

Quarterly Economic and Financial Developments Report

December 2025

Research Department



Domestic Economic Developments

Indications are that the domestic economy's positive growth momentum continued in 2025, relative to 2024, as key economic indicators continued to normalize closer to their expected medium-term potential. Tourism output registered healthy, though tempered gains, as the high value-added stopover segment remained constrained by capacity limitations. However, performance in the cruise sector remained buoyant. Further, foreign investment projects, concentrated in the onshore cruise attractions, continue to provide support to economic growth.

Real Sector

- Tourist arrivals expanded by 11.4% to 12.5 million in 2025, owing primarily to gains in the cruise sector.
- A stopover visitor indicator, departures through Nassau Int'l Airport fell by 2.1% to 1.6 million, a reversal from a 2.6% increase in 2024.
- In the 12 months to July 2025, the retail price index declined marginally (inflation was negative), when compared with the same period in 2024.

Monetary Sector

- During 2025, bank liquidity (excess reserves) decreased by \$40.2 million, overturning the \$18.2 million accumulation in the preceding year. However, excess liquid assets (a broader measure) growth widened to \$151.2 million from \$75.9 million a year earlier



TOURISM SECTOR

Visitor Arrivals

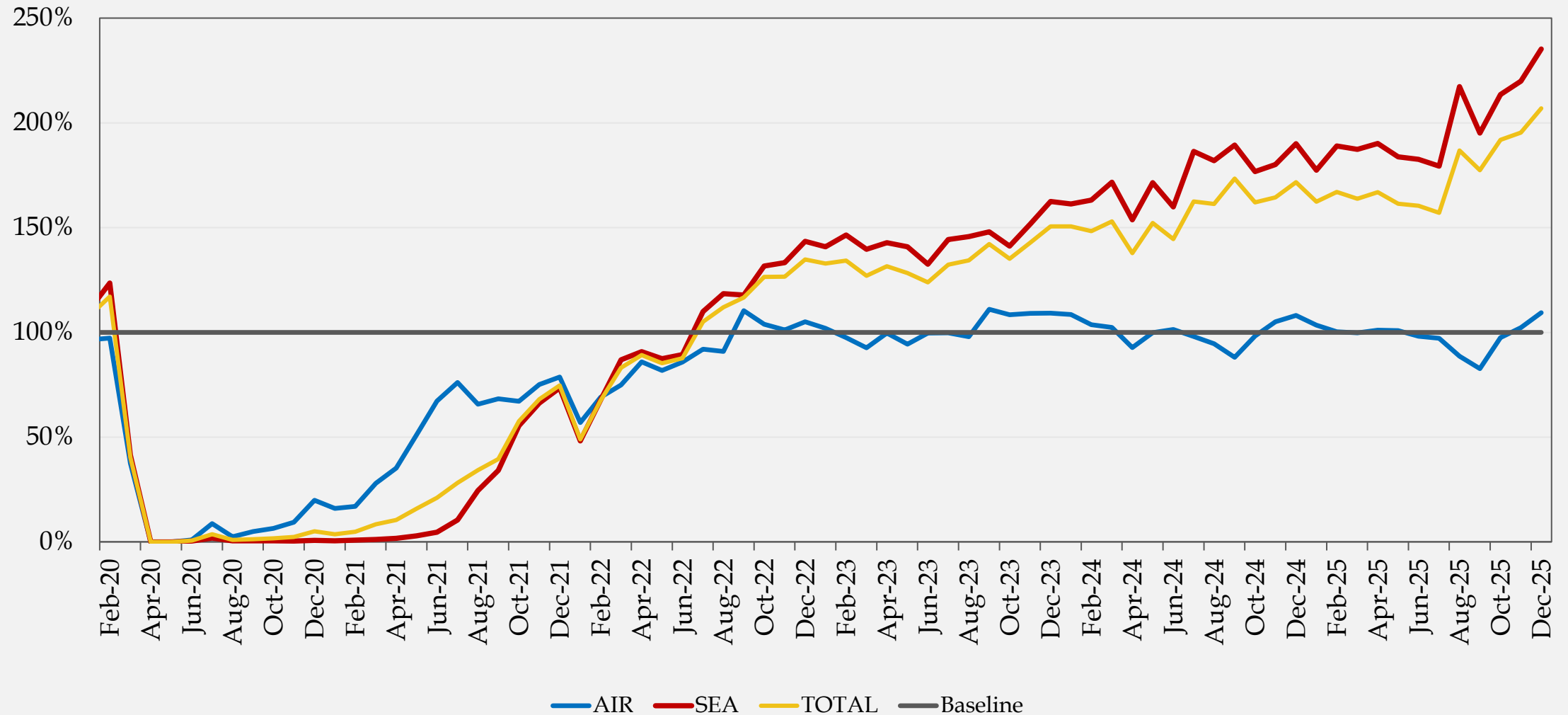
(January – December 2025)

Official data from the Ministry of Tourism revealed that total visitor arrivals rose by 11.4% to 12.5 million visitors in 2025, relative to 2024.

- Sea arrivals expanded by 13.8% to 10.8 million, compared to the prior year.
- However, air arrivals fell by 1.6% to 1.7 million, vis-à-vis 2024.

	New Providence (% Change)		Grand Bahama (% Change)		Family Islands (% Change)	
Arrivals	2024	2025	2024	2025	2024	2025
Air	-0.6	-2.2	8.7	19.7	0.0	-2.8
Sea	25.3	6.5	1.2	99.1	17.9	10.8
Total	17.6	4.3	1.9	91.2	16.6	10.0

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

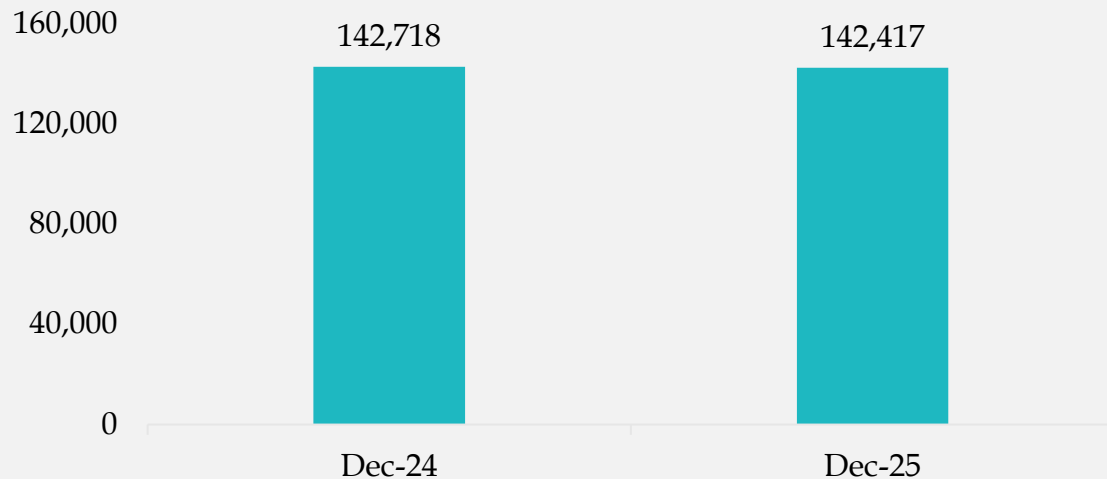


Nassau Airport Development (NAD) International Departures January – December 2025

Total departures through the Nassau Airport edged down by 0.2% to 142,417 passengers in December, compared to the previous year.

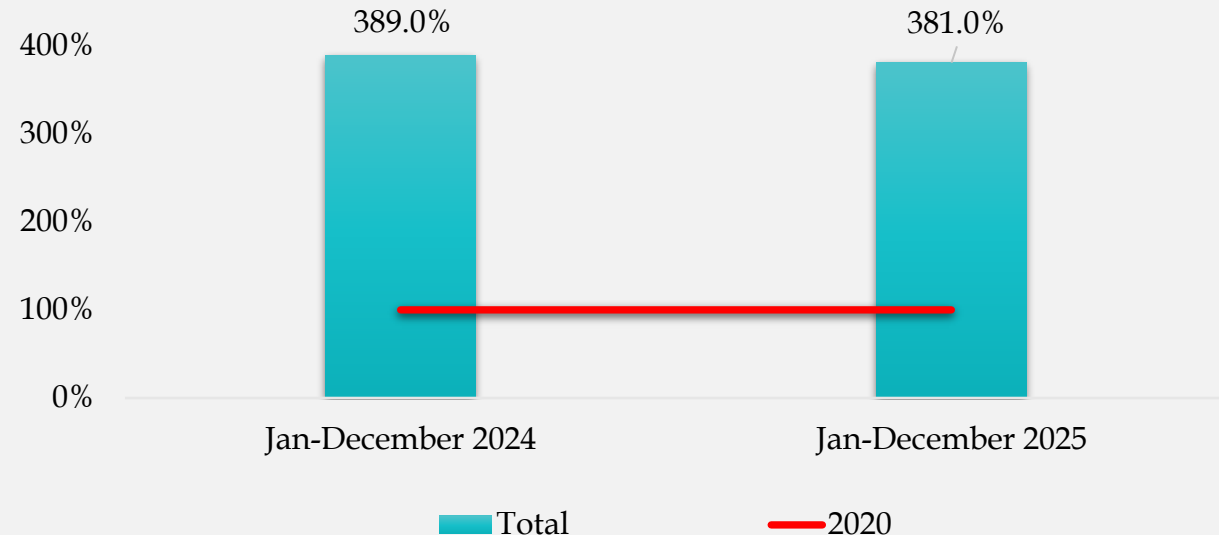
On an annual basis, total departures decreased by 2.1% to 1.6 million, relative to 2024.

**International Departures
December 2024 vs December 2025**



Source: Nassau Airport Development Company

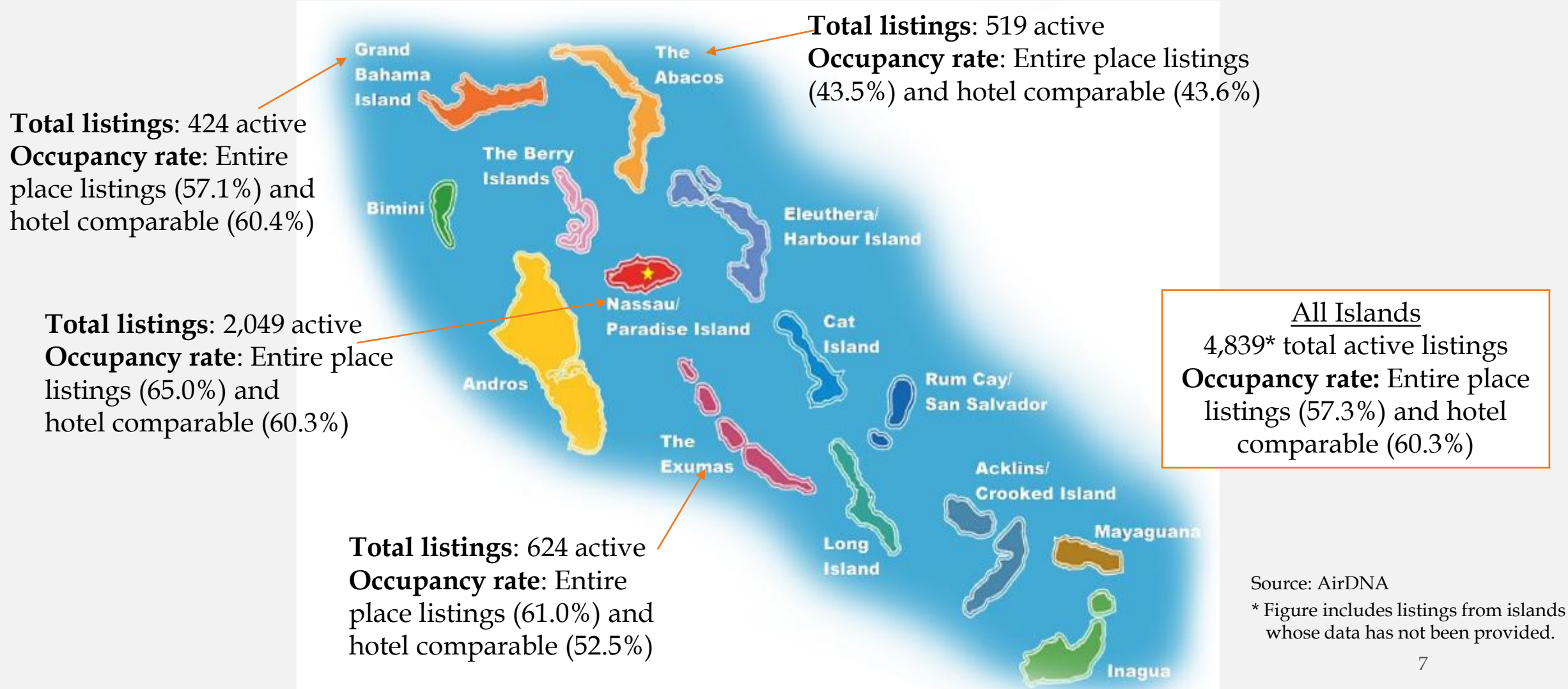
**January – December 2025 Departures
vs. 2020 Baseline (=100%)**



*All figures are net of domestic departures.

Airbnb: Snapshot of Vacation Rentals

(as at December 2025)



Vacation Rentals: Occupancy Rates

(January - December 2025 vs 2024)

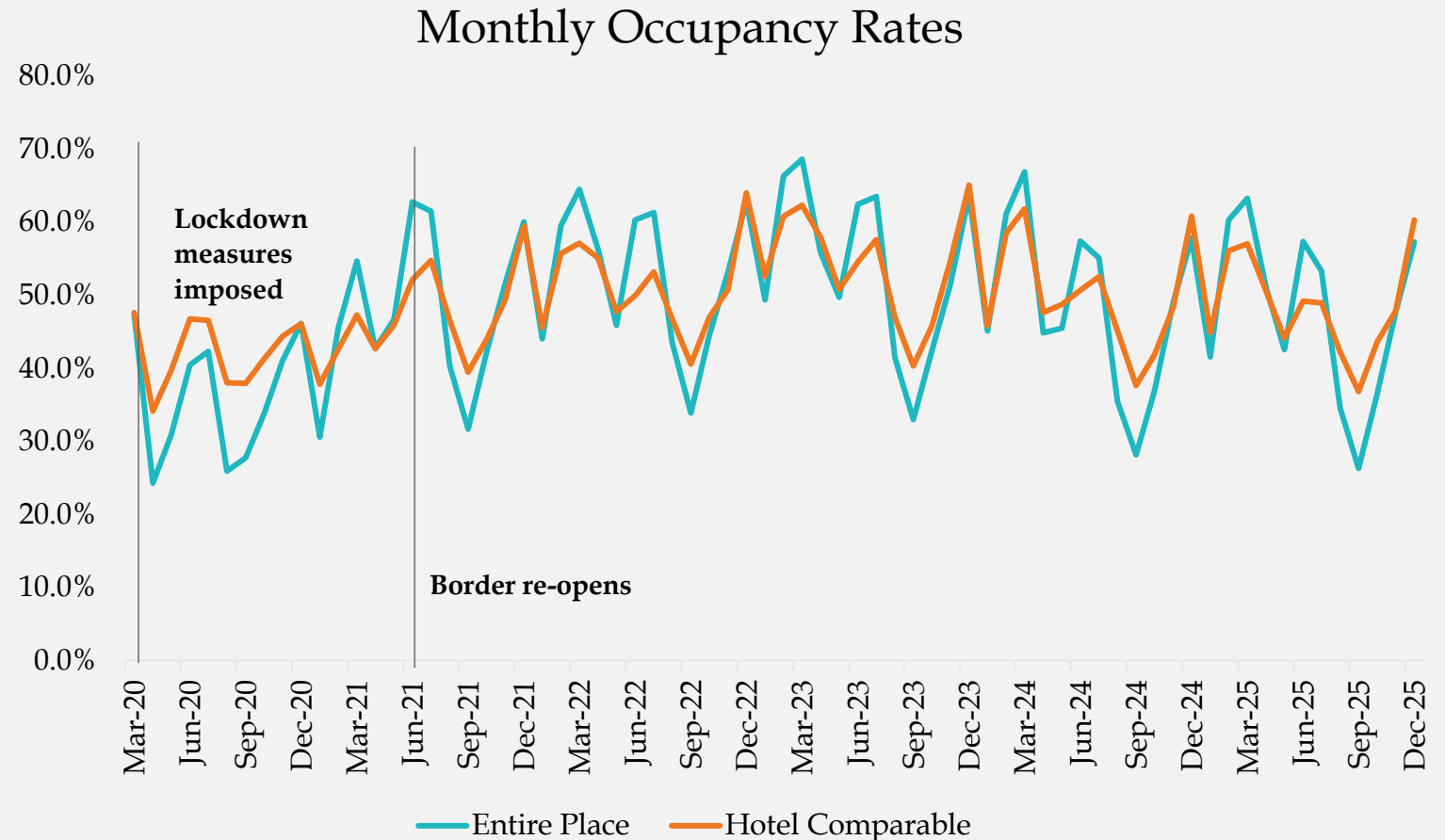
Vacation rental occupancy levels trended downward in 2025, as room inventory grew faster than total sales.

Entire Place Listings

- The average occupancy rate lowered to 47.6%, from 48.6% last year.

Hotel Comparable Listings

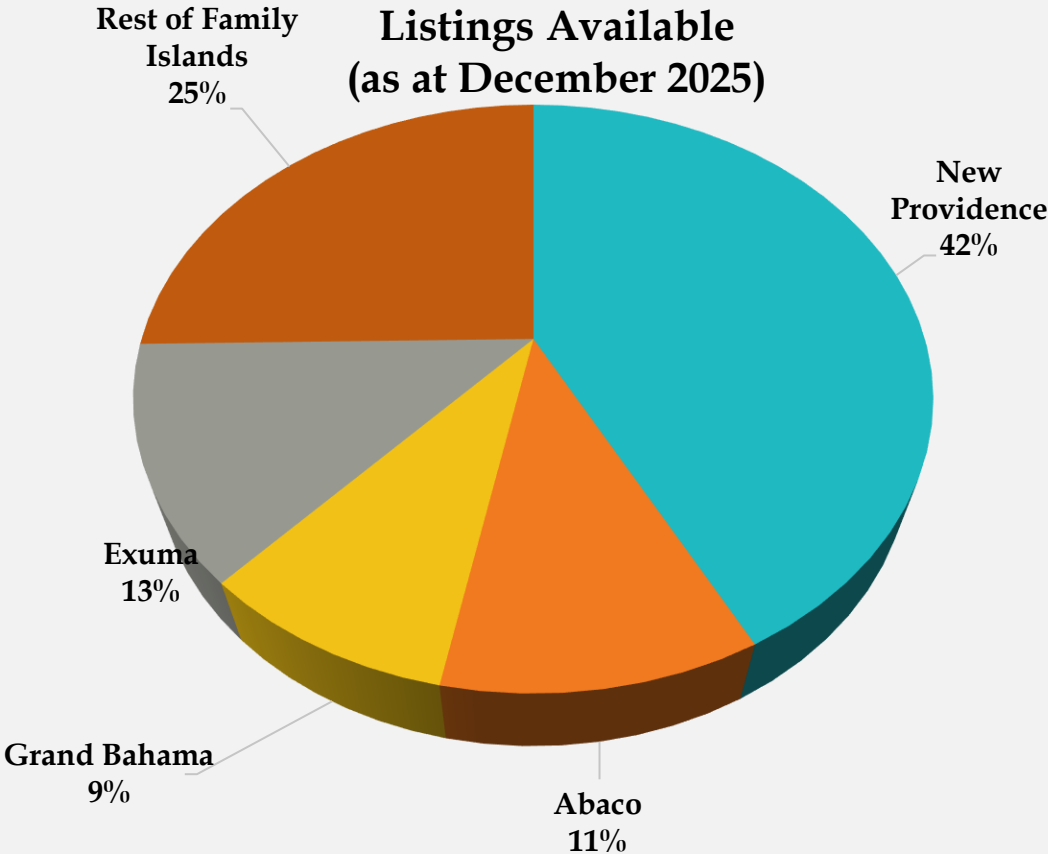
- The average occupancy rate narrowed to 48.5%, from 50.0% in the previous year.



Source: AirDNA

Vacation Rental: Market Share by Island (December 2025)

During the twelve month period, short-term vacation rental listings rose across all of the major islands, vis-à-vis the comparative 2024 period. New Providence and the remaining Family Islands accounted for approximately 67.0% of total listings.



In December, listings for Abaco and Grand Bahama increased by 14.6% and 14.0%, respectively, compared to the same period last year. Likewise, listings for Exuma and Nassau grew by 2.3% and 1.1%, relative to the December 2024.

All Available Listings				
	Sept 2024	Dec 2024	Sept 2025	Dec 2025
Abaco	223	453	271	519
Grand Bahama	313	372	335	424
New Providence	1,413	2,027	1,228	2,049
Exuma	447	610	427	624

An aerial photograph of a tropical beach. The water is a vibrant turquoise color, transitioning to a deeper blue further out. A wide, white sandy beach curves along the shoreline. In the foreground, there are several palm trees and some small structures. The sky is clear and bright blue.

SELECTED APPROVED FOREIGN INVESTMENT PROJECTS

Selected New Foreign Investment Projects

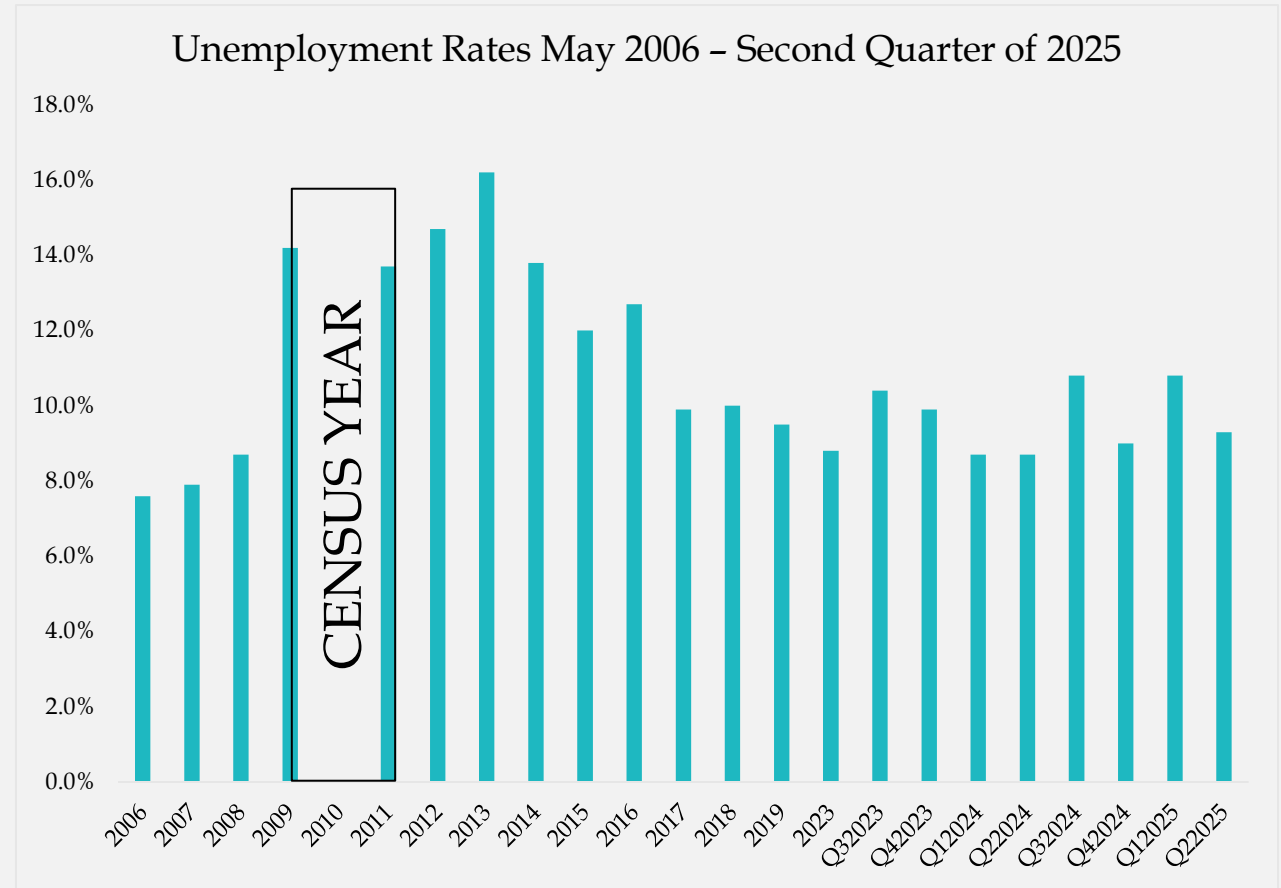
Berry Islands	Abaco	Crooked Island
<p><u>Vital Shores LLC</u> <u>Industry: Hospitality and Tourism</u></p> <ul style="list-style-type: none"> Vital Shores LLC received approval to acquire various parcels of land, that comprise the Great Harbor Cay, Resort, Marina, and Golf Course for \$35.0 million. 	<p><u>Trinity Holdings Red Incorporated</u> <u>Industry: Financial Services/Investment</u></p> <ul style="list-style-type: none"> Received approval to purchase all of the interests in SBR Ultra Lux LLC, who holds title to the Serenity Point Subdivision, known as the Serenity Beach Resort. The company also received approval to purchase the Schooner Bay Residence. Both properties will be re-developed by Trinity Holdings Red. Inc. for a total of \$194.0 million. 	<p><u>Parktown BHS Holdings Limited</u> <u>Industry: Hospitality and Tourism</u></p> <ul style="list-style-type: none"> Received approval to construct an \$8.0 million, seven structure retreat in French Wells Town, Landrail Point, Crooked Island. The property will have accommodation units, an entertainment space, a clubhouse, gym, game room, pool and a lounge.

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

Unemployment Rates

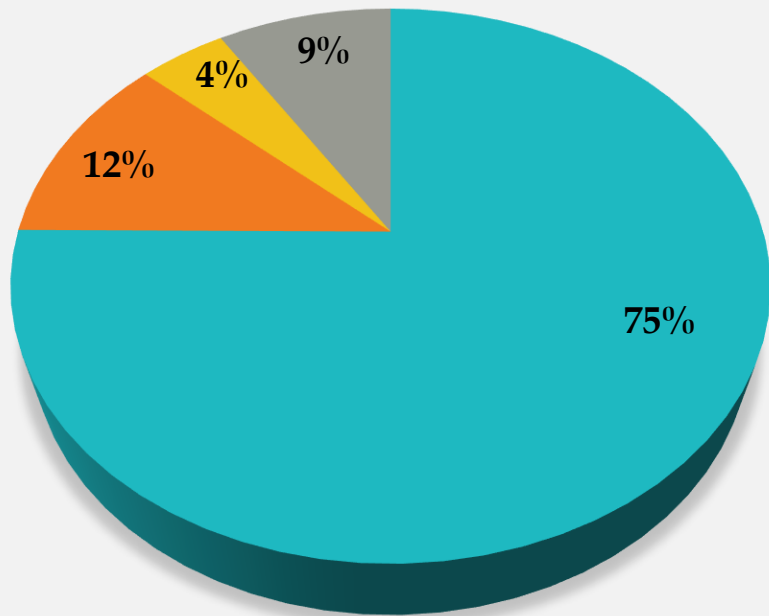
- In the second quarter of 2025, the unemployment rate fell to 9.3%, from 10.8% in the previous quarter, but still above the 8.7% same period last year.
- The number of employed persons rose to 218,620, from 213,210 in the comparable 2024 period.
 - In New Providence, the jobless rate which measured 9.3% in the second quarter, firmed by 0.7 percentage points year-on-year.
 - In Grand Bahama, the unemployment declined to 9.4% compared to 9.8% in same period last year.
 - In Abaco, the jobless rate reduced to 10.6% in the second quarter, vis-à-vis 14.0% in the comparable 2024 period.



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

Labour Market Share (Second Quarter of 2025)

Labour Market Shares as at Second Quarter 2025



■ New Providence ■ Grand Bahama ■ Abaco ■ Family Islands

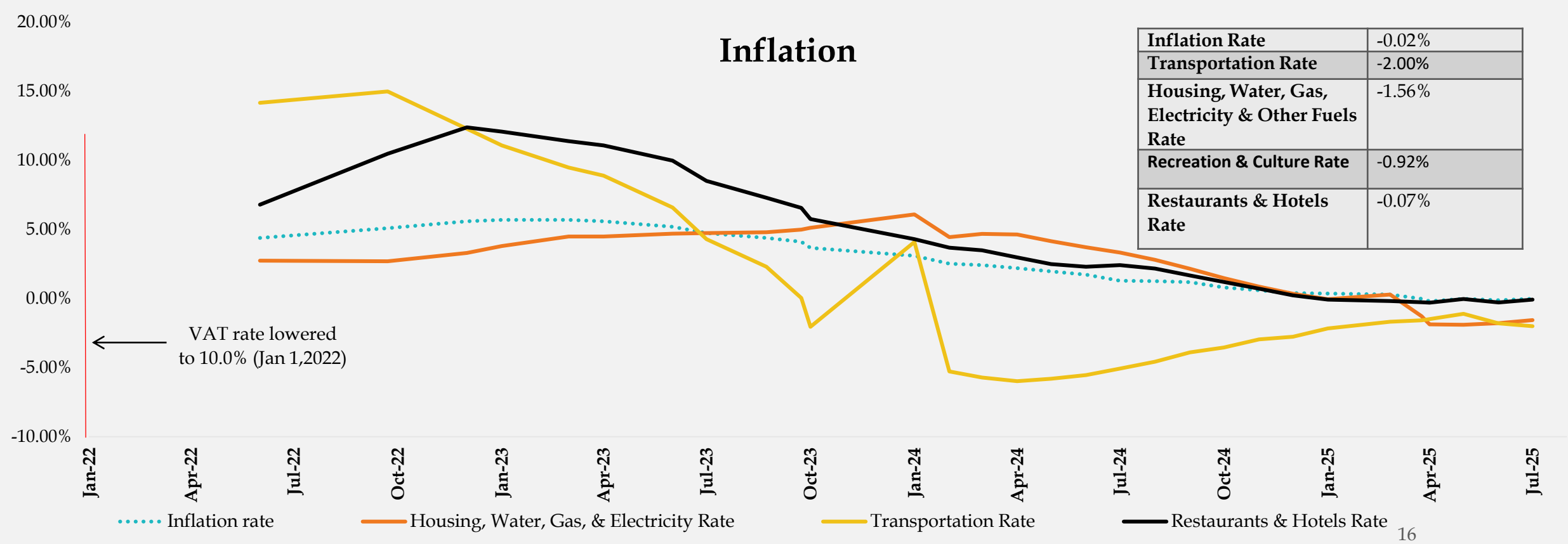
- A breakdown by island revealed that approximately 75.0% of the surveyed labour force was in New Providence.
- Grand Bahama and Abaco account for a combined 16.0% of the total labour force surveyed, with the remainder (9.0%) from the other Family Islands.



INFLATION

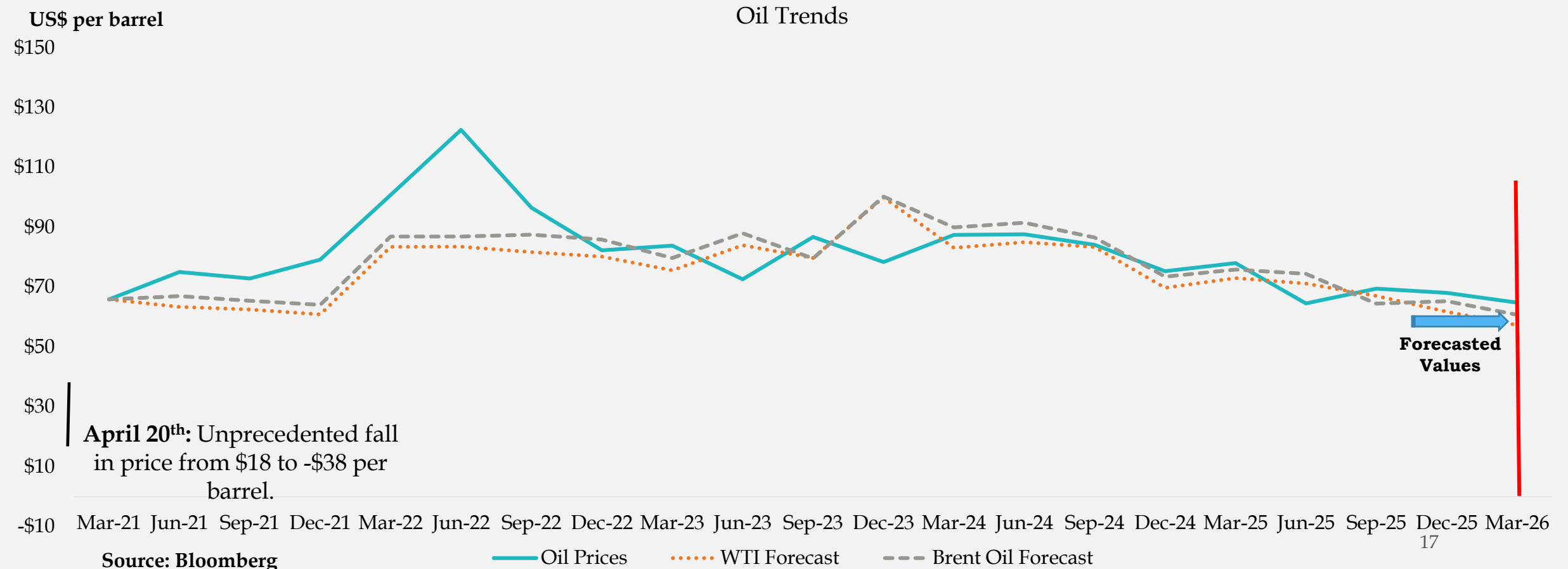
Retail Price Index

In the 12 months to July 2025, the inflation was incrementally negative, compared to a positive rate of 1.5% in the same period last year. The 2025 period reflected reductions in the average costs for transportation; housing, water, gas, electricity & other fuels; recreation & culture; and restaurants & hotels.



Oil Price Trends

During the final month of the year, the price of crude oil decreased by 4.8% to \$61.96 per barrel. On the supply-side, OPEC's crude oil production decreased by 0.6% to approximately 42.8 million barrels per day.



A wide-angle photograph of a tropical beach. The foreground shows a white sandy beach with several palm trees and some small structures. The water is a vibrant turquoise color, transitioning to a deeper blue further out. The horizon is visible in the distance under a clear sky.

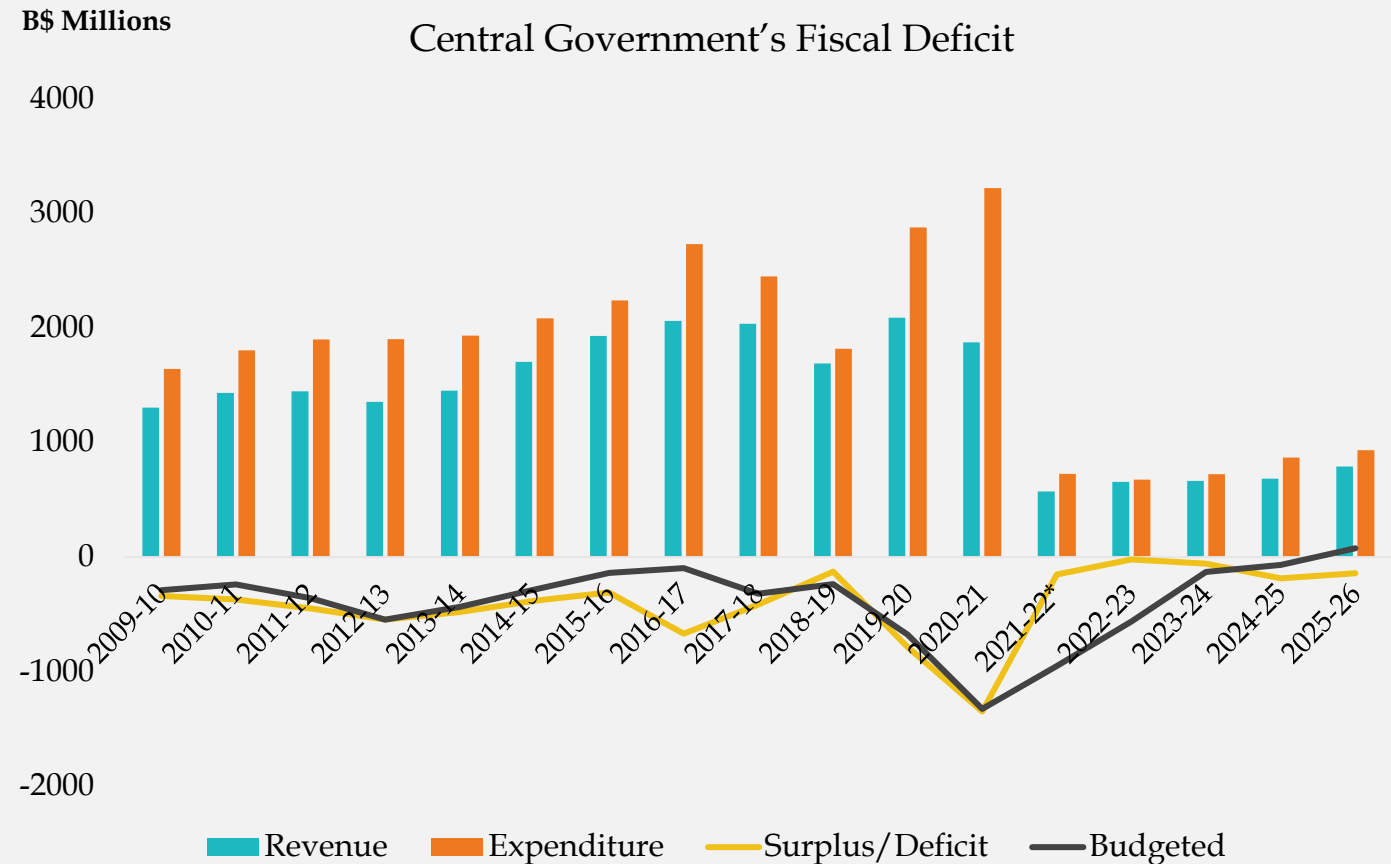
FISCAL SECTOR

Fiscal Sector

Provisional First Three Months: FY2025/2026

During the first three months of FY2025/2026, the deficit declined to \$141.1 million, from \$177.6 million in the corresponding fiscal period of the previous year, as the increase in total revenue surpassed the rise in aggregate expenditure.

- Total revenue expanded by \$107.0 million (15.7%), to \$789.6 million.
 - Of significance, taxes on goods and services advanced by \$77.9 million (19.3%) to \$481.4 million, and VAT receipts grew by \$70.0 million (20.6%) to \$409.4 million.
- Total expenditure rose by \$70.6 million (8.2%) to \$930.7 million.
 - Recurrent expenditure increased by \$64.6 million (8.7%) to \$803.8 million.
 - Capital spending moved higher by \$6.0 million (5.0%) to \$127.0 million.



Source: Bahamas Ministry of Finance
 *Data for Q1 2025/2026

Budget Projections vs. Actual Outturn First Three Months of FY2025/2026

			(B\$ Millions)
	Actual Outturn	Budgeted	% of Budget
Revenue	789.6	3,896.3	20.3
Tax Revenue	717.8	3,439.2	20.9
Non-tax Revenue	71.8	447.9	16.0
Expenditure	930.7	3,820.8	24.4
Recurrent Expenditure	803.8	3,444.5	23.3
Capital Expenditure	127.0	376.3	33.7



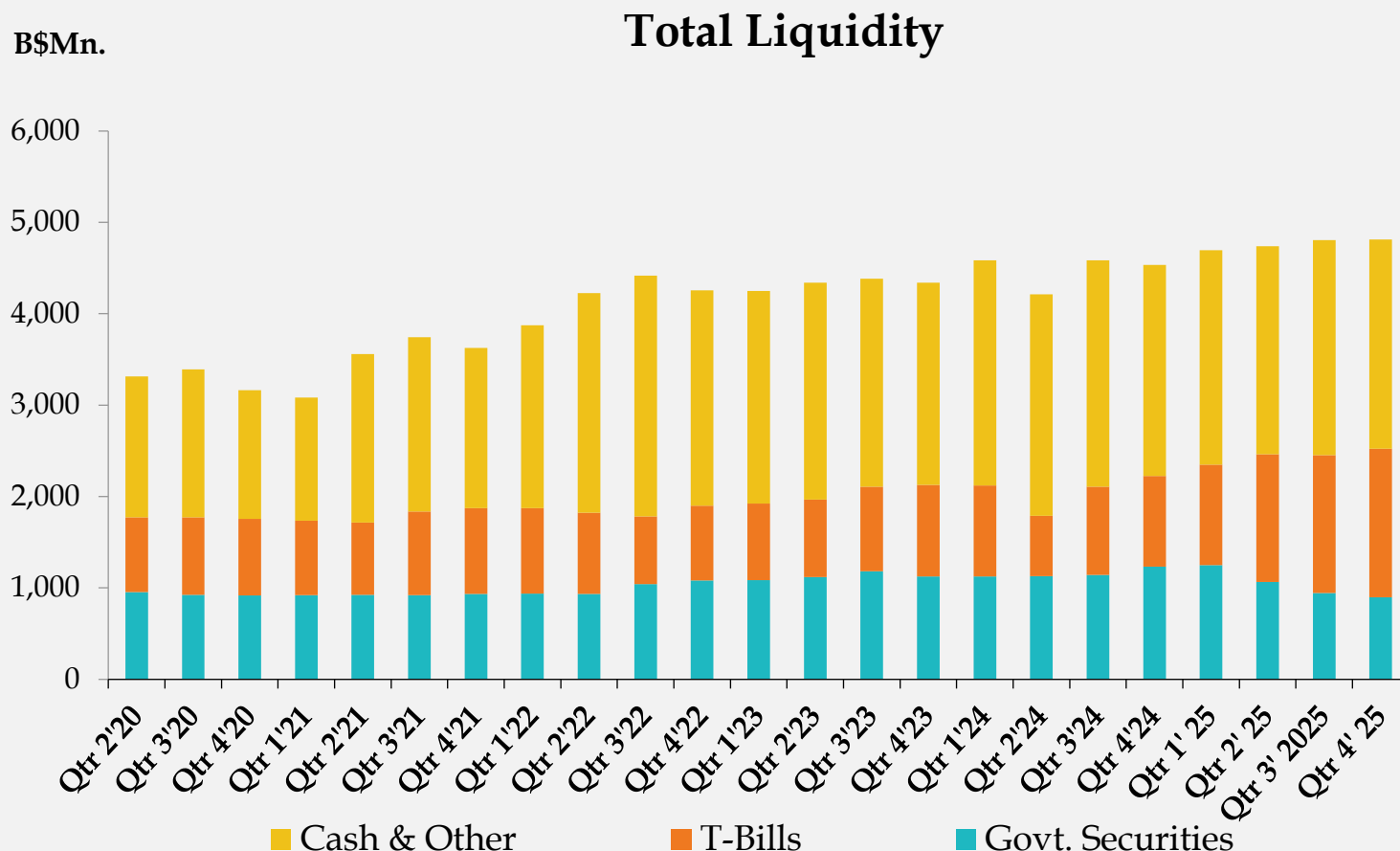
MONETARY SECTOR

Money and Banking: Liquidity Conditions

January-December 2025 vs. 2024

Monetary trends during the year featured an expansion in broad measure of liquidity (which includes government debt instruments), but a contraction in narrow measure, declined vis-à-vis the previous year.

- Excess liquid assets grew by \$151.2 million, extending the \$75.9 million buildup in 2024.
- Conversely, excess reserves (narrow liquidity) decreased by \$40.2 million, a reversal from an \$18.2 million increase in the prior year.



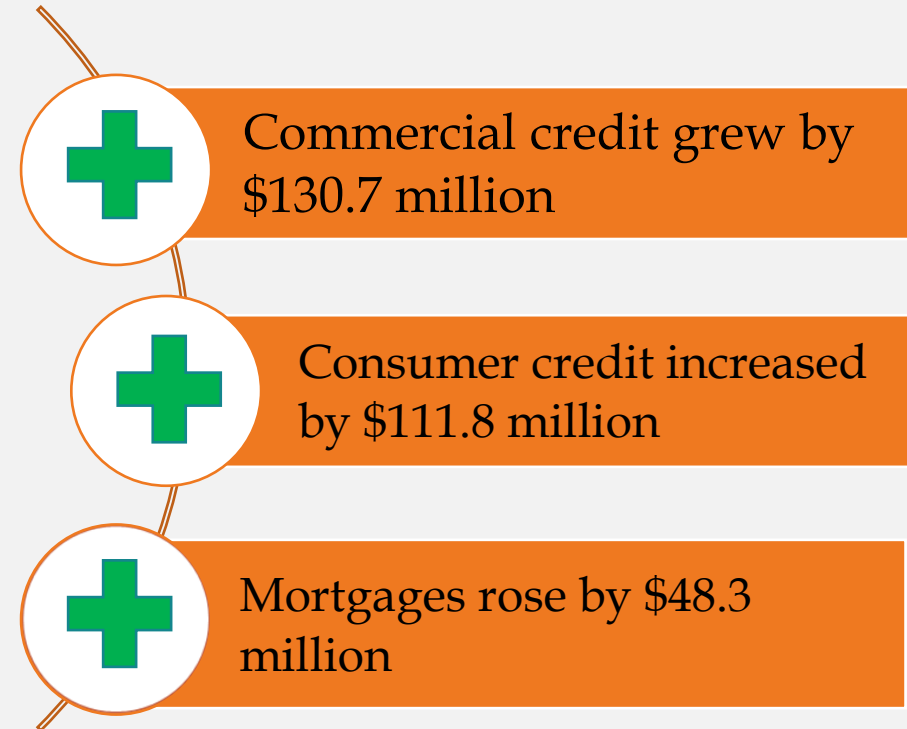
Lending Conditions

January – December 2025 vs. 2024

During the year, the growth in total Bahamian dollar credit slowed to \$398.1 million, from \$427.9 million in 2024.

- Growth in net claims on the Government expanded marginally to \$120.4 million from \$116.4 million last year.
- Credit to public corporations decreased by \$13.2 million, a shift from the \$14.8 million gain in the preceding year.

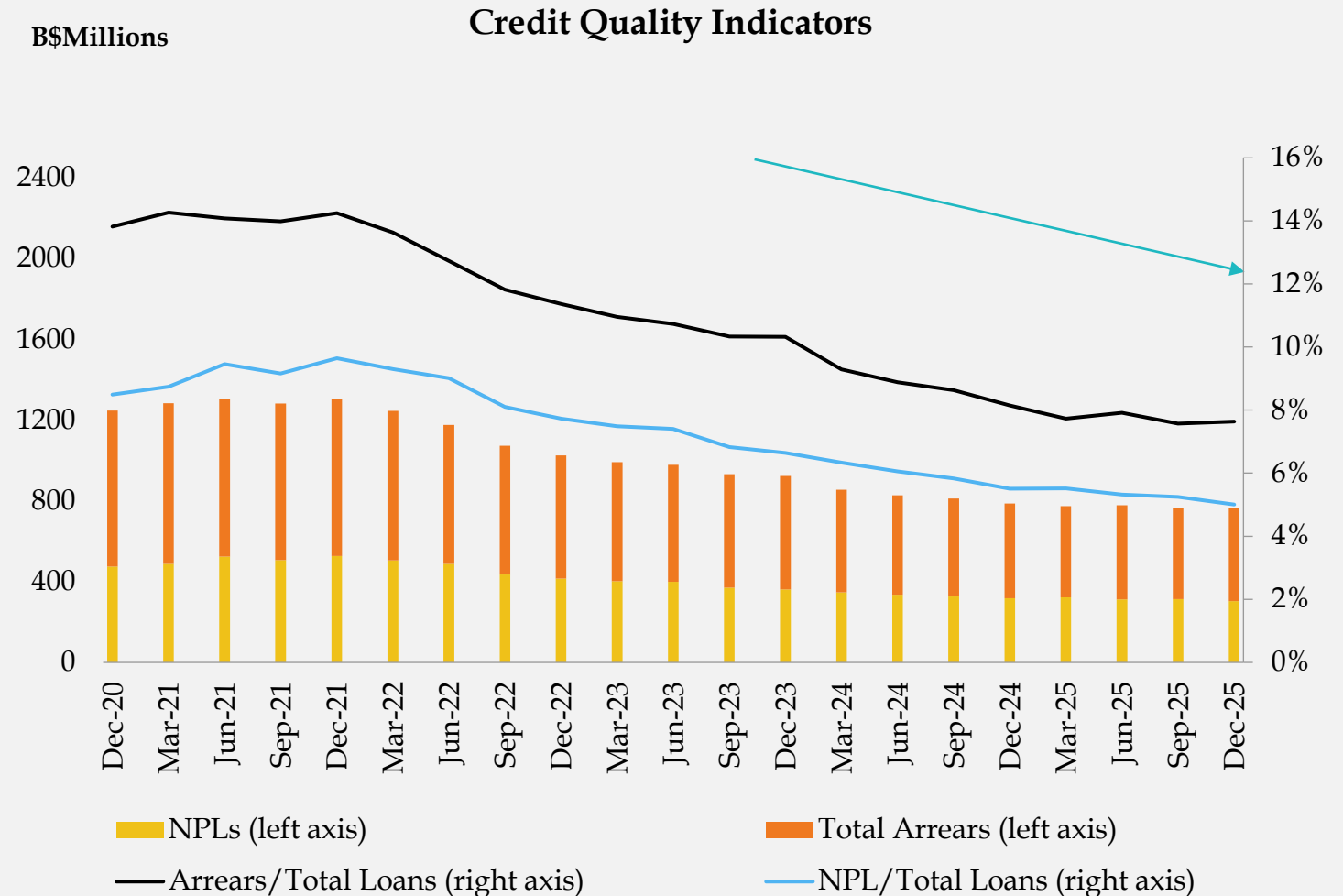
- Private sector credit growth was almost steady at \$290.8 million in 2025, compared to \$296.7 million in the preceding year.



B\$ Credit Quality Indicators

January-December 2025 vs. 2024

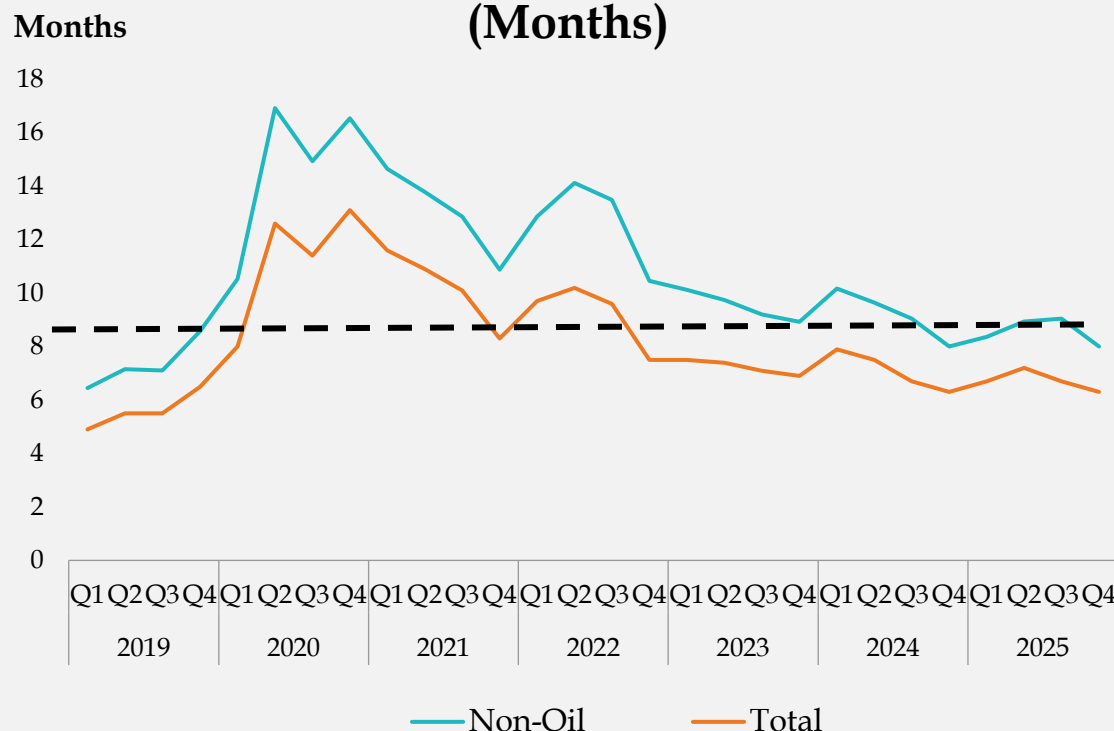
- During 2025, the average arrears rate for private sector loans lowered to 7.6% from 8.2% last year.
 - The short-term arrears rate was 2.6% (2.6% in December 2024).
 - The NPL rate was 5.0% (5.5% in December 2024).
- Arrears rate by loan type:
 - Mortgages: 11.0% vs 12.2% in 2024.
 - Consumer: 5.9% vs 6.1% in 2024.
 - Commercial: 3.9% vs 2.8% in 2024.



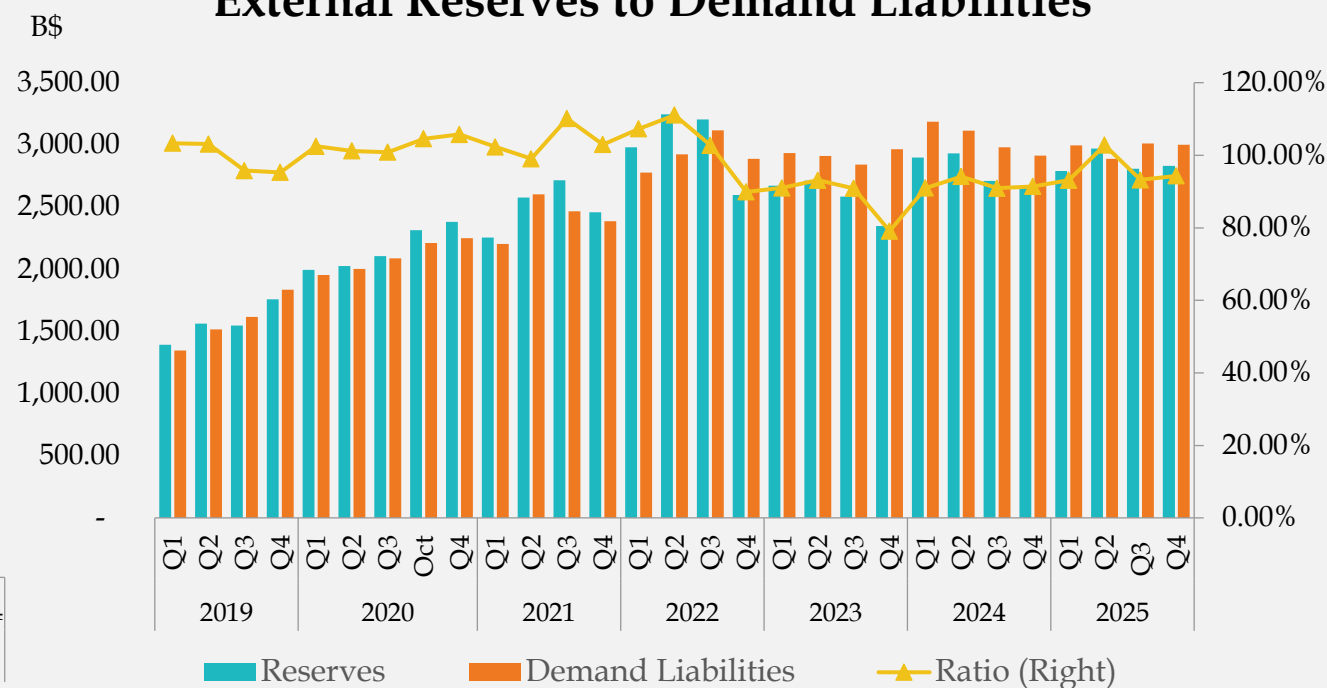
External Reserves

January- December 2025 vs. 2024

Import Cover Ratio (Months)



External Reserves to Demand Liabilities



Source: The Central Bank of The Bahamas

In 2025, the pace of external reserves growth tempered to \$170.6 million from the \$268.7 million in the preceding year. At end-2025 external balances were:

- Equivalent to 94.3% of the Central Bank's demand liabilities.
- Equivalent to 6.3 months of the current year's total merchandise imports.



OUTLOOK

Real Sector

- For 2026 the domestic economy's pace of growth is expected to be maintained close to 2025, with the stopover tourism benefitting from strengthened support from the US economy, alongside persistent healthy cruise expansion. Also, several new and ongoing foreign investment projects are expected to support output gains.
- The growth rate, nevertheless, is anticipated to continue to converge closer to the economy's medium-term rate.
- Downside risks to tourism persist, associated with external factors, such as higher tariffs on international trade, uncertainty surrounding the future direction of global trade policy (US and other major economies), geopolitical tensions and elevated global oil prices.
- Employment conditions are expected to further improve, with job gains concentrated predominantly in the tourism and construction sectors.
- With regard to prices, domestic inflation could rise in response to higher imported costs primarily from the US, and potential supply chain disruptions, linked to increased trade barriers. Other upside risks included ongoing geopolitical tensions in Eastern Europe and the Middle East.

Fiscal Sector

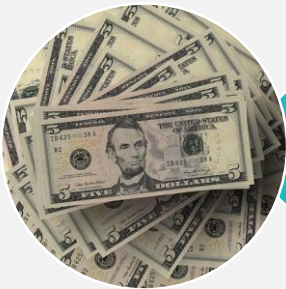
- The government's net financing gap is anticipated to continue to narrow as revenue strengthens, attributed to growth in tourism output and improvements in taxable economic activities.
- Net financing of the estimated budgetary gap is expected to include a combination of domestic and external borrowing, but with a higher proportion of total funding from domestic sources.

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 2026, consistent with domestic economic recovery.



External reserve balances are expected to remain at healthy levels in 2026, staying above international benchmarks, supported by receipts from the government's external borrowings, tourism, and other private sector activities.

Balances are expected to remain at satisfactory levels to support 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 accelerate reserve depletion.

GLOBAL

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

INFLATION

Geopolitical tensions, contractions 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

