

Quarterly Economic and Financial Developments Report

September 2025

*Featuring the latest Lending Conditions Survey for
the First Half of 2025*

Research Department



Domestic Economic Developments

During the third quarter of 2025, preliminary indications are that the pace of growth in the Bahamian economy continued to be tempered in comparison to 2024, as economic indicators converge closer to their expected medium-term trend. Tourism earnings gains, though healthy, moderated, on account of constrained stopover expansion. However, the cruise sector continued to record robust expansion. The economy also continued to attract buoyant foreign direct investment inflows.

Real Sector

- In the first nine months of 2025, tourist arrivals rose by 8.7% to 9.1 million, relative to the same period in 2024, largely supported by growth in cruise passengers.
 - However, departures through the Nassau Airport, paced by stopovers, fell by 2.6% to 1.3 million.

- The Retail Price Index was negative 0.2% for the 12 months to May 2025, relative to a positive 2.0% in the same period of 2024.

Monetary Sector

- On a year-to-date basis, banking sector liquidity boost tapered, given strengthened growth in domestic credit, which still trailed deposit base gains.
- External reserves gains also narrowed to an estimated \$188.6 million versus \$364.9 million in the first nine months of 2024.



TOURISM SECTOR

Visitor Arrivals

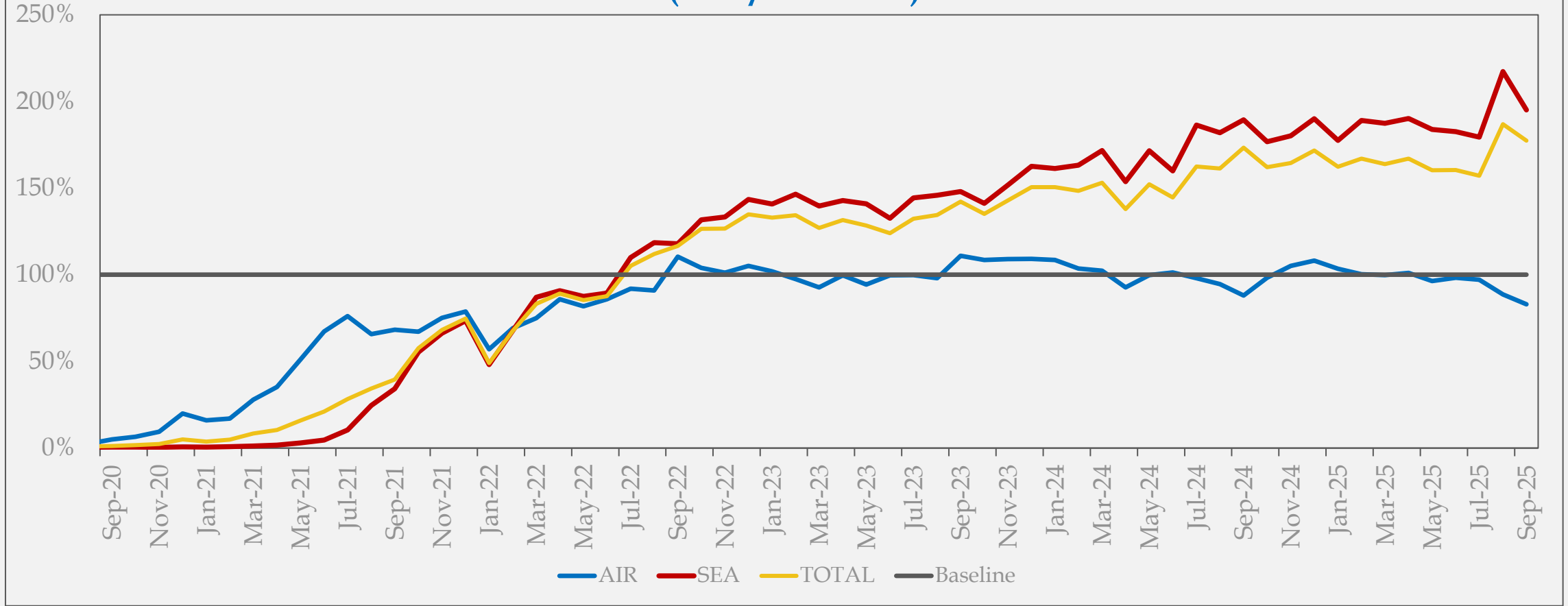
(January – September 2025)

Data from the Ministry of Tourism revealed that total visitor arrivals rose by 8.7% to 9.1 million during the first nine months of 2025.

- Sea visitors increased by 10.8% to 7.8 million.
- However, air arrivals declined by 1.9% to 1.3 million, vis-à-vis the comparative period last year.

	New Providence (% Change)		Grand Bahama (% Change)		Family Islands (% Change)	
Arrivals	2024	2025	2024	2025	2024	2025
Air	0.8	-3.0	7.3	21.2	0.4	-1.5
Sea	28.6	9.6	-0.2	39.6	16.0	8.8
Total	19.9	6.3	0.5	37.7	14.8	8.1

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

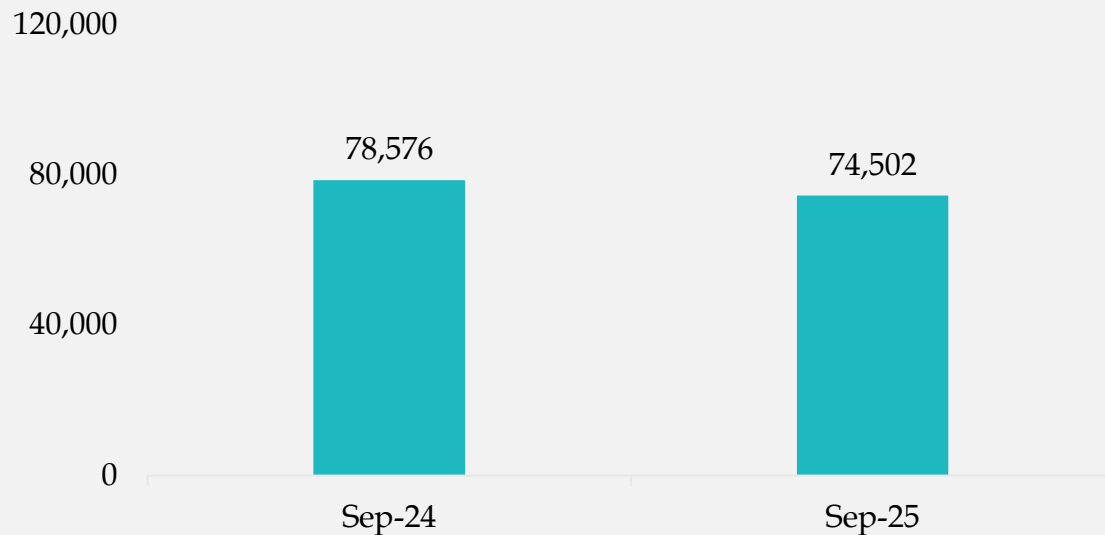


Nassau Airport Development (NAD) International Departures January – September 2025

Monthly departures through Nassau Airport reduced by 5.2% to 74,502 in 2025.

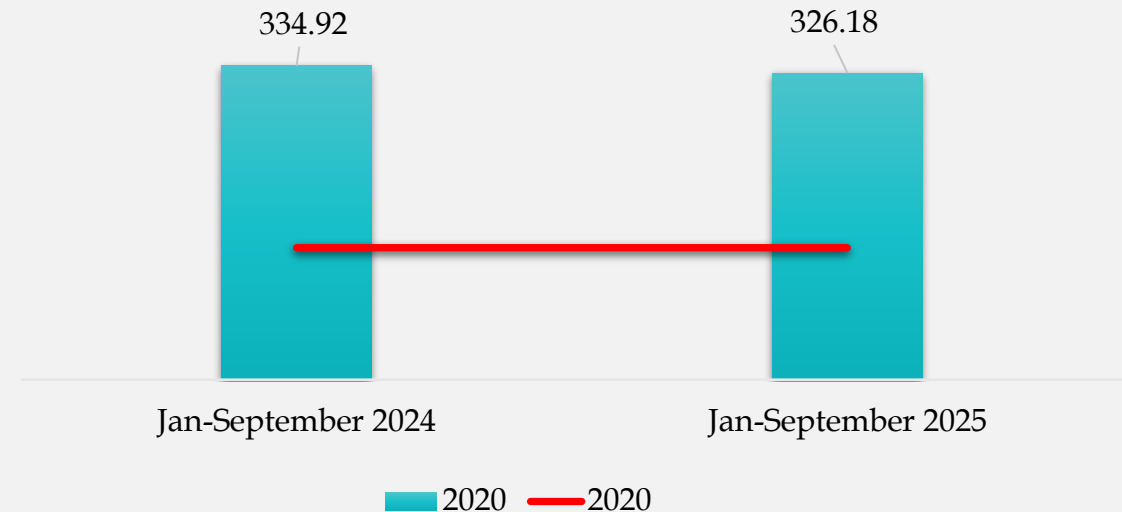
For the first nine months, data from NAD revealed that annual departures reduced to 1.3 million when compared to the same period a year earlier.

**International Departures
September 2024 vs September 2025**



Source: Nassau Airport Development Company

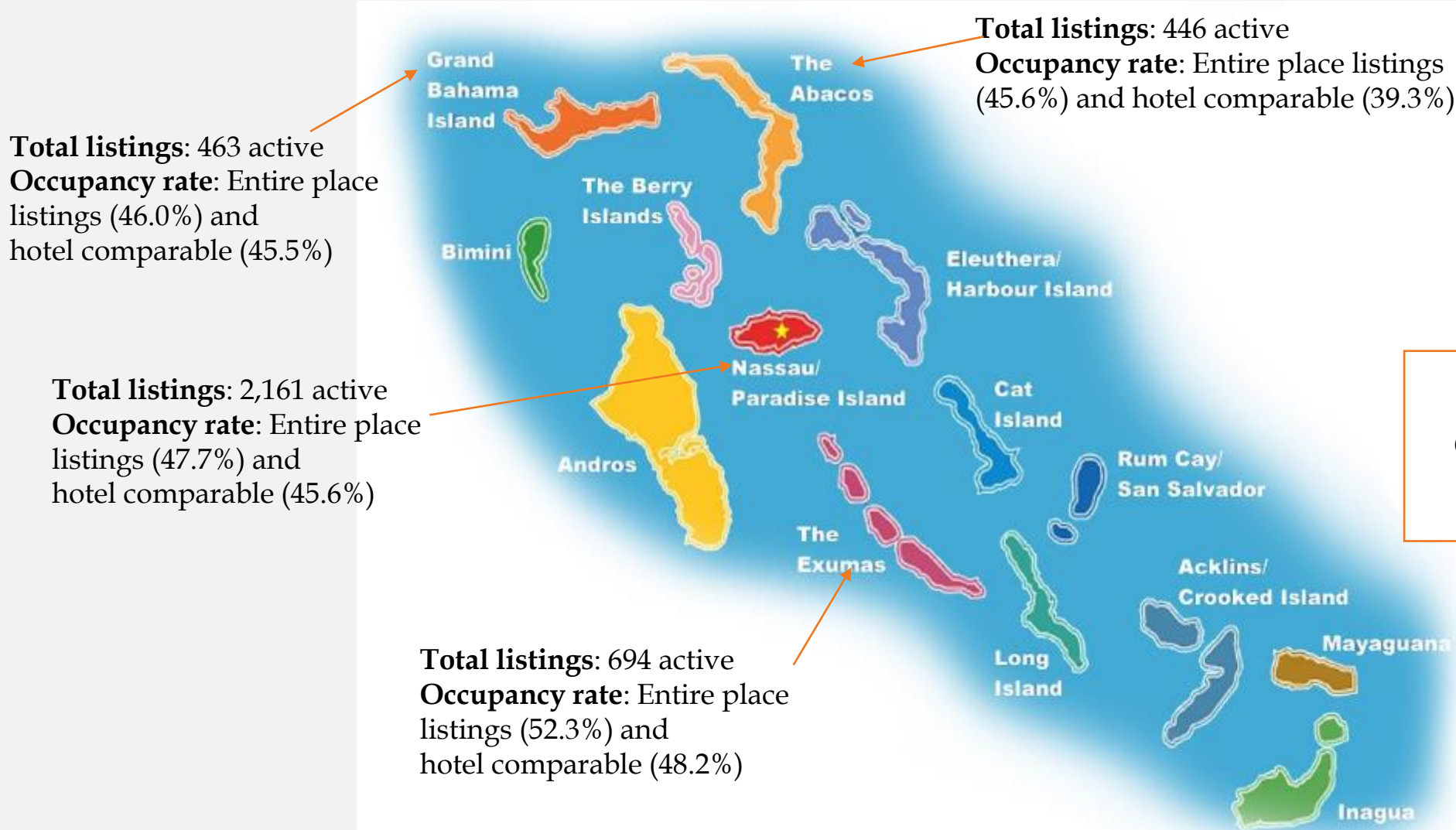
**January – September 2025 Departures
vs. 2020 Baseline (=100%)**



*All figures are net of domestic departures.

Airbnb: Snapshot of Vacation Rentals

(as at September 2025)



Source: AirDNA

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

Vacation Rentals: Occupancy Rates

(January – September 2025 vs 2024)

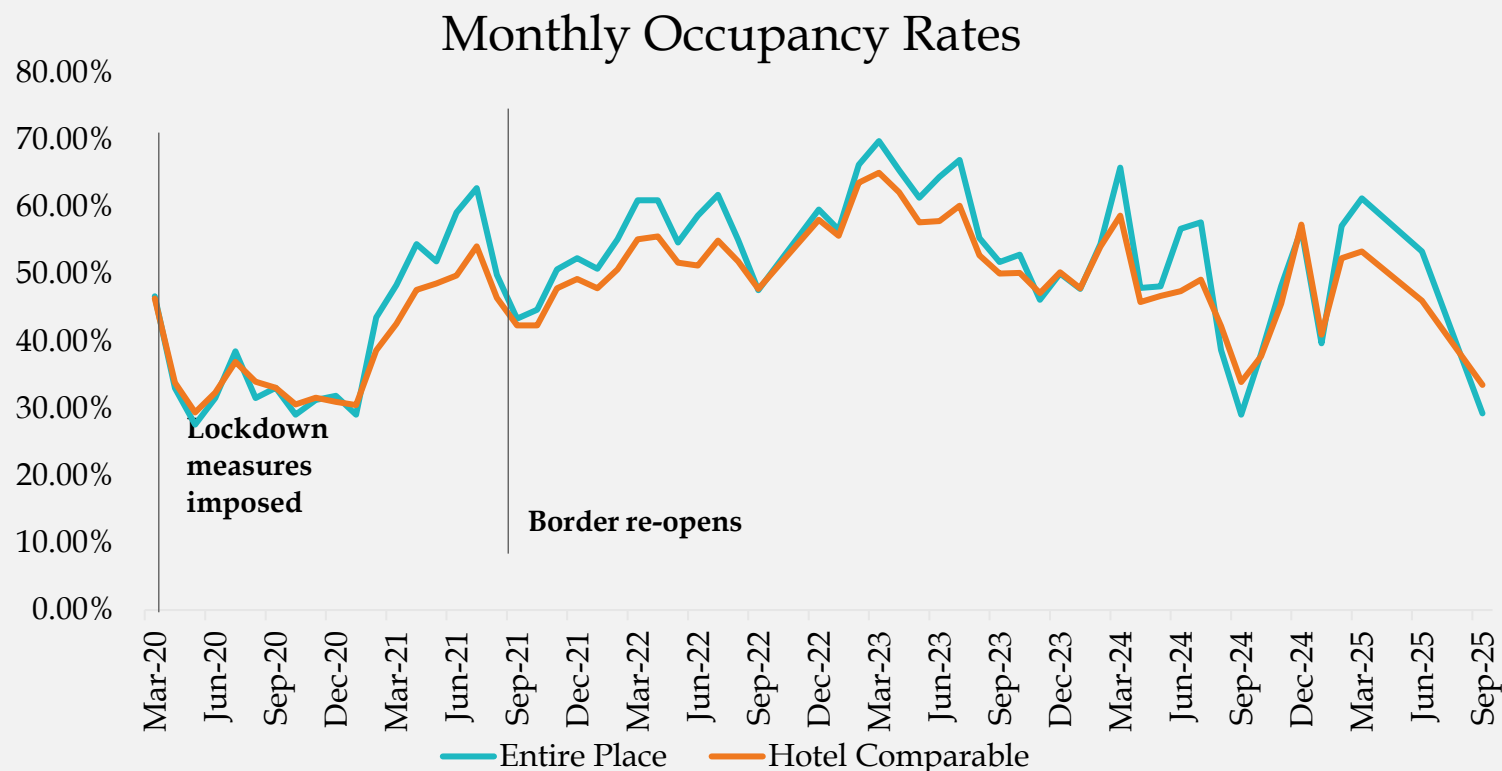
Vacation rental occupancy levels declined during the nine months to September, compared to 2024, underpinned by higher room inventories.

Entire Place Listings

- The average occupancy rate decreased to 47.6%, from 53.1% a year earlier.

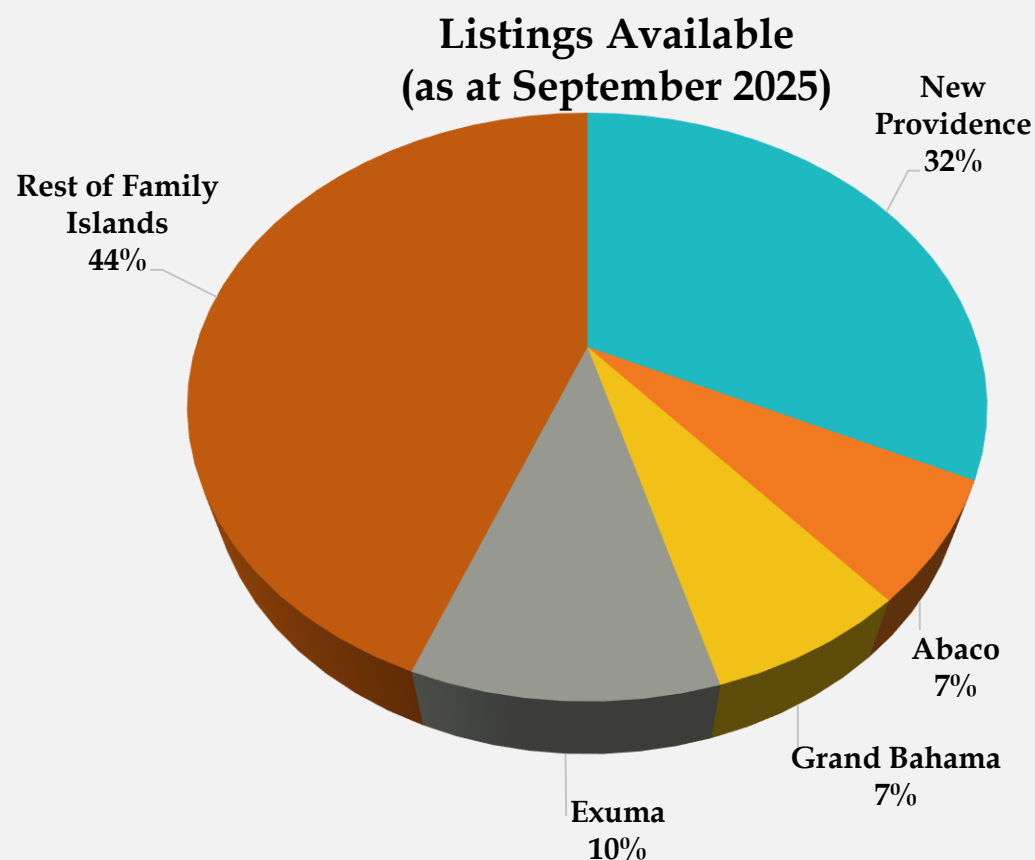
Hotel Comparable Listings

- Similarly, the average occupancy rate fell to 46.2%, from 47.0% last year.



Vacation Rental: Market Share by Island (September 2025)

Short-term holiday rental listings rose across all of the major islands in September 2025, compared to the same period in 2024. Exuma and the remaining Family Islands accounted for approximately 54.0% of total listings.



In September, listings for Abaco and Grand Bahama rose by 32.1% and 6.9%, respectively, vis-à-vis the corresponding period in 2024. Likewise, listings for Exuma and Nassau increased by 10.2% and 31.1%, relative to the same period in the previous year.

All Available Listings				
	Dec 2023	Sep 2024	Dec 2024	Sep 2025
Abaco	490	361	615	446
Grand Bahama	415	430	517	463
New Providence	2,542	2121	2,978	2161
Exuma	743	673	849	694

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 small structures. The text "SELECTED APPROVED FOREIGN INVESTMENT PROJECTS" is overlaid in the center of the image in a bold, black, serif font.

SELECTED APPROVED FOREIGN INVESTMENT PROJECTS

Selected New Foreign Investment Projects

Abaco	San Salvador
<u>Seneca</u> Seneca Industries (Bahamas) Limited is seeking approval to advance the further development of the existing Coral Club Beach Villas and Resort into a premier five-star luxury destination spanning several of the Abaco Cays, including Big Grand Cay, Felix Cay, Spongers Cay, Seahorse Cay, Baker's Cay and Wells Bay. Estimated Phase 1 investment is \$100 million.	<u>Premier Hospitality Management and Development LLC</u> Premier Hospitality Management and Development LLC, entered into a joint venture to develop a 24-room hotel, to be known as The Creek Hotel and Spa, on San Salvador. The project is valued at approximately \$14.7 million.

Selected New Foreign Investment Projects

Grand Bahama	Exuma
<u>Bahama Land Waterways</u> Bahama Land Waterways is pursuing plans to redevelop the Port Lucaya Marketplace and acquire several key properties on Grand Bahama, including the Port Lucaya Marina, the Grand Bahama Yacht Club and surrounding waterfront buildings and properties. The proposed initiative is valued at approximately \$21.8 million The multiphase development would feature a resort hotel, marina, residential units and entertainment facilities.	<u>Casa De Magee Limited</u> Casa De Magee Limited is undertaking a \$15.0 million investment to develop a unique private residential and commercial destination on the island of Great Exuma. The project, (“Casa De Magee”) would blend luxury living with hospitality offerings. Capital expenditures are projected over a five-year period.

Selected New Foreign Investment Projects

New Providence

American Bridge (Bahamas) Limited

American Bridge (Bahamas) Limited secured a temporary business license to undertake a contractual agreement with Carnival Corporation/HAL Properties Limited for the construction and maintenance of piers on Half Moon Cay, Little San Salvador.

The project, valued at approximately \$99.8 million, would enhance the operational capacity and safety of the island's port.

Eleuthera

Myles Ahead Limited

During the review period, Myles Ahead Limited advanced plans for a multi-phased luxury residential resort development on over 90 acres of prime oceanfront property at the site of the former Club Med property in Governor's Harbour, Eleuthera.

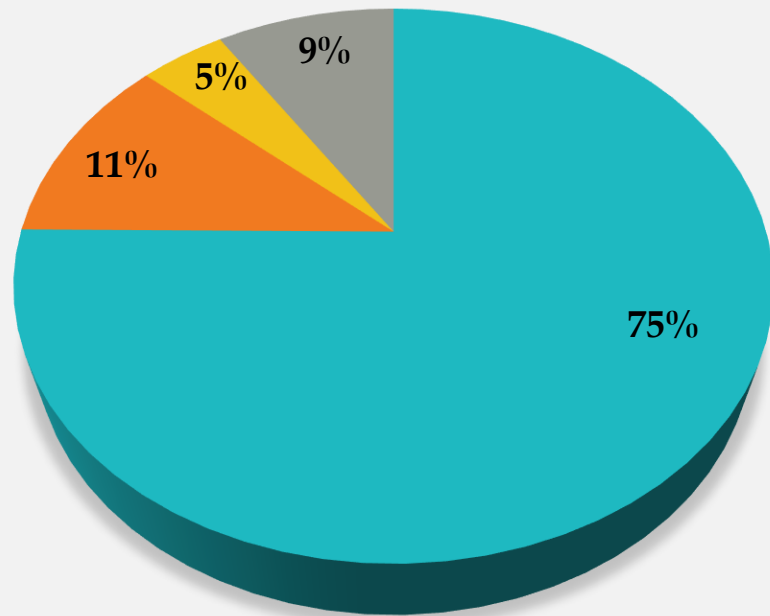
The project, valued at approximately \$180.1 million, encompasses both hotel and residential components, along with supporting infrastructure, soft costs at market value and land acquisition expenses.

A wide-angle photograph of a tropical beach. The water is a vibrant turquoise blue, transitioning to a deeper blue further out. The beach is a wide expanse of white sand, dotted with several palm trees and some small structures. The sky is a clear, pale blue. The word "Employment" is overlaid in the center of the image in a large, black, serif font.

Employment

Labor Market Share (First Quarter of 2025)

**Labour Market Shares as at First
Quarter of 2025**

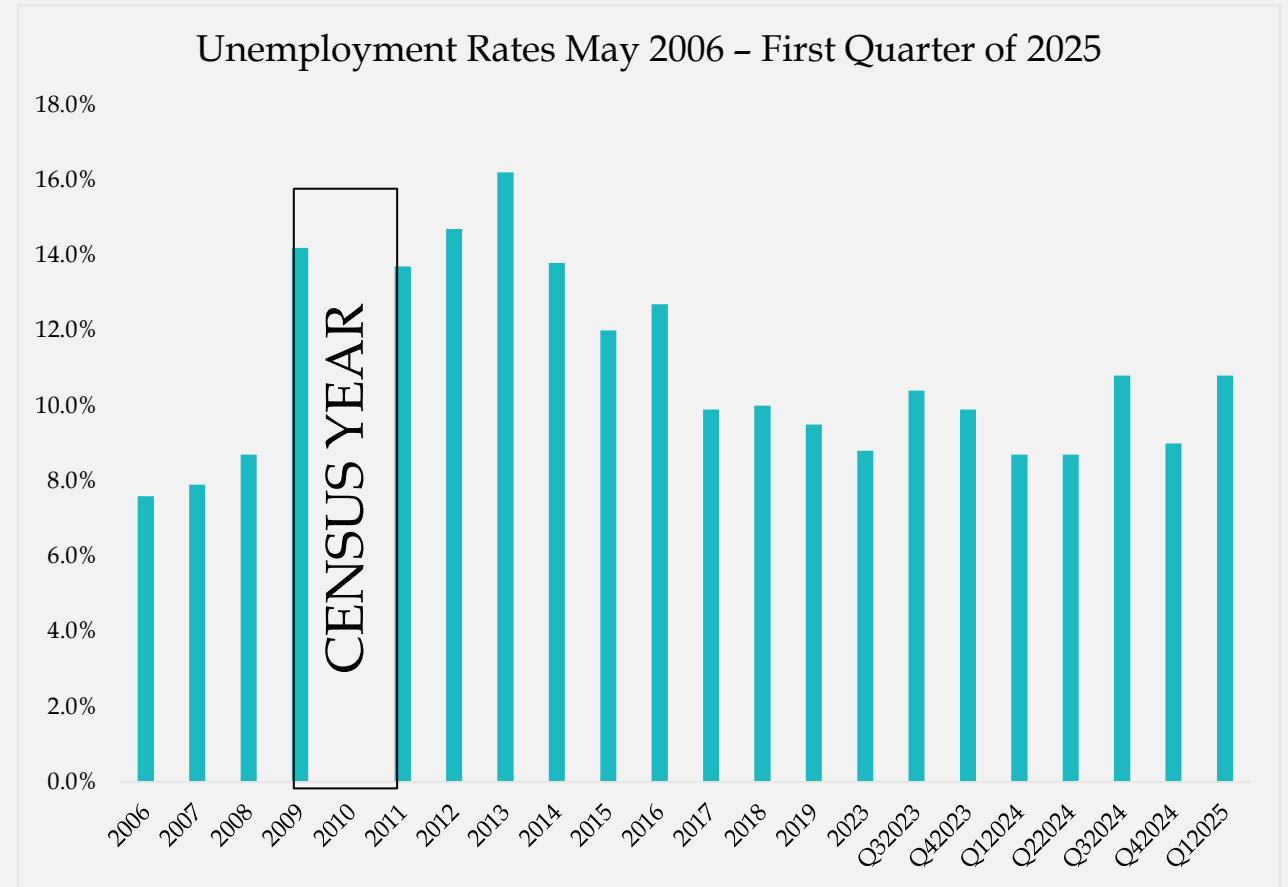


■ New Providence ■ Grand Bahama ■ Abaco ■ Family Islands

- Approximately 75.0% of the surveyed labor force were in New Providence.
- Grand Bahama and Abaco account for a combined 15.0% of the total labor force surveyed, with the remainder coming from the other Family Islands.

Unemployment Rates

- The unemployment rate rose to 10.8% during the first quarter of 2025, relative to 9.0% in preceding quarter.
- The number of employed persons decreased to 214,725 from 218,240 in last quarter of the 2024.
 - New Providence: unemployment rate rose to 11.0% in the first quarter of 2025, from 9.1% in the previous quarter
 - Grand Bahama: the jobless rate rose to 12.8% from 10.0% in the final quarter of 2024
 - Abaco: the unemployment rate advanced to 13.8% from 9.2% in the last quarter of 2024



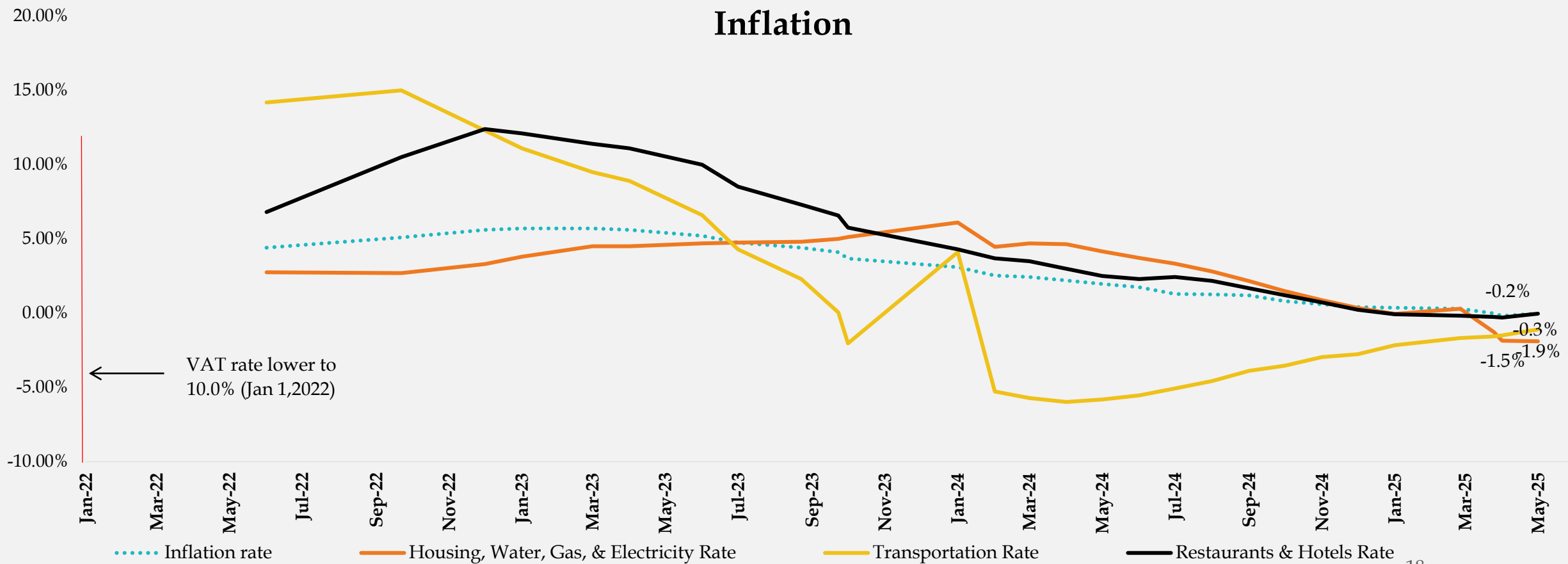
Source: Bahamas National Statistical Institute & Central Bank of The Bahamas



INFLATION

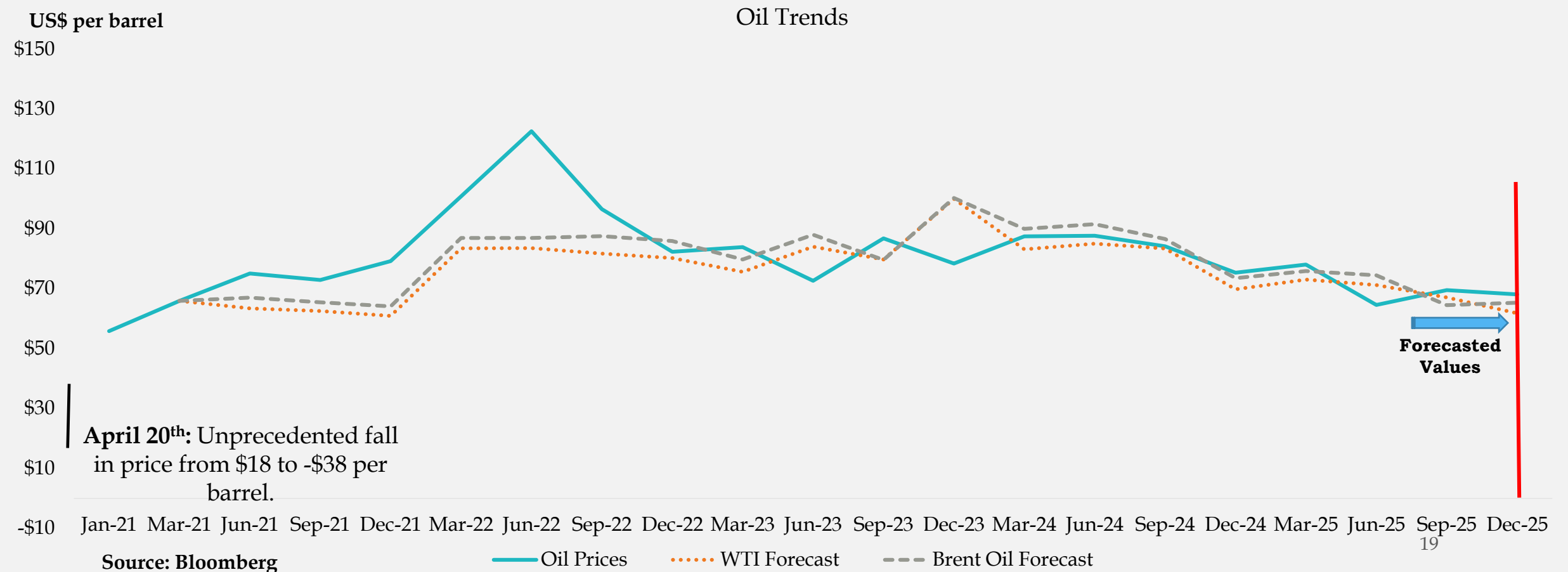
Retail Price Index

In the 12 months to May 2025, inflation was negative 0.2% compared to positive 2.0% in 2024, owing to decreases in average costs for housing, water, gas, electricity & other fuels; and for recreation & culture, and restaurant & hotels.



Oil Price Trends

In the first nine months of 2025, the cost of crude oil decreased by 6.6% to \$68.15 per barrel. On the supply-side, OPEC's crude oil production rose by 1.5% to approximately 43.1 million barrels per day.





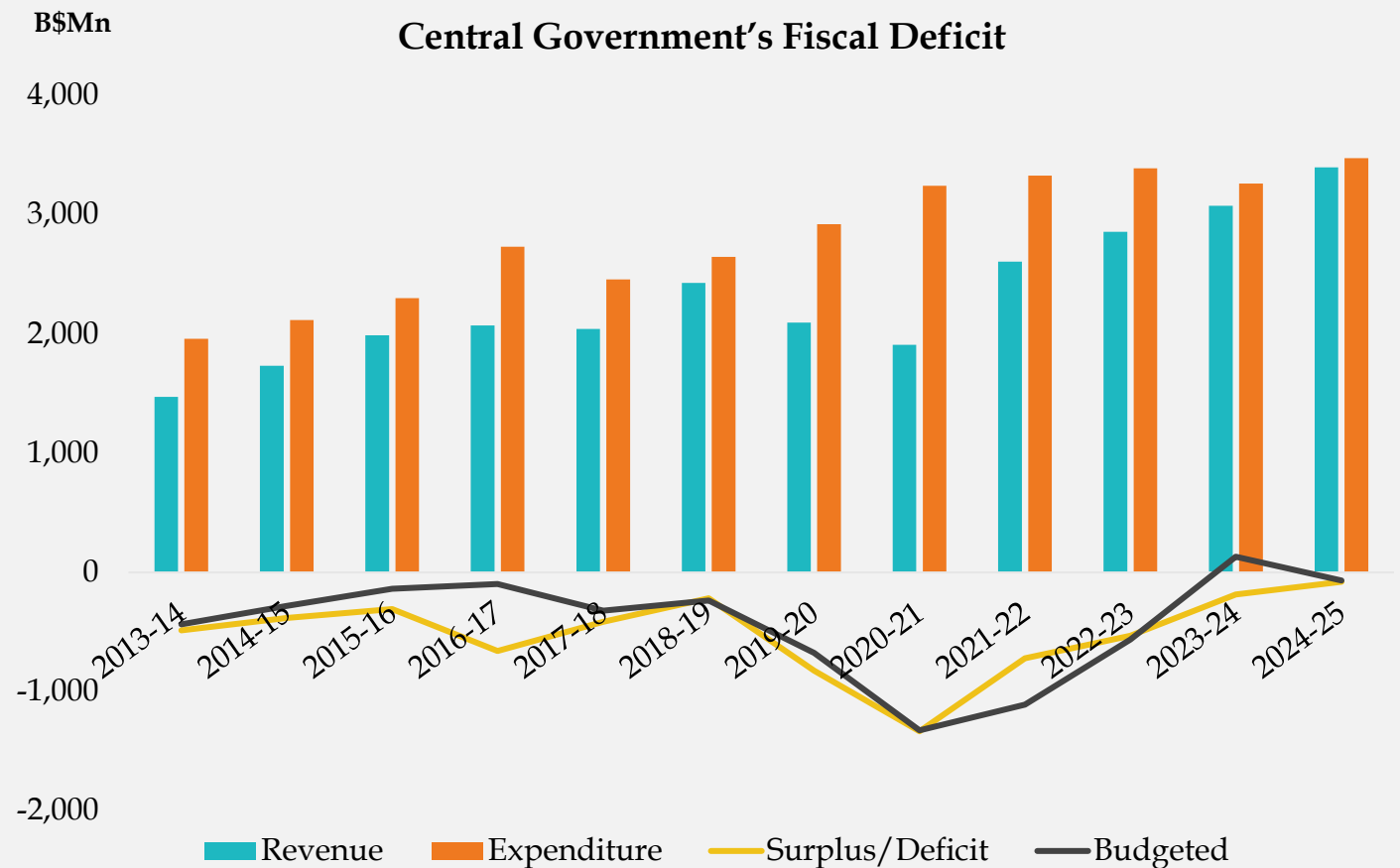
FISCAL SECTOR

Fiscal Sector

Fiscal Year Outcome: FY2024/2025

During FY2024/25, the deficit declined to \$78.9 million, from \$194.0 million in FY2023/2024. Revenue growth outpaced expenditures.

- Total revenue grew by \$326.9 million (10.7%), to \$3,396.0 million.
 - VAT receipts advanced by \$91.8 million (6.8%), to \$1,438.0 million.
- Total spending increased by \$211.8 million (6.5%) to \$3,474.9 million.
 - Recurrent expenditure rose by \$227.8 million (7.7%) to \$3,189.3 million.
 - However, capital spending decreased by \$16.1 million (5.3%) to \$285.6 million.



Source: Bahamas Ministry of Finance
*Data for FY2024/25

FY2024/2025 Budget Projections vs. Actual Outturn

(B\$ Millions)

	Actual Outturn	Budgeted	Difference (+/-)
Revenue	3,396.0	3,543.3	-147.3
Tax Revenue	3,026.4	3,142.7	-116.3
Non-tax Revenue	369.2	394.4	-25.2
Expenditure	3,474.9	3,613.1	-138.2
Recurrent Expenditure	3,189.3	3,268.6	-79.3
Capital Expenditure	285.6	344.5	-58.9



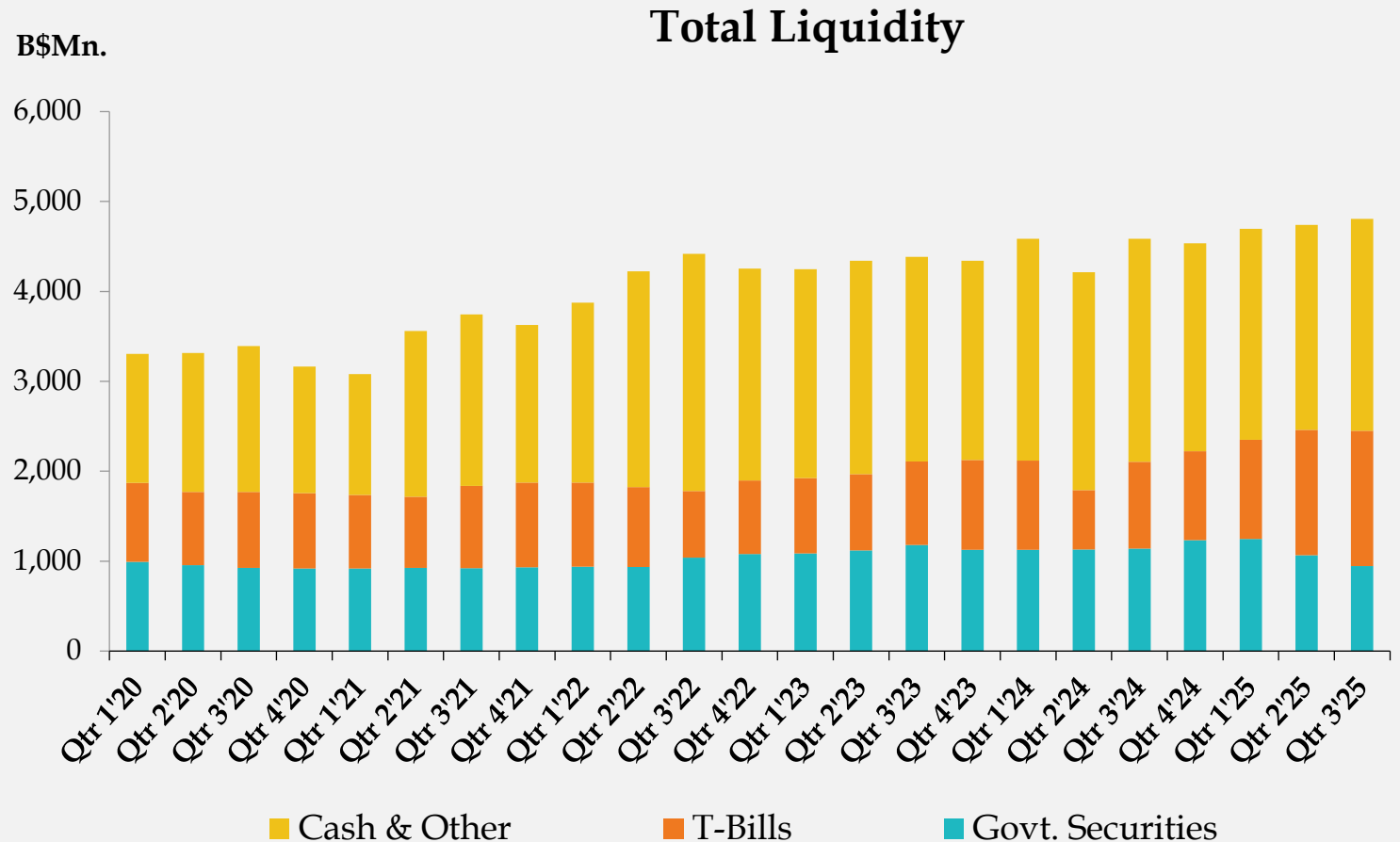
MONETARY SECTOR

Money and Banking: Liquidity Conditions

January-September 2025 vs. 2024

During the third quarter of 2025, bank liquidity and foreign reserves expanded, albeit at a slower pace than in 2024. While deposits growth outpaced the expansion in domestic credit, the pace of lending was accelerated.

- Excess reserves gains narrowed to \$109.2 million from the \$198.2 million.
- Excess liquid assets growth narrowed to \$233.9 million from \$167.6 million.



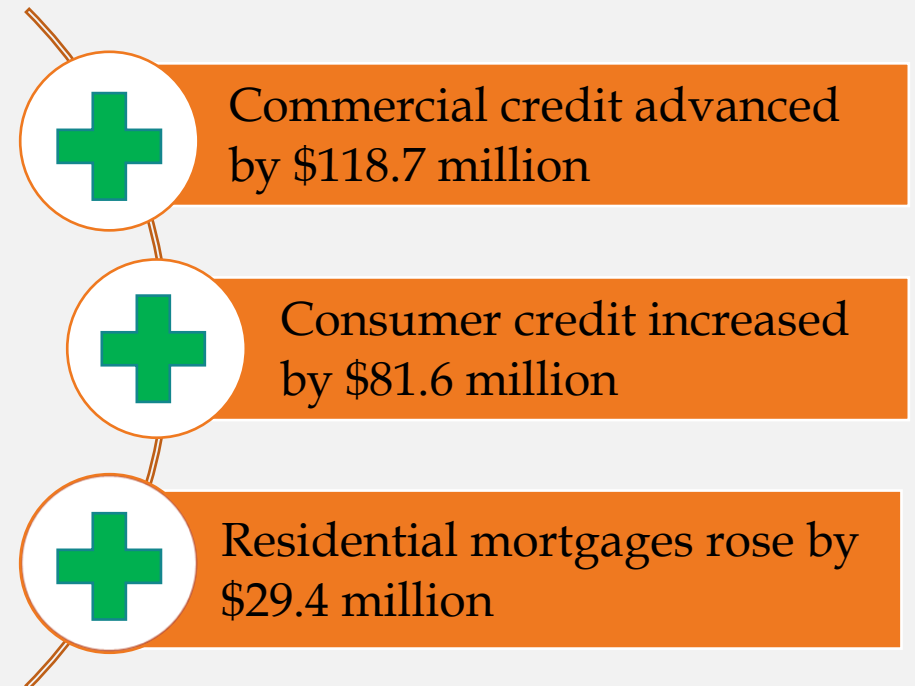
Lending Conditions

January - September 2025 vs. 2024

On a year-to-date basis, total Bahamian dollar credit expansion firmed to \$377.7 million, from the \$159.2 million gain in the comparable 2024 period.

- Net claims on the Government expanded by \$175.3 million, a reversal from last year's \$10.2 million reduction.
- Meanwhile, credit to public corporations decreased by \$27.3 million, a shift from the \$24.4 million increase in the corresponding 2024 period.

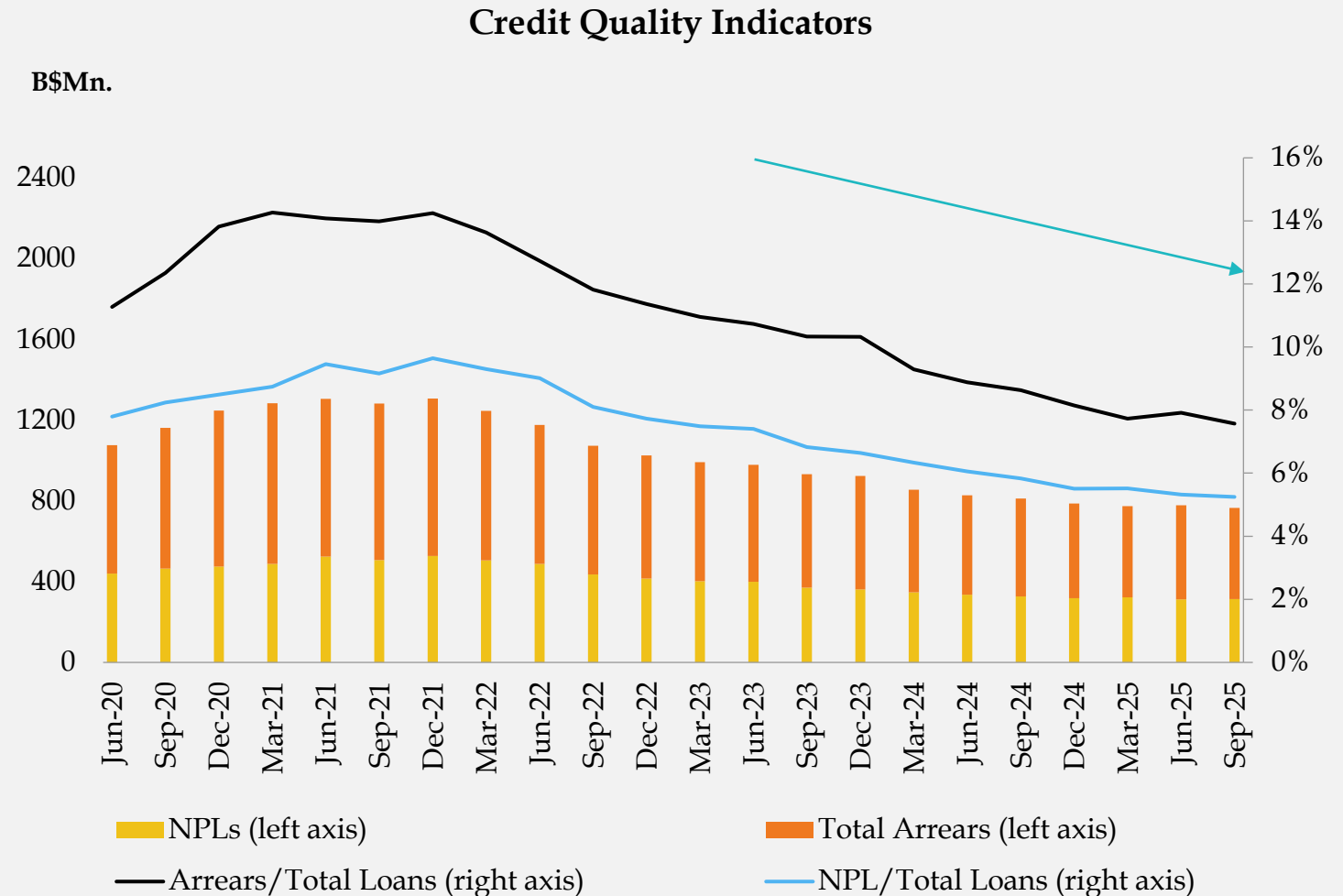
- The growth in private sector credit widened to \$229.7 million, from \$145.0 million in the preceding year.



B\$ Credit Quality Indicators

January-September 2025 vs. 2024

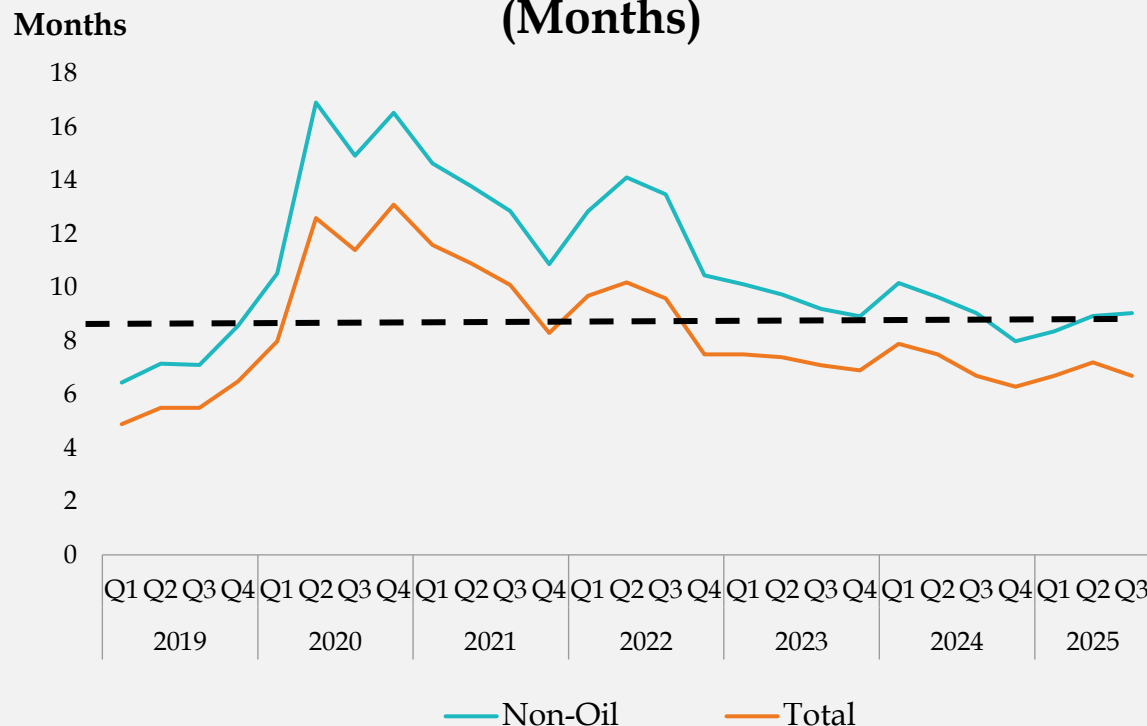
- During the nine-month-period, the average arrears rate for private sector loans lowered to 7.6% from 8.6% last year.
 - The short-term arrears rate was 2.3% (2.8% in September 2024).
 - The NPL rate was 5.3% (5.8% in September 2024).
- Arrears rate by loan type:
 - Mortgages: 10.9% vs 12.6% in 2024.
 - Consumer: 5.7% vs 6.5% in 2024.
 - Commercial: 4.0% vs 3.6% in 2024.



External Reserves

January- September 2025 vs. 2024

Import Cover Ratio (Months)



External Reserves to Demand Liabilities



SOURCE: Central Bank of The Bahamas

On a year-to-date basis, external reserves growth slowed to \$188.6 million from the \$364.9 million in the preceding year. At end-September external balances were:

- Equivalent to 93.2% of the Central Bank's demand liabilities.
- Equivalent to 6.7 months of the current year's total merchandise imports.

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 sandy strip. In the foreground, there are several palm trees and some low-lying vegetation. The overall scene is bright and sunny.

RESULTS FROM BANK LENDING CONDITIONS SURVEY

Bank Lending Conditions Overview (January – June 2025)

- During the six-months to June 2025, bank lending conditions strengthened, vis-à-vis the same period of 2024.
- Both the number of credit applications received and approved increase during the review period.

- Total applications processed: 19,081
 - An 11.5% increase over the first half of 2024.
 - Requests from New Providence accounted for 81.9% of total applications received.
- Approval Rate: 82.0%
- Reasons for personal credit denials include “other” miscellaneous reasons, high debt service ratio (DSR), insufficient time on job, and delinquency in prior loans.

Bank Lending Conditions Overview (January – June 2025)

During the first-half of 2025, bank lending indicators improved, evidenced by a rise in the number of credit applications received and approved, relative to June 2024.

Consumer Applications

- Consumer applications rose by 14.8%, year-on-year and accounted for 94.4% of total loans.
- Meanwhile, the approval rate firmed by 1.6 percentage points to 83.0%

Mortgage Applications

Total mortgage applications received reduced by 13.4%, from 26.9% in the six-months to June 2024.

Further, the approval rate narrowed by 0.3 percentage points, to 53.9%.

Commercial Applications

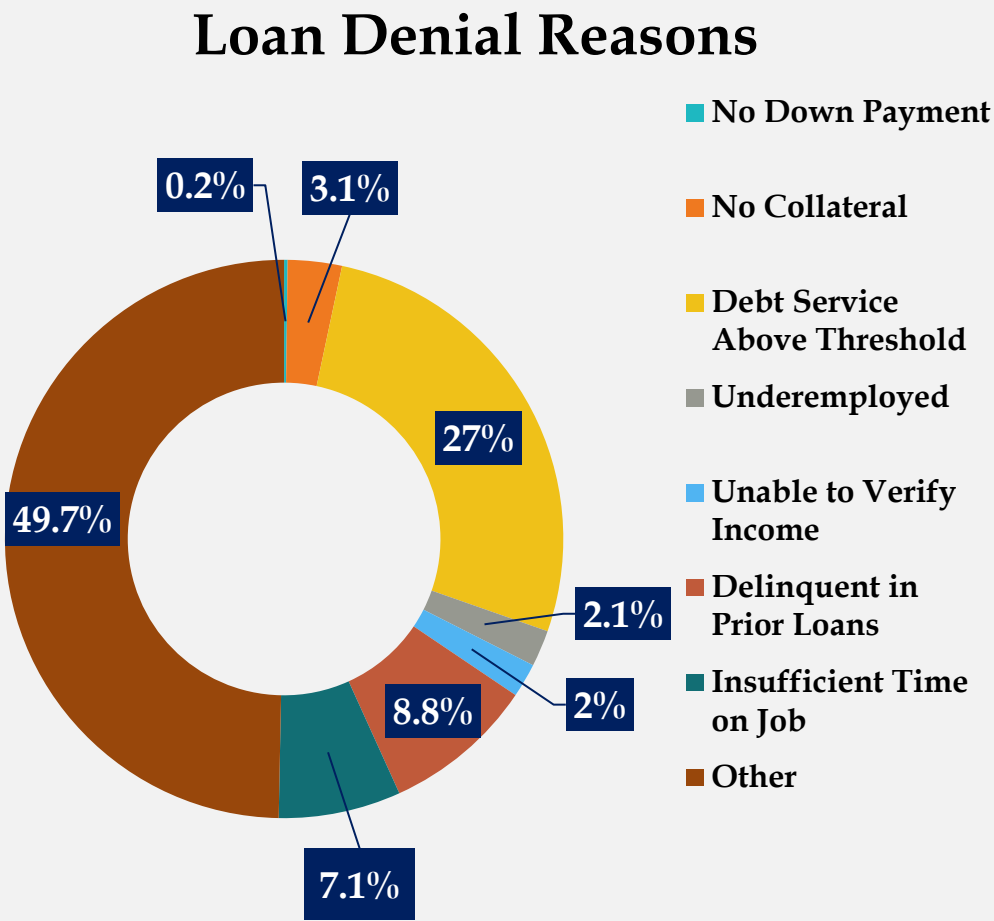
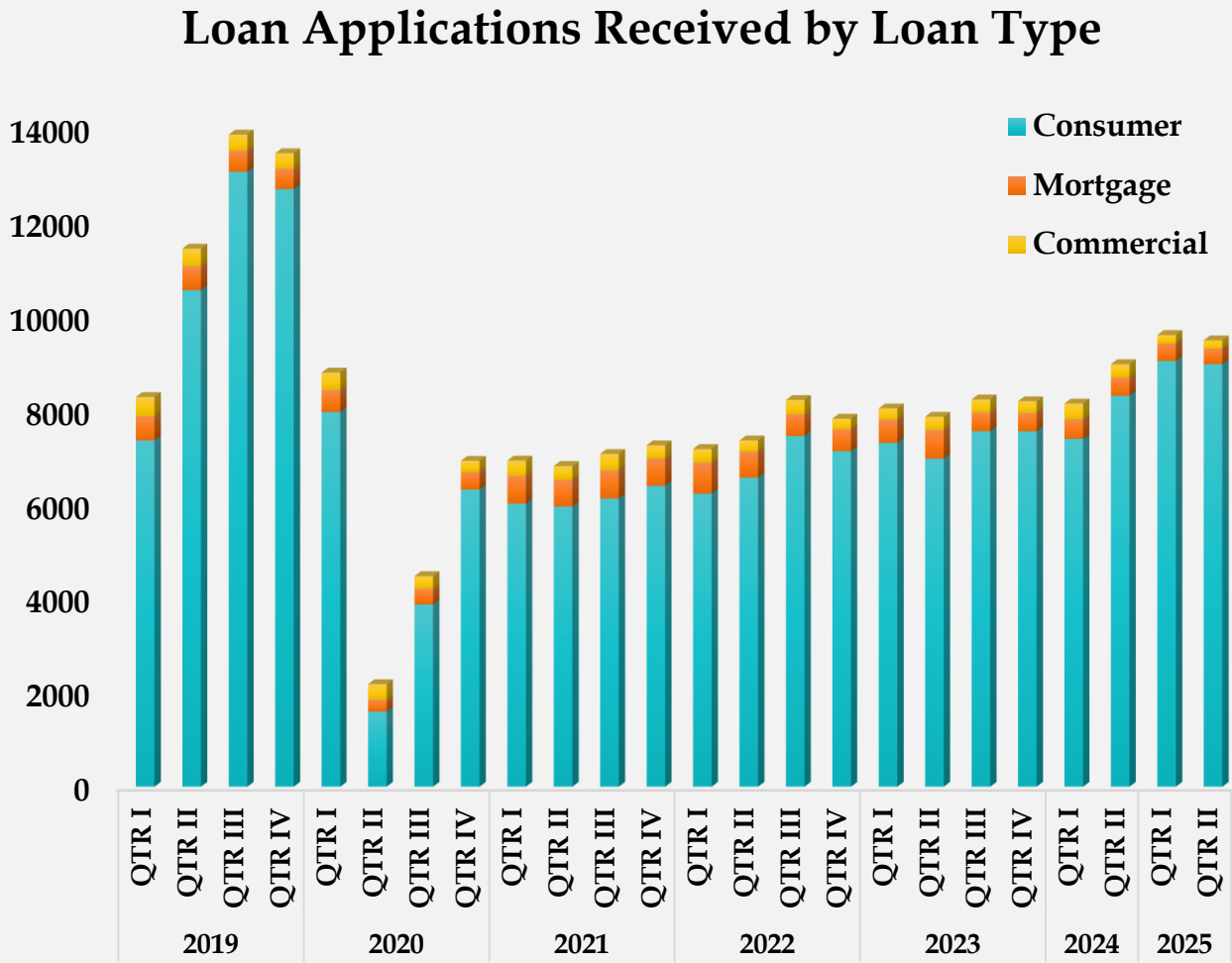
- Commercial applications requests contracted by 41.3% year-on-year, attributed to no recorded applications in the Family of Islands.
- Moreover, the approval rate declined by 2.3 percentage points, to 88.5%, relative to June 2024.

Loan Denials

- Lenders continued to cite “other” miscellaneous reasons such as high debt service ratio (DSR), delinquency in prior loans, and insufficient time on the job, as key reasons for rejected applications.

Bank Lending Conditions Overview

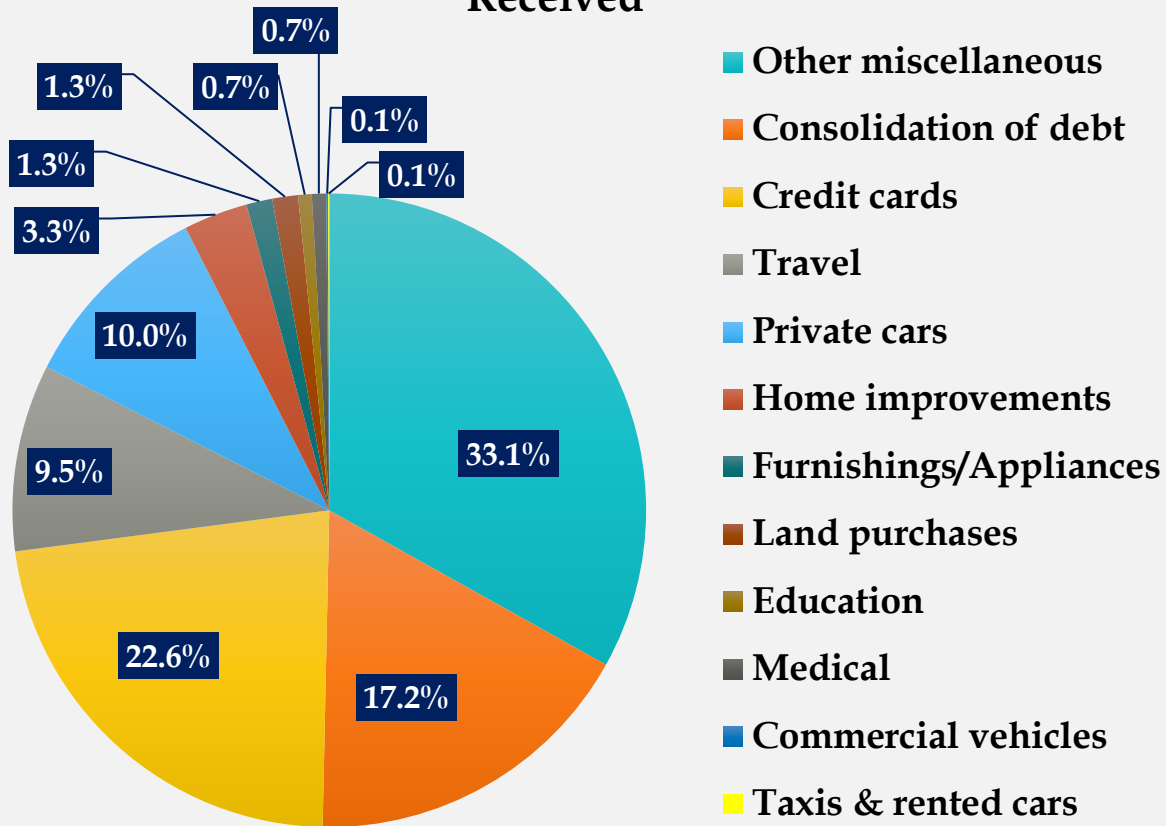
(January – June 2025)



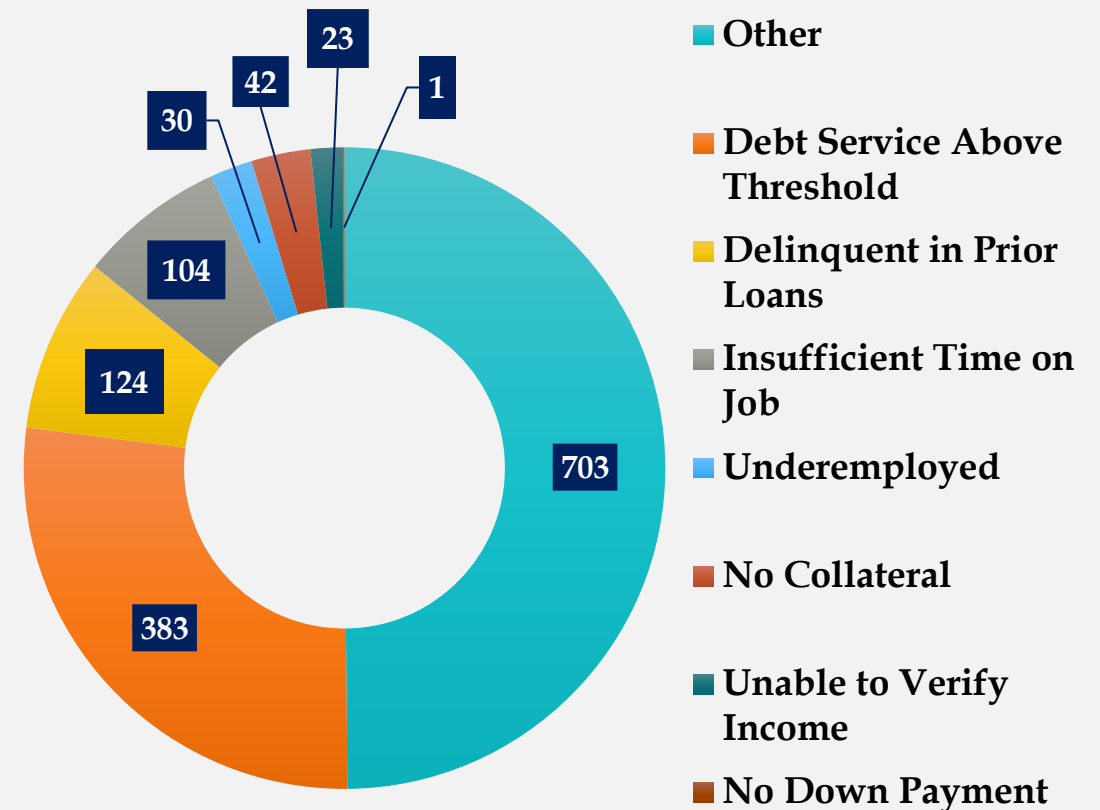
Source: The Central Bank of The Bahamas

Bank Lending Conditions (Consumer Loan Applications)

Largest Categories of Consumer Loan Applications Received

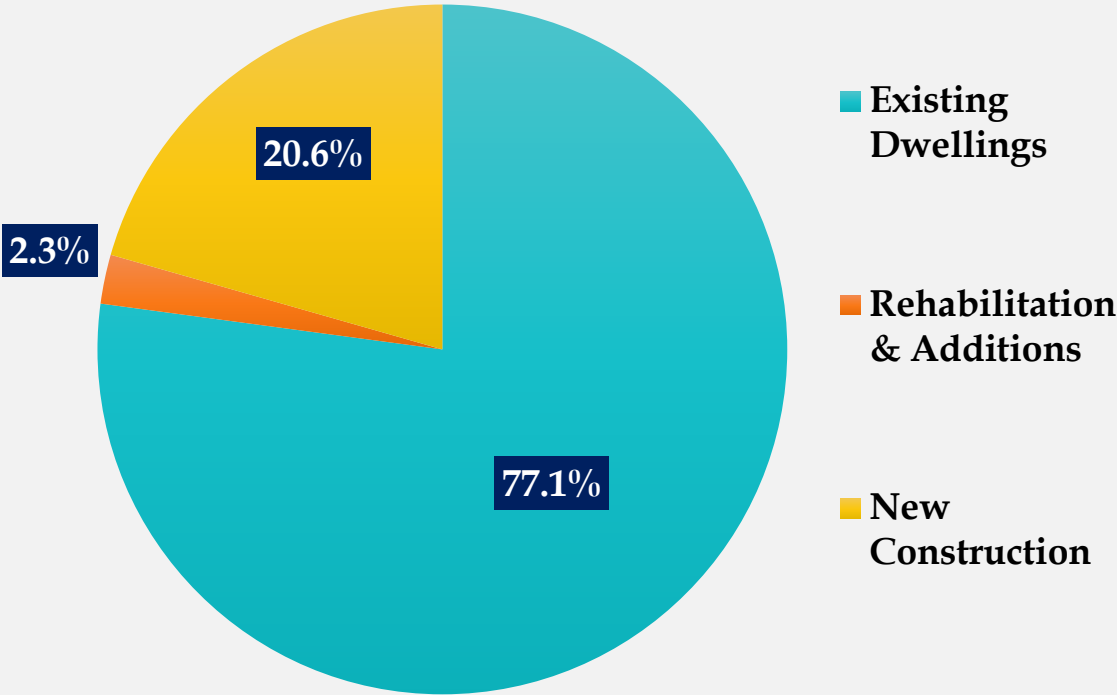


Reasons for Consumer Loan Denials

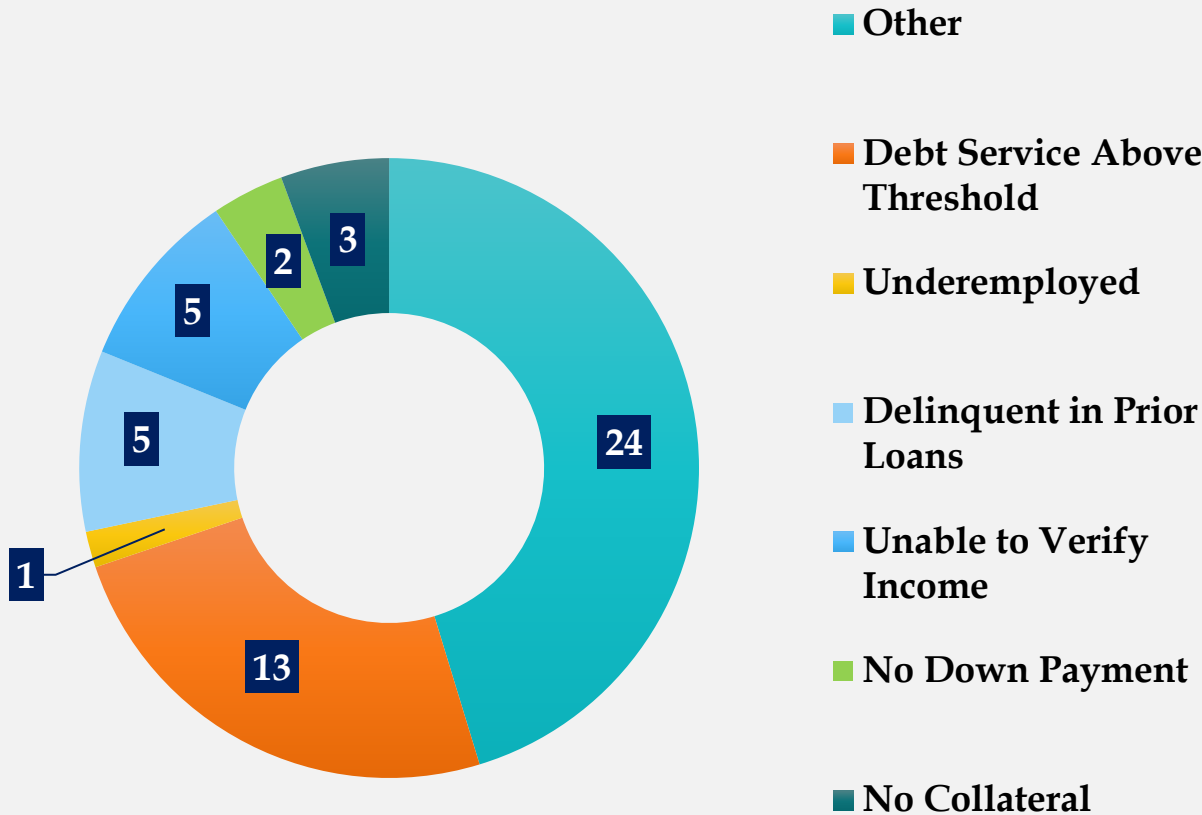


Bank Lending Conditions (Mortgage Applications)

Residential Mortgages Applications



Reasons for Mortgage Loan Denials





OUTLOOK

Real Sector

- The domestic economy's growth pace is expected to remain moderated over the rest of 2025 compared to 2024, as performance indicators converge toward their medium-term potential, with gains continuing to be heavily dependent on the tourism sector.
- Downside risks to the outlook, associated primarily with external factors, include higher tariffs on international trade, and uncertainties regarding the future direction of trade policies in the US and other major economies, geopolitical tensions, and elevated global oil prices.
- Employment conditions are expected to further improve with job gains concentrated primarily in the tourism and construction sectors.
- Regarding prices, inflation could rise as a result of higher imported costs primarily from the US, and potential supply chain disruptions, connected to increased trade barriers. Other upside risks included prolonged geopolitical tensions in Eastern Europe and the Middle East.

Fiscal Sector

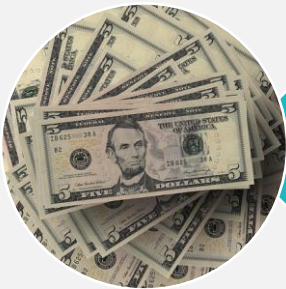
- Government's net financing needs gap are anticipated to continue to decline, amid gains in revenue, associated with tourism and improvements on taxable economic activities.
- Gross borrowing needs are expected to reflect a mix of domestic and external sources, but with increased concertation from the domestic market.

Monetary Sector and External Reserves



Banking sector liquidity is expected to moderate, but remain high 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 decrease, but remain at healthy levels in 2025, staying above international benchmarks, supported by receipts from the Government's external borrowings, tourism, and other private sector activities.

Balances are anticipated to remain at satisfactory levels 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

Higher foreign currency demand amid 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

