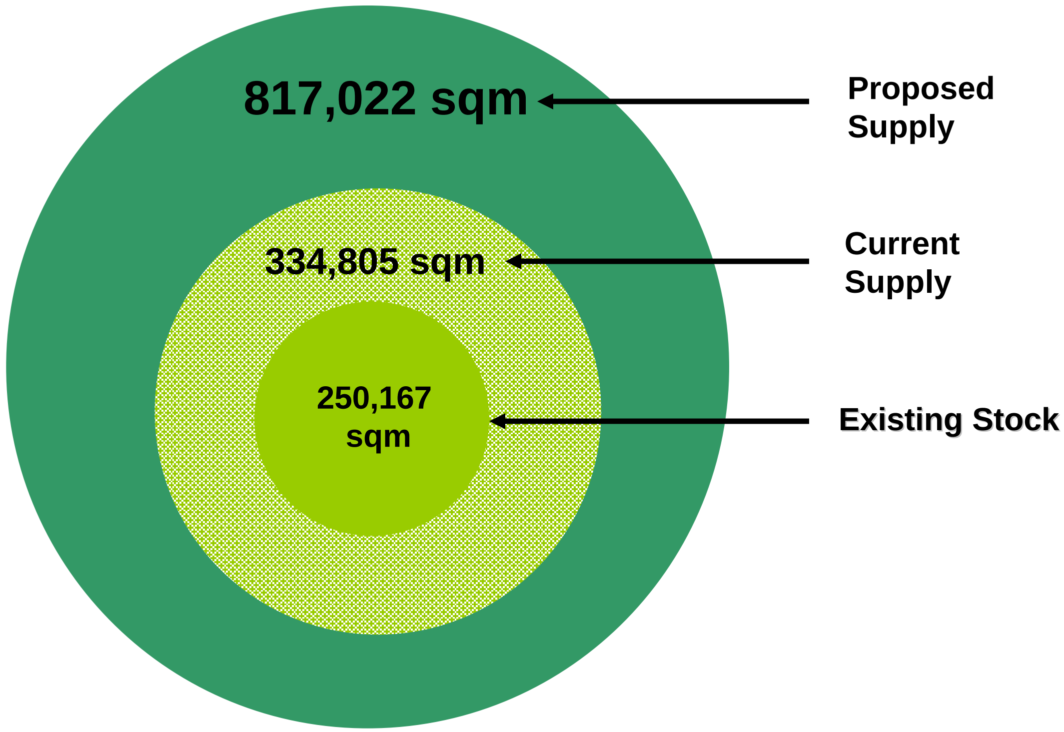
- Retail market in Bahrain is mainly driven by the floating population
- Seef district is the largest established retail destination, with 100% of the supply leased out





Retail Market

- Around 75% of the supply has been leased out
- The estimated inventory of retail space (901,660 sqm.) is enough to build 6 retail malls the size of City Centre!



BAHRAIN CITY CENTRE

X 6

Key findings

Residential Market	• The financial crisis hit Bahrain's residential market hard!! • Annual demand dropped by 75% while annual supply increased by 40% • Each year we build enough units for newly married couples
Office Market	• The financial sector is the worst hit by Credit Crunch • There is enough supply for 7 years to go • Prices are expected to decline by no less the 25 – 30%.
Retail Market	• Retail sector has been performing well in Bahrain so far. • The proposed supply in the pipeline will be a challenge.