

Daily Bulletin

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Riyadh property prices reset 4.4% YoY lower in 1Q26 in line with government initiatives to improve housing affordability

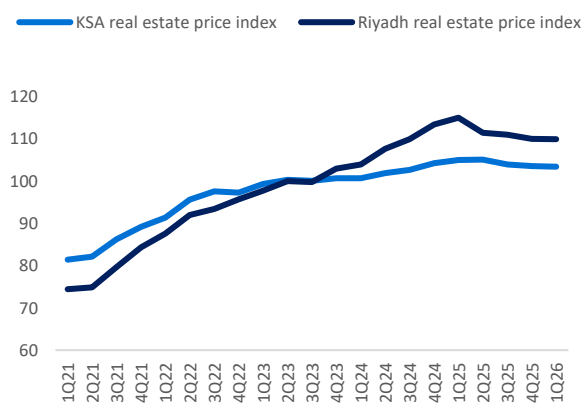
His Excellency Majed Al-Hogail, Minister of Municipal and Rural Affairs and Housing of the Kingdom of Saudi Arabia, stated that Riyadh’s real estate prices are becoming more aligned with buyers’ purchasing power. The softness in Riyadh’s real estate market is reflected in the Riyadh real estate price index, which declined by 4.4% YoY in 1Q26. Market activity has also slowed in Saudi Arabia, with the number of real estate transactions falling by 49.9% YoY in 1Q26, while the value of transactions declined by 60.3% YoY during the same period. Moreover, the total number of new mortgage finance contracts provided by banks also decreased by 34.5% to 23,756 contracts in 1Q26.

We believe the recent correction in Riyadh’s real estate market is primarily driven by government initiatives to increase housing supply. These include reforms to the White Land Tax and the National Housing Company’s (NHC) target to deliver an additional 0.3 mn housing units by 2030. The anticipation of higher future supply has likely contributed to a correction in real estate prices and softer transaction activity. It is expected that real estate transactions to remain subdued during 2026 as potential buyers postpone purchase decisions and wait for the market to fully reflect the ongoing price correction.

In 2025, the government introduced reforms to the White Land Tax, increasing the levy on undeveloped land from 2.5% to 10.0% of land value, depending on the location. The reform aims to incentivize landowners to develop idle plots, thereby increasing housing supply and reducing land price inflation in major cities. We believe the White Land Tax will increase the cost of holding undeveloped land, encouraging landowners either to develop their land or bring it to the market for sale. In both scenarios, the reform will support an increase in supply and help ease pricing pressures in the real estate market.

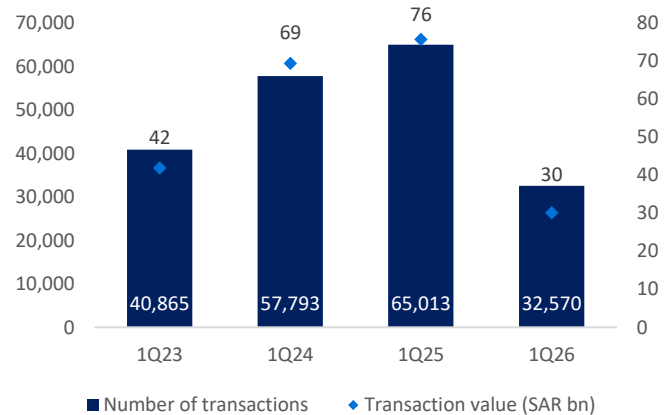
In addition, NHC has already delivered approximately 0.3 mn housing units and plans to deliver a further 0.3 mn units by 2030, taking total housing deliveries to around 0.6 mn units.

Saudi Arabia and Riyadh real estate price index



Source: GASTAT, anbc research

Real estate: No. of transactions and its value



Source: Ministry of Justice, anbc research

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