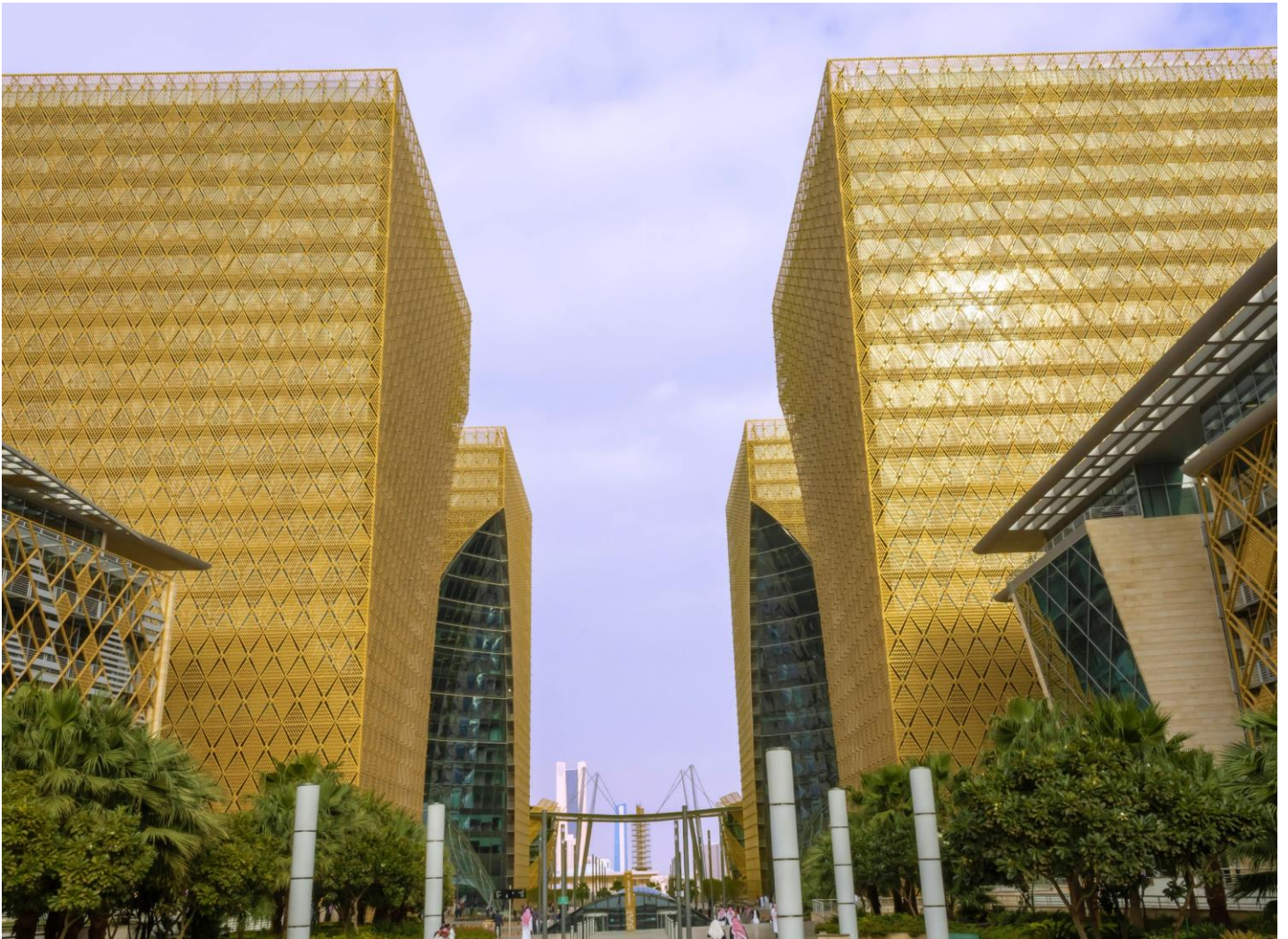


Residential

Saudi Arabia Residential Market Notes

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CBRE RESEARCH
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Key Takeaways

- In the 12 months to Q2 2024, Riyadh, Jeddah and Dammam have all recorded annual improvements in sale transaction volumes.
- Riyadh transaction volumes rose by 51.6%, reaching 18,500 sales, amounting to a total value of around SAR 26.6 billion.
- In comparison to the pre-pandemic levels observed during Q2 2019, Riyadh has since recorded impressive volume growth of 56.1%, whilst Jeddah has seen volumes rise even higher, jumping 66.9% over the same period, with Dammam seeing a 49.8% increase.
- Since Q1 2020, the average villa price in Riyadh has risen by 12.2% annually, with further growth anticipated as additional modern stock comes online and as supply and demand dynamics remain tight.
- In terms of the apartment sector, average prices now sit around SAR 4,971 per square metre in Riyadh and SAR 4,027 per square metre in Jeddah.
- Based on the data from EJAR platform, total rental transactions for Riyadh's apartment segment have increased 6.1% in the year to July 2024.
- The governmental effort to require both landlords and tenants to use EJAR platform to ensure the legitimacy of rental transactions has played an integral role in market performance over the past year. Most notably, this was evident in the final quarter of 2023 in the lead up to 2024.

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Riyadh's Apartment average price has seen positive yearly movement since stagnating for the entirety of 2018 at SAR 2,853 per square metre. Since then, average apartment sale prices have 10.4% annually.

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Transaction volumes fluctuate with new heights being reached

Saudi Arabia's residential transactions across the three major cities of Riyadh, Jeddah and Damman Metropolitan Area (DMA) have witnessed strong underlying growth since 2018. In the 12 months to Q2 2024, all three key cities recorded annual improvements in transaction volumes, with the capital Riyadh rising 51.6% to 18,500 sales. The total value of these transactions amounted to SAR 26.6 billion. For Jeddah, the transactions volume rose 43.2% year-on-year, totalling 9,392 transactions over the same period. Damman registered annual growth of 22.4% through 2,390 sales, equating to SAR 2.4 billion.

In comparison to pre-pandemic levels (Q2 2019) Riyadh has experienced growth of 56.1%, with Jeddah producing even more substantial growth at 66.9% over the same period, while Damman noted a 49.8% increase when compared to Q2 2024.

Potential buyers adopt “wait-and-see” approach awaiting new stock

One of the main drivers behind these ebbs and flows in residential sale transactions has been the stance adopted by potential buyers in awaiting delivery of new modern stock, which is expected to bring higher quality finished units to the market as compared to the existing often aging stock.

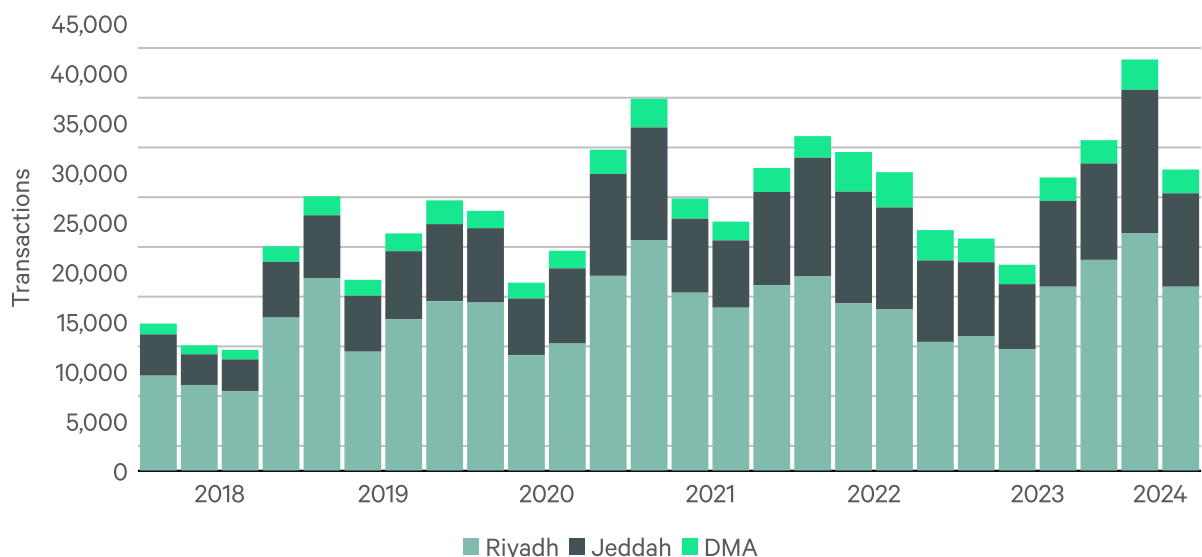
The availability of suitable financing has also been a factor for many investors, with some Saudi's awaiting the delivery of suitable mortgage provisions to facilitate their home acquisition despite government efforts to bolster retail financing facilities through the local banks.

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In comparison to pre-pandemic levels (Q2 2019) Riyadh has recorded 56.1% growth, whilst Jeddah and Damman have risen 66.9% and 49.8% respectively over the same period, as compared to Q2 2024.

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Figure 1: Saudi Arabia's Key Cities, Residential Market, Transaction Volumes.



Source: CBRE Research

Positive momentum sustained for apartments over the past 24 months

Apartments in Riyadh have seen positive yearly price movements since Q3 2020, with sales values having grown by around 11.7% per annum over the past four years. This has driven average sales rates to nearly SAR 5,000 per square metre at the end of Q2 2024. Migration into the capital is expected to help sustain price growth in the medium term at least, as more jobs are created, and the population continues to expand.

Increase in average apartment prices in Riyadh in the year to Q2 2024

+6.6%

Increase in average villa prices in Riyadh in the year to Q2 2024

+3.3%

Average villa price maintain steady yearly growth

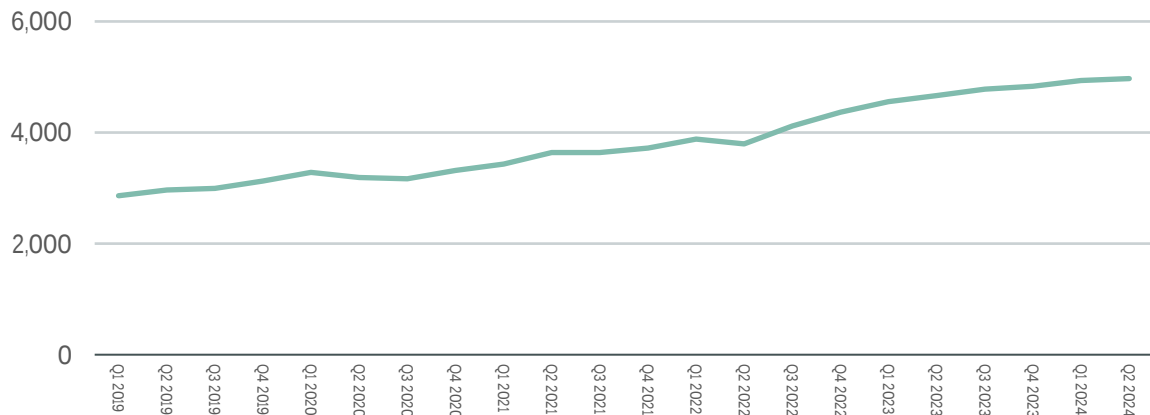
Average villa prices have also generally been on an uptrend since 2019, despite encountering a brief dip in early 2020 and again in early 2021, when values dropped 4.8% to SAR 3,820 per square metre. However, from that point on, prices have seen robust growth, with average villa values now resting around SAR 5,824 per square metre at the end of June, after rising 3.3% year-on-year.

Average villa sales rate per square metre in Riyadh as at Q2 2024

SAR 5,824

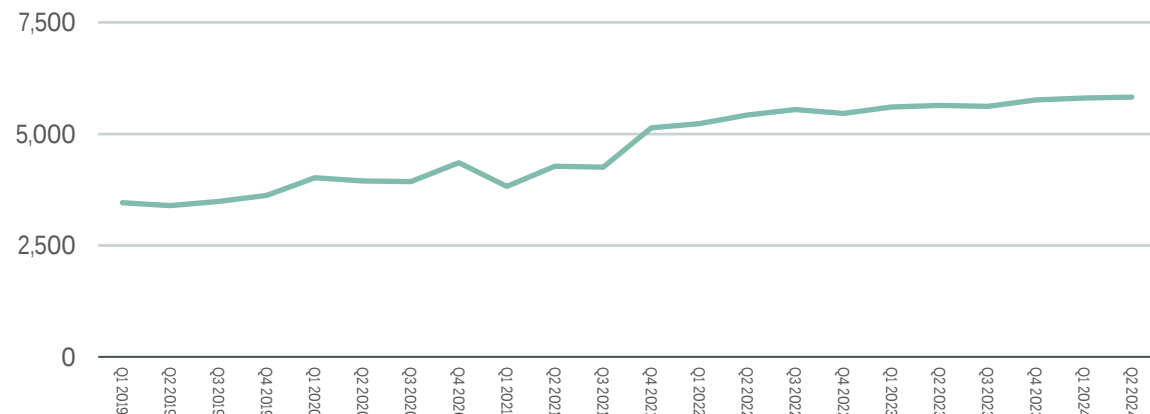
Since Q2 2020, the average villa price has increased by around 10.2% with further growth anticipated.

Figure 2: Riyadh, Residential Apartment Market, Average Sale Price, SAR/SQM.



Source: CBRE Research

Figure 3: Riyadh, Residential Villa Market, Average Sale Price, SAR/SQM.



Source: CBRE Research

Jeddah's apartment pricing is softening, albeit values remain close to 2022 levels

Through 2019, the average apartment price in Jeddah improved and despite a slight wobble during Covid, values generally remained on an upward trajectory until Q3 2022. However, since then the market has been broadly subdued, with values currently sitting around SAR 3,945 per square metre, marginally below the Q4 2022 figure. Prices have fallen by 0.9% in the year to Q2 2024, although since Q2 2020, sales values have risen by an average of 2.6% per annum.

Decline in average apartment prices in Jeddah in the year to Q2 2024

-0.9%

Increase in average villa prices in Jeddah in the year to Q2 2024

+0.8%

Villa values continue to grow steadily despite volatile transaction activity

In the aftermath of the pandemic, average villa prices in Jeddah dipped, with declines ending in Q4 2020 with values at around SAR 4,639 per square metre.

This represented the market bottom, with prices improving by an average CAGR of 4.4% per year since, well above the 0.8% at the end of Q2 2024, with average prices at SAR 5,707 per square metre.

Average villa sales rate per square metre in Jeddah as at Q2 2024

SAR 5,707

Figure 4: Jeddah, Residential Apartment Market, Average Sale Price, SAR/SQM.



Source: CBRE Research

Figure 5: Jeddah, Residential Villa Market, Average Sale Price, SAR/SQM.



Source: CBRE Research

Rental transactions on the rise in Riyadh as digitalization efforts ramp up

Based on data from the EJAR platform, total rental transactions for Riyadh increased year-to-date in July 2024 by 6.1%, as compared to the same period in 2023. By July 2024, Riyadh had recorded 274,146 apartment rental transactions against 258,452 for the same period a year earlier.

Rental transactions have seen consistent year-on-year growth amidst the governments efforts to ensure landlords and tenants use the EJAR platform to formalize the registration of rental transactions with volumes rising notably as a result, most notably during Q4 2023.

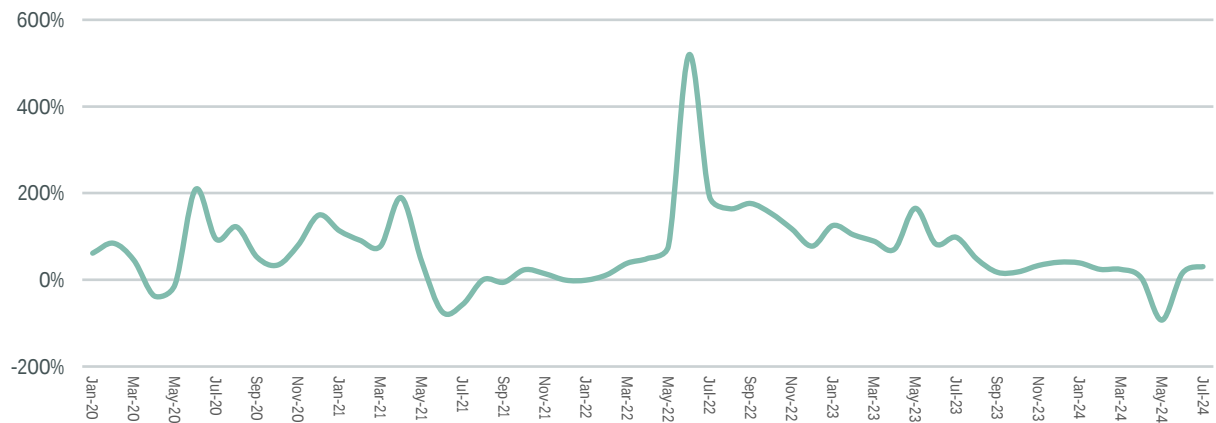
Total number of rental transactions in the year to date to July 2024

274,146

Year-on-year increase in the total number of rental transactions in the year to date to July 2024

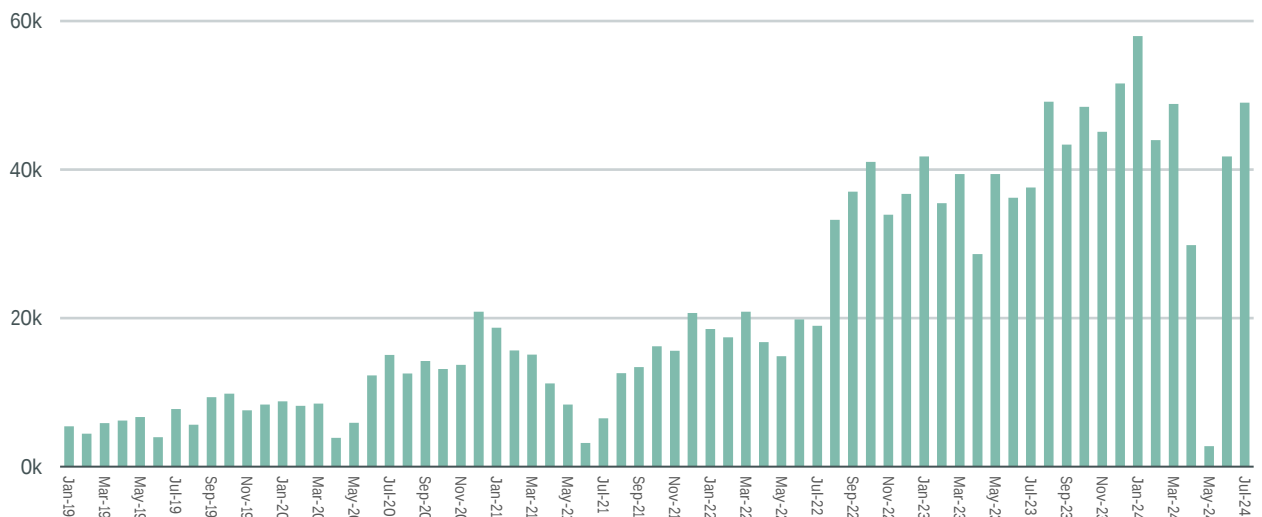
+6.1%

Figure 6: Riyadh, Residential Apartment Market, Rental Registrations.



Source: CBRE Research / EJAR

Figure 7: Riyadh, Residential Apartment Market, 000s Rental Registrations.



Source: CBRE Research / EJAR

Jeddah's rental transactions drop year-on-year despite a recording monthly tally in January

Jeddah's apartment segment witnessed 2.3% dip in registered rental transactions in the year to July 2024, largely due to the low number recorded in May. In comparison to the same period in 2023, transactions totaled 183,894, down from 188,167 during the same period in 2023. This was despite record monthly registrations during January 2024, when 41,908 transactions were recorded.

The same trend was noted across Riyadh and Jeddah and is associated with the government's campaign to increase awareness of the EJAR platform and supporting regulations, which requires landlords and tenants to utilize the system to legitimize their transactions.

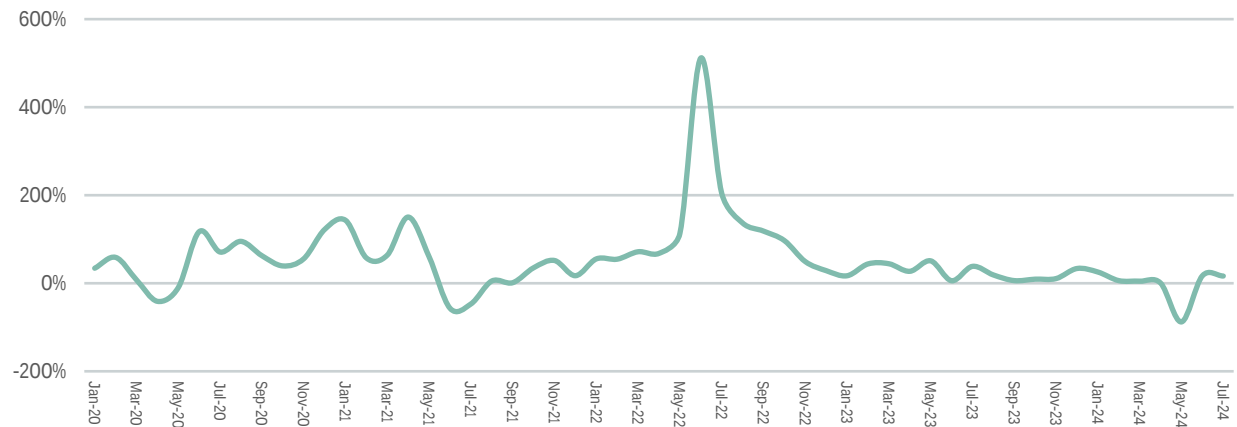
Total number of rental Transactions in the year to date to July 2024

183,894

Year-on-year decline in the total number of rental transactions in the year to date to July 2024

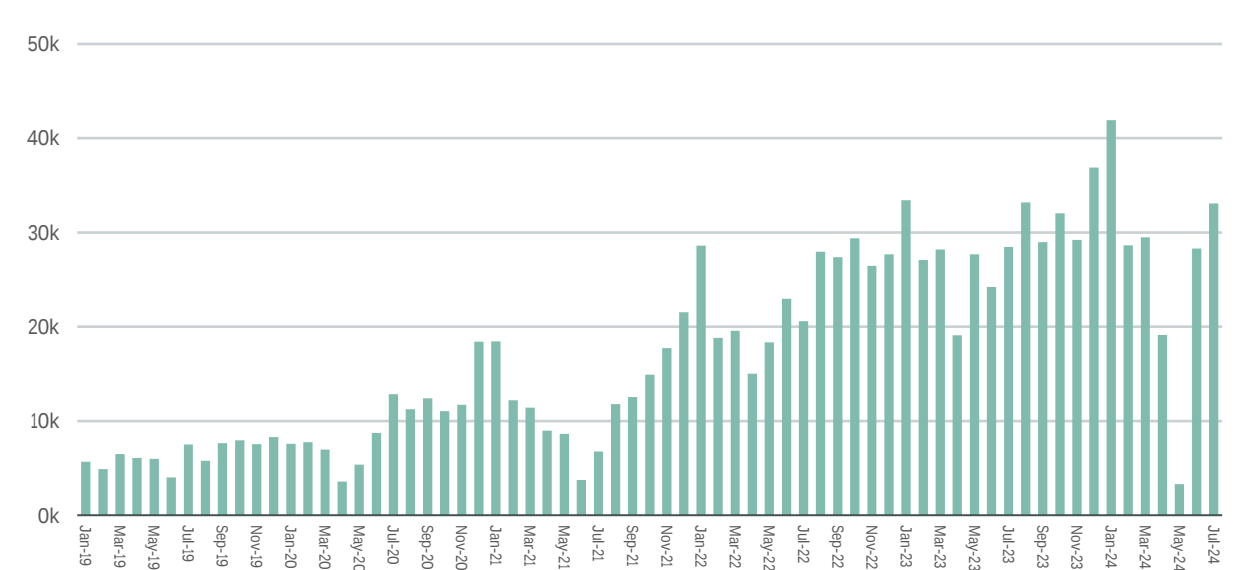
-2.3%

Figure 8: Jeddah, Residential Apartment Market, Rental Registrations.



Source: CBRE Research / EJAR

Figure 9: Jeddah, Residential Apartment Market, 000s Rental Registrations.



Source: CBRE Research / EJAR

Hittin and Al-Malqa represent Riyadh's highest priced villa districts

Among the tracked residential districts in Riyadh during Q2 2024, Hittin and Al-Malqa were found to have the highest average price ranges. For Hittin, average villa prices ranged from SAR 9,500 per square metre up to SAR 13,500 per square metre. This was followed closely by Al-Malqa district with SAR 8,000 up to SAR 12,900 per square metre.

At the other end of the spectrum, districts such as As-Suwaidi and Al-Aziziyah commanded the lowest prices, with average villa prices ranging from SAR 2,150 per square metre to around SAR 4,800 per square metre in As-Suwaidi and SAR 2,200 per square metre to SAR 4,050 per square metre in Al-Aziziyah.

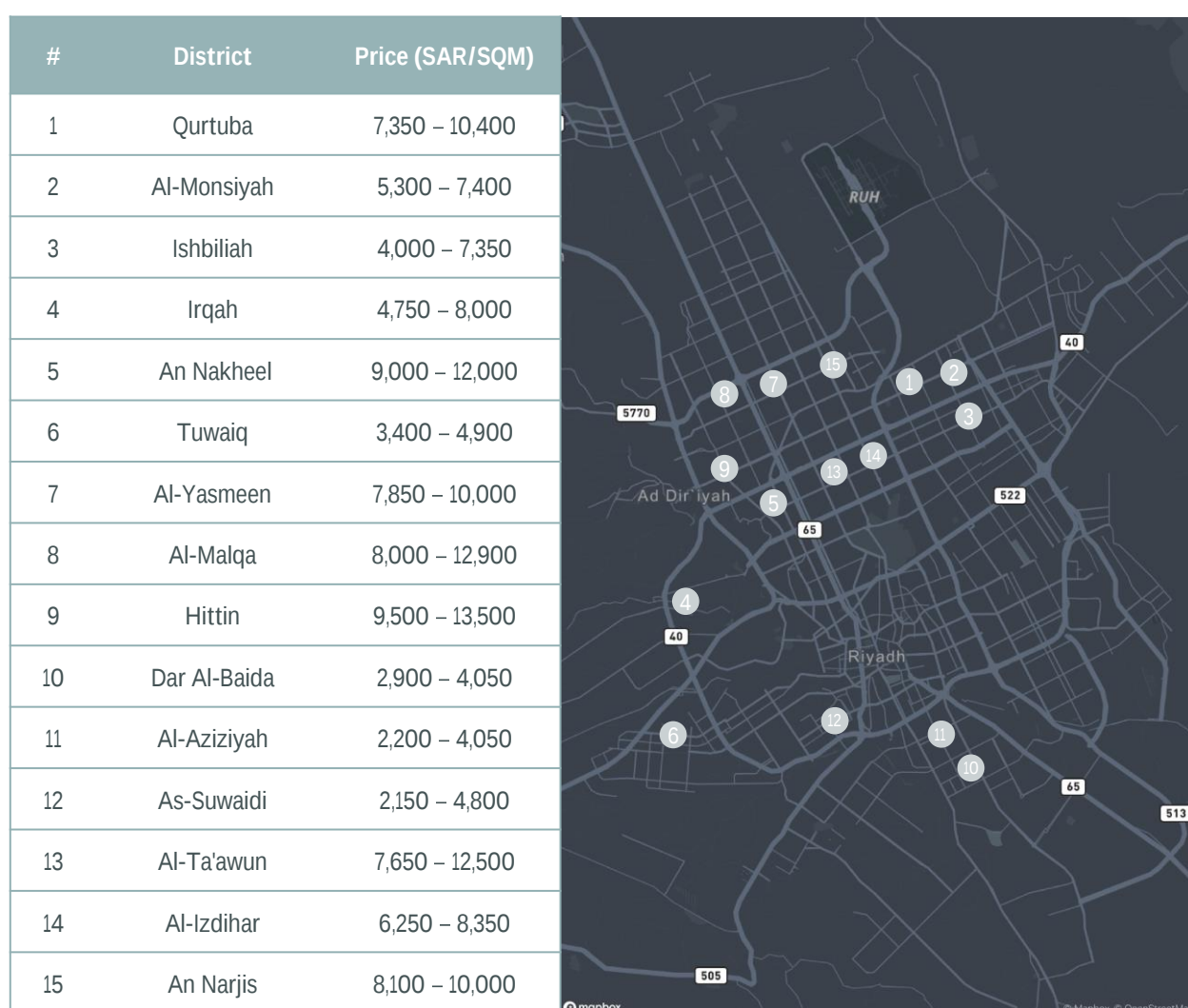
The highest average sale price for villas in Riyadh recorded in Hittin (per square metre)

SAR 13,500

The lowest average sale price for villas in Riyadh were recorded in As-Suwaidi (per square metre)

SAR 2,150

Figure 10: Riyadh, Residential Market, Villa Sale Prices.



Source: CBRE Research

Central and Northern Riyadh continue to command the highest apartment sale prices in the city

Popular city districts such as As-Sulimaniyah, Al-Ta'awun, and An Nakheel continue to command the highest average apartment prices. In As-Sulimaniyah district, the average sale price ranged from SAR 6,600 per square metre to SAR 10,500 per square metre, whilst in An Nakheel district, apartments averaged SAR 7,200 per square metre up to around SAR 10,300 per square metre.

The best value was to be found in districts such as Dar Al-Baida and Al-Aziziyah, with prices ranging from SAR 1,900 per square metre to around SAR 3,250 per square metre and SAR 2,700 per square metre to SAR 4,200 per square metre respectively across the two neighborhoods.

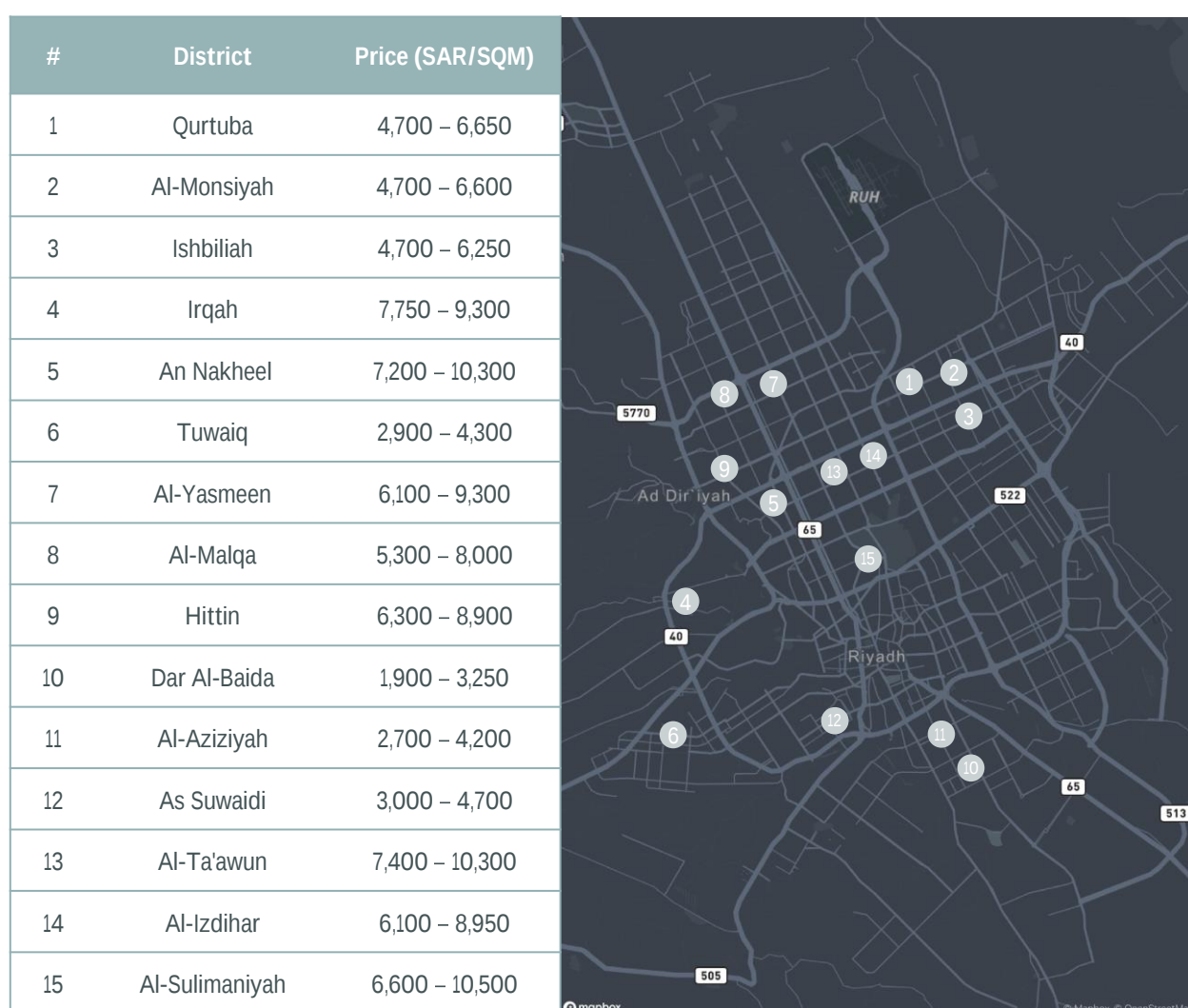
The highest average sale price for Riyadh apartments recorded in Al-Sulimaniyah (per square metre)

SAR 10,500

The lowest average sale price for Riyadh apartments recorded in Dar Al-Baida (per square metre)

SAR 1,900

Figure 11: Riyadh, Residential Market, Apartment Sale Prices.



Source: CBRE Research

Western Jeddah districts lead the way for the highest villa sale prices

Districts nearby the Red Sea have proven to command the highest villa prices in Jeddah, with Ash Shati and Al-Murjan districts seeing the highest price brackets of SAR 7,500 per square metre and SAR 13,350 per square metre. Whereas in the Al-Murjan district, average villa prices start from SAR 5,500 per square metre and go up to SAR 11,500 per square metre.

Similarly priced districts such as Al-Basateen saw average prices from SAR 7,500 per square metre to SAR 11,350 per square metre. Meanwhile, Al-Amir Fawwaz was among the lowest priced areas for villas starting from SAR 2,300 per square metre.

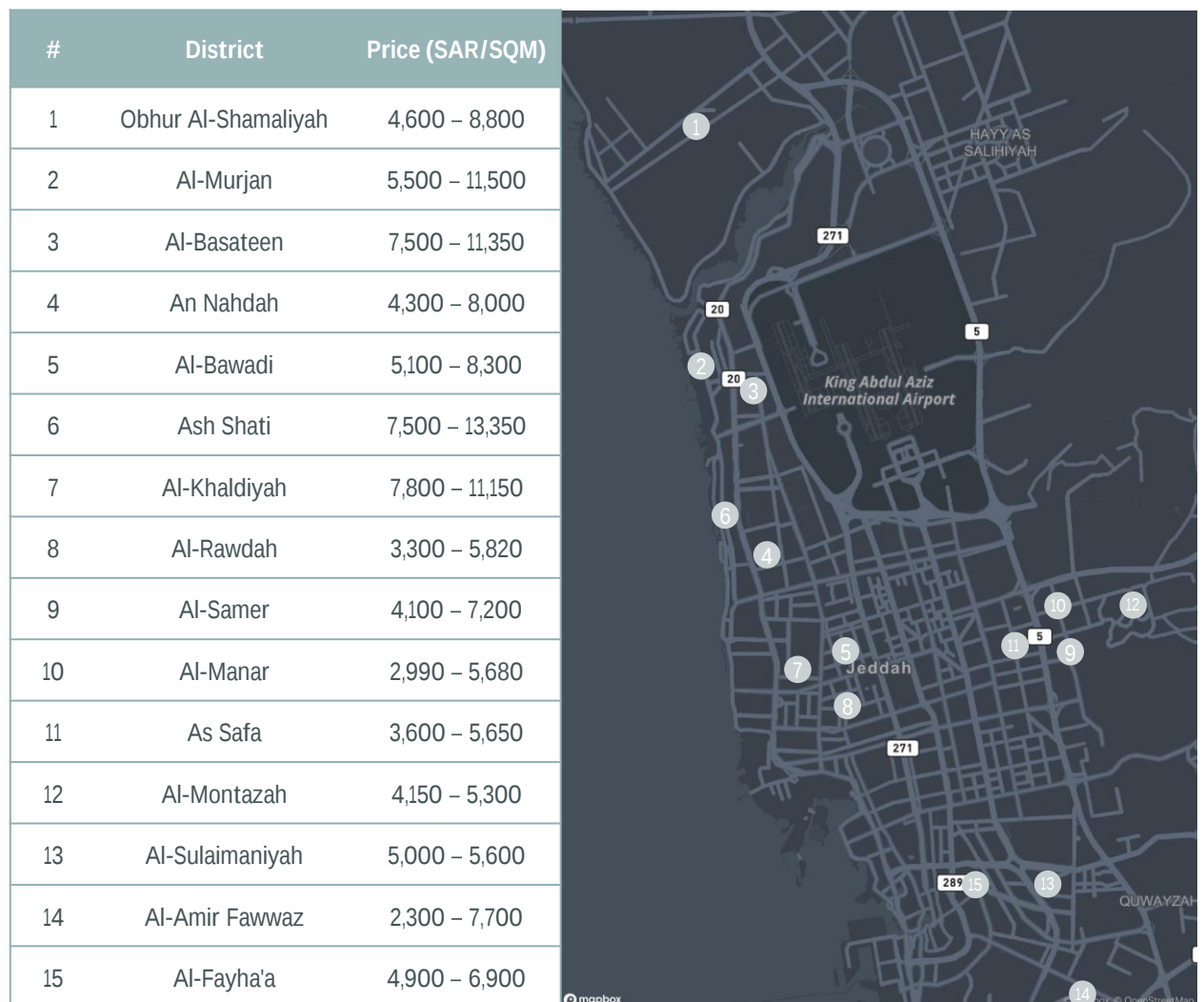
The highest average sale price for villas in Jeddah recorded in Ash Shati (per square metre)

SAR 13,350

The lowest average sale price for villas in Jeddah recorded in Al-Amir Fawwaz (per square metre)

SAR 2,300

Figure 12: Jeddah, Residential Market, Villa Sale Prices.



Source: CBRE Research

Branded residences command the highest values as apartment oversupply leads to moderation of prices

The steady delivery of new apartments into Jeddah's residential market over the past 18 months has resulted in significant fluctuation in average apartment sale prices. Additionally, the large quantum of new supply in districts such as Al-Marwah, As Salamah and As Safa. has resulted in saturating of the segment, skewing average prices. Branded residences along the Red Sea continue to command the highest values in prominent districts like Obhur Al-Junobiyah, with rates starting at SAR 4,700 per square metre up to SAR 7,400 per square metre. Moreover, dynamic central districts like Al-Zahra are seeing rates range from SAR 4,800 per square metre to SAR 6,240 per square metre, whilst the lowest sale prices are found in Ar Rayyan, where apartments start at SAR 2,940 and go up to SAR 3,380 per square metre.

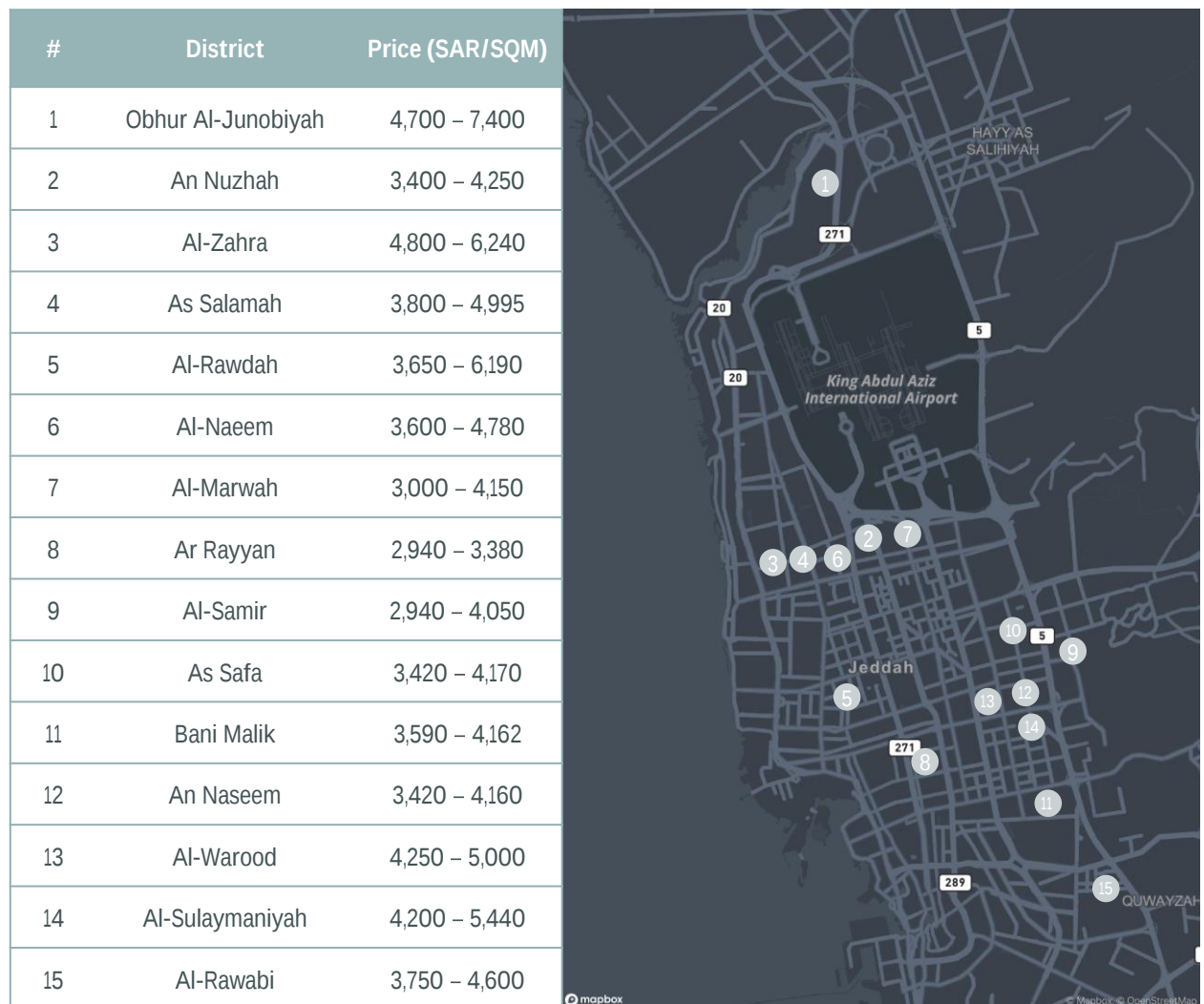
Highest average sale prices for Jeddah apartments found in Obhur Al-Junobiyah (per square metre)

SAR 7,400

Lowest average sale price for apartments in Jeddah found in Ar Rayyan district (per square metre)

SAR 2,940

Figure 13: Jeddah, Residential Market, Apartment Sale Prices.



Source: CBRE Research

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