News Release
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alrajhi capital Saudi Construction Index

Fastest rise in output so far in 2026 as new orders rebound

Key findings

- Construction activity picks up for second month running
- Robust improvement in new order intakes
- Year ahead growth outlook highest since survey began in January

This release marks the second 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 led by fastest rise in new orders since February

Business activity growth across the Saudi construction sector gained considerable momentum in June, supported by stronger performances across all three main categories of activity monitored by the survey.

At 56.3 in June, up sharply from 51.2 in May, the headline seasonally adjusted alrajhi capital Saudi Construction Index posted above the crucial 50.0 no-change mark for the second month running. Moreover, the latest reading signalled the fastest rate of construction output growth since the survey began in January.

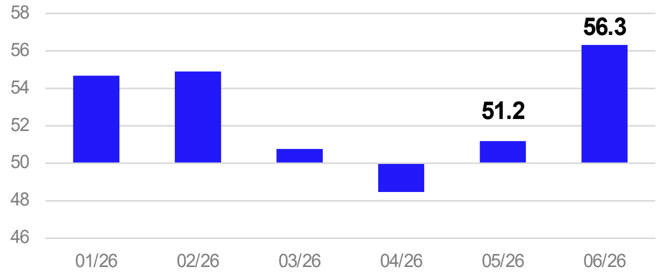
Survey respondents widely commented on a swift upturn in activity during June due to new project starts, greater regional stability and the normalisation of business operations.

Rebound seen across all three main areas of construction work

Residential construction activity remained the best-performing segment in June, with growth accelerating to its strongest in 2026 to date (index at 58.4). Many firms noted a boost from improved investor sentiment and ongoing public sector support for new residential projects.

June data also highlighted a robust upturn in work on non-residential structures (index at 55.0) and the pace of expansion

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



Data were collected 11-23 June 2026.
Sources: alrajhi capital, S&P Global Market Intelligence. ©2026 S&P Global.

Comment

Sultan Altowaim, Head of Research at alrajhi capital said:

"The June reading of the alrajhi capital Saudi Construction Index points to a clear acceleration in sector momentum, with the headline index rising to 56.3 from 51.2 in May, the strongest expansion since the survey began."

"The improvement was broad-based across residential, non-residential and infrastructure activity, supported by a rebound in new orders, the restart of delayed projects, and a more stable operating environment. Residential construction remained the strongest-performing segment, while non-residential and infrastructure activity also returned to healthier growth."

"Encouragingly, business expectations improved sharply, with the 12-month outlook reaching its highest level since the start of the survey. That said, cost pressures remain an important area to monitor, particularly with firms reporting higher prices for key materials such as aluminium, steel and electrical equipment."

reached its highest since February. Construction companies typically noted healthy pipelines of work on commercial and industrial projects, supported by resilient domestic economic conditions and a more favourable demand outlook.

Business activity in the infrastructure segment meanwhile returned to growth in June (index at 53.6). Higher levels of activity were attributed to increased workloads linked to utilities and transportation projects, alongside ongoing support from Vision 2030 investment spending.

Order books strengthen again

New work received by construction firms rebounded further in June. The latest improvement was the fastest since February and reflected strong rises in new orders across all major segments. Anecdotal evidence often cited a general recovery in market conditions due to reduced geopolitical tensions and strong demand fundamentals, especially rapid urban growth and infrastructure development plans.

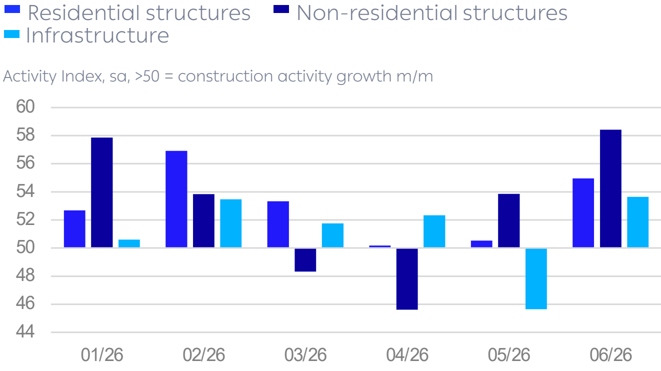
Input buying recovers despite sharp rate of cost inflation

Suppliers' delivery times shortened to the greatest extent since February, despite some logistics challenges due to re-routed shipping. Input buying expanded for the first time in four months. However, a sharp rate of cost inflation continued in June, with firms citing rising prices for aluminium, cement, electrical items and steel.

Rapid recovery in optimism

Nearly half of the survey panel (49%) expect a rise in business activity during the year ahead, while only 8% predict a fall. This signalled a swift recovery from the low point seen in April and pointed to the most upbeat growth projections so far in 2026. Many firms noted a surge in client confidence in June, as well as forthcoming opportunities linked to government investment spending and economic diversification.

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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