Saudi Arabia Retail Market Overview

Summer 2026

A biannual review of key trends and the performance of Saudi Arabia's retail market

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MARKET ROUNDUP

An industrial powerhouse in the making

Saudi Arabia's retail market maintained positive momentum in 2025, supported by rising consumer spending and the rapid adoption of digital payment methods. Spending through official payment channels, comprising point-of-sale (POS) transactions, cash withdrawals and e-commerce purchases using mada cards, increased by 10.7% to SAR 1.57 trillion (US$ 419bn), up from SAR 1.42 trillion (US$ 378bn) in 2024.

POS transactions increased by 5.8% to SAR 707.1bn (US$ 189bn), while mada e-commerce spending surged by 64.7% to SAR 325.2bn (US$ 87bn). Conversely, cash withdrawals declined by 2.7% to SAR 537.6bn (US$ 143bn), highlighting the continuing shift away from cash.

This momentum continued into Q1 2026, when spending across the three channels increased by 6.8% year-on-year to SAR 425bn (US$ 113bn). E-commerce transactions rose by 41.9% to SAR 98.4bn, while POS spending increased by 4.4% to SAR 189.7bn. Cash withdrawals declined by 6.9% to SAR 136.8bn.

Discretionary categories lead retail growth

Spending patterns indicate particularly strong demand across several discretionary categories. Jewellery recorded the highest annual increase in POS transactions during Q1 2026, rising by 47.0%, followed by clothing and accessories at 25.9% and telecommunications at 23.0%.

However, performance varied across the consumer economy. Commercial and professional services recorded a 36.2% decline in POS spending, while healthcare and construction and building materials contracted by 12.9% and 8.1%, respectively.

Saudi Arabia's wider economy expanded by 3.0% year-on-year in Q1 2026, supported by growth of 2.9% in non-oil activities. Inflation remained contained at 1.8%, following an annual rate of 2.0% in 2025. Despite weaker business sentiment amid regional geopolitical uncertainty, consumer spending remained resilient and increasingly concentrated across digital channels.

Health-led F&B concepts gain momentum

Saudi Arabia's F&B landscape is evolving, with health-led dining concepts gaining stronger traction across major cities including Riyadh, Jeddah and Dammam. Concepts such as Humbly and Off The Earth reflect a broader shift in consumer preferences toward lighter, fresher and more lifestyle-oriented dining options, particularly among younger, urban and wellness-conscious consumers.

For retail destinations, this trend presents an opportunity to diversify the tenant mix beyond conventional cafés and fast-casual operators. Health-focused F&B concepts can support repeat visitation, extend dwell times and strengthen the overall positioning of retail environments as lifestyle-led destinations.

Drive-thru F&B formats expand across the Kingdom

Saudi Arabia's F&B market is witnessing growing demand for drive-thru restaurant and café formats, driven by convenience-led consumer behaviour, high car dependency and the increasing need for quick, accessible dining options. This trend is becoming more visible across major cities, where both international and local operators are expanding compact, road-facing formats to capture on-the-go customers.

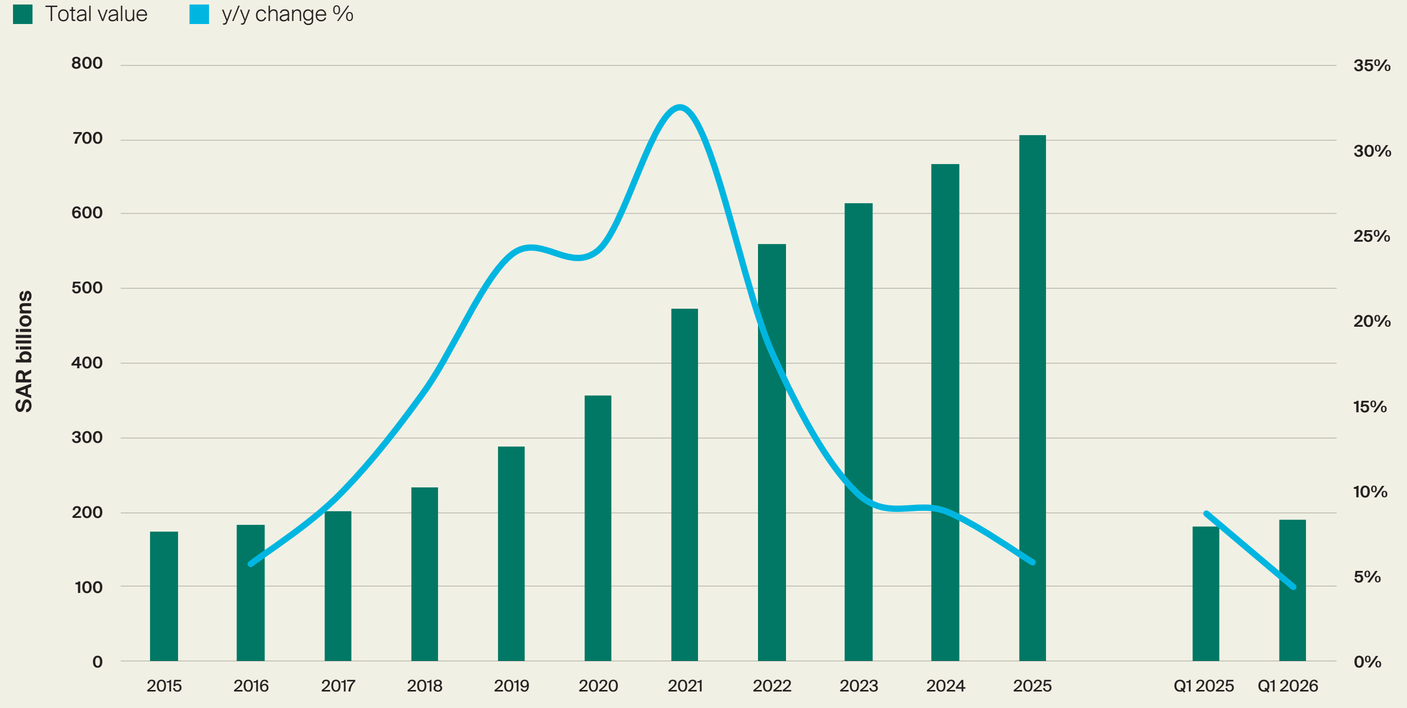
For retail destinations and standalone developments, drive-thru concepts offer a strong opportunity to activate underutilised frontage, improve site visibility and generate additional footfall beyond traditional dine-in demand. These formats are particularly effective in high-traffic corridors, residential catchments and mixed-use districts, where speed, accessibility and convenience are key drivers of consumer choice.

Digitalisation reshapes consumer behaviour

Electronic payments accounted for 85% of retail payments in 2025, up from 79% in 2024 and 70% in 2023. The number of electronic transactions increased by 16% from 12.6 billion in 2024 to 14.6 billion in 2025, reflecting the growing role of digital payments in everyday consumer activity.

> Saudi Arabia's retail market is shifting toward more curated, digital and convenience-led experiences, supported by resilient consumer demand and an evolving F&B landscape.

Point of sales transactions



Source: Knight Frank, SAMA

RIYADH

Rising rents and occupancy rates

Riyadh's retail market continued to perform strongly in H1 2026, with prime regional and super-regional malls driving rental growth. Average rents have risen by 1.2% over the last 12 months, between H1 2025 and H1 2026, and stood at SAR 2,650 psm. Meanwhile, citywide retail occupancy remained stable at 91%, reflecting a zero percentage point year-on-year change, while vacancy stood at 9%, supported by sustained demand in flagship destinations such as Riyadh Park and Al Nakheel Mall.

These locations benefit from high foot traffic, a diverse mix of tenants, and integrated entertainment offerings, including cinemas and family-oriented attractions.

Retail supply expands

Riyadh continues to cement its position as the Kingdom's primary retail hub, with substantial additions to its retail landscape in 2026. The city's total retail supply reached 4.185 million sqm during H1, driven in part by the opening of major projects such as Rawajeh Azal (84,000), which introduced a blend of upscale retail and leisure experiences.

Looking ahead, approximately 795,000 sqm of new retail space is scheduled to open in 2026, bringing total stock to an expected 5.0 million sqm by the end of 2026, reflecting a 19% increase from H1 2026 levels.

Rent freeze effects

The rent freeze has given Riyadh's retail occupiers greater cost certainty, helping protect margins and support tenant retention after a period of sharp rental growth. For retailers already operating in established malls, strip retail and high-footfall locations, the policy reduces the risk of sudden rental increases at renewal and makes it easier to plan staffing, inventory and store-level investment.

At the same time, it has limited landlords' ability to reprice existing units, creating a more divided market between capped older space and new retail supply that can still command market rents. As a result, landlords with newly delivered or never-before-leased units are likely to remain better positioned to capture rental upside, while owners of existing leased stock may focus more on maintaining occupancy and securing strong tenants.

F&B sector remains a key growth driver

The food and beverage segment continues to strengthen its role as a key driver of retail performance. SAMA data shows that F&B remained one of the strongest POS categories nationally in 2025, while Riyadh continued to lead city-level POS spending overall.

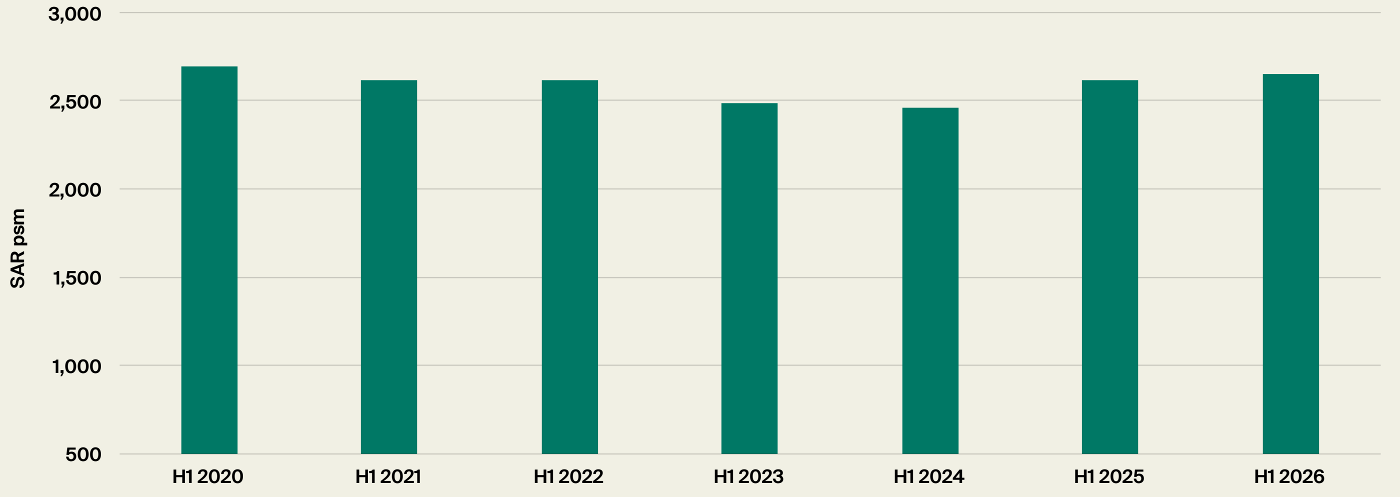
Upcoming retail developments in Riyadh

Mall name	Location	Type	GLA (sqm)
The Avenues Riyadh	Al Malqa	Super-regional mall	400,000
Jawharat Riyadh	Al Raed	Super-regional mall	185,000
Murcia Mall	Khuzam	Super-regional mall	180,000
The 25 Mall Complex	Al Mohammadiyyah	Regional mall	56,100
Khuzam Valley Strip Mall	Khuzam	Neighbourhood centre	9,500

Source: Knight Frank, MEED Projects

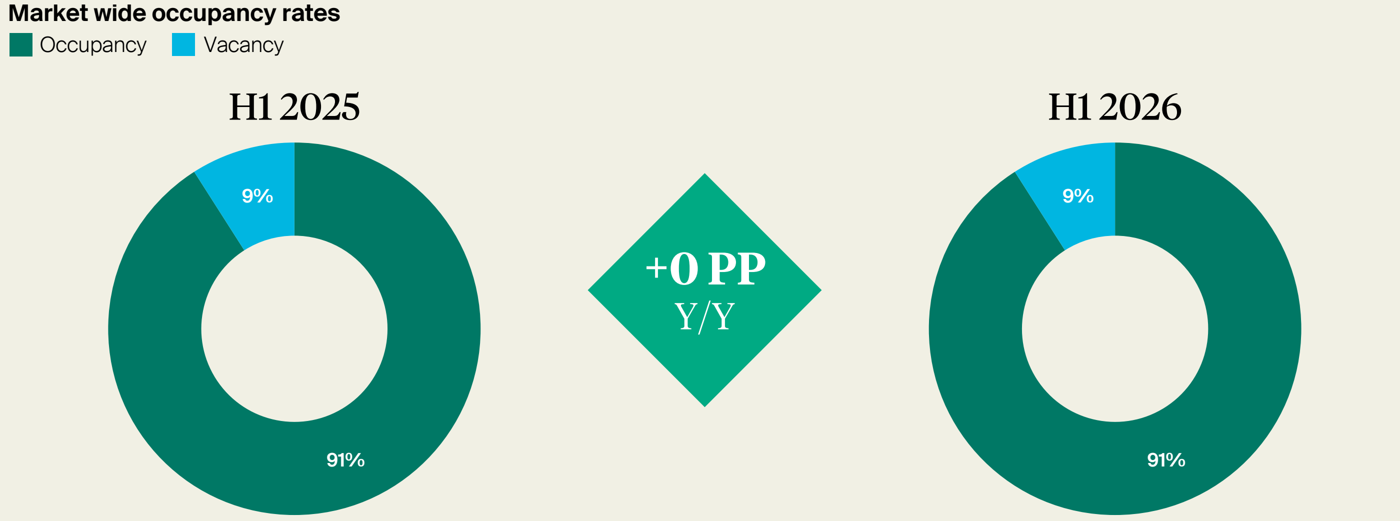
MARKET PERFORMANCE INDICATORS

Regional and super regional malls lease rates - H1 2026



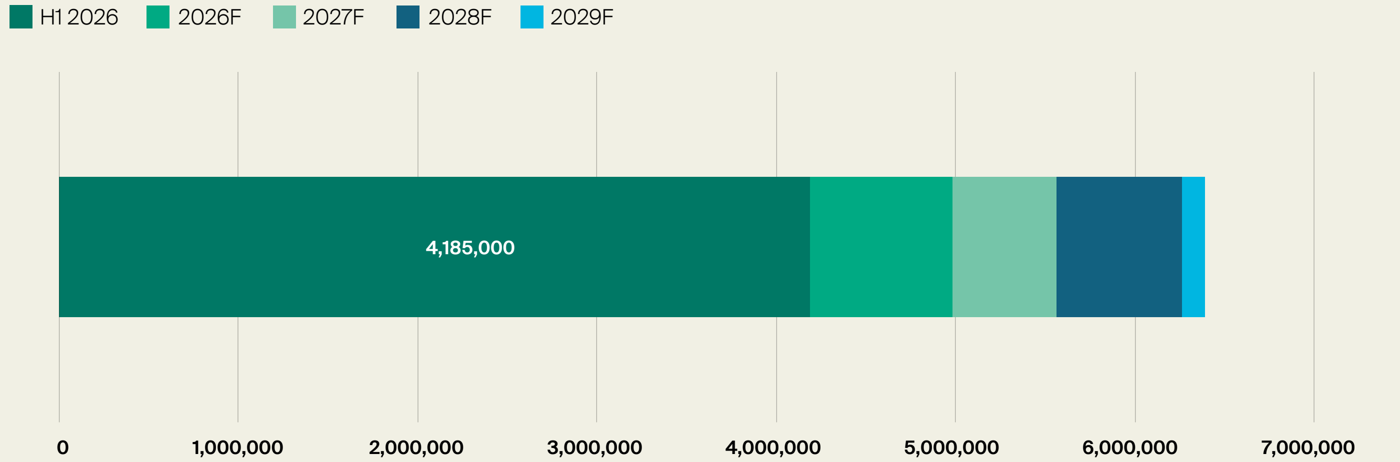
Source: tomtom

Market wide occupancy rates



Source: Knight Frank

Retail supply and forecast



Source: Knight Frank

JEDDAH

Rising supply

Jeddah's retail market saw notable expansion over the past year, with approximately 164,000 sqm of new retail space delivered in 2025. Major completions included Phase 1 of Souq 7 and Al Bahr Mall, which together contributed around 170,000 sqm, pushing the city's total retail stock to 2.98 million sqm.

These developments introduced a diverse mix of offerings, from luxury boutiques and international brands to distinctive local concepts like Homegrown Market in Al Rawdah, which showcases Saudi designers and independent labels, adding vibrancy and depth to the city's retail landscape.

Rental trends and occupancy

Over the past 12 months, headline rents have shown slight softening. Regional and super-regional malls recorded a decrease of around 2%, averaging SAR 2,630 psm in H1 2026. Overall occupancy increased by 1 percentage point to 88%, while vacancy declined to 12%, reflecting continued demand for well-positioned retail destinations and newer, experience-focused retail formats.

Upcoming supply and the rise of luxury retail

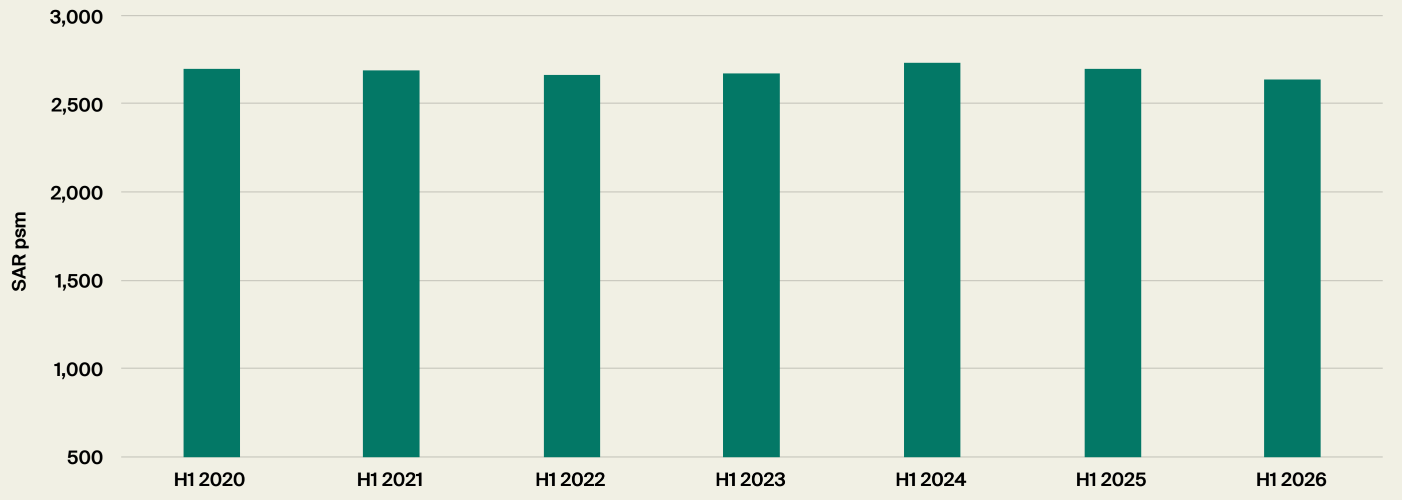
Looking ahead, Jeddah's retail footprint is expected to grow by an additional 245,000 sqm by 2026, contingent on construction progress.

The city's luxury segment is also set to expand significantly with the launch of high-profile projects. Jawharat Mall by Cenomi Centers will bring 87,000 sqm by the end of 2026. Targeting LEED Gold certification, the US$ 235 million development will include over 300 premium outlets, valet parking, personal shopping services, VIP lounges, and a full-scale hypermarket.

In parallel, The Cove by Ezdihar, located along Jeddah's waterfront Corniche, will deliver 70,000 sqm as part of a 127,000 sqm lifestyle destination. The project will feature more than 200 stores, a wide array of dining options, a cinema, and a marina with scenic views of the Formula 1 circuit, reinforcing Jeddah's position as a rising luxury and leisure hub.

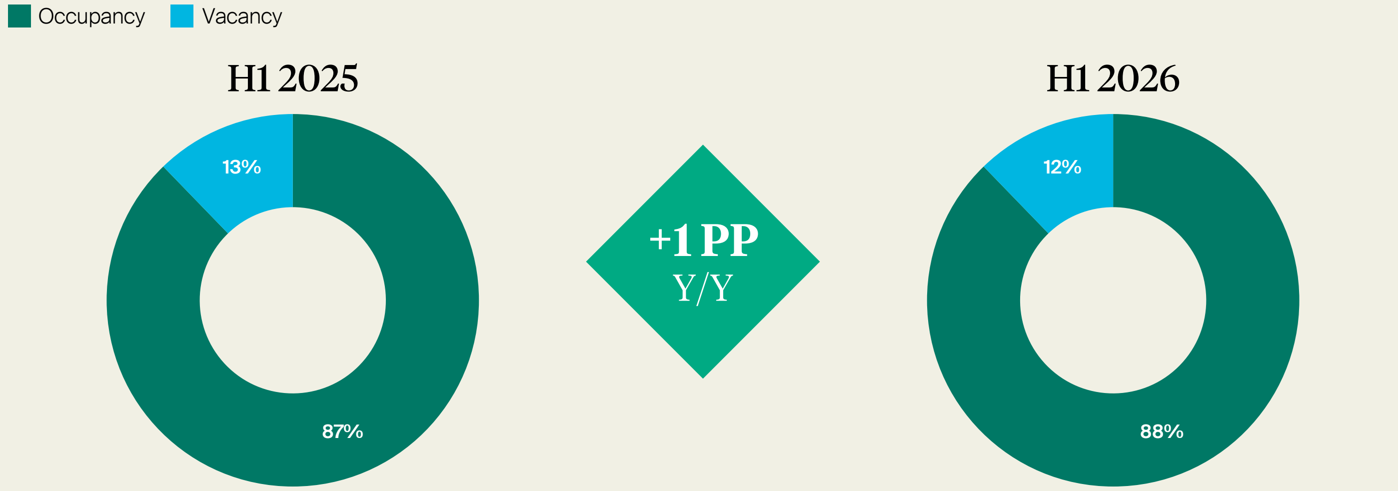
MARKET PERFORMANCE INDICATORS

Regional and super regional malls lease rates - H1 2026



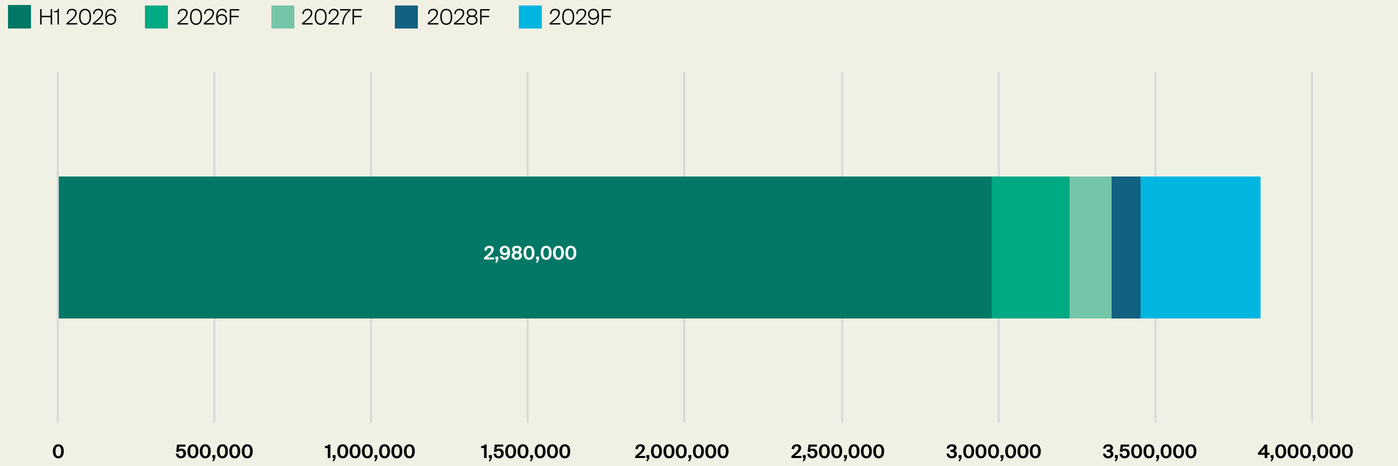
Source: tomtom

Market wide occupancy rates



Source: Knight Frank

Retail supply and forecast



Source: Knight Frank

DAMMAM METROPOLITAN AREA (DMA)

Steady retail activity

Retail performance across the Dammam Metropolitan Area (DMA) has remained stable over the past year. Average rental rates in regional and super-regional malls declined by 1.5%, reaching SAR 2,198 psm. Overall occupancy rates remained healthy at approximately 94%, increasing by 2 percentage points compared to H1 2025, reflecting sustained tenant demand and market resilience.

Shift toward experiential retail

DMA retail is pivoting toward immersive, experience-driven environments. Al Rashid Mall's ongoing renovation (launched Feb 2023) exemplifies this shift through signature zones: Qaysaria heritage marketplace, Al Rashid Walk outdoor dining, Palm Court experiential shopping, and The Dome multimedia hub. Across the Kingdom, dwell time now functions as a primary KPI; Lulu Mall Dammam achieves 2.5-hour average stay and 25% conversion. F&B and entertainment anchors are essential—retailers dedicating expanded GLA to dining clusters, pop-up activations, and leisure experiences attract sustained footfall and drive higher transaction values.

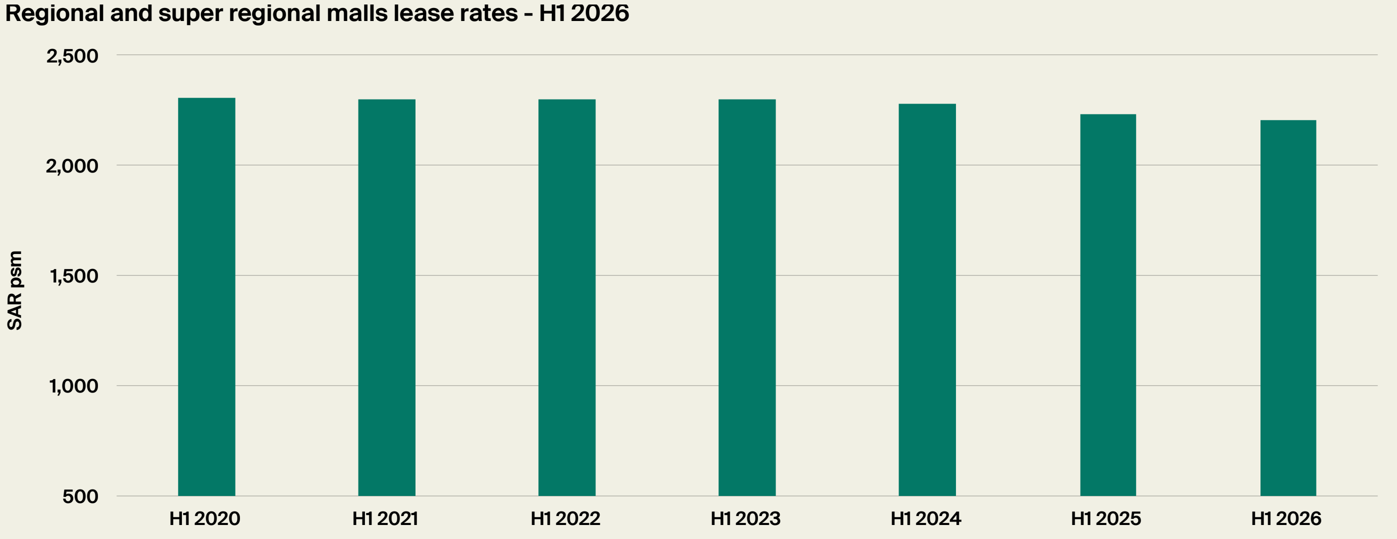
Retail transformation and digital integration

Retail developments in the DMA are shifting from conventional models to more agile, technology-enabled formats. New projects emphasise flexible layouts, hybrid uses, and curated tenant mixes that align with changing consumer lifestyles and the ongoing growth of e-commerce. Features such as click-and-collect zones, multifunctional spaces, and fulfilment support are being incorporated to meet modern retail demands. At the same time, ageing retail assets face increasing pressure to evolve or risk obsolescence.

Outlook on supply and strategic response

The DMA's total retail supply stands at 1.42 million sqm; by 2027, a further 174,000 sqm is anticipated, placing potential downward pressure on rents and occupancy. To remain competitive, developers and retailers must adopt strategic leasing practices—including revenue-sharing lease models and CAPEX contributions—embrace adaptive formats such as pop-ups and microstores, and deliver differentiated experiences. F&B now drives 15% of Kingdom-wide point-of-sale transactions, while walkable layouts and digital integration capture market share. Success hinges on curated tenant mix, extended dwell time, and flexible formats resonating with evolving consumer preferences.

MARKET PERFORMANCE INDICATORS



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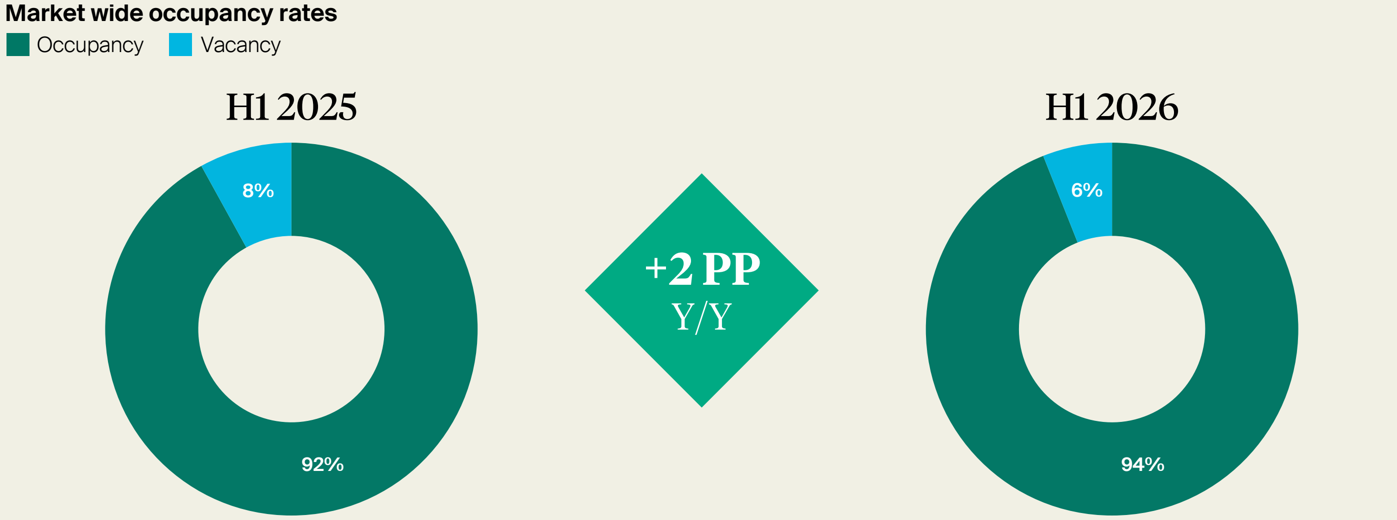
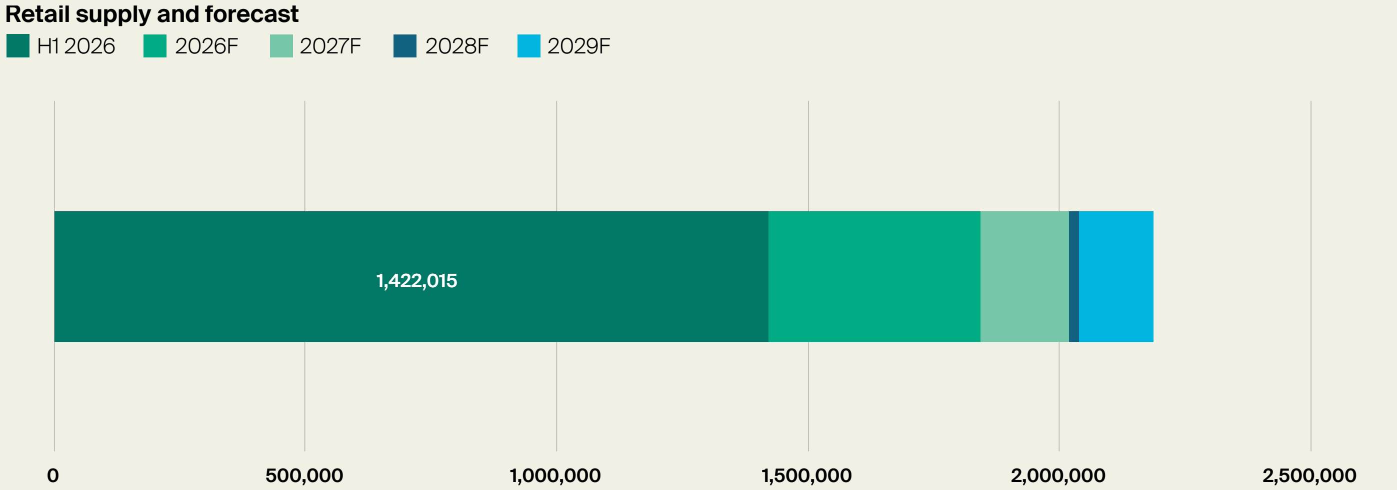


Source: Knight Frank



Source: Knight Frank

RIYADH'S LIFESTYLE RETAIL SCENE

Riyadh's lifestyle retail market currently offers 484,866 sqm of space across 27 developments, home to more than 434 restaurants and cafés. A further 386,298 sqm is under construction across 12 schemes through 2027. F&B accounts for around 76% of tenancy on average, with occupancy holding at 96% — underlining the city's rapid emergence as a regional dining and lifestyle destination.

Major lifestyle retail developments

Development	Overall occupancy	Share of F&B stores	Number of restaurants	Gross leasable area
1 – Riyadh Front	95%	42%	48	65,000
2 – Uwalk	95%	40%	23	63,538
3 – Boulevard City	100%	15%	52	52,200
4 – ViA	90%	43%	13	42,840
5 – The Boulevard	100%	60%	15	30,000
6 – The Zone	90%	69%	29	25,000
7 – Rubeen Plaza	100%	89%	16	21,000
8 – Joy Avenue	90%	70%	20	19,000
9 – Bujairi Terrace	100%	100%	20	15,500
10 – One Square	100%	80%	24	14,000
11 – Veranda F&B	100%	100%	8	12,000
12 – The Esplanade	93%	92%	40	11,400
13 – Elite Square	100%	60%	9	11,000
14 – Riverwalk	95%	90%	28	9,500
15 – Lumiere	100%	78%	15	9,000
16 – Midtown	100%	80%	11	7,500
17 – MEFIC Centre	100%	86%	8	5,500
18 – Levels Mall	86%	100%	6	5,000
19 – Sedrah Complex	100%	100%	9	4,860
20 – Oud Square	100%	89%	8	4,000
21 – 60 Avenue	95%	75%	15	3,000
22 – Turki Square	100%	100%	6	2,700
23 – The Cube	100%	67%	6	2,322
24 – Pure Center	100%	100%	5	1,500

Development	Gross leasable area	Status
25 – The Bellevue	90,000	Upcoming · 2027
26 – Al Hamra Entertainment	89,230	Upcoming · 2027
27 – King Salman Square F&B	42,033	Upcoming · 2027
28 – Al Akaria – Tilal Al Riyadh	41,077	Upcoming · 2027
29 – Norville	37,520	Upcoming · 2027
30 – Riyamarche	21,838	Upcoming · 2027
31 – Riyadh Icon	20,400	Upcoming · 2028
32 – The Fountain Boulevard	16,088	Upcoming · 2029
33 – The 25 Mall Complex	15,850	Upcoming · 2029
34 – Eden Riyadh	4,376	Upcoming · 2029
35 – NORD Square	4,014	Upcoming · 2029
36 – Jazeel Center	3,872	Upcoming · 2029

Overall occupancy · Share of F&B stores · Number of restaurants · Gross leasable area

Source: Knight Frank

Lifestyle and retail landscape

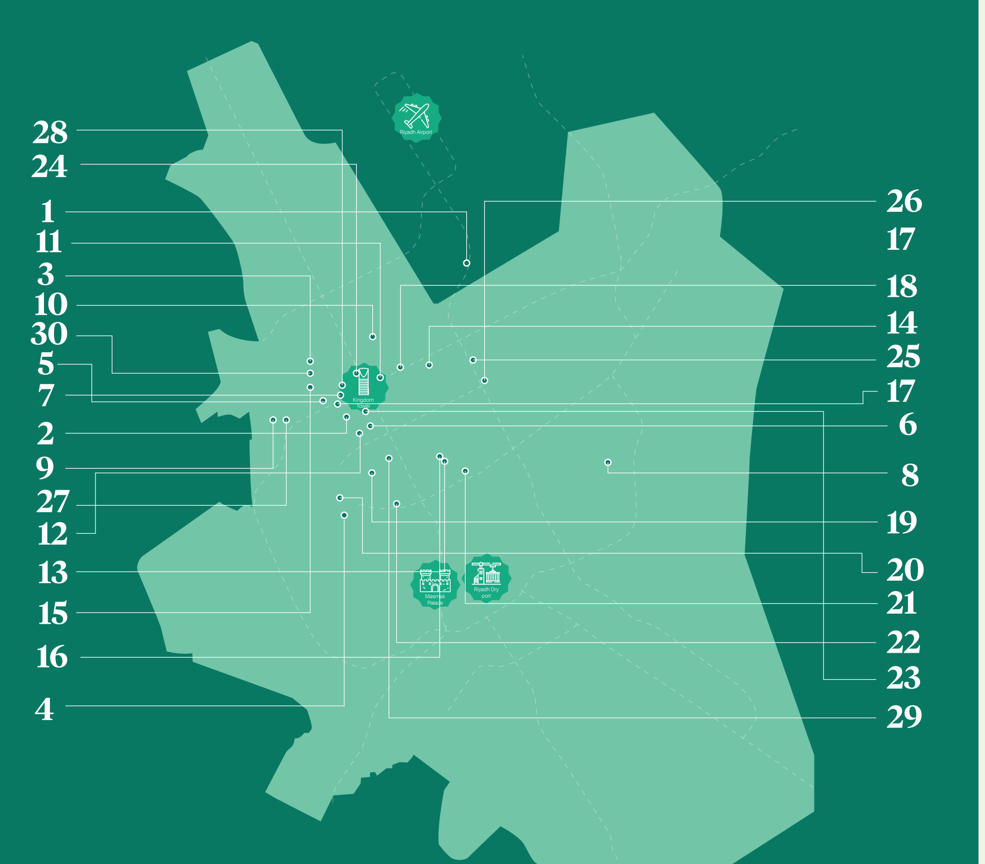
Existing supply (sqm)	Added in the last 12 months (sqm)	Upcoming supply (sqm)	Supply by 2027 (sqm)
484,866	47,506	386,298	871,164

Number of current developments	Average F&B occupancy	Number of upcoming developments	Number of developments by 2027
27	76%	12	39

Average lease rate (psm)	Number of F&B outlets	Overall occupancy
SAR 2,403	434	96%

Source: Knight Frank

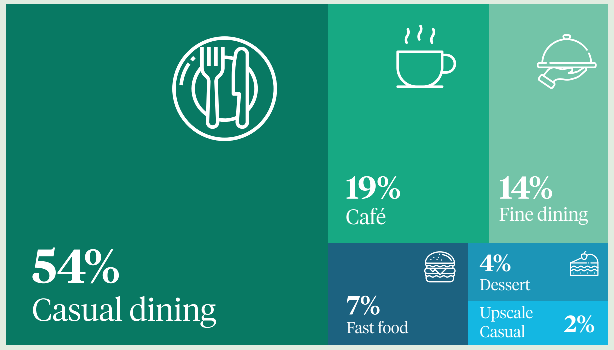
Gastronomy hotspots



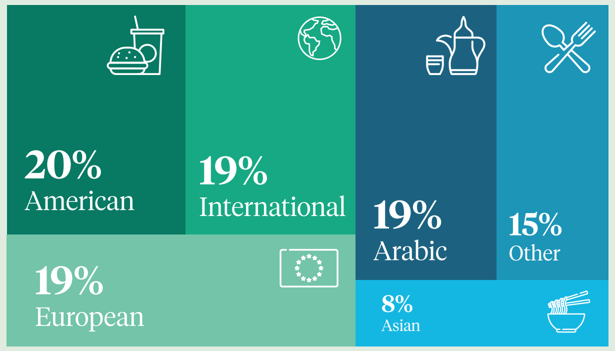
Source: Google Earth

Riyadh's lifestyle retail landscape – in summary

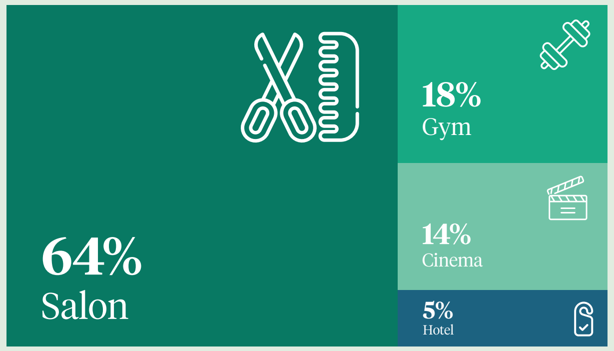
Type of experience



Cuisine origin



Facilities



Source: Knight Frank

JEDDAH LIFESTYLE RETAIL SCENE

Jeddah's lifestyle retail market currently offers 291,000 sqm of space across 19 developments, with an additional 57,600 sqm added in the past year. Looking ahead, 277,600 sqm is expected to be delivered across 9 new developments, bringing the total supply to 568,600 sqm by 2029. The sector records a strong average lease rate of SAR 2,100 per sqm and overall occupancy stands at 73%, with F&B units averaging 72% occupancy.

Major lifestyle retail developments

Development	Overall occupancy	Share of F&B stores	Proportion of local brands	Gross leasable area	
1 – Atelier La Vie	75%	72%	76%	23,000	
2 – City Yard	95%	91%	87%	10,900	
3 – Jeddah Walk Cascade	90%	75%	50%	8,400	
4 – 11 West	50%	73%	91%	8,150	
5 – Safeway Square	95%	82%	91%	6,500	
6 – Qpark	86%	100%		1,900	
7 – Jeddah Yacht Club & Marina	90%	77%	88%	16,000	
8 – Boulevard	45%	25%	38%	8,000	
9 – Jeddah Gate: Crescent Plaza	45%	100%	40%	4,000	
10 – Fayfa Complex	95%	50%	42%	22,000	
11 – Town Square	90%	90%	61%	27,900	
12 – U Zone	82%	46%	38%	1,600	
13 – U Walk Jeddah	96%	80%	44%	60,000	
14 – La Paz	50%	53%	53%	13,500	
15 – Souq 7	70%	100%	33%	43,600	
16 - Jeddah Vibes	30%	56%	44%	14,000	
17 - THE GRID	85%	81%	76%	8,000	
18 - LA PERLE	40%	71%	100%	2,600	
19 – PENTA (Soft opening)				8,000	
20 – Delta				37,200	Upcoming · Q4 2026
21 - Jeddah Obhur Entertainment Complex				34,300	Upcoming · Q4 2026
22 – Boxooo				19,500	Upcoming · Q4 2026
23 - Porta Jeddah				20,000	Upcoming · 2027
24 - Jeddah Cove Waterfront				70,000	Upcoming · 2027
25 - Somou Towers				16,500	Upcoming · 2027
26 - Crystal Gallery				21,500	Upcoming · 2029
27 - Golden Triangle				50,500	Upcoming · 2029
30 – Riyamarche				21,838	Upcoming · 2027

Overall occupancy · Share of F&B stores · Proportion of local brands · Gross leasable area

Source: Knight Frank

Lifestyle and retail landscape

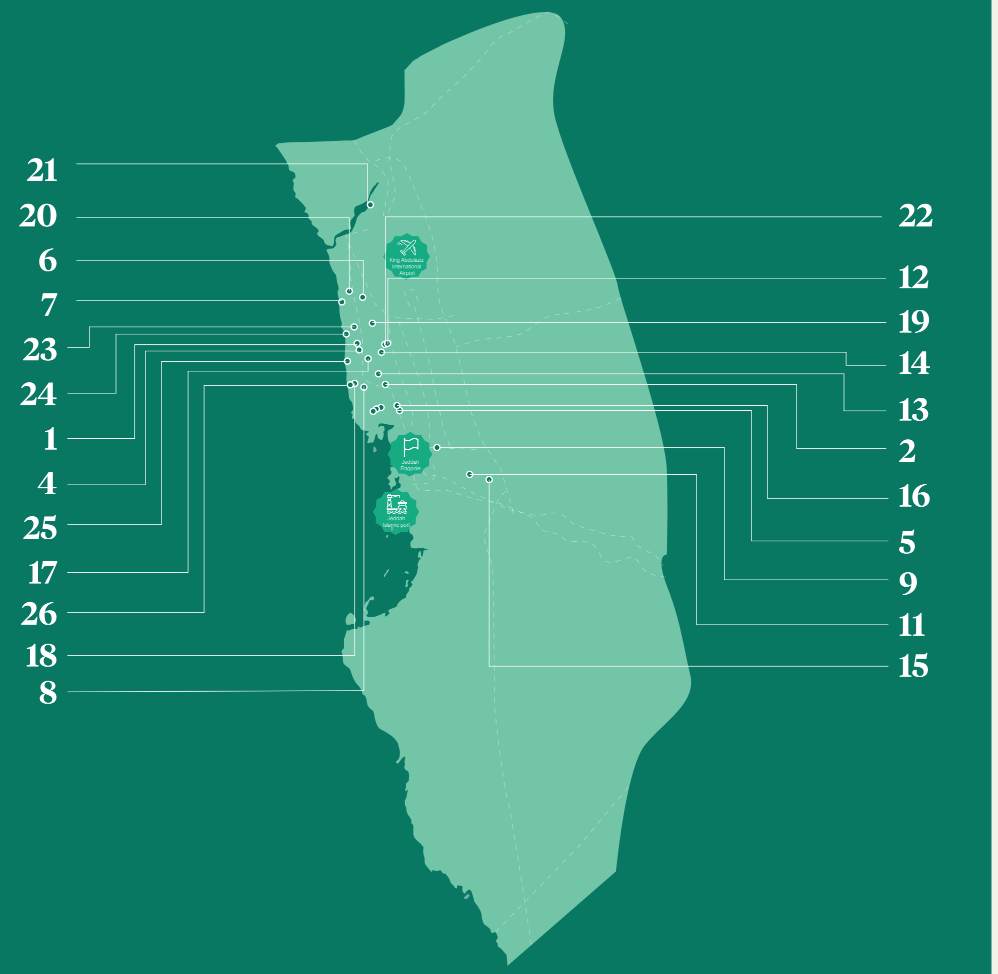
Existing supply (sqm)	Added in the last 12 months (sqm)	Upcoming supply (sqm)	Supply by 2029 (sqm)
291,000	57,600	277,600	568,600

Number of current developments	Average F&B occupancy	Number of upcoming developments	Number of developments by 2029
19	72%	9	24

Average lease rate (psm)	Overall occupancy
SAR 2,100	73%

Source: Knight Frank

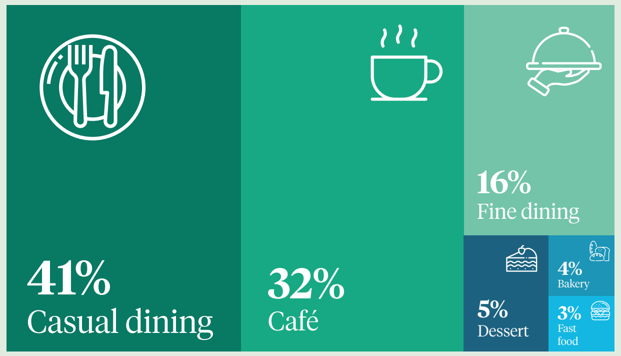
Gastronomy hotspots



Source: Google Earth

Jeddah's lifestyle retail landscape – in summary

Type of experience



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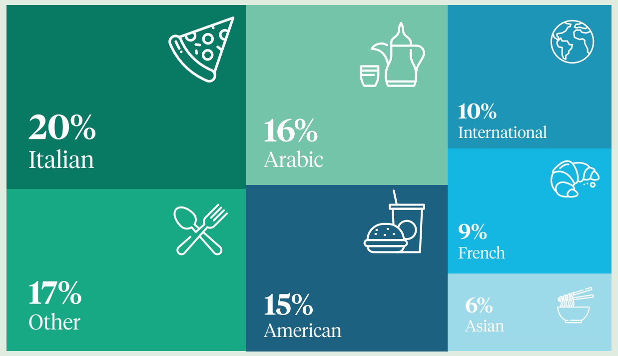
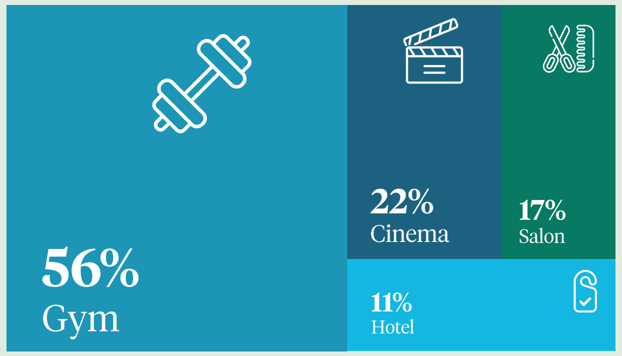


Facilities



Source: Knight Frank

We like questions. If you've got one about our research, or would like some property advice, we would love to hear from you.

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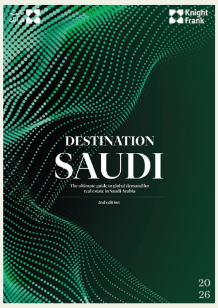

Destination Saudi
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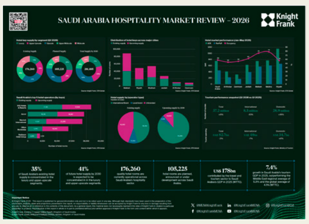

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