News Release
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alrajhi capital Saudi Construction Index

Output growth picks up during August, led by robust rise in residential work

Key findings

- Total construction activity rises for fourth month in a row
- New orders expand again, driven by housing and infrastructure
- Fastest increase in input buying since survey began in January

This release marks the fourth 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.

Robust and accelerated increase in construction output

August data indicated that Saudi construction output expanded for the fourth consecutive month, supported by resilient demand conditions and a sustained recovery in new orders.

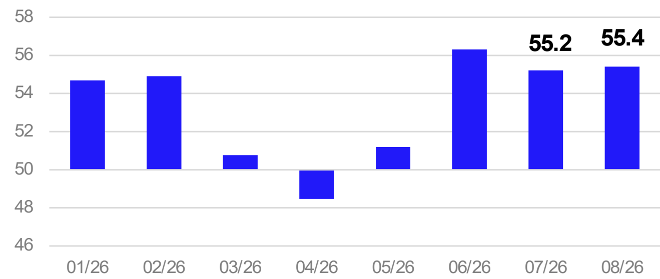
At 55.4 in August, the headline seasonally adjusted alrajhi capital Saudi Construction Index was up slightly from 55.2 in July and the second-highest since the survey began in January. The latest reading pointed to a robust overall rate of construction sector output growth, with all three sub-categories registering an expansion.

Residential activity outperforms

For the third time in the past four months, residential building was the fastest-growing area of construction activity (index at 57.5). Many firms commented on stronger growth momentum due to improving market conditions, new project starts and work on major urban development schemes.

Infrastructure activity rose at a solid rate in August (index at 53.9). Although the speed of expansion moderated since July, it was still stronger than seen at any time in the first half of 2026. A range of factors including regional development, utilities investments, new roads and transport connectivity projects were all reported as supporting infrastructure workloads.

alrajhi capital Saudi Construction Index
sa, >50 = construction activity growth m/m



Data were collected 12-21 August 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 rose to 55.4 in August, marking a fourth consecutive month of expansion and the second-highest reading this year. Activity increased across all three major segments, while new orders remained strong, with infrastructure recording its fastest rise in new orders since February.

"The operating environment remained supportive, with quantity purchased (by construction companies) rising at its fastest pace since the survey began, and suppliers' delivery times improving for a fourth consecutive month. Although input cost inflation accelerated during August, firms remained optimistic about the outlook, supported by healthy project pipelines and expectations of continued activity growth."

Business activity in the non-residential structures segment (index at 53.5) also increased at a solid pace, helped by improving economic conditions and restarting projects. However, some firms noted delayed decision-making and caution among clients.

Sharp upturn in new work continues in August

Total new business received by Saudi construction companies continued to rise sharply in August. Infrastructure was the best-performing category for new work, with the rate of expansion the fastest since February. This was closely followed by the residential segment, where new orders improved to the greatest extent since the survey began in January.

Supply conditions improve, but cost inflation intensifies

Stronger demand led to another upturn in employment numbers. Latest data also highlighted the sharpest increase in purchasing activity so far this year. Supply conditions improved for the fourth month running in August, despite greater demand for construction inputs and reports of ongoing international shipping delays.

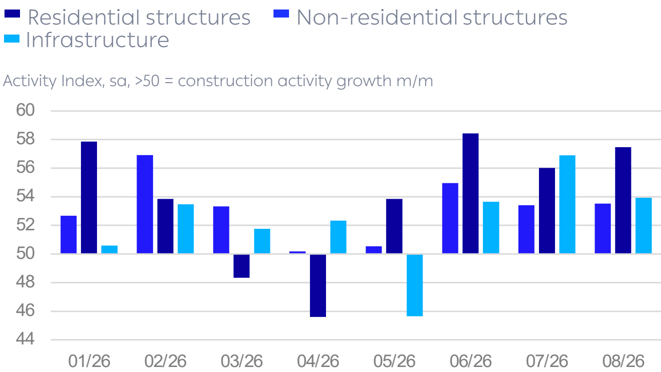
Input price inflation accelerated in August, after slowing to a three-month low in July. Survey respondents cited higher transportation costs and raw material prices, especially aluminium, copper and steel.

Year ahead business optimism eases from July's recent peak

Survey respondents remain highly upbeat about the year ahead outlook, with 42% expecting an upturn in overall business activity while only 7% predict a decline. That said, this pointed to a lower degree of optimism than in July.

Business expectations were also positive on a three-month horizon. Confidence was strongest in the residential and infrastructure segments amid many reports of improving sales pipelines and an upturn in new project starts.

Construction activity by sub-sector



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

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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.

alrajhi capital

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S&P Global

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