

Quarterly Economic and Financial Developments Report June 2025

Research Department



Domestic Economic Developments

Preliminary indications suggested that the Bahamian economy registered a moderated pace of growth during the first half of 2025, as indicators normalize closer to their expected medium-term potential. The tourism earnings registered healthy, but tempered growth, with constrained stopover expansion, contrasting with sustained, robust cruise sector gains. The economy continued to attract healthy foreign direct investment inflows.

Real Sector

- In the first five months of 2025, tourist arrivals grew by 10.7% to 5.3 million visitors, vis-à-vis the comparative period in 2024, buoyed by a strengthening in cruise passengers.
- Over the first half of 2025, departures through the Nassau Airport, paced by stopover visitors, decreased by 2.3% to 865,231.
- Inflation maintained its downward trajectory, as the Retail Price Index fell by 0.2% for the 12 months to April 2025, compared to a 2.2% increase in the same period of 2024.

Monetary Sector

- In the first half of 2025, banking sector liquidity expanded, reflecting a rise in the deposit, which contrasted with a reduction in domestic credit.
- External reserves grew by \$350.0 million during the six-month period, although trailing the \$580.8 million advancement in the previous year.

An aerial photograph of a tropical beach. The water is a vibrant turquoise color, transitioning to a deeper blue further out. The beach is a wide, white sand strip. In the foreground, there are several palm trees and some buildings, possibly a resort. The sky is clear and bright.

TOURISM SECTOR

Visitor Arrivals

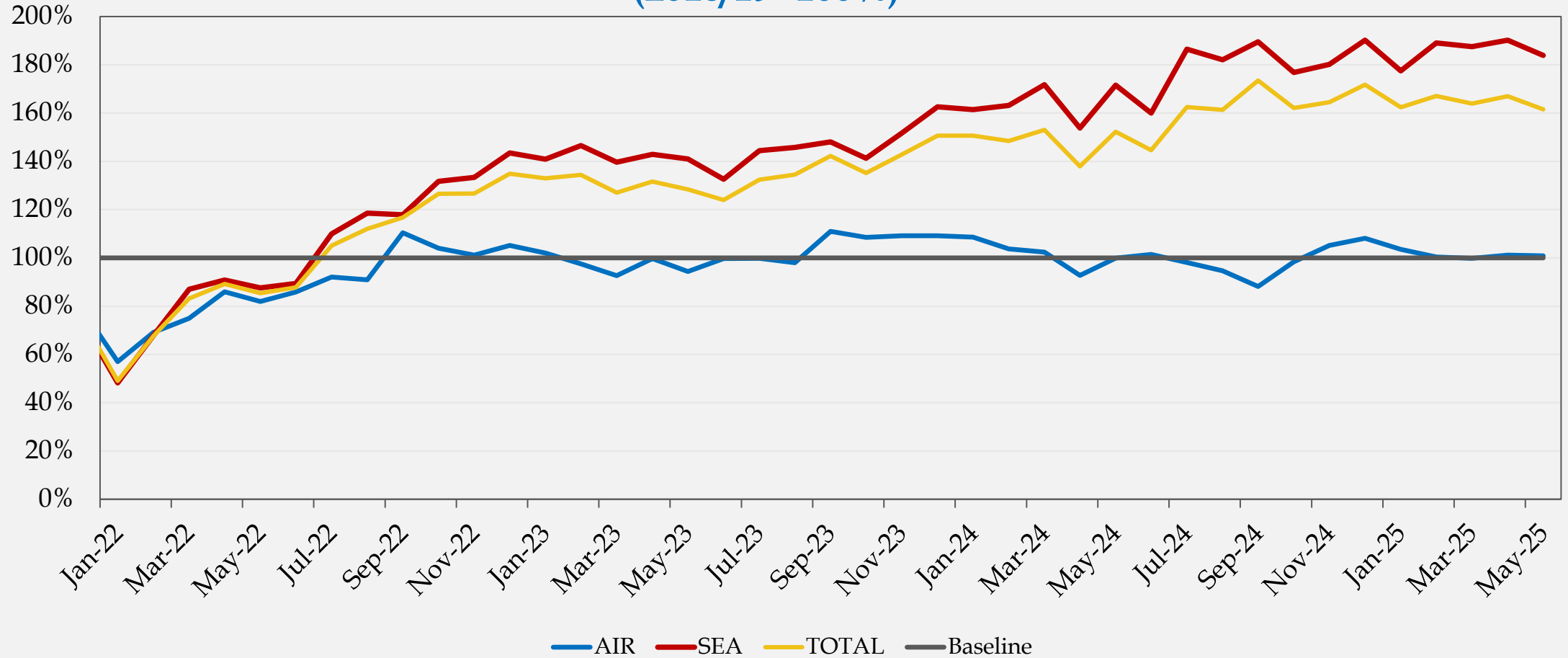
(January – May 2025)

Official data from the Ministry of Tourism indicated that total visitor arrivals rose by 10.4% to 5.3 million visitors during the first five months of 2025.

- Sea arrivals grew by 12.9% to 4.5 million.
- Conversely, air arrivals declined by 0.1% to 0.8 million visitors, relative to the same period last year.

	New Providence (% Change)		Grand Bahama (% Change)		Family Islands (% Change)	
Arrivals	2024	2025	2024	2025	2024	2025
Air	3.8	-1.5	8.2	16.5	3.8	2.1
Sea	23.1	14.8	7.3	-30.2	11.2	16.1
Total	17.2	10.4	7.4	-25.2	10.6	15.0

Tourism Arrivals vs Pre-Pandemic Baseline (2018/19=100%)

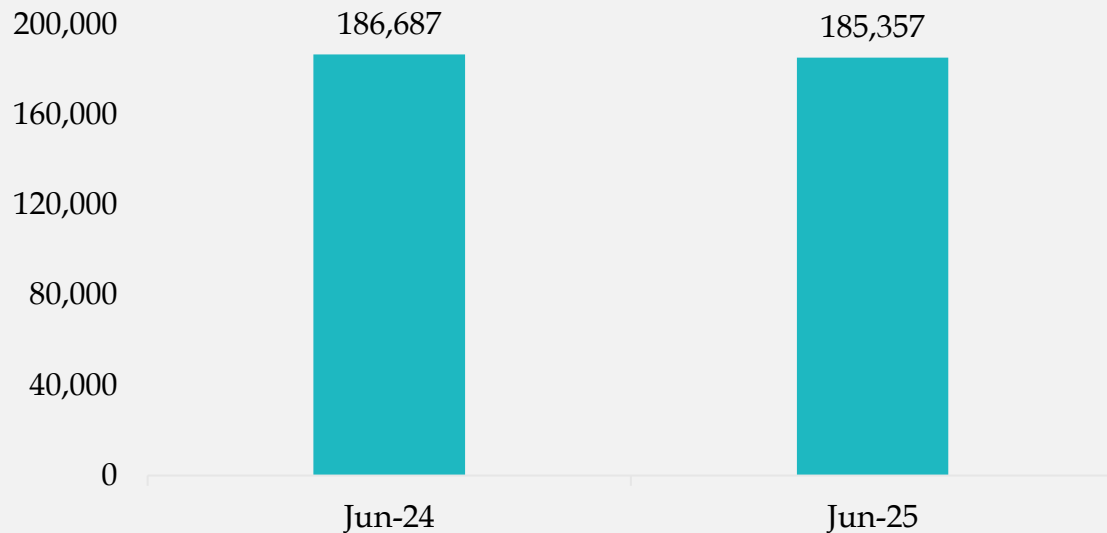


Nassau Airport Development (NAD) International Departures January – June 2025

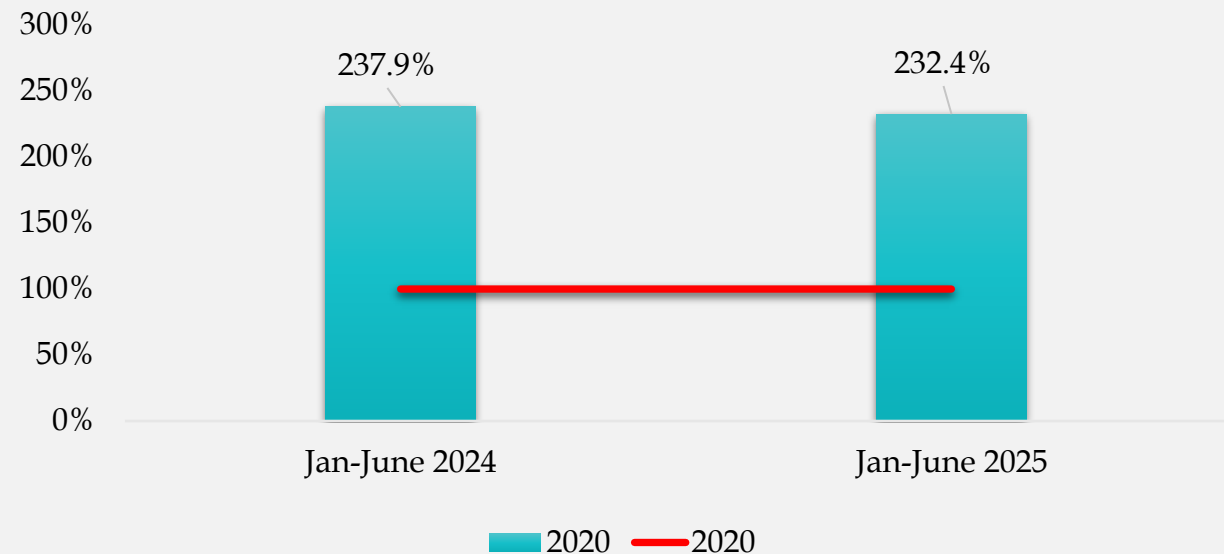
Monthly departures through the Nassau Airport declined by 0.7% to 185,357 in 2025.

Data from NAD revealed that during the second quarter of 2025, annual departures lowered to 865,231, vis-à-vis the same period in 2024.

**International Departures
June 2024 vs June 2025**



**January - June 2025 Departures
vs. 2020 Baseline (=100%)**

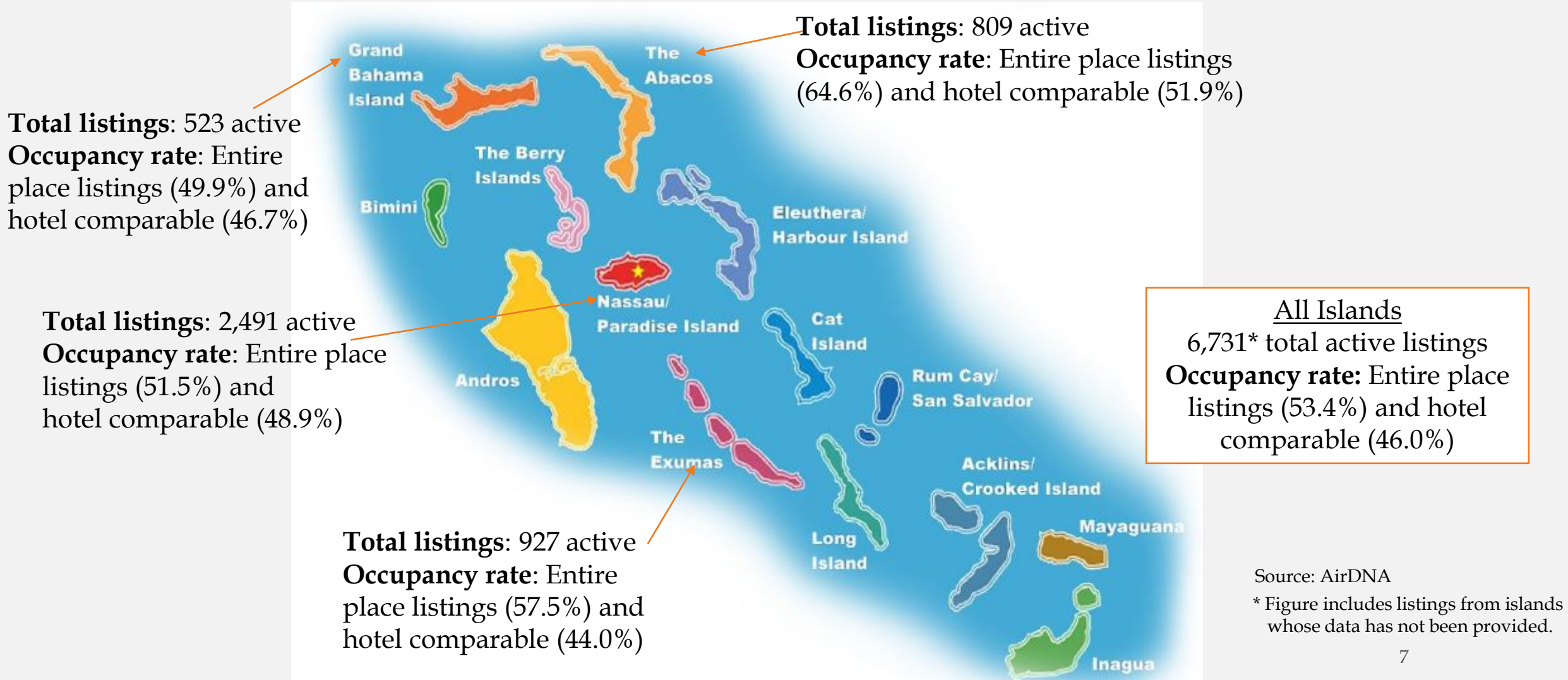


Source: Nassau Airport Development Company

*All figures are net of domestic departures.

Airbnb: Snapshot of Vacation Rentals

(as at June 2025)



Source: AirDNA

* Figure includes listings from islands whose data has not been provided.

Vacation Rentals: Occupancy Rates

(January - June 2025 vs 2024)

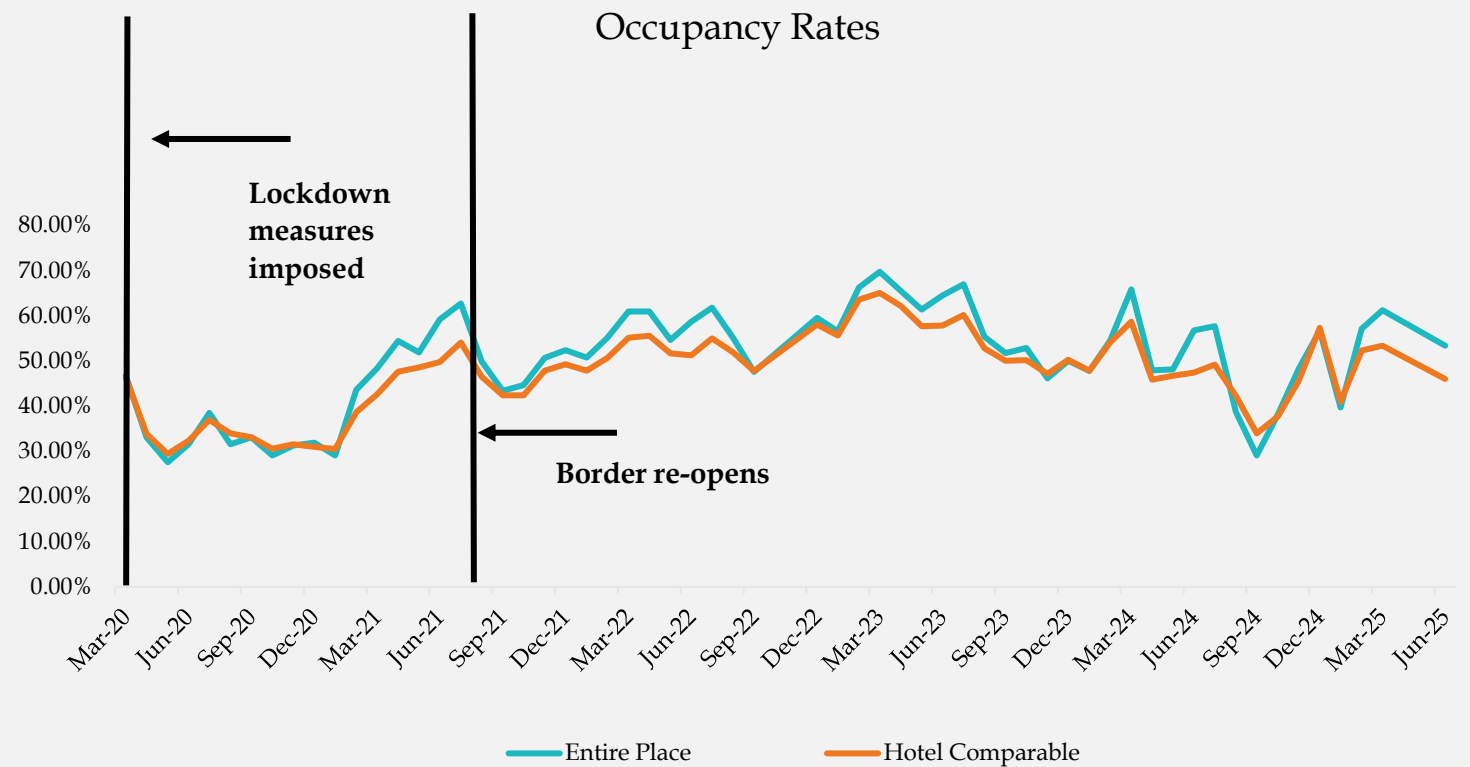
As room inventories outpaced sales, vacation rental occupancy levels recorded mixed movements during the first half of the year, vis-à-vis the comparative 2024 period.

Entire Place Listings

- The average occupancy rate declined to 51.4%, from 52.7% a year earlier.

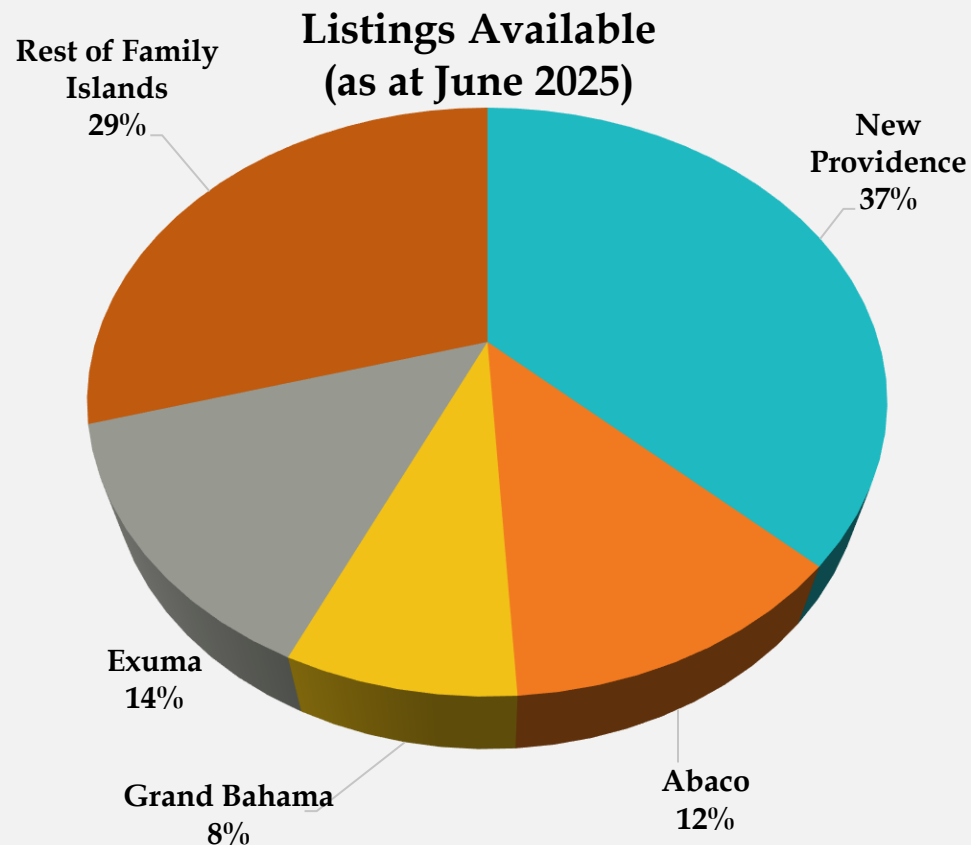
Hotel Comparable Listings

- The average occupancy rate firmed to 50.9%, from 49.6% last year.



Vacation Rental: Market Share by Island (June 2025)

Vacation rental listings grew across all of the major islands in June 2025, relative to the same period in 2024. Exuma and the remaining Family Islands accounted for approximately 43.0% of total listings.



In June, listings for Abaco and Grand Bahama rose by 32.4% and 8.1%, respectively, vis-à-vis the corresponding period in 2024. Likewise, listings for Exuma and Nassau increased by 10.9% and 4.1%, relative to the same period in the previous year.

All Available Listings				
	Dec 2023	June 2024	Dec 2024	June 2025
Abaco	492	611	620	809
Grand Bahama	428	484	522	523
New Providence	2,606	2,392	3,029	2,491
Exuma	750	836	858	927

An aerial photograph of a tropical beach. The water is a vibrant turquoise color, transitioning to a deeper blue further out. The beach is a wide, white sand strip. In the foreground, there are several palm trees and some buildings, possibly a resort or hotel. The sky is clear and bright.

SELECTED FOREIGN INVESTMENT PROJECTS

Recent Approvals/Announcements

Selected New Foreign Investment Projects

New Providence

Brickell Square Commercial & V'Orsay Residential Resort Project

Industry: Tourism & Hospitality

- The property development group, in collaboration with Eco Green Properties, was approved to sign a Heads of Agreement and a Hotels Encouragement Act Agreement for the development of a commercial and residential resort project in the western area of New Providence, at an estimated value of \$200 million.

Global Lounge Network LLC

Industry: Tourism

- The Global Lounge Network LLC received approval to construct and operate two lounges located at the Lynden Pindling International Airport.

Eleuthera

GES Bahamas

Industry: Real Estate Development

- Grand Estates Sotheby's International Realty, a high-end real estate company that specializes in luxury properties was approved to acquire 12.16 acres of land, which will be subdivided into ten (10) residential lots at an estimated value of \$2.6 million.

Greython Building Company LLC

Industry: Tourism & Hospitality

- Greython Building Company LLC, obtained a Temporary Business License in the capacity of a General Contractor for the redevelopment of the Cotton Bay Club site at the Ritz-Carlton Reserve, located in South Eleuthera, at an estimated value of \$150 million.

Selected New Foreign Investment Projects

Abaco

Ocean Cove Limited

Industry: Hospitality

- Ocean Cove Limited was approved to acquire 30 acres of Crown Land for the development of a residential resort and marina, estimated at a value of \$77 million in the Marsh Harbour settlement.

Island Tide Cove Limited

Industry: Hospitality

- Island Tide Cove Limited, a real estate development, received approval to construct a boutique hotel, which is set to offer short-term rentals on a 1.867 acres of land on the settlement of Hope Town at an estimated value of \$12 million.

DCL Island Development Limited

Industry: Tourism

- DCL Island Development Limited was approved to undertake improvements to Castaway Cay private cruise destination. The renovations and infrastructural upgrades are expected to cost an estimated \$250 million.

ZP Land Holdings XIV Limited

Industry: Tourism

- ZP Land Holdings XIV Limited received approval to develop a hotel called Lullaby's Resort & Marina, comprising of a waterfront area in the 'Sandbanks' of Treasure Cay, Abaco, which is estimated at \$2.5 million.

Abaco

FireFly Bahamas Limited

Industry: Tourism

- The luxurious family-friendly resort, was approved to purchase land consisting of seven parcels for the renovation of the boutique hotel and resort property at a value of \$5 million.

Pieces of Eight Limited

Industry: Hospitality

- Pieces of Eight Limited was approved to develop a boutique residential and members club with leisure/fitness related amenities on Big Point, Elbow Cay valued at \$35 million.

Selected New Foreign Investment Projects

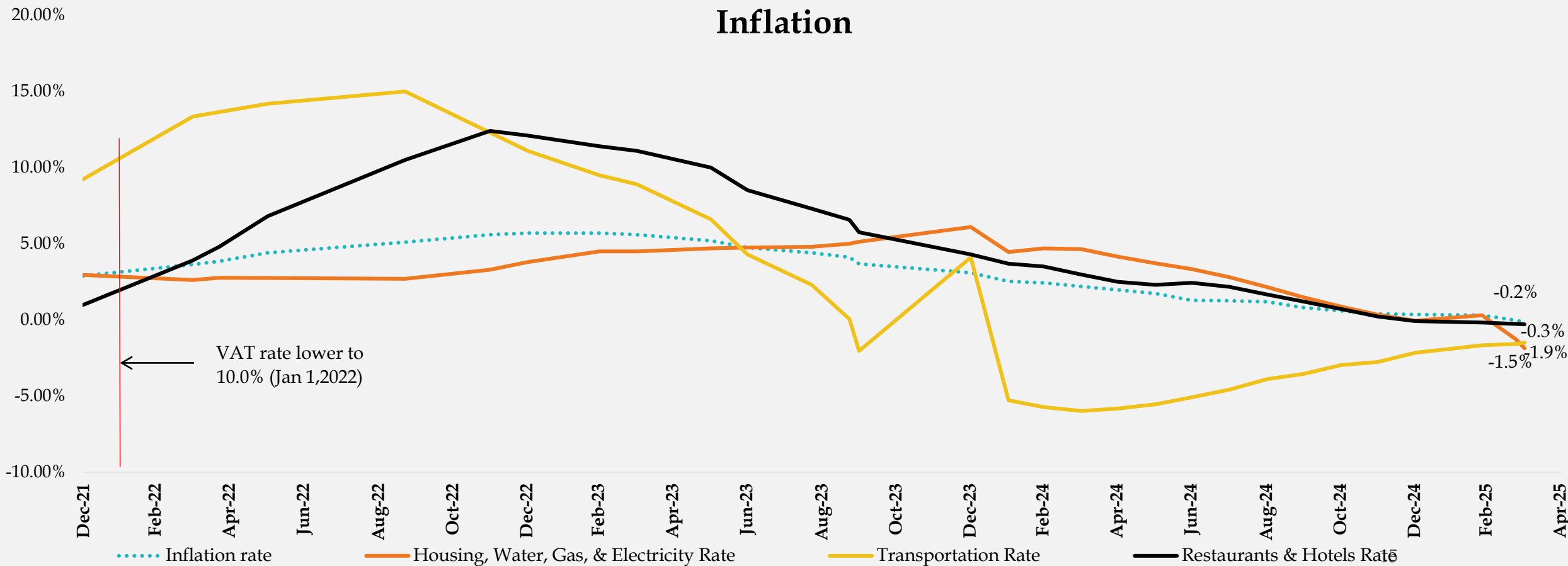
Andros	Exuma
<p data-bbox="135 461 448 529"><u>Blue Hole Farms</u> <u>Industry: Agriculture</u></p> <ul data-bbox="135 572 1200 718" style="list-style-type: none"><li data-bbox="135 572 1200 718">• The Bahamas Blue Hole Farms was approved for the acquisition of 130 acres of Crown Land at Stafford Creek, Andros for the commercial development of an egg production farm at an estimated value of \$18 million.	<p data-bbox="1286 461 1803 529"><u>PMR Little Exuma LLC</u> <u>Industry: Real Estate Development</u></p> <ul data-bbox="1286 536 2361 682" style="list-style-type: none"><li data-bbox="1286 536 2361 682">• A licensed company based in Delaware that is registered in The Bahamas as a foreign entity received approval to acquire the majority share interest in Hermitage Estates Limited at an estimated value of \$37 million in relation to its local activities.



INFLATION

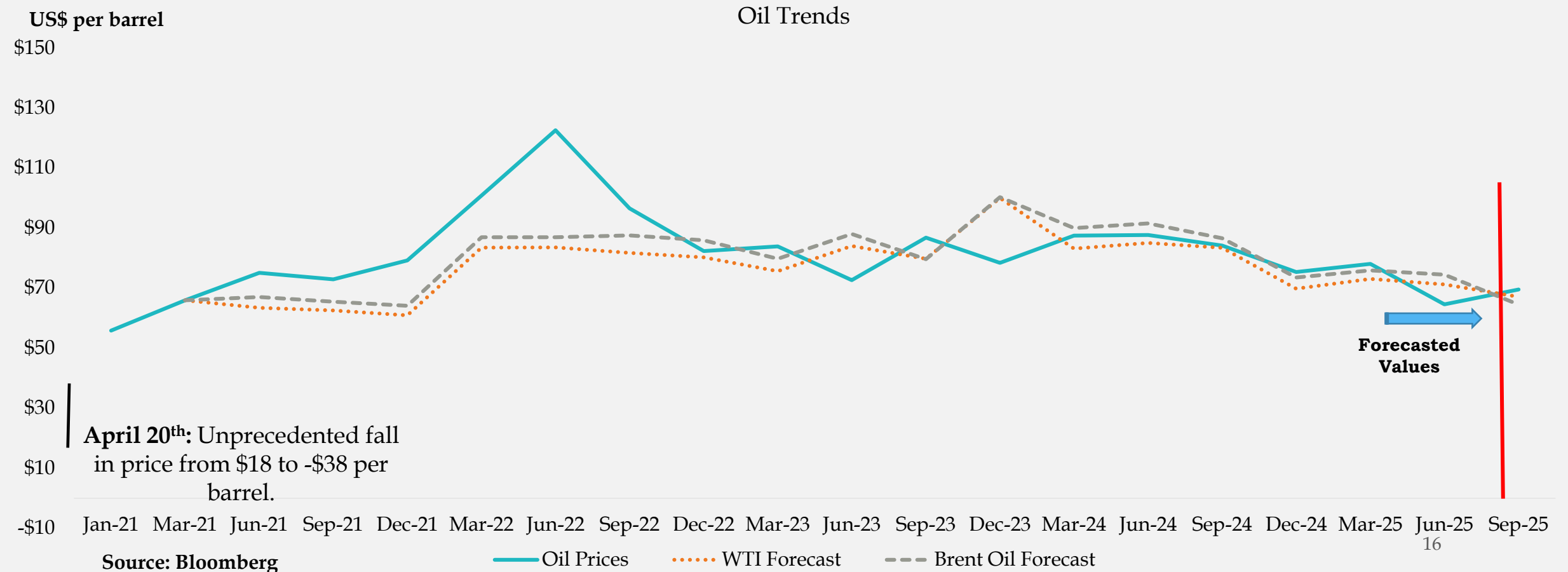
Retail Price Index

In the 12 months to April 2025, inflation was negative 0.2%, compared to positive 2.2% in 2024, led by decreases in average costs for housing, water, gas, electricity & other fuels; and for recreation & culture, and restaurant & hotels.



Oil Price Trends

In the first six months of 2025, the cost of crude oil decreased by 16.7% to \$63.91 per barrel. On the supply-side, OPEC's crude oil production rose by 0.8% in June, to approximately 41.6 million barrels per day.



An aerial photograph of a tropical beach. The water is a vibrant turquoise color, transitioning to a deeper blue further out. The beach is a wide, white sand strip with several palm trees scattered along the shore. In the distance, a small island or peninsula is visible. The sky is clear and bright.

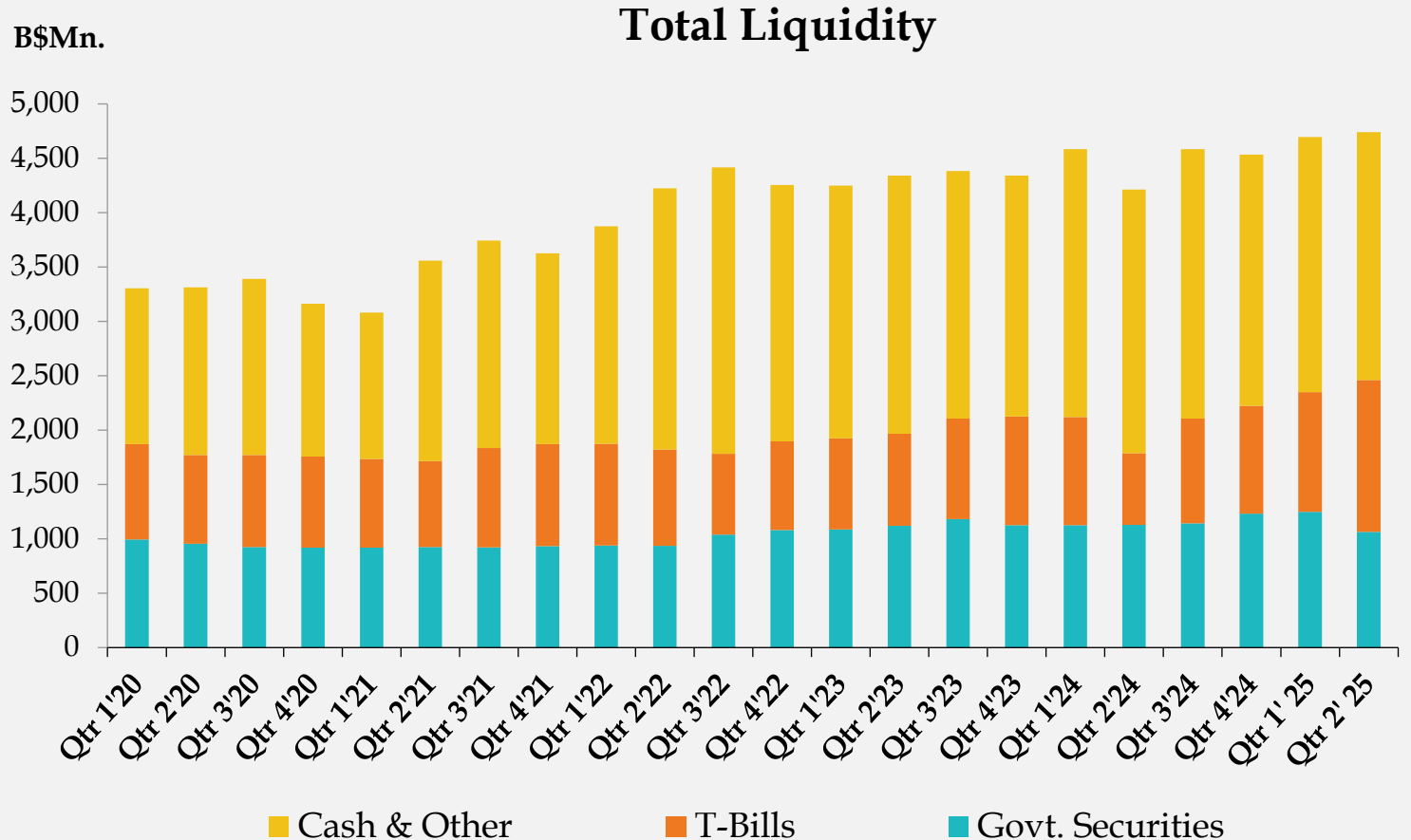
MONETARY SECTOR

Money and Banking: Liquidity Conditions

January-June 2025 vs. 2024

In the first half of 2025, banking sector liquidity and foreign reserves strengthened, although at a moderated pace, relative to the same period last year, as the buildup in deposits contrasted the reduction in domestic credit.

- Excess reserves gains tapered to \$34.6 million from \$342.2 million in 2024.
- Excess liquid assets increase narrowed to \$166.4 million, from \$270.5 million last year.



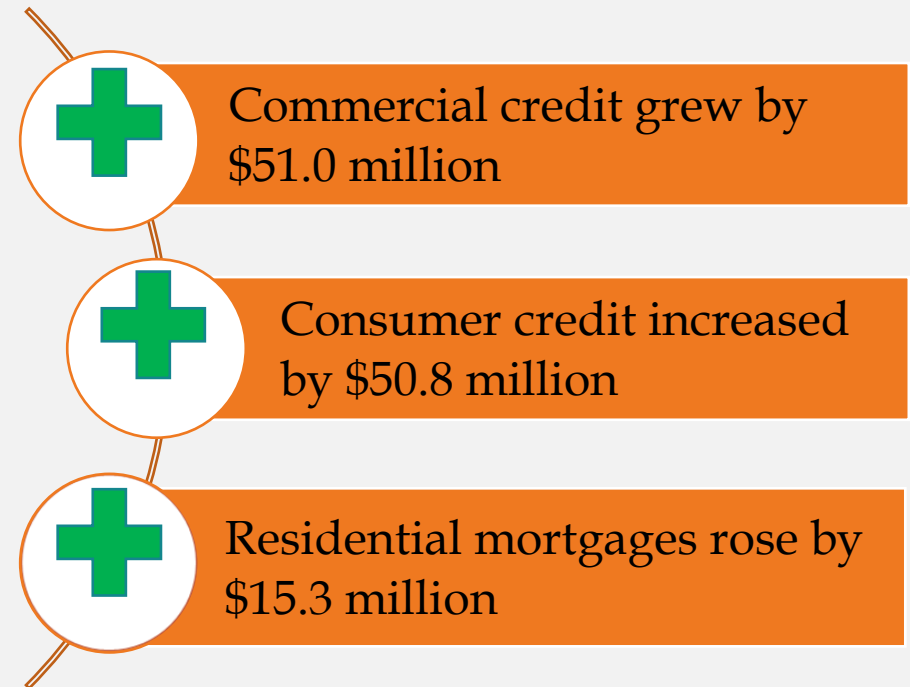
Lending Conditions

January – June 2025 vs. 2024

During the six-month period, the decline in total Bahamian dollar credit slowed to \$25.7 million, from \$111.5 million in 2024.

- Net claims on the Government reduced further by \$129.6 million vis-à-vis \$201.6 million in the preceding year.
- Credit to public corporations fell by \$13.3 million, following a \$25.9 million growth in 2024.

- Private sector credit expansion accelerated to \$117.2 million, from \$64.2 million the previous year.

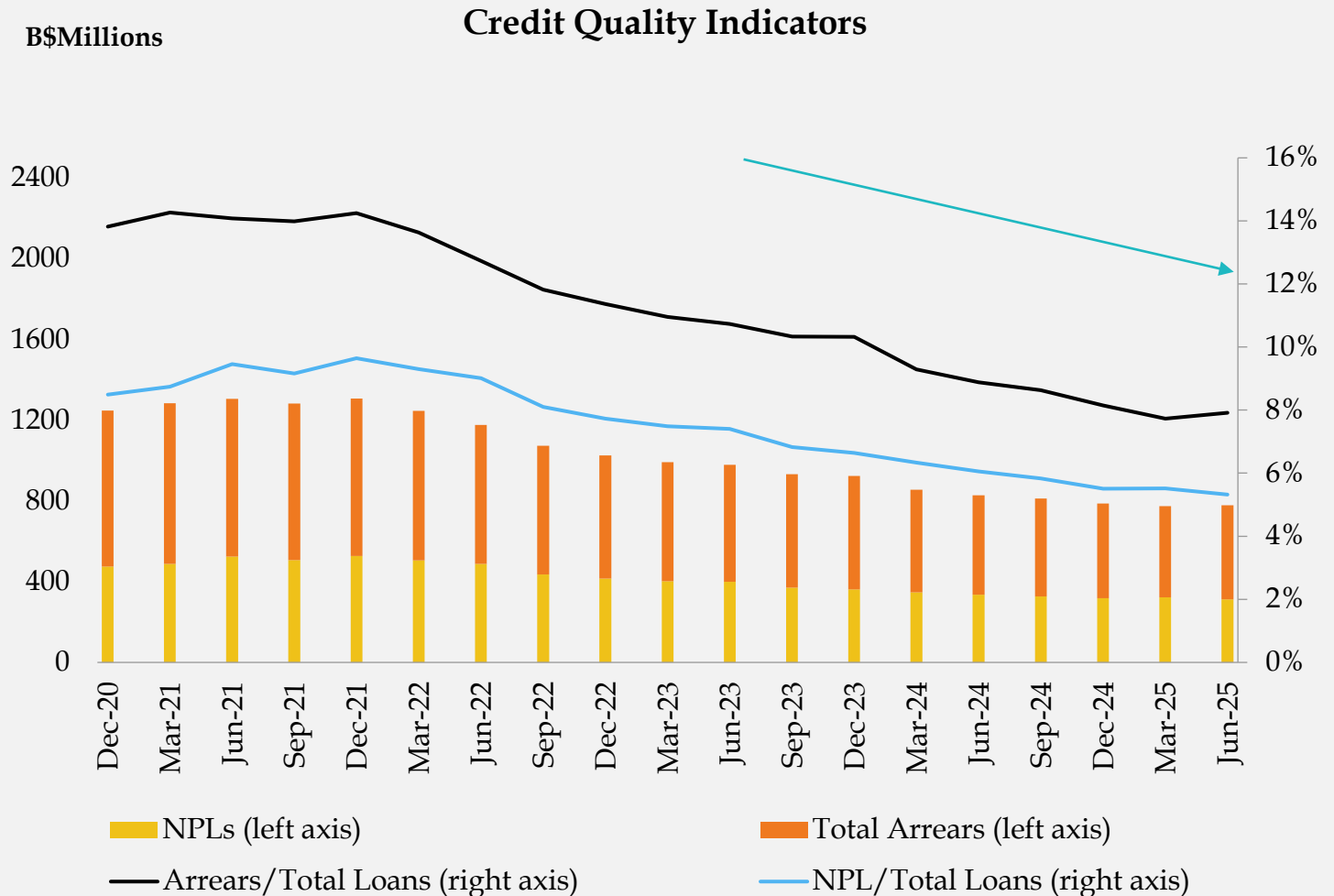


B\$ Credit Quality Indicators

January-June 2025 vs. 2024

- On a year-to-date basis, the average arrears rate for private sector loans reduced to 7.9% from 8.9% last year.
 - The short-term arrears rate was 2.6% (2.8% in June 2024).
 - The NPL rate was 5.3% (6.1% in June 2024).

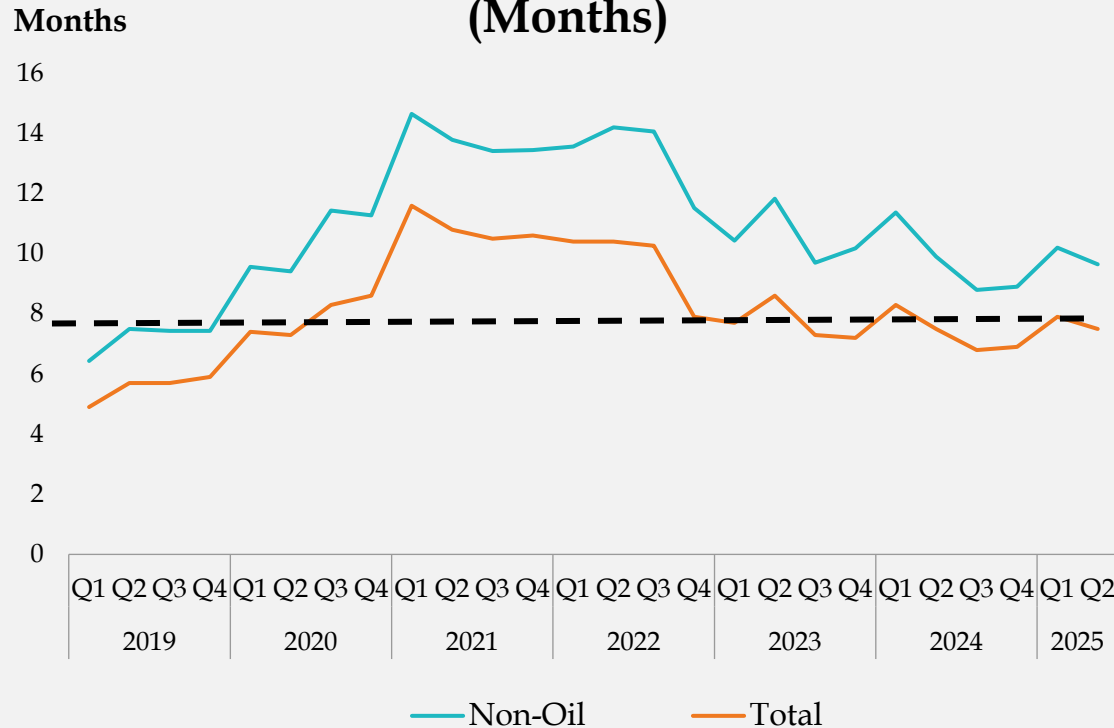
- Arrears rate by loan type:
 - Mortgages: 11.4% vs 12.8% in 2024.
 - Consumer: 6.0% vs 6.5% in 2024.
 - Commercial: 4.0% vs 4.2% in 2024.



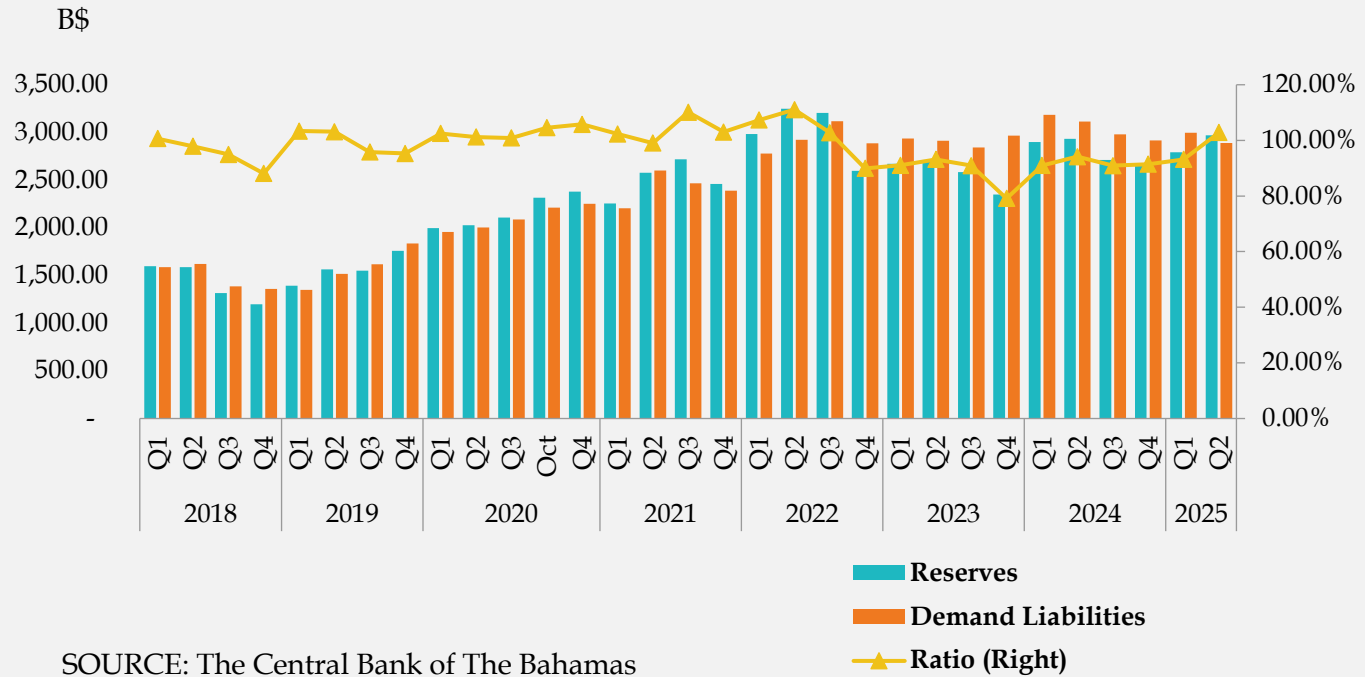
External Reserves

January- June 2025 vs. 2024

Import Cover Ratio (Months)



External Reserves to Demand Liabilities



SOURCE: The Central Bank of The Bahamas

In the first half of 2025, external reserves growth narrowed to \$350.0 million from \$580.8 million in the prior year. At end-June external balances were

- Equivalent to 102.8% of the Central Bank's demand liabilities.
- Equivalent to 7.5 months of the current year's total merchandise imports.



OUTLOOK

Real Sector

- The domestic economy is projected to sustain its tempered pace of growth over the remainder of 2025, as the economy continues to normalize closer to its medium-term potential. Performance remains closely linked to tourism and other real sector activities.
- Increased trade policy tensions between the US and its major trading partners continue to pose downside risks to tourism, with the potential to weaken global economic growth and limit tourism demand.
- Other exogenous risks to the outlook include, geopolitical tensions and elevated global oil prices. Moreover, if major central bank's resume counter-inflation policies, this could reduce the spending capacity of travelers from key source markets.
- The employment rate is expected to improve further, with job opportunities largely concentrated in the tourism and construction sectors.
- Domestic inflation, while recently moderated, could face upside risks from import price pressures and supply chain disruptions, related to geopolitical tensions in the Middle East and Eastern Europe, and possible trade barriers.

Fiscal Sector

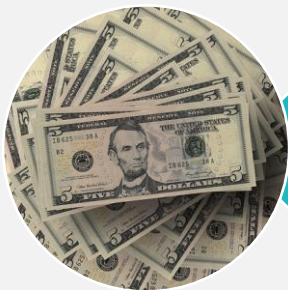
- The fiscal balance is projected to continue to consolidate, supported by continued gains in revenue.
- The accumulation in revenue is expected to remain largely connected to tourism-led improvements in taxable economic activities.
- Net financing of the estimated budgetary needs is expected to reflect a mix of domestic and external borrowing, with a higher relative reliance on funding from domestic sources.

Monetary Sector and External Reserves



Banking sector liquidity is expected to moderate, but remain elevated in the near-term.

Growth in private sector credit is projected to firm in 2025, consistent with the domestic economic recovery.



External reserve balances are expected to contract, but remain at healthy levels in 2025, staying above international benchmarks, bolstered by receipts from Government's external borrowings, tourism and other private sector activities.

Balances are anticipated to remain at satisfactory levels to sustain the Bahamian dollar currency peg.

Risks to The Outlook

TOURISM

Any resumption in major central banks counter-inflation policies could negatively impact the travel spending capacity of key source market consumers.

EXTERNAL RESERVES

Higher foreign currency demand for rebuilding activities and constrained tourism output could lead to reserves depletion.

GLOBAL

Ongoing geopolitical tensions and escalating trade barriers could slow the global outlook.

INFLATION

Geopolitical tensions, contraction in oil production, trade barriers, and food supply disruptions could result in higher prices.

EMPLOYMENT

Insufficient or slowed pace of private investments, could impede job creation.

FISCAL

Diminished access to credit markets could constrain the fiscal capacity to stimulate the economy.

The End

