

News Release

Embargoed until 07:15 AST 7 October 2026 (04:15 UTC)

alrajhi capital Saudi Construction Index

Construction activity expands for fifth month running

Key findings

- Solid upturn in output, but rate of growth moderates
- Input cost inflation accelerates again in September
- Resilient business expectations, especially in the residential segment

This release marks the fifth public release of the alrajhi capital Saudi Construction Index, a new monthly survey of 200 construction companies that have been carefully selected to accurately represent the true structure of the Saudi Arabian construction sector.

The headline index is the seasonally adjusted alrajhi capital Saudi Construction Index. This tracks changes in the total volume of construction activity compared with one month previously. It is a weighted average of three sub-sectors: residential, non-residential structures (office/commercial, institutional, industrial), and infrastructure (transportation, energy/utilities).

The report also tracks monthly changes in variables such as new orders, business activity expectations, employment, prices and suppliers' delivery times.

Output growth remains broad-based in September

The latest survey indicated another solid upturn in Saudi construction output, which maintained the rebound that began in May. All three sub-sectors posted an upturn activity, with residential and infrastructure the best-performing categories.

At 54.4 in September, the headline seasonally adjusted alrajhi capital Saudi Construction Index was comfortably above the neutral 50.0 value, but down slightly from 55.4 in August. Moreover, the latest reading signalled the slowest overall pace of output growth for four months.

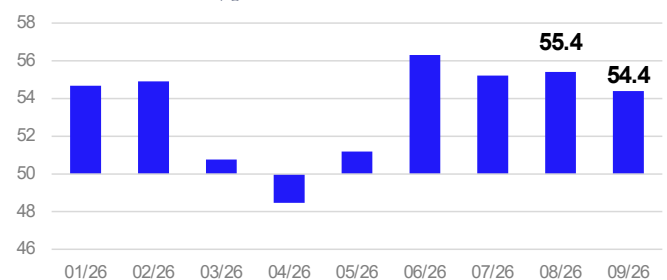
Survey respondents widely noted resilient market conditions and strong demand associated with large scale construction projects, which continued to drive growth in residential, commercial and infrastructure work. However, some construction companies commented on sales headwinds from slower decision-making among clients in September, while others cited challenges from rising cost inflation.

Faster upturn in infrastructure work

September data indicated a robust and accelerated rise in infrastructure activity. At 55.8, up from 53.9 in August, the seasonally adjusted index was the second-highest since the survey began in January. Housing activity (index at 56.6) also

alrajhi capital Saudi Construction Index

sa, >50 = construction activity growth m/m



Data were collected 10-23 September 2026.

Sources: alrajhi capital, S&P Global Market Intelligence. ©2026 S&P Global.

Comment

Sultan Altowaim, Head of Research at alrajhi capital said:

"The alrajhi capital Saudi Construction Index recorded 54.4 in September, marking a fifth consecutive month of expansion, although growth moderated from August. Activity increased across all three segments, supported by ongoing projects and resilient demand. Infrastructure activity gathered pace, and new orders continued to rise across the sector.

"Cost pressures increased, with input price inflation reaching its highest level since January, alongside a slight lengthening of delivery times. Nevertheless, subcontractor availability continued to improve and companies remained positive about their project pipelines. Around 34% of firms expect activity to increase over the next three months, compared with 8% anticipating a decline, pointing to continued growth despite a more challenging cost environment."

increased sharply during September, albeit at a softer pace than in the previous month.

Non-residential structures (50.9) recorded only a marginal expansion of construction activity and the rate of growth was the weakest since May.

Slowest rise in orders since May

Construction companies indicated a rise in new business for the fifth consecutive month in September. That said, the overall pace of expansion was the least marked since May.

New order growth was strongest in the infrastructure segment and weakest for non-residential structures. Survey respondents mostly commented on robust sales pipelines and support to demand from large scale housing, transport and industrial development projects. Anecdotal evidence nonetheless suggested that regional instability had encouraged some clients to defer approvals for new commercial development projects.

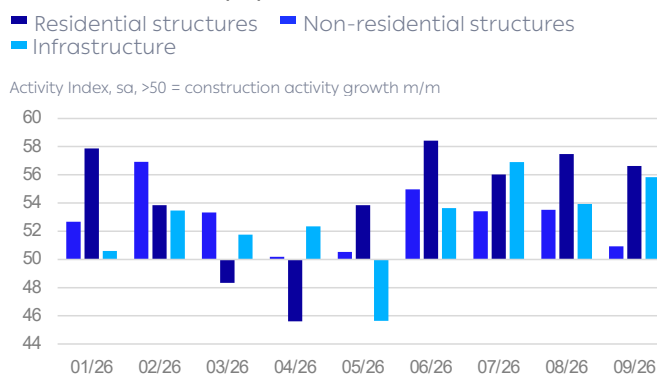
Sharpest pace of cost inflation since survey began in January

Around 45% of the survey panel reported a rise in their input costs during September, while less than 1% signalled a decline. The resulting seasonally adjusted Input Prices Index pointed to the strongest rate of inflation so far in 2026. Meanwhile, suppliers' delivery times lengthened slightly, despite a renewed decline in input buying.

Optimism remains highest in the residential sub-sector

There were positive signals from the survey's forward-looking indicators in September, despite some firms noting intense competition and challenges from regional instability. Around 34% of construction companies predict an upturn in output during the next three months, while only 8% forecast a decline. Optimism was strongest in the residential category, with confidence the second-highest since January.

Construction activity by sub-sector



Sources: alrajhi capital, S&P Global Market Intelligence. ©2026 S&P Global.

Contact

Dr Sultan Altowaim
Head of Research
alrajhi capital
T: +966-11-836-5468
altowaim@alrajhi-capital.sa

Tim Moore
Economics Director
S&P Global Market
Intelligence
T: +44-1491-461-067
tim.moore@spglobal.com

Kriti Khurana
Corporate Communications
S&P Global Market
Intelligence
T: +91-9771-101-7186
kritikhurana@spglobal.com
press.mi@spglobal.com

If you prefer not to receive news releases from S&P Global, please email press.mi@spglobal.com. To read our privacy policy, click [here](#).

Methodology

The alrajhi capital Saudi Construction Index is compiled by S&P Global from responses to questionnaires sent to a panel of around 200 construction companies. The panel is stratified by company by International Standard Industrial Classification (ISIC) group and workforce size, based on contributions to GDP. Survey data were first collected in January 2026.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable.

The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the alrajhi capital Saudi Construction Index. This is a diffusion index that tracks changes in the total volume of construction activity compared with one month previously. It is a weighted average of the residential activity, non-residential activity and infrastructure activity indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the survey methodology, please contact economics@spglobal.com.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

alrajhi capital

alrajhi capital is a leading multi-award winning financial services company, which provides its clients with a range of diverse, innovative and Shariah compliant financial products and services.

Headquartered in Riyadh, alrajhi capital is a Closed Joint Stock Company (Commercial Registration: 1010241681) with a paid capital of SAR 500,000,000 and is regulated by Saudi Arabia's Capital Market Authority (license number 07068-37) dated 19/06/2007, and commenced operations on 18/03/2008, providing asset management, brokerage and investment banking services through (Dealing as Principal, Agent and Underwriter, Managing Investment Funds and Discretionary Portfolios, in addition to Arranging, Advising and Custody).

As the fully-owned investment banking subsidiary of alrajhi bank, one of the largest Islamic banks in the world, alrajhi capital combines the strength and resources of this global presence with best-in-class investment advice, product portfolios and insightful research to deliver fully integrated and streamlined solutions.

Capitalizing on this world-class experience and through the expertise of its investment teams, alrajhi capital is a market leader in the delivery of bespoke financial and investment solutions which address the ever changing needs of clients, institutional customers and high-net-worth individuals.

Operating regionally from 16 offices across the KSA, and with approximately 230 investment professionals, alrajhi capital is uniquely positioned to provide its client base with seasoned advice based on global experience and regional expertise. www.alrajhi-capital.sa

S&P Global

S&P Global (NYSE: SPGI) provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com