KINGDOM OF SAUDI ARABIA CONSTRUCTION COSTS UPDATE

JUNE 2022

CENTURY 21

Saudi Arabia Construction Costs Update

- Century 21 Saudi Arabia has prepared this report using the combination of industry knowledge and market expertise from our real estate valuation reports and market research studies.
- This report will act as a point of reference for our clients, investors, developers and competitors within the real estate industry.
- It will also act as an industry standard for investors, developers and stakeholders.

The Market Outlook

Despite the challenging year of 2020 due to the COVID-19 outbreak, the Kingdom's construction sector is gradually progressing to recover with an expected growth of about 3% in 2022. Saudi Arabia hosts the GCC's largest construction market as it accounts for over 50% of all construction and transport projects that are planned in the entire region. Several giga projects such as Neom, Qiddiyah, Diriyah gate, Amaala and the Red Sea project etc. are the centerpiece of Saudi Vision 2030.

Despite of government's several initiatives to support the construction industry including the Saudi Crown Prince's announcement for the PIF to inject SAR 150 billion annually into the economy for new projects, we anticipate the construction costs to increase due to the continuous price increase of building materials including iron, cement and ready-mix concrete etc. However, the construction activities are likely to escalate over the medium to long run as the Kingdom plans to further urbanise and transform its major cities like Riyadh and Jeddah etc.

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The Market Trend

Ready Mix Concrete

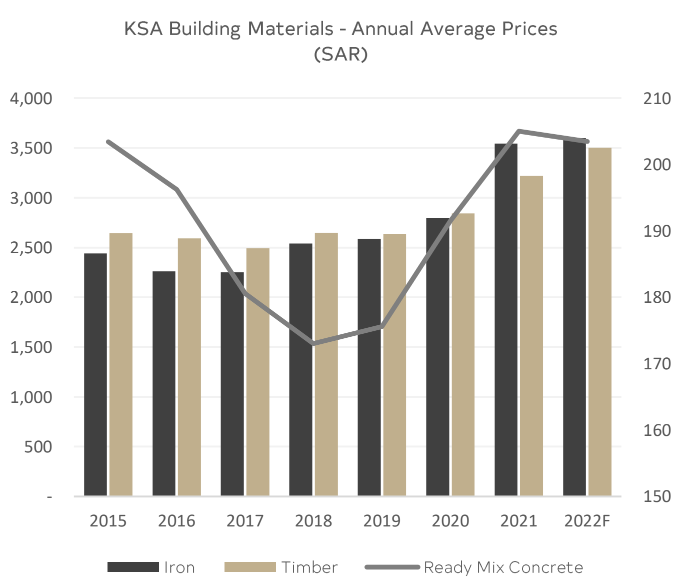
When compared on a Y-o-Y basis with 2020, the price of ready mix concrete saw an increase of around 7% on average in 2021.

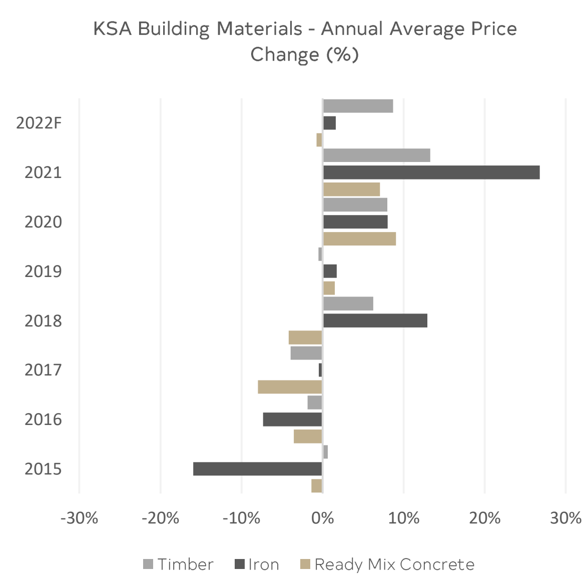
Iron

A significant increase of 27% has been seen in the prices of iron during the year 2021 Vs. 2020.

Cement

When compared to the previous year, a slight increase of about 1% in the prices of cement has been observed during 2021.





Source: Century 21 Saudi, General Authority for Statistics Saudi Arabia

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Construction Cost Benchmarking - June 2022

Asset Type	Cost Range [SAR/sqm]	
Residential	**Min**	**Max**
Villa - Low Asset Class	2,000	2,350
Villa - Medium Asset Class	2,450	3,400
Villa - High Asset Class	3,600	4,400
Apartment Low Rise - Low Asset Class	2,100	2,500
Apartment Low to Medium Rise -Medium Asset Class	2,600	3,500
Apartment High Rise - High Asset Class	5,150	6,500
Residential Compound - B Class (including FF & E)	2,800	3,200
Residential Compound - B+ Class (including FF & E)	3,800	4,800
Residential Compound - A Class (including FF & E)	5,600	6,600
Commercial (Shell and Core only)		
Office Low to Medium Rise -Medium Asset Class	2,600	3,500
Office High Rise - Medium Asset Class (B+ Class)	3,350	4,200
Office High Rise - High Asset Class (A Class)	4,050	4,750
Industrial		
Warehouse - C & S	1,500	1,850
Warehouse - Temperature Control	1,750	2,500
Light Industrial	1,500	2,500
Medium to Heavy Duty Industrial	2,700	4,200
Hotels (Including FF&E)		
Three Star	4,100	5,200
Four Star	6,400	7,700
Five Star	7,650	9,850
Furnished Apartments - International Brand	5,500	6,100
Furnished Apartments - Local Brand	3,800	4,500
Retail		
Community Mall	3,000	3,800
Regional Mall	3,200	4,150
Super Regional Mall	4,200	5,600
Traditional Strip Retail	2,600	3,500
Car parking		
Podium	1,900	2,400
Basement	2,200	2,800

- The above table excludes the funding cost, land procurement costs and Professional fees related to Project Management & Supervision.
- The costs per square meter for all hospitality asset classes including Furniture, Fittings and Equipment (FF&E).
- The above numbers are indicative ranges on averages, based on different regions in Kingdom of Saudi Arabia

Source: Century 21 Saudi Research

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