

CBRE RESEARCH

BAHRAIN RETAIL
OCCUPIER FLASH SURVEY

EXECUTIVE SUMMARY

CBRE Research recently conducted a flash survey, shared with 160 retail occupiers in Bahrain, to gauge the industry response to COVID-19. 63% of those that responded were F&B operators and 37% retailers. Key findings of the survey, conducted from 15th June to 30th June 2020, are summarized below:

THE BIG PICTURE



94%

Identified **LOSS OF SALES** as a key concern.



56%

Expect business will take 6 – 12 months to **RETURN TO PRE-COVID LEVELS**.



88%

Have been offered **RENT RELIEF BY LANDLORDS** during the affected period.

THE SHIFT ONLINE



93%

Plan to increase investment in **ONLINE RETAILING/DELIVERY APPS** following Covid-19.



33%

Say the pandemic led to **DIGITAL SALES BECOMING THEIR CORE BUSINESS**.



38%

Plan to **INCREASE THEIR ONLINE SALES CAPACITY**.

STORE NETWORK ADJUSTMENT



31%

Plan to **CONSOLIDATE BRICK AND MORTAR STORE NETWORKS**. Additional 31% either plan to open new stores or are still uncertain.



63%

Stated that Covid-19 had affected leasing decisions and **PUT EXPANSION PLANS ON HOLD**.



44%

SITE VISITS WERE DELAYED for new premises pushing back leasing decisions.

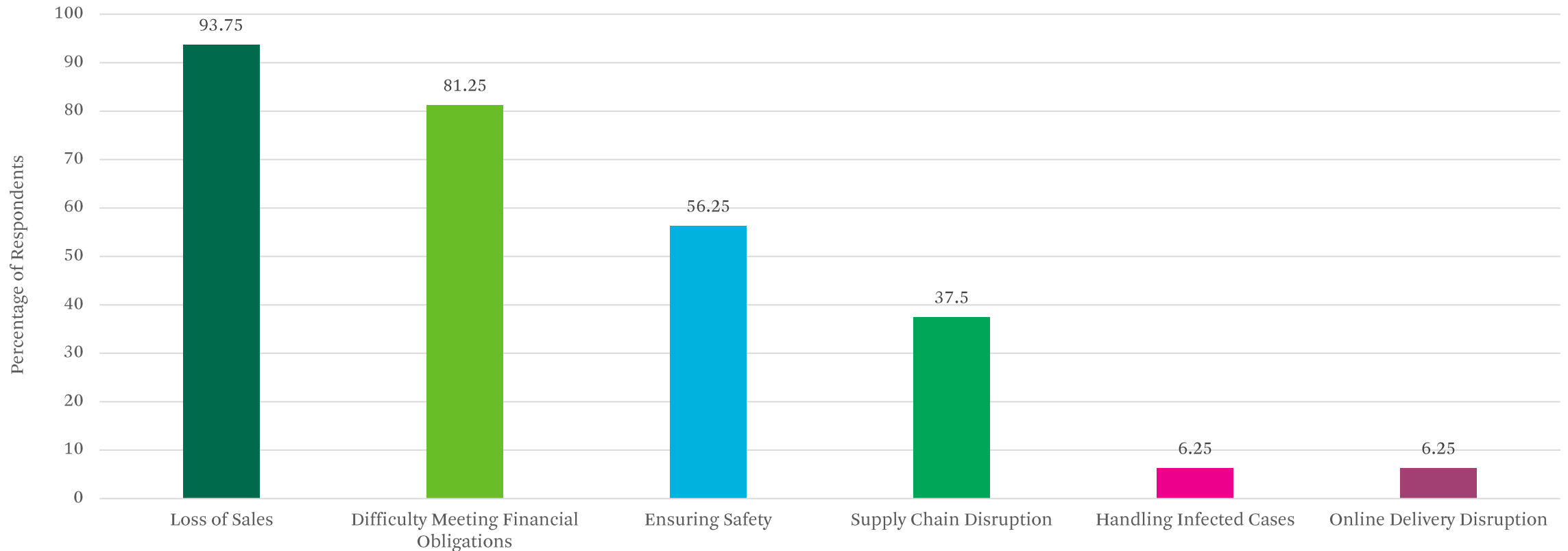
A top-down photograph of three hands holding coffee cups in a toast. The top hand holds a white cup with a latte art design. The bottom-left hand holds a black cup with ice. The bottom-right hand holds a white cup with a latte art design. The background is a blurred wooden table with coffee saucers and spoons.

SURVEY RESULTS

Q1. WHAT ARE YOUR KEY CONCERNS REGARDING THE COVID-19 PANDEMIC?

RETAILERS AND F&B OPERATORS ARE FACING FINANCIAL STRESS

Most respondents have experienced loss of sales during the Covid-19 pandemic with 94% stating this as a key concern while 81% are concerned about meeting financial obligations. Ensuring customer safety is also an important factor with 56% claiming this to be of high importance along with supply chain disruption at 38%.

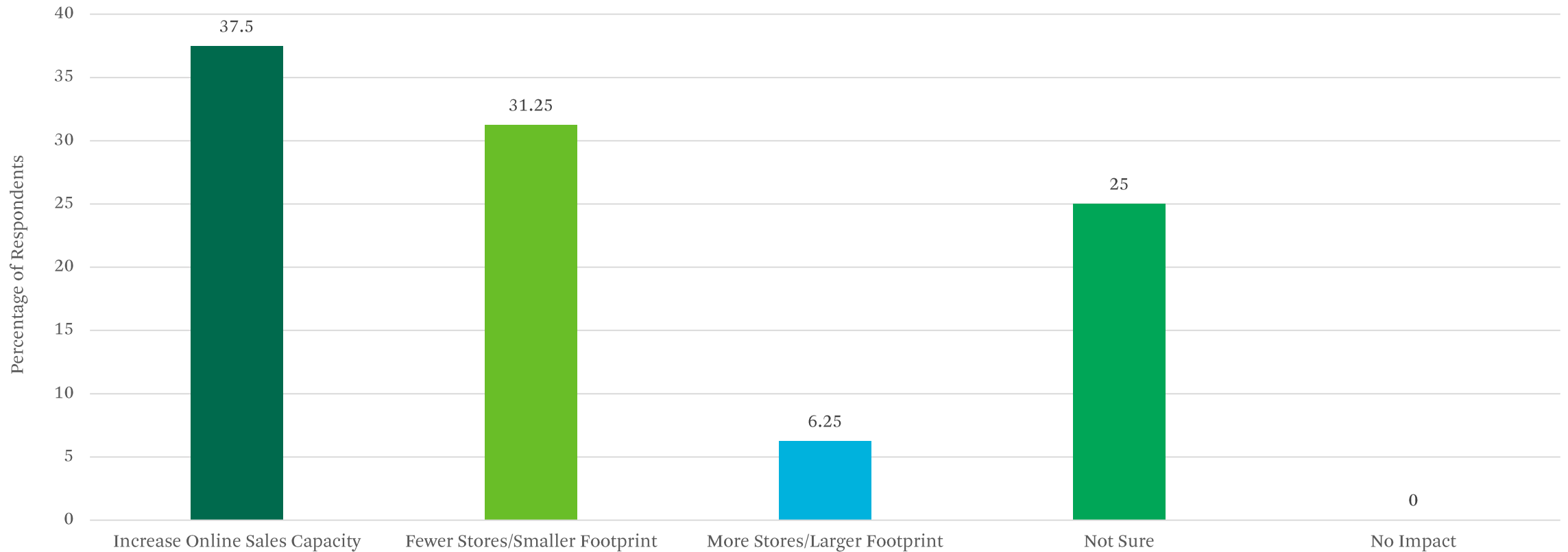


Source: CBRE Research, 2020

Q2. HOW WILL COVID-19 IMPACT YOUR SALES NETWORK FOR THE REST OF THE YEAR?

ONLINE SALES GROWTH AND STORE NETWORK CONSOLIDATION ARE THE CURRENT FOCUS FOR MANY

A total of 61% of survey respondents expect the revenue of their business to contract in 2020. An anticipated decline of between 10% and 30% is expected by the majority group, according to current projections. However, almost 20% of respondents believe that there is the potential for positive growth in revenue year on year.

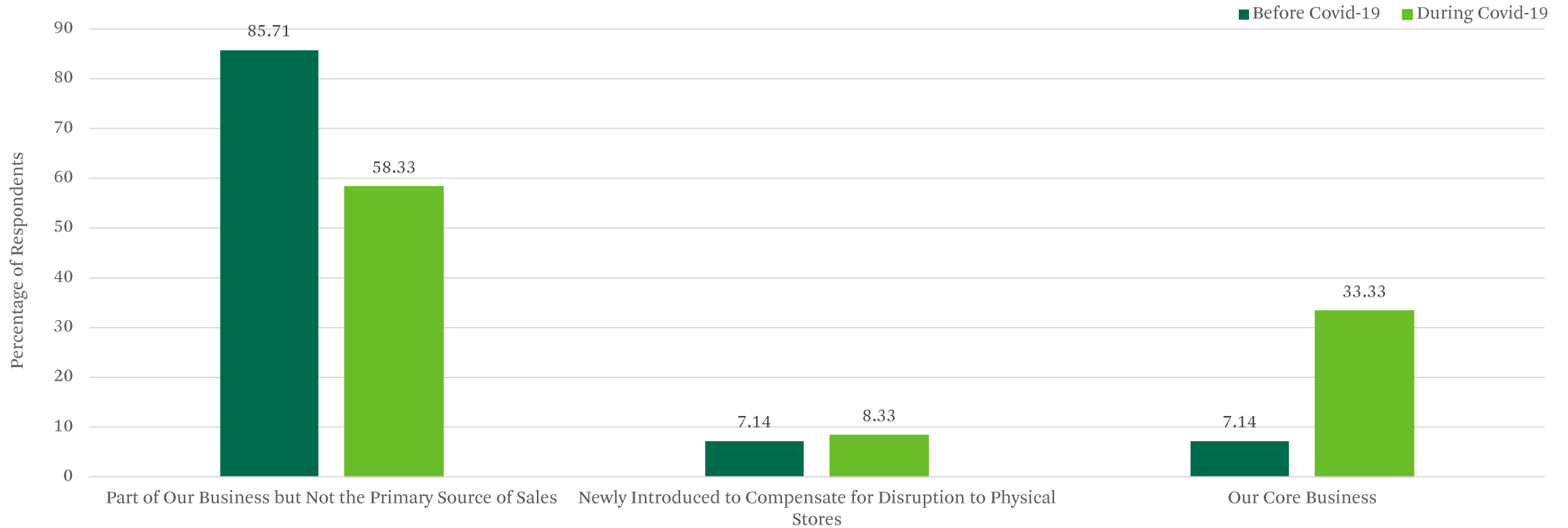


Source: CBRE Research, 2020

Q3. WHAT HAS BEEN THE ROLE OF DIGITAL SALES CHANNELS IN YOUR BUSINESS BEFORE AND DURING COVID-19?

DIGITAL SALES ARE BECOMING MORE PROMINENT

More retailers have shifted to digital sales channels to sustain their business during Covid-19 with 7% claiming digital formed their core business before the pandemic and rising to 33% during the Covid-19 period.

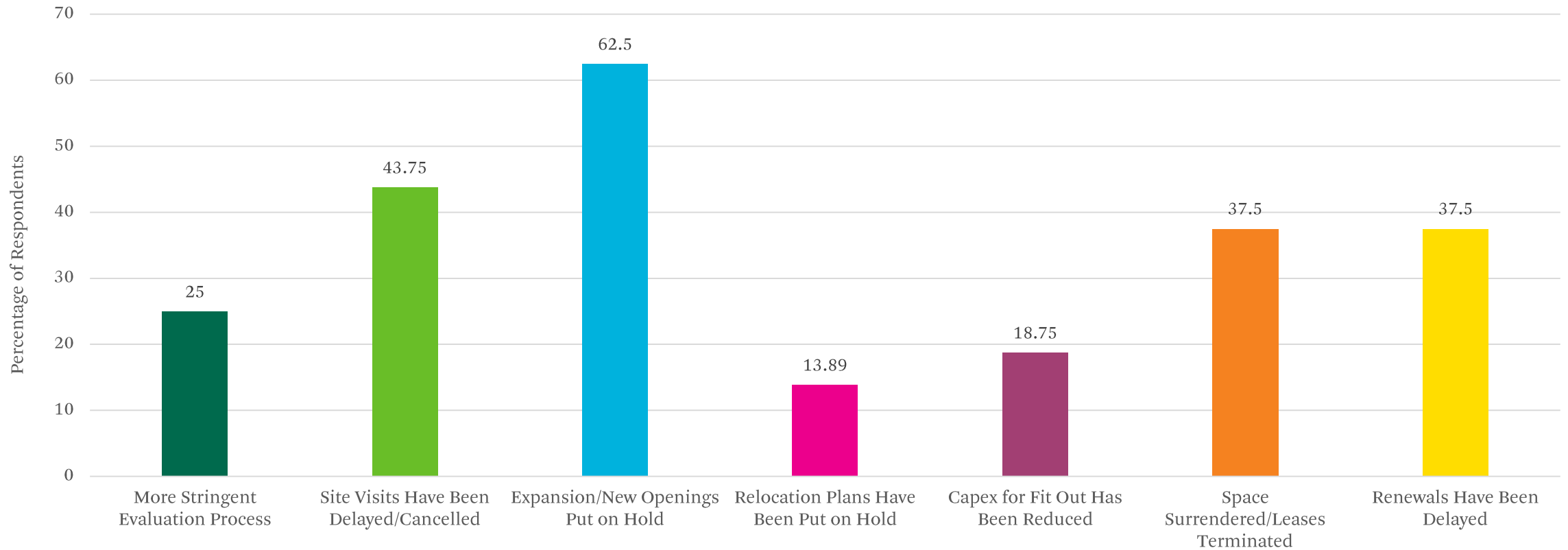


Source: CBRE Research, 2020

Q4. HOW HAVE YOUR REAL ESTATE LEASING DECISIONS BEEN IMPACTED BY THE COVID-19 OUTBREAK?

A LARGE PERCENTAGE OF BUSINESSES HAVE PLACED DECISIONS ON HOLD

Survey results show that 63% of respondents have experienced disruption to leasing decisions since the outbreak. Additionally, 44% of respondents have said that site visits have been delayed or cancelled and 25% are implementing a more stringent evaluation process for new locations.

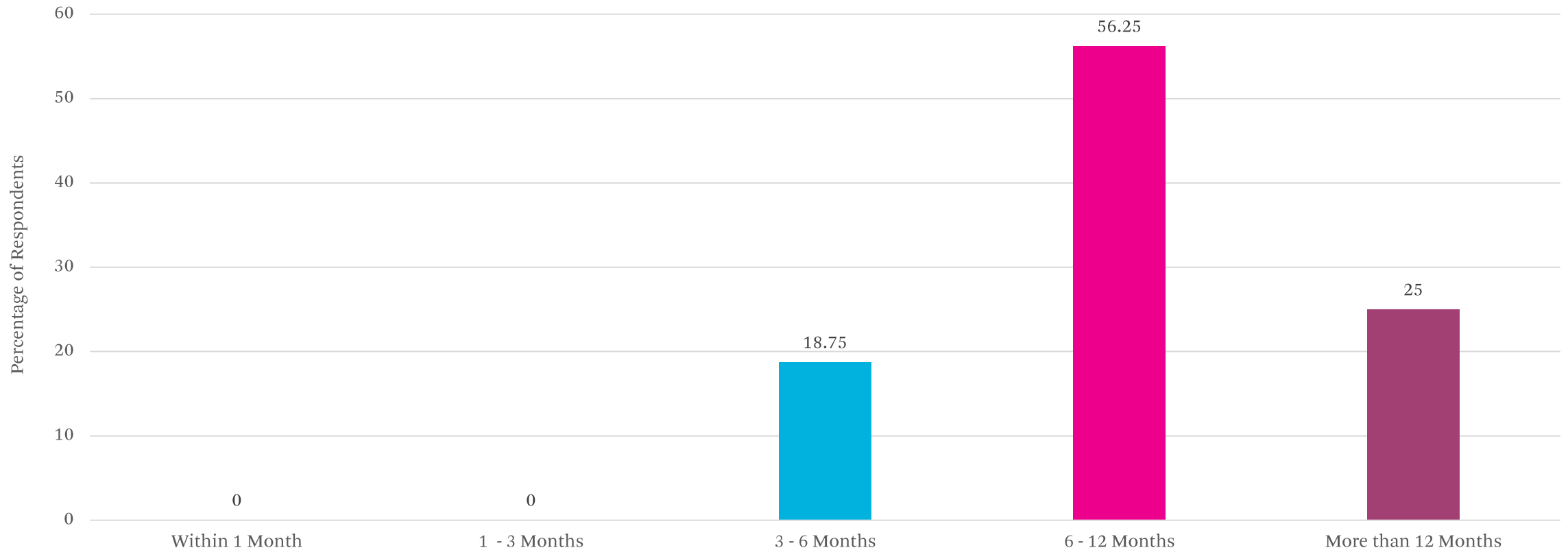


Source: CBRE Research, 2020

Q5. FROM TODAY'S DATE, HOW LONG DO YOU ESTIMATE IT WILL TAKE BUSINESS/SALES TO RETURN TO LEVELS BEFORE THE OUTBREAK?

BUSINESS IS RETURNING GRADUALLY BUT RECOVERY IS NOT EXPECTED UNTIL 2021

As restrictions on retail and F&B operators continue to ease, albeit with social distancing measures in place, 56% of respondents expect sales to return to normal levels within 6 – 12 months with 25% expecting that it will take more than 12 months. 19% were more optimistic, predicting business would improve in 3 – 6 months.

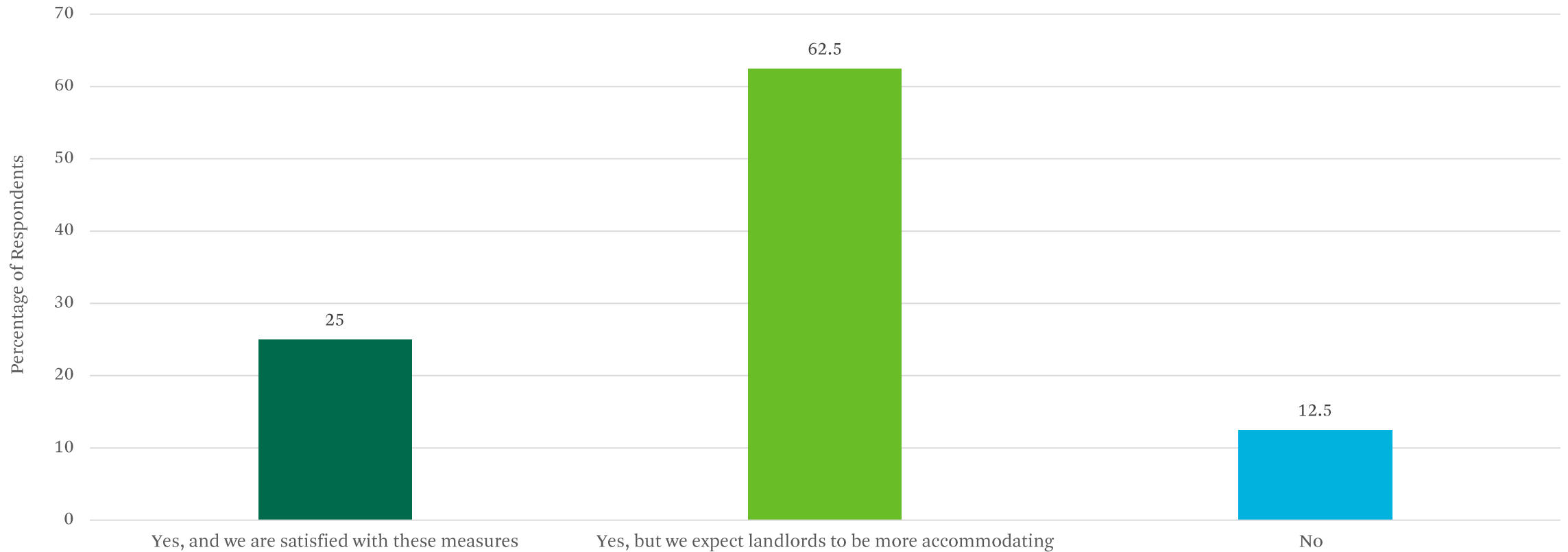


Source: CBRE Research, 2020

Q6. HAVE YOU BEEN OFFERED ANY RELIEF MEASURES BY LANDLORDS?

RELIEF MEASURES HAVE BEEN OFFERED BY A LARGE PERCENTAGE OF LANDLORDS

Almost 88% of respondents stated that they have been offered relief measures by landlords in Bahrain. Of those respondents who had received offers, 25% were satisfied with the measures and almost 62.5% were expecting landlords to be more accommodating.

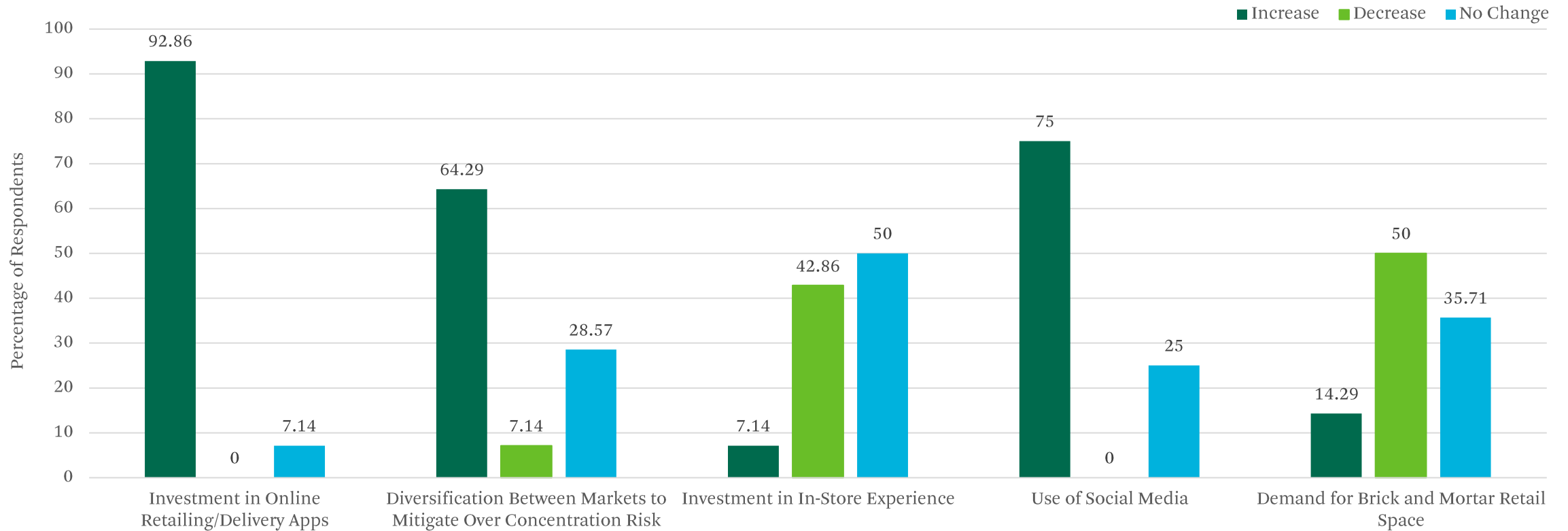


Source: CBRE Research, 2020

Q7. TO WHAT EXTENT DO YOU EXPECT THERE TO BE A SHIFT IN YOUR BUSINESS STRATEGY AFTER THE COVID-19 OUTBREAK?

THERE WILL BE AN INCREASED FOCUS ON ONLINE RETAILING AND DELIVERY APPLICATIONS

According to 93% of respondents there will be increased investment in technology, in response to the shifting demand towards e-commerce and 75% say that Covid-19 will increase their use of social media to promote their business. There was a 50/50 split in the demand for brick and mortar retail space, with half of respondents stating that there would be a decrease in their demand for physical space whereas 50% would either see no change or increase their requirement.



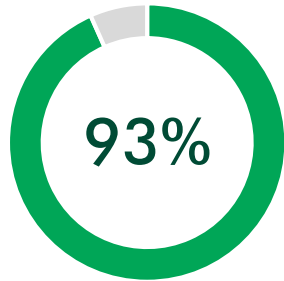
Source: CBRE Research, 2020

Q8. HAVE YOU HELD DISCUSSIONS WITH LANDLORDS ON ANY OF THE FOLLOWING ASPECTS OF LEASE AGREEMENTS?

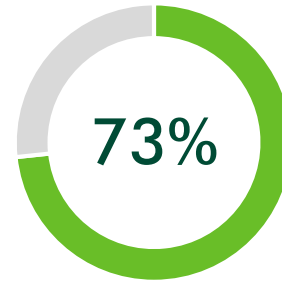
TENANTS AND LANDLORDS ARE IN THE PROCESS OF REVIEWING LEASE AGREEMENTS

A total of 93% of respondents have held discussions with their landlords about rental reductions and 73% have requested rent free periods for existing leases. 47% have discussed longer rent free periods for new leases and 20% have requested fit out subsidies.

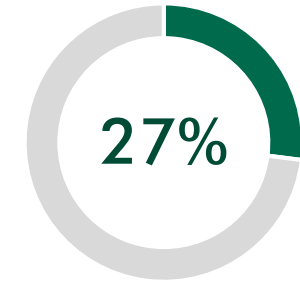
Negotiated Rental Reductions



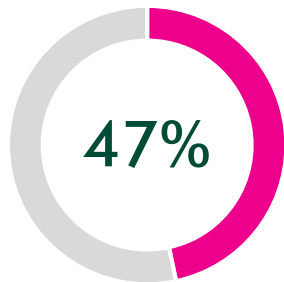
Requested Rent-Free Periods (for existing tenants)



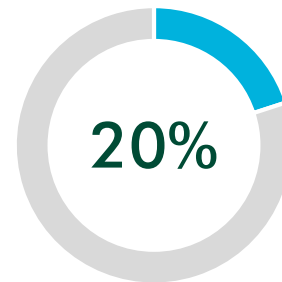
Requested Rental Holidays (for existing tenants)



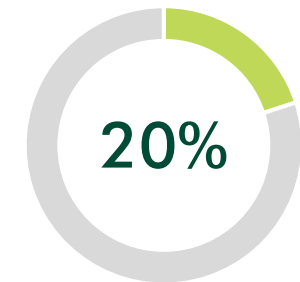
Requested Longer Rent Free Periods (for new leases)



Requested Fit Out Subsidies



Change to Gross Turnover Rent Only



Source: CBRE Research, 2020



THANK YOU

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