

Jeddah Commercial Real Estate - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Jeddah Commercial Real Estate Market size is estimated at USD 2.26 billion in 2024, and is expected to reach USD 3.98 billion by 2029, growing at a CAGR of 9.88% during the forecast period (2024-2029).

Key Highlights

Jeddah is the largest city in Makkah Province, the largest city in Hejaz, the second-largest city in Saudi Arabia, and the ninth-largest city in the Middle East. It had a population of about 3,751,722 as of 2022. On the Red Sea, Jeddah Islamic Port is the thirty-sixth largest seaport in the world and the second-largest and second-busiest seaport in the Middle East (after Dubai's Port of Jebel Ali).

The strategic location of Jeddah as a port city makes it a hub for industrial activity. Investing in industrial real estate, such as factories or warehouses, can be profitable.

Attractions like the Islamic Art Biennale, which attracted more than 600,000 visitors, have broken regional records regarding the number of visitors to the Biennale. As a result, the average occupancy rate in Jeddah increased to 64% between January and June of 2023, representing a 16% increase compared to 2022.

On the supply side, there are currently around 12,700 hotel keys in stock, and it is estimated that by 2025, this number will increase to about 6,000. There are hotels such as the Rixos with 175 keys and Four Seasons with 270 keys included in this supplementary supply.

Jeddah Commercial Real Estate Market Trends

The Office and Retail Industry is Expected to Dominate the Market

Mirroring Riyadh, the demand for office space in Jeddah has been strengthening. The coastal region's business activity is at an all-time high. Many businesses, particularly those linked to the public sector, continue to grow given the number of large projects coming on stream.

Owing to a 15% increase compared to last year, Grade A rents currently stand at SAR 1,200 psm (USD 319.684 psm). Meanwhile, rents for Grade B rose by 9% over the previous 12 months and reached an average of SAR 780 psm (USD 207.794) per annum.

Occupancy levels across the board are increasing due to increased demand. Grade A office occupancy is currently at 95%, up from 90% in Q2 2022; grade B's rate was 86%. There are currently 1.3 million square meters of office space in use. Jeddah is expected to see an increase of 3% in its supply by 2025, with around 41,000 square meters set to go on the market. In the context of increasing demand, the lack of adequate supply signals that rents will continue to improve and that the favorable environment for landlords will likely be maintained.

In the second quarter of 2023, rental rates in regional and hyperregional malls fell across Jeddah's shopping area. Regarding supply, the store stock in Jeddah is estimated to reach 2.5 million square meters after The Village Mall is completed. Like Riyadh, mall operators and developers must do all they can to stay relevant in a competitive environment where the supply volume will grow significantly.

The Logistics Segment is Expected to Witness Significant Growth

The Jeddah Port in Saudi Arabia processed nearly five million TEUs of containers in 2022. The port handled approximately 4.9 million TEUs of containers compared to the previous year, representing an increase of around 2%.

Due to the shift of companies and investors, such as interest in Jeddah as a potential market for expanding and storing their products and goods, demand in Jeddah is expected to increase. A public, private partnership between the government entity

Modon and private investors like Al Bandar Company will be established in most warehouses.

The Saudi Authority for Industrial Cities and Technology Zones (Modon) signed a partnership to establish, develop, and operate 14 warehouses with flexible areas in Jeddah's 1st Industrial City.

Warehouses will be based on intelligent, automated systems to provide quick and temporary logistical solutions for industrialists and entrepreneurs and stimulate investment in the retail sector. The project involves the construction of fully digital and automated warehouses that do not require human intervention, using the latest technologies and equipment that allow access to storage units through a mobile application that uses intelligent door locks.

Jeddah Commercial Real Estate Industry Overview

Jeddah's commercial real estate market is highly fragmented and fiercely competitive. Due to the growth of commercial activities and competition, demand for new properties is increasing. Factors such as the size of the land bank, the location of future projects, the cost of construction, the reputation of the company, and other factors play a significant role in the competition between developers.

Some significant real estate development companies in Saudi Arabia are Emaar Economic City, Jeddah Economic Company, Dar Al Arkan Real Estate Development Company, Jabal Omar Development Company, and Red Sea Development Company.

Additional Benefits:

The market estimate (ME) sheet in Excel format

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Contents

1 INTRODUCTION

- 1.1 Study Deliverables
- 1.2 Study Assumptions
- 1.3 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS AND DYNAMICS

- 4.1 Market Overview
- 4.2 Market Drivers
 - 4.2.1 Increasing Spending on the Commercial Construction
- 4.3 Market Restraints
 - 4.3.1 Materials and Labor Shortages
- 4.4 Market Opportunities
 - 4.4.1 Government Support
- 4.5 Value Chain / Supply Chain Analysis
- 4.6 Insights into Existing and Upcoming Projects
- 4.7 Insights into Capital Market Penetration and REIT Presence in Commercial Real Estate
- 4.8 Commercial Real Estate Buying Trends - Socio-economic and Demographic Insights
- 4.9 Porter's Five Force Analysis
 - 4.9.1 Threat of New Entrants
 - 4.9.2 Bargaining Power of Buyers/Consumers
 - 4.9.3 Bargaining Power of Suppliers
 - 4.9.4 Threat of Substitute Products
 - 4.9.5 Intensity of Competitive Rivalry
- 4.10 Impact of COVID-19 on the market

5 MARKET SEGMENTATION

- 5.1 By Type
 - 5.1.1 Offices

- 5.1.2 Retail
- 5.1.3 Industrial
- 5.1.4 Logistics
- 5.1.5 Multi-family
- 5.1.6 Hospitality

6 COMPETITIVE LANDSCAPE

- 6.1 Vendor Market Share
- 6.2 Company Profiles
 - 6.2.1 Emaar Economic City
 - 6.2.2 Jeddah Economic Company
 - 6.2.3 Dar Al Arkan Real Estate Development Company
 - 6.2.4 Makkah Construction and Development Company
 - 6.2.5 Al Hokair Group
 - 6.2.6 Binladin Group
 - 6.2.7 Jabal Omar Development Company
 - 6.2.8 Al Rajhi Holding Group
 - 6.2.9 Red Sea Development Company
 - 6.2.10 Saudi Binladin Group*
- 6.3 Other Companies

7 MARKET OPPORTUNITIES AND FUTURE TRENDS

8 APPENDIX

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