

Industrial Market Dynamics



Research

Kingdom of Saudi
Arabia

Q1 2026

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Key trends

1

Quality Supply Shortages Driving Prices

- Rental growth was recorded across all major cities during Q1 2026, with Riyadh, Jeddah, and the DMA demonstrating consistent upward momentum, reflecting sustained occupier demand and improving market fundamentals across the Kingdom's primary industrial and logistics markets.

2

Near-Full Capacity Performance

- Occupiers are increasingly gravitating towards higher-quality assets and specification-driven spaces that offer greater efficiency and superior standards. This is prompting developers to respond accordingly. Upcoming supply in Riyadh, Jeddah and DMA is dominated by Grade A developments.

3

Pre-leasing and Build-to-Suit

- Given the limited availability of quality space, many occupiers are securing facilities through pre-leasing arrangements and, in numerous cases, build-to-suit agreements, which mitigates vacancy risk for developers while accelerating project timelines and decision-making processes.

4

Strategic Logistics Positioning

- Saudi Arabia's strategic geographic location and expanding multi-port network are reinforcing its position as a critical node in global and regional supply chains. In the context of evolving geopolitical dynamics and ongoing trade route diversification, the Kingdom is increasingly benefiting from supply chain reconfiguration, driving long-term demand for industrial and logistics assets across major markets, particularly the DMA, which is well-positioned to capitalise on rising cargo flows and nearshoring activity.

By the numbers

SAR 256

Riyadh rents (per sq. m)

+5.1%

Riyadh rental growth

SAR 286

Jeddah rents (per sq. m)

+5.3%

Jeddah rental growth

SAR 231

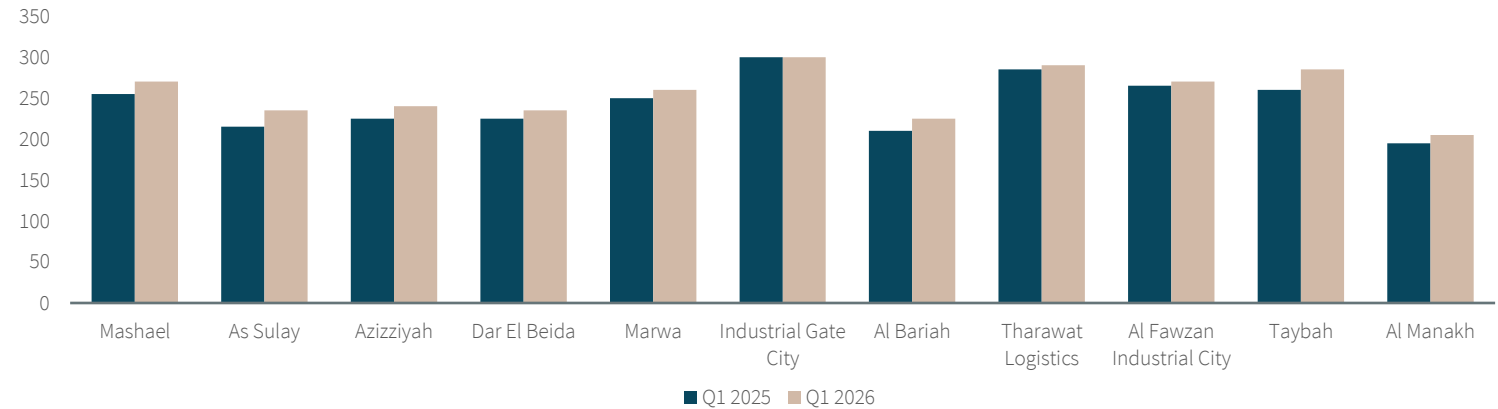
Dammam rents (per sq. m)

Rents

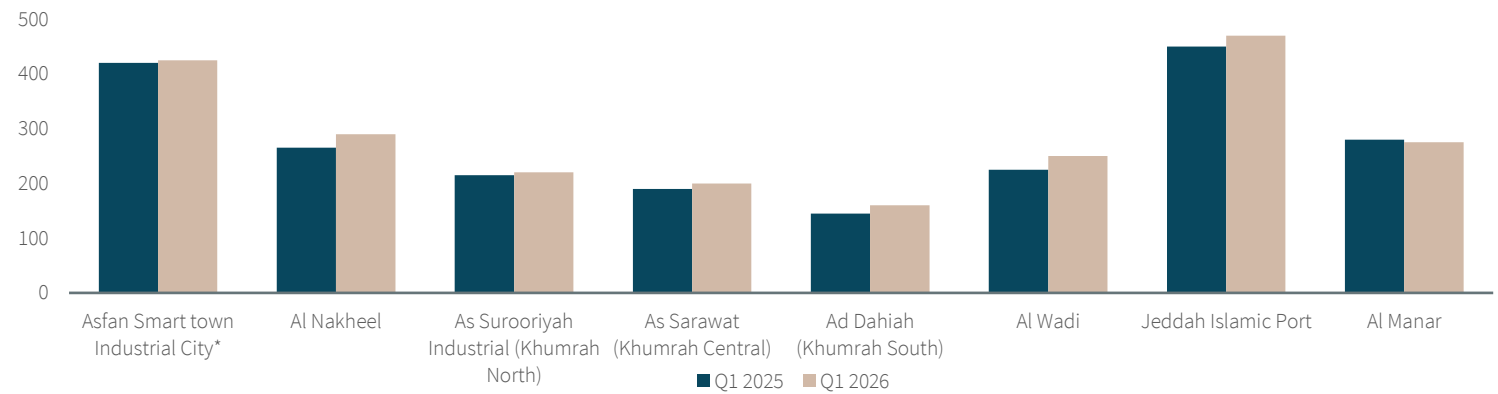
- Riyadh’s industrial and logistics rental rates witnessed growth across all major submarkets in Q1 2026. Average annual rents increased by approximately 5.1%, with the highest rental rate recorded in Industrial Gate City at SAR 300 per square metre per annum, while Taybah registered the strongest annual rental growth rate at 9.6%.
- The majority of Jeddah's submarkets registered annual rental increases, with the current average at approximately SAR 286 per square metre per annum, a 5.3% year-on-year growth. Al Wadi recorded the highest increase at 11.1%, with rents reaching SAR 250 per square metre. Jeddah Islamic Port continues to command the highest rental rates at SAR 470 per square metre per annum, supported by its role as a key Red Sea logistics hub amid ongoing geopolitical tensions and shifting maritime routes.
- The market currently operates at near full capacity, with occupancy levels hovering above 90% across both Jeddah and Riyadh, a trend that is expected to be sustained in the near term as demand for quality industrial and logistics space continues to outpace available supply.

Warehouse Rental Rates

Riyadh, SAR/Sq. m.



Jeddah, SAR/Sq. m.



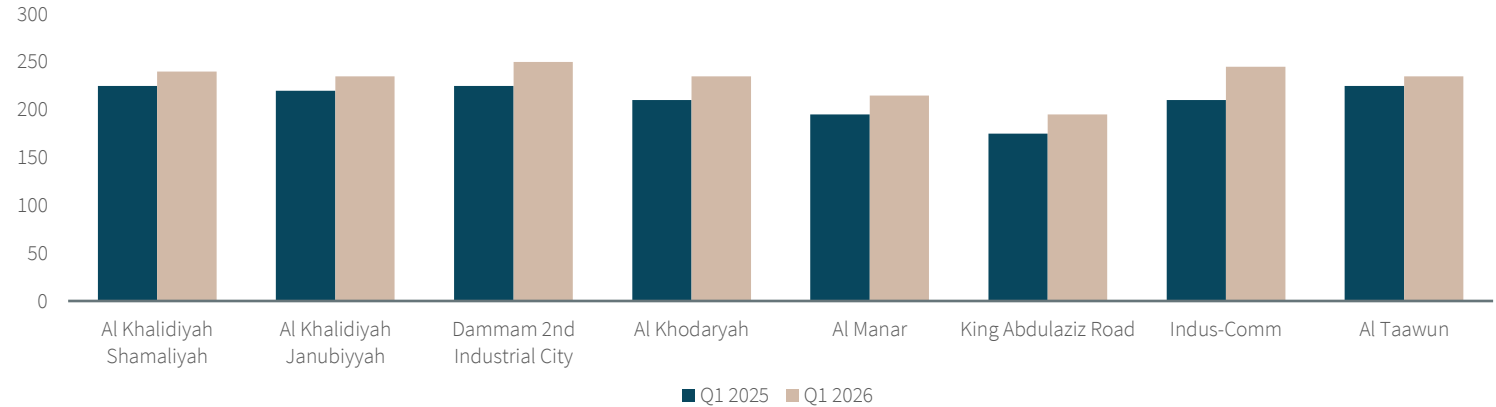
Source: JLL Research, 2026

Rents

- During Q1 2026, industrial rental rates in the DMA saw an average increase of 9.9% compared to the previous year. Rents across all submarkets experienced annual growth, with Indus-Comm recording the highest increase at 16.7% year-on-year, followed by Al Khodaryah at 11.9%. Average rents across the region currently stand at SAR 231 per square metre per annum, reflecting sustained demand and limited available quality space.
- In the DMA, occupancy levels remain high, underpinned by sustained demand for industrial and logistics space. Ongoing geopolitical tensions are reinforcing the region's strategic value as a stable logistics and manufacturing hub, accelerating nearshoring and supply chain diversification into Saudi Arabia. The DMA is particularly well-positioned to capitalise on this trend, given its proximity to major port infrastructure and established industrial ecosystem, creating favorable conditions for rental growth and increased development activity in the medium term.

Warehouse Rental Rates

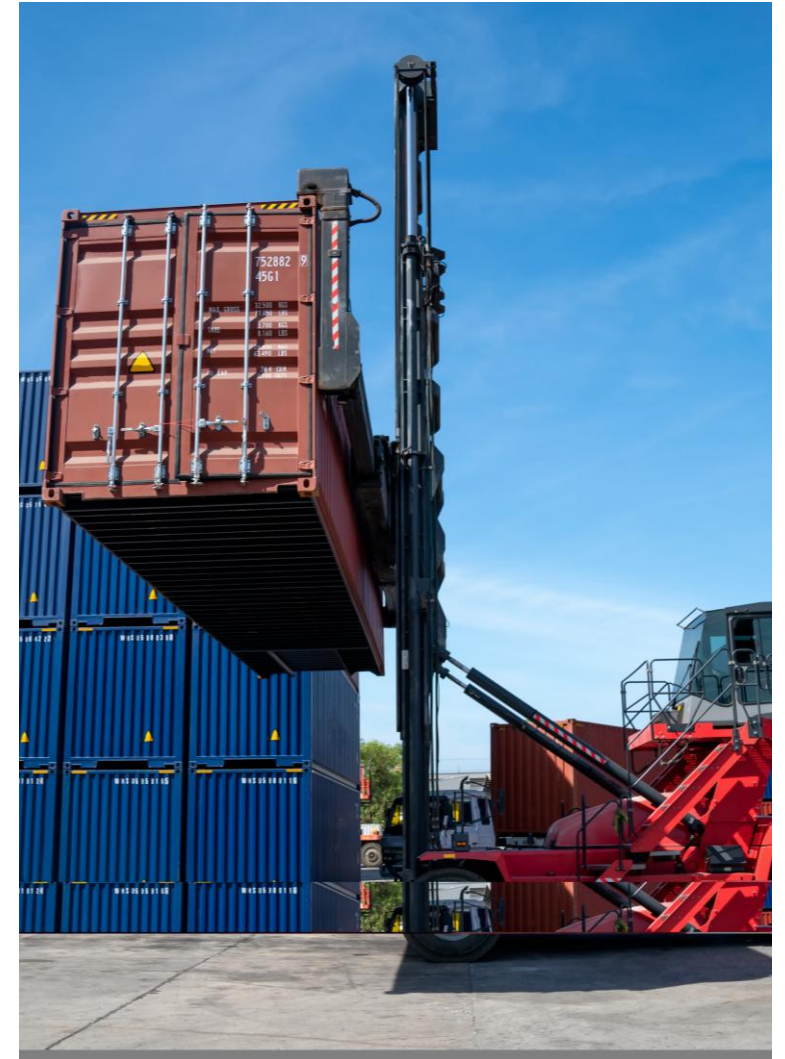
DMA, SAR/Sq. m.



Source: JLL Research, 2026

Outlook

- The logistics sector continues to benefit from strong government support through Vision 2030 initiatives, particularly the National Industrial Development and Logistics Program, which is driving infrastructure development, regulatory improvements, and increased private sector participation. MODON's ongoing expansion has significantly increased dedicated logistics space, reinforcing the Kingdom's ambition to become a regional logistics hub.
- Demand for high-quality industrial and logistics facilities is expected to remain robust, driven by continued e-commerce growth, supply chain optimisation strategies, and the expansion of third-party logistics providers. Prime, well-located assets with modern specifications are anticipated to outperform, attracting both regional and international occupiers seeking strategic positioning and operational efficiency.
- The ongoing scarcity of Grade A logistics space is expected to maintain landlord-favorable conditions, characterised by strong occupancy levels and minimal concessions across prime assets. While the forthcoming supply pipeline may alleviate pressure in select submarkets, mismatches in quality and location are likely to continue constraining effective availability in the near term.
- Demand is increasingly shifting toward distribution-led logistics, with growing emphasis on last-mile delivery and urban proximity. This trend is driving heightened take-up of strategically located assets near major population centers and key transport corridors, reflecting the sector's evolution from traditional warehousing to fulfillment-centric operations.
- Geopolitical tensions are accelerating the reconfiguration of global and regional supply chains, prompting occupiers to prioritise resilience and diversification. In this context, Saudi Arabia is increasingly positioned as a stable and strategic logistics hub, benefiting from its geographic centrality and infrastructure investments. The continued expansion and activation of key ports, including Jeddah Islamic Port, King Abdullah Port, and the emerging NEOM Port, alongside enhanced rail and inland logistics corridors, are strengthening the Kingdom's regional connectivity and reinforcing its role as a critical node in evolving supply chain networks.



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