Windmills

Producing Opportunities

Kingdom of Saudi Arabia

Quarterly Market Performance Report Q2 2025

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Executive Summary - KSA Market Research Report

Saudi Arabia’s economy sustained solid growth in Q2 2025, supported by diversification and Vision 2030 reforms. Real GDP grew 3.9% YoY, with the non-oil sector up 4.7% and oil output rising 3.8%. The IMF lifted its 2025 growth forecast to 3.6%, while a manageable SR 101 billion deficit (~4% of GDP) reflects stable fiscal policy and strong credit ratings (A+ S&P).

Giga Projects & Vision 2030

PIF-led mega initiatives continue to reshape the kingdom’s economy:

- NEOM (The Line, Trojena, Oxagon) drives innovation and sustainability.
- Qiddiya develops into a global entertainment and sports hub.
- The Red Sea Project and Amaala lead luxury tourism expansion.
- Diriyah restores Saudi heritage through a $50B redevelopment.
- ROSHN boosts homeownership with large-scale community projects.
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Residential Market Overview

Residential demand remains firm across major cities, aligned with national housing goals.

- Riyadh: 2.17M units; 5,600 delivered in H1; 18,900 due by year-end.
- Jeddah: 1.23M units; 8,640 new units expected.
- Dammam Metro: 725K units; steady, smaller-scale growth.
- Modern master-planned communities continue to dominate new supply.

Rental Market Trends

After sharp gains through 2024, the market showed correction in Q2 2025:

- Residential: –2.58%
- Plots: –4.04%
- Apartments: –1.24%
- This indicates short-term stabilization following a year of strong activity.

Outlook

Saudi Arabia’s property market remains resilient and growth-oriented, supported by giga projects, expanding non-oil activity, and Vision 2030’s continued momentum.

Bilal Moti
Founder & CEO
Windmills Real Estate Valuations

About Windmills

Established in 2016, Windmills is a leading asset valuation, building consulting and management advisory services group in the United Arab Emirates. Our aim is to provide the most precise valuation in the fastest, most economical way whilst upholding high customer service to our esteemed clientele.

Our expertise spans across all property types and we value all kinds of residential, commercial, industrial and trade related properties. Our professional valuation reports on plant, machinery and equipment including aeroplanes, ship vessels, automobiles and industrial locomotives are unmatched.

We are the valuation industry leader in UAE and are widely approved by most banks and our clientele includes both corporate and individual clients. Our value propositions are: as precise valuations as possible based on scientific valuation calculation models, super-fast turn around time, low fee, global valuation solution and unmatched international expertise.

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KSA Macroeconomic Overview

Growth Outlook
The IMF raised Saudi Arabia's growth forecast through 2025: 3.0% (Apr) → 3.5% (Jun) → 3.6% (Jul), supported by Vision 2030 projects and stronger non-oil performance.
In Q2 2025, real GDP grew 3.9% YoY:
Non-oil GDP: +4.7% (adding 2.7 pp to growth)
Oil sector: +3.8% (adding 0.9 pp)
Quarterly GDP rose 2.1% from Q1, driven by oil rebound.
Medium-term growth (2025–2028) expected to average 3.5%.

Fiscal Position
Q1 2025: Budget deficit SR 58.7 billion (~US$15.7 billion) as oil revenues fell 17.6% YoY; oil made up 56% of revenue (down from 62%).

Full-Year 2025 Budget:
Revenues SR 1.18 trillion, expenditures SR 1.28 trillion, leaving a deficit of SR 101 billion (~US$27 billion).
Fitch projects deficit at ~4% of GDP in 2025, narrowing to 3.6% by 2027.

Non-Oil Diversification
Non-oil sector remains the main driver of growth: 4.7% expansion in Q2 2025.
GDP rebasing (2024) showed a 28% jump in non-oil private sector, now 56% of GDP.

Indicator	Value/Forecast
GDP Growth (IMF)	3.6% (2025)
Q2 2025 GDP Growth	3.9% YoY
Non-Oil Share of GDP	~56%
FY 2025 Budget Deficit	SR 101 billion (~US$27 billion)
Deficit/GDP Ratio	~4%
Credit Rating	A+ (S&P)

SOURCE: ARAB NEWS

KSA GIGA Projects

NEOM
Saudi Arabia’s most ambitious giga-project, NEOM is a futuristic smart city spanning approximately 26,500 km², entirely powered by renewable energy. It encompasses three key developments:

- Trojena – a high-altitude destination featuring the region’s first ski resort, luxury resorts, a freshwater lake, and a nature reserve (completion targeted for 2026).
- Oxagon – a floating industrial-commercial hub powered by clean energy, integrating advanced technologies like AI and robotics.
- The Line – a 200 m-wide, 170 km-long linear city built for 9 million residents, designed to eliminate roads and vehicles, relying entirely on renewable energy.

Qiddiya
A mega entertainment, sports, and culture hub located near Riyadh, covering 334 km² with an $8 billion budget. Highlights include:

- Six Flags theme park (28 rides)
- The region’s largest water park
- FIA-grade racetrack and Jack Nicklaus-designed golf course
- Red Sea International Airport to service the area, with 50 resorts (8,000 rooms) and 1,000+ residential units planned by 2030.

The Red Sea Project & Amaala

- The Red Sea Project – a sustainable luxury tourism destination across 28,000 km², featuring elite resorts and pristine island ecosystems, designed for regenerative tourism.
- Amaala – an ultra-luxury wellness and arts retreat along the Red Sea coast; its initial development phase (3,300 km²) is projected to launch by late 2024.

Diriyah
Saudi Arabia's cultural and historical focal point—a $50 billion restoration of the UNESCO-listed At-Turaif district near Riyadh. It will blend Najdi architecture with new hospitality, cultural, and educational institutions to attract global visitors.

ROSHN
A nationwide residential development initiative under the Public Investment Fund, aimed at uplifting Saudi homeownership rates and creating vibrant, livable communities.

These giga-projects, backed by the Public Investment Fund (PIF), are pivotal to Vision 2030’s strategy to diversify the economy, boost tourism, and establish Saudi Arabia as a global innovation and cultural destination.

SOURCE: ARAB NEWS

KSA Residential Market Overview

Market Snapshot Q2 2025:

Riyadh

Inventory: 2.17 million residential units by mid-2025.
5,600 new units delivered in H1 2025.
18,900 additional units expected by year-end.

Jeddah

Inventory: 1.23 million residential units by mid-2025.
8,640 new units expected to be delivered by year-end.

Dammam Metropolitan Area (DMA):

Inventory: 725,400 residential units by mid-2025.
1,740 units delivered in H1; 860 more expected throughout the remainder of the year.

City / Area	Existing Stock (Units)	Delivered in H1 2025	Expected Additional by Year-End
Riyadh	2.17 million	5,600	18,900
Jeddah	1.23 million	11,300	8,640
Dammam Metropolitan Area	725,400	1,740	860

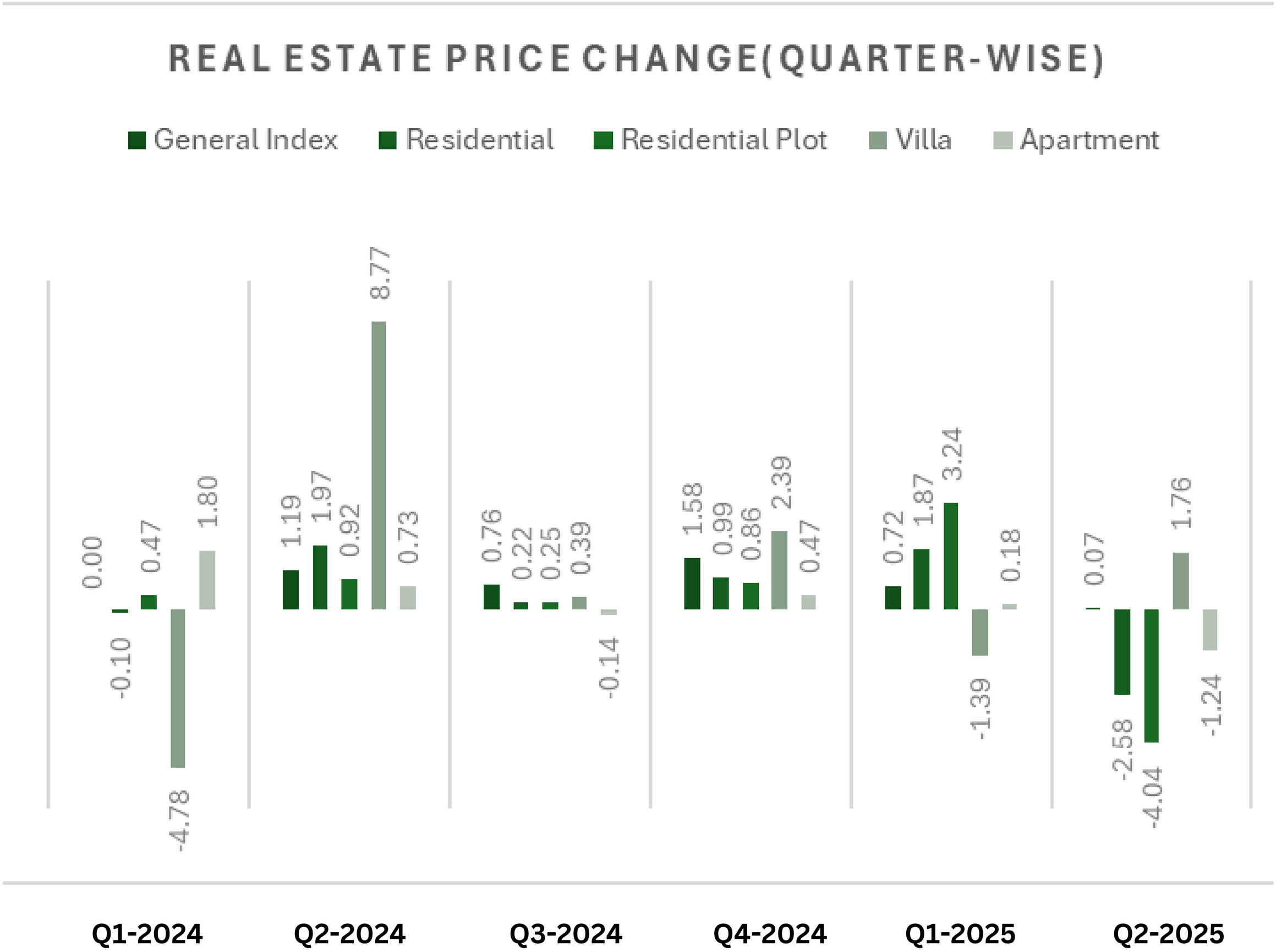
Key Trends Driving Supply:

- Rapid expansion aligned with Vision 2030’s urban and housing targets, including increased homeownership and infrastructure investment.
- Supply growth mainly channeled through master-planned communities, particularly expanding northward in both Riyadh and Jeddah. These developments often integrate amenities like gyms, parking, retail, and community spaces to meet modern lifestyles.
- In DMA, the supply is shifting inward from coastal areas (such as Al Khobar and Dammam) toward more central and southern districts.

SOURCE: JLL,ARAB NEWS

KSA Rental Price Change Q1-24 to Q2-25

General Index:
The overall market remained relatively stable, rising through 2024 and peaking in Q4, but slowed sharply in Q2 2025, signaling near-stable conditions.
Residential:
Residential prices showed moderate volatility, rising through most of 2024 and peaking at 1.87% in Q1 2025, before dropping sharply to -2.58% in Q2 2025, indicating a market correction.
Residential Plots:
Plots followed a similar trend, with steady growth in 2024 and a strong spike of 3.24% in Q1 2025, followed by a steep decline of -4.04% in Q2, suggesting high market fluctuations.
Villas:
Villas were highly volatile, starting with a drop in Q1 2024, rebounding sharply in Q2, stabilizing through Q4, then showing minor decline and recovery in H1 2025, reflecting resilient yet fluctuating demand.
Apartments:
Apartments remained relatively stable, with small growth and minor contractions through 2024, followed by a slight decline of -1.24% in Q2 2025, indicating softening demand.



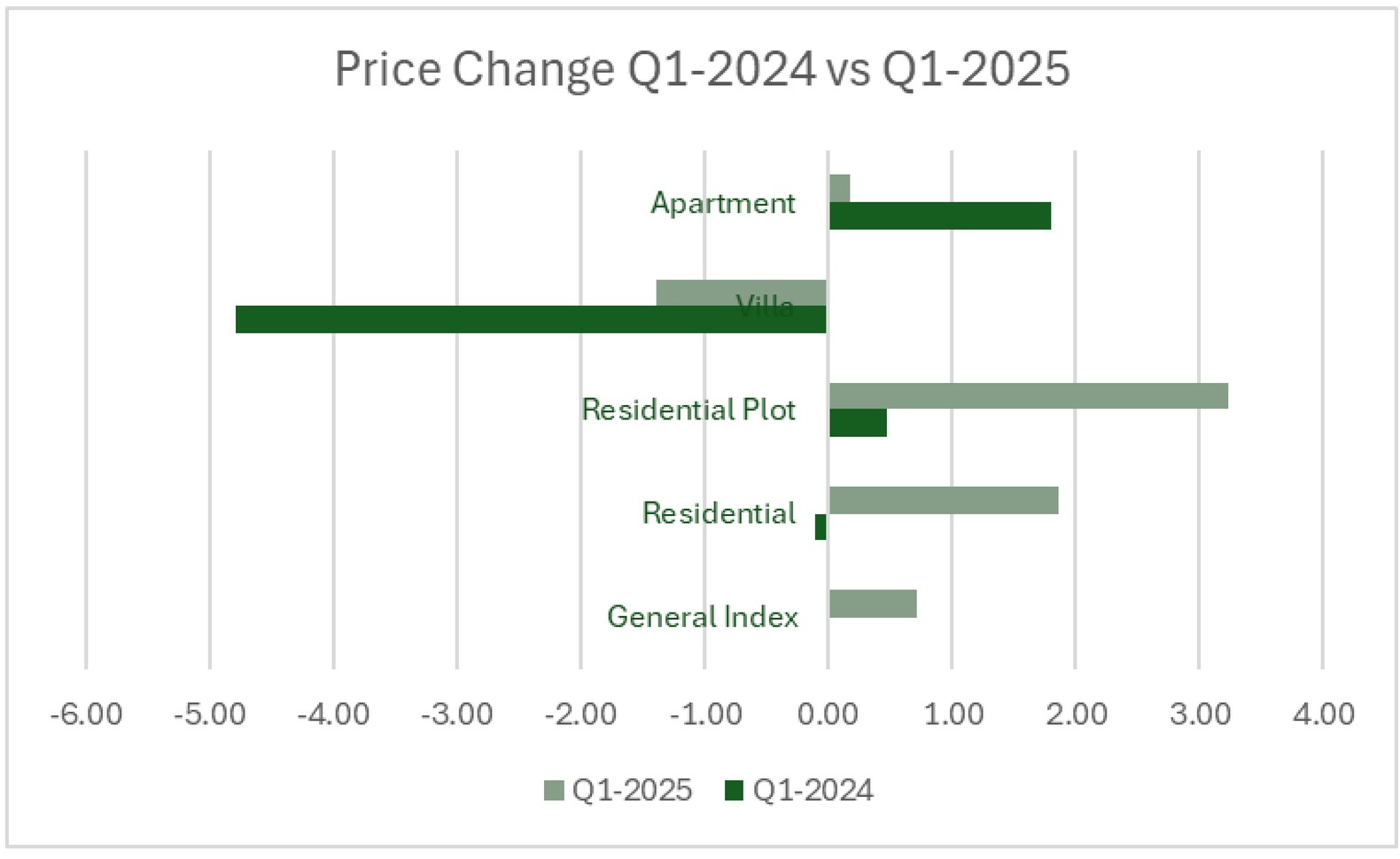
SOURCE: GENERAL AUTHORITY FOR STATISTICS

KSA Rental Price Change Q1-24 to Q2-25

Q1 2024 vs Q1 2025

- General Index: 0.00 → 0.72, modest overall growth.
- Residential: -0.10 → 1.87, strong demand increase.
- Residential Plots: 0.47 → 3.24, high investor interest.
- Villas: -4.78 → -1.39, partial recovery but still soft.
- Apartments: 1.80 → 0.18, demand slowing.

Overall, Q1 2025 demonstrates robust growth for plots and general residential units, while apartments and villas show cautionary trends.



Q4 2024 vs Q1 2025

- General Index: 1.58 → 0.72, market slowdown.
- Residential: 0.99 → 1.87, continued growth.
- Residential Plots: 0.86 → 3.24, strong investment activity.
- Villas: 2.39 → -1.39, luxury segment softens.
- Apartments: 0.47 → 0.18, slight decline.

This comparison suggests that while plots and general residential units continue to attract buyers, villas and apartments are showing early signs of market moderation.

SOURCE: GENERAL AUTHORITY FOR STATISTICS

KSA Residential Market Supply

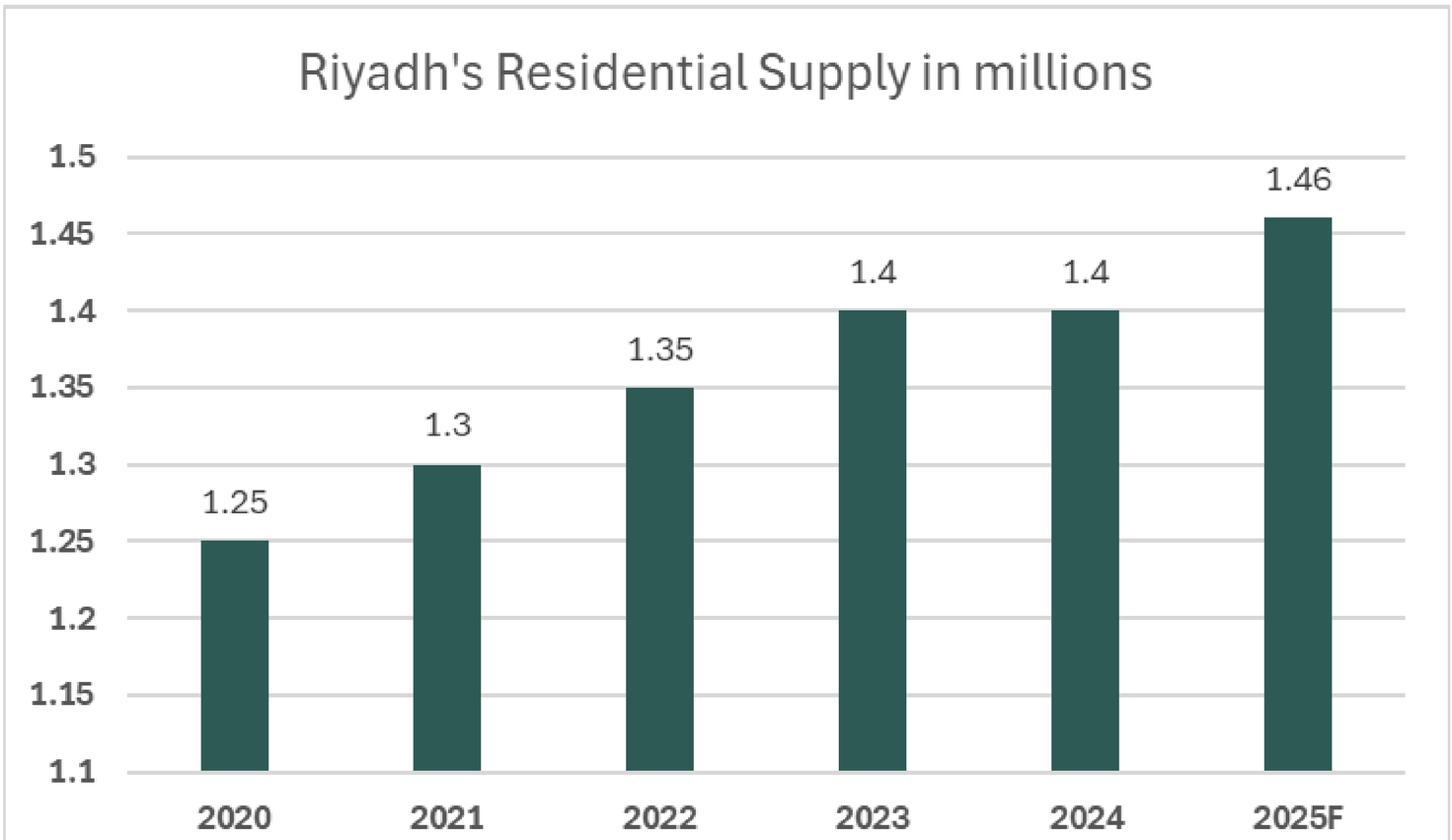
Riyadh:
Riyadh’s residential supply has steadily grown from 1.25 million units in 2020 to a forecasted 1.46 million in 2025. Growth slowed in 2023–2024 at 1.4 million, reflecting a mature market, with 2025 showing renewed development activity.

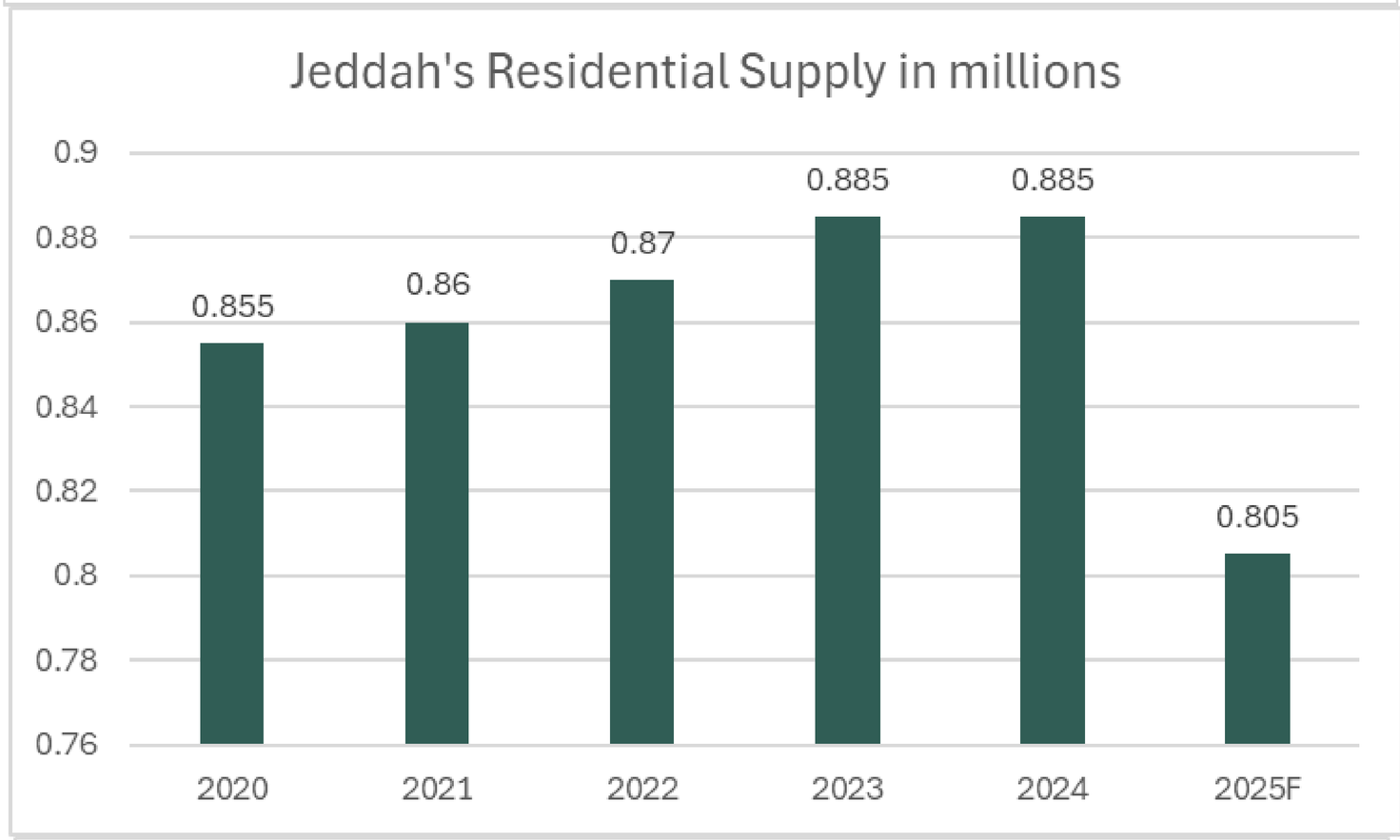
Jeddah:
Jeddah’s supply has been stable, rising slightly from 0.855 million in 2020 to 0.885 million in 2023–2024. A dip to 0.805 million in 2025 suggests a potential slowdown in new projects.

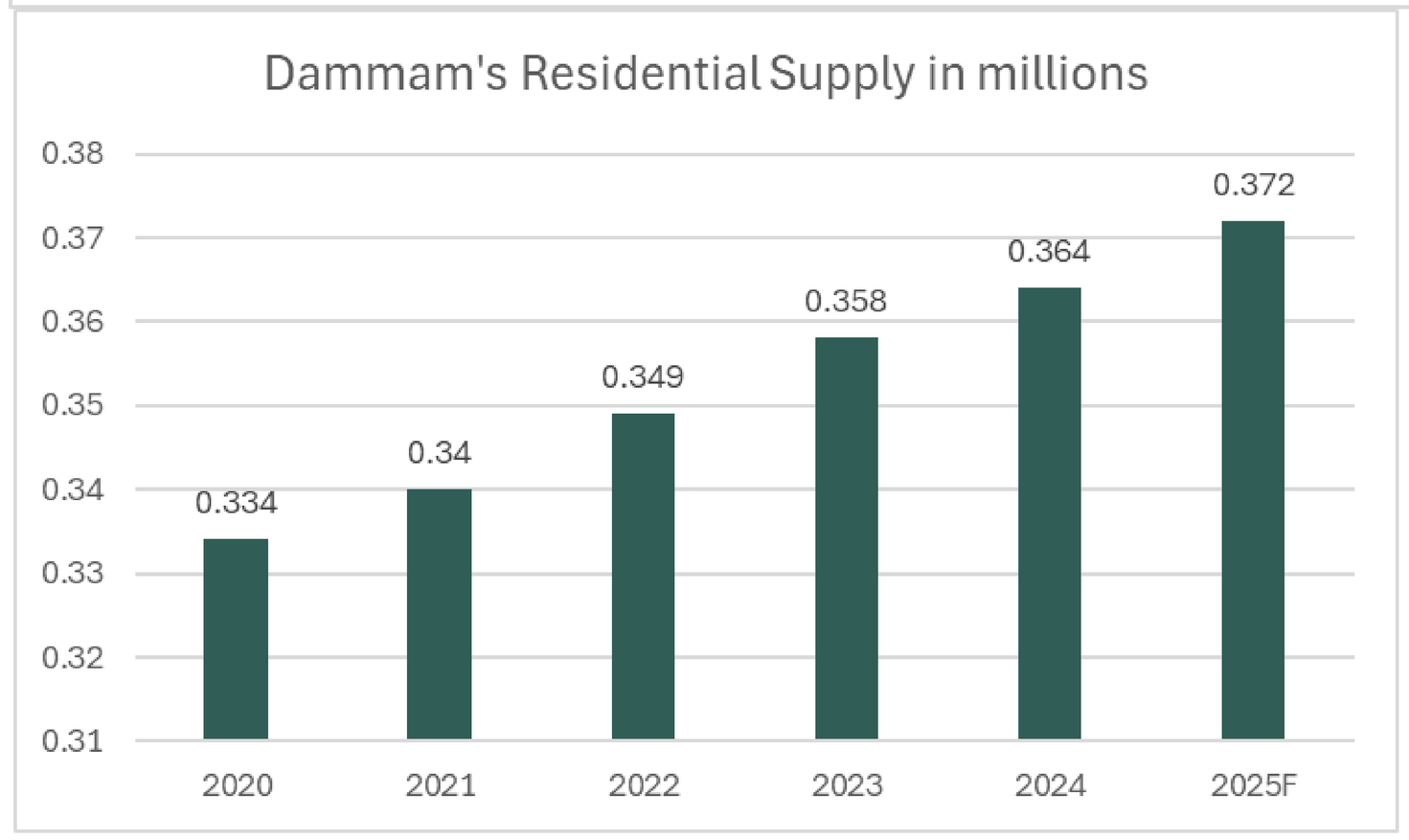
Dammam:
Dammam shows steady, gradual growth from 0.334 million units in 2020 to 0.372 million in 2025, reflecting a smaller but stable market.

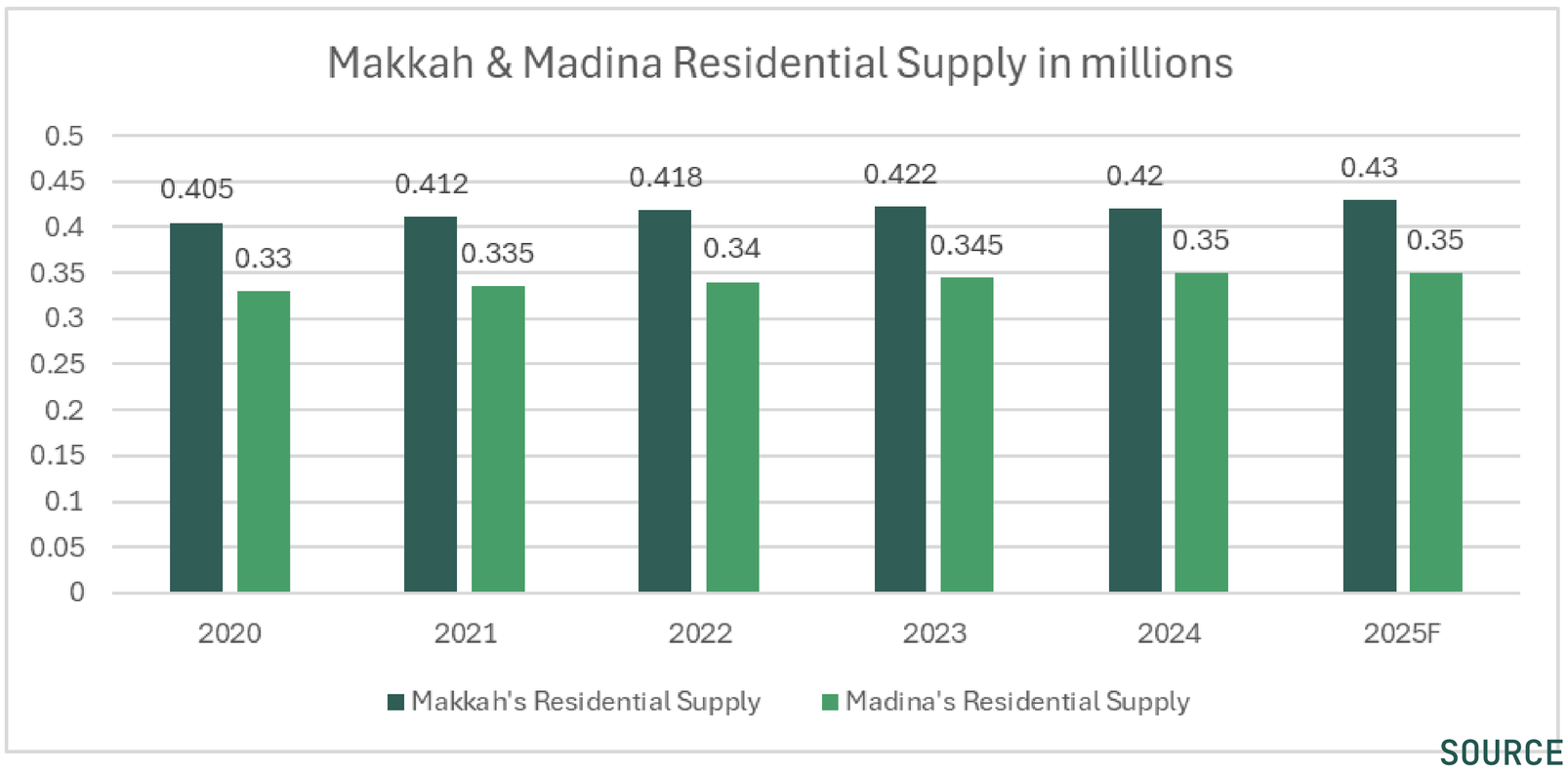
Makkah:
Makkah’s supply increased slowly from 0.405 million in 2020 to 0.43 million in 2025. Growth remains modest, aligned with seasonal and religious-driven demand.

Madina:
Madina likely mirrors Makkah’s trend, with measured growth due to religious tourism and controlled residential development.









SOURCE: ADVISORY CORP

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