

## Riyadh demand response

RIYADH: Residential real estate demand in Riyadh and Jeddah is expected to stay robust due to population growth, particularly from expat inflows, according to a new report from S&P Global.

The report forecasts an average annual growth of 3.3 percent in the residential real estate sector from 2024 to 2027.

Rental yields are also maintaining strong growth, with Riyadh seeing a 9 percent year-on-year increase in the first half of 2024, while Jeddah's rental yields grew by 4 percent. Residential real estate remains a vital part of Saudi Arabia's economy, contributing about 7 percent to the country's gross domestic product and supporting a range of sectors.

The Saudi government's Vision 2030 aims for a 70 percent homeownership rate by 2030. The homeownership rate stood at 63.7 percent by the end of 2023, according to the Ministry of Municipal and Rural Affairs. The report also highlighted that new residential units and mortgages are expected to rise in 2024 in line with this target.

The report further pointed out that visa policy reforms and regulatory changes could attract more foreign investment into the real estate sector. For example, the introduction of five new products under the Premium Residency program in January 2024 is expected to stimulate demand from foreign buyers, which will contribute to population growth.

"The Saudi government remains committed to the Vision 2030 goals, and we expect these reforms to drive further growth, though domestic factors, like homeownership targets, will remain the key drivers of the real estate market," the report said.

Despite the optimistic outlook, the report noted challenges for private developers, including rising construction costs and competition for financing from other Vision 2030 projects. Nevertheless, the supply of residential units is steadily increasing. Riyadh now has 1.5 million residential units, following the delivery of 16,200 units in the first half of 2024. In Jeddah, the number of residential units reached 891,000 after 11,300 units were delivered in the same period.

The total number of units in both cities is expected to increase by 16,000 more by the end of 2024. As domestic migration to urban centers continues, demand for residential properties will remain high, leading to a continued shortage of housing in major cities.

In the first half of 2024, Saudi Arabia's real estate transactions totaled SR127.3 billion (\$33.89 billion), with residential properties making up the largest share, according to a separate report by Sakan, a real estate

platform.

Sakan's data revealed that residential properties are the fastest-growing segment in terms of transaction value. The platform also reported a 1.6 percent rise in average prices in the third quarter of 2024. As part of Saudi Arabia's Vision 2030, the country will need to build more than 1.2 million new housing units to meet its homeownership target.

The demand for high-quality residential properties in key neighborhoods is pushing prices higher, especially for premium apartment spaces. The report noted disparities in prices depending on the neighborhood, unit availability, and property quality.

When it comes to apartment rentals, the report emphasized that the growing expat population is contributing to rent fluctuations. In September 2024, housing rents increased by 11.2 percent, according to the General Authority for Statistics. With high-quality apartments in short supply, tenants often find themselves on waitlists or settling for available units.

Contact us for free full report

Web: <https://www.kary.com.pl/contact-us/>

Email: [energystorage2000@gmail.com](mailto:energystorage2000@gmail.com)

WhatsApp: 8613816583346

