نايت فرانك

Knight Frank

تقرير السوق السعودي

THE SAUDI REPORT

PART TWO

The ultimate guide to Saudi demand for commercial real estate in the Kingdom

4th edition

2025

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FOREWORD

Saudi Arabia is pressing ahead with its economic transformation plans, anchored by the goals of Vision 2030.

For the real estate market, this has resulted in the unveiling of US$ 1.3 trillion in real estate and infrastructure projects since 2016, with US$ 196 billion in contracts awarded to date as the vision rapidly turns into reality.

The scale of this ambition is best reflected in the impact on the Kingdom's property market: over 1 million new homes, in excess of 7.9 million sqm of office space, over 7.4 million sqm of new retail and over 358,000 hotel rooms are expected to be completed in the next 5-10 years.

While the residential market has dominated headlines in recent years, it is the country's commercial real estate markets where some of the greatest impacts of Vision 2030 are being felt. From the Red Sea Projects 8,000+ Maldives-inspired hotel rooms and resorts, to King Abdullah Financial District's world-class 1 million sqm of office space and from Diriyah Gate's 566,000 sqm of heritage-linked retail precincts, the Kingdom's commercial sector is going through an unprecedented evolution that is attracting the attention of global businesses and investors.

In this second part of our 2025 Saudi Report, we investigate attitudes towards the incredible developments taking place in the Kingdom's non-residential sectors amongst Saudi nationals and Saudi-based expats. To achieve this, we have carried out 1,033 detailed interviews.

Our findings are presented in the context of current market conditions and reveal three groups of opportunities for developers and investors in the healthcare, education, hospitality, retail and F&B sectors.

I invite you to discover our market leading insights and welcome the opportunity to discuss our findings in more detail.

James Lewis
Managing Director, Middle East & Africa

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General Manager, KSA

King Abdullah Financial District, Riyadh

SAUDI ARABIA'S ECONOMIC RESILIENCE

ECONOMIC DIVERSIFICATION: ACHIEVEMENTS AND OPPORTUNITIES

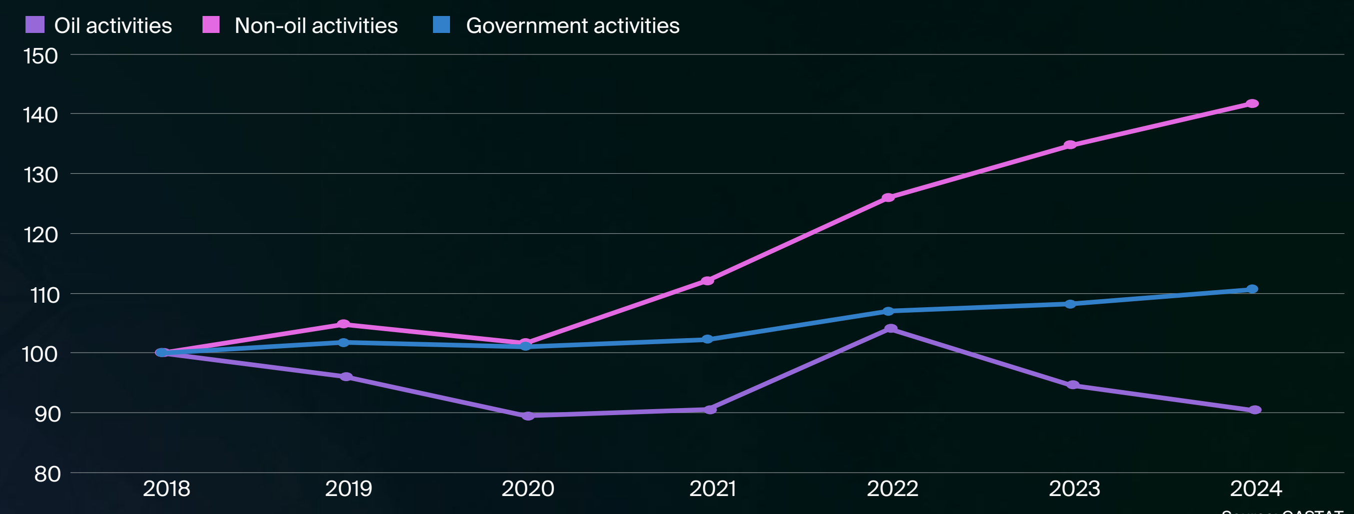
In the first half of 2025, growth in non-oil, non-government activity was again strong. According to the General Authority for Statistics (GASTAT), real (inflation-adjusted) GDP grew by 3.9% in Q2 2025 compared to the same period in 2024. Non-oil activities grew by 4.7%, oil activities by 3.8%, and government activities by 0.6%.

This pattern of growth is embedded in the Kingdom's Vision 2030, which includes the goals of economic diversification and budgetary control. Non-oil, non-government economic activity was 42% greater in 2024 than in 2018 (the year when all the core elements of Vision 2030's economic program had been activated). Government activity was 11% greater, while oil production and exploration was 10% lower in 2024 than in 2018.

The five sectors that have witnessed the largest increase in activity when compared to 2018 were:

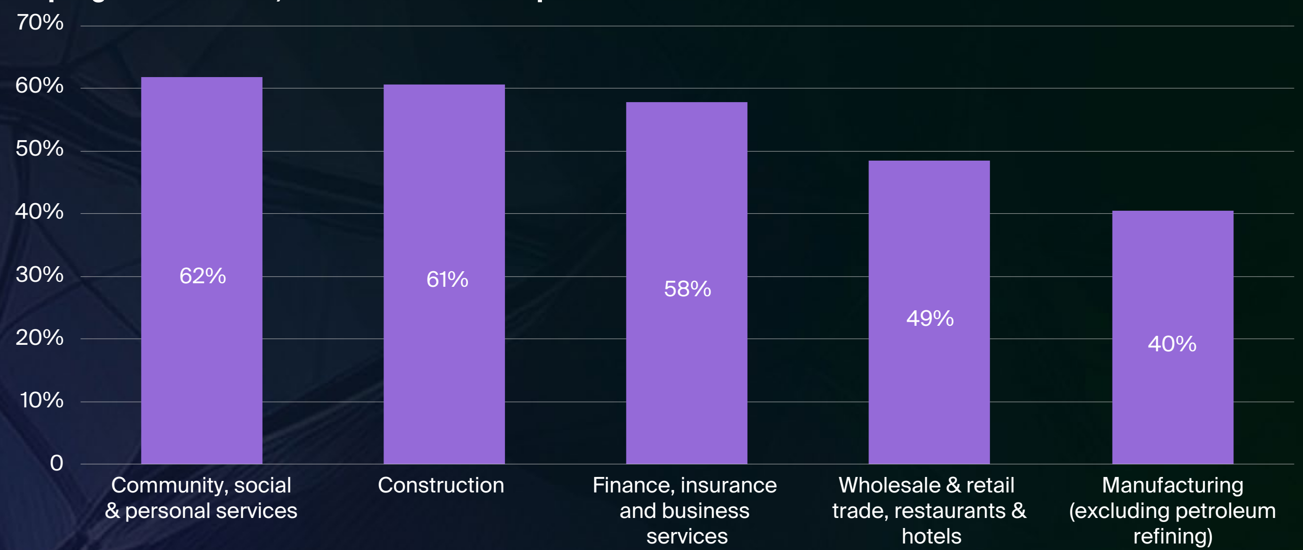
1. Community, social and personal services.
2. Construction.
3. Finance, insurance and business services.
4. Wholesale and retail trade, restaurants and hotels.
5. Manufacturing (excluding petroleum refining).

Index of GDP by main types of economic activity, baselined to 2018



Source: GASTAT

Top 5 growth sectors, increase in 2024 output over 2018



Source: GASTAT

PIF Tower, Riyadh

In the following table, using detailed nominal GDP data published by the GASTAT covering 2023 (equivalent data is not available for 2024), we delve below the headline numbers. We demonstrate how Vision 2030's programs have impacted the Kingdom's economy and highlight the growth and opportunities that lie ahead.

1. COMMUNITY, SOCIAL AND PERSONAL SERVICES

Growth in this sector captures the extraordinary change in consumer preferences that has occurred since 2018 and aligns with the objectives of the National Transformation Program and the Quality-of-Life Program. Key changes in the economy include entertainment venues, sporting events and other activities, which are reflected in high levels of growth in nominal GVA.

Growth opportunities:

- The extraordinary growth witnessed in these sectors potentially only marks the beginning of the transformation of Saudi Arabia into a more consumer-based society. The growth in strategic community and social activities accounted for 0.3% of the economy in 2023, compared to the US, for instance, where the same services accounted for 1.1% of GDP in 2023.
- Real estate connected to the sector includes cinemas, theatres, galleries, exhibition spaces, concert halls and other music venues, media studios, fashion studios, design and craft workshops, museums and other cultural centres.

Growth in strategic community and social activities (2023 vs 2018)

	Increase in nominal GVA
Creative, arts and entertainment activities	223%
Libraries, archives, museums and other cultural activities	165%
Sports activities and amusement and recreation activities	85%

Source: GASTAT

King Abdullah Financial District, Riyadh

2. CONSTRUCTION

Both the housing program, managed by MoMAH and its development subsidiary, the National Housing Company, as well as the PIF Investment Program, which includes the giga-project developments, are focused on transforming Saudi Arabia's urban landscape. It will require a significant step up in the construction capability and capacity in the Kingdom.

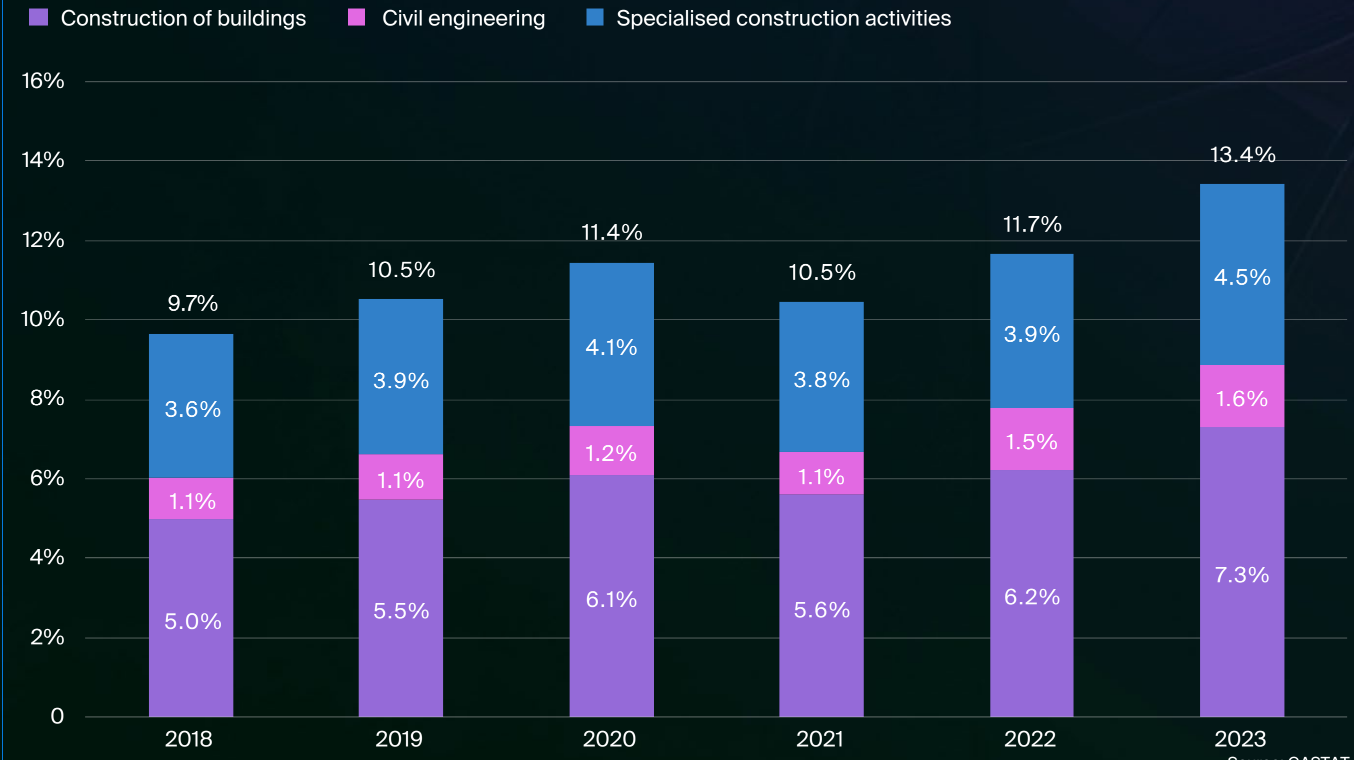
The construction of housing, office, retail and hospitality assets is core to Vision 2030 with developers in both the private and public sectors making the most of the opportunities. In the chart below, we show the evolution of investment spending on construction as a percentage of GDP from 2018 to 2023. By focusing on gross fixed capital formation, we capture the entire value chain of construction, rather than just contractor services (which is reflected in GVA data).

Construction gross fixed capital formation grew significantly in the past few years, increasing from 9.7% of GDP to 13.4% in 2023, with proportional increases across all subsectors.

Growth opportunities:

- With many of the giga-projects now transitioning from planning to execution, we expect the status quo of increased investment to be maintained during the remainder of this decade, and well into the 2030s.
- While much has been achieved to attract international construction companies to Saudi Arabia and grow the capacity and capability of the domestic industry, the scale of Vision 2030 continues to provide a wealth of opportunities for contractors, both generalists and specialists.
- Modular construction capacity is growing quickly in the Kingdom, but remains relatively niche, providing significant opportunities for new and existing entrants to the industry.

Construction gross capital fixed formation as a percentage of GDP



Source: GASTAT

DISCOVER THE DATA

3. FINANCE, INSURANCE AND BUSINESS SERVICES

The Financial Sector Development Program plays a crucial role in ensuring that funding is available for companies and investors to take full advantage of the opportunities available.

The Kingdom is also focused on growing the professional and business services sector by providing a significant boost to the quantity and quality of office space in the Kingdom, as well as establishing the Regional Headquarters Program.

Growth opportunities:

- According to detailed national statistics from 2023, financial and insurance activities accounted for 5.1% of Saudi Arabia's GDP. In more financial services-dominated economies, this proportion can rise to 7.5% (as is the case in the US) or as high as 9% (as is the case in the UK, which has a significant weighting to financial services). Given the Kingdom's goal to be a financial hub, there is room for significant growth.
- Professional, scientific and technical activities accounted for 1.5% of GDP in 2023. Internationally, highly complex economies can derive as much as 8% of GDP from this sector, which implies huge growth potential and the need for physical infrastructure to house these activities.

Growth in strategic financial and business service activities (2023 vs 2018)

	Increase in nominal GVA
Financial service activities, except insurance and pension funding	59%
Insurance, reinsurance and pension funding, except compulsory social security	116%
Activities of head offices; management consultancy activities	153%
Architectural and engineering activities; technical testing and analysis	118%
Scientific research and development	55%
Advertising and market research	112%

Source: GASTAT

> **Internationally, highly complex economies can derive as much as 8% of GDP from financial services.**

4. TOURISM

Growth in the retail, hospitality and restaurant sectors has been driven by changes in spending patterns and preferences. Some of the changes relate to entertainment and the shifting roles played by regional and super-regional malls in the provision of entertainment.

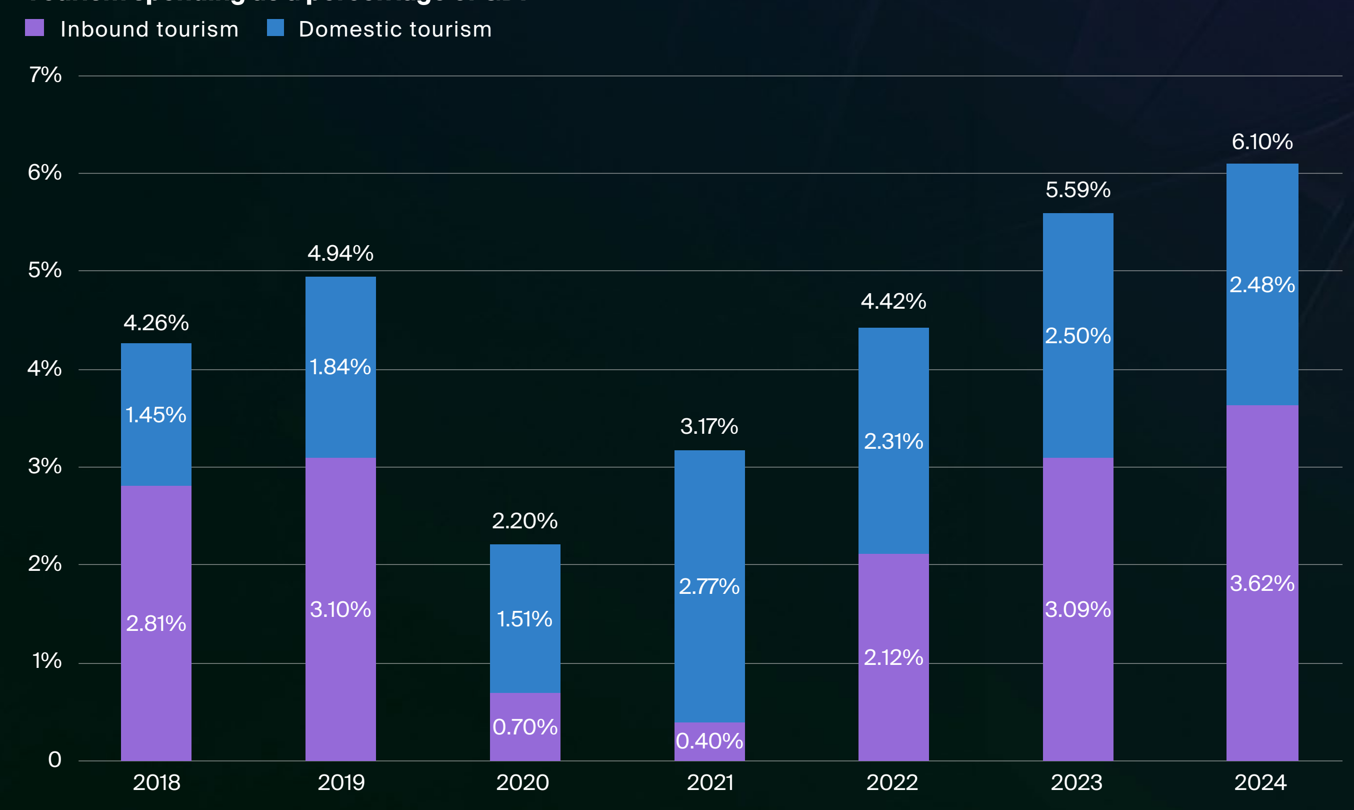
Tourism is another key driver. Tourism expenditure now far surpasses pre-COVID-19 levels as a percentage of GDP, reaching 6.1% in 2024. Growth in spending is being catalysed by both domestic and international tourism.

The latter reflects the opening up of the country to mainstream tourism and easing of visa applications; the former reflects social changes in Saudi and the opening up and promotion of domestic tourism sites.

Growth opportunities:

- Tourism is a highly prioritised sector within Vision 2030, focused on increasing domestic tourism, religious tourism and international leisure tourism. While the sector has expanded rapidly, the Kingdom retains its ambitious target, aiming for tourism to contribute 10% of GDP by 2030.
- Achieving this goal will require the continued development of hospitality assets across the Kingdom, and significant numbers of entertainment and retail offerings, as well as residential provision for workers.
- According to the World Travel and Tourism Council, globally, 74% of tourism's GDP contribution was from domestic tourism. In Saudi Arabia, domestic tourists accounted for 41% of total spending in 2024, according to the Ministry of Tourism. Upcoming developments and opportunities must take into account the preferences of Saudi nationals, as the role of domestic tourism increases.

Tourism spending as a percentage of GDP



Sources: GASTAT, Ministry of Tourism

5. MANUFACTURING

Vision 2030 incorporates a large number of industrial sector demand- and supply-side economic policies. For instance, the National Industrial Development and Logistics Program, launched in 2019, contains a set of demand-side initiatives aimed at transforming the Kingdom into a leading industrial player, including increasing government procurement and additional capital allocation. Targeted sectors include pharmaceuticals, automotive, food, and downstream oil, as well as gas-related sectors such as specialty chemicals, plastics and rubber.

Each of these strategic sectors has experienced significant growth in output and increases in capital investment between 2018 and 2023.

Growth opportunities:

While growth and investment rates have been very high, Vision 2030 targets point to continued investment, with an ongoing need to add to pre-existing industrial and logistics facilities. For instance, Vision 2030 targets include:

- Building the capacity to manufacture 280,000 cars annually, localising 40% of the value-added chain.
- Localising 40% of the Kingdom's pharmaceutical industry.
- Meeting 85% of the local demand for food industries.
- Localising 70% of the future supply chain of basic and intermediate chemicals.

GVA and investment in strategic industrial sectors (2023 vs 2018)

	Increase in nominal GVA	Increase in nominal gross fixed capital formation
Basic pharmaceutical products and pharmaceutical preparations	186%	345%
Coke and refined petroleum products	110%	274%
Rubber and plastics products	78%	781%
Food products	59%	N/A
Beverages	56%	N/A
Other transport equipment	50%	66%
Motor vehicles, trailers and semi-trailers	49%	158%
Chemicals and chemical products	43%	17%

Source: GASTAT

6. HEALTH AND EDUCATION

Health and education are two sectors where there is huge investment potential over the coming years, even though recent rates of growth have lagged behind the sectors referenced above.

Education:

- The global average contribution of education services to GDP is 4.5-5%; UNESCO sets a benchmark of 4-6% of GDP. Saudi Arabia has therefore already reached a high level of spending on education (as a % of GDP), which may explain the focus on other sectors over the past few years.
- An OECD report on education in the Kingdom, published by the Ministry of Education, highlighted an ongoing gap between investment and outcomes. The report included a series of recommendations around governance, leadership and support, quality of teachers, and modernising curricula.
- According to the latest ministry data (2020), 10.9% of students are privately educated, 6.1% are registered in foreign educational establishments, and 82.6% are in public schools. There may be significant opportunities for expansion of the private sector, especially in urban areas where class sizes are, on average, 26 students.
- The compulsory age of education in the Kingdom is 6 years old, and as of 2017, only c.20% of children between the ages of 3 and 4 years were in pre-primary education. Given the known importance of these formative years, there are significant private sector opportunities.

Healthcare:

- Total output in the sector accounted for 4.8% of GDP in 2023, whereas around the world, the sector accounts for between 5%-12.5% of GDP. The relatively lower level in Saudi Arabia reflects the Kingdom's young population that, by definition, requires less healthcare support.
- As the population ages over the next 20 years, significant private sector opportunities will arise. The Kingdom is targeting the growth of primary care and medical cities.

Health and educational service activities (2023 vs 2018)

	Increase in nominal GVA	% of GDP (2023)
Education	1%	5.9%
Human health and social work activities	42%	4.8%

Source: GASTAT

Batterjee Medical College, Jeddah

OUR SURVEY

The second set of interviews, focused on non-residential sectors, in our 2025 Saudi Report was conducted in partnership with YouGov. Respondents were divided into three distinct segments: Saudi nationals with a monthly income of SAR 10,000-50,000; Saudi nationals earning over SAR 50,000 per month; and Saudi-based expats with a monthly income above SAR 30,000. These groups were carefully selected to provide insights into attitudes and preferences connected with the Kingdom's commercial real estate sectors.

Our survey at a glance

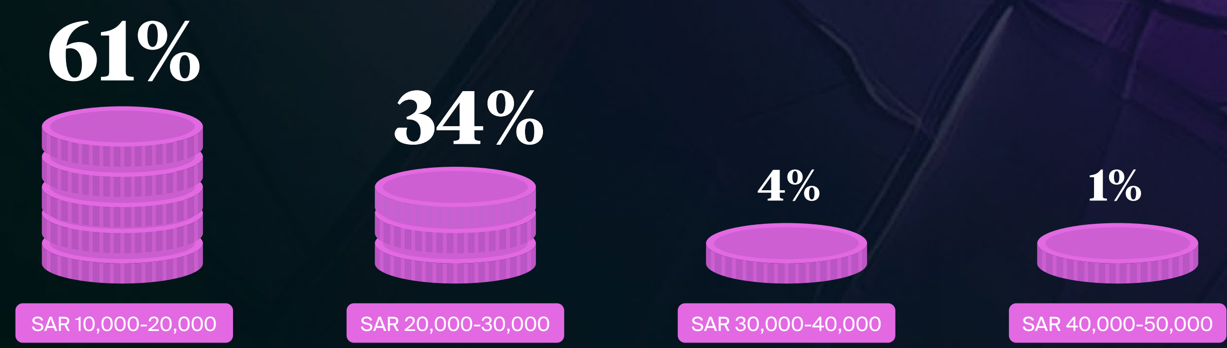
1,033	Total number of respondents
799	Saudi nationals with a monthly income of SAR 10,000-50,000
137	Saudi nationals with a monthly income of SAR 50,000+
97	Saudi-based expats with a monthly income of SAR 30,000+

Source: Knight Frank, YouGov

Visitors throng the Al Balad area in Jeddah

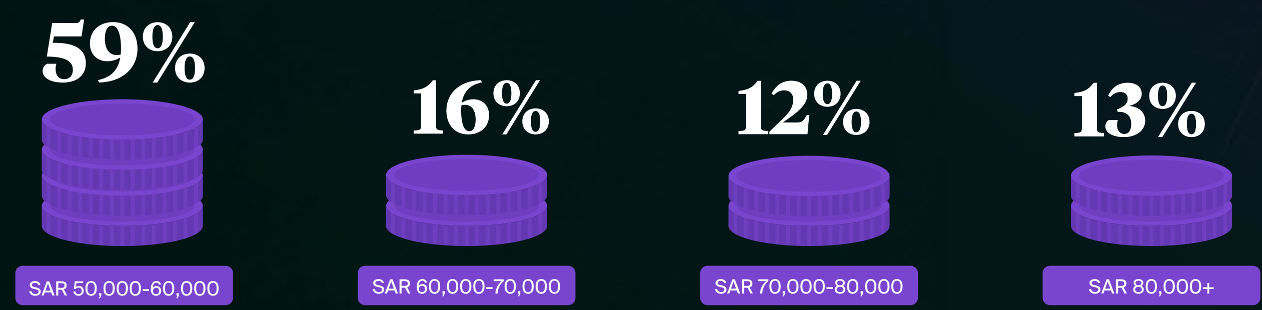
Respondents' split (by monthly income)

Saudi nationals with a monthly income of SAR 10,000-SAR 50,000



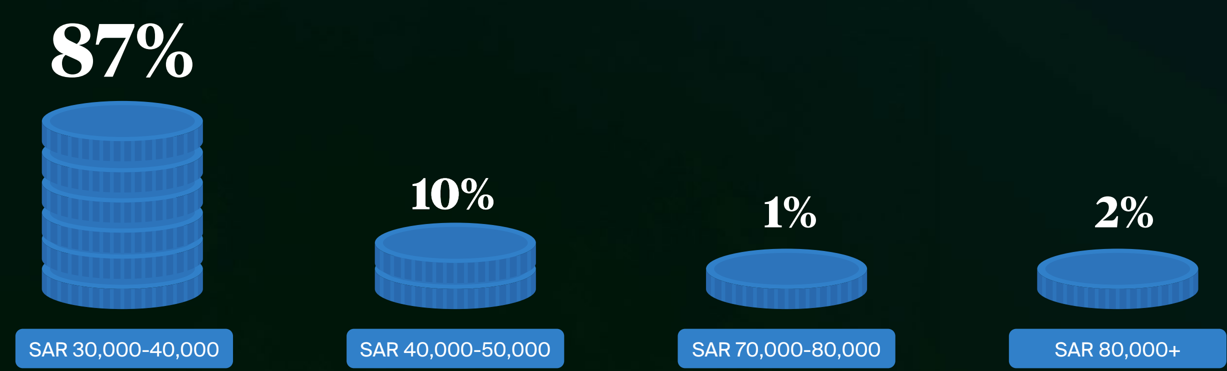
Source: Knight Frank, YouGov

Saudi nationals with a monthly income of SAR 50,000+



Source: Knight Frank, YouGov

Saudi-based expats with a monthly income of SAR 30,000+



Source: Knight Frank, YouGov

HOSPITALITY MARKET

DOMESTIC TOURISM TRENDS

Authorities have boosted the Kingdom's total visitor target to 150 million by 2030, as the initial 100 million goal was breached in 2023. However, domestic travellers continue to account for the lion's share of tourists, with nearly three-quarters (74%) of the 116 million visitors during 2024 being Saudi nationals. This heightened desire to travel domestically is also reflected in our survey results, with 67% of our respondents taking a trip within the Kingdom at least once every three months. This figure is higher amongst Saudi nationals (69% vs. the 65% we reported in 2023).

Discovering a nation

'Staycations' are especially popular among our Saudi national survey respondents, the largest group of whom (36%) favour extended weekend breaks of 4-6 days and 20% for a full week. For Saudis on higher incomes (SAR 80,000+ per month), over two-thirds (67%) have a preference for domestic holidays in the Kingdom of between 7-10 days.

In contrast, almost half (48%) of Saudi-based expats prefer 2-3 day trips in the Kingdom at most. One-fifth (19%) limit travel to day trips. Longer vacations beyond two weeks remain rare across both groups, highlighting the prevalence of short to medium-length domestic leisure travel.

These trends hint at robust and broad-based demand for domestic tourism offerings, ranging from short city breaks to longer cultural and nature-based experiences. Crucially, this aligns with the National Tourism Strategy under Vision 2030, which seeks to increase domestic trip volumes and diversify leisure options across the Kingdom.

The consistency of domestic travel behaviour, based both on our data and publicly available statistics, reinforces the importance of ongoing investments in hospitality infrastructure, destination development, and regional connectivity. This is particularly the case in established hubs such as Riyadh, Jeddah, and AlUla, as well as boosting offerings in popular regional hub locations such as Al-Soudah, Taif and Abha.

Domestic leisure travel frequency

Our survey findings highlight the strong appetite for domestic tourism among both respondent groups – Saudi nationals and expatriates residing in the Kingdom. Almost a third (29%) of Saudi nationals and Saudi-based expats travel within the Kingdom every 2-3 months – the largest segment of our survey population. Notably, this figure rises sharply to 50% for those on incomes of over SAR 80,000.

Overall, nearly seven in ten respondents (66%) reported travelling within Saudi Arabia for leisure at least once every three months, underscoring the growing appeal of the Kingdom's cultural, natural, and entertainment offerings.

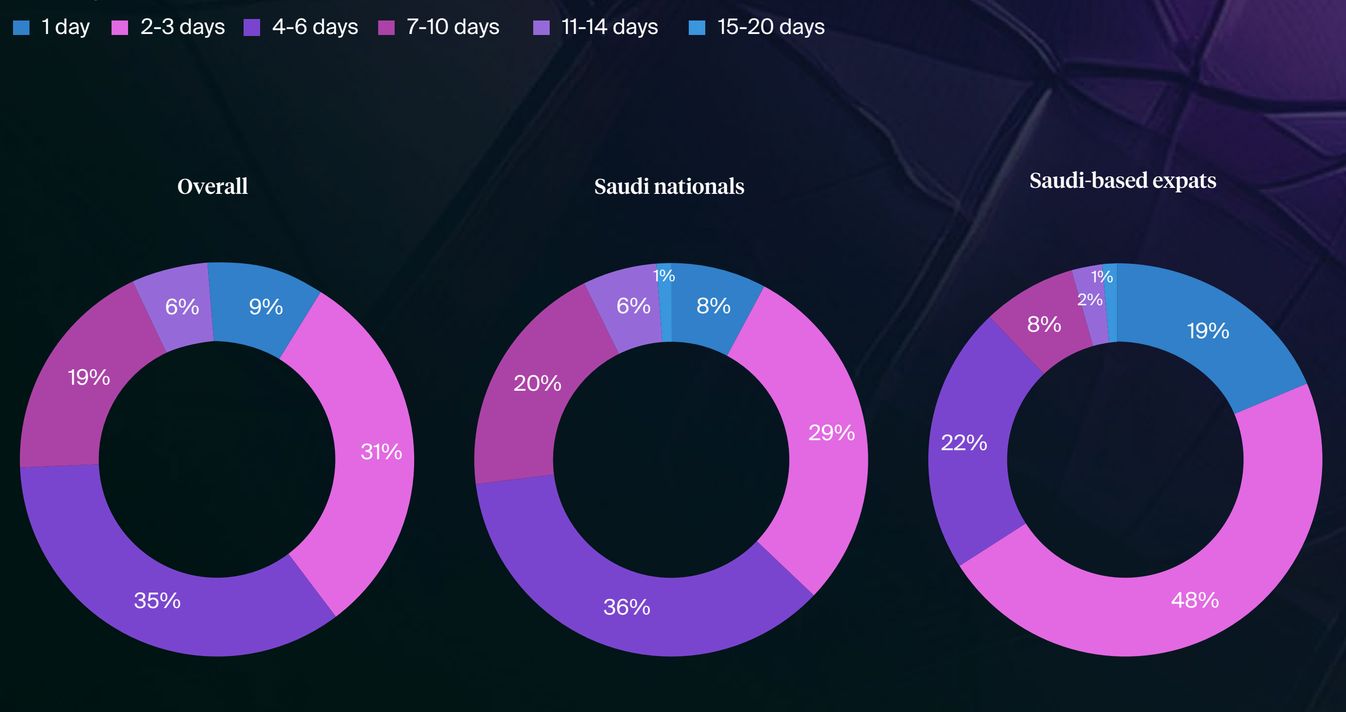
Among Saudi nationals, the most common frequency for domestic travel is once every two to three months (29%), followed closely by monthly travel (27%). A notable 13% of nationals travel domestically on a weekly basis, underlining the popularity of short-haul trips between cities and regions. It also underscores the now well-entrenched pattern of weekly inter-city commuters.

Indeed, our analysis has shown that some 250,000 Saudis have moved to Riyadh since 2019 from elsewhere in the Kingdom, many to take advantage of the fact that 66% of all new jobs in Saudi have been created in Riyadh over the same time period. This pattern of internal migration has itself served as a key catalyst for heightened domestic travel and tourism among Saudis.

Expatriates, in contrast, exhibit a less frequent travel pattern. While 26% travel monthly, a larger proportion spread trips over longer intervals, with 22% travelling every six months and 21% only once a year, presumably preferring to either travel to their home nations or go on international holidays instead. Expats are also more likely than nationals to avoid domestic leisure travel altogether (6% vs. 2%), reflecting lifestyle differences and stronger ties to international destinations.

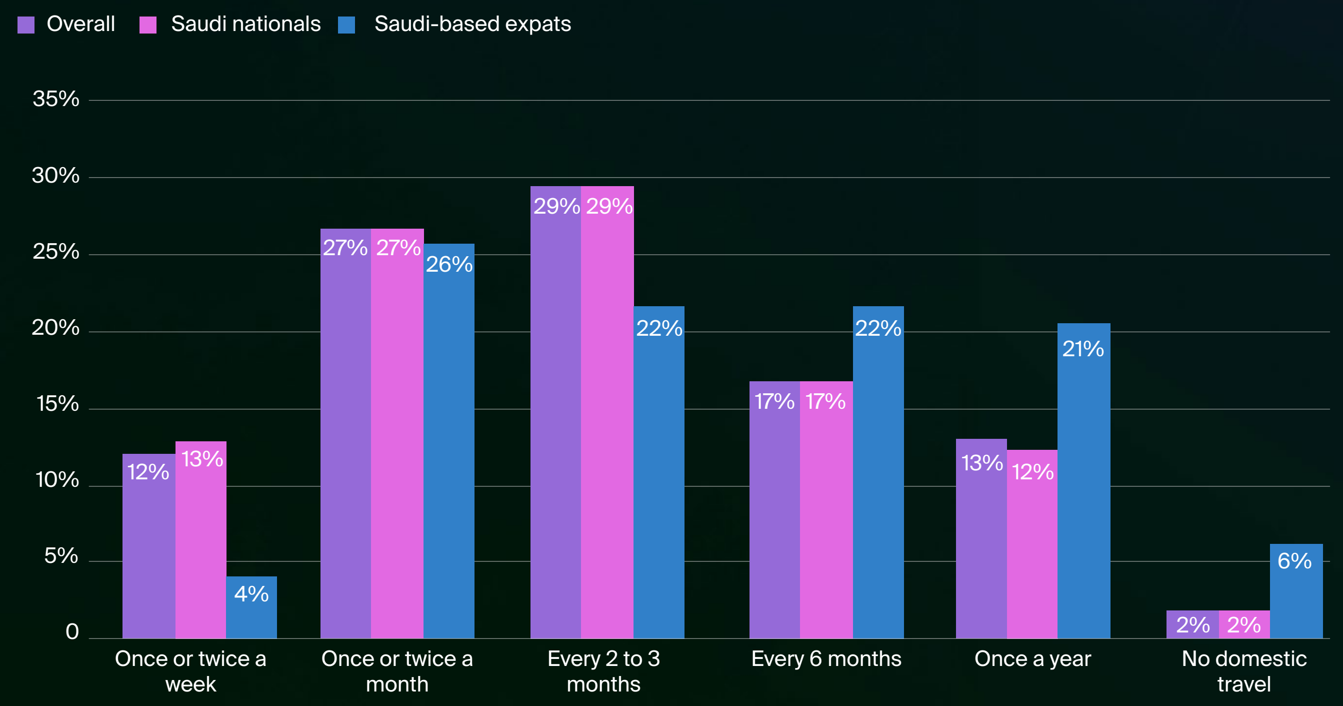
> "Our analysis has shown that some 250,000 Saudis have moved to Riyadh since 2019 from elsewhere in the Kingdom."

Average domestic trip duration



Source: Knight Frank, YouGov

Frequency of travel for leisure purposes



Source: Knight Frank, YouGov

DOMESTIC TOURISM TRENDS

Come fly with me

As Saudi Arabia strengthens its position as a leading tourism and leisure destination, the way residents move across the Kingdom is becoming increasingly diverse. Our survey findings show that domestic travellers rely most heavily on air-connectivity and private cars, with Saudia Airlines and Flynas emerging as the dominant preferred carriers, while self-driven journeys remain popular for regional getaways.

While rail and bus travel are currently secondary options, their role is expected to grow significantly as the Kingdom advances its transportation infrastructure under Vision 2030.

The Saudi Landbridge Project, for instance, which will link Jeddah to Riyadh and onward to the Eastern Province by high-speed rail, represents a transformative step toward integrated, multimodal connectivity, which will create new travel corridors across the country. Similarly, plans are underway to revive the 1,300km Hejaz Railway that once stretched from Damascus to Madinah through an 8-year renovation programme that will include stops in cities such as Tabuk and AlUla.

Nonetheless, air travel dominates the preferred mode of domestic tourism in Saudi Arabia. When asked to rank their preferred travel options, Saudia Airlines emerged as the most popular choice among respondents at 64%, followed by Flynas (40%) and Flyadeal (27%). This preference underscores the centrality of air connectivity in enabling short and frequent trips across the Kingdom's expansive geography. Notably, Saudi-based expats show a slightly lower reliance on Saudia (52%), favouring Flynas (43%) and other low-cost carriers, presumably to balance affordability with convenience.

Travel by private car also ranks highly, cited by 61% of our respondents overall, reflecting the Kingdom's strong road network and the flexibility that car journeys provide, particularly for regional getaways and family-oriented travel. By comparison, rail at 24% and buses at 18% remain secondary options, reflecting the relatively nascent rail and bus route networks in the Kingdom.

Collectively, our survey findings highlight a dual travel culture: one that relies heavily on air-travel for long-distance trips between major cities, while also embracing the practicality of road travel for shorter or regional journeys.

Emerging domestic tourism destinations

Our survey results reveal a strong concentration of domestic leisure travel around the Kingdom's major urban centres and religious destinations. Makkah is the top destination choice for respondents (42%). It's particularly popular among expatriates, 52% of whom name Makkah as their number one travel destination in the Kingdom, followed by Madinah (46%).

This reflects the enduring role of religious tourism as a cornerstone of domestic travel in Saudi Arabia. That being said, for the wealthiest Saudis (monthly income >SAR 80,000), Riyadh is the number one draw in the country (61%).

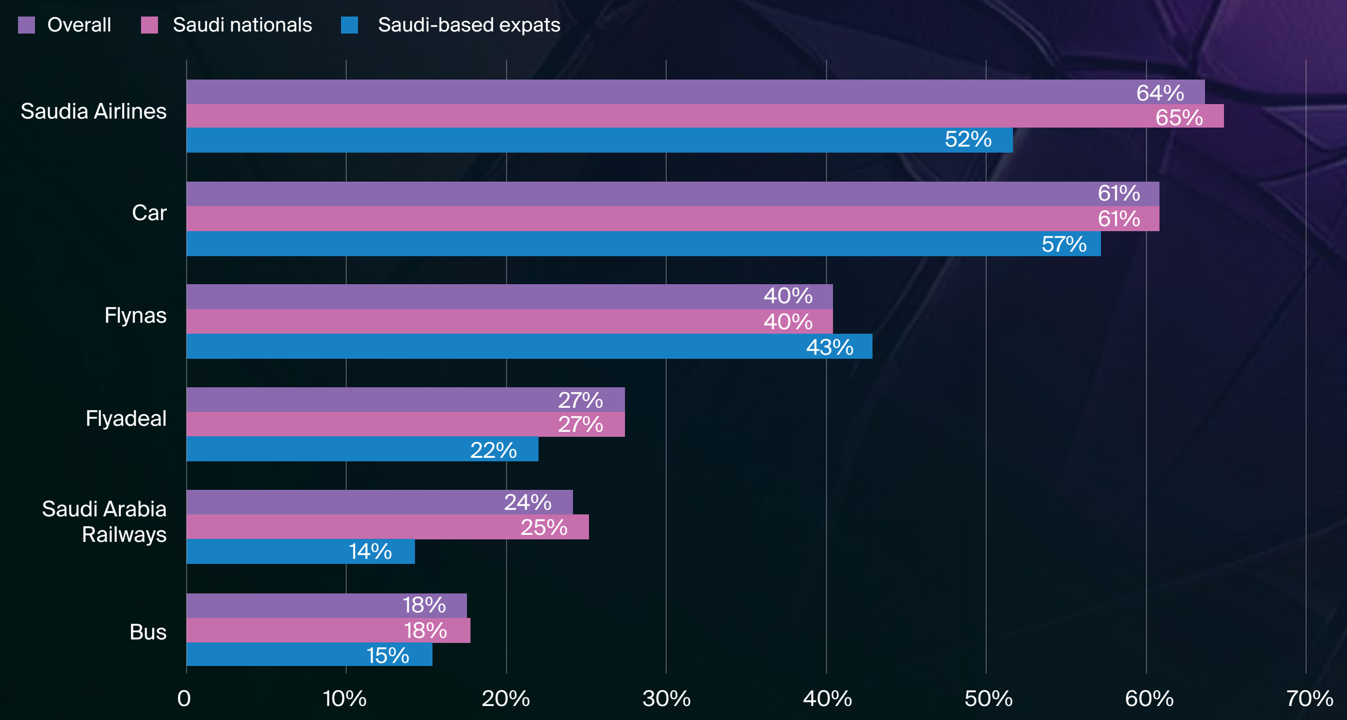
Among the country's metropolitan hubs, Riyadh at 40% and Jeddah, also at 40%, are the top travel destinations for both nationals and expatriates, supported by their roles as gateways and centres for business, leisure, and cultural experiences. The Dammam Metropolitan Area was chosen by 16% overall and by 21% of expats. This notable share of visitors likely reflects its coastal appeal and growing position as a leisure hub in the Eastern Province.

Beyond the major cities, domestic tourists are increasingly exploring regional destinations. Abha and Taif are especially popular among nationals at 24% and 22%, respectively, underlining the draw of cooler highland climates during summer months. AlUla, at 20% overall, has gained significant traction as a heritage and culture hotspot, likely fuelled by the government's ongoing investment program to boost the area's cultural and tourist attractions. It is particularly popular among Saudis (21%), though uptake among expatriates remains lower (10%).

Umluj and Jizan show more niche appeal at 6% and 5% respectively, reflecting early-stage development and awareness, as well as highlighting an opportunity for further development of tourism and hospitality infrastructure in more remote and undeveloped locations.

DISCOVER THE REPORT

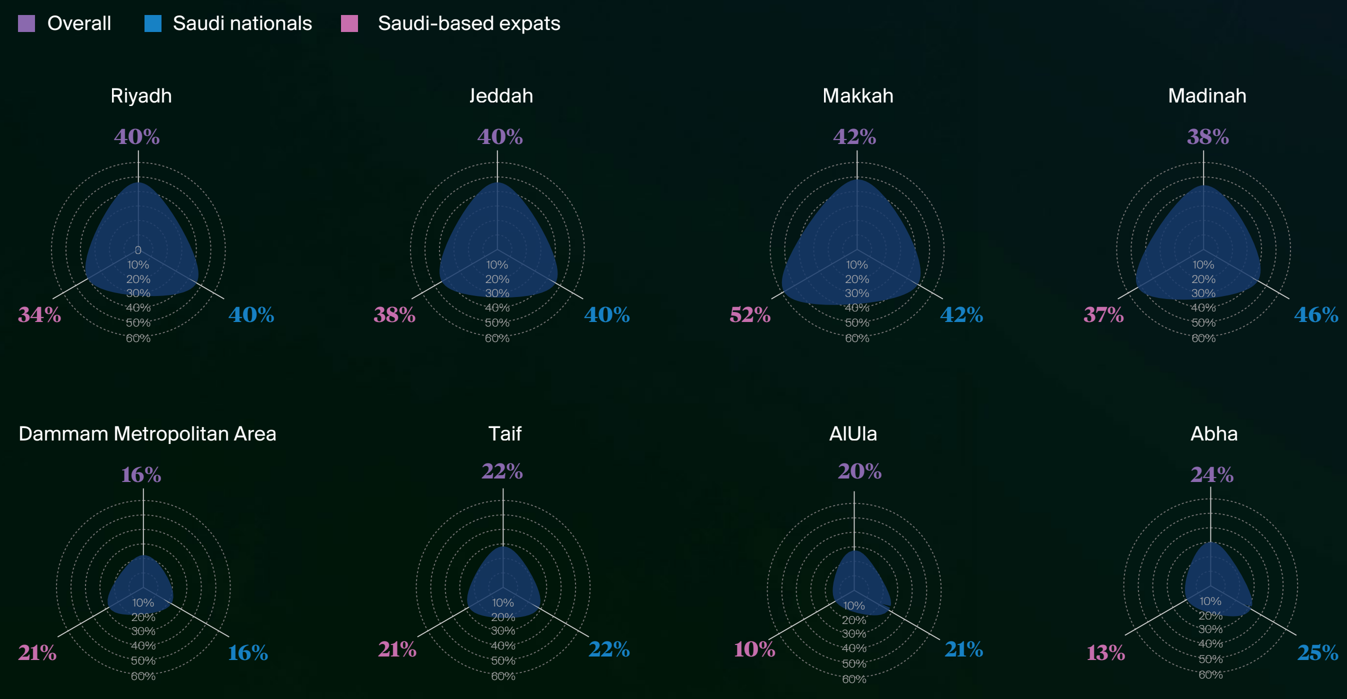
Domestic travel preferences



*Percentages reflect number of times each option was selected

Source: Knight Frank, YouGov

Most popular cities for domestic travellers



*Percentages reflect number of times each option was selected

Source: Knight Frank, YouGov

UNDERSTAND DOMESTIC TRAVEL DRIVERS

Motivations for domestic travel

Domestic tourism in Saudi Arabia is driven by a blend of cultural, religious, and leisure-oriented motivations. 'Entertainment and seasonal attractions' emerge as the most common reason for travel overall (55%), underscoring the growing importance of festivals, concerts, and events in shaping the Kingdom's leisure economy. This is closely followed by 'religious travel' (46%) and 'shopping or leisure' (46%), reaffirming the dual draw of spiritual and lifestyle-based experiences within major cities such as Makkah, Madinah, Riyadh, and Jeddah.

Family and social ties also play a central role, with 44% travelling to visit family and 39% to see friends, highlighting the social dimension of domestic travel, particularly among Saudi nationals. Saudi-based expats, meanwhile, show a stronger tendency toward travelling for religious purposes (58%), while nationals are more likely to travel for cultural attractions (33%), or to explore and discover new parts of the Kingdom (40%), reflecting the government's success in boosting the attractiveness of secondary and tertiary cities through Vision 2030 initiatives.

Business travel accounts for a smaller share of respondents (21%), reflecting the concentration of corporate and professional activities in key urban hubs. Interestingly, only a quarter of respondents cited 'affordability relative to international trips' as a motivation for a holiday in the Kingdom, suggesting that domestic tourism is increasingly chosen for its intrinsic value, cultural richness, entertainment options, and convenience, rather than purely as a cost-saving alternative.

Reasons for domestic travel

	Saudi nationals	Saudi-based expats
Entertainment and seasonal attractions	56%	42%
Shopping and leisure	46%	38%
Visiting family	45%	36%
Religious purposes	44%	58%
Visiting friends	40%	33%
Exploring and discovering the Kingdom	40%	29%
Cultural attractions	33%	14%
More affordable than international travel	26%	12%
Business trips	22%	18%

*Percentages reflect number of times each option was selected

Source: Knight Frank, YouGov

King Abdulaziz International Airport, Jeddah

UNDERSTANDING THE KINGDOM'S TOURISM SECTOR

NEED TO KNOW

The Kingdom is gearing up for a major upswing in its hospitality sector. It currently has around 171,650 hotel keys in operation and is planning to add a further 358,000 keys by 2030, a pipeline that could propel its inventory well beyond the UAE's current stockpile of 215,000 keys. This rapid expansion reflects the central role of tourism in the Kingdom's diversification agenda. 86.2 million domestic trips and 29.7 million international arrivals were recorded in 2024, highlighting the speed at which the sector is expanding and the central role it is set to play in Saudi's economic future.

Forward-looking tourism strategy

Saudi Arabia's hospitality market is experiencing significant growth, driven by a combination of government initiatives, increased investment, and evolving consumer preferences. In fact, Saudi Arabia's travel and tourism industry expanded by 32% in 2024 to contribute a record SAR 444.3bn (US$ 114.4bn) to the economy, representing 11.5% of the nation's GDP, the highest in the region (WTTC).

Having already reached 116 million domestic and international visitors in 2023, Saudi Arabia has revised its 2030 target to 150 million visitors, with one-third expected to be religious tourists. This underscores the Kingdom's dual ambition of strengthening its global role as Islam's primary pilgrimage hub while expanding its reach into international leisure and business travel and domestic tourism. Notably, the Kingdom recorded 77 million domestic tourists during 2023, rising to 86.2 million in 2024, highlighting the strength of domestic demand.

Since its inception in 2019, the National Tourism Strategy has been instrumental in driving this expansion. Flagship investments include the US$ 30bn redevelopment of King Khalid International Airport, which is set to become one of the world's largest by passenger capacity by 2050, supported by soon to be launched Riyadh Air. At the same time, digital tools such as e-visas, AI-powered visitor platforms, and the 'Visit Saudi' ecosystem are enhancing accessibility and visitor experiences.

The Tourism Development Fund is accelerating private sector participation through initiatives such as the Kafalah Program (guarantees for micro, small and medium-sized enterprises (MSMEs), non-banking financial institution (NBFIs) and banks financing programs, and TDF Grow's incubator, accelerator, and hackathon/bootcamp programs. It is also strengthening its support via non-financial enablement tools to boost entrepreneurship and innovation in the sector.

Equally, human capital development is positioned at the core of the tourism agenda. With US$ 100 million allocated to training programmes. Indeed, over 100,000 young Saudis, including a 50% female participation target, are being prepared for careers across hospitality, tourism, and entertainment. This focus is not only building a skilled workforce, but it is also supporting the broader Saudisation goals of Vision 2030.

Hospitality in numbers

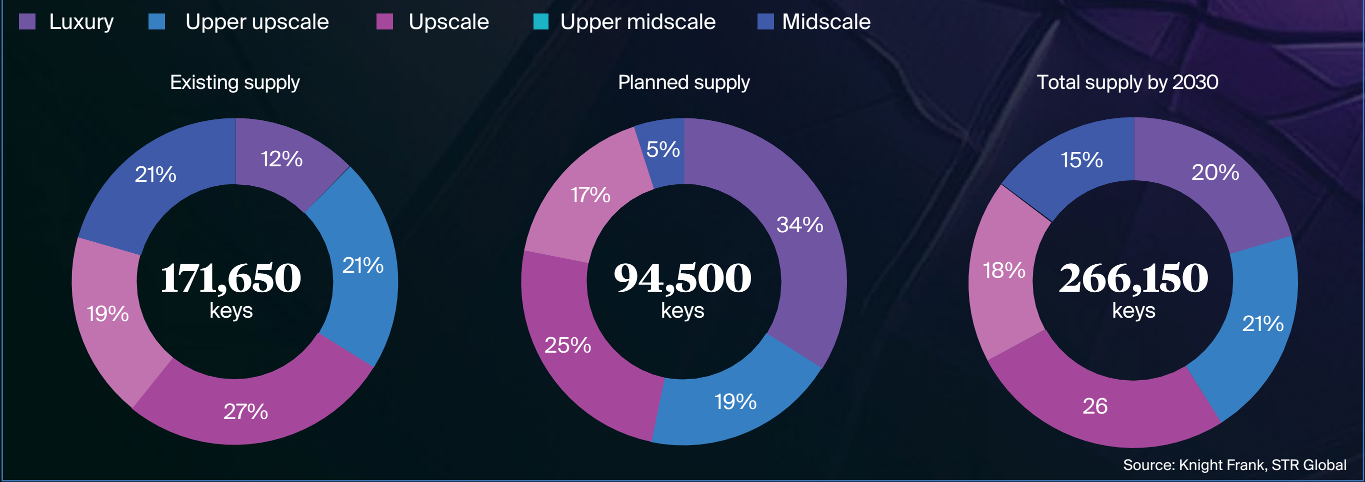
As of September 2025, Saudi Arabia's quality hotel stock stood at 171,650 rooms, with supply projected to rise 18% by 2027, according to our estimates. Riyadh alone is expected to record a 19% increase in quality rooms by 2027 to 30,330 keys. By the end of the decade, 358,000 new hotel keys will be delivered across the Kingdom, with much of this total likely within giga projects.

Elsewhere, the Holy Cities of Makkah and Madinah have particularly large hotel pipelines. Projects such as Rua Al Haram (70,000+ keys), Rua Al Madinah (47,000+), Knowledge Economic City (42,000+), and Masar Makkah (41,000+), for example, will contribute more than 252,000 rooms in Makkah and Madinah alone, 64% of which will be in the 4 and 5-star categories.

Between January and August 2025, ADR levels increased by 0.3%, reaching SAR 746 (US$ 199), while occupancy climbed to 61%, driving RevPAR up by 1.3%.

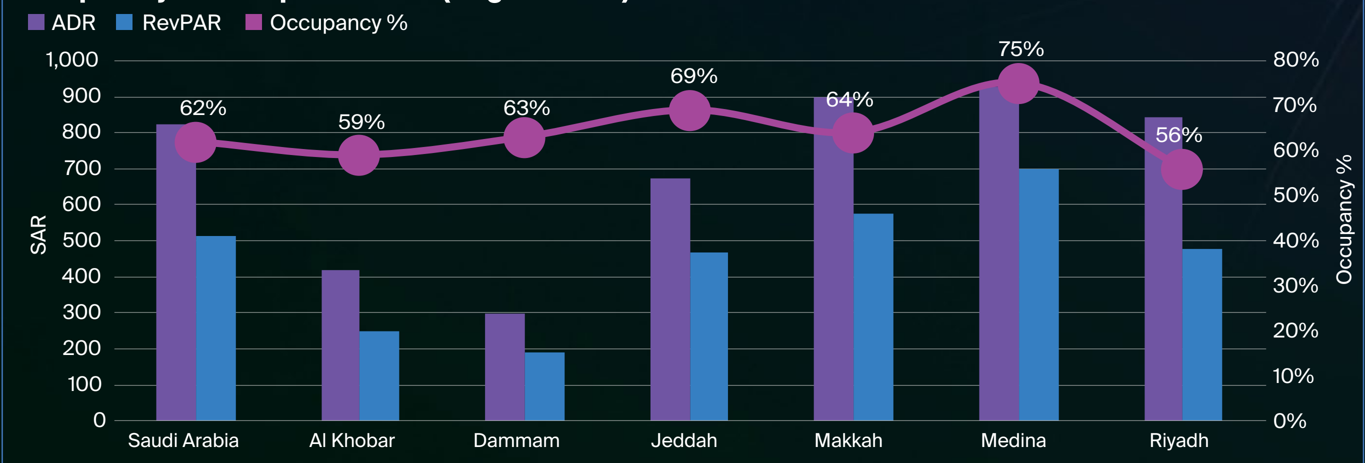
DISCOVER THE REPORT

Current and future hotel room supply



Source: Knight Frank, STR Global

Hospitality market performace (August 2025)



Source: Knight Frank, STR Global

Hotel room supply expected in the Giga projects

Source: Knight Frank, MEED Projects

UNDERSTANDING THE KINGDOM'S VISITOR BASE

Saudi Arabia's tourism sector achieved a historic milestone in 2024, with international tourism revenue surging 148% when compared to 2019 – the highest growth rate among G20 nations. It has also emerged as a global leader in safety, ranking highest among G20 nations in security indicators, further solidifying its reputation as a welcoming and secure destination for international visitors.

2024 – a year in review

In 2024, Saudi Arabia welcomed a total of 116 million tourists, including 29.7 million international visitors, up 8% year-on-year, and 86.2 million domestic tourists, a 5% increase on 2023. The sector delivered a record economic performance, with total spending by international and domestic tourists reaching SAR 284bn. Of this, international visitors' expenditure amounted to SAR 169bn, reflecting a 19% uplift, while domestic spending stood at SAR 115bn, equating to a rise of 1% year-on-year.

International visitors' entry has been eased by Saudi Arabia's eVisa platform, which allows travellers from 66 countries – including Russia, the UK, Germany, Japan, the US and China – to apply for a one-year, multiple-entry permit.

Tourists can stay for up to 90 days per visit, with access granted for leisure, Umrah, business events, conferences and exhibitions, as well as visiting friends and family. The annual Hajj pilgrimage remains under a separate, seasonal visa system due to religious considerations and capacity management in the Holy Cities of Makkah and Madinah.

Religious tourism remains a key driver of the hospitality market. In 2024, Saudi Arabia welcomed 1.8 million Hajj pilgrims (including both international and domestic visitors) and 35.7 million Umrah pilgrims. Notably, 16.9 million international pilgrims performed Umrah in 2024, a 25% increase on 2023 and the highest number of international pilgrims ever recorded.

Conversely, a notable structural shift has been the rise of non-religious international travellers. This group accounted for 59% of total international arrivals in 2024, up from 44% in 2019. Leisure and holiday travel alone generated SAR 36.4bn in 2024.

Asia was the largest source market for the Kingdom's tourists last year with 9.7 million visitors. Egypt followed as the single largest individual source nation, accounting for 3.2 million visitors, while Pakistan (2.8 million) and Bahrain (2.6 million) rounded off the top three visitor source markets.

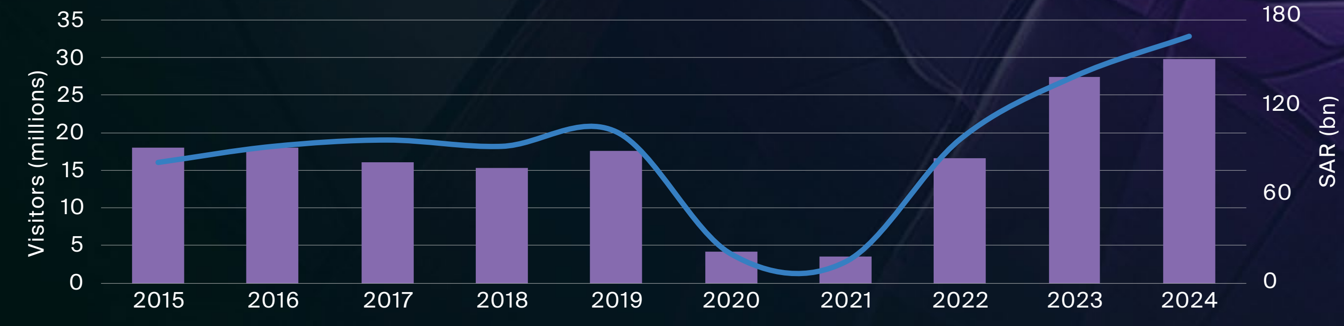
The Kingdom's tourists – what you need to know (2024)

	International	Domestic
Number of tourists	29.7 million	86.2 million
Tourism spending	SAR 168.5 bn	SAR 115.3 bn
Average spend per trip	SAR 5,669	SAR 1,338
Average length of stay	19.0 nights	6.3 nights

Source: Knight Frank, Ministry of Tourism

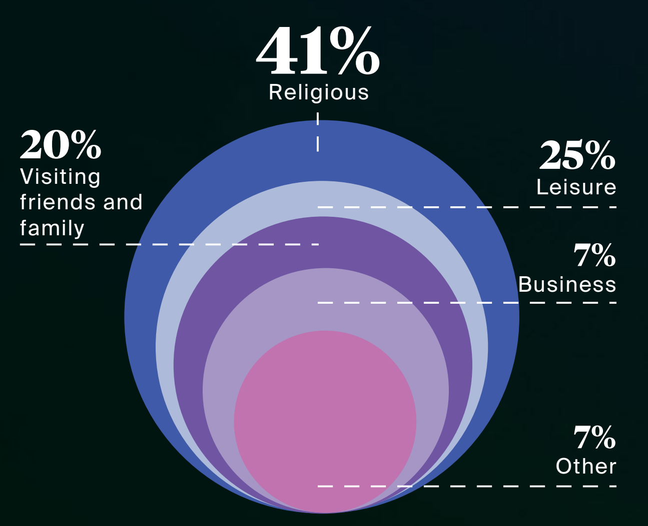
NEED TO KNOW

International tourist arrivals and spending in Saudi Arabia

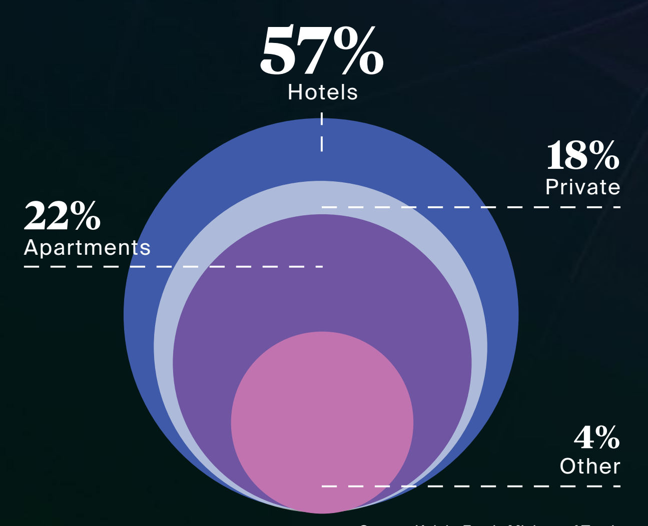


Source: Knight Frank, Ministry of Tourism

Reasons for visiting Saudi Arabia (2024)



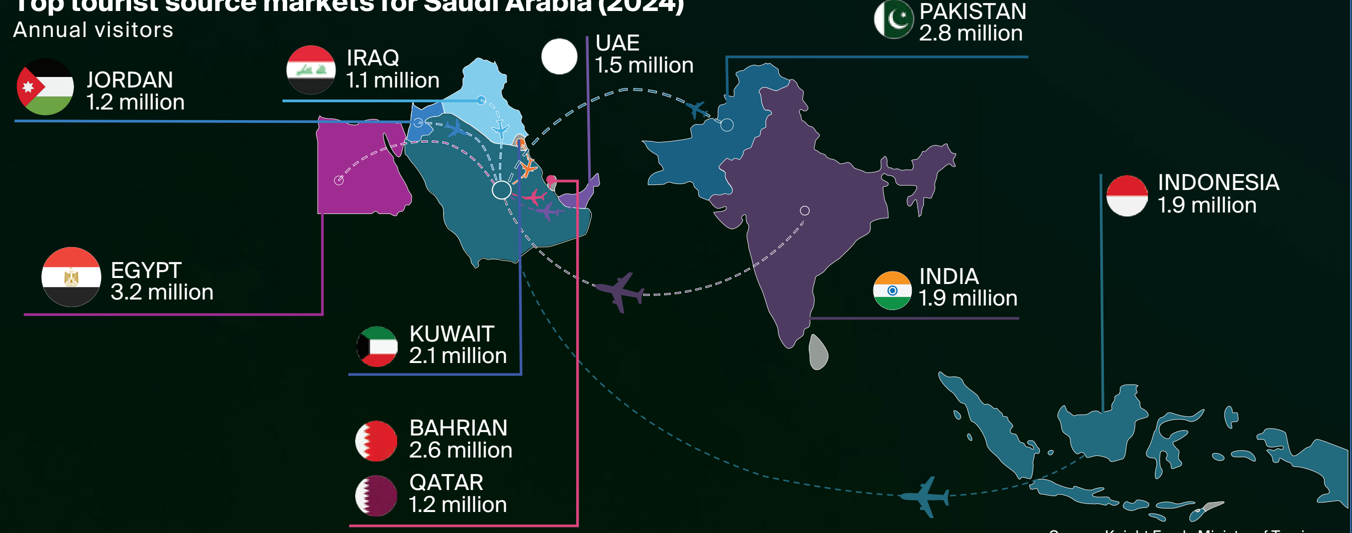
Type of accommodation chosen visitors (2024)



Source: Knight Frank, Ministry of Tourism

Top tourist source markets for Saudi Arabia (2024)

Annual visitors



Source: Knight Frank, Ministry of Tourism

GOVERNMENT-LINKED HOSPITALITY AND TOURISM PROGRAMMES AND INITIATIVES

Initiative	Impact on tourism & hospitality real estate
National Tourism Strategy	Goal is to achieve 150 million visitors by 2030 → fuels demand for hotels, resorts, serviced apartments, and short-term rentals across key cities and destinations.
Giga-projects (NEOM, Red Sea, Diriyah, Qiddiya, AlUla)	Anchor luxury and lifestyle-driven tourism → create demand for high-end resorts, branded residences, cultural and entertainment infrastructure.
Hospitality PPPs and investment incentives	Encourage private developers/operators to expand mid-market and upscale hotels, diversifying supply beyond luxury segments.
Saudi Seasons & Mega Events (Riyadh Season, Formula 1, Expo 2030)	Drive spikes in accommodation needs, leading to investments in event-focused hotels, serviced apartments, and mixed-use developments.
Cultural heritage & religious tourism enhancements (Makkah, Madinah, Diriyah)	Foster large-scale hospitality capacity ranging from pilgrim-focused budget hotels to high-end spiritual tourism experiences.
Digital & regulatory transformation (e-visas, Hajj/Umrah apps, tourism licensing)	Reduce barriers to entry for international visitors, boosting occupancy rates → raises demand for globally branded hotel operators.
Quality of Life Program & Human Capability Development Program	Integrate leisure, entertainment, and F&B offerings into urban masterplans → expands integrated hospitality and mixed-use real estate.

Source: Knight Frank, Vision2030, Ministry of Tourism

Jabal Daka, Taif

UNDERSTANDING SAUDI ARABIA'S AVIATION GATEWAYS

NEED TO KNOW

Saudi Arabia's aviation sector is emerging as a cornerstone of national transformation under Vision 2030, driven by record-breaking passenger growth, major infrastructure upgrades, and targeted investment in logistics and tourism. The Kingdom handled over 128 million passengers in 2024, marking a 15% annual increase, reflecting both strong domestic demand and rising international connectivity. Below, we take a closer look at the Kingdom's aviation gateways as Vision 2030 spurs the development and expansion of airports nationwide.

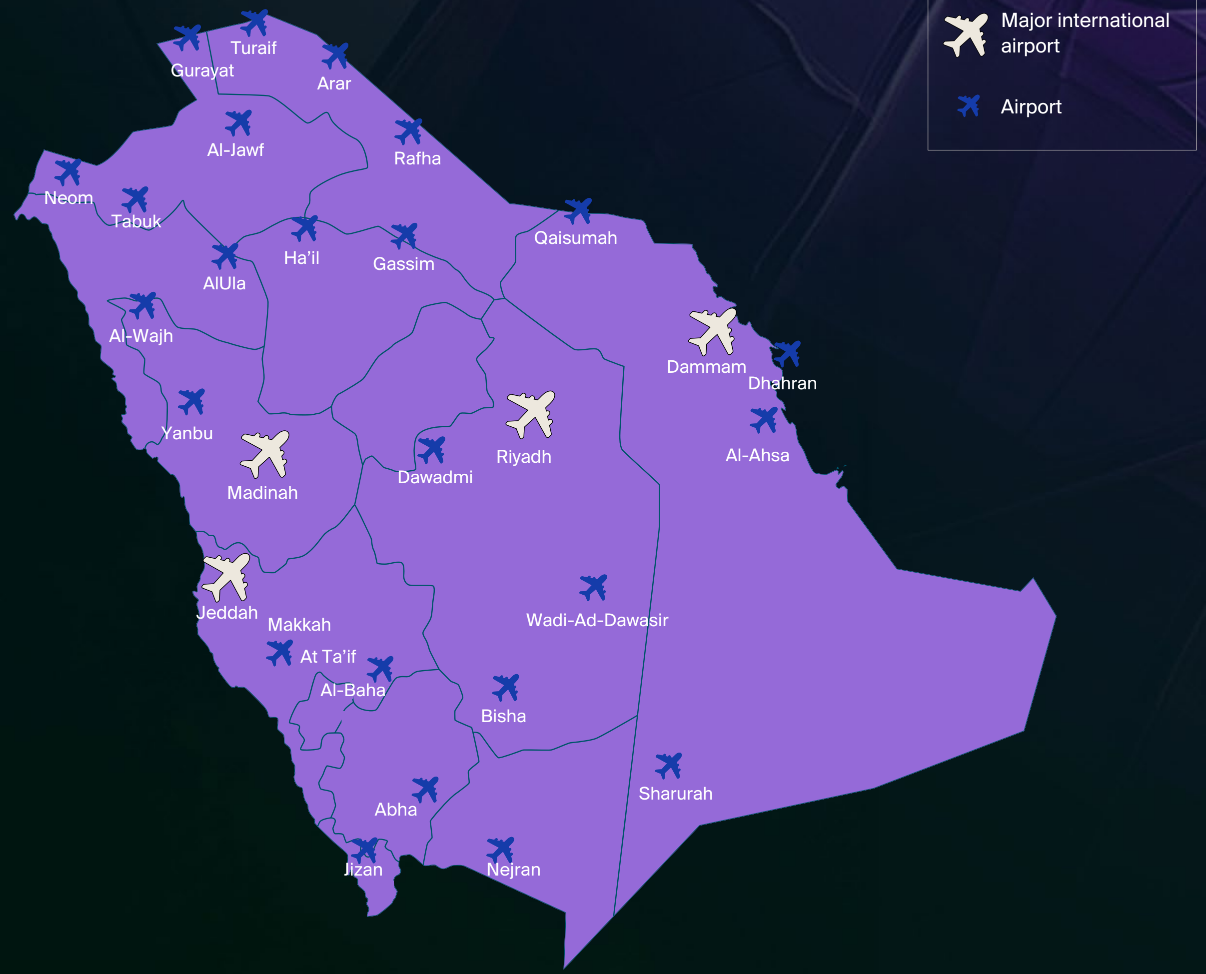
King Abdulaziz International Airport (Jeddah) remains the Kingdom's busiest hub, supported by its strategic role in accommodating Hajj and Umrah pilgrims. Meanwhile, King Khalid International Airport (Riyadh) recorded 37.6 million passengers in 2024, as it prepares to transition into the future King Salman International Airport—a megaproject poised to handle 120 million passengers annually by 2030.

This shift will be anchored by the launch of Riyadh Air, a new national carrier set to commence operations imminently, with ambitions to serve over 100 global destinations.

Beyond the primary gateways, regional airports, including Dammam, Medina and Abha, are benefitting from enhanced connectivity and public-private partnerships. Notably, Abha International Airport is undergoing a major redevelopment to quadruple its passenger capacity, aligning with the growth of domestic tourism and the wider Asir region.

King Khalid International Airport, Riyadh

Airports in Saudi Arabia



Airport	Number of passengers	Destinations served	Number of flights
King Khalid International (Riyadh)	37.6 million	113	269,000
King Abdulaziz International (Jeddah/Makkah)	49.1 million	184	278,000
King Fahd International Dammam/Eastern Province)	12.8 million	60	100,000
Prince Mohammad bin Abdulaziz Int'l (Madinah)	10 million	65	72,000
Abha International Airport (Abha)	4.2 million	13	30,295

Source: Knight Frank, Flightconnections

ACCOMMODATION PREFERENCES

Our estimates suggest that 60% of the Kingdom's 171,650 hotel rooms fall within the luxury, upper upscale and upscale categories, with the largest concentrations of these rooms in Makkah (c.40,200 rooms) and Riyadh (c.18,500 rooms), which account for 23% and 10% of the total supply, respectively. The hotel development pipeline for Saudi is substantial, with some 92,290 hotel rooms currently planned and/or under construction and due for completion by 2030. Looking ahead, the proportion of luxury, upper upscale and upscale rooms is set to reach 76% of the country's total room count by 2030.

High-end hotels dominate accommodation preferences
Hotels remain the dominant choice for domestic travellers in Saudi Arabia, with nearly half of respondents (48%) to our survey selecting them as their preferred accommodation type.

This preference is slightly higher among Saudi nationals (49%) compared to expatriates (37%). The growing volume of domestic tourism and the rise of weekend inter-city commuters has likely fuelled a rise in demand for hotel accommodation across the country, with the figure for Saudi nationals up on the 42% we reported in 2023.

Saudi nationals on monthly incomes of SAR 30,000-40,000 and SAR 60,000-70,000 have an even stronger preference for hotel stays when travelling around the country (76% each).

Overall, upscale and luxury options dominate hotel demand, with 83% of travellers preferring 4- or 5-star hotels. Saudi nationals lean slightly more toward the premium end (42% luxury, 43% upscale), while expats show a stronger tilt toward mid-range options (26% choosing 3-star hotels), reflecting perhaps a more cost-conscious profile, or an innate bias to spend more on international travel.

Lower-tier hotels (2-star and below) attract negligible demand, underlining the Kingdom's positioning as a market where quality and service levels are highly valued. That being said, we feel there is still an opportunity to deepen these segments of the market. We will return to this theme later in our Opportunities chapter.

Affluent segments driving hotel demand
Hotels are the dominant choice across all income levels, but this preference intensifies among higher-income groups – rising from 42% for those earning SAR 10,000–20,000 per month to as high as 76% among those earning SAR 30,000–40,000 per month. Even for our wealthiest respondents (monthly income greater than SAR 80,000), two-thirds (67%) prefer hotels, underscoring their central role in domestic travel.

Serviced apartments and resorts slowly growing in popularity
Serviced apartments rank as the second most popular accommodation option among Saudi nationals and Saudi-based expats, with 22% favouring this option, slightly up on the 20% we recorded in 2023. Providing flexibility and extended-stay convenience with furnished living spaces, amenities like kitchenettes, air conditioning, and housekeeping, serviced apartments are a comfortable alternative to traditional hotels, particularly for Saudi nationals with monthly incomes below SAR 40,000.

For this cohort, serviced apartments offer an excellent and, in many cases, an affordable alternative to hotels. Noting that the average Saudi household size is 4.8, it is perhaps unsurprising to see such a strong preference for serviced apartments among nationals.

Resorts are favoured by 11% and short-term rentals via platforms such as Airbnb (4%–5%) are less preferred options but are growing in popularity. Indeed, in our 2023 Saudi Report, just 9% of nationals were interested in staying at resorts. With a growing portfolio of resort accommodation around the Kingdom, particularly at Red Sea Global, where some 8,000 hotel rooms are expected by 2030, we expect to see the popularity of resorts rise over time.

Away from paid accommodation options, Saudi-based expats show a higher propensity to stay with friends or family, compared to Saudi nationals (13% vs. 9%). Similarly, expats have a higher preference for Istraha (private farmhouses or chalet-style retreats) options compared to nationals (7% vs. 3%).

A small proportion of both groups (2%) also report owning their own holiday homes, highlighting the emergence of a modest but growing holiday-home segment in the domestic market.

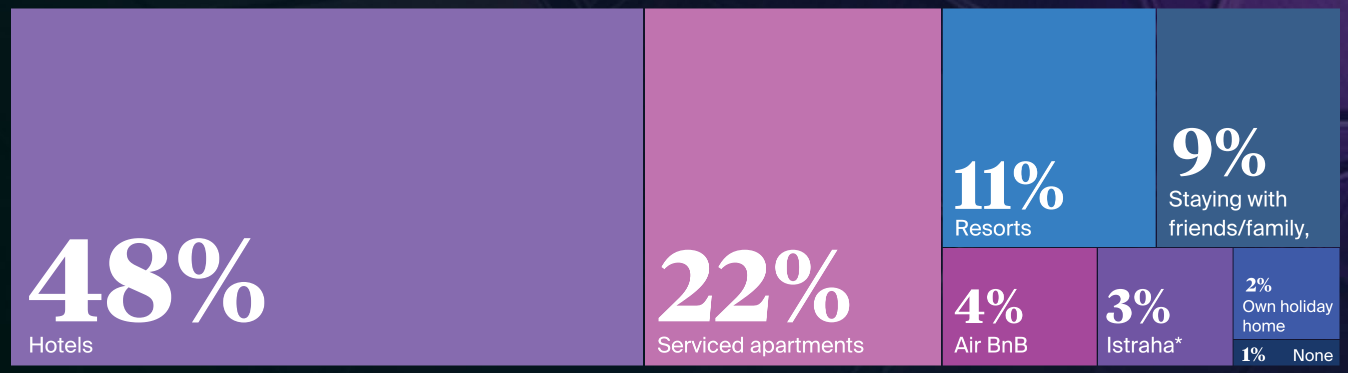
While hotels continue to dominate the accommodation landscape, demand is growing for more flexible, lifestyle-driven alternatives.

Accommodation budgets
Our survey results show that respondents' spending patterns on accommodation vary widely. Over a third of our survey sample (44%) are prepared to spend a maximum of SAR 525 per night, highlighting cost sensitivities and a potential opportunity to develop more accommodation options for this cohort.

Saudi nationals show a relatively even distribution across mid- to upper-tier spending categories, with 15% budgeting SAR 525–750 per night and another 14% willing to spend SAR 750–1,000 per night, highlighting an appetite for premium hotel experiences. A further 28% of nationals report spending above SAR 1,000 per night when travelling in the Kingdom.

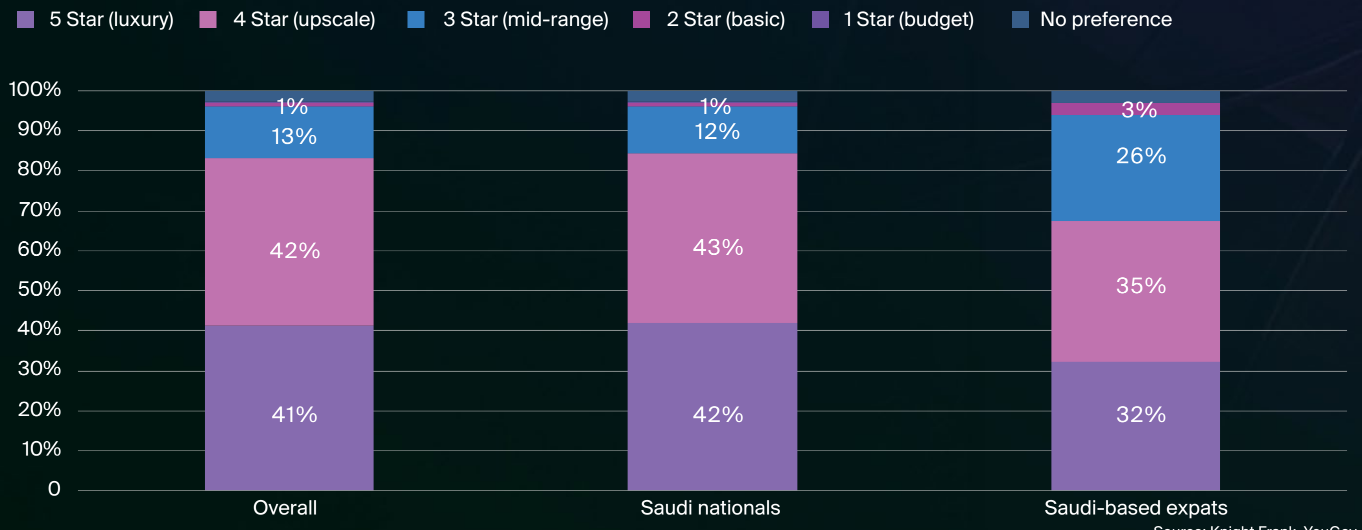
In contrast, 31% of Saudi-based expats are ready to spend between SAR 250–350 per night on accommodation. A further 19% are prepared to commit SAR 350–525 per night. 15% of expats will spend above SAR 1,000 per night, underscoring differences in travel behaviour and budget allocation between the two groups but still highlighting the demand for high-end hospitality accommodation options.

Accommodation preferences



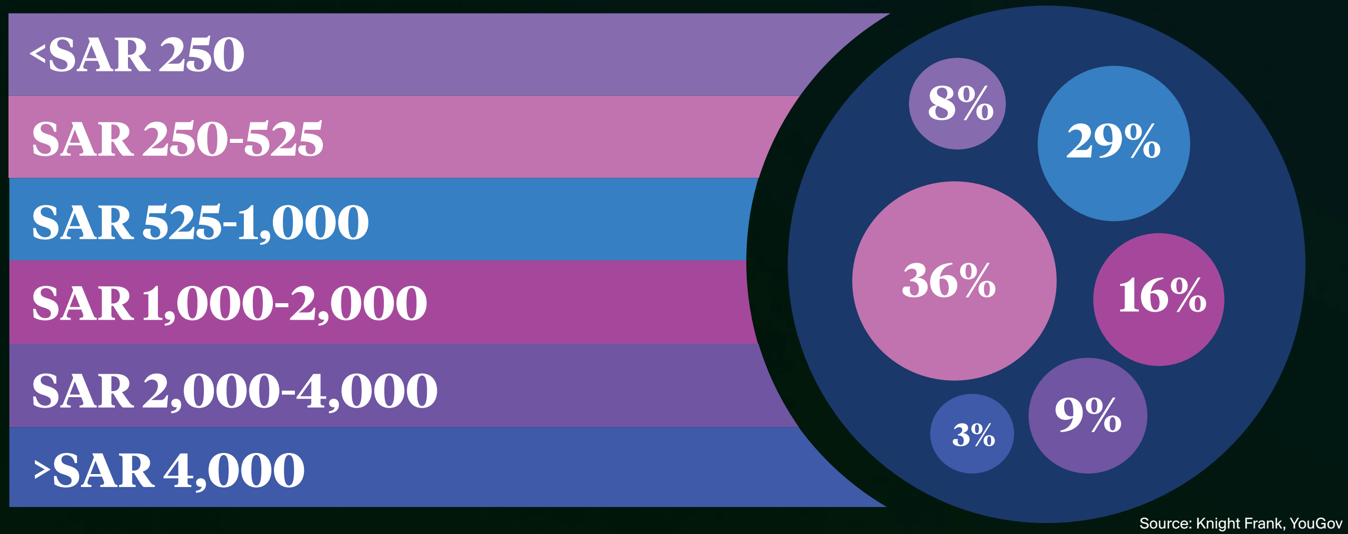
Source: Knight Frank, YouGov

Hotel rating preferences for domestic holidays



Source: Knight Frank, YouGov

Daily accommodation budgets



Source: Knight Frank, YouGov

HOTEL AMENITY PREFERENCES

The results of our survey demonstrate a strong preference for comfort, convenience, and leisure-oriented amenities for both Saudi nationals and Saudi-based expats. The most sought-after features include the presence of 'a variety of restaurants' on site (50%), 'good views' (48%), and 'larger rooms or multiple bedrooms' (40%), reflecting travellers' emphasis on both dining options and spacious, family-friendly accommodation.

Female-only swimming pools and onsite beauty services are twice as important to Saudi nationals, compared to Saudi-based expats (12% and 6% respectively), pointing to cultural preferences that continue to shape hospitality demand and offerings. Expats, on the other hand, show a relatively higher interest in 24-hour room service (41%) and conveniences such as self-check-in kiosks (9%) and parking (15%).

Overall, these results underline that while food, space, and scenic experiences are universal priorities, cultural nuances – especially related to family and female-oriented facilities – play a critical role in shaping the Kingdom's domestic hospitality sector. We highlight the most popular hotel amenities below.

King Fahd Road, Riyadh

Hotel amenity preferences

- 50% Variety of restaurants
- 48% Good views
- 40% Larger rooms/ multiple bedrooms
- 37% 24-hour room service
- 36% Swimming pool
- 34% Health facilities (steam room, sauna, gym,etc.)
- 34% Water activities (waterpark, beach, etc)
- 32% Limited service restaurants: 'grab and go' food offering
- 30% Parking
- 28% Kids clubs
- 26% Female-only swimming pool
- 26% Onsite beauty services and facilities (hair salon, barber, etc.)
- 26% Child services (daycare, onsite services, etc.)
- 21% Clinic or wellness services with treatment rooms and programs (onsite spa)
- 21% Self check-in
- 19% Meeting rooms/ event space
- 19% Availability of smoking rooms

*Percentages reflect number of times each option was selected

Source: Knight Frank, YouGov

ENTERTAINMENT SECTOR

UNDERSTANDING SAUDI ARABIA'S ENTERTAINMENT SECTOR

Saudi Arabia's entertainment sector has rapidly transformed since cinemas reopened in 2018, marking the start of a new era for leisure and culture in the Kingdom. What began with the return of movie theatres after a long absence has quickly expanded into concerts, festivals, gaming, sporting events, and large-scale attractions. Supported by Vision 2030, the sector has become a core pillar of national development, enhancing the quality of life, boosting tourism, and creating new investment opportunities. Today, the sector constitutes around 6% of the national budget, underscoring its importance as both a cultural enabler and a powerful engine of economic diversification.

The General Entertainment Authority

Since its establishment in 2016, the General Entertainment Authority (GEA) has expanded the sector through licensing, training, and major giga projects like Qiddiya, SEVEN, and the City Hub initiative.

Flagship events such as the annual Riyadh and Jeddah Seasons, and international sporting showcases like Formula 1 racing and WWE tournaments, highlight the Kingdom's ambitions to become a key player on the global sporting and entertainment circuit. Supported by regulatory reforms and talent development, the sector is projected to add over US$ 23bn to GDP and create over 450,000 jobs by 2030 (WTTC).

Where heritage meets innovation

A defining feature of Saudi Arabia's entertainment vision is its balance between modern innovation and cultural preservation. Projects such as AlUla, with its heritage sites and festivals, and Diriyah Gate, showcasing traditional Najdi architecture, highlight how development is rooted in authentic Saudi identity.

Similarly, initiatives like Riyadh's Royal Arts Complex combine world-class cultural infrastructure with platforms to promote local artists and heritage. This approach ensures that while entertainment offerings are global in scale and modern in design, they remain firmly connected to Saudi traditions, creating experiences that celebrate the Kingdom's history.

AI & E-sports future

Alongside cultural preservation and megaprojects, Saudi Arabia is also driving innovation in entertainment through artificial intelligence and esports. AI is being applied to ticketing, crowd management, and personalised experiences.

At the same time, the Kingdom has positioned itself as a global esports hub through the Saudi Esports Federation and the annual Esports World Cup in Riyadh, drawing international talent and millions of viewers. With major investments and a strong youth focus, esports and AI are becoming vital pillars of Saudi Arabia's entertainment ecosystem.

Boulevard World, Riyadh

NEED TO KNOW

Planned entertainment experiences across Riyadh

DIRIYAH

Diriyah Arena

Multi-purpose 20,000-seat venue for sports, concerts, and cultural shows.

Diriyah Plaza

Outdoor venue hosting live performances, pop-up art shows, and urban park activities.

KING SALMAN PARK

Royal Arts Complex

Royal Arts Complex: A vast cultural hub with a national theater, outdoor theatre.

7 Museums

The Aviation, Virtual Reality, Astronomy & Space, Plant, Science, and Architecture museums.

Theme Parks

An amusement park and a water park with aquatic adventures.

Sporting facilities

A golf course, an equestrian center, skydiving/hot air balloon zones, and a sports complex.

QIDDIYA CITY

Six Flags

28 rides and attractions, featuring record-breaking roller coasters.

Aquarabia

Largest water park in the Middle East, housing 22 rides, four world-record attractions.

Dragon Ball

30+ rides and experiences, signature attractions, and themed hotels.

Prince Mohammad Bin Salman Stadium

Multi-purpose stadium for all sports including FIFA World Cup events.

Esports District

Dedicated esports zone, pioneering the VR gaming experience on a city-wide scale.

Performing Arts Centre

Major cultural venue hosting concerts, theater, and live entertainment at the edge of the Tuwaiq Mountains.

Source: Knight Frank

IN FOCUS: SEVEN

Saudi Entertainment Ventures (SEVEN), a subsidiary of PIF, is spearheading a nationwide rollout of world-class entertainment destinations with a total investment exceeding US$ 4.7bn. Spanning across more than a dozen of cities including Riyadh, Jeddah, Makkah, Madinah, Dammam, and Abha, SEVEN's projects will deliver state-of-the-art cinemas, theme parks, family entertainment centers, and retail experiences. With retail GLA exceeding 570,000 sqm, SEVEN aims to transform Saudi Arabia's leisure landscape, supporting Vision 2030's Quality of Life program and positioning the Kingdom as a regional hub for entertainment and tourism.

Each SEVEN destination is designed as an integrated lifestyle hub, blending entertainment, dining, and retail. By merging global concepts alongside local culture, SEVEN's projects are set to enhance community engagement and create new opportunities for investment and job creation across the Kingdom.
Below we discover each of SEVEN's projects in Saudi Arabia.

Location | Project value | Announced completion date | Retail GLA

YANBU
Madinah Province | 200 million | 62,000 | 2025

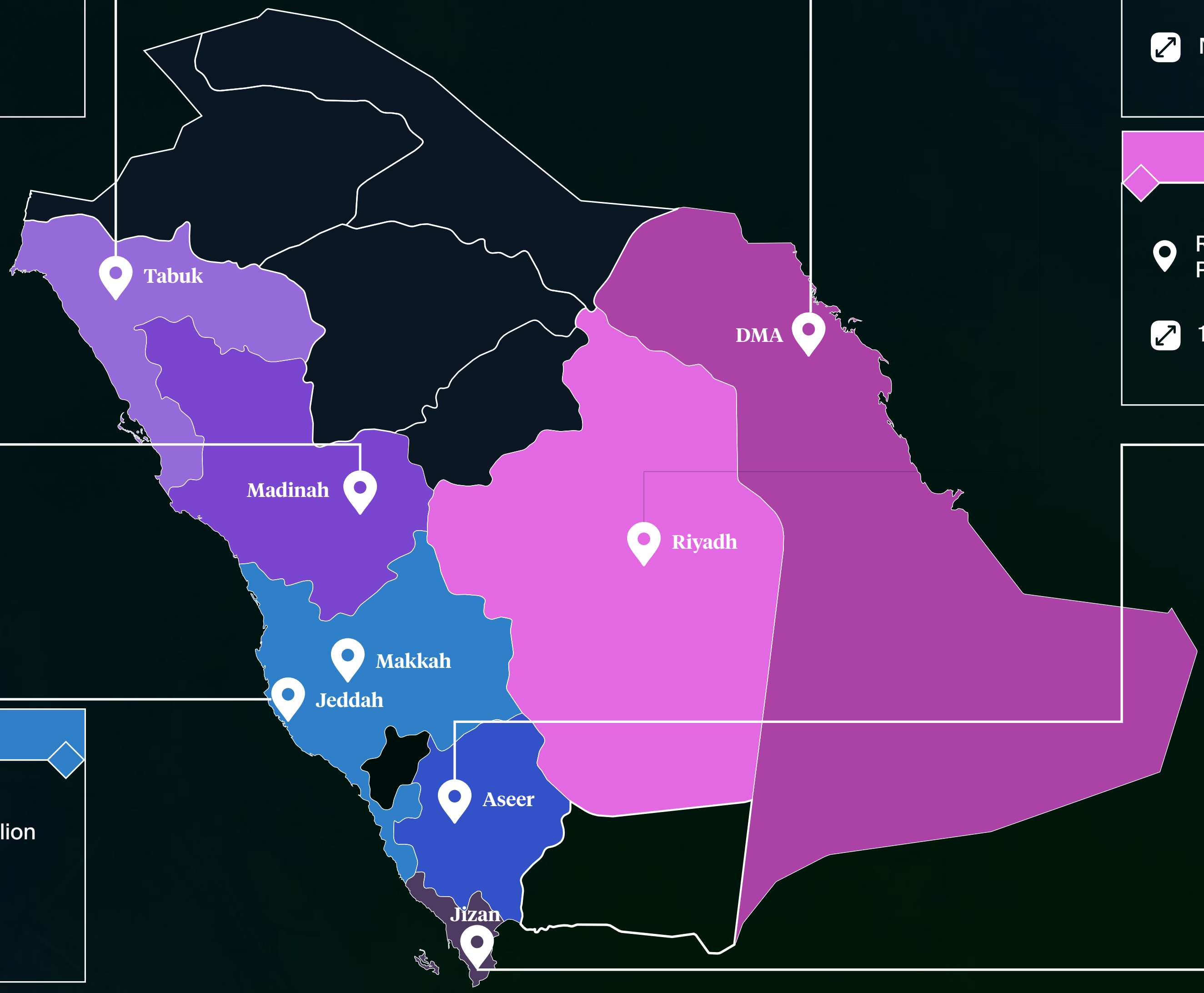
TABUK
Tabuk Province | 266 million | 62,452 | 2025

MADINAH
Madinah Province | 346 million | N/A | 2025

OBHUR
Makkah Province | 147 million | 34,388 | 2026

TAIF
Makkah Province | 350 million | 84,000 | 2026

MAKKAH
Makkah Province | 347 million | N/A | 2026



DAMMAM
Eastern Province | 760 million | N/A | 2027

AL KHOBAR
Eastern Province | 650 million | N/A | 2027

AL HAMRA
Riyadh Province | 371 million | 167,000 | 2025

AL NAHDA
Riyadh Province | 658 million | 70,000 | 2026

ABHA
Aseer Province | 347 million | 79,000 | 2025

JIZAN
Jizan Province | 346 million | 76,000 | 2025

Source: Knight Frank, MEED Projects

ENTERTAINMENT DEMAND

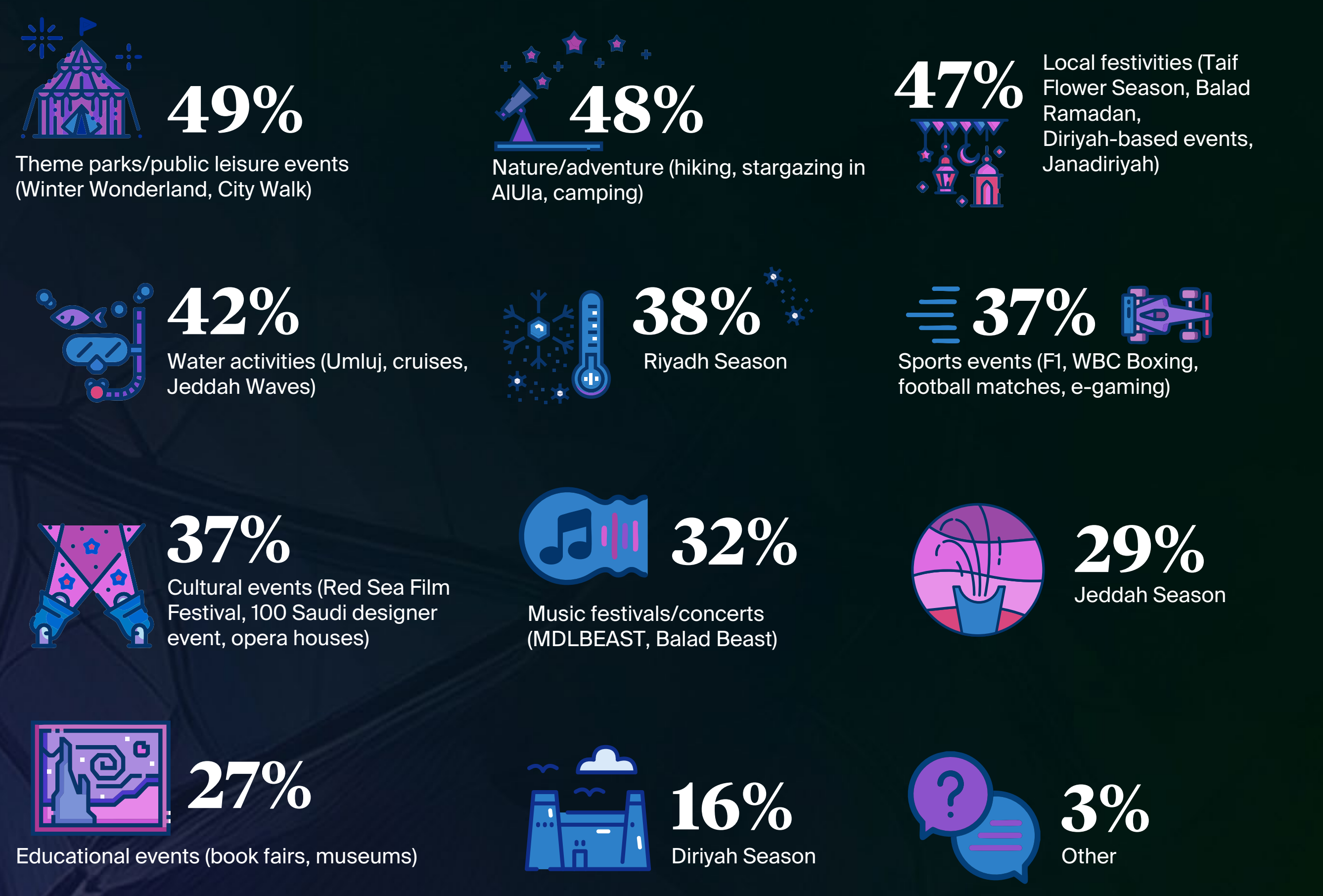
Saudi Arabia's entertainment sector has scaled rapidly in both depth and ambition, positioning the Kingdom as one of the region's hubs for leisure and cultural experiences. Flagship programmes such as Riyadh Season, which attracted more than 19 million visitors in 2024, showcase the Kingdom's ability to host large-scale international and sporting events. Similarly, MDLBEAST Soundstorm has established itself as the largest music festival in the Middle East, while the Red Sea International Film Festival has elevated Jeddah onto the global cultural map. Closer to home, theme parks and carnivals are the biggest entertainment draw for Saudi nationals and expats, reflecting the young population demographic (c.45% of the population is aged below 25).

Importance of cultural resonance
Our survey findings highlight that entertainment demand in Saudi Arabia is led by theme parks and public leisure events (49%), nature and adventure experiences (48%), and local festivities (47%), underscoring the strong appetite for family-oriented and culturally rooted activities.

Saudi nationals display a slightly stronger inclination towards these categories, particularly theme parks (51%) and local festivities (49%), reflecting the importance of leisure formats that combine community engagement with cultural resonance. By contrast, Saudi-based expats show comparatively lower levels of engagement overall, though their preferences are most pronounced for Riyadh Season (37%), water-based activities (36%), and nature/adventure (34%), suggesting a greater alignment with seasonal spectacles and outdoor recreation.

Continuing to attract sizeable audiences are sports events (37%), cultural events (37%), and music festivals (32%), positioning them as key contributors to the entertainment ecosystem. At the other end of the spectrum, Diriyah Season (16%) and educational events (27%) recorded the lowest participation interest, signalling niche, rather than mass-market appeal and perhaps also their relative nascency.

Entertainment event preferences in Saudi Arabia



*Percentages reflect number of times each option was selected

Source: Knight Frank, YouGov

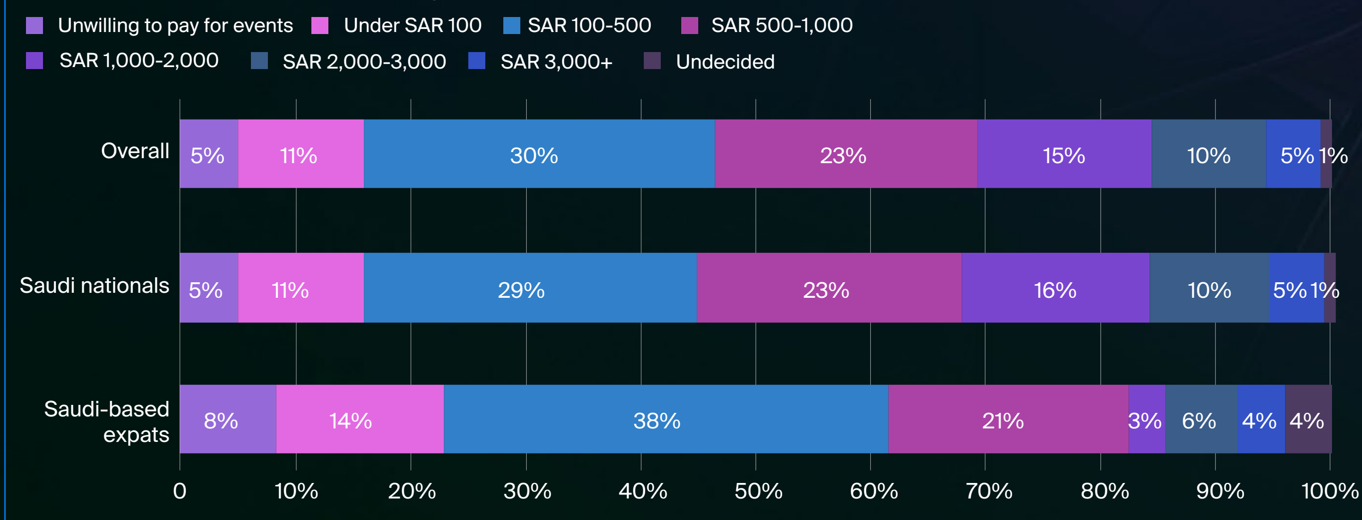
Entertainment budgets
Spending intentions among our survey respondents on entertainment highlight a broad mid-market appetite, with 30% willing to spend between SAR 100–500 per person on events. A further 23% are prepared to spend SAR 500–1,000 per person. While only 15% are happy to splurge SAR 1,000–2,000 per person, this does hint at growing demand for premium ticketed experiences, particularly among Saudi nationals. This figure rises to 33% among Saudi nationals who earn in excess of SAR 80,000 per month.

Notably, only 5% of respondents expressed unwillingness to pay for entertainment, reinforcing the strong monetisation potential of Saudi Arabia's entertainment sector.

As has been the dominant theme across our 2025 Saudi Report research, the Kingdom's expats remain more modest in their entertainment budgets (38% want to spend no more than SAR 500 per person), reflecting a preference for accessible and mid-tier entertainment formats.

Income segmentation provides further nuance. Among high-income nationals (SAR 70,000+), a substantial 27% are prepared to spend SAR 3,000+ per person, underscoring latent demand for luxury, exclusive, and VIP experiences, such as Formula 1 hospitality packages or premium MDLBEAST Soundstorm access. Conversely, mid-income brackets cluster around the SAR 100–500 per person range, suggesting that scalable mass-market formats (theme parks, local festivals, carnivals) will continue to dominate preferences.

Per person entertainment budgets



Source: Knight Frank, YouGov

Per person entertainment budgets (by monthly income)

	Overall	Saudi nationals (SAR 10,000-30,000)	Saudi nationals (SAR 30,000-50,000)	Saudi nationals (SAR 50,000-70,000)	Saudi nationals (SAR 70,000+)	Saudi-based expats (SAR 30,000+)
Unwilling to pay for events	5%	5%	7%	3%		8%
Under SAR 100	11%	11%	14%	9%		14%
SAR 100-500	30%	29%	35%	42%	8%	38%
SAR 500-1,000	23%	24%	17%	19%	14%	21%
SAR 1,000-2,000	15%	15%	9%	15%	30%	3%
SAR 2,000-3,000	10%	10%	11%	5%	22%	6%
SAR 3,000+	5%	4%	3%	7%	27%	4%
Undecided	1%	2%	4%	1%		5%

Source: Knight Frank, YouGov

RETAIL MARKET

UNDERSTANDING SAUDI ARABIA'S RETAIL SCENE

Driven by Vision 2030's economic transformation agenda, Saudi Arabia's retail market continues to evolve rapidly, with the country's young population and accelerated digital adoption underpinning this evolution. The sector's rapid expansion is best reflected in the growth in consumer spending, which reached SAR 1.41 trillion (US$ 376bn) in 2024, reflecting a 7% year-on-year rise.

Point of sale and e-commerce expansion

Saudi Arabia's digital transformation advanced through H1 2025, with both point-of-sale (POS) transactions and e-commerce recording a 5% increase compared with H1 2024. While e-commerce is capturing a growing share of retail, physical stores continue to play a vital role in experiential shopping, brand visibility, and consumer engagement.

According to the Saudi Central Bank (SAMA), the total value of e-commerce sales made via Mada cards and POS transactions reached SAR 374bn (US$ 99.7bn) in H1 2025. Within this, e-commerce posted particularly strong growth, expanding 42% year-on-year to SAR 41bn (US$ 10.9bn), supported by rising internet penetration, increased smartphone use, and government investment in digital infrastructure.

'Buy now, pay later' gaining momentum

Buy now, pay later (BNPL) is expanding rapidly in Saudi Arabia too, offering zero-interest, Shariah-compliant financing. Dominated by Tabby and Tamara, which command a 95% market share, BNPL is now embedded in e-commerce and physical retail.

Globally, BNPL transactions are projected to rise from US$ 433bn in 2022 to US$ 960bn by 2028 (CAGR 14%). In Saudi Arabia, 33% of the population is registered on BNPL platforms, and 55% of shoppers have used BNPL (Fintech).

Evolving consumer behaviour

Saudi consumers remain value-driven, with a greater focus on sales, promotions, and digital platforms that combine convenience with competitive pricing. The latter reflects shifting purchasing habits shaped by rising digital literacy and evolving lifestyles. Indeed, e-commerce now accounts for nearly 36% of all POS transactions across the Kingdom, underscoring the pace of digital adoption.

This transformation is being driven not only by a tech-savvy and youthful population, but also by budget-conscious seniors. Furthermore, demand for more personalised, omni-channel experiences that blend convenience, value, and engagement are also on the rise.

F&B sector becomes a key growth driver

The food and beverage segment remains central to the retail sector's performance. In Q1 2025, 29% of all POS transactions, equivalent to SAR 99bn, were linked to restaurant and café spending, according to SAMA. This underscores the importance of innovative, high-quality, but value-driven F&B concepts in enhancing customer experiences.

Together, retail and F&B represent nearly 45% of all POS spending, highlighting their position as core drivers of the Kingdom's consumer economy.

Global brand attraction

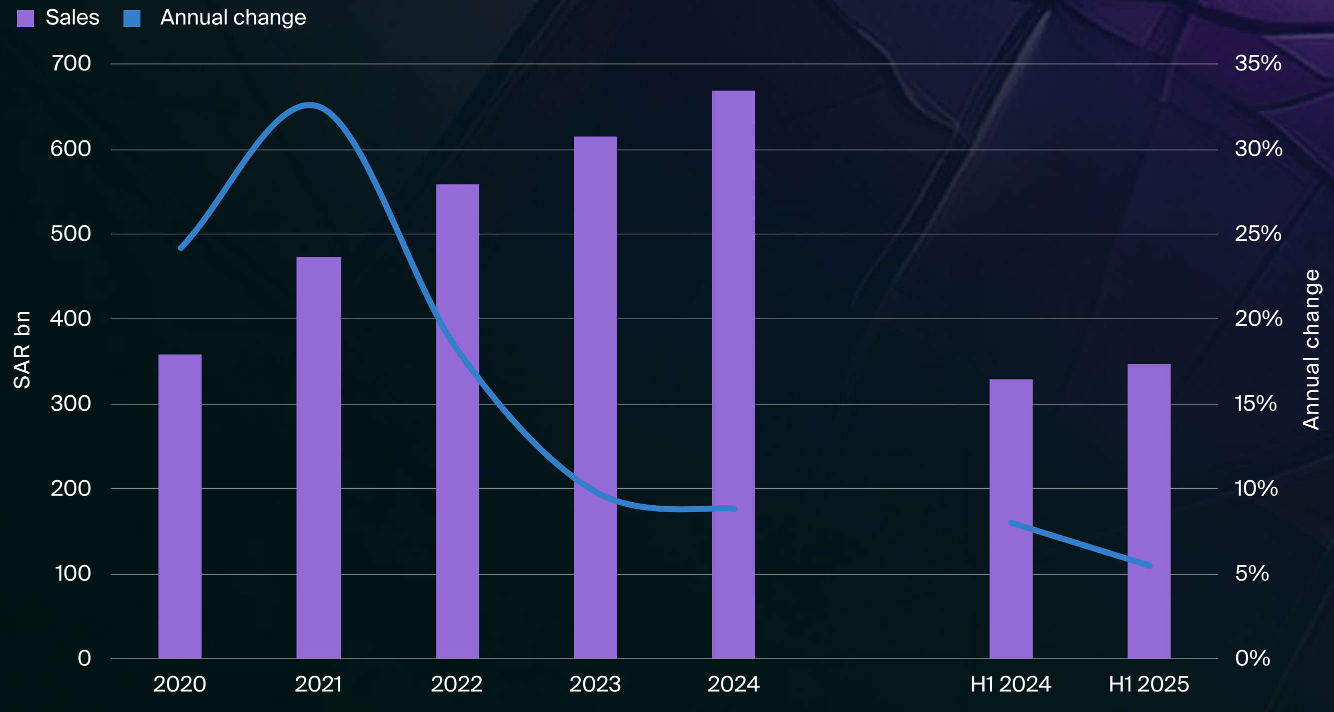
Saudi Arabia is also positioning itself as a world-class luxury retail destination and is already attracting leading international brands. Global F&B outlets such as Zuma and Roka, for instance, have entered the Riyadh market, adding fine-dining concepts to the city's restaurant scene.

Elsewhere, Jeddah is also emerging as a vibrant retail hub, supported by the Ministry of Culture's 'Brand 100' initiative, which supports Saudi brands and boosts their visibility locally and internationally. In Jeddah, this has helped local brands establish a presence.

DISCOVER THE DATA

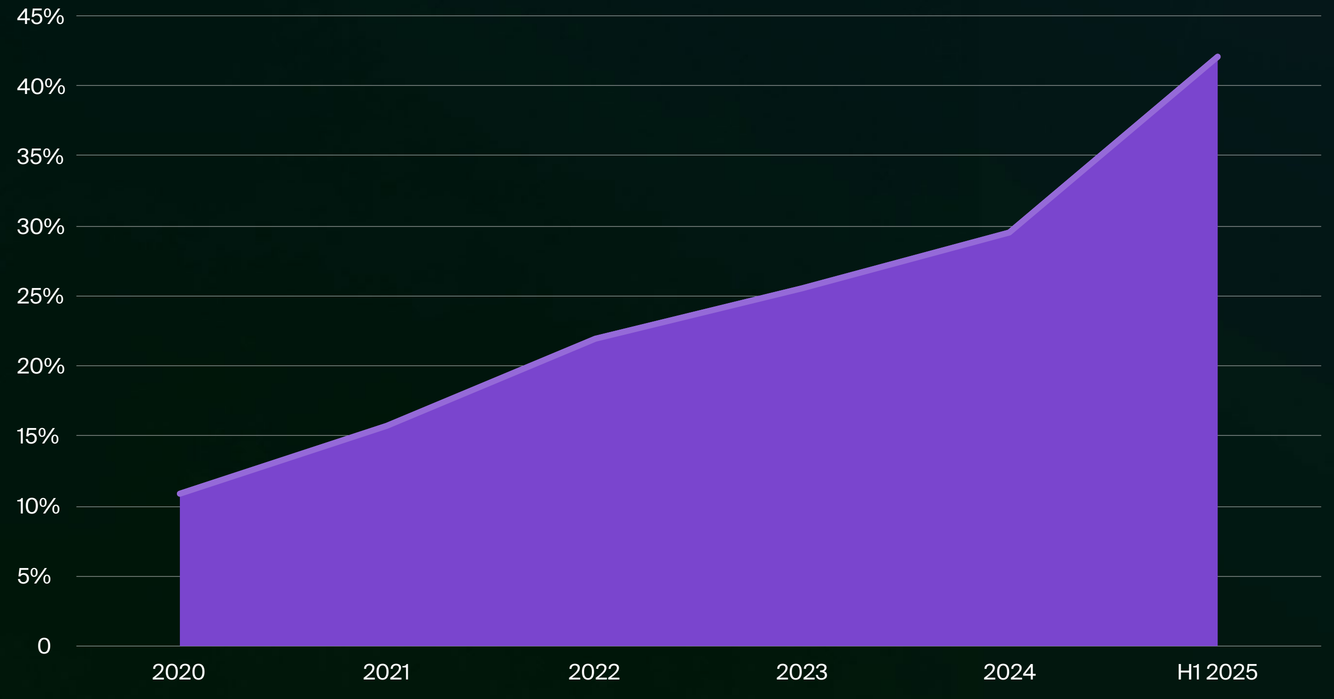
NEED TO KNOW

Point of sales transactions



Source: Knight Frank, SAMA

Evolution of e-commerce (% of POS transactions)



Source: Knight Frank, SAMA

UNDERSTANDING SAUDI ARABIA'S RETAIL SCENE

NEED TO KNOW

Rental trends
At the end of H1 2025, average rents in Riyadh for prime regional and super-regional malls stood at SAR 2,795 psm, broadly in line with 2024. Citywide occupancy held at 91%, supported by demand in destinations such as the newly opened Solitaire Mall, a luxury hub hosting luxury brands such as Cartier, Tiffany, and first-time entrants like A.P.C. and Paul Smith.

Jeddah's retail market remains broadly aligned with Riyadh on rents but lags on occupancy rates, which currently average around 87%. In the DMA, occupancy stands at 91%, with super-regional malls' lease rates averaging SAR 2,258 psm.

New supply
Riyadh leads the Kingdom's retail market with 4.17 million sqm of GLA as at the end of H1 2025 and remains at the forefront of new supply. Landmark projects such as The Avenues Riyadh (due in 2026) and Diriyah Square (completion expected by 2027) will deliver over 600,000 sqm of additional space, reinforcing the capital's position.

Across other major cities in the country, quality retail supply totals 8.7 million sqm of GLA, with a further 3.4 million sqm planned for completion by 2028. Of this total, we forecast 2.2 million sqm will materialise in Riyadh alone. While the surging supply will create a wider range of options for consumers, for mall owners and operators, it may mean downward pressure on rents. In addition, e-commerce transactions are expanding faster than in-store transactions. In 2024, e-commerce transactions via Mada cards rose by 26% year-on-year, outperforming the overall POS segment, which recorded a more modest 9% growth.

EXPERT OPINION

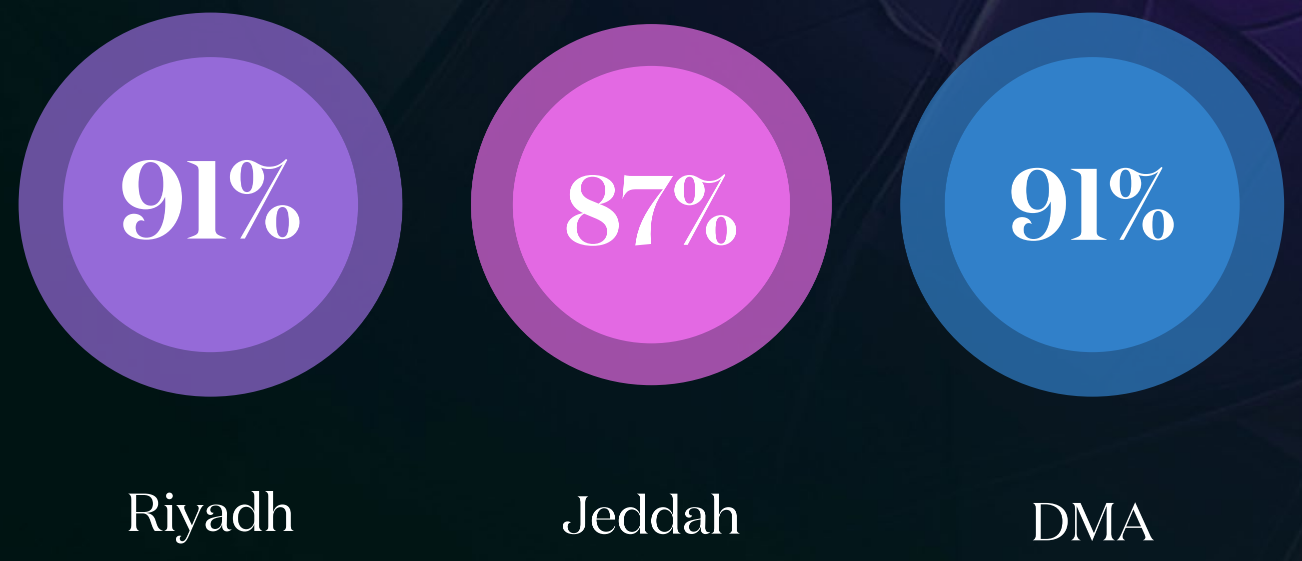
Saudi consumers remain value-driven, with a greater focus on sales, promotions, and digital platforms that combine convenience with competitive pricing. The latter reflects shifting purchasing habits shaped by rising digital literacy and evolving lifestyles.

Amar Hussain
Associate Partner - Research, ME

Regional and super-regional malls lease rates - H1 2025
SAR psm

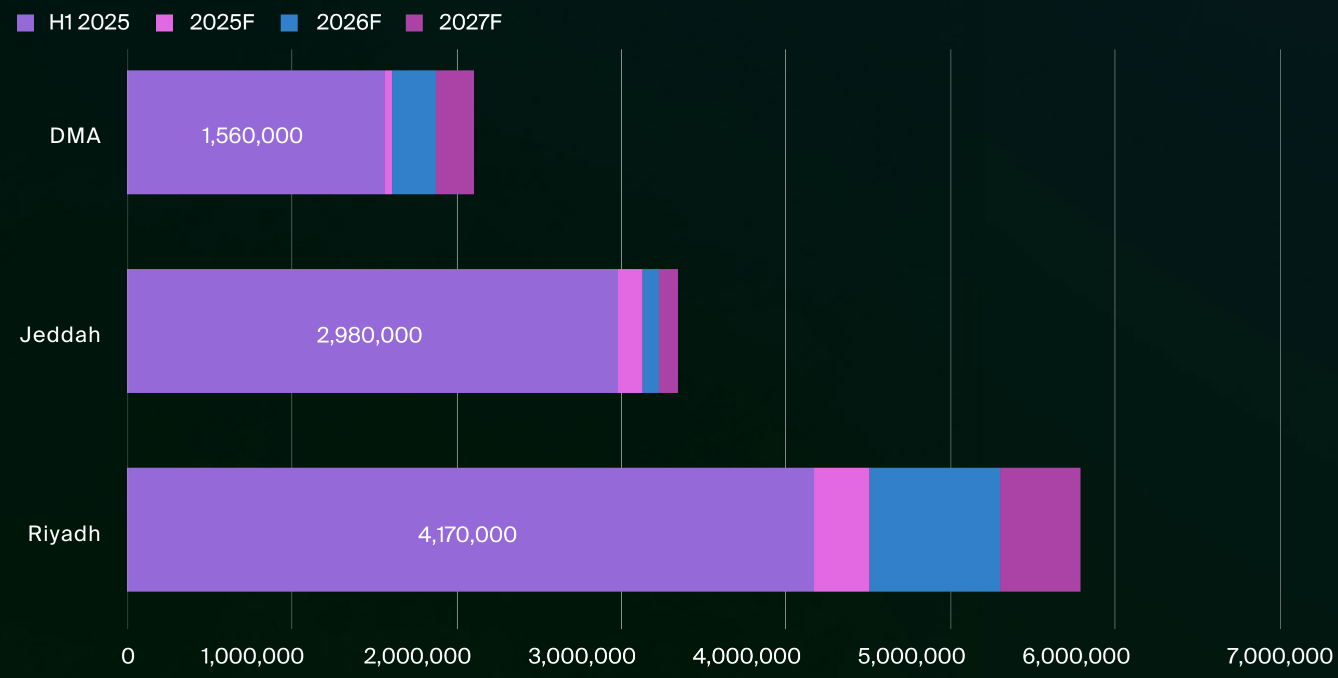
Source: Knight Frank

Market occupancy rates (H1 2025)



Source: Knight Frank

The evolution of retail supply
sqm



Source: Knight Frank, MEED Projects

SAUDI ARABIA'S E-COMMERCE LANDSCAPE

Saudi Arabia's retail sector is experiencing a substantial change, underpinned by the growth in the popularity of online shopping. Vision 2030 has helped to accelerate this shift, with internet penetration currently standing at 99%. Vision 2030 outlines a target of boosting the share of e-commerce transactions to 80% of all retail sales, while also increasing online payments to 70% by 2030.

E-commerce patterns

Against this backdrop, online shopping has already become deeply embedded in consumer behaviour. Indeed, less than 2% of both Saudi nationals and Saudi-based expats that we interviewed reported never using online shopping. And it is this shifting dynamic that has reshaped the Kingdom's retail offerings, with businesses racing to establish an online presence.

Our survey results highlight that hybrid shopping, mixing online and in-store channels, is the dominant preference among Saudis and Saudi-based expats at 53% overall. This hybrid model is most popular among Saudi nationals earning over SAR 50,000 per month (63%), while for expats the figure is slightly lower at 46%.

11% of Saudi-based expats use online shopping occasionally, compared to just 4% of Saudi nationals. This difference points to expatriates' greater interest in physical retail, perhaps and highlights the importance of experiential retail. Some standout experience-led retail developments in the Kingdom include Via Riyadh and U Walk in the capital, La Paz and Jeddah Yacht Club & Marina on the Red Sea, along with upcoming projects such as Jeddah Cove Waterfront and Norville, with the Kingdom's lifestyle retail supply expected to exceed 1 million sqm by 2027.

E-commerce key drivers

The drivers of online shopping adoption differ across income groups and nationalities, reflecting variations in purchasing power, lifestyle, and consumer expectations.

- **High-income Saudis (SAR 80,000+ per month):** For 78% of those we interviewed, the main appeal of e-commerce lies in access to international brands and categories not physically available in the Kingdom. Variety is also a critical factor, as online platforms consolidate multiple product lines in one place, offering a breadth rarely matched by traditional retail.

- **Middle-income Saudis (SAR 30,000–50,000 per month):** Convenience dominates. Around 78% of Saudis earning SAR 40,000–50,000 per month, value 24/7 shopping availability, while 73% of those earning SAR 30,000–40,000 each month emphasise the availability of home delivery options. Both groups benefit from the Kingdom's strong logistics network, which increasingly supports next-day delivery.

- **Saudi-based expatriates (SAR 30,000+ per month):** For the Kingdom's expatriates, convenience is the strongest motivator, with 51% highlighting the ability to shop anytime. Variety also plays an important role, with 48% appreciating wider product choice online. Interestingly, 21% of expatriates said they shop online due to limited nearby retail or entertainment options.

Main online shopping categories

The leading categories of online spending for both Saudi nationals and Saudi-based expatriates are clothing and fashion (58%), electronics (49%), and groceries (48%). By contrast, there is limited online demand for stationery or hobby supplies (26%) or baby products (21%), reflecting a continued preference for physical stores for what could be considered more speciality goods.

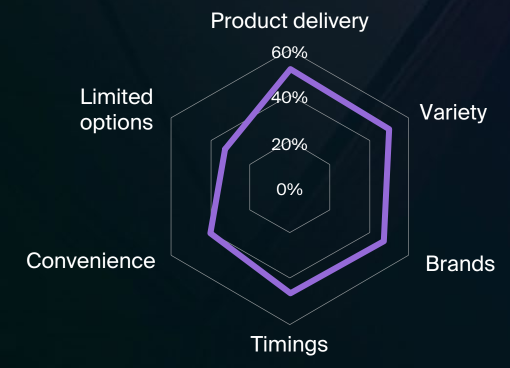
Among high-income Saudis (SAR 50,000+ per month), buying groceries online ranks highest (62%), likely fuelled by the prevalence of well-entrenched digital delivery platforms such as Nana, HungerStation, and Jahez, alongside growing use of subscription-based meal services like Calo and Right Bite. This cohort also shows above-average engagement in online gaming (56%), driven by access to global networks and the Kingdom's expanding e-sports ecosystem.

For mid-income Saudis (SAR 10,000–30,000 per month), fashion dominates, with 55–63% of respondents citing purchases in this category. By contrast, demand for books, baby products, and stationery remains low, again highlighting the importance of physical stores for more niche goods.

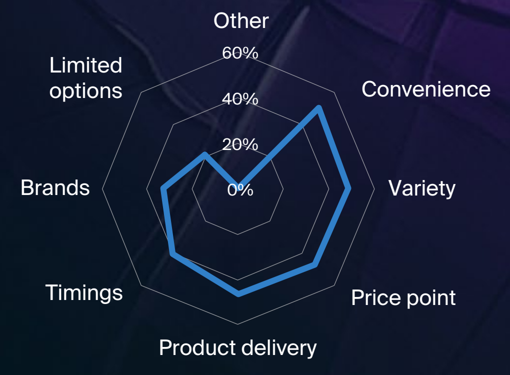
Saudi-based expatriates exhibit similar characteristics, with fashion and electronics leading online purchase category preferences at 58% and 53% respectively. However, their engagement across other categories is narrower, underlining a smaller e-commerce footprint compared with Saudi nationals and a stronger inclination toward in-person retail for lifestyle-driven spending. It hints at a market opportunity which we return to later.

DISCOVER THE REPORT

Online shopping drivers



Saudi nationals

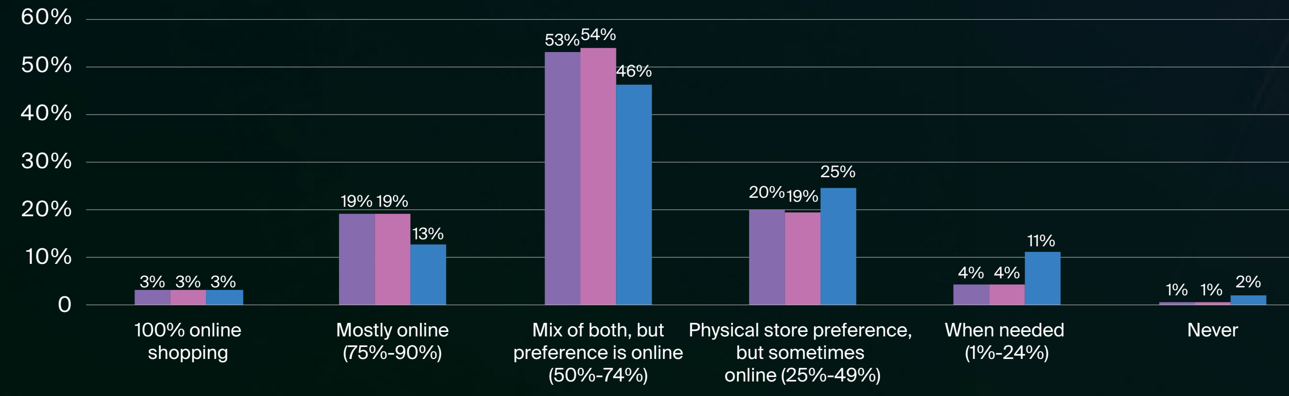


Saudi-based expats

*Percentages reflect the number of times each option was selected

Source: Knight Frank, YouGov

Online shopping patterns



Source: Knight Frank, YouGov

Numbers you need to know

78%
of Saudis earning over SAR 80,000 per month, prefer to shop online as brands they want are only available or easier to find online.

73%
of Saudis earning between SAR 30,000–40,000 per month shop online for variety, with multiple product options available in one store.

38%
of Saudis earning between SAR 10,000–20,000 per month shop online for the convenience of being able to shop from anywhere.

78%
of Saudis earning between SAR 40,000–50,000 each month, shop online for flexible timing and 24/7 availability.

21%
of Saudi-based expats earning over SAR 30,000 each month shop online due to limited retail and entertainment options within close proximity.

Source: Knight Frank, YouGov

ONLINE SHOPPING PREFERENCES

With the already high rates of adoption of e-commerce across Saudi Arabia, we wanted to understand the online products most sought-after by Saudi nationals and Saudi-based expats. We detail our findings below.

58% Clothing & fashion	49% Electronics
48% Groceries and food	45% Beauty products and cosmetics
44% Home appliances	38% Gaming
36% Kids toys	36% Healthcare products
35% Imported products	31% Home furnishings
30% Books	26% Stationery and hobby supplies
21% Baby products	

*Percentages reflect the number of times each option was selected

Source: Knight Frank, YouGov

Riyadh Park mall

CONVENIENCE AND ACCESSIBILITY

Convenience and accessibility remain central to retail and entertainment behaviour in Saudi Arabia, shaped by the Kingdom's car-dependent culture. Ample parking, strong road connectivity, and integrated facilities drive preferences for destinations under one roof.

Retail destinations commute arrangements

Our survey findings show that 56% of Saudi nationals and Saudi-based expats are willing to commute 10–20 minutes to reach a retail destination, reinforcing the importance of well-located retail hubs. Only 2% overall are prepared to walk to a retail destination, while just 3% commute fewer than 5 minutes to reach a retail destination, hinting at a market opportunity that we detail later in the report.

Consumer footfall trends

Visitation patterns highlight the role of malls and entertainment hubs as part of weekly social and leisure routines. Around 29% of respondents visit a retail destination 1–2 times per week, while 27% go 2–3 times per week.

Mid-income Saudi nationals earning SAR 30,000–50,000 per month are the most frequent visitors, with 36% of this cohort visiting a retail destination weekly. Higher-income nationals (SAR 70,000+ per month) show more variation, with 27% visiting 3–4 times per week but 24% attending less than once a week. Among Saudi-based expatriates, 40% visit once or twice weekly, while 25% do not even travel to a retail destination once a week, suggesting perhaps that their attendance is more event- or need-driven.

Travel time preferences to retail or entertainment destinations

	Saudi nationals	Saudi-based expats
Walking distance	2%	1%
0 - 5 Mins drive	2%	9%
5 - 10 Mins drive	16%	14%
10 - 15 Mins drive	33%	27%
15 - 20 Mins drive	24%	24%
20 - 25 Mins drive	10%	7%
25 - 30 Mins drive	6%	6%
30+ Mins drive	7%	11%

Source: Knight Frank, YouGov

Shopping spending patterns

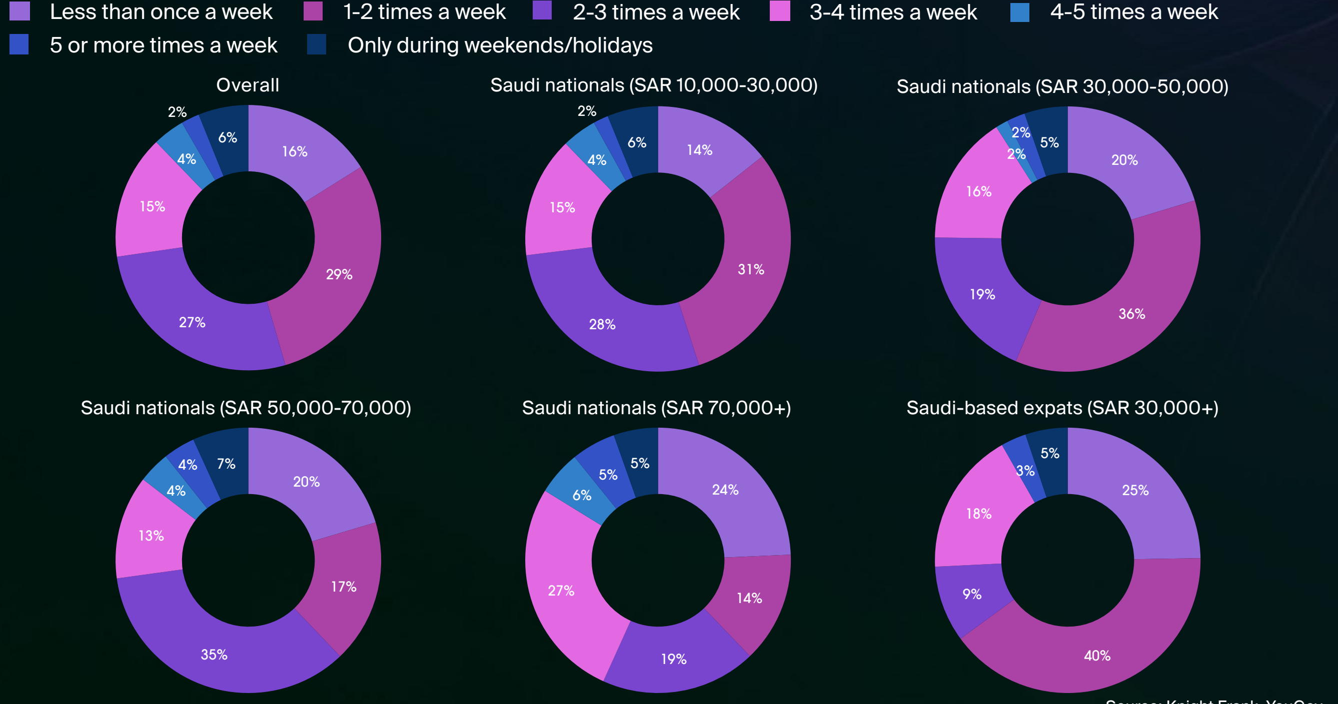
Our survey results indicate that most respondents (71%) spend between SAR 100 and SAR 400 per trip to a retail destination. Of this group, 27% spend between SAR 200–300 per trip, while 22% spend between SAR 300–400. This underscores the need for retailers to focus their offerings on the mid-market segment.

Spending, however, varies notably by income. Nationals earning SAR 10,000–30,000 each month, for instance cluster within the SAR 100–300 range, with half of our respondents falling into this segment. Most (26%) in the middle-to-high-income band spend even less (SAR 100-200 per trip). Saudi nationals on salaries above SAR 70,000 per month are the highest spenders, with most (27%) reporting an average spend of more than SAR 1,000 per trip compared with just 5% of all Saudi nationals and Saudi-based expats.

Saudi-based expatriates earning above SAR 30,000 show more budget-conscious behaviour: 40% spend under SAR 200 per visit, while only 3% exceed SAR 1,000. This highlights a stronger focus on everyday retail needs, in contrast to the more discretionary, experience-driven spending patterns among high-income Saudi nationals.

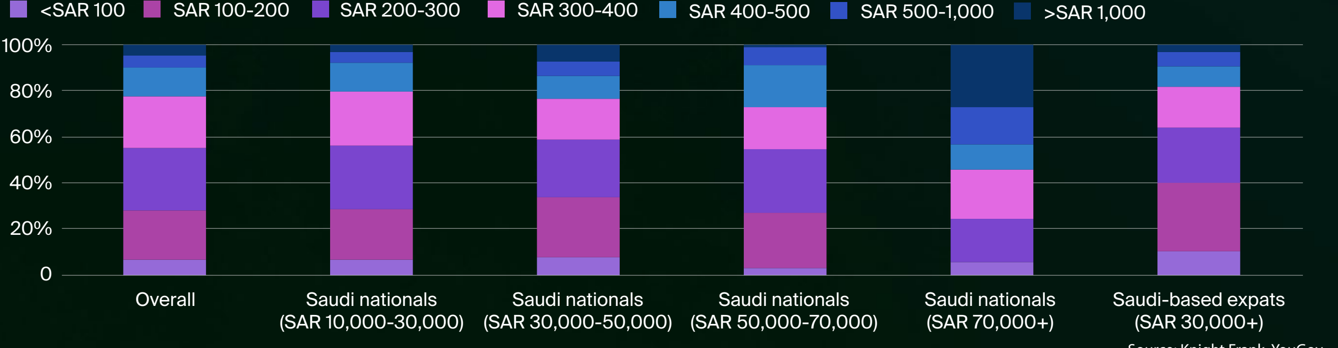
Overall, the findings point to a bifurcated market: while the majority of consumers remain value-driven, a growing luxury segment, particularly among affluent Saudi nationals, is shaping demand for premium retail and leisure offerings.

Retail and entertainment destination visitation frequency (by monthly income)



Source: Knight Frank, YouGov

Respondents' spending patterns per retail trip (by monthly income)



Source: Knight Frank, YouGov

SHOPPING BASKET PRIORITIES

Shopping behaviour among our survey respondents reflects a balance between essential and lifestyle-driven purchases. Visiting a retail destination to buy groceries and food, cited by 59%, underlines the role of everyday convenience hubs. Beyond necessities, clothing and fashion is the most popular (46%), followed by beauty and cosmetics (35%). Spending patterns diverge by nationality: Saudi nationals show a stronger interest in home furnishings (26% vs. 15% of expatriates) and imported products (28% vs. 14%), for instance, reflecting cultural preferences and higher disposable income. We detail our findings on shopping basket priorities below.

59%
Groceries and food

46%
Clothing & fashion

35%
Beauty products and cosmetics

32%
Electronics

30%
Healthcare products

27%
Kids toys

26%
Imported products

26%
Home appliances

25%
Home furnishings

24%
Gaming

20%
Books

21%
Stationery and hobby supplies

19%
Baby products

*Percentages reflect the number of times each option was selected

Source: Knight Frank, YouGov

ROSHN Front, Riyadh

FOOD AND BEVERAGE MARKET

UNDERSTANDING SAUDI ARABIA'S FOOD AND BEVERAGE MARKET

Saudi Arabia's food and beverage (F&B) sector is expanding rapidly, supported by international brand penetration and the rising importance of dining in consumer spending. Indeed, during Q1 2025, restaurants and cafés accounted for 29% of all point-of-sale transactions, equivalent to SAR 99bn, according to the Saudi Central Bank (SAMA). This underscores the sector's role as a key driver of retail performance and highlights the strategic value of introducing innovative, high-quality dining concepts that enhance customer experiences.

Sector overview
Riyadh and Jeddah are at the forefront of F&B-driven lifestyle retail growth, benefiting from high occupancy, strong demand for mixed-use destinations, and a robust development pipeline. Upcoming projects such as The Bellevue in Riyadh and Jeddah Cove Waterfront illustrate how the sector is reshaping the Kingdom's retail and tourism offering, catering to both domestic and international visitors.

Riyadh
Riyadh's lifestyle retail market is one of the largest in the Kingdom, with 484,900 sqm of GLA across 27 developments and an occupancy rate of 97%. A prominent example is ROSHN Front, a high-profile mixed-use destination in northern Riyadh rebranded following its acquisition by ROSHN Group. Since opening in 2019, it has distinguished itself through an open-air design that combines premium retail, upscale dining, and entertainment, attracting over 10 million visitors annually under its 'shop, work, and play' concept.

Business Front, its Grade A office component, enhances its corporate offering, while also creating traffic for the retail development. Wide shaded walkways, landscaped areas, and good connectivity via Airport Road reinforce its positioning as a leading retail destination for both residents and visitors.

Looking ahead, Riyadh's lifestyle retail market is set to expand by 386,300 sqm by 2027 through 12 new projects, reflecting a 34% CAGR in retail space from 2025. The largest development, The Bellevue, will deliver 90,000 sqm in the east of the city near the Eastern Ring Road. Designed as an open-air lifestyle centre with shaded plazas, water features, and a mix of luxury retail, dining, and family leisure, it is scheduled to open in 2027 and is positioned as a landmark destination for the capital's growing population.

Jeddah
Jeddah's lifestyle retail market currently comprises 233,400 sqm of GLA across 17 developments, with 94,000 sqm added in 2023–2024. The largest recent entrant, U Walk Jeddah, offers 60,000 sqm of space with indoor and outdoor experiences, a 2km landscaped promenade, gardens, and a dancing fountain. Located in the Al Zahra district, it maintains 90% occupancy with monthly lease rates of around SAR 2,000 psm.

Citywide, occupancy stands at 81%, with F&B at 75% and average monthly lease rates hover at around SAR 2,200 psm. By 2027, an additional 205,600 sqm will be delivered across seven projects, bringing the total supply to 439,000 sqm. The most notable is Jeddah Cove Waterfront, a 70,000 sqm destination on the Corniche featuring an open lagoon. Its location next to the Formula 1 circuit, the Jeddah Season site, and the City Walk event area positions it as a landmark retail and leisure hub.

DISCOVER THE DATA

NEED TO KNOW

Lifestyle retail performance

	Average F&B occupancy	Overall occupancy	Average annual lease rate (psm)
Riyadh	76%	97%	SAR 2,400
Jeddah	75%	81%	SAR 2,200

Lifestyle retail supply

	Existing supply (sqm)	Added in the last 12 months (sqm)	Total supply by 2027 (sqm)
Riyadh	484,900	47,500	871,200
Jeddah	233,400	24,100	439,000

Lifestyle retail developments

	Number of existing developments	Number of developments by 2027
Riyadh	27	39
Jeddah	17	24

Source: Knight Frank

UNDERSTANDING SAUDI ARABIA'S FOOD AND BEVERAGE MARKET

Saudi Arabia's F&B sector is evolving rapidly, shaped by the rise of speciality cafés, greater global brand penetration, the expansion of delivery platforms, and a growing demand for healthier, yet convenient options. These trends are redefining how Saudis dine and socialise, reinforcing the sector's importance within the wider retail ecosystem.

Café scene

Cafés are particularly prevalent in lifestyle destinations such as malls, cultural districts, and mixed-use developments. Young, affluent consumers are driving this momentum, seeking spaces that combine work, leisure, and social interaction, a shift closely aligned with Vision 2030's Quality of Life objectives. Speciality operators like Brew92, Camel Step, and Dose Café, alongside heritage-inspired outlets in Jeddah's Al Balad and Riyadh's Diriyah, illustrate how modern coffee culture and traditional settings are being integrated to create vibrant social hubs.

International dining concepts

Global cuisine continues to dominate dining in Saudi Arabia's lifestyle retail centres, with Arabic food accounting for only 19% of offerings in Riyadh and 15% in Jeddah. This is in contrast to declared preferences by those we interviewed, with 60% of Saudi nationals and Saudi-based expats citing a preference for Saudi cuisine when dining out, suggesting perhaps a mismatch between offerings and consumer preferences.

Since 2017, reforms have allowed 100% foreign ownership under a MISA license, though many global brands continue to expand via franchising, with concepts such as Paul, Five Guys, and Wingstop growing through local partnerships. Directly replicating overseas formats can often result in underperformance without meaningful localisation, as brand concepts and offerings may not fully align with Saudi customers' preferences, operating norms, or the regulatory environment.

Partnering with experienced local operators, who bring market insight, established procurement networks, and on-the-ground execution, typically improves market fit, strengthens operational resilience, and supports long-term performance.

Technology reshaping the sector

The rising use of food delivery apps has catalysed the rise of cloud kitchens and dark kitchens across the country. Established players like HungerStation, Jahez, and Mrsool have entrenched themselves, while newcomers such as Keeta reached a 10% market share by order volume within months of launch. Promotions, subscriptions, and free-delivery campaigns continue to accelerate the adoption of food-delivery apps.

In parallel, meal-plan providers such as Calo and Right Bite are catering to growing demand for healthier, ready-made, or self-cook options, while platforms like Ninja and Noon are expanding ultra-fast grocery delivery. Together, these innovations are reshaping consumer expectations and embedding convenience at the heart of Saudi Arabia's F&B market.

The Globe, Riyadh

NEED TO KNOW

Key trends

Generation Z

Demand is fueled by viral food trends popularised across platforms like TikTok, Instagram, and Snapchat, which strongly influence consumer preferences.

Strong social media presence and targeted digital marketing are critical drivers of success.

Traditional establishments face heightened competition as trend driven F&B concepts enter the market more easily, though many struggle to sustain momentum once trends fade.

Working class

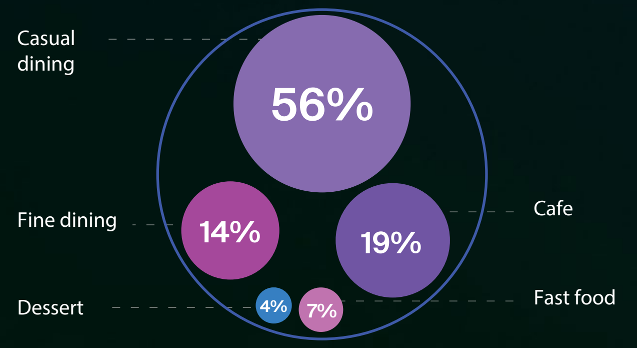
Convenience is increasingly valued by a growing demographic of busy, affluent professionals relocating to Riyadh for work, driving strong demand for premade meals.

Premade meals are ordered through apps via subscription-based services such as Calo, or picked up at ready-to-eat outlets like Alhatab.

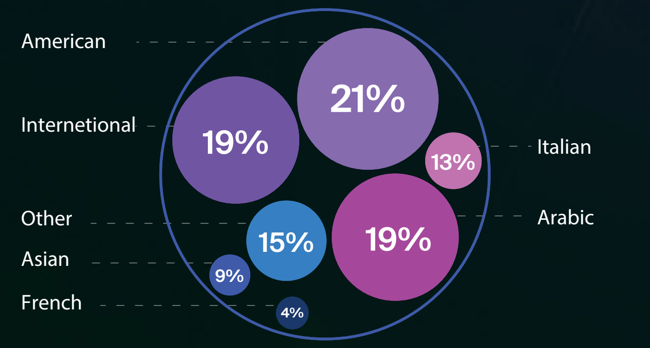
These services provide customisable, health-focused meals that cater to diet-conscious consumers and those with specific nutritional goals.

Riyadh's lifestyle retail landscape

Type of experience

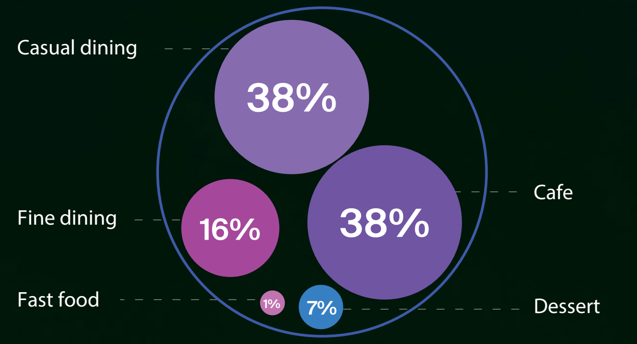


Cuisine origin

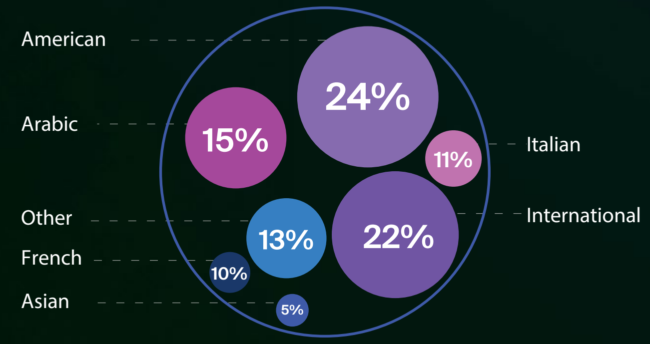


Jeddah's lifestyle retail landscape

Type of experience



Cuisine origin



Source: Knight Frank

CONSUMER DINING HABITS

Saudi Arabia's food and beverage sector is undergoing a profound transformation as evolving spending patterns, a young population and lifestyle shifts reshape consumer demand. Supported by Vision 2030, the sector is positioned as a major component of leisure and tourism diversification, with major investment directed toward expanding dining options, enhancing quality standards, and promoting international brands alongside local culinary favourites.

Dining out culture

Our survey indicates a strong culture of dining out in Saudi Arabia, with most Saudi nationals and Saudi-based expat respondents opting to dine in a restaurant on a weekly or monthly basis. The frequency of dining out varies by purpose or occasion, but overall interest remains consistently high across both groups.

For Saudi nationals, the leading activity is visiting cafés. A 'coffee culture' has become a defining trend in the Kingdom, with 43% reporting that they go out for coffee several times a week. This is also the most affordable dining occasion, as most respondents spend less than SAR 50 per visit.

Dessert outings represent the second most common activity, with the majority of respondents suggesting this is a weekly outing. This reflects the growing diversification of dessert cuisines in the Kingdom. International names such as Ladurée, Godiva, Pierre Hermé, Magnolia Bakery, EL&N London and L'ETO have all established a presence, underpinning the popularity of this F&B category.

Family dinners rank as the third most common activity, with 38% of Saudi nationals reporting eating out at least once a week. However, the frequency of such outings is lower than coffee or dessert visits, likely reflecting the higher spending involved, which typically ranges between SAR 100-500 per person for a third (33%) of Saudi nationals.

The chart on the right provides a detailed overview of the Kingdom's dining out culture, highlighting the frequency of restaurant visits and the average spending per person.

EXPERT OPINION

For decades, Saudi Arabia's F&B scene was defined by the import of international brands. The focus was on bringing global names into the local market. Today, however, the narrative is shifting. A new generation of Saudi restaurateurs and chefs is exploring the country's own culinary identity, reinterpreting traditional flavors through contemporary concepts. Restaurants such as Maiz in Diriyah exemplify this evolution, celebrating Saudi cuisine with the same creativity and sophistication once reserved for international imports.

Konstantinos Papadakis
Associate Partner - Food and Beverage Consultancy, MENA

EVOLVING CULINARY LANDSCAPE

Dining preferences in Saudi Arabia reflect a blend of strong local traditions and growing global influences. Our survey findings show that Saudi cuisine leads overall, with 60% of respondents favouring it, underscoring the strength of domestic culinary identity. Middle Eastern cuisines, particularly Lebanese and Syrian, follow closely at 46% and remain staples across the Kingdom, with restaurants such as Em Sherif, Loris, Amar, and Beit Wared exemplifying their prominence and enduring appeal. Among expatriates, too, Middle Eastern food is most prominent at 56%, while Saudi (49%) and Turkish (33%) cuisines ranks in second and third places, respectively, highlighting the regional appeal of shared culinary tastes.

International cuisine

International cuisines also feature prominently in dining choices. Italian (30%), Indian (25%), and Western (24%) restaurants rank among the most popular for both Saudi nationals and expats living in the Kingdom. Asian options at 21% and Latin American at 11% are also popular, signalling the gradual diversification of consumer tastes as Saudi Arabia develops its profile as a global tourism and hospitality hub.

Notably, Latin American restaurants are most sought after by Saudi nationals earning over SAR 80,000 per month (35%), making it the second most popular cuisine type for this cohort, alongside Indian food (35%).

Key criteria shaping restaurant and café choices

Our survey findings reveal that food/menu variety (45%) and price (45%) are the primary factors guiding the choice of restaurants and cafés across all respondents. The quality of coffee was also a notable factor, mentioned by 38% of respondents, reflecting the central role of coffee in Saudi culture.

Restaurant priorities diverge when analysed by income groups. Among higher-income nationals earning SAR 70,000 and above per month, music was valued by 23% and ambience by 22%, pointing to a more experiential focus for dining. Mid-income groups earning SAR 30,000 to 50,000 per month demonstrated stronger price sensitivity, with 51% citing it as the most important factor influencing their dining choices.

For expatriates, location emerged as the second-most important consideration (38%) when choosing a restaurant or café, while menu variety was the most significant deciding factor (56%).

Lifestyle-driven factors also play a role. Outdoor seating was cited by 20% of all of those we interviewed as a key consideration, social media presence by 18%, and drive-thru or pre-order options by 10%, pointing to evolving consumer expectations shaped by younger demographics and digital habits.

DISCOVER THE REPORT

Most preferred cuisines

Saudi nationals | Saudi-based expats

Cuisine	Saudi nationals	Saudi-based expats
Middle Eastern	44%	56%
Saudi	61%	49%
Italian	31%	27%
Western	25%	19%
Asian	22%	14%
Turkish	29%	33%
Latin American	11%	10%
Indian	26%	18%
African	10%	9%
Other	2%	

*Percentages reflect the number of times each option was selected

Source: Knight Frank, YouGov

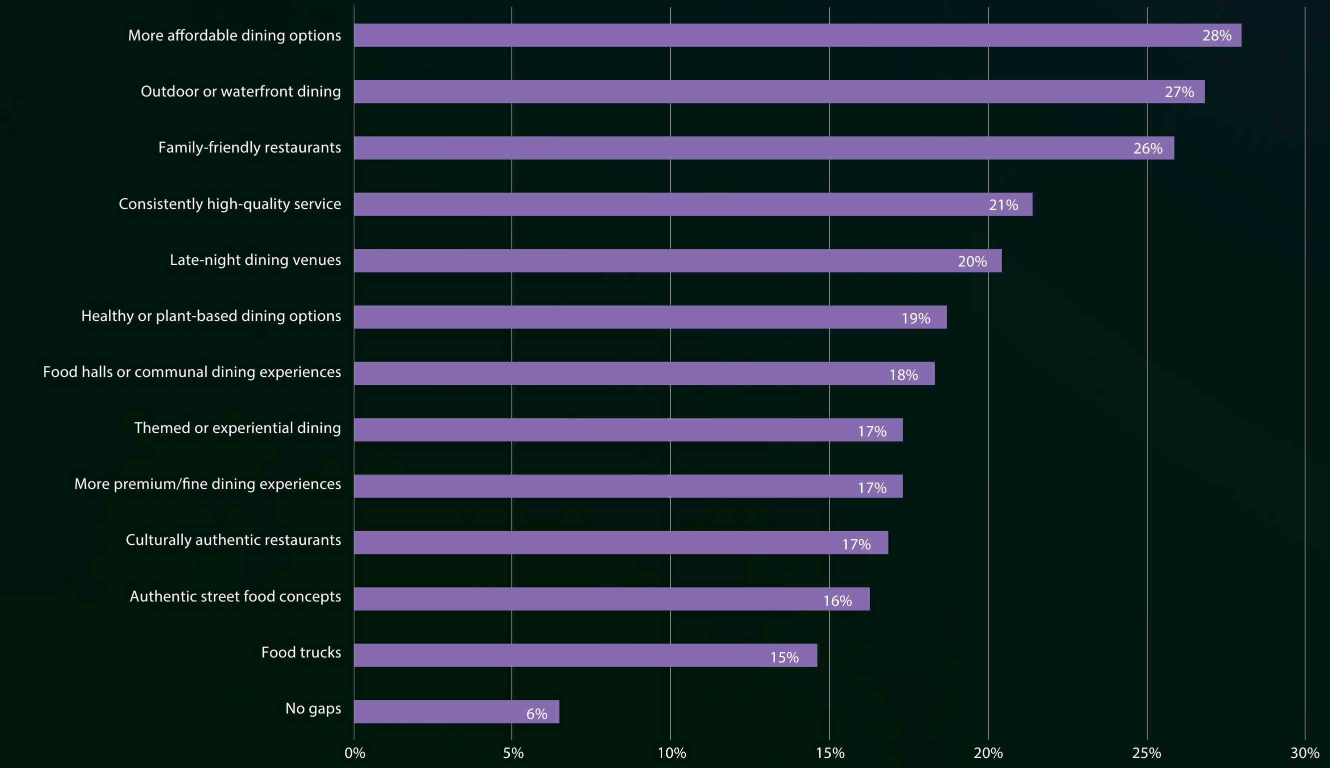
Most important considerations when choosing a restaurant or a café

Consideration	Saudi national	Saudi-based expat
Location	28%	36%
Quality of coffee	39%	26%
Food/menu variety	44%	56%
Ambience/crowd	17%	10%
Outdoor seating	21%	13%
Music	13%	7%
Smoking area	7%	7%
Price	44%	54%
Drive-thru option	10%	9%
Pre-order/deliver to car	9%	8%
EV charging stations	7%	4%
Meeting rooms	8%	2%
Parking	13%	11%
Social media	18%	13%

*Percentages indicate the number of times each option was selected by survey respondents

Source: Knight Frank, YouGov

Perceived gaps in the Kingdom's F&B offerings



*Percentages reflect the number of times each option was selected

Source: Knight Frank, YouGov

HEALTHCARE MARKET

UNDERSTANDING THE KINGDOM'S HEALTHCARE SECTOR

Saudi Arabia, with the largest economy in the GCC, is undergoing a profound transformation in its healthcare sector under Vision 2030. Driven by population growth and rising life expectancy, which rose to 78.8 years in 2024, healthcare has also become a cornerstone of the Kingdom's development strategy. National reforms are focused on expanding accessibility, enhancing quality, and accelerating digital integration to ensure care remains patient-centred, sustainable, and aligned with global benchmarks.

An improving level of service

Notable achievements by the Saudi authorities include the expansion of basic healthcare coverage in populated areas from 84.1% of the population in 2019, to 97.4% in 2024; improving user satisfaction for health services during hospitalisation from 82.4% in 2019 to 88.7% in 2024; and the launch of an advanced operations and AI cluster at the Council of Health Insurance (Health Sector Transformation Program Annual Report 2024).

At a city level, Riyadh and Jeddah anchor this transformation. Riyadh, as the capital, is consolidating its position in specialised care, advanced research, and health tech innovation. Meanwhile, the World Health Organization (WHO) has accredited Jeddah as a "Healthy City", signifying efforts to improve healthcare for residents as well as visitors.

Both cities are experiencing major expansions in hospitals and primary care networks, setting the stage for the next phase of growth. Shifting demographics reinforce this momentum: at a national level, the elderly population (65+) is projected to increase 2.2x between 2024 and 2040, while those aged 40–64 years will grow 1.5x over the same period. Combined with the rising prevalence of chronic diseases, this is creating mounting demand for specialised healthcare services (Oxford Economics).

Healthcare infrastructure

The public sector accounts for the majority of inpatient facilities nationwide, though Riyadh has a higher share of private facilities. The Eastern Province is relatively balanced between Ministry of Health (MoH) and private facilities, while Jeddah is skewed towards the private sector, reflecting its higher expatriate population.

This also resonates in our survey results, which highlight the preference for private sector facilities among both expatriates (63%) and high-income Saudi nationals, with a monthly income greater than SAR 80,000 (72%).

The bed density remains higher in public hospitals due to large tertiary and referral centres across all regions, except for Jeddah, where MoH and private hospitals have a comparable capacity, although the private sector dominates the outpatient segment.

Distribution of healthcare facilities across the Kingdom

Region/City	Infrastructure	MoH	Private
Nationwide	Inpatient facilities	64%	36%
	Outpatient facilities	43%	57%
Riyadh Province	Inpatient facilities	49%	51%
	Outpatient facilities	30%	70%
Jeddah city	Inpatient facilities	33%	67%
	Outpatient facilities	20%	80%
Eastern Province	Inpatient facilities	50%	50%
	Outpatient facilities	37%	63%

Note: These figures include bed capacity from MoH and private hospitals but exclude beds in other governmental facilities, due to the limited accessibility for all segments of the population. Below, we look more closely at the bed density and distribution across the Kingdom's major population centres.

Source: Knight Frank, Ministry of Health

NEED TO KNOW

Usage of healthcare facilities

MoH data from 2024 shows a strong shift towards outpatient private services across the Kingdom, with volumes 1.2x-2.8x higher in private facilities, in comparison to the public ones. This trend has been catalysed by mandatory insurance for Saudi-based expats and a rapid expansion in insurance coverage for nationals.

The growing use of outpatient facilities is also evident in the average visits per capita. In Riyadh, for instance, for every 3 visits in the private sector, the public sector sees 1.1. In the Eastern Province, the ratio stands at 3:2.2.

Furthermore, our survey shows that almost half (47%) of Saudi nationals and Saudi-based expats have a preference to use private hospitals for elective procedures.

Despite progress in bed capacity across the Kingdom, bed density remains at 1.9 beds per 1,000 population, falling below the global average of 2.9 beds per 1,000 population, perhaps reflecting the Kingdom's youthful population demographics, but also hinting at the future opportunity to boost capacity as the population ages. Riyadh province, Jeddah city and Eastern province all have 1.8 beds per 1,000 population.

Riyadh

A closer look at the micro-market, as outlined in our Healthcare in Saudi Arabia - Opportunities in Riyadh Province publication, reveals varying demand for hospital beds across the city by 2030. Whilst the central zone shows no demand for additional bed capacity, eastern and southern zones require 1,000–1,500 beds, and the western zone faces a shortage of 1,500–2,000 beds. Anticipated population growth in the northern zone will also require bed capacity expansion, particularly through integrated outpatient services such as diagnostic centres, day surgery units, and specialised ambulatory care. Meanwhile, the growth in residential neighbourhoods also supports embedding retail clinics for greater convenience.

Jeddah

Jeddah presents a different dynamic: while bed supply appears sufficient, operators of multi-specialty hospitals report occupancy levels of around 75%, reflecting strong demand for premium facilities, with a focus on patient experience.

The northern part of the city is rapidly emerging as a hub for healthcare, particularly outpatient services catering to premium and mid-income patients who often travel from other parts of the city. Inpatient growth is also concentrated in the north, where operators are expanding capacity through new facilities and enhanced service offerings. In eastern Jeddah, which currently has no inpatient facilities, we forecast the need for an additional 500 beds for the low- to mid-income segments by 2030.

Additionally, we have also noted the integration of day surgery centres within existing outpatient facilities to improve continuity of care, alongside a sharp rise in demand for long-term care (LTC).

Eastern Province

In the Eastern Province, projected demand by 2035 highlights the need for around 1,280 beds in Dammam and 410 beds in Al Ahsa. Expansion strategies include greenfield developments, acquisitions, and strategic partnerships, as also highlighted in our Healthcare in Saudi Arabia - Opportunities in Eastern Province publication.

Bagedo Medical Clinics, Jeddah

RISING HEALTHCARE DEMAND: UTILISATION PATTERNS

Utilisation of healthcare facilities and services is strong within the Kingdom, as demonstrated by our survey findings, with 71% of Saudi nationals and Saudi-based expats indicating that they visit either a clinic or a hospital at least once a quarter. This not only highlights the growing demand for healthcare access but also aligns with the MoH's Health Sector Transformation Program under Vision 2030, which focuses on enhancing access to care, improving service quality, building strong local manpower, and creating a sustainable healthcare system capable of meeting the needs of a growing population.

Healthcare facility visitation patterns

Our survey results show that 70% of Saudi nationals and Saudi-based expats engage with medical professionals on a monthly or quarterly basis. Over one-third of our respondents (36%) report visiting a healthcare facility every one to three months, while a further 27% do so once or twice a month.

In addition, 8% of respondents visit weekly, most likely reflecting a segment of the population with ongoing or chronic care needs. The regular visits underscore the critical role of primary and specialist care facilities.

Visitation patterns are largely similar for both Saudi nationals and Saudi-based expats, suggesting that demand for healthcare services is consistent across demographic groups. However, Saudi-based expats show a slightly higher tendency to visit every one to three months (40% versus 36% for Saudi nationals), potentially reflecting employer-provided insurance schemes and therefore, a greater reliance on private healthcare providers.

A smaller cohort of our sample (13%) visit every three to six months, and 13% only as needed. For these groups, on-demand care models and telehealth integrated into developments could be a viable alternative to medical facilities within close proximity.

Sustained demand for outpatient facilities

Nearly 70% of our respondents visit a healthcare facility at least quarterly, underscoring sustained demand for medical services across the Kingdom. This demand is further supported by government efforts to strengthen healthcare delivery through public-private partnerships and digital health initiatives.

Programs such as the *Seha* Virtual Hospital, the largest of its kind globally, are enhancing access to specialist care nationwide, particularly in areas like dermatology, cardiology, and oncology.

Patient priorities driving facility choice

Our survey results also show that the 'quality of doctors' at 62% is the top factor for respondents when deciding between a clinic or a hospital. 'Short wait times' (44%) and 'cost of services' (42%) follow in second and third places, respectively.

While the 'acceptance of insurance plans' ranks as the fourth (40%) most important consideration overall, it is especially important for Saudi-based expats (57%), compared to Saudi nationals (38%).

'Location' and 'parking facilities' also matter at 37% and 26% respectively, reinforcing the role of accessibility in site selection for healthcare providers.

Specialty health services are an important consideration for over a third (34%) of our survey respondents, pointing to rising demand for centres of excellence in areas such as oncology, orthopaedics, and cardiology.

DISCOVER THE REPORT

Healthcare facility visitation patterns

Source: Knight Frank, YouGov

Key factors influencing hospital and clinic choice (by monthly income)

	Overall	Saudi nationals (SAR 10,000-30,000)	Saudi nationals (SAR 30,000-50,000)	Saudi nationals (SAR 50,000-70,000)	Saudi nationals (SAR 70,000+)	Saudi-based expats (SAR 30,000+)
Short wait times	44%	46%	62%	41%	40%	31%
Cost of services	42%	41%	49%	50%	46%	42%
Accepts insurance	40%	38%	41%	39%	46%	57%
Availability of specialty services	34%	34%	33%	35%	43%	26%
Quality of doctors	62%	61%	69%	62%	57%	63%
Location	37%	36%	56%	42%	49%	33%
Parking facilities	26%	25%	44%	27%	34%	25%

*Percentages reflect number of times each option was selected

Source: Knight Frank, YouGov

RISING HEALTHCARE DEMAND: UTILISATION PATTERNS

Insurance coverage

Overall, 83% of our survey respondents are covered by health insurance, with 50% on family plans and 33% on single plans. Coverage is notably higher among expatriates (60% family; 36% single) compared to Saudi nationals (49% family; 33% single), reflecting expats' greater reliance on employer-sponsored insurance schemes.

Among Saudi nationals, coverage rises with income. Those earning SAR 70,000+ per month have the highest coverage, with 54% on family plans and 40% on single plans. Among those earning SAR 50,000–70,000, 51% choose family plans, and 38% choose single plans.

By contrast, lower-income nationals (SAR 10,000–30,000 per month) show weaker protection, with 48% family versus 32% single. This demonstrates how income directly shapes access to coverage, with wealthier households investing more heavily in family-wide policies.

Facility preferences

Private hospitals are the preferred choice for elective procedures, selected by 47% of Saudi nationals and Saudi-based expats overall. Expats in the Kingdom show the strongest preference, with 63% opting for private hospitals. This is likely due to this cohort's primary considerations for the selection of a healthcare facility, which revolve around the 'quality of doctors' (63%) and the 'acceptance of insurance' coverage (57%). Among higher-income Saudi nationals earning (SAR 70,000+ per month), the preference for private hospitals also peaks above 60%, reflecting their likely family insurance plans.

Travel distance

Proximity is another major factor influencing healthcare facility choice. Most of our survey respondents prefer facilities within a 5–10km range (38%), followed by those within 5km (25%). The more affluent Saudi nationals and Saudi-based expats generally expect high-quality facilities nearby, with 59% of Saudi nationals on a monthly salary of SAR 70,000-80,000 expecting to find a suitable medical facility located within 5km of their home.

Overall, 34% of Saudi nationals tend to prefer facilities within 5km. This figure rises to 37% for expats, showing a stronger inclination for localised healthcare provision among both groups. It highlights the need for strategically located healthcare assets within 5–10 km catchments of dense residential and commercial areas to maximise patient accessibility.

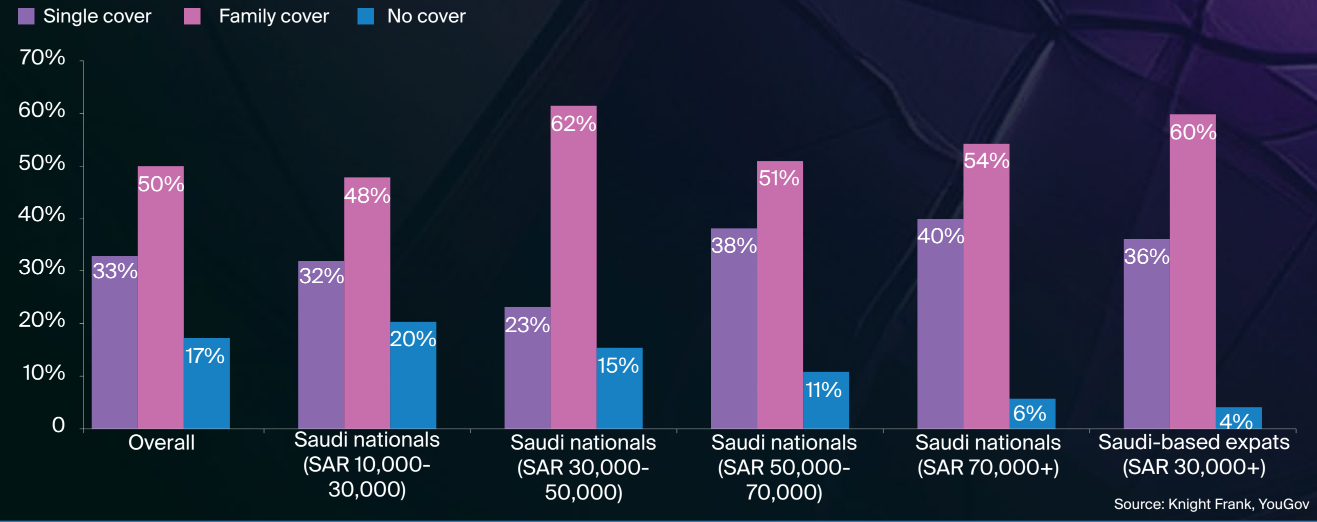
EXPERT OPINION

The combination of high insurance penetration, a clear preference for private healthcare among affluent households and varying travel distance expectations creates distinct investment opportunities.

For high-income and expatriate-heavy neighbourhoods, there is scope to develop premium hospitals, day surgery centres, and specialist clinics that leverage the willingness to travel for quality. For middle-income Saudi communities, public-private partnerships could strengthen more localised service delivery. Locating new healthcare developments within 5–10 km of major residential and commercial clusters will address both accessibility and utilisation considerations.

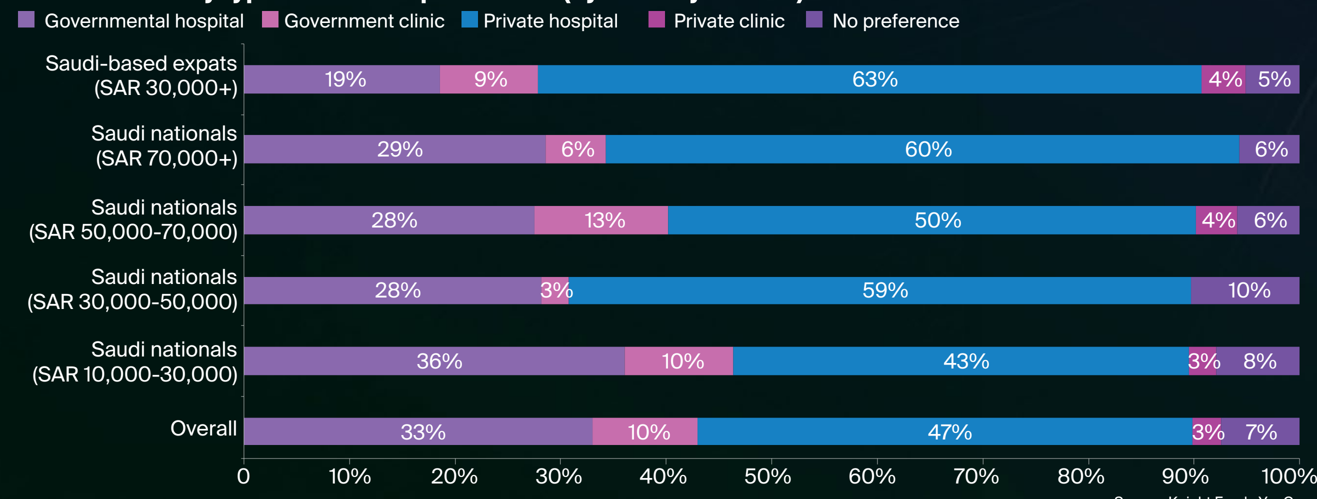
Dr. Gireesh Kumar
Associate Partner - Healthcare Consultancy, MENA

Healthcare insurance coverage (by monthly income)



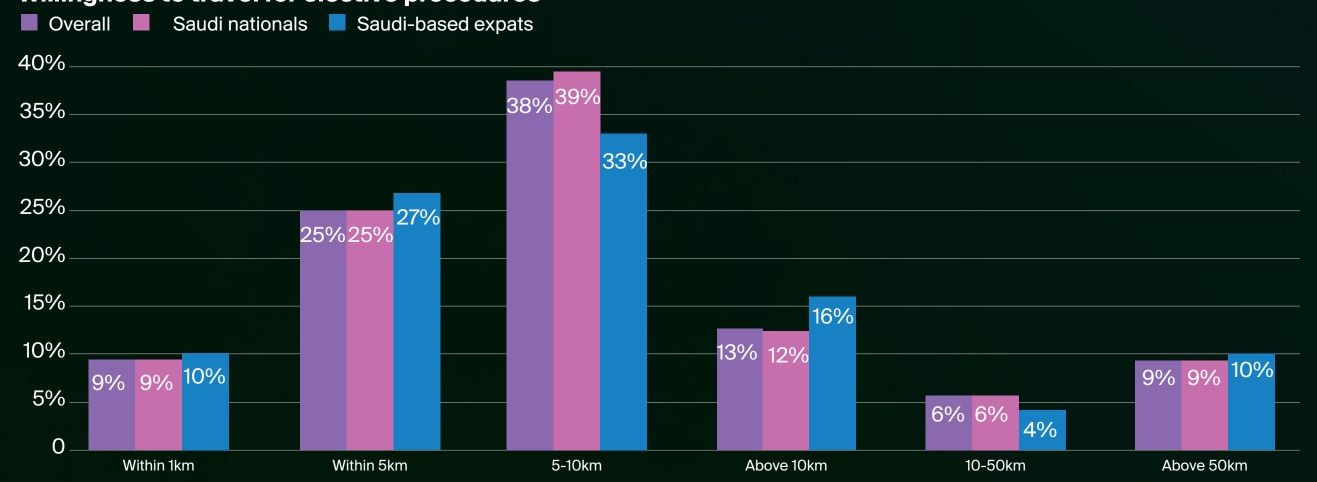
Source: Knight Frank, YouGov

Preferred facility type for elective procedures (by monthly income)



Source: Knight Frank, YouGov

Willingness to travel for elective procedures



Source: Knight Frank, YouGov

IN-DEMAND HEALTHCARE SERVICES AND INTERNATIONAL MEDICAL TRAVEL

Specialist visit patterns

The type of medical service that is most regularly accessed in the Kingdom is dentistry, which tops the list for both nationals and Saudi-based expats at 48%. Visits to general physicians follow closely (39%), providing essential routine checkups and primary care, while paediatrics (30%) highlights the importance of child healthcare services for families. Dermatology also ranks relatively high at 22%, reflecting increased interest in skin health and cosmetic treatments, in line with rising wellness and lifestyle awareness.

Specialty utilisation trends

Among Saudi nationals, dentistry is particularly dominant in the middle-to higher-income brackets, with usage rising to as high as 67% in the SAR 30,000–50,000 monthly income group before moderating slightly to 58% in the SAR 50,000–70,000 bracket. General physician visits follow a similar pattern, reaching 56% among those earning SAR 30,000–50,000 per month, suggesting stronger engagement with preventive care among wealthier households. Internal medicine at 26% overall is another important service, rising modestly with income, up to 29% among Saudi nationals earning SAR 50,000–70,000 per month, reflecting growing management of chronic and lifestyle-related conditions.

Expats in the Kingdom show a slightly different profile. While dentistry is the most accessed healthcare service (43%), internal medicine visits are significantly higher (38%) compared to Saudi nationals, likely due to expats' greater reliance on private healthcare networks and employer-provided insurance. Dermatology (16%) and paediatrics (22%) also remain relevant, though at lower levels than among Saudis.

Overall, the data highlights that dentistry and general physician services are the most frequently used by both Saudis and Saudi-based expats. Saudi nationals have a higher demand for paediatrics to address childcare needs, likely linked to larger household sizes. Expatriates, meanwhile, more often utilise internal medicine services. Income drives sharper uptake of premium services such as dermatology and cardiology in affluent groups, pointing to opportunities for providers to expand cosmetic, lifestyle, and chronic care offerings in high-income districts.

Patterns of specialist medical visits (by monthly income)

	Overall	Saudi nationals (SAR 10,000-30,000)	Saudi nationals (SAR 30,000-50,000)	Saudi nationals (SAR 50,000-70,000)	Saudi nationals (SAR 70,000+)	Saudi-based expats (SAR 30,000+)
Dentistry	48%	46%	67%	58%	49%	43%
General physician	39%	40%	56%	32%	31%	28%
Obstetrics and gynaecology	20%	19%	8%	30%	17%	20%
Pediatrics	30%	31%	41%	28%	31%	22%
General surgery	18%	17%	23%	16%	23%	18%
Internal medicine	26%	24%	26%	29%	20%	38%
Cardiology	12%	11%	8%	16%	17%	13%
Dermatology	22%	22%	15%	25%	23%	16%

*Percentages reflect number of times each option was selected

Source: Knight Frank, YouGov

Medical Centre, Riyadh

IN-DEMAND HEALTHCARE SERVICES AND INTERNATIONAL MEDICAL TRAVEL

Drivers of medical travel
The leading factor influencing medical travel is the 'quality and reputation of treatment' (45% overall), followed by 'affordability' (37%) and the 'availability of a wider range of specialties' (35%).

Notably, Saudi nationals show a stronger demand for 'premium healthcare and wellness services' (42%), suggesting a higher emphasis on trust, validation, and comfort. Expats who travel abroad for treatment place more weight on 'wider range of specialty and services' (35%) and 'premium healthcare and wellness services' (35%).

Medical travel and specialised service preferences
Away from domestic healthcare services, we have also investigated demand for international medical services.

Our findings show that Saudi nationals and expats in the Kingdom have at some point travelled abroad for treatment, with Saudi nationals slightly more likely than expatriates – 31% versus 24%. The trend is more pronounced among higher-income Saudi nationals, particularly those on monthly incomes of SAR 50,000–70,000 (49%) and over SAR 80,000+ (56%), reflecting both financial capability and willingness to seek international care.

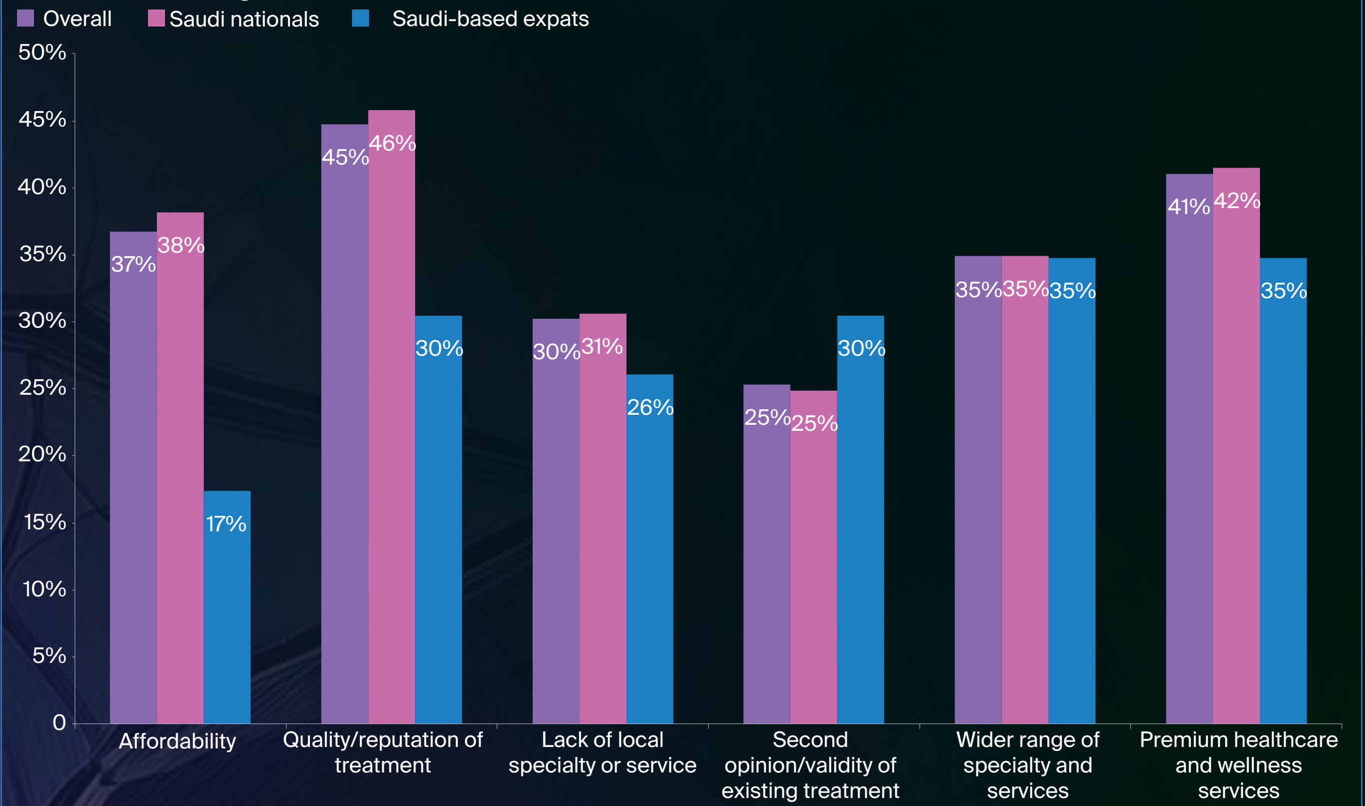
This desire to travel abroad for medical treatment is a long-standing tradition in the Saudi medical landscape; however, one of the goals of Vision 2030 is to strengthen domestic access to world-class healthcare, which may, in time, curb this desire.

Flagship initiatives such as the King Salman International Specialty Centre and expansions at the King Faisal Specialist Hospital network are designed to enhance local provision of advanced services, for instance. By broadening access to oncology, orthopaedics, and cosmetic surgery, Saudi Arabia is repositioning itself to retain affluent and insured patients.

Most sought-after services abroad
Servicing 'ongoing healthcare plans' and 'routine checkups' top the list of procedures sought abroad at 19% and 17%, respectively, alongside 'chronic illness treatments' (16%) and 'cosmetic services' (16%). Cosmetic service demand is markedly higher among expats in the Kingdom (22%) and nationals who earn over SAR 80,000 per month (30%), pointing to a lifestyle-driven segment with discretionary spending on elective care.

Dental care abroad is relatively low overall (12%), but demand rises to 14% for nationals earning SAR 10,000–20,000 per month, suggesting cost-competitiveness may play a role in certain cases.

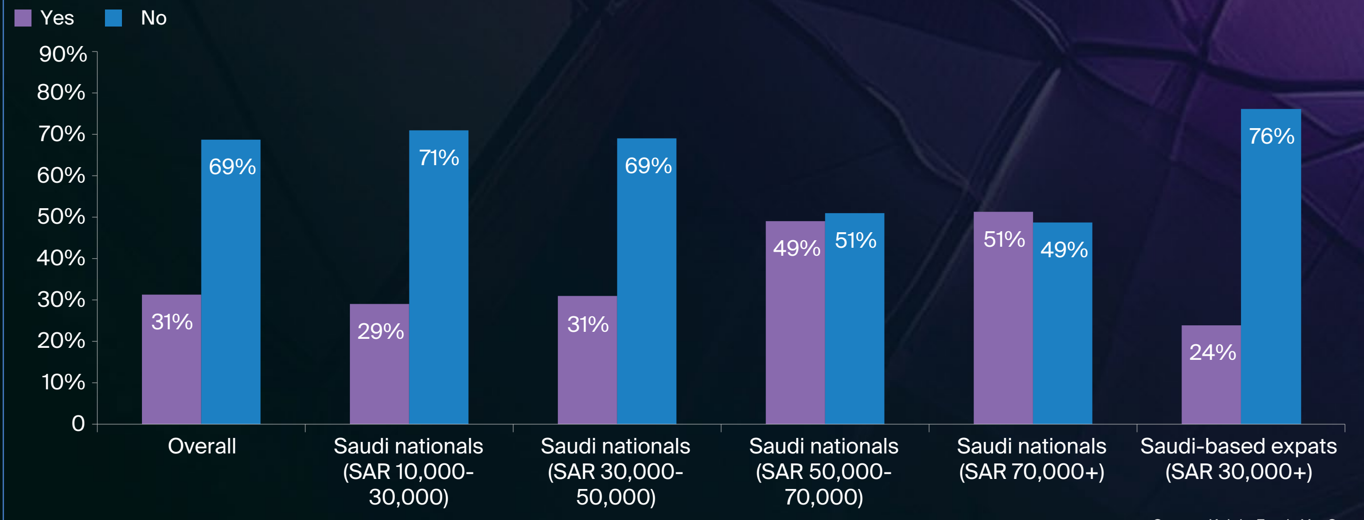
Factors influencing medical travel decisions



*Percentages reflect number of times each option was selected

Source: Knight Frank, YouGov

Likelihood of travelling abroad for medical treatment (by monthly income)



Source: Knight Frank, YouGov

Most sought-after medical services abroad

	Saudi nationals	Saudi-based expats
Chronic illness	16%	9%
Cosmetic services	15%	22%
Dental care	12%	9%
Inquiry /consultation	15%	39%
An ongoing healthcare plan	20%	4%
Rehab centres	5%	-
Routine checkup	17%	17%

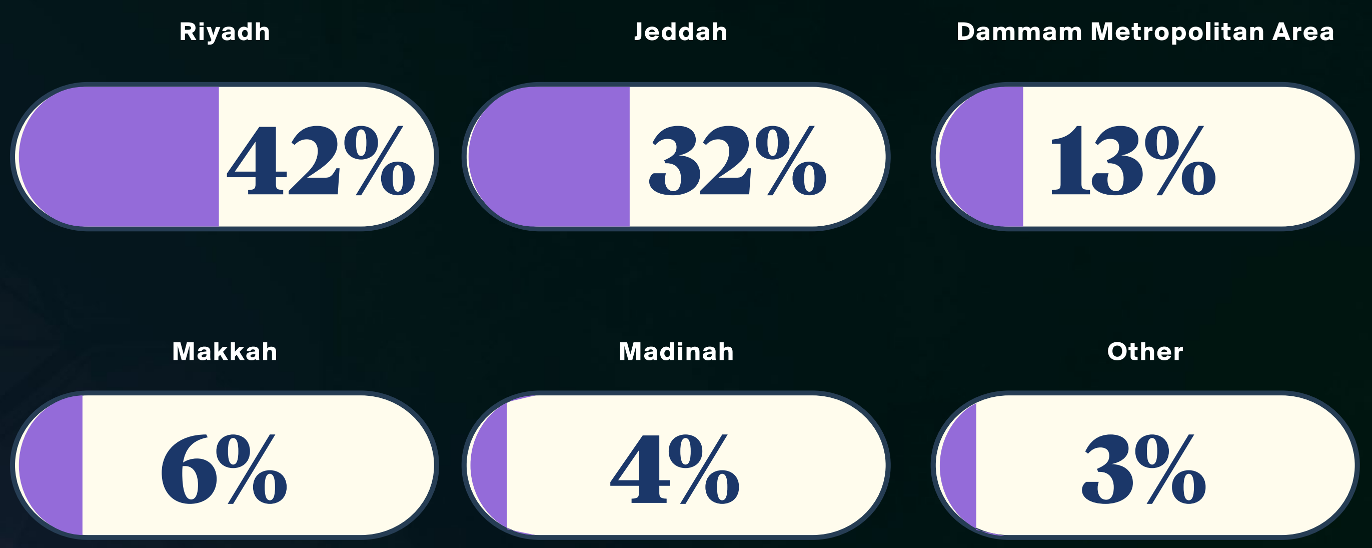
Source: Knight Frank, YouGov

LEADING DOMESTIC AND INTERNATIONAL MEDICAL DESTINATIONS

Within Saudi Arabia, Riyadh at 42% and Jeddah at 32% dominate as the top destinations for those seeking medical procedures domestically, reflecting their concentration of advanced healthcare facilities and specialist providers, and the trend is similar for both Saudis and expatriates. The Dammam Metropolitan Area follows at 13%, catering largely to Eastern Province residents.

Globally, Egypt (27%) has been named as the most popular overseas medical destination by our survey respondents, appealing to both Saudi nationals (27%) and expatriates (30%), likely due to its relative affordability, proximity and cultural similarities. The UK (22%) ranks second, followed by Germany (13%). The highest Saudi earners show greater dispersion across premium destinations such as the UK, Germany, and the USA, indicating a willingness to travel further for perceived quality and advanced treatments.

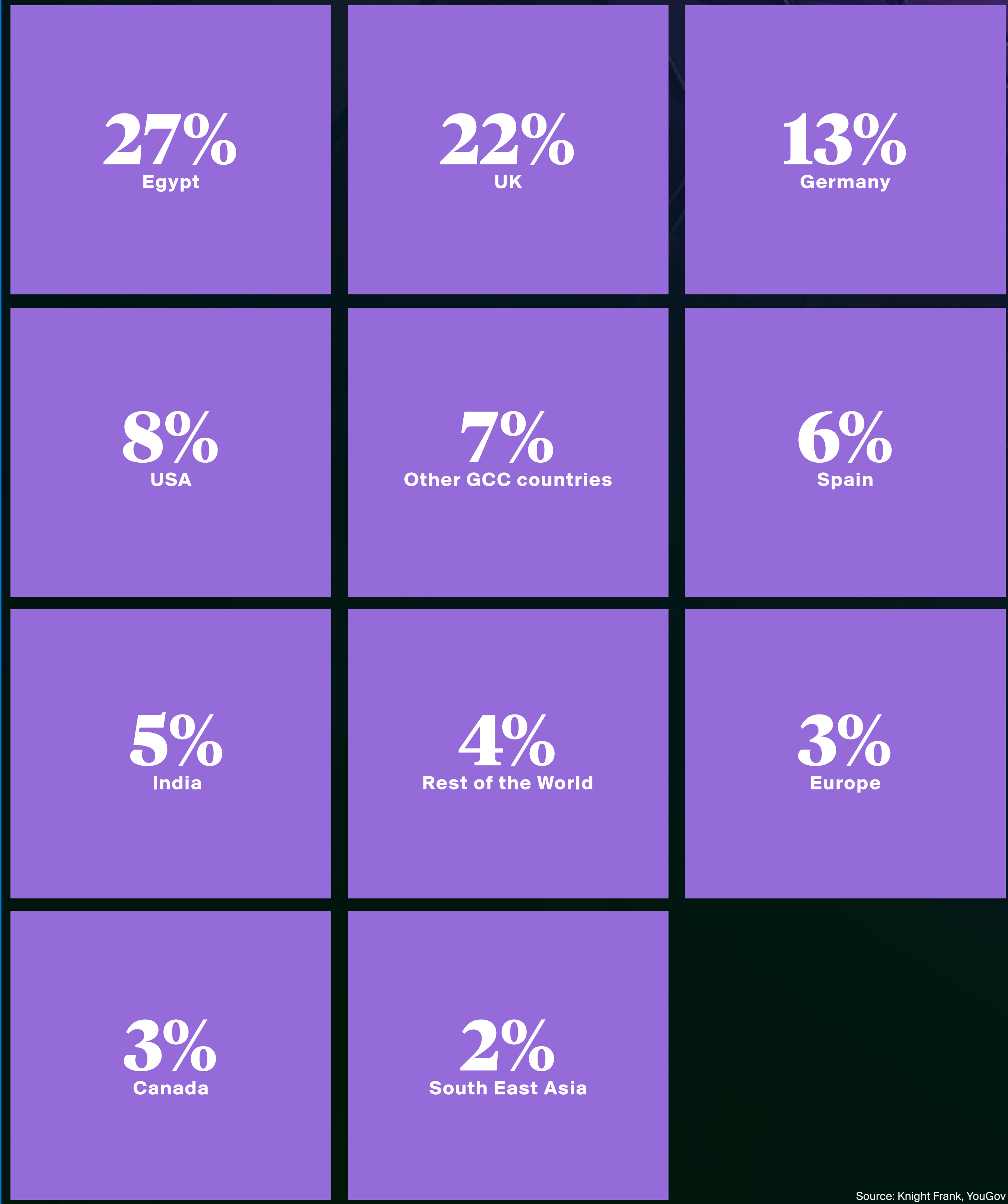
Where respondents travel within the Kingdom for treatment



Source: Knight Frank, YouGov

DISCOVER THE DATA

Where Saudis and expats go for treatment abroad



Source: Knight Frank, YouGov

SENIOR LIVING

While still a relatively nascent segment of the healthcare landscape in the Kingdom, we expect demand for senior living and associated medical facilities to grow rapidly as the Kingdom's youthful population begins to age. Indeed, we forecast that the number of Saudi nationals aged 65 and over will more than double by 2040 to 2.15 million, from 984,000 in 2024. There is already strong recognition of the important role senior living will play in the Kingdom's future, with 84% of those we interviewed in agreement with the need to integrate dedicated senior living facilities in the country's real estate development plans. This reflects a clear recognition of the role such facilities could play in sustaining the well-embedded culture of intergenerational living.

Senior living and home care preferences

This sentiment aligns with the Quality of Life Program 2023, which prioritises wellness and elderly care infrastructure in new urban communities. Complementing this, home care services, already used by 43% of the households we surveyed, are gaining traction as part of the government's broader shift toward decentralised, patient-centred models, supported by digital health platforms and licensed operators.

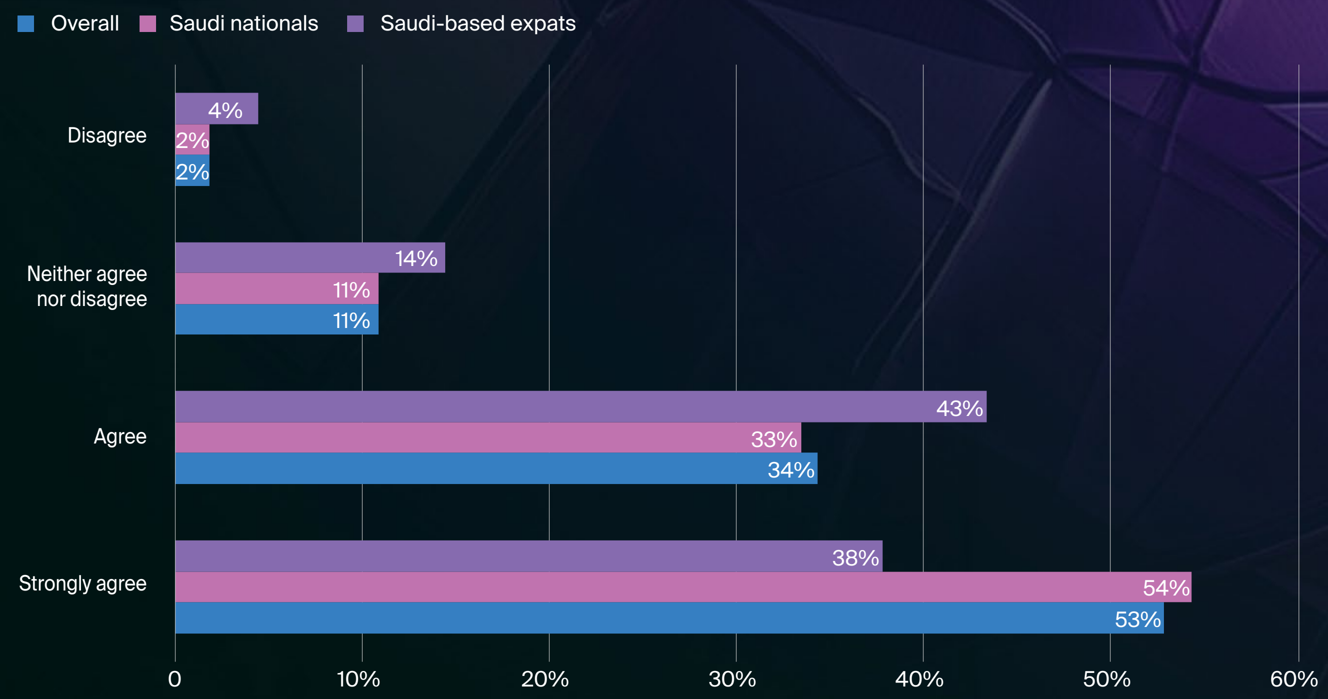
Support for integrated senior living facilities is particularly pronounced among Saudi nationals (85%) and affluent households earning over SAR 80,000 per month (100%), reflecting the convergence of cultural values around family care with modern senior living solutions. Notably, 75% of Saudi-based expats are also aligned with this view, indicating a broad cross-demographic appetite for senior-focused facilities and amenities.

When it comes to encouraging elderly relatives to move into a senior living facility if one were nearby, half (50%) of our respondents say they would be in favour, while 29% are opposed. 14% claim not to have elderly family members. The willingness to encourage elderly family members into senior living developments is markedly higher among Saudi nationals on high monthly incomes: 68% for those earning SAR 50,000–70,000, for instance.

The same is true for those in favour of senior living developments. This hints at the potential for strong uptake in premium, well-located senior living developments, catering to higher-income households.

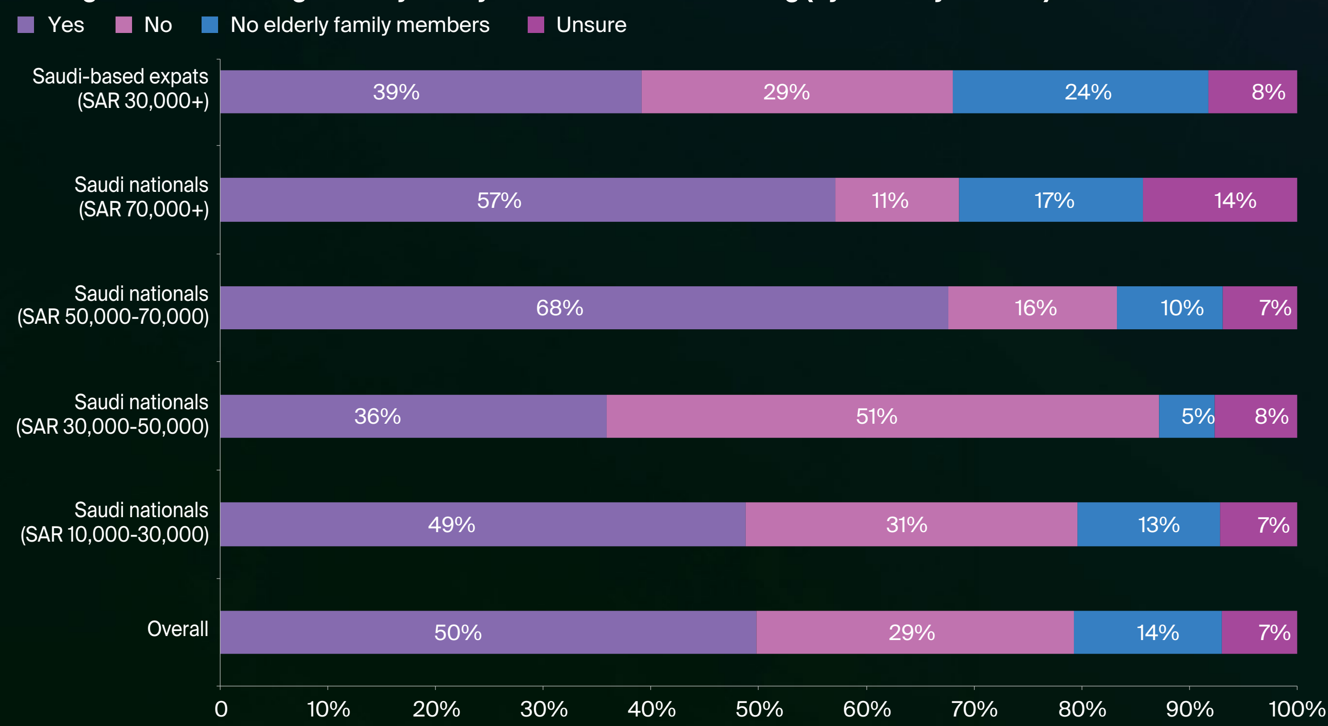
East Jeddah General Hospital

Support for including senior living in master-planned communities



Source: Knight Frank, YouGov

Willingness to encourage elderly family to move into senior living (by monthly income)



Source: Knight Frank, YouGov

SENIOR LIVING

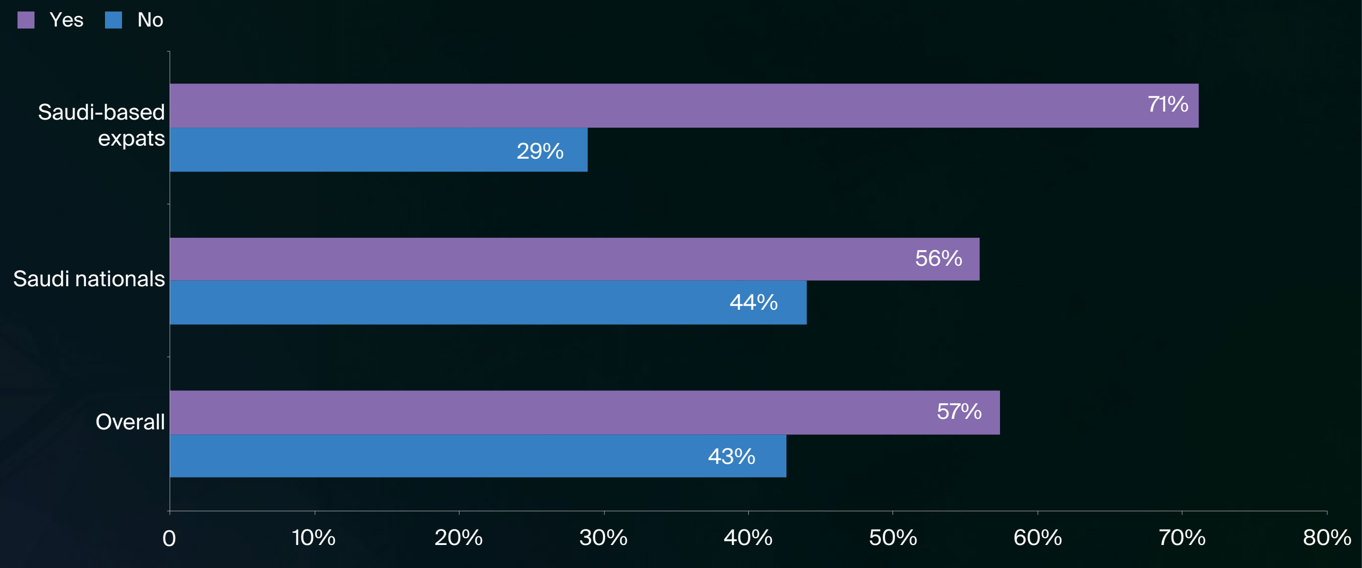
Home care services – usage and key motivations
Our survey reveals that 43% of respondents have used home care services, with uptake notably higher among Saudi nationals (44%) than Saudi-based expatriates (29%). Usage peaks among higher-income households, particularly those on monthly incomes of SAR 70,000–80,000 (59%) and SAR 80,000+ (60%), suggesting stronger demand for personalised in-home care among affluent segments of the population.

Among those who have used home care, the most cited reasons include 'physical therapy/medical sessions' (38%), 'ease compared to visiting a doctor' (38%), and 'support for special needs family members' (35%). High-income groups show a stronger inclination towards post-surgery care (notably 63% in the SAR 40,000–50,000 per month income bracket) and 'blood work/lab services' (with peaks of 50%+ among SAR 60,000–70,000 and SAR 70,000–80,000 per month earners). Saudi-based expats are particularly likely to use home care for 'ease of access' (46%) and 'physical therapy' (46%), while Saudi nationals show more balanced demand across therapeutic, chronic care, and convenience-driven services.

These results suggest that home care is a valued healthcare delivery model in Saudi Arabia, with affluent and higher-need households demonstrating the greatest willingness to adopt it.

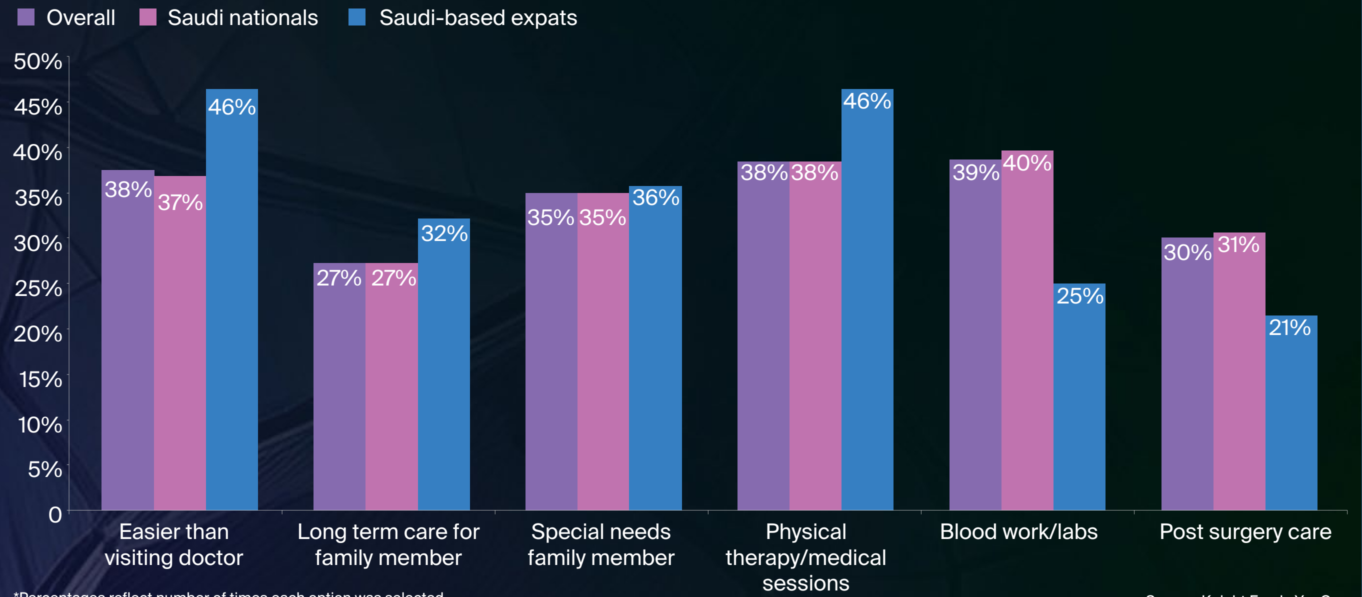
As demand appears to be skewed towards specialised rehabilitative and diagnostic services, there is a clear opportunity for healthcare providers and investors to expand premium, on-demand home care solutions that cater to both convenience and complex medical requirements.

Previous use of home-care services



Source: Knight Frank, YouGov

Reasons for using home-care services



*Percentages reflect number of times each option was selected

Source: Knight Frank, YouGov

Key Saudi healthcare sector achievements

Initiative	Impact on healthcare real estate
Health Sector Transformation Program (Vision 2030)	Targets 88% of patient visits to shift to primary/preventive care → drives demand for clinics & outpatient facilities.
Seha Virtual Hospital (the largest Globally)	Expands access to dermatology, cardiology, oncology, reducing the need for international medical travel.
Public-Private Partnerships (PPP) expansion	Unlocks new investment in outpatient and specialty clinics, especially in Riyadh, Jeddah, and Dammam.
King Salman International Specialty Centre & KFSH expansions	Anchors world-class care domestically, reducing the need for outbound medical travel.
Saudi Patient Experience Measurement Program	Pushes hospitals/clinics to enhance doctor quality & patient satisfaction → competitive private sector.
Quality of Life Program 2023	Prioritises senior living and elderly care infrastructure within real estate project masterplans.

Source: Knight Frank, Ministry of Health, SPA, MDPI

DISCOVER THE DATA

EDUCATION MARKET

UNDERSTANDING THE KINGDOM'S EDUCATION SECTOR

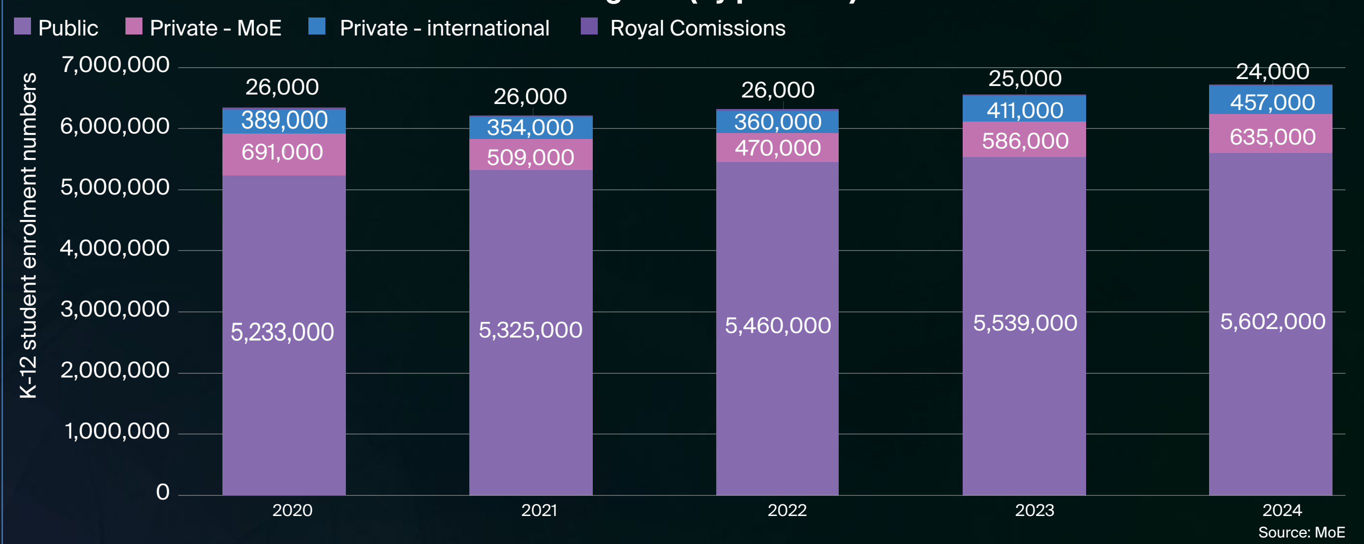
The K-12 education system in the Kingdom is governed by the Ministry of Education (MoE). It is structured into kindergarten, six years of primary education, three years of intermediate schooling, and three years of secondary education. As of 2024, approximately 6.7 million students were enrolled across these levels, comprising roughly 5.6 million in public schools (83%) and around 1.1 million in various private institutions (17%), including those offered by the MoE curriculum, various international curricula and those licensed by Royal Commissions across the country's various provinces (MoE).

Background

Saudi Arabia's education sector reflects a dual-track structure, where government schools cater primarily to Saudi nationals, while private institutions are increasingly the choice of affluent families and Saudi-based expats.

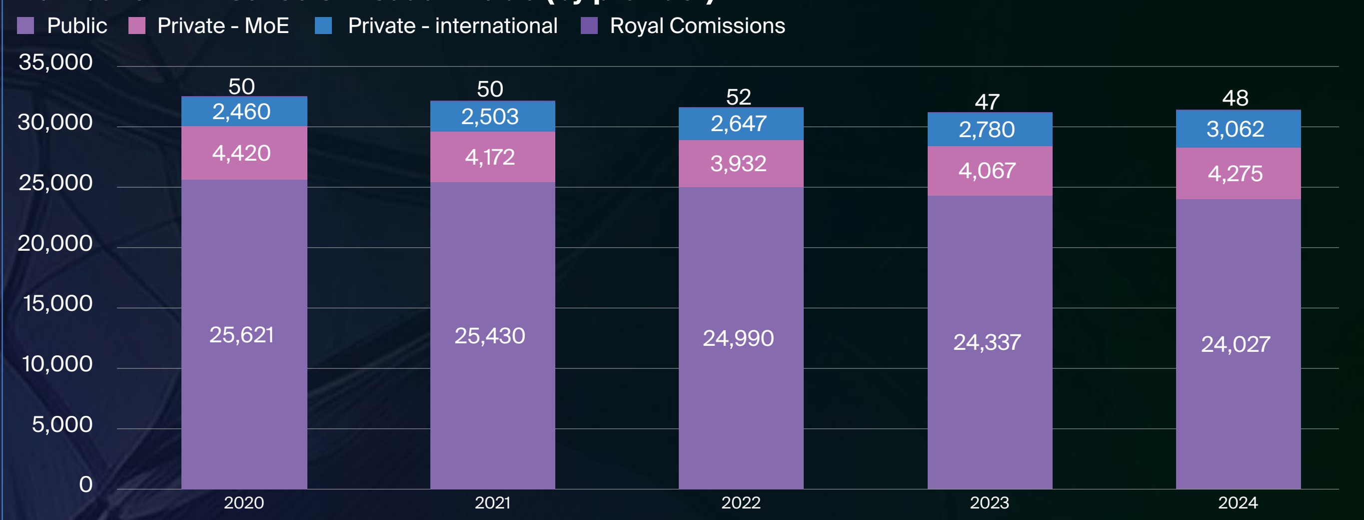
A total of 31,412 schools were operating in the Kingdom of Saudi Arabia in 2024, with the vast majority (76.5%) being operated by the public sector, with the remainder being privately owned. The number of private international schools has grown over the last five years, while those offering the MoE curriculum have declined, mirroring enrolment trends. The number of schools run and operated by the public sector has fallen as the government rationalises supply to improve efficiency and consolidate offerings.

Student enrolment at K-12 schools in the Kingdom (by provider)



Source: MoE

Number of K-12 schools in Saudi Arabia (by provider)



Note: The MoE recognises each school cycle as an individual school. For example, a K-12 school would be represented as four separate schools.

Source: MoE

NEED TO KNOW

Education development and reforms play a pivotal role within Vision 2030, as evidenced by substantial public sector budgetary allocations estimated at US$ 50.4bn in 2024 for education alone, which consistently features among the top three recipients of government expenditure.

The National Transformation Programme Reform recently allocated a further US$ 5bn towards the education sector. Initiatives include upgrading existing education infrastructure, modernising curricula, boosting teacher training, scaling digital learning infrastructure and integrating emerging disciplines such as AI, cybersecurity, tourism and hospitality, as well as fashion design into core subjects, with the goal of equipping young Saudis for a future knowledge-driven economy.

The Kingdom's youthful population continues to drive demand, with overall enrolment growing at a CAGR of 1.5% from 2020 to 2024. However, growth over the last five years has been mainly driven by demand for private schools offering international curricula, with enrolment growing at a CAGR of 4.1%, while enrolments at private-MOE curriculum schools have witnessed a decline, demonstrating a transition of preferences within the sector.

This shift has in part been underpinned by the growing expat population. Many expat families seek international schools, reinforcing the need for the development of private schools in key cities such as Riyadh, Jeddah and parts of the Eastern province. Indeed, we forecast the need for an additional 248,000 school places in private schools through to 2035.

Despite the clear demand, investors and school operators need to strategically navigate challenges such as land availability, rising development costs, sourcing and retaining experienced staff and competitive positioning.

Princess Nourah University, Riyadh

UNPICKING EDUCATION DEMAND

As noted above, around 24,000 schools across the Kingdom are privately owned and operated, with demand continuing to grow for private schools offering international curricula. K-12 schooling is the backbone of Saudi education, supported by strong demand. Our survey shows that a clear income-based divide separates government and private schooling preferences, reinforcing a segmented market. Early childhood education is emerging as a growth area, particularly among affluent households, for instance. Part of the focus of our 2025 Saudi Report seeks to evaluate factors that shape consumers' educational choices for their children, which we explore below.

Enrollment by education stage
Our survey results show that most children in Saudi households are concentrated in school-level education, with 62% of Saudi nationals and Saudi-based expats reporting that their children attend elementary, middle, or high school. This stage is especially prominent among mid-to-high income Saudi families, rising to nearly 80% among those earning SAR 60,000–70,000 per month.

Nursery and kindergarten enrolments, at 23% and 37% respectively, reveal an emerging trend. Affluent households are driving demand for early childhood education, with 71% of Saudi families who earn over SAR 80,000 per month with children enrolled in pre-school. This trend is likely to accelerate further, as participation of women in the workforce increases. Indeed, this has been one of the key success stories of Vision 2030 initiatives, with 63% of all Saudi nationals entering the workforce since 2019 being women.

University enrolment remains limited at 10% overall, although Saudi-based expats at 27% and the wealthiest Saudi-national households (monthly income: SAR 80,000+) at 21% show stronger representation, pointing to continued reliance on international study for the most affluent.

Government reforms, such as the Human Capability Development Program under Vision 2030, the establishment of Princess Nourah bint Abdulrahman University's new colleges, and the licensing of leading global institutions like the University of Birmingham and Prince Mohammed Bin Salman College's partnerships with international universities, are addressing this gap.

These reforms are complemented by the expansion of domestic universities and the opening of new international campuses in the Kingdom, designed to stem outflows of students seeking higher education.

Government vs. private schools
A key feature of our findings is the clear distinction between government and private schooling.

While public schools are free to all citizens and residents, historically, there has always been a clear bias towards private schools, with the perception of public schools playing a significant role in influencing parents' school selection decisions.

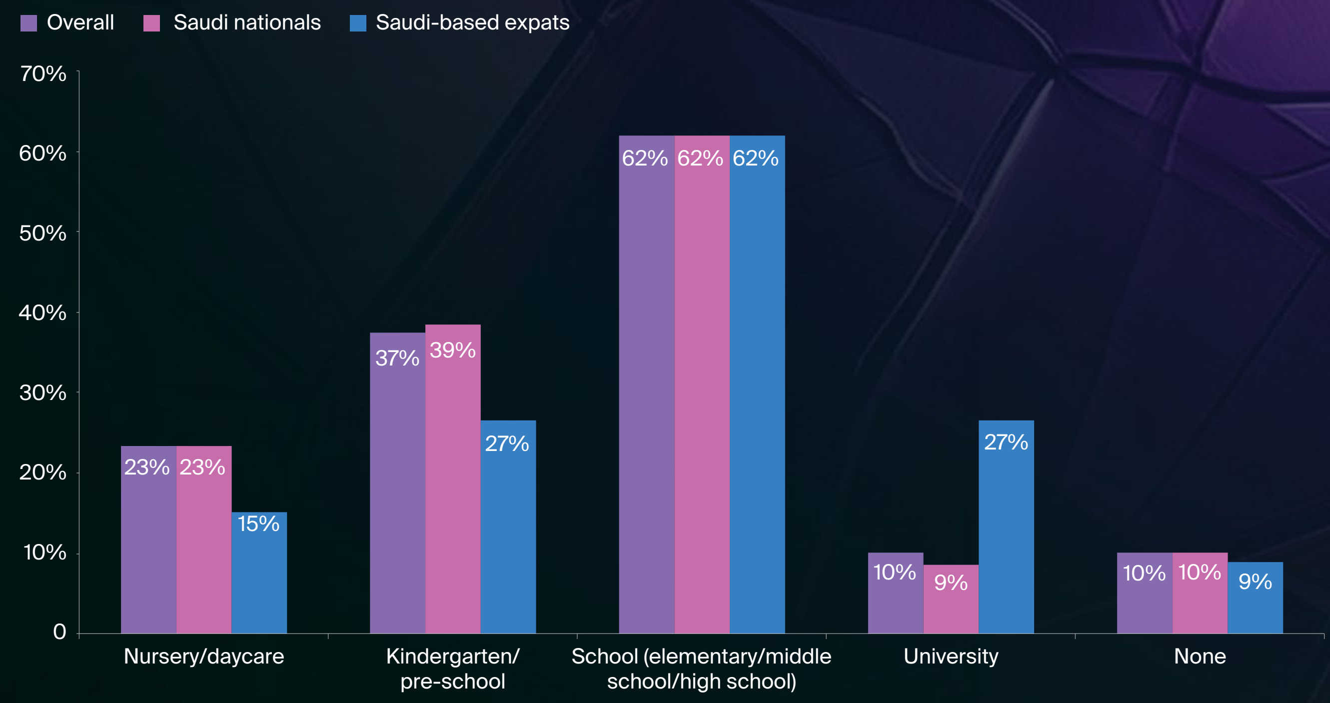
Despite this, the majority (55%) of our survey respondents reported their children attend government schools, mirroring the findings from our 2023 Saudi Report. This share rises to 62% among lower-to-middle income Saudi households (monthly income: SAR 10,000-30,000 per month), reflecting cost considerations.

By contrast, 45% of children overall are enrolled in private schools, with the share rising sharply among higher-income Saudis (up to 75% for those earning SAR 70,000+ per month) and reaching 68% among expats. This highlights how income levels and nationality shape school choice, with private schooling often strongly associated with the language of instruction, curriculum and perceptions of quality.

Impact of household size
Household size also shapes parents' schooling choices. Families with three or more children, for instance, rely heavily on government schools, with attendance reaching 84% in households with five or more children. Smaller families, with one or two children, show a more balanced profile, with 50% and 44%, respectively, opting for private schools, demonstrating greater willingness (and perhaps financial ability) to invest in their children's education.

Overall, our survey reflects a sector in transition. Government schools remain critical for widespread access, especially for Saudi nationals and those with large families, while private education providers are capturing rising demand from expatriates and wealthier Saudi nationals. With human capital development being one of the central pillars of Vision 2030, we believe opportunities lie in expanding the provision of early years facilities, as well as strengthening private schooling provisions.

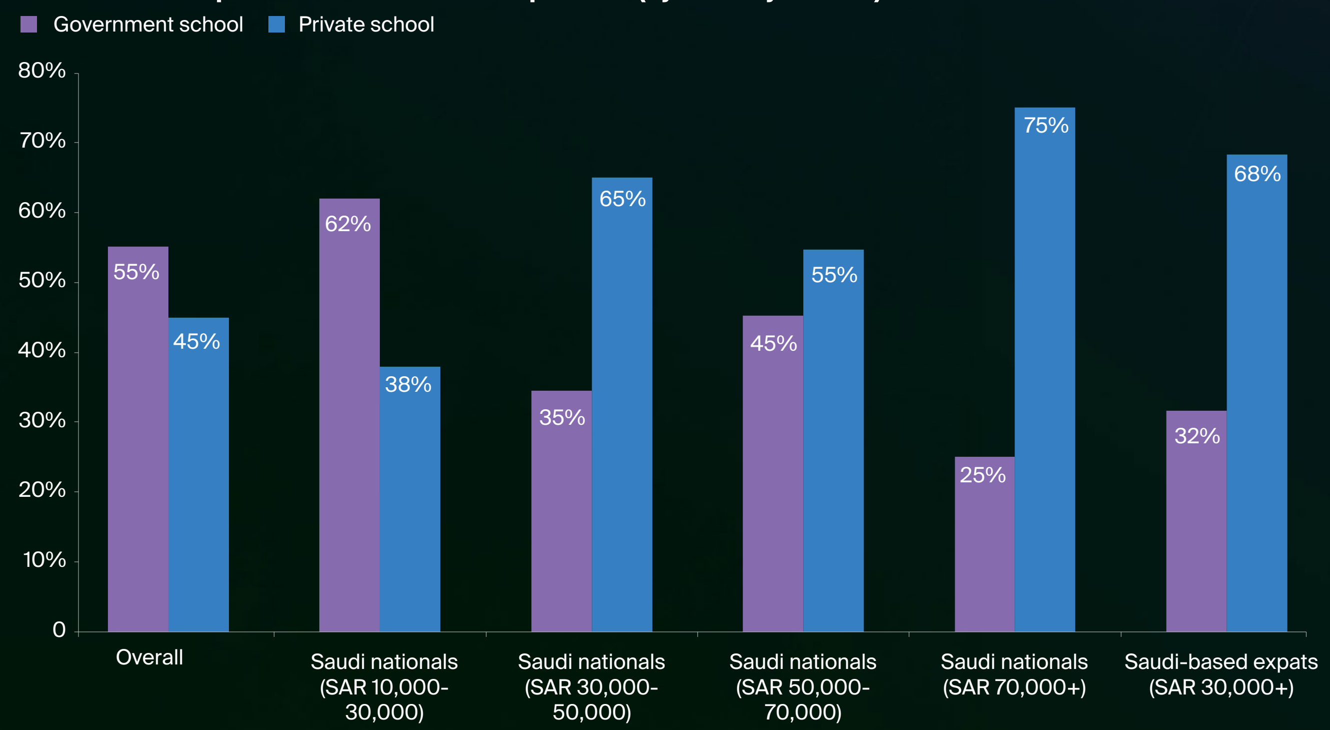
Enrollment by education stage



*Percentages reflect number of times each option was selected

Source: Knight Frank, YouGov

Government vs. private school enrollment patterns (by monthly income)



Source: Knight Frank, YouGov

UNPICKING EDUCATION DEMAND

Drivers of school choice
Parents' decisions about where to send their children to school are shaped by a balance of quality, cost and location.

The 'quality of education' is the leading consideration for parents when selecting schools, as cited by 66% of all our survey respondents. This figure climbs to 71% for Saudi nationals earning over SAR 70,000+ per month and 76% among Saudi nationals earning SAR 30,000–50,000 per month, suggesting that, irrespective of income profile, parents are (perhaps unsurprisingly) unwilling to compromise on the quality of their children's education.

Cost remains a concern for 43% overall, underscoring persistent affordability pressures. 'Location' influences the choice for 49% overall, with this importance reaching 66% among middle-income families (SAR 30,000–50,000 per month). This is less of a consideration for the highest earners, with 'location' being cited as the least important factor for those earning over SAR 70,000+ per month, for instance.

Affluent families
Beyond academics, affluent families are also more likely to consider the language of instruction and facilities. 'Language of instruction' is a strong driver for those earning above SAR 70,000+ per month (54%), reflecting demand for English and bilingual education. Similarly, while only 30% of respondents overall cite 'facilities and infrastructure' as a factor influencing school selection, this rises to 52% among those earning SAR 30,000–50,000 per month.

Factors influencing school choice (by monthly income)

	Overall	Saudi nationals (SAR 10,000-30,000)	Saudi nationals (SAR 30,000-50,000)	Saudi nationals (SAR 50,000-70,000)	Saudi nationals (SAR 70,000+)	Saudi-based expats (SAR 30,000+)
Cost	43%	43%	45%	41%	42%	45%
Location	49%	52%	66%	39%	42%	38%
Language of instruction	39%	38%	62%	32%	54%	43%
Quality of education	66%	65%	76%	68%	71%	62%
Quality of religious education	37%	38%	59%	31%	46%	23%
School culture	42%	42%	62%	47%	46%	25%
Facilities/ infrastructure	30%	30%	52%	33%	25%	20%

*Percentages reflect number of times each option was selected

Source: Knight Frank, YouGov

Waad Academy, Jeddah

CURRICULUM PREFERENCES AND HOUSEHOLD EDUCATION SPENDING

A growing preference for international curricula
Our research highlights a strong shift towards internationalised education, with a combination curriculum (National + British/American) dominating preferences (48%). This is up sharply from the 25% we reported in our 2023 Saudi Report.

The popularity of this option rises with income profiles. For example, over 63% of nationals earning SAR 30,000–50,000 per month and 61% of those earning SAR 50,000–70,000 per month favour this pathway, underlining a growing demand for hybrid systems that combine local grounding with international standards.

The national curriculum (Arabic) remains the second most common choice at 22% overall. International options such as the American curriculum (14%) and British curriculum (11%) continue to play an important role, especially among higher-income Saudi families. For instance, 22% of households earning SAR 70,000+ each month opt for the American and British systems. This suggests a clear appetite for globally recognised qualifications among affluent parents.

Household spending on education
38% of families spend between 10% and 20% of their household income on annual education costs. At the other end of the income spectrum, Saudi nationals on monthly incomes of SAR 10,000–30,000 are more restricted.

Around 9% spend less than 5% of their annual income on schooling for their children, reflecting limited financial flexibility and greater dependence on free public schools.

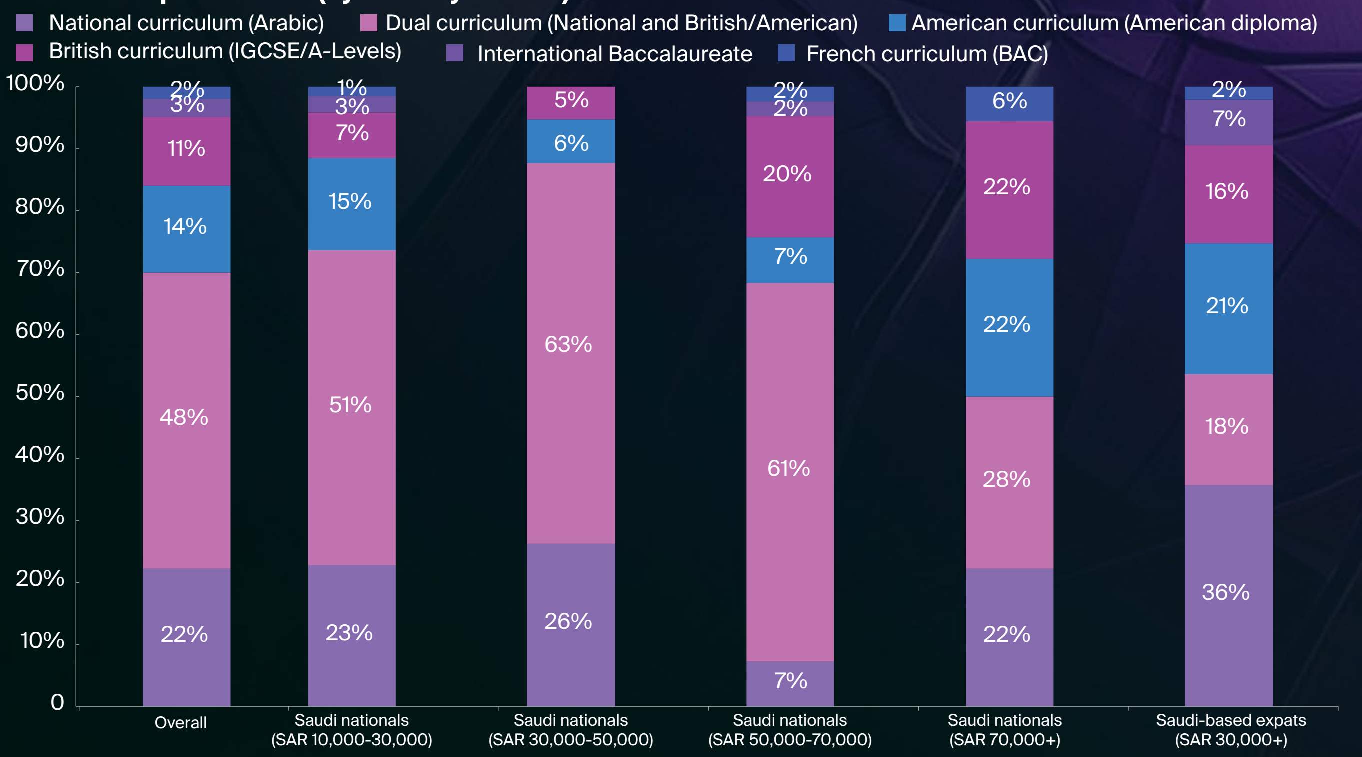
Expatriate households, reliant almost entirely on private and international schools, consistently dedicate a larger share of their income to education. Among expats earning SAR 30,000+ each month, the largest group (43%) spends 10%–20% of their annual income on education for their children. A further 26% allocate 20%–30%. This higher proportional spend highlights both limited access to government schools and a preference for internationally recognised curricula.

Our survey results highlight distinct differences in what Saudi and expatriate households perceive as 'reasonable annual school fees', with income levels acting as the strongest determinant of affordability. This underscores a two-tier system of affordability.

Middle-income Saudis and expatriates cluster in lower fee bands (SAR 15,000–30,000 per annum), often constrained by cost considerations or a reliance on public schools, while wealthier Saudi households are prepared to commit SAR 30,000–60,000 annually, particularly for high-school education. This bifurcation is shaping demand for both affordable private schools and premium international institutions.

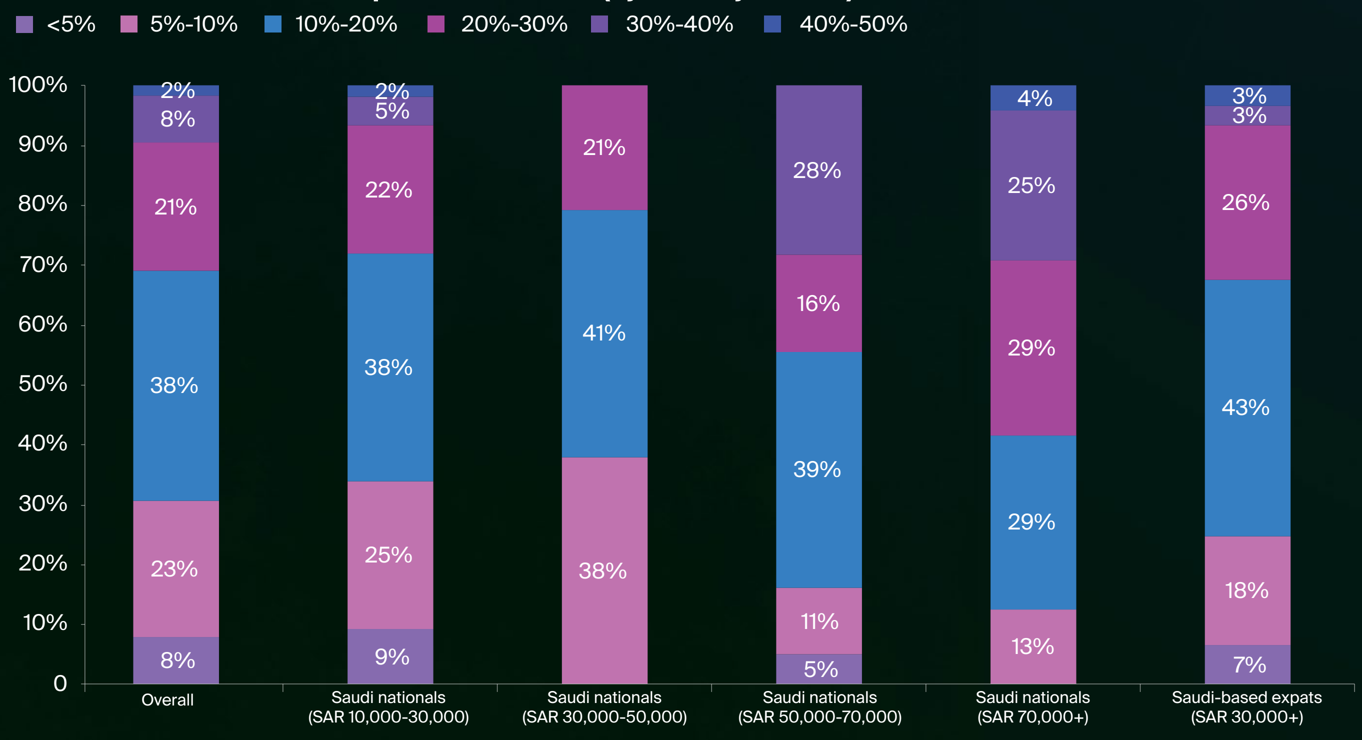
DISCOVER THE REPORT

Curriculum preferences (by monthly income)



Source: Knight Frank, YouGov

Share of household income spent on education (by monthly income)



Source: Knight Frank, YouGov

STUDENT MOBILITY

Our research has shown a clear divide between quality-driven motivations (education, curriculum, culture) and cost-related pressures when parents select schools in the Kingdom, reflecting the tension families face in balancing aspirations with affordability. Saudi-based expats appear to be more fluid in their decision-making, perhaps due to limited access to government schools. In contrast, Saudi nationals, particularly those in mid- to high-income brackets, are more likely to reassess schooling options when costs climb or higher-quality alternatives become available.

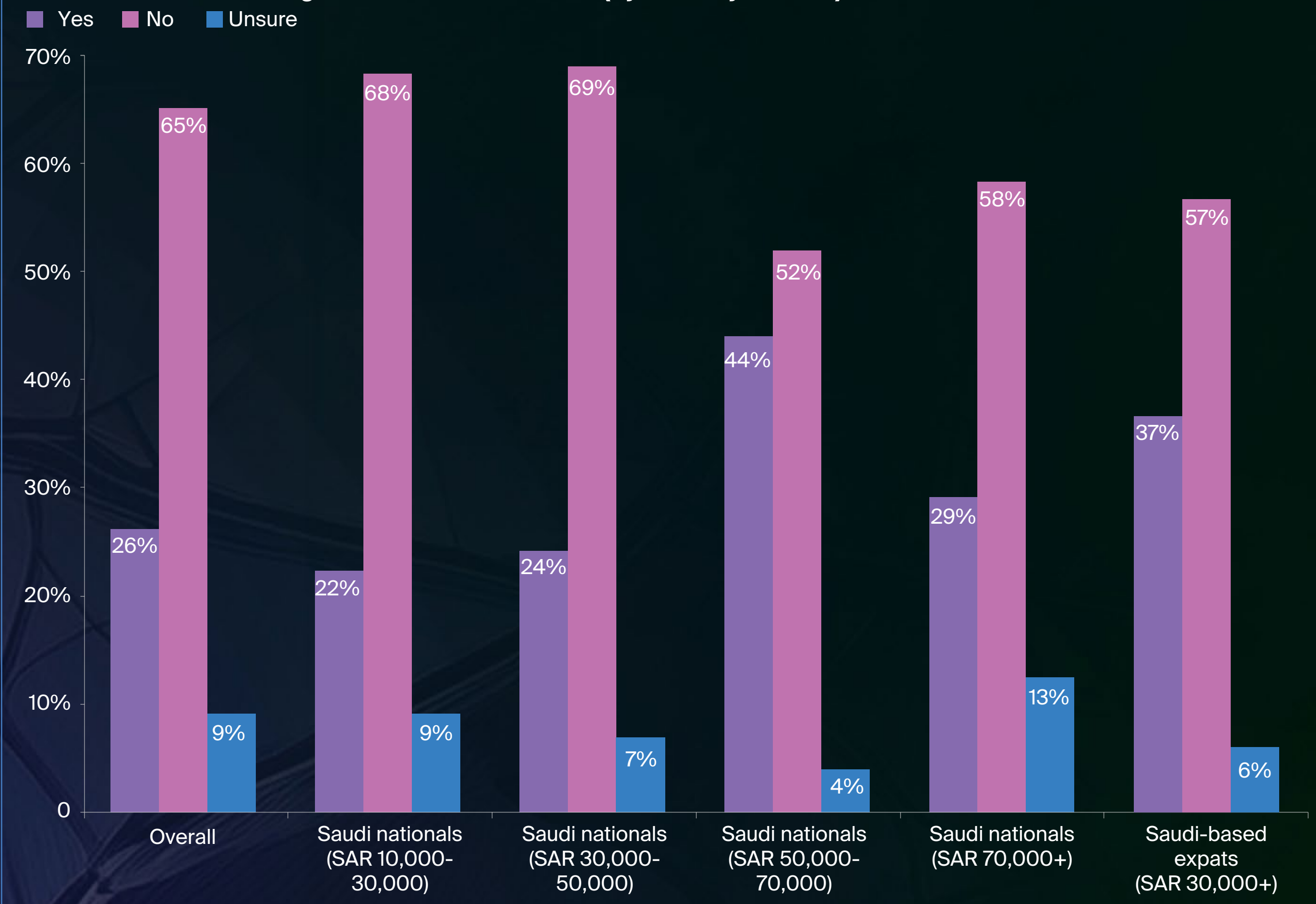
Parental intentions to move schools
Around one-quarter of families (26%) are actively considering moving their children to a different school, while nearly two-thirds (65%) say they are not. A further 9% remain undecided, reflecting a group that may be swayed by fee changes, academic outcomes, or new/better school openings.

Key factors influencing student mobility
For those parents considering a change, the 'quality of education' and teaching staff' is the top driver at 43% overall, highlighting that academic standards remain the strongest influencing criterion for parents. This is followed closely by a 'better curriculum' (36%).

At the same time, cost remains a decisive factor for 40% of families, particularly among middle- and higher-income Saudis who may already be stretching their budgets to access private schools. This indicates that price sensitivity is not necessarily limited to just lower-income groups.

Other factors cited include the 'school community and culture' (31%), often tied to concerns around safeguarding children and social integration, while the adequacy of facilities and extracurricular activities (24%) follows. The latter is often considered an important differentiator among premium schools. Location (27%) also plays a role, though it is secondary to academic and financial considerations, suggesting that families are willing to trade convenience for higher-quality options.

Parents' desire to change their children's school (by monthly income)



Source: Knight Frank, YouGov

Top considerations driving school transfers

Consideration	Overall	Saudi nationals	Saudi-based expats
Better quality of education/staff	43%	43%	41%
Better curriculum	36%	36%	32%
Better school facilities/extra-curricular activities	24%	25%	23%
Location	27%	27%	32%
Cost	40%	39%	45%
To be in the same school as other siblings	20%	22%	5%
Better school community	31%	28%	50%
Better school management	26%	25%	32%
Current school does not offer higher levels/grades of education	23%	26%	5%
Special needs better addressed elsewhere	18%	20%	9%
Change of curriculum - Saudi to international	17%	18%	14%
Change of curriculum - international to Saudi	21%	22%	9%

*Percentages reflect number of times each option was selected

Source: Knight Frank, YouGov

OPPORTUNITIES

OPPORTUNITIES

Through our unique research and analysis, in conjunction with the results of our consumer survey, we have been able to identify three groups of standout opportunities for the Kingdom's non-residential sectors.

1) WIDER RANGE OF HOTEL ACCOMMODATION OPTIONS AND LOCATIONS

Affordable options

Over a third of our respondents (44%) are prepared to spend a maximum of SAR 525 per night, which is somewhat misaligned with the planned supply in the Kingdom. Our estimates suggest that 75% of all new hotel supply in Saudi Arabia through to 2030 is likely to fall in the luxury category.

In fact, we forecast the proportion of hotel rooms likely to fall in the 3-star category to slip from the current 15% to 10%. It suggests, therefore, the opportunity to cater to the midscale and budget segments is likely to grow as the Kingdom realises its goal of boosting its total hotel room supply from 171,650 today to 530,000 by 2030.

The twin impact of this, we feel will be to not only broaden the Kingdom's international appeal to more budget-conscious travellers, but it will also cater to the domestic market. For now at least, the domestic market is the backbone of demand, noting that the bulk of Saudi nationals and Saudi-based expats (19%) are prepared to spend no more than SAR 250-350 per night on a hotel in the Kingdom when travelling around the country.

Develop secondary locations

Furthermore, while Riyadh and Jeddah are jointly ranked as the most popular domestic travel destinations for Saudi nationals and Saudi-based expats, we have noted that Abha, Taif, AlUla, Umluj and Jizan are named as popular domestic holiday destinations by Saudi nationals in particular.

By our estimates, 82% of the Kingdom's existing hotel room supply is located in Riyadh, Jeddah, the DMA, Makkah and Madinah, with just 18%, or 30,200 rooms, located elsewhere in the country. To us, this highlights an opportunity for further development of tourism and hospitality infrastructure in more remote and undeveloped locations, particularly given the unique geographic features and climatic conditions in these areas, which are already luring in tourists.

Indeed, after Riyadh, Jeddah, Dammam and Madinah, the busiest airports in the country are in secondary and tertiary cities, with Buraidah, Taif, Yanbu, Abha, Tabuk and Hail rounding off the top 10.

DISCOVER THE DATA

Our Habitas, AlUla

OPPORTUNITIES

2) HEALTHCARE PROVISIONS FOR A GROWING NATION

Elderly and post-acute care
The Kingdom's elderly population is projected to grow 2.4x by 2040, placing unprecedented pressure on existing healthcare infrastructure. Our analysis shows that 15%–20% of acute care beds are occupied by long-term care (LTC) patients, highlighting the unmet demand for this segment of the patient population.

The Ministry of Investment has already identified LTC as a national investment priority, while the Health Holding Company has announced plans to allocate dedicated LTC beds by converting lower-capacity hospitals into specialised LTC facilities. The market potential is significant with demand expected to reach 12,000 LTC beds by 2030 and 24,400 by 2040. And with current occupancy already exceeding 90%, there is both a clear opportunity and an urgency to expand the country's LTC capacity.

Longer-term, addressing the Kingdom's LTC needs also paves the way for the senior living sector. While still in its infancy in the Kingdom (and the wider region), the importance of the senior living sector is expected to rise as life expectancies climb and senior citizens seek lifestyle-driven communities that blend healthcare access with comfort, wellness, and social engagement.

Similarly, when it comes to encouraging elderly relatives to move into a senior living facility if one were nearby, half (50%) of our respondents say they would be in favour, while 29% are opposed. 14% don't have elderly family members. The willingness to encourage elderly family members into senior living developments is markedly higher among Saudis on high monthly incomes: 68% for those earning SAR 50,000–70,000, for instance. The same is true for those in favour of senior living developments. This hints at the potential for strong uptake in premium, well-located senior living developments, catering to higher-income households.

For developers and operators (both local and international), these results underscore the potential viability of integrating senior living into mixed-use masterplans, particularly in affluent urban centres such as Riyadh and Jeddah. High willingness among those with the deepest pockets hints at demand for premium, service-rich facilities.

Internationally branded medical facilities
Our survey insights point to a strong potential for premium, specialist-driven healthcare developments in Saudi Arabia, especially in Riyadh and Jeddah, where affluent nationals and expats exhibit high engagement with international medical services.

Expanding access to top-tier specialty care, wellness facilities, and advanced diagnostics domestically could help retain high-spending patients and curb outbound medical travel, particularly among insured and high-income groups. This could be achieved through partnering with internally renowned medical brands and facilities.

> **Expanding access to top-tier specialty care, wellness facilities, and advanced diagnostics domestically could help retain high-spending patients.**

My Clinic, Jeddah

OPPORTUNITIES

3) CAPITALISING ON A RAPIDLY EXPANDING RETAIL AND F&B MARKET

Integrating retail into residential communities
21% of expatriates said they shop online due to limited nearby retail or entertainment options.

Indeed, for the Kingdom's expatriates, convenience is the strongest motivator to shop online, with 51% highlighting the ability to shop anytime. Variety also plays an important role, with 48% appreciating wider product choice online.

While online shopping is booming in the Kingdom as it is elsewhere in the world, this hints at an opportunity to better integrate community and convenience retail into residential neighbourhoods and developments.

Riyadh's urban planning, for example, already appears to be trending in this direction. Authorities are working towards the creation of 15-minute walkable hubs, where commercial and recreational amenities are seamlessly integrated into residential communities. As we have previously noted, the average person can cover around 830 metres in 10 minutes (British Heart Foundation) – a useful benchmark for community planning, noting that this distance likely shortens during peak summer months.

Some developments, such as Diriyah Gate, are setting the tone for this transition by adopting a pedestrian-first culture, supported by underground parking and traffic-calming measures that limit surface-level vehicles. Yet, this also highlights the challenge for developers: building communities that encourage walkability in a market where a 'car culture' still dominates travel habits.

More widespread F&B clusters
For expatriates, location emerged as the second-most important consideration (38%) when choosing a restaurant or café, while menu variety was the most significant deciding factor (56%). The emergence of location as such a significant consideration hints at the need to create more F&B clusters in the Kingdom's largest cities. This would have the twin impact of improving accessibility while also potentially contributing to a reduction in car journeys and overall traffic levels.

Affordable and communal dining options
Our respondents' feedback also reveals that while Saudi Arabia's dining landscape has expanded rapidly, gaps remain in both affordability and experience. The most common call among Saudi nationals and Saudi-based expats is for more affordable dining options (28%), particularly among expatriates (32%). It highlights sensitivity to pricing in a market that has seen a surge of premium F&B openings in recent years.

Alongside affordability, respondents expressed strong interest in family-friendly restaurants (26%) and outdoor or waterfront dining venues (27%). These preferences reflect both the cultural importance of communal dining and the Kingdom's growing focus on lifestyle destinations.

Projects such as Promenade in Jeddah are already responding to the demand for waterfront experiences, while Solitaire Mall in Riyadh will incorporate outdoor dining concepts that cater to these expectations. Late-night dining was cited by 20% of those we interviewed as another missing component of the restaurant scene in the Kingdom. It perhaps reflects the late-night culture that has been spawned as a result of more pleasant weather conditions in the evenings throughout the year.

Food halls and communal dining attracted 18% of responses, themed or experiential concepts 17%, and authentic street food 16%, signalling opportunities for developers and operators to introduce more diverse and interactive formats.

Premium and fine dining accounted for 17% of responses and, while gaining traction among Saudi nationals, this segment remains less popular amongst expatriates, who tend to prioritise affordability and variety.

Overall, our findings indicate that the next phase of food and beverage growth in Saudi Arabia will need to balance value-driven offerings with immersive, lifestyle-oriented experiences that reflect both cultural traditions and global trends.

> “Authorities are working towards the creation of 15-minute walkable hubs.

Via Riyadh

THE HOUSE VIEW

EXPERT INSIGHT

SAUDI ARABIA'S REAL ESTATE OUTLOOK: NAVIGATING GROWTH ACROSS SECTORS

Saudi Arabia's real estate market is undergoing a defining transformation, driven by Vision 2030's ambition to diversify the economy and create world-class urban destinations. Across sectors, growth is being shaped by large-scale government investment, international partnerships, and rising private sector participation.

In the residential segment, demand continues to expand, underpinned by rapid population growth, domestic migration, and government-backed homeownership initiatives. This is complemented by a surge in lifestyle-oriented communities that integrate housing with retail, leisure, and green spaces, reflecting evolving consumer expectations.

The commercial office sector is equally dynamic. As Riyadh positions itself as a global business hub and attracts regional headquarters through favourable regulatory reforms, demand for premium office space is rising. Grade A office stock remains in particularly high demand, especially in prime locations, while sustainability and smart-building technologies are becoming central to development strategies and occupier requirements.

The retail and hospitality markets are also benefitting from Saudi Arabia's emergence as a tourism destination, with giga-projects such as NEOM, King Salman Park, AlUla, The Red Sea, and Diriyah setting new benchmarks for design, sustainability, and cultural authenticity. This momentum is being reinforced by a growing appetite for luxury brands, lifestyle experiences, and diversified entertainment options.

Elsewhere, in the industrial and logistics space, there has been rapid growth in demand and supply as the Kingdom strengthens its role as a regional trade and supply chain hub. Enhanced infrastructure, special economic zones, and e-commerce expansion are fuelling demand for modern warehousing and distribution centres.

Collectively, these trends point to a resilient and opportunity-rich real estate landscape. For investors and developers alike, Saudi Arabia offers a unique combination of scale, ambition, and long-term growth potential, making it one of the most compelling property markets globally.

> Sustainability and smart-building technologies are becoming central to development strategies and occupier requirements.

Contributor
Susan Amawi
General Manager, KSA

1364 shopping mall, Riyadh

EXPERT INSIGHT

POLICY SHIFTS ARE RESHAPING SAUDI REAL ESTATE: OWNERSHIP LAW, RENT FREEZE & WHITE-LAND TAX

Saudi Arabia's recent regulatory interventions mark a transformative shift in how the Kingdom governs its real estate market. Three measures in particular – the new Foreign Ownership Law, the five-year rent freeze (in Riyadh), and the strengthened White Land Tax regime – collectively recalibrate incentives, risks, and opportunities for investors, developers, landlords, and tenants alike, while directly addressing the rising affordability challenges in key markets like Riyadh.

Foreign Ownership Law: Introduced in July 2025, the new framework allows foreign individuals and companies to fully own property or acquire other real estate rights (such as long-term leases) in designated zones, subject to limits, registration requirements, and a transfer fee of up to 5%. This reform is expected to boost foreign capital inflows, particularly in rapidly expanding urban areas, while maintaining state control over sensitive regions such as Makkah and Madinah.

While an exciting move, we feel the demand from international buyers, at least initially, will stem from long-term expats who consider Saudi home. International buyers, we believe, will likely first focus their attention on the Holy Cities of Makkah and Madinah. Indeed, our 2024 Destination Saudi report revealed that 84% of global Muslim HNWI would like to own a home in either of the Holy Cities. The rationale for this demand was centred on religious and cultural reasons, rather than purchasing for investment, which likely is a result of the prestige associated with home ownership in one of Islam's holiest cities.

Rent Freeze: The Rental Provisions act introduced on 25 September 2025 marks another decisive intervention by the authorities to contain rising affordability challenges, especially in Riyadh. Given the population surge, underpinned by some 250,000 Saudi nationals migrating to the capital over the last 5 years, combined with the rising tide of expats moving to the city, rents have risen by 30%–40% over the past two to three years. The more exclusive northern districts have experienced even higher rent increases of around 50%–60% during the same period.

The new framework enforces a five-year rent freeze for both residential and commercial properties, within Riyadh's urban boundary, locking existing leases at their "gross rent" value as of the enforcement date. New contracts must be mutually agreed and will remain fixed throughout the freeze, with escalation clauses prohibited.

In the short to medium term, the freeze is expected to temper speculative and yield-driven investment. Institutional capital, typically drawn to predictable and rules-based markets, may adopt a more cautious stance amid heightened policy uncertainty.

Over the longer term, however, the rent freeze should stabilise rental inflation and enhance affordability for end users, particularly younger Saudis and first-time buyers, supporting the government's broader Vision 2030 home ownership agenda.

White Land Tax: The other major intervention by the authorities has been the increase in the White Land Tax from 2.5% to 10%. This move has been designed to mobilise idle land and unlock new housing supply. Anecdotally, a lot of land in big cities such as Riyadh is held in complex family ownership structures, which may delay its release to the market for development. However, the direction of travel from the authorities is clear: to unlock more housing.

With the recent decision to release land in the north of Riyadh for SAR 1,500 psm to individuals (via Tawazon), these measures and reforms aim to rebalance supply and demand, accelerate affordable housing delivery, and promote sustainable urban growth.

While Riyadh remains the testing ground for the rent freeze initiative, similar affordability pressures in Jeddah and Dammam could drive policymakers to consider selective provincial rollouts if these initiatives prove to have a stabilising effect in Riyadh.

Contributor
Harmen De Jong
Regional Partner - Head of Consulting, MENA

Contributor
Faisal Durrani
Partner - Head of Research, MENA

Riyadh

EXPERT INSIGHT

DELIVERING GIGA-PROJECTS: CHALLENGES AND OPPORTUNITIES IN EXECUTION

Delivering giga projects in Saudi Arabia presents both remarkable opportunities and significant challenges. As part of Vision 2030, the Kingdom has launched transformative developments such as NEOM, The Red Sea Project, Qiddiya and others, positioning itself as a global hub for tourism, technology, and sustainable living. These projects offer opportunities to diversify the economy away from oil, attract foreign investment, and create new jobs for Saudi citizens and expats. They also provide a platform for adopting cutting-edge technologies, integrating renewable energy solutions, and setting new global benchmarks in smart city development and sustainability.

However, executing giga projects of this scale is not without obstacles. One of the primary challenges lies in project management and coordination, as these developments involve complex supply chains, multiple international stakeholders, and tight delivery timelines.

Regulatory frameworks and land-use planning must also evolve quickly to accommodate the scale and ambition of these projects.

Moreover, the shortage of skilled labour in specialised fields such as sustainable design, advanced engineering, digital and complex construction poses a hurdle, necessitating extensive training and knowledge transfer programs. Another challenge is balancing rapid development with environmental stewardship, ensuring that progress does not compromise Saudi Arabia's unique ecosystems.

Despite these difficulties, the opportunities outweigh the risks. With strong government backing, strategic partnerships, and a clear national vision, Saudi Arabia is well-positioned to overcome challenges and transform its giga projects into global showcases of innovation.

Their successful delivery will not only redefine the Kingdom's economic landscape but also cement its place as a leader in future-focused urban development.

> “ The shortage of skilled labour in specialised fields such as sustainable design, advanced engineering, digital and complex construction poses a hurdle.

Contributor
Mohamed Nabil
Regional Partner - Head of Project & Development Services, MENA

King Abdullah Financial District, Riyadh

EXPERT INSIGHT

FOOD & BEVERAGE INDUSTRY AS A LIFESTYLE DRIVER IN SAUDI ARABIA

In recent years, Saudi Arabia has witnessed a remarkable transformation in the role of restaurants and cafés within its social and economic landscape. Once primarily viewed through the lens of necessity, dining has evolved into a central pillar of lifestyle, leisure, and cultural identity, becoming one of the Kingdom's most dynamic industries.

The change is closely aligned with Vision 2030, which emphasises diversification, tourism growth, and the development of vibrant urban destinations. F&B is no longer limited to food courts in malls, strip malls and hotels; it is shaping entire communities and developments, from waterfront promenades in Jeddah to mountain resorts in Aseer and giga-projects such as AlUla and Diriyah Gate.

These destinations recognise F&B as more than a commercial offer, it is a social anchor that fosters gathering, creativity, and cultural expression.

A new generation of Saudis with rising disposable incomes and global exposure seek diverse, experiential, and premium dining options. While international brands are entering the market, equally significant is the surge of local entrepreneurs and homegrown concepts, which resonate strongly with national pride and authenticity.

The result is a dynamic mix of fine dining, speciality cafés, competitive socialising venues and more recently, food halls that attract both residents and tourists.

Beyond consumption, F&B also drives real estate value and placemaking. Developments that integrate innovative balanced dining clusters and community-centric offerings are seeing higher footfall, longer dwell times, and stronger brand positioning.

As such, the F&B sector has become a lifestyle enabler and driver, shaping how Saudis and visitors interact with cities, leisure hubs, and each other.

> The F&B sector has become a lifestyle enabler and driver.

Contributor
Konstantinos Papadakis
Associate Partner - Food and Beverage Consultancy, MENA

A café in Riyadh

EXPERT INSIGHT

BASIC SOCIAL INFRASTRUCTURE CREATES LONG-TERM REAL ESTATE STABILITY

Healthcare and education assets act as anchors to real estate developments. Due to Vision 2030 and the subsequent cultural and economic reforms, demand is rising for high-quality education and healthcare, which is both affordable and well-located – preferably within walking distance.

Education and healthcare assets also help to drive up employment. To put this into perspective, a single school with 2,000 students, adjacent to a 100-bed hospital, has the potential to create 800-900 jobs.

Empirical studies suggest that employees at such facilities, such as doctors, nurses, teachers and school staff, prefer to live in close proximity to their places of employment, thereby driving up demand for housing in the immediate vicinity.

Careful planning is required around operator selection for healthcare and education assets, as well as the space and location allocated to these critical community facilities. Affordability is a key consideration for the above, if the private sector is to be incentivised to contribute.

The business case for the private sector to invest in healthcare and education is clear. In Riyadh, for instance, we have identified a hospital bed capacity gap of almost 15,300 beds (based on global average benchmarking) by 2040, and the incremental number of school places required in the K-12 space is circa 217,842 seats over the same time frame.

Social infrastructure assets, such as healthcare and education, if woven well within its ecosystem, will ensure the success of a mixed-use development by way of:

- Fostering a sense of community.
- Maintaining higher residential occupancy levels.
- Creating and adding value for residents through onsite healthcare and education facilities.

> “In Riyadh, we have identified a hospital bed capacity gap of almost 15,300 beds by 2040.

Contributor
Shehzad Jamal
Partner - Healthcare & Education Consulting, MENA

Dr Sulaiman Al Habib, Jeddah

EXPERT INSIGHT

INTEGRATION OF ENTERTAINMENT, F&B, AND EXPERIENTIAL FORMATS IN THE NEW AGE OF RETAIL

The retail landscape in Saudi Arabia is undergoing a fundamental shift, driven by changing consumer expectations and the Kingdom's ambitious 2030 transformation agenda. Traditional malls, built around pure shopping, are being reimagined as lifestyle destinations, where entertainment, food and beverage, and experiential concepts come together to create vibrant social ecosystems.

Saudi Arabia's youthful population is seeking more than transactional retail; they demand immersive and engaging experiences, as previously seen during their international travel, overseas education, or on social media.

This has accelerated the rise of integrated destinations where shopping is complemented by competitive socialising, next-gen entertainment, food halls, and integrated outdoor dining plazas. F&B in particular acts as the connective tissue, whether through casual cafés that extend dwell time, or premium dining clusters that anchor evening and weekend footfall.

Saudi developers are focusing on designing retail districts that blend shopping, entertainment, culture, and gastronomy into a single visitor journey. These projects recognise that F&B and entertainment are not ancillary but primary drivers of visitation and spending, offering reasons to return repeatedly.

The success of global benchmarks, from Hudson Yards in New York to the Dubai Mall with its adjacent Souk Al Bahar, has demonstrated that integrated formats deliver both stronger financial returns and elevated community engagement.

For Saudi developers, the new age of retail is about curating environments where shopping, dining, and leisure seamlessly intersect, encouraging longer visits, higher spend per visit, and a stronger emotional connection with places, ensuring revisits.

> **Saudi developers are focusing on designing retail districts that blend shopping, entertainment, culture, and gastronomy into a single visitor journey.**

Contributor
Jonathan Pagett
Partner – Head of Retail Advisory, MENA

Jeddah Park mall

EXPERT INSIGHT

THE ROLE OF MIXED-USE PLANNING IN SAUDI ARABIA'S RAPID URBANISATION

Mixed-use planning is taking on greater importance in Saudi Arabia's urban development, not simply as a design choice, but as a way of shaping the identity and functionality of developments and districts therein. As the Kingdom accelerates the delivery of new neighbourhoods and cities, mixed-use projects provide a way of ensuring that this growth results in liveable places. By clustering housing, workplaces, services, and amenities, they create neighbourhoods that are convenient and desirable, and that function more effectively as part of the wider urban fabric.

The economic and social case for mixed-use planning is equally clear. Mixed-use schemes support retail, hospitality, healthcare and education, extending their impact well beyond housing. They also generate employment and attract investment across multiple sectors.

Global success stories such as Barcelona's Superblocks, Dubai's mixed-use Downtown and waterfront districts, and Singapore's transport-linked hubs show how integrated planning can improve liveability, support city growth, and enhance efficiency. Together, these cases highlight what is possible when integrating mixed-use schemes into cities. That said, the challenge lies in balancing these benefits against the costs.

Delivering mixed-use projects requires significant upfront investment not only in infrastructure and public space, but also in developing anchor components such as retail, hospitality or cultural/recreational facilities that draw in residents, visitors, and businesses. These anchors are essential to creating the critical mass that makes a mixed-use project viable, but they add to the overall financial burden. The long-term cost of maintaining shared amenities and public realm adds to this challenge, particularly in a market where community service charges are still new and the willingness to pay remains uncertain.

For mixed-use planning to succeed, delivery models will need to balance ambition with financial sustainability, ensuring that the cost of anchors and infrastructure does not outpace end-user appetite.

While mixed-use developments are not a single solution to urban growth challenges, they do provide a framework that can make new districts in Saudi cities more liveable and commercially resilient. However, long-term success will depend less on adopting global templates and more on adapting them to local expectations and market realities.

Key takeaways:

- **Integrated growth driver:** Mixed-use projects cluster residential, commercial, and leisure functions to create vibrant, self-sustaining districts that enhance liveability and urban efficiency.
- **Catalyst for diversification:** By supporting retail, hospitality, education, and healthcare sectors, mixed-use schemes stimulate local economies, generate employment, and attract private investment.
- **Implementation challenge:** High upfront costs in infrastructure, public realm, and anchor components, combined with evolving community fee frameworks, demand financially sustainable delivery models.
- **Localisation is key:** The long-term success of mixed-use districts depends on tailoring global best practices to Saudi Arabia's market realities, social expectations, and climatic context.

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Nakheel district, Riyadh

EXPERT INSIGHT

THE FUTURE OF TOURISM & LEISURE

Saudi Arabia's tourism and leisure sector stands at the brink of a historic transformation. With an audacious target to welcome 150 million visitors, both domestic and international, by 2030, the Kingdom is not just diversifying its economy, it is redefining the global tourism landscape.

In the first quarter of 2025 alone, international visitor spending surged to SAR 49.4bn, marking a 9.7% rise year-on-year, while total tourism spending reached SAR 284bn, reflecting an annual increase of 11%. Such momentum signals not only a rebound, but a recalibration; one driven by high-value travellers, experiential offerings, and world-class hospitality assets emerging across the Kingdom.

Mega-destinations such as The Red Sea, AlUla, and AMAALA are now materialising from visionary blueprints into tangible luxury escapes. The Red Sea's first resorts and international airport are operational, forming the initial wave of over 3,000 keys that will anchor Saudi's position as a global luxury and regenerative tourism hub. These developments, underpinned by tremendous infrastructure investment and sustainable design, reflect a strategic focus on both volume and value.

Behind this surge lies a workforce of nearly one million tourism employees. Saudisation is now at 25%, a promising sign of the sector's power to create meaningful local employment.

Yet challenges remain. Sustaining growth at this scale demands continuous workforce upskilling, enhanced domestic and international air connectivity, and steady investor confidence amid global economic headwinds.

Still, Saudi Arabia's trajectory remains remarkable. By blending heritage tourism, pilgrimage innovation, and modern leisure experiences, the Kingdom is crafting a multifaceted tourism identity – one where luxury meets authenticity and ambition meets execution.

> By blending heritage tourism, pilgrimage innovation, and modern leisure experiences, the Kingdom is crafting a multifaceted tourism identity.

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EXPERT INSIGHT

HOTEL DEVELOPMENT VALUATIONS – THE BALANCE BETWEEN COST AND VALUE

One of the defining challenges in valuing hotel development projects within Saudi Arabia is the widening gap between development costs and Market Value. These two important metrics to prove viability of the hotel at the development stage are currently at very similar levels. Value should be significantly higher than cost to have a positive project NPV and land value but in many cases this is difficult to achieve.

Development costs

Development costs in the Middle East are rising fast and particularly in the Kingdom. This is largely the result of cost pressures in influenced by the scale, complexity and timing of major developments, particularly the giga projects. High inflation, driven by demand for raw materials such as steel and glass as well as wider geopolitical disruptions, has placed further pressure on construction budgets.

Market value

Ultimately, future hotel performance is the key driver of value as we use a Discounted Cash Flow (DCF) with 10 years of projected performance. The Market Value of a hotel is underpinned by projected income and profitability, which depends on future market conditions, incoming supply, and anticipated growth in demand and visitation. Value does not equal cost!

While performance weakened in the years leading up to 2019, recovery since the pandemic has been strong, with markets such as Riyadh achieving record highs. However, the pace of further performance growth is being constrained by the following factors:

1. Emergence and maturation of tourism demand from international source markets will take time.
2. Significant new supply in the pipeline
3. Lower investor sentiment in comparison to established markets such as Dubai.

The above factors limit value while at the same time costs are growing at a far greater rate than performance.

Residual Land Value (RLV)

Residual Land Value (RLV) represents the amount a developer can afford to pay for land after accounting for all development costs and the expected value of the completed project. In other words, it is the Net Present Value (NPV) of the project. In many hotel development projects, RLVs are negative.

The mechanics of discounting mean that while development costs are incurred early in the development process and are not discounted much, the Market Value on completion (the GDV) is realised far later in the project timeline and is therefore subject to more discounting as it is receivable after the development period.

Where GDV fails to exceed total development cost, when discounted it is insufficient to offset expenditure, this leads to negative RLVs. Conversely, high land values (which have been at or close to record highs in major cities in the Kingdom, especially in strategic or prime locations), have led to a discrepancy between project RLVs and land values.

Positivity

Positive RLVs, however, can still be achievable where the development concept captures unmet market demand or creates stronger revenue potential through the following examples:

1. Integrating branded residences or serviced apartments alongside hotel components to enhance overall capital value and profitability
2. Aligning the product mix with evolving tourism demand, location dynamics, and operator positioning can materially improve value outcomes.

This highlights the importance of obtaining the right market and valuation advice early in the development process to ensure that concepts are commercially viable when the hotel opens.

Nevertheless, the long-term outlook for the hospitality sector remains very positive. Strengthening demand fundamentals, coupled with Saudi Arabia's ambition to position itself alongside established regional markets such as the UAE, are already beginning to influence investor sentiment. A handful of prime transactions in the past 18 months have helped shape yield expectations and signal improving confidence.

In this context, undertaking valuations on a regular basis is vital. Frequent reassessments allow developers, lenders, and stakeholders to monitor how projects are tracking against market realities, benchmark their returns against evolving supply and demand dynamics, and adjust their investment strategies accordingly.

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EXPERT INSIGHT

THE RISING IMPORTANCE OF GREEN BUILDING CERTIFICATIONS ACROSS SAUDI ARABIA

As Saudi Arabia's real estate landscape evolves under Vision 2030, sustainability has become a defining measure of progress and long-term value. Green building certifications such as LEED, BREEAM, and Mostadam are no longer optional; they are reshaping how developers design, investors assess, and occupiers select their spaces.

We are seeing a decisive shift toward developments aligned with international ESG frameworks. Certification provides more than compliance; it signals credibility, transparency, and commitment, giving investors and occupiers the confidence that assets meet globally recognised standards.

However, achieving certification is only the starting point. When embedded early in the design process, sustainability becomes a core driver of resilience, performance, and asset longevity. Certified projects consistently demonstrate lower operating costs, enhanced tenant satisfaction, and stronger financial returns, all while mitigating the future risk of stranded assets as regulations tighten under Vision 2030 and the Saudi Green Initiative.

A key evolution in this space is the rise of green leasing frameworks, which enable landlords and occupiers to work collaboratively on their ESG objectives. Green leasing not only allows for greater differentiation and clearer communication of a building's sustainability credentials but also ensures ESG resilience is actively maintained beyond completion. It represents a shift from simply ticking boxes to building genuine, ongoing partnerships between owners and occupiers.

Our ESG team is supporting this transition by working with developers and landlords across Saudi Arabia to create tailored green leasing toolkits and frameworks, while partnering with international occupiers to develop and align their sustainability requirements for their global offices. The result is a new generation of resilient, premium, and future ready assets that truly embody Saudi Arabia's sustainability ambition and we are proud to be at the leading edge of this transition.

> A key evolution is the rise of green leasing frameworks, which enable landlords and occupiers to work collaboratively on their ESG objectives.

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Partner – Head of ESG, MEA

SNB Tower in KAFD, Riyadh - the world's largest LEED Platinum-certified business district

THE SAUDI REPORT PART TWO: NUMBERS YOU NEED TO KNOW

ECONOMIC RESILIENCE

+3.9%
real GDP growth in Q2 2025, with non-oil activity up 4.7% y/y as diversification gains traction.

6.1%
tourism expenditure as a share of GDP in 2024, surpassing pre-COVID-19 levels.

US$ 196bn
awarded in contracts since 2016.

HOSPITALITY & DOMESTIC TOURISM

74%
of visitors in 2024 were domestic, with 67% of residents travelling at least quarterly within the Kingdom.

116 million
a total of 29.7 million international and 86.2 million domestic tourists were recorded in 2024.

48%
of travelers choose hotels for domestic trips, and 83% prefer 4–5 star properties.

Hotel facilities in demand
on-site restaurants (50%), views (48%), bigger/multi-bed rooms (40%).

RETAIL & F&B

US$ 4.7bn
SEVEN's nationwide entertainment rollout spans 12+ cities, with projects totalling with 570,000 sqm.

SAR 99bn
spent in restaurants and cafés in Q1 2025, accounting for 29% of POS transactions.

43%
of Saudi nationals and Saudi-based expats dine-out or visit cafés several times a week.

33%
of shoppers now use Buy Now, Pay Later (BNPL) services.

HEALTHCARE & EDUCATION

4.8%
healthcare's contribution to GDP, vs. 5%–12.5% globally, signals opportunities for private-sector expansion.

83%
children in Saudi Arabia attend public schools, while 17% are enrolled in private institutions (MoE).

47%
of residents prefer private hospitals for elective care, valuing speed and quality.

1.9 hospital beds per 1,000 people
vs. 2.9 global average, highlighting the potential for healthcare infrastructure expansion.

31,412 schools operate nationwide
including 24,000 privately owned, educating 6.7 million students across the Kingdom in 2024.

Source: Knight Frank, YouGov, MEED Projects

EXPLORE THE SAUDI REPORT 2025

ANALYSIS

INSIGHTS

DATA

knightfrank.com.sa/en/thesaudireport

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