

Saudi Arabia Residential Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

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Report description:

Saudi Arabia Residential Construction Market Analysis

The Saudi Arabia Residential Construction Market is expected to grow from USD 19.59 billion in 2025 to USD 20.55 billion in 2026 and is forecast to reach USD 26.13 billion by 2031 at 4.92% CAGR over 2026-2031. This solid trajectory stems from Vision 2030 housing policies, rising mortgage uptake, and sustained sovereign investment. Stable oil receipts fund large public projects that lift overall demand, while liberalized foreign ownership zones bring global expertise into premium developments. Rapid urban population growth tightens housing supply in core cities, encouraging vertical construction, mixed-use zoning, and smart-infrastructure integration. Simultaneously, government mandates on modular construction and Building Information Modeling create structural incentives for technology adoption, helping contractors offset skilled-labor shortages and cost pressures. Despite material price volatility and tighter monetary conditions, diversified capital streams and streamlined approvals underpin predictable delivery schedules across the Saudi Arabia residential construction market.

Saudi Arabia Residential Construction Market Trends and Insights

Vision 2030 Housing Targets & Sakani Subsidies

Vision 2030 seeks a 70% homeownership rate, prompting sovereign entities to funnel long-term capital into community-scale schemes that harmonize housing, jobs, and transit. The Public Investment Fund's residential portfolio has reached USD 61.98 billion, while the Saudi Real Estate Refinance Company standardizes mortgage liquidity that de-risks developer cash flows.

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Regulatory bodies issued 180,000 compliance certificates in 2024, signaling institutional support for predictable delivery. This alignment of capital, regulation, and demand stabilizes order books for contractors and suppliers. Long-horizon financing also encourages investment in energy-efficient designs that lower life-cycle costs for end users.

Rapid Population Growth in Major Cities

Metropolitan Riyadh, Jeddah, and Dammam absorb the bulk of new residents, amplifying demand for dense, transit-linked housing. Mortgage originations reached USD 2.37 billion across 11,800 contracts in February 2025, pointing to sustained urban absorption. Infrastructure-led mega-projects such as the New Murabba plan 104,000 units within an integrated, 19 km² district. Rising urban incomes favor smart building systems that enhance operational savings. This concentration compresses land reserves, stimulating vertical construction techniques and integrated community planning that extend developer revenue streams.

Volatile Cement & Steel Prices

Cement prices hit a 16-year high in 2024, squeezing margins on fixed-price contracts. Steel fell 4% year on year, yet unpredictable swings complicate tender pricing and hedging strategies. Long-haul freight to remote sites further inflates delivered costs. Developers respond with adaptive procurement, multi-sourcing, and larger contingency buffers. Prefabrication gains favor by reducing material wastage and offering superior predictability in unit costs.

Other drivers and restraints analyzed in the detailed report include:

Liberalized Foreign-Ownership Zones
Modular Construction Mandates in Public Bids
Rising Mortgage Rates (SAMA tightening)

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Apartment schemes retained 69.94% of the Saudi Arabia residential construction market share in 2025, underscoring the segment's alignment with urban density and affordable housing mandates. In contrast, villas and landed houses are set to grow at a 6.12% CAGR to 2031, propelled by rising incomes, expanded mortgage terms, and lifestyle shifts favoring private outdoor space. Villas leverage smart-home packages, solar integration, and Mostadam green-rating ambitions that command price premiums. Developers allocate up to 30% of gross land to parks, trails, and sports facilities, elevating community branding. Foreign-ownership liberalization amplifies villa appeal in coastal and heritage zones where international buyers seek statement properties. Apartment supply continues rising via mixed-use mega-projects that stack retail, hospitality, and offices atop residential podiums, sustaining scale economics for prefabricated facades and modular MEP cores.

Growing villa sentiment also spurs differentiated design, such as courtyard configurations that respect cultural privacy while maximizing natural ventilation. Energy codes push thermal-mass options and high-performance glazing that lower cooling loads. Apartment developers, meanwhile, refine space planning with flexible partitions and communal amenities that suit smaller households and remote-work habits. This bifurcation lets contractors tailor production lines to both high-volume apartment modules and bespoke villa components, broadening revenue channels in the Saudi Arabia residential construction market.

New builds commanded 89.85% of the Saudi Arabia residential construction market size in 2025, reflecting Vision 2030's aggressive delivery calendar. Renovation now registers a 5.55% CAGR through 2031 as owners retrofit legacy stock to meet updated energy codes and smart-living standards. Energy-efficiency upgrades, rooftop solar retrofits, and smart-meter rollouts feed specialized contractor niches. Expatriate tenants personalize older villas with contemporary interiors, driving demand for

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turnkey refurbishment services.

Government retrofit incentives targeting water conservation and gray-water reuse further catalyze remodeling outlays. Developers of aging gated communities refresh facades and public realm landscaping to protect asset values amid rising premium supply. While new construction will remain dominant, renovation's steady ascent signals market maturation and diversifies subcontractor workflows across the Saudi Arabia residential construction market.

The Saudi Arabia Residential Construction Market is Segmented by Type (Apartments & Condominiums, Landed Houses & Villas, and More), by Construction Type (New Construction and Renovation), by Construction Method (Conventional On-Site, Modern Methods of Construction), by Investment Source (Public, Private), and by Geography (Riyadh, Jeddah, Dammam, and More). The Market Forecasts are Provided in Terms of Value (USD).

List of Companies Covered in this Report:

ROSHN Dar Al Arkan Emaar Economic City Jabal Omar Development Nesma & Partners Saudi Cyprian Construction Saudico (Constructioners) Al Bawani Sedco Development Al Jaber Building Kettaneh Construction Jenan Real Estate Abdul Latif Jameel Properties Azmeel Contracting Sumou Real Estate Saudi Real Estate Co. (Al Akaria) Binladin Group - Buildings Division Red Sea International Umm Al Qura Development ROSHN Build-to-Rent Fund

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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