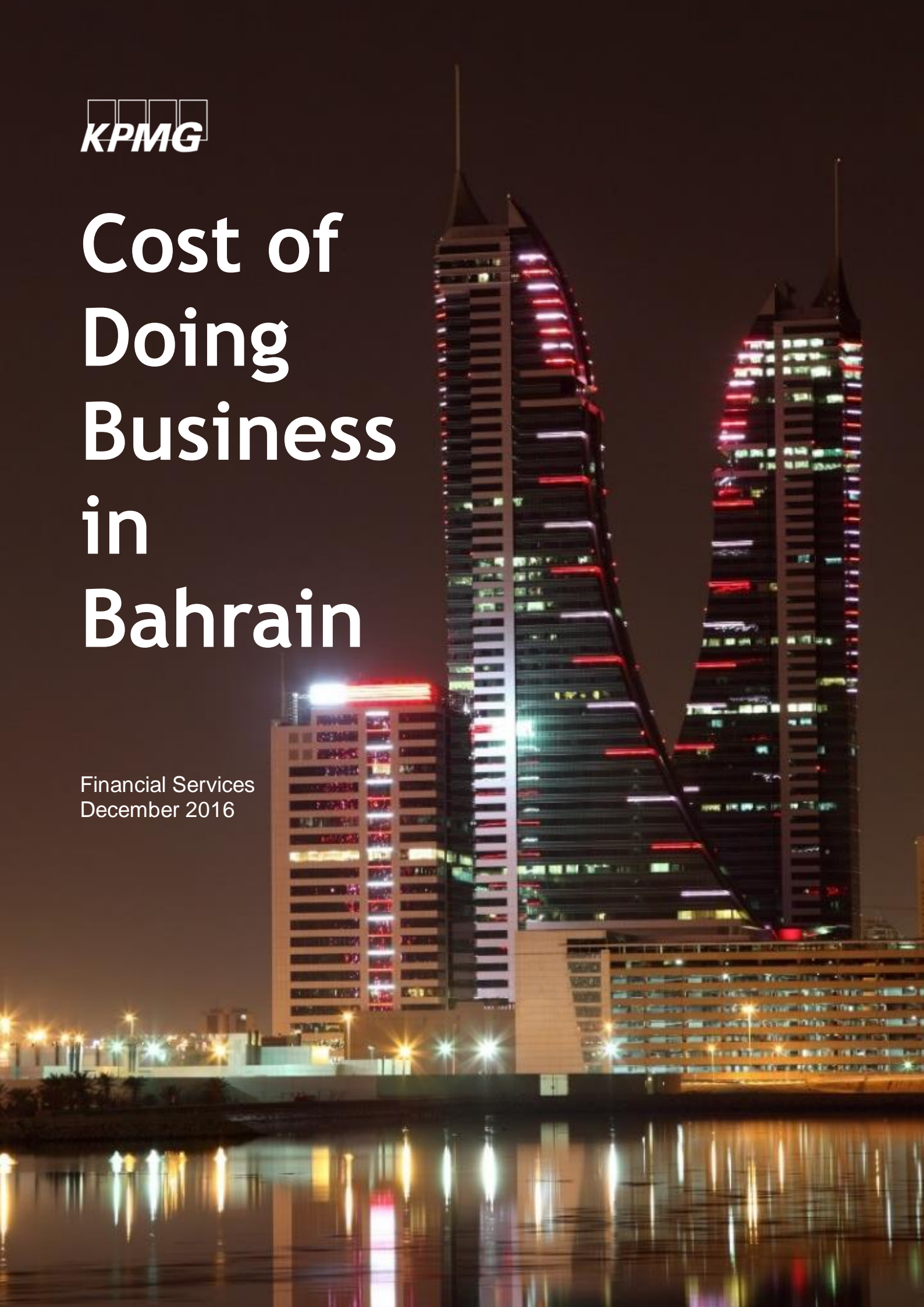




Cost of Doing Business in Bahrain

Financial Services
December 2016



Contents

1	Executive Summary	1
2	Licensing & Registration Costs	3
3	Renting Commercial Office Space	4
3.1	Bahrain	4
3.2	Dubai	5
3.3	Qatar	6
4	Occupancy costs	7
5	Manpower costs	8
6	Workforce Qualification	10
7	Cost of Utilities	11
8	Communication Costs	12
9	Corporate Taxes	14
10	Regulation	15
11	Renting Residences	16
12	Education Costs	17
	Appendix	18

1 Executive Summary

This report looks at the typical costs associated with operating a financial services firm in Bahrain, Dubai and Qatar. The report analyses the cost of licensing and registration, commercial rental rates, occupancy costs, manpower costs, communication and utility expenses, as well as corporate taxes across these jurisdictions. Overall, the total cost of doing business in Dubai and Qatar is significantly higher (30% and 40% respectively)¹ than that of Bahrain.

In addition to analyzing the costs of operating a financial services firm in these jurisdictions, the study also presents an overview of the average cost of living, focusing on the cost of education and the cost of renting residential properties. The report also comments on the participation of nationals in the private sector and on regulations for financial firms in relation to Basel Accords.

Rental rates of commercial properties in Bahrain remain considerably lower than Qatar and Dubai, where office rents are up to three times the rates in Bahrain. Commercial rental rates for Dubai and Qatar are assessed for free zones only (DIFC² and QFC³ respectively) as financial services firms are restricted to these locations (in the case of Dubai) or are predominantly located in these free zones (as in the case of Qatar). Bahrain, however, has no such restrictions and a financial company would be permitted to setup operations in any commercial office location.

Although communication and utility expenses vary upon consumption, Dubai has the highest average cost for utilities (water and electricity) and telecommunication.

From a cost of living perspective, residential rents, in addition to the cost of education, are higher in Dubai and Qatar, making Bahrain the most affordable country to live in. On an average, the rental rate of 2 bedroom apartments and 3 bedroom villas in Dubai and Qatar are almost twice that of Bahrain. Education costs in Bahrain are lower than Dubai and Qatar which exceed the education cost of Bahrain by 109% and 43% respectively.

Bahrain also has the lowest manpower costs when compared with Dubai and Qatar, with the average salary in Bahrain for the year 2016 being approximately 6% and 17% less than Dubai and Qatar, respectively.

¹ Calculated based on an office of 300 sqm with 10 employees

² DIFC : The Dubai International Financial Centre is a financial free zone located in Dubai which operates as an independent jurisdiction within the UAE

³ QFC: The Qatar Financial Centre is a financial centre located in Doha which operates as an independent jurisdiction within Qatar

The following tables outline the overall cost of setting up and operating a business, in addition to the living costs across Bahrain, Qatar and Dubai:

Figure 1: Comparison of various cost heads⁴

Average Annual Cost of Operations (USD)			
Cost Head	Bahrain	Dubai	Qatar
Commercial Rent ⁵	75,600 ⁶	238,800	216,300
Manpower ⁷	766,000	844,500	938,400
Telephone Services ⁸	2,390	5,020	3,270
Internet Services ⁹	2,550	2,370	5,270
Utility (electricity & water) ¹⁰	320	660	270
Total Cost	846,860	1,091,350	1,163,510

Source: KPMG analysis

Figure 2: Indicative Costs of Living¹¹

Average Annual Cost of Living (USD)				
Cost Head		Bahrain	Dubai	Qatar
Residential Units ¹²	2 Bedroom Apartment	22,080	33,960	36,120
	3 Bedroom Villa	35,040	57,960	50,400
Education ¹³		7,110	14,890	10,160

Source: KPMG analysis

⁴ All figures have been rounded off to the nearest 10

⁵ Reflects the average annual cost of renting 300sqm of commercial office space

⁶ Commercial rent of Bahrain Financial Harbor has been used

⁷ Reflects the manpower costs of 10 employee, and includes occupancy costs

⁸ Reflects the telephone charges of 10 employees and includes monthly rental charges

⁹ Reflects the corporate rates for 8Mbps packages

¹⁰ Reflects the utility costs for a 300sqm commercial office space utilizing up to 10,000 kilowatt-hour (kWh) units of power against tariffs applied for utilizing less than 450 cubic meters of water

¹¹ All figures have been rounded off to the nearest 10

¹² Reflects the annual cost of renting a 2 bedroom apartment or a 3 bedroom villa

¹³ The average education costs takes into account the fees of American, British, and Indian curricula for all three grade levels per student

2 Licensing & Registration Costs

Financial services institutions operating in banking and investment activities are regulated by the Central Bank of Bahrain (CBB) in Bahrain, the Dubai Financial Services Authority (DFSA) in the DIFC, and the Qatar Financial Centre Regulator Authority¹⁴ (QFCRA) in QFC. In particular, this study looks at financial institutions that are permitted in dealing with investments (as principal)¹⁵ and dealing with investments (as agent)¹⁶.

Licensing and registration costs are presented in the form of non-refundable application fees, in addition to annual fees¹⁷ charged to the licensees, depending on the type of license held, should the application be successful.

Figure 3: Licensing and Registration Fees of Financial Services Institutions

Annual Fees & Application Fees (USD)			
Regulator	Category	Application Fees	Annual Fees
CBB ¹⁸	Dealing with Investments (as principal)	270	15,910 (floor) – 63,660 (cap)
	Dealing with Investments (as agent)	270	15,910 (floor) – 63,660 (cap)
DFSA	Dealing with Investments (as principal)	40,000	40,000
	Dealing with Investments (as agent)	25,000	25,000
QFC	Dealing with Investments (as principal)	25,000	25,000
	Dealing with Investments (as agent)	10,000	10,000

Source: Central Bank of Bahrain Rulebook: A Guide to the CBB's Licensing Process, The DFSA Rulebook: Fees Module, Qatar Financial Centre Regulatory Authority: A Guide to the Application Process

¹⁴ Qatar has a dual regulatory system whereby the QFCRA as well as the Qatar Central Bank (QCB) regulate entities under their jurisdictions

¹⁵ Dealing in investments as principal refers to the buying, selling, subscribing for or underwriting of financial instruments on own account, including the underwriting of public offerings and private placement of third parties

¹⁶ Dealing in investments as agent refers to the buying, selling, subscribing for or underwriting of financial instruments on behalf of a client

¹⁷ Annual fees payable to the CBB are variable, and are based on a percentage of the institution's adjusted operating cost base (subject to a minimum and maximum amount). Furthermore, the DFSA charges an annual fee of 0.1% for each USD 1 million in turnover

¹⁸ All figures have been rounded off to the nearest 10

3 Renting Commercial Office Space

3.1 Bahrain

Rental rates for commercial office space have remained stable in 2016. Rental rates are not expected increase in 2017 given current market conditions. At these rates, Bahrain is the most competitive commercial office space market when compared with Dubai and Qatar.

The table below reflects the rentals for the Net Internal Area (NIA)¹⁹. Typically, an additional 15% of the rent would be charged as maintenance charges for the common areas which include staircases and lobbies.

Figure 4: Prime commercial asking rental rates in Bahrain

Asking rental rates in Bahrain by office locations (USD per sqm per month) ²⁰			
Location	2014	2015	2016
Bahrain World Trade Center	16	16	16
Bahrain Financial Harbor	20	20	21
Seef Area	13	16	16
Diplomatic Area / Manama	11	11	11

Source: Primary Research, Cluttons Bahrain Property Market Outlook Report Winter 2016/17, KPMG analysis

Both Bahrain World Trade Center and Bahrain Financial Harbor offer furnished and non-furnished office space options.

Figure 5: Typical prime commercial asking rents

Bahrain asking rents in 2016 (USD per month)				
Location	50 sqm	100 sqm	200 sqm	300 sqm
Bahrain World Trade Center	800	1,600	3,200	4,800
Bahrain Financial Harbor	1,050	2,100	4,200	6,300
Seef Area	800	1,600	3,200	4,800
Diplomatic/Manama	550	1,100	2,200	3,300

Source: Primary Research, Cluttons Bahrain Property Market Outlook Report Winter 2016/17, KPMG analysis

¹⁹ Net Internal Area refers to the total floor area excluding area taken up by lobbies, stairs and escalators, lifts and other maintenance areas.

²⁰ All figures have been rounded to the nearest integer

3.2 Dubai

Rental rates for commercial properties in Dubai remain high when compared to Bahrain. On average, prime office space rental rates in Dubai are two to three times that of Bahrain.

Figure 6: Prime commercial asking rental rates in Dubai

Asking rental rates in Dubai by major office locations (USD per sqm per month) ²¹			
Location	2014	2015	2016
DIFC – Gate Village	56	60	60
DIFC – Gate Precinct	62	67	67
DIFC – Gate Building	67	72	72

Source: Primary Research, KPMG analysis

DIFC further charges USD 15 per square meter per month as service and utility charges.

Typical rents for occupying at the DIFC are as below:

Figure 7: Typical prime commercial asking rents

Dubai asking rents in 2016 (USD per month)				
Location	50 sqm	100 sqm	200 sqm	300 sqm
DIFC – Gate Village	3,000	6,000	12,000	18,000
DIFC – Gate Precinct	3,350	6,700	13,400	20,100
DIFC – Gate Building	3,600	7,200	14,400	21,600

Source: Primary Research, KPMG analysis

²¹ All figures have been rounded to the nearest integer

3.3 Qatar

Rental rates in the Diplomatic District / West Bay have decreased due to the increase in availability and reduced demand. On average, prime office space rental rates in Qatar are also significantly higher than Bahrain.

Figure 8: Prime commercial asking rental rates in Qatar

Asking rental rates in Qatar by major office locations (USD per sqm per month) ²²			
Location	2014	2015	2016
Qatar Financial Center (QFC)	66	66	63
Diplomatic District / West Bay (average)	60	62	57

Source: Primary Research, DTZ Property Times Vacancy rates increase in the office and residential sectors Qatar Q1 2016, KPMG analysis

In addition to the base rent in Diplomatic District/West Bay, 15% of the monthly rate is charged as service charge. QFC charges 10% of the asking rental rate as service charge.

Figure 9: Typical prime commercial asking rents

Qatar asking rents in 2016 (USD per month)				
Location	50 sqm	100 sqm	200 sqm	300 sqm
Qatar Financial Center	3,160	6,320	12,640	18,950
Diplomatic District / West Bay (average)	2,850	5,700	11,400	17,100

Source: Primary Research, DTZ PROPERTY TIMES Vacancy rates increase in the office and residential sectors Qatar Q1 2016, KPMG analysis

²² All figures have been rounded to the nearest integer

4 Occupancy costs

Occupancy costs per employee are calculated based on the average workstation area per employee and the rental rate of the location²³.

As illustrated below, the occupancy cost per workstation in Bahrain continues to be significantly lower than DIFC in Dubai and the QFC in Qatar. On average, the annual occupancy cost in DIFC and QFC are around three times that of Bahrain.

Figure 10: Average annual occupancy costs per workstation²⁴

Total occupancy costs (USD per workstation per annum)			
Country	2014	2015	2016
Bahrain ²⁵	3,110	3,310	4,350
DIFC – Village Gate	12,780	13,500	13,500
DIFC – Precinct Gate	13,860	14,760	14,760
DIFC – Building Gate	14,760	15,660	15,660
QFC	13,068	13,068	12,508

Source: KPMG analysis

²³ Average workstation area per employee adopted as 15.0 sqm gross area (i.e. including staircase, lobbies and other common areas). Bahrain's rate for utilities and service charge of commercial properties is on average 15% of the rent per sqm, while the DIFC's utilities and maintenance charge is USD 15 per sqm, and the QFC's rate for utilities and service charge is 10% of the rent per sqm

²⁴ Please refer to the Appendix for a detailed explanation of the calculations and methodology adopted

²⁵ Commercial rent of Bahrain Financial Harbor has been used

5 Manpower costs

When comparing the average salary earned working in the financial sector, Bahrain continues to have the lowest manpower cost in comparison to Dubai and Qatar. The salaries quoted below include the basic and HRA²⁶ components, but does not include the other expatriate benefits.

Figure 11: Average finance sector salaries

Average Annual Finance Sector Salary ²⁷ (2016)		
Country	Local Currency	USD
Bahrain	BHD 24,220	64,230
Dubai	AED 251,050	68,350
Qatar	QAR 272,780	74,920

Source: AON Hewitt 2016 Salary Survey, KPMG analysis

The tables below outline the overall annual costs of hiring in Bahrain, Dubai and Qatar. Each table provides past and future trends of the wages, housing rent allowance, and additional benefits of expatriate employees working in the financial sector.

Figure 12: Overall costs of hiring in Bahrain²⁸

Average Annual Cost in the Financial Sector for Bahrain (USD)						
Overall costs	2014	2015	2016	2017 (E)	2018 (E)	2019 (E)
Salary	38,360	40,160	42,090	44,110	46,230	48,450
HRA component	20,180	21,130	22,140	23,200	24,310	25,480
Expatriate Benefits	11,270	11,800	12,370	12,960	13,580	14,230
Total Cost	69,810	73,090	76,600	80,270	84,120	88,160

Source: AON Hewitt 2016 Salary Survey, KPMG analysis

Figure 13: Overall costs of hiring in Dubai

Average Annual Cost in the Financial Sector for Dubai (USD)						
Overall costs	2014	2015	2016	2017 (E)	2018 (E)	2019 (E)
Salary	38,080	39,900	41,660	43,490	45,400	47,400
HRA component	24,390	25,570	26,700	27,870	29,100	30,380
Expatriate Benefits	14,700	15,410	16,090	16,800	17,540	18,310
Total Cost	77,170	80,880	84,450	88,160	92,040	96,090

Source: AON Hewitt 2016 Salary Survey, KPMG analysis

²⁶ HRA: Housing rental allowance is the allowance in the remuneration of an employee to meet rental expenses

²⁷ Including only basic and HRA components, other expatriate benefits are not included, all figures have been rounded to the nearest 10

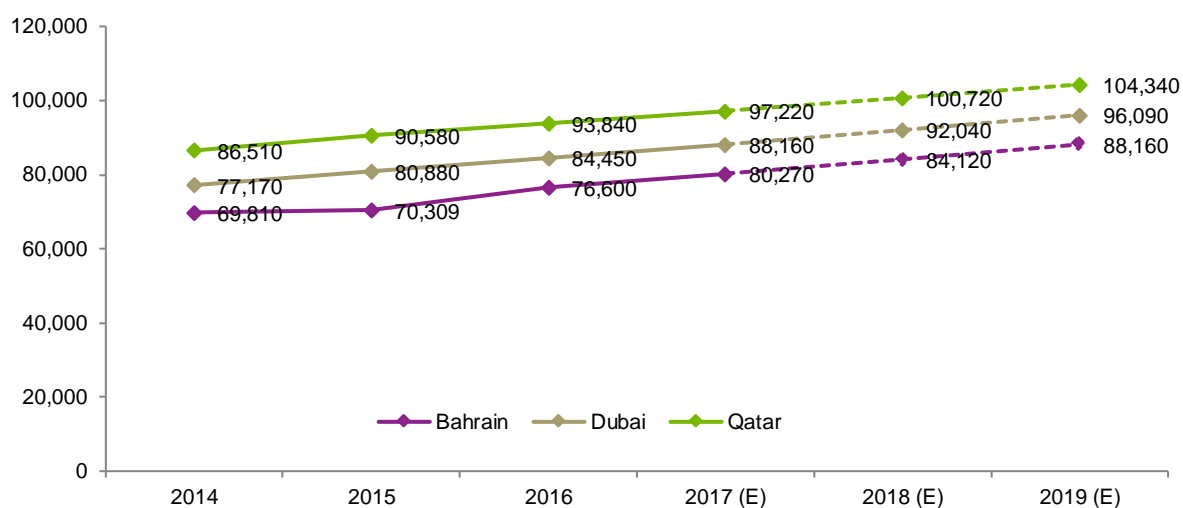
²⁸ All figures have been rounded to the nearest 10

Figure 14: Overall costs of hiring in Qatar

Average Annual Cost in the Financial Sector for Qatar (USD)						
Overall costs	2014	2015	2016	2017 (E)	2018 (E)	2019 (E)
Salary	42,810	44,820	46,430	48,100	49,830	51,620
HRA component	26,260	27,500	28,490	29,520	30,580	31,680
Expatriate Benefits	17,440	18,260	18,920	19,600	20,310	21,040
Total Cost	86,510	90,580	93,840	97,220	100,720	104,340

Source: AON Hewitt 2016 Salary Survey, KPMG analysis

The following graph illustrates the trends in employment costs between 2014 and 2019. Based on projected inflation and salary growth²⁹, the overall cost of manpower in Bahrain is expected to remain substantially lower than that of Dubai and Qatar.



²⁹ Forecasted salary growth is projected as 4.7% for Bahrain, 4.6% for Dubai and 4.5% for Qatar – AON Hewitt 2016 Salary Survey

6 Workforce Qualification

Nationals of Bahrain have higher private sector workforce participation than that of Qatar and Dubai reflecting the availability of skilled bilingual resources.

Figure 15: Participation of Nationals in Private Sector Workforce

Nationals as a Percentage of Private Sector Workforce			
Private Sector	Year	Nationals	Expatriates
Bahrain	2016	18%	82%
Dubai	2013	0.5%	99.5%
Qatar	2015	1%	99%

Source: Labor Market Regulatory Authority of Bahrain Statistics, Dubai Statistics Center – Labor Force, Qatar MDPS Labor Force Statistics Bulletin 2015

Furthermore, the Bahraini participation in the financial services sector continues to be promising with a representation of 65%.

Figure 16: University Students by Level of Education in Bahrain

Breakdown of University Students by Level of Education in Bahrain 2014-15	
Education Attainment	Number of Students
Short-cycle Higher Education	6,122
Bachelor's or equivalent	29,843
Master's or equivalent	1,913
Doctoral or equivalent	383
Total Higher Education	38,260

Source: Higher Education Council Annual Report 2014, Higher Education Council 2015 statistics

The proportion of Bahraini students continues to be high at more than 85% of the entire student population in higher education.

7 Cost of Utilities

Electricity and water tariffs for commercial consumption differ in accordance to the total number of units utilized. When compared, Dubai charges the highest commercial tariffs for the utilization of both electricity and water.

Figure 17: Electricity & Water Tariffs

Electricity & Water Tariffs for Commercial Consumption ³⁰ (USD)			
Country	Electricity Tariff per kWh	Water Tariff per M ³	
Bahrain	0.05	1.06	
Dubai	0.10	2.10	
Qatar	0.04	1.43	

Source: www.mew.gov.bh, www.dewa.gov, www.qewc.gov

The charges quoted compare the commercial tariffs applied for utilizing up to 10,000 kilowatt-hour (kWh) units of power against tariffs applied for utilizing less than 450 cubic meters (m³) of water.

The table below outlines indicative charges for electricity and water consumption for typical prime commercial office sizes across Bahrain, Dubai, and Qatar:

Figure 18: Indicative Utility Charges

Electricity and Water Charges Scenarios (USD per month) ³¹					
Location		50 sqm	100 sqm	200 sqm	300 sqm
Bahrain	Electricity	40	90	170	260
	Water	10	20	40	60
	Total	50	110	210	320
Dubai	Electricity	50	110	260	450
	Water	20	40	80	130
	Total	70	150	340	580
Qatar	Electricity	20	40	90	190
	Water	10	30	50	90
	Total	30	70	140	280

Source: KPMG analysis

³⁰ Different tariffs apply for electricity and water based on total monthly consumption which varies by office size and number of appliances. All quoted tariffs are based on consumption of up to 10,000 kWh and water consumption of less than 450 cubic meters

³¹ Charges have been calculated based on consumption of 17.36 kWh per square meter, and 0.185 cubic meters per square meters, of electricity and water respectively

8 Communication Costs

8.1 Telephone Services

The cost of telephone services has been calculated based on the corporate rates offered from leading telecommunication providers in Bahrain, Dubai and Qatar. The table below compares the call rates applied for business telephone lines for both international calls and local calls:

Figure 19: Indicative Local vs. International Call Rates

Average Local vs. International Call Rates per Min (USD)		
Country	Local Call Rate ³²	International Call Rate ³³
Bahrain	0.03	0.64
Dubai	0.03	0.62
Qatar	0.04	0.59

Source: www.batelco.com, www.etisalat.ae, www.ooredoo.qa, KPMG analysis

Telephone charges are presented in the form of fixed rental fees and an estimate of call charges (based on average employee utilization)³⁴. The costs quoted below compare the average charges for business telephone packages³⁵.

Figure 20: Indicative Telephone Charges

Average Telephone Charges per Month (USD)			
Country	Rental Charges	Call Charges	Total Charges
Bahrain	6	14	20
Dubai	26	16	42
Qatar	9	18	27

Source: www.batelco.com, www.etisalat.ae, www.ooredoo.qa, KPMG analysis

Bahrain has the lowest average telephone charges per employee when compared to Dubai and Qatar.

³² Local call rates are calculated based on fixed line to fixed line and fixed line to mobile call rates with a utilization of 60% and 40% respectively

³³ International call rates are shown as the average of Peak Rates and Off-Peak Rates

³⁴ Call charges are presented per employee with an estimated utilization of 300 minutes (local calls) and 10 minutes (international calls) per month

³⁵ Please note that the features and added benefits vary between the packages offered by each telecommunication company across Bahrain, Dubai and Qatar

8.2 Internet Services

Similar to calculating the cost of telephone services, the cost of internet services are based on corporate rates offered by telecommunication companies across Bahrain, Dubai and Qatar. The costs quoted below are for an ADSL Broadband 8Mbps Business package³⁶, suitable for moderate internet utilization of a commercial office of 25-50 employees, and excludes set-up fees and installation charges (one-off).

As outlined in the table below Qatar has the highest cost for internet services when compared to Bahrain and Dubai.

Figure 21: Average Cost for Internet Services³⁷

Rental Charges for Internet Services (USD per month)	
Country	Rental Charges
Bahrain ³⁸	210
Dubai ³⁹	200
Qatar	440

Source: www.batelco.com, www.etisalat.ae, www.ooredoo.qa, KPMG analysis

³⁶ Please note that the features and added benefits vary between the packages offered by each telecommunication company across Bahrain, Dubai and Qatar

³⁷ All figures have been rounded off to the nearest 10

³⁸ Based on a 1 year contract

³⁹ As above

9 Corporate Taxes

In Bahrain, there is no corporate tax for most companies. Qatar, Dubai and Bahrain apply different quantum of taxes on corporations operating in these locations, ranging from social security contributions⁴⁰, training levies, and municipality taxes.

The following tables outline the corporate taxes applied in Bahrain, Qatar and Dubai.

Figure 22: Corporate Taxes in Bahrain

Overview of Corporate Tax	
Category	Description
Municipality Tax	10% of commercial and residential rent for expatriates
Social Security Contribution	12% for nationals 3% for expatriates
Training Levy ⁴¹	N/A

Source: IMF, KPMG Analysis

Figure 23: Corporate Taxes in Dubai

Overview of Corporate Tax	
Category	Description
Municipality Tax	5% of the specified rental index
Social Security Contribution	15% for nationals None for expatriates

Source: IMF, KPMG Analysis

Figure 24: Corporate Taxes in Qatar

Overview of Corporate Tax	
Category	Description
Social Security Contribution	10% for nationals None for expatriates
Corporate Tax	10% on non-GCC share of profits
Withholding Tax	5% on royalties and technical services 7% on any other payments for services carried out wholly or partly in Qatar

Source: IMF, KPMG Analysis

⁴⁰ Social security contribution represents the employer's contribution for local employees

⁴¹ 4% Training Levy scrapped

10 Regulation

Total capital adequacy ratios (CAR) are regulated by the financial institution regulators of each respective country which is determined in line with the Basel committee accords.

The table below specifies the core principle of capital adequacy ratio recommendations for Basel II and III.

Figure 25: Basel Committee Defined Capital Adequacy Ratio

Capital Adequacy Ratio under Basel Frameworks		
Framework	Minimum Tier 1 Capital requirement	Total Capital Adequacy Ratio
Basel II	4%	8%
Basel III ⁴²	6%	10.5% ⁴³

Source: Basel Committee on Banking Supervision

The following table outlines the regulated capital adequacy ratios for Bahrain (Central Bank of Bahrain), Dubai (Central Bank of the UAE) and Qatar (Qatar Central Bank).

Figure 26: Regulated Capital Adequacy Ratios

Capital Adequacy Requirements		
Location	Minimum Tier 1 (including CCB ⁴⁴)	Minimum Total Capital (including CCB)
Bahrain ⁴⁵	10.5%	12.5%
Dubai	8%	12%
Qatar ⁴⁶	10.5%	13.5%

Source: Central Bank of Bahrain, Central Bank of UAE, Qatar Central Bank Implementation Instructions Basel III Framework for Conventional Banks – Pillar 1 Guidelines for Capital Adequacy 2014

All existing regulated capital adequacy ratios in the three geographies meet the CAR standards of Basel III. Central Bank of Bahrain requires all banks to maintain a minimum CAR of 12.5%.

⁴² Minimum requirements as of the final phase of Basel III phase-in arrangements (2019)

⁴³ Including final applicable Capital Conservation Buffer of 2.5%

⁴⁴ Including Capital Conservation Buffer (CCB) of 2.5%, where applicable

⁴⁵ Components of Consolidated CARs

⁴⁶ Including a minimum Pillar II Capital requirement of 1%;

Not including the Domestically Systematically Important Banks (DSIB) buffer, which ranges from 0% to 3.5%, as defined by the Regulatory Authority

11 Renting Residences

A comparison of residential rents between Bahrain, Dubai and Qatar reveals substantially lower rents for Bahrain. Residential rents in Bahrain slightly increased in 2016 with the market witnessing an overall stability in 2016 however, residential rental rates in Bahrain remain significantly lower than Qatar and Dubai.

The tables below summarize the average monthly rentals across Bahrain, Dubai and Qatar.

Figure 27: Average monthly rents in Bahrain

Average Monthly Rents in Bahrain (USD) ⁴⁷			
Residential unit sizes	2014	2015	2016
Average Rent for 2 BD Apartment	1,990	1,820	1,840
Average Rent for 3 BD Villa	2,520	2,830	2,920

Source: Primary Research, Cluttons Bahrain Property Market Outlook Report Winter 2016/17, KPMG analysis

Dubai's real estate market faced a noticeable drop in 2016 with a rate for apartment and villa rents of 6% and 9.4% respectively.

Figure 28: Average monthly rents in Dubai

Average Monthly Rents in Dubai (USD) ⁴⁸			
Residential unit sizes	2014	2015	2016
Average Rent for 2 BD Apartment	3,120	3,010	2,830
Average Rent for 3 BD Villa	5,320	5,330	4,830

Source: Primary Research, Cluttons Dubai Property Market Outlook Report Winter 2016/17, KPMG analysis

The residential market in Qatar has remained stable as rental levels for both villas and apartments has not changed.

Figure 29: Average monthly rents in Qatar

Average Monthly Rents in Qatar (USD) ⁴⁹			
Residential unit sizes	2014	2015	2016
Average Rent for 2 BD Apartment	2,820	3,010	3,010
Average Rent for 3 BD Villa	3,940	4,200	4,200

Source: Primary Research, KPMG analysis

⁴⁷ All figures have been rounded to the nearest 10

⁴⁸ As above

⁴⁹ As above

12 Education Costs

An indicative analysis of the total cost of education across Bahrain, Dubai and Qatar are presented in local currencies and USD in the table below. Overall, the annual cost of education in Bahrain is substantially lower than in Dubai and Qatar, where education costs are higher by 109% and 43% respectively.⁵⁰

Figure 30: Indicative Education Costs

Average Education Costs per Annum (2016)		
Country	Local Currency	USD
Bahrain	BHD 2,680	7,110
Dubai	AED 54,690	14,890
Qatar	QAR 36,990	10,160

Source: School websites, KPMG analysis

The cost of education in Bahrain is significantly lower than Dubai and Qatar across all three grade levels and curriculums. The cost of education for Pre-School levels, Primary levels, and Secondary levels in Bahrain, Dubai and Qatar are compared in the table below:

Figure 31: Average Cost of Education

Annual Costs per Grade Level ⁵¹ (USD)				
Country	Curriculum	Pre-School Level	Primary Level	Secondary Level
Bahrain	American	7,480	8,400	10,110
	British	7,010	8,430	12,500
	Indian	2,510	3,160	4,350
Dubai	American	17,640	24,610	25,510
	British	11,230	13,120	18,430
	Indian	6,260	7,850	9,350
Qatar	American	12,040	15,050	19,570
	British	8,540	12,350	15,820
	Indian	2,060	2,650	3,360

Source: School websites, KPMG analysis

⁵⁰ All figures have been rounded off to the nearest 10

⁵¹ The average education costs takes into account the fees of American, British, and Indian Curriculums for all three grade levels per student.

Appendix

1. Calculations for Cost per workstation

- Methodology of calculation cost per workstation: -
 - 15 sqm space utilization standard per worker in the Middle East.
 - Rental rate of the building (in sqm per month).
 - Utilities and maintenance charges per sqm (15% of rent for Bahrain, 10% of rent for QFC, and USD 15 per sqm for DIFC)
 - Calculation for annual cost per workstation= 15.0 sqm x (Rent + Service Charge) x 12

For example:

Annual Occupancy Cost per Workstation for Bahrain in 2016 =

15.0 sqm x [USD 16.0 per sqm x (1+15%)] x 12

=3,310⁵²

2. Workforce benefits

- Expatriate benefits calculated in the subject report assume education benefit for two children, and additional for medical insurance and once a year home travel for a family of four. This does not include any end-of-service benefits.
- Citizen benefits vary from country to country and can include marriage benefits, benefits upon birth of children etc. These considerations have not been included in this study

⁵² All figures have been rounded off to the nearest 10

©2016 KPMG Fakhro, a Bahrain partnership registered with the Ministry of Industry, Commerce and Tourism (MOICT), Kingdom of Bahrain and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

