

CENTRAL BANK OF THE BAHAMAS  
1974-2024

# Quarterly Economic and Financial Developments Report December 2024

## Research Department





# Domestic Economic Developments

Preliminary indications are that during 2024, the domestic economy growth was further moderated, as economic indicators normalized closer to their medium-term potential. Tourism output registered healthy growth, bolstered by robust gains in the sea segment, while the high value-added air component continued to face accommodation capacity constraints.

## Real Sector

- Tourist arrivals rose by 16.4% to 10.1 million visitors in the first eleven months of 2024, dominated by cruise sector gains.
- After the recovery from the pandemic, stopover indicators moderated sharply: the annual departures through Lynden Pindling International Airport only rose by 2.6% in 2024, following growth of 22.9% in 2023.

## Monetary Sector

- On an annual basis, bank liquidity grew, despite strongly accelerated growth in domestic credit, exceeding the buildup in the deposit base.
- External reserves expanded by \$268.7 million to \$2,620.0 million in 2024, a switch from a \$243.5 million reduction in 2023.

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 edge. In the foreground, there are more palm trees and some buildings, possibly part of a resort. The sky is clear and bright.

# TOURISM SECTOR

# Visitor Arrivals

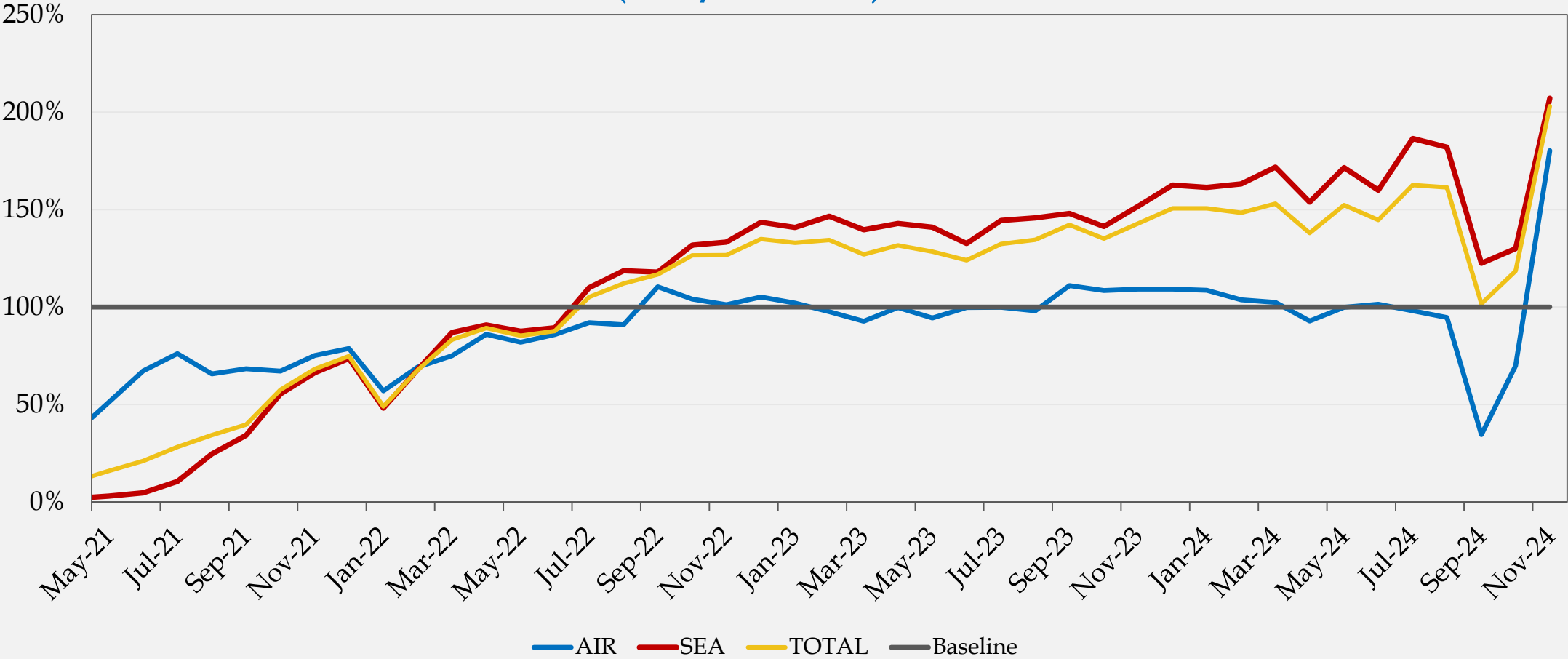
## (January - November 2024)

Official data from the Ministry of Tourism showed that total visitor arrivals rose by 16.4% to 10.1 million visitors during the first eleven months of the year, vis-à-vis the comparative period of 2023. The year-to-date increase in 2023 was 41.8%.

- Sea arrivals expanded to 8.5 million, from 7.1 million a year earlier.
- However, air arrivals decreased by a muted 0.1% to 1.6 million visitors, relative to the corresponding 2023 period.

	New Providence (% Change)		Grand Bahama (% Change)		Family Islands (% Change)	
	2023	2024	2023	2024	2023	2024
<b>Arrivals</b>						
Air	17.9	-0.4	37.7	9.7	18.6	-0.4
Sea	49.4	27.7	55.1	-2.5	46.5	17.3
<b>Total</b>	38.2	19.2	53.4	-1.4	44.1	16.0

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

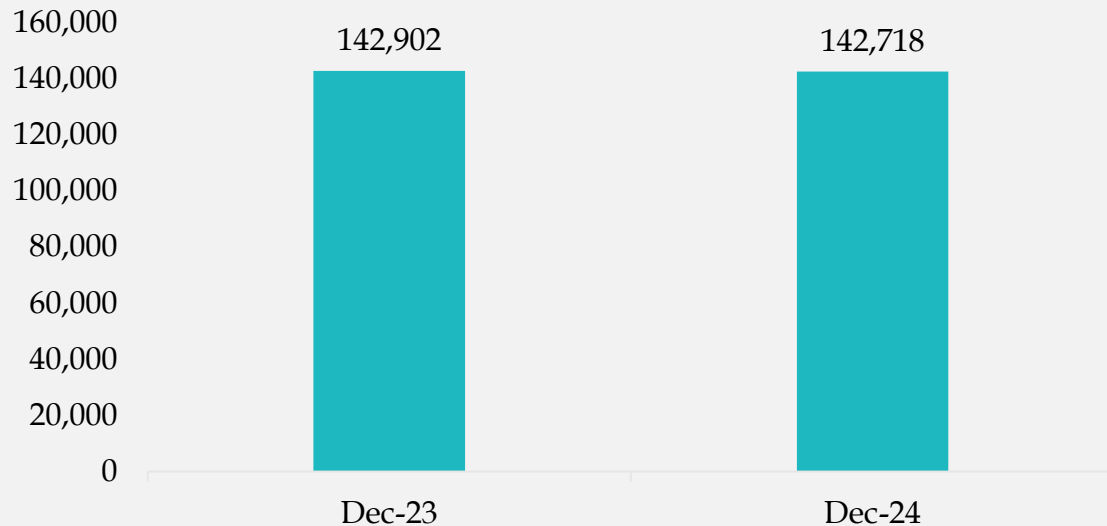


# Nassau Airport Development (NAD) International Departures January – December 2024

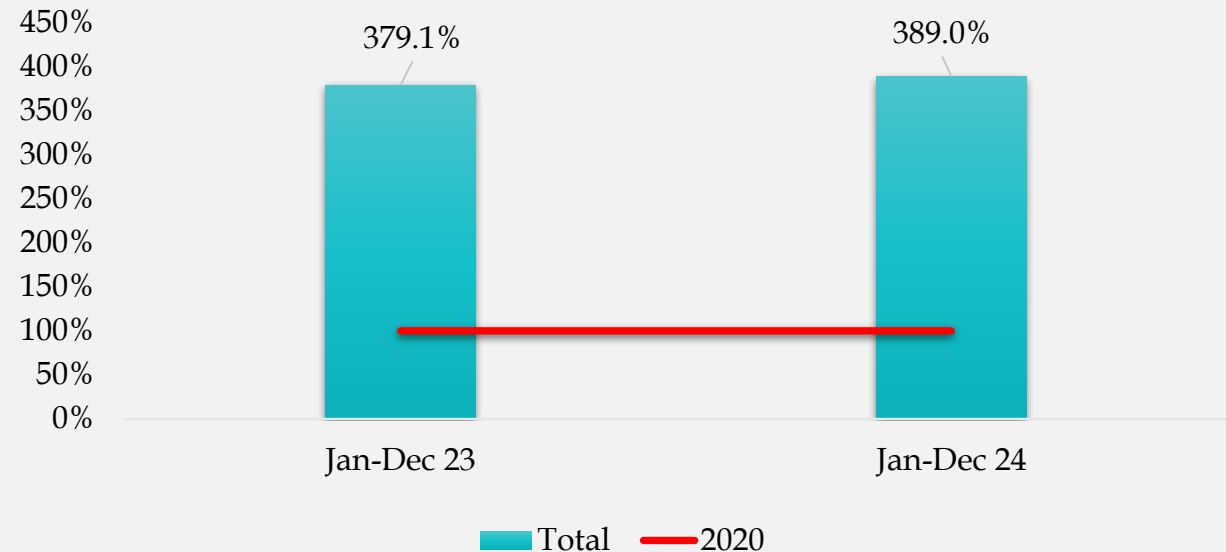
Total departures through the Nassau Airport edged down by 0.1% to 142,718 passengers vis-à-vis the same the year prior.

On an annual basis, total departures grew by 2.6% to 1.6 million passengers, in comparison to 2023.

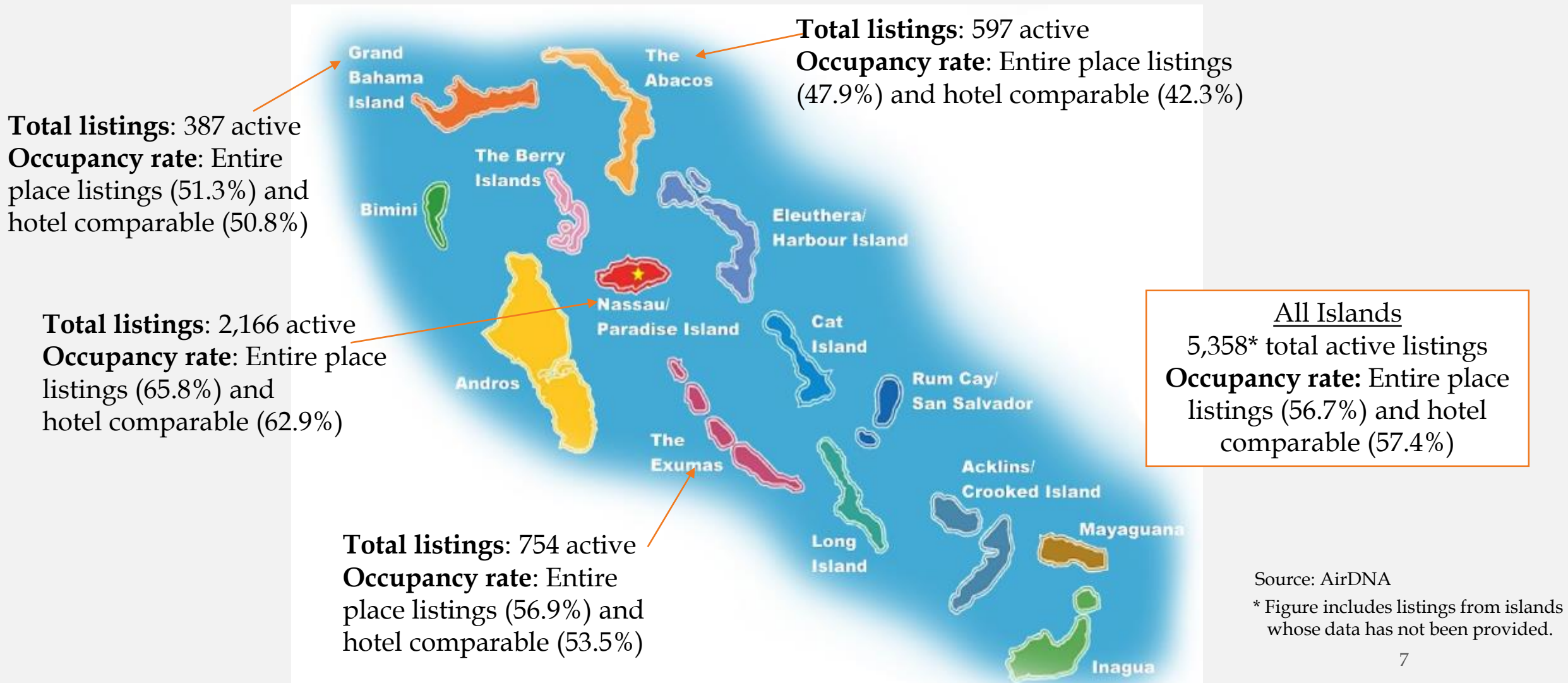
**International Departures  
December 2023 vs December 2024**



**January - December 2024 Departures  
vs. 2020 Baseline (=100%)**



# Airbnb: Snapshot of Vacation Rentals (as at December 2024)



**Total listings:** 387 active  
**Occupancy rate:** Entire place listings (51.3%) and hotel comparable (50.8%)

**Total listings:** 597 active  
**Occupancy rate:** Entire place listings (47.9%) and hotel comparable (42.3%)

**Total listings:** 2,166 active  
**Occupancy rate:** Entire place listings (65.8%) and hotel comparable (62.9%)

**Total listings:** 754 active  
**Occupancy rate:** Entire place listings (56.9%) and hotel comparable (53.5%)

**All Islands**  
5,358\* total active listings  
**Occupancy rate:** Entire place listings (56.7%) and hotel comparable (57.4%)

Source: AirDNA  
\* Figure includes listings from islands whose data has not been provided.

# Vacation Rentals: Occupancy Rates

## (January - December 2024 vs 2023)

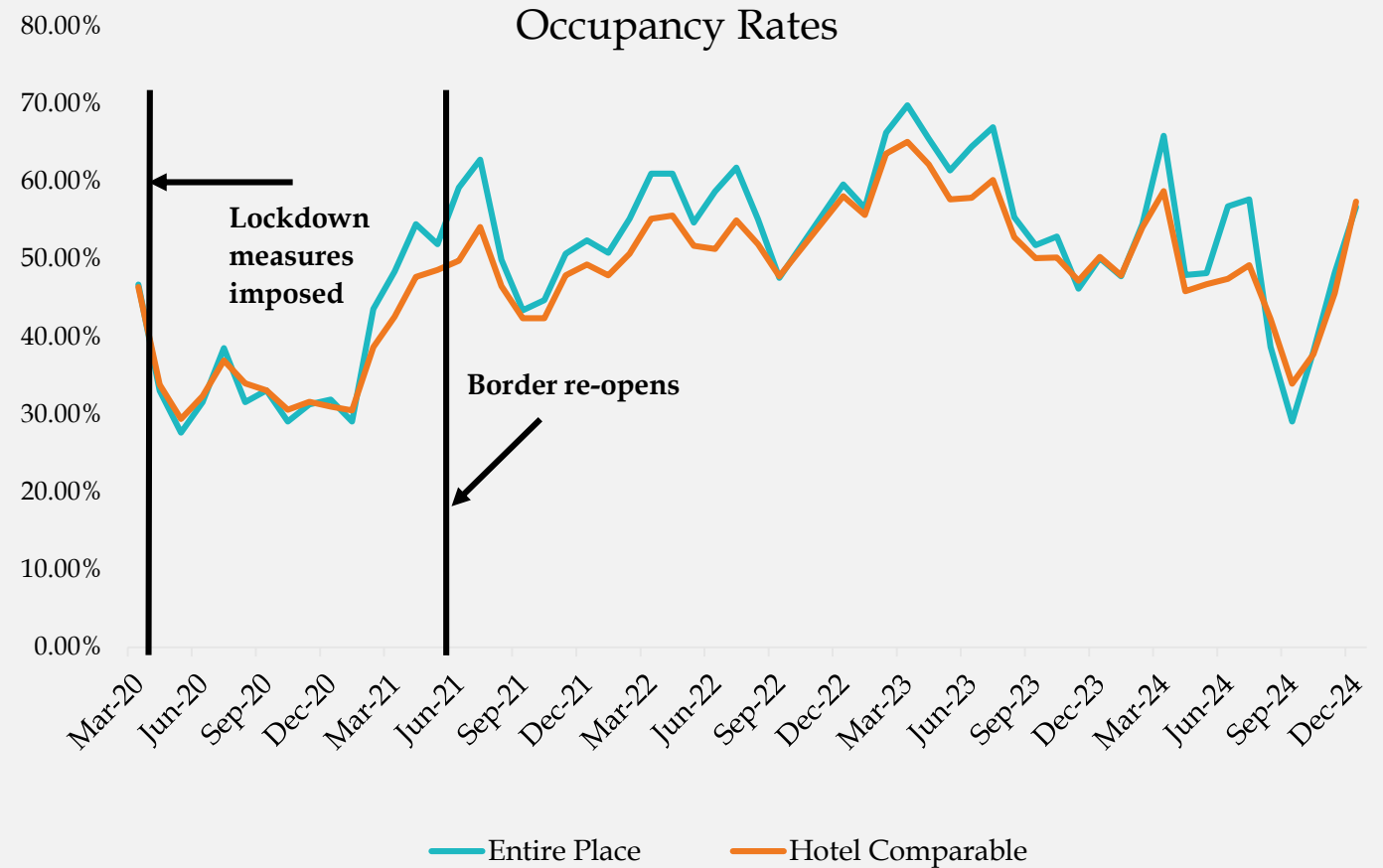
Vacation rental occupancy levels trended downward in 2024, but on expanded capacity and boosted total sales.

### Entire Place Listings

- The average occupancy rate decreased to 49.2% in 2024, from 52.0% in the preceding year.

### Hotel Comparable Listings

- The average occupancy rate fell to 46.8%, from 48.7% last year.

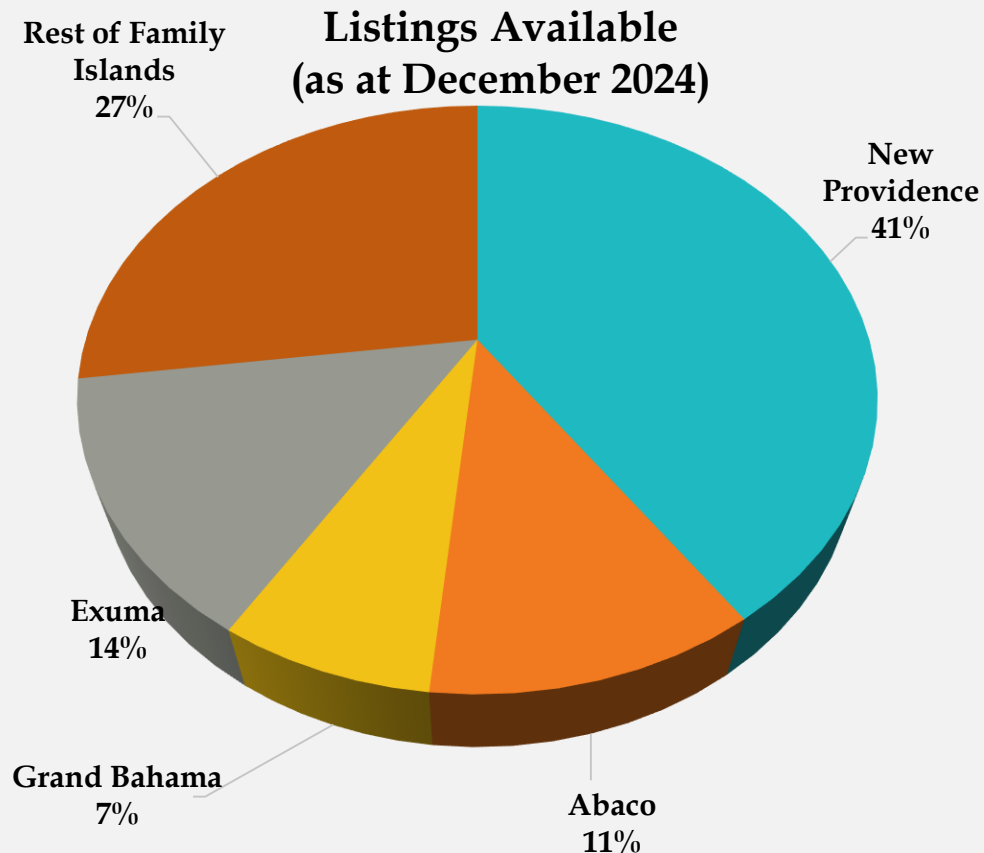


Source: AirDNA



# Vacation Rental: Market Share by Island (December 2024)

In 2024, vacation rental listings increased for Abaco, Grand Bahama, and New Providence. Exuma and the remaining Family Islands, accounted for nearly half of total listings.



In December, listings for Abaco, Grand Bahama and New Providence moved higher by 24.0%, 19.3% and 12.9%, respectively, relative to the corresponding 2023 period. Likewise, listings in Exuma rose by 4.2%.

All Available Listings				
	Sept 2023	Dec 2023	Sept 2024	Dec 2024
Abaco	305	476	370	597
Grand Bahama	244	336	301	387
New Providence	1,292	1,881	1,470	2,166

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

## Eleuthera

### Eleuthera Owners Limited

- Eleuthera Owners Limited received approval to construct a \$958.0 million upscale, waterfront development along Savannah Sound and Windermere Island in the hospitality industry.

### Belmont House Limited

- Belmont House Limited acquired four lots of varying sizes in Section C of Eleuthera's French Leave South Beach Subdivision at \$3.0 million. The lots will be used to construct a new boutique hotel on the island in the hospitality sector.

## Exuma

### Stocking Islands Holding LLC

- Stocking Islands Holding LLC secured approval for a \$5.5 million expansion and redevelopment of the Kahari Resort on Stocking Island, Exuma in the hospitality industry.

### Ceaderville Limited, Clearview Marina Limited, Clearview Enterprises Limited, and Clearview Management Limited

- Ceaderville Limited, Clearview Marina, Clearview Enterprises Limited and Clearview Management Limited are seeking to enter a Heads of Agreement and received approval for a circumstantial Immigration and Labour Protocol, with respect to their \$70.0 million redevelopment of the Sandals Emerald Bay Hotel Resort. The resort will be converted into a Beaches All-Inclusive Resort in the hospitality sector.

# Selected New Foreign Investment Projects

## New Providence

### Sims Cranes Bahamas

- Sims Cranes Bahamas Inc. received approval to carry out activities in alignment with the terms and conditions of their \$202.5 million contract with Pike Electric LLC in the infrastructure industry.

## Bimini

### MSC Cruises S.A.

- MSC Cruises S.A. received approval to expand guest facilities on their island Explora Cay. They also received approval for the expansion of the pier on Ocean Cay, to enable the docking of an additional ship. No additional capital investment has been made into the \$400.0 million project, which was approved three years ago.



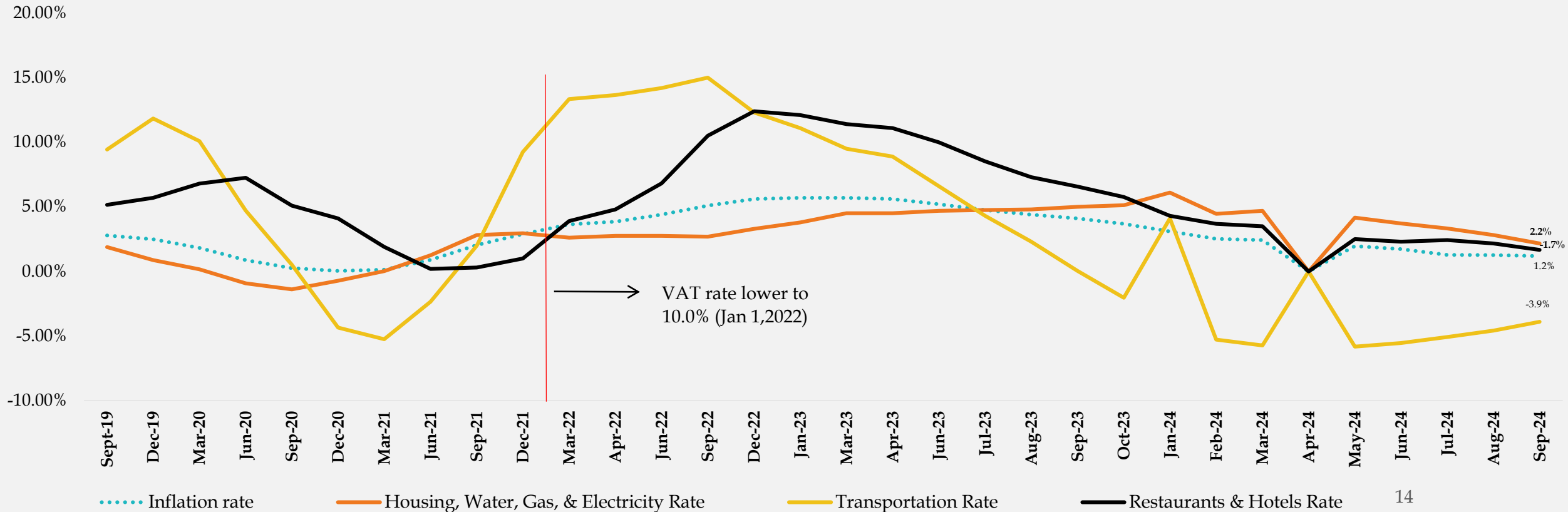


# INFLATION

# Retail Price Index

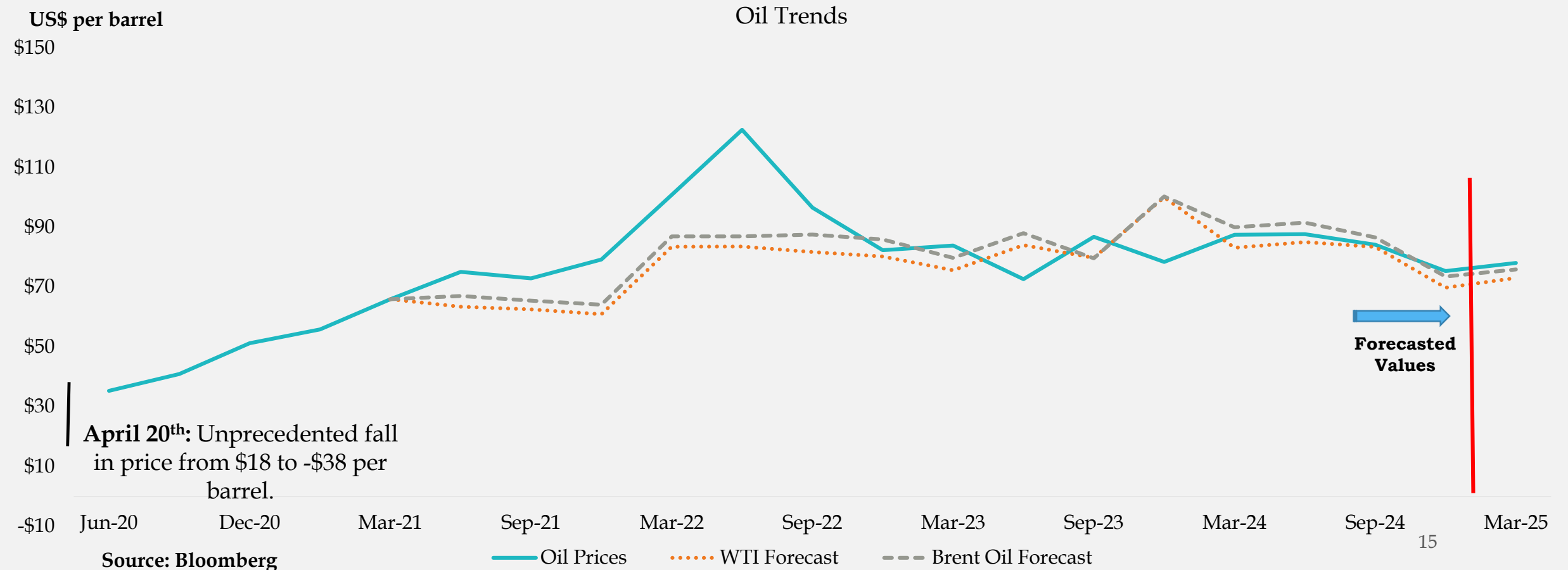
In the 12 months to September 2024, inflation moderated to 1.2% from 3.9% at same point in 2023, led by a reduction in average transportation costs.

## Inflation



# Oil Price Trends

In December 2024, the cost of crude oil rose by 1.7% to \$74.38 per barrel. On the supply-side, OPEC's crude oil production reduced by just 0.03%, to approximately 40.7 million barrels per day.



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# FISCAL SECTOR

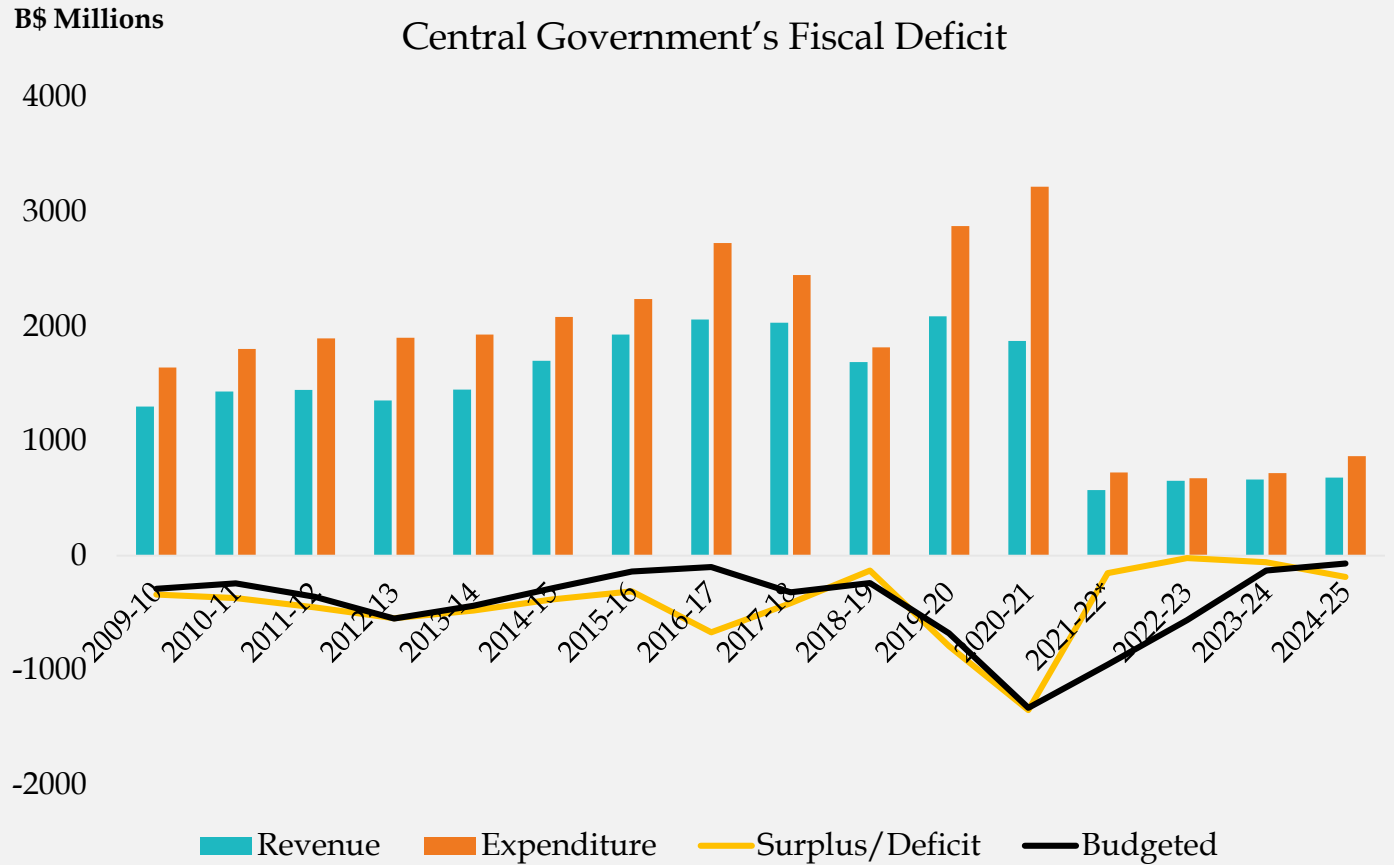


# Fiscal Sector

## Provisional First Three Months, FY2024/2025

During the first quarter of FY2024/25, the deficit widened to \$185.4 million, from \$61.5 million in the same period last year. The rise in aggregate expenditure outpaced the expansion in total revenue.

- Total expenditure increased by \$142.6 million (19.7%) to \$867.7 million.
  - Recurrent expenditure expanded by \$83.5 million (12.6%) to \$743.9 million.
  - Similarly, capital outlays advanced by \$59.1 million (91.5%) to \$123.8 million.
  
- Total revenue rose by \$18.7 million (2.8%), to \$682.2 million.
  - Of note, VAT receipts grew by \$1.5 million (0.4%) to \$339.4 million.



Source: Bahamas Ministry of Finance

\*Data for Q1 2024/2025

## Budget Projections vs. Actual Outturn First Three Months of FY2024/2025

(B\$ Millions)

	Actual Outturn	Budgeted	% of Budget
<b>Revenue</b>	682.2	3,543.3	19.3
Tax Revenue	616.2	3,142.6	19.6
Non-tax Revenue	66.0	394.4	16.7
<b>Expenditure</b>	867.7	3,613.1	24.0
Recurrent Expenditure	743.9	3,268.6	22.8
Capital Expenditure	123.8	344.5	35.9

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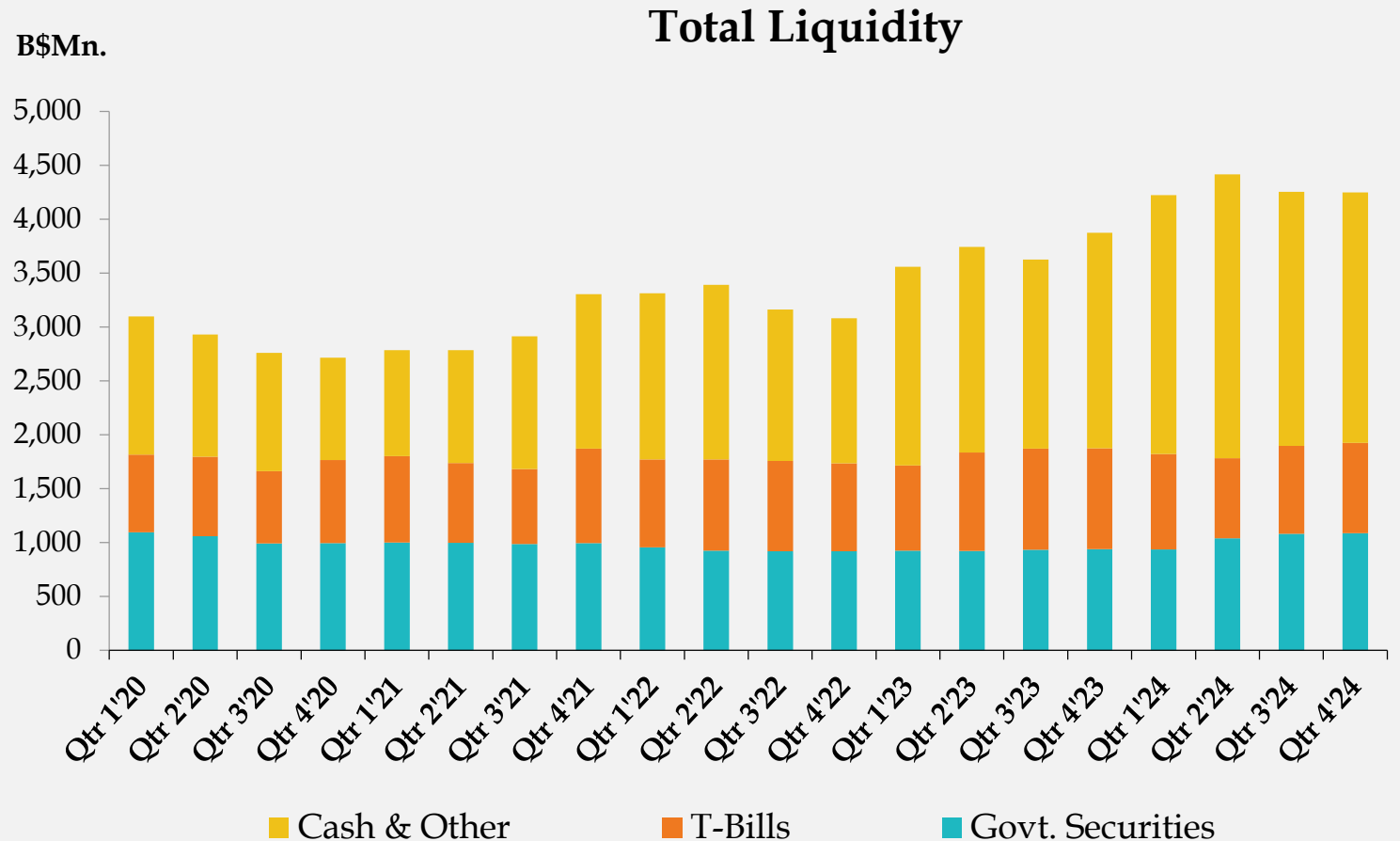
# MONETARY SECTOR

# Money and Banking: Liquidity Conditions

## January-December 2024 vs. 2023

Banking sector liquidity featured a buildup in 2024.

- Excess reserves increased by \$18.2 million, a reversal from a \$61.0 million reduction in the comparable period of 2023.
- Excess liquid assets rose by \$75.9 million, albeit lower than the \$111.4 million accumulation in the previous year.





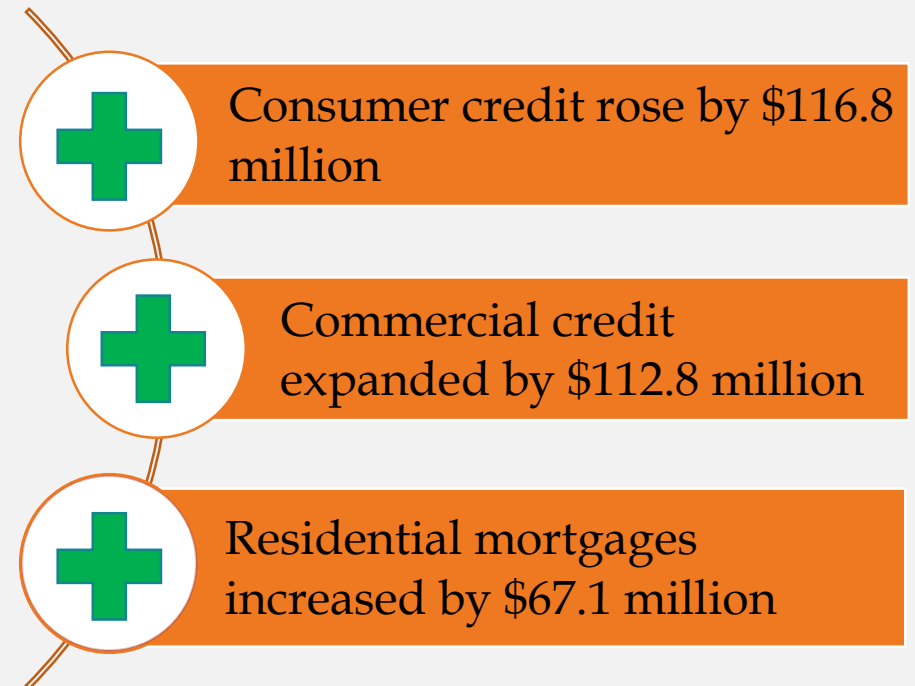
# Lending Conditions

## January - December 2024 vs. 2023

During the year, total Bahamian dollar credit expansion almost doubled to \$428.1 million, from \$221.9 million last year.

- Net claims on the Government rose by \$116.7 million, albeit lower than the \$175.5 million accumulation in the previous year.
- Credit to the rest of the public sector recovered by \$14.8 million, from the previous year's \$3.9 million falloff.

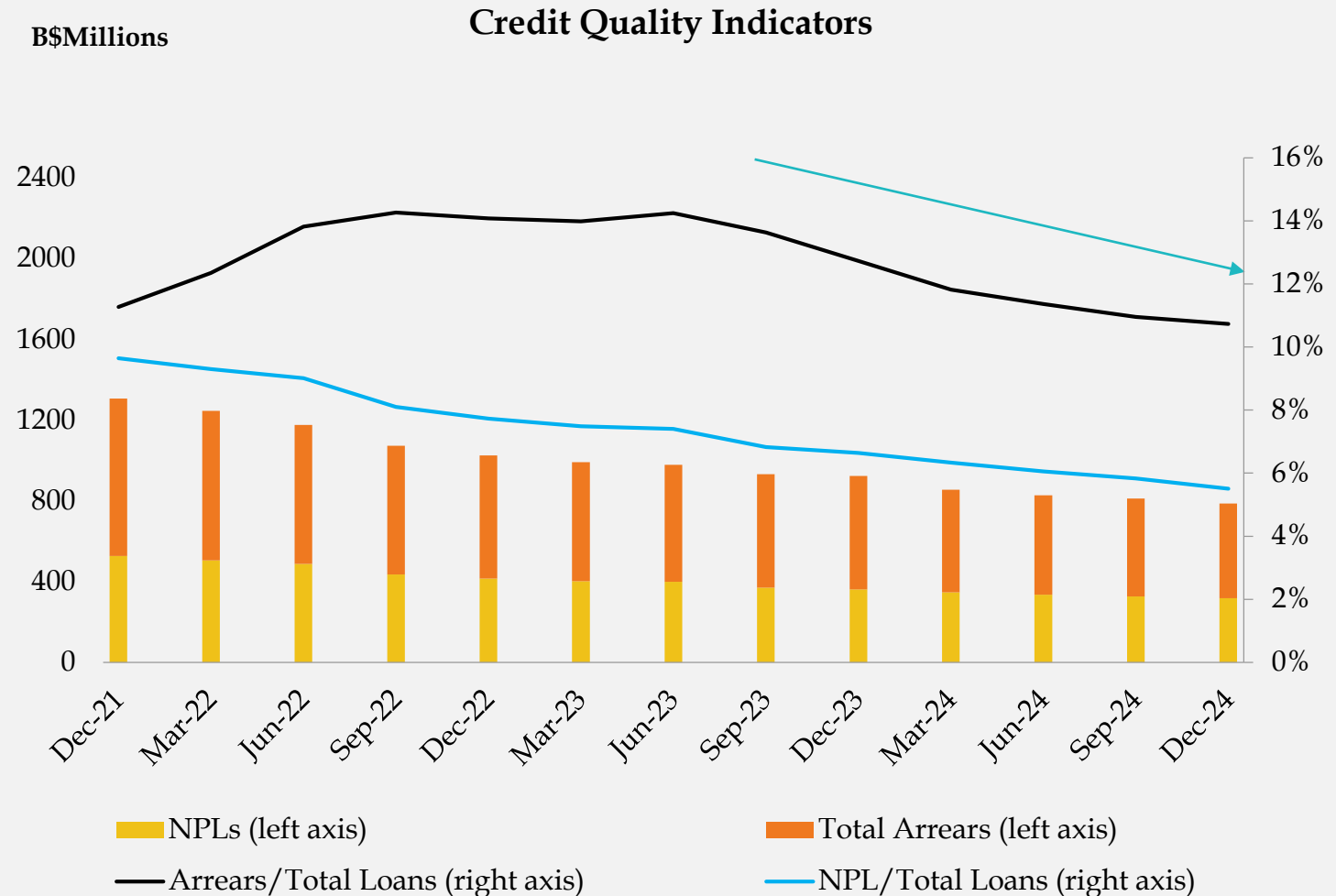
- Private sector credit growth accelerated markedly to \$296.7 million, from \$50.3 million in 2023.



# B\$ Credit Quality Indicators

## January-December 2024 vs. 2023

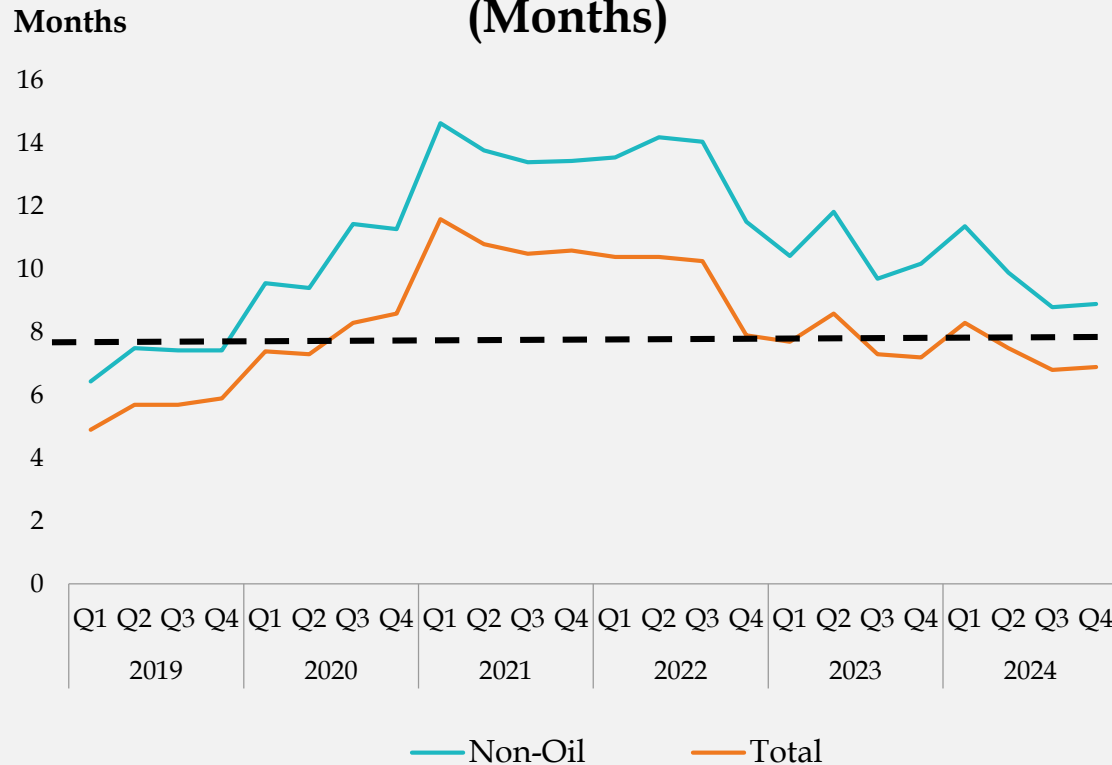
- On a year-to-date basis, the average arrears rate for private sector loans declined to 8.2% from 10.3% in 2023.
  - The short-term arrears rate was 2.6% (3.7% in December 2023).
  - The NPL rate was 5.5% (6.6% in December 2023).
  
- Arrears rate by loan type:
  - Mortgages: 12.3% vs 14.0% in 2023.
  - Consumer: 6.1% vs 7.6% in 2023.
  - Commercial: 2.8% vs 6.4% in 2023.



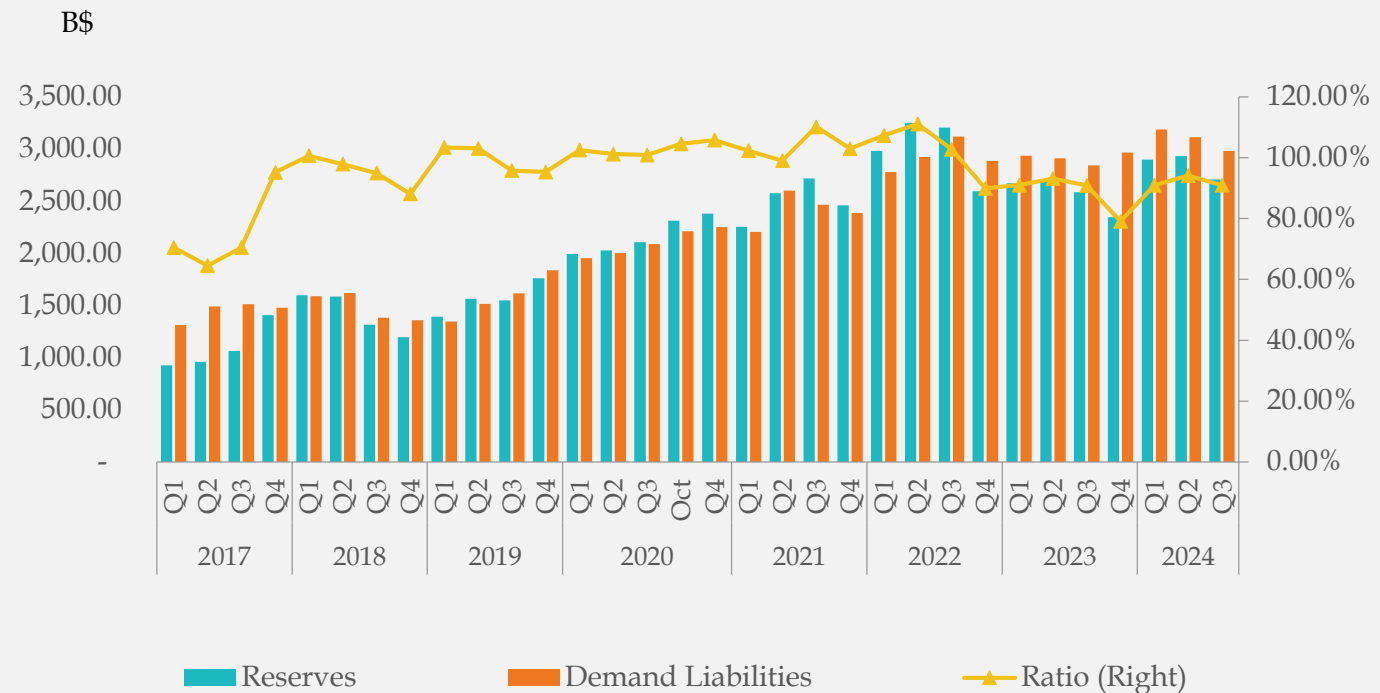
# External Reserves

## January- December 2024 vs. 2023

### Import Cover Ratio (Months)



### External Reserves to Demand Liabilities



SOURCE: The Central Bank of The Bahamas

In 2024, external reserves rose by \$268.7 million to \$2,620.0 million, more than reversing the \$243.5 million reduction in 2023.

- Balances were equivalent to 90.3% of the Central Bank's demand liabilities; and
- Equivalent to 6.9 months of the current year's total merchandise imports.



# OUTLOOK

# Real Sector

- The domestic economy's moderated pace of growth is anticipated to persist in 2025, supported by the tourism sector's performance and several new and ongoing foreign investment projects. This pace of expansion is expected to be closer in line with the economy's medium-term growth potential.
- Downside risks to tourism persist, related to exogenous factors, such as ongoing geopolitical tensions in the Eastern Europe and the Middle and elevated global oil prices, which could impede travel sector activity.
- The employment rate is expected to further improve, with opportunities primarily concentrated in the tourism and construction sectors.
- The domestic inflation rate is projected to continue its downward trend, underpinned by a decrease in global oil prices. Although, the threat of a trade war between major global powers can trigger a hike in inflation.



# Fiscal Sector

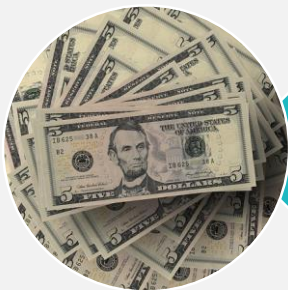
- The fiscal deficit is anticipated to continue its downward trend, as conditions remain favorable for consolidation.
- The buildup in revenue is expected to remain significantly linked to tourism-led improvements in taxable economic activities.
- Financing of the estimated budgetary gap will require a blend of domestic and external borrowing, with a higher net reliance on funding from domestic sources.

# Monetary Sector and External Reserves



Banking sector liquidity is projected to remain elevated over the near-term, but with stable to slightly reduced levels possible in 2025 .

Strengthen private sector credit growth is anticipated to continue in 2025 , in line with domestic economy recovery.



External reserve balances are expected to decrease, yet remain at healthy levels in 2025, staying above international benchmarks, supported by robust trends in tourism and other private sector activities.

Balances should still remain more than sufficient to maintain 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**

Increased foreign currency demand for rebuilding works and constrained output in the tourism sector could accelerate the drawdown in external reserves

## **GLOBAL**

Ongoing geopolitical tensions could slow the global outlook.

## **INFLATION**

Geopolitical tensions, contractions in oil production, food supply disruptions and tariff threats 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



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