

Research

Saudi Arabia | 2026

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Saudi Arabia Market Review and Outlook 2025-2026

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01

Key Trends

Key Trends

1

Regulatory changes and increasing transparency.

Regulatory reforms are enhancing governance and transparency through improved licensing frameworks, digital platforms, and expanded data availability, boosting investor confidence and institutional participation. These improvements are part of a broader regional trend toward more competitive regulatory environments and greater market transparency.

2

Infrastructure delivery will be a key catalyst for development.

The delivery of key infrastructure projects in the region remains in its infancy, as these projects come to fruition, this will in turn spur new development deliveries and be a catalyst for private sector participation.

3

Cross-border capital will drive investment markets, supported by alternative capital.

International capital will form a significant part of activity within investment markets across the region. Due to the lack of available investment stock, we expect that this cohort of investors will also undertake greenfield development projects. More generally, we expect that alternative financing sources will have a much more central role in development financing.

4

Retrofits and repurposing of assets will begin to gain pace.

Higher land prices, increasing construction costs, alongside evolving experiential, spatial and sustainability preferences and standards will see more existing assets undergo retrofits or even repurposing in extreme cases as owners look to maintain assets' long-term viability and improve values and returns.

5

Construction costs inflation will be material.

Global trade upheaval and strong construction market activity in the region will likely mean construction costs inflation will remain material.

6

Data Centers Emerging as a Strategic Real Estate Asset Class.

Saudi Arabia is swiftly establishing itself as a regional technology center, fueling demand for large-scale data center infrastructure. The expansion of AI, cloud computing, and digital transformation initiatives is increasing the need for energy-intensive digital facilities, generating a new institutional-quality asset category in the Kingdom's property market.



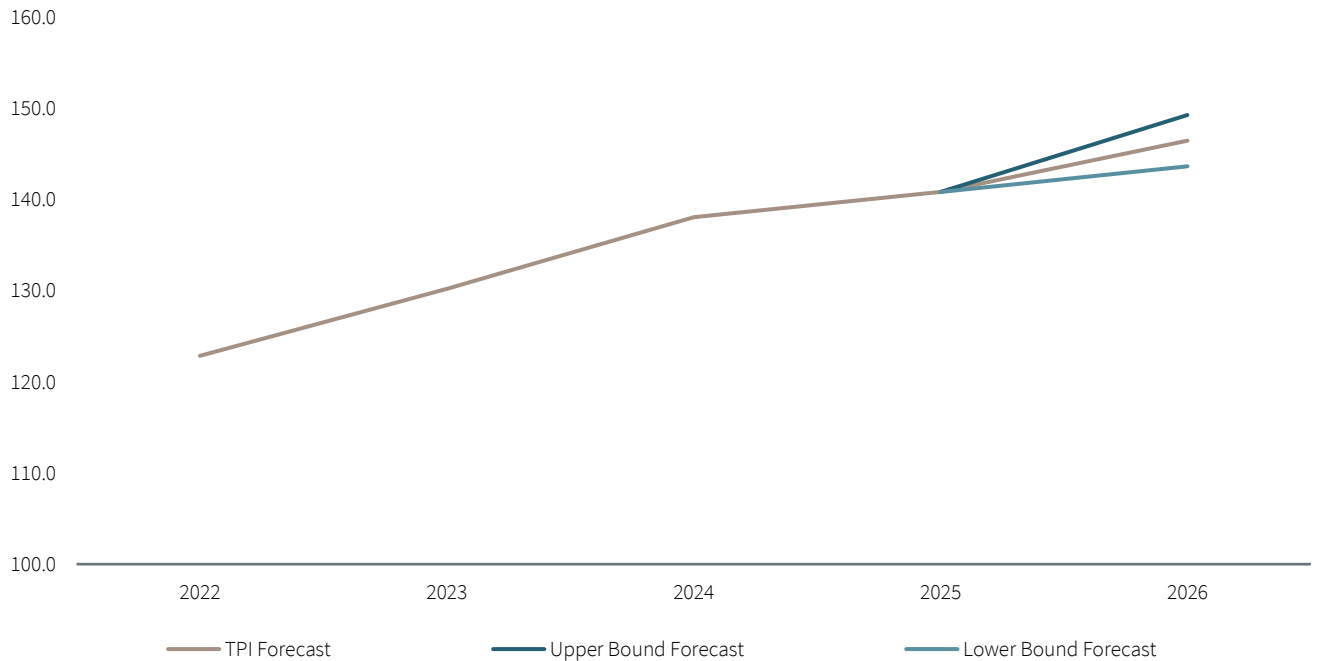
02

Construction Market



Tender Price Inflation (TPI)

Figure no. 01

Chart: **Saudi Arabia, Tender Price Inflation, JLL estimates**

Source: JLL Research 2025

Saudi Arabia's tender price inflation (TPI) moderated significantly in 2025, recording 2.0% growth compared to 6.0% in both 2023 and 2024. This deceleration resulted from substantial market contraction, with new contract awards declining 35-40% year-on-year, creating a more competitive tendering environment that effectively moderated construction sector cost pressures. JLL forecasts TPI to increase by 4.0% in 2026 as market conditions shift with resumed project activity. The first half of 2026 is expected to maintain 2025's subdued pace, while the second half should witness renewed demand as the Kingdom accelerates towards its 2030 objectives. Beyond 2026, forecasting becomes challenging due to uncertainties surrounding new project releases, with trajectory dependent on award phasing and industry adaptation capacity. The forecast accounts for potential capacity constraints from simultaneous large-scale projects, while acknowledging that technological advancements and increased local material sourcing could positively impact cost dynamics.

Saudi Arabia, Construction Cost Benchmarking, 2025

Excavation and disposal	Concrete	Rebar	Structural steel
SAR 50 – 80 per metre cubed	SAR 450 – 670 per metre cubed	SAR 5,100 – 5,500 per tonne	SAR 15,500 – 16,600 per tonne

Sector	Low SAR per m ²	High SAR m ²
Residential		
Mid and high rise	5,700	10,700
Villa	5,100	9,200
Townhouse	4,600	6,100
Commercial		
Mid-rise office (S&C)	5,100	7,700
Fit out	5,500	11,800
Retail		
Strip	4,600	5,100
Community/Regional	5,400	7,300
Hospitality		
5* Resort (avg 220m2 GFA/ key)	14,900 m2/3,276,000 key	20,400 m2/4,488,000 key
5* Hotel (avg 200m2 GFA/ key)	12,200 m2/2,448,000 key	16,300 m2/3,264,000 key
4* Hotel (120m2 GFA/ key)	8,900 m2/1,065,000 key	13,500 m2/1,622,000 key
Industrial and logistics		
Light Industrial Unit (LIU)	2,900	4,300
Logistics warehouse facility	6,600	9,100
Car parking		
Multi storey	3,000	4,100
Basement	3,900	5,600
Public amenities		
Mosque	5,100	11,200
Park/Landscape	400	1,250

Construction costs –Definitions and caveats

- The m2 area is based on GIA unless otherwise stated.
- The benchmark rates included are a range of indicative construction costs based on JLL project data. The cost data is currently based on traditional procurement type. Factors such as project location, contract type, contractor appointment strategy, building design, e.g., façade type, specification level, economies of scale, building efficiency and structural solution can impact the cost.
- Low range: Assumption is based on low-medium specification and verified against JLL benchmark projects.
- High range: Assumption is based on medium - high specification and verified against JLL benchmark projects.
- Ranges may vary based on the procurement and contract strategy, payment mechanism, location, asset class, building area and awarded contractor category.



General exclusions

- Capital contributions to third parties, tenants or authorities
- Client finance costs
- Local authority charges, road closures, etc.
- Client insurances
- Value Added Tax (VAT) and other taxes
- Development management cost and expense
- Marketing cost and expense
- Land cost
- Municipality connection cost
- Master infrastructure cost
- Grey and rainwater recycling system and other renewable technology
- Waste management
- Facility management equipment
- Utilities outside the plot boundary
- Developer legal fees
- TV and AV system
- Inflation
- Professional fees
- Contingencies



General inclusions

- Main contractor preliminaries and overheads and profit.
- The rates are based on traditional design and construct (employer and contractor), i.e., not developer, and excludes level of complexities.



Residential/Commercial office notes

Excludes loose furniture, white goods, OS&E, artwork, internal planting, active IT equipment and leasing and acquisition costs.



Hospitality notes

- Excludes loose furniture, white goods, OS&E, artwork and internal planting.
- Hospitality rates in Makkah and Madinah shall differ from the specified benchmark rates due to efficiencies in area allocation against the total number of keys.



Industrial and logistics

Logistics warehouse facility assumes multi-purpose/tenanted facility, higher benchmark includes cold storage. Excludes storage and racking systems, IT equipment, production and other types of equipment, stat



Carparking notes

The benchmark rates are based on a total area allocation of 35-40m² per number of parking space bays.



Landscaping notes

The benchmark data is a blended rate which includes hard, softscape, furniture, lighting, associated mechanical and electrical services, special features and earthworks. Factors such as volume and density, specification level and features will impact the complete cost per square metre cost.



Retail notes

Excludes tenant fit out.



Material rates

- Actual project rates are dependent on the specific project, site condition and procurement route and are subject to commodity price fluctuations and inflation.
- Bulk excavation and disposal; based on sand soil material only, excludes any work related to hard rock, contaminated material treatment and special systems to support adjacent structures.
- Concrete; grade 40/50, excludes admixtures and additional temperature control costs, minimum load volumes are applicable.
- Rebar; cut & bend costs included, grade 60 12-32mm diameter bars.
- Structural steel; excludes fire protection coating and corrosion protection.

JLL endeavours to provide accurate benchmark cost data relevant for the MEA market, however all benchmark data reported has a sensitivity cost factor of +/- 15%.

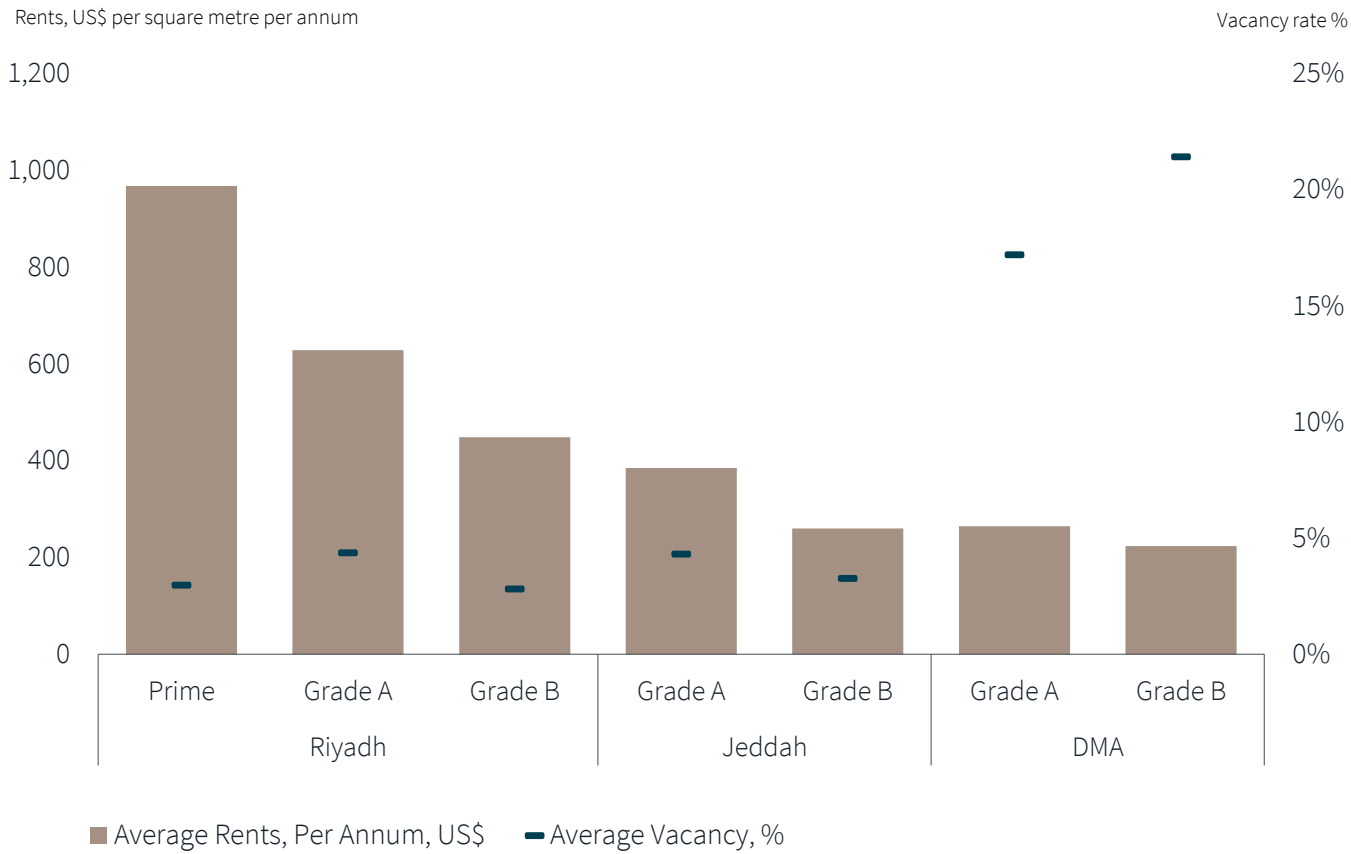
03

Property Sectors Review and Outlook



Offices

Figure no. 02
Offices, Rents, US\$ per square metre per annum and vacancy rate, Q4 2025



Source: JLL Research



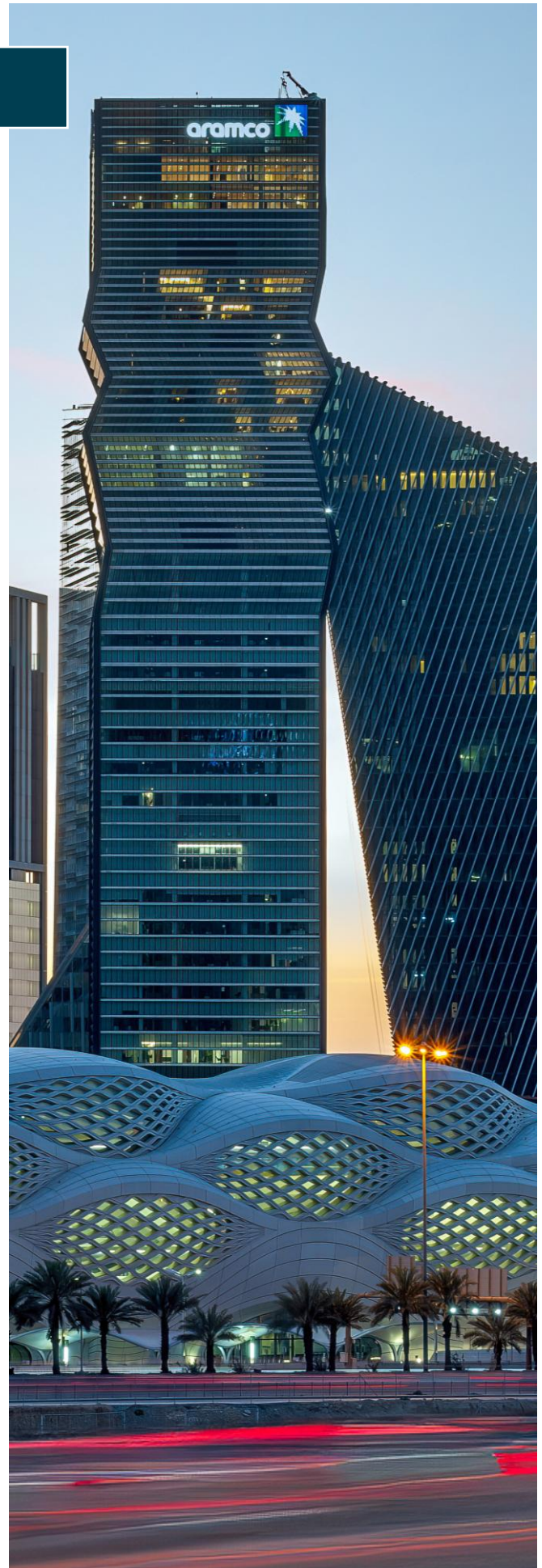
Riyadh

The Riyadh office market is displaying early indicators of adjustment following the implementation of the rent freeze, with rental performance increasingly differentiated by asset quality. On an annual basis, prime office rents rose by 11.1% to US\$ 968 (SAR 3,630) per square metre per annum, substantially outperforming the broader market. Grade A rents recorded modest growth of 2.1%, while Grade B rents increased by 10.3%, reaching US\$ 628 (SAR 2,356) and US\$ 448 (SAR 1,681) per square metre per annum, respectively. On a quarterly basis, rental growth moderated, with prime rents remaining broadly stable as landlords adopted more flexible leasing approaches. In the Grade B segment, slight rental softening was observed, indicating early pricing pressure.

Leasing demand remained resilient across all grades, reflected in low vacancy levels. During Q4 2025, prime office vacancy stood at approximately 3.0%, whilst Grade A vacancy averaged 4.4%. In the Grade B segment, vacancy declined to around 2.8%, supported by increased landlord flexibility and competitive deal structures. From a supply perspective, approximately 758,000 square metres of new office space was delivered during 2025, bringing total office stock to around 9.0 million square metres. Over the next 12 months, a further 1.5 million square metres of new office GLA is expected to enter the market.

Looking ahead, market performance is expected to be increasingly driven by asset quality rather than rental escalation. Occupier demand is likely to continue gravitating towards well-located, high-specification developments that offer strong building efficiency, ESG credentials, and flexible commercial terms.

Prime and best-in-class assets are expected to sustain outperformance, whilst older and secondary stock may face rising competitive pressure, necessitating repositioning strategies or enhanced incentive packages.

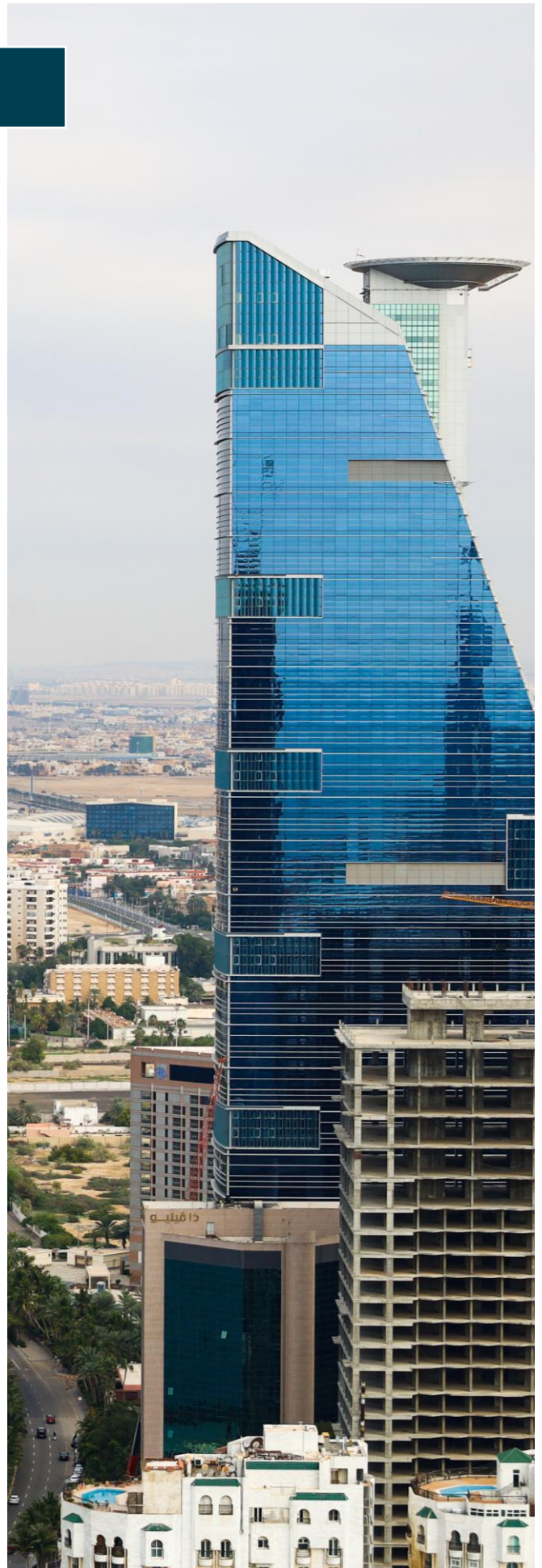


Jeddah

Jeddah's office market showed resilience throughout 2025, with demand concentrated within the high-quality segment of the market. Market strength was driven by occupier expansions and relocations. Jeddah's position as the commercial hub of the western region continued to strengthen, and coupled with limited availability of Grade A assets, this gave landlords a negotiating advantage. Completions during the year were modest, with approximately 71,285 square metres added to total stock, bringing office supply to around 2.8 million square metres. Looking ahead to 2026, only around 21,000 square metres is expected to be added to total office supply.

Supply scarcity fuelled price growth as Grade A office rents increased 3.5% year-on-year during Q4 2025, reaching US\$ 385 (SAR 1,445) per square metre per annum. Grade B office developments saw rents rise approximately 7.7% year-on-year, settling at US\$ 260 (SAR 974) per square metre per annum. Vacancy levels across the city remained low, with Grade A at 4.3% and Grade B at 3.3%.

As the city's appeal grows and it strengthens its position as the country's second commercial hub, Jeddah's office sector is expected to sustain office space demand. With limited availability of high-quality spaces, rates are expected to continue rising slightly whilst vacancy levels remain low.



DMA

The Dammam Metropolitan Area (DMA) office market in 2025 remained anchored by government-related entities and oil sector companies. Occupier demand demonstrated stability with minimal shifts among major tenants, although gradual expansion is evident across the area, particularly within Khobar where tenants seeking higher-quality developments have increasingly concentrated. The year witnessed growth in office supply, with approximately 36,080 square metres of GLA delivered to the market. This addition increased total office stock in the DMA to around 2.0 million square metres. Looking ahead, a significant pipeline of new office space, totalling about 223,266 square metres, is expected to enter the market in 2026.

Despite the increased new supply, rental rates for both Grade A and B office spaces demonstrated resilience throughout the year. As of Q4 2025, average leasing rates for Grade A buildings stood at US\$265 (SAR 994) per square metre per annum, while Grade B properties maintained rates at US\$224 (SAR 840) per square metre per annum. Vacancy rates showed some divergence between office grades, with Grade A buildings recording an average city-wide vacancy of 17.2%, compared to 21.4% for Grade B properties, reflecting the continued flight-to-quality trend among tenants.

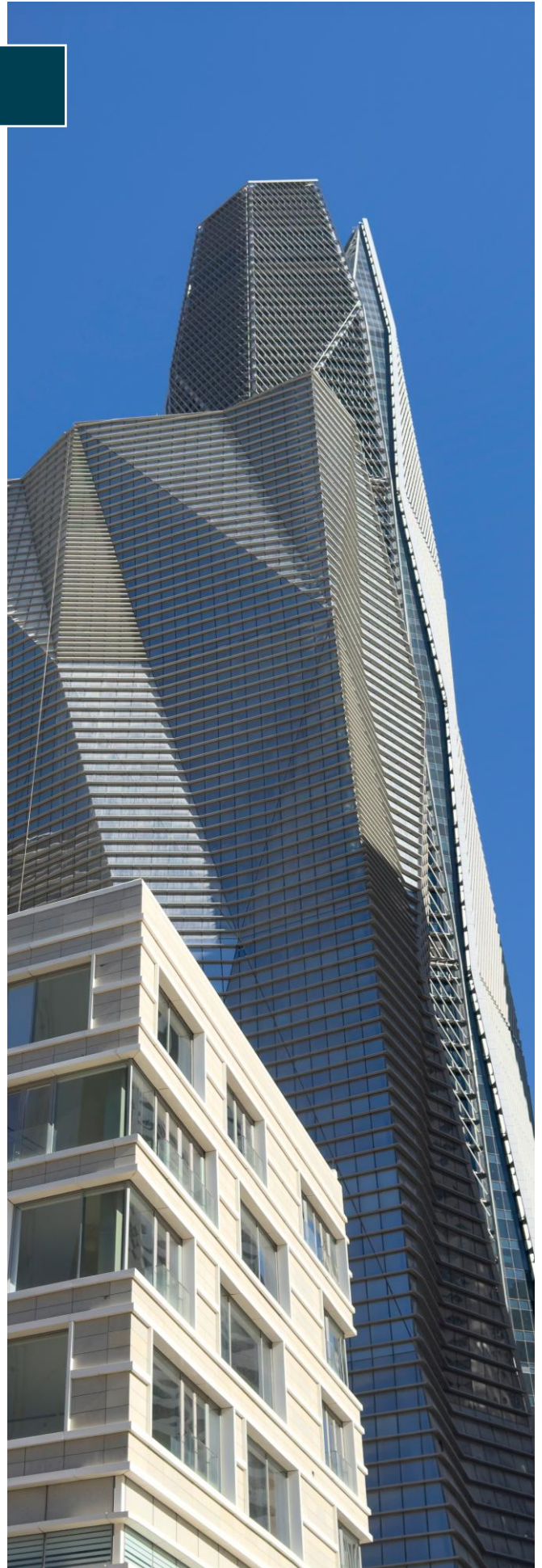
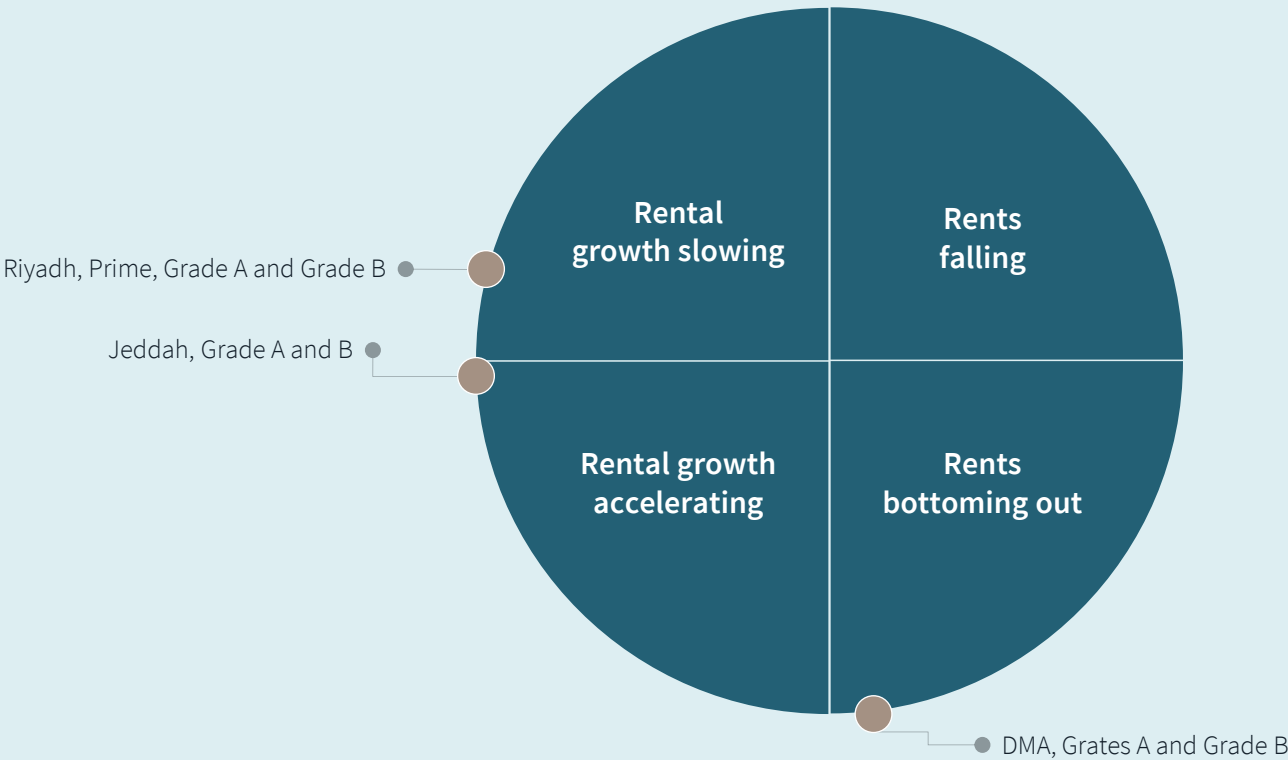


Figure no. 03
Offices, Current and Future Supply, Square Metres

	Total completions, 2025	Current stock, Q4 2025	Forecast completions, 2026
Riyadh	757,983	9,029,208	1,534,038
Jeddah	71,285	2,801,557	21,056
DMA	36,080	2,014,853	223,266

Source: JLL Research

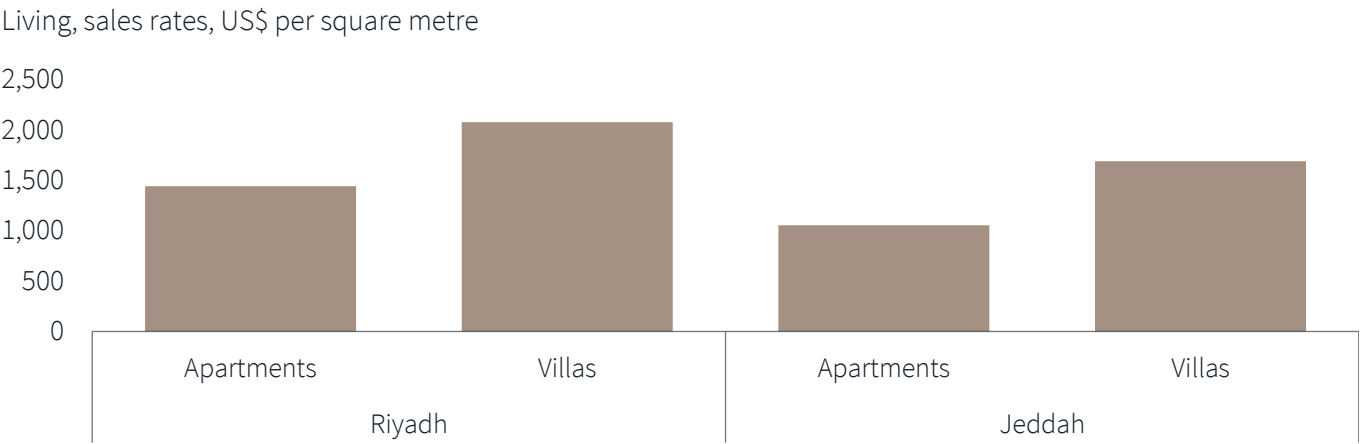
Figure no. 04
Offices, Rental Clock, 2025





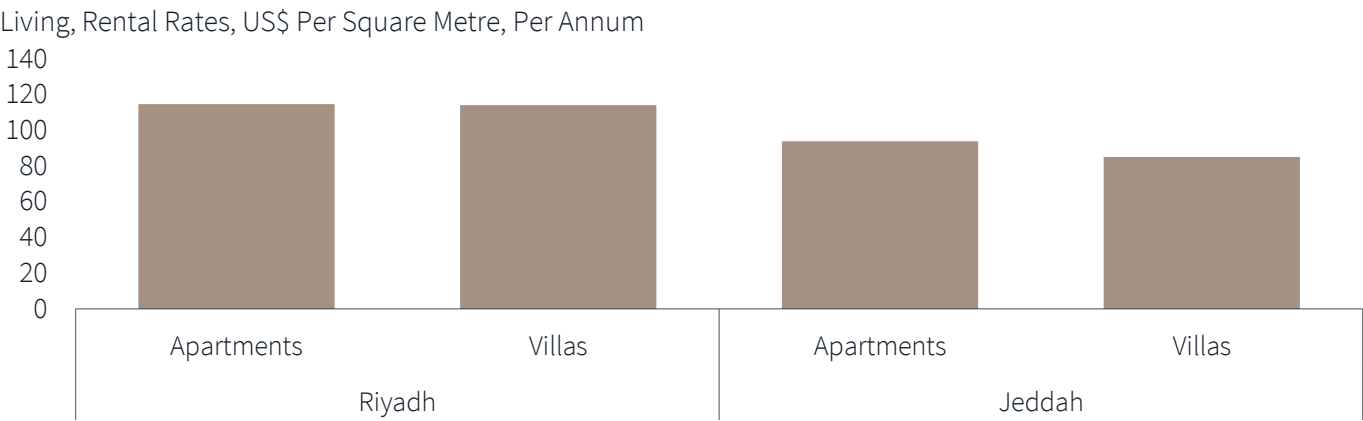
Living

Figure no. 05
Living, Sales Prices, US\$ Per Square Metre, Q4 2025



Source: JLL Research

Figure no. 04
Living, Rental Rates, US\$ Per Square Metre per Annum, Q4 2025



Source: JLL Research



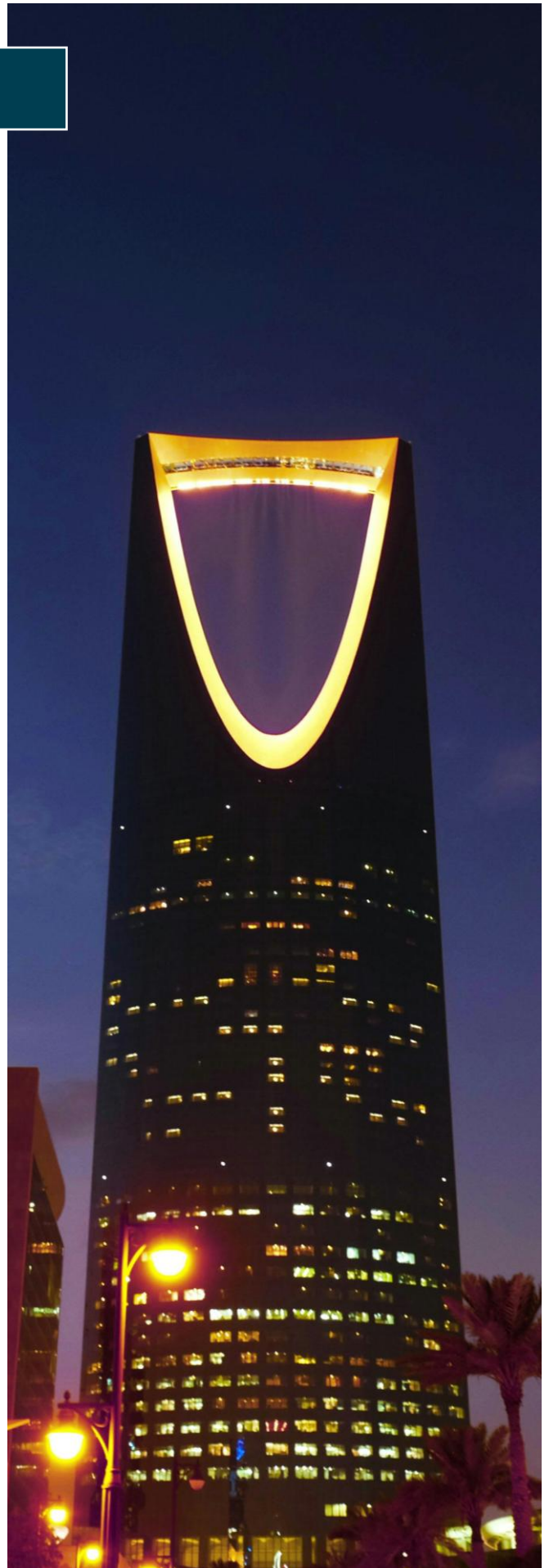
Riyadh

Riyadh's residential market sustained robust activity throughout the period, driven by continued population growth, employment expansion, and strong underlying demand. The introduction of foreign ownership regulations has introduced a new demand dimension, particularly benefiting well-positioned, high-quality residential developments, though its immediate influence remains gradual.

Residential values demonstrated varied performance during Q4 2025 across property types. Apartment prices declined by approximately 16.4% year-on-year, reaching an average of US\$ 1,445 (SAR 5,417) per square metre, whilst villa prices increased by 18.0%, underpinned by constrained availability in established districts.

Supply deliveries totalled approximately 22,500 units during 2025, elevating total residential stock to around 2.17 million units. New completions were predominantly apartments, responding to affordability considerations and shifting household preferences. Over the next 12 months, an additional 32,500 units are anticipated to enter the market, enhancing buyer choice whilst remaining broadly absorbable given solid demand fundamentals.

Transaction volumes declined by 22.8% year-on-year, with 22,254 residential transactions completed during 2025. Apartments accounted for 60% of sales activity, reflecting affordability dynamics and heightened interest from first-time buyers and investors, whilst villa transactions remained more selective but commanded higher values.



Jeddah

The residential market in Jeddah demonstrated stable performance, underpinned by steady end-user demand and improving buyer sentiment. The implementation of foreign ownership regulations has the potential to enhance long-term demand, particularly for waterfront and centrally located apartment developments, although near-term impacts on market metrics remain modest.

Residential prices recorded moderate movements during Q4 2025. Apartment prices slightly declined by 2.1% year-on-year, with average sale prices reaching US\$ 1,055 (SAR 3,956), while villa prices saw growth of 4.0%, with prices averaging US\$ 1,691 (SAR 6,342), supported by limited new villa supply and sustained demand in established northern districts.

Residential transaction volumes during 2025 increased substantially compared to the previous year, rising to 11,755 transactions from 3,045 in 2024, representing a 286% year-on-year increase, indicating a strong recovery in buyer activity. Apartments accounted for the majority of activity at 85.4%, reflecting renewed confidence in the residential market and improved accessibility for first-time buyers and investors transactions remained comparatively subdued, reflecting higher price points and more limited product availability, though the overall surge in transaction volumes suggests a broader market revival across multiple segments.

On the supply side, the total stock in Jeddah stood at around 1.2 million units, with the majority of the completions throughout the year comprising apartments concentrated within the northern and central parts of the city. Over the coming year, more developments are expected to materialise, with major projects including initial phases of ROSHN AlArous.



Figure no. 06

Living, Current and Future Supply, Number of Units

Market	Total completions, 2025	Current stock, Q4 2025	Forecast completions, 2026
Riyadh	22,504	2,170,529	32,541
Jeddah	8,074	1,220,311	22,638
DMA	2,571	725,355	10,574

Source: JLL Research

Figure no. 07

Living, Sales Clock, 2025

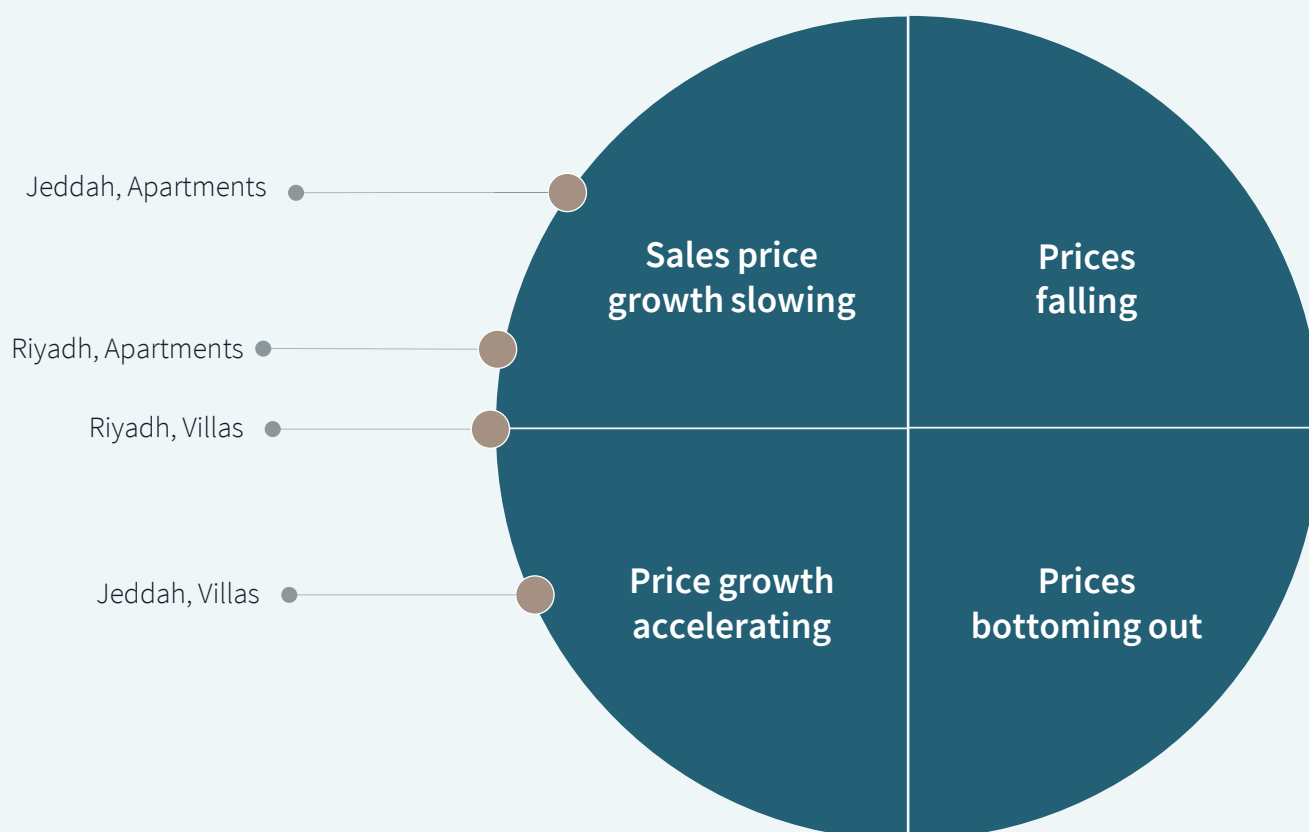
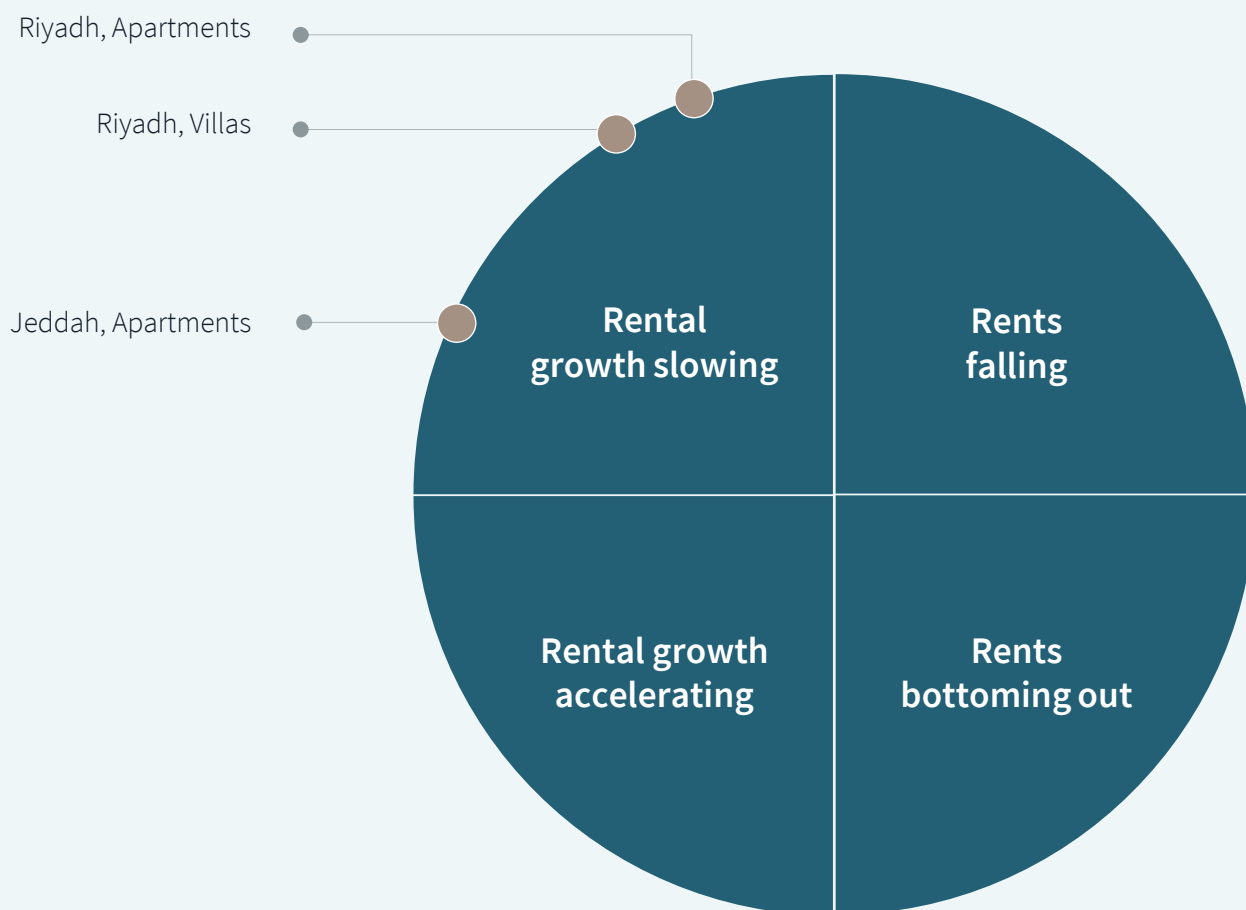


Figure no. 08

Living, Rental Clock, 2025





Hotels

Figure no. 09
Hotels, Key Performance Indicators, YTD 2025, US\$

	ADR	Occupancy	RevPAR	ADR % Change	Occupancy PP Change	RevPAR % Change
Riyadh	218	61.6%	134	-7.8%	-1.6%	-10.1%
Jeddah	168	64.6%	109	-7.4%	3.5%	-4.2%
Al Khobar and Dammam	98	61.5%	60	1.4%	0.9%	3.0%
Makkah	187	63.5%	119	3.1%	2.5%	7.5%
Medina	202	73.3%	148	-1.5%	2.5%	2.0%

Source: STR Global/ JLL Research



Riyadh

Riyadh's hospitality sector remains well-positioned to capitalise on the Kingdom's comprehensive economic transformation under Vision 2030, which identifies tourism as a strategic growth driver. As Saudi Arabia's political, financial, and events hub, Riyadh has captured significant benefits from rising government, corporate, and leisure travel demand, bolstered by an increasingly robust schedule of international conferences, trade exhibitions, cultural events, and entertainment-focused developments.

The sustained flow of visitors contributed to steady performance in year-to-date December 2025. Average occupancy levels remained relatively stable at approximately 61.6%, while ADR adjusted to market conditions at US\$ 218 (SAR 818), reflecting a 7.8% annual decline due to the dynamic competitive landscape in business segments. RevPAR reached US\$ 135 (SAR 504), experiencing a 10.1% annual decrease, as the market navigated challenging operating conditions while maintaining its ability to attract visitors across mid-week and weekend stays.

The total hotel supply stood at around 49,300 keys in 2025, with approximately 1,460 keys added from January to December. Growth is expected to continue into the following year, with around 1,170 keys entering the market in 2026.

Looking ahead, the sector's outlook remains positive as enhanced global aviation links have facilitated stronger feeder markets, broadening the city's visitor base. Continued emphasis on experiential travel, mega-events, and diversified tourism products are expected to underpin sustained sector growth, positioning Riyadh as an increasingly prominent destination on the global hospitality map.

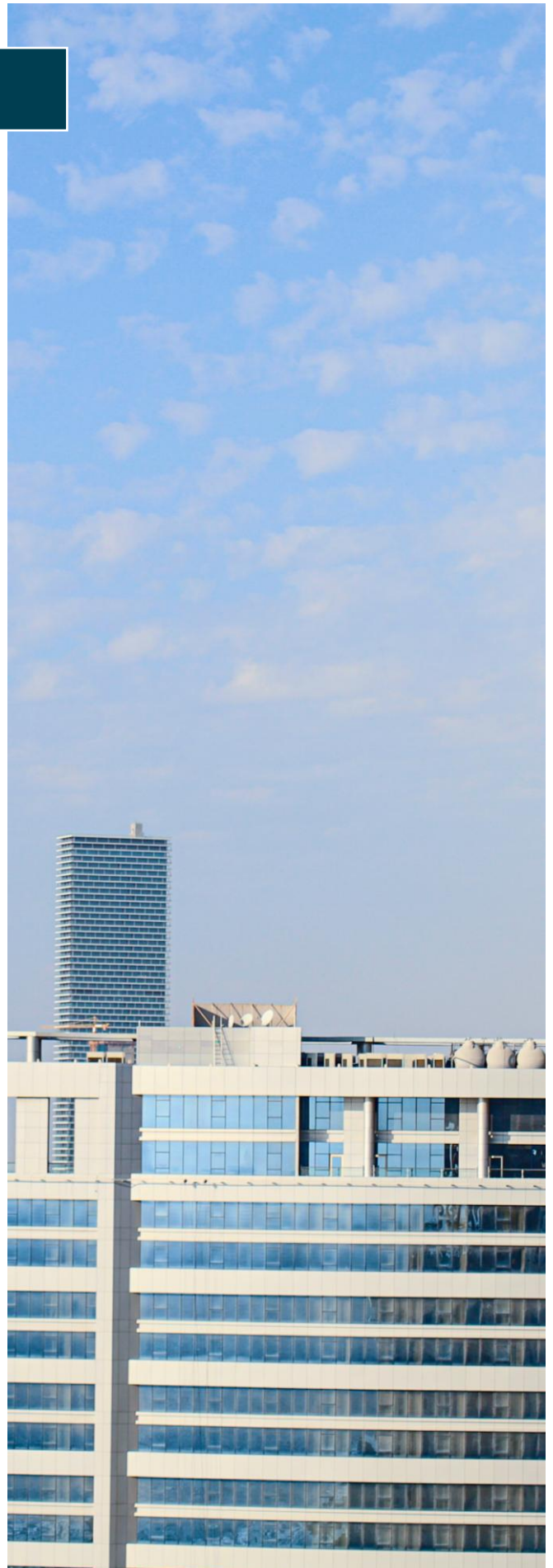


Jeddah

Jeddah's hospitality sector continued to capitalise on its unique position as both a religious tourism hub and a growing leisure destination throughout 2025. With Hajj and Umrah visitation remaining one of the core demand drivers, the sector recorded resilient performance across the year, benefiting from steady religious tourism flows whilst simultaneously attracting an increasingly diverse visitor base drawn to the city's expanding cultural and entertainment offerings. The total number of keys delivered throughout 2025 was around 800 keys, bringing the total stock to around 29,600 keys, and an additional 2,600 keys are expected to enter the market during the coming year.

Occupancy rates averaged approximately 64.6% in YTD December 2025, while ADR registered a decline of around 7.4% to reach around US\$ 168 (SAR 630), reflecting market adjustments amid growing supply. RevPAR decreased by 4.2% to approximately US\$ 109 (SAR 409), though occupancy levels improved by 3.5 percentage points, supported by consistent year-round demand. Performance was further enhanced by several key demand catalysts during 2025, including the Red Sea Film Festival 2025, which generated strong hotel bookings across both urban and beachfront zones, elevated cruise tourism arrivals, and new experiential events such as Formula 1 on Water (international powerboat championship), reinforcing Jeddah's appeal as a multi-purpose tourism destination.

Looking ahead to 2026, Jeddah's hospitality landscape is well-positioned for continued demand growth. The sector's future success is expected to be driven by ongoing diversification into leisure segments beyond religious travel, coupled with stronger private sector engagement in event programming and destination marketing. This strategic evolution is anticipated to broaden the city's demand profiles and reduce seasonal volatility, creating a more resilient hospitality market that can capitalise on Jeddah's unique geographic position and growing international profile.



DMA

The hospitality sector in DMA is underpinned by the region's strategic role as the primary energy hub, supporting steady demand from corporate and business travellers. The DMA market also started benefiting from the rising demand for coastal and lifestyle-oriented destinations from domestic tourists. Hotel supply expanded by around 150 keys, bringing the total inventory to around 19,300 keys.

Market performance remained stable, with average occupancy levels sitting at 61.5% during the year to December 2025, while ADRs increased marginally by 1.4% to around US\$ 98 (SAR 367). As a result, RevPAR saw a 3.0% increase compared to the year before to reach US\$ 60 (SAR 226). The growth in RevPAR demonstrates the market's resilience despite ongoing regional economic shifts. This performance positions DMA favourably among emerging hospitality markets in the Gulf region.

Looking ahead, a pipeline of around 430 keys is expected to enter the market in 2026, with performance expected to be supported by continued investment in the region and the gradual diversification of tourism offerings across the Eastern Region.

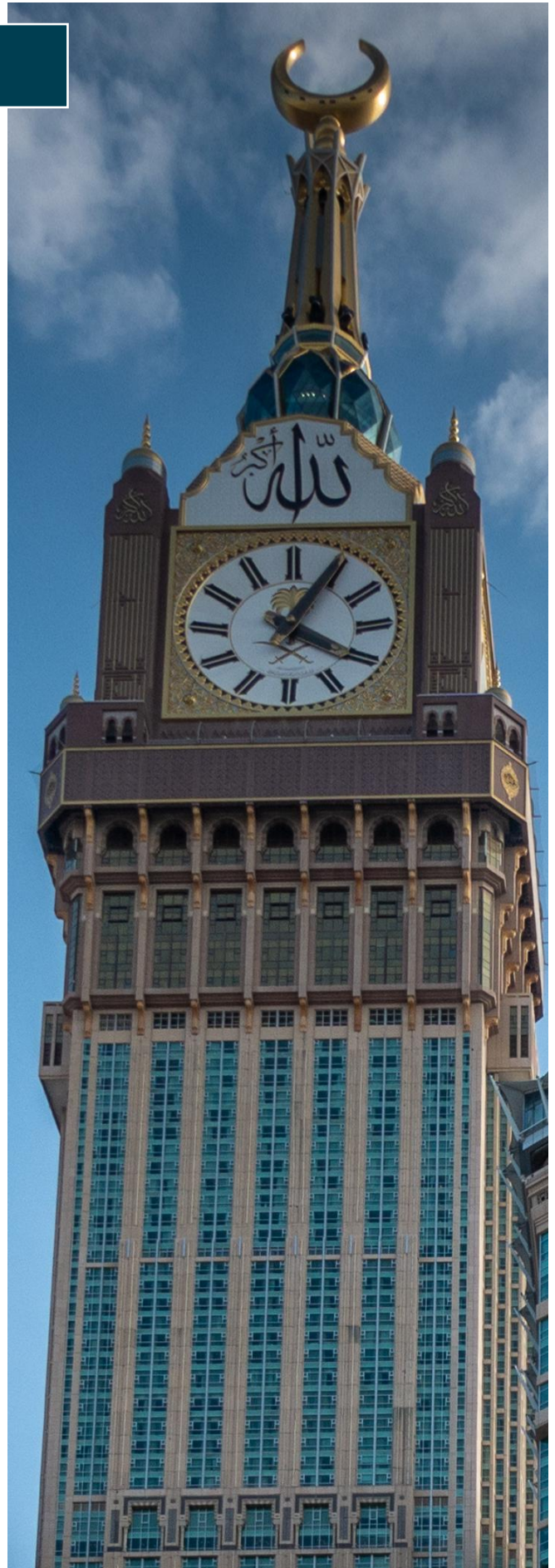


Makkah

Makkah's hospitality sector is fundamentally driven by the city's role as the primary religious tourism destination, generating sustained demand from Umrah pilgrims and Hajj visitors year-round. Umrah visitation reached over 15.2 million pilgrims in Q1 2025 alone, reflecting the continued acceleration of religious travel aligned with Vision 2030 capacity expansion targets. Religious tourism remains the core demand driver, further supported by ongoing transport infrastructure investment and enhanced visitor services within the central Haram area. Only one hotel opened during 2025, bringing total operational inventory to approximately 294,500 keys.

Market performance remained stable, with average occupancy reaching around 63.5% for the year ending December 2025, while ADRs increased 3.1% to approximately US\$187 (SAR 701). Consequently, RevPAR reached around US\$119 (SAR 446), demonstrating the market's ability to maintain performance despite increasing competition and pricing pressures. This resilience underscores Makkah's structurally strong demand foundation, supported by year-round pilgrimage flows and pronounced seasonal peaks.

Looking ahead, approximately 6,000 keys are expected to enter the market in 2026, including the largest Courtyard by Marriott property which will contribute around 2,100 keys. Performance is anticipated to benefit from continued government investment in religious tourism infrastructure and Vision 2030 initiatives aimed at expanding Umrah capacity and enhancing the overall pilgrim experience.



Medina

Madinah's hospitality sector is fundamentally driven by the city's status as Islam's second holiest destination, generating sustained demand from Umrah pilgrims and Ziyara visitors year-round. Religious tourism remains the core demand driver, with additional support from improved air connectivity and enhanced visitor infrastructure around the Prophet's Mosque. Hotel supply expanded by approximately 860 keys, bringing total inventory to around 50,600 keys by end-2025.

Market performance remained stable, with average occupancy reaching around 73.3% for the year ending December 2025, while ADRs declined marginally by 1.5% to approximately US\$202 (SAR 757). Consequently, RevPAR reached around US\$148 (SAR 555), demonstrating the market's ability to maintain performance levels despite increased competition and operational cost pressures. This resilience underscores Madinah's structurally strong demand foundation, supported by year-round pilgrimage flows and seasonal religious travel peaks.

Looking ahead, approximately 1,300 keys are expected to enter the market in 2026, with performance anticipated to benefit from continued government investment in religious tourism infrastructure and Vision 2030 initiatives aimed at increasing Umrah capacity and enhancing the overall pilgrim experience.



Figure no. 18

Hotels, Current and Future Supply, Number of Keys

Market	Total completions, 2025	Current stock, Q4 2025	Forecast completions, 2026
Riyadh	1,075	44,777	1,238
Jeddah	808	29,650	2,613
DMA	150	19,315	432
Makkah	50	294,570	5,897
Medina	864	50,808	1,317

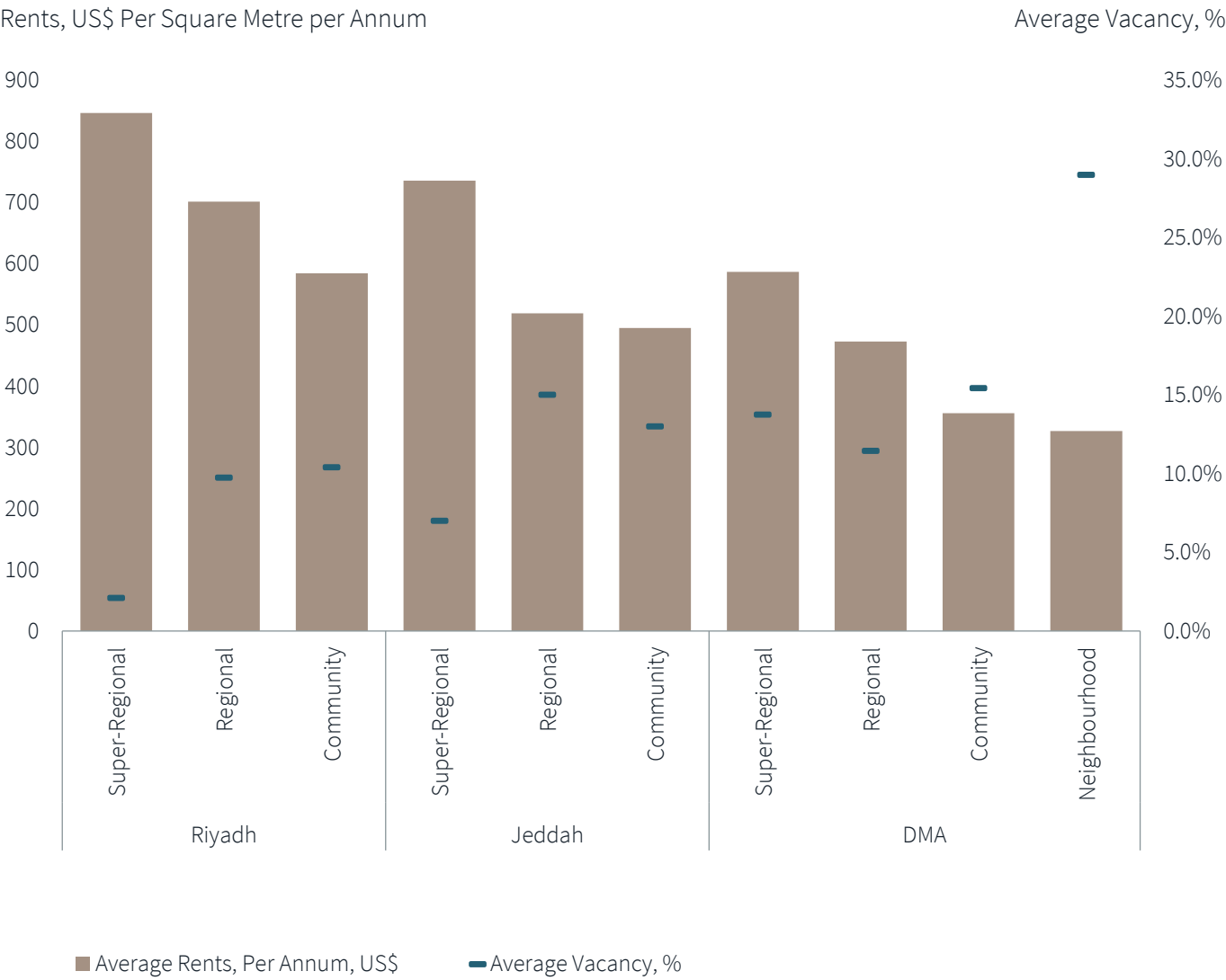
Source: STR Global/ JLL Research





Retail

Figure no. 10
Retail, Rents, US\$ Per Square Metre per Annum, Q4 2025



Source: JLL Research

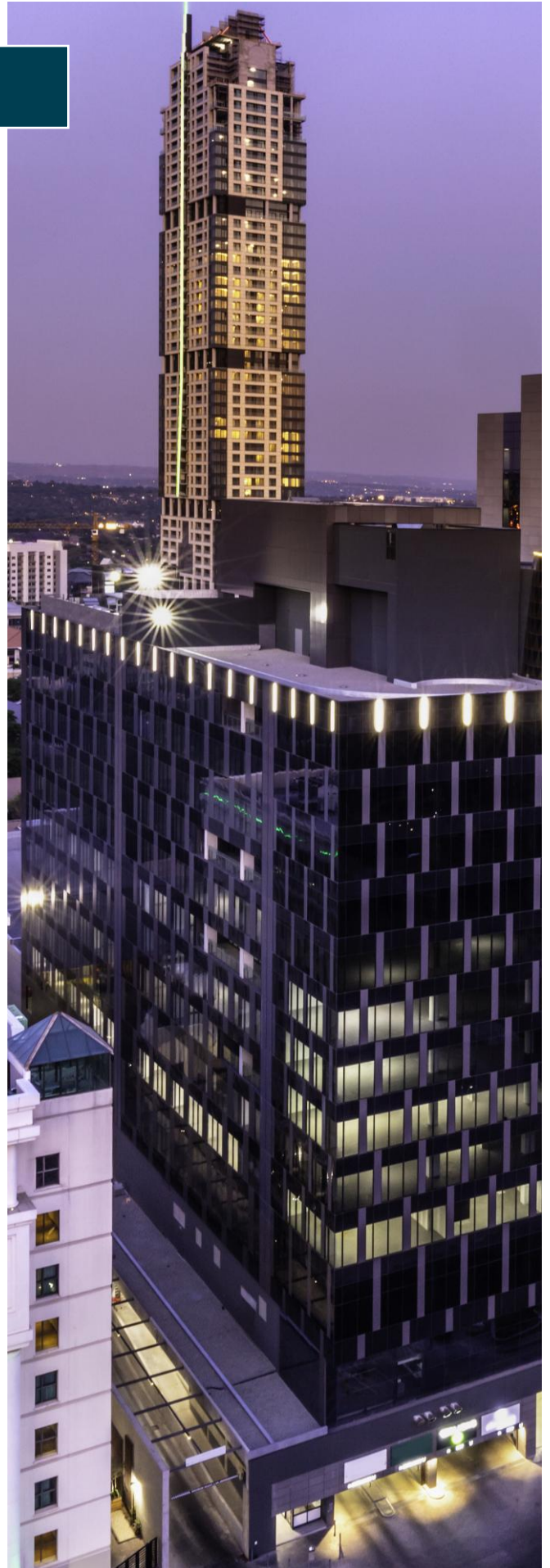


Riyadh

Riyadh's retail sector sustained solid demand throughout Q4 2025, supported by strong consumer spending and elevated visitation from tourism activity. Demand concentrated on experience-led developments, particularly within well-located malls and lifestyle centres, while secondary and older developments faced challenges. Rental rates remained relatively stable with super-regional centres recording modest growth of 0.6% year-on-year to US\$ 846 (SAR 3,175) per square metre per annum, whilst regional malls posted a more significant increase of 3.4% year-on-year, reaching US\$ 702 (SAR 2,632) per square metre per annum.

During 2025, approximately 232,000 square metres of GLA was delivered, bringing total stock to around 4.7 million square metres, with a further 995,000 square metres expected to enter the market in 2026, assuming no construction delays. Major upcoming completions include The Avenues Mall and Jawharat Riyadh.

Looking ahead to 2026, the Riyadh retail market is expected to transition into a more competitive, tenant-driven environment as new supply enters both established and emerging districts. While underlying consumer demand should remain supported by population growth and rising disposable incomes, occupier requirements are expected to become increasingly selective. Market performance will be driven by asset quality, tenant mix curation, and experiential offerings rather than rental escalation, with rental growth expected to remain subdued.



Jeddah

The Jeddah retail market recorded steady performance during Q4 2025. Tenant demand was selective, with retailers favouring new developments and well-established and maintained malls and developments, whilst older, fragmented developments faced some challenges. The increase in tourism across the city, along with waterfront activation, drove elevated footfall in coastal retail districts, boosting temporary leasing and short-term pop-ups. Supply additions were limited, with approximately 339,000 square metres of new retail GLA delivered during the year, taking total retail stock to around 2.7 million square metres. Future supply is expected to remain moderate, with around 277,000 square metres anticipated over the next year, largely integrated within mixed-use developments.

During Q4 2025, average rents in super-regional malls increased by approximately 13.0% year-on-year, settling at US\$ 736 (SAR 2,760) per square metre of GLA. During the same period, regional malls saw rental increases of around 2.8% year-on-year, with rates averaging around US\$ 519 (SAR 1,947) per square metre of GLA. Community malls saw a more modest increase during the same period, 1.2% year-on-year. Vacancy levels declined across all retail formats across the city, with super-regional malls going from 8.3% to 7.0%, regional malls from around 23.5% to 15.0%, and community developments from 20.9% to 13.0%.

Looking ahead, retail in Jeddah will increasingly depend on differentiation through placemaking, experiential retail and strong F&B and leisure components. Across the city, landlords that are proactively adapting their asset strategy to suit the evolving consumer behaviour and retailer requirements are expected to be best positioned to capture the upcoming demand.

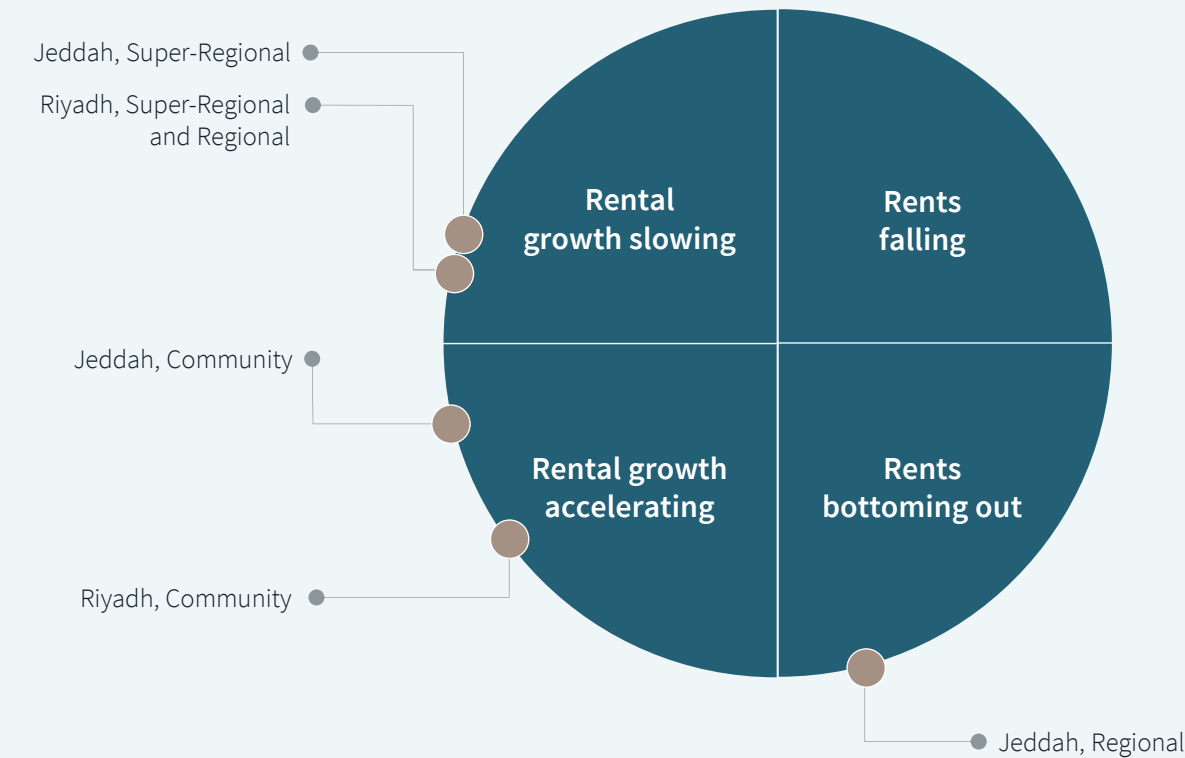


Figure no. 11
Retail, Current and Future Supply, Square Metres

Market	Total completions, 2025	Current stock, Q4 2025	Forecast completions, 2026
Riyadh	117,402	4,176,224	283,126
Jeddah	133,251	2,259,642	637,830
DMA	38,400	1,537,591	115,305

Source: JLL Research

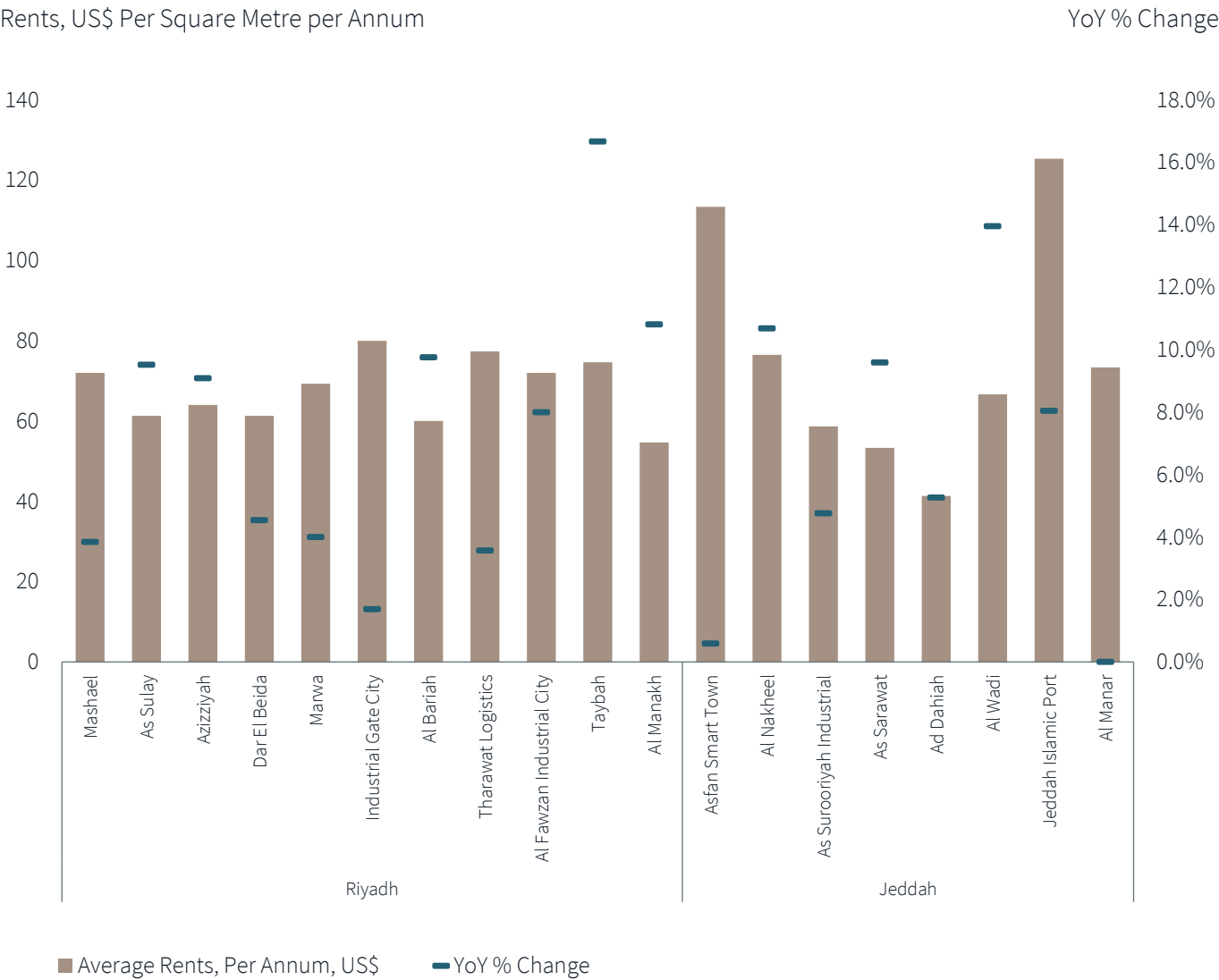
Figure no. 21
Retail, Rental Clock, 2025





Industrial and Logistics

Figure no. 12
Industrial and Logistics, Rents, US\$ Per Square Metre per Annum, Q4 2025



Source: JLL Research

US\$ 68

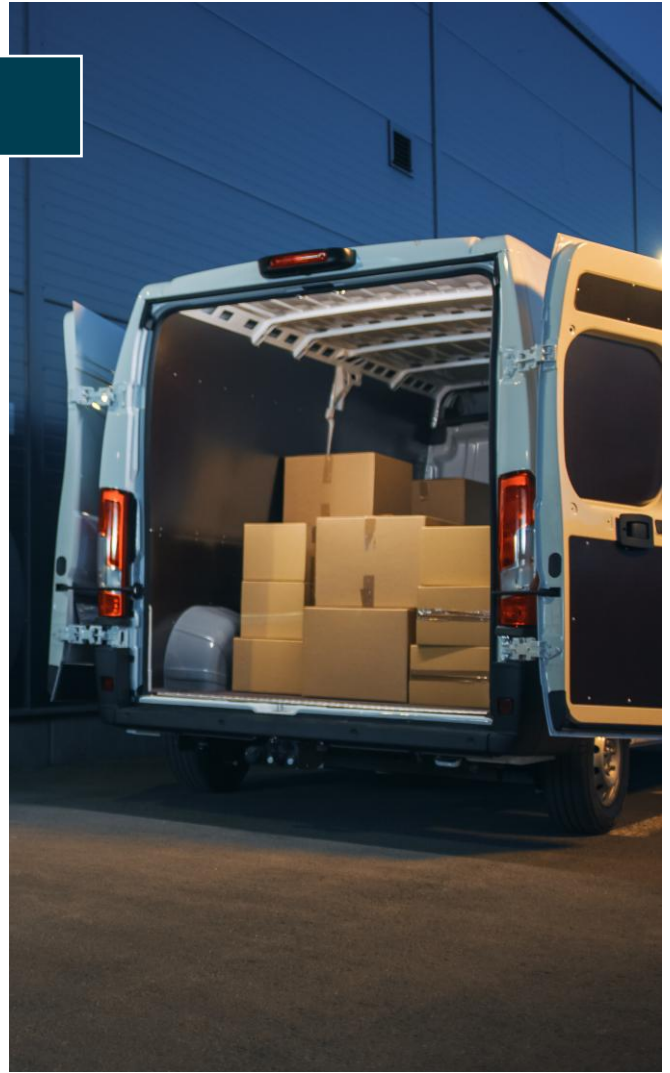
Riyadh's average rental rate per square metre per annum in Q4 2025

US\$ 76

Jeddah's average rental rate per square metre per annum in Q4 2025

Riyadh

Strong demand fundamentals propelled Riyadh's industrial and logistics real estate market in Q4 2025, with notable increases in rental rates across several key areas. Industrial Gate City maintained its position as the premium warehousing district, with rates rising 1.7% year-on-year to US\$ 80 (SAR 300) per square metre. Taybah showed the strongest growth at 16.7%, reaching US\$ 75 (SAR 280) per square metre, while Al Manakh experienced significant increases of 10.8% to US\$ 55 (SAR 205) per square metre. Established areas like As Sulay and Aziziyah posted solid gains of 9.5% and 9.1%, respectively, reaching US\$ 61 (SAR 230) and US\$ 64 (SAR 240) per square metre. The overall upward trend in rental rates across Riyadh indicates strong market activity and increasing demand for industrial and logistics assets, supported by high occupancy levels across the city that are expected to remain elevated. This performance reflects economic diversification efforts, enhanced logistics capabilities, and growth in e-commerce driving sustained demand for quality warehouse space, with demand expected to continue over the next year.



Jeddah

As in previous years, Jeddah's industrial and logistics sector maintained its performance throughout Q4 2025, driven by the city's strategic coastal position and expanding trade activities. Jeddah Islamic Port commanded premium rates at US\$ 125 (SAR 470) per square metre following an 8.0% annual increase, reinforcing its status as the most sought-after industrial location. Al Wadi emerged as a standout performer with the strongest growth of 14.0%, reaching US\$ 67 (SAR 250) per square metre, while Al Nakheel saw a solid increase of 10.7% to US\$ 77 (SAR 287) per square metre. The broad-based rental increases across Jeddah's industrial corridors reflect sustained occupier demand and the port city's strengthening role in regional logistics networks, with market fundamentals expected to support continued performance into 2026.

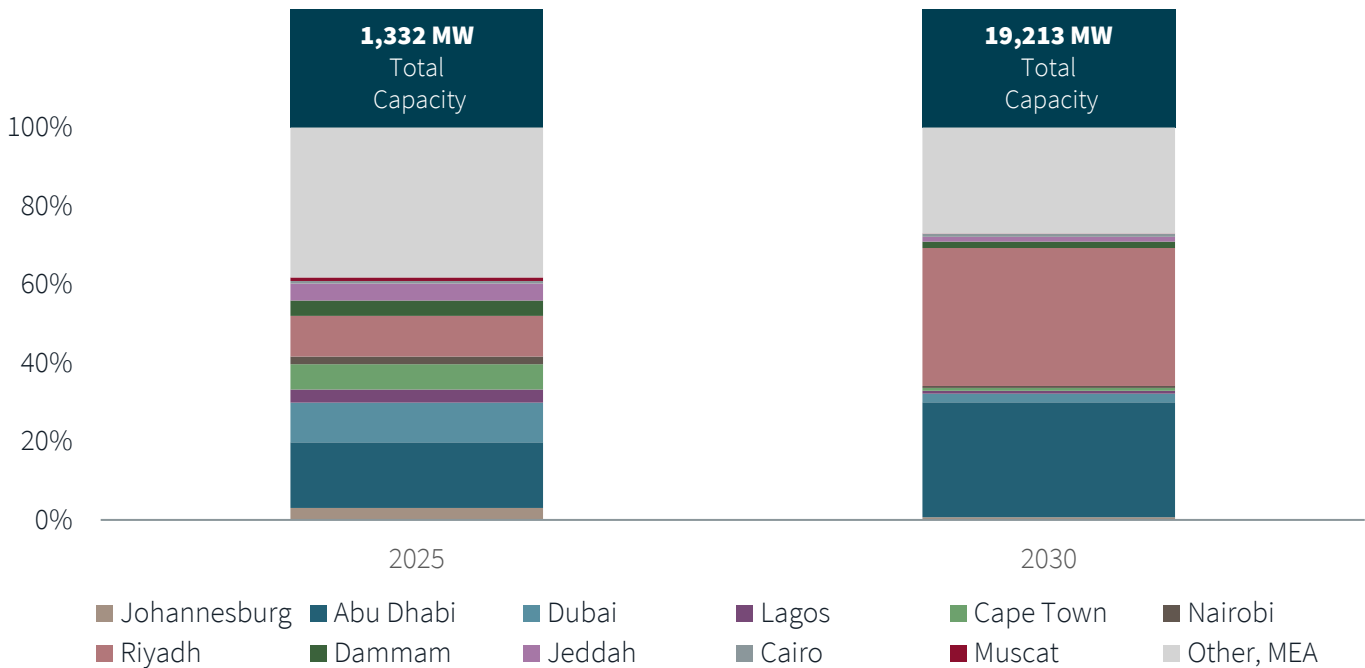


09

Data Centres

Figure no. 24

Middle East and Africa, Colocation Data Centres, % of total capacity by country



Source: MSCI/ Structure Research and JLL Research

Note: Data includes only projects which are in design phases or under construction, future supply which to date has only been announced or are in planning are not reflected in these figures.

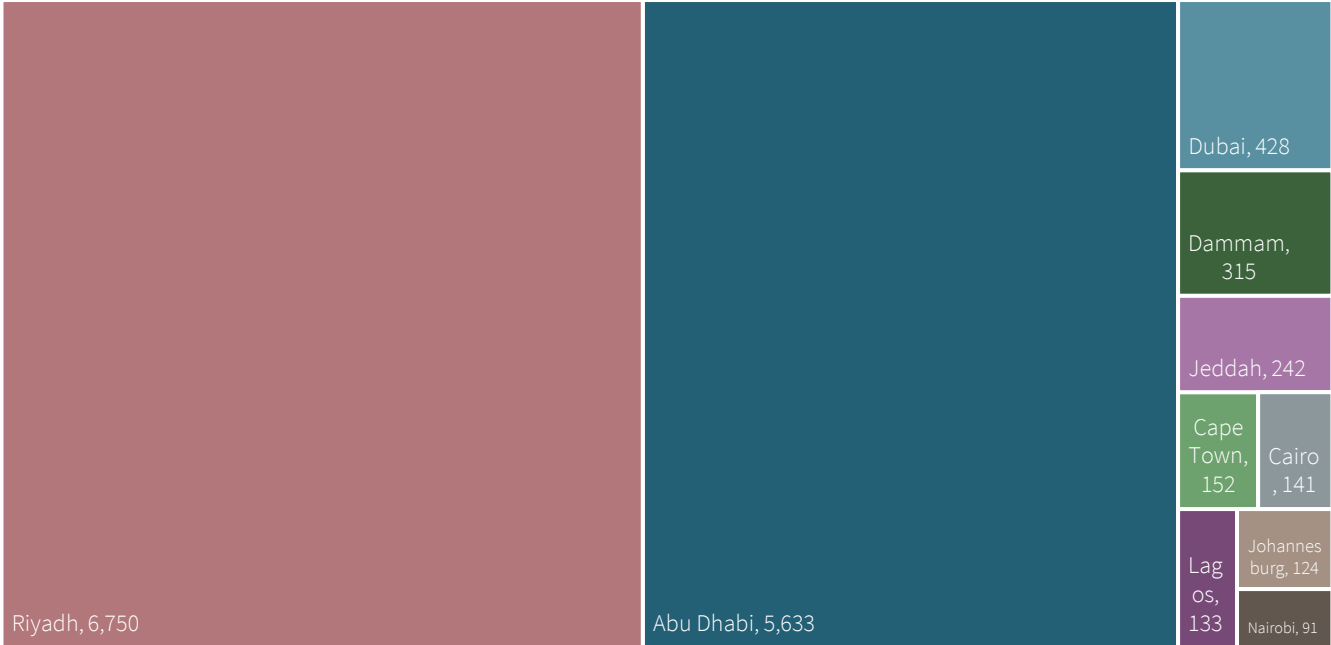
The Middle East and Africa's data centre sector delivered exceptional growth in 2025, driven by large scale AI infrastructure investments. Multi gigawatt developments evolved from strategic plans to active deployments across the UAE, Saudi Arabia, and North Africa, with sovereign funds and private equity driving major projects focused on regional AI compute infrastructure.

Saudi Arabia's total share expanded during 2025, with Riyadh, Dammam, and Jeddah collectively achieving 18.6% market share. Saudi Arabia's data centre sector is undergoing accelerated expansion, underpinned by Vision 2030's digital transformation agenda, the development of sovereign cloud capabilities, and ambitions to become a regional leader in artificial intelligence infrastructure. Market growth is being driven by rising hyperscale and enterprise demand, resulting in a rapid increase in installed and planned capacity. Across the Kingdom, total planned capacity is expected to reach approximately 9,000 MW by 2030, demonstrating the scale of Saudi Arabia's long-term data centre ambitions. This multi-gigawatt pipeline underscores the Kingdom's commitment to building the infrastructure necessary to support both domestic digital transformation and its aspirations to serve as the primary regional hub for hyperscale cloud services and AI workloads.

Riyadh has emerged as the Kingdom's primary data centre hub, accounting for the majority of large-scale developments, while secondary markets such as Dammam are gaining importance as complementary locations for redundancy and edge computing. NEOM represents a transformative development in the sector, with NEOM/DataVolt signing a US\$5bn deal for a 1.5 GW sustainable data centre at Oxagon, demonstrating the vision to embed digital infrastructure into giga-project master plans.

Figure no. 24

MEA Top 10 Markets, Colocation Data Centres, Total Capacity, by City, 2030, MW



Source: MSCI/ Structure Research and JLL Research

Note: Data includes projects in design phases or under construction, as well as future supply currently announced or in planning stages.

Investment activity is being led by the state-backed AI company Humain, established by the Public Investment Fund to develop next-generation data centres and AI compute campuses, followed by significant commitments from both regional and international investors, including Alfanar Global Development's large-scale projects in Riyadh and Dammam, Tencent Cloud's entry into the Saudi market with its first local facility, and global operators such as Equinix developing hyperscale campuses.

Key players driving this expansion include Humain, Center3, and SDAIA (Saudi Data and Artificial Intelligence Authority), alongside international operators. Supported by competitive energy costs, expanding fibre and subsea connectivity, and a pro-investment regulatory environment, these combined initiatives are positioning Saudi Arabia as a strategically important regional hub for data centres and AI computing, attracting hyperscalers, cloud providers, and institutional capital.

Key market trends

Artificial intelligence

AI Infrastructure enhancement and shift from planning to execution phase for AI workloads

Sovereign capital and private equity investment

Large-scale projects backed by sovereign wealth funds

Market geographic diversification

Reduced market concentration as new markets mature. Capacity expansion and growth in secondary markets

Enhanced submarine cable connectivity

Improved inter-regional and international connectivity to support cloud localization and data sovereignty requirements

Power infrastructure and grid readiness

Energy infrastructure planning to support growing capacity demands

The region offers substantial opportunities for hyperscale operators, colocation providers, and investors. Rising AI and machine learning workloads, coupled with the MEA's strategic tri continental connectivity position linking Europe, Asia, and Africa, enhance its global infrastructure significance.

Five key trends will continue shaping the competitive landscape: AI infrastructure acceleration, sovereign capital investment, market geographic diversification, enhanced submarine cable connectivity, and power infrastructure readiness. Success requires navigating operational challenges whilst prioritising sustainability and infrastructure future proofing strategies.

04

Investment Markets





Yield Guide

Figure no. 13

Saudi Arabia, Gross Investment Yield, Q4 2025

Asset class	Sub-asset class	Riyadh		Jeddah	
		Low	High	Low	High
Offices	Prime/ Grade A	6.75%	7.25%	7.25%	7.75%
Offices	Grade B	7.50%	8.25%	8.00%	9.00%
Industrial and Logistics	Prime/ Grade A	6.75%	7.75%	6.75%	7.75%
Industrial and Logistics	Grade B	8.00%	8.50%	8.00%	8.50%
Retail	Super-Regional	7.25%	8.00%	7.50%	8.25%
Retail	Regional/Community	8.25%	8.75%	8.50%	9.25%
Hotels	Internationally Branded	7.00%	8.25%	7.25%	8.25%
Residential (Multifamily)	Prime Compounds	6.75%	7.25%	7.50%	8.50%
Residential (Multifamily)	Compounds	7.75%	8.50%	8.00%	9.00%
Labour Accommodation	Grade A	8.50%	9.50%	8.50%	9.50%
Labour Accommodation	Grade B	10.50%	12.50%	10.50%	12.50%

Source: JLL Research

Notes: Yields are based on a Net Investment Yields basis and are not based on master leases being in place unless otherwise stated, yields are also based on current rents and for Freehold assets. Labour accommodation yields are based on a master lease being in place. Please note that these yields do not currently take into account the impacts of recent regulations such as the rental escalation freeze in Riyadh.

The Saudi Arabian investment market continues to demonstrate remarkable resilience, with institutional demand for quality income-producing assets significantly exceeding available supply. Cross-border capital has emerged as a driving force, with international investors increasingly pursuing greenfield development opportunities due to the persistent shortage of institutional-grade stock. Private equity has established itself as a regular financing source, providing both expansion capital to existing operators and development funding for new projects. Industrial and logistics assets maintain their position as the most sought-after sector, with yields ranging from 6.75% to 8.50% depending on location and quality. Residential multifamily properties have gained substantial traction, particularly prime compounds in Riyadh yielding 6.75% to 7.25%. Despite rental restrictions in certain segments, investor appetite remains strong for assets requiring retrofitting, which can unlock rental growth potential post-improvement. Office properties, while commanding attractive yields of 6.75% to 7.25% for prime assets in Riyadh, remain virtually unavailable for acquisition. Additionally, rising construction costs and land prices are driving early adoption of retrofit and repurposing strategies, as owners seek to enhance asset values while meeting evolving sustainability requirements.

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Research at JLL

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