Quarterly Economic and Financial Developments Report

June 2026

Research Department

Domestic Economic Developments

Preliminary indications suggest that the Bahamian economy maintained its growth trajectory during the first half of 2026, as key economic indicators continued to gradually align with their medium-term potential. Tourism remained the primary driver of growth, supported by a more strengthened growth in the high-value stopover segment and continued expansion in the cruise industry. These gains reflected sustained demand for travel across the country's key source markets.

Real Sector

- In the first five months of 2026, tourist arrivals grew by 14.2% to 6.1 million visitors, relative to the same period of 2025, with increases in the both air and cruise passengers.
- Onshore guest departures through the Nassau International Airport rose by 5.0% to 0.9 million, overturning the 2.3% decline in the previous year.
- Inflation accelerated to 2.1% over the 12 months to April 2026, after recording a negligible decline in the same period of 2025.

Monetary Sector

- In the first half of 2026, banking sector liquidity expanded, as the buildup in deposits outweighed the growth in domestic credit.
- External reserves grew by $481.0 million during the six-moth period, surpassing the $354.9 million accumulation in the same period last year.

TOURISM SECTOR

Visitor Arrivals

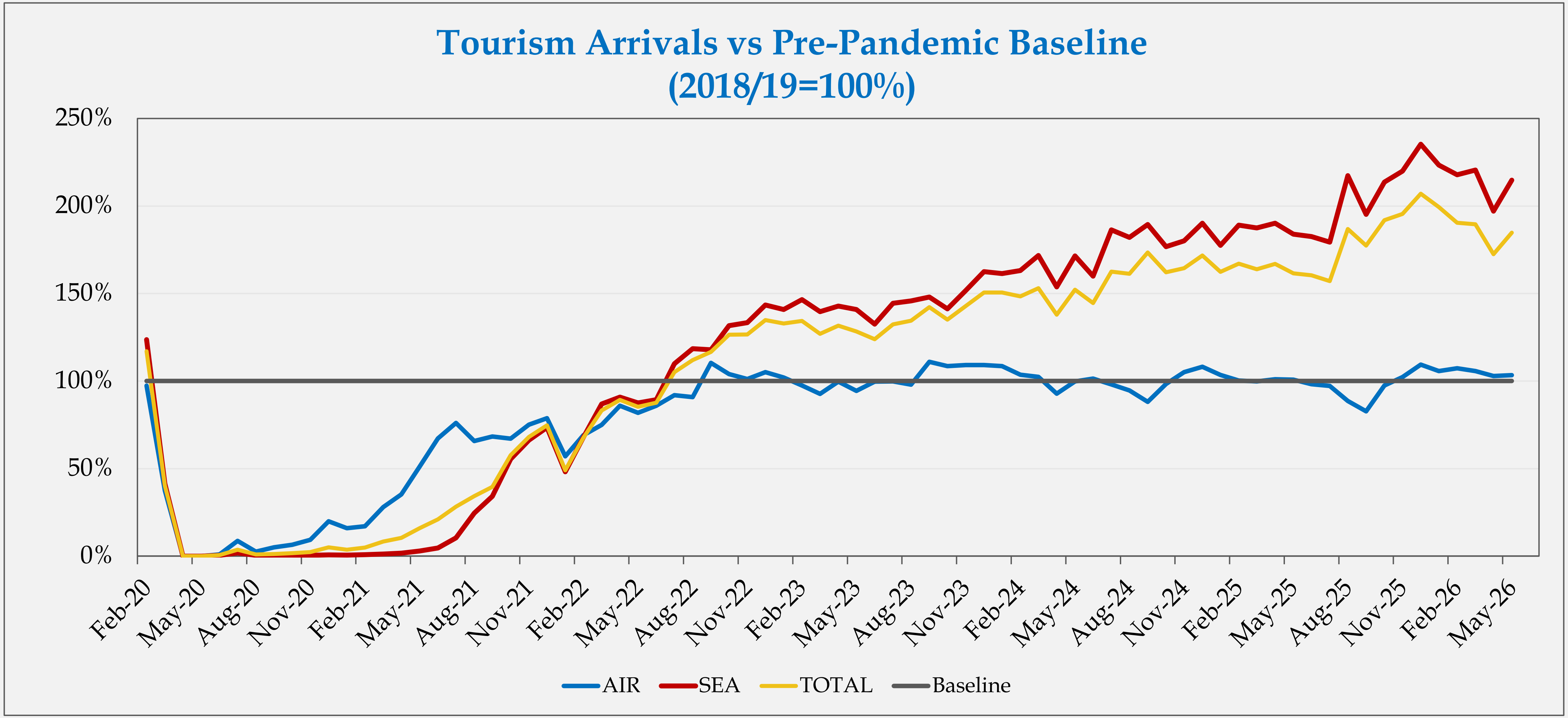
(January – May 2026)

Official data from the Ministry of Tourism revealed that total visitor arrivals rose by 14.2% to 6.1 million visitors during the first five months of 2026, vis-à-vis the corresponding 2025 period.

- Air arrivals grew by 4.8% to 0.9 million, relative to the comparable 2025 period.
- Sea passengers advanced by 15.9% to 5.2 million, vis-à-vis the previous year.

	New Providence (% Change)		Grand Bahama (% Change)		Family Islands (% Change)	
Arrivals	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**
Air	-2.6	5.8	16.5	3.0	2.1	1.8
Sea	14.8	1.9	-30.2	320.6	16.1	7.1
Total	**10.1**	**2.9**	**-25.2**	**267.7**	**15.0**	**6.8**

Source: Ministry of Tourism

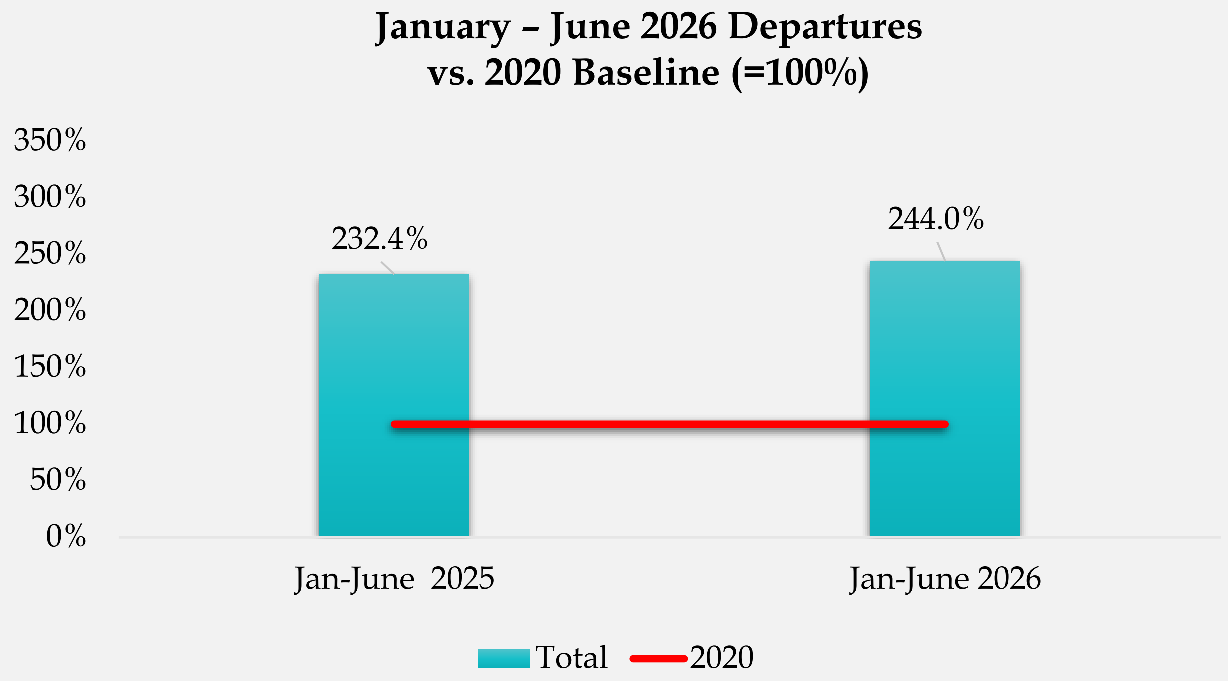


Source: Ministry of Tourism

Nassau Airport Development (NAD) International Departures January – June 2026

Total departures through the Nassau International Airport rose by 3.9% to 153,704 passengers in June, relative to the previous year.

During the first six months, total departures grew by 5.0% to 0.9 million, vis-à-vis the comparative 2025 period.



Source: Nassau Airport Development Company

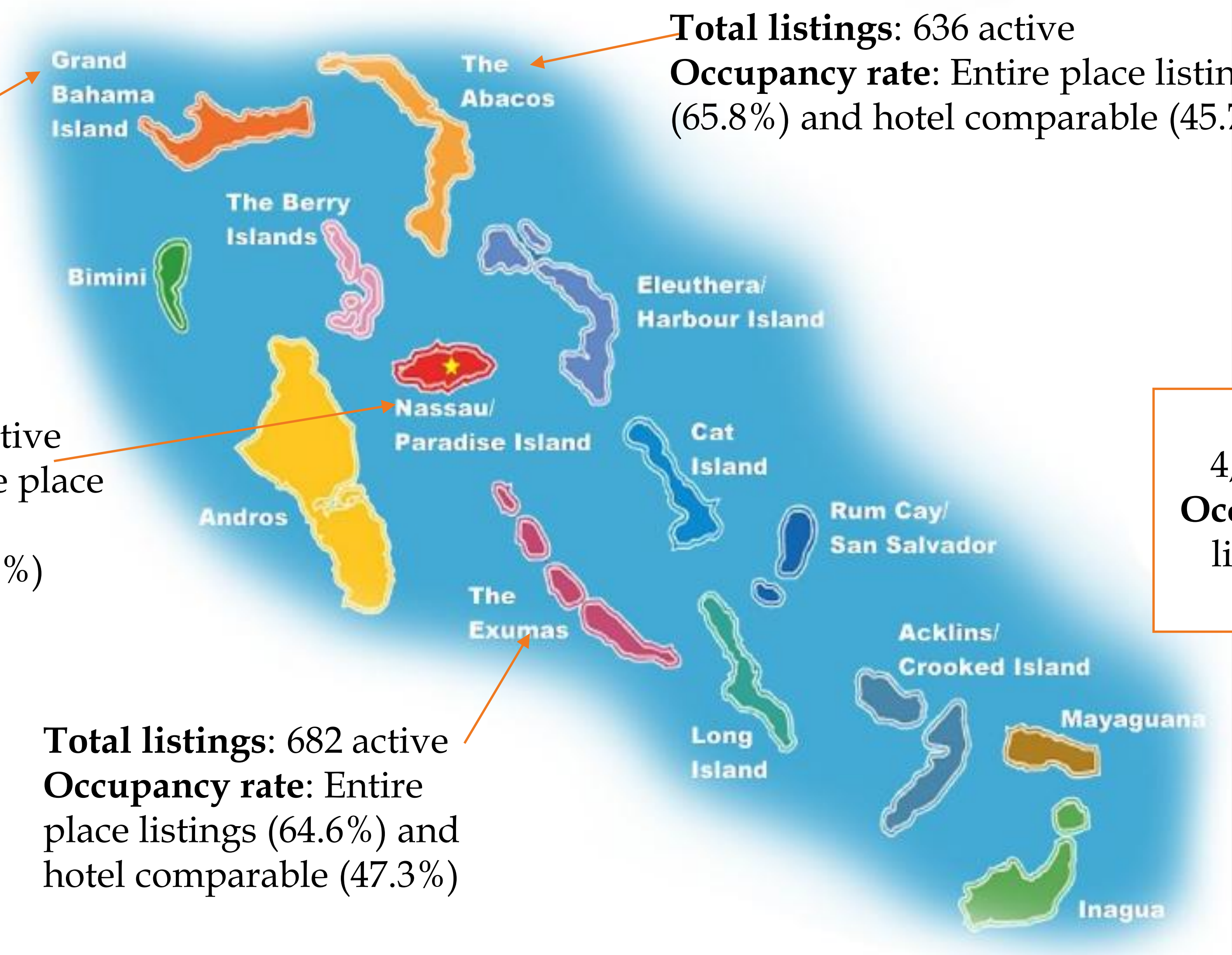
*All figures are net of domestic departures.

Airbnb: Snapshot of Vacation Rentals
(as at June 2026)

Total listings: 396 active
Occupancy rate: Entire place listings (54.9%) and hotel comparable (57.8%)

Total listings: 636 active
Occupancy rate: Entire place listings (65.8%) and hotel comparable (45.7%)

Total listings: 1,660 active
Occupancy rate: Entire place listings (58.1%) and hotel comparable (56.2%)



Total listings: 682 active
Occupancy rate: Entire place listings (64.6%) and hotel comparable (47.3%)

<u>All Islands</u>
4,705* total active listings
Occupancy rate: Entire place listings (58.1%) and hotel comparable (52.2%)

Source: AirDNA

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

Vacation Rentals: Occupancy Rates
(January – June 2026 vs 2025)

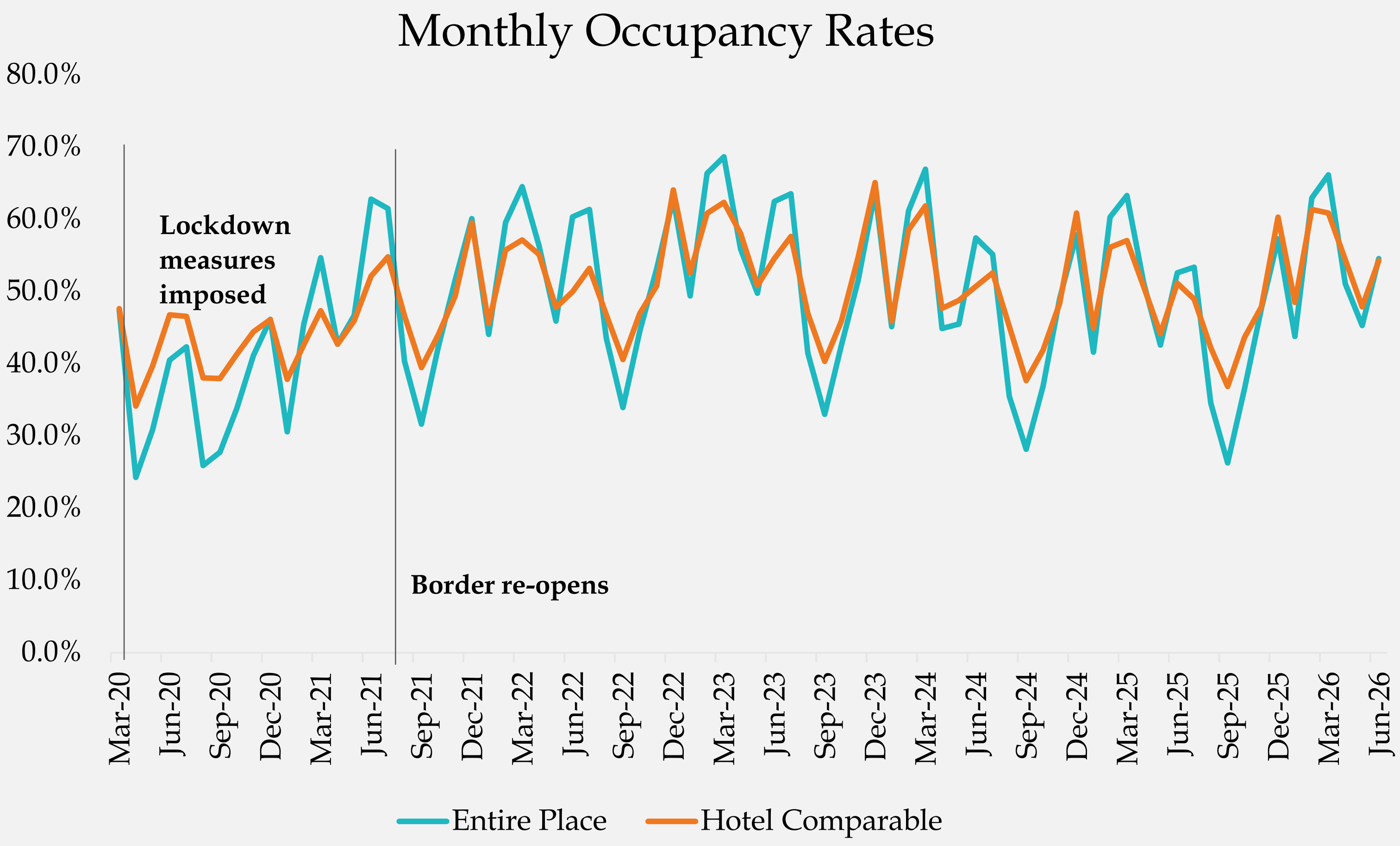
Vacation rental occupancy levels trended upward in the first six months of 2026, in line with increased stopover arrivals.

Entire Place Listings

- The average occupancy rate firmed to 54.6%, from 52.6% in the same period of the previous year.

Hotel Comparable Listings

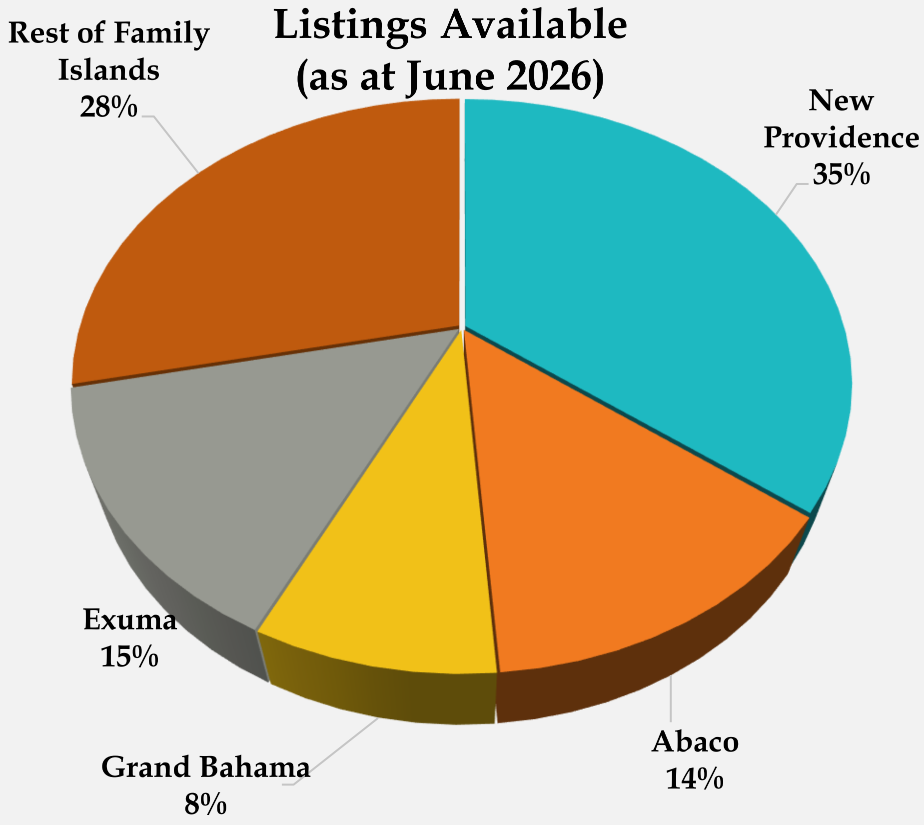
- The average occupancy rate moved higher to 54.3%, from 51.2% in the corresponding 2025 period.



Source: AirDNA

Vacation Rental: Market Share by Island (June 2026)

During June, short-term vacation rental listings rose across most of the major islands, vis-à-vis the comparative 2025 period. New Providence and the remaining Family Islands accounted for approximately 63.6% of total listings.



In June, listings for New Providence, Abaco, Exuma and Grand Bahama increased by 3.6%, 5.5%, 7.2% and 3.1% respectively, relative to the same period of 2025.

All Available Listings

	Dec 2024	June 2025	Dec 2025	June 2026
Abaco	453	603	511	636
Grand Bahama	372	384	434	396
New Providence	2,027	1,603	1,980	1,660
Exuma	610	636	605	682

Source: AirDNA

SELECTED APPROVED FOREIGN INVESTMENT PROJECTS

Recent Approvals/Announcements

Selected New Foreign Investment Projects

Exuma	Bimini
<u>Island Development Group Limited-Velaa Luxury Private Island Resort</u> **<u>Industry: Hospitality and Tourism</u>** • A private-island ultra luxury resort is proposed on approximately 238.5 acres of Norman's Pond Cay, featuring 44 resort suites and villas, 30 branded residences, and 11 private estates of approximately 3 acres each. The development will include multiple dining venues, an "Eveylaa" wellbeing center, fitness facilities, a kids club, a 9-hole golf course, a dive shop, and Bahamian-operated watersports activities. A 10-slip marina dock and seaplane facility is also planned. • The project is expected to generate approximately 800 construction-related jobs and 500 operational positions, while also creating opportunities for Bahamian entrepreneurship and local business participation. **<u>Nero Exuma House LLC- "Stay Exuma"</u>** **<u>Industry: Hospitality and Tourism</u>** • A luxury vacation-home rental development is proposed along Queen's Highway on Three Sisters Beach, Bahama Sound No. 10 East, comprising four standalone upscale residences, each featuring 3 to 5 bedrooms. The project will be delivered in four sequential phases and will operate as a premium short-term rental offering.	**<u>Cat Cay Yacht Club./ Cay Victoria Ltd</u>** **<u>Industry: Hospitality and Tourism</u>** • A boutique ten-unit residential condominium development is proposed on the site of the former Victoria House Property at Cat Cay Yacht Club. The project will comprise of five condominium buildings, each containing two units, and will operate through a rental programme structured as a condo-hotel. Residents and guests will have access to all existing amenities and services of the Cat Cay Yacht Club. • The project is expected to employ up to 30 Bahamian workers during the construction phase. Upon commencement of operations, the development is anticipated to support 5 to 10 permanent positions, including roles such as resort manager, guest services staff, chefs, servers, and groundkeepers.

Source: Bahamas Investment Authority

Selected New Foreign Investment Projects

New Providence	Abaco
Bahamas NeuroGen Limited **Industry: Healthcare/Medical Tourism** • A neurological wellness facility is planned for the former Doctors Hospital West on Blake Road, offering diagnostics, medical treatment, neurorehabilitation, integrative therapies, and autologous stem cell therapy for patients with autism, cerebral palsy, and other neurodevelopmental disorders. Expected to house 34 rooms, an operating theatre, a stem-cell laboratory, and rehabilitation facilities. • The project is expected to employ at least 75 Bahamians. Thus far, the developers requested 39 work permits. **Siemens Energy Incorporated** **Industry: Energy** • The project involves a two-phase contract for Bahamas Power & Light (BPL) to remove and export an LM2500+G4 SAC gas generator for off-site inspection, servicing and a health assessment, then reinstall, commission and test the unit to verify proper operation. The work is being carried out under a BPL Purchase Order as at November 18, 2025.	**Abaco Club Investments, LLC** **Industry: Tourism** • The Extended Project involves the next phase of development of the existing resort, club, and residential community. The proposed expansion includes approximately **220 new residential units**, comprising a mix of cottages, townhomes, and condominiums. • The project is projected to create 600 permanent full-time positions. **Schooner Bay Ventures Limited** **Industry: Tourism** • Schooner Bay, an eco-friendly mixed-use development, will comprise a 38-key ultra-luxury branded resort, featuring luxury casitas and a tented village, alongside 26 or more branded villas. The development will also include a central lobby building, a Marquis spa and wellness pavilion, a beach club and pool complex, a recreation and children's center, multiple food and beverage venues, and expanded utility and back-of-house facilities. • The project is expected to create approximately 300 to 400 permanent jobs for Bahamians and generate around 500 local employment opportunities overall, with more than 70% of these positions comprising long-term operational roles.

Source: Bahamas Investment Authority

Employment

Unemployment Rates

- In the fourth quarter of 2025, the unemployment rate fell to 8.7%, from 8.8% in the previous quarter, and 9.0% in the same quarter of 2024.

- The number of employed persons rose to 226,025, from 222,575 in the prior quarter and 218,240 in the comparable 2024 period.

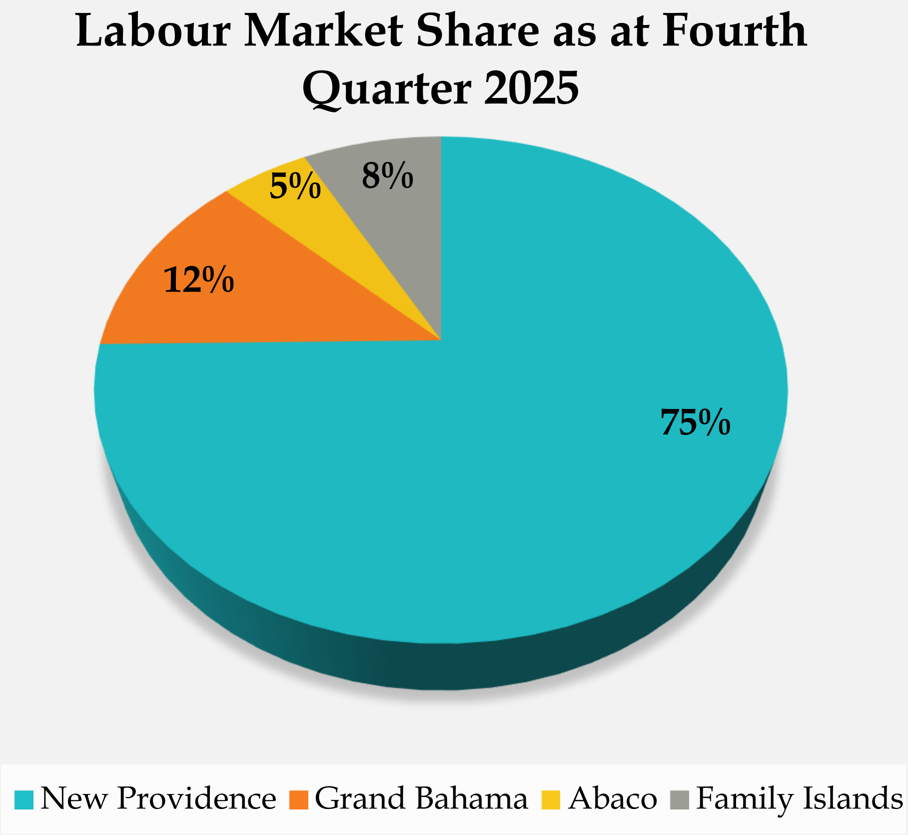
  - In New Providence, the jobless rate increased to 8.3% in the fourth quarter, from 8.0% in the third quarter, but tapered by 0.8 percentage points year-on-year.

  - In Grand Bahama, the unemployment rate remained unchanged at 8.7% compared to the third quarter, but fell by 1.3 percentage points over the year.

  - In Abaco, the jobless rate reduced to 9.1% in the fourth quarter, vis-à-vis 10.2% in the previous quarter and 9.2% a year earlier.

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

Labour Market Share
(Fourth Quarter of 2025)



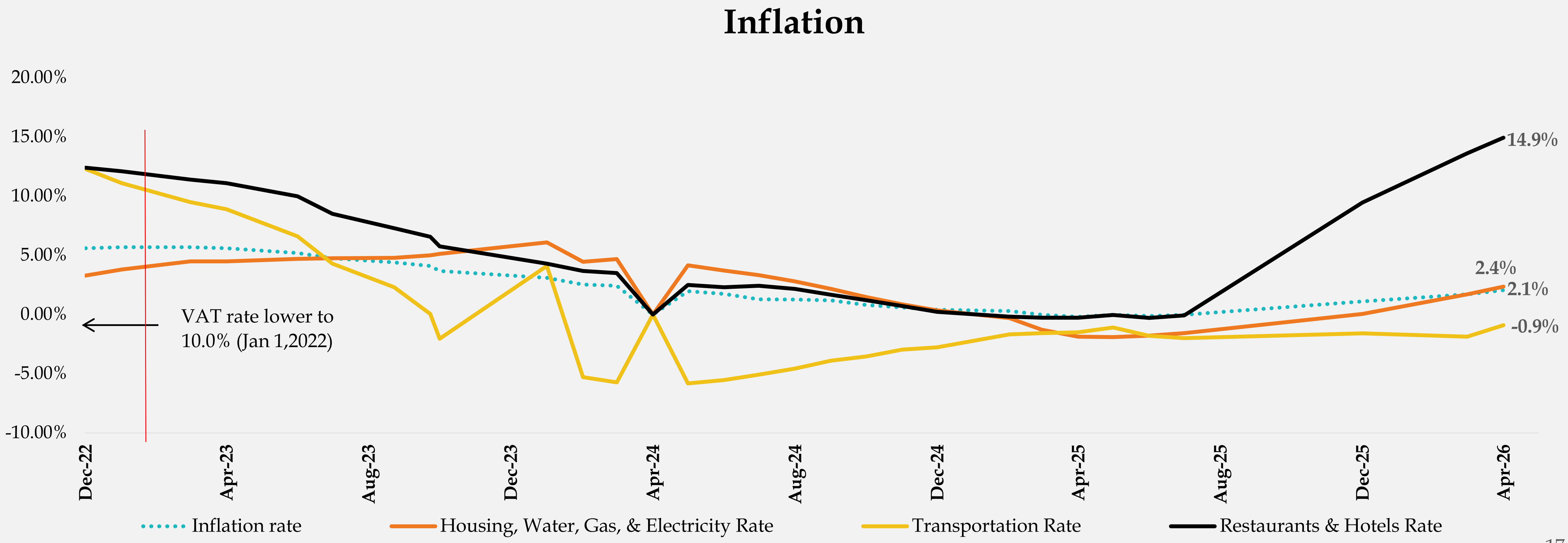
- A breakdown by island revealed that approximately 75.0% of the surveyed labour force was in New Providence.
  - The island is home to most of the population and the largest amount of commercial activities, thus accounting for the majority of the labour force.
- Grand Bahama and Abaco account for a combined 17.0% of the total labour force surveyed, with the remainder (8.0%) from the Family Islands.

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

INFLATION

Retail Price Index

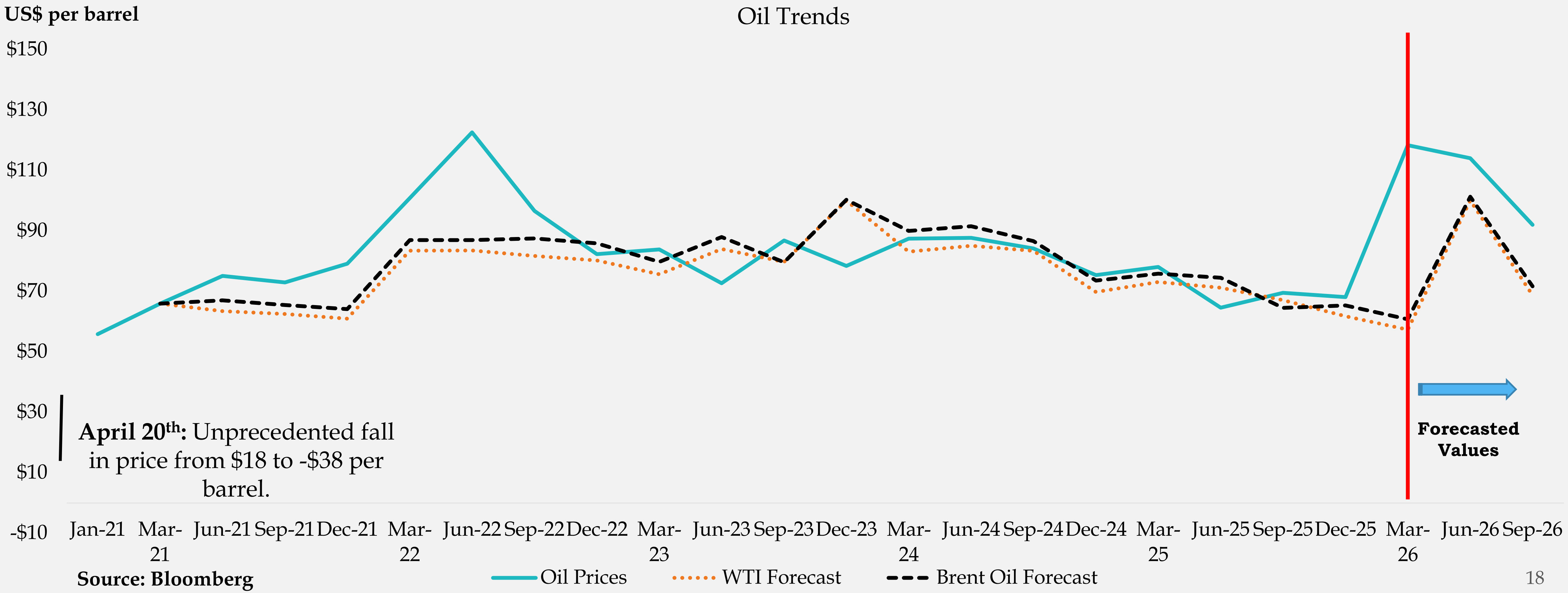
In 2026, for the 12 months to April, inflation rose by 2.1%, following a 0.2% decrease in the same period of 2025, attributed to the increases in the average costs for restaurants & hotels (14.9%), housing, water, gas, electricity, & other goods (2.4%), and communication (0.8%).



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

Oil Price Trends

In June 2026, the cost of crude oil decreased by 19.3% to $92.02 per barrel. On the supply side, OPEC's crude oil production increased by 9.0% in June, to approximately 36.3 million per day.



Source: Bloomberg

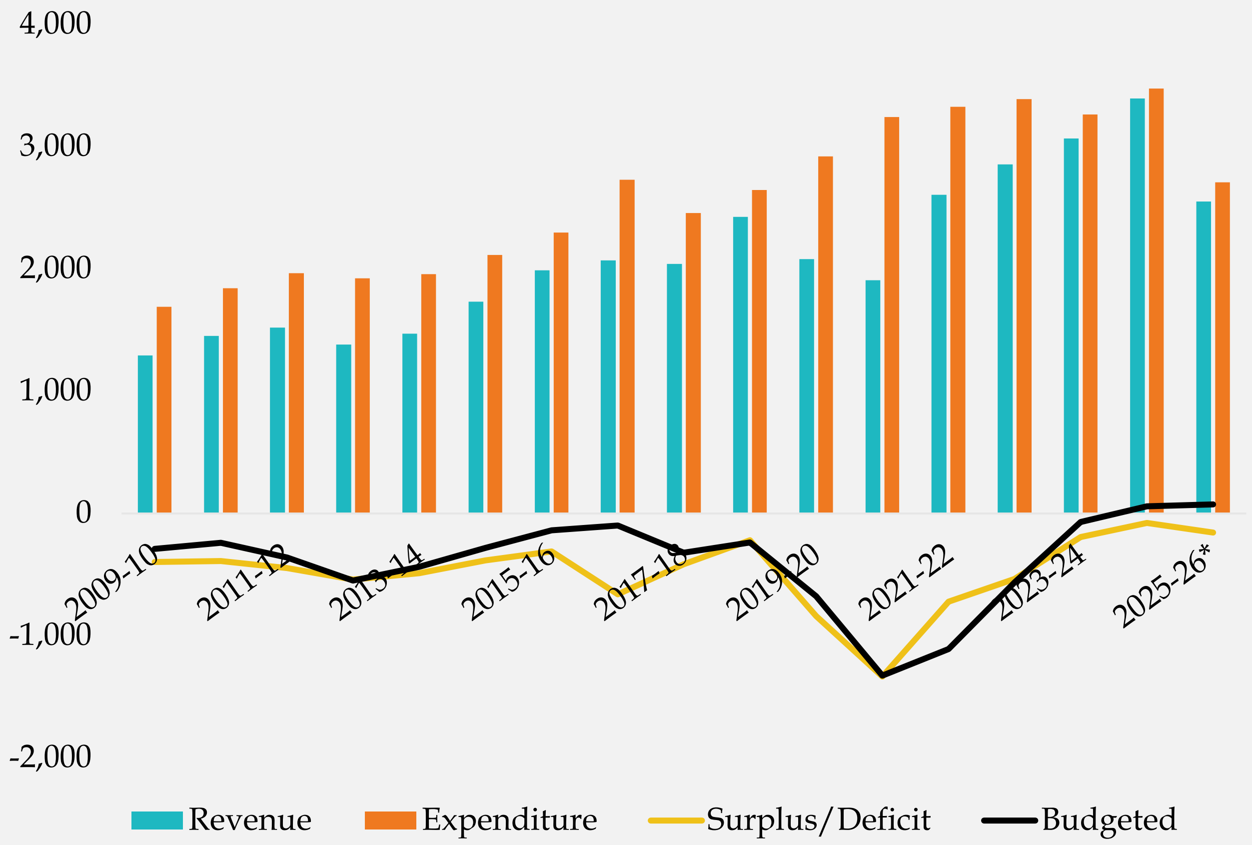
FISCAL SECTOR

Fiscal Sector
Provisional First Nine Months FY2025/2026

During the first nine months of FY2025/26, the fiscal deficit firmed to $157.3 million, from $130.1 million in the prior fiscal year. Underpinning this outturn, the growth in aggregate expenditure, outpaced the rise in total revenue.

- Total expenditure increased by $108.8 million (4.2%) to $2,709.3 million.
  - Recurrent expenditure advanced by $75.2 million (3.2%) to $2,437.6 million.
  - Likewise, capital outlays grew by $33.6 million (14.1%) to $271.7 million.
- Total revenue rose by $81.6 million (3.3%), to $2,551.9 million.
  - In particular, VAT receipts increased by $69.4 million (18.2%) to $1,114.1 million.

Central Government's Fiscal Deficit



Source: Bahamas Ministry of Finance
***Data for first Nine Months of 2025/2026**

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

(B$ Millions)

	Actual Outturn	Budgeted	% of Budget
Revenue	2,551.9	4,361.9	58.5
Tax Revenue	2,292.4	3,822.2	60.0
Non-tax Revenue	258.5	534.8	48.3
Expenditure	2,709.3	4,139.8	65.4
Recurrent Expenditure	2,437.6	3,723.9	65.5
Capital Expenditure	271.9	415.8	65.4

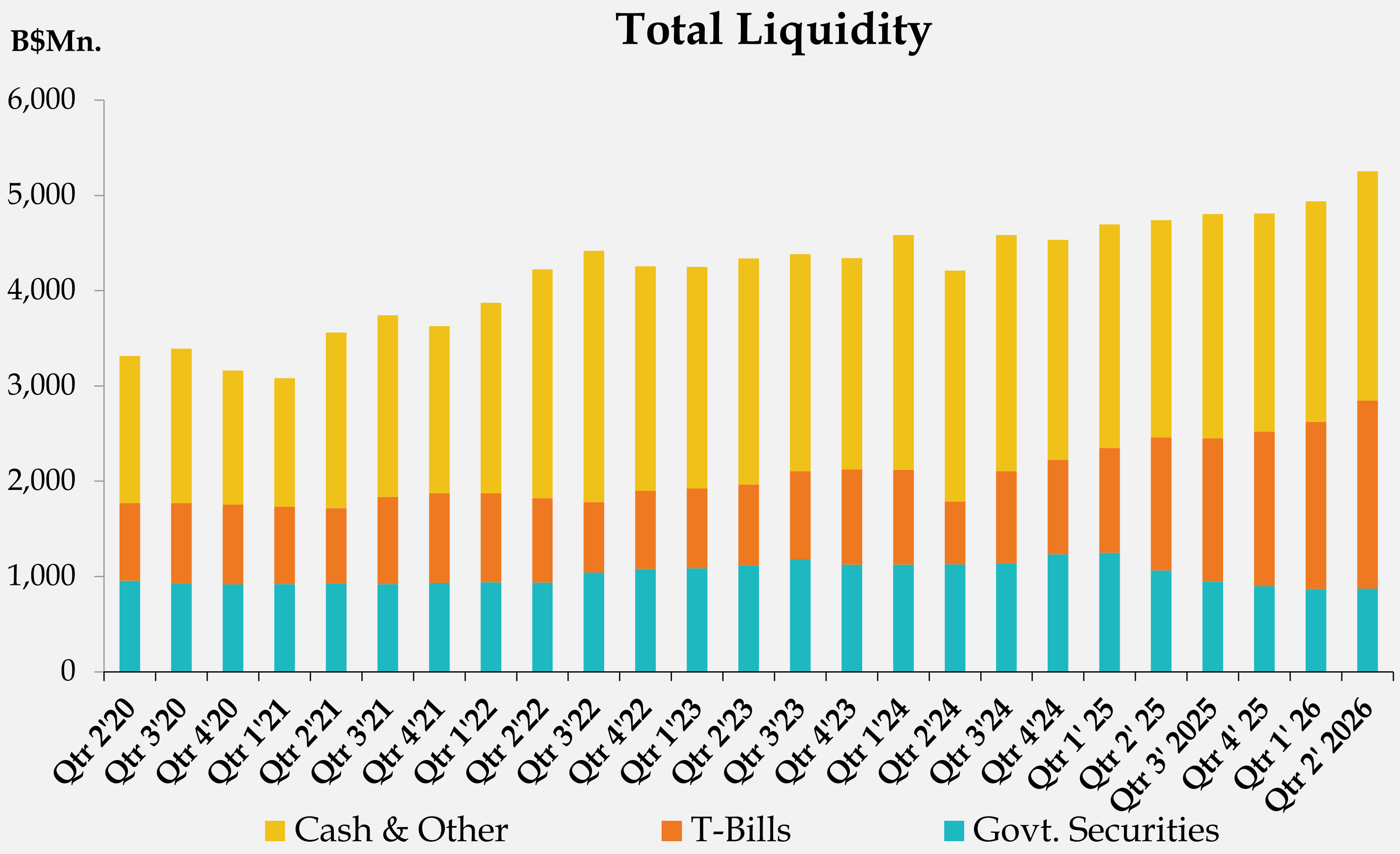
Source: Bahamas Ministry of Finance
***Data for first Nine Months of FY2025/26**

MONETARY SECTOR

Money and Banking: Liquidity Conditions
January-June 2026 vs. 2025

During the first half of 2026, banking sector liquidity and foreign reserves grew, as the buildup in the deposit base overshadowed the growth in domestic credit.

- Excess reserves increased by $182.0 million, exceeding the $34.6 million growth in the prior year.
- Likewise, excess liquid assets gains expanded to $465.7 million, from $166.3 million in the previous year.



Lending Conditions

January – June 2026 vs. 2025

During the first half of 2026, total Bahamian dollar credit rebounded by $346.2 million, from a $29.7 million decrease in the comparative period of 2025.

- Credit to public corporations increased by $205.8 million—adding a $90.1 million reclassification from private commercial liabilities—a reversal from a $13.3 million reduction in the comparative 2025 period.
- Further, net claims on the Government rose by $55.6 million, a turnaround from a $133.6 million contraction in the prior year.

- Private sector credit growth narrowed to $84.8 million, from $117.2 million in the preceding year.

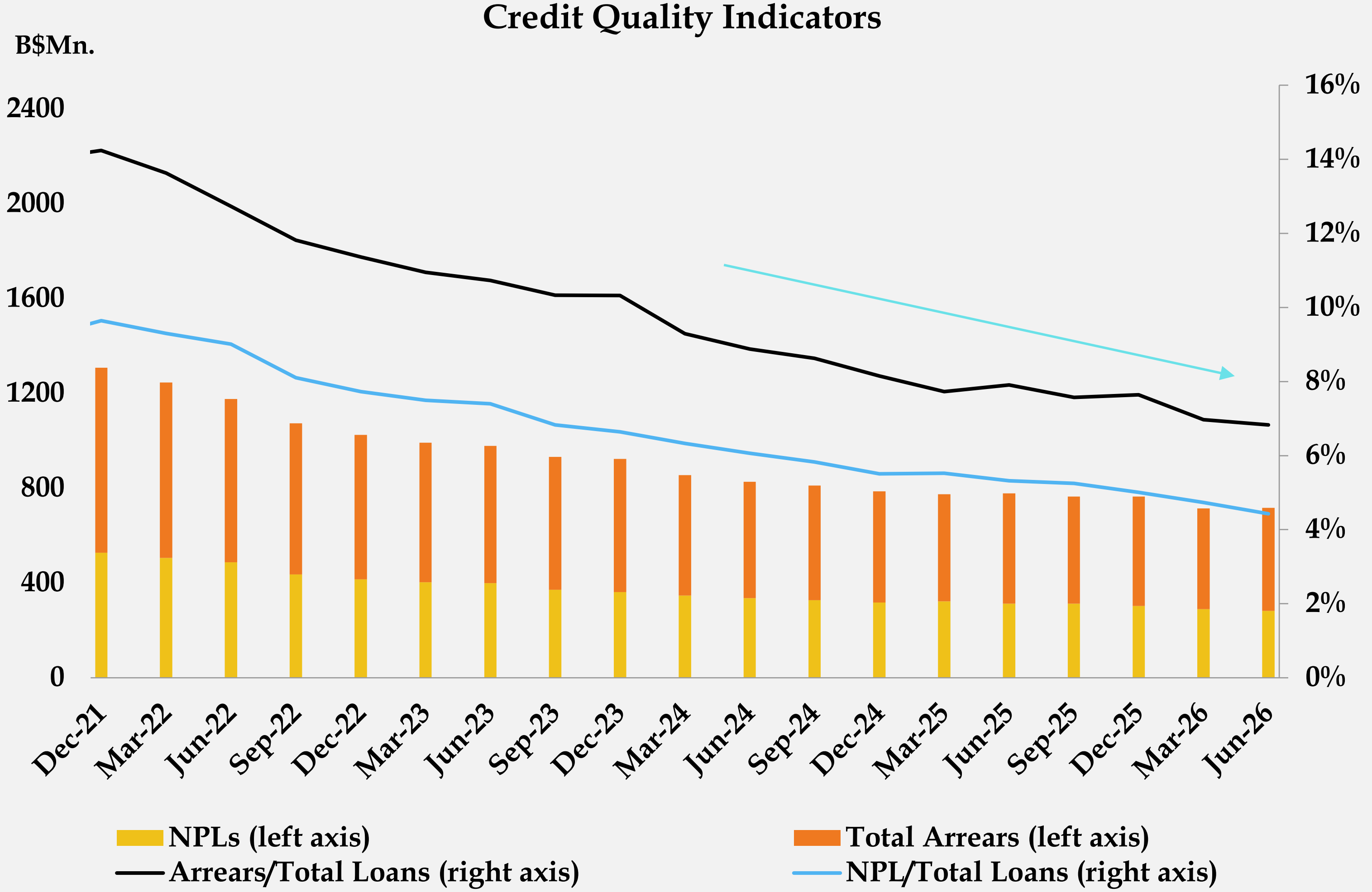
Consumer credit grew by $73.8 million

Commercial credit rose by $9.9 million

Mortgages firmed by $1.1 million

B$ Credit Quality Indicators
January-June 2026 vs. 2025

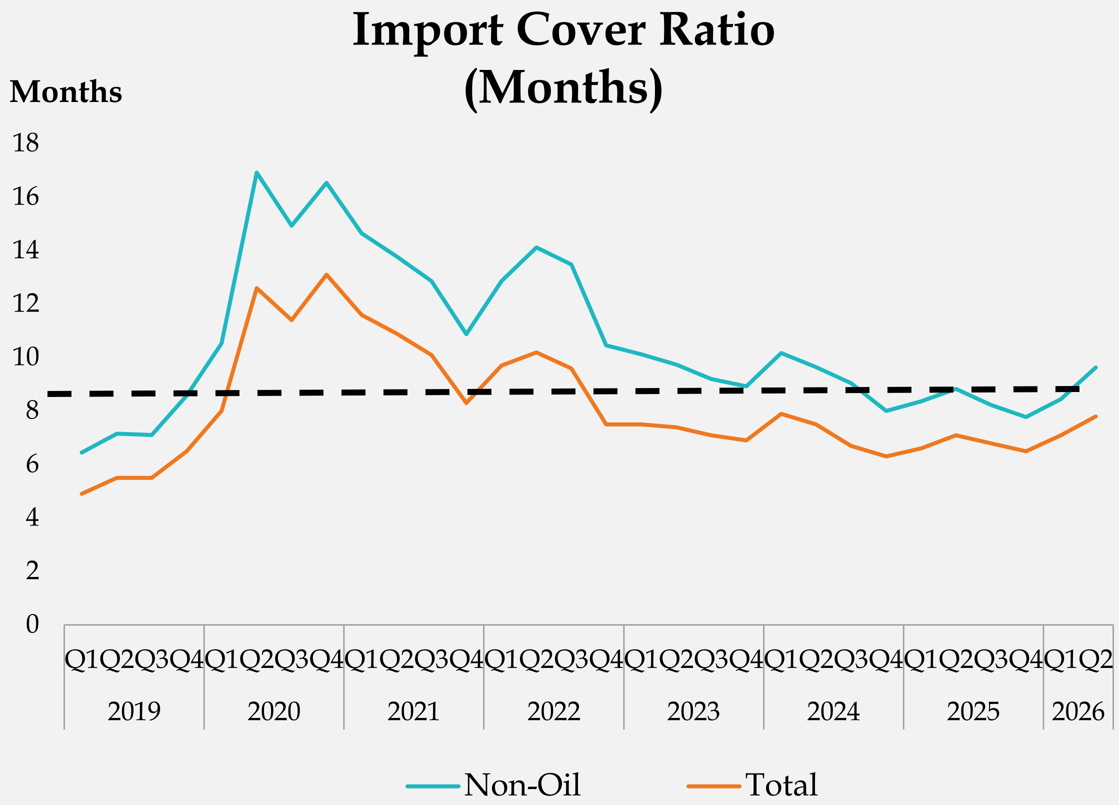
- During the first half of 2026, the average arrears rate for private sector loans lowered to 6.8% from 7.9% last year.
  - ➢ The short-term arrears rate was 2.4% (2.6% in June 2025).
  - ➢ The NPL rate was 4.4% (5.3% in June 2025).
- Arrears rate by loan type:
  - ➢ Mortgages: 9.7% vs 11.4% in 2025.
  - ➢ Consumer: 5.2% vs 6.0% in 2025.
  - ➢ Commercial: 4.4% vs 4.0% in 2025.

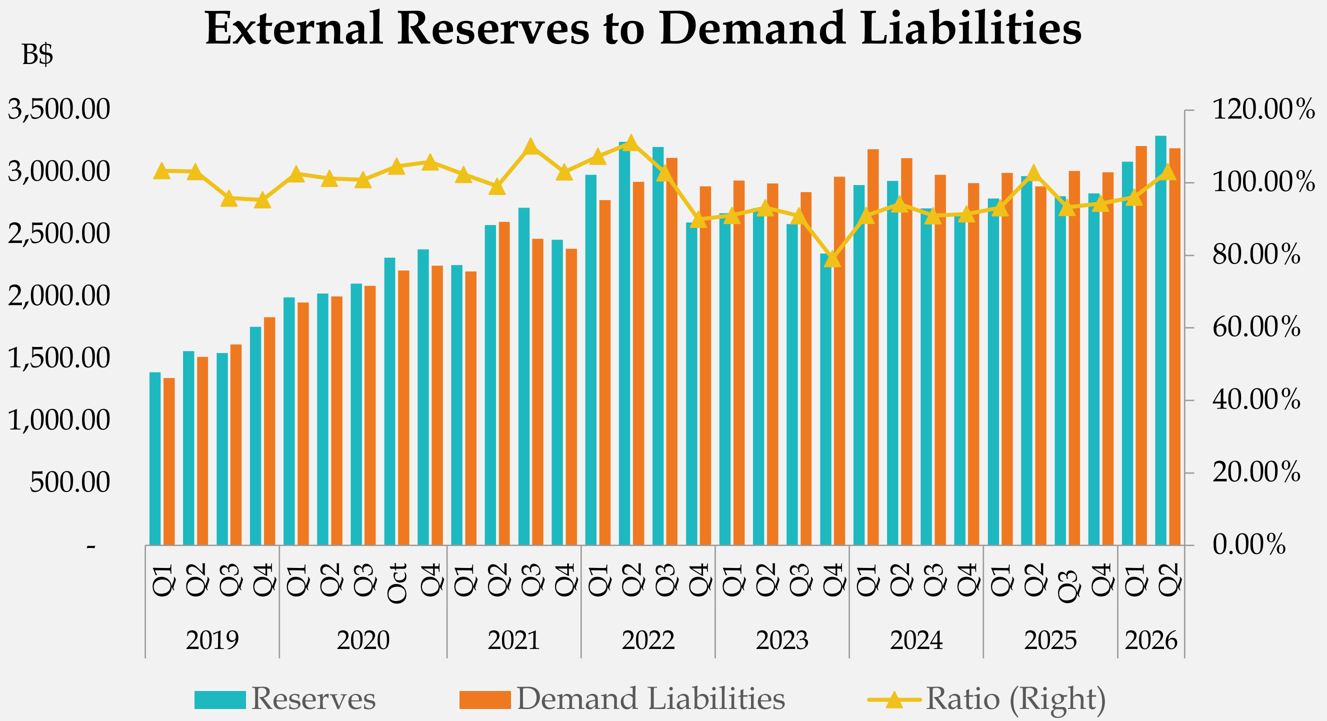


Source: Central Bank of The Bahamas

External Reserves

January- June 2026 vs. 2025





Source: The Central Bank of The Bahamas

Over the six month period, external reserves increased by $481.0 million, surpassing the $354.9 million accumulation in the same period last year, for an ending balance of $3,295.4 million. At the end of June, external balances were:

- Equivalent to 103.1% of the Central Bank's demand liabilities.
- Equivalent to 7.8 months of the current year's total merchandise imports.

OUTLOOK

Real Sector

- The domestic economy is projected to sustain its growth trajectory in 2026 incrementally below the 2025 pace, as key performance indicators gradually converge toward their medium-term levels. The tourism sector, a significant driver of economic growth, is expected to stay strong, supported by ongoing expansion in the high-value stopover market and continuing gains in the cruise industry. In addition, both new and ongoing foreign direct investment projects are likely to boost construction activity and, consequently, economic growth.
- Nevertheless, downside risks to tourism persist, related to external factors, such as escalated geopolitical tensions in the Middle East and Eastern Europe, elevated oil prices, and ongoing US trade policy uncertainty.
- Labour market conditions are also anticipated to improve further, with job creation mainly in the tourism and construction sectors.
- With regard to prices, domestic inflation is projected to rise in the near-term, reflecting higher imported costs and supply chain disruptions stemming from the Middle East and Eastern Europe conflicts.

Fiscal Sector

- The Government's net financing gap is expected to decrease, driven by increased revenues from tourism-related activities and expected income from the domestic minimum corporate tax.
- Financing needs will be met through a mix of domestic and external borrowing, with domestic sources providing the majority.

Monetary Sector and External Reserves

Banking sector liquidity is forecasted to remain elevated over the near-term.

Although stronger private sector credit could slightly reduce liquidity levels.

For the year, external reserves are forecast to stay around 2025 levels, comfortably above international standards, supported principally by 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
Prolonged Middle East conflict and elevated global oil prices could negatively impact travel demand.

GLOBAL
Ongoing geopolitical tensions and oil supply shocks could slow the global outlook.

EMPLOYMENT

Slowdown in the tourism sector could impede job creation.

EXTERNAL RESERVES

Higher foreign currency demand for imports and rebuilding activities (climatic shock) could accelerate reserve depletion.

INFLATION

Geopolitical tensions, contractions in oil production, trade barriers, and elevated food prices could result in sustained higher prices.

FISCAL

Softened travel demand could translate into lower indirect tax receipts, and combined with a higher fuel bill, could weaken the fiscal balance.

The End