



# Quarterly Economic and Financial Developments Report March 2025

*Featuring the latest Bank Lending Conditions Survey for the Second Half  
of 2024*

CENTRAL BANK OF THE BAHAMAS  
1974-2024

Research Department



# Domestic Economic Developments

Preliminary indicators showed that the Bahamian economy grew at a moderated pace during the first quarter of 2025, further converging to its expected medium-term potential. Tourism sector momentum was dominated by constrained stopover activity, however the cruise segment maintained healthy expansion and continued to attract significant foreign direct investments.

## Real Sector

- In the first two months of 2025, tourist arrivals grew by 10.1% to 2.1 million visitors, vis-à-vis the corresponding period in 2024, due to a rise in cruise arrivals, as opposed to reduced stopover traffic.
- Over the first quarter of 2025, departures through the Lynden Pindling International Airport decreased by 3.6% to 428,550.
- Inflation continued its downward trend, declining to 0.3% in the twelve months to February, as compared to 2.5% in the same period of 2024.

## Monetary Sector

- During the first quarter of 2025, banking sector liquidity expanded, although at a moderated pace, reflective of an increase in deposits, and a decline in domestic credit.
- Similarly, the growth in external reserves slowed to \$171.2 million during the review quarter, from the \$547.1 million in the preceding year.

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

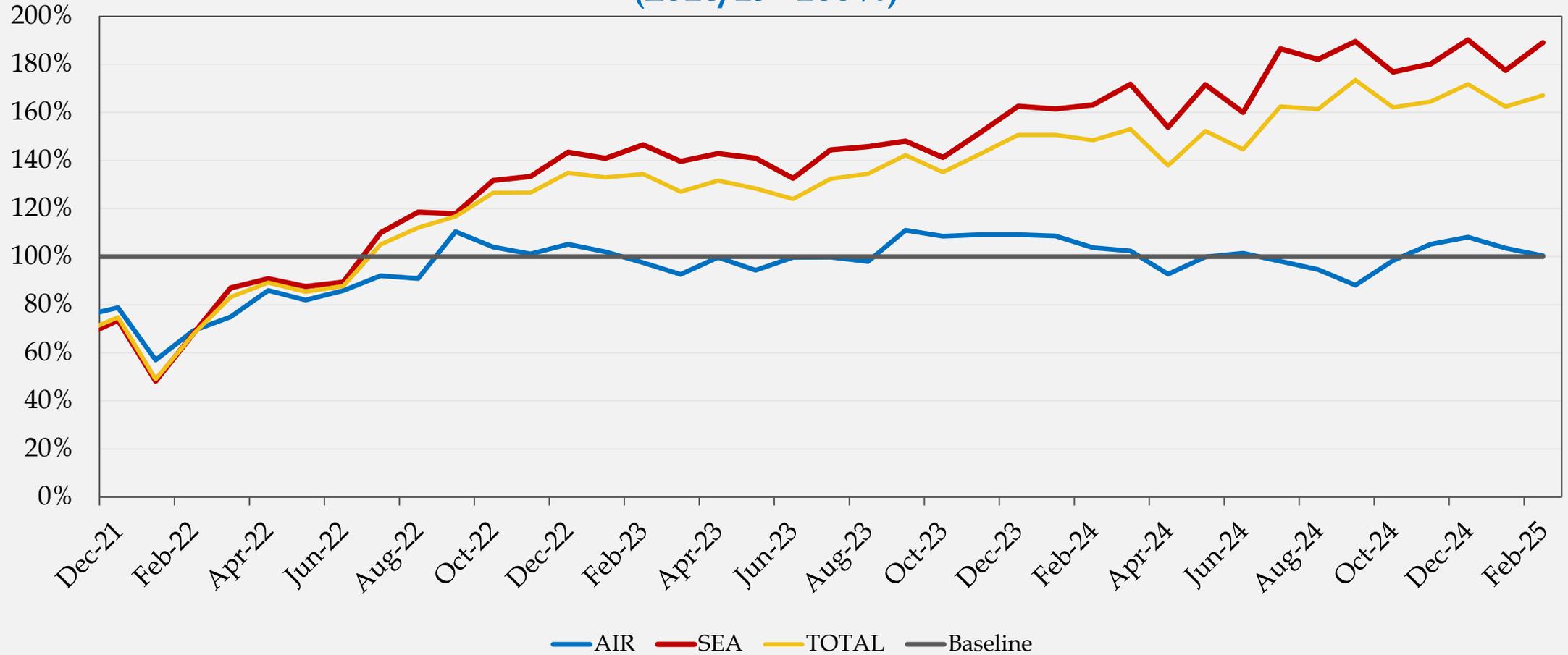
## (January – February 2025)

Official data from the Ministry of Tourism indicated that total visitor arrivals rose by 10.1% to 2.1 million visitors during the first two months of 2025. Contributing to this development:

- Sea arrivals grew by 12.8% to 1.8 million.
- Conversely, air arrivals declined by 3.9% to 0.3 million visitors.

	New Providence (% Change)		Grand Bahama (% Change)		Family Islands (% Change)	
	2024	2025	2024	2025	2024	2025
<b>Arrivals</b>						
Air	5.6	-5.3	8.4	11.8	2.8	-1.2
Sea	14.4	8.3	21.0	-30.5	11.1	21.3
<b>Total</b>	<b>12.0</b>	<b>4.7</b>	<b>19.6</b>	<b>-26.3</b>	<b>10.5</b>	<b>19.8</b>

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

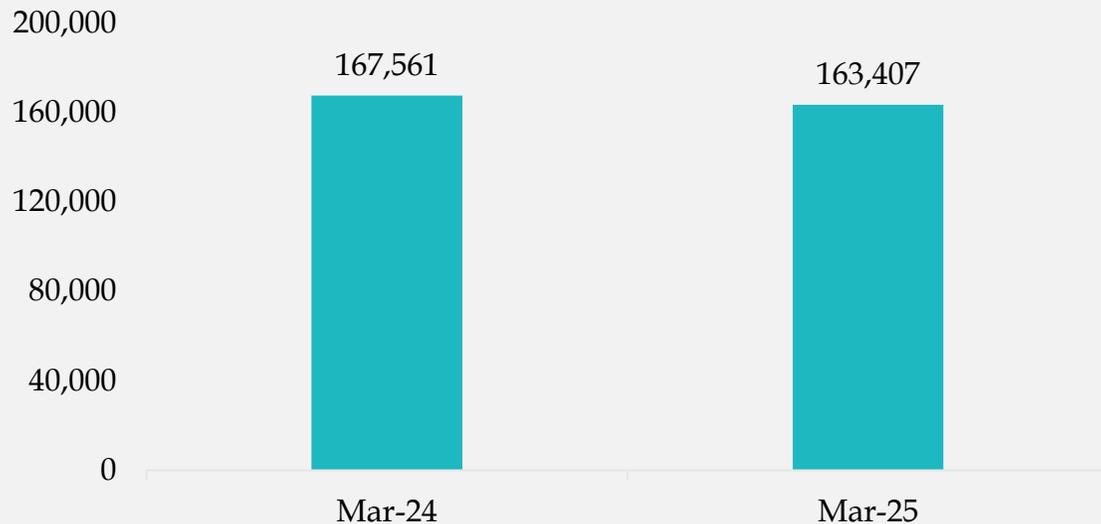


# Nassau Airport Development (NAD) International Departures January – March 2025

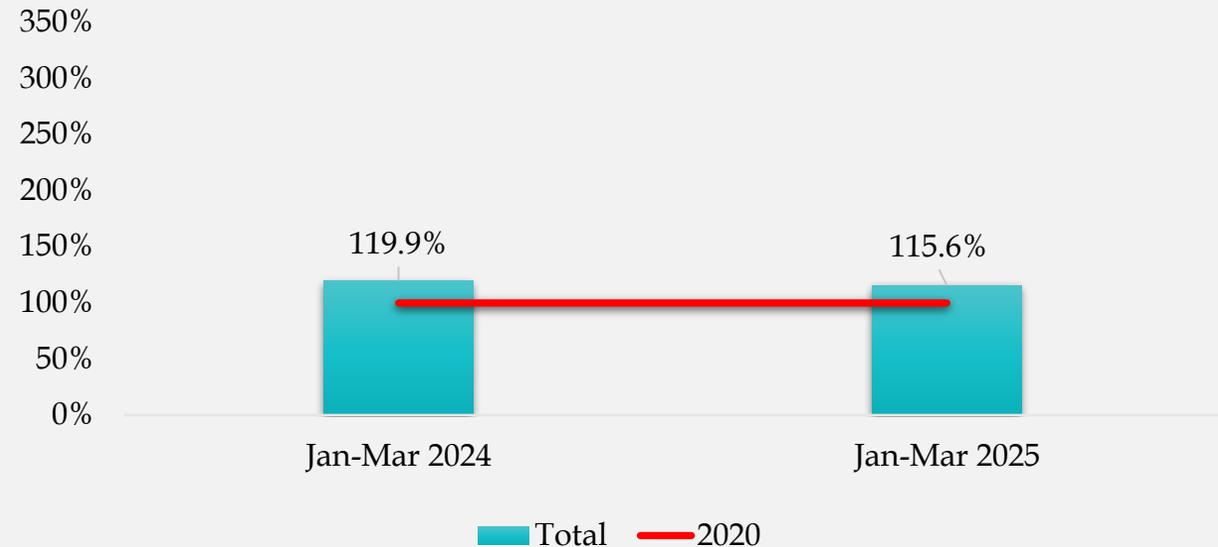
Monthly departures through the Lynden Pindling International Airport declined by 2.5% to 0.2 million in March 2025.

On a quarterly basis, total departures reduced by 3.6% to 0.4 million, vis-à-vis the same period in 2024.

**International Departures  
March 2024 vs March 2025**



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

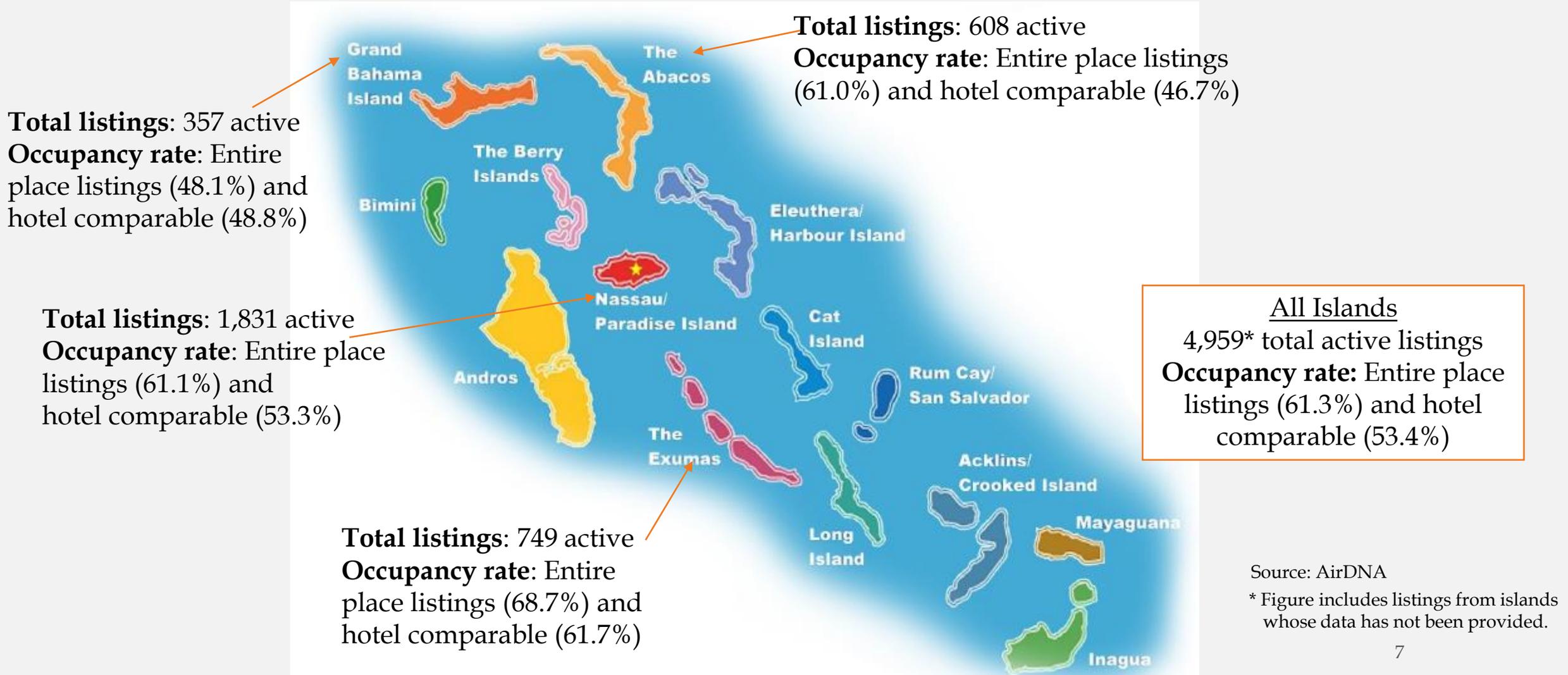


Source: Nassau Airport Development Company

\*All figures are net of domestic departures.

# Airbnb: Snapshot of Vacation Rentals

(as at March 2025)



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

# Vacation Rentals: Occupancy Rates

## (January - March 2025 vs 2024)

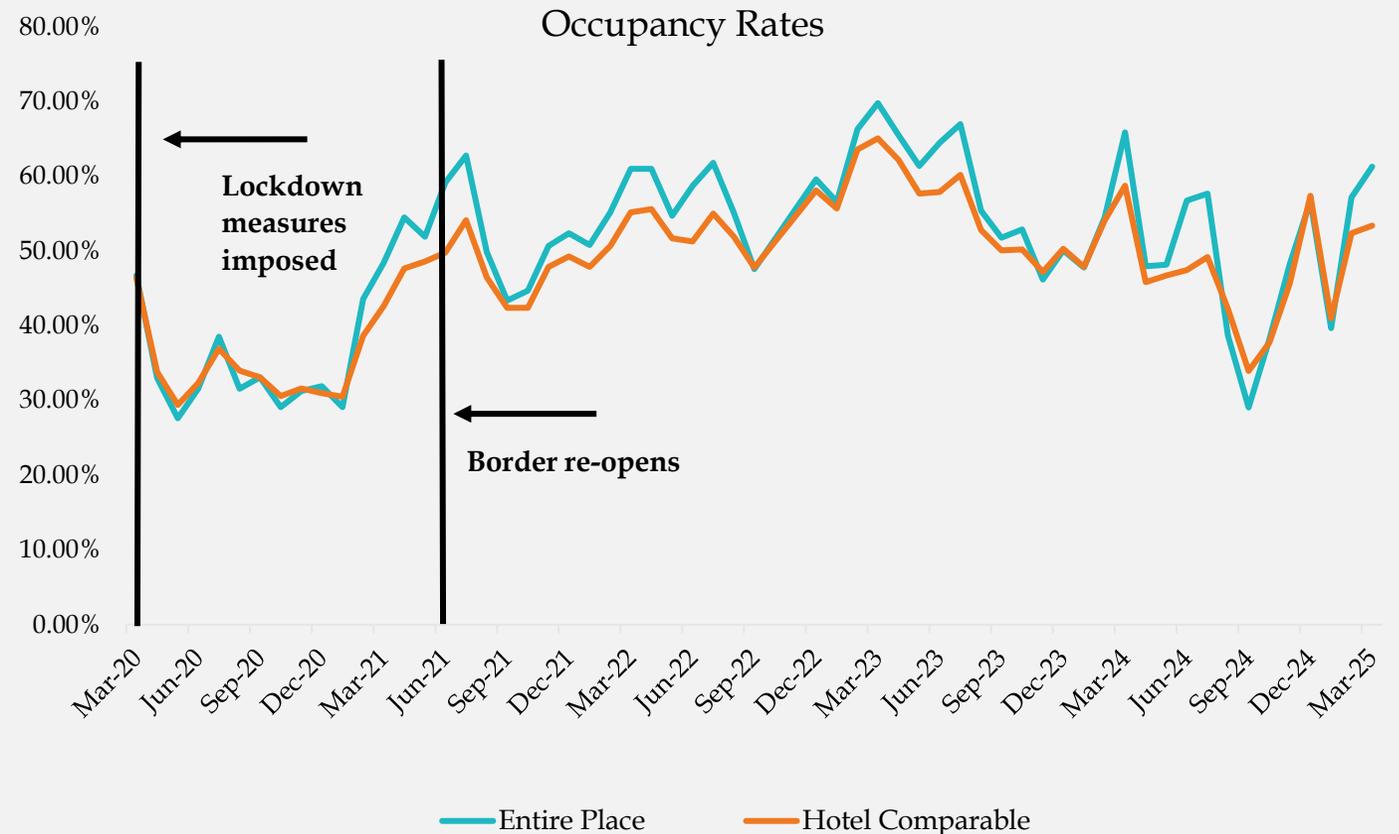
Vacation rental occupancy rates decreased during the first quarter of 2025, vis-à-vis the comparative 2024 period, as available listing grew faster than sales.

### Entire Place Listings

- The average occupancy rate narrowed to 52.7%, from 56.4% in the preceding year.

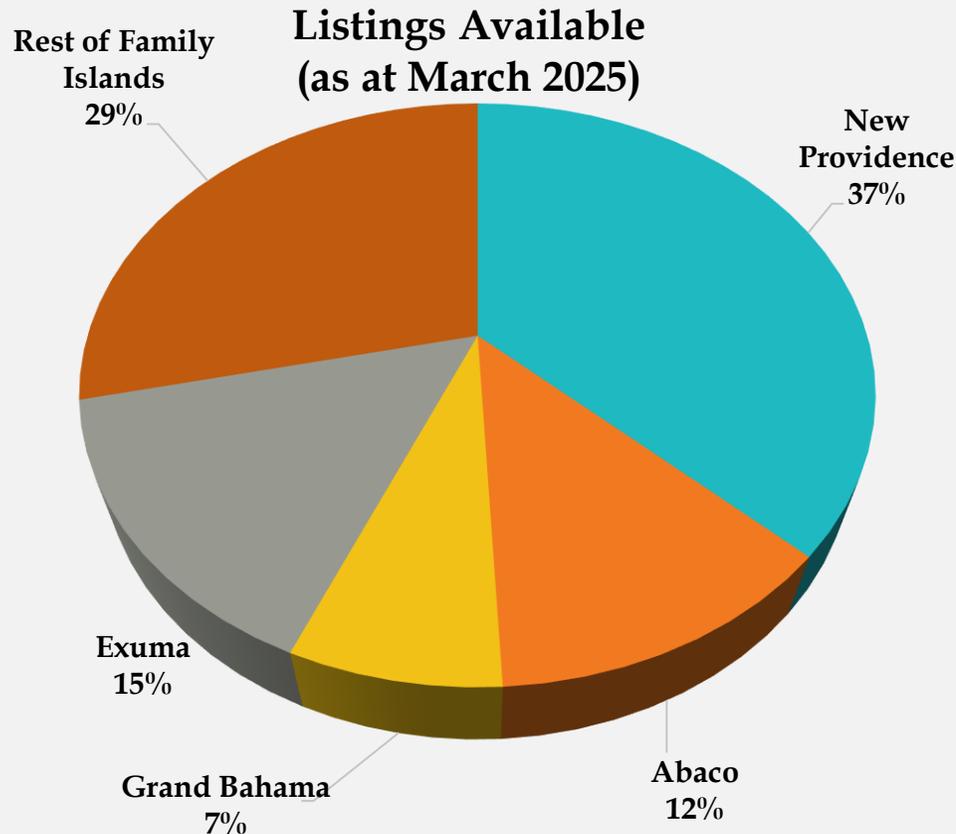
### Hotel Comparable Listings

- The average occupancy rate reduced to 48.9%, from 51.9% last year.



# Vacation Rental: Market Share by Island (March 2025)

In March 2025, vacation rental listings continued to expand relative to the comparable period in 2024. Exuma and the remaining Family Islands, accounted for approximately 43.7% of total listings, with the rest of the inventory located in New Providence, Grand Bahama and Abaco.



In March, listings for Grand Bahama, Abaco, and New Providence rose by 16.7%, 15.4% and 7.5%, respectively, compared to the same period last year. Similarly, listings in Exuma increased by 11.1%.

All Available Listings				
	Dec 2023	March 2024	Dec 2024	March 2025
Abaco	476	527	597	608
Grand Bahama	336	306	387	357
New Providence	1,881	1,704	2,166	1,831
Exuma	664	674	754	749

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

### Muddy Hole Development Company Limited

#### Industry: Hospitality

- Muddy Hole Development Company Limited received approval to develop a multi-faceted resort residential community and marina across 6 acres of land on Russell Island, Eleuthera known as “The Tides”. The investment is valued at \$2.0 million.

## Berry Islands

### Bird Cay Resort Properties Limited

#### Industry: Hospitality

- Bird Cay Resort Properties Limited obtained approval to develop a premier resort island, known as “Bird Cay Resort.” The development is to feature a yacht marina, luxury resort and ecotourism offerings. The investment is valued at \$18.0 million.

# Selected New Foreign Investment Projects

## Abaco

### Pieces of Eight Limited

#### Industry: Hospitality

- Pieces of Eight Limited obtained approval to develop a boutique residential and members club located in Big Point, Elbow Cay, The Bahamas, with an investment value of \$35.0 million.

### CU Guana Limited

#### Industry: Hospitality

- Cu Guana Limited received approval to develop a hotel, marina, and residential development on Guana Cay, Abaco, with an investment value of \$99.0 million.

## Exuma

### Yariv Peleg Limited

#### Industry: Hospitality

- Yariv Peleg Limited received approval to develop a hotel and residential property situated in Great Exuma. The company will acquire two tracts of land (Sapphire Beach Estates and a portion of Renaissance Land) for the project. The land transaction is valued at \$1.3 million, while the full cost of the project is unknown.

### Bahama Stacks Limited

#### Industry: Hospitality

- Bahama Stacks Limited obtained approval to purchase a waterfront lot on Staniel Cay for the development of a condominium hotel. The investment is valued at \$3.5 million.

# Selected New Foreign Investment Projects

## New Providence

### Global Alliance for Regenerative Medicine (GARM) Bahamas Limited

#### Industry: Healthcare

- Global Alliance for Regenerative Medicine (GARM) Bahamas Limited received approval to establish and develop a medical longevity and regenerative service business. The investment is valued at \$3.7 million.

### GD1 (GOLDSTAR DEVELOPMENT 1) Limited

#### Industry: Hospitality

- GD1 (GOLDSTAR DEVELOPMENT 1) Limited obtained approval to purchase Lot 15 situated at Sandford Drive, New Providence for the development of (16) two- and three-bedroom residences known as Fifteen Park (15Park) Residences with an investment value of \$5.0 million.

# Selected New Foreign Investment Projects

## Grand Bahama

### Royal Caribbean Cruise Lines - Celebrity Cruises Incorporated

#### Industry: Hospitality

- Royal Caribbean Cruise Lines - Celebrity Cruises Incorporated obtained approval for the acquisition of 40 acres privately owned land for the development of recreational and entertainment facilities. The investment is valued at \$348.0 million.

### Caesars Capital Limited

#### Industry: Hospitality

- Caesars Capital Limited received approval for the acquisition of two lots for the construction and development of 8 rental cottages, situated in the Golden Globe Subdivision, Gold Rock Creek, Grand Bahama, with an investment value of \$4.0 million.

### AU BORD DEL'EAU LIMITED/T/A/ ALUMINOX MANUFACTURING

#### Industry: Manufacturing

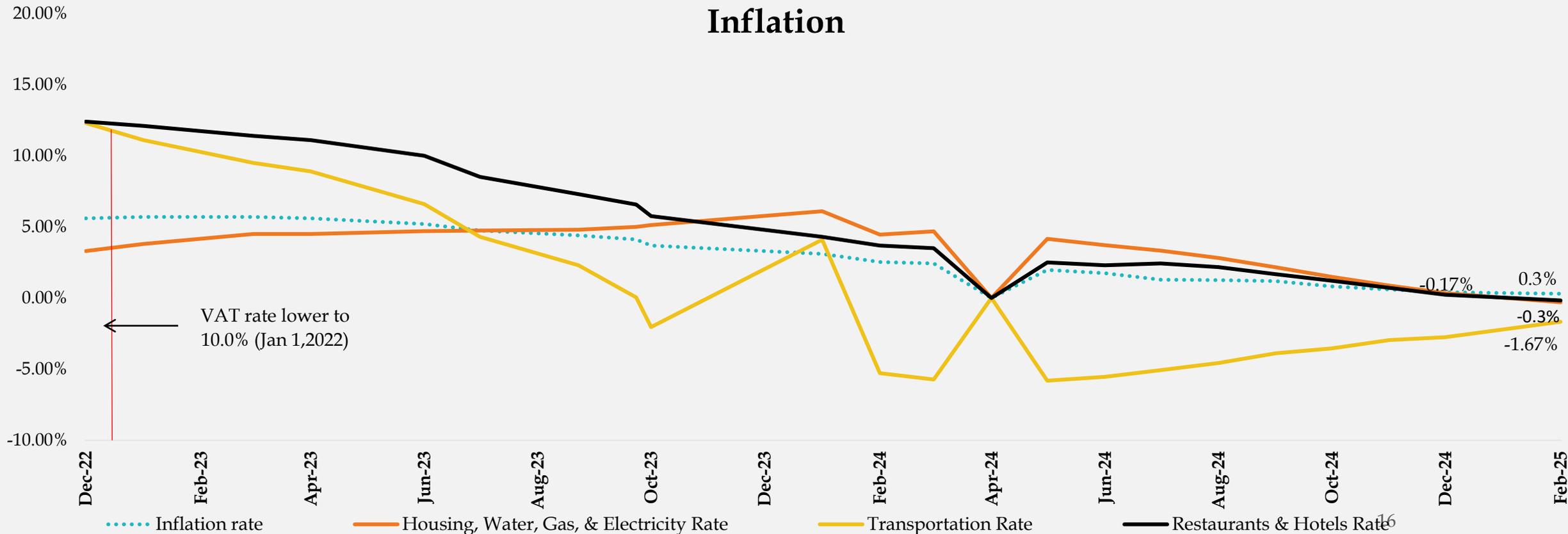
- AU BORD DEL'EAU LIMITED/T/A/ ALUMINOX MANUFACTURING received approval to purchase a parcel of land located at Grand Bahama Highway, East Airport Zone, Freeport, Grand Bahama to expand a manufacturing company. The investment is valued at \$1.8 million.



# INFLATION

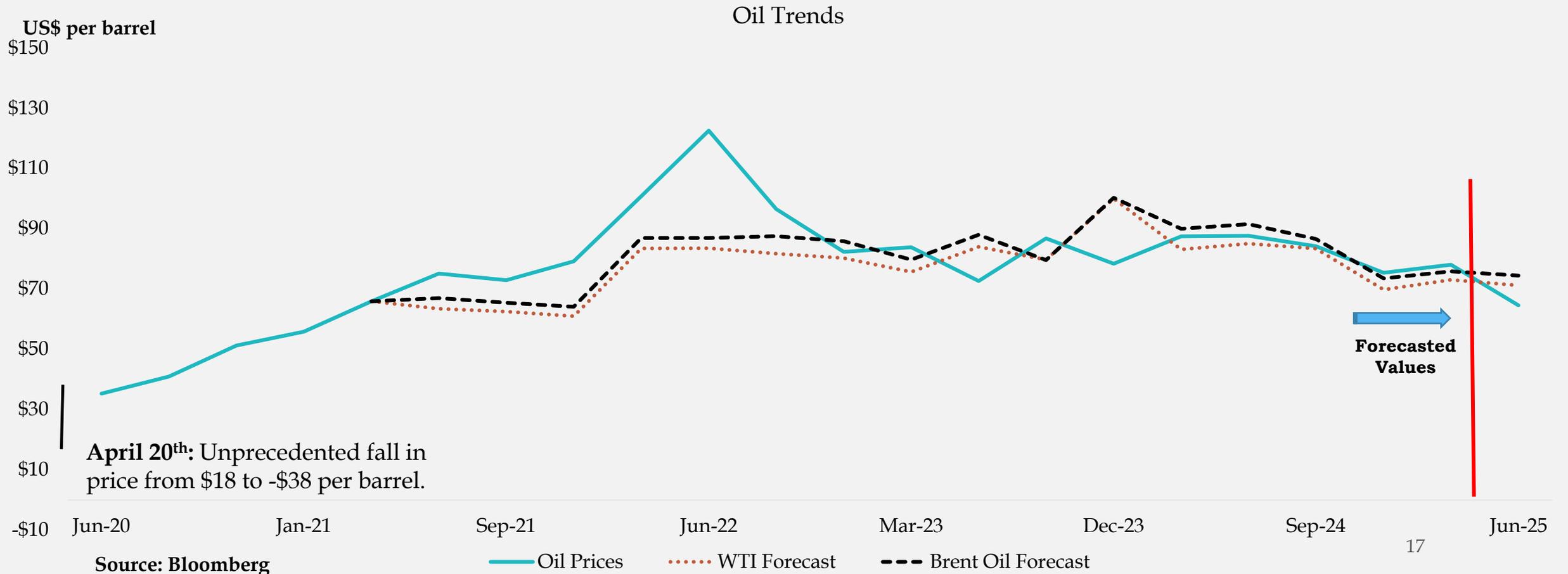
# Retail Price Index

In the 12 Months to February 2025, inflation slowed sharply to 0.3% from 2.5% in the previous year, driven by decreases in clothing & footwear; recreation & culture; housing, water, gas electricity & other fuels; and hotel & restaurants & hotel costs.



# Oil Price Trends

In March 2025, the cost of crude oil decreased by 4.7% to \$73.18 per barrel. On the supply-side, OPEC's crude oil production fell by 37,000 barrels per day in March, to approximately 41.0 million barrels per day.





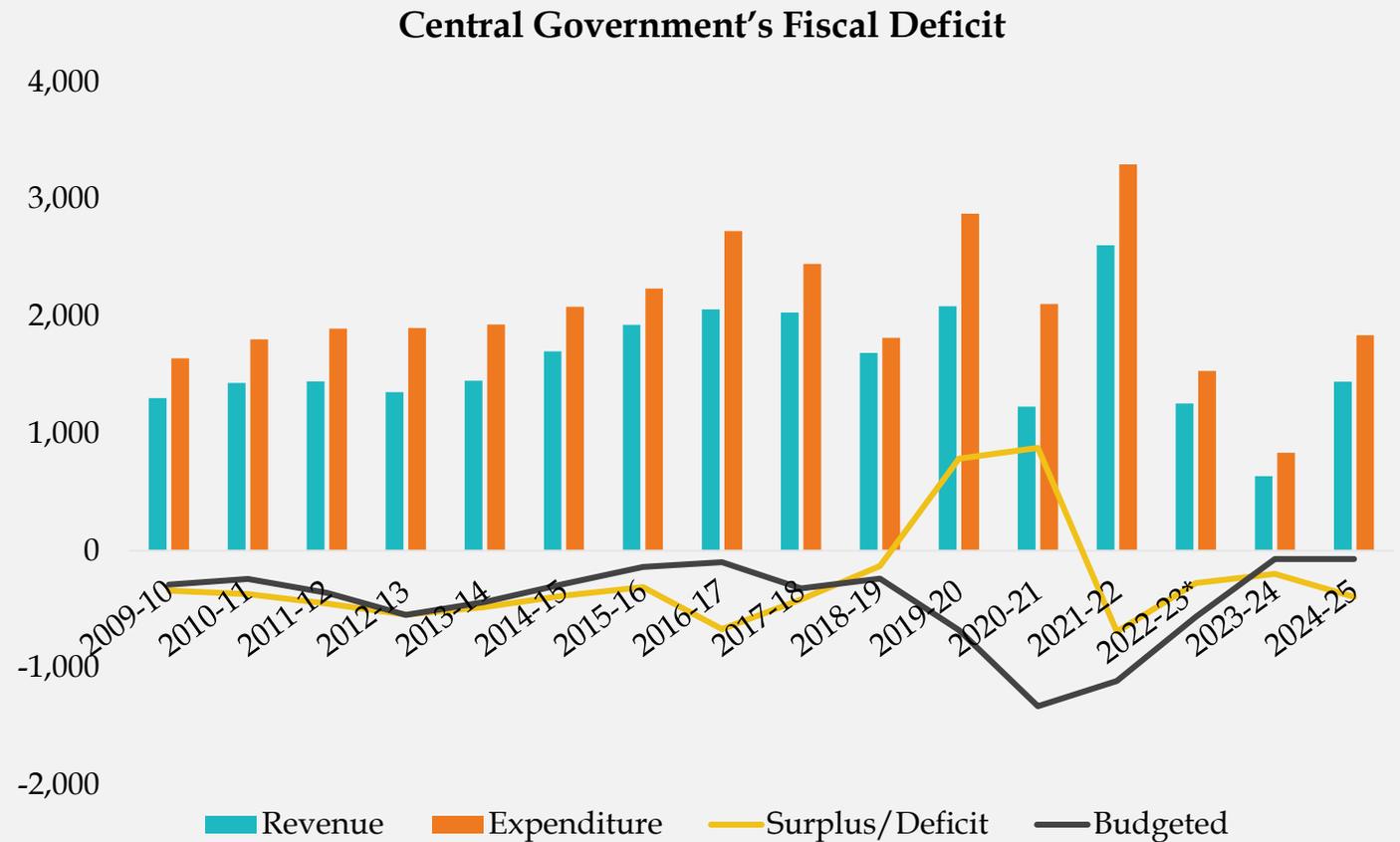
# FISCAL SECTOR

# Fiscal Sector

## Provisional First Six Months, FY2024/2025

During the first half of FY2024/25, the deficit rose to \$394.8 million, from \$258.7 million in the prior fiscal year. Aggregate expenditure outpaced the growth in total revenue.

- Total expenditure expanded by \$278.3 million (17.8%) to \$1,839.1 million.
  - Recurrent expenditure grew by \$192.2 million (13.5%) to \$1,619.0 million.
  - Similarly, capital outlays increased by \$86.0 million (64.1%) to \$220.1 million.
- Total revenue rose by \$142.2 million (10.9%), to \$1,444.3 million.
  - In particular, VAT receipts edged up by \$21.0 million (3.3%) to \$667.0 million.



Source: Bahamas Ministry of Finance

\*Data for first half of 2024/2025

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

(B\$ Millions)

	Actual Outturn	Budgeted	% of Budget
<b>Revenue</b>	1,441.3	3,543.3	40.8
Tax Revenue	1,295.5	3,142.6	41.2
Non-tax Revenue	148.7	394.4	37.7
<b>Expenditure</b>	1,839.1	3,613.1	50.9
Recurrent Expenditure	1,619.0	3,268.6	49.5
Capital Expenditure	220.1	344.5	63.9

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 shore. In the foreground, there are more palm trees and some buildings, possibly a resort or a small village. The sky is clear and bright.

# MONETARY SECTOR

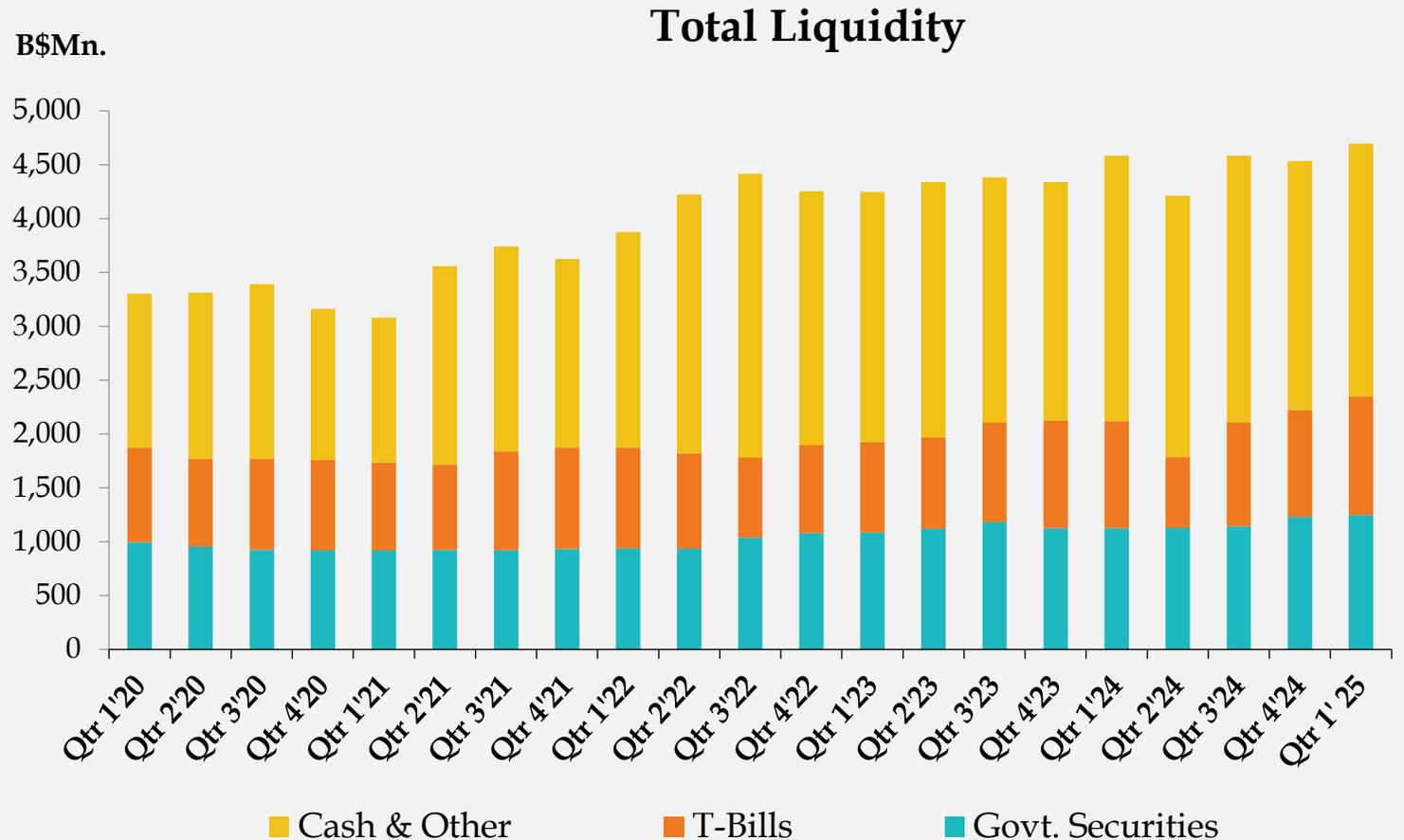
# Money and Banking: Liquidity Conditions

## January-March 2025 vs. 2024

During the first quarter of 2025, growth in liquidity and foreign reserves moderated vis-à-vis the same period in the prior year, with the rise in deposits, contrasting with a decline in domestic credit.

Seasonal trends reflected reduced net private sector inflows and a reversal in the public sector external operations to a net debt repayment from a net borrowing outcome in 2024.

- Excess reserves grew by \$63.8 million, a slowdown from the \$305.9 million accumulation in the comparable period.
- Further, excess liquid assets rose by \$152.2 million, lower than the \$337.8 million expansion in 2024.



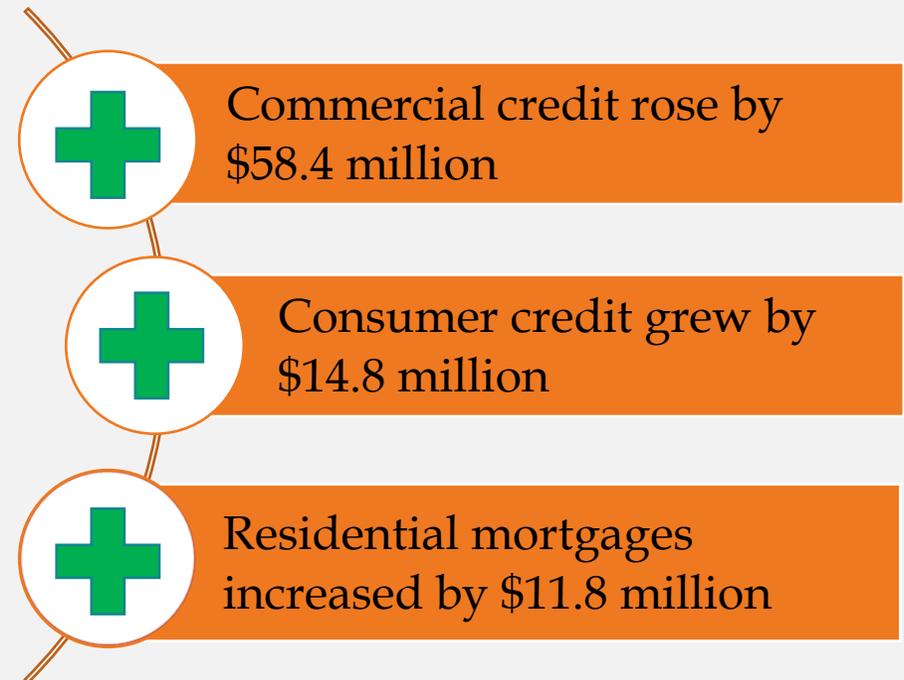
# Lending Conditions

## January – March 2025 vs. 2024

During the first quarter, total Bahamian dollar credit fell by \$18.7 million, curtailing last year's \$113.3 million reduction.

- Net claims on the Government declined by \$103.8 million, albeit less than the \$135.8 million contraction in the prior year.
- However, credit to the rest of the public sector was unchanged, following an \$11.4 million falloff in the preceding year.

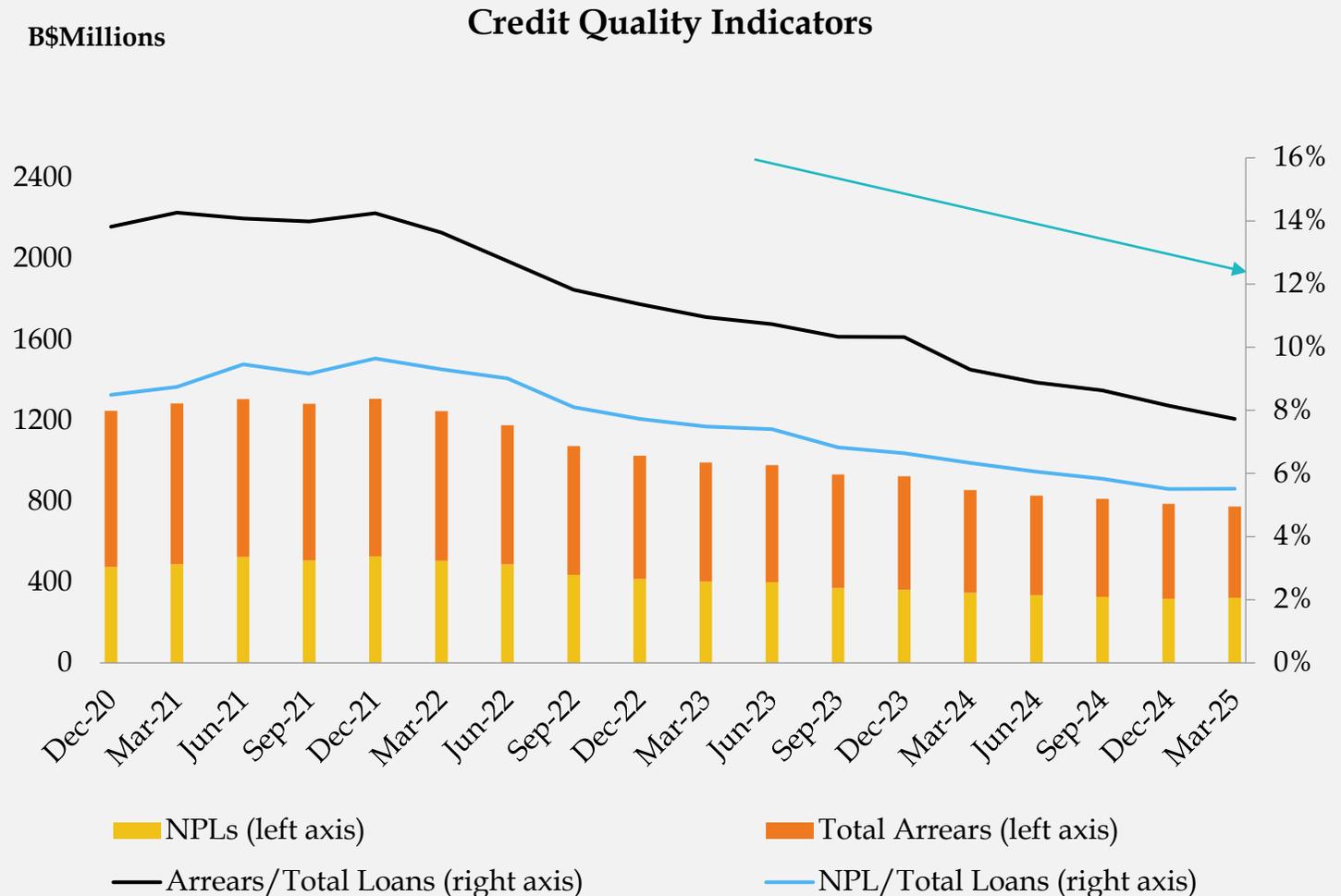
- Private sector credit growth strengthened to \$85.0 million, from \$33.9 million in 2024.



# B\$ Credit Quality Indicators

## January-March 2025 vs. 2024

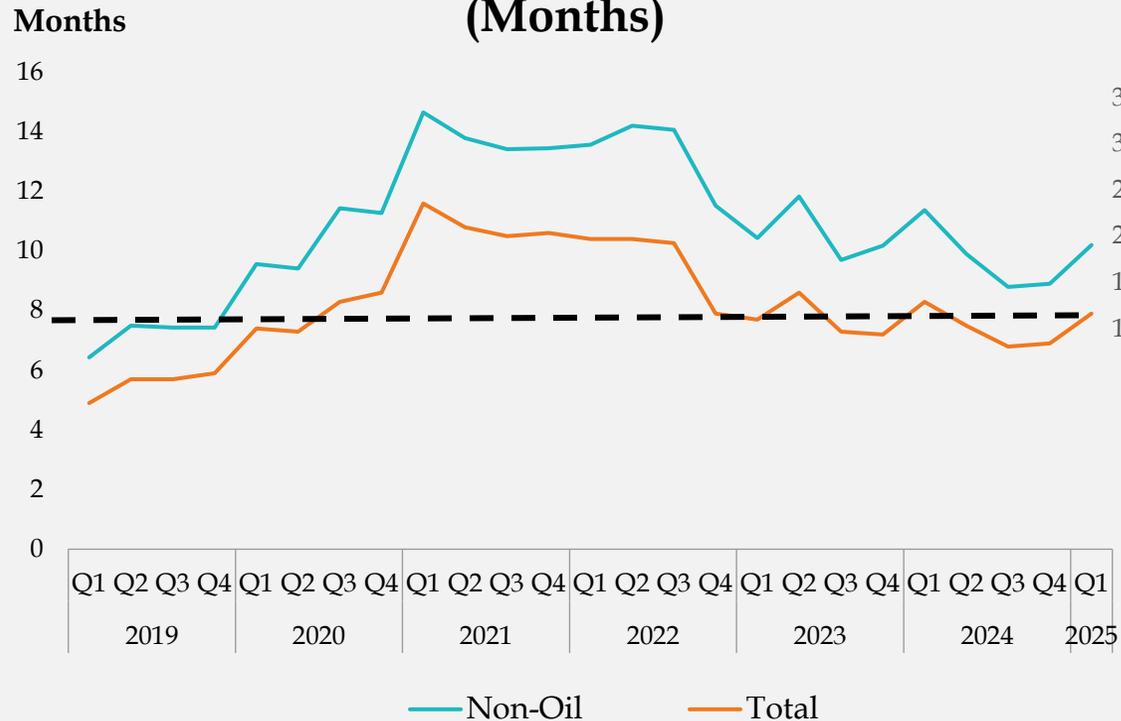
- On a year-to-date basis, the average arrears rate for private sector loans declined to 7.7% from 9.3% in 2024.
  - The short-term arrears rate was 2.2% (3.0% in March 2024).
  - The NPL rate was 5.5% (6.3% in March 2024).
  
- Arrears rate by loan type:
  - Mortgages: 11.4% vs 13.3% in 2024.
  - Consumer: 5.7% vs 6.8% in 2024.
  - Commercial: 3.6% vs 4.4% in 2024.



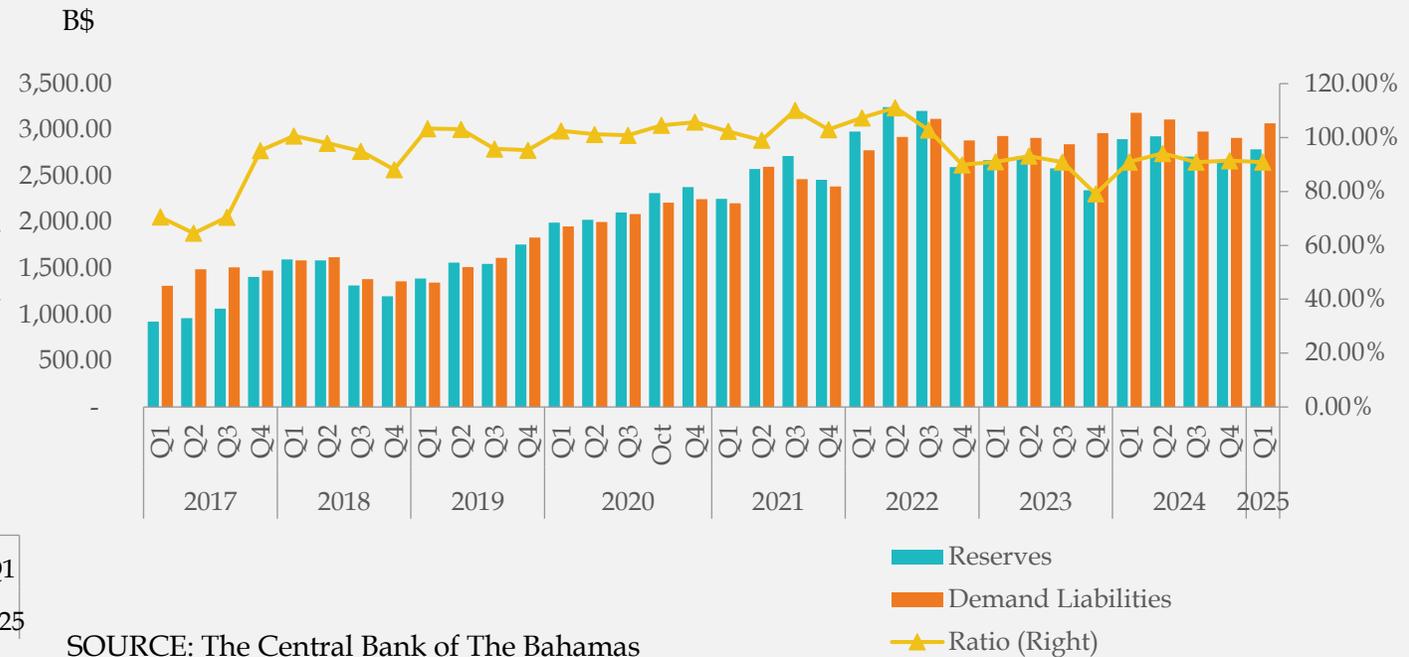
# External Reserves

## January- March 2025 vs. 2024

### Import Cover Ratio (Months)



### External Reserves to Demand Liabilities



SOURCE: The Central Bank of The Bahamas

In the first quarter of 2025, external reserves expanded by \$171.2 million, although a slowdown from the \$547.1 million gain in the preceding year. At the end-March external balances were \$2,791.2 million:

- Equivalent to 93.1% of the Central Bank's demand liabilities.
- Equivalent to 7.9 months of the current year's total merchandise imports.



**RESULTS FROM BANK LENDING  
CONDITIONS SURVEY**

# Bank Lending Conditions Overview (July- December 2024)

During the second half of 2024, bank lending conditions improved, when compared to the same period of 2023.

Total credit applications received grew alongside an increase volume of approvals; however, the approvals rate moderated.

- **Total applications processed: 20,145.**
  - A 22.7% increase over the second half of 2023.
  - Requests from New Providence accounted for 84.0% of total applications received.
- **Approvals Rate: 80.8%.**
- Most reasons for unsuccessful applications continue to be “other” miscellaneous factors, high debt service ratio (DSR), insufficient time on job, and prior delinquency.

# Bank Lending Conditions Overview (July - December 2024)

Over the 2<sup>nd</sup> half of 2024, bank lending conditions improved. The volume of credit applications and volume of approvals strengthened vis-à-vis the 2<sup>nd</sup> half of 2023, led by demand for consumer credit and residential mortgages.

## Consumer Applications

- Consumer applications increased by 25.4%, year-on-year, representing 94.0% of total loans processed, during the last half of 2024.
- The approval rate narrowed by 2.3 percentage points to 81.6%.

## Mortgage Applications

Total mortgage applications moved lower by 7.6%, relative to December 2023.

Meanwhile, the approval rate improved by 1.8 percentage points, to 54.6%.

## Commercial Applications

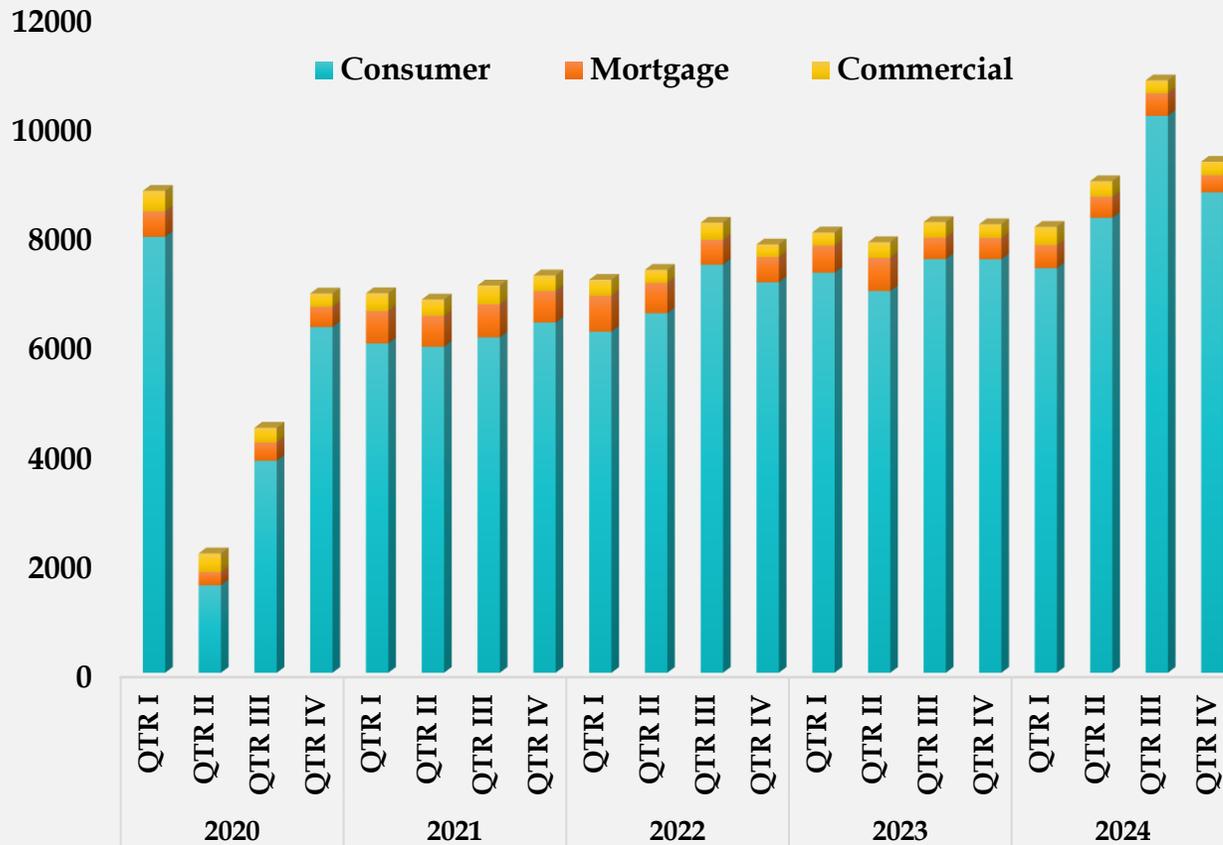
- Commercial applications reduced by 9.0% year-on-year, due to retrenched demand in New Providence.
- Relative to the same period in 2023, the approval rate improved by 0.3 percentage points, to 88.6%.

## Loan Denials

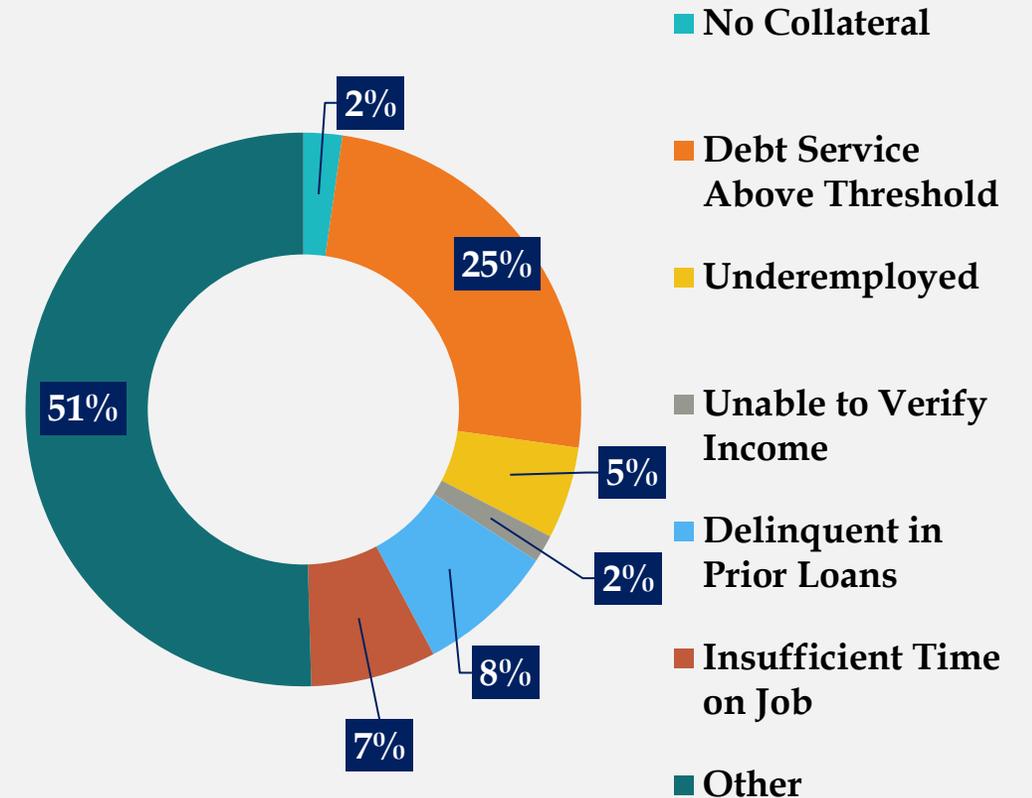
- Lenders cited “other” miscellaneous reasons, high debt service ratio (DSR), delinquency in prior loans, insufficient time of the job and no collateral, as the top reasons for rejections in the review period.

# Bank Lending Conditions Overview (July - December 2024)

## Loan Applications Received by Loan Type

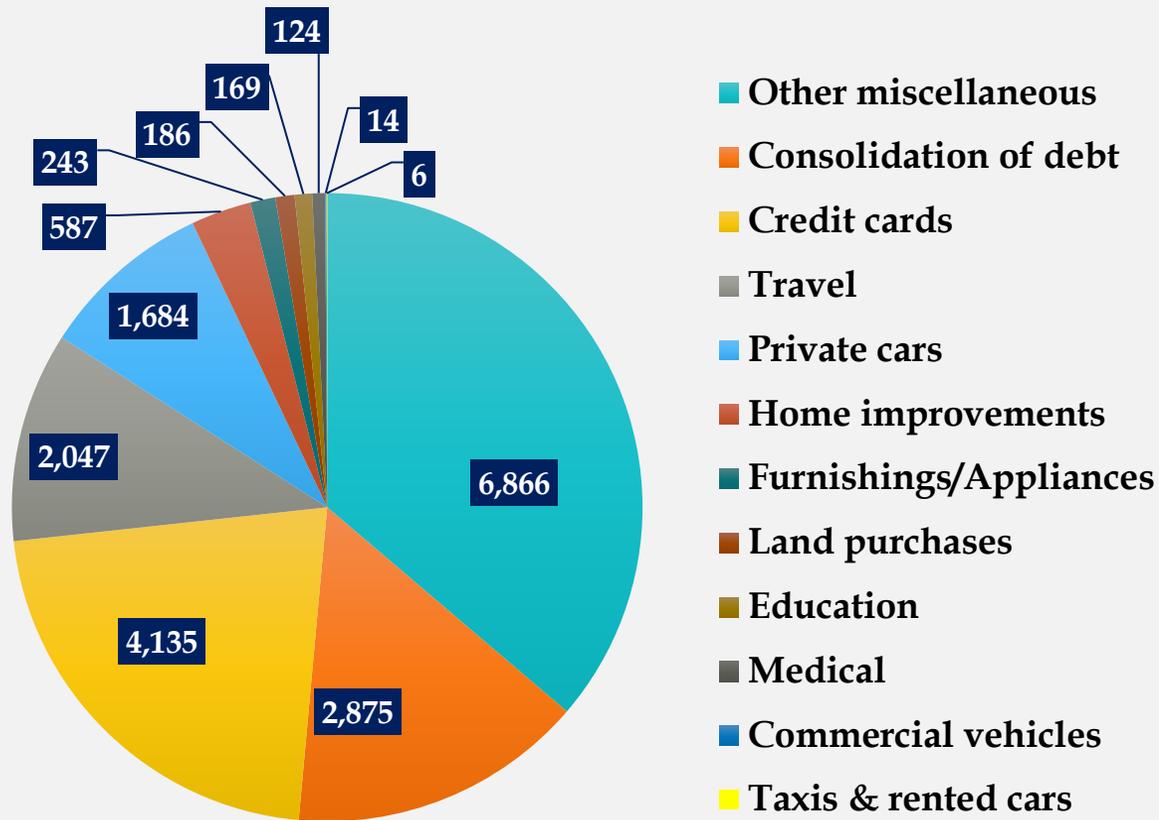


## Loan Denial Reasons

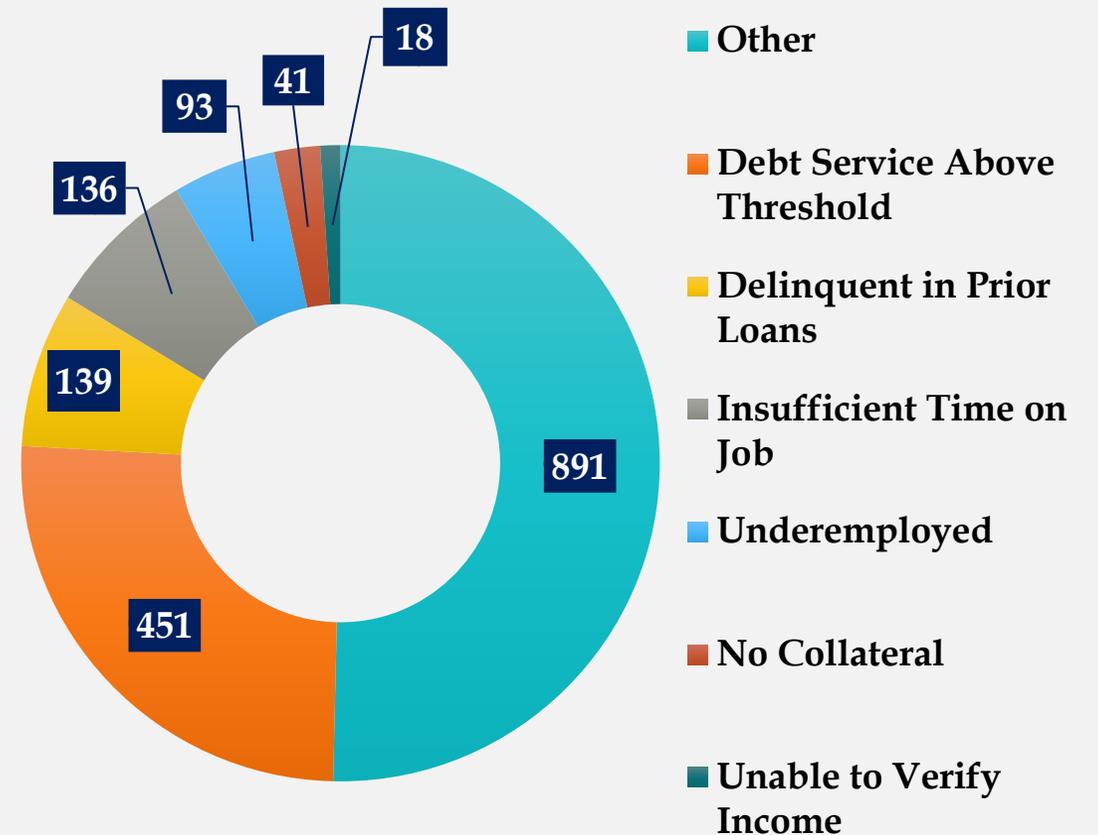


# Bank Lending Conditions (Consumer Loan Applications)

## Largest Categories of Consumer Loan Applications

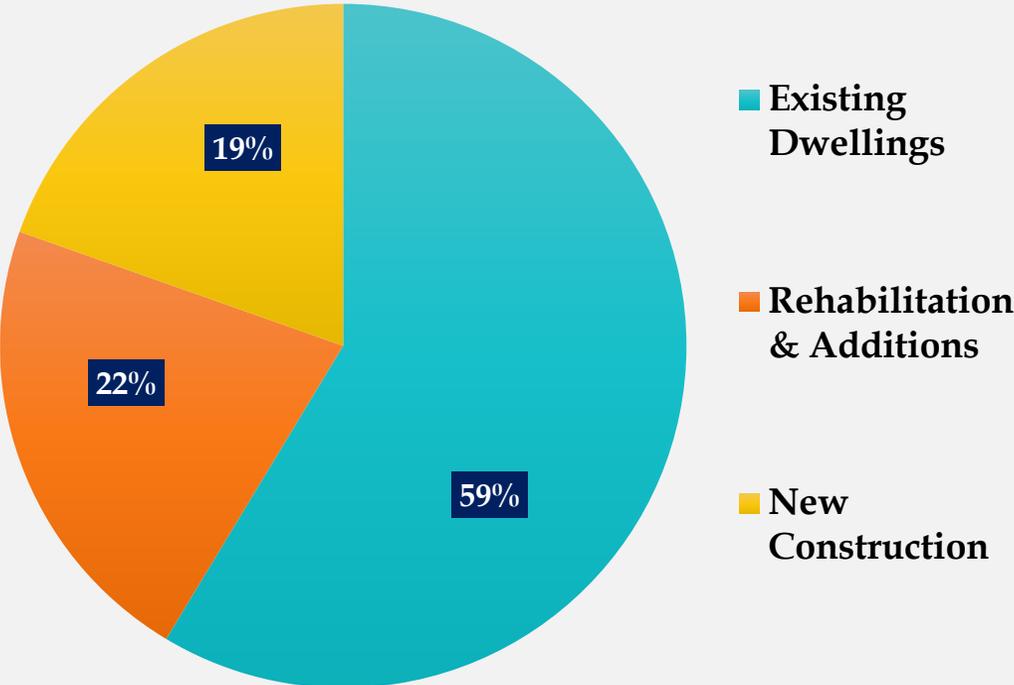


## Reasons for Consumer Loan Denials

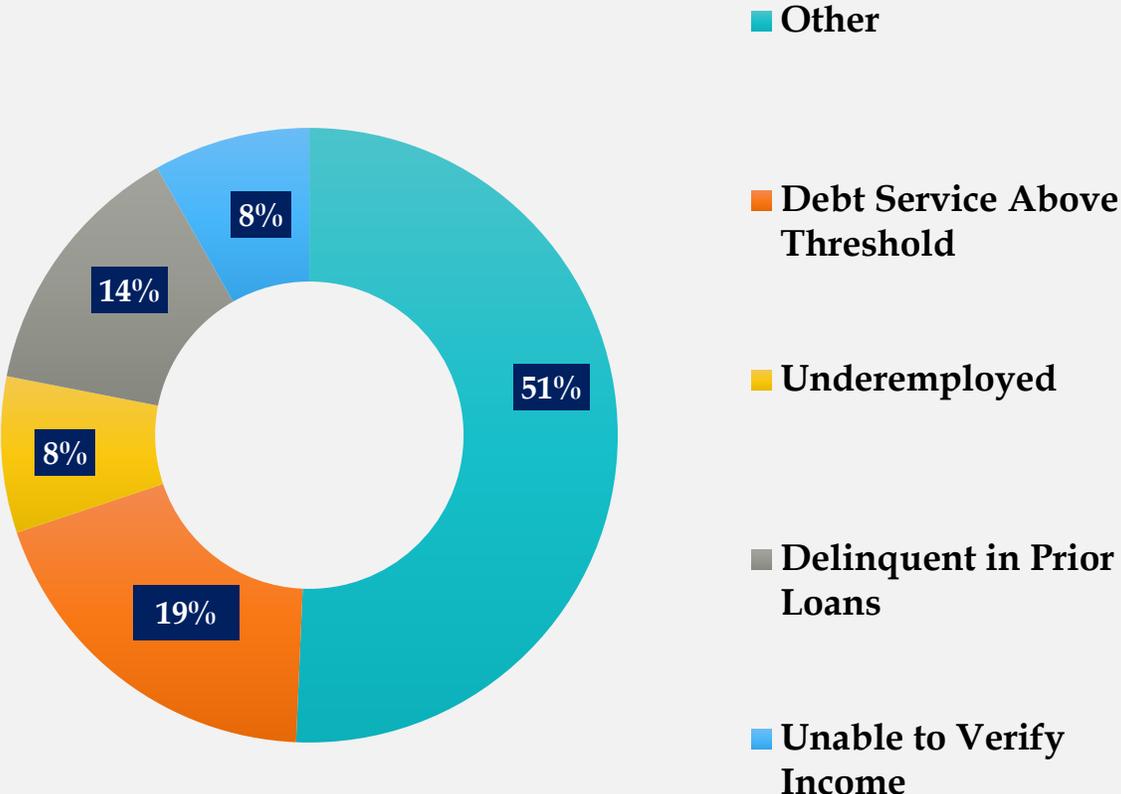


# Bank Lending Conditions (Mortgage Applications)

## Residential Mortgages Applications



## Reasons for Mortgage Loan Denials



Source: The Central Bank of The Bahamas



# OUTLOOK

# Real Sector

- The domestic economy's growth rate is anticipated to moderate further in 2025, as the economy moves closer to its medium-term potential. Performance remains reliant on gains in the tourism industry and other real sector activities.
- Downside risks to tourism have increased, given recent changes in US trade policy, which have the potential to slow global economic growth and limit tourism demand. Further, other exogenous risks to the outlook remain, linked to geopolitical tensions and elevated global oil prices.
- The employment rate is projected to further improve, with job opportunities predominantly concentrated in the tourism and construction sectors.
- The domestic inflation rate, while recently moderated, faces upside risks from import price pressures and supply chain disruptions, related to geopolitical tensions in the Middle East and Eastern Europe, and possible trade barriers.

# Fiscal Sector

- The fiscal deficit is expected to continue its downward trend, supported by continued gains in revenue.
- The rise in revenue is expected to remain largely connected to tourism-led improvements in taxable economic activities.
- Financing of the estimated budgetary gap is expected to require a mix of domestic and external borrowing, with a higher net reliance on funding from domestic sources.

# Monetary Sector and External Reserves



Banking sector liquidity is expected to reduce, but remain high over the near-term.

Growth in private sector credit is projected to increase in 2025, consistent with the domestic economic recovery.



External reserve balances are expected to moderate in 2025, but remain above international benchmarks, supported by robust trends in 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 for rebuilding activities and constrained tourism output could accelerate the drawdown reserve.

## **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



CENTRAL BANK OF THE BAHAMAS  
1974-2024