



KSA Real Estate & Construction: Market Momentum and Key Insights

2025



TABLE OF CONTENTS



1. SUMMARY OF KEY FINDINGS

Sector Overview
Essential Data and Statistics
Primary Opportunities and Challenges
Key Findings

2. MARKET ANALYSIS

Current Size of the Construction & Real Estate Industry
Leading Market Participants
Government's Role and the Influence of Vision 2030

3. DYNAMICS OF SUPPLY AND DEMAND

Factors Driving Demand
Emerging Supply Trends

4. REGULATORY AND POLICY FRAMEWORK

Housing Initiatives
Real Estate Finance and Mortgage Rules
Public-Private Collaboration (PPP)
Standards for Sustainable and Green Buildings

5. FINANCIAL AND COST CONSIDERATIONS

Labor Market and Workforce Developments
Impact of Bank Lending, Mortgages, and Interest Rates
The Role of Sovereign Wealth and Foreign Direct Investment

6. OPPORTUNITIES AND OBSTACLES

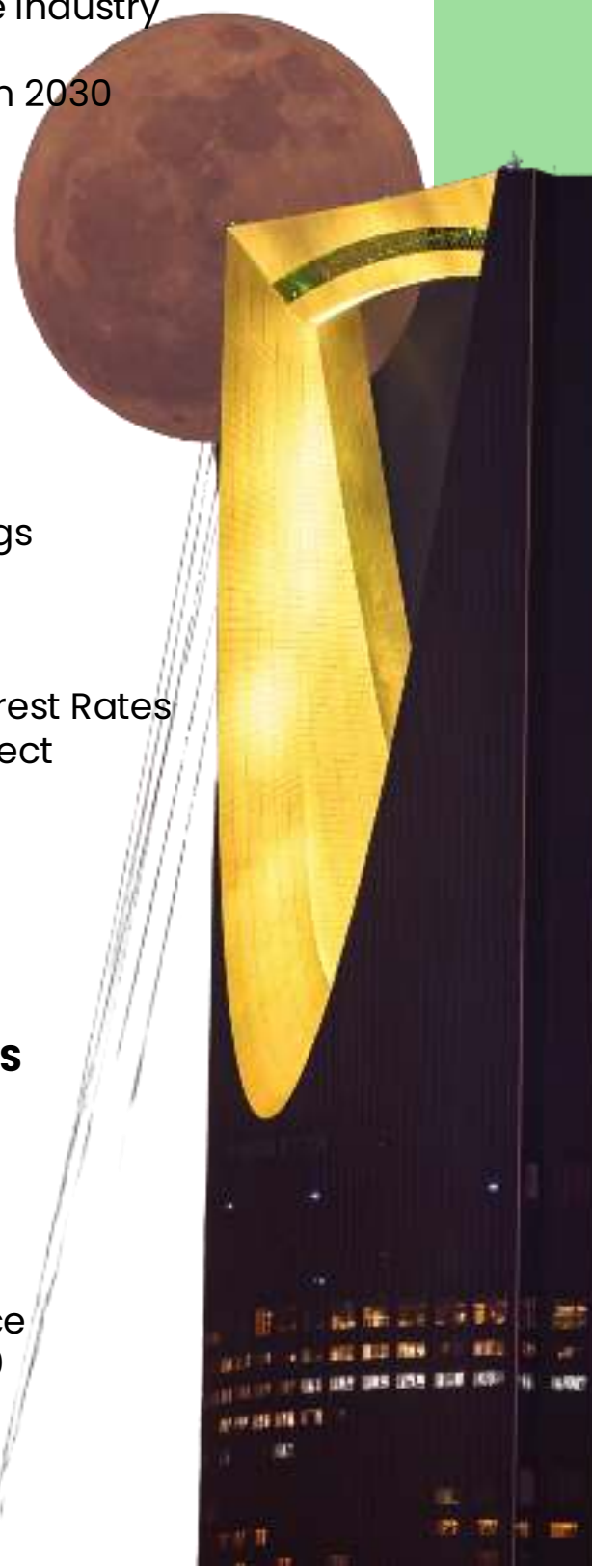
Potential Opportunities
Existing Challenges

7. FUTURE OUTLOOK AND SUGGESTED ACTIONS

Growth Projections for 2025–2030
Major Sector Trends
Actionable Recommendations

8. CONCLUSION

Summary of the Sector's Strategic Importance
Long-Term Potential Aligned with Vision 2030
Final Appeal to Stakeholders





A COMPREHENSIVE OVERVIEW OF KEY MARKET INDICATORS



TOTAL POPULATION

~ 35.6M Year – 2025

HIGH CONCENTRATED REGIONS :

1. Jeddah: 4.7M
2. Riyadh: 4.2M
3. Mecca: 1.6M
4. Madina: 1.3M
5. Dammam: 1.3M



POPULATION & PROPERTY COUNT

Year – 2025

ANNOUNCED PROPERTIES BY REGION:

1. Riyadh: 1,182,416 properties
2. Al Qassim: 383,763 properties
3. Al-Mintaqah Al-Sharqiya (Eastern Province): 215,866 properties
4. Mecca: 38,359 properties
5. Medina: 18,464 properties



MACRO-ECONOMIC SNAPSHOT

REAL GDP (CONSTRUCTION SECTOR)
+3.8% in Q2 2025

NOMINAL GDP (CONSTRUCTION SECTOR)
+4.2% in Q2 2025

OPERATIONAL SURPLUS
+37% YoY in 2023

Reaching 191.4 billion SAR



FOREIGN DIRECT INVESTMENT

FDI FIGURES FOR 2025 (Q1) vs 2024 (Q1) YoYΔ%

TOTAL FDI STOCK
22.2 Million SAR

Up from 15.5 million SAR in 2024

INBOUND FLOWS
+24.1%

OUTBOUND FLOWS
-0.5%

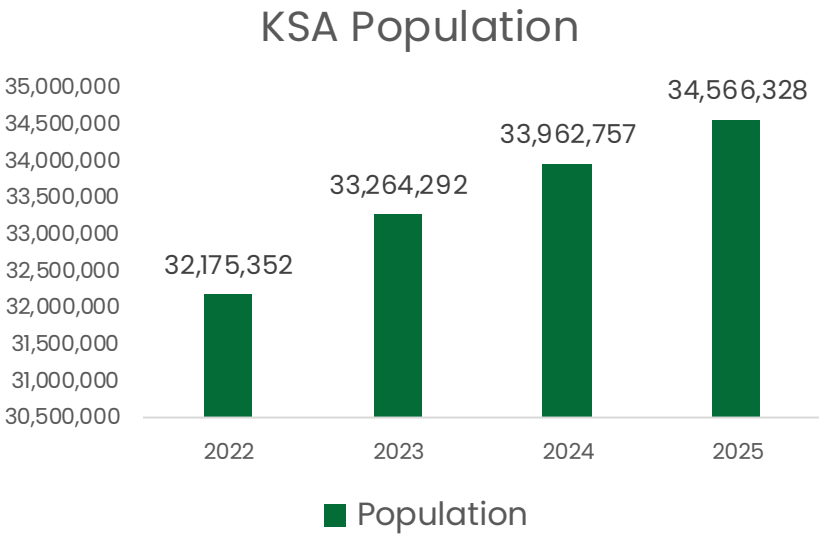
THE KINGDOM'S GROWTH: ANALYZING POPULATION TRENDS AND URBANIZATION IN KSA



Here are some key insights regarding the population of Saudi Arabia (year-2025):

Saudi Arabia's Most Populous Urban Centers

Rank	City	Population
1	Jeddah	4,697,000
2	Riyadh	4,205,961
3	Mecca	1,578,722
4	Medina	1,300,000
5	Dammam	1,252,523
6	Sultanah	946,697
7	Buraydah	745,353
8	Ta'if	688,693
9	Tabuk	667,000
10	Ha'il	605,930
11	Najran	505,652
12	Al Kharj	425,300
13	Khamis Mushait	387,553
14	Al Hufuf	293,179
15	Al Mubarraz	290,802



Based on the provided data, here are some key insights regarding the population of Saudi Arabia:

Rapid Population Growth: Saudi Arabia is experiencing significant population growth, with a notable increase from 32.1 million in 2022 to an estimated 34.5 million in 2025. This suggests a **compound annual growth rate of approximately 2.4%**, indicating a fast-growing nation.

Dominant Urbanization: The "Urban vs Rural" chart highlights a substantial concentration of the population in urban areas. This trend suggests that most of the population growth is occurring in cities rather than rural regions.

Major Population Centers: The top five cities—Jeddah, Riyadh, Mecca, Medina, and Dammam—are home to a significant portion of the total population, with each having over 1.2 million residents. **Riyadh and Jeddah are the two largest cities**, with populations of over 4 million, making them the primary economic and social hubs.

Regional Concentration: The top 15 most populous cities account for a large percentage of the total population, reinforcing the trend of **population concentration in key urban and regional centers**. This concentration of people in cities has implications for urban planning, infrastructure development, and resource management.

Disparity in City Size: There's a notable population gap between the top five cities and the rest of the list. The smallest city on the list, Al Mubarraz, has a population of just under 300,000, which is significantly less than the more than 4 million residents in Jeddah and Riyadh.

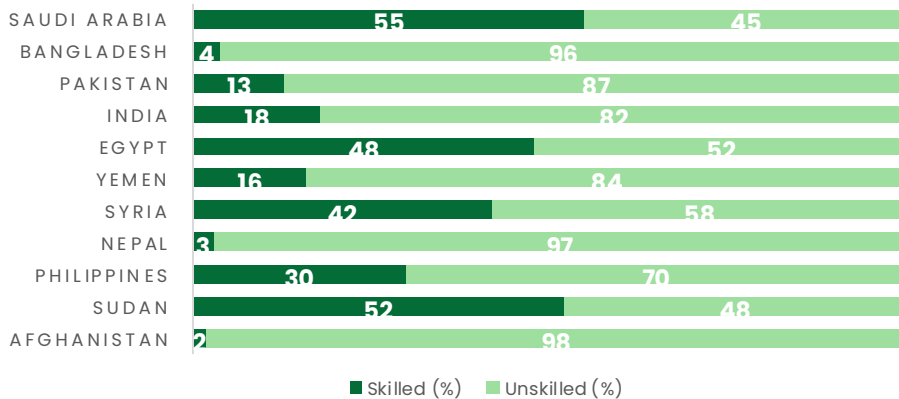
LABOR FORCE



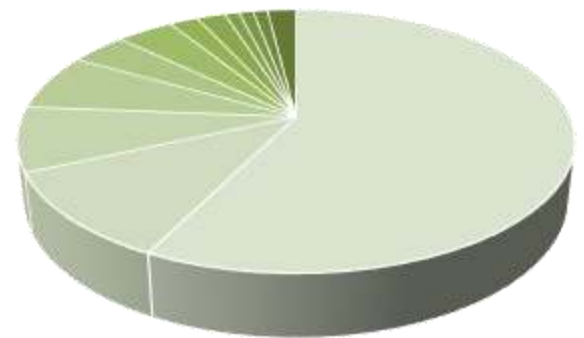
The workforce is primarily **Saudi nationals 60%** with **foreigners** making up the remaining **40%**. The largest groups of foreign workers are from Bangladesh, India, Pakistan, and Egypt. Bangladeshi workers constitute the biggest share of foreign labor **30% and are mostly unskilled. Egyptians, however, have the highest number of skilled workers among the foreign population.**

The labor force is also segmented by age and nationality. Young workers (16-30 years old) are **almost all Saudi nationals**. The **middle-aged** workforce (31-45 years old) is a **mix of Saudis** and non-Saudis, while the **majority of older workers** (46 and above) are **foreigners**. This suggests a pattern where younger, domestic workers fill entry-level roles, and more experienced foreign labor is relied upon for older-age positions.

DISTRIBUTION OF LABOR TYPE ACROSS NATIONALITY YEAR - 2022

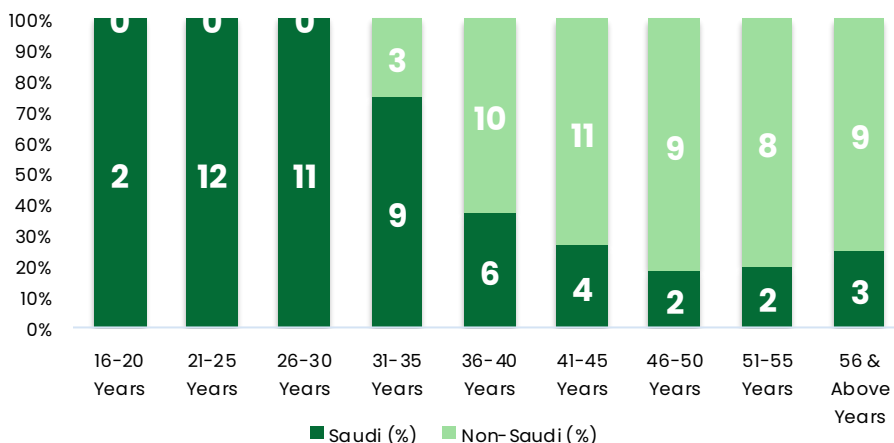


LABOR'S NATIONALITY DISTRIBUTION IN CONSTRUCTION SECTOR YEAR - 2022



- Saudi Arabia
- Bangladesh
- India
- Pakistan
- Egypt
- Yemen
- Syria
- Philippines
- Nepal
- Sudan
- Afghanistan
- Others

AGE-WISE DISTRIBUTION OF LABOR NATIONALITY IN CONSTRUCTION SECTOR YEAR - 2022





SAUDI ARABIA PUBLIC-PRIVATE PARTNERSHIP (PPP) BRIEF OUTLOOK

PPPs are selectively implemented, not yet standardized, but recognized as strategically important under Vision 2030.

Government Objectives:

- Boost **economic efficiency** & **global competitiveness**
- Increase **Saudi ownership of productive assets**
- **Create jobs** & strengthen **national workforce participation**
- Deliver **better, faster, and cost-efficient** public services



Core Opportunities & High-Growth Sectors

PPPs are now expanding into real estate-linked sectors. The focus areas align directly with Vision 2030 infrastructure and services expansion goals, presenting strong entry opportunities for developers, contractors, and infrastructure investors.

Category	Key Sectors	Implication
Utilities & Infrastructure	Water, Desalination, Telecom, Airports, Seaports, Railways	Massive capital expenditure requirement and guaranteed demand for essential services.
Public Facilities	Parks, Markets, Education Buildings	Consistent long-term revenue streams through construction and maintenance contracts.

⚠ Regulatory & Legal Friction Points

The current regulatory framework relies on standard government contracting, which introduces variability and subjective risk perception for international investors.

1. Absence of Dedicated PPP Law

Regulatory Element	Current State	Challenge
Governing Law	The Procurement Law currently serves as the main framework for government contracting.	The existing framework does not adequately address the complex and long-term nature of PPP projects. (involving financing, constructing, etc..)
Contract Templates	There are no unified or standardized PPP agreement templates available.	The lack of standardization leads to higher transaction costs, longer negotiation periods, and inconsistency between projects.
Investor Confidence	No specific legislation has been established to govern PPP activities.	The absence of a clear legal framework reduces investor confidence and can cause project delays.



2. Dispute Resolution Structure

Disputes are governed by the Procurement Law and handled by ad hoc committees formed to address specific contractual breaches.

Reliance on ad hoc committees—rather than dedicated arbitration or specialized courts—may raise concerns about consistency, transparency, and predictability, potentially discouraging major international players accustomed to clear legal recourse.

Outlook	Details
Opportunity	PPP expansion offers major prospects in infrastructure, utilities, driving development across the Kingdom.
Challenge	Legal ambiguity and lack of standardized PPP frameworks remain the primary inhibitors to accelerated growth.





FDI IN KSA: A YEAR-OVER-YEAR ANALYSIS OF INFLOWS AND OUTFLOWS

FDI FIGURES FOR 2025 (Q1) VS 2024 (Q1)

Net Flows
+44%

22,248M SAR in
2025 from 15,485M
SAR in 2024

In-Flows
+24.1%

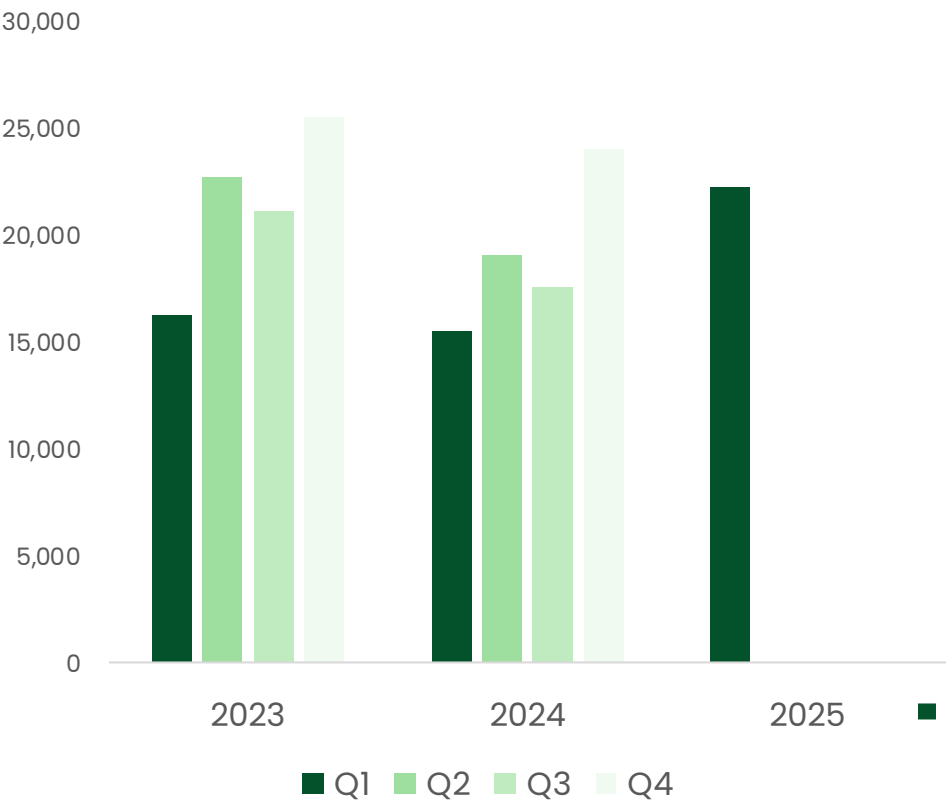
24,037M SAR in
2025 from 19,367M
SAR in 2024

Out-Flow
-0.5%

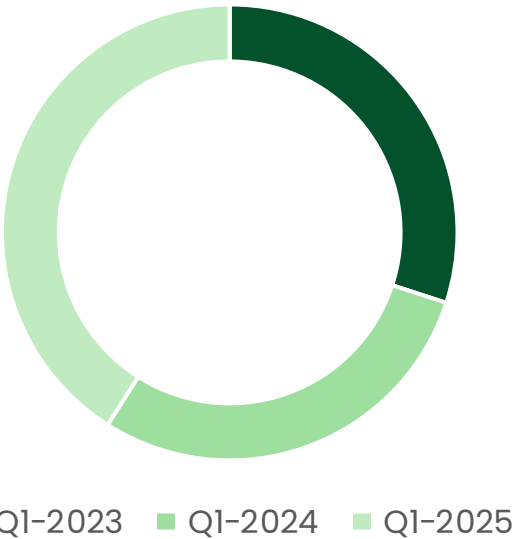
1,789M SAR in 2025
from 3882M SAR
in 2024

Quarter	Year	Inflows (Million SAR)	Outflows (Million SAR)	Net Flows (Million SAR)
Q1	2023	20,914	4,649	16,265
Q2	2023	25,505	2,786	22,719
Q3	2023	22,646	1,567	21,079
Q4	2023	26,918	1,468	25,451
Q1	2024	19,367	3,882	15,485
Q2	2024	21,654	2,670	18,985
Q3	2024	20,385	2,880	17,505
Q4	2024	25,635	1,672	23,963
Q1	2025	24,037	1,789	22,248

FDI Net Flows (Million SAR)



Net Flows (Million SAR)





KSA'S FDI DUAL-ENGINE GROWTH STORY

(Q1 2025 vs. Q1 2024)

44% Surge Driven by Attraction & Retention

Saudi Arabia recorded a **44% surge in Net FDI Flows** in Q1 2025, reaching **SAR 22,248 Million**. This growth is underpinned not by a temporary anomaly, but by a "**Dual-Engine**" strategy successfully generating both high foreign capital attraction and unprecedented investor retention.

1. THE DUAL-ENGINE GROWTH BREAKDOWN

The investment success story of Q1 2025 is the result of two key components working in tandem:

⚙️ Engine 1: The Attraction Engine (FDI Inflows)

- **Metric:** FDI Inflows increased by **24.1%**, rising from SAR 19,367M to **SAR 24,037M** in Q1 2025.
- **Insight:** This substantial stream of funds **validates the Kingdom's heightened ability to attract capital** from around the world.. It suggests international investors are actively committing funds at an accelerated pace, reacting positively to opportunities created by Vision 2030, particularly in giga-projects and non-oil sectors.

⚙️ Engine 2: The Retention Engine (FDI Outflows)

- **Metric:** Outflows were **significantly reduced**, dropping from SAR 3,882M (Q1 2024) to just **SAR 1,789 Million** (Q1 2025).
- **Insight:** This dramatic shift signals **heightened investor confidence and long-term commitment**. Less capital leaving the Kingdom indicates stability, predictability, and a willingness among existing foreign enterprises to reinvest profits locally, evolving KSA into a platform for long-term operational investment.



2. SHIFT FROM CYCLICAL SPIKE TO STRUCTURAL BASELINE

The latest Q1 2025 figures suggest that investment momentum is shifting from a cyclical strength (historically, Q4 peaks) to a structural baseline for sustained growth.

Metric	Q4 2024 Peak Performance Context	Q1 2025 Structural Momentum	Forecast
Inflow	Q4 2024 Net FDI peaked at SAR 22,100M.	Q1 2025 Inflows (SAR 24.0B) nearly matched the Q4 2024 Inflow Peak (SAR 23.8B).	Highly Positive: High volume is sustainable. Forecast to remain robust, driven by giga-project phases and simplified regulatory reforms.
Outflow	Outflows were suppressed at SAR 1.8B in Q4 2024.	Outflows remained suppressed at SAR 1.8B in Q1 2025.	Aggressive Capital Retention: Project Outflows will remain tightly controlled throughout 2025 and 2026, as foreign entities find attractive domestic opportunities for profit deployment.

The marginal decrease in Q4 2024 Net FDI compared to Q4 2023 (SAR 25,451M) is contextualized against slowing global FDI, validating KSA's ability to maintain high investment volumes despite international headwinds.

3. STRATEGIC IMPLICATION (Real Estate & Construction)

The success in Net Flow is a direct result of high foreign engagement coupled with unparalleled investor loyalty.

For the **Real Estate and Construction sectors**, this data is a **strong signal of liquidity and commitment**, providing a robust financial backdrop for large-scale, long-term development initiatives that also align with Vision 2030. This "stickiness" of capital must be leveraged by focusing on regulatory certainty and the ease of doing business to convert this FDI momentum into sustainable economic diversification.

GOVERNMENT SPENDING



- Analyzing the market structure and government spending

TOTAL SPENDING
SAR 499.8B

TOTAL PROJECTS
16,505

MEGA

Mega Projects

SAR 489.7B in total spending.
Avg. Cost: SAR 87.2M | Projects: 5,446

MEDIUM

Medium Projects

SAR 9.0B in total spending.
Avg. Cost: SAR 1.6M | Projects: 5,612

SMALL

Small Projects

SAR 1.2B in total spending.
Avg. Cost: SAR 213K | Projects: 5,447

- Category-wise Company Distribution

LARGE
644

TOTAL COMPANIES
138,114

MICRO
72,817

MEDIUM
5,434

SMALL
59,219

Massive Number of Micro and Small Companies: The business landscape is dominated by micro and small companies, which make up the vast majority of the 138,114 total companies. **Micro companies alone account for over 52% of all businesses**, indicating a vibrant entrepreneurial ecosystem.

Spending Disparity vs. Company Distribution: There's a notable mismatch between government spending allocation and the distribution of companies. While the market is overwhelmingly made up of micro and small businesses, **the bulk of government spending is directed toward large, mega projects**, which are likely to be managed by a much smaller number of large or international corporations. This disparity could create a challenge for smaller companies trying to secure government contracts.



COMPANIES

Big 10 companies in **Construction Sector**
based on laborer count are as below:
(Year 2022)

TOP 10 COMPANIES – LARGE SIZE

Rank	Company Name	Region	Sum of Total Laborer
1	مجموعة بن لادن السعودية المحدودة	Makkah	61211
2	شركة نسما وشركاهم للمقاولات المحدودة	Eastern	20383
3	فرع شركة احمد سليمان الفهداى واولاده	Madinah	17360
4	مقاولات عبدالله علي محمد جحرش	Riyadh	15173
5	مؤسسة الدلان للتجارة والمقاولات عبدالغني اسماعيل الحازمي	Riyadh	14 517
6	شركة التميمي للخدمات والميانه العالميه	Jazan	12775
7	شركه السيف مهندسون مقاولون المحدوده	Riyadh	11580
8	شركة اتحاد المقاولين ذ م م	Riyadh	11192
9	الشركه السعوديه لخدمات الاعمال الكهربائيه والميكانيكا	Riyadh	11024
10	شركة مجموعة سدر للتجارة والمقاولات	Riyadh	9954

TOP 10 COMPANIES – MEDIUM SIZE

Rank	Company Name	Region	Sum of Total Laborer
1	مؤسسة عبدالله علي محمد البارقي للمقاولات	Riyadh	499
2	شركة فذاك العالمية للمقاولات	Riyadh	497
3	شركة ابراهيم محمد المسعد وشريكه للمقاولات	Riyadh	496
4	شركة التعمير والانشاء المحدوده	Eastern	495
5	مؤسسة عبدالرحمن مشيب القحطاني للمقاولات العامة	Eastern	495
6	مؤسسة روز الجبل للمقاولات العامة	Eastern	491
7	مؤسسة عبد الخالق احمد صالح ناجم الغامدي للمقاولات	Eastern	490
8	شركة سعد سعيد حامد القحطاني للمقاولات العامة شركة شخص واحد	Eastern	490
9	مؤسسة جمعه يحيى شريف المالكي للمقاولات	Riyadh	489
10	شركة الجابرين للمقاولات	Riyadh	488

- **Dominance of Riyadh:** Riyadh is a major business center, with half of the top 10 companies being based there. This suggests the region is a hub for large-scale projects and industries that require a large workforce.
- **Clear Market Leader:** The **Saudi Binladin Group Ltd.** is a standout leader in the large-sized company segment. Its workforce of **61,211 laborers** is more than double that of the second-ranked company, highlighting its significant market presence.
- **Geographical Diversity:** While Riyadh is prominent, the top 10 list shows a nationwide presence of major companies. Key players are also located in the Makkah, Eastern, Madinah, and Jazan regions.
- **Tight Competition:** The market for top medium-sized companies is highly competitive. The difference in workforce size between the first and tenth-ranked companies is minimal, with only **11 laborers** separating them.
- **Geographical Focus:** The top companies in this segment are heavily concentrated in just two regions: **Riyadh** and the **Eastern** region, each with five companies on the list. This suggests these two areas are the main hubs for medium-sized construction firms.
- **Stable Workforce:** The number of laborers for the top 10 medium-sized companies is very consistent, ranging from **488 to 499**. This indicates a stable, common operational scale within this market segment.



REGIONAL INVESTMENT BREAKDOWN

(by Value)

Total Market Value:

The Saudi construction market is valued at over **\$1.7 trillion**, driven by more than 255 active or awarded projects.

This highlights the scale of the kingdom's economic transformation efforts.

Giga-Project Concentration:

The projects are concentrated in a select number of regions, with giga-projects being the primary value drivers.

Dominant Project Type:

Mixed-use projects account for the vast majority of the total value, signaling a strategic focus on creating integrated, multi-functional urban environments.

The investment is heavily skewed towards a few key regions, with a clear focus on giga-projects.

Tabuk: With a combined value of **\$584.34 billion** from just 21 projects, this region represents the single largest investment hub. Projects like **NEOM, The Line, and Trojena** are the main contributors, underscoring their "giga-project" status.

Makkah: This region holds the second-highest project value at **\$444.58 billion** from 23 projects. Developments such as Al Faisaliah City and Masar Destination are key drivers.

Riyadh & Across KSA: As the political and economic capital, this region has the highest number of projects (93), valued at a substantial **\$471.97 billion**. Key projects include ROSHN Riyadh and New Murabba.

SAUDI ARABIA IS UNDERTAKING MASSIVE PROJECTS THAT SPAN ACROSS 15 OF ITS PROVINCES.



Latest release of combined projects, project value and developer names (year 2024).

Total Number of Projects

255

Combined (Awarded + Active) Value

\$1.7tn

Riyadh & Across KSA

No. of Projects93

Top 4 Projects & Developers:

- **ROSHN Riyadh** – National Housing Company
- **New Murabba** – New Murabba Development Company
- **Diriyah Gate** – Diriyah Gate Development Authority
- **King Salman Park** – Royal Commission for Riyadh City, King Salman Park

Combined Value:

\$471,969m

Jeddah

No. of Projects50

Top 4 Projects & Developers:

- **Jeddah Central** – Jeddah Central Development Company
- **Jeddah Economic City** – Jeddah Economic Company
- **Al Arous** – ROSHN
- **Jeddah Airport City** – SARH Real Estate Investment

Combined Value:

\$75,423m

Medina & Yanbu

No. of Projects31

Top 4 Projects & Developers:

- **The Knowledge Economic City** – Knowledge Economic City
- **Rua Al Madinah** – Rua Al Madinah Holding
- **Al Ula Development** – Al Alua Development Company
- **Al Ghoroub Community** – National Housing Company

Combined Value:

\$76,218m

Makkah

No. of Projects23

Top 4 Projects & Developers:

- **Al Faisaliah City** – Makkah Region Development Authority
- **King Abdullah Economic City** – Emaar The Economic City
- **Jabal Al Sharashif** – Royal Commission for Makkah City and Holy Sites
- **Masar Destination** – Umm Al Qura Development & Construction Co.

Combined Value:

\$444,576m

Tabuk

No. of Projects21

Top 4 Projects & Developers:

- **NEOM** – NEOM
- **The Line** – NEOM
- **Trojena** – NEOM
- **The Red Sea Project** – Red Sea Global

Combined Value:

\$584,341m

Dammam & Al Khobar

No. of Projects14

Top 4 Projects & Developers:

- **Al Wajeha Suburb** – National Housing Company
- **The Avenues Khobar** – Shomoul Holding
- **Batterjee Medical City Dammam** – Saudi German Health
- **Akhiyal** – Adel Real Estate

Combined Value:

\$584,341m

Asir, Al Baha, Jazan & Taif

No. of Projects12

Top 4 Projects & Developers:

- **ROSHN Asir** – ROSHN
- **Soudah & Rijal Almaa Development** – Soudah Development
- **King Faisal Medical in Abha** – Saudi Arabia Ministry of Health
- **Al Sadeem Suburb** – National Housing Company

Combined Value:

\$17,348m

Eastern Province

No. of Projects9

Top 4 Projects & Developers:

- **King Salman Energy Park** – King Salman Energy Park
- **Al Falwa** – ROSHN
- **Dana Bay** – Jenan Real Estate
- **King Fahd University of Petroleum & Minerals Business Park** – Business Park Complex Company

Combined Value:

\$22,595m

Sakaka & Northern Borders Province

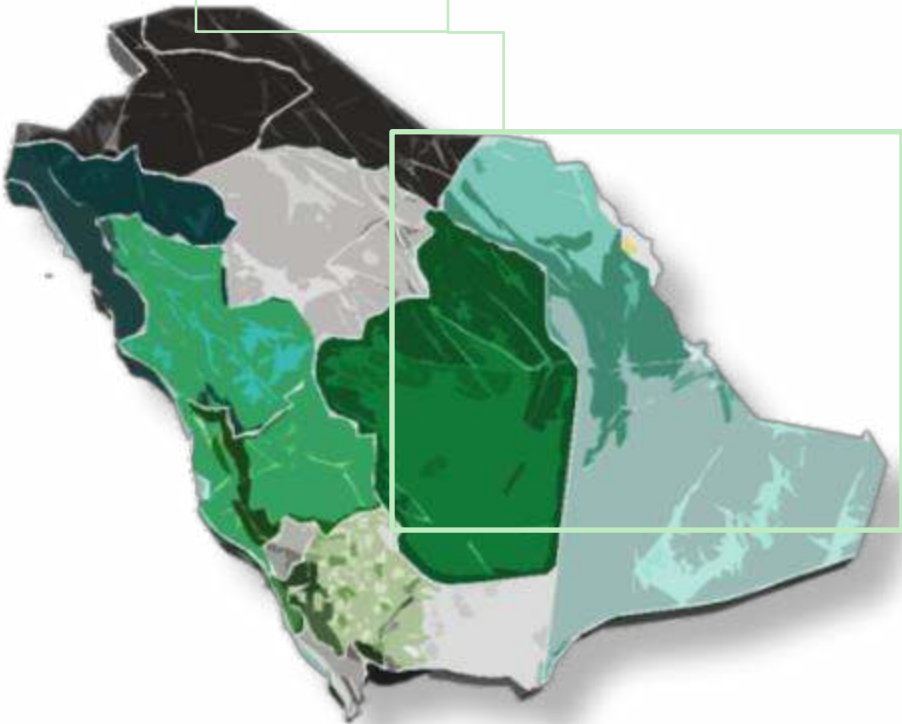
No. of Projects2

Top 4 Projects & Developers:

- **Prince Mohammed bin Abdulaziz Medical City in Sakaka** – Saudi Arabia Ministry of Health
- **Movenpick Wa'ad Al Shamal** – Karan Gulf

Combined Value:

\$1,300m





REAL ESTATE PERFORMANCE DASHBOARD

Indices and Rates of Change by Sector and Type, Q2 2025



0.1%

General Index Change

-2.6%

Residential YoY Δ

7.9%

Commercial YoY Δ

1.7%

Agricultural YoY Δ

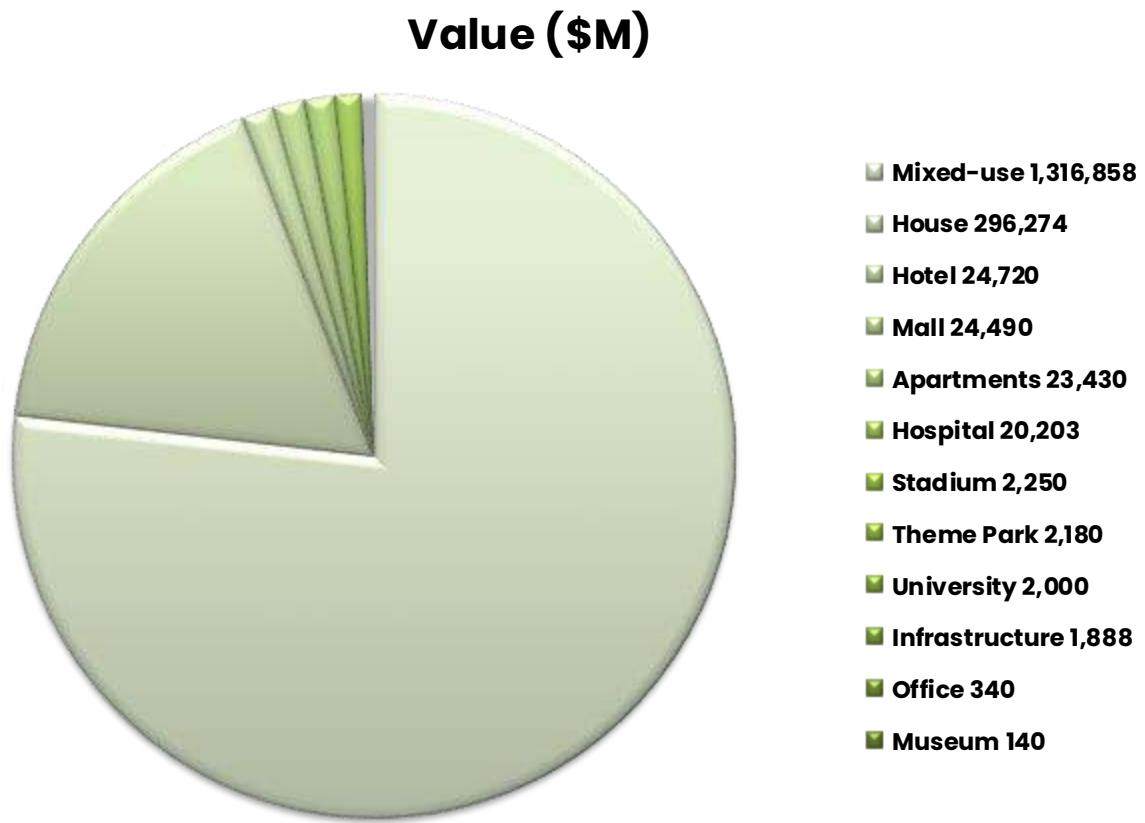
Sector & Type	Weights (%)	Percentage Change in Q2 2025				Index Numbers		
		vs Q1 2025		vs Q2 2024		Q2 2025	Q1 2025	Q2 2024
General Index	100	0.1	↑	3.2	↑	105	104.9	101.8
Residential	72.7	-2.6	↓	0.4	↑	101.8	104.3	101.1
Residential Plot	45.8	-4	↓	0.2	↑	101.3	105.6	101.1
Villa	10.5	1.8	↑	3.2	↑	105	103.2	101.8
Apartment	15	-0.2	↓	-0.7	↓	100.3	101.6	101.1
Floor	1.4	-0.9	↓	1.5	↓	98.1	98.9	96.6
Commercial	25.4	7.9	↓	11.7	↑	115.7	107.2	103.6
Commercial Plot	22.8	8.6	↑	12.7	↑	116.8	107.4	103.4
Building	2	3	↑	2.7	↑	110.2	107	107.3
Gallery / Shop	0.6	-0.2	↓	4.1	↑	101.4	101.6	97.4
Agricultural	1.9	1.7	↑	-0.9	↓	102.6	100.9	103.5
Agricultural Land	1.9	1.7	↑	-0.9	↓	102.6	100.9	103.5

Key Takeouts

- **Overall Market:** The market showed slight growth, with the **General Index rising 0.1%** from the previous quarter and **3.2%** year-over-year.
- **Residential Sector:** This sector struggled, declining **2.6%** from the last quarter. The main cause was a **4.0%** drop in **Residential Plots**. The only category in this sector to show positive growth was **Villas**.
- **Commercial Real Estate:** This sector was the strongest performer, seeing significant increases of **7.9%** quarter-over-quarter and **11.7%** year-over-year. This growth was mainly driven by **Commercial Plots**.
- **Agricultural Properties:** This sector had positive growth of **1.7%** compared to Q1 2025, but it showed a slight decrease year-over-year.



INDUSTRY FOCUS (by value)



The data clearly shows that investment is not evenly distributed across industry types

- **Mixed-use Projects:** This category overwhelmingly dominates the market with a value of **\$1.3 trillion**, accounting for nearly **75%** of the total project value.
- **Housing:** At **\$296.27 billion**, housing projects represent the second-largest segment, indicating a strong emphasis on residential development alongside the mega-projects.
- **Hotels:** Valued at **\$24.72 billion**, hotels are a key part of the tourism and hospitality infrastructure being built to support Vision 2030.
- **Hospitals:** With a value of **\$20.2 billion**, this sector shows significant investment in healthcare infrastructure.

رؤية VISION

2030

المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA



SAUDI ARABIA: A BLUEPRINT IN PROGRESS



Saudi Arabia is in the middle of a construction wave unlike anything in its history. Guided by **Vision 2030**, the Kingdom is not only expanding its cities but also reshaping entire regions with giga-projects that mix **real estate, tourism, and infrastructure** on a massive scale.

Projects such as **Red Sea Global, NEOM, AMAALA, Diriyah Gate, and Qiddiya** are turning once-untouched landscapes into destinations that aim to compete with the world's most iconic developments. These initiatives combine **luxury resorts, residential communities, smart cities, and transport networks**, setting a new benchmark for what real estate in Saudi Arabia can represent.

Key growth areas include:

- Tourism-focused developments (luxury resorts, hotels)
- Residential and mixed-use projects (to serve a growing population and international investors)
- Smart and sustainable building solutions (aligning with global standards.)
- Transport and infrastructure network (airports, roads, ports to support urban and tourism growth.)



For the construction sector, this means a continuous stream of **large-scale contracts, demand for advanced building technologies, and opportunities for local suppliers** to step onto the global stage. At the same time, it brings challenges—**rising costs, competition for resources, and the pressure to meet sustainability promises**.

In this sense, Saudi Arabia is both a **worksite and a vision board**: the cranes and foundations we see today are not just physical structures but symbols of an economy being rebuilt for the future.

FROM VISION TO REALITY:

RSG'S ROLE – NAVIGATING THE GIGA-PROJECT LANDSCAPE



Red Sea Global's developments, as a cornerstone of Vision 2030, are poised to catalyze non-oil economic growth in Saudi Arabia by transforming tourism into a high-value sector. With investments **exceeding SAR 500 billion (USD 133 billion) across 28,000+ sq km, RSG targets 1 million annual visitors by 2030**, injecting diversification, employment, and FDI into the economy. Below is an analyst's assessment of key economic implications, focusing on macroeconomic multipliers, sectoral spillovers, and risks.

OPPORTUNITIES AND THREATS ASSESSMENT

Elite Demand: Phased openings (e.g., 16 resorts in The Red Sea by 2025) create immediate pipelines for high-end hotel builds, boosting construction contracts and real estate values in coastal zones.

Sustainability-Focused Projects: Emphasis on regenerative models (e.g., eco-regeneration) positions KSA as a green construction leader, fostering opportunities in specialized materials, green tech, and certifications that command premium pricing.

Economic Multiplier Effect: PIF backing ensures scaled funding, generating jobs (thousands in construction) and supply chain growth, while new unannounced projects signal sustained sector momentum through 2030.

Vision 2030 Synergies: Aligns with diversification goals, potentially unlocking ancillary real estate like marinas, wellness centers, and cultural sites, enhancing overall KSA property attractiveness.

Market Volatility: Dependency on global tourism recovery post-2025 could expose unfinished phases to economic downturns, inflating construction costs amid supply chain disruptions in remote west coast areas.

Investment Barrier: The ultra-luxury strategy demands a huge initial investment, effectively making the market inaccessible to smaller development firms. This creates a heavy reliance on state funding (like the PIF), which, in turn, can discourage broader private sector participation.

Competition and Oversupply: The aggressive development schedule, which plans for over 80 resorts by 2030, creates a significant risk of oversaturation in the luxury market. If demand from wealthy tourists doesn't meet this rapid supply, it will put downward pressure on real estate returns (yields).

Geopolitical Risk: Global investors may withdraw due to regional political uncertainty, which will halt construction schedules and degrade the value of coastal property assets.

HOUSING FINANCE INSIGHTS: BANK OFFERS & APR TRENDS



The financing landscape in Saudi Arabia continues to demonstrate a **dual-track dynamic** between end-user residential buyers and institutional real estate developers. On one hand, banks such as SNB have announced competitive starting APRs for residential mortgages (from 6.86%), reflecting an effort to sustain housing demand and align with the Kingdom's broader homeownership goals under **Vision 2030**. However, the lack of transparent or widely published profit rates from other banks highlights that the residential financing market remains **fragmented and competitive**, with product differentiation often tied to customer profiles, fees, and bundled services.

For real estate developers, financing conditions remain more **opaque and complex**. Unlike individual mortgages, developer loans are priced at higher margins above benchmark rates (such as SAIBOR or Repo), reflecting the increased risk perception of large-scale construction projects. With estimated developer financing costs ranging between **5.75% to 7.75%**, margins are tightening in a market already pressured by inflationary trends, rising construction costs, and heightened competition. This places developers in a more challenging position, particularly those relying heavily on debt financing rather than equity-backed structures.

The divergence between **residential buyers** and **developer financing conditions** signals an important structural insight: while the Kingdom seeks to make housing more accessible and affordable for citizens, developers face mounting financial pressures that could reshape project timelines, scale, and delivery strategies. This contrast underscores the critical balancing act required to maintain momentum in both the **demand side (buyers)** and the **supply side (developers)** of the housing ecosystem.

Looking ahead, the sector's financing dynamics will likely be influenced by three factors:

- 1. Policy Support:** Ongoing government housing programs and subsidized financing schemes will remain central to sustaining residential demand.
- 2. Interest Rate Environment:** With global and regional monetary policies affecting SAIBOR and Repo rates, financing costs for both buyers and developers may shift in either direction, directly impacting affordability and profitability.
- 3. Market Consolidation:** Rising costs for developers may encourage consolidation, joint ventures, or more innovative financing models (e.g., public-private partnerships or capital market instruments).

Overall, while financing availability for homebuyers appears relatively supportive, the **construction and development segment faces a more cautious lending environment**, potentially shaping the pace and nature of real estate growth in the Kingdom.

BANKING UPDATES: RESIDENTIAL & HOME FINANCE RATES



This section summarizes the available announced banking rates for end-user (residential unit) financing and provides a logical estimation for institutional (real estate developer) financing, based solely on the reviewed data

1. Announced Banking Rates for Final Residential Buyers

The review focused on publicly announced Annual Percentage Rates (APR) or profit rates for individual customers securing residential unit finance.

Bank	Product/Announcement	Announced Profit Rate / APR
SNB (Saudi National Bank)/ Al Ahli Bank	Residential Finance	Starts from 6.86% (Including administrative fees and property valuation)
SAB (Saudi British Bank)	Home Finance Products	Not explicitly stated on the general page.

High Financing Costs Impact Affordability:

The announced **Annual Percentage Rate (APR) / Profit Rate** from Saudi National Bank (SNB/Al Ahli Bank) for residential finance **starting at 6.86%** indicates a relatively high cost of borrowing for final residential buyers.

- Impact on Buyers:** This high starting rate, which **includes administrative and valuation fees**, directly **reduces housing affordability** for end-users, potentially slowing down sales volumes for developers. Buyers will face higher monthly payments, limiting their borrowing capacity and market size.
- Impact on Developers/Construction:** Increased borrowing costs could lead to a **slowdown in demand** for new residential units, placing pressure on developers to manage inventory and potentially moderate future project launches until rates become more favorable or government support measures take effect.



2. Estimated Financing Range for Real Estate Developers

No publicly announced rate was found from a specific Saudi bank for Real Estate Developer Financing (a project construction loan) in the materials reviewed.

Logical Deduction and Estimated Range

Given the lack of a public announcement, a logical, approximate estimation for developer financing can be built based on market principles:

Risk Profile: Developer financing is typically considered larger, institutional financing with a higher risk profile compared to an individual’s residential mortgage.

Margin Addition: Due to the increased risk, an additional margin is usually applied above the base reference rate (such as SAIBOR/Repo rate).

Market Context: Reports indicate that margins are being pressured by competition in the institutional sector.

Estimation Framework: Assuming the bank may apply an estimated margin ranging from 1.0% to 3.0% above the prevailing reference rate (SAIBOR or Repo Rate).

Estimated Developer rate– (Reference Rate) + (Margin of 1.0% to 3.0%)

Estimated Rate Calculation: If the recent Repo/Reference Rate is assumed to be approximately 4.75%, the estimated financing range for developers would be:

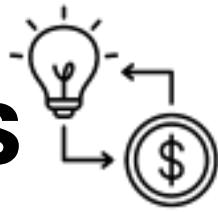
Reference Rate	Added Margin	Estimated Developer Rate
4.75%	1.0%	5.75%
4.75%	3.0%	7.75%

Conclusion on Developer Rate: The estimated range for a construction loan/developer financing is approximately 5.75% to 7.75%, or potentially higher, depending on the specific project risk and guarantees.

In essence, elevated mortgage rates push home prices beyond affordability, slowing market activity unless developers respond with smaller, more cost-efficient units or attractive incentives to offset the impact of high interest.



HOW 8 PROGRAMS ARE DE- RISKING THE KSA REAL ESTATE CYCLE



The KSA real estate market is no longer defined by speculative volatility or supply shortages. Instead, a suite of **eight high-impact programs** has been strategically deployed to achieve a crucial goal: **de-risking the entire real estate asset class** for both citizens and global capital.

These initiatives act as intelligent buffers, ensuring the market remains liquid, transparent, and resilient against economic shock, transforming the sector into a sophisticated investment destination under Vision 2030.

The core idea is to provide **flexible financing solutions** to eligible Saudi nationals, making it easier for them to acquire, build, or invest in residential property.





THE **DUAL-PILLAR** APPROACH

The success of the KSA Vision 2030 Housing Program stems from a dual-pillar strategy that simultaneously addresses market **demand and supply constraints**. This approach ensures that increased financial flexibility for citizens is met with a robust, well-regulated supply pipeline, leading to sustainable growth and reduced market volatility.

Pillar I : Demand-Side Enablement focuses on mitigating financial barriers and ensuring social inclusion, directly empowering citizens to access housing.

Pillar II : Supply-Side Optimization focuses on regulatory efficiency, quality assurance, and asset governance, ensuring the market delivers high-quality, professional, and sustainable products.



Pillar I: Demand-Side Enablement (Financial Flexibility & Access)

These programs directly improve the purchasing power and transactional clarity for the end-user (citizens and tenants), acting as the primary engine for increasing homeownership rates and stabilizing the rental market.

Program	Core Facility / Service Offered	Primary Impact on Real Estate Sector	Classification
Sakani سكّاني	Direct financial support, subsidized real estate loans, land grants, and diverse housing products.	Mass Market Liquidity & Demand Engine: Functions as the primary driver of residential transactions. By lowering down payment requirements and subsidizing interest costs, it effectively converts high latent demand into active purchasing power.	Financial & Accessibility
Ejar إيجار	Electronic network for regulating, registering, and documenting residential and commercial rental contracts. Provides the mandatory Rental Index.	Market Transparency & Investor Trust: Professionalizes the volatile rental sector. Standardized, enforceable contracts and transparent data reduce risk, encouraging long-term capital inflow into the Build-to-Rent segment.	Regulatory & Transactional
Tanmwi الإسكان التنموي	Providing free, suitable residential units for the neediest families, often in partnership with non-profit associations.	Social Inclusion & Market Decongestion: Separates the needs of vulnerable citizens from the private housing market, removing social pressure on general supply and allowing private sector programs to focus on middle-income enablement.	Social & Equity



Programs like **Ejar** (for leasing regulation) and **Mulak** (for joint ownership management) stabilize the market and reduce risk, encouraging private investment and offering tenants/owners clear, governed environments.



Pillar II: Supply-Side Optimization (Market Maturity & Governance)

These programs focus on improving the efficiency, quality, and long-term management of real estate assets, directly enhancing the attractiveness and reliability of the KSA market for developers and institutional investors.

Program	Core Facility / Service Offered	Primary Impact on Real Estate Sector	Classification
Etmam إتمام	Accelerating and streamlining the issuance of licenses, approvals, and regulatory documents for real estate development projects.	Supply Acceleration & Regulatory Efficiency: Directly addresses project delays caused by bureaucracy. By fast-tracking approvals, it significantly increases the speed at which new units enter the market, helping to balance supply/demand.	Development & Regulatory
Moustadam برنامج مستدام	Providing quality assurance, inspection, and maintenance services for residential units, and promoting efficiency.	Asset Value Preservation & Quality Confidence: Ensures the structural integrity and sustainability of the national housing stock. This boosts consumer confidence and supports long-term property values.	Quality & Sustainability
Mulak دعم الجمعيات الإسكانية	Support for establishing, managing, and governing Real Estate Unions and Owners Associations (for shared properties).	Multi-Unit Governance & Attractiveness: Essential for vertical city growth. By formalizing property management, it ensures common areas are maintained and preserves the market value of strata-titled assets.	Governance & Management
Owners Services & Union Mgmt. خدمات الملاك وإدارة الاتحادات العقارية	Organizing the relationship between property owners in multi-unit developments and overseeing union governance.	Investor Assurance in High-Density Areas: Complementing Mulak, this ensures operational reliability in high-density areas. Strong governance is a critical factor for institutional and expatriate investment.	Governance & Management
Real Estate Developers Services خدمات المطورين العقاريين	A cluster of services providing developers with electronic interfaces for inquiries, regulatory compliance, and project information.	Competitive Development Environment: Simplifies and digitizes the regulatory journey for developers, reducing overhead costs. This encourages greater private sector participation and a more competitive market.	Development & Regulatory



HOW FINANCIAL FLEXIBILITY IS ENGINEERED

The overall financial flexibility in the KSA real estate market is engineered by coupling direct subsidies with risk mitigation strategies:

Risk Reduction for the Buyer (Sakani): Financial risk is lowered via subsidized financing, making the purchase decision viable.

Risk Reduction for the Landlord (Ejar): Transactional risk is lowered via mandatory contract registration and transparent indices, encouraging rental investment.

Risk Reduction for the Developer (Etmam & Services):

Operational risk (time/cost) is lowered by fast-tracking permits and digitizing compliance, ensuring a reliable return on investment.

This robust governmental framework directly lowers the volatility typically associated with emerging real estate sectors, positioning the KSA market as an increasingly stable and attractive destination for long-term real estate capital.

In essence, the data highlights that KSA is employing a **multi-layered strategy** where direct financial facilities are complemented by robust governance and efficiency tools, ensuring that increased housing supply is matched by increased trust and operational flexibility across the entire housing value chain.



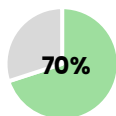
KSA REAL ESTATE 2025–2030: A SUSTAINABLE BOOM, NOT A BUBBLE

Propelled by Vision 2030, the market is set for ****unprecedented growth****, underpinned by strong fundamentals, massive state backing, and a surge in strategic foreign investment.

A Market Redefined by Trillions

Total Market Value Forecast
(2025)

\$2.31T



Residential Sector dominance at ****70%**** (\$1.64T). The boom is in housing.

Active Project Pipeline

\$1.7T+

Value of active or awarded mega-projects, indicating a secure build-out phase.

Unwavering State Commitment

\$50B+

Investment into key zones (e.g., DGDA) and ****SAR 31B**** in housing loans (2023).

Dual-Engine Growth: **Global Capital & Domestic Demand**

Explosion of Investor Confidence: Foreign investment surged by **+35% in 2024**, complementing a **+44% surge in FDI Net Flows (Q1 2025)**. Liberalized ownership policies are unlocking a new wave of global capital.

Nation on the Move: A rapidly urbanizing population projected to hit **40 Million by 2030 (80% urban)** is driving fundamental demand.

- *Proof Point:* Riyadh alone saw over **150,000 new units** in 2024 with prices climbing **10% YoY**, and office occupancy growing by **9% YoY**.

Strategic Considerations: **Navigating the Headwinds**

A balanced forecast requires smart investors to navigate these key factors.

Financing & Cost Pressures

Developer financing costs (5.75%–7.75%) and fluctuations in material prices might put pressure on profit margins.

Regional Imbalances

Risk of oversupply in some luxury segments contrasts with housing shortages in other areas, creating nuanced opportunities.

Regulatory Complexity

Navigating the regulatory landscape remains a key consideration, especially for new international entrants.



THE **SAUDI PROPERTY MARKET** IS ENTERING A NEW PHASE OF **SUSTAINABLE EXPANSION**, DEFYING THE RISKS OF AN OVERHEATED BUBBLE.

First, let's talk about the sheer **Scale of Ambition**. We're looking at a US\$2.31 trillion market, but the real story is in its composition. A massive **70% of that is residential**. This isn't just about building skyscrapers; it's about building homes for a nation.

What's fueling this? A **Dual-Engine Growth** model. On the global side, the floodgates are open. We saw a **35% jump in foreign investment last year alone**, building on the incredible 44% FDI surge we saw earlier this year. But the real power is the domestic engine.

Imagine **40 million people, 80% of them living in cities by 2030**. This isn't a projection; it's a demographic certainty. And we're already seeing the impact: just look at Riyadh, where prices jumped **10% last year** and office occupancy is up **9%**. The demand is real, and it's happening now.

Navigating the Headwinds for Long- Term Gain.

A truly smart forecast must address the challenges alongside the opportunities. We certainly recognize the persistent **headwinds of financing costs and material prices**. Furthermore, the market shows **regional imbalances**, presenting risks of oversupply in some zones and critical shortages in others.

For international investors, successful execution still hinges on efficiently navigating the evolving **regulatory landscape**. These factors are not barriers to entry; they are the essential filters that distinguish strategic, long-term partners from those seeking short-term speculation.

The Verdict: This is the Future, Built Today.

Our verdict is clear: with a solid foundation, robust capital availability, and proven demand, the market is poised for success. Saudi Arabia is not merely engaging with global real estate trends; it is **actively constructing the region's future**. The projected boom is real, and the optimal moment to commit is now.



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