RIYADH
REAL ESTATE MARKET REVIEW
H1-2024

CENTURY 21
SAUDI ARABIA

July 2024

KSA REAL ESTATE MARKET OUTLOOK

Demand for real estate in the Kingdom of Saudi Arabia will continue to be robust, supported by the ambitious Vision 2030 investment goals attracting new businesses and expats to the country. The government is encouraging the private sector to play a more dynamic role in driving the economy by providing subsidies, and other incentives. Private-public partnerships have now become a cornerstone for attracting substantial investment to Saudi Arabia's real estate market over the past few years.

Residential sector's demand is mainly driven by population growth, migration to urban cities, and the possibility of introducing new residency system, which supports property ownership for foreigners. More than 32,000 Saudi families has benefited through the Sakani program during the first quarter of the year with an increase of over 15% YoY. Due to the government's continuous support to the housing sector, homeownership ratio among citizens has reached up to 63.7% indicating a clear progress in achieving Vision's goal of 70% homeownership by 2030.

Although, a decline in real estate transactions were noticed during the year 2023 due to higher interest rates and land prices, we have witnessed a positive YoY change in the volume and value of residential sales transactions especially across the major cities (Riyadh, Jeddah & Dammam). Among the three cities, Riyadh has recorded historically high levels of the total number and value of residential sales transactions during the first quarter, that grew by 107% and 96%, respectively.

We've seen fruitful results that truly reflects the Kingdom's commitment to developing its tourism sector and encouraging tourism projects. The country welcomed over 100 million tourists in 2023, achieving its Vision 2030 goal seven years early for which the target was further increased to 150 million tourists affirming its journey towards becoming a global tourism leader. Till the first half of 2024, the Kingdom has received 60 million tourists reaching the tourist spending at about SAR 150 billion, securing a growth of 10% when compared to the same period of 2023. Furthermore, hosting Riyadh Expo 2030 will contribute significantly to the development and growth of the tourism sector as the exhibition anticipates to receive 40 million visitors during the six-month event, injecting SAR 355 billion into the Saudi economy.

RIYADH RESIDENTIAL MARKET OVERVIEW

RIYADH RESIDENTIAL MARKET OUTLOOK

- Current housing stock in Riyadh stands at around 1.4 million units while additional 145,000 units are expected to be delivered till the end of 2026.

- Demand for smaller units and apartments remains strong and this trend is expected to continue as the population grows and urbanization increases coupled with a decline in average household size. Developers typically incorporating the higher ratio of apartments in their current and upcoming projects in order to cater young Saudi population.

- The government aims to increase Saudi home ownership to 70% in accordance with the objectives of KSA Vision 2030 by continuing to work on providing affordable housing options to meet the growing demand. NHC currently developing over 134,000 housing units in Riyadh as the company aims to provide vibrant, quality living spaces that meet and exceed modern residents' expectations.

- When compared Y-o-Y, particularly apartment prices have been increased from 16% to 24% especially across the prime districts in northern and eastern zones of the capital city. We have also observed a hike in apartments' rental rates up to 20% across the city's northern, western and central areas due to the city's rapidly growing population surpassing the existing residential supply.

RIYADH RESIDENTIAL STOCK – UNITS

2024F
1.42 Million

2026F
1.56 Million

Riyadh's residential areas with higher prices		
District	**Villa**	**Apartment**
Al Malqa	14,200	9,050
Al Arid	8,900	8,500
Hittin	13,000	8,800
An Narjis	8,700	7,200
Qurtubah	8,650	7,500

Riyadh's residential areas with mid prices		
District	**Villa**	**Apartment**
As Suwaidi	4,800	4,650
Al Janadariyah	4,400	4,150
Al Aziziyah	3,970	3,600
Malaz	4,200	4,950
Tuwaiq	4,400	3,900

- All prices in SAR/sqm
- Average villa sizes between 250 sqm to 400 sqm
- Average apartment sizes between 130 sqm to 185 sqm

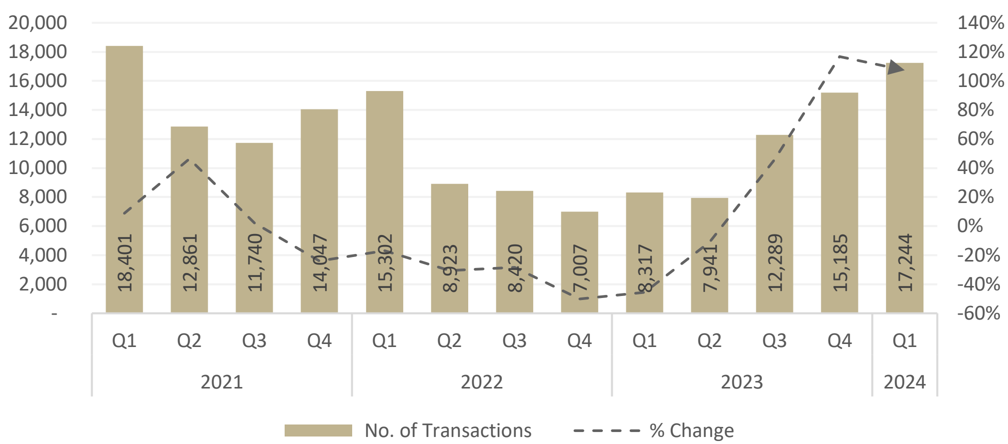
Source: Century 21 Research

RIYADH RESIDENTIAL MARKET OVERVIEW

CENTURY 21
Saudi Arabia

RIYADH RESIDENTIAL TRANSACTIONS

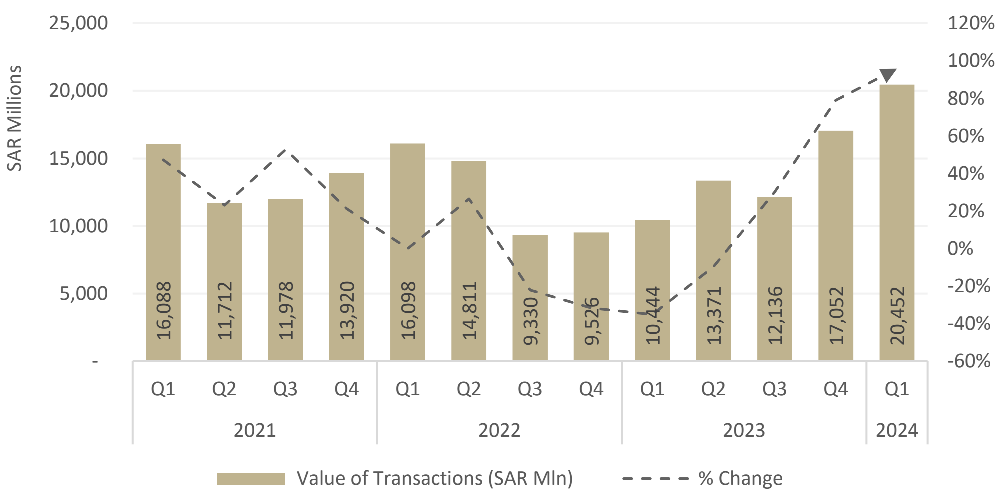
TOTAL RESIDENTIAL REAL ESTATE TRANSACTIONS



107%

Q1-24 VS. Q1-23

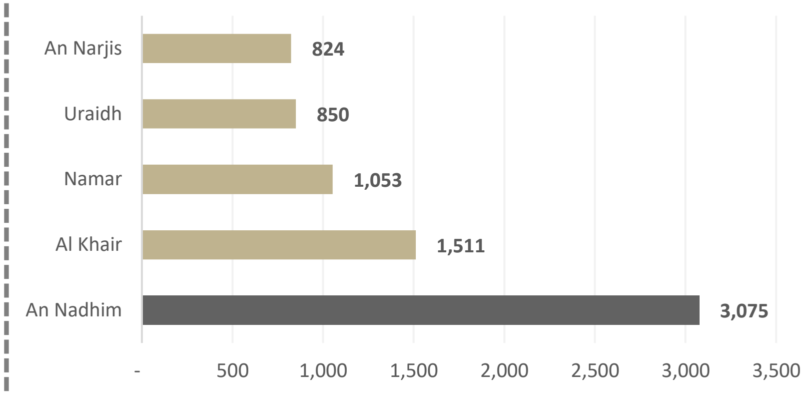
TOTAL VALUE OF RESIDENTIAL REAL ESTATE TRANSACTIONS



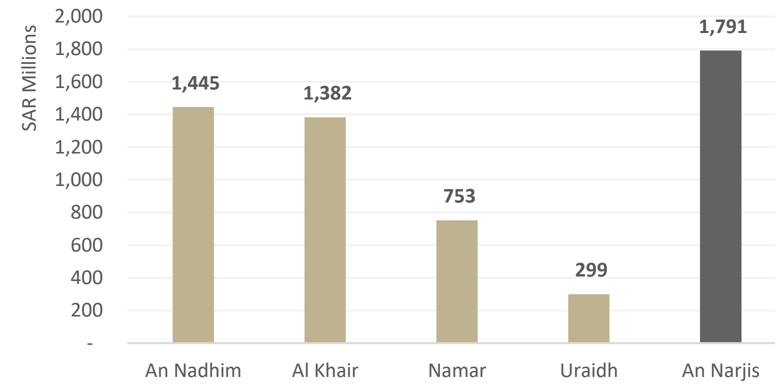
96%

Q1-24 VS. Q1-23

RIYADH'S TOP PERFORMING DISTRICTS (NO. OF RESIDENTIAL TRANSACTIONS) - Q1-2024



RIYADH'S TOP PERFORMING DISTRICTS (VALUE OF RESIDENTIAL TRANSACTIONS) - Q1-2024



RIYADH OFFICE MARKET OVERVIEW

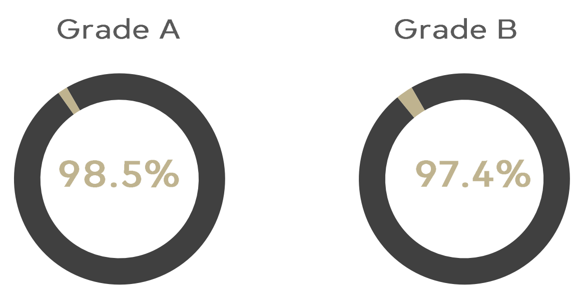
RIYADH OFFICE MARKET OUTLOOK

- Riyadh office stock is expected to reach at 5.6 million square meters by the end of this year while more than 1.1 million square meters of office space is set to be delivered over the next two years.

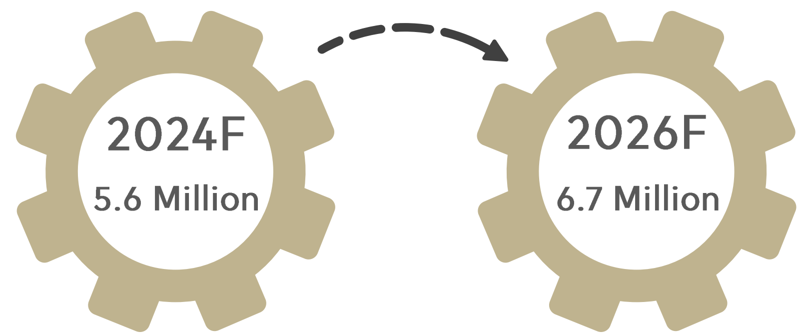
- Foreign direct investment (FDI) in Saudi Arabia rose in Q1 2024 by 0.3% year-on-year (YoY) to SAR 16.97 billion, according to the latest report by the General Authority for Statistics (GASTAT). The Kingdom's ambitious Vision 2030 target of boosting foreign direct investment (FDI) from 2.9% at present to 5.7% of GDP by 2030, continues to fuel strong investor confidence, particularly among foreign companies.

- Demand for quality office space in Riyadh is on the rise as over 180 foreign companies outperforming the initial target of 160 choosing to establish their regional headquarters in the capital city. As a result, grade A office rentals grew by 8% over the past 12 months while grade B rents have grown by 15% over the same period. The occupancy rates grew by 5% and 3% in grade A and B respectively when compared with the previous year.

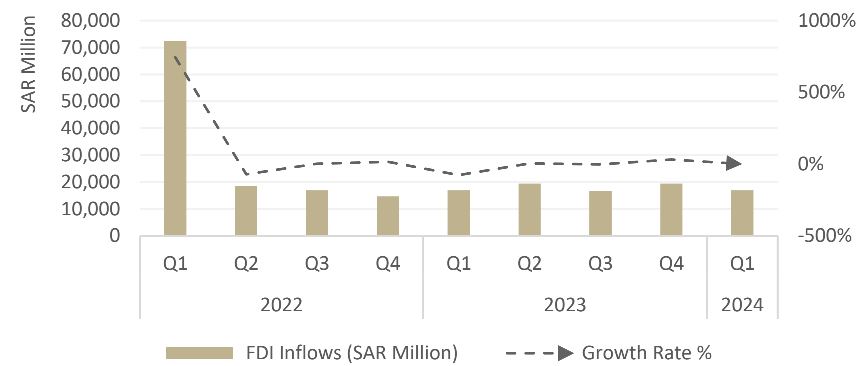
RIYADH OFFICE OCCUPANCY LEVELS



RIYADH OFFICE STOCK – GLA (SQM)



FOREIGN DIRECT INVESTMENT



Riyadh's average office rentals (SAR/sqm)		
Zone	**Grade A**	**Grade B**
East	1,300	700
Central	1,450	800
North-east	1,550	950
North	1,850	1,050

Source: Century 21 Research, GASTAT

RIYADH RETAIL MARKET OVERVIEW

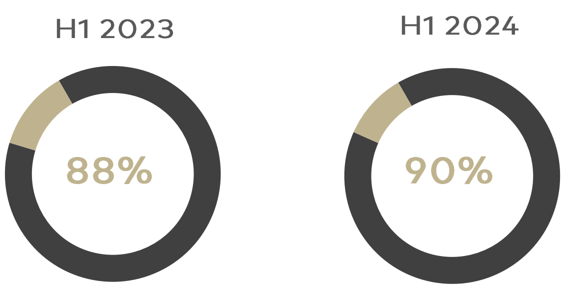
RIYADH RETAIL MARKET OUTLOOK

- In the next two years, Riyadh's retail market is expecting an additional GLA of around 1.3 million square meters. This will take the current retail space of 4.2 million square meters to around 5.5 million square meters.

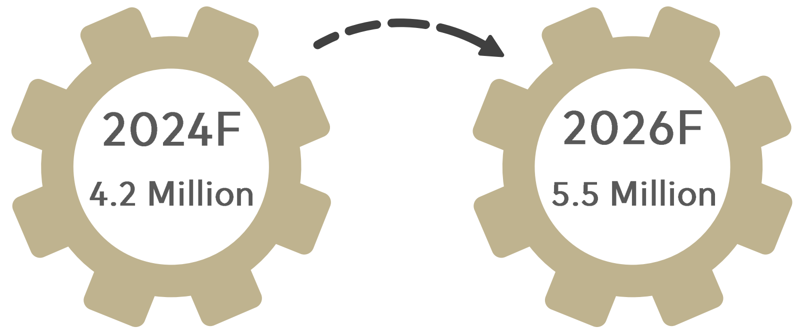
- With a particular focus on food and beverage as well as lifestyle retail developments, Riyadh is undergoing a sensational transformation where consumers continue to witness fascinating experiences. Some upcoming potential projects like Diriyah Square, New Murabba, SEVEN Entertainment Al Hamra, Qiddiya, and The Avenues etc. will further offer new opportunities for both businesses and consumers, shaping the future of retail in the capital.

- When compared YoY, we observed a significant increase in retail showroom rentals (12% to 25%) along primary roads especially in northern areas of Riyadh. Citywide vacancy rate varies between 8% to 10% across all asset classes in the retail segment.

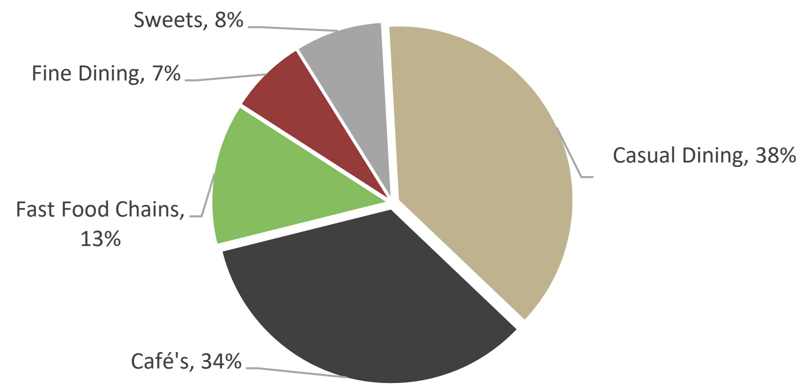
RIYADH RETAIL OCCUPANCY LEVELS



RIYADH RETAIL STOCK – GLA (SQM)



RIYADH F&B RETAIL SEGMENTATION



Riyadh's average retail rentals (SAR/sqm)		
Zone	Strip Malls	Regional Malls
East	1,200	1,800
Central	1,400	2,000
North-east	1,800	2,200
North	2,000	2,600

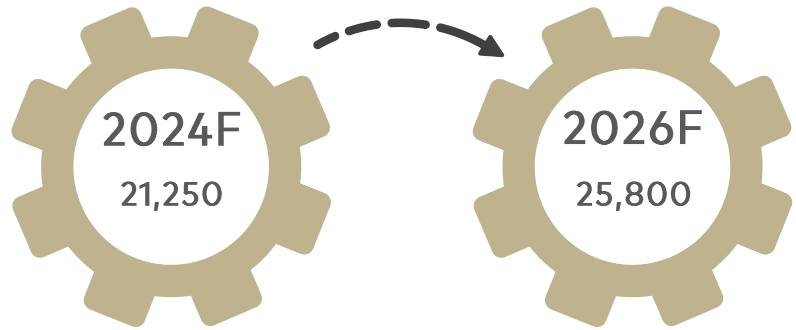
Source: Century 21 Research

RIYADH HOSPITALITY MARKET OVERVIEW

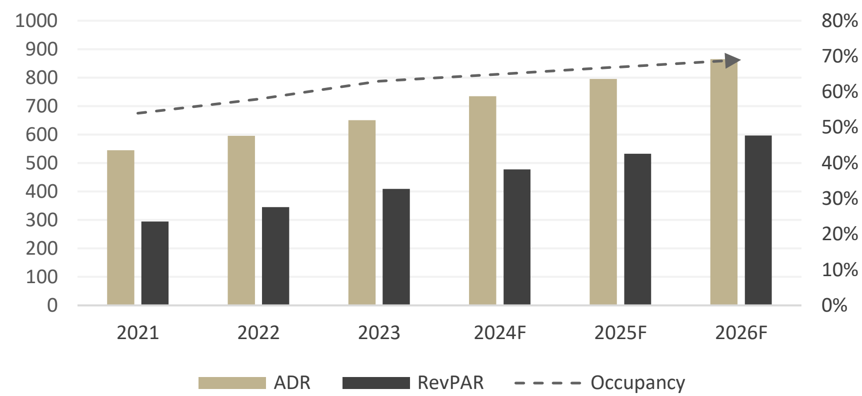
RIYADH HOSPITALITY MARKET OUTLOOK

- Riyadh's hotel stock will reach over 21,250 keys by the end of the year and we anticipate about 21% supply growth to reach 25,800 keys by the end of 2026.
- Most of the upcoming supply in the capital city is concentrated in four star and five star category along with chalets and resort developments. Riyadh's iconic KAFD will be hosting another three hotel brands including Marriott Renaissance (248 keys), Regent (250 keys) and InterContinental (400 keys). These hotel developments are expected to be completed by 2027.
- In addition, the ongoing development of entertainment hubs, luxurious resorts, large scaled mixed-use projects as well as the frequent seasonal events have encouraged the major hotel brands to capitalize on the opportunities and accelerate their expansion plans.
- Reforms in visa policy and the launch of a new airline "Riyadh Air" along with the under construction "King Salman International Airport" will further support the growth of tourism sector going forward. The new airport aims to accommodate up to 120 million travelers by 2030 and 185 million travelers. Moreover, hosting Expo 2030 would have a positive impact on the tourism sector by attracting international visitors, stimulating economic growth, and driving to facilitate the addition of new hotel keys to accommodate the influx of visitors.

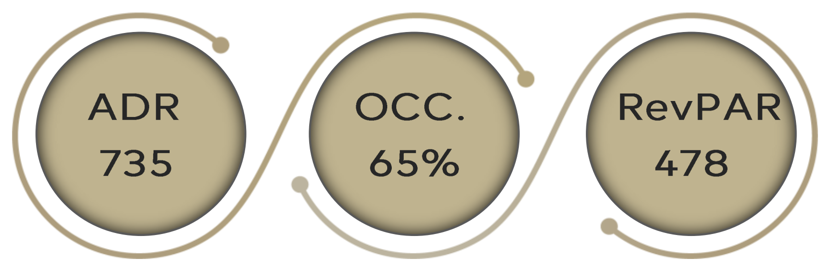
RIYADH HOSPITALITY STOCK – KEYS



RIYADH UPSCALE HOTELS - KEY PERFORMANCE INDICATORS



RIYADH HOTELS KEY PERFORMANCE METRICS - H1 2024

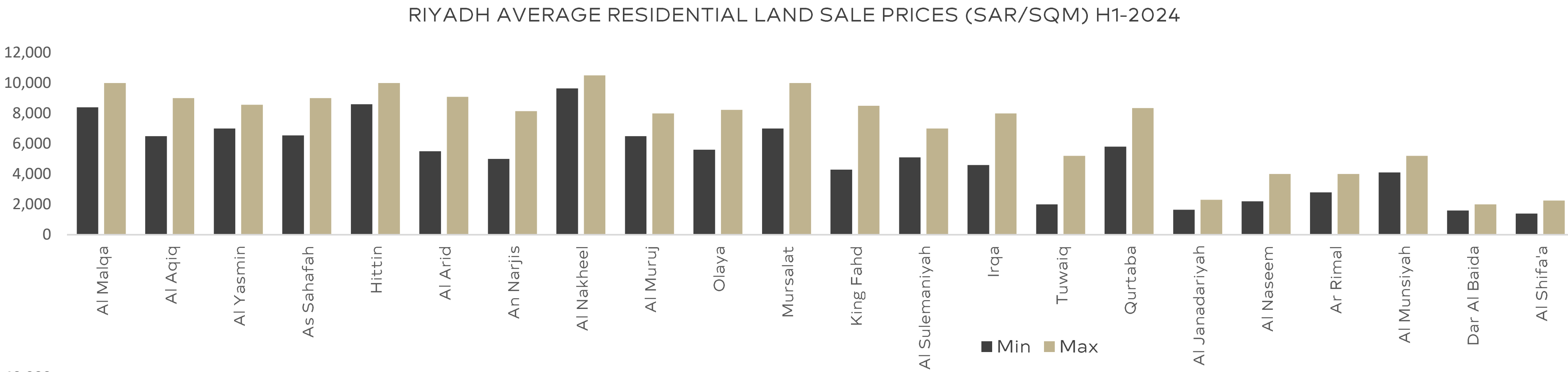


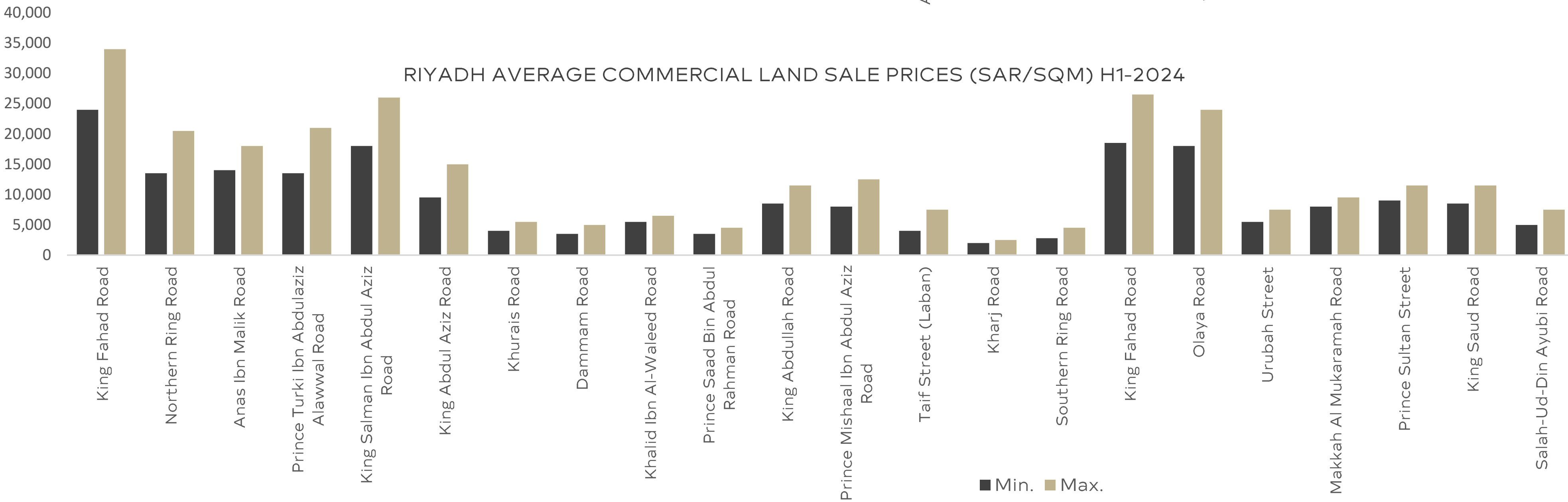
Source: Century 21 Research

RIYADH AVERAGE LAND SALES PRICES

CENTURY 21
Saudi Arabia

RIYADH AVERAGE LAND PRICES – H1 2024





Source: Century 21 Research

REAL ESTATE MARKET UPDATE – as of April 2025

In response to the sharp rise in rents and property prices, the Saudi government is working on a set of key initiatives to help bring balance to the real estate market especially in the capital, Riyadh. One major step under consideration is introducing a cap on how much residential and commercial rents can increase, to protect tenants from steep rent hikes.

To increase housing supply, the government has released an additional 33 square kilometers of land in north of Riyadh for development. Combined with 48.28 square kilometers already opened up previously, this now brings the total area unlocked to over 81.48 square kilometers. The availability of large tracts of land for development should lead to the delivery of additional housing supply into the market. While this move is expected to help reduce prices, it's important to note that housing construction projects typically take two years or more to complete —so the full impact of these measures will be felt in the medium-term, rather than in the immediate future.

The Royal Commission for Riyadh City has been tasked with delivering between 10,000 and 40,000 planned and developed residential land plots per annum for the next five years. These plots will be offered to married Saudi couples or individuals over 25 years old. To keep things affordable, land prices will be capped at SAR 1,500 per square meter. This is part of a broader effort to make homeownership more accessible, especially for younger people and families struggling with rising costs. All these efforts support the broader Vision 2030 goal of increasing the homeownership rate in the country to 70%.

In addition, the government is likely to introduce new regulations to ensure fair relationships between landlords and tenants. REGA (Real Estate General Authority), along with the Royal Commission, will also track property prices and will be responsible to provide regular updates to the relevant authorities.

Source: Century 21 Research

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