MARKET PULSE

Q1 2026 **QUARTERLY REVIEW**

Saudi Arabia Real Estate

the quarter the access rules changed

SAR 15.75B
Q1 mortgage lending, **(43%)** YoY

(3.6%) YoY
REPI residential, Q1 2026

11,250
TASI, **+7.2%** in the quarter

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Q1 2026 at a Glance

Lending found a lower gear, prices corrected further, land activity froze - and the door to foreign capital swung open.

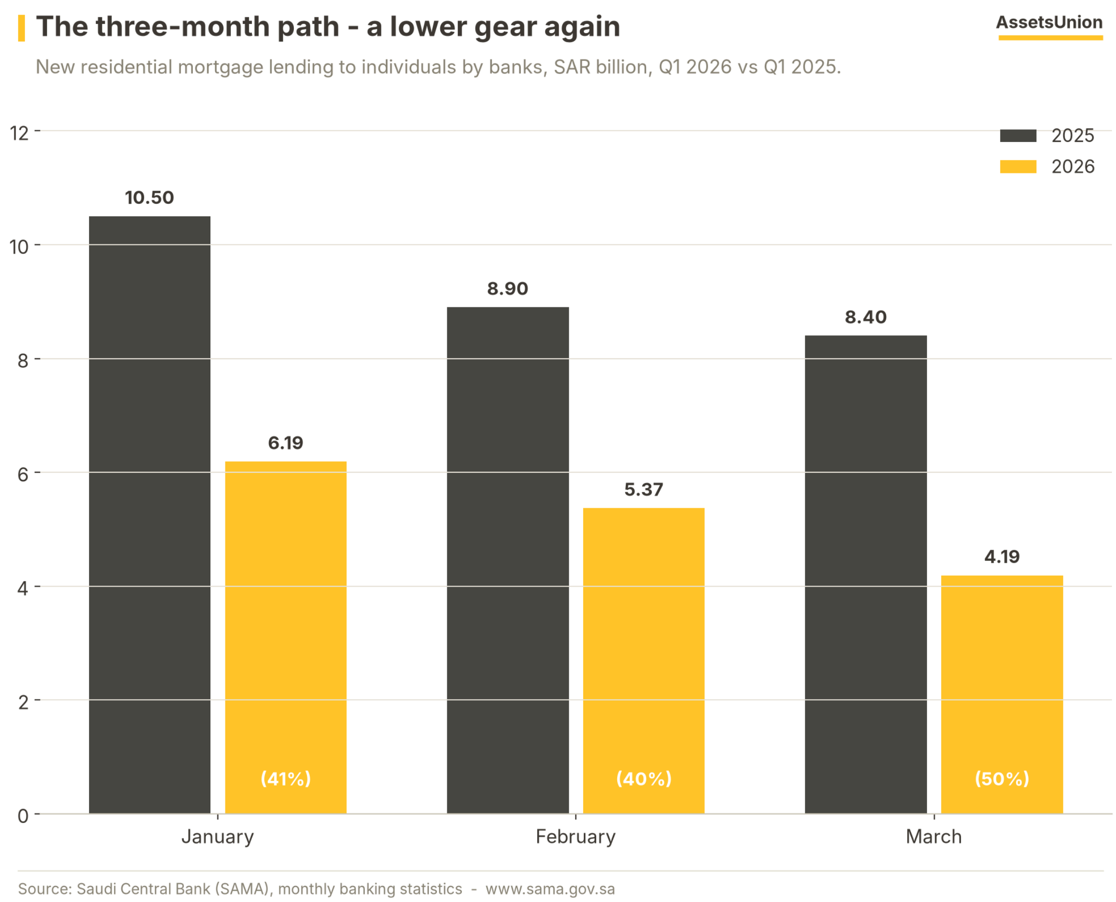
SAR 15.75B New mortgage lending (43%) YoY vs Q1 2025	**SAR 4.19B** March origination lowest month since April 2023	**(3.6%)** REPI residential, YoY fourth quarter of decline
+3.4% REPI commercial, YoY the index's split personality	**21,320** Land deals (55%) YoY - lowest on record	**4.25%** SAMA repo rate unchanged all quarter
11,250 TASI, Q1 close +7.2% - best quarter since 2023	**12 of 19** REITs higher in Q1 sector index +2% to 2,977	**21 Jan** Foreign-ownership law in force; zones came in June

The Quarter in One Paragraph

The first quarter of 2026 hardened the reset: banks wrote **SAR 15.75 billion** of new residential mortgages, **(43%)** below a strong Q1 2025, with March at **SAR 4.19 billion** - the weakest single month since **April 2023**. The official price index recorded a fourth consecutive residential decline at **(3.6%)** while commercial values rose **+3.4%**, and the land market bore the brunt of policy: recorded land deals fell **(55%)** as the escalated **White Land fee** entered its first Riyadh billing cycle. Yet the quarter's defining story was access, not activity - the **foreign-ownership law** entered into force on **21 January**, and from **1 February** the abolition of the QFI regime opened the Saudi main market to every class of foreign investor. The equity market noticed: **TASI** gained **+7.2%** and **12 of the 19 listed REITs** closed the quarter higher.

Lending: The Three-Month Path

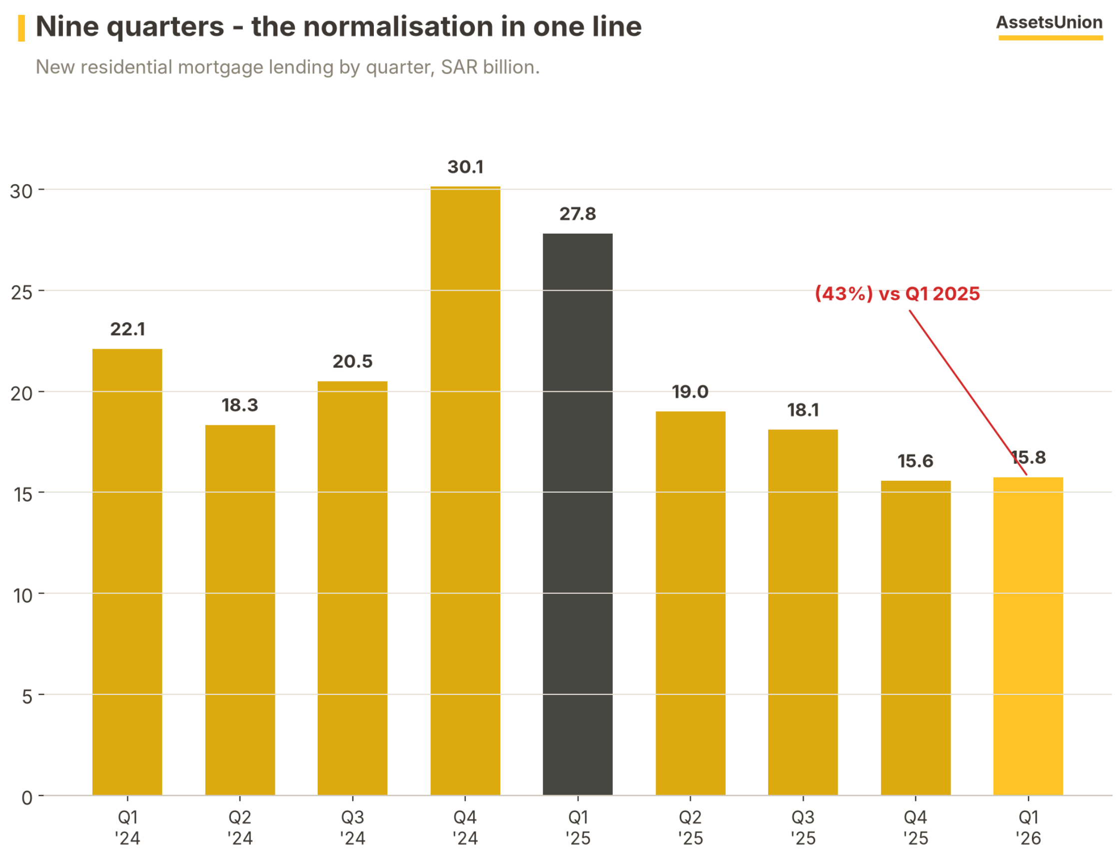
January opened at SAR 6.19 billion and March closed at SAR 4.19 billion - each month roughly half its year-ago level.



The quarter never found traction: **January** wrote **SAR 6.19 billion** (**(41%)** year on year), **February SAR 5.37 billion** (**(40%)**) and **March** just **SAR 4.19 billion** (**(50%)**) - the lowest monthly print since **April 2023**. The base effect matters: Q1 2025 was the strongest quarter of that year, so year-on-year comparisons are at their harshest here and mechanically ease from May onward. The level, not the growth rate, is the cleaner read - and the level says the market has stepped down to a **SAR 4-6 billion** monthly run-rate.

Nine Quarters of Normalisation

From SAR 30.1 billion in Q4 2024 to SAR 15.75 billion - the quarterly series has halved in five quarters.



Source: Saudi Central Bank (SAMA), monthly banking statistics - www.sama.gov.sa

On the quarterly ledger the descent is orderly: after the **Q4 2024** re-acceleration to **SAR 30.1 billion**, every quarter of 2025 stepped lower, and **Q1 2026** lands at **SAR 15.75 billion** - essentially flat on Q4 2025's **SAR 15.6 billion**. That sequence is the most constructive detail in the data: the quarter-on-quarter decline has stopped. What is still missing is an upturn - and with the repo rate parked at **4.25%**, the trigger will have to come from affordability, price expectations, or the new foreign-demand channel rather than from cheaper money.

What the Money Bought

Villas held nearly two thirds of lending value; the average mortgage got smaller for a second straight quarter.

What Q1 lending bought

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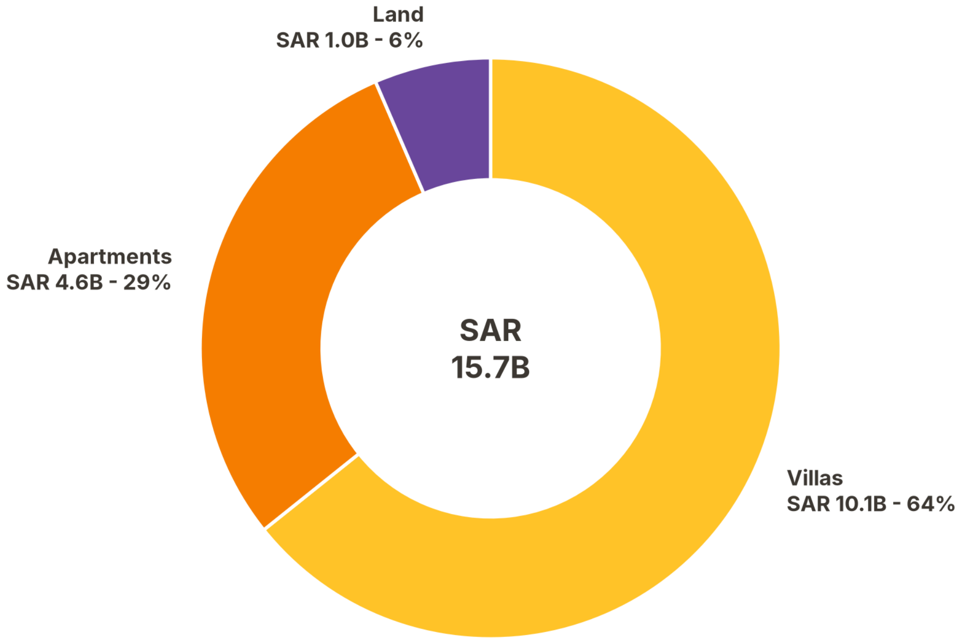
New residential mortgage value by product, Q1 2026.

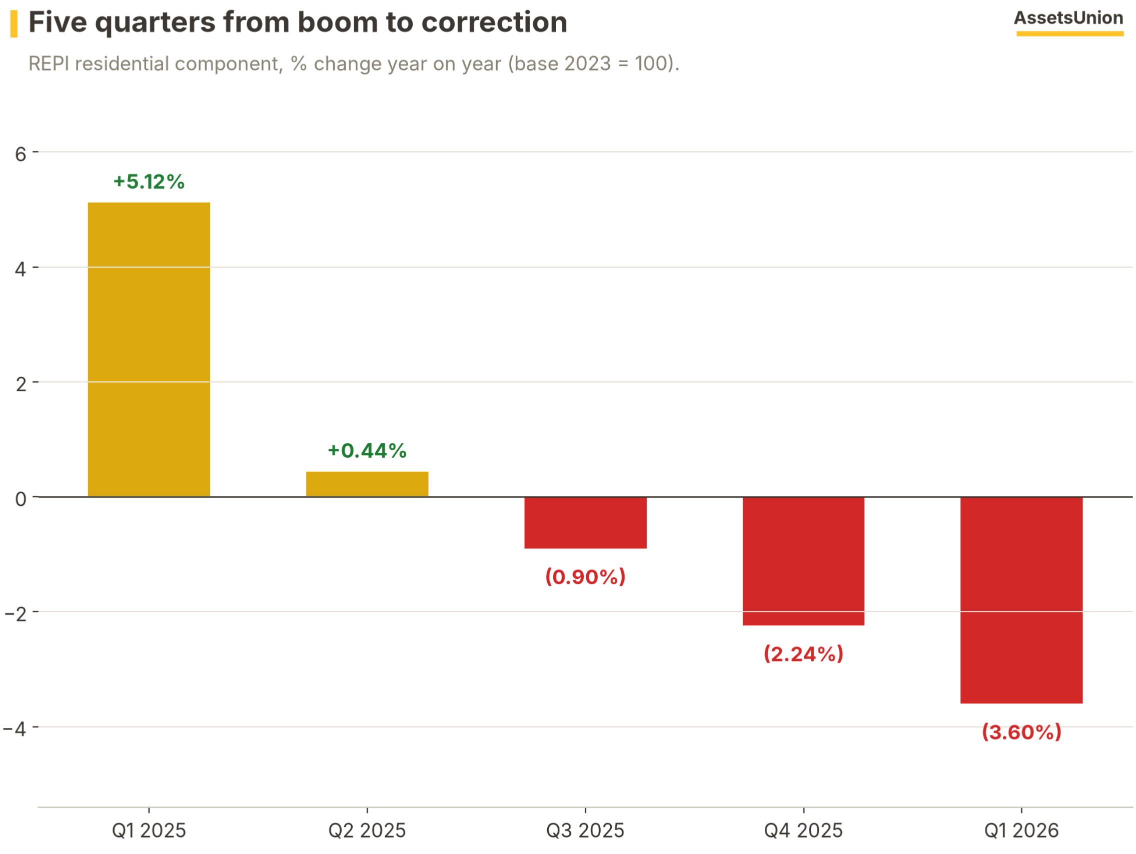


Source: Saudi Central Bank (SAMA), monthly banking statistics - www.sama.gov.sa

Villas took **SAR 10.1 billion** (64%) of the quarter's lending value, apartments **SAR 4.6 billion** (29%) and land plots **SAR 1.0 billion** (6%) - a mix unchanged from full-year 2025 even as volumes halved. The ticket size is quietly repricing: February's average mortgage of **SAR 643,000** was **(15%)** below a year earlier and March's **SAR 655,000** **(13%)** - buyers are borrowing less per home, consistent with softer prices and tighter affordability. Contract counts tell the same story: **8,400** in February and **6,400** in March.

Prices: Five Quarters to Correction

From +5.12% to (3.6%) in five prints - the residential index has now declined for four consecutive quarters.



Source: General Authority for Statistics, Real Estate Price Index - www.stats.gov.sa

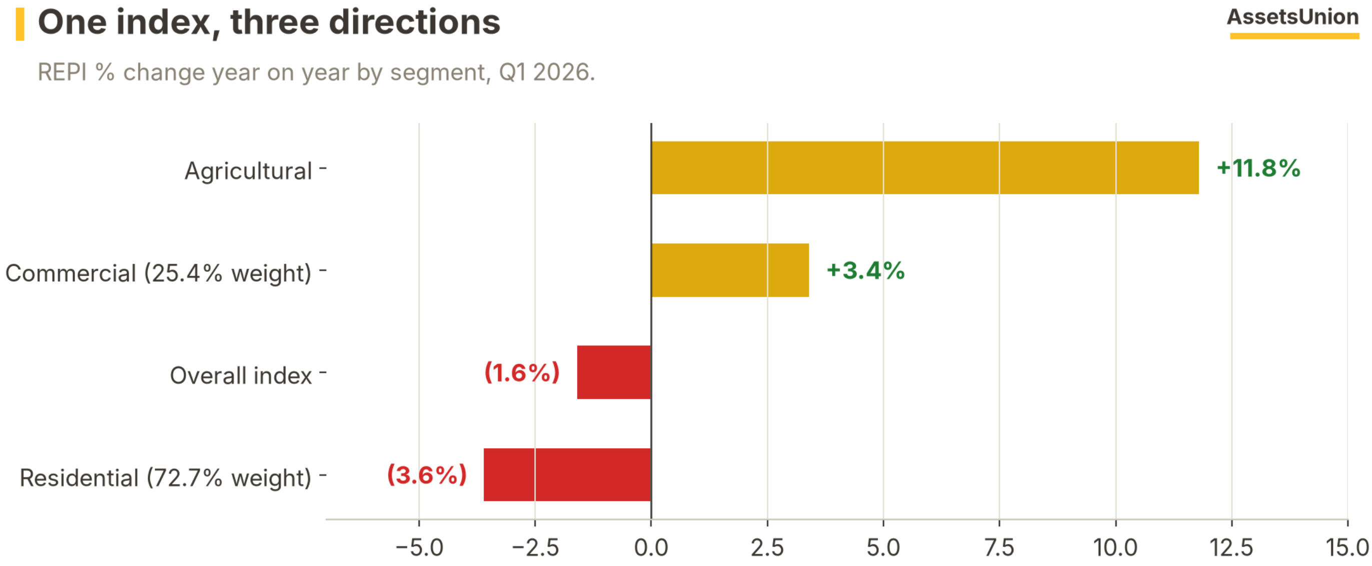
The residential REPI fell **(3.6%)** year on year in Q1 2026, extending the correction that began in Q3 2025 and deepening from Q4's **(2.24%)**. The path from **+5.12%** growth to a **(3.6%)** decline took exactly five quarters - a textbook rollover, arriving in step with the lending reset rather than ahead of it. Note the series convention: **GaStat rebased the REPI at Q3 2024** (base 2023 = 100), so this chart splices nothing and reads entirely on the new vintage.

Inside the Q1 Print

One index, three directions - residential down, commercial up, agricultural sprinting.

One index, three directions

REPI % change year on year by segment, Q1 2026.



Source: General Authority for Statistics, Real Estate Price Index - www.stats.gov.sa

The overall index eased **(1.6%)** to **103.3 points**, but the composite hides a genuine divergence: the **residential** component (72.7% of the index) fell **(3.6%)** while **commercial** (25.4%) rose **+3.4%** and **agricultural** land jumped **+11.8%**. This is not a market falling uniformly - it is a market repricing residential assets specifically, while income-producing commercial property and farmland hold their bid. For valuation work the segment split matters more than the headline.

The Regional Map

Eastern Province up 6.9%, Riyadh down 4.4% - the correction remains uneven by geography.

A kingdom of two price maps

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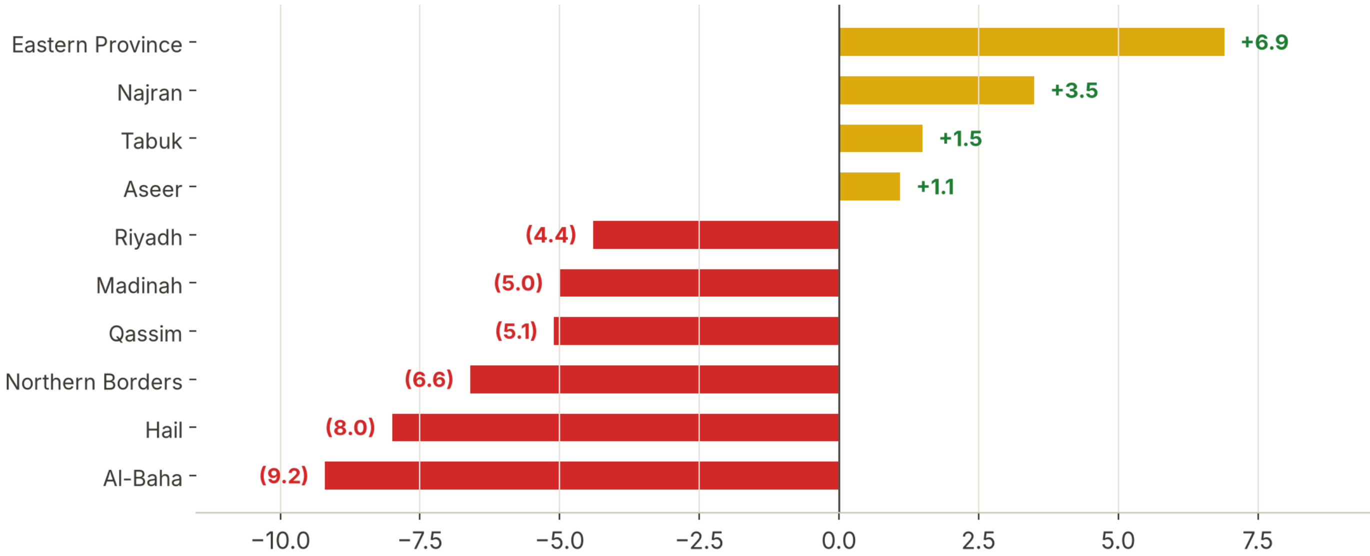
REPI % change year on year by region, Q1 2026.

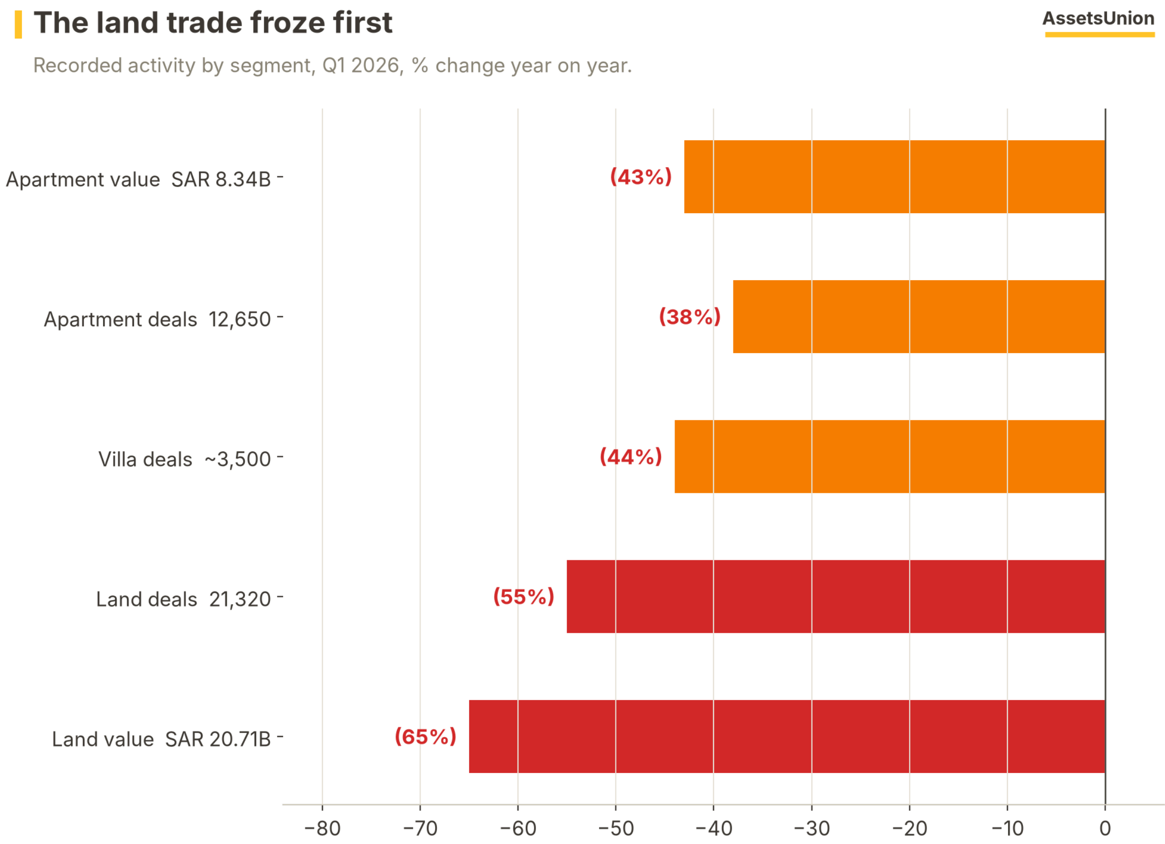


Source: General Authority for Statistics, Real Estate Price Index - www.stats.gov.sa

Four regions posted gains - led by the **Eastern Province** at **+6.9%** - while the declines concentrate in **Riyadh** (**(4.4%)**), **Madinah** (**(5.0%)**), **Qassim** (**(5.1%)**) and the smaller northern and southern regions, with **Al-Baha** at **(9.2%)**. Riyadh's decline carries the most weight: it is the deepest supply pipeline and the market where the **White Land** escalation and the migration of deals to the new **Real Estate Registry** are both landing first. The regional split is the framework's key watch item into mid-2026.

The Transaction Ledger

The land trade froze first - deals down 55%, value down 65% - exactly as the holding cost of idle land went live.

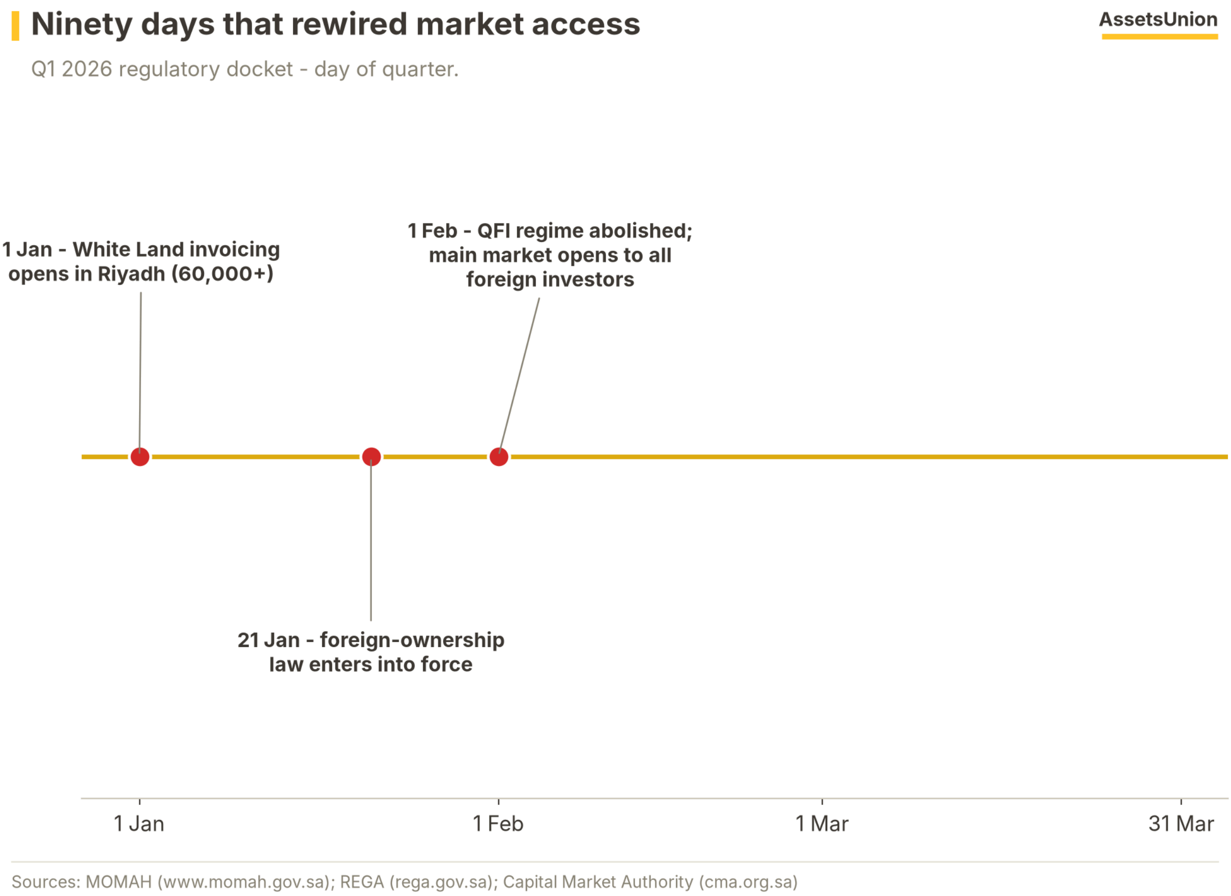


Source: Real Estate General Authority (REGA), market indicators - rega.gov.sa

REGA's market indicators put Q1 **land deals** at **21,320** (**(55%)** year on year, the lowest on the series) worth **SAR 20.71 billion** (**(65%)**); **apartment** deals fell **(38%)** and **villa** deals **(44%)**. Two forces overlap: the **White Land fee**'s first Riyadh billing cycle - over **60,000** invoices from 1 January - has made holding undeveloped land expensive precisely when its exit price is falling, and Riyadh's transaction ledger is migrating to the **Real Estate Registry**, which depresses the legacy series. Read levels with care this year; read the land-segment collapse as policy working as designed.

Regulation: The Access Quarter

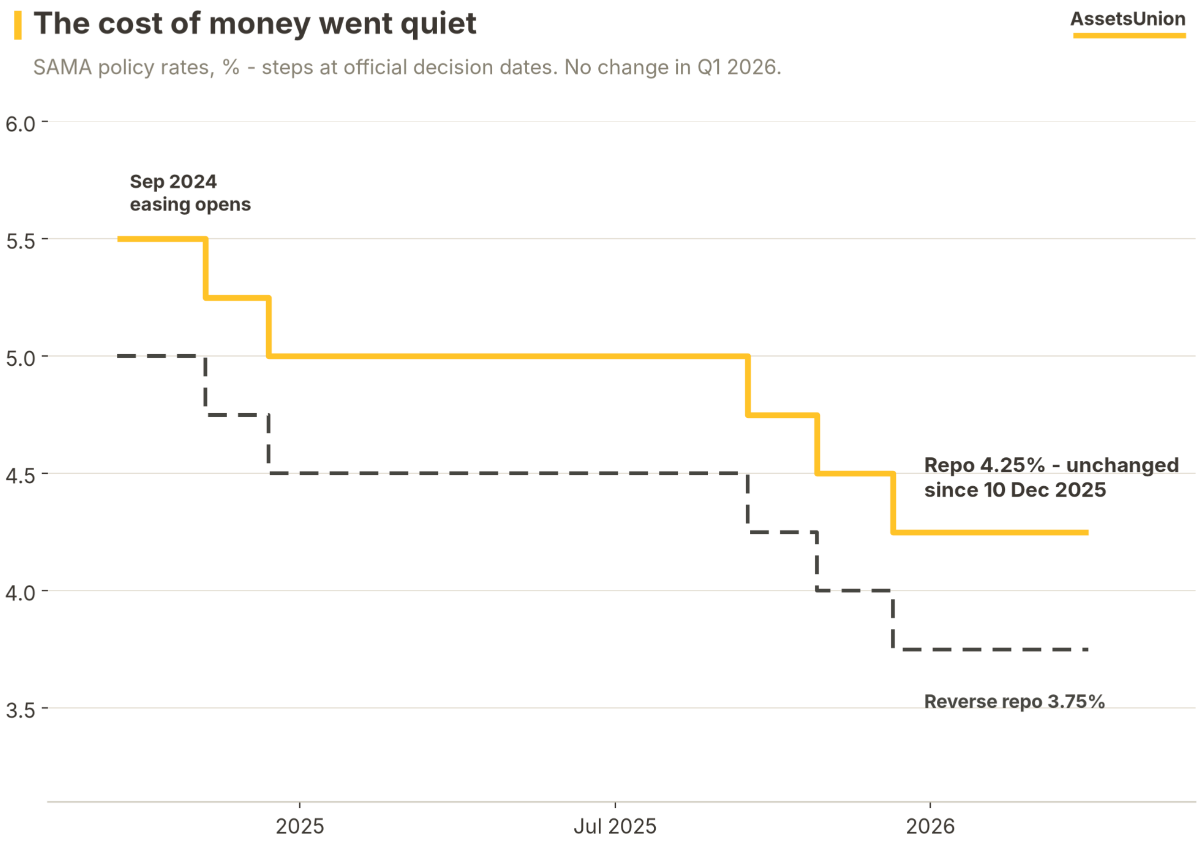
Ninety days that rewired who may own and who may invest - the structural story of Q1 2026.



1 January - White Land invoicing opened in Riyadh under the amended law's tiered rates of up to **10%** a year. **21 January** - the **Law of Real Estate Ownership by Non-Saudis** entered into force, replacing the old purpose-based regime with a zoning framework; REGA may levy a disposal fee of up to **5%** on non-Saudi transactions. **1 February** - the **Capital Market Authority** abolished the QFI regime, opening the main market - including every listed REIT - to all categories of foreign investor. The designated ownership zones followed in June; Q1 was the quarter the legal rails were laid.

The Cost of Money

No decisions, no drama: the repo rate spent the whole quarter at 4.25% while the US Federal Reserve stayed on hold.

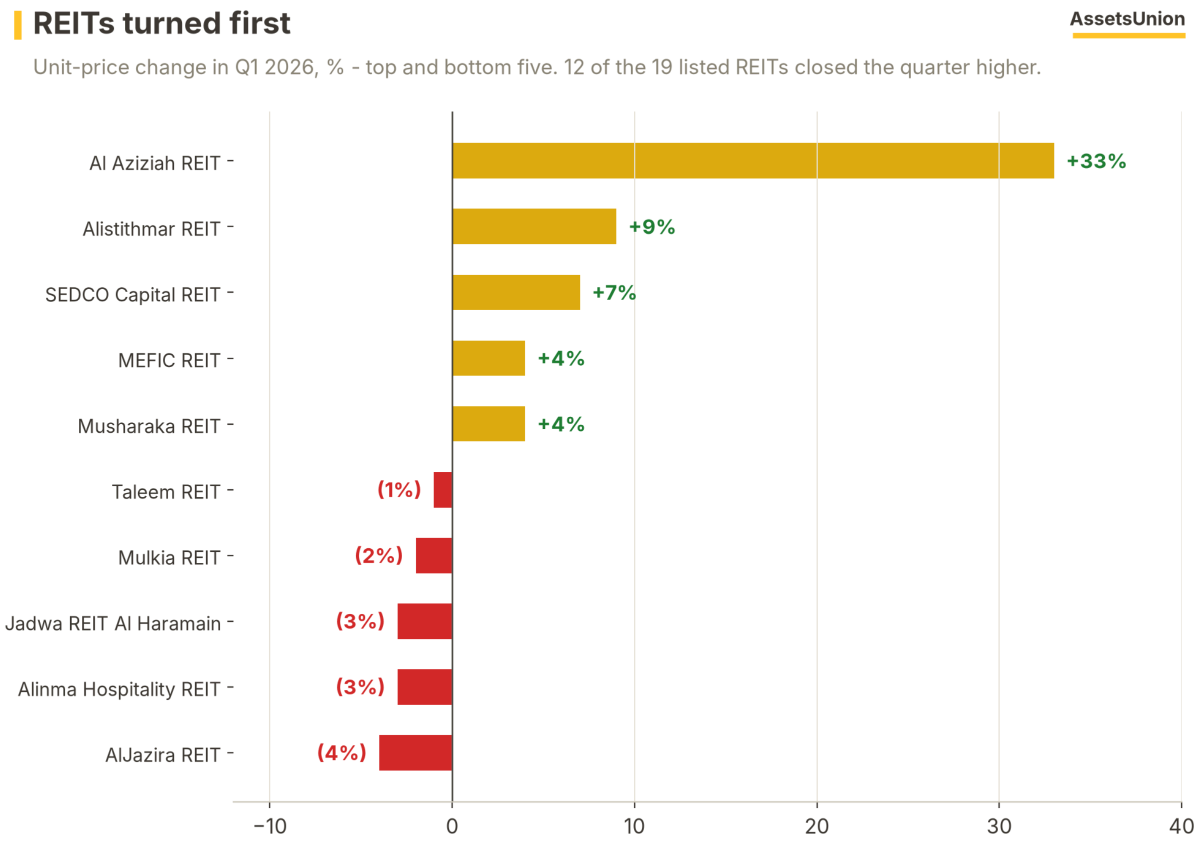


Source: Saudi Central Bank (SAMA), repo and reverse repo decisions - www.sama.gov.sa

After three quarter-point cuts through late 2025, **SAMA** left the repo rate at **4.25%** and the reverse repo rate at **3.75%** throughout Q1 2026, mirroring a Federal Reserve that held its target range at every meeting of the quarter under the riyal's dollar peg. The 2025 lesson still applies: easing alone did not reignite mortgage demand, and a hold will not extinguish it. The binding constraints remain **affordability** and **price expectations** - which is why the foreign-demand channel opened by January's law matters more to the 2026 outlook than the next 25 basis points.

Listed Real Estate Turned First

After 17 of 19 REITs fell in 2025, 12 of 19 rose in Q1 2026 - the fastest price-discovery mechanism has changed direction.

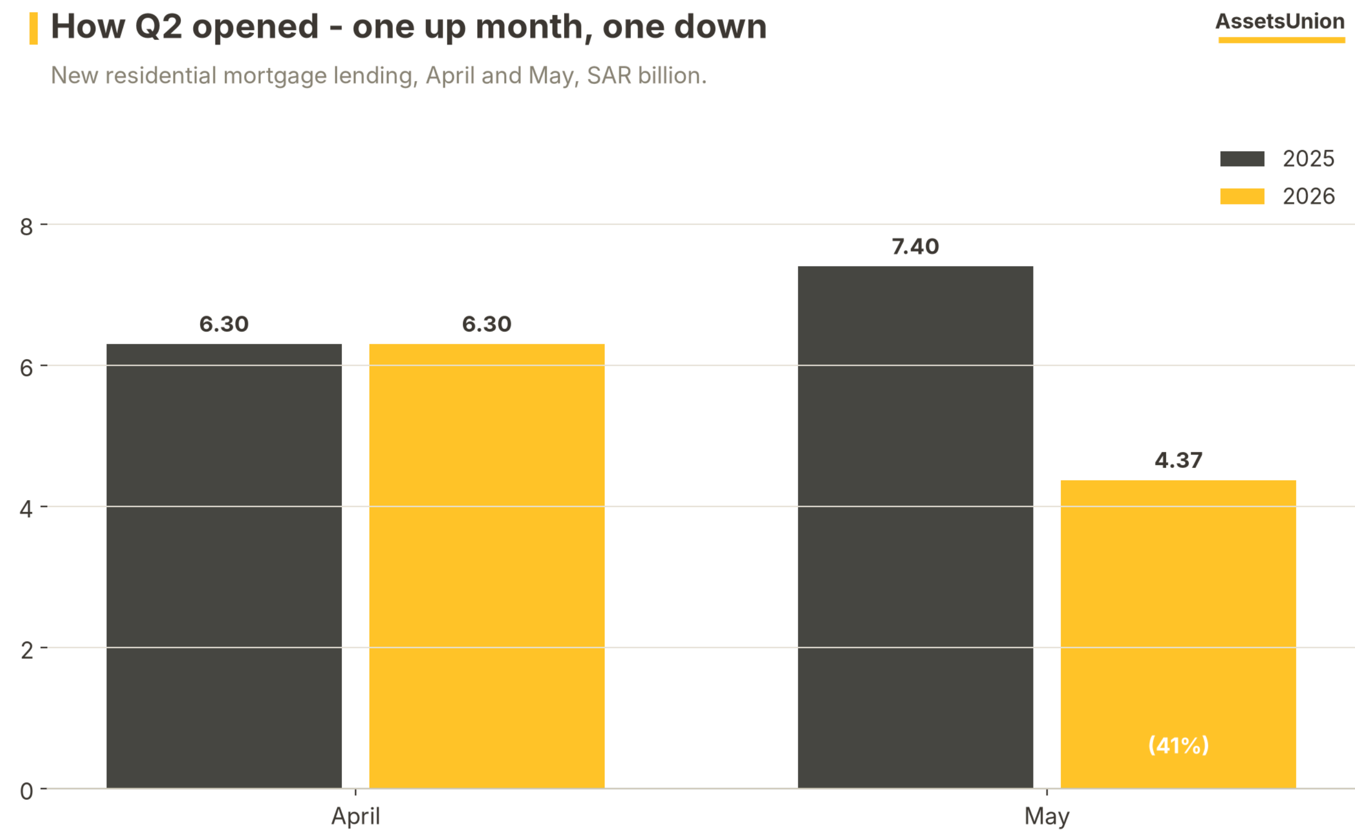


Source: Saudi Exchange (Tadawul), REITs market data - www.saudiexchange.sa

Al Aziziah REIT led at **+33%**, with **Alistithmar** (**+9%**) and **SEDCO Capital** (**+7%**) behind it; the worst decliner, **AlJazira REIT**, lost only **(4%)** - a dramatic narrowing from 2025's **(27%)** tail. The sector index added **+2%** to **2,977** while **TASI** rose **+7.2%** to **11,250**, its best quarter since 2023, helped by February's opening of the market to all foreign investors. One operating caveat keeps the rally honest: average REIT **occupancy** slipped to **91.2%** from 92.1% a year earlier - the equity turn is running ahead of the leasing data, not behind it.

How Q2 Opened

April matched its year-ago print for the first non-decline in eleven months; May relapsed. The floor is forming, unevenly.



Source: Saudi Central Bank (SAMA), monthly banking statistics - www.sama.gov.sa

April 2026 wrote **SAR 6.30 billion** - level with April 2025 and the first month since mid-2025 not to post a year-on-year decline. **May** answered with **SAR 4.37 billion** (**(41%)**), a reminder that one flat month is not a trend. The early Q2 read: the market is testing a floor rather than lifting off it. June's print - due from SAMA on **30 July** - and the first data from the designated foreign-ownership zones approved on **23 June** will decide which way the second-quarter edition of this report leans.

What We Are Watching

A monitoring framework for Q2 2026 - the conditions tracked in every issue and what would change the picture. A framework, not a forecast.

	Base path	What would improve it	What would worsen it
Lending	Q2 hovers near the SAR 15B quarterly run-rate; YoY gaps narrow on the weaker 2025 base	June print above SAR 6B, confirming April rather than May	A second sub-SAR 4.5B month
Prices	Residential REPI stays negative through mid-2026; commercial holds positive	Riyadh's decline stabilising inside **(5%)**	Commercial joining residential in decline
Policy	Designated zones operational through H2; REGA platform live	Early foreign transactions clearing in Riyadh and Jeddah zones	Zone rollout or registry migration slipping
Rates	Repo holds at 4.25% while the US Federal Reserve stays paused	A resumed cutting cycle in H2 2026	A hawkish turn repricing the peg

Each row pairs the path the data currently supports with the official prints that would move it - **SAMA's monthly banking statistics**, **GaStat's quarterly REPI**, the **REGA** market indicators and ownership platform, and the **Ministry of Justice** ledger. The framework is updated in every issue as those releases land; it contains no price targets and no recommendations.

Sources & Disclaimer

Sources

Saudi Central Bank (SAMA) policy rates, monthly banking statistics	**www.sama.gov.sa**
General Authority for Statistics (GaStat) Real Estate Price Index	**www.stats.gov.sa**
Real Estate General Authority (REGA) market indicators, ownership platform	**rega.gov.sa**
Ministry of Justice recorded transactions ledger	**www.moj.gov.sa**
Saudi Exchange (Tadawul) TASI and REITs market data	**www.saudiexchange.sa**
Capital Market Authority (CMA) market access regulation	**cma.org.sa**
Ministry of Municipalities and Housing White Land program	**www.momah.gov.sa**

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