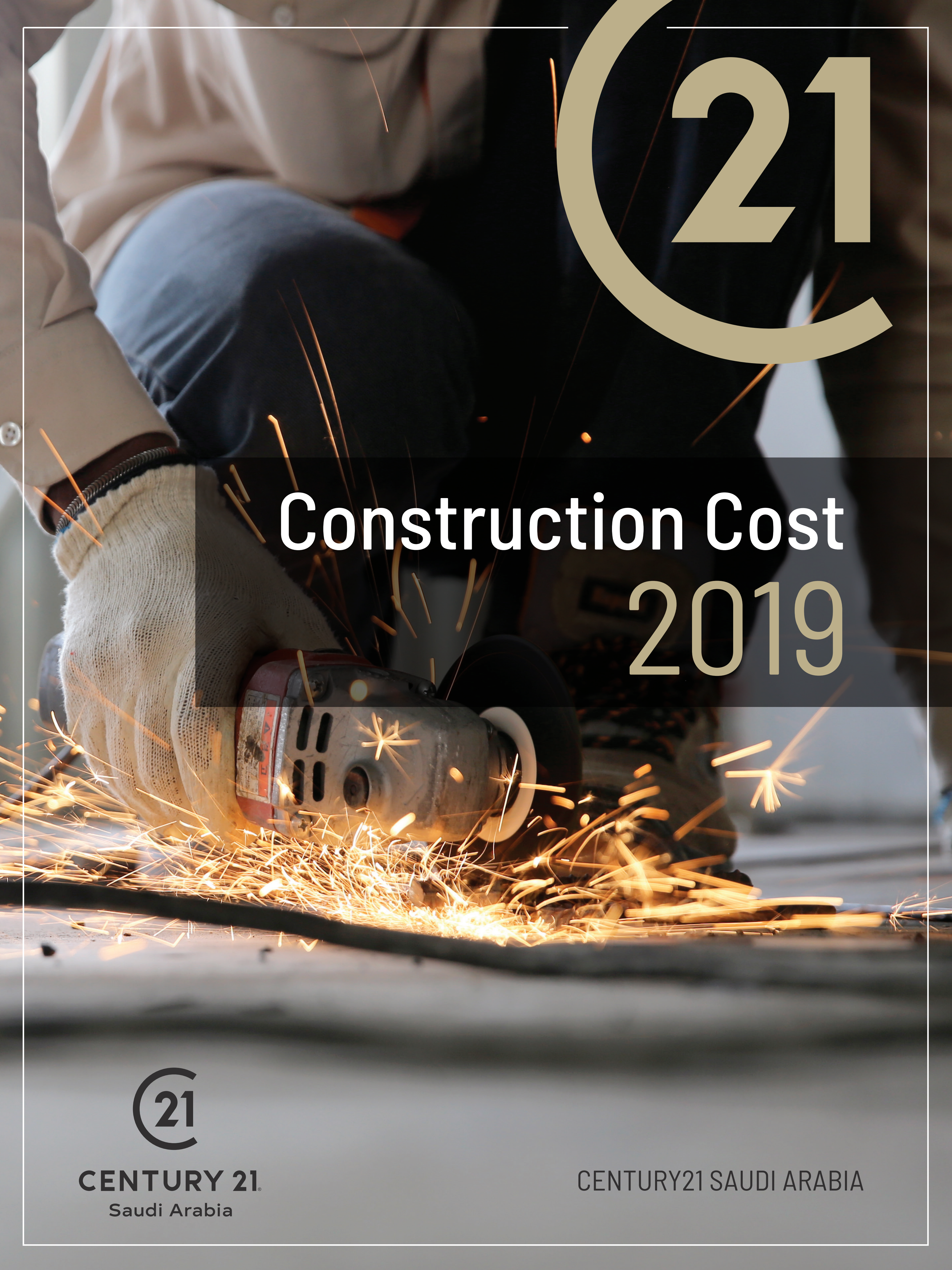

Construction Cost 2019

CENTURY 21
Saudi Arabia

CENTURY21 SAUDI ARABIA

KINGDOM OF SAUDI ARABIA CONSTRUCTION COST

1 CENTURY21 Saudi has prepared this report using both our industry knowledge and market expertise from our real estate projects & studies.

2 This report will act as a point of reference for our clients, investors, developers, and competitors within the real estate industry.

3 It will help the market in identifying whether they are on the high end of cost or lower end.

4 It will act as an industry standard for investors, developers, and other stakeholders.

5 It will act as a key input for real estate projects forecasting & investment appraisal.

Construction Sector Outlook 2019

CENTURY21 Saudi anticipate a potential growth for the construction market due to ambitious government targets, growing population and a shift towards privatization. During 2019, KSA planned to boost construction spending by almost 13% that makes a total worth of around $300 billion as compared to the previous year. By 2030, the Kingdom aims to increase the contribution of construction sector by almost 10% while annual average growth rate is expected to be around 6% between 2019 to 2022.

Based on CENTURY21 Saudi's research, KSA's construction sector is fueled by the rising urbanization (70% of all construction activities in the Kingdom) coupled with the growing population.

Construction activities especially in commercial and housing sectors, schools and other infrastructure facilities will contribute a positive growth in the coming period.

PIF's projects like Al Qiddiya entertainment city, Neom City, The Red Sea, King Salman Park, Al Widyan and Amaala etc. will enhance the construction growth to a greater extent.

These mega projects will restore the slow activity and will also generate the demand in the market. Furthermore, profit margins for materials manufacturers will get boost for the first time in the last couple of years.

KSA Construction Cost Material Trend - 2019

CEMENT

When compared on a Y-O-Y basis with 2018, the price of Cement saw a marginal increase of around 2.7% on average in 2019.

IRON

It has been observed an increase of 1.3% on average in Iron prices during the year 2019 when compared with 2018.

READY MIXED CONCRETE

A slight upward trend of 0.3% has been observed in Ready-mixed concrete during the year 2019 when compared with the previous year.

Source: GASTAT

$850 billion

KSA GROWTH OF CONSTRUCTION MARKET

In the GCC, KSA has the largest construction market, with more than 33% of the total market share, estimated to be valued at over $850 billion.

The Saudi government is focused on increasing its net spending to gear up the Kingdom's economy and the construction sector in line with Vision 2030 plan of economic diversification.

The construction sector's immediate outlook appears promising and the annual growth rate is expected to be around 6% in the coming 3 years.

CONSTRUCTION COST BENCHMARKING 2019

Asset Type	Cost Range (SR/sqm)	
Residential	Min	Max
Villa - Low Asset Class	1,700	2,100
Villa - Medium Asset Class	2,300	3,100
Villa - High Asset Class	3,300	4,300
Apartment Low Rise - Low Asset Class	1,800	2,200
Apartment Low to Medium Rise - Medium Asset Class	2,300	3,000
Apartment High Rise - High Asset Class	3,500	4,300
Residential Compound - B Class (including FF & E)	3,700	4,300
Residential Compound - B+ Class (including FF & E)	4,800	5,500
Residential Compound - A Class (including FF & E)	5,400	6,500
Commercial (Shell and Core only)		
Office Low to Medium Rise - Medium Asset Class	2,100	2,600
Office High Rise - Medium Asset Class (B+ Class)	2,800	3,300
Office High Rise - High Asset Class (A Class)	3,500	4,500
Industrial		
Warehouse - C & S	1,600	1,700
WareHouse - Temperature Control	1,800	2,400
Light Industrial	1,600	2,400
Medium to Heavy Duty Industrial	2,600	3,900
Hotels (Including FF&E)		
Three Star	4,000	4,800
Four Star	5,100	6,700
Five Star	7,100	9,100
Furnished Apartments - International Brand	4,500	5,500
Furnished Apartments - Local Brand	3,700	4,200
Retail		
Community Mall	2,800	3,200
Regional Mall	3,200	3,800
Super Regional Mall	3,600	4,200
Traditional Strip Retail	2,500	2,800
Carparking		
Podium	1,900	2,300
Basement	2,200	2,600

- *The above table excludes the funding cost, land procurement costs and professional fees related to project management & supervision and any VAT.*
- *The costs per sqm for all hospitality asset classes including Furniture, Fittings and Equipment (FF&E).*
- *The above numbers are indicative ranges on averages, based on different regions of Saudi Arabia.*

ABOUT CENTURY 21®

CENTURY 21® is one of the most recognized name in Real Estate Market with approximately 8,800 independently owned and operated franchised brokerage offices in 81 countries and territories worldwide and represented by more than 122,000 real estate experts.

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Disclaimer

In order to prepare this report, CENTURY21 Saudi collected the data from outside sources as well as by survey of CENTURY21 Saudi research team. CENTURY21 Saudi is confident about the reliability of published data. However, we do not guarantee the completeness and accuracy of the data.

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