



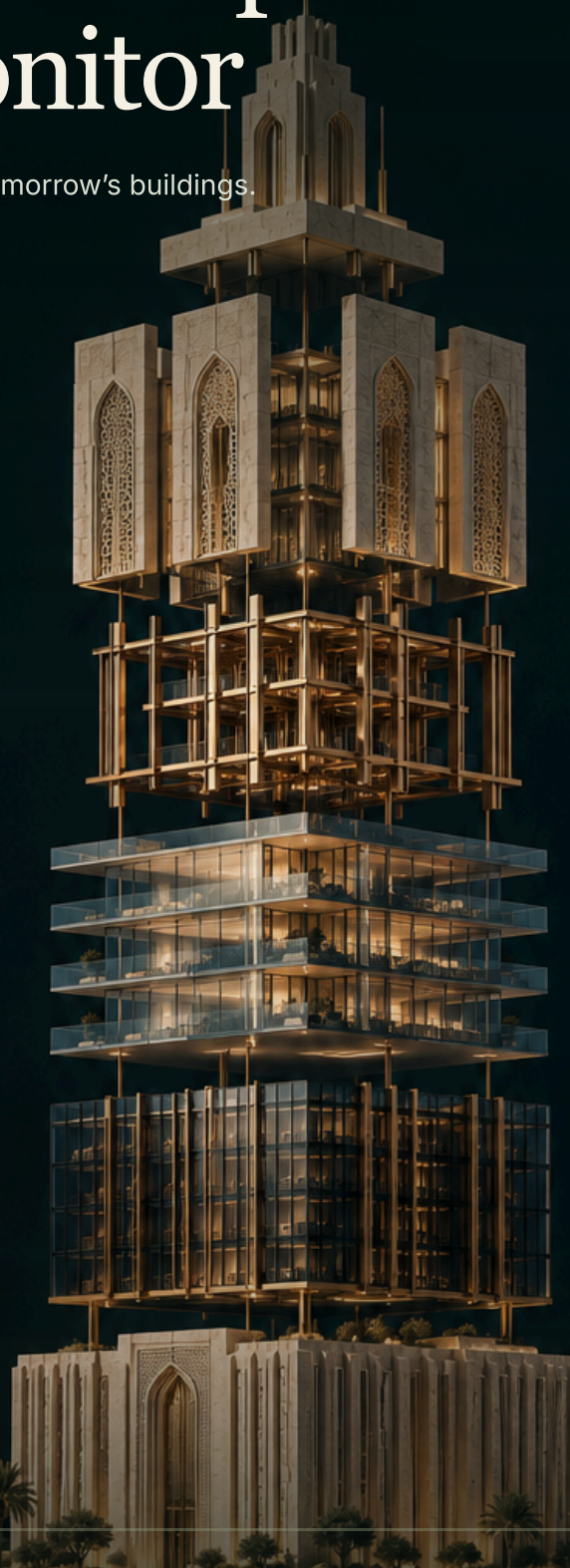
OSOOL
MARKET

INDEPENDENT MARKET RESEARCH

THE SAUDI REAL ESTATE SERIES

Saudi Development Cost Monitor

The cost pressures behind tomorrow's buildings.



OCTOBER 2026 / ENGLISH EDITION

Construction cost evidence through August 2026

04

EXECUTIVE BRIEF

A modest headline, uneven inputs

The overall construction basket rose 2.25% annually, but equipment and material categories moved at different rates.

+2.25%

Overall construction costs
August 2026 | Annual change

+4.45%

Equipment rental costs
August 2026 | Annual change

+1.60%

Labour costs
August 2026 | Annual change

01 Equipment is a distinct pressure point

Equipment with an operator rose 5.92% annually, compared with 0.84% without an operator. Contract scope matters when reading the index.

02 Material groups differ

Raw materials fell 0.70% while timber and joinery rose 3.15%. Applying one escalation factor to every procurement package obscures this variation.

03 An index is not a quotation

The national basket cannot supply an SAR/m² construction quote for a specific building. Project quantities, location and specification remain essential.

[G3] GASTAT | Construction Cost Index, August 2026

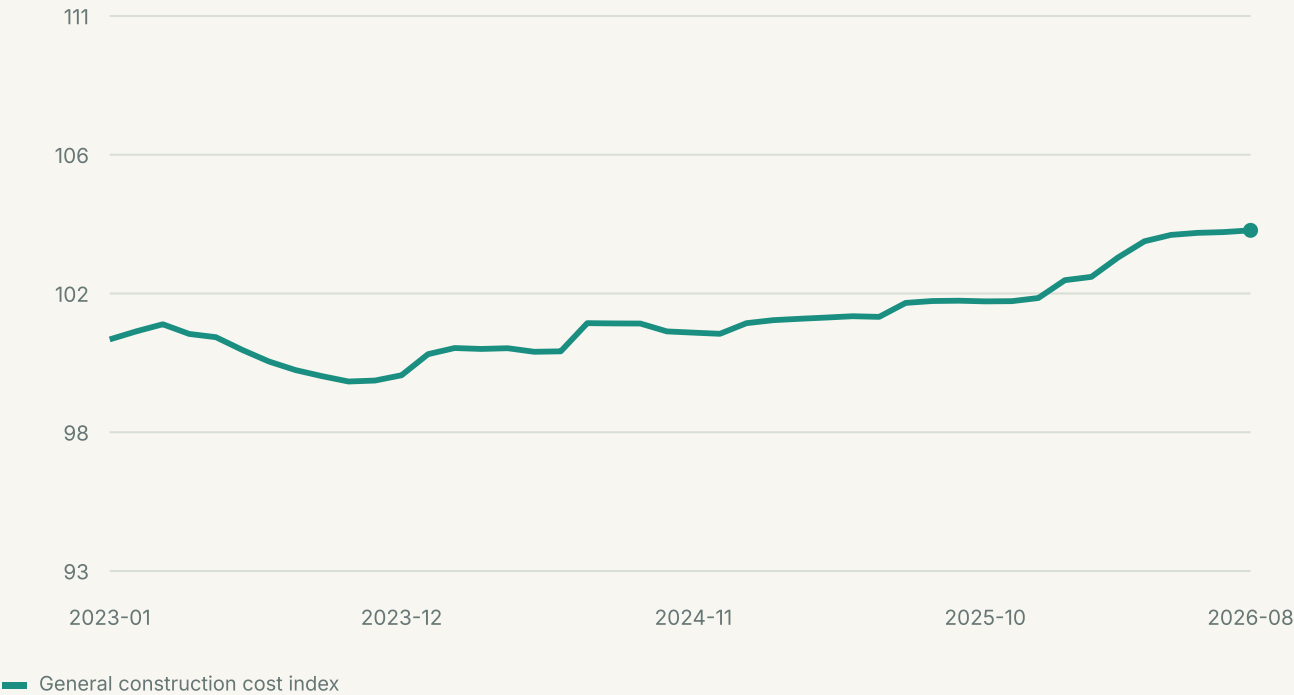
01 / OVERALL TREND

The cost level continues to edge higher

The August 2026 construction index stands at 104.05 on a 2023=100 basis.

Construction Cost Index

Monthly | 2023 = 100



104.05

Index level
August 2026

+2.25%

Annual change
Versus August 2025

+0.054%

Monthly change
Versus July 2026

The base is an index reference, not an assumed project budget. Published values are rounded here for readability.

[G3] GASTAT | Construction Cost Index, August 2026

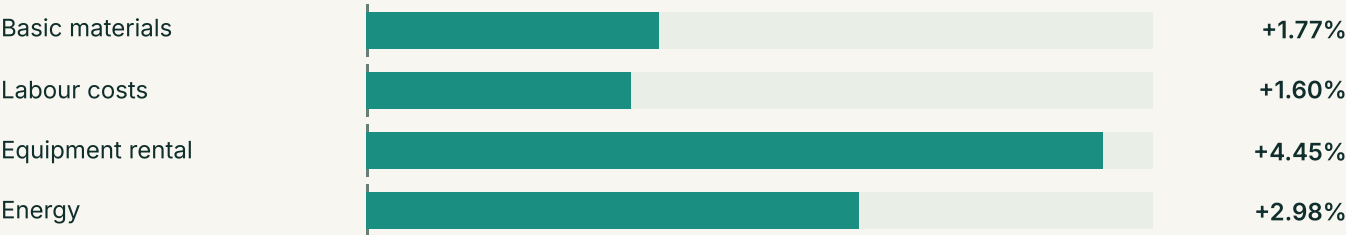
02 / MAIN INPUTS

Four cost groups, four rates

Equipment rental inflation exceeded the general index by about 2.20 percentage points.

Annual change by main cost group

August 2026 | %



GROUP	INDEX LEVEL	MONTHLY CHANGE
Basic materials	100.70	+0.100%
Labour costs	105.04	-0.017%
Equipment rental	107.65	+0.054%
Energy	134.93	0.000%

The contribution to a project’s cost change depends on its exposure to each group. The highest inflation rate is not necessarily the largest cost contribution.

[G3] GASTAT | Construction Cost Index, August 2026

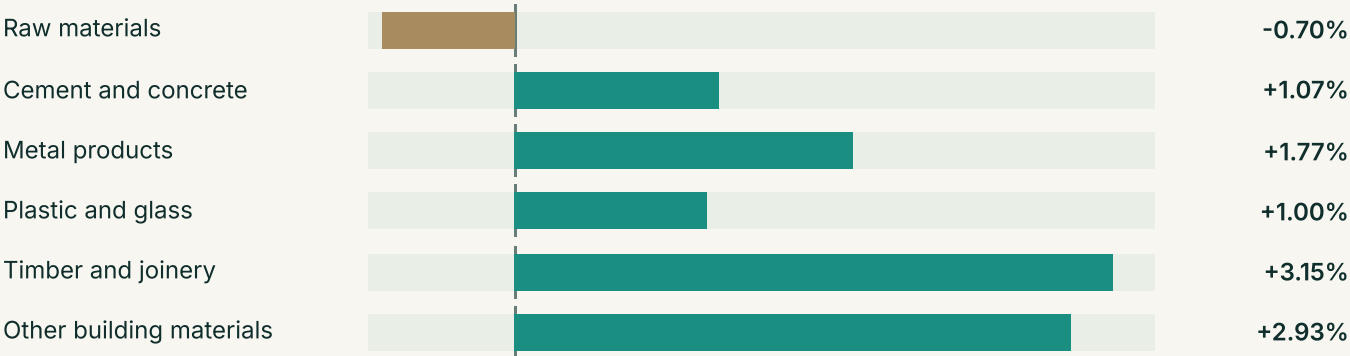
03 / MATERIALS

Material inflation is not uniform

Raw materials recorded a negative annual change while the other displayed building-material groups increased.

Material groups: annual change

August 2026 | %



Procurement implication

Keep the supplier quotation and specification at the centre of the budget. Use the matching index category to contextualise a quotation change, rather than substituting the index for a quote.

Component groups have their own definitions and weights. Do not add their percentage changes together.

[G3] GASTAT | Construction Cost Index, August 2026

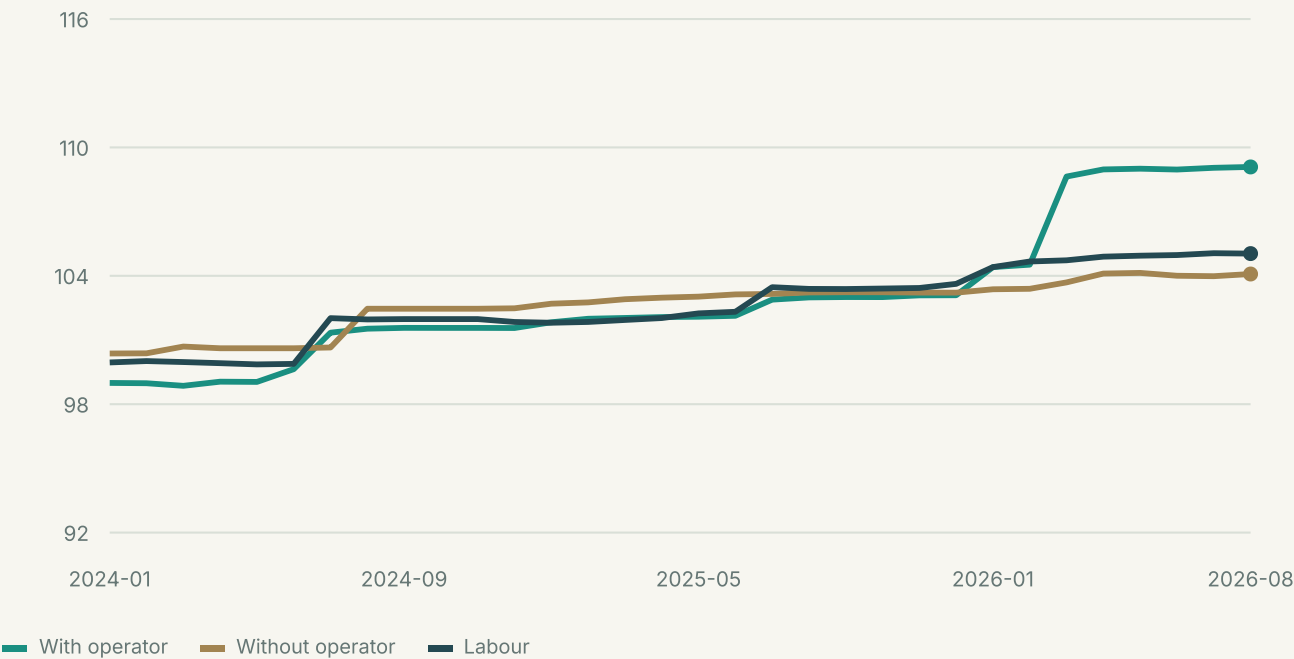
04 / EQUIPMENT AND LABOUR

The operator changes the comparison

Equipment with and without operators should remain separate when tracking escalation.

Equipment and labour indices

Monthly | 2023 = 100



+5.92%

Equipment with operator
Annual change

+0.84%

Equipment without operator
Annual change

+1.60%

Labour costs
Annual change

These series do not isolate a causal wage effect. Differences can reflect basket composition and the underlying quotations.

[G3] GASTAT | Construction Cost Index, August 2026

05 / BASE-YEAR PERSPECTIVE

Energy sits farthest above its base

The August index levels describe cumulative movement from the 2023 base, not the cost share of each input.

Distance above the 2023 base

Index points above 100 | August 2026



Energy's index of 134.93 is 34.93 index points above its base. Its annual change is 2.98%, which answers a different question. The two measures should not be confused.

Why the distinction matters

A large cumulative change does not mean the same increase occurred this year. Always state the comparison period and the unit.

[G3] GASTAT | Construction Cost Index, August 2026

06 / ILLUSTRATIVE SENSITIVITY

What an index-based example can show

Illustration only: SAR 10 million of August 2025 input costs with an assumed cost mix.
This is not a forecast or project quotation.

ASSUMED PACKAGE	WEIGHT	OBSERVED ANNUAL CHANGE	ILLUSTRATIVE SAR CHANGE
Basic materials	60%	1.77%	106,187
Labour costs	25%	1.60%	39,909
Equipment rental	10%	4.45%	44,542
Energy	5%	2.98%	14,912

2.06%

Weighted example change
Sum of weight × change

205,550

Illustrative cost increase
SAR

10,205,550

Illustrative updated total
SAR | Excludes scope changes

Formula: $10,000,000 \times \Sigma(\text{assumed weight} \times \text{published annual change} / 100)$. This reweights four main groups and does not reproduce GASTAT's official weights. It excludes land, finance, fees, tax treatment, contingency and quantity changes.

[G3] GASTAT | Construction Cost Index, August 2026

07 / BUDGET FRAMEWORK

Separate price, quantity and scope

A useful cost review explains which source of change is moving the budget.

-
- 01 Price change**

Compare the same specification and commercial terms between dated quotations. Use the matching index as context.
 - 02 Quantity change**

Track approved design quantities separately. A larger building can raise the budget even when unit prices are unchanged.
 - 03 Scope and quality change**

Distinguish higher specifications and additional systems from inflation. Record the decision and the cost impact.
 - 04 Timing and risk allowance**

Keep procurement timing, contract allocation of price risk and contingency assumptions visible. The historical index is not a forward price guarantee.
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[G3] GASTAT | Construction Cost Index, August 2026

METHODOLOGY

One national basket, clearly bounded

This report uses the retained August 2026 GASTAT workbook and its historical series.

MEASURE	MEANING
Index level	Relative to the 2023=100 base
Annual change	August 2026 compared with August 2025
Monthly change	August 2026 compared with July 2026
Illustrative scenario	Osool arithmetic using stated hypotheticalal weights

No city-specific or district-specific construction price is inferred. No component is interpreted as a supplier quotation. The displayed main groups and subgroups are not added together because the hierarchy can overlap.

Published decimal values remain in the retained source data. Displayed percentages generally use two decimals; illustrative SAR totals are rounded to the nearest riyal.

[G3] GASTAT | Construction Cost Index, August 2026

REFERENCE DESK

Sources & editorial notes

Traceable evidence, explicit periods and reproducible calculations.

G3

GASTAT | Construction Cost Index, August 2026

[Open the cited source or evidence page ↗](#)

Sources retrieved or retained on 2-4 October 2026. GASTAT workbook and normalized-file hashes were checked against the retained import manifest. Osool city pages and public rental responses were captured on 4 October 2026. Reporting cutoffs are shown beside every chart.

The budget sensitivity is Osool's own illustration. Assumed weights are not GASTAT basket weights or an observed developer cost structure.

Osool modifications: translated labels, rounded display values, charting and explicitly identified arithmetic comparisons. Cover art is a conceptual AI-generated illustration, not a photograph or geographic map. Research and market context; not an individual property valuation or investment recommendation.

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