

Riyadh Office Market Report

Real Estate – Riyadh (KSA) – Q3 2026

savills

KEY STATS


-0.7%
QOQ ZONE A,
ZONES B & C
UNCHANGED


+1.6
SAUDI PMI
IMPROVEMENT


9,018
INVESTMENT
LICENCES ISSUED
AS OF Q2, 2026


98%
GRADE A OFFICE
OCCUPANCY

Riyadh's office market is entering a defining phase of its evolution. With prime occupancy remaining exceptionally high and rental growth beginning to stabilise, the market is shifting from a period of rapid expansion towards one of greater maturity and selectivity. Occupiers are increasingly prioritising quality, flexibility and long-term value, while the next wave of Grade A supply promises to reshape the competitive landscape. The opportunity ahead lies not simply in delivering more office space, but in creating workplaces that meet the ambitions of occupiers.

- Rachael Kennerley
(Head of Research)

Market Sentiment



Renewals Drive Activity

- Occupiers prefer short-term renewals amid geopolitical uncertainty.
- New market entry requirements have moderated compared with earlier quarters.



Preference for Ready Stock

- Occupiers favour immediately available space (fitted or shell & core).
- Pre-leasing of projects with construction risk remains challenging.



Flex Space Gaining Traction

- Growing demand for flexible workspace to manage expansion and contraction.
- International operators targeting Riyadh via management or profit-share models.



Rental Stability and Tenant Protection

- Headline rents largely steady
- Five-year rent controls continue to provide occupiers with greater cost certainty.



KAFD and Surrounding Areas in Focus

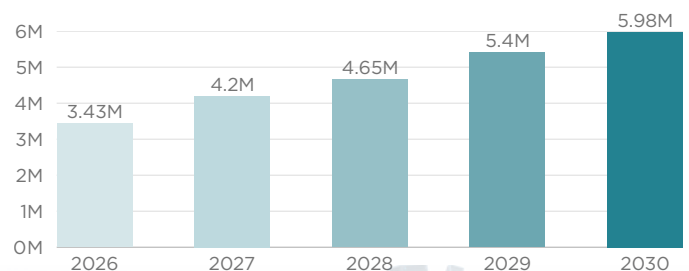
- Prime Business Resort and nearby projects attract strong occupier interest.
- Diversification away from core KAFD, reflecting availability, access and operational considerations.



Upcoming Supply to Ease Tightness

- Over 2.5M sq.m of new Grade A office space is expected between now and 2030, with some 2026 completions likely to roll over to coming years.
- This will provide more options for tenants and support market balance.

Grade A Supply (Cumulative GLA SQ.M.)



Corporate Occupier Developments

Riyadh continued to attract international corporate investment during Q3 2026, with Deutsche Bank and BNP Paribas securing regional headquarters licences in July and August, respectively. Greenberg Traurig also relocated its Riyadh operations to Kingdom Centre, while Nokia opened a new research and development centre in September. Separately, Singapore's Temasek announced plans to establish a Riyadh office in 2027, reinforcing the capital's longer-term appeal to international financial and technology occupiers.

Deutsche Bank 

 BNP PARIBAS

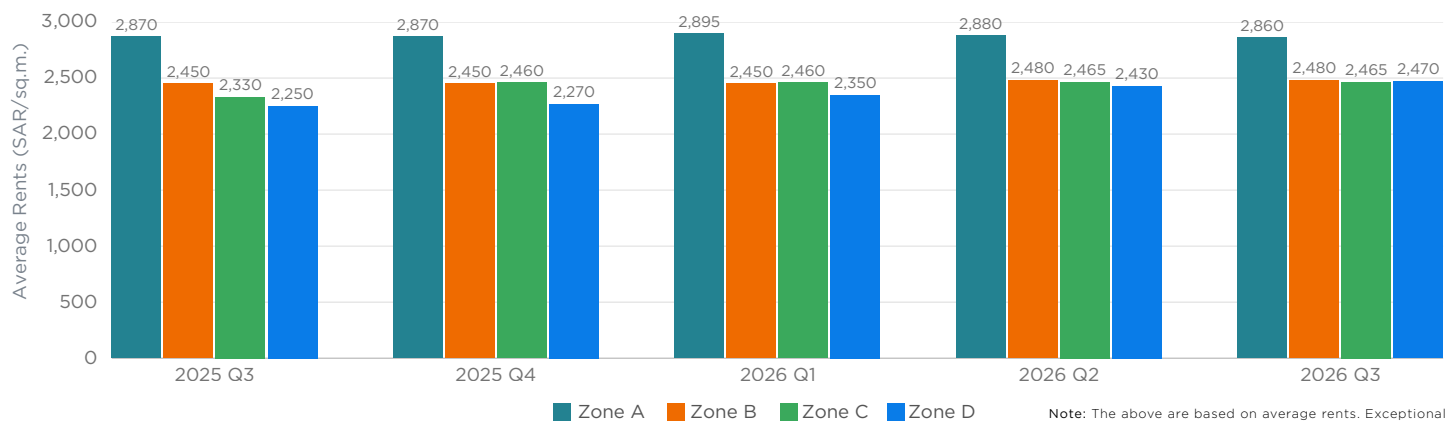
 GreenbergTraurig

TEMASEK

NOKIA

Recent corporate commitments demonstrate that international occupier demand remains active despite a more cautious leasing environment, with financial services and technology continuing to support demand for high-quality office space.

Office Rental Trend by Zone



Key Takeaways



PRIME OFFICE RENTS REMAIN BROADLY STABLE

Average asking rents recorded limited movement during Q3 2026, with three of the four monitored zones experiencing either no change or a marginal decline.



ZONE A RECORDS MODEST RENTAL SOFTENING

Zone A continued to command the highest average rent at SAR 2,860 per sq.m. per annum, despite marginal declines of 0.7% QoQ and 0.3% YoY.



ZONES B AND C MAINTAIN RENTAL STABILITY

Both zones recorded unchanged rents during Q3 2026. On an annual basis, Zone B increased by 1.2%, while Zone C registered growth of 5.8%.



ZONE D LEADS ANNUAL RENTAL GROWTH

Zone D recorded the strongest annual growth, with average asking rents reaching SAR 2,470 per sq. m. per annum, up 1.6% QoQ and 9.8% YoY.

Outlook

OCCUPIER STRATEGY

Continued focus on cost control, flexible lease terms and ready-to-occupy office space.

FLEX SPACE EXPANSION

Further entry of operators is expected to increase workspace choice and competition.

INCREASING SUPPLY

New Grade A office developments expected from 2027 should gradually ease supply constraints and improve tenant choice.

RENTAL OUTLOOK

Headline rents are expected to remain broadly stable, with greater flexibility in leasing terms and incentives supporting activity.

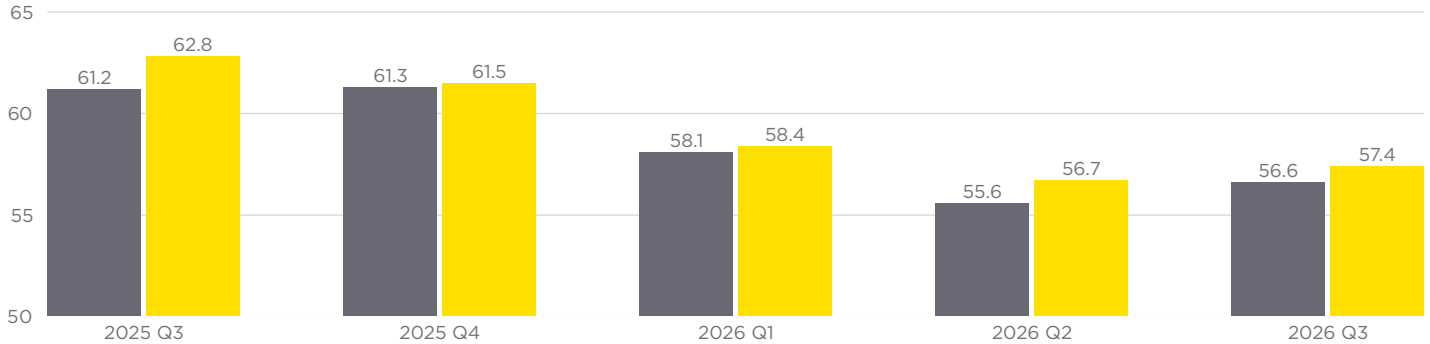


Macroeconomic and Investment Backdrop

BUSINESS CONFIDENCE INDEX

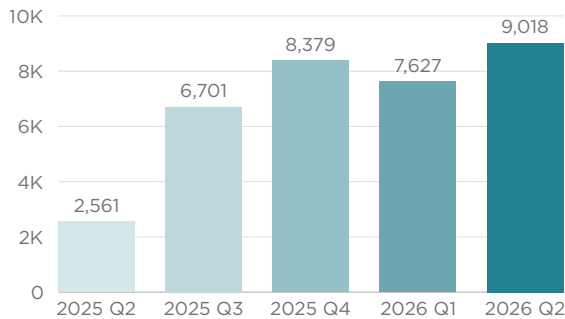
Quarterly Average | Index Points (50 = Neutral)

Overall Business Confidence Index (BCI)
Construction Business Confidence Index (BCI)



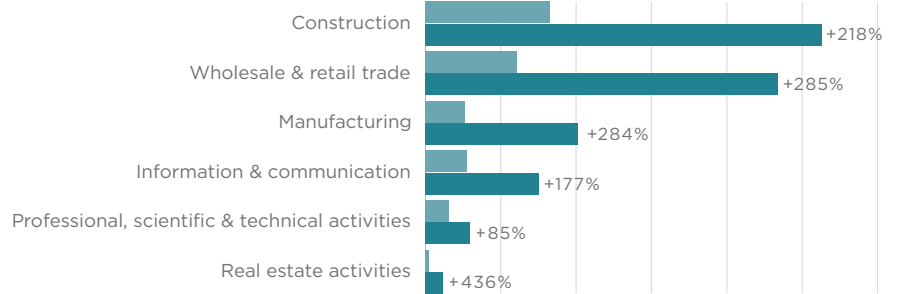
Source: GASTAT, Business Confidence Index, September 2026.

INVESTMENT LICENCES ISSUED IN KSA



Quarterly number of active investment licences issued
Latest available: Q2 2026

INVESTMENT LICENCES BY KEY ECONOMIC SECTOR

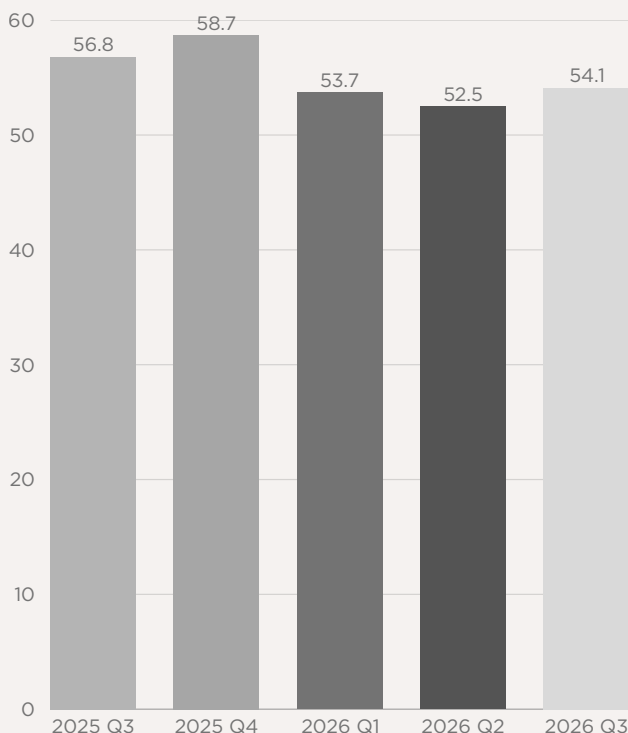


Source: Ministry of Investment Saudi Arabia (MISA), Figures are Saudi Arabia-wide, not Riyadh-specific. (Savills Research)

Q2 2025 Q2 2026

NON-OIL PRIVATE SECTOR PURCHASING MANAGERS' INDEX (PMI)

Quarterly Average | Index Points (Above 50 = Expansion)



Key Takeaways



BUSINESS CONFIDENCE SHOWS SIGNS OF RECOVERY

Overall business confidence improved to **56.6 in Q3 2026**, from 55.6 in Q2, while construction confidence increased to **57.4**, from 56.7. Both indicators remained above the neutral threshold of 50, suggesting improving sentiment and a more supportive environment for business expansion and office development.



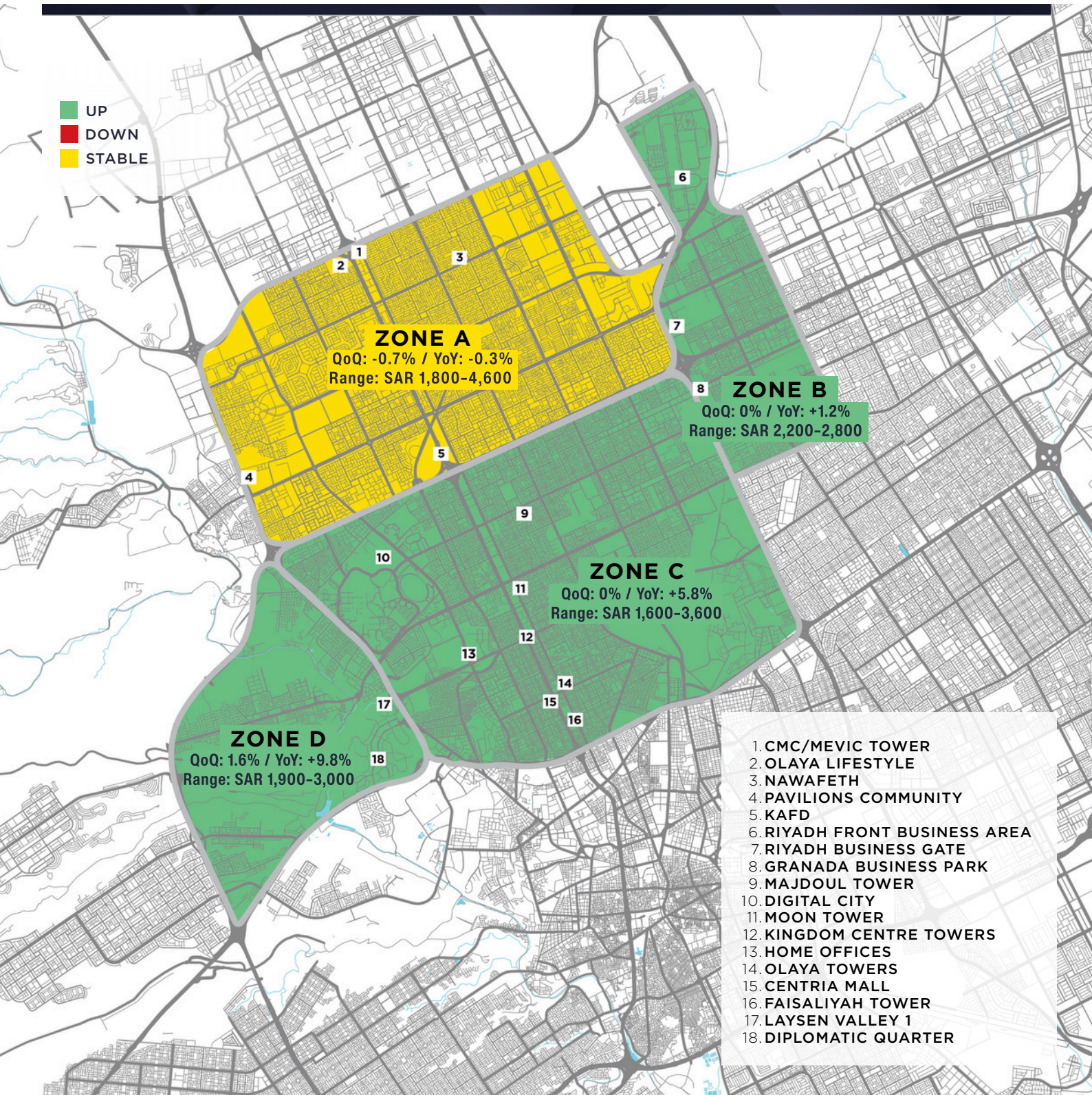
NON-OIL BUSINESS ACTIVITY REGAINS MOMENTUM

Saudi Arabia's non-oil PMI rose to a quarterly average of **54.1 in Q3 2026**, from 52.5 in Q2, with September reaching 55.3. The recovery in private-sector activity provides a positive backdrop for corporate growth and potential office occupier demand in Riyadh.



INVESTMENT GROWTH SUPPORTS THE LONGER-TERM OFFICE OUTLOOK

Saudi Arabia issued **9,018 investment licences in Q2 2026**, up 252% YoY. Growth in information and communication (+177%) and professional, scientific and technical activities (+85%) is particularly relevant to office demand, as expansion in these sectors could support future workspace requirements in Riyadh.



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