



## URBAN VELOCITY

——— Riyadh's Property ———  
Market in Transition

## A CITY IN HIGH DEMAND

Riyadh, Saudi Arabia's fast-evolving capital, is rapidly transforming into a magnet for real estate investment, with growth trends now drawing comparisons to some of the world's most overheated property markets. What do Silicon Valley, London, and now Riyadh have in common? A surge in property demands reshaping the city's socioeconomic dynamics. As the Kingdom accelerates its Vision 2030 ambitions, Riyadh's population—currently estimated at over 7.6 million—is projected to reach 9.6 million by 2030, marking a 38% rise<sup>1</sup>. This demographic influx is being mirrored in a notable spike in residential and commercial real estate activity underpinned by improved infrastructure and regulatory reforms that continue to encourage foreign capital inflow and institutional participation.

### Riyadh's Property Pulse

In Q2 2024, Riyadh recorded the highest volume of demand and rental enquiries across all major Saudi cities.

The residential sales market saw a striking 51.6% year-on-year increase in transactions, totaling 18,500 deals with a combined value of SAR 26.6 billion.

 **51.6%**  **18.5 K** Deals

Apartment rents in northern communities of Riyadh surged by 23%<sup>2</sup> over the past year, reflecting a significant rise in rental prices.

 **23%** over the past year

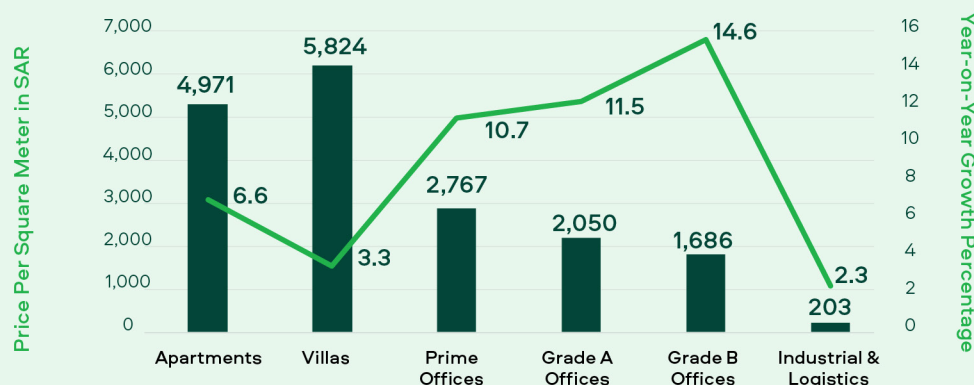
Northern Riyadh, home to the prestigious neighborhoods of Hittin and Al-Malqa, leads the city with average villa prices ranging from SAR 9,500 to SAR 13,500 per square meter.

 **SAR 9,500 - SAR 13,500 / m<sup>2</sup>**

Central communities such as As-Sulimaniyah, Al-Taawun, and An Nakheel continue to command the highest average apartment prices, ranging from SAR 6,600 to SAR 10,500 per square meter.

 **SAR 6,600 - SAR 10,500 / m<sup>2</sup>**

### Riyadh Rental Market Growth - 2024



<sup>1</sup> How Population is Driving Development. Riyadh's Near-Future – Knight Frank

<sup>2</sup> High Demand and Rising Rents in Riyadh's Real Estate Market – House.com

## II. THE “WHY” BEHIND THE BOOM

### A. Mixed-Use Expansion & Population growth

Since the inception of **Vision 2030** in 2016, Saudi Arabia has embarked on an ambitious journey of economic diversification and infrastructure development. By 2024, the Kingdom had launched real estate and infrastructure projects valued at approximately **\$1.3 trillion**, encompassing a wide array of developments, including **residential units, commercial spaces, and hospitality projects**.

In Riyadh alone, significant projects are underway:



NEW MURABBA

#### The New Murabba

Anchored by the iconic **Mukaab**, set to be **the world's largest built structure**, this **\$50 billion mixed-use megaproject** will deliver over **100,000 residential units, 9,000 hotel rooms**, and a highly walkable, tech-integrated urban core. It is expected to contribute **SAR 180 billion to non-oil GDP** and create **334,000 new jobs by 2030**.

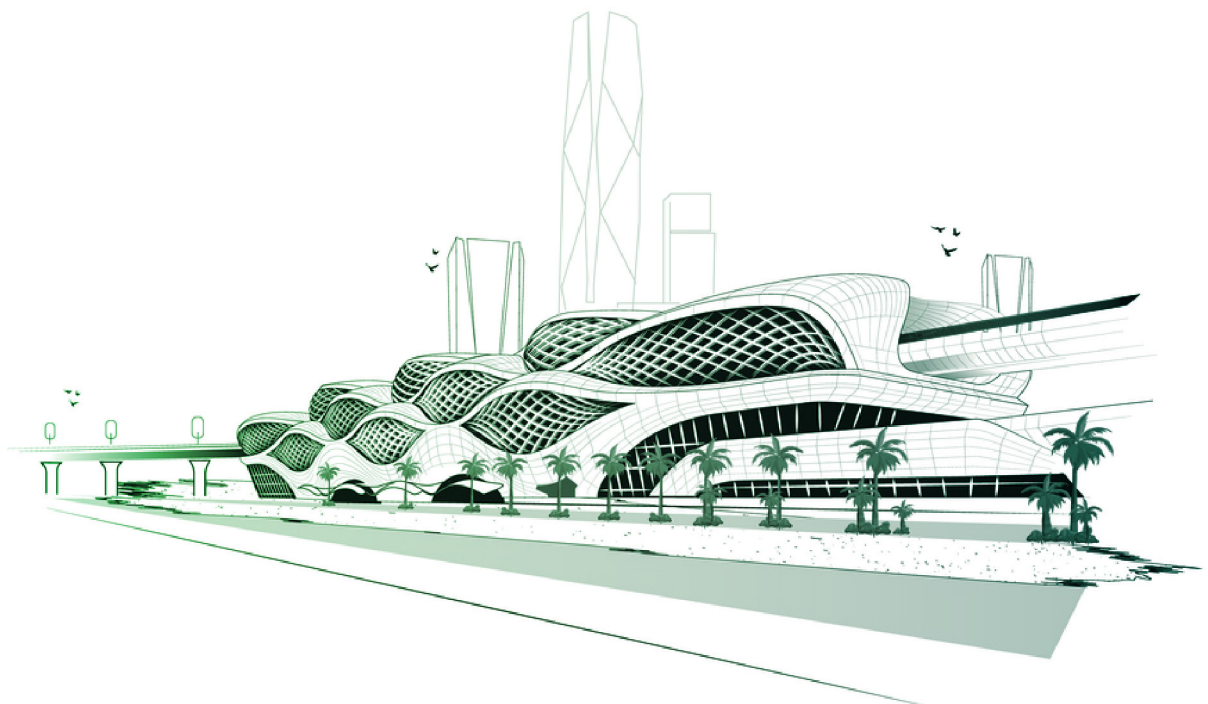


KAFD  
مركز الملك عبد الله المالي

#### King Abdullah Financial District (KAFD)

Following a **\$7.8 billion activation plan**, KAFD is on track to become **the largest financial district in the region**, offering **1.6 million sqm** of office and residential space for over **12,000 residents** and thousands of daily commuters.

Population dynamics are equally influential. Riyadh's population is growing not only through natural increase but also through **internal migration** and the **strategic attraction of international talent**. This surge requires an estimated **305,000 new housing units** to meet demand. With **63% of the national population under the age of 30**, there is a pronounced shift toward modern, lifestyle-driven housing typologies—a key priority in Saudi Arabia's evolving urban agenda.







## B. Investment Reforms

The liberalization of real estate ownership laws has emerged as one of the most powerful catalysts behind Riyadh's property boom. These regulatory shifts are not merely legal updates—they are a fundamental reshaping of how the city engages with global investors.

### 1. Foreign Ownership Now Permitted in Riyadh

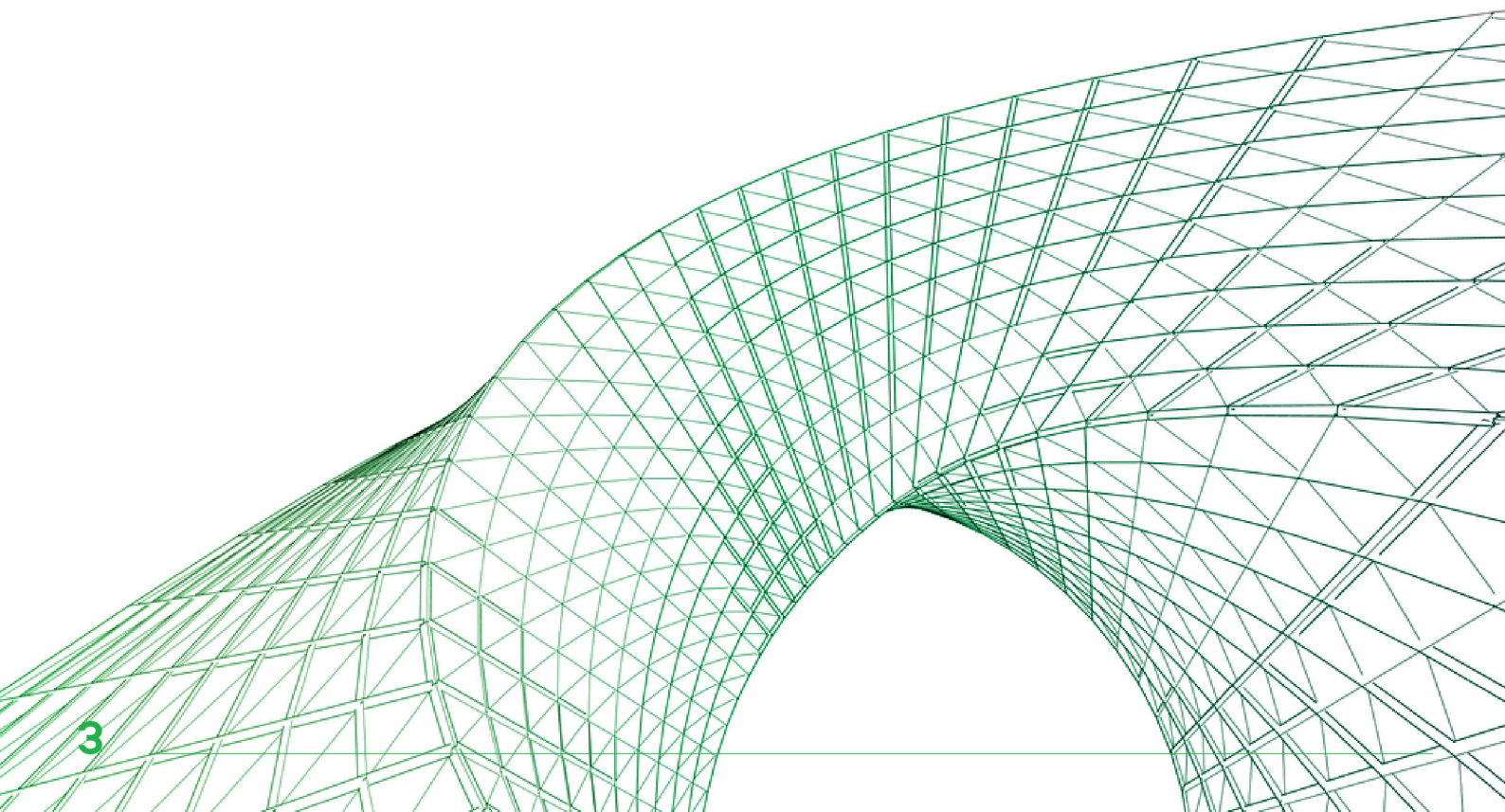
In a landmark policy shift aligned with Vision 2030, foreign investors are now allowed to directly own property in Riyadh—a privilege previously reserved almost exclusively for Saudi nationals. This reform has opened the floodgates for institutional investors, real estate funds, and individual buyers from abroad, dramatically expanding the potential investor base.

### 2. Abolition of Licensing Barriers

As of August 2024, the New Investment Law replaced the outdated, cumbersome licensing regime with a far more streamlined registration process. Now, foreign investors no longer need a specialized license to buy property or invest in real estate development. Instead, they are simply required to register their investment with the Ministry of Investment, as long as the activity is not on the excluded sectors list.

### 3. Institutional Participation and Capital Inflows

With regulatory risk significantly reduced, Riyadh is witnessing a growing presence of real estate investment trusts (REITs), private equity funds, and global property developers. These players are not only injecting capital but also raising the bar for quality and professionalism in Riyadh's property market.





## C. Infrastructure Boosting Property Demand

Riyadh's explosive property growth is not occurring in a vacuum—it is being strategically fueled by one of the most ambitious urban infrastructure overhauls in the region. From metro systems to major high-way expansions, Riyadh's connectivity revolution is transforming real estate demand patterns across the capital.

### 1. Metro-Led Urban Transformation

Now fully operational as of early 2025, the **Riyadh Metro** is a game-changer. Spanning **176 kilometers across six lines** and featuring **85 stations**, it is one of the largest public transit systems in the Middle East—and a critical lever for unlocking real estate value.

#### High-Interest Zones

Districts like **Al Malqa, Al Yasmin, and the King Abdullah Financial District** are experiencing a spike in investor interest and residential leasing, largely due to their proximity to metro lines.

#### Capital Gains & Rental Premiums

Properties located within **500 meters** of a metro station are projected to see a **15–25% increase in value over five years**, while **rental yields in these zones are 10–15% higher** than properties farther away from transit nodes.

#### Wider Economic Ripple

The metro is also reshaping the commercial real estate landscape. Improved accessibility has made **emerging business hubs more viable**, helping to decentralize demand and support sustainable city growth.

### 2. Road Networks Driving Expansion

Beyond public transit, Riyadh is investing heavily in road infrastructure to support its outward expansion and reduce congestion in urban cores. In **February 2025, the Royal Commission for Riyadh City (RCRC)** launched the **second phase of the Ring Roads and Main Axes Development Program**, with **eight major road projects** totaling more than **SAR 8 billion (\$2.13 billion)**. For example, the **Prince Turki bin Abdulaziz Al-Awwal Road Development Project (Northern Section)**—a **6 km corridor** featuring **two major intersections, three bridges, and a tunnel**—is designed to handle over **200,000 vehicles per day**, effectively linking high-growth northern districts with central and western Riyadh.



الهيئة الملكية لمدينة الرياض  
ROYAL COMMISSION FOR RIYADH CITY



## WINNERS AND WORRIERS

As Riyadh's rental market accelerates, the surge in demand and evolving real estate landscape has created a divide between those capitalizing on the momentum and those struggling to keep pace with rising costs.



### WINNERS



### WORRIERS

#### Developers and Landowners

Soaring property values have significantly boosted landowner equity and developers' margins. Recognizing the risks of unchecked speculation, the Royal Commission for Riyadh City (RCRC) announced in February 2025 a plan to release 10,000 to 40,000 new plots annually over the next five years. This strategic move both capitalizes on and moderates the gains experienced by early landholders, aiming to restore balance in a tightening market.

#### Middle-Income Renters

As property values surge, a growing segment of middle-income households is being priced out of central districts. With salary growth lagging behind housing inflation, many families are being forced to relocate to suburban areas or downsize, raising concerns about long-term urban equity and livability.

#### Real Estate Investment Trusts (REITs)

Institutional players are also thriving. Riyadh REIT, managed by Riyadh Capital, reported a net profit of SAR 5.7 million in H1 2024, with revenues of SAR 154 million—underscoring investor confidence and the strength of the leasing market.

#### First-Time Homebuyers

For many young Saudis, the dream of homeownership is slipping out of reach. Even with support from initiatives like Sakani—which enabled over 140,000 families to secure financing in 2024—rising prices continue to outpace income levels, creating a persistent affordability gap.

#### Investors

The city's strategic initiatives under vision 2030, combined with regulatory reforms and infrastructure development, have created a conducive environment for foreign investors. The presence of multinational firms in mixed-use developments like Laysen Valley further underscores the city's appeal to institutional investors.

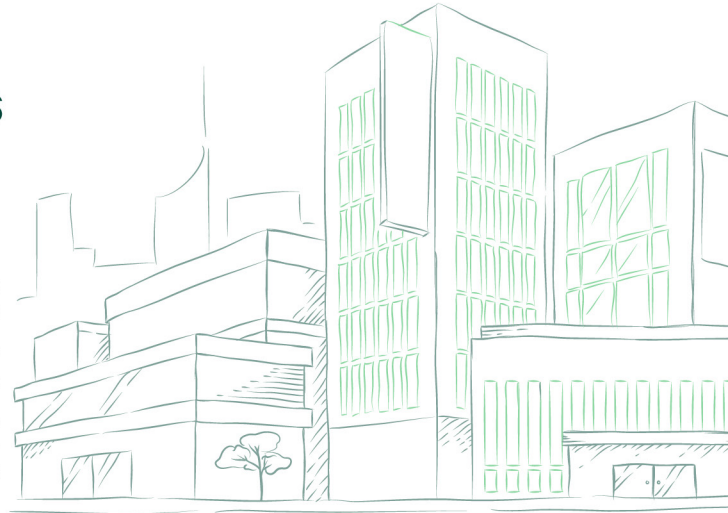
#### Small Businesses and Retailers

The commercial rental market is adjusting rapidly to new valuation norms. Small retailers and service providers are facing significantly higher lease renewals, forcing some to pass costs onto consumers or relocate to peripheral areas, weakening the diversity and vibrancy of core urban zones.



## IV. SHIFTING URBAN DYNAMICS IN RIYADH

From the rapid emergence of new suburban hubs to evolving preferences and cutting-edge sustainability efforts, **these dynamics are both a consequence of the boom and a signal of Riyadh's long-term strategic repositioning as a globally competitive, livable city.** They represent active responses to Riyadh's rental market transformation—increasing demand, rental prices, lifestyle preferences of youthful population, environmental challenges of rapid urbanization and overall quality of life.



### A. New Suburbs Rising to Meet Demand

Riyadh's rapid northward and outward expansion has catalyzed the emergence of suburban districts that are reshaping the city's residential landscape and introducing new rental dynamics. Areas like **Al-Yasmeen, Al-Narjis, and Al-Ghadeer**—once quiet peripheries—are becoming rental hotspots, particularly among middle-to upper-income tenants seeking newer, more spacious units away from the urban core. This decentralization reflects two key shifts: rising land prices in central Riyadh—6% year-on-year in 2024<sup>3</sup>—and a growing preference for lifestyle-centric suburban living.

### B. Modern Living Trends

Riyadh's changing demographics—particularly its youthful population and influx of professionals—are driving a shift toward new living models that challenge the traditional housing supply:

#### Vertical Urbanism

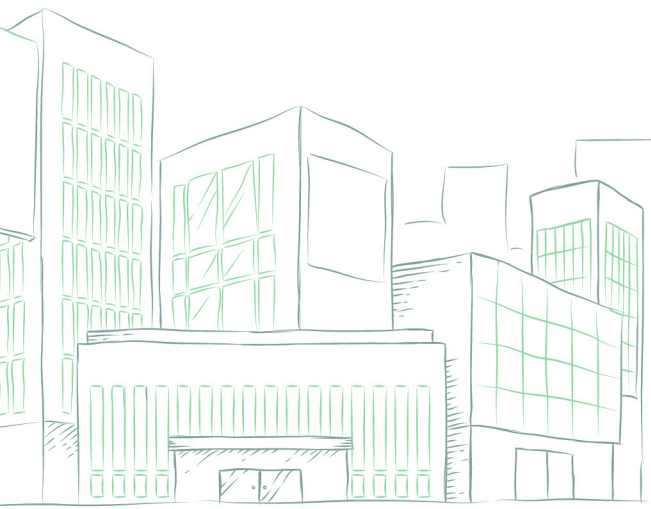
High-rise developments like The Rise Tower are becoming central to business and lifestyle districts. This vertical shift is driven by land constraints and the city's goals for urban densification under Vision 2030. High-rise buildings offer a solution to the growing demand for space in key urban areas, allowing for more efficient land use while maintaining a high quality of life. These developments are strategically designed to create globally competitive, mixed-use environments that blend residential, commercial, and recreational spaces.

#### Built-to-Rent (BTR) Growth

The BTR model is increasingly becoming a key solution to Riyadh's evolving rental market challenges. This model caters particularly to a young, mobile population—nearly 90% of BTR tenants are under 45<sup>4</sup>—by offering flexible, long-term rental options that align with the dynamic lifestyle of young professionals and families. Additionally, BTR developments offer investors a stable, long-term return on investment, making them an attractive option in Riyadh's growing market. BTR developments are not only providing high-quality housing but also helping to stabilize the rental market, supporting both tenants and investors in a rapidly changing city.

#### Co-living Solutions

They are emerging as a response to Riyadh's rental market challenges, particularly for young professionals and expatriates seeking affordable housing options. These flexible, community-focused models offer shared living spaces with communal amenities like kitchens, lounges, and workspaces, fostering social connectivity among tenants. Co-living developments cater to a mobile and transient population by offering short-term and flexible rental agreements, which align with the evolving lifestyle preferences of younger residents.



## V. WHAT'S NEXT?

Riyadh's rental boom is not a product of short-term speculation but rather a reflection of deep **structural shifts** engineered by long-term **strategic reforms**. While the fundamentals appear sound—**population growth, infrastructure investment, and regulatory reform**—the rapid pace of development raises valid concerns around **overheating and equitable access**. CBRE warns that if supply fails to match demand in key segments, especially mid-income housing, the **affordability gap** could widen significantly over the next 18–24 months

In light of these pressures, comparisons are being drawn to Dubai's experience, where successive real estate cycles over the past two decades have demonstrated both the opportunities and risks of rapid urban expansion. **Yet Riyadh is charting a different course—one grounded in government-led planning, fiscal discipline, and regulated investment pathways.**

To further reinforce this unique trajectory and proactively manage market dynamics, **Crown Prince and Prime Minister Mohammed bin Salman has issued a series of bold directives** aimed at stabilizing land and rental prices. These include:



**Land restrictions lifted** to unlock new areas for residential development, bringing the total area released for development to 81.48 sq km.



**10,000–40,000 new plots** to be released annually over five years by RCRC.



**Amendments to the white land fees system to encourage development of vacant land** and avoid hoarding.



**RCRC monitors pricing trends** to curb speculation and ensure market transparency.

These policy interventions reflect a deliberate effort to balance growth with affordability and long-term market stability.

For **investors**, the focus will increasingly shift toward identifying emerging districts, evaluating the sustainability of lifestyle-led communities, and closely tracking regulatory developments in areas such as housing finance, land use, and environmental sustainability. Meanwhile, **renters and prospective homeowners** will look for greater clarity around rent control mechanisms, access to mortgage support programs, and the availability of affordable housing—factors that will shape their ability to navigate Riyadh's evolving real estate landscape.



### **Cairo Office**

+20 127 350 5023  
SODIC West, Block 1, Zone 4B

### **Riyadh Office**

+966 53 662 0650  
3888 Anas Ibn Malik, Al Malqa

### **Jeddah Office**

+966 53 661 8642  
1004 Jameel Square Building. Tahlia St.

### **Dubai Office**

+971 52 499 2567  
Business Bay, Parklane Tower, Office 1102

### **Bahrain Office**

Park Place Building. Seef Area  
office 9001/ 9th Floor- Bahrain

## **Meet the Contributors**

### **Nihal Ghannam**

Partner  
at LOGIC Consulting

### **Nadine Mousa**

Associate Director  
at LOGIC Consulting

---

The article was edited by  
**Farah Badawi**, Junior Editor at  
LOGIC Consulting