Madinah emerged as the Kingdom’s standout performer, with residential transaction values jumping 49% year-on-year to SAR 3.4 billion and volumes up 38%.

Following a prolonged period of expansion, Riyadh’s residential market entered a phase of recalibration in H1 2025. Transaction volumes fell by 31% year-on-year, while total transaction value eased 20% to SAR 29 billion. Although this marks the first annual decline in recent years, it reflects a natural market adjustment rather than a fundamental weakening.

Jeddah, meanwhile, sustained growth with transaction volumes rising by 19% over the past 12 months and total transaction value increasing by 28% to SAR 17.3 billion.

Looking ahead, tens of thousands of new homes are set to be delivered in Madinah and Makkah by 2028, supported by giga-projects such as Rua Al Madinah and Masar Destination. The upcoming law enabling foreign property ownership from January 2026 is also expected to boost market liquidity and further diversify demand.

Please see the full press release below.

Very best,

Haziq

News Release

Knight Frank: Total transaction values leap by 49% in Madinah as residential prices rise across Saudi Arabia

- **93,700 residential deals, with a total value of SAR 77.5 billion, recorded in Saudi Arabia in H1 2025**
- **Average apartment prices in Riyadh increased 10.6% year-on-year to SAR 6,175 psm**
- **Tens of thousands of new homes are due for delivery in Madinah and Makkah by 2028**

Riyadh | 26 August 2025: Madinah recorded the strongest growth in residential transaction values in Saudi Arabia in H1 2025, rising by 49% year-on-year to SAR 3.4 billion, according to the Saudi Arabia Residential Market Overview from global property consultancy Knight Frank. Transaction volumes in the city also grew by 38%, reflecting increasing investor confidence and stronger demand from end-users.

Housing remains the key driver of Saudi Arabia’s real estate market, capturing approximately 63% of the SAR 123.8 billion total transaction value during H1 2025. The number of residential transactions rose by 7% year-on-year to nearly 93,700 deals, with a total value of SAR 77.5 billion. This sustained momentum is underpinned by increased mortgage activity, government support schemes and the delivery of new housing stock in key urban locations.

Faisal Durrani, Partner – Head of Research, MENA, said: *“One of the most significant legislative developments this year has been the approval of the new Law of Real Estate Ownership by Non-Saudis. Set to come into effect in January 2026, this new ownership framework, coupled with accelerating residential deliveries and mortgage market reforms, is expected to deepen market liquidity and improve investor sentiment. This comes at a time when key markets like Riyadh are starting to stabilise as we approach the* *government’s 70% home ownership target and high house prices subdue demand to an extent.”*

RIYADH MARKET REBALANCES

Following a prolonged period of expansion, Riyadh’s residential market entered a phase of recalibration in H1 2025. Transaction volumes fell by 31% year-on-year, while total transaction value eased 20% to SAR 29 billion. Although this marks the first annual decline in recent years, it reflects a natural market adjustment rather than a fundamental weakening.

This cooling in transactional activity has not translated into downward pressure on prices. In fact, both apartment and villa prices have continued to climb, underlining resilient demand in key submarkets. Average apartment prices in Riyadh rose by 10.6% year-on-year in Q2 2025 to reach SAR 6,175 psm, driven by strong appetite in well-connected and centrally located districts.

The launch of the Riyadh Metro in late 2024 has also fuelled demand in areas with improved transit access. Districts such as Olaya, Al Yasmin and Hittin have seen strong uplift. Al Taawun recorded a 32% price increase to SAR 9,470 psm, whilst prices in King Abdullah District rose 17% to SAR 7,656 psm. Even in budget-sensitive southern Riyadh, average apartment prices edged up to SAR 3,000 psm, reflecting sustained interest from first-time buyers.

Villa prices have also continued to rise across the Kingdom. Average prices increased by 8.2% year-on-year in Q2 2025, reaching SAR 5,470 psm. Northern Riyadh remains the city’s most expensive area for villas, averaging SAR 8,660 psm. Al Sahafah exhibited the strongest growth, with prices up 24% to SAR 8,050 psm, while An Narjis followed with a 16.6% rise to SAR 8,750 psm.

Harmen De Jong, Regional Partner – Head of Consulting, MENA, said: *“Riyadh remains one of the Kingdom’s most dynamic markets, supported by ongoing Vision 2030 initiatives* *and major infrastructure investment. The implementation of the foreign ownership law next year will energise the market by boosting liquidity and enhancing the quality of developments. Together, these factors indicate that Riyadh's current market adjustment is part of a broader and healthier evolution, positioning the city for more diversified and sustainable long-term growth."*

JEDDAH GAINS MOMENTUM

In contrast to Riyadh, Jeddah's residential market continued to grow in H1 2025, with transaction volumes rising by 19% over the past 12 months and total transaction value increasing by 28% to SAR 17.3 billion.

In Q2 2025, the average apartment price in Jeddah reached SAR 4,324 psm, reflecting a 2.7% increase year-on-year. Price gains were most pronounced in the city's central and western districts, where the average rose by 6% to SAR 5,246 psm. Al Naim recorded the strongest growth, up 12.2% to SAR 4,885 psm, followed by Al Zahra, where values increased by 10% to SAR 6,325 psm.

The villa market saw a more moderate uplift, with average prices rising by 3.2% over the past 12 months to SAR 5,040 psm. The northern districts remain the most in-demand, with prices increasing by 5.4% to SAR 6,150 psm. Obhur Al Shamaliya led the trend with prices up 9.2% to SAR 5,800 psm, followed by An Nahdah, which rose by 8.3% to SAR 5,850 psm.

Citywide, demand continues to shift towards gated, master-planned communities that integrate residential, retail, educational and healthcare components. Developments such as Roshn's Al-Arous, supported by the Public Investment Fund, are drawing interest for their emphasis on lifestyle convenience, security and comprehensive urban design. These integrated models are particularly appealing in coastal districts, where access to both community amenities and waterfront areas is increasingly in demand.

MEETING GROWING DEMAND IN THE HOLY CITIES

While Madinah recorded a 38% increase in the number of residential transactions and a 49% uplift in total value to SAR 3.4 billion in H1 2025, in Makkah total value fell by 33%. Despite this decrease, there was an 11% increase in the number of deals, suggesting a shift in demand toward more affordable or smaller units.

Apartment prices in Madinah rose by 2.5% over the past 12 months to an average of SAR 3,835 psm in Q2 2025. Villa prices experienced a slight decrease of 0.3%, averaging SAR 3,500 psm. In Makkah, apartment values softened by 0.5% to SAR 3,650 psm, while villa prices edged up by 0.4% to SAR 3,420 psm.

Supply in both holy cities continues to grow as development accelerates to meet rising demand from residents, pilgrims and investors. As of Q2 2025, Makkah has 428,200 residential units and supply is expected to reach around 462,000 units by 2028. In Madinah, residential stock stood at 353,400 units at the end of 2024, with an additional 27,860 homes slated for delivery by 2028. Upon completion, the city's total housing inventory will rise to 381,200 units.

Amar Hussain, Associate Partner – Research, said: *"Large-scale government-backed projects are transforming the urban fabric of Makkah and Madinah. In Makkah, the Masar Destination is creating new corridors and mixed-use zones that integrate residential, commercial and cultural spaces close to the Haram. And in Madinah, the Rua Al Madinah project will introduce new hotels, cultural landmarks and enhanced transit connectivity. These developments will elevate the cities' urban experience, strengthening their appeal to both residents and visiting pilgrims while supporting the government's broader tourism and economic development goals."*

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