

alrajhi capital Saudi Construction Index

Construction activity rises again in
March, but cost pressures intensify

April 2026

Preliminary results



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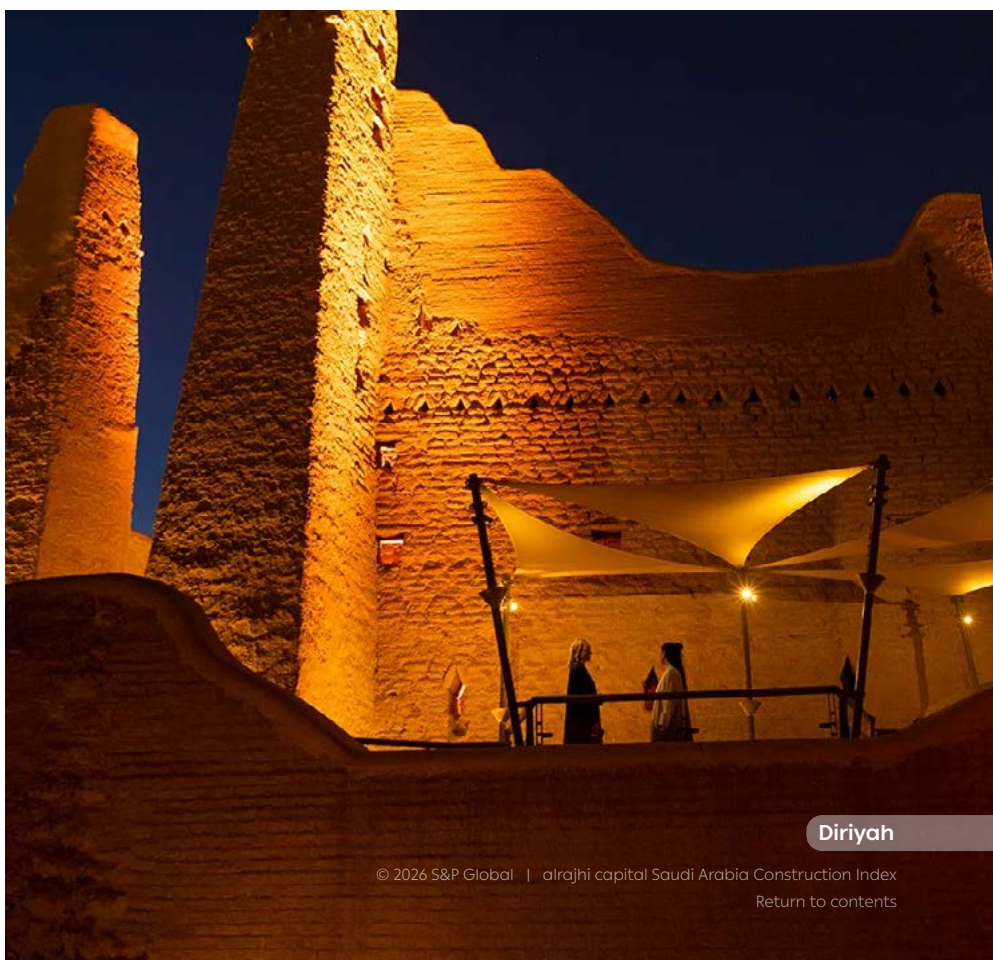
About the Report

The alrajhi capital Saudi Construction Index provides a timely snapshot of construction sector performance. The report tracks monthly changes in activity, demand, employment, prices and supply chains.

For the most important indicators, detailed results are published for the residential, non-residential structures and infrastructure sub-sectors.

The index is based on data compiled from monthly replies to questionnaires sent to purchasing executives in approximately 200 private sector construction companies, which have been carefully selected to accurately represent the true structure of the Saudi Arabian construction sector.

Preliminary results



Diriyah

Key Findings

March 2026

Sustained upturn in Saudi construction activity during March

Non-residential structures and infrastructure work supported overall growth

Sharper rise in input costs and suppliers' delivery times lengthen

50.8

alrajhi capital Saudi Construction Index

The alrajhi capital Saudi Construction Index is a diffusion index calculated from questions that ask for changes in the volume of construction activity compared with one month previously in the residential, non-residential structures and infrastructure sub-sectors. The index varies between 0 and 100 and is designed to monitor changes in total industry activity.

A reading above 50 indicates an increase compared to the previous month, and below 50 a decrease. The index is seasonally adjusted.

For more information on the survey methodology, click [here](#).



Executive Summary

Solid expansion of construction activity so far in 2026

Saudi construction companies reported another increase in business activity during March. At 50.8, the headline seasonally adjusted alrajhi capital Saudi Construction Index eased from 54.9 in February but was still above the 50.0 mark that separates expansion from contraction.

Output growth has been recorded throughout 2026 to date, with the average reading in the first quarter (53.5) signalling solid momentum.

Non-residential structures outperform in March

Higher levels of activity were seen in two of the three main segments monitored by the survey during March, with softer residential work the exception.

Non-residential structures was the fastest-growing category (index at 53.3), followed by infrastructure (51.8), although the speed of expansion moderated since February in each case.

Survey respondents commented on robust demand for industrial projects, as well as increased work on leisure, office and retail developments. Many firms also cited the positive impact of Vision 2030 initiatives, including large scale infrastructure work linked to new transportation projects and ongoing urban development.

Softer demand conditions after strong growth at start of year

March data signalled a moderation in total new order volumes, following sharp growth in the opening months of 2026. A number of firms noted that the war in the Middle East had impacted investment sentiment

and led to slower decision-making among clients, in particular for new commercial and residential projects.

Infrastructure order books showed resilience during March, with construction companies citing utility network expansions, including enabling works for new public sector development projects, and robust demand for energy solutions.

Shipping delays result in longer lead times for materials

Average wait times for the delivery of construction items lengthened in March. Construction companies noted supply chain bottlenecks due to longer international shipping times and delays at ports. Meanwhile, higher fuel and transportation costs resulted in the sharpest increase in input prices so far in 2026.

Business outlook strongest in the infrastructure segment

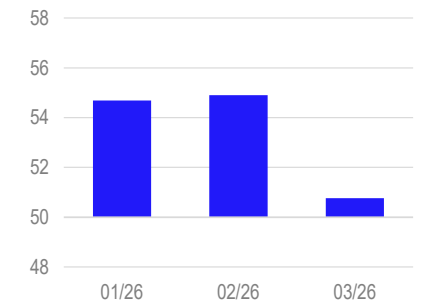
Around 28% of the survey panel forecast a rise in infrastructure work in the next three months, while only 4% predict a decline. Business optimism improved since February in the infrastructure segment, but softer near-term expectations were seen in other parts of the construction sector.

Positive long-term projections for Saudi construction sector

Saudi construction firms remained upbeat overall about the outlook for business activity in the year ahead. This often reflected tender opportunities related to Vision 2030 projects and major infrastructure work. Meanwhile, input price fluctuations and logistics difficulties were the mostly commonly reported challenges ahead.

Total Activity

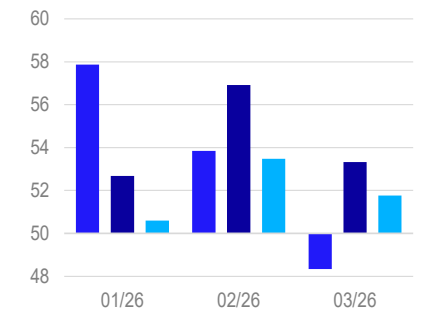
Index, seasonally adjusted, >50 = growth since previous month



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

Residential Activity, Non-residential Activity, Infrastructure Activity

Index, seasonally adjusted, >50 = growth since previous month



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

Comment

Sultan Altowaim, Head of Research at alrajhi capital said:

"March data indicate that Saudi Arabia's construction sector remains on a growth path at the end of the first quarter, extending the expansion seen YTD. Although the headline pace moderated from February, the broader picture remains positive, with first-quarter activity averaging 53.5 and signaling solid momentum across the sector.

"Growth continued to be led by non-residential structures and infrastructure, reflecting ongoing

progress in industrial projects, office, leisure and retail developments, as well as large-scale transport, utility and urban developments linked to Vision 2030 initiatives. Importantly, infrastructure demand remained resilient as firms maintained a positive view of the year-ahead outlook, supported by government-backed investments.

"While cost pressures and logistics delays remain challenges, the survey suggests that the underlying pipeline for Saudi construction is still healthy."

Dr Sultan Altowaim
Head of Research
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Red Sea Global



Activity, Demand and Outlook

Modest increase in overall activity

Demand softens after robust gains in prior two months

Firms signal optimism about year ahead business activity

The seasonally adjusted alrajhi capital Saudi Construction Index dropped to 50.8 in March, from 54.9 in February, to signal a weaker expansion in overall construction activity. Sustained improvements in non-residential output and infrastructure activity supported the uplift in total activity, whilst work in the housing segment weakened for the first time since the survey began in January.

The slowdown in overall activity growth was largely attributed by survey panellists to softer order books during March, as firms commonly reported greater caution amongst clients to commit to new spending due to regional instabilities. A fall in new work contrasted with strong upturns in demand during the first two months of the year. The residential and non-residential structures segments

registered lower sales in comparison to February, whilst demand for new infrastructure projects increased slightly in March.

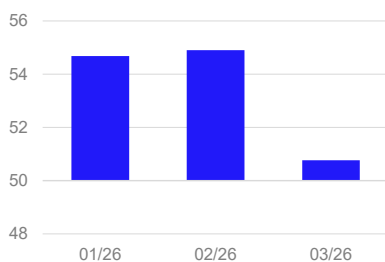
Construction companies expect an overall improvement in business activity in the next 12 months, with many reporting growth opportunities linked to Vision 2030 initiatives, as well as strong demand for industrial projects, digital infrastructure, and commercial development.

A number of firms commented on concerns about the impact of prolonged geopolitical tensions across the region, alongside challenges from higher input costs and supply chain disruptions. This contributed to a moderation in business sentiment regarding future output levels since February.

Total Activity

Seasonally adjusted

Index, >50 = growth since previous month

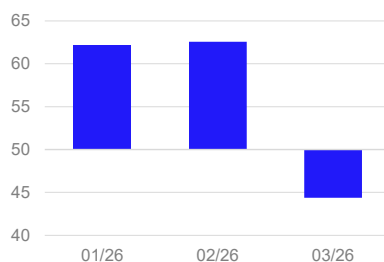


Sources: alrajhi capital, S&P Global Market Intelligence. ©2026 S&P Global.

Total New Business

Seasonally adjusted

Index, >50 = growth since previous month

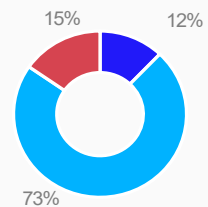


Sources: alrajhi capital, S&P Global Market Intelligence. ©2026 S&P Global.

Future Business Activity (next 3 months)

■ Higher ■ Same ■ Lower

Response %, 03/26

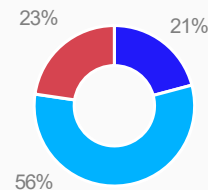


Sources: alrajhi capital, S&P Global Market Intelligence. ©2026 S&P Global.

Future Business Activity (next 12 months)

■ Higher ■ Same ■ Lower

Response %, 03/26



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



Employment and Subcontractors

Employment numbers broadly stable in March

Robust job creation seen in January and February

Subcontractor availability improves

March data indicated that employment levels across the construction sector were stable at the end of the first quarter.

This was illustrated by the seasonally adjusted Employment Index posting 50.1 in March, recording fractionally above the 50.0 neutral threshold. A strong rate of job creation was seen on average in the first quarter of the year, reflecting robust hiring trends in January and February.

Nearly 87% of the survey panel reported that they had kept their workforce numbers unchanged in March. Meanwhile, some firms continued to hire additional workers, citing rising demand for staff at new sites and increased output

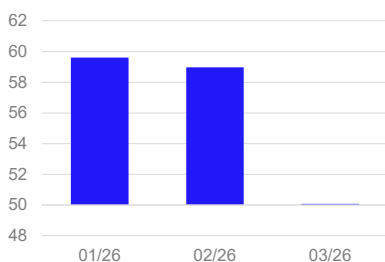
requirements. However, there were some reports of companies lowering their staff capacity due to weaker volumes of new work and cost saving measures.

Subcontractor availability continued to improve in March. The respective seasonally adjusted index registered 53.0, down from 58.7 in February but remaining above the neutral 50.0 threshold. Comments from survey panellists pointed to continued growth of new market entrants leading to an increased supply of subcontractors.

Employment

Seasonally adjusted

Index, >50 = growth since previous month

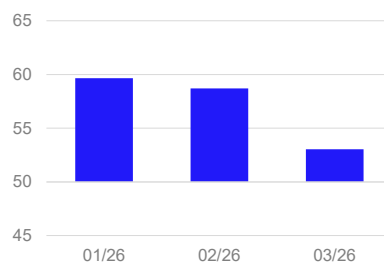


Sources: alrajhi capital, S&P Global Market Intelligence.
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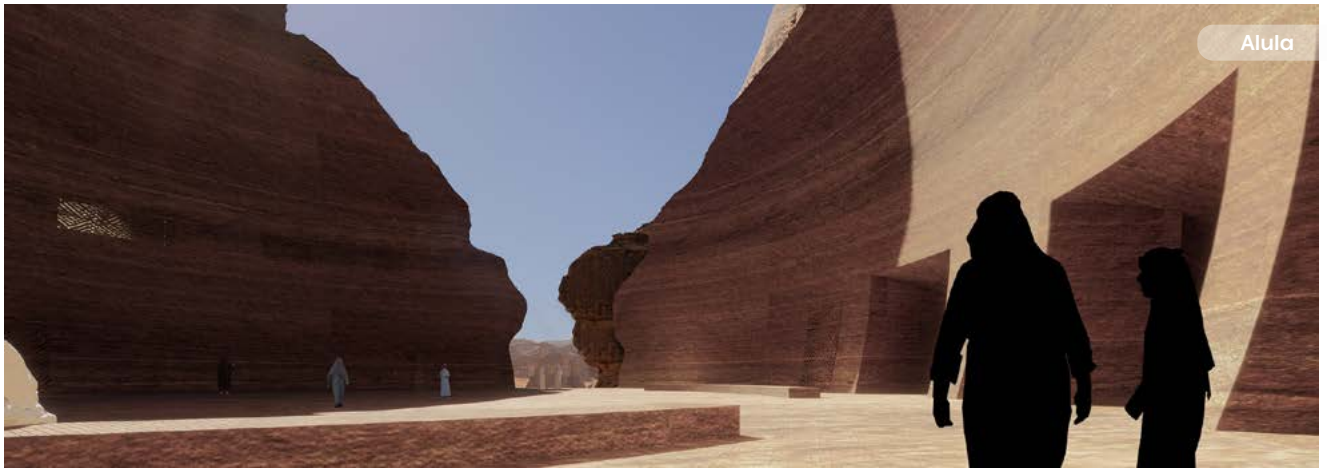
Subcontractor Availability

Seasonally adjusted

Index, >50 = improvement since previous month



Sources: alrajhi capital, S&P Global Market Intelligence.
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Supply Chains

- Suppliers' delivery times lengthen
- Faster increase in purchasing costs
- Slight decline in input buying

Average input costs increased at a robust and accelerated pace in March, with the seasonally adjusted index posting 57.7, up from 53.7 in February. Survey respondents mostly noted higher fuel prices and transportation bills, alongside rising labour costs.

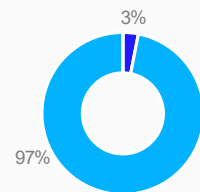
Regional shipping delays and extended logistics routes contributed to delays with the receipt of imported items in March. Approximately 18% of survey respondents reported that vendor delivery times had lengthened since February, compared with just 5% that saw an improvement. The resulting seasonally adjusted Suppliers' Delivery Times Index posted 44.6 in March, down from 59.6 in February and indicative of a decline in supply chain performance for the first time in 2026 so far.

Input buying at construction firms fell slightly in March, suggesting more cautious purchasing strategies after robust growth earlier in 2026. The seasonally adjusted Quantity of Purchases Index eased to 49.3 in March, from 55.4 in February. Some survey respondents cited lower purchasing activity due to softer order books.

Construction companies continued to report positive perceptions of access to credit across the sector. At 51.5 in March, the index measuring Ease of Access to Credit remained above the neutral 50.0 threshold for the third month running. Some firms mentioned an increase in financing options and commented on the impact of strong institutional confidence.

Ease of Access to Credit

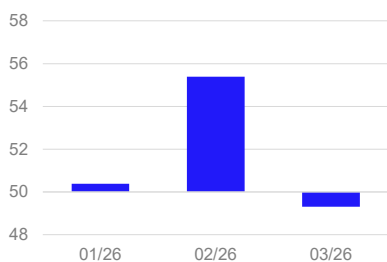
■ Better ■ Same ■ Worse
Response %, 03/26



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

Quantity of Purchases

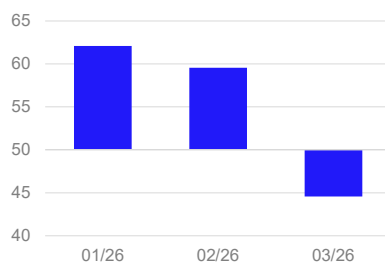
Seasonally adjusted
Index, >50 = growth since previous month



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

Suppliers' Delivery Times

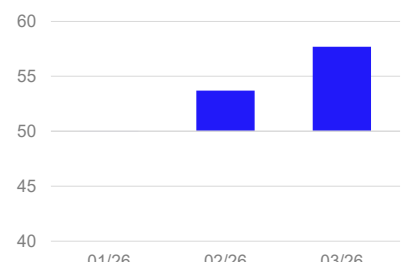
Seasonally adjusted
Index, >50 = faster times since previous month



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

Input Prices

Seasonally adjusted
Index, >50 = inflation since previous month



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



Residential Construction

Housing activity moderates in March

New business falls, but growth recorded on average in Q1

Respondents signal softer near-term business outlook

Residential building activity decreased slightly in March, after robust expansions were recorded in the first two months of 2026. At 48.3 in March, the seasonally adjusted Residential Activity Index was down from 53.8 in February and below the 50.0 no-change threshold for the first time this year. Around 15% of construction firms surveyed reported a fall in residential activity during March, compared with 8% that signalled a rise.

Anecdotal evidence suggested that heightened regional instability and fluctuating demand conditions had weighed on residential building work in some instances. However, there were also reports of sustained growth linked to large scale residential development projects and rising population numbers.

Total order books decreased in March,

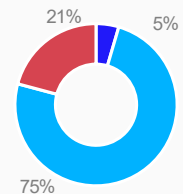
marking a slowdown in demand following strong growth earlier in the year. Survey members indicated that some clients were more cautious to commit to new projects due to enhanced market uncertainty. The seasonally adjusted Residential New Orders Index dropped to 44.4 in March, below the neutral 50.0 threshold. In the first quarter of 2026, the index averaged 55.0, indicating solid growth.

Business activity expectations for the next three months softened during March. Approximately 21% of the survey panel expect residential output to decline, whilst 5% forecast a rise. A number of respondents pointed to challenging business conditions in the next three months due to the impact of the war in the Middle East on market conditions.

Future Business Activity (next 3 months)

■ Higher ■ Same ■ Lower

Response %, 03/26

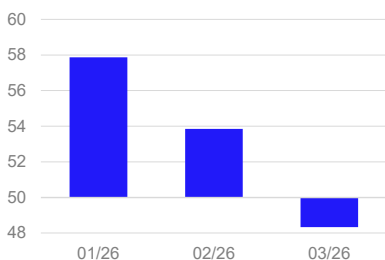


Sources: alrajhi capital, S&P Global Market Intelligence. ©2026 S&P Global.

Activity

Seasonally adjusted

Index, >50 = growth since previous month

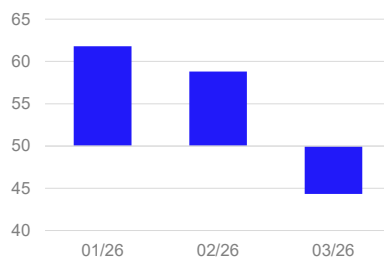


Sources: alrajhi capital, S&P Global Market Intelligence. ©2026 S&P Global.

New business

Seasonally adjusted

Index, >50 = growth since previous month



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



Non-residential Structures

Output increases for third successive month

New work declines in March

Stable outlook for near-term business activity

Business activity growth in the non-residential structures segment was sustained during March. This category includes office, commercial, institutional and industrial development projects.

The seasonally adjusted Non-Residential Structures Activity Index registered 53.3 in March, down from 56.9 in February but still comfortably above the 50.0 change threshold. As a result, the latest reading signalled a solid expansion in non-residential structures output. Companies commented on increased activity with regards to ongoing industrial projects, as well as rising work on office, leisure and retail developments. However, the overall pace of expansion was constrained by a slowdown in incoming work.

The total volume of new business decreased in March, although this

only partially offset robust growth seen in January and February. While several businesses commented on resilient demand for commercial projects, some reported slower decision-making by clients and weaker investment sentiment.

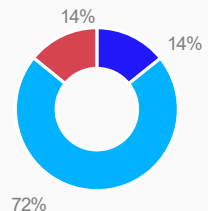
Fewer construction firms anticipate an increase in activity in three months' time. The percentage of respondents projecting output growth dropped from 33% in February to 14% in March, while a similar proportion expect a softening of activity.

At 50.1, the resulting Future Activity Index was broadly in line with the neutral 50.0 value. Positive sentiment was mainly linked to major infrastructure development and higher investment spending across the commercial sub-sector, including the digital economy, healthcare and tourism.

Future Business Activity (next 3 months)

■ Higher ■ Same ■ Lower

Response %, 03/26

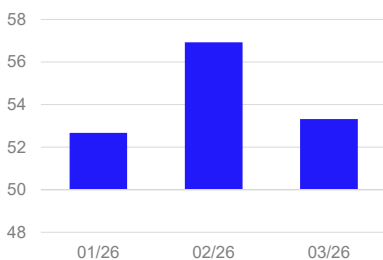


Sources: alrajhi capital, S&P Global Market Intelligence. ©2026 S&P Global.

Activity

Seasonally adjusted

Index, >50 = growth since previous month

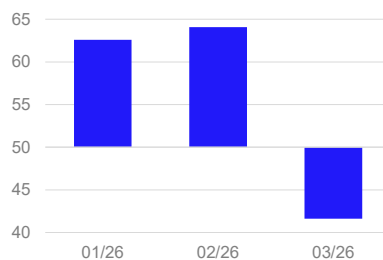


Sources: alrajhi capital, S&P Global Market Intelligence. ©2026 S&P Global.

New business

Seasonally adjusted

Index, >50 = growth since previous month



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



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Infrastructure

**Infrastructure activity and new work increase further...
 ...but rates of expansion soften from February
 Rising confidence towards the business outlook**

Infrastructure activity continued to increase in March, and the rate of growth was stronger than the average recorded in the construction sector.

This category includes transportation projects, water treatment and sewer facilities, and energy infrastructure (buildings and structures for the oil sector, as well as electricity distribution systems).

The seasonally adjusted Infrastructure Activity Index posted 51.8 in March, to signal a moderate improvement in total infrastructure output levels. The uplift was less marked than that recorded in the previous survey period (index eased from 53.5 in February), but outpaced the trend seen in the construction sector as a whole.

Infrastructure was the only monitored segment to see an increase in new

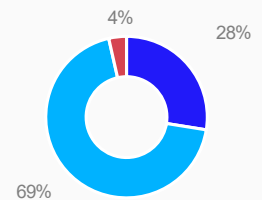
orders at the end of the first quarter, although the rate of expansion softened from February. At 50.2, the seasonally adjusted Infrastructure New Orders Index was just above the 50.0 no-change level. Some panellists highlighted new orders for utility networks and transportation projects, as well as enabling work for new housing developments.

Infrastructure saw an improvement in business activity expectations in March. Around 28% of survey respondents forecasted an increase in output over the next three months, compared to just 4% that predicted a fall. Businesses widely cited government investment in new infrastructure projects as a reason to be confident, particularly industrial zones, digital projects and ongoing urban development.

Future Business Activity (next 3 months)

■ Higher ■ Same ■ Lower

Response %, 03/26

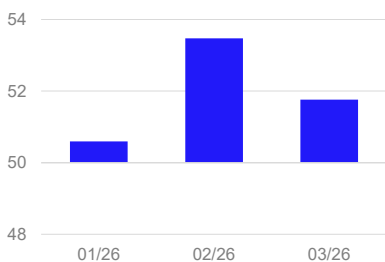


Sources: alrajhi capital, S&P Global Market Intelligence. ©2026 S&P Global.

Activity

Seasonally adjusted

Index, >50 = growth since previous month

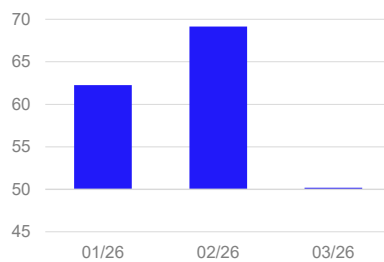


Sources: alrajhi capital, S&P Global Market Intelligence. ©2026 S&P Global.

New business

Seasonally adjusted

Index, >50 = growth since previous month



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

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.

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 PMI survey methodology, please contact economics@spglobal.com.

Headline index

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:

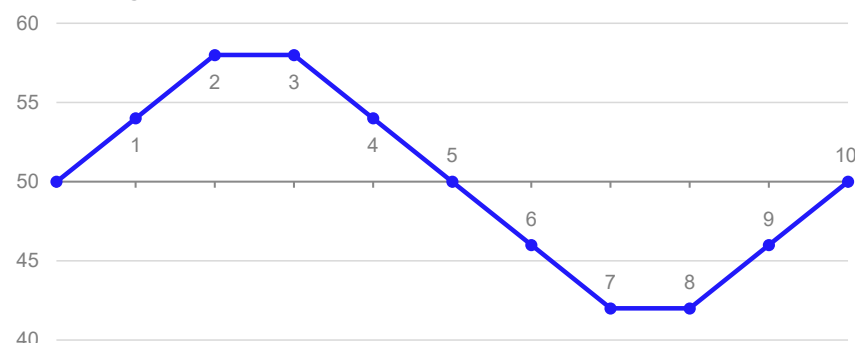
1. Residential
2. Non-Residential Structures
(Office/commercial, Institutional, Industrial)
3. Infrastructure
(Transportation, Energy/utilities)

Sub-sector data are also compiled for the New Business Index and Future Business Activity Index (next three months), with a weighted average calculated for the respective total industry measures.

Indices measuring Future Business Activity (next 12 months), Employment, Subcontractor Availability, Quantity of Purchases, Suppliers' Delivery Times, Input Prices and Access to Credit are only compiled for the construction sector as a whole. Sub-sector indices are not published for these measures.

Index interpretation

Index, sa, >50 = growth m/m



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

Key

- | | |
|---------------------------|-----------------------------|
| 1. Growth, from no change | 6. Decline, from no change |
| 2. Growth, faster rate | 7. Decline, faster rate |
| 3. Growth, same rate | 8. Decline, same rate |
| 4. Growth, slower rate | 9. Decline, slower rate |
| 5. No change, from growth | 10. No change, from decline |

Preliminary results

Survey Size

200 construction companies

Survey History

January 2026

Sector Coverage

International Standard Industry Classification (ISIC) code

41 Construction of buildings

- 41.1 Development of building projects
- 41.2 Construction of residential and non-residential buildings

42 Civil engineering

- 42.11 Construction of roads and motorways
- 42.12 Construction of railways and underground railways
- 42.13 Construction of bridges and tunnels
- 42.21 Construction of utility projects for fluids
- 42.22 Construction of utility projects for electricity and tele - communications
- 42.91 Construction of water projects
- 42.99 Construction of other civil engineering projects n.e.c.

43 Specialised construction activities

- 43.11 Demolition
- 43.12 Site preparation
- 43.13 Test drilling and boring
- 43.21 Electrical installation
- 43.22 Plumbing, heat and air-conditioning installation
- 43.29 Other construction installation
- 43.31 Plastering
- 43.32 Joinery installation
- 43.33 Floor and wall covering
- 43.34 Painting and glazing
- 43.391 Other building completion and finishing
- 43.91 Roofing activities

Further Information

alrajhi capital

alrajhi capital, is a leading multiaward 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 with assets of SAR 469BN, 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

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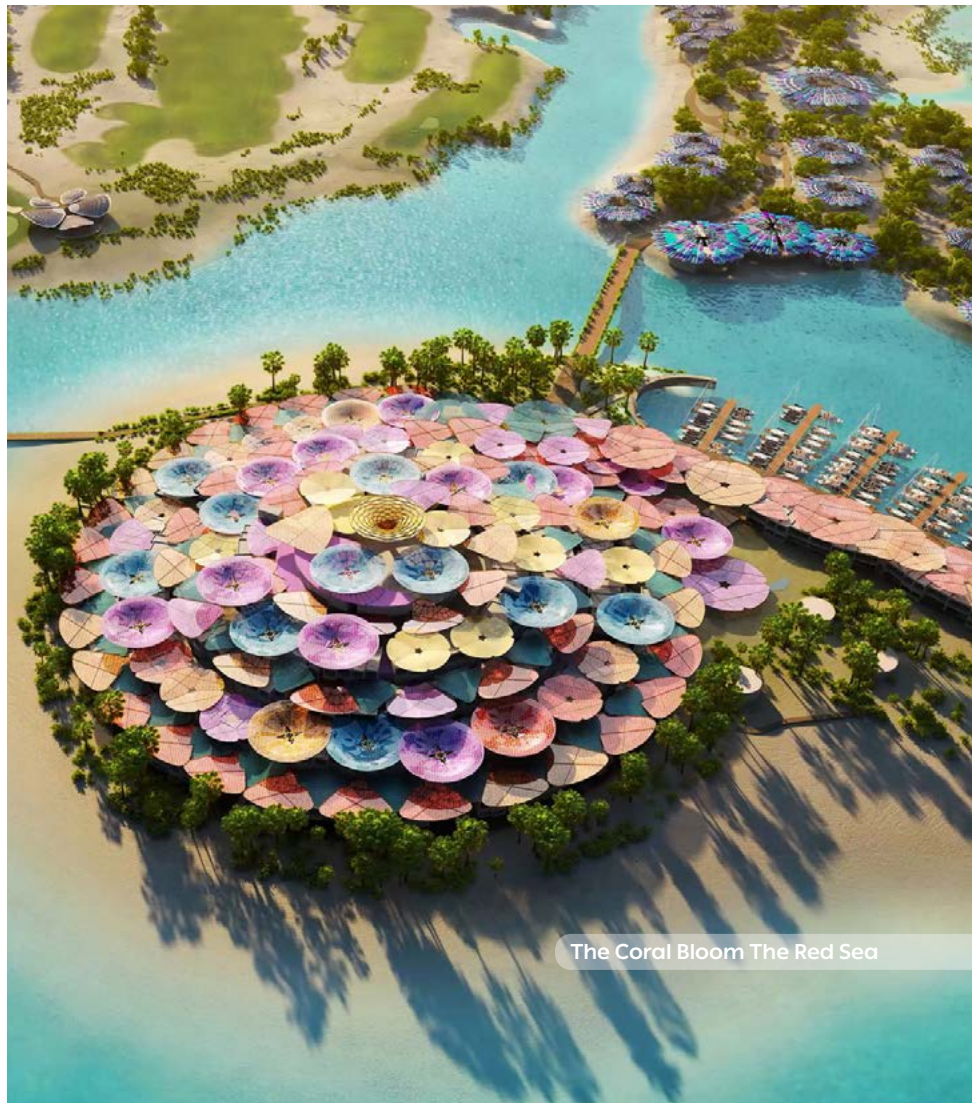
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The Coral Bloom The Red Sea

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