

Summary

Manama, Bahrain 8-10 May 2018

Affordable Housing

9 May

Key points

- Investors are sought for investment-ready projects for affordable housing in Bahrain.
- One estimate is that profit margins will be in the region of 12%, based on strong demand given the current shortage of affordable housing.
- In addition to offering a financial return on investment, affordable housing also offers wider social benefits.

Synopsis

Investment-ready opportunities in Bahrain include the development of affordable housing. The government is looking for bids for the rights to build thousands of units on government land, and is keen to set up new public-private partnerships.

Clearly needed is housing that is affordable to those on lower incomes, who may currently be spending 30%+ of their income on rent for basic lodging. Many developments have focused on high-end units, which have traditionally offered better profit margins. According to one estimate, 75% of new units in Dubai in recent years have been targeted towards the high end, beyond the reach of even middle-income families.

The potential of affordable housing lies in the scale of demand and the reliable speed with which units can be sold. Thanks to subsidised housing loans from the government, the profit margin on affordable housing in Bahrain could be in the region of 12%.

Of course there are some risks. For housing to be affordable, it needs to be built at low cost, so the scope for developers to absorb any unexpected delays or expenses is limited. The government of Bahrain is helping to mitigate the risk by streamlining requirements for licences and permissions.

Against such risks, the social benefit in providing affordable housing is strong. When families are satisfied with the places in which they live, and have pride in their communities, greater social harmony and cohesion is likely. So investments in affordable housing are a way to do good, as well as to make a good return.

An ambitious target was set in December 2013 to build 40,000 units of affordable housing in Bahrain over the coming years. Many of the units will be on artificial islands that have all the infrastructure needed for modern sustainable living.

H.E. Eng. Basim Bin Yacob Alhamer, Minister of Housing of Bahrain, gave a list of investment-ready projects for affordable housing. The list includes East Sitra, Al Ramli, Al Madina Al Shamaliya and Medinat Khalifa Phase II. Projects that still require some design work include Isa Town 801/815 and Muharraq.

Session panellists

H.E. Eng. Basim Bin Yacob Alhamer, Minister of Housing, Bahrain

Abdul Y. Al-Khayyat, Kuwait Finance House

Maryam Al Ansari, Chief, Strategic Projects, Office of the First Deputy Prime Minister, Bahrain

Khalid Abdulla, General Manager, ESKAN Bank

Moderator: **Zeinab Badawi**, International Broadcaster and Chair, Royal African Society, United Kingdom

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