



# Homegrown Success

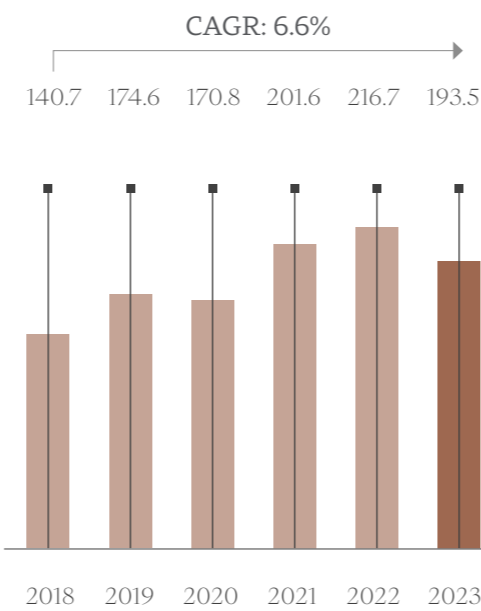
## The Rise of Saudi Real Estate

*The Saudi Arabian real estate sector is an integral part of the Kingdom's economy, and a strategic priority in the country's Vision 2030.*

Today, the Kingdom is characterized by a significant and growing demand for real estate across several growing regions and new cities, with the Saudi Arabian residential real estate market now valued at USD 193.5 billion\*, up by a 2018-23 CAGR of 6.6%. With a storied history of rapid expansion, the market is expected to maintain its growth momentum in coming years as government initiatives continue to bear fruit, with residential demand across Riyadh, Dammam and Jeddah expected to grow by a CAGR of 1.7% between 2023 and 2030 to 3.1 million residential units\*\*.

Amidst this growth, residential property transactions have emerged as a significant driver, constituting 58.6% of total real estate deals in 2023, amounting to SAR 113.4 billion, followed closely by commercial deals, at a value of SAR 73.7 billion\*. Despite a year-on-year decline of 11%, with the total value of real estate transactions nearing SAR 193.5 billion in 2023 according to Ministry of Justice data, the sector remains dynamic. The culmination of approximately 172,070 real estate transactions by the year's end serves as a resounding testament to the enduring significance of the real estate market in sculpting the economic landscape of Saudi Arabia\*.

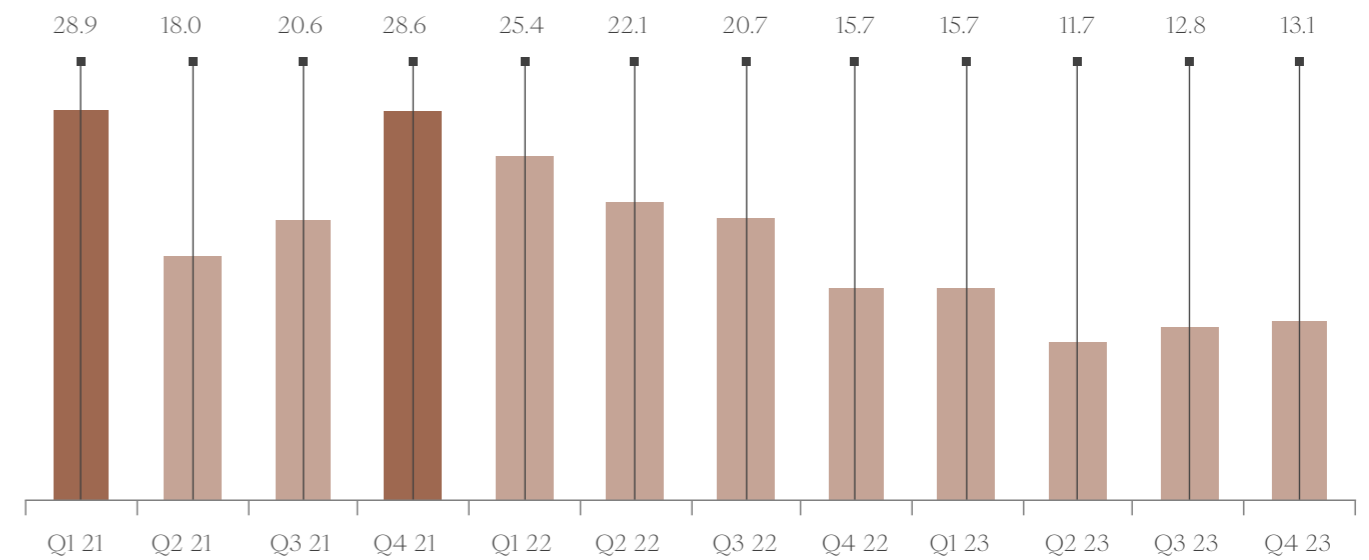
Saudi Real Estate Transactions (SAR bn)



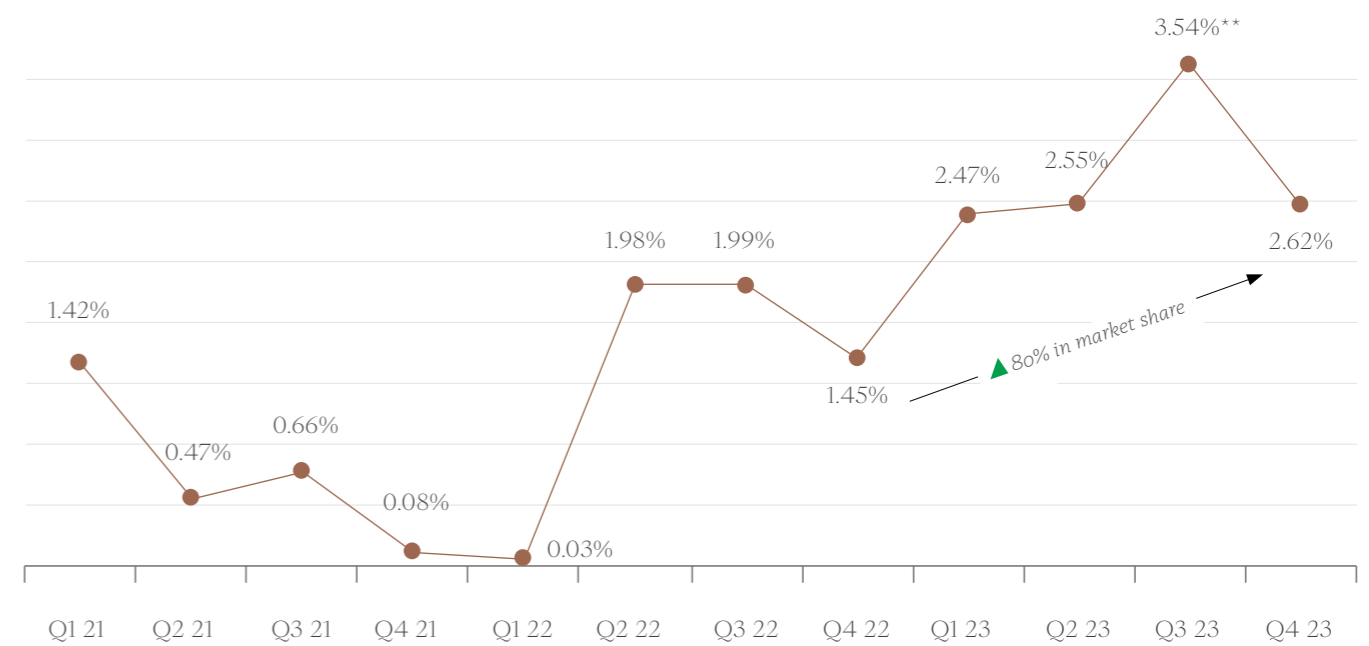
Source: Ministry of Justice

Rising interest rates have led to a notable contraction in the mortgage market, witnessing a year-on-year decline of 36% in 2023, as reported by the Saudi Central Bank (SAMA). In contrast, Retal has impressively bolstered its market share during the same period. This remarkable growth can be ascribed to Retal's commitment to delivering high-quality offerings, further amplified by the exit of smaller-sized developers from the market.

KSA | Houses Mortgage Value (SAR bn) Q1-2021 to Q4-2023



Retal Market Share\* Q1-2021 to Q4-2023



\* Based on Retal's share of total real estate financing in the Kingdom

\*\* Strong traction from Retal's participation in Cityscape during Q3 2023

Source: Saudi Central Bank

\* Ministry of Justice  
\*\* JLL



# Jeddah City

## Demand and Supply Dynamics

*In the coming years, overall occupancy rates are expected to gradually decrease, reaching around 85% by 2030.*

Despite this trend, Jeddah's market is anticipated to maintain a healthy occupancy level throughout the forecast period. This resilience is attributed to the Government's initiatives promoting increased home ownership, leading to a greater emphasis on affordable housing

and a projected rise in the supply of budget-friendly units. Another driving force behind the growth in Jeddah's affordable housing market is a cultural shift, particularly among the younger population, favoring smaller family dwellings and showing a stronger interest in communal or lifestyle living.

## Opportunities

### Residential

- End-users prioritize facilities, amenities, and integrated facility management, allowing developers to command premium prices.
- Niche opportunities exist in the upper-mid to high-income segment, with Grade B residential units also finding favor.
- Development activity towards the north and northeast, alongside central area regeneration and removal of informal housing, enhancing the availability of higher-quality residences.

### Offices

- Gradual increase in average lease rates and occupancy rates for both Grade A and B developments.
- Improved performance in Grade A and Grade B offices correlates with the economic recovery from the COVID-19 pandemic.
- Office rents have been sustained at higher levels since 2021, reflecting a positive market trend.
- Opportunities abound for investors and businesses seeking office spaces in Jeddah.

### Retail

- Overall, the Jeddah retail market shows stability, with community retail returning to pre-COVID occupancy levels.
- Super regional mall occupancy rates remained unchanged between 2022 and 2023, while community mall rents and occupancy rates have increased.
- Developers and landlords are offering incentives to retain retailers and prevent relocations.
- The sector presents potential opportunities for retailers and investors.

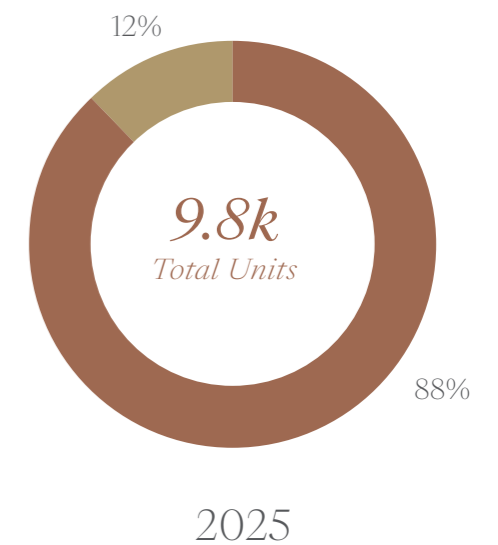


## Market Positioning

### Retal's Market Share of Upcoming Residential Supply\*

In 2025, Retal is poised to make a notable impact on the real estate landscape in Jeddah with three upcoming developments slated for completion by the end of the year. As such, Retal's presence in Jeddah is expected to account for a substantial 12% of the upcoming Grade A+B developments.

The company's influence is particularly robust in the Grade B ticket price bracket, where it is projected to constitute 95% of Retal's upcoming supply in 2025.



\* Based on Grade A+B units

# Dammam City

## Demand and Supply Dynamics

*In recent years, the residential landscape of Dammam has witnessed a notable shift in demand among Saudi nationals...*

gravitating towards units within meticulously planned communities that offer a suite of enhanced amenities. While the enduring preference for villas remains, there is a burgeoning trend showcasing interest in high-quality apartments within leasehold developments, strategically catering to the growing demand from

expatriates. Projections indicate that residential demand is poised to escalate to 520 thousand units by 2030, with a compound annual growth rate (CAGR) of 1.7% spanning from 2019 to 2030. Dammam anticipates a positive growth trajectory, with the supply slightly surpassing demand, ultimately resulting in a competitive market.



## Opportunities

### Residential

- Promising market for middle to upper-income housing fueled by a growing population and income levels.
- Al Khobar and DMA emerge as a potential location for residential developments, catering to differentiated upper-mid quality residential products.
- High-quality amenities at the right price are in demand, with vertical living concepts gaining acceptance among both national and expatriate markets.

### Offices

- Shows positive growth with a notable upward trajectory in average lease and occupancy rates, despite a challenging market environment.
- Resilience is evident in both Grade A and B office spaces, maintaining occupancy levels between 70% and 80% in the face of market challenges.
- Grade A office spaces are trending towards higher occupancy levels in 2023, reflecting a promising shift.

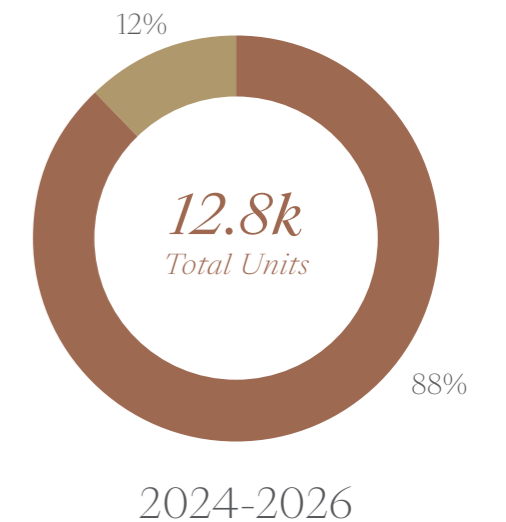
### Retail

- Signals optimism with increased rates and occupancies across regional and community segments.
- The sector displayed signs of recovery in 2022-23, marked by healthy footfalls, particularly in F&B and entertainment outlets.
- Despite adopting a more conservative strategy, retailers are contemplating expansion, strategically choosing locations with higher footfall and opting for smaller spaces to streamline capital and operational expenses.

## Market Positioning

### Retal's Market Share of Upcoming Residential Supply\*

In Dammam, where Retal already enjoys an established presence with a leading market share, the Company's upcoming developments are expected to represent an impressive 24% of the total upcoming residential supply between 2024 and 2026. By persisting in its strategic project launches, Retal is primed to further solidify its leading stature within the Dammam real estate landscape.



\* Based on Grade A+B units