

Research

Saudi Arabia | 2026

jll.com



Saudi Arabia Construction Market Review – H1 2026

Contents

01

Key Trends	03
------------	----

02

Tender Price Inflation	04
------------------------	----

03

Construction Cost Benchmarking	05
--------------------------------	----



Key Trends

1

Moderate and Steady Growth Ahead

Following unprecedented expansion, the construction sector is expected to see a more measured pace of growth through 2026 and 2027. This reflects market maturation and a shift toward sustainable, long-term growth.

2

Supply Chain Pressures Elevate Costs

Ongoing disruptions are extending delivery timelines for imported construction materials and equipment, creating scheduling risks. Rising prices for steel, aluminum, and cement—driven by trade policy shifts and constrained supply chains—are increasing input costs.

3

Regulatory Reforms Drive Development Activity

Recent policy changes, including Riyadh's revised White Land Tax, are incentivising landowners to develop undeveloped parcels. This regulatory push is accelerating construction activity and providing additional market momentum.

4

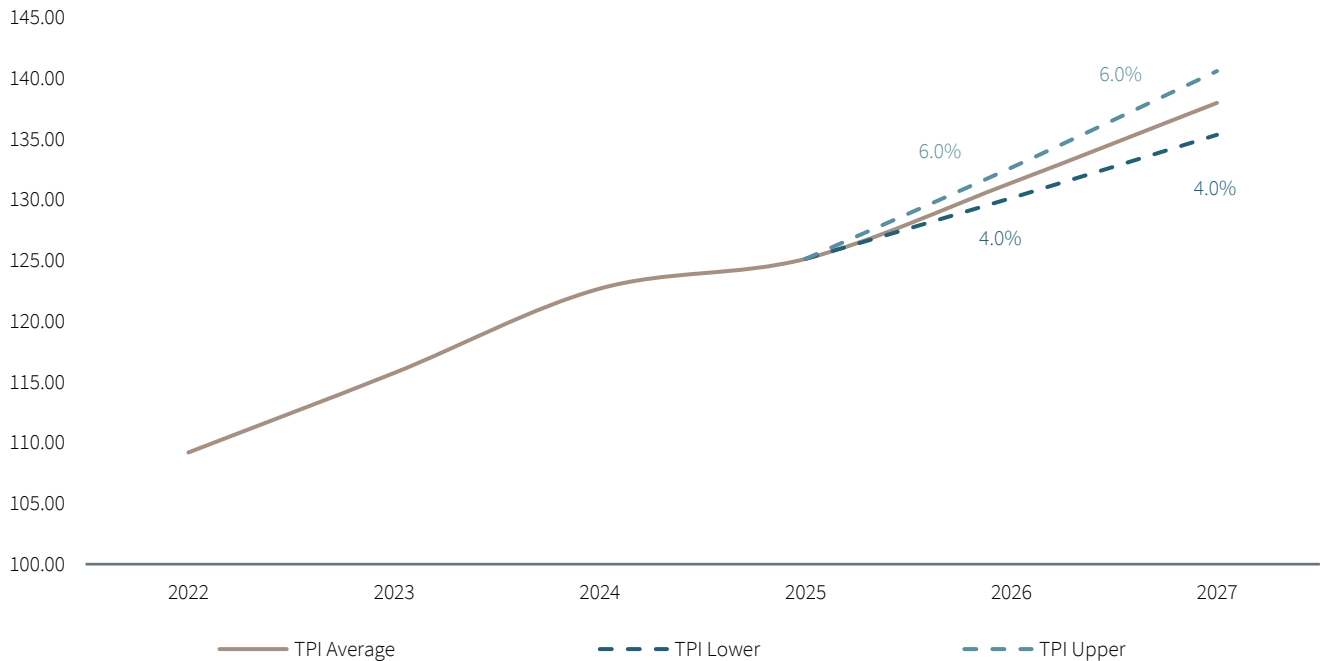
Intensifying Competition in PPP Markets

Growing private sector participation across core sectors and alternatives such as healthcare, education, and urban development is attracting new entrants and intensifying competition among local and international contractors for PPP-structured opportunities.



Tender Price Inflation (TPI)

Saudi Arabia, Tender Price Inflation, JLL estimates



Source: JLL Research 2026, JLL H1 2026 KSA contractor survey

Saudi Arabia's tender price inflation (TPI) is forecast to see an uptick in 2026 on the back of escalating geopolitical tensions which have resulted in upward pressure on commodity prices and caused material impacts to supply chains. Commodity prices have seen drastic increases over the course of the year, where prices for key construction materials and fuels such as copper, aluminum and diesel have increased by 44.5%, 23.9% and 7.9% respectively in the year to August 2026. In addition to this, the disruptions to key regional trade routes have led to extended lead times and increased shipping and insurance costs for imported MEP, facade, and specialist packages.

Based on current market conditions and input-cost evidence from the first half of the year, TPI is forecasted to increase by circa 5.0% in 2026, with a lower-bound estimate of 4.0% and an upper-bound estimate of 6.0%, up from 2.0% in 2025 and marking a significant upward adjustment from the previous 4.0% projection. JLL's H1 2026 contractor survey in KSA, covering contractors across various sectors, corroborates this upward price pressure, with realised escalation concentrated in metal-intensive, import-dependent trades. That being said, an intensely competitive tendering environment continues to absorb part of the increase through compressed margins; without such market conditions, TPI would be materially higher. Looking ahead to 2027, TPI is forecasted to hold at circa 5.0%, within the same 4.0% to 6.0% range, as input-cost pressures persist and competitive tension continues in the market.

Saudi Arabia, Construction Cost Benchmarking, H1 2026

Excavation and disposal	Concrete	Rebar	Structural steel
SAR 50 – 80 per metre cubed	SAR 450 – 670 per metre cubed	SAR 5,100 – 5,500 per tonne	SAR 15,500 – 18,500 per tonne

Sector	Low SAR per m ²	High SAR m ²
Residential		
Mid and high rise	6,000	11,300
Villa	5,400	9,700
Townhouse	4,800	6,400
Commercial		
Mid-rise office (S&C)	5,400	8,300
Fit out	5,500	12,500
Retail		
Strip	4,800	5,400
Community/Regional	5,700	7,700
Hospitality		
5* Resort (avg 220m2 GFA/ key)	15,700 m2/3,472,500 key	21,600 m2/4,757,000 key
5* Hotel (avg 200m2 GFA/ key)	12,900 m2/2,594,000 key	16,300 m2/3,264,000 key
4* Hotel (120m2 GFA/ key)	9,400 m2/1,128,900 key	13,500 m2/1,622,000 key
Industrial and logistics		
Light Industrial Unit (LIU)	3,000	4,500
Logistics warehouse facility	6,600	9,100
Car parking		
Multi storey	3,000	4,300
Basement	4,100	5,900
Public amenities		
Mosque	5,400	11,800
Park/Landscape	300	1300

Construction costs –Definitions and caveats

- The m2 area is based on Gross Internal Area (GIA) unless otherwise stated.
- Benchmark rates included are a range of indicative construction costs based on JLL project data.
- Benchmark rates reflect a Traditional Procurement basis (design-by-client, competitive tender); Developer-led/PPP costs are excluded, as they sit within confidential internal deal structures and aren't independently market-tested or verifiable.
- Factors such as project location, contract type, contractor appointment strategy, building design, e.g., façade type, specification level, economies of scale, building efficiency, floor-to-floor heights, number of storeys, floor plate shape and structural solution can impact the cost.
- These rates are for general reference only and should not be applied to specific projects without engaging JLL's Cost Management team for project-specific advisory and evaluation. JLL Cost Management accepts no liability for decisions made on this generalized data without such engagement.
- Low range: Assumption is based on low-medium specification and verified against JLL benchmark projects.
- High range: Assumption is based on medium - high specification and verified against JLL benchmark projects.
- Ranges may vary based on the procurement and contract strategy, payment mechanism, location, asset class, building area and awarded contractor category.



General exclusions

- Capital contributions to third parties, tenants or authorities
- Client finance costs
- Local authority charges, road closures, etc.
- Client insurances
- Value Added Tax (VAT) and other taxes
- Development management cost and expense
- Marketing cost and expenses
- Land cost
- Municipality connection costs
- Fluctuations due to geopolitical events
- Master infrastructure costs
- Grey and rainwater recycling system and other renewable technology
- Waste management
- Facility management equipment
- Utilities outside the plot boundary
- Developer legal fees
- TV and AV system
- Inflation
- Professional fees
- Contingencies



General inclusions

- Main contractor preliminaries.
- Main contractor overheads and profit.



Residential/Commercial office notes

Excludes loose furniture, white goods, OS&E, artwork, internal planting, active IT equipment and leasing and acquisition costs.



Hospitality notes

- Excludes loose furniture, white goods, OS&E, artwork and internal planting.
- Hospitality rates in Makkah and Madinah shall differ from the specified benchmark rates due to efficiencies in area allocation against the total number of keys.



Industrial and logistics

Logistics warehouse facility assumes multi-purpose/tenanted facility, higher benchmark includes cold storage. Excludes storage and racking systems, IT equipment, production and other types of equipment, statutory authority charges.



Car parking notes

The benchmark rates are based on a total area allocation of 35-40m² per number of parking space bays.



Landscaping notes

The benchmark data is a blended rate which includes hard, softscape, furniture, lighting, associated mechanical and electrical services, special features and earthworks. Factors such as volume and density, specification level and features will impact the complete cost per square metre cost.



Retail notes

Excludes tenant fit out.



Material rates

- Actual project rates are dependent on the specific project, site condition and procurement route and are subject to commodity price fluctuations and inflation.
- Bulk excavation and disposal; based on sand soil material only, excludes any work related to hard rock, contaminated material treatment and special systems to support adjacent structures.
- Concrete; grade 40/50, excludes admixtures and additional temperature control costs, minimum load volumes are applicable.
- Rebar; cut & bend costs included, grade 60 12-32mm diameter bars.
- Structural steel; Hot rolled sections, excludes fire protection coating and corrosion protection

JLL endeavours to provide accurate benchmark cost data relevant for the MEA market, however all benchmark data reported has a sensitivity cost factor of +/- 15%.

Research authors

Taimur Khan

*Head of Research
Research*

taimur.khan@jll.com

Faraz Ahead

*Senior Director
Research*

faraz.ahmed@jll.com

Rana Mira

*Research Lead, KSA
Research*

rana.mira@jll.com

Zenah Al Saraeji

*Associate
Research*

zenah.alsaraeji@jll.com

Research at JLL

JLL's research team delivers intelligence, analysis and insight through market leading reports and services that illuminate today's commercial real estate dynamics and identify tomorrow's challenges and opportunities. Our more than 550 global research professionals track and analyse economic and property trends and forecast future conditions in over 60 countries, producing unrivalled local and global perspectives. Our research and expertise, fuelled by real-time information and innovative thinking around the world, creates a competitive advantage for our clients and drives successful strategies and optimal real estate decisions.

To find out more about JLL services, contact:

Saud Al Sulaimani

*CEO and Head of Capital
Markets*

Kingdom of Saudi Arabia

saud.alsulaimani@jll.com

Maroun Deeb

*Head of Project &
Development Services
Middle East and Africa*

Maroun.Deeb@jll.com

Mireille Azzam Vidjen

*Head of Consulting
Middle East and Africa*

mireille.azzam@jll.com

Tim Millard

*Head of Value and Risk
Advisory*

Middle East and Africa

tim.millard@jll.com

About JLL

JLL (NYSE:JLL) is a leading global commercial real estate services and investment management company with annual revenue of \$26.1 billion, operations in over 80 countries and a global workforce of more than 113,000 as of March 31, 2026. For over 200 years, clients have trusted JLL, a Fortune 500® company, to help them confidently buy, build, occupy, manage and invest across a variety of industries and property types, including office, industrial, hotel, multi-family, retail and data center properties. Driven by our purpose to shape the future of real estate for a better world, we help our clients, people and communities SEE A BRIGHTER WAY. Powered by rich global datasets and leading technology capabilities, we provide coordinated, end-to-end delivery of real estate services for a broad range of global clients who represent a wide variety of industries. Through LaSalle Investment Management, we invest for clients on a global basis in both private assets and publicly traded real estate securities. For further information, visit jll.com

© 2026 Jones Lang LaSalle IP, Inc. All rights reserved.

The information contained in this document is proprietary to Jones Lang LaSalle and shall be used solely for the purposes of evaluating this proposal. All such documentation and information remains the property of Jones Lang LaSalle and shall be kept confidential. Reproduction of any part of this document is authorized only to the extent necessary for its evaluation. It is not to be shown to any third party without the prior written authorization of Jones Lang LaSalle. All information contained herein is from sources deemed reliable; however, no representation or warranty is made as to the accuracy thereof.