

QUARTERLY MARKET INDICATORS



DEMAND



VACANCY



NEW SUPPLY



MARKET SENTIMENT

Riyadh's office market continues to demonstrate resilience and steady growth, supported by Saudi Arabia's positive economic outlook and its ongoing diversification under Vision 2030. According to Oxford Economics, GDP is forecast to grow by 4.8% in 2026, driven by a 5.2% expansion in the non-oil sector, highlighting the Kingdom's continued progress towards long-term structural transformation.

The Purchasing Managers Index (PMI) rose to 57.8 in September, up from 56.4 in August and 56.3 in July, marking the 58th consecutive month above the neutral 50-point threshold. This sustained trend underscores business confidence and expanding employment opportunities across key sectors.

On the energy front, oil production also increased to 9.6 million barrels per day, a 2.1% rise from the previous quarter, reflecting the Kingdom's balanced approach to energy output and its ongoing investment in non-oil sector growth.

In line with Saudi Arabia's transformation agenda, foreign direct investment (FDI) continued to build momentum in the first half of 2025 increasing by nearly 25% compared with the first half of 2024. In Q2, FDI inflows rose to SAR 22.8 billion, compared to SAR 19.9 billion in the same period last year. This increase underscores strengthening investor's appetite and increasing capital flows into key sectors.

Regulatory Reforms: Predictable Rents, Growing Opportunities

Saudi Arabia's ongoing economic diversification continues to reinforce Riyadh's position as a leading regional business hub. Vision 2030 reforms, including streamlined licensing, updated regulations, and investor-friendly tax policies, are driving non-oil growth and enhancing the city's international appeal. The approach balances rapid expansion with market stability, signaling structural transformation.

Five-Year Rent Freeze: Implementation in the Capital

Recent policy announcements have begun to shape the market outlook. Riyadh's newly implemented five-year rent freeze, covering both residential and commercial sectors, has now been activated. These changes aim to curb excessive rent increases and maintain affordability while creating more predictable conditions for investors. For companies relocating or expanding within Riyadh's existing office stock, the policy provides rental stability and supports sustained occupancy levels.

Talent Attraction and Retention

Access to talent remains crucial to corporate success. Affordability challenges for individuals can constrain talent mobility. Alongside the rent freeze, the newly launched Twazun platform, offering land to Saudi nationals at SAR 1,500 per sqm, supports home ownership and alleviates housing pressures.

New regulations allowing foreign nationals to own property directly from 2026 will also broaden the investor base and improve liquidity. Together, these measures enhance transparency, support

long-term demand growth, and foster a dynamic environment for both domestic and international investors.

Multinationals Drive Growth

Riyadh continues to strengthen its position as a global business hub. As of September 2025, the Minister of Investment announced that 660 multinational companies have been licensed to establish regional headquarters in the capital, with approximately 10 to 12 new licenses being issued every month.

New entrants in Q3 2025 include Lenovo, ORI Group, Plaza Premium Group, and Beyond One, reinforcing Riyadh's growing global profile. Notably, 60% of leasing enquiries received by Savills during the quarter originated from US and UK-based companies, reflecting strong international interest and confidence.

Prime Office Demand Rises as Leasing Holds Steady

Savills leasing activity remained steady in Q3 2025, led by the BFSI and IT sectors which together accounted for 57.1% of total transactions. The consulting and pharmaceuticals sectors followed, each contributing 14.3%, while other industries made up the remaining 42.9%.

New-entry activity comprised 43% of completed deals, aligning with the Minister of Investment's remarks that multinational headquarters licenses are expected to surpass 1,000 in the coming years. The enquiry pipeline was robust, with consulting representing 40% of all enquiries.

Demand for larger floorplates increased notably, with 80% of Q3 2025 enquiries targeted space above 1,000 sqm, up from 50% in Q2, a clear sign of sustained appetite for prime, large-format office.

Tight Prime Supply Supports Steady Growth

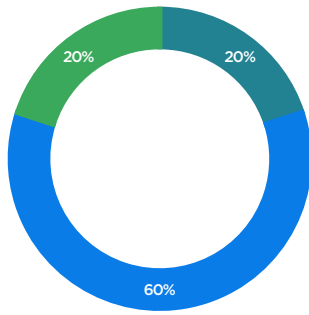
Grade A office occupancy remained firm at 98% in Q3 2025, supported by steady demand and constrained prime supply. Average rents increased by 1.75% quarter-on-quarter and 11% year-on-year, with Zone A leading growth at 16% annually, followed by Zone C at 14%.

While rent growth shows early signs of moderation, the freeze policy offers predictability for occupiers, supporting long-term expansion planning and reinforcing confidence among global tenants.

Outlook: Balanced Growth and Foreign Ownership Opportunities

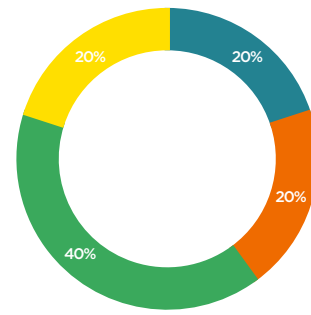
Strong occupier demand is expected to persist, while the rent freeze will maintain price stability across both new and existing office buildings. Market momentum is likely to moderate by late 2026 as around 900,000 sqm of Grade A space is delivered, driven by landmark projects such as Diriyah Gate and the Prince Mohammed bin Salman Nonprofit City (Misk). With the introduction of foreign ownership rights in 2026, Riyadh's office market is set to become increasingly accessible to global investors, supporting stronger liquidity and long-term growth potential.

AVERAGE INQUIRY SIZE
Q3 2025



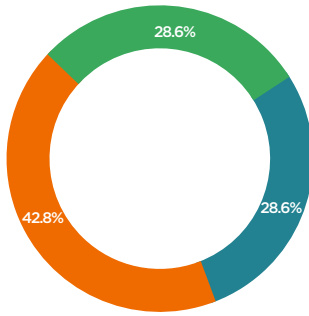
LESS THAN 1,000 SQ. M. 1,000 - 4,000 SQ. M.
4,000 SQ.M. AND ABOVE

SECTOR-LEVEL SPLIT OF INQUIRY
Q3 2025



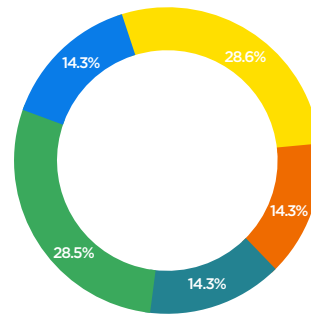
CONSULTING BFSI
OTHERS TMT

TRANSACTION TYPE
Q3 2025



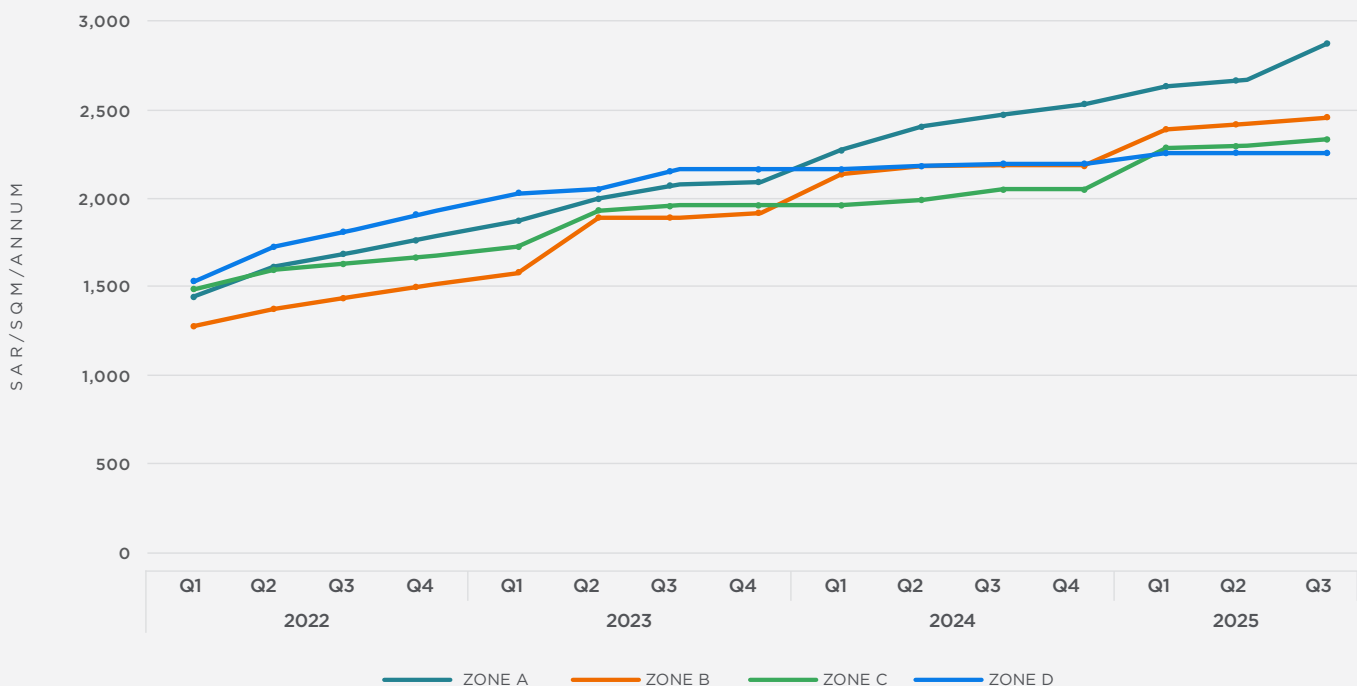
NEW ENTRY RELOCATION EXPANSION

SECTOR LEVEL SPLIT OF TRANSACTIONS
Q3 2025



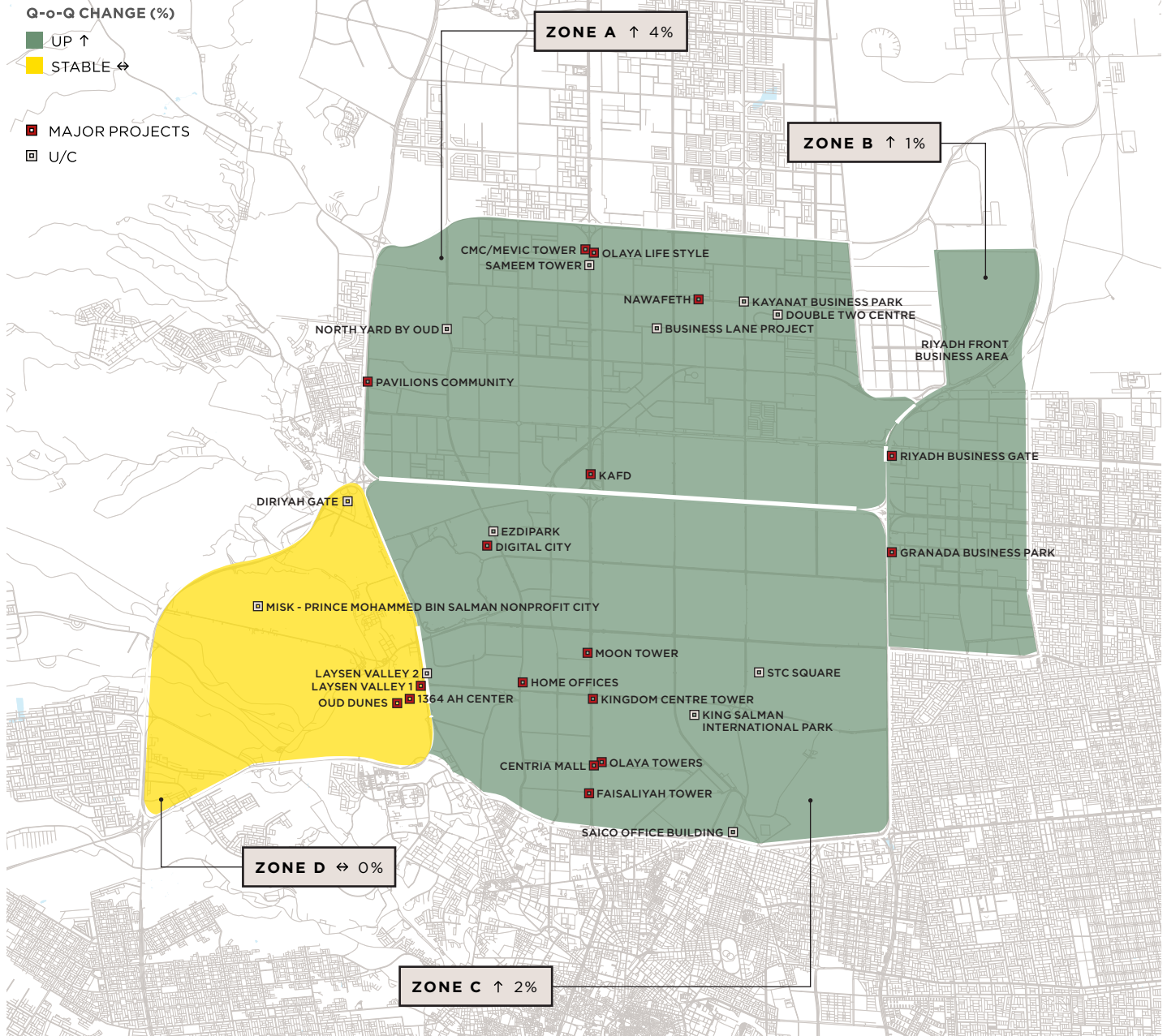
BFSI CONSULTING
OTHERS IT/ITES
PHARMACEUTICALS

RENTAL TREND - Q3 2025



Riyadh Office Market Q3 2025

RIYADH MAP WITH PRICE INDICATORS Q3 2025



Map is not as per actual scale and is for indicative purpose only.

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