

Saudi Arabia Residential Market Performance

2025

REPORT



Executive Summary

Saudi Arabia's three major residential markets delivered divergent performances in 2025. Riyadh recorded approximately 56,600 transactions, down 31.4% year-on-year, as affordability constraints and elevated financing costs dampened buyer activity. Despite the decline in transaction volumes, average transaction prices reached SAR 1.7 million, the highest level in recent years, with apartment and villa prices appreciating 6.6% and 9.7%, respectively. The rental market remained strong throughout the year, ultimately prompting the Government to introduce a five-year rental freeze in late September 2025.

In contrast, Jeddah demonstrated resilience, with transaction volumes reaching approximately 30,500, the highest level in recent years, supported by modest price growth. Dammam emerged as the standout performer, recording approximately 9,500 transactions, up 18.7% year-on-year, supported by strong demand from both end-users and investors drawn by the city's relative affordability compared to other major Saudi cities.

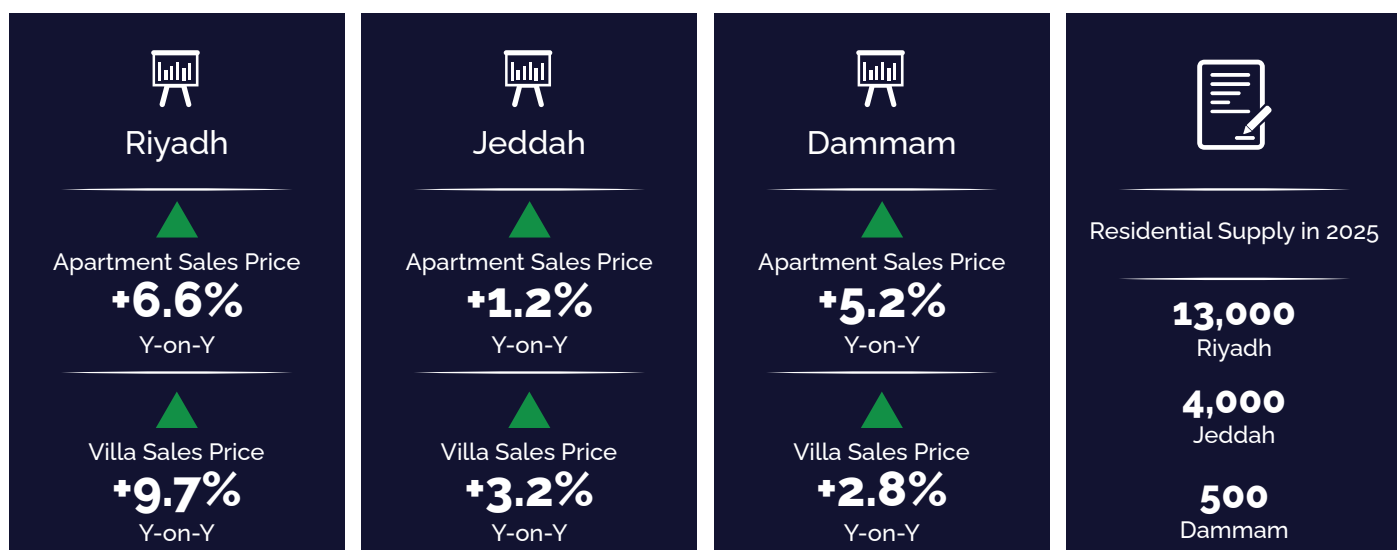
On the supply side, Riyadh's residential stock reached approximately 1.93 million units, with a robust pipeline of approximately 63,000 units scheduled for delivery across 2026

and 2027. Jeddah and Dammam also recorded modest supply additions, with pipelines of approximately 40,000 and 15,000 units respectively over the same period.

Looking ahead, Riyadh is expected to undergo a period of recalibration as incoming supply, the five-year rental freeze, and White Land Tax reforms begin to ease affordability pressures and support a gradual recovery in market activity. Jeddah is expected to maintain its stable trajectory, whilst Dammam is poised to sustain its growth momentum, supported by competitive pricing and robust economic activity in the Eastern Province. Whilst external risks, including oil market volatility and geopolitical tensions, warrant close monitoring, Saudi Arabia's residential market remains fundamentally well-positioned, supported by strong demographic drivers, an ambitious infrastructure agenda, and the Kingdom's continued commitment to Vision 2030.



Market Snapshot for 2025



Macroeconomic Overview and Outlook

Saudi Arabia's economy expanded by 4.5% in real GDP terms in 2025, exceeding initial projections, driven by robust performance across both oil and non-oil sectors, which grew by 5.7% and 4.9%, respectively. According to S&P Global Ratings, real GDP is projected to grow by 4.4% in 2026, supported by anticipated increases in oil production, firmer oil prices, and continued momentum in the non-oil economy, driven by infrastructure spending and rising consumption.

Within the non-oil economy, the tourism sector has become an important contributor to growth, continuing its upward trajectory in 2025. The Kingdom welcomed more than 122 million domestic and international visitors, representing a 5% year-on-year increase and keeping the country on track to achieve its target of 150 million visitors by 2030. Tourism spending also rose by 6% to reach SAR 300 billion, according to the Ministry of Tourism, highlighting the sector's expanding role in economic diversification.

Looking ahead, Saudi Arabia's macroeconomic outlook remains positive, with continued expansion across both oil and non-oil sectors, alongside ongoing Government investment in infrastructure, large-scale development projects, and diversification initiatives. However, external risks persist, including volatility in global oil markets, and geopolitical tensions in the region, which could weigh on investor sentiment and economic activity in the near term. Nonetheless, strong fiscal buffers, a robust pipeline of strategic projects, and continued policy support are expected to maintain growth momentum and reinforce the Kingdom's long-term economic resilience.



The Kingdom's residential market in 2025 reflects a sector in transition, growing and maturing, and increasingly shaped by policy-driven expansion. Strong demand and rising homeownership signal positive momentum, although market conditions vary by city, with affordability pressures in high-demand urban centres highlighting the importance of accelerating supply to meet Vision 2030 housing objectives.

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Director, Head of Built Asset Consulting



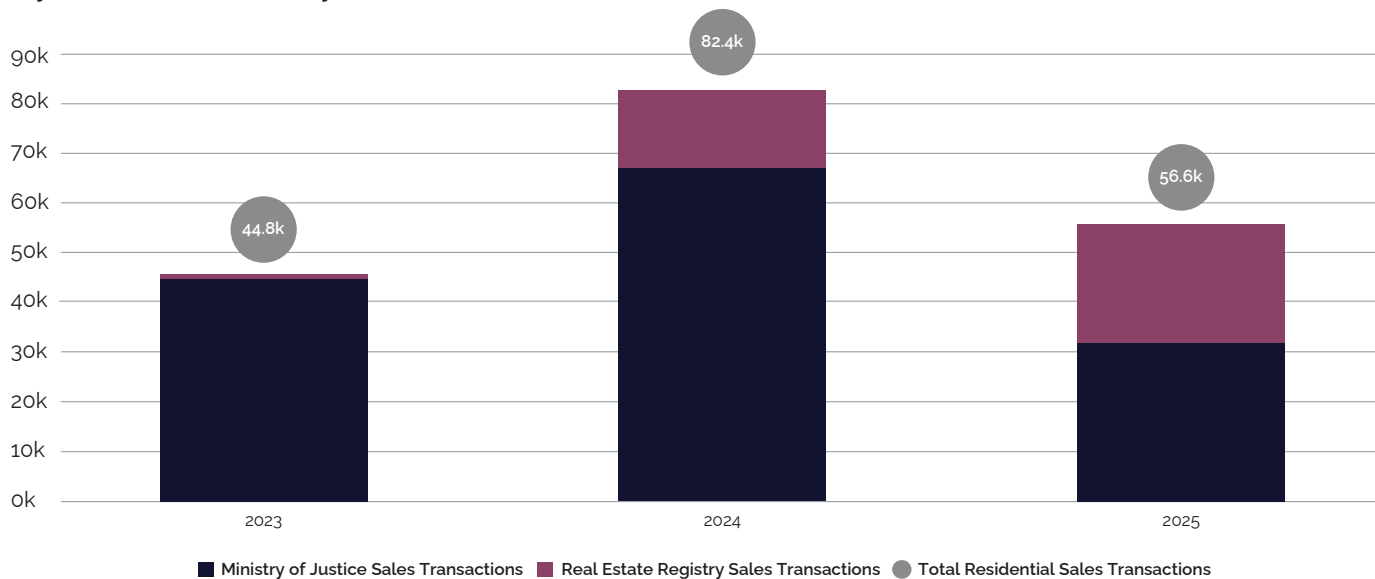
<p>Real GDP</p> <p>SAR 4.9 Trillion +4.5% (Y-on-Y)</p>	<p>Oil Activities</p> <p>SAR 1.29 Trillion +5.7% (Y-on-Y)</p>
<p>Non-Oil Activities</p> <p>SAR 2.7 Trillion +4.9% (Y-on-Y)</p>	<p>Government Activities</p> <p>SAR 0.65 Trillion +0.9% (Y-on-Y)</p>

Riyadh Sales Transactions: By Volume and Value

In 2025, Riyadh recorded approximately 56,600 residential sales transactions, down 31.4% compared to 2024. Transaction volumes weakened progressively throughout the year, with activity particularly subdued in the second half, as market momentum moderated. This slowdown was primarily driven by affordability constraints arising from the rapid price appreciation seen in recent years, combined with elevated financing costs, which dampened buyer purchasing power and overall market activity.

While volumes have declined in 2025, structural factors such as population growth, urbanisation, and ongoing housing initiatives are expected to continue supporting long-term demand in the market.

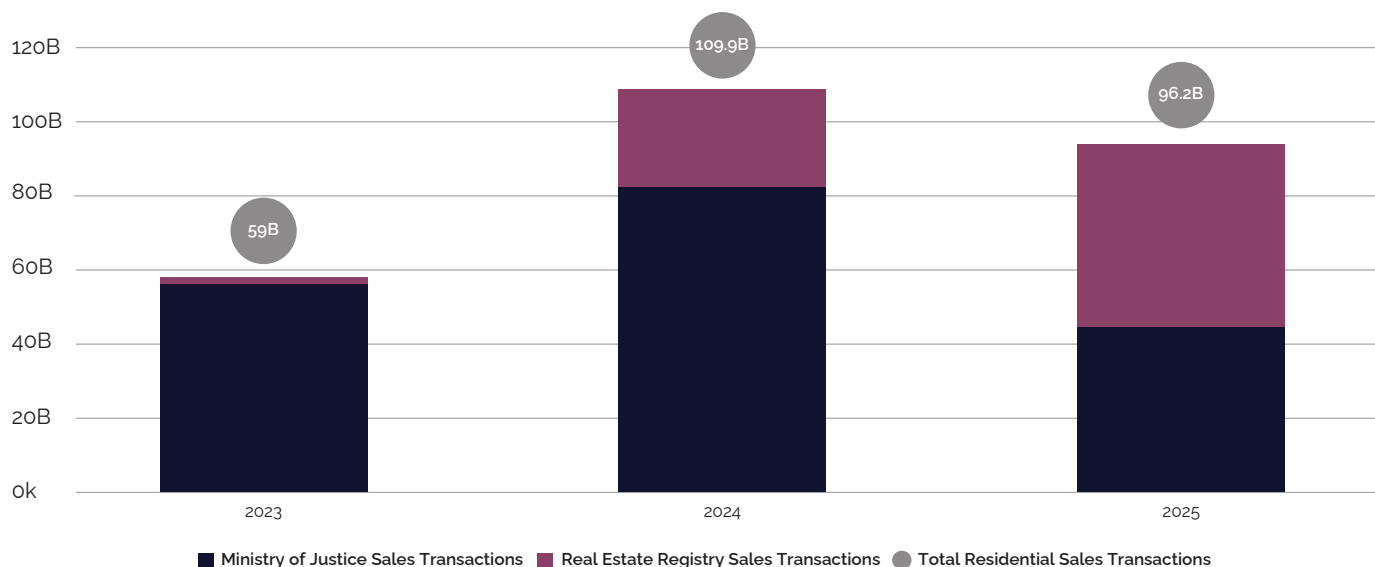
Riyadh Transactions - By Volume



Source: MOJ, RER, Paseetah, Cavendish Maxwell

Residential sales transaction values in Riyadh reached SAR 96.2 billion in 2025, down 12.4% compared to 2024. However, average transaction prices continued to appreciate, reaching SAR 1.7 million, the highest level recorded in recent years.

Riyadh Transactions - By Value (SAR)



Source: MOJ, RER, Paseetah, Cavendish Maxwell

Jeddah Sales Transactions: By Volume and Value

Jeddah's residential market strengthened slightly in 2025, with transaction volumes reaching approximately 30,500 transactions, the highest level in recent years. This performance contrasts with Riyadh, where rapid price appreciation constrained buyer activity and depressed volumes by 31.4%. Jeddah's price stability throughout the year supported this resilience, maintaining transactional momentum. Should price conditions remain stable, transaction activity is expected to maintain this momentum in the near term.

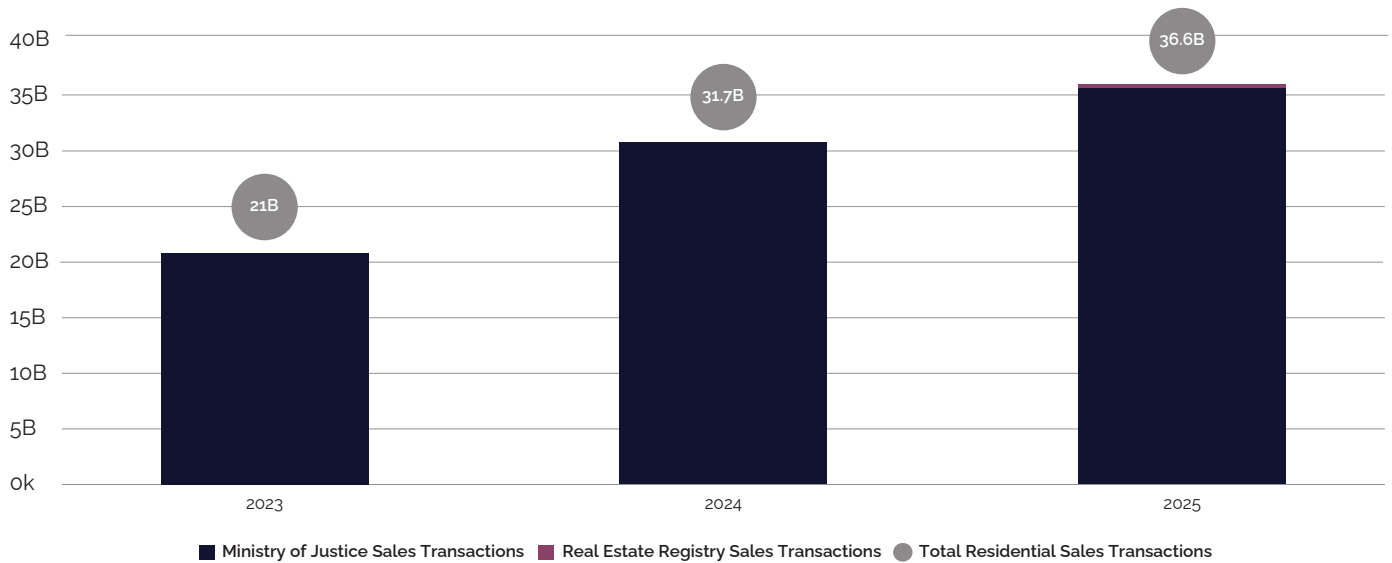
Jeddah Transactions - By Volume



Source: MOJ, RER, Paseetah, Cavendish Maxwell

In terms of sales value, Jeddah recorded approximately SAR 36.6 billion in residential transactions in 2025, reflecting a 15.4% increase from 2024, with average transaction prices reaching SAR 1.2 million.

Jeddah Transactions - By Value (SAR)



Source: MOJ, RER, Paseetah, Cavendish Maxwell

Dammam Sales Transactions: By Volume and Value

Moving to Dammam in the Eastern Province, the city recorded approximately 9,500 residential sales transactions in 2025, marking its highest level in recent years, with volumes up 18.7% year-on-year. The market benefitted from strong demand from both end-users and investors, supported by the city's relatively affordable housing compared with other major Saudi cities. This combination of robust demand and competitive pricing helped maintain a healthy level of market activity throughout the year. Looking ahead, Dammam's attractive housing prices are expected to continue supporting residential demand in the near term.

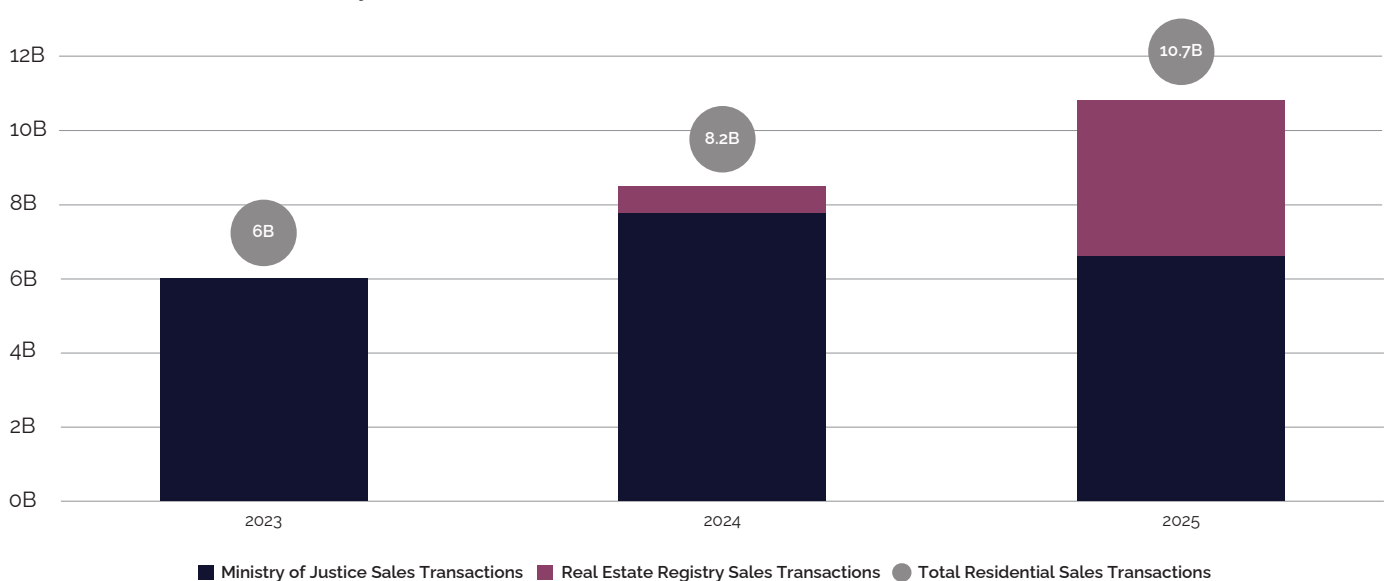
Dammam Transactions - By Volume



Source: MOJ, RER, Paseetah, Cavendish Maxwell

In terms of sales value, Dammam recorded approximately SAR 10.7 billion in residential transactions in 2025, marking a 29.6% year-on-year increase. While values remained below Riyadh and Jeddah, the pace of growth highlighted strengthening buyer confidence and growing momentum in Dammam's residential market.

Dammam Transactions - By Value (SAR)



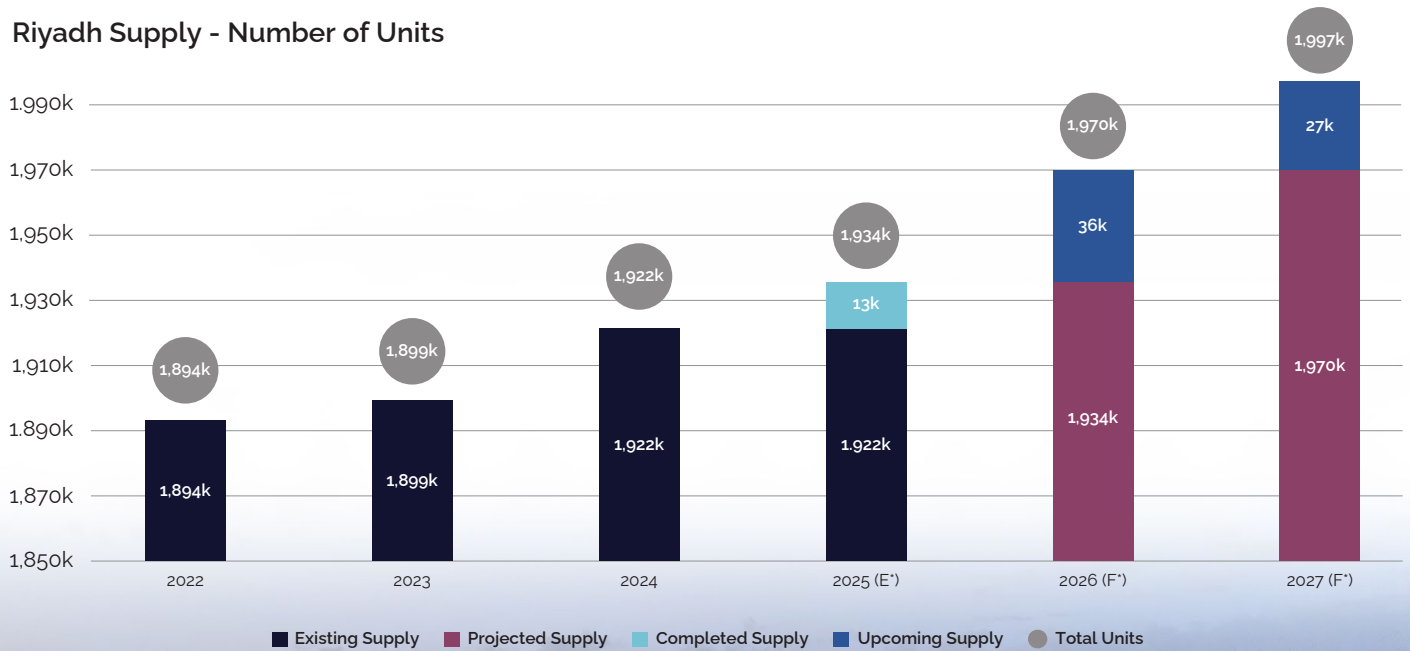
Source: MOJ, RER, Paseetah, Cavendish Maxwell

Existing and Future Supply: Riyadh

Riyadh's residential supply continued to expand in 2025, reaching approximately 1.93 million units, with around 13,000 units completed during the year. Deliveries were primarily driven by ROSHN, the National Housing Company (NHC), and the Ministry of Municipal, Rural Affairs and Housing (MOMRAH), among others. Looking ahead, the capital's residential pipeline remains robust, with approximately 63,000 units scheduled for delivery across 2026 and 2027, predominantly through NHC and ROSHN-led projects. However, actual completions are likely to fall short of projected figures, as evidenced by delivery trends observed in 2025.

The supply expansion has been further supported by the Government's White Land Tax reforms, which saw rates increase in 2025, placing pressure on landowners to activate idle plots and accelerate development timelines. The full impact of this reform, however, is expected to materialise progressively through 2026 and beyond. As supply responds to these regulatory incentives, the gap between Riyadh's housing demand and supply is expected to gradually narrow, potentially easing price pressures and improving affordability across the market.

Riyadh Supply - Number of Units



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.

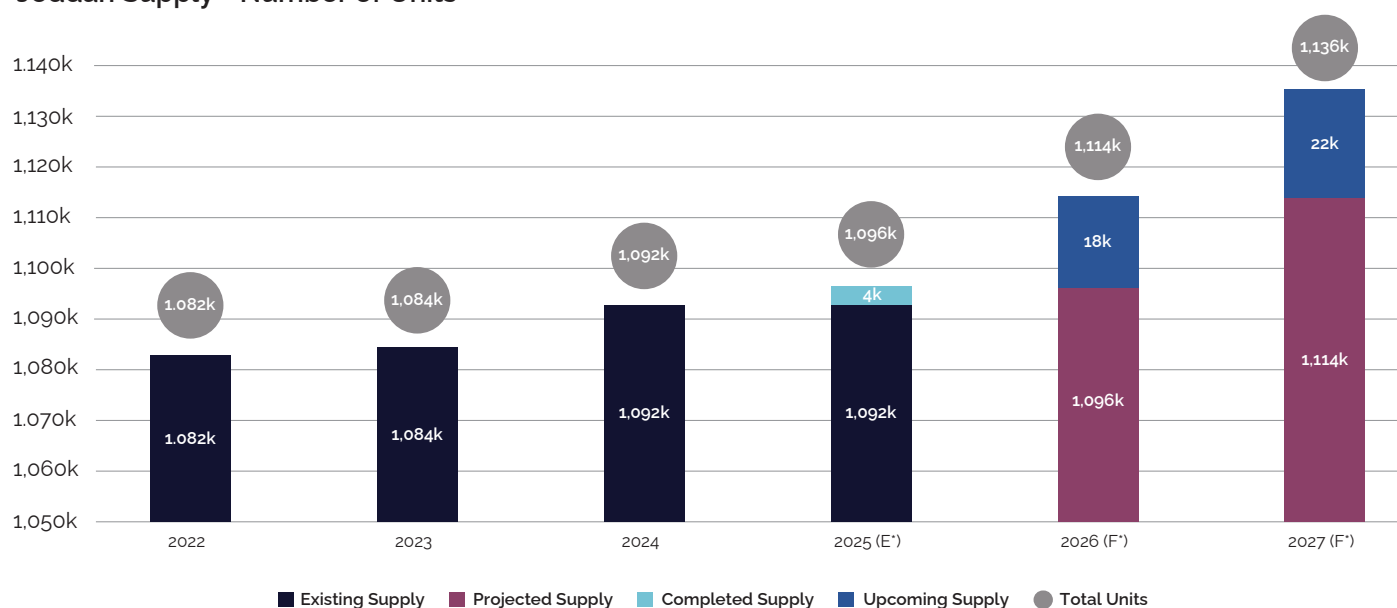




Existing and Future Supply: Jeddah

Jeddah's residential supply grew modestly in 2025, reaching approximately 1.09 million units, with around 4,000 units completed during the year. Looking ahead, the pipeline is expected to strengthen, with approximately 18,000 units scheduled for delivery in 2026 and a further 22,000 units in 2027, bringing total residential stock to approximately 1.14 million units by 2027. However, as seen in Riyadh, actual completions may fall short of projected figures given typical development cycle delays and construction timelines. The gradual expansion of residential units is expected to maintain a balanced market environment, supporting price stability and sustaining transactional momentum in the near term.

Jeddah Supply - Number of Units



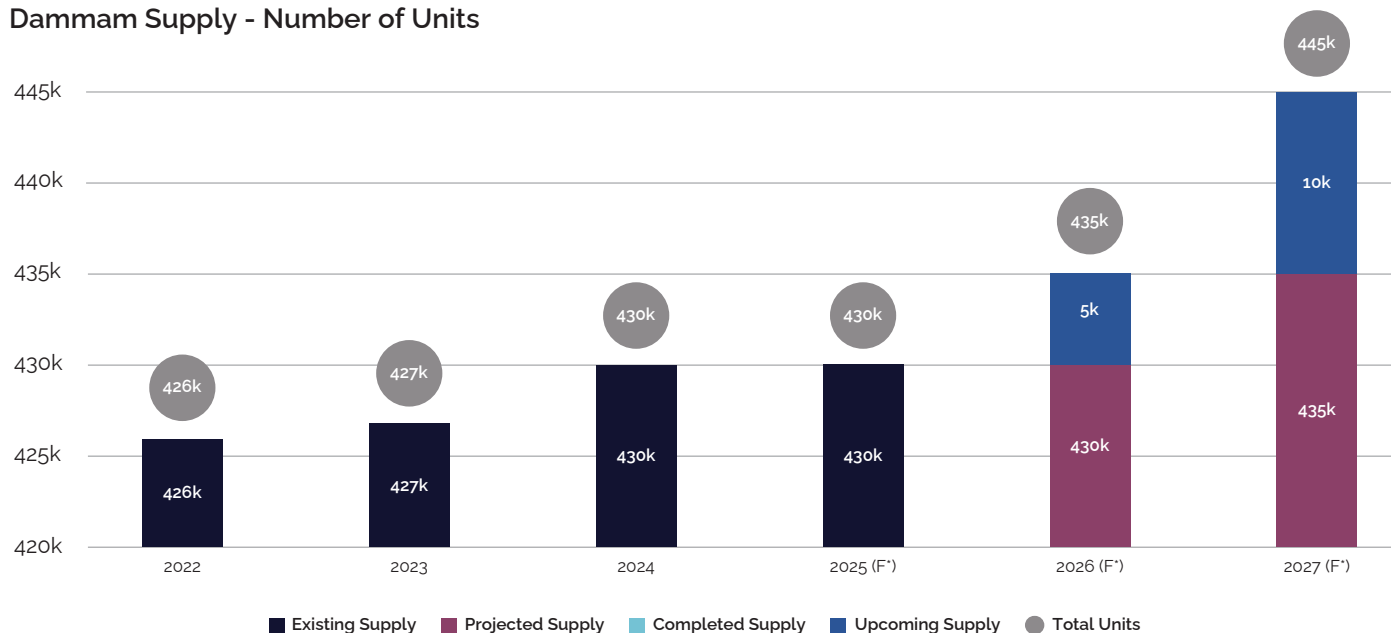
Source: General Authority for Statistics, MEED Projects, Cavendish Maxwell

*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: Dammam

Dammam's residential supply recorded modest growth in 2025, increasing by approximately 500 units to reach around 430,000 units. Looking ahead, nearly 5,000 units are expected to be delivered in 2026, followed by a further 10,000 units in 2027. As this new supply enters the market, Dammam's residential sector is expected to become more competitive, providing buyers with greater choice and improved negotiating leverage.

Dammam Supply - Number of Units



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.



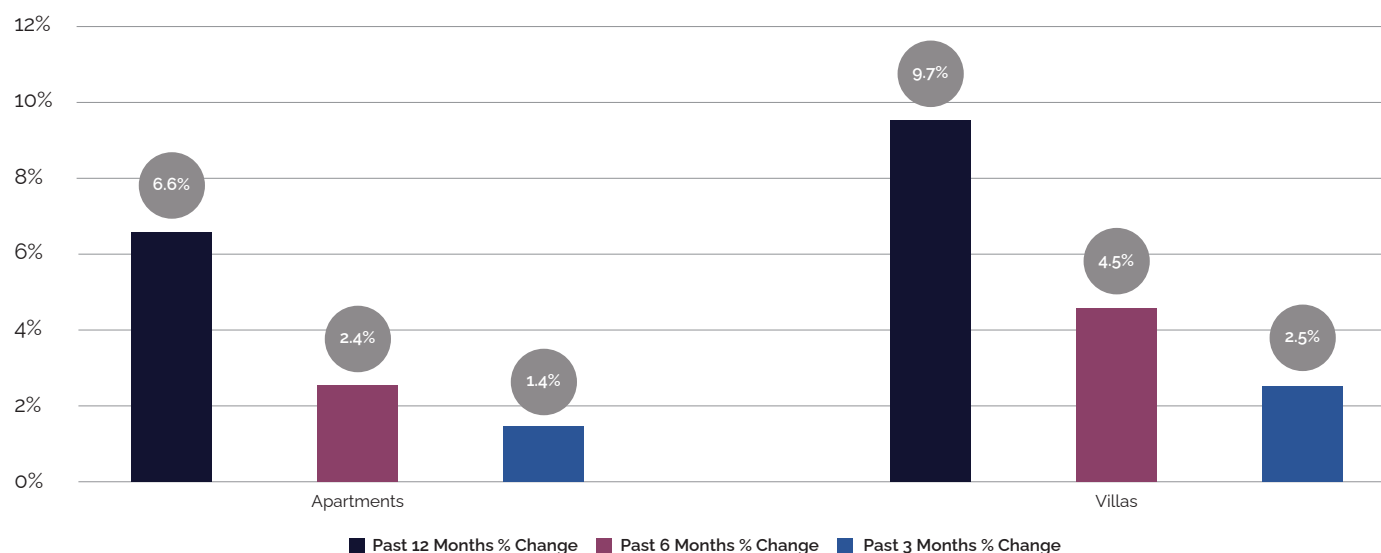
Sales Price and Rental Rates Change – Riyadh

Residential sales prices in Riyadh maintained their upward trajectory in 2025, with apartment prices reaching SAR 6,245 per sqm and villa prices reaching SAR 5,640 per sqm, representing year-on-year increases of 6.6% and 9.7%, respectively. The continued price appreciation has increasingly stretched affordability, with the impact already evident in the 31.4% decline in transaction volumes during the year. Adding to this demand dynamic, the introduction of foreign ownership regulations is expected to introduce incremental demand into the market, though this is likely to remain concentrated in select segments rather than boost demand across the wider market.

Rental rates followed a similar trajectory, with apartment and villa rents rising 10.1% and 9.6% year-on-year respectively, reflecting strong demand across the residential sector. In response to mounting affordability concerns, the Government introduced a five-year rental freeze across Riyadh in late September 2025, with early signs of moderation emerging in the final quarter of the year.

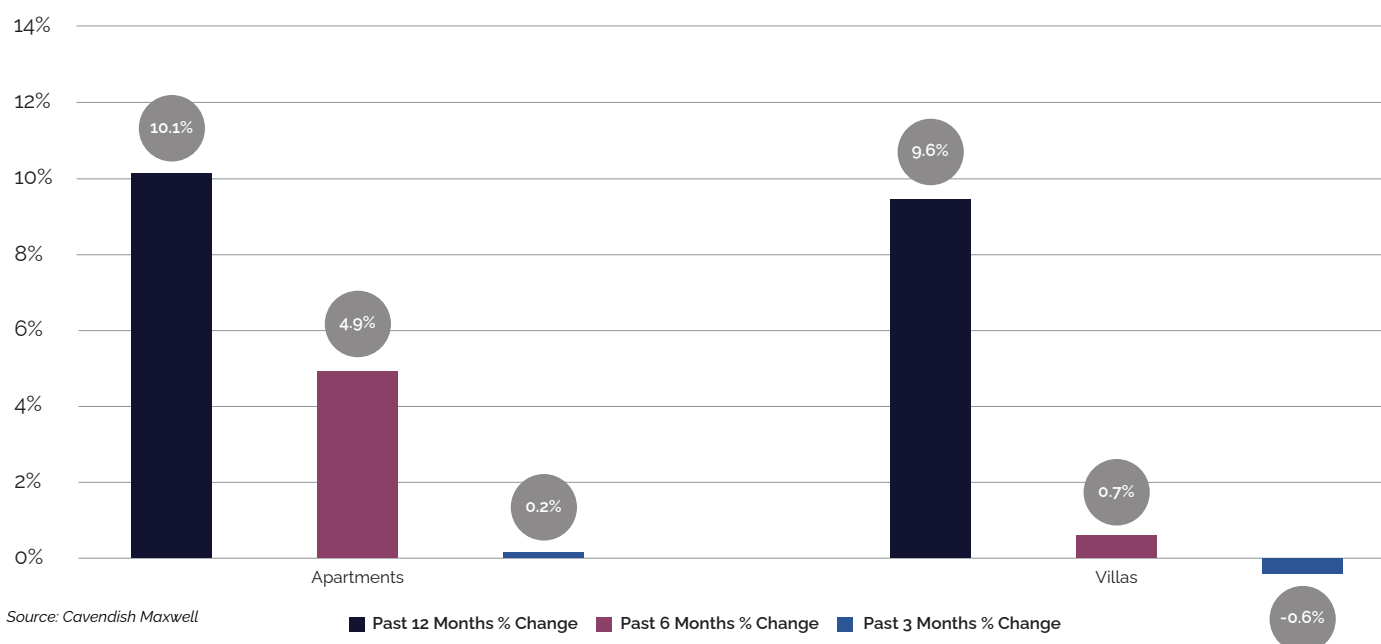
Looking ahead, the White Land Tax reforms, combined with an incoming pipeline of approximately 63,000 units across 2026 and 2027 and the five-year rental freeze, is expected to gradually ease supply constraints and moderate both sales price and rental growth, providing some relief to the affordability pressures that have weighed on the market in recent years.

Riyadh Sales Price Change (%)



Source: Cavendish Maxwell

Riyadh Rental Rates Change (%)

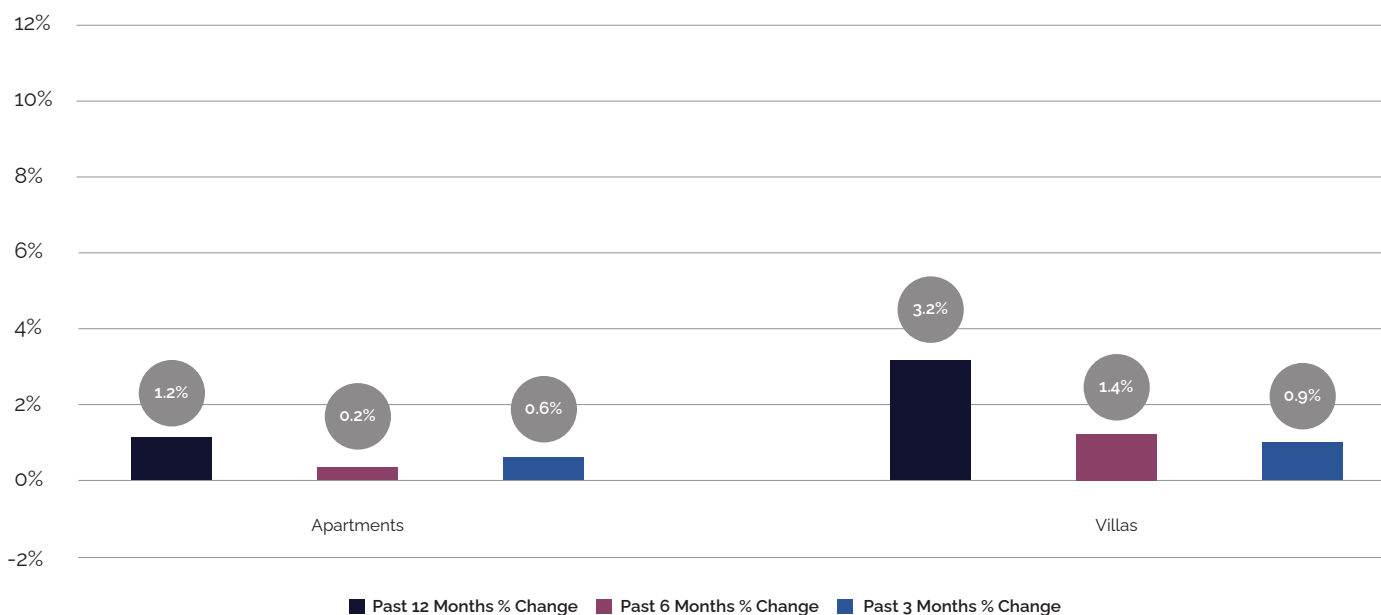


Source: Cavendish Maxwell

Sales Price and Rental Rates Change – Jeddah

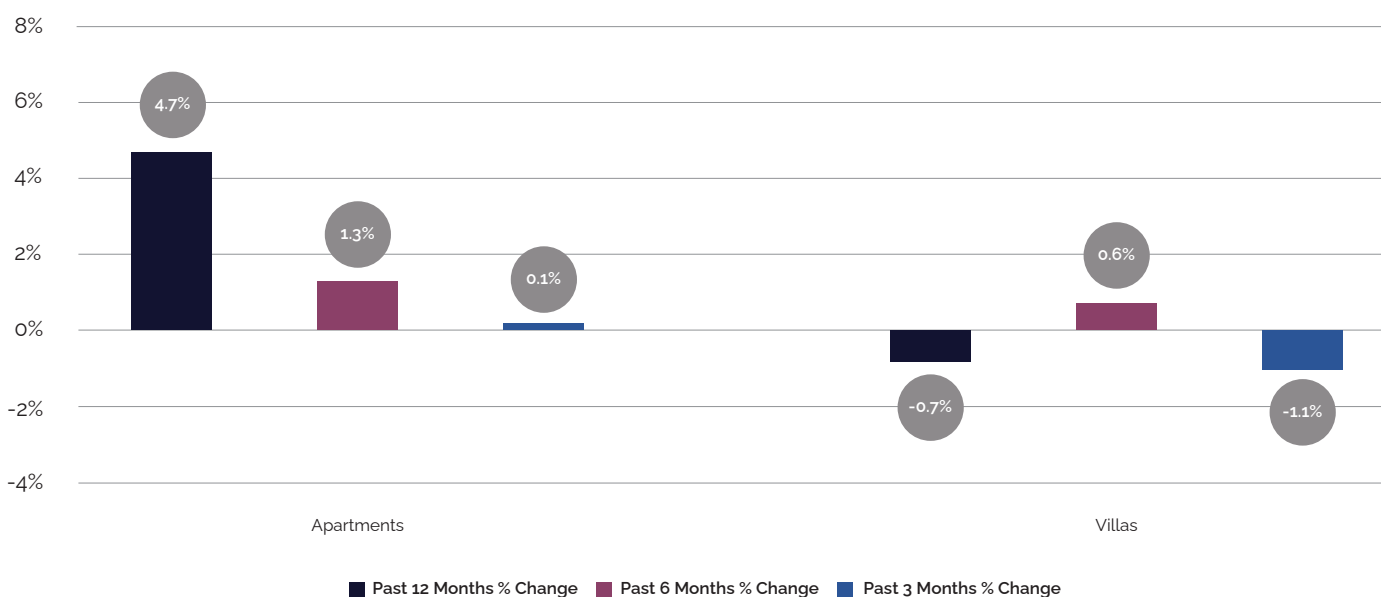
Jeddah's residential sales prices recorded modest growth in 2025, supported by steady demand from both end-users and investors, amid a gradually expanding housing supply. By year-end, apartment prices reached SAR 4,385 per sqm, reflecting a 1.2% year-on-year increase, while villa prices reached SAR 5,185 per sqm, up 3.2% over the same period. On the rental side, performance was mixed, with apartment rents rising 4.7% year-on-year while villa rents edged down marginally by 0.7%.

Jeddah Sales Price Change (%)



Source: Cavendish Maxwell

Jeddah Rental Rates Change (%)

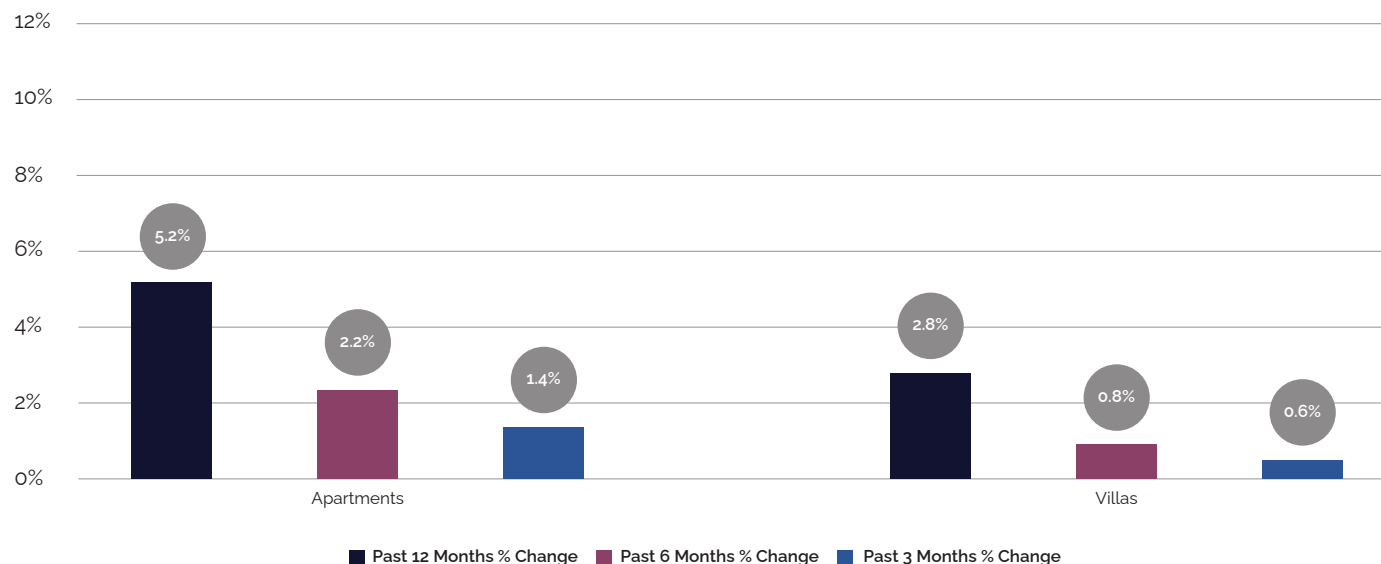


Source: Cavendish Maxwell

Sales Price and Rental Rates Change – Dammam

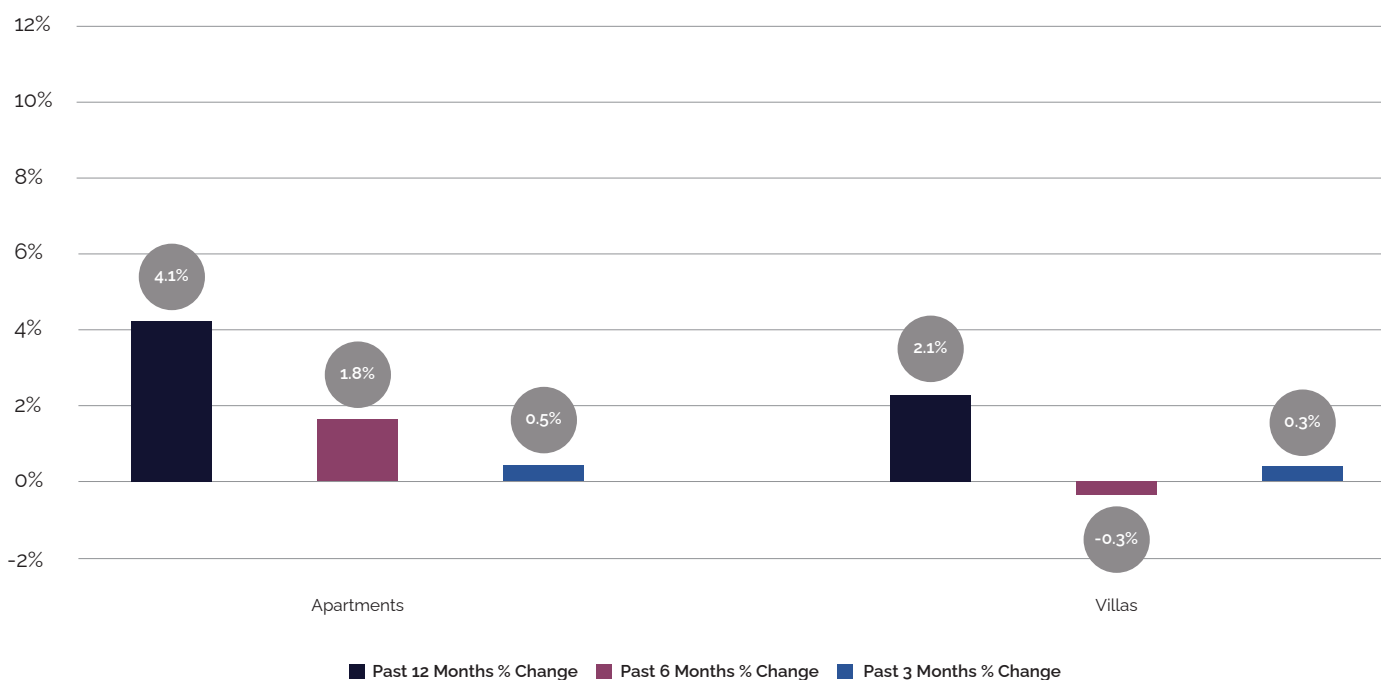
Dammam's residential sales prices continued to rise in 2025, supported by strong demand from both end-users and investors. By year-end, apartment prices increased by 5.2% year-on-year, while villa prices rose by 2.8% over the same period. On the rental side, performance was broadly positive, with apartment rents increasing 4.1% year-on-year. Villa rents also recorded modest growth of 2.1% annually, although performance softened in the second half of the year.

Dammam Sales Price Change (%)



Source: Cavendish Maxwell

Dammam Rental Rates Change (%)



Source: Cavendish Maxwell

Special Focus: Opening the Door to Real Estate Ownership in Saudi Arabia

Non-Saudi Ownership Matrix

Categories	Within designated geographic zones		Outside designated geographic zones	
	All Saudi Cities (Except Makkah and Al-Madinah)	Makkah and Al-Madinah	All Saudi Cities (Except Makkah and Al-Madinah)	Makkah and Al-Madinah
	Non-Saudi individual ownership			
Resident	Yes	Yes, for Muslims only	(1) Property for residential use	Not applicable
Non-Resident	Yes	Yes, for Muslims only	No	Not applicable
Premium Residency Holder	Yes	Yes, for Muslims only	(1) Property for residential use	Not applicable
Ownership by Saudi companies whose capital is partially or wholly owned by non-Saudis				
Listed	As per regulations determined by Real Estate General Authority (REGA) and the Capital Market Authority (CMA), to be announced later.			
Unlisted	Yes	Yes	Yes-only for housing employees and practicing activities	
Non-Saudi Companies Ownership				
Foreign companies registered in the Kingdom	Yes	No	No	No

Source: Real Estate General Authority, Cavendish Maxwell

Saudi Arabia's real estate market is undergoing a gradual transition towards openness, allowing non-Saudis to own property, whether as individuals or through companies and non-profit entities. This shift moves beyond historically restrictive policies towards a more inclusive yet regulated environment that accommodates a broader range of buyer profiles.

At the individual level, ownership access has historically been available to non-Saudi residents, albeit within a more restrictive framework. Previously, resident expatriates could acquire property in the Kingdom, typically limited to a single residential unit and subject to regulatory approval. Following regulatory updates, non-Saudi residents, non-residents, and premium residency holders may acquire property within designated zones, reflecting a more open investment stance. Outside these areas, ownership remains limited: residents are generally restricted to one property for personal use, while non-residents are typically excluded. In Makkah and Madinah, ownership remains tightly controlled and largely limited to Muslims under specific conditions, in line with religious and regulatory considerations.

For companies, ownership rules introduce additional nuance. Saudi companies with foreign shareholders are not automatically restricted from owning real estate; instead, their eligibility is governed by regulations aligned with the Capital Market Authority, allowing listed entities to participate subject to compliance. Unlisted Saudi companies generally retain broader flexibility, including acquiring real estate for operational needs such as staff housing or business activities.

These changes represent a strategic recalibration of Saudi Arabia's approach to foreign investment. By clearly defining who can buy, where, and under what conditions, the Kingdom has transformed its real estate market from a restricted asset class into a legitimate investment destination while preserving control over sensitive geographic and cultural considerations.

Real Estate Market Outlook

Riyadh's residential market is expected to undergo a period of recalibration in 2026, as the combined effects of incoming supply, the five-year rental freeze, and White Land Tax reforms begin to materialise. With approximately 36,000 units scheduled for delivery in 2026, the expanding supply pipeline is expected to moderate price growth, gradually easing affordability pressures that weighed on transaction activity in 2025. Should affordability conditions improve, transaction volumes are expected to gradually recover, supported by a more balanced supply and demand environment. Alongside these dynamics, the introduction of foreign ownership regulations is expected to generate incremental demand in selected segments, further broadening the buyer base beyond domestic participation. In parallel, preparations for Expo 2030 are expected to provide additional medium- to long-term demand support, as associated infrastructure development and anticipated population and workforce growth contribute to residential absorption across the capital.

Turning to Jeddah, the residential market is expected to remain stable in 2026, supported by steady demand from both end-users and investors, alongside approximately 18,000 new units scheduled for delivery. Price growth is likely to remain modest as the expanding supply helps contain upward price pressures. At the same time, ongoing infrastructure developments are expected to enhance the city's connectivity and lifestyle appeal, sustaining residential demand across key corridors.

Whilst Riyadh recalibrates and Jeddah maintains stability, Dammam is emerging as one of Saudi Arabia's most dynamic residential markets, supported by strong buyer demand, relative affordability compared to Riyadh and Jeddah, and robust economic activity in the Eastern Province. With a manageable supply pipeline of approximately 5,000 units planned for 2026, the city is well positioned to absorb new inventory without significant oversupply risks, supporting continued price and transaction momentum.

Despite differing market dynamics across Riyadh, Jeddah, and Dammam, the overall outlook for 2026 points to continued resilience across the residential sector, supported by expanding supply, sustained infrastructure investment, and ongoing Government commitment to housing. Nonetheless, external headwinds warrant close monitoring, particularly volatility in global oil markets and geopolitical tensions, which could weigh on investor sentiment and broader economic activity in the near term. However, Saudi Arabia's residential market remains fundamentally well-positioned, driven by strong demographic trends, an ambitious infrastructure agenda, and the Kingdom's continued commitment to Vision 2030.



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