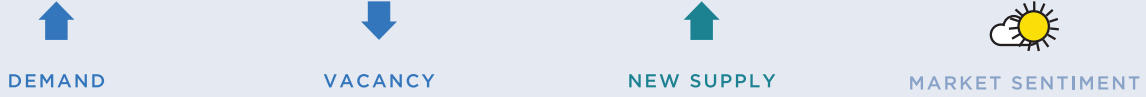


Riyadh Office Market



QUARTERLY MARKET INDICATORS



Riyadh's office market continued its strong performance in Q1 2024, mirroring the resilience of the non-oil sector. The sector remained the key driver of the economy and surged by a robust 4.4% in 2024, despite a revised decline in overall GDP of 0.8% last year. Positive signs abound, with continued strength in non-oil activities expected to propel GDP growth to a projected 2.1% this year. As per the latest records from the General Authority of Statistics, industries like manufacturing, banking and financial services, wholesale and retail industries, and government services are the most active industries that contribute to the GDP of the economy. Inflation edged slightly higher to 1.6% in January 2024, rising from 1.5% previously. Though moderate compared to global trends, it is anticipated that there will be some upward pressure on prices in the coming months due to higher input costs and global supply chain disruptions, however, the business environment remains positive. The Purchasing Managers' Index (PMI) rose to a healthy 57.2 in February, marking the fastest rise in output in five months and confirming the non-oil economy's role as a major GDP supporter. This marks the 42nd consecutive month where the PMI has exceeded the 50-point threshold, indicating ongoing expansion in the non-oil sector.

Despite a significant decrease in the number of office rent transactions, Riyadh's office market showed resilience in the first quarter of 2024. Ejar data indicates a 27% drop in transactions quarter on quarter, due to the limited availability of office spaces. However, Grade A offices witnessed a slight increase in rents by 5% compared to the last quarter, owing to the buoyant demand for quality assets. This upward trend is likely to continue throughout 2024 due to factors like Saudi Vision 2030's focus on attracting foreign investment and the country's continuing efforts to diversify income sources and attract foreign companies to set up their base in KSA. Notably, during the first quarter of 2024, nearly 74% of inquiries received by Savills originated from abroad, with an impressive 37% coming specifically from US corporations.

Riyadh is experiencing a remarkable surge in corporate interest, with over 180 foreign companies surpassing the initial target of 160 choosing to establish their regional headquarters in the city. This growing confidence reflects the robust

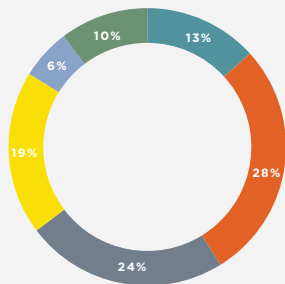
potential of the Saudi capital, fuelled by the country's strategic economic diversification plan. Notably, prominent entities like Franklin Templeton and Allen & Overy have recently set up their regional bases in Riyadh. The city's expanding market and promising prospects are attracting international companies, reinforcing its position as a vital hub for leading businesses across diverse industries.

In Q1 2024, Savills observed robust leasing activity, with Legal Services leading the way, accounting for 50% of completed transactions. Engineering and Manufacturing, along with IT/ITes sectors, followed closely at 25% each. Beyond completed deals, the momentum continues, with a healthy inquiry pipeline for the upcoming months. Notably, Technology, Media & Telecommunications (TMT) and Banking, Financial Services and Insurance (BFSI) companies dominated occupier inquiries, comprising 27% of the total inquiries received by Savills. Interestingly, 65% of these inquiries focused on office units smaller than 1,000 sqm, reflecting a preference for agile and efficient workspaces.

Limited availability of prime office space in Riyadh, coupled with positive business confidence, attracted occupiers to set up business in the city, pushing the Grade A occupancy rate to 98%. During the current review period, rents inched up 5% q-o-q, while there was a significant increase of 20% y-o-y. North-East Riyadh stands out, experiencing the highest rental increase in Q1 2024 at 36% y-o-y, followed by Northern Riyadh increasing by 22% y-o-y. A significant 75% of the transactions monitored by Savills involved relocations to the Business Parks in North-East Riyadh and the King Abdullah Financial District (KAFD) in Northern Riyadh. This underscores the pronounced demand, particularly in these two specific areas.

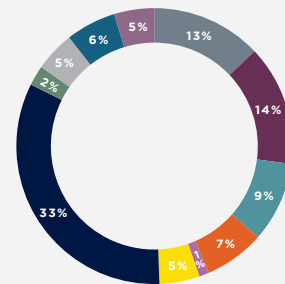
Driven by a strong increase in demand, a surge in supply of nearly 420,000+ sqm of new Grade A office space is likely to be completed by the end of this year. This influx of new options will provide tenants with greater flexibility in their choices. Consequently, while demand remains steady, this increased supply should help prevent any sharp rent hikes.

AVERAGE INQUIRY SIZE
Q1 2024



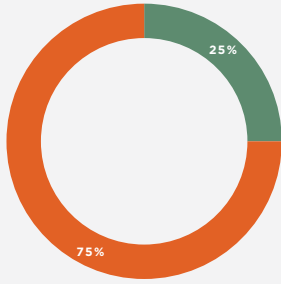
- LESS THAN 250 SQ. M.
- 500 - 1,000 SQ. M.
- 2,000 - 4,000 SQ.M.
- 250 - 500 SQ. M.
- 1,000 - 2,000 SQ. M.
- 4,000 SQ.M. AND ABOVE

SECTOR-LEVEL SPLIT OF INQUIRIES
Q1 2024



- CONSULTING
- LEGAL SERVICES
- OTHERS
- BFSI
- PHARMACEUTICAL
- GOVERNMENT
- ENGINEERING AND MANUFACTURING
- FMCG
- TMT
- SHIPPING, OIL AND ENERGY
- IT/ITES

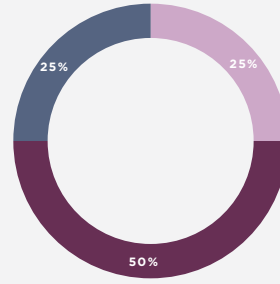
TRANSACTION TYPE
Q1 2024



RENEWAL

RELOCATION

SECTOR LEVEL SPLIT OF TRANSACTIONS
Q1 2024



IT/ITES

LEGAL SERVICES

ENGINEERING AND MANUFACTURING

SOURCE SAVILLS RESEARCH



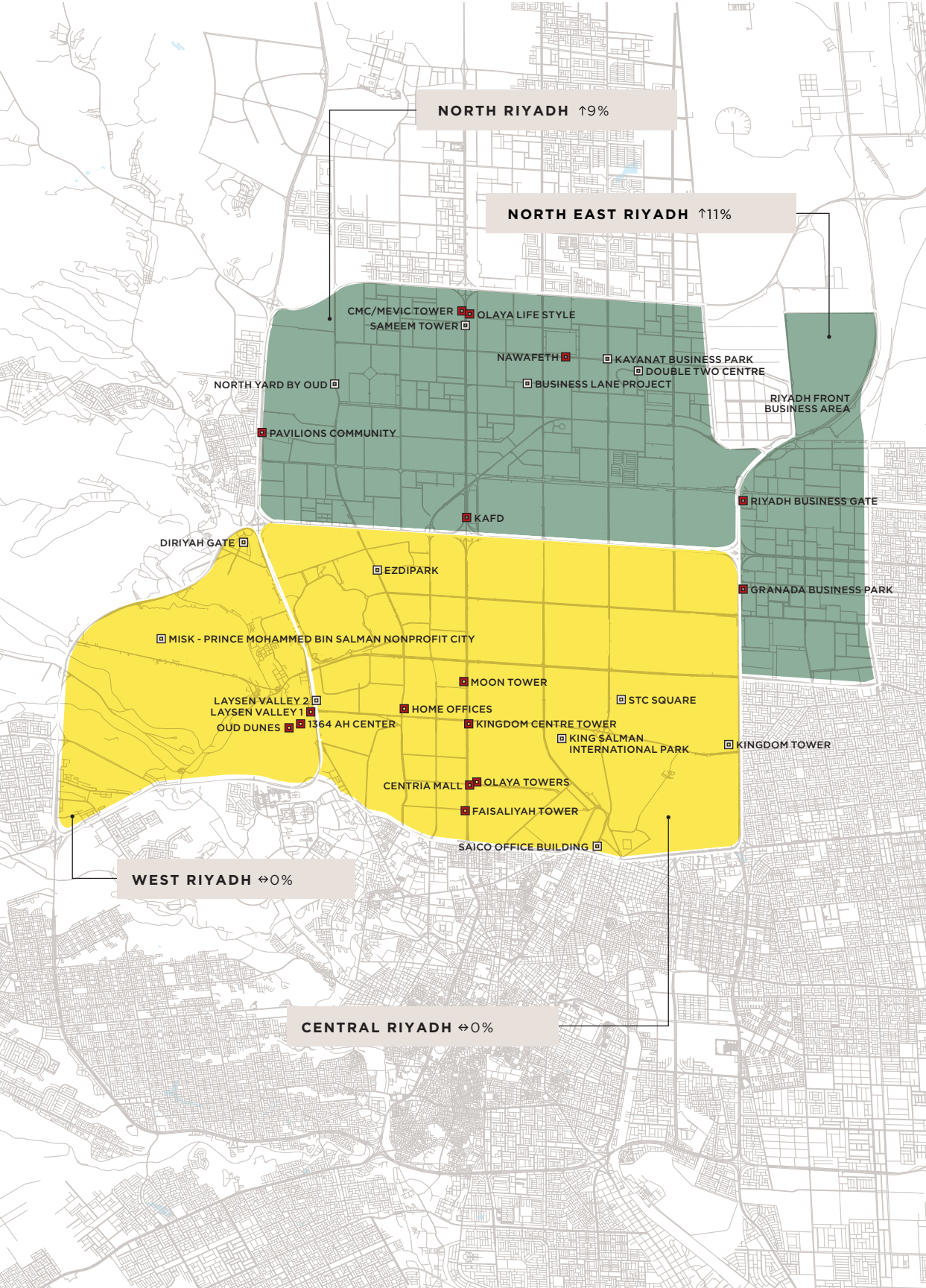
RIYADH MAP WITH PRICE INDICATORS

Q1 2024

Q-o-Q CHANGE (%)

- UP ↑
- STABLE ↔

- MAJOR PROJECTS
- U/C



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