



Cavendish
Maxwell

Saudi Arabia Residential Market Performance

H1 2025

| *Riyadh and Jeddah Spotlight Edition*

REPORT



Executive Summary

The Kingdom's economy maintained its upward trajectory in the first half of 2025, with real GDP growing by 3.6%, driven by non-oil activities, which expanded by 4.8% compared to H1'2024. Reflecting these conditions, the International Monetary Fund (IMF) slightly revised its forecasts, projecting GDP growth of 3.6% in 2025 and 3.9% in 2026.

The real estate sector, however, experienced a modest slowdown in transactional activity compared to H2'2024. Despite this, both sales volumes and values increased in Riyadh City and Jeddah relative to the same period last year, suggesting that while seasonal fluctuations and rising prices have slightly tempered activity, the overall market remains robust, supported by ongoing population growth and strong economic momentum.

In Riyadh City, both sales and rental prices continued to rise, with apartment prices up 10.5% and villa prices up 12.4% over the past 12 months. Rental rates also increased, with apartment rents rising 10.3% and villa rents 14.4%. By contrast, Jeddah saw more moderate growth: apartment sales prices rose 1.8% and villa prices 2.5%, while villa rental rates declined by 2.7% over the same period.

On the supply side, Riyadh City delivered approximately 6,000 residential units in H1'2025, with around 18,000 additional units expected for the remainder of the year. Jeddah added 2,100 units in H1'2025, with approximately 12,700 more anticipated by year-end.

Overall, the real estate market remains resilient in both Riyadh City and Jeddah, supported by strong demographic trends, continued economic growth, and supportive policy measures.

Market Snapshot for H1 2025

Volume of Residential Sales Transaction

Riyadh City: ~35,600 transactions (+10.1% Y-on-Y)

Jeddah: ~15,200 (+25.0% Y-on-Y)

Changes in Sales Prices

Riyadh City: Apartments: +10.5% Y-on-Y, Villas: +12.4% Y-on-Y

Jeddah: Apartments: +1.8% Y-on-Y, Villas: +2.5% Y-on-Y

Changes in Rental Rates

Riyadh City: Apartments: +10.3% Y-on-Y, Villas: +14.4% Y-on-Y

Jeddah: Apartments: +4.7% Y-on-Y, Villas: -2.7% Y-on-Y

Residential Supply in 2025

Riyadh City: ~6,000 (Completed), ~18,000 (Under-Construction)

Jeddah: ~2,100 (Completed), ~12,700 (Under-Construction)

Macroeconomic Overview and Outlook

Saudi Arabia's economy has demonstrated notable resilience and stability in recent years. Interest rates are on a gradual downward path, expected to fall below 5% by the end of this year and ease further to 4.35% by 2026, while inflation remains firmly under control at 2.3% in 2025 and a projected 2.2% in 2026. At the same time, real GDP grew by 3.6% in the first half of 2025, driven by non-oil activities that expanded by 4.8% compared to H1'2024.

Reflecting these conditions, the IMF has slightly revised its forecasts, projecting GDP growth of 3.6% in 2025 and 3.9% in 2026. With employment at record highs, the Government has begun to gradually rein in public spending, supported by elevated hydrocarbon revenues that continue to provide ample fiscal space.

Together, these indicators highlight the robust health of the economy and reinforce the strategic importance of continued investments in transformative mega-projects.

Real GDP by Activities

Real GDP:	SAR 2.39 Trillion +3.6% (Y-on-Y)
Oil Activities:	SAR 0.62 Trillion +1.7% (Y-on-Y)
Non-Oil Activities:	SAR 1.33 Trillion +4.8% (Y-on-Y)
Government Activities:	SAR 0.32 Trillion +2.0% (Y-on-Y)
Net Taxes:	SAR 0.13 Trillion +4.6% (Y-on-Y)



The growth of Saudi Arabia's residential sector reflects a deeper story: a region balancing tradition and modernity, where investment fuels progress while the natural charm endures. This is more than just a property trend; it's a catalyst for regional development, driving improvements in infrastructure, services, and lifestyle.

Kevin Duffield
Director, Head of Built Asset Consulting



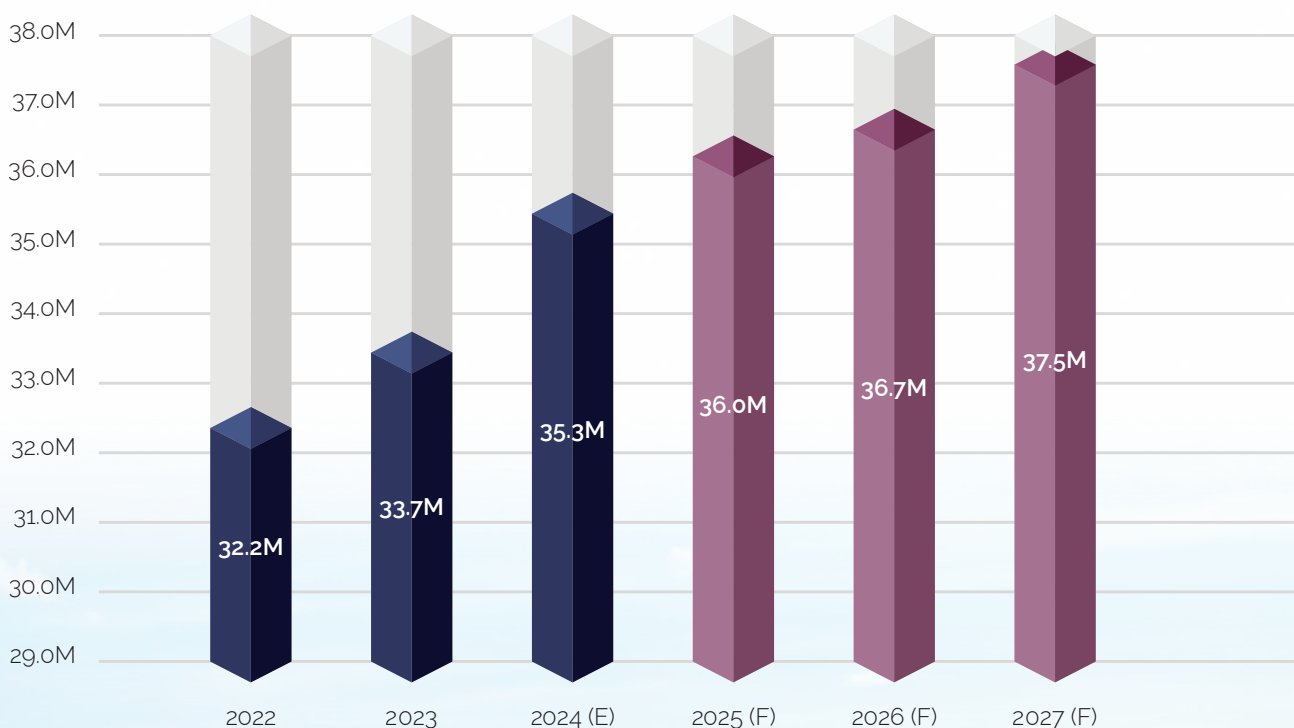
Saudi Arabia's Population Growth

Saudi Arabia's population experienced steady growth in recent years, driven by natural demographic dynamics and the Kingdom's economic diversification, which attracted a significant expatriate workforce. Expatriates accounted for 44.4% of the total population, the highest share recorded since 2017.

The population was largely concentrated in the country's largest urban centres, such as Riyadh, Jeddah, Makkah Al Mukarramah, Dammam, and Al Madinah Al Munawwarah, which together hosted over half (50.3%) of the national population. Notably, Riyadh and Jeddah alone accounted for 33.4% of the total population, highlighting the significant concentration of residents in these two major economic and administrative hubs. This reflected the ongoing trend of urbanisation in Saudi Arabia, with these cities attracting both nationals and expatriates due to greater employment opportunities, improved infrastructure, and better access to services.

By the end of 2025, Saudi Arabia's population is projected to surpass 36 million, supported by population growth, continued urbanisation, and sustained international inflows.

Total Population (in Millions)



Source: Data Saudi, IMF, Cavendish Maxwell

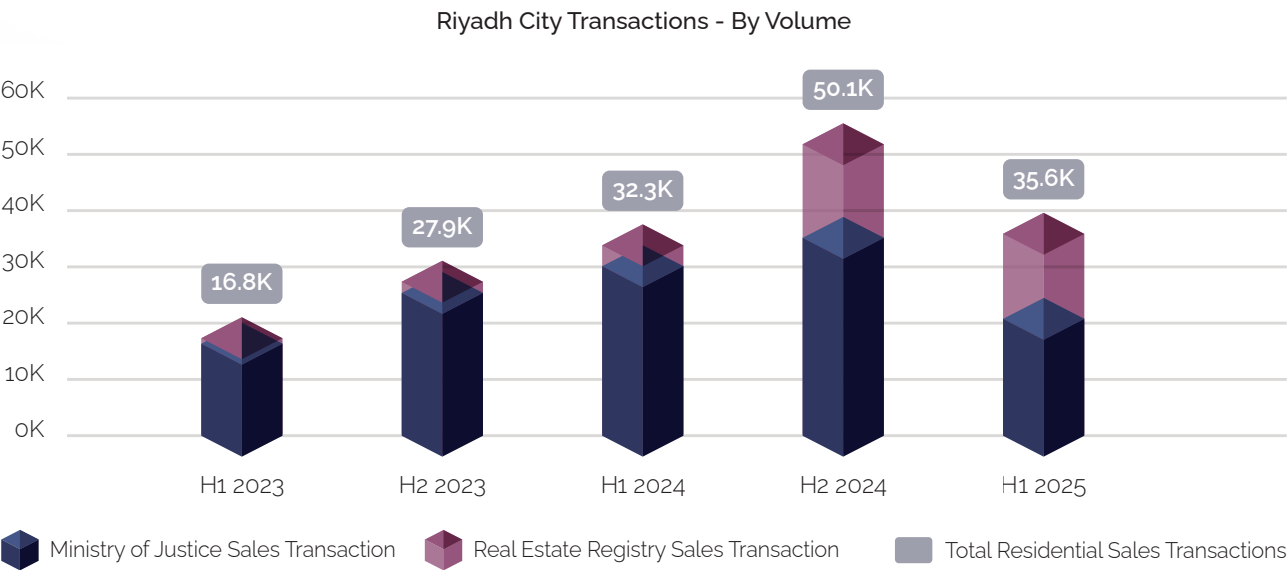
(E)-Estimated

(F)-Forecasted

Sales Transactions: By Volume

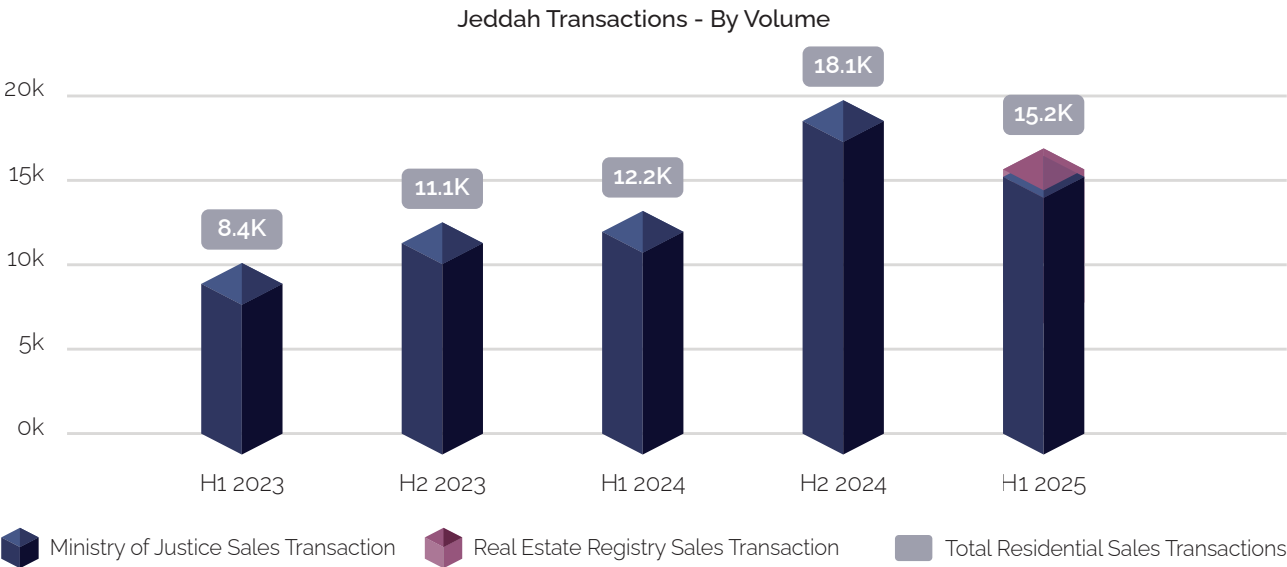
In the first half of 2025, Riyadh City recorded approximately 35,600 residential sales transactions. When compared to the same period last year, transactional volumes rose by 10.1%. However, relative to the previous half-year, volumes declined, likely due to rising property prices which temporarily tempered demand in H1'2025, as buyers faced higher down payment requirements and monthly instalments, increasing the overall cost of homeownership.

Despite this short-term moderation, overall demand is expected to remain strong, supported by ongoing population growth and economic activity.



Source: MOJ, RER, Paseetah, Cavendish Maxwell

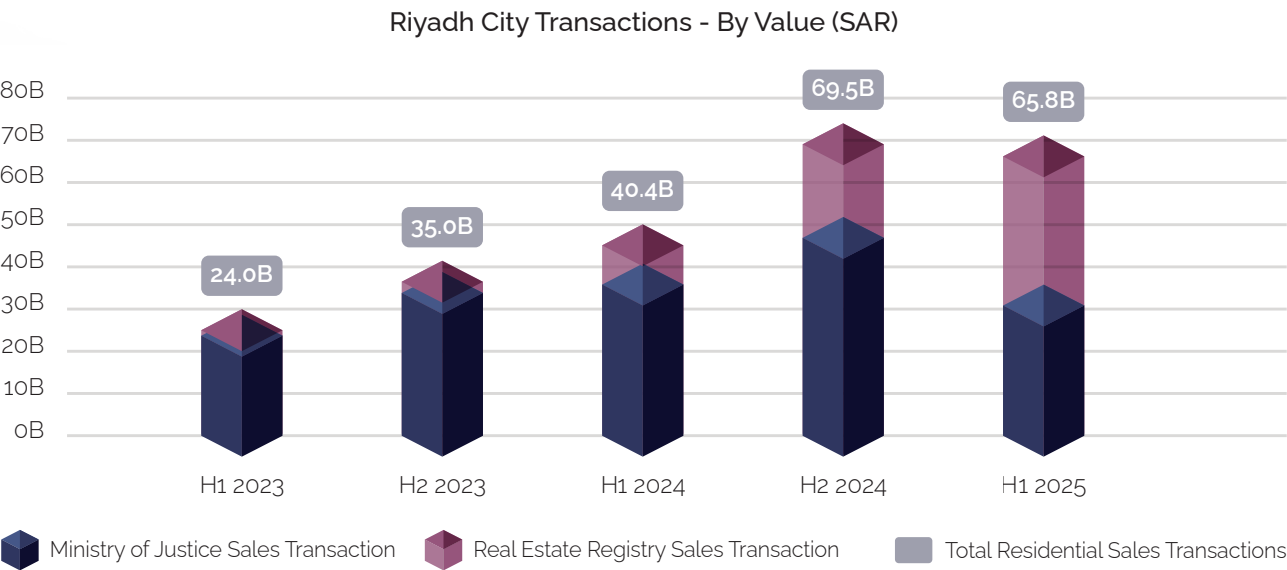
Residential transactions in Jeddah followed a similar pattern, increasing by 25.0% year-on-year but declining by 16.0% compared to H2'2024. While annual demand remained strong, short-term activity was tempered by affordability pressures and temporary market adjustments.



Source: MOJ, RER, Paseetah, Cavendish Maxwell

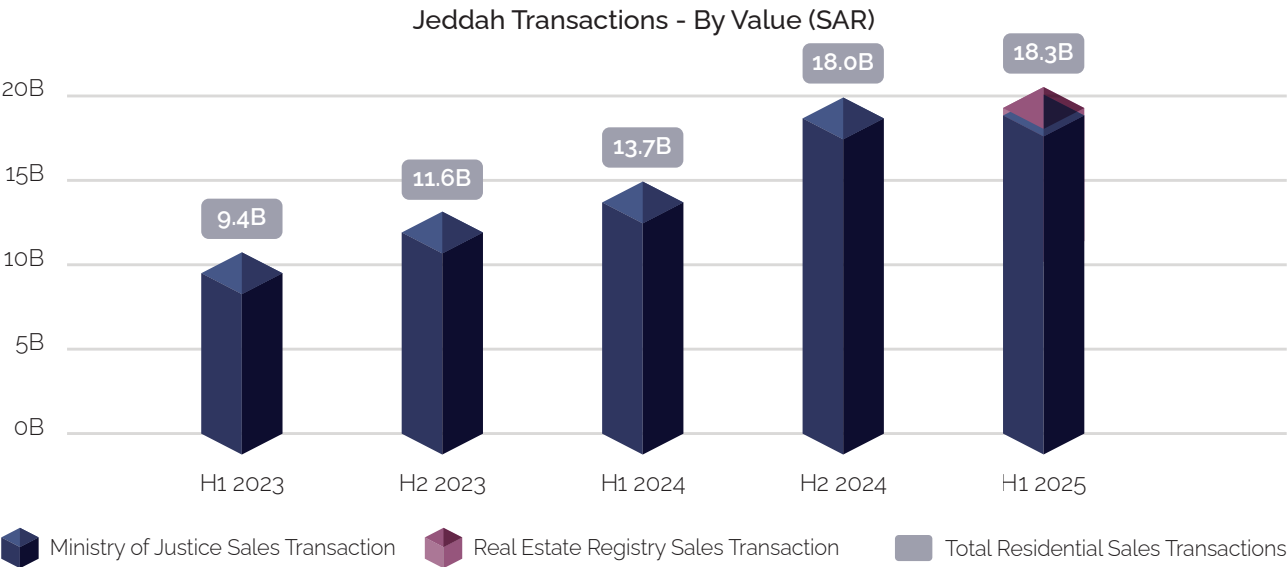
Sales Transactions: By Value

Riyadh City recorded approximately SAR 65.7 billion in residential sales transactions in H1'2025, with SAR 30.0 billion recorded through the Ministry of Justice and SAR 35.7 billion through the Real Estate Registry. While both transaction values and volumes declined compared to H2'2024, there was a notable year-on-year increase. Transaction values surged by 62.6% compared to H1'2024, while volumes rose by only 10.1%. The divergence between value and volume growth indicated that higher-priced transactions occurred in H1'2025, highlighting the effect of rising property prices.



Source: MOJ, RER, Paseetah, Cavendish Maxwell

Jeddah exhibited a similar trend, recording approximately SAR 18.3 billion in residential sales transactions in H1'2025, marking a 33.8% increase in total transaction value compared to H1'2024.

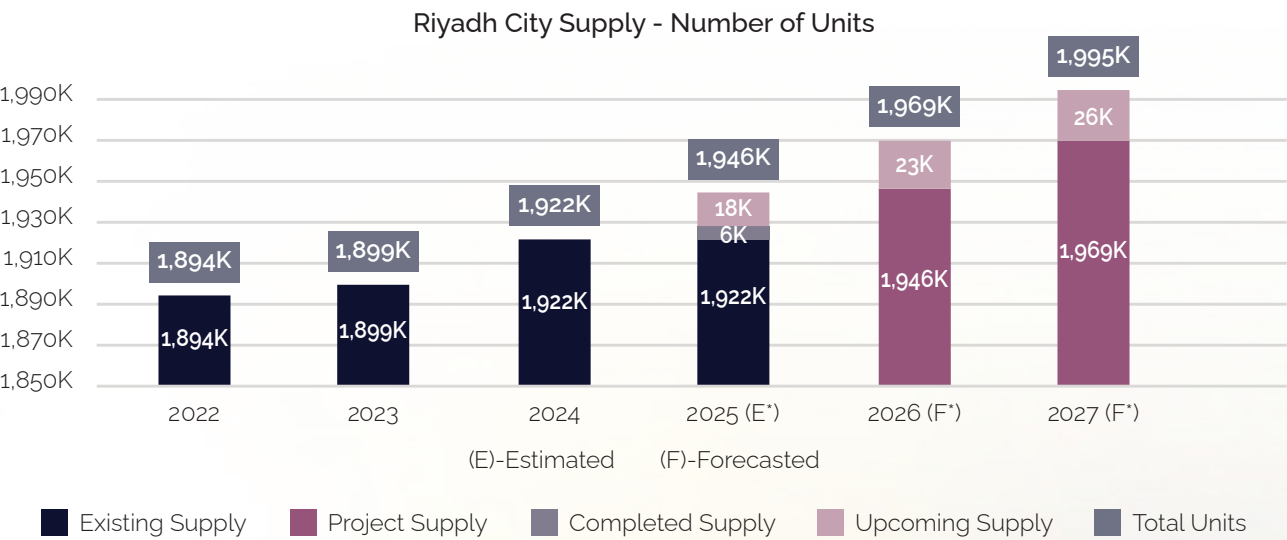


Source: MOJ, RER, Paseetah, Cavendish Maxwell

Existing and Future Supply: Riyadh City

In the first half of 2025, Riyadh City delivered approximately 6,000 residential units, with an additional 18,000 units expected by year-end. Looking ahead, an additional 48,000 units are projected for delivery across 2026 and 2027. Despite these projections, actual completions are likely to progress more slowly than planned, keeping supply below near-term demand.

At the same time, the city's residential landscape is set to evolve further with several giga and large-scale master-planned projects scheduled for phased completion by 2030. Key developments, including Diriyah, New Murabba, Sedra District, amongst others, are expected to deliver units in stages, gradually expanding Riyadh's housing supply as the Kingdom advances toward its Vision 2030 objectives.



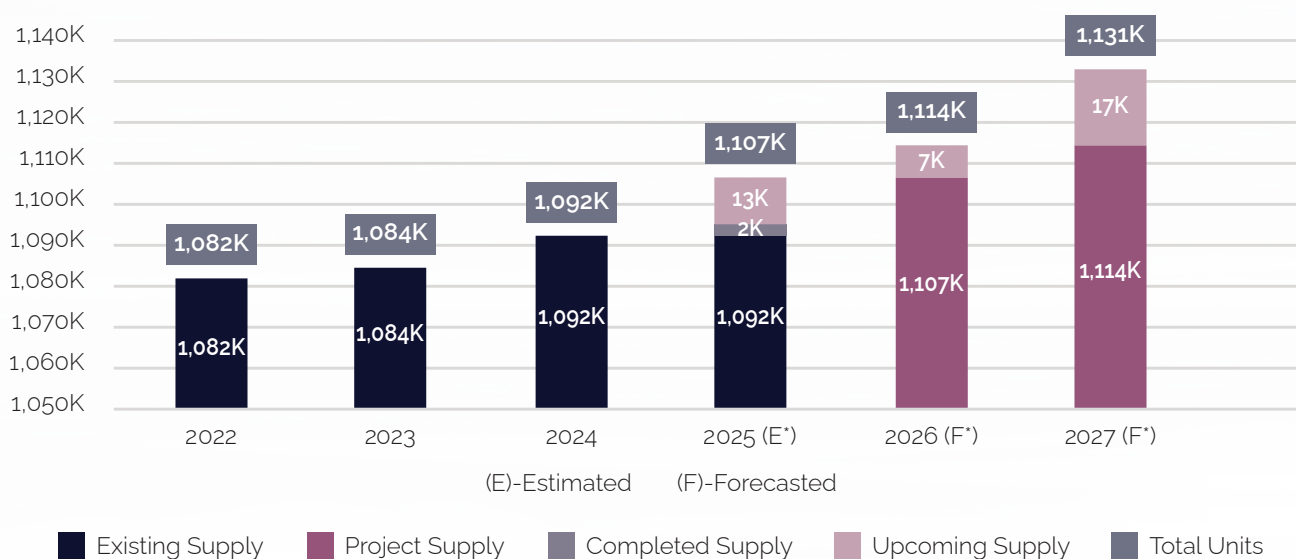
Source: General Authority for Statistics, MEED Projects, Cavendish Maxwell

*The projected supply is based on the information available at the time of preparing the report and may differ from other projections. It is subject to revision as additional details about these projects become available in the future.

Existing and Future Supply: Jeddah

Jeddah's residential supply grew by approximately 2,100 units in H1'2025, with a further 12,700 units expected by year-end and an additional 24,000 units projected across 2026 and 2027. While delivery volumes remain modest compared to Riyadh, the city's new supply will be supported by major developments such as Jeddah Central by Jeddah Central Development Company (JCDC), Al Arous Community Homes by ROSHN, and housing initiatives by the Ministry of Municipal, Rural Affairs and Housing (MOMRAH) and National Housing Company (NHC), which are set to gradually reshape the city's residential landscape.

Jeddah Supply - Number of Units



Source: General Authority for Statistics, MEED Projects, Cavendish Maxwell

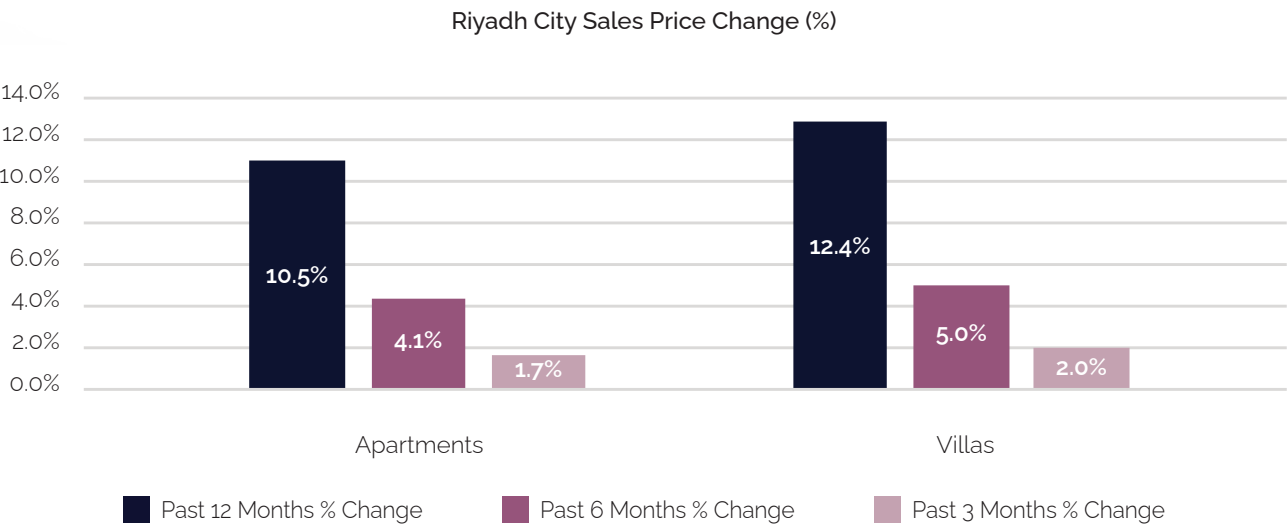
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Sales Price Change

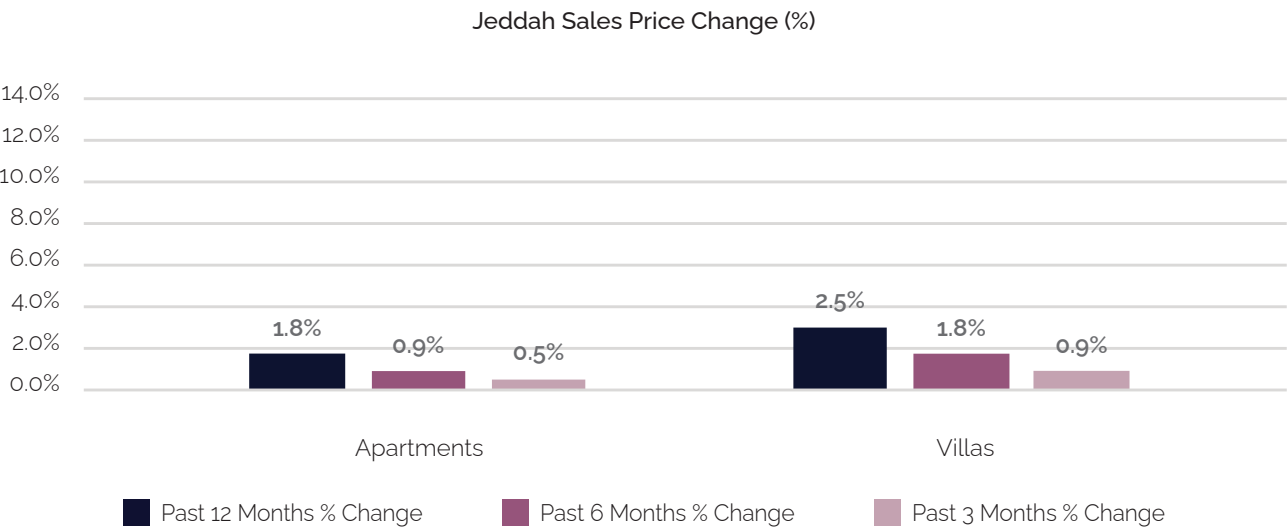
Although transaction volumes in Riyadh City declined compared to H2'2024, sales prices continued to rise. By the end of H1'2025, apartments averaged SAR 6,100 per sqm and villas stood at SAR 5,396 per sqm, representing 12-month increases of 10.5% and 12.4%, respectively. The moderation in activity reflected higher prices affecting affordability and buyers being more selective amid limited inventories.

However, the market still showed strong appetite for well-located, quality homes, with sellers maintaining their prices, indicating confidence in demand stability and the long-term outlook.



Source: Cavendish Maxwell

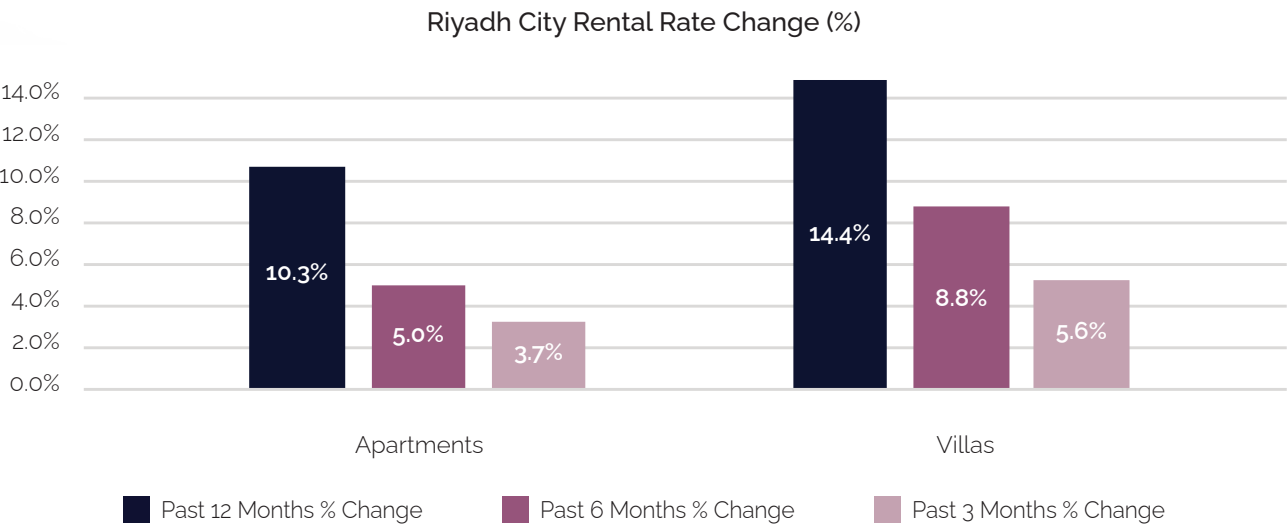
In Jeddah, residential sales prices recorded modest but steady growth. By the end of H1 2025, apartments stood at SAR 4,376 per sqm, while villas reached SAR 5,114 per sqm, rising by 1.8% and 2.5%, respectively, over the past 12 months.



Source: Cavendish Maxwell

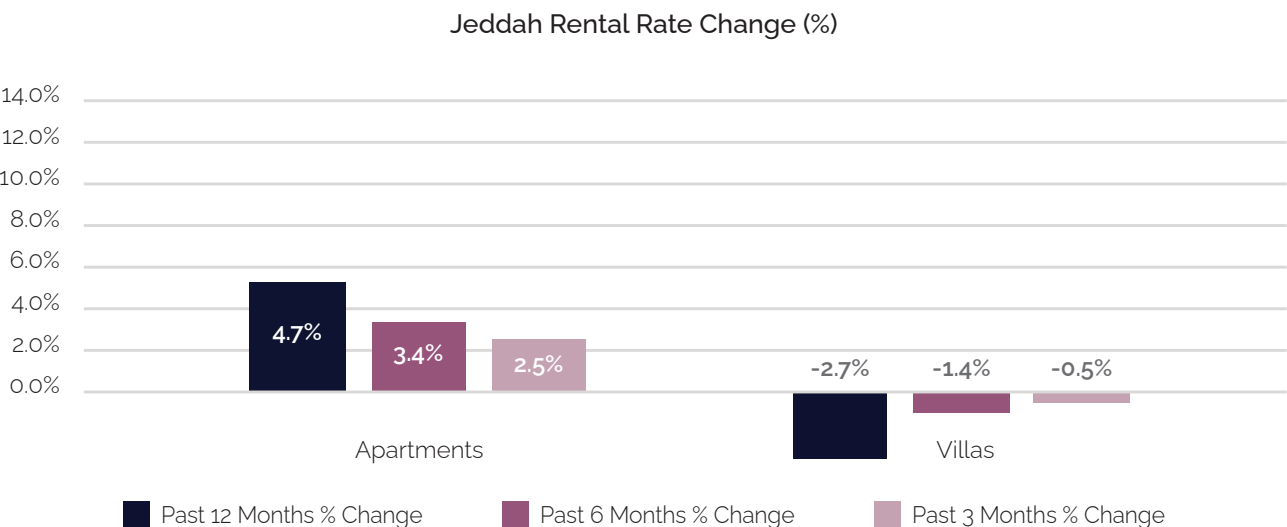
Rental Rates Change

Rental rates in Riyadh City continued to rise over the past year, with apartment rents increasing by 10.3% and villa rents by 14.4%. The growth stemmed from continued inflows of families and professionals moving to Riyadh for employment opportunities and enhanced quality of life. The launch of the Riyadh Metro at the end of 2024 also supported the market, enhancing the appeal of areas located near metro lines through improved connectivity. With ongoing economic development and a growing population, demand is expected to remain strong compared to supply in the near term.



Source: Cavendish Maxwell

The Jeddah rental market exhibited mixed trends, with apartment rents rising 4.7% over the past year, while villa rents declined 2.7%, even as sales prices increased slightly.



Source: Cavendish Maxwell

Real Estate Market Outlook

Saudi Arabia's economy is expected to accelerate in 2025, supported by higher oil production and resilient non-oil activity. Within this national growth story, Riyadh and Jeddah will continue to play pivotal roles.

Riyadh has firmly established itself as the Kingdom's primary growth engine, contributing nearly half of non-oil GDP. Its momentum is being reinforced by the Government's Regional Headquarters (RHQ) programme, which is attracting multinational firms to the capital, alongside giga-projects such as New Murabba, Diriyah Gate, and Expo 2030. Rising levels of foreign direct investment are further supporting diversification, positioning Riyadh to evolve into a thriving cosmopolitan hub of over 12 million people by 2035. The city's real estate market is expected to expand in tandem with its economic and demographic growth.

Jeddah, meanwhile, is carving out a complementary role. Leveraging its position as the Kingdom's commercial gateway, centred on its port, the city is building on its cultural heritage and pursuing ambitious developments such as Jeddah Central and waterfront projects. By 2035, Jeddah's population is projected to surpass 6 million, with its real estate sector reflecting the city's growing importance as both an economic and lifestyle destination.

Policy reforms are also set to transform the real estate landscape. The new foreign property ownership law, effective January 2026, will allow non-Saudis to directly own property in designated areas, significantly broadening market access. In parallel, the recently amended White Land Tax and Vacant Property Tax are designed to stimulate supply, discourage speculative holding, and promote more efficient land use. Together, these measures are expected to accelerate housing delivery, stabilise long-term price growth, and reinforce the Kingdom's Vision 2030 objectives.



The Kingdom of Saudi Arabia has introduced major amendments to its White Land Tax Law, raising fees to as much as 10% and extending coverage to vacant properties—marking a pivotal shift in urban development policy. Reinforcing this direction, Crown Prince Mohammed bin Salman recently emphasised the importance of residential pricing, underlining the political priority attached to housing affordability and signalling continued policy support for measures that expand housing supply and curb speculative holding. These decisive reforms demonstrate the Government's determination to address affordability challenges amid rising property prices. By making speculative landholding economically unviable, they align with Vision 2030's ambitious target of raising homeownership to 70% by 2030. The message to landowners is clear: develop housing or face escalating costs.

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