

THE WAVERLEY SERIES

THE BAHAMAS

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

LORD WAVERLEY

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THE BAHAMAS — AT A GLANCE

Capital	Nassau
Real GDP growth	Estimated at 3.6% in 2025, supported by strong tourism activity and foreign direct investment; the IMF projects growth moderating to 2.2% in 2026 and stabilising near 1.9% in 2027
Inflation	Rose to 2.3% in the twelve months to December 2025, driven primarily by restaurants, hotels and household-goods categories
Tourism	A record 12.5 million visitors; first-quarter 2026 data show a genuine divergence, with air arrivals up 5.2% against a 19.6% jump in cruise (sea) arrivals
Debt structure	Foreign-currency debt accounts for 45% of total public debt, leaving The Bahamas sensitive to US dollar interest rates; independent analysis identifies exposure to private bondholders, who can demand refinancing terms that constrain fiscal policy, as a core vulnerability
Fiscal trajectory	The government has pursued fiscal consolidation and debt reduction, a trajectory international rating agencies have recognised with improved outlooks; a debt-for-nature swap has reduced some Eurobond exposure, though the overall commercial debt stock remains large relative to GDP
Capital markets	The government raises tens of millions of dollars monthly through Bahamas Registered Stock on the local market; a 2023 Nassau Cruise Port bond refinancing raised \$145 million in eleven days from more than 300 investors, cutting the coupon from 8% to 6%
Key sectors	Tourism, offshore financial services, and an emerging logistics and maritime services hub; the government is also actively promoting itself as a digital, family-office and blue-economy destination
Governing framework	Prime Minister Philip Davis, in office since September 2021, called an early general election and won re-election in May 2026 amid strong tourism-driven economic momentum, moving the political calendar inside the Atlantic storm-season risk window

The Bahamas rides a record 12.5 million visitors and 3.6% GDP growth in 2025 into a fiscal narrative Prime Minister Philip Davis describes as having flipped from 'a downgrade story' to 'an upgrade story,' with unemployment at one of its lowest points in recent memory and international rating agencies recognising the government's fiscal consolidation trajectory. Davis called an early election and won re-election in May 2026 on this economic momentum. Investors should nonetheless weigh this genuine tourism and fiscal-credibility strength against a debt structure that remains sensitive to US dollar interest rates and private-creditor refinancing terms, and against a first-quarter 2026 tourism pattern showing cruise arrivals growing nearly four times faster than higher-spending air arrivals.

1. INVESTMENT & FDI

Prime Minister Davis has personally pitched The Bahamas directly to global capital as a stable, diversifying investment destination 'beyond the shoreline,' even as the country's core vulnerability remains its debt structure rather than its investment pipeline.

Addressing the Bahamas Business and Investment Forum 2026, Prime Minister Davis described The Bahamas as 'a stable democracy with clear rules, a financial centre with depth and resilience, a welcoming home for private wealth and family offices, a digital hub that insists on both innovation and responsibility, and an island nation that is serious about climate and the blue economy,' directly inviting investors to consider what fund, family office, digital platform or climate venture 'could find its strongest expression in partnership with The Bahamas.' He specifically noted that his government has committed to fiscal consolidation and lowering debt levels, and that international rating agencies 'have recognised this trajectory and adjusted their outlooks accordingly.' Separately, independent analysis cautions that claims of rising Chinese investment interest in The Bahamas should be treated cautiously, noting that verified 2026 sources do not quantify any new surge in Chinese lending or investment with hard numbers, while US interest in the archipelago remains structural rather than newly quantified, anchored by longstanding tourism dependence, debt structure and close economic ties.

- **A direct, personal prime ministerial investment pitch:** Davis's explicit framing across family offices, digital platforms and climate ventures represents a genuinely broad, deliberately diversified investment-promotion message extending well beyond traditional tourism-sector appeals.
- **A credit-rating trajectory genuinely validated by external agencies:** the government's own characterisation of improved rating-agency outlooks represents a verifiable, third-party-confirmed signal of fiscal credibility, distinct from the government's own self-assessment alone.
- **An appropriately cautious read on unverified Chinese investment claims:** independent analysis's explicit caution against overstating Chinese interest, absent quantified hard numbers, means investors should not treat this as a confirmed, active investment trend without further verification.

2. TRADE & BUSINESS

A record tourism year masks a genuine, quantified divergence between higher-spending air arrivals and faster-growing but lower-yield cruise traffic.

The Bahamas welcomed a record 12.5 million visitors, with the Central Bank's July 2026 Monthly Economic and Financial Developments report noting tourism remains robust, supported by stronger high-value-added stopover performance and healthy cruise-sector growth. However, first-quarter 2026 central bank data show air arrivals grew just 5.2% against a 19.6% jump in sea arrivals, a genuine divergence given that cruise passengers typically generate substantially less per-visitor spending than overnight stopover visitors. The Central Bank separately flagged that inflationary pressures and heightened geopolitical risks have become more prominent, particularly due to higher fuel and import costs linked to the Middle East conflict.

- **A record headline tourism figure with an important compositional caveat:** the 12.5 million total visitor figure, while genuinely impressive, requires the air-sea arrival breakdown to be properly understood, since cruise-driven growth generates meaningfully different economic value than stopover-driven growth.
- **A specific, quantified spending-mix risk:** cruise arrivals growing nearly four times faster than air arrivals means the composition of tourism revenue may be shifting toward lower per-visitor yield even as headline visitor numbers continue setting records.
- **A directly acknowledged external inflation risk:** the Central Bank's own flag on Middle East conflict-linked fuel and import cost pressures represents a specific, sourced near-term risk to household purchasing power and business input costs.

3. MAJOR ECONOMIC DEVELOPMENTS

A genuine economic and fiscal turnaround underpinned Prime Minister Davis's early-election victory, even as a private-creditor-heavy debt structure remains the country's core structural vulnerability.

Real GDP grew an estimated 3.6% in 2025, supported by strong tourism activity and foreign direct investment, with inflation remaining relatively moderate at 2.3%. At the February 2026 BISX Invest Fest, Davis told attendees that, compared to five years earlier, 'the economy is growing again' and unemployment is down, framing it directly: 'A downgrade story has become an upgrade story. A jobs crisis has become one of the lowest unemployment periods in recent memory.' The IMF projects growth moderating to 2.2% in 2026 and stabilising near 1.9% in 2027, with downside risks remaining from Middle East conflict-linked oil price and supply-side shocks. Davis called an early general election on this economic momentum, winning re-election in May 2026, though the IMF had noted elections were originally scheduled on or before September 2026, meaning the snap vote moved the political calendar inside the Atlantic storm-season risk window. Independent analysis identifies foreign-currency debt, at 45% of total public debt, as a specific structural vulnerability leaving The Bahamas sensitive to US dollar interest rates, with exposure to private bondholders representing a core risk since they can demand refinancing terms that constrain fiscal policy; a debt-for-nature swap has reduced some Eurobond exposure, though the overall stock of commercial debt remains large relative to GDP.

- **A genuine, multi-indicator economic turnaround:** the combination of accelerating growth, falling unemployment and improving rating-agency outlooks represents real, verifiable economic progress rather than a single favourable data point.
- **An early election called from a position of demonstrated economic strength:** unlike election timing driven by political necessity or crisis, Davis's decision to call an early vote while citing concrete economic achievements represents a notably confident political strategy grounded in verifiable data.
- **A specific, sourced timing risk worth noting:** moving the election inside the Atlantic storm-season window represents a concrete, if likely secondary, consideration relative to the campaign's substantive economic focus.
- **A persistent, specific debt-structure vulnerability distinct from the positive fiscal narrative:** the 45% foreign-currency debt share and private-bondholder refinancing exposure represent a genuine structural risk that the government's own positive fiscal-consolidation narrative does not fully resolve.

4. MAJOR PROJECTS & INFRASTRUCTURE

A deliberate, large-scale energy reform programme anchors the government's infrastructure agenda, directly framed as essential economic reform rather than a standalone utility upgrade.

Speaking at the 2026 Bahamas Business Outlook, Prime Minister Davis said 'an economy moves at the speed of its connections,' citing airports, ports, roads, clinics, hospitals, digital systems and energy grids as determining whether investment flows or stalls, and directly stating that 'energy reform is economic reform.' He detailed that the government modernised the grid, invested in utility-scale solar, introduced cleaner and more reliable generation across the islands, and replaced stop-gap solutions with long-term planning, framing the choice as being between patching what is broken or rebuilding what is possible.

- **A deliberately framed, economy-wide infrastructure philosophy:** Davis's explicit linkage of energy reform to broader economic competitiveness represents a coherent strategic framing rather than a series of disconnected infrastructure projects.

- **Concrete, named energy-sector investment actions:** grid modernisation, utility-scale solar investment and cleaner generation across multiple islands together represent tangible, currently implemented infrastructure improvements rather than future aspirations alone.

5. CONFERENCES, FORUMS & EXHIBITIONS

A dense early-2026 calendar of investment-focused events, including the 35th Bahamas Business Outlook and the Bahamas Business and Investment Forum, positioned the government's economic narrative directly to domestic and international audiences.

- **35th Annual Bahamas Business Outlook:** held 15 January 2026 at the Baha Mar Convention Centre under the theme 'Strengthening the Foundations of a Bahamian Century,' this event featured Davis's keynote address detailing infrastructure and energy reform investment.
- **Bahamas Business and Investment Forum 2026:** the venue for Davis's direct international-investor pitch described in Section 1, spanning family offices, digital platforms and climate ventures.
- **BISX Invest Fest Bahamas 2026:** held 6 February 2026 at the Baha Mar Convention Centre, this event featured Davis's direct 'the economy is growing again' address to the local investment community, described in Section 3.

6. BUSINESS & INVESTMENT EVENTS

A successful 2023 cruise port bond refinancing, cited directly by the Prime Minister as proof of capital-market confidence, continues informing the government's broader debt-management approach.

- **Nassau Cruise Port bond refinancing:** in April 2023, CFAL raised \$145 million in eleven days from more than 300 investors to refinance the port's bond, moving it from an 8% to a 6% coupon and saving approximately \$3 million annually while securing long-term funding for a waterfront supporting jobs and small businesses; Davis cited this directly as evidence of investor confidence in Bahamian capital markets.
- **Bahamas Registered Stock issuance:** the government raises tens of millions of dollars monthly through this local capital-markets instrument, including a specifically cited \$20.3 million offering, representing continued, active domestic debt-market engagement.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Structural United States ties and a private-bondholder-heavy creditor base define The Bahamas' most consequential current external financial relationships.

- **United States:** as a tourism hub and financial and transport neighbour with close economic ties, US interest in The Bahamas remains structural rather than a new development, anchored by tourism dependence and debt-structure linkages specifically.
- **Private bondholders:** given foreign-currency debt's 45% share of total public debt, this creditor base represents a specific, concrete external financial relationship with direct implications for fiscal policy flexibility.
- **International rating agencies:** the improved outlooks Davis specifically credited represent an important, independently verified validation of the government's fiscal-consolidation trajectory.

- **IMF:** continued Article IV-style engagement and growth projections remain part of The Bahamas' broader macroeconomic policy dialogue.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

A deliberate national upskilling agenda, spanning specific named trades and sectors, aims to broaden economic participation beyond traditional tourism employment.

Prime Minister Davis specifically framed human capital as the country's most valuable asset, describing national upskilling, apprenticeships, technical training and expanded education access as central to preparing Bahamians for a changing global economy. He explicitly named trades, technology, creative industries, maritime services, agriculture, energy, healthcare, logistics, finance and entrepreneurship as sectors that matter, giving specific examples: training a solar technician reduces energy costs and keeps value in-country, while training a marine engineer strengthens maritime leadership. He posed the question directly: 'do we want an economy that works for a few, or an economy that invites many to build, own, and lead?'

- **A specific, multi-sector skills-development agenda:** the explicit naming of solar technicians and marine engineers as concrete training examples demonstrates the government's workforce strategy is tied directly to its broader energy-reform and maritime-hub ambitions, not treated as a generic education initiative.
- **An explicit government framing around broadening economic participation:** Davis's direct question about whether opportunity should be rationed or expanded reflects a stated policy philosophy investors can expect to see reflected in future SME and workforce-development programming.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Logistics and maritime services, tourism diversification into boutique and eco-focused segments, and family-office and blue-economy positioning define The Bahamas' most concretely promoted new investment channels.

- **Logistics and maritime services hub development:** Davis specifically highlighted The Bahamas' strategic location and ongoing infrastructure improvements as creating 'a natural platform for growth' for shipping, warehousing, distribution and supply chain innovation.
- **Tourism diversification beyond large resorts:** boutique hotels, wellness destinations, eco-friendly experiences, cultural attractions and community-based tourism were specifically identified as increasing yields, deepening visitor engagement and spreading income more evenly, alongside continued large resort investment.
- **Family office and private wealth positioning:** explicitly cited by Davis as a strategic focus area, alongside digital-hub and blue-economy positioning, for investors seeking a Caribbean base with institutional depth.

SUMMARY ASSESSMENT

The Bahamas rides a record 12.5 million visitors and 3.6% GDP growth in 2025 into a fiscal narrative Prime Minister Philip Davis describes as having flipped from 'a downgrade story' to 'an upgrade story,' with unemployment at one of its lowest points in recent memory and international rating agencies recognising the government's fiscal consolidation trajectory. Davis called an early election and won re-election in May 2026 on

this economic momentum, a decision grounded in verifiable economic achievements including successful capital-markets transactions like the 2023 Nassau Cruise Port bond refinancing.

Investors should nonetheless weigh this genuine tourism and fiscal-credibility strength against a debt structure that remains sensitive to US dollar interest rates and private-creditor refinancing terms, given foreign-currency debt's 45% share of total public debt, and against a first-quarter 2026 tourism pattern showing cruise arrivals growing nearly four times faster than higher-spending air arrivals, a compositional detail worth tracking alongside the genuinely impressive headline visitor figures.