



Bermuda Chamber of Commerce

Economic Committee

“Head or Tails – A coin has two sides”

March 2025 Economic Report

This report, prepared by the Chamber Economic Committee, is for informational purposes only and is not intended as investment, financial, or legal advice. Readers should consult qualified professionals before making decisions based on its contents.



The Bermuda Chamber of Commerce
Economic Committee
March 2025

“Economics is everywhere, and understanding economics can help you make better decisions and lead a happier life” – Tyler Cowen

The discussion points within this paper are an extension of the discussions that the Chamber of Commerce Economic Committee raised earlier this year. These included the presentations at the 2024 Budget Breakfast, the Data Deep Dives held at the Speciality Cinema and several other discussions that the Chamber of Commerce had the opportunity to host and review the data in more detail.

If you have not had an opportunity to review the information, we strongly encourage you to review the following links that provide further information on prior presentations and feedback received. This information is no crystal ball - it's economic insight, not investment advice. The Chamber offers data, not directives; seek your own expert advice for your financial moves.

Chamber of Commerce Budget Breakfast - Chamber Presentation

<https://www.royalgazette.com/economy/business/article/20240220/chambers-marico-thomas-gives-attendees-plenty-to-ponder/> & <https://vimeo.com/914897910>

Chamber data dive paints stark picture of economy

<https://www.royalgazette.com/general/news/article/20240307/chamber-data-dive-paints-stark-picture-of-islands-economy/>

Chamber Achievements

The Chamber is incredibly proud of our achievements over the past year and the impact we have had on improving the business environment along with spurring wider discussion of trends and facts, for the benefit of all. Notably the following:

- Launch of Bermuda Breeze and the St George's Plan,
- A highly successful Budget Breakfast,
- Two Data Deep Dive presentations at Speciality Cinema
- Number of in-depth discussions with stakeholders around the Bermuda Economy
- Addition of the Construction Association to the membership of the Chamber
- The formation of the Small Business Division
- A great season of Harbour Nights for the Chamber and vendors alike

The work of the Chamber continues, ensuring that we represent the collective commercial interests of our Members, Divisions and Bermuda, whilst maintaining the highest standards of excellence, diversity and ethics.

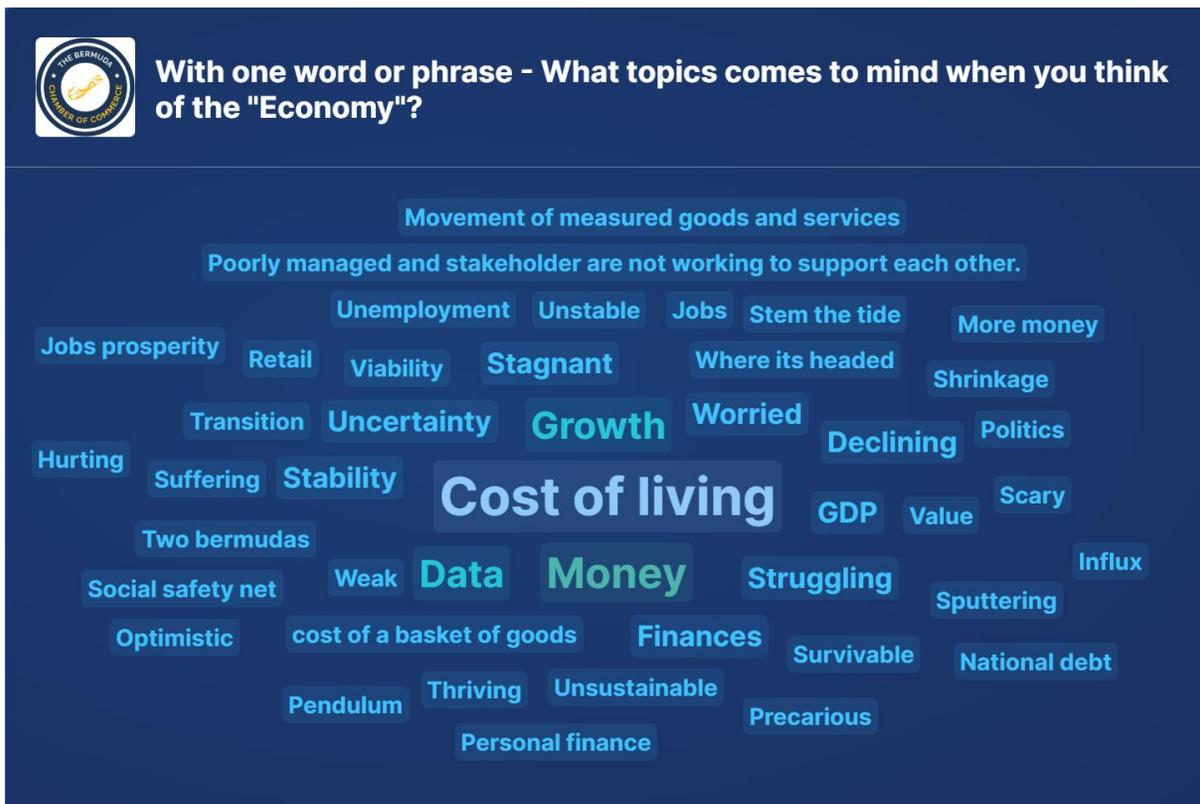


The Economy – One Word, Endless Worlds

The typical question that is asked, “How’s the economy doing?”

What do they mean? The stock market (or Crown and Anchor odds), GDP, inflation, retail sales, unemployment, egg prices, banana availability, housing demand, or supply? The list goes on. That’s the crux of it—when we talk about “the economy,” we’re not discussing one thing but a mashup of measures and ideas, shifting with who’s speaking, what’s on the table, and even the time of day.

This is a key takeaway: The economy isn’t a singular item. It’s a kaleidoscope of perspectives. To illustrate, during our Data Deep Dive presentations in March 2024, we ran a straw poll with about 150 attendees. Their responses formed this word cloud, which demonstrates the wide breadth of views that we all hold on this topic:





Executive Summary - Flip of the Coin

The Chamber Economic Committee, a non-industry division of the Chamber of Commerce, aims to ensure that both Chamber members and all stakeholders have the information and resources needed to make informed decisions. This economic paper is to provide the Chamber membership and wider stakeholders with some additional context of economic matters of importance, focused principally on costs of doing business, cost of living, housing and aging population.

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Overview

The Bermuda Chamber of Commerce Economic Committee presents “*Head or Tails – A coin has two sides*”, offering a dual perspective on Bermuda’s economy: robust GDP growth juxtaposed against domestic stagnation and systemic challenges. Prepared for informational purposes, this report underscores that “the economy” is not a monolith but a complex interplay of metrics—GDP, inflation, housing, and population trends—requiring nuanced understanding over simplistic narratives. Some key points that are addressed:

- **Counting Shadows: Bermuda’s Shrinking Pulse.** Using 'imperfect indicators' like BELCO Kwh sold, retail sales volume, and Bermuda Skyport data, we estimate Bermuda’s population at approximately 56,683 as of October 2024—a 10% decrease from the 2016 Census figure of 63,779. Using airport inbound and outbound passenger data up to 2024 suggests an even lower figure of 54,651.
- **Heads of Experience, Tales of Exit.** We include a table of job roles employing over 100 people, where more than 50% of workers are 55 or older. These roles are ones that in the near future, will potentially have difficulty in hiring or managing the loss of expertise and knowledge. There are other impacts to note, as our forecasting shows that around 25.3% of the population is currently 65 years old and over, and this is to increase to 30.3% in 2030, 33.9% in 2035 and 37.2% in 2040, with an Old Age Dependency ratio (the ratio of those 65+ to the working-age population) of 0.75 in 2040, verses 2024 of 0.42 and the 2016 rate of 0.26. The investments into infrastructure and health options to support this must be considered in the near term, beyond just day-care facilities. Additionally, a sound immigration policy must be on the forefront of any agenda, as Bermuda is currently aging at a faster rate than most OECD countries.
- **Data Lags: A Silent Saboteur.** Timely data is the backbone to sound decision making for both private and public sector. Unfortunately, our analysis shows a troubling trend: over the past 24 months, CPI data has faced an average release lag of 121 days, with a peak of 187 days for the January 2024 release on August 5, 2024. Ten years ago, this lag averaged just 32 days. There are similar, unacceptably long delays with Retail Sales Index (125-day lag average over 24 months), Annual and Quarterly Gross Domestic Product, Digest of Statistics and Registry General reports. Based on our assessments, these reports are produced in a timely manner, but the public release has consistently been delayed. We call on fixed release schedules that are direct from the reporting departments, rather than from Ministers, which removes appearance of political interference and is in line with best practice.



- **Inflation Slows; Wallets Don't Cheer.** Let's be clear, stating that the inflation rate has slowed from say, 1.8% to 1.1% (as it did from September to October 2024) still means that the basket of goods price measures went up 1.1% and does not mean prices have decreased. There has been a fair amount of dialogue around various costs, some quite bombastic, on how some prices can be managed/controlled, specifically around food costs. Average food inflation in the USA, from December 2019 through to October 2024 shows that US Food CPI is up 28%. Bermuda Food CPI, over the exact same period, is up 24.4%. The Chamber also looks at Retail Sales inflation (the inflation between Value and Volume sales in Retail Sales), and over this period, the rates are up 29%, which can reflect a timelier buying preference given the CPI is based on the 2013 Household Expenditure Survey. The variance between the USA Food CPI and Bermuda CPI show the similarities on price changes. This is just a simple fact, that Food inflation was significantly greater than headline CPI, and any interference will have unintended consequences that should not be underestimated.
- **Roof Over Head? Crisis Underfoot.** The long-awaited Landlord Tenant Act needs to be tabled as a pressing matter, but we have yet to see a public draft for any meaningful consultation. Rent Control currently covers 55% of Residential ARV's and coupled with minimal development, it is time for the concept of Rent Control to be modernized, which should see that a portion of units within the Rent Control parameters can pass on a specified increase each year under certain conditions. We appreciate this is not a popular option, but it is viewed as one means to make the overall rental market more attractive for investors and landlords alike, to help increase supply.
- **The Bermudiana Boondoggle.** Whilst we are supportive of the Bermudiana Beach repurposing, the overall management of this property over the past 15 years brings into question the ability to undertake other large-scale projects, such as the planned works on Morgan's Point. Additionally, pricing should start slightly below market rates, gradually rising to full market value over time, as there is a risk that the new rental prices for these units can trigger an additional wave of housing cost pressure with existing units benchmarking against this development.
- **GDP Glows, but Bermuda Knows: Growth Isn't Felt.** While Bermuda's GDP figures show sound overall economic progress, a closer look reveals a disconnect with public sentiment. The Annual GDP Implicit Price Index (IPI)—a measure of inflation within GDP—rose by just 6.2% from 2019 to 2023, compared to a 10.1% increase in Bermuda's CPI, 17.7% in the USA CPI, and 17.9% in the USA GDP IPI over the same period. This gap matters: underestimating the IPI can overstate Real GDP, painting an overly rosy picture of growth, while overstating it can undervalue actual progress. A deeper dive into Quarterly Real GDP (using the expenditure approach) further highlights this divide. Comparing 4Q totals from 4Q2019 to 3Q2024 (moving average basis), Total Household and Government Expenditure remained nearly flat, up 0.9%. Capital Formation (investment in infrastructure and assets) dropped sharply by 19%, and Imports of Goods and Services (spending on imported items and overseas services by residents) was flat at 0%. Meanwhile, Exports of Goods and Services—driven primarily by International Business and tourism—grew by 17%. The net impact of Exports minus Imports surged by 37%, fuelling GDP growth. Yet, despite some visible signs of revival, like new buildings on Front Street, this export-driven uptick has not translated into a broader recovery for Bermuda's domestic economy as yet. Household spending remains stagnant, and the decline in capital investment signals caution, leaving many residents feeling little of the GDP's reported gains.

Bermuda Chamber of Commerce, Economic Committee
March 2025



Budgetary and Legislative Prospectives

A look back: Pre-Budget verses Actual Budget for the Budget Year 2024/25 (Last Budget Cycle)

As part of the previous Pre-Budget report process, the Economics Committee and Chamber presented a number of ideas that would support the Bermuda economy¹. The paper that was provided also gave suggestions of using excess cash held, above prescribed \$100M reserve, to provide further cost of living support. The recommendations that were provided are the following in January 2024:

- **Review Customs duties on BELCO Imported Heavy Oil and Diesel.**
The current duty rates were set in 2016 at \$0.20 per litre (\$31.80 per barrel), which was increased from the 2015 rate of \$0.145 per litre (\$23.05 per barrel). Pre 2015, the rate had been fixed at \$0.095 per litre (\$15.10 per barrel) for over 20 years. The increased rates in 2015 and 2016 were attributed to the oil prices globally being at historically low levels, which allowed for an increased duty revenue without a significant public hardship. In today's climate, this increased duty is adding around \$0.05 per kWh of the FAR rate, which since the updated FAR methodology in Jan 2020, has accounted for 30% of total FAR payments. This can amount to around \$400 for a normal household per year.
- **Review All Food Duties further.**
Whilst a number of items are at 0-5% duty rate, all items, including the sugar tax, should be reviewed further given the spike of food costs and to assist in managing overall costs. The volume of food items has not increased materially, yet the value of these imports has increased significantly and leads the customs duties to be increased, due to the inflationary impacts, and compounding that issue further onto the customer budget.
- **Review customs duties for verified Retail operations.**
The Retail Sales Index shows how store fronts (specifically apparel) have struggled for years, and there was a downward trend already evident pre-covid. Some of the sluggish recovery since can be attributed to A S Coopers closure, however, the long-term trend shows the sector needs support. Providing targeted duty relief to this sector will allow them to import goods cheaper and compete against individual importers (via Amazon, etc) and ensure employment levels remain in this sector. Value of the imported goods has risen significantly post Covid.

Of these three recommendations:

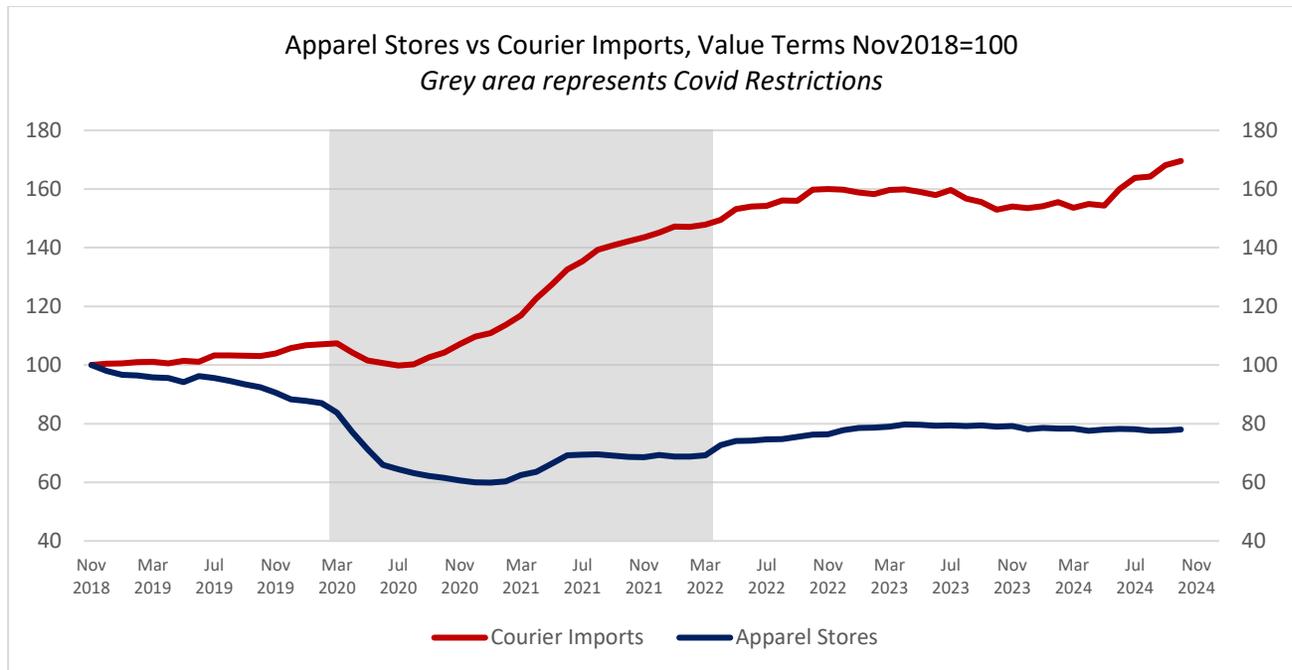
1. The Chamber welcomes the rate reduction to fuel duties for power production was implemented in August 2024 with a reduction from \$0.20 per litre to \$0.08 per litre and this supports not only consumers, but businesses alike. From a residential perspective, if a household uses on seasonal average 750kWh per month, savings approximate \$245 a year. This duty rate is also lower than the pre-2015 historical rate of \$0.095 per litre.
2. We are still of a belief that the sugar tax, as it currently stands, does more harm to cost of living than good in promoting healthy lifestyles. Should the tax be directed towards subsidising healthy products (such as primarily supporting locally grown) or to specific health programs, there would be an argument to maintaining this. However, from most accounts, it has been a challenge to implement

¹ Cost of Living support from the Budget - <https://forum.gov.bm/en/ideas/cost-of-living-support-from-the-budget>



and adjudicate evenly across the board and appears to just pay into the consolidated fund as any other tax income. As a result, the net benefits are not clear and given the ramp up of cost of food, this is potentially inflaming inflationary pressures further on food costs.

3. We have seen a number of planning applications for facades of shops and parking lots on Front Street, rather than actual new stores opening in recent times. We also note from the 3Q24 Bermuda Tourism Authority Exit Survey that regarding Shopping Experiences, specific to Quality and Variety, there was Mixed feedback; some appreciated unique products, while others found the selection outdated; calls for more high-end brands. To support the retail store presence for locals and tourists alike, another tier of customs duties should be considered for local shops with a physical presence and inventory on hand. This would be by the way of reduction of customs duties on goods for resale, which would allow the physical, bricks and mortar locations to have an opportunity to compete against online sales, which would also contribute to the wider, local economy. Whilst this is not expected to bring costs down, it would ensure that businesses are able to retain employment or even grow, as it would make it more attractive to shop local. Individuals would still be able to import from overseas and be subject to the normal 25% customs duty.





Key Points for supporting the Bermuda Economy – 2025/26

Similar to our position in October 2024, the Chamber looks forward to the Legislative year and Budget discussions, which we hope will cover some of the following:

Budgetary Points:

- **Sugar Tax** – it is time that this is critically reviewed for the overall effectiveness and whether it is serving the original intent, as there is a view that this tax is having a compounding impact on food prices and cost of food at this time, with tax either eliminated/reduced, or clearly demonstrate how the funds are being used to support healthier options or supplement overall costs.
- **No Increases Short Term Rental Taxes.** These units continue to provide necessary support for the tourism market, and as shown in the Economic Trends, these units are not causing real estate impacts to the extent that is generally implied. Recent tax changes have made some short-term rentals consider their options, but these are not seen as changing the rental market activity.
- **Review Local Dividend Taxes.** Review a threshold to allow local dividends to be available as tax free, to assist in encouraging private capital investment in new and expanded business.
- **Customs Relief on Construction Materials.** This is a staple of most Tourism Investment Act proposals, and given the cost to build, by some estimates, has well exceeded \$650 a square foot for new residential builds, all avenues to support construction and property investment need to be reviewed. Private sector construction over the most recent periods from 2022 to 1Q2024 remain at low levels seen from 2011 through to 2016.
- **Retail Support** - Being the representative of local businesses, we continue to make the case that for a thriving retail sector, that provides jobs and providing goods for consumers, a change in duty rates for retail operations must be given strong consideration. The total employment numbers have not grown from 2019 levels as yet, which also shows a reduced consumer base, and a change for the retail sector must be considered if we remain interested in having a viable retail presence in Hamilton.

Legislative and Other Critical Points:

- **Statistics** - The Chamber applauds the Statistics Department's revamped Consumer Price Index reporting, which delivers more detail and transparency than ever. It's a solid start—though questions linger, particularly around rental data, which doesn't fully square with anecdotal evidence. Yet, progress stalls when it comes to timing. Retail Sales and CPI reports have faced significant delays over the years, and our research suggests the data collection itself hasn't materially slowed. The bottleneck lies somewhere. We urge the Minister of the Economy and Labour to wield Section 6(2) of the Statistics Act 2002 and mandate a fixed release schedule: CPI and Retail Sales out within 60 days of each month's end. Beyond that, set clear timelines for GDP (annual and quarterly), the Digest of Statistics, the Registry General Annual Report, and all regular publications. Timely data drives decisions and should be released publicly direct by the departments once the respective Director has signed off on the report. Additionally, the completion and release of the Household Expenditure Survey needs to be a priority given the current baseline of 2013 is materially out of date.
- **Rental Property** - A clear pricing strategy for the Bermudian Beach rental units will need to derive to ensure that rental prices being sought do not have an additional inflationary price impact to the



local market. Consideration to price points should be weighed, by start slightly below market rates, gradually rising to full market value over time to prevent inflationary spirals due to benchmarking of other units against these units.

- **Landlord Tenant Act** – we look forward to the proposed changes that have been in the works coming to fruition in the near term, as housing remains the main challenge to longer term economic growth and development plans. There was public mention that this was to be tabled in latter part of 2024, however, nothing has been provided.
- **Pensions.** Await more details on the financial literacy programs being discussed, as care needs to be taken with any proposals that are being tabled that involve the use of Pension funds, such as the recent changes to allow use of Pension funds for property purchases. Property values over the past 5 years have remained stable but remain lower than in the 2009 and 2010 period, which highlights the risks of property investments. Should individuals “dip” into their pension, then there should be a consideration to support this being topped back up over time, as this could otherwise strain the social safety nets in years to come.
- **Regional Connectivity and Expanded Trade** – we expect to receive additional information on the costs and benefits of becoming a full member of CARICOM, and from the business community, what are the meaningful trade and business opportunities that would potentially open from our current affiliate membership. Also, with the Government focused on the Middle East and African engagement, which includes the appointment of a special advisor, we would look forward to a position paper on the wider activities and strategy that is being embarked on and key performance metrics, as this currently appears to be more of an ad hoc arrangement with no formal plan that has been made public to date.
- **Economic Development Strategy** – we expect to see further updates and outlines on actions around expanding the resident population, aging population strategies, additional plans on a broad developing a sustainable housing supply and the strategy for Morgan’s Point. Additionally, would look for updates on key industries that have been earmarked, such as DABA (Digital Asset Business Act), as to date, this has created 36 jobs of which only 21 are Bermudian² or Spouses, which would not be viewed as a “economic pillar” that was originally outlined. Additionally, there has not been any public release of key metrics and performance indicators that are regularly being monitored and evaluated against the progress of the core economic strategic priorities.
- **Corporate Income Tax** - Looking forward to later this year, with the introduction of Minimum Corporate Income Tax, we await the updates of the Ministry of Finance and the Tax Reform Commission of how the landscape of Government income sources will potentially change in the near future and what the public and business can expect to see. The Chamber is also keen to understand the actual details of the methodology and estimates of these projections, as to date, the only “facts” that have been provided is a paragraph in the 2024/25 Budget Speech and a paragraph in the 2024 Throne Speech. Given that we are on the eve of the roll out of Corporate income Tax, we expect that the relevant authorities will provide detailed information for digesting the accuracy of these statements being purported, such as an assumptions document. With that, we look forward to the update on the actual amounts collected in new revenue later this year.

² 2023 Employment Survey Tabulation Set, Minor Division of Economic Activity, Table 3



- **Aging Population** - We await further details on plans around growing the resident population and how we, collectively, can start to address the impacts that are on our doorstep now, if not already through the door. There are a number of roles, that are principally Bermudian and majority of the job holders are 55yrs+, and we must review how we can adapt to this change, in the near term. The Chamber has provided their independent assessment that aligns with Government projections to 2026, however, the Chamber's research has forecasted the position further, to 2040.
- **Internal Audits** – we note that there remain several quangos with outdated financial audits, from pre-2023³. Given the importance of a number of these quangos, we would expect some updates on the audit plans (last audit in parathesis) around Bermuda Economic Development Corporation (2018), Bermuda Housing Corporation (2021), Board of Trustees of the Golf Courses (2020), Trustees of National Sports Centre (2016) and Regulatory Authority (2020) to name a few.
- **National Digital Bank** – we note that there have been few updates of this initiative over recent periods or in the latest Throne Speech. We call on the Business Plan to be made public so we as the Business Community can understand the aspects of this plan entail for the public to understand the scope of the proposal.
- **Plans around Cost of Living** – it was rather disappointing and unfortunate that several businesses were publicly called into focus by some recent candidates in the General Election around their pricing. Factually incorrect information was spread, and there was a demonstration of what appeared to be a lack of understanding of how economics works, and why the wider cost of goods has changes over recent years. The Chamber will continue to remind the Government on the 'Laws of Unintended Consequences' in stepping into pricing regimes and the impacts that can come as we result. We also welcome to discuss this, along with any items in this paper (or not) with any member of Government or prospective member of Government, to ensure that impacts of the wider economic engine are fully understood from the Chamber.
- **Governments Role with Business Community** – As outlined in the Chambers response to the November 2024 Throne Speech, the Chamber acknowledges the Government's work to the various challenges that are faced, both structural and economic. However, it may not be the best outcome for Government to try and micro-manage the business community. We recommend a focus on resolving foundational issues first – for example, ensuring the success of public education, immigration reform, healthcare funding and infrastructure, planning department, statistical data timeliness, and debt management which are all vast and essential projects. Once progress is made in these areas, any adjustments to the economy would be better informed and more sustainable for all stakeholders. The Chamber remains keen to work with the Government to address these challenges and ensure that the Chambers membership, along with wider stakeholders, continue to support positive progress with the Bermuda ecosystem.

³ <http://www.oagbermuda.bm/our-clients.php>



Assessment of Key Data Points

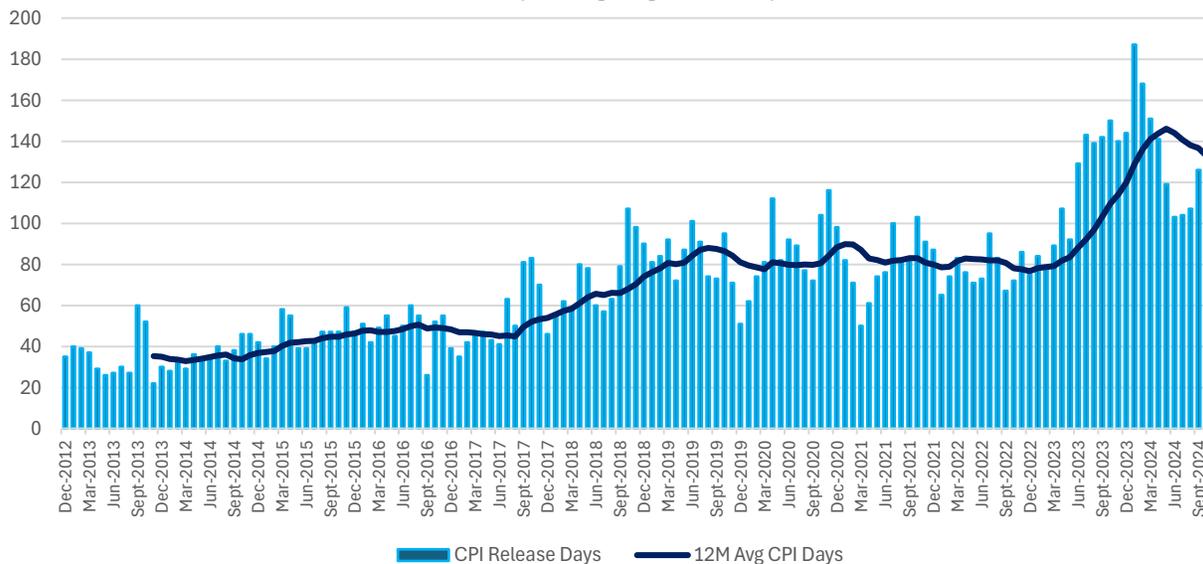
Public Data Release Lags

Availability to data and useful information, on a timely basis, is the backbone to any sound decision making. This includes business for benchmarking targets, public sector for sound decision making and individuals for understanding their personal economy. Unfortunately, over the past 10 years, we have seen a steadily increasing lag to real time data, that is critical for all these stakeholders. How much of lag are we talking about? Let's have a look at some data.

The Economic Committee has, painstakingly, looked back to 2012 for each of the monthly releases of Retail Sales Index and the Consumer Price Index, measuring the date of the release of the report and publication in the media (principally Royal Gazette and Bernews), against the last day of that specific reporting month. For example, the October 2024 Consumer Price Index was released on 12 February 2025, which is a 104-day lag (about 3 ½ months) from 31 October 2024. How does this compare against historical trends?

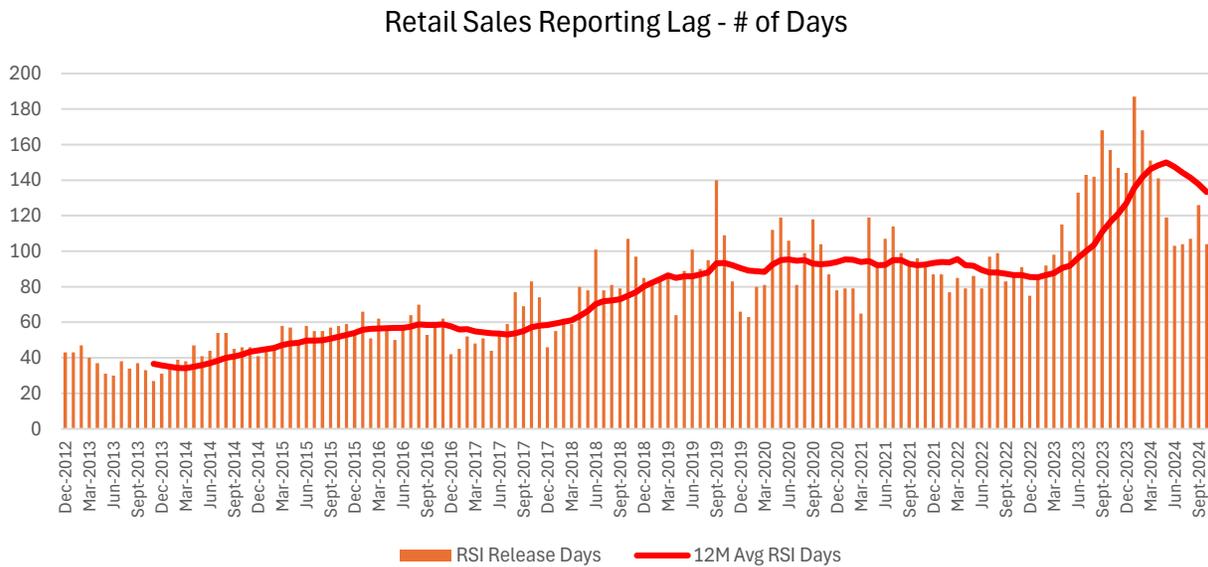
Prior to 2018, the release time was generally less than 60 days, with some even lower than 30 days. For the 5-year period from December 2012 through to December 2017, the average release time was 43.9 days. From January 2018 to December 2022, the average release time increased to 80.0 days, and from January 2023 through to October 2024, the average release time is 125 days. This delay is unacceptable, especially given the pace of inflation over this time period was unprecedented in recent memory, and effectively, business and stakeholders are left in the blind of what the impacts are, other than through anecdotal information. The number one priority when trying to fight inflation is ensuring that you know the inflation rate and it is reported timely. This, to be blunt, is not timely and disadvantages all.

CPI Reporting Lag - # of Days





Another core measure to gauge the local economy is the Retail Sales Index, for which a number well known stores provide their information as per the Statistics Act 2002 to provide the moving analysis for this. There is an expectation that the information to be made available on a timely basis, so that market trends and competitive assessments can be done in near real time. This may be using the index to gauge demands leading up to Christmas sales, or an entrepreneur looking for the gap in the market to service. If the data is being released upwards of 5 or 6 months late, then it is of little value to use it. The following chart showcases the release trends of the Retail Sales Index, from December 2012 through to October 2024.

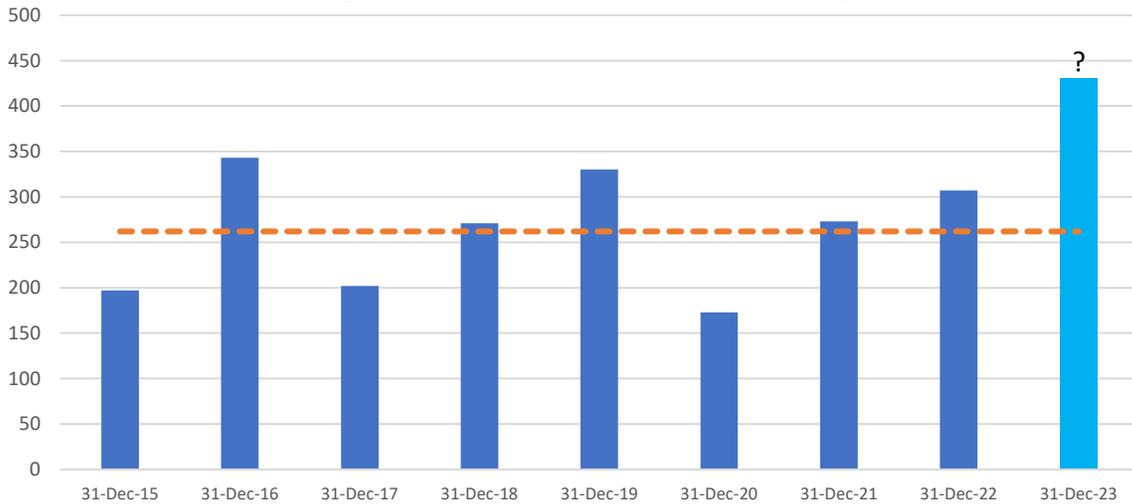


It is unconscionable that the average time lag, over the prior 12 months in June 2024 was 147.5 days for the Retail Sales Index. Whilst there has been some improvement in last few months from these levels, it is still over 100 day lag on the release of the information.

However, the data lags are not just limited to Retail Sales Index and Consumer Price Index. The 2023 Registry General Annual Report has yet to be released, which is prepared in accordance with Section 19 of the Registration (Births and Deaths) Act 1949, that states the report is to be prepared within 90 days of calendar year end. Interestingly as well, the back cover of reports available from 2015 through to 2022 have a publication date listed by the printer. The average delay, from print date to tabled in House and released publicly date is over 90 days. This report is supposed to be non-contentious, simply how many births, deaths and marriages have been registered, and we are currently 430+ days past the 2023-year end (the light blue represents this data has not been released to date, we are waiting). The orange line shows the 2015 through to 2022 average release time of 262 days.

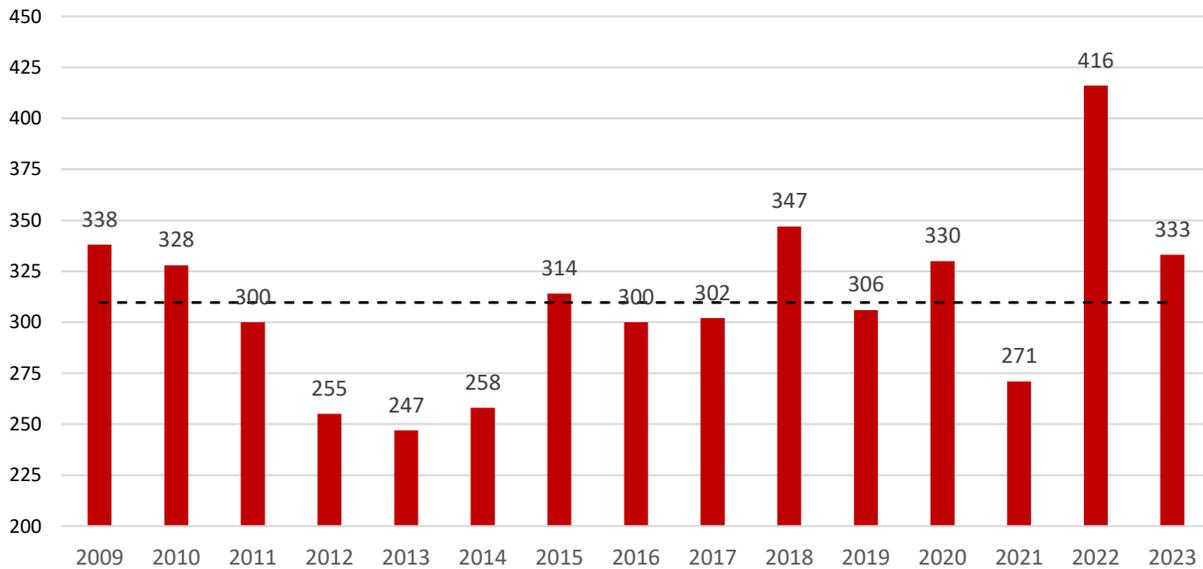


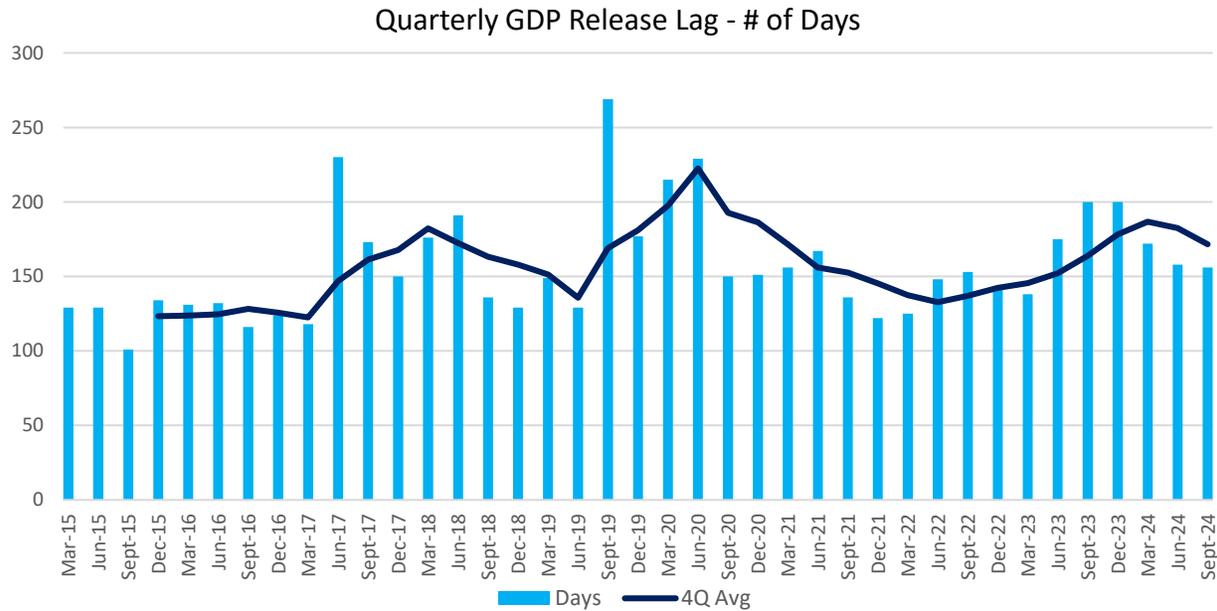
Registry General Annual Report - Days Lag



A final data lag we reviewed was the inconsistent release time frames of Gross Domestic Product, both the Annual and Quarterly releases. The GDP quarterly release started on a regular basis around 2015, whereas the Annual Release has been in place significantly longer and we have tracked this to 2009. Whilst there have been some notable delays, it is more the inconsistency that stands out with both releases, as shown in the charts below. Average release time for the Annual GDP has been 309 days (dotted line) over this period and quarterly GDP release has been 156 days after quarter end.

Annual GDP Release Lag - # of Days





We have had discussions with stakeholders around the timelessness of these releases and it appears that there have not been any material delays in the overall preparation of them, however, there appears to be a bottleneck somewhere. We call on the appropriate Ministers to ensure that any public data is released timely, and as with best practice seen elsewhere, the data should be released on a set schedule and not released via the Minister, but rather the reporting department.

Within the Statistics Act 2002, there is a section Collection and Publication of Statistics, which contains paragraph 6, section (2), and reads *“The Director shall cause the statistics and other particulars, if any, collected pursuant to this Act to be compiled, tabulated and analysed and, subject to the provisions of this Act, shall cause such statistics or abstracts thereof, or extracts therefrom to be published, with or without comments thereon, in such manner as the Minister may either generally or specially direct.”*

Based on the legislative powers within the Statistics Act, we look forward to the Minister of Economy and Labour to provide statistics within his remit, notably the Retail Sales Index, Consumer Price Index, Gross Domestic Product and Digest of Statistics, on a fixed release schedule, with RSI and CPI to be within 60 days of the appropriate month end. Additionally, a set timetable for GDP information would also be expected. Other Ministers should also review their public information to ensure that matters for public consumption are released in a timely manner that allows for the data collection to be relevant.



Bermuda’s Boom: GDP Soars, But Where’s the Local Spark?

“The data indicates that in 2023 Bermuda had one of the fastest growing economies in the Latin American and Caribbean region.” – Jason Hayward, 29 November 2024 ⁴

“This Government by no fault of its own had to take this country through a pandemic, and four years later when it comes to economic growth in our region, we are second to one country only. And that is the country of Guyana. Let that sink in for a minute, Mr. Speaker.” – Premier David Burt, 29 November 2024 ⁵

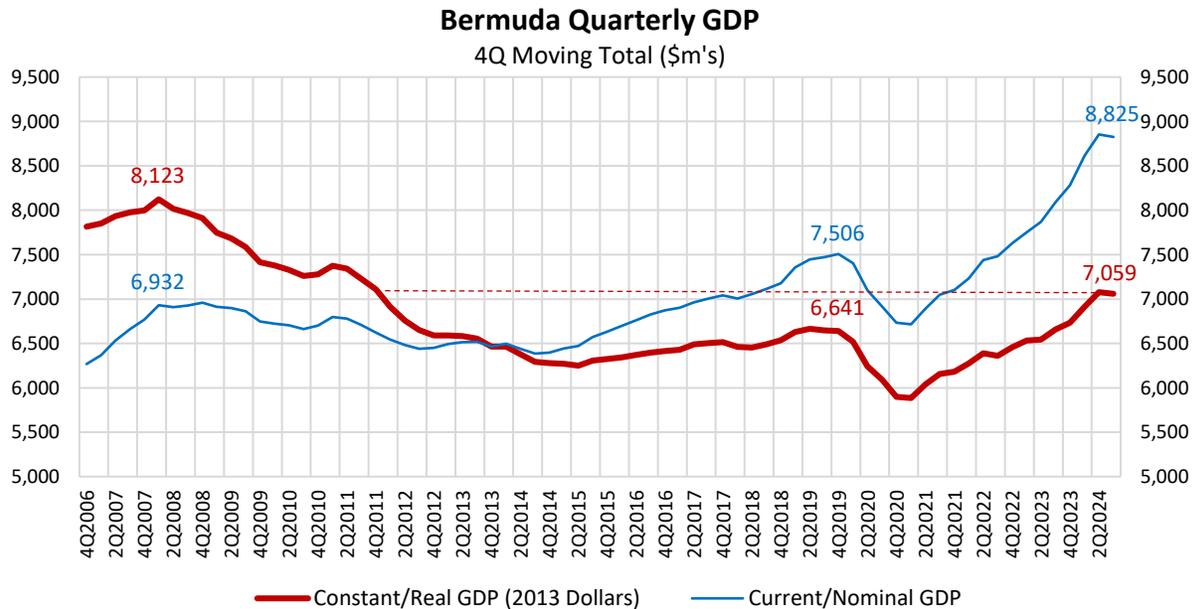
GDP, Gross Domestic Product. The headlines and sound bites sound great on its growth, but if we take a step back – if we have this type of economic growth, it is something tangible, that you could almost touch and would feel, that would be seen in everyday life. From the anecdotal information we hear and see, something seems to be disconnected, but what can be causing this?

Let’s have a look at what is driving the GDP growth story of Bermuda. First, it is important to highlight the generally accepted calculation for GDP in any economy:

GDP = Consumption + Investment + Government Spending + Net Exports

Or more succinctly as GDP = C + I + G + NX where consumption (C) represents private-consumption expenditures by households and nonprofit organizations, investment (I) refers to business expenditures by businesses and home purchases by households, government spending (G) shows expenditures on goods and services by government, and net exports (NX) represents a nation’s exports minus its imports.

As the chart below shows, the Bermuda GDP story is impressive considering the impacts of COVID-19 and the ability to recover. From 4Q2019 through to 3Q2024, Real GDP has grown 6.3%, up to a total of \$7Bn. Based on inflation adjusted values, the last time Bermuda Real GDP was above \$7Bn was in 2011.



⁴ <https://www.royalgazette.com/economy/business/article/20241129/international-business-powers-islands-economy-report-shows/>
⁵ <https://parliament.bm/admin/uploads/hansards/d60b9e83427c466598ff771fab25fe9c.pdf#page88&page=88>





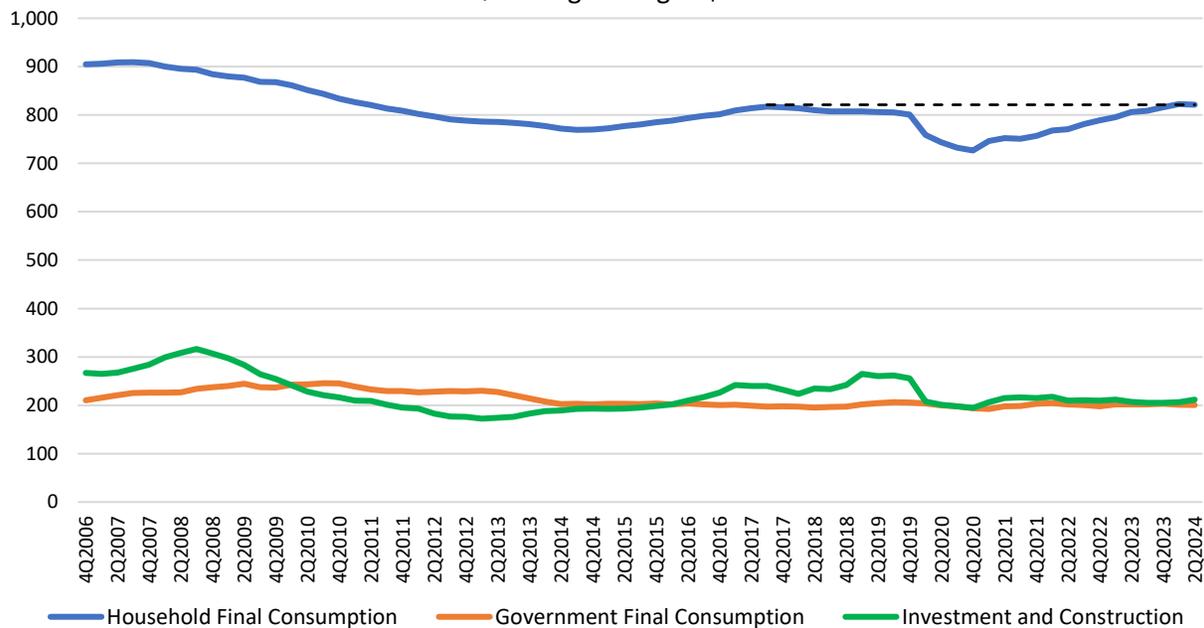
Despite Bermuda having to import effectively all our goods, we have historically and continue to run a materially large Trade Surplus (more exports than imports). Whilst this seems ironic, it is due to the computation of not just goods, but services as well. From an export perspective, the Bermuda exports are driven by Tourism and International Business. Imports are the goods we bring in, and services are tourism that Bermudians do overseas.

Each of these components are important to the GDP calculation, but what are the movements of each category? And what has driven this growth? When we discuss these trends, we look at the 4-quarter moving average, which smooths out any seasonality, as traditionally, Bermuda’s highest GDP quarterly production does not happen in third quarter when tourism is peaked – it is in the first quarter and timed with International Business bonus payments.

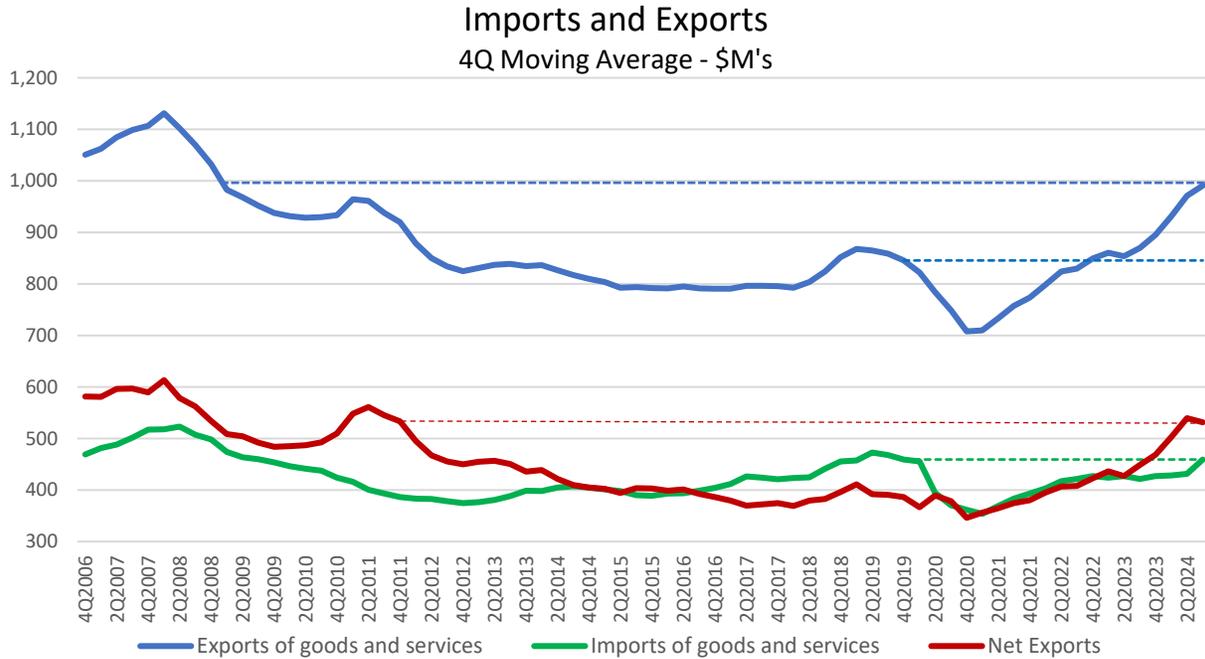
Based on the key components of GDP that are generally associated with domestic growth, we can see that Household Consumption has now just exceeded 4Q2019 levels and is in line with 4Q2017 levels. However, from a Government and Investment and Construction basis, the numbers are still behind 4Q2019 levels. If we compare the past 4 quarters (4Q2023 to 3Q2024) against the 2019 data, Household Consumption is up 1.9%, or \$61.7M. However, Government is down -\$24M, or -2.9% and total Investment (combination of Machinery, Equipment and Construction) is down -\$201M, or -19.2%. Overall, these domestic indicators are down -\$163M in this period.

Consumption, Investment and Government Spending

4Q Moving Average - \$M's

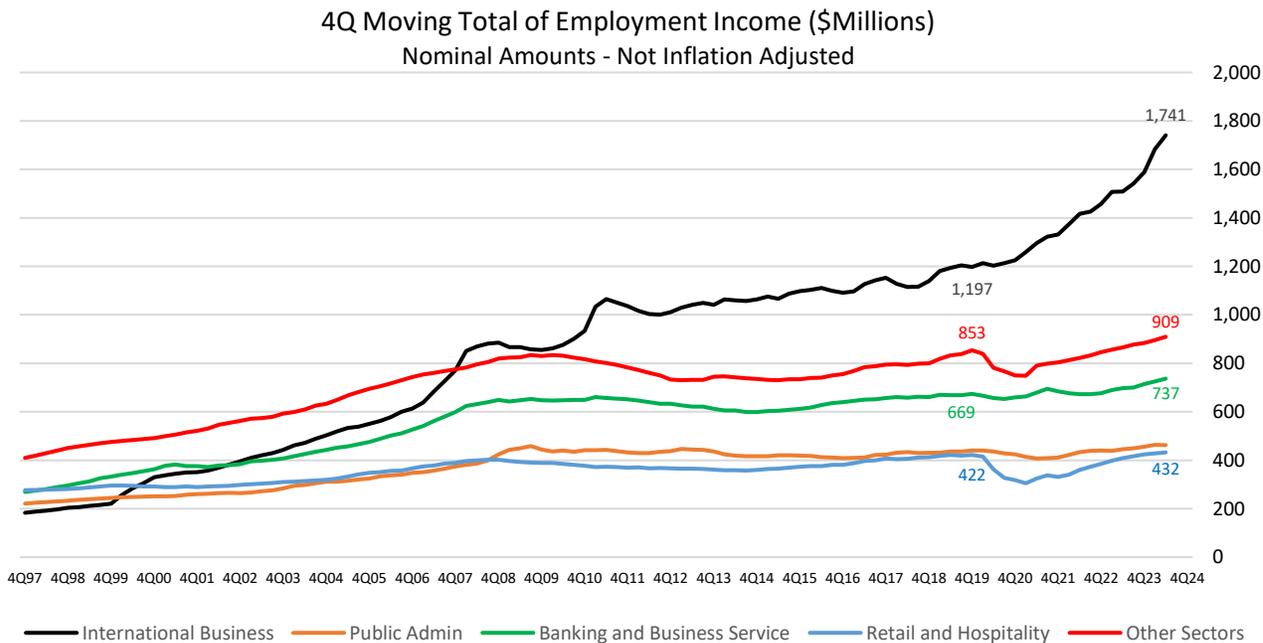


The Net Exports figure is the next to assess and given Bermuda’s isolated nature and the fact that we must import effectively all items to Bermuda, the notion of imports is slightly different given this is our lifeline rather than a normal trade route and give a relatively good indicator of business conditions. However, for every dollar of goods imported, this decreases our GDP – and vice versa as it relates to goods that we normally did import and no longer import – so keep this in mind.



As we can see on the above, Exports of Goods and Services (of which goods accounts for around \$10m a quarter) has seen significant growth from the initial COVID impacts, and exceed 4Q2019 levels around 4Q2022, and is currently around 18% ahead (approximately \$600M over the past 4 quarters) of this 2019 level, with continued acceleration. Conversely, imports had been well below 2019 levels until this most recent quarter, which when we compare the past 4 quarters against the year 2019, imports of goods are up \$27.6M and imports of Services is down \$27.1M.

So, from the data trends, if we look back at the C + I + G + NX, all categories have remained relatively flat or declined from 4Q2019 levels, other that Export of Services. What is the driving force behind this?



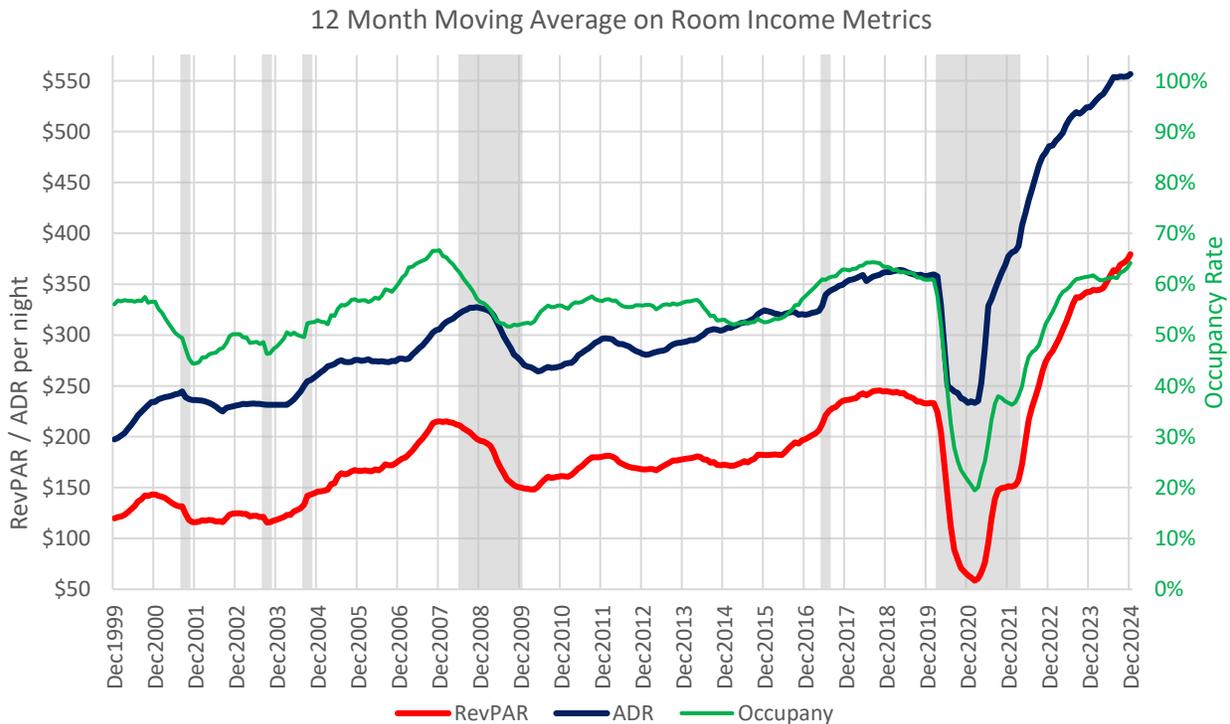


The first driver has been International Business and the Employment Income they provide, which based on the below demonstrates the growth of compensation within the industry, relative to all other sectors in Bermuda. The numbers below are not adjusted for inflation. This is up to 2Q2024, as we are currently awaiting the details of 3Q2024 to be released.

On Tourism, there are several ways to view this, however, the ultimate objective of Tourism is to have visitors spend money in Bermuda. From the aspects of Bermuda Tourism, visitor air expenditure as of 3Q2024 was in line with 2Q2019 (c\$400m) and as of 4Q2024, has exceeded 2019 levels. This is a strong achievement given the reduced bed count that has been in Bermuda and has been partially driven by the increase in Revenue Per Available Room and Average Daily Rates that the hotels have been able to achieve. How much have these metrics improved? Average Daily Rates are up approximately \$197 or 55% and RevPAR is up around \$146 or 63%.



However, the overall spend is still only marginally ahead of 2019 levels, so has not been a source of significant GDP growth to date.

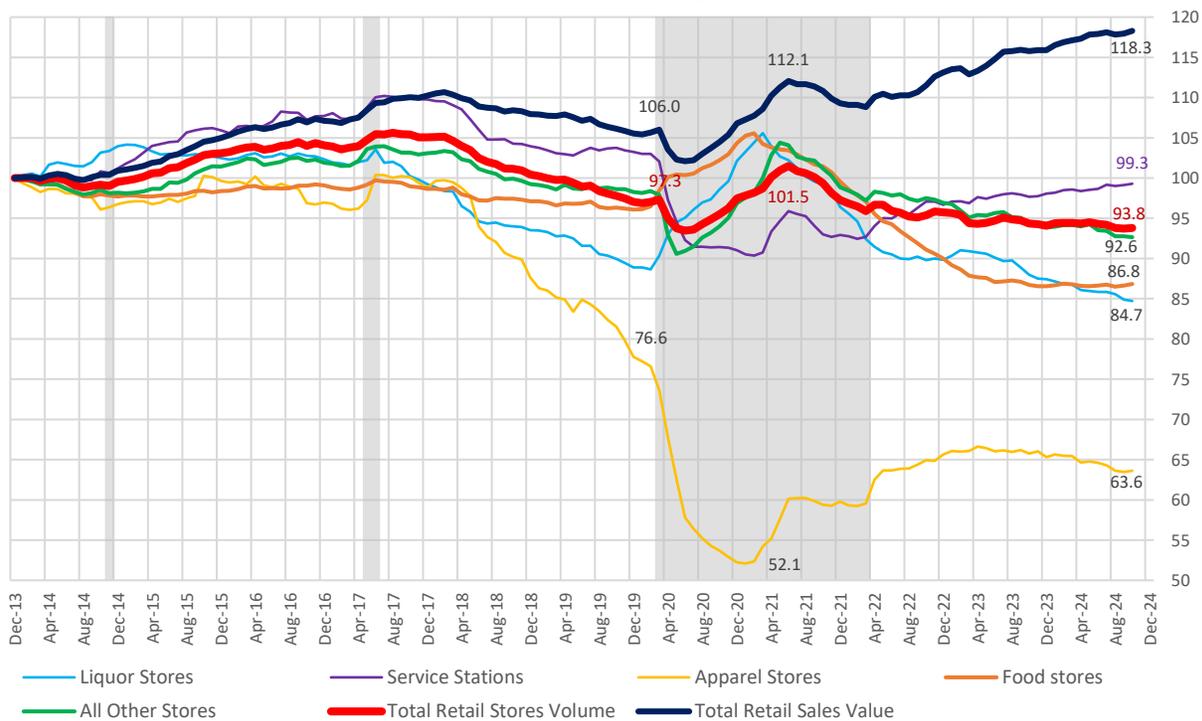




On the domestic front, the main metric that gives a view of the local business environment continues to be the Retail Sales Index, which gives insights to how the various sectors are performing.

The following shows the Volume movements of Retail Sales Index for the primary categories, being Food Stores, All Other (includes Pharmacies, Furniture and Appliances), Service Stations, Liquor Stores and Apparel Stores. With a base period of 2013 set as value 100, none of these industries are trading above this level, with the overall RSI Volume at 93.8. Total Value (not adjusted for inflation) is trading at 118.3, which shows the continued impact of inflation and costs changes within the local market. Worryingly, the Apparel Stores RSI continues to struggle, with an index score of 63.6 and given Bermuda’s general cost base, import duties and shipping requirements, this sector struggles against internet shopping. This is a metric that we use to call on further support for the local market.

Volume Movements by Main Categories, Dec 2013 = 100



Whilst GDP is considered the benchmark for measuring economic growth and prosperity within a country, we have also shown some of the gaps of this measure and how the overall GDP figures may not reflect the reality that many feel.

From this assessment, we can state that yes, Bermuda GDP has seen significant growth over the past several years, however, this has been principally driven by the growth of International Business and whilst Tourism has recovered, it has not been an engine of substantive growth. The expectation and hope are that with a significant increase in the export of services we would see that in effect, pull the domestic market up with it. Currently, there have been a few signs of this, but we are still awaiting to see the heavy lift that we would expect to see, and currently, the domestic market ticks along, but at a slower pace than it did several year ago.

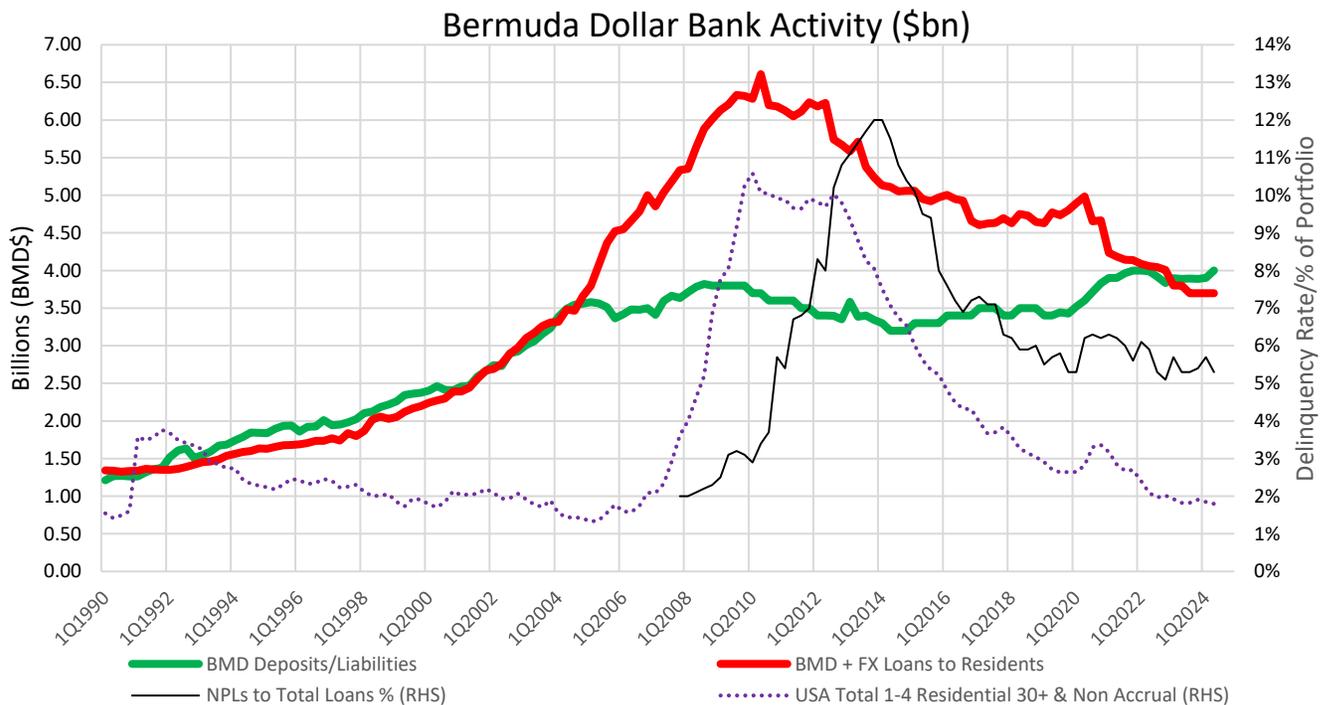


Financing, Banking and Lending Trends

Banks and other Financial Institutions provide a critical service that supports wider economic growth, and generally, when there is an expanding economy, there is also likely to be growth in the Banking sector, specifically around availability and issuance of lending.

However, in the case of Bermuda, we have not seen this within the local market in recent years. The below chart shows domestic lending by Bermuda Banks, taking into account Bermuda Dollar Lending (currently BMD Loans \$2.8bn) and Foreign Currency (FX) to Residents (currently \$0.9bn), as per the BMA Quarterly Digest, which totals \$3.7bn. Compared with 2010, which was the peak of domestic lending, \$6.6bn in 2010, there has been an overall decline of \$2.9bn or 44% from 2010 levels. Compared against the US market, there remains an elevated delinquency rate (measured as 30 days past due or more) of around 5.5%. Relative to the US market, the peak delinquency of residential 1-4 units was 10.5% in 2009, and has since recovered to less than 2%, which shows that Bermuda delinquency was much greater and has lasted much longer. These trends are not due to a lack of competitive pressure, but rather a reflection of the risks that are present within the Bermuda market. Bermuda Dollar deposits (green line) have historically been around 1 to 1 relationship with domestic lending and that trend appears to be taking shape once again.

To note, any direct lending exposures held by the Banks for Government or Government Quangos would be included in the below balances, however, the bulk of the Government debt resides out of the Banking sector through Bond issuances.

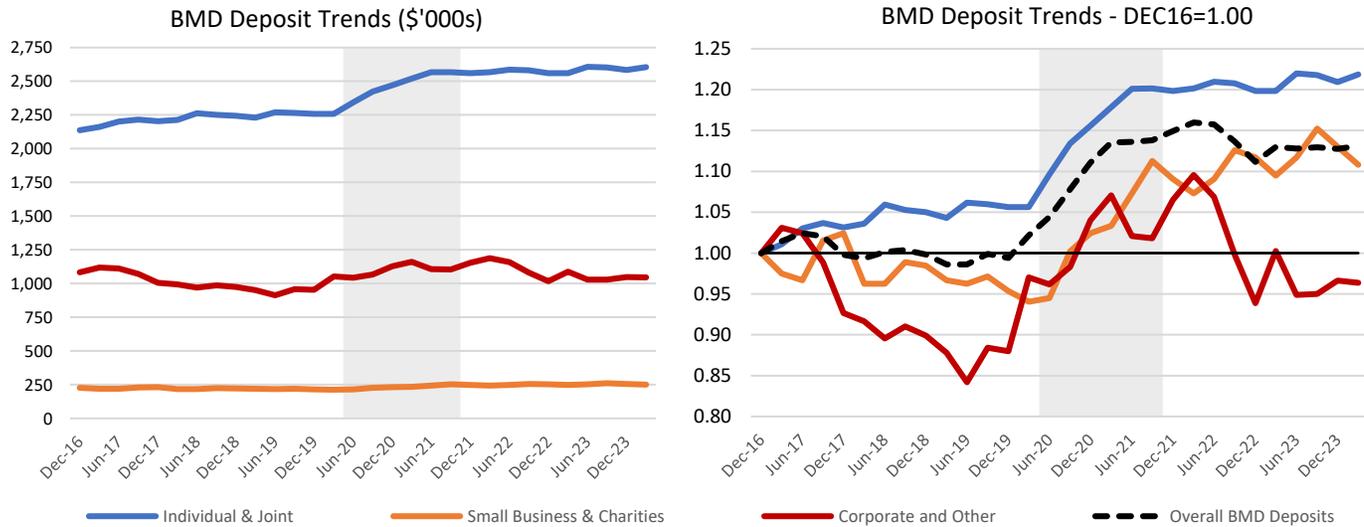


One item to note is that BMD Deposits are at record levels, currently at \$4bn held within local Financial Institutions. In 4Q19, the total BMD deposits held were \$3.44bn, which shows a growth of 16% despite the effects of COVID-19 during the 2020 through 2022 period.





A closer examination of these Bermuda Dollar deposits has been undertaken using information from the Bermuda Deposit Insurance Corporation, which provides insight for the composition of these deposits. Based on this, the Economic Committee has been able to construct the below profile of trends.



What this shows is the bulk of BMD deposits held are in Personal Accounts, with around \$2.6bn. The is also shown that from 4Q19, the amount of deposits held in Personal Accounts has increased by 16%, whereas Corporates, Trusts and All Other (red line) is actually down from the initial reference period of December 2016, and whilst there was growth seen in and immediately after COVID, the more recent trends show that these BMD Deposits are down from this level.

Regarding the Personal Accounts, we also see through the data that the percentage of BMD deposits held that are covered by the Deposit Insurance is currently at 26.2% (or 19.15% of all BMD deposits), which implies that 73% of the BMD deposits are held in accounts with \$25k or more. Pre-COVID the percentage covered was 27% and the peak was in September 2020, when 28.9% was covered, which aligns to the implications of the COVID-19 lock downs. Ultimately this trend implies that more affluent accounts have increased their cash positions more than less than \$25k accounts. Additionally, if there was elements of profiteering or gouging, there would be an expectation of seeing cash balances with Corporates to increase, which over the recent periods, has not been the case.

We would expect to see growth in the local lending market to support a thriving local economy. Whilst there continues to be new underwriting in the market, this is obviously as a slower pace than the actual repayments, and shows a steady, long-term trend of de-leveraging in the local market and with population shifts and demographic changes, this is not likely to materially change in the near term.

The Government has announced plans for a National Digital Bank; however, the details and business plan have not been made available. We note that the past four Throne Speeches (2021-2024) have not referred to this initiative, however, remains part of the Economic Development Strategy Strategic Priority 4, with no substantive updates being provided. It is unknown, to what extent, this initiative is to support or compete against the current Banking market and if it will provide any meaningful uplift.

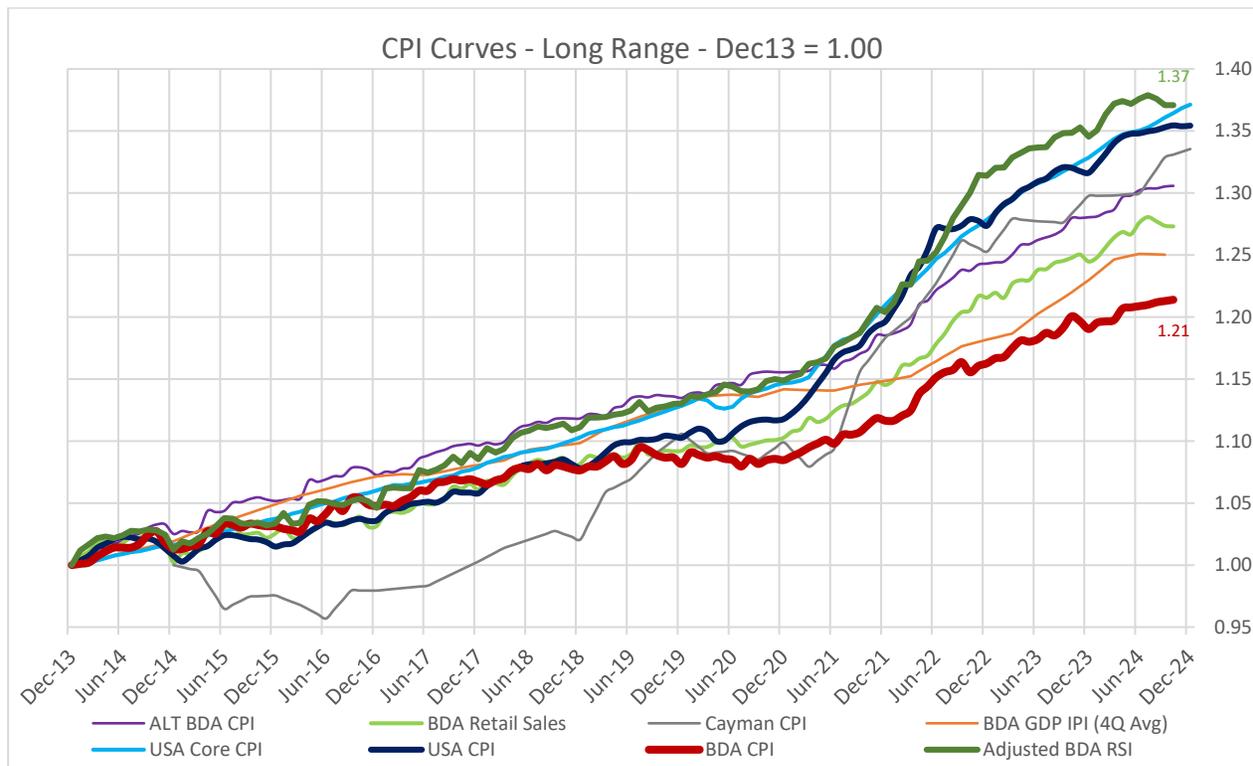


Continuing Cost Pressures – but what is the cost of living?

One area that Bermuda has historically had some difficulty in accurately assessing has been the actual impacts and levels of cost increases and pressures within the economy. There are two specific data points that, when we consider them in detail, have shown some challenges; the Rental Market costs within the Consumer Price Index and the Implicit Price Index that is used to measure the variance between the Current Market GDP (today’s value) and the Constant Price GDP (base period costs).

Some of the challenges we believe that are encountered in capturing accurate data on costs are related to our small economic size yet having a number of disparities, limited central databases of information, slow adaption of technology and limited market drivers.

If we take a long-range view of cost changes over the past 10 years, from December 2013, a stark picture can be seen and the impacts of costs from 2020 due to COVID-19 economic impacts can be seen. What is also apparent, is that the Bermuda CPI and GDP Price Index apparently have seen some of the lowest impacts of inflation when compared against the USA and Cayman Islands. Further, the Retail Sales Index Price Index is also limited, albeit showing some increases still. If we adjust the Retail Sales Index, but removing Building Materials and Motor Vehicle sales, both of which are not a usual, monthly expenditure, we arrive at an estimated, Adjusted RSI, which is more reflective of the US Core CPI trends.



The appropriate cost basis will be dependent on the overall business model and the consumer preferences. It is important to note that it is not one size fits all, and the cost pressures and costs of living impacts that will be seen by everyone will vary. The impacts of the CPI rents can be seen, and how these measurements are having the effect of bringing the BDA CPI rate down. It is important to note that for the US CPI, the measurement of rents is from inputs, with approx. 25% of the CPI basket based on the Owners’ equivalent rent of primary residence and approx. 7.6% of the basket is based on actual rents.



The Owners Inputted Rent is based on a survey of homeowners to enquire what they could rent their property for, and for a period of time, this was the single biggest contributor for the US CPI. The Bermuda Rent CPI does not take into account an Owners Inputted Rent amount, and the prospective pool of rental properties monitored may not take into account the breadth of the Bermuda market.

Cumulative Price Change from Dec 2019													
	BDA CPI	BDA Retail Sales	Adjusted BDA RSI	RSI - Food	CPI - Food	RSI - All Other Shops	Electricity Cost	Gas Price	CPI Rent Control	CPI Non-Controlled Rent	USA CPI	USA Core CPI	Cayman CPI
Jun-20	0.3%	0.9%	1.2%	2.6%	2.2%	0.2%	11.4%	-1.5%	-0.2%	-4.2%	0.3%	-0.1%	-1.2%
Dec-20	0.3%	1.0%	1.6%	2.6%	2.6%	2.2%	-4.9%	-5.8%	-0.2%	-4.4%	1.4%	1.6%	-0.6%
Jun-21	0.6%	1.4%	1.9%	2.4%	2.5%	2.2%	-6.2%	-1.8%	-0.1%	-3.6%	1.8%	1.7%	-1.2%
Dec-21	3.2%	4.8%	6.5%	7.4%	6.5%	7.7%	-9.1%	6.0%	-0.6%	-4.9%	8.5%	7.2%	7.0%
Jun-22	6.5%	7.9%	10.8%	12.8%	11.7%	13.2%	0.2%	13.1%	0.3%	-4.7%	15.3%	10.5%	11.0%
Dec-22	7.5%	11.3%	16.3%	21.7%	17.5%	18.6%	2.7%	13.1%	0.8%	-4.4%	15.5%	13.3%	13.3%
Jun-23	9.3%	13.3%	18.3%	23.1%	19.3%	22.1%	22.0%	13.1%	1.8%	-2.7%	18.7%	15.9%	15.5%
Dec-23	10.1%	14.0%	19.0%	25.8%	20.9%	23.5%	8.0%	7.6%	2.3%	-0.9%	19.4%	17.7%	17.3%
Jun-24	11.8%	16.8%	21.7%	29.5%	24.8%	24.3%	16.3%	13.1%	3.3%	-0.5%	22.3%	19.7%	17.5%
Jul-24	11.9%	17.2%	22.0%	30.7%	25.4%	24.2%	22.6%	13.1%	3.6%	-0.3%	22.4%	19.9%	18.4%
Aug-24	12.0%	16.9%	21.8%	29.1%	24.5%	24.7%	24.2%	11.6%	3.7%	-0.3%	22.5%	20.2%	19.3%
Sept-24	12.1%	16.6%	21.3%	29.0%	24.4%	24.2%	24.1%	9.2%	3.9%	-0.2%	22.7%	20.6%	20.2%
Oct-24	12.2%	16.6%	21.3%	29.0%	24.4%	24.4%	42.5%	8.9%	4.1%	-0.2%	22.8%	20.9%	20.4%

Some notes on the categories:

- **All categories** are base lined to their respective cost period of December 2019, prior to Covid-19 related inflationary impacts
- **BDA CPI** – The Bermuda Consumer Price Index Change
- **BDA RSI** – Relative Price Changes in the Retail Sales Index (Value divided by Volume)
- **Adjusted BDA RSI** – Retail Sales Index adjusted to remove Building Materials and Motor Vehicles, as they are not normal monthly expenditures
- **RSI Food** – Retail Sales Index Food Category (Grocery Stores)
- **CPI Food** – Consumer Price Index Food specific price changes
- **RSI All Other** – All Other Shops of Retail Sales Index, which includes Appliances, Furniture and Pharmacies
- **Electricity Cost** – based on seasonalised monthly average of 750kWh per month (i.e., greater use in summer, lower in winter). The spike in October 2024 was due to the Fuel Adjustment Rate compensating in Q4 for under payments in Q2 and Q3.
- **Gas Price** – the price at the pump for regular gasoline. The price was capped for a period of time.
- **CPI Rent Control** – from the Consumer Price Index, approximate change of Rent Controlled Units
- **Non-Rent Controlled CPI Rent** - from the Consumer Price Index, approximate change of Non-Rent Controlled Units, effectively viewed as Market Rates, as these are for ARV's above \$22,800.
- **USA CPI** – The USA Consumer Price Index
- **Core US CPI** – The Core Consumer Price Index of USA – removed Energy and Food costs from USA CPI
- **Cayman CPI** – The Cayman Consumer Price Index as measured in Cayman Islands



What Data is available on Rental Market?

The Chamber commissioned a survey with Narrative Research in December 2024 to assess movements in the rental market. This was viewed to gauge the potential impacts that have been observed through a survey of 400 persons and their views of Housing Costs in Bermuda. This survey was driven by the CPI results reflecting low rental cost increases, with contraction of costs in non-rent control units published, which does not align to the anecdotal information that we hear and observe in the current market.

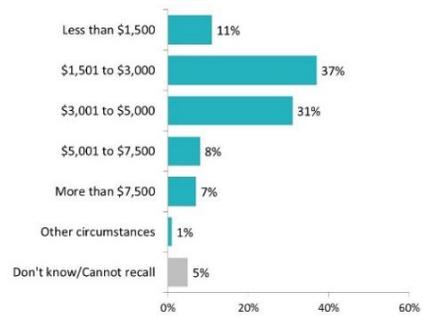
In 2004, average weekly rent for un/furnished from the Household Expenditure Survey was \$330.78, and in 2013 it increased to \$534.41. This reflects a surge of 61.5% over 9 years, whereas the Housing/Rent CPI reflected an 18.6% increase over this period. We await the 2024 Household Expenditure Survey results, but we anticipate the weekly rate exceeds the growth of the Housing CPI rate of 6.6% from 2013.

Within this survey, it was identified that 39% of respondents currently reside in a Rental unit, with 29% owning their home outright (i.e., free and clear of a mortgage) and 26% own their property with a mortgage currently on the property. 6% stated they live with friends or family currently.

The majority of responses indicated their monthly housing costs, being in rent or mortgage payments were between \$1,501 and \$5,000.

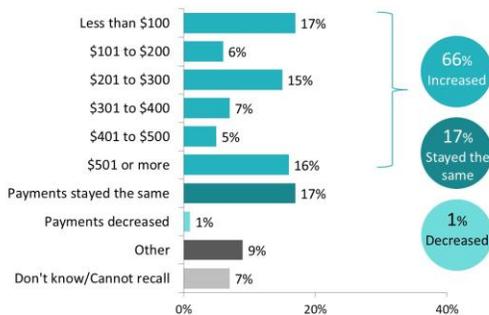
Based on the responses, the following shows the amounts that both Rent and Mortgage costs have changed by for 246 of the 400 responses, with 67% stating they have seen some form of increase in their housing expense.

Current Monthly Rent or Mortgage Payment
Among Those Who Rent or Own Their Home with a Mortgage



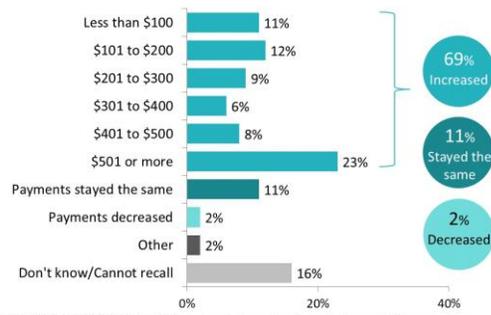
Q.C1b: [IF 'RENT' OR 'OWN WITH A MORTGAGE' IN Q.C1A] On a monthly basis, what amount would you say your current rent or mortgage payment is? Is it...? (n=246)

Increase in Monthly Rent Payment in 2024 Compared with 2019
Among Those Who Rent Home



Q.C2b: [IF 'RENT' IN Q.C1A] Thinking again about your housing costs, how much did your rent or mortgage increase in 2024 compared with 5 years ago – that is 2019 or pre-COVID. Did your monthly costs increase by...? (n=144)

Increase in Monthly Mortgage Payment in 2024 Compared with 2019
Among Those Who Own Their Home with a Mortgage



Q.C2b: [IF 'OWN WITH A MORTGAGE' IN Q.C1A] Thinking again about your housing costs, how much did your rent or mortgage increase in 2024 compared with 5 years ago – that is 2019 or pre-COVID. Did your monthly costs increase by...? (n=102)

When the individuals that stated they rented their property (144 responses) were queried about if their property was under Rent Control, 38% responded Yes, with surprisingly, 16% stating they did not know. Whilst this information does not provide a clear outline of CPI Rental information changes over time, it does provide some insights to the overall housing costs experienced over the past 5 years in Bermuda, which show costs have increase for majority of tenants and mortgagees, and with 67% seeing an increase, only 1.4% have seen a decrease and 14.5% remained the same, with 17% in Other/Don't know.

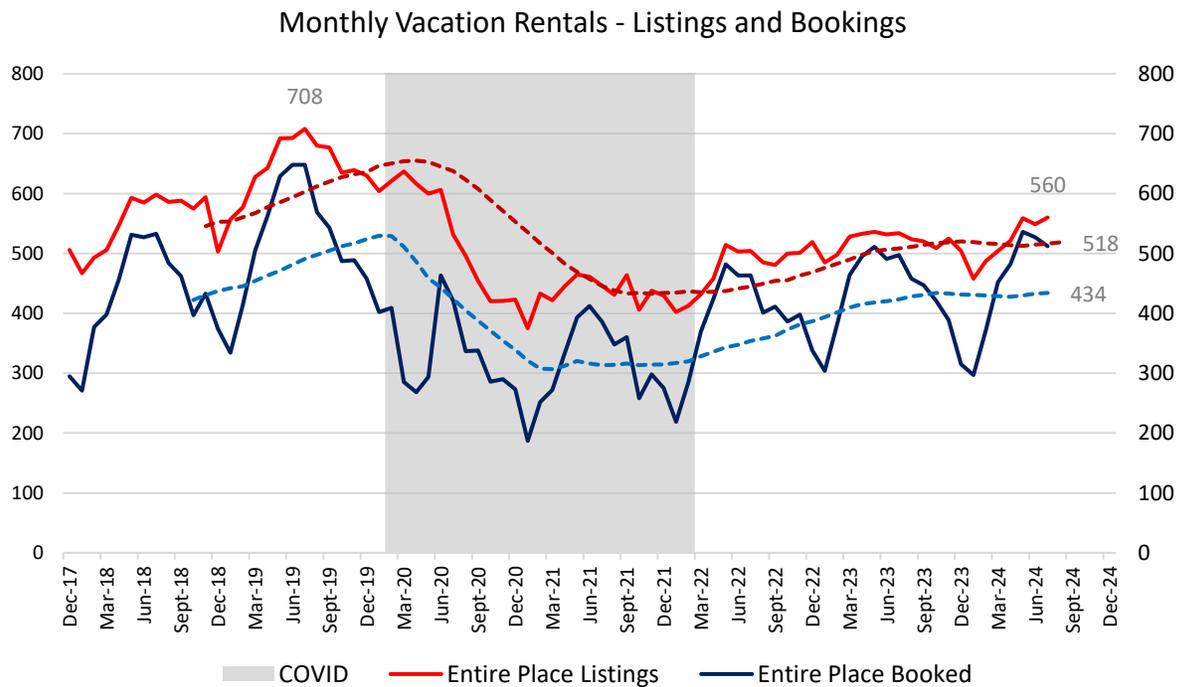




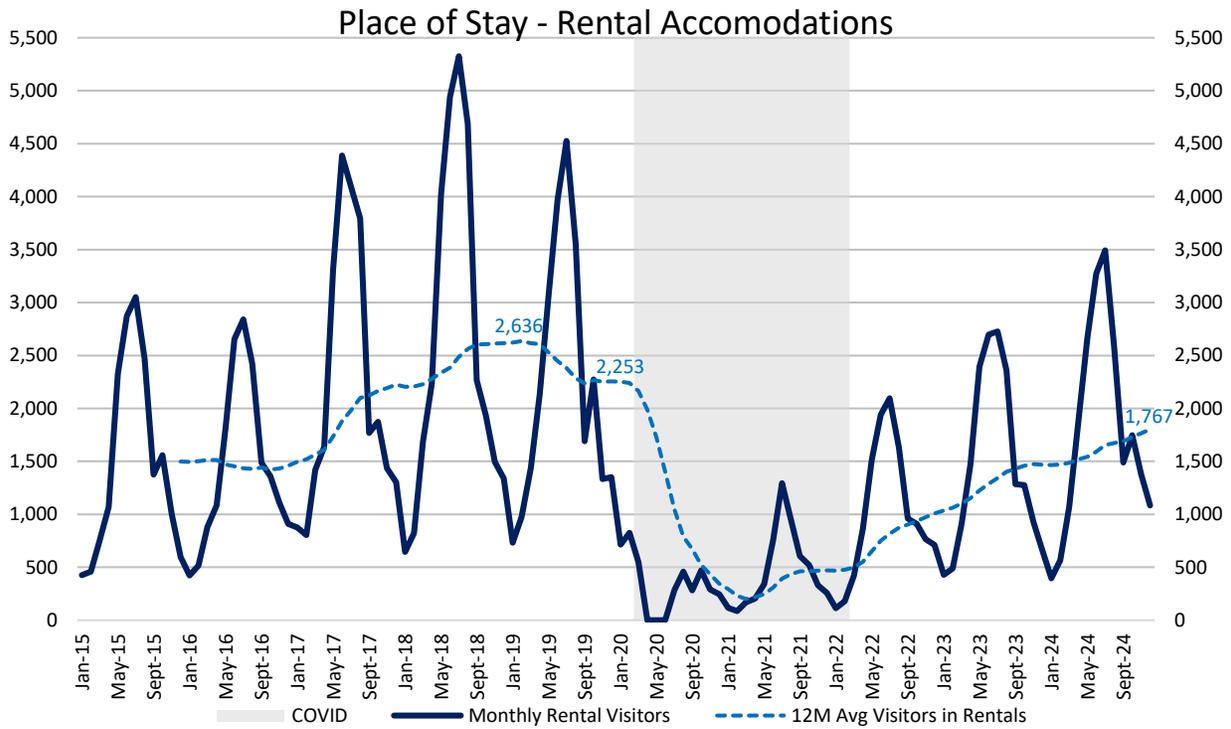
What are the real impacts of Vacation Rentals

One of the primary linchpins to the wider economic growth of Bermuda is the ability to provide sufficient housing and affordable housing – which are 2 different matters that intertwine with each other. The Chamber has already provided a fair bit of data points on some of the 20+ factors that have impacted housing, which broadly fell into 3 overall pillars: Economic, Policy and Demographic.

Whilst Vacation Rentals are usually a target as the primary cause of housing issues, this is not the view of the Chamber – they are a piece of the puzzle, but not the key centre piece of that puzzle. The following chart shows the monthly listings based on AirDNA data, which captures data from AirBnB and VBRO.



Additionally, the following data shows the number of visitors that are travelling to Bermuda and stating that their accommodation is in a Private Rental property, such as an AirBnB or VBRO. Whilst there has been an uptick from the COVID periods, the number of visitors staying in private rentals remains below 2017 to 2019 periods. Whilst the Southampton Princess property remains offline, the vacation rentals play an important part of supporting the existing hotel demand, with just over 10% of visitors staying in vacation rentals over past 12 months, compared with 11.3% over 2018.



As we can see from the above data, whilst there is a market for Vacation Rentals, the overall impact from both the supply (through AirDNA data) and on-demand (through BTA arrivals data), remain below the high-level points that were seen pre-Covid.



Rents, Control and Oversight

One area that we believe that needs to be reassessed is the concept of Rent Control, as currently per the 2015 Land Valuation data, there are 31,869 assessment numbers for housing, apartments, condos, and townhouses, with another 205 classified as uninhabitable. Based on the current Rent Control level of an ARV of \$22,800 or less, this accounts for 17,490 of the residential units, accounting for 55.5% of total units.

Year	ARV	# Residential ARV's	# under Rent Control	% in Rent Control
1995*	\$9,900	26,000	10,000	38.5%
2000*	\$16,200	27,000	16,913	62.6%
2004	\$24,600	28,207	19,986	70.9%
2009	\$27,000	30,151	18,521	61.4%
2016	\$22,800	31,529	17,490	55.5%

* Data is approximation for these years based on prior news clippings

Whilst the intent of Rent Control is clearly to control the cost of housing, the limitations of a rent control regime appear to have reached. This is due to the nature of a fixed price rent amount that is held on file, meanwhile, the costs to maintain, insure and manage the units has increased, in some cases materially over recent years. Ultimately, it has to be financially attractive for a landlord to make their property, asset, investment available for rent. Whilst this is not likely to be a popular proposal, something different has to be considered to assist with increasing available housing units.

When the ARV's that captured rent control were amended in 1999, Social Services Minister Nelson Bascome made the following comments on Rent Control, and that the increase in ARV from \$9,900 to \$16,200 was a "temporary measure"⁶:

He added: "The purpose of our proposed rent control amendment will be to avoid any sharp escalation in rent levels for those least able to cope." But he stressed that applications for "reasonable rent rises" from the owners of rental properties would be dealt with "in a timely manner".

And he said: " Government views rent control as a temporary measure. In the longer term it is anticipated that an increased and more balanced supply of housing will help to keep rent levels reasonable and more aligned with family income levels, without the need for rent control" Mr. Bascome added that the amendment he will table to the rent control law would also remove a quirk exempting properties built after June, 1983, from rent control.

There should be a further review and discussion around the current Rent Control regime, with an eye on incentivizing vacant units, with a Rent Stabilisation method introduced as a replacement, with ARV's in the lowest 25% maintained in a Rent Control platform. A Rent Stabilisation will outline a maximum increase permitted each year, such as the New York model⁷, which can be managed through either legislation or from a new Rent Tribunal.

⁶ Rent control ceiling rises to account for ARV hike
<https://www.royalgazette.com/other/news/article/20110209/rent-control-ceiling-rises-to-account-for-arv-hike/>

⁷ Rent Stabilization in NYC <https://www.nyc.gov/site/mayorspeu/programs/rent-stabilization.page>

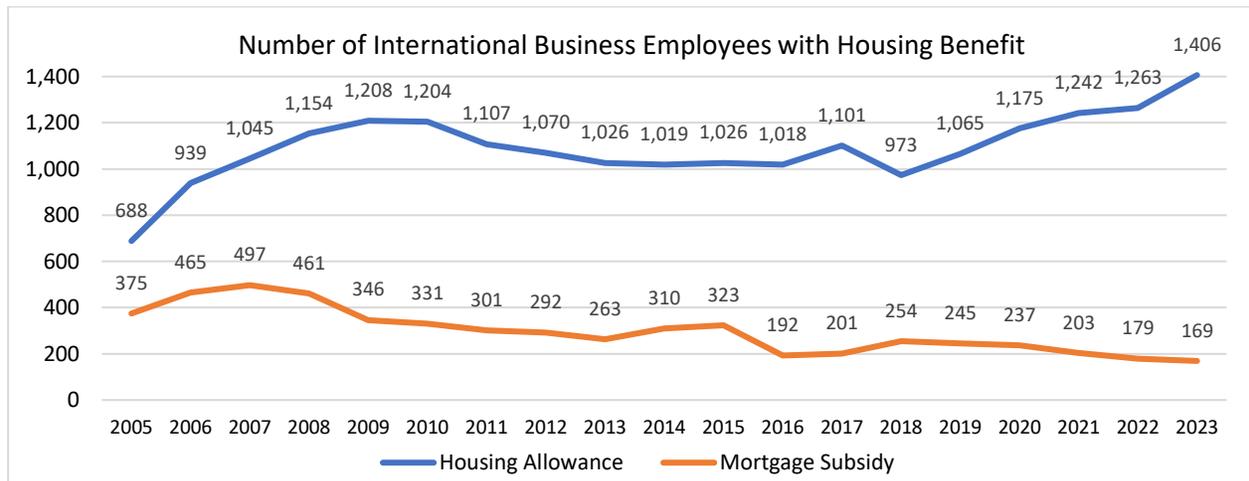


A Rent Tribunal could also allow for matters that require court to resolve to be managed outside of the formal court system, which would provide a more efficient platform to resolve landlord and tenant disputes, for which a Tribunal can be empowered with the same powers as the court.

There has also been dialogue for updates to the Landlord Tenant Act, which was outlined in the Throne Speech in 2023 and 2024, however, this has yet to be tabled. Given the challenges with housing, it is imperative that the updates being proposed are outlined in public consultation and brought to a legislative path in the upcoming period as a matter of priority. We are aware that there are numerous amendments being proposed, but to date, these have not been made public, so we are unable to opine whether the proposed changes will have the desired effects.

The Chamber also supports the recent change to the Bermudiana Development Company property to rental units, however, given the costs and investments in this property over the past 15 years, it is not likely to be viewed as a true commercial success and will remain as a statement on the risks of development with the public purse. Whilst these units are not geared to the affordable unit price bracket, they will assist in alleviating some of the competition that has impacted rental values and providing an outlet for housing to the international business sector, which has seen employment increase by 907 jobs from 2019 through to 2023. A clear pricing strategy needs to be outlined for these units, to ensure that they provide a return on investment for the Government, however, should also be viewed against the market to ensure they do not put upward pressure on prices and cause the market to reset pricing higher, as this will minimize the benefits they can provide and add to housing challenges.

The following shows the Housing Benefits for International Business employees from the Employment Briefs Detailed Tables. From 2018, we can see that there were 1,227 employees (30.3% of IB jobs) that had a housing benefit (both housing allowance and mortgage subsidy) and in 2023, this had increased by 348 to 1,575 (32.0% of IB jobs), which shows the additional pressure this can put on housing demand.



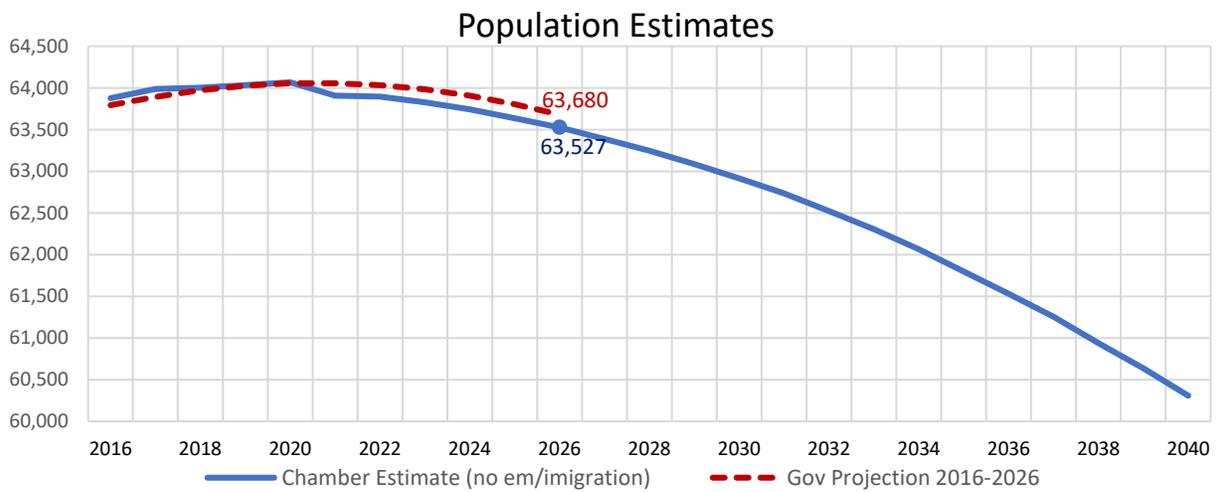
There is no easy solution or golden ticket to solve for the housing challenges that we face in Bermuda, however, we have to identify various ways that bring units that are not on the market back into the market, whilst also balancing the tourism product of Bermuda and not being restrictive on the vacation rental business that has been in Bermuda for decades. The Chamber outlines these proposals as a means for facilitating a discussion on some change that in the long run, will allow for a rental market to be available to support housing in Bermuda.



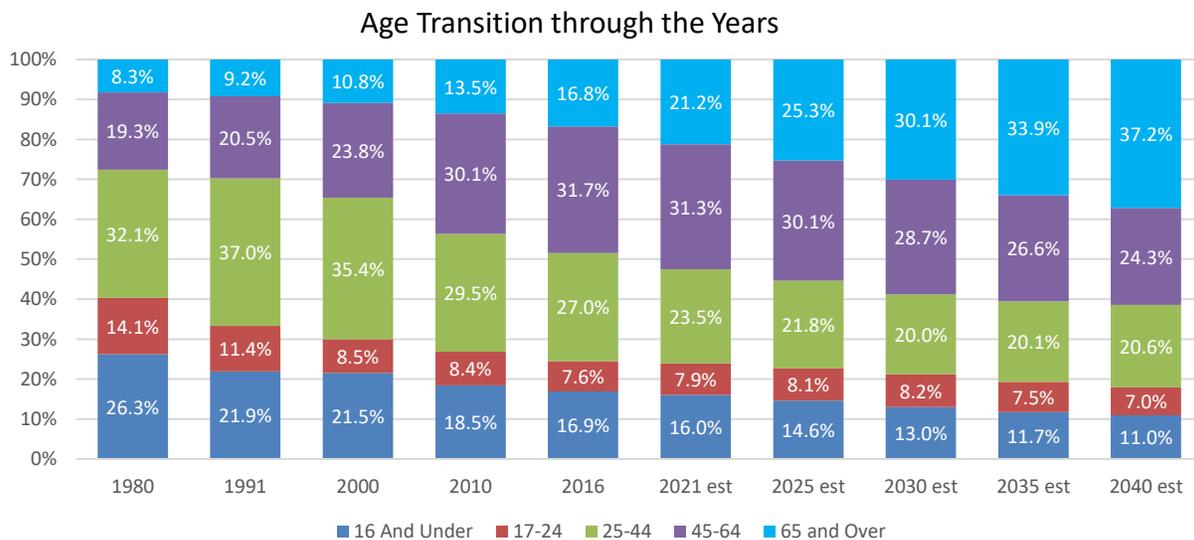
Population and Aging Estimates – no emigration or immigration

A question that arises through our discussions is how many people are in Bermuda. The last census was conducted in 2016, and prior to that, the last published Household Survey was the Expenditure Survey of 2013.

The Government has previously published the 2016 to 2026 population estimates which were based on the 2016 Census figures. We have compared our estimates, which in this step ignore any immigration or emigration trends and has been replaced with real population changes from the Registry General report as well as Hospital records that show the number of births and deaths. For the 2026 estimate, the Chamber is effectively in line with the published report, which shows approximately 100-person difference. However, if we carry the trend forward, the population, without any immigration or emigration, would fall to 60,300 in 2040.



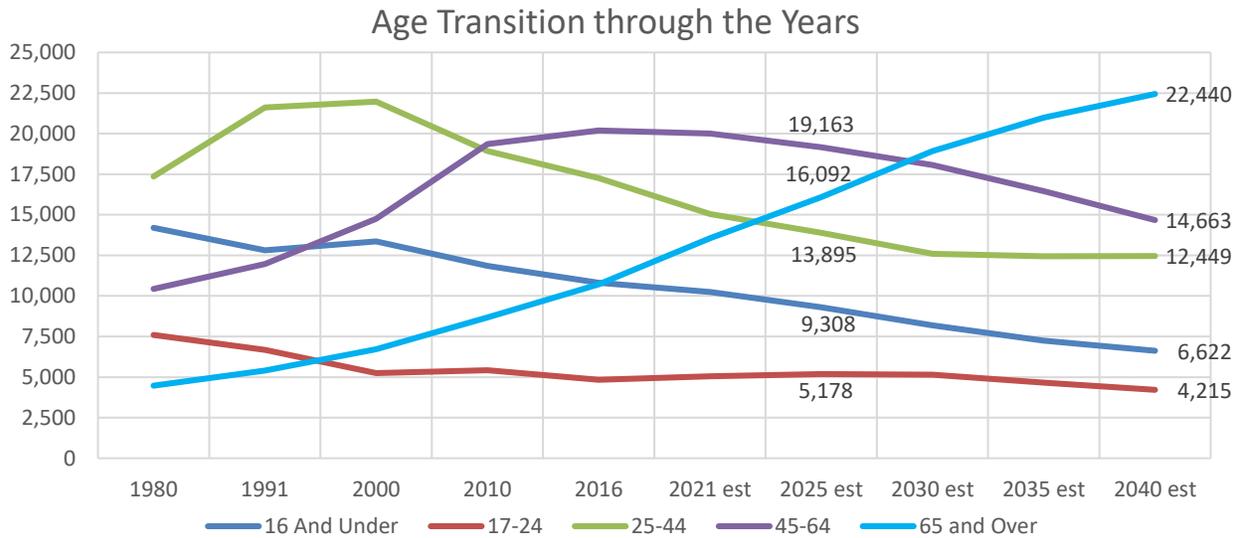
This chart is missing a key component of migration that has occurred over the past 8 years, especially due to certain COVID changes. However, it is important base line to establish as we want to see how the population will age over the upcoming years.





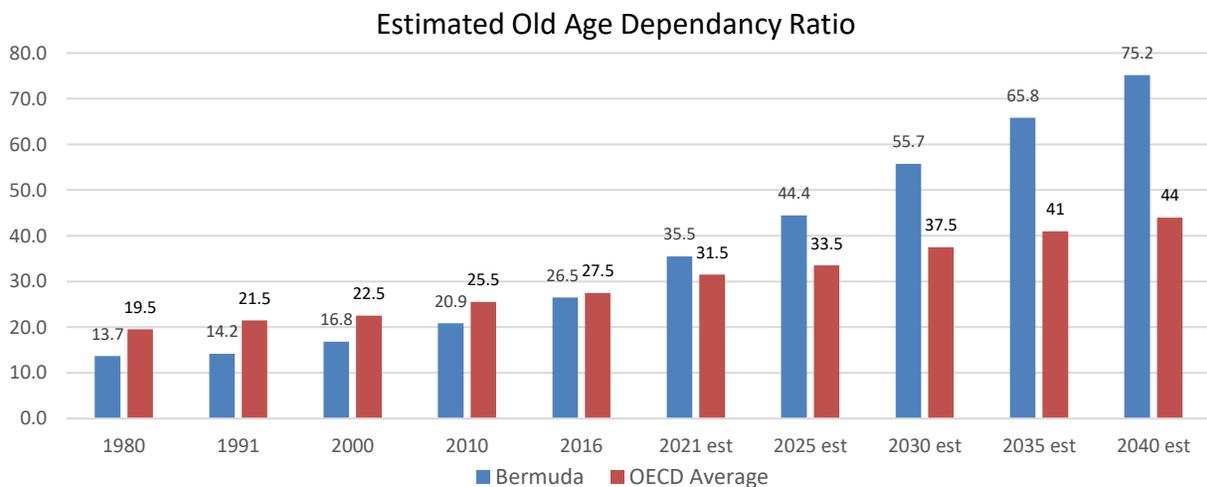
Based on the modelling and using recent birth and mortality rates by age groups (excluding 2021 which was high due to COVID), we arrive at the above distribution through the upcoming years, with approximately 37% of the population being 65 years or older by 2040.

This equates to an increase of approximately 6,300 persons that are 65 years and older over the next 15 years, with all other age groups seeing a decrease of population numbers.



The Old Age Dependency Ratio is also expected to increase at a rapid rate. The Old Age Dependency Ratio is the proportion of the population that is 65 years or older against the working age population, which we have used 20-64 years old. In 2016, the ratio implied that there was 26.5 individuals aged 65 years and over per 100 people aged 20-64 years old.

The OECD average for 2025 was 32.5, vs the Bermuda estimate of 44.4. This 44.4 range is in the range that the OECD is forecasting for the year 2040 (forecasting between 46 to 48), which shows the pace of aging in Bermuda.





Counting Shadows - Activity Based Population Estimate

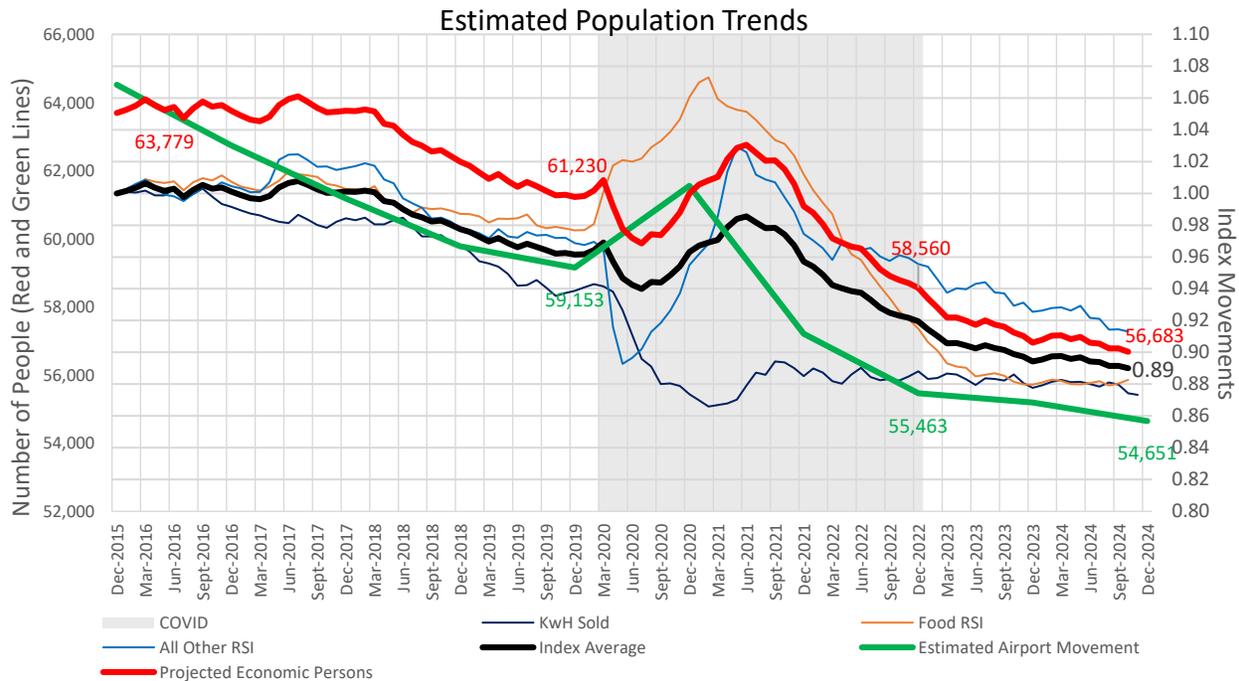
The Chamber has reviewed if there are some alternative ways to measure population, and there were two approaches that stood out as being feasible and reasonable.

The first is to look at key economic indicators, which, in themselves could be imperfect for a number of reasons. This includes Kilowatt Hours (KwH) Sold data, and Volume Retail Sales Index for Food Stores and All Other Stores. A number of the challenges we observed, include:

- Food Stores is subject to changing buying preferences and cost management.
- All Other includes Pharmacies, Appliance and Furniture Stores, whose operations changed through COVID.
- KwH would reflect closures of large hotel properties and a number of properties moving to Solar.

Food Stores activity boosted the overall Retail Sales Index during COVID (which is a topic we covered in detail with our Data Deep Dive). However, whilst each has some potential gaps, they are all reflective of measuring overall activity that touches each person and household. Collectively, when these measures mapped through, they all result in a similar output that shows activity measures down between 9% and 13%, averaging at a 11% reduction from the base period of May 2016. We have not focused on the COVID time period due to various restrictions which distorts these numbers.

Secondly, we reviewed information that is available from the Digest of Statistics, specifically a table of “Total Passengers”. Within this, the annual Inbound and Outbound passenger totals are provided for each year. Using this, we can calculate a net movement of residents leaving. Tourists, for example, would net at 0, as they would inbound and outbound. Using these assumptions, we can create a projected population, which when mapped back to May 2016, shows a population reduction of up to 14%.



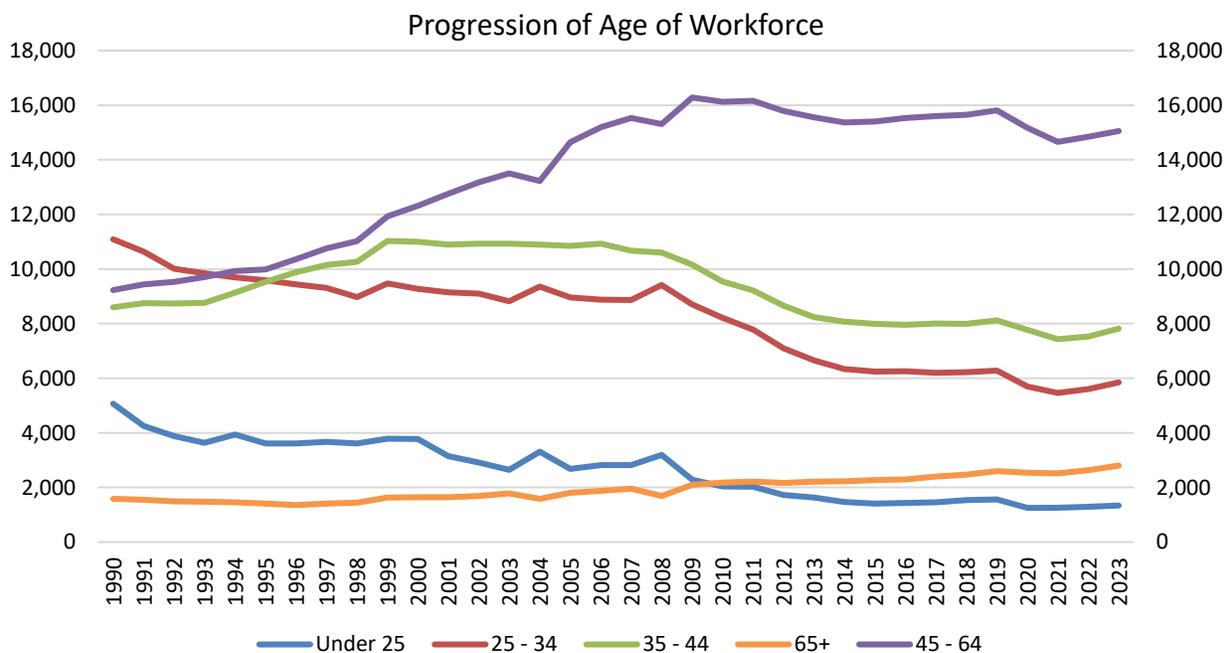
Based on these estimates, using various data points and measurements, indicate that the Bermuda population is approximately 54,600 to 56,600 persons, down from the 63,779 recorded at the 2016 Census. For comparison, the Census Civilian Population in 2000 was 57,309 and in 1991, 55,573.



Aging Workforce

In 1990, 45% of the workforce was 34 years old or younger. In 2023, this is now down to 22% of the workforce. Over 45-year-olds (including 65+) represented 30% of the workforce in 1990, and in 2023, this is 55% of the workforce.

This change of workforce dynamics impacts a number of the various parts of our broader economy. It can be argued, for example, the nightlife offerings in Bermuda have been impacted with a decrease of the under 34-year-old crowd. Additionally, the factors of offering health insurance to the populus will be impacted by trends such as this for how the funding profile works. These are not just Bermuda issues, as globally, countries are trying to address these same issues. However, the part that stands out in the Bermuda example is the dramatic decline from 2006 onwards of the 25- to 44-year-old demographics.



On the following page, we have a table that shows all the specific job occupations, that hold 100 or more job holders, and that they also have 50% of their current job holders as 55 years +. This accounts for a total of 14,734 jobs across all these occupations, which is 45% of total jobs. Of these jobs, 64% are 55yrs+, which is a total of 9,440 role holders, or 30% of total jobs. The impacts of aging population on these roles is to be materially significant over the coming 10 years, and for some of these roles, a sound discussion has to be had on how we envision to maintain sufficient employment numbers in these roles, or at least be able to ensure a suitable knowledge transition is maintained, as we currently do not have the pipeline of young people coming through the Bermuda ecosystem to support these roles in the medium to long term.

The question to ask – who and where are these roles going to come from, especially with some roles heavily occupied by Bermudians that are 55-years old and older. How does the workforce look in 5, 10, 20 years’ time and are we ready to accept the changes that are needed?



	14,734	3.43%	32.50%	64.07%	75.46%	21.80%	2.74%
Specific Occupation	Total	Under 26	27-54	55-65+	Bermudian/ Spouse	Non Bermudian	PRC
Motor-car Driver (includes Taxi and Chauffeur-Driven Car)	155	0.0%	4.5%	95.5%	99.4%	0.6%	0.0%
Janitor / Caretaker	117	0.0%	12.0%	88.0%	91.5%	6.8%	1.7%
Supervisor Foreman (Construction)	115	0.0%	15.7%	84.3%	78.3%	18.3%	3.5%
Senior Bookkeeper/Night Auditor	107	1.9%	14.0%	84.1%	99.1%	0.0%	0.9%
Painter (General)	106	0.9%	20.8%	78.3%	97.2%	1.9%	0.9%
General Administration / Personnel - General Manager	301	1.3%	20.6%	78.1%	93.0%	5.0%	2.0%
General Administration / Personnel - Manager	292	0.7%	22.3%	77.1%	92.5%	5.5%	2.1%
Physician	142	0.0%	23.9%	76.1%	52.1%	45.1%	2.8%
Handyperson/Utility Person	143	0.7%	24.5%	74.8%	90.2%	6.3%	3.5%
Motor Bus and Limousine Driver	162	0.0%	25.9%	74.1%	98.8%	0.0%	1.2%
Legal Secretary	108	0.0%	25.9%	74.1%	88.0%	10.2%	1.9%
Director and Chief Executive	933	0.1%	26.3%	73.6%	47.9%	45.1%	7.0%
General Managers, N.E.C.	260	0.4%	27.3%	72.3%	72.7%	23.1%	4.2%
Senior Secretary	144	3.5%	24.3%	72.2%	97.9%	0.7%	1.4%
Carpenter and Joiner	187	2.7%	25.1%	72.2%	65.8%	33.7%	0.5%
Executive Secretary/Personal Assistant	587	2.4%	25.7%	71.9%	97.8%	1.2%	1.0%
Engineering (Including Maintenance) - Manager	103	3.9%	24.3%	71.8%	75.7%	19.4%	4.9%
Heavy-truck Driver	330	3.9%	24.2%	71.8%	97.6%	0.9%	1.5%
Gardener (General)	112	6.3%	22.3%	71.4%	62.5%	25.9%	11.6%
Senior Clerk	367	4.4%	24.3%	71.4%	98.6%	1.1%	0.3%
Customs Officer	142	0.7%	28.2%	71.1%	100.0%	0.0%	0.0%
Production / Operations - Manager	213	0.5%	29.1%	70.4%	82.2%	16.4%	1.4%
Housekeeper (Private Service)	152	0.0%	30.9%	69.1%	27.0%	61.8%	11.2%
Mason	379	0.3%	33.2%	66.5%	35.1%	60.7%	4.2%
Managers, N.E.C.	805	0.7%	33.9%	65.3%	73.4%	24.0%	2.6%
Supervisor / Foreman, N.E.C.	285	0.7%	34.0%	65.3%	75.4%	23.2%	1.4%
Marketing and Sales - Manager	245	0.8%	34.7%	64.5%	85.7%	13.1%	1.2%
Middle School Teacher	109	0.9%	35.8%	63.3%	72.5%	26.6%	0.9%
Legal Clerk	159	5.0%	32.1%	62.9%	89.3%	8.2%	2.5%
Consultant, Business (General)	159	3.1%	34.6%	62.3%	66.7%	28.3%	5.0%
Prison Officer	151	0.0%	38.4%	61.6%	99.3%	0.7%	0.0%
Nursemaid/Nanny	131	0.8%	38.9%	60.3%	10.7%	84.7%	4.6%
Electrician (General)	191	7.3%	32.5%	60.2%	77.5%	20.9%	1.6%
Primary Education Teaching Professional	359	1.4%	39.0%	59.6%	91.6%	7.8%	0.6%
Kitchen Assistant	193	10.9%	29.5%	59.6%	73.6%	25.9%	0.5%
Electronics and Telecommunications Engineering Technician	111	0.9%	39.6%	59.5%	89.2%	9.0%	1.8%
Cleaner/Houseperson	749	6.3%	34.8%	58.9%	62.2%	32.6%	5.2%
Plumber (General)	116	6.0%	35.3%	58.6%	75.0%	25.0%	0.0%
General Administration / Personnel - Sub-Manager	161	3.7%	37.9%	58.4%	93.8%	5.6%	0.6%
Marketing and Sales - Sub-Manager	142	4.9%	37.3%	57.7%	72.5%	25.4%	2.1%
Supervisor (Sales)	104	6.7%	35.6%	57.7%	92.3%	3.8%	3.8%
Finance Clerk	212	3.8%	39.2%	57.1%	97.2%	0.9%	1.9%
Finance (Insurance / Banking / Accounting) - Manager	641	0.3%	42.9%	56.8%	49.5%	46.2%	4.4%
Security Officer	400	13.0%	30.3%	56.8%	98.3%	0.8%	1.0%
Home-based Personal Care Worker	120	1.7%	41.7%	56.7%	15.0%	81.7%	3.3%
Sub-Managers, N.E.C.	236	1.3%	42.4%	56.4%	77.1%	20.8%	2.1%
Junior Clerk/Typist	137	7.3%	36.5%	56.2%	98.5%	1.5%	0.0%
Other Service Worker, N.E.C.	143	9.1%	35.0%	55.9%	96.5%	3.5%	0.0%
Motor Vehicle Mechanic	145	4.1%	40.0%	55.9%	62.8%	35.2%	2.1%
Assistant Housekeeper/Night Housekeeper/Housekeeper	112	10.7%	33.9%	55.4%	92.0%	8.0%	0.0%
Barber/Hairdresser	174	6.9%	37.9%	55.2%	61.5%	33.3%	5.2%
Nursing Aide (includes Orderly)	390	7.9%	36.9%	55.1%	94.4%	4.6%	1.0%
Pre-Primary Education Teaching Professional	151	6.0%	39.1%	55.0%	92.1%	4.6%	3.3%
Landscape Gardener	419	3.8%	41.8%	54.4%	38.2%	53.9%	7.9%
Secondary Education Teaching Professional	261	0.4%	46.0%	53.6%	54.4%	44.4%	1.1%
Finance (Insurance / Banking / Accounting) - General Manager	256	0.4%	46.9%	52.7%	45.3%	49.6%	5.1%
Receptionist	294	12.2%	35.7%	52.0%	97.3%	1.4%	1.4%
Semi-skilled Construction Labourer	246	11.4%	36.6%	52.0%	91.1%	6.9%	2.0%
Police Officer/Detective	271	4.4%	43.5%	52.0%	76.8%	23.2%	0.0%
Technical Salesperson	111	4.5%	45.0%	50.5%	96.4%	3.6%	0.0%
Teachers' Aide/Pre-School Paraprofessional	188	14.4%	35.6%	50.0%	98.4%	1.6%	0.0%



Heads or Tails: The Economic Coin Toss

As this March 2025 Economic Report closes, one truth stands out: capturing Bermuda's true cost shifts remains elusive, clouding where support is most needed. Dig into GDP and CPI drivers, and the disconnect glares—metrics often misalign with what we see and feel and are consistently out of date.

The generational shift of the aging population is ongoing as you read this, and infrastructure and policies need to be actively geared to support the sizeable shift of the population demographics that will be seen. Sound immigration policies that are not just hot takes need to be taken seriously and we must address the quiet part out loud – where is our workforce in the next 15 years, as if we do nothing, almost 40% of our population will be over 65 years old by 2040 and an old age dependency ratio of 0.75.

It is a clear win if International Business (IB) thrives and is unfazed by the new Corporate Income Tax. Office space looks promising with Brookfield Building underway and Belvedere Place planned, but housing lags on two fronts: affordability hitting locals hardest, and supply straining IB. Bermudiana Beach offers some relief, but care must be taken on loading these units to the market. Tourism continues to show some signs of rebound—Southampton Princess, Elbow Beach, and Grotto Bay upgrades fuel optimism, with occupancy, rates, and revenue climbing. But questions linger: how many Bermudians are able and willing to fill the roles? Are we delivering a reasonable cost to value experiences?

But where is the missing housing? It's a question this committee has asked ourselves over the years. There are a wide variety of issues, at least 20 that we have previously discussed, that all add multiple layers of challenge and there is no easy fix. The population has shrunk from our estimates by around 10%, vacation rental usage less than 2017-2019 levels, and cost to build is prohibitive. Business has been highlighting the housing demands that hinder both local and IB's ability to grow. Recognising each of the challenges with reasonable solutions, not just a 'build baby, build' mentality is required. Hard decisions need to be made, such as reviewing Rent Control and systemic changes to the Landlord Tenant Act.

Front Street tells two tales: Brookfield rises, Belvedere looms, yet new retail stalls. IB's employment income spikes each Q1, lifting GDP and payroll tax revenue—but does it fuel the broader domestic economy? Based on the evidence, the export-of-services boom hasn't sparked a domestic windfall to date, but the 4,927 direct jobs and countless indirect help mitigate any further weaknesses.

The solutions do not rest just with Government. It takes all the stakeholders of Bermuda to actively work in the same direction to ensure that the prosperity of Bermuda remains for all. We did hear attempts to dismisses prior Chamber reports as mere "lines on a piece of paper" and "not our data." Our answer is blunt: these charts, analyses, and proposals are not fairy tales. They are the story of data turned into information, truth, reflecting the Bermuda we live and breathe.

The economy's a coin, and a toss is not fate—it is a dare. From the Chamber, we have plunged into its depths, baring its gems and its gashes. This is not just a report; it is a blueprint for action—slamming delays, unravelling disparities, and forging a Bermuda that thrives, not just limps along. Heads or tails, we are not flipping for luck.

Bermuda Chamber of Commerce, Economic Committee
March 2025