

# Saudi Arabia Retail Market Overview



**Spring - 2025**

A biannual review of key trends and the performance of Saudi Arabia's retail market

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# Market Roundup

## Retail sector rebounds with renewed consumer confidence

Saudi Arabia's retail market experienced a strong recovery in 2024, backed by rising consumer confidence and a significant surge in spending. Consumer spending grew by 7% to SAR 1.41 trillion (US\$ 376bn). in 2024, up from SAR 1.31 trillion (US\$ 349bn). in 2023. This figure includes total cash withdrawals, point-of-sale (POS) transactions, and e-commerce activity via Mada cards, reflecting the growing vibrancy and digitalisation of the Kingdom's consumer economy. Point-of-sale (POS) transactions surged to SAR 668bn (US\$ 178bn), a 9% year-on-year increase. However, reflecting a dynamic shift in consumer behaviour and purchasing channels, e-commerce grew by 26%, reaching SAR 197.4bn (US\$ 52bn).

## Retail development & urban expansion

Riyadh remains at the forefront of this retail resurgence, accounting for 2.2 million sqm of the 4.9 million sqm in new development planned across Saudi Arabia's five largest cities by 2030. The capital's retail recovery is further reflected in rising headline rents at regional and super-regional malls, which climbed 4% to SAR 2,848 psm in the 12 months to the end of Q1 2025.

Upcoming projects such as Qiddiya, The Avenues Riyadh and Jawharat Riyadh are also reshaping the urban retail landscape, creating vibrant, lifestyle-oriented spaces that align with Saudi Arabia's Vision 2030 goals of improving quality of life and diversifying the economy. Most importantly, these new developments focus on lifestyle and entertainment offerings.

## Luxury retail & global brand attraction

As part of its Vision 2030 strategy, Saudi Arabia is positioning itself as a world-class luxury retail and lifestyle destination.

The Kingdom is actively working to attract leading global retail brands, aiming to enhance its appeal to affluent tourists and high-net-worth residents.

Prominent international brands such as Gucci, Hackett London and Steve Madden have recently expanded their presence in Saudi Arabia, reflecting the Kingdom's growing demand for diverse and luxury fashion brands.

In the food and beverage sector, global names like Zuma, Jones the Grocer and Sexy Fish have entered the market, bringing upscale dining experiences to a rapidly evolving hospitality and lifestyle landscape.

**“Riyadh remains at the forefront of this retail resurgence, accounting for 2.2 million sqm of the 4.9 million sqm in new supply planned across Saudi Arabia's five largest cities by 2030.”**

## Evolving consumer behaviour

Saudi consumers, however, remain value-driven, with a growing inclination toward and affordable labels, promotional offers, and user-friendly digital platforms that offer both convenience and competitive pricing. This hints, perhaps, at the need to ensure new retail offerings offer a good mix of affordable brands.

Elsewhere, rising digital literacy is also boosting e-retail, which now accounts for nearly 40% of all POS transactions, underscoring the rapid pace of digital adoption and the integration of online and offline retail channels across the Kingdom.

This transformation is not limited to one demographic; it is being propelled by tech-savvy Saudi youth, budget-conscious seniors, and experience-seeking international tourists. Each contributes to the diversification of retail segments, creating demand for more personalised, omni-channel shopping experiences that blend convenience, value, and engagement.

## Buy Now, Pay Later is gaining momentum

‘Buy-now-pay-later’ (BNPL) purchases are gaining significant traction, offering zero-interest, Shariah-compliant solutions that appeal to a broad consumer base. Dominated by Tabby and Tamara, which together hold a 95% market share, BNPL is now integrated across both online and physical retail, enhancing short-term purchasing power.

With rising spending, rapid digital adoption, and major luxury and experiential retail developments, Saudi Arabia's retail sector is poised for continued growth. These trends point toward a more diversified, modern, and investment-ready retail environment.

## Point of sales transactions

■ Total value ■ y/y change



Source: Knight Frank, SAMA



Riyadh Boulevard World

# Riyadh

## Rising rents and occupancy rates

Riyadh's retail market continued to perform strongly in Q1 2025, with prime regional and super-regional malls driving rental growth. Average rents have risen by 4% over the last 12 months, between Q1 2024 and Q1 2025, and stood at SAR 2,848 psm. Meanwhile, citywide retail occupancy rose by 5% to 92%, supported by sustained demand in flagship destinations such as Riyadh Park and Al Nakheel Mall.

These locations benefit from high foot traffic, a diverse mix of tenants, and integrated entertainment offerings, including cinemas and family-oriented attractions.

## Retail supply expands

Riyadh continues to cement its position as the Kingdom's primary retail hub, with substantial additions to its retail landscape in 2025. The city's total retail supply reached 4 million sqm during Q1, driven in part by the opening of major projects such as Solitaire Riyadh (65,000 sqm), which introduced a blend of upscale retail and leisure experiences.

Looking ahead, approximately 540,000 sqm of new retail space is scheduled to open in 2025, bringing total stock to an expected 5.2 million sqm by 2026, reflecting a 20% increase over just two years.

## Upcoming retail developments in Riyadh

Mall name	Location	Type	GLA (sqm)
The Avenues Riyadh	Al Malqa	Super-regional mall	400,000
Jawharat Riyadh	Al Raed	Super-regional mall	185,000
Murcia Mall	Khuzam	Super-regional mall	180,000
The 25 Mall Complex	Al Mohammadiyah	Regional mall	56,100
Azal Commercial Center	AL Malqa	Regional mall	84,000
Khuzam Valley Strip Mall	Khuzam	Neighbourhood centre	9,500

Source: Knight Frank, MEED Projects

## Experiential retail in focus

Population growth, both domestic and expat, and rising disposable incomes are accelerating Riyadh's retail transformation. Developers are prioritising experiential formats, with over half of upcoming projects incorporating entertainment zones, dining experiences and cinemas. These trends align with Vision 2030's objective to create vibrant, leisure-centric urban spaces.

Simultaneously, luxury retail is gaining momentum as global brands expand to capture the appetite for premium shopping. Omnichannel retail strategies are also becoming essential, driven by the rapid growth of e-commerce and digital payment platforms.

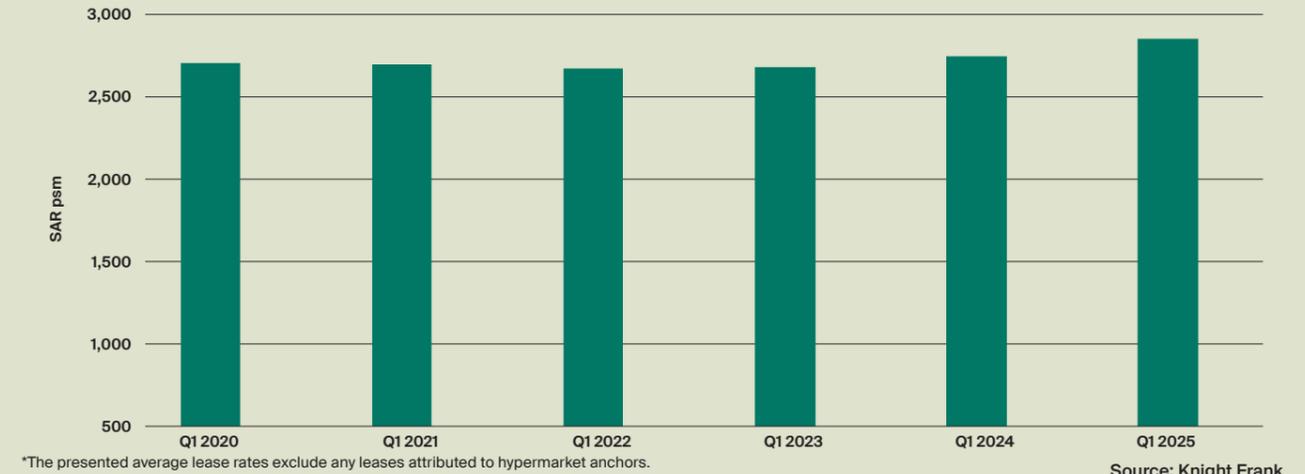
## F&B sector becomes a key growth driver

The food and beverage segment continues to solidify its role as a cornerstone of retail performance.

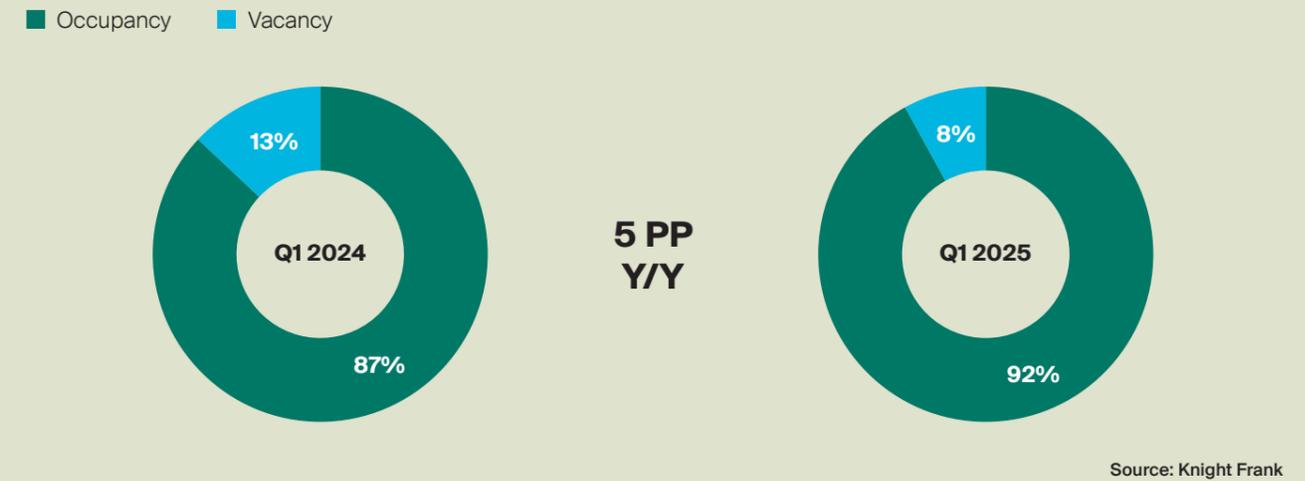
According to the Saudi Central Bank (SAMA), 29.7% of all POS transactions in 2024, equivalent to SAR 198.6bn (US\$ 53bn), were spent at restaurants and cafés. This underscores the importance of integrating innovative and high-quality F&B concepts to enhance the consumer experience and increase dwell times in retail environments.

# Market performance indicators

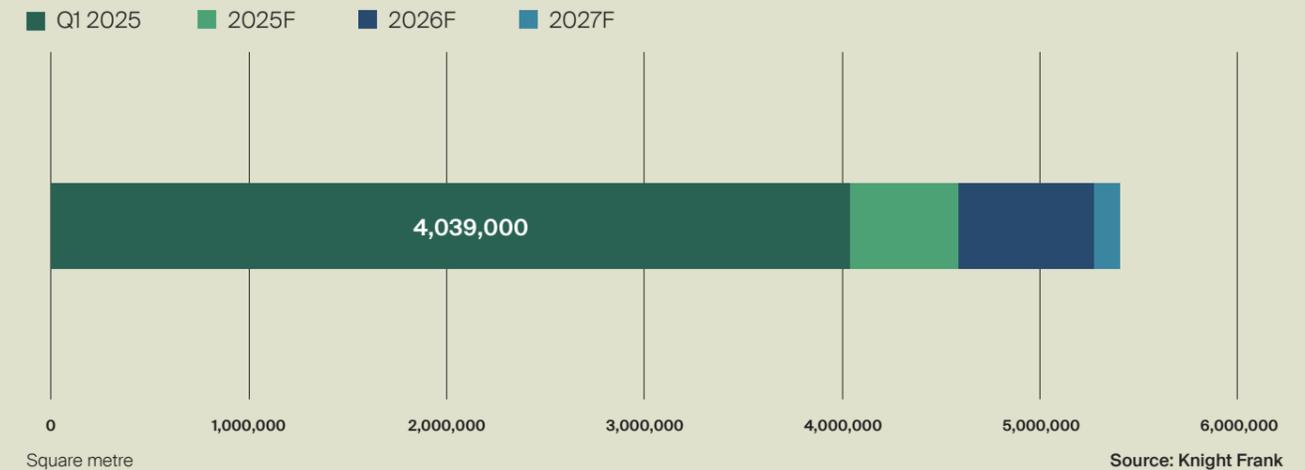
## Regional and super regional malls lease rates\* - Q1 2025



## Market wide occupancy rates - Q1 2025



## Retail supply and forecast



# Jeddah

## Rising supply

Jeddah's retail market saw notable expansion over the past year, with approximately 225,000 sqm of new retail space delivered in 2024. Major completions included Phase 1 of Souq 7 and Al Bahr Mall, which together contributed around 170,000 sqm, pushing the city's total retail stock to 2.9 million sqm.

These developments introduced a diverse mix of offerings, from luxury boutiques and international brands to distinctive local concepts like Homegrown Market in Al Rawdah, which showcases Saudi designers and independent labels, adding vibrancy and depth to the city's retail landscape.

## Rental trends and occupancy

Over the past 12 months, headline rents have shown mixed performance. Regional and super-regional malls recorded an increase of 2%, averaging SAR 2,513 psm, while community retail centres posted a slight uptick of 0.6%, reaching SAR 1,800 psm. Overall occupancy dipped by 1% to 86% as older malls faced intensifying competition from newer, experience-focused retail formats.

## Upcoming supply and the rise of luxury retail

Looking ahead, Jeddah's retail footprint is expected to grow by an additional 245,500 sqm by 2026, contingent on construction progress.

The city's luxury segment is also set to expand significantly with the launch of high-profile projects. Jawharat Mall by Cenomi Centers will bring 87,000 sqm by the end of 2025, introducing Saudi Arabia's first dedicated luxury retail district.

Targeting LEED Gold certification, the US\$ 235 million development will include over 300 premium outlets, valet parking, personal shopping services, VIP lounges, and a full-scale supermarket.

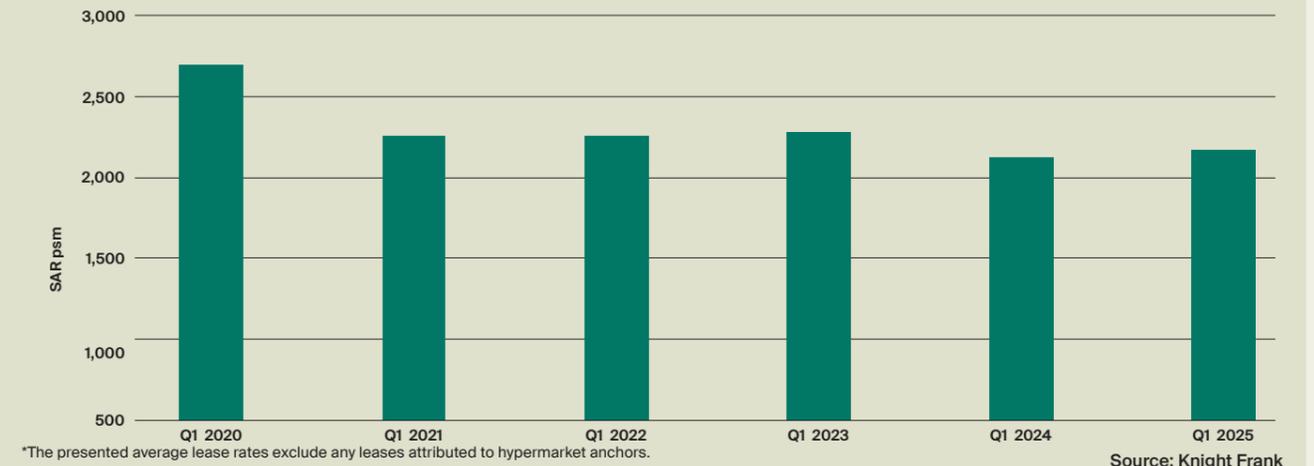
In parallel, The Cove by Ezdihar, located along Jeddah's waterfront Corniche, will deliver 70,000 sqm as part of a 127,000 sqm lifestyle destination. The project will feature more than 200 stores, a wide array of dining options, a cinema, and a marina with scenic views of the Formula 1 circuit, reinforcing Jeddah's position as a rising luxury and leisure hub.



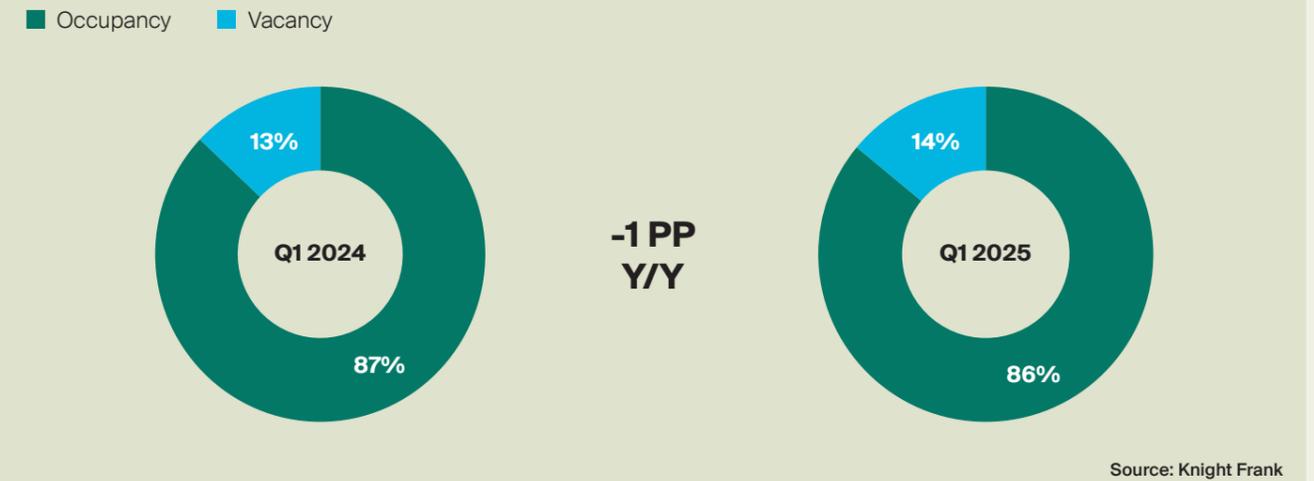
Al Nakheel restaurant

# Market performance indicators

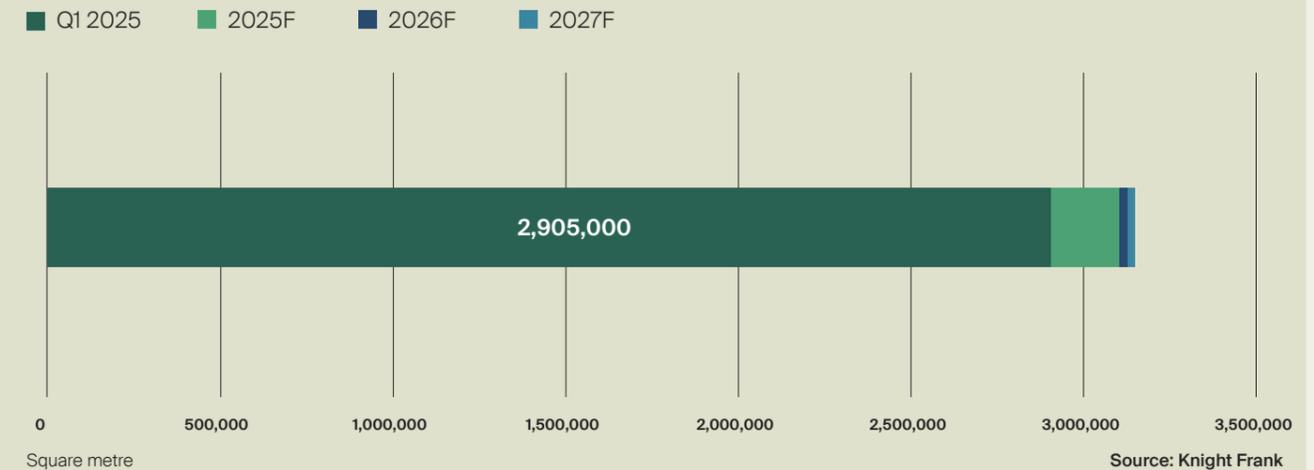
## Regional and super regional malls lease rates\* - Q1 2025



## Market wide occupancy rates - Q1 2025



## Retail supply and forecast



# Dammam Metropolitan Area (DMA)

## Steady retail activity

Retail performance across the Dammam Metropolitan Area (DMA) has remained stable over the past year. Average rental rates in regional and super-regional malls edged up by 0.4%, reaching SAR 2,285 psm. Meanwhile, community retail centres recorded a modest increase of 1.25%, with average rents reaching SAR 1,610 psm. Overall occupancy rates remained healthy at approximately 90%, reflecting sustained tenant demand and market resilience compared to 2023.

## Shift toward experiential retail

As is the case elsewhere in the Kingdom and indeed globally, consumer preferences in DMA are increasingly leaning toward more engaging, experience-driven environments. Al Rashid Mall, for example, is undergoing major renovations to introduce experiential concepts. Retail destinations are now dedicating more space to seasonal events, pop-up activations, and immersive entertainment zones. Family-oriented attractions, cultural festivals, and curated F&B experiences are becoming essential components that enhance footfall and encourage longer dwell times.

## Retail transformation and digital integration

Retail developments in the DMA are shifting from conventional models to more agile, technology-enabled formats. New projects emphasise flexible layouts, hybrid uses, and curated tenant mixes that align with changing consumer lifestyles and the ongoing growth of e-commerce. Features such as click-and-collect zones, multifunctional spaces, and fulfilment support are being incorporated to meet modern retail demands. At the same time, ageing retail assets face increasing pressure to evolve or risk obsolescence.

## Outlook on supply and strategic response

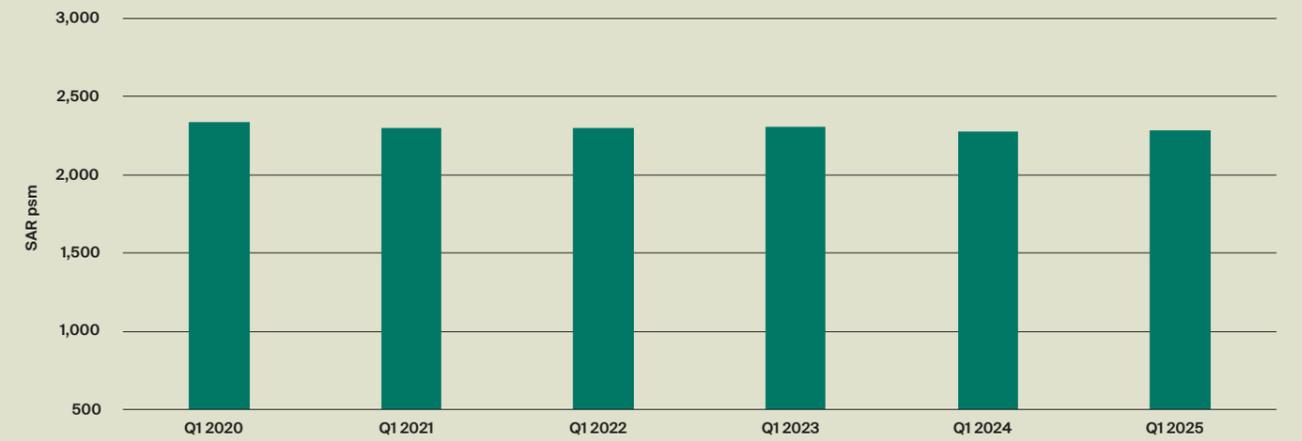
The DMA's total retail supply currently stands at 1.4 million sqm, following the addition of 31,000 sqm in the past year. By 2026, a further 484,400 sqm of new space is anticipated. This significant addition to the pipeline may place downward pressure on rents and occupancy. To remain competitive, developers and retailers must adopt strategic leasing practices, embrace adaptive retail formats, and deliver value-rich, differentiated experiences that resonate with the region's evolving consumer base.



Al Othaim Mall Dammam

# Market performance indicators

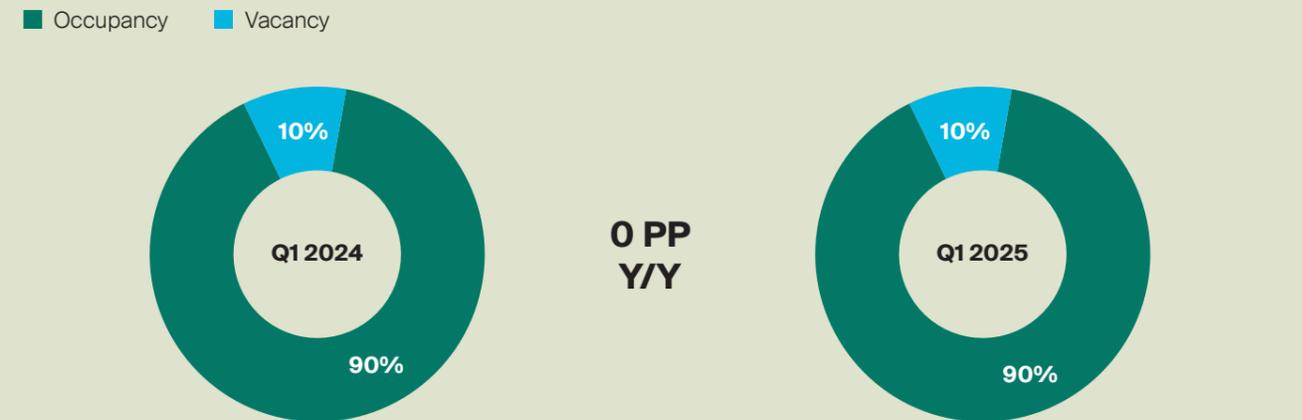
## Regional and super regional malls lease rates\* - Q1 2025



\*The presented average lease rates exclude any leases attributed to hypermarket anchors.

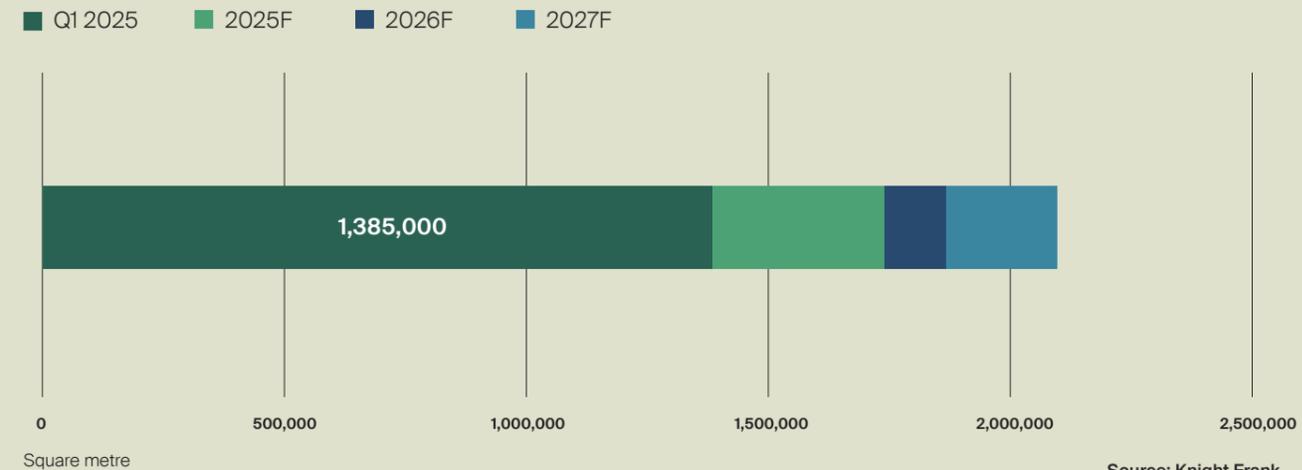
Source: Knight Frank

## Market wide occupancy rates - Q1 2025



Source: Knight Frank

## Retail supply and forecast



Source: Knight Frank

We like questions. If you've got one about our research, or would like some property advice, we would love to hear from you.

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