MARKET INTELLIGENCE BRIEFING

SME GROWTH IN SAUDI ARABIA

This report looks at Micro, Small and Medium enterprises across Saudi Arabia: how many are active, how many are newly formed, and how both are distributed nationally and regionally. It then turns to SME health, looking at how much credit is reaching each size tier and how likely an enterprise is to move up, down, or hold steady over time. The final section zooms into Food and Beverage specifically, a sector that has become a genuine engine of economic diversification and job creation, and that touches daily life more directly than almost any other.

Executive Summary

The Kingdom's Micro, Small and Medium enterprise base has grown 4.1x since 2016 to 1.76 million active enterprises, and that growth is increasingly a Riyadh story: the capital's share has risen from 27.6% to 49.2%, and it captured two thirds of all new formations in 2025. The mix within that base has also shifted hard toward Micro, from just over half of all enterprises in 2016 to 89% in 2025, while Small and Medium together are down to 11%. Credit tells a similar story from a different angle: blended credit per enterprise looks almost flat since 2018, but that is an illusion created by the shift toward Micro, every tier individually is getting significantly more credit. The harder problem is mobility. Across every size, moving up to a larger tier is genuinely rare, at best a 1 in 14 chance for Micro, and both Small and Medium carry a real risk of falling back down rather than growing up, though Medium's odds have improved meaningfully over the past five years. Food and Beverage, covered in its own section, follows these same national patterns, and upgrading there has become even harder than it was five years ago.

ENTERPRISE GROWTH

1.76M

Active Micro+Small+Medium enterprises 2025, up from 429K in 2016

▲ CAGR 17.0%

REGIONAL CONCENTRATION

49.2%

Riyadh's share of active MSM enterprises 2025, up from 27.6% in 2016

▲ 65.8% of all new 2025 formations

MICRO GROWTH

7.2x

Micro enterprise growth since 2016. Micro is now 89% of the MSM base, up from 51% in 2016

Small and Medium together are just 11%

MOBILITY SQUEEZE

7%

Best upgrade odds of any size tier, Micro, 2021 to 2025. Most enterprises hold or slide down

▼ Upgrading is hard at every tier

01

SECTION ONE

Enterprise Trend

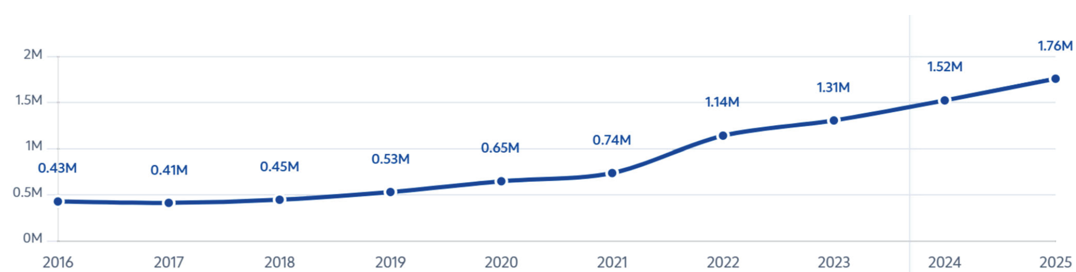
National and regional growth in active and newly formed enterprises, plus how that growth translates into SME density on the ground. Micro, Small and Medium only.

1.1 — National Annual Trend

The active MSM enterprise base has grown 4.1x since 2016 (CAGR 17.0%), and the growth curve has two distinct chapters. The first several years look like steady, unremarkable expansion. Then **2022 breaks the pattern entirely: a 54.7% jump in a single year, the sharpest on record. After that, the pace settles back into a steadier, still fast climb from 2023 onward.** Several drivers came together that year: access to capital got easier, there was a big push on training and upskilling, and venture funding surged, hitting SAR 3.1 billion in the first three quarters alone, up 93% year on year, with FinTech investment up 266%. Targeted programs helped too, including Monsha'at's Thakaa technology center and the National Strategy for Data and AI (Monsha'at SME Monitor, Q3 2022).

Active MSM enterprises, end of year stock (millions)

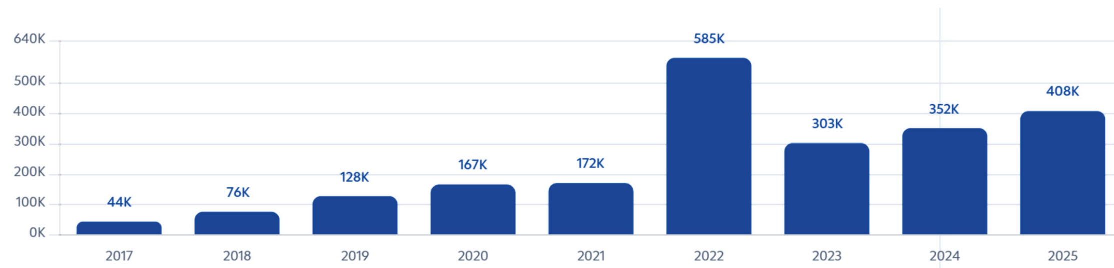
2016 to 2025



New enterprise formation shows the same acceleration, even more sharply: **2022 alone produced more new registrations (585K) than 2019, 2020 and 2021 combined (466K).** It then corrected back to a still elevated 300K to 410K a year through 2025. Overall, new formation has grown at a 32.2% CAGR since 2017. What's driving that formation mix by size is a story worth telling on its own, and we come back to it in 1.4 below.

New MSM enterprises registered per year (thousands)

2017 to 2025

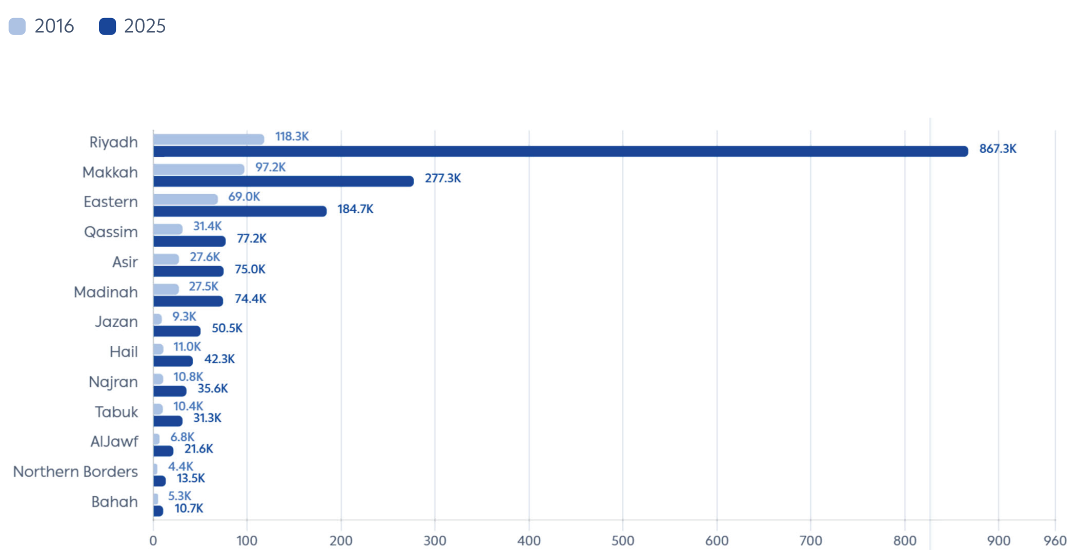


1.2 — Regional Annual Trend

Riyadh's share of the active MSM base has nearly doubled, from 27.6% in 2016 to 49.2% in 2025, while growing faster than every other region (24.8% CAGR vs 17.0% nationally). New formation is even more concentrated than the existing stock: Riyadh alone captured 65.8% of every MSM enterprise registered nationally in 2025. But Riyadh isn't the only regional story worth flagging. Jazan is the quieter one: starting from a much smaller base, it posted the second fastest growth rate in the Kingdom (20.6% CAGR), climbing from the 10th largest region in 2016 to 7th largest today, even though its absolute numbers stay modest next to Riyadh's. Makkah sits at the other extreme. Its rank hasn't moved, it was the second largest region in 2016 and still is in 2025, but its 12.4% CAGR trails the national average, so its share of the national total has been quietly shrinking even as its raw numbers keep growing.

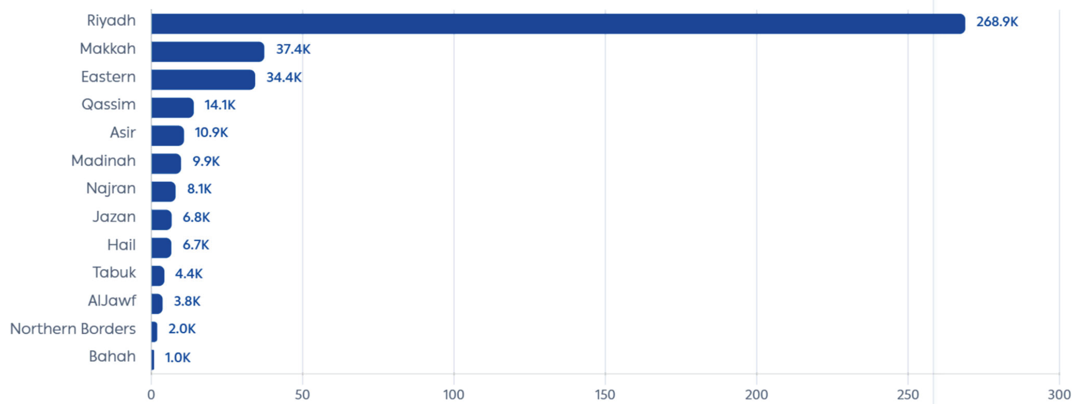
Active MSM enterprises by region: 2016 vs 2025 (thousands)

Ranked by 2025 value, all 13 regions



New MSM enterprises registered by region, 2025 (thousands)

Ranked largest to smallest

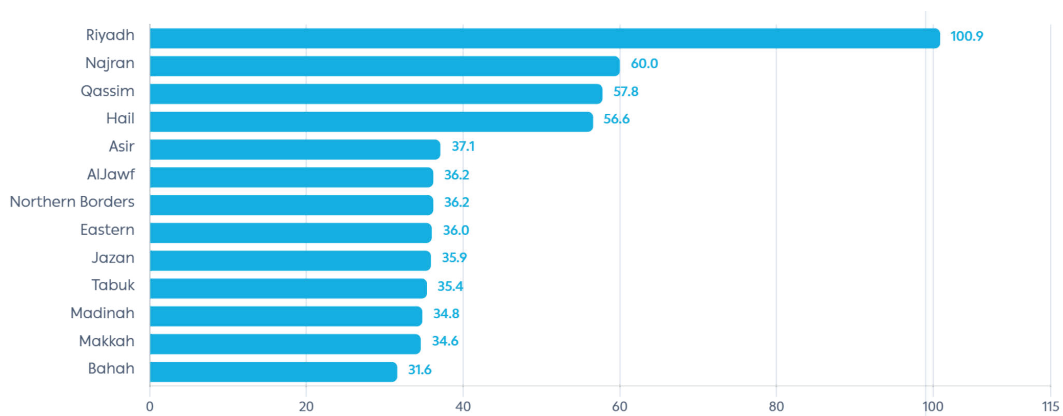


1.3 — SME Density

Riyadh leads on density too, not just raw count: 100.9 MSM enterprises per 1,000 residents, nearly double the next closest region (Najran, 60.0), showing its dominance isn't simply a function of having the largest population. **Density also uncovers a sharper story: Riyadh and the Eastern Province are estimated to generate a similar share of the national economy, roughly 22% each, yet Riyadh has built almost three times as many small businesses per resident to get there.** Same size economy, very different small business footprint. The Eastern Province's GDP contribution leans more on large, capital intensive industry (oil, petrochemicals, heavy manufacturing), so it's fair to say Riyadh's economy is more diversified across enterprise sizes and sectors.

MSM enterprises per 1,000 residents, 2025

Ranked highest to lowest · population: 2022 census

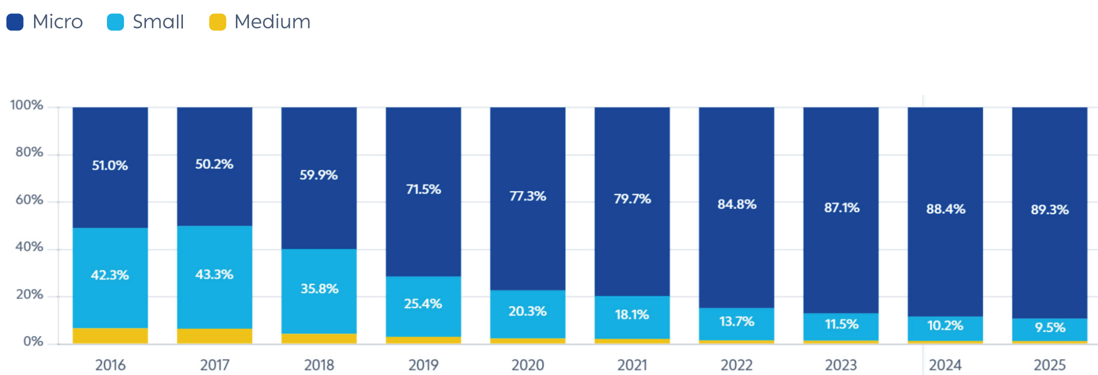


1.4 — Split Trend (MSM Split)

The MSM mix has flipped from a roughly even split in 2016 (51% micro, 42% small, 7% medium) to overwhelming micro dominance by 2025 (89% micro, 9% small, 1% medium). Small and medium haven't just lost share, small's absolute count has barely grown at all since 2016. The 2025 split also varies far more by region than the national average suggests: the Eastern Province is the most diversified region (82.6% micro, 15.2% small, 2.2% medium), while Hail and Najran are nearly pure micro economies (95% micro, under 5% small).

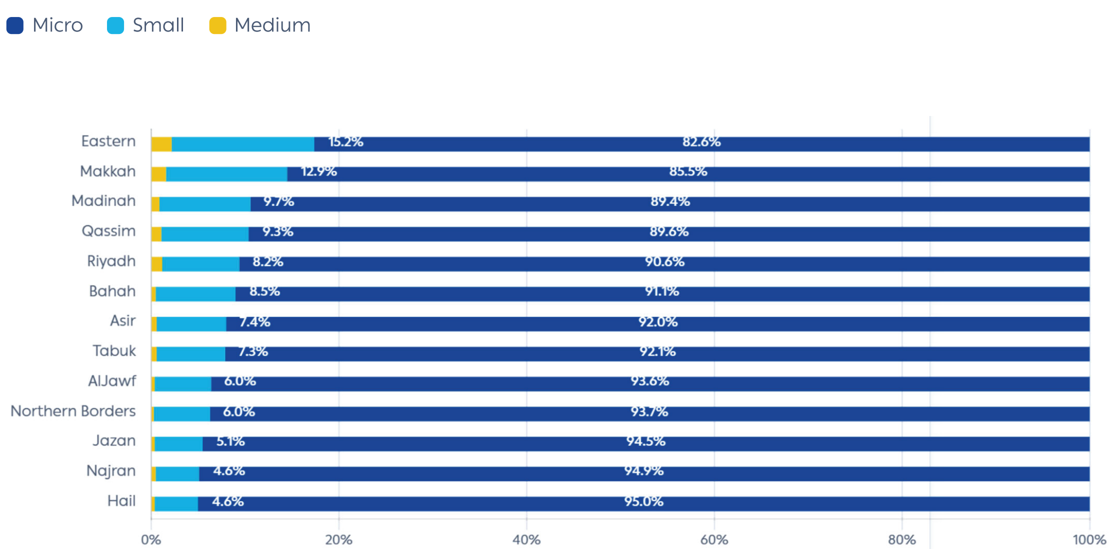
Active enterprise mix within MSM (% of total)

2016 to 2025



MSM split by region, 2025 (%)

Ranked by micro share, most to least diversified



02 SECTION TWO

SME Health

How much credit is reaching each size tier, and how likely an enterprise is to move up, down, or stay put, now and compared with five years ago.

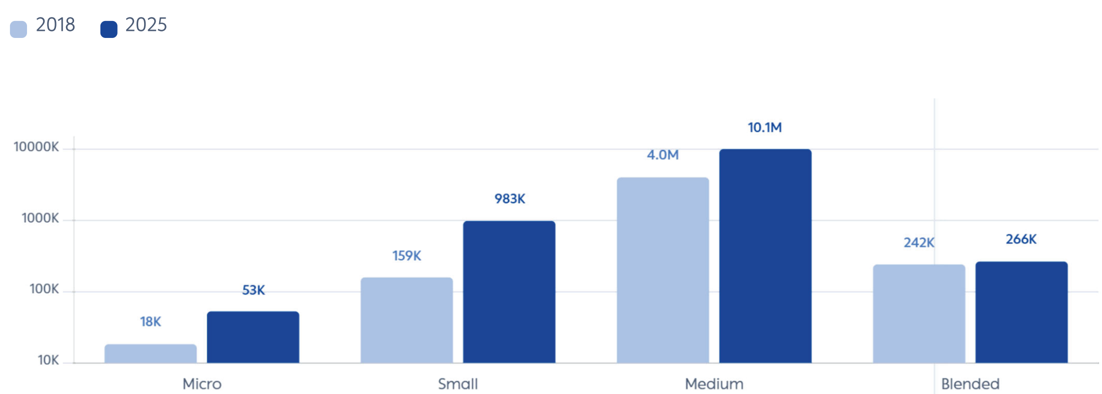
2.1 — Credit Intensity

What we're measuring. We divide total MSME credit outstanding from SAMA by the number of enterprises in each tier. That gives credit per enterprise, a simple measure of how much financing reaches the average firm at each size.

The blended figure, credit per enterprise across Micro, Small and Medium combined, looks almost stagnant: up just 10% since 2018. But look at it by tier and a very different picture appears: credit per enterprise actually grew across every size, fastest for Small (6.2x since 2018) and slowest for Medium (2.5x), which is notable because Medium is the tier regulators and lenders most want to see funded at scale. The blended number looks flat because Micro now makes up such a large share of all enterprises, and gets so much less credit per firm than Small or Medium, that it drags the blended average down even though every tier individually is getting richer in credit terms.

Credit per enterprise, 2018 vs 2025 (SAR, log scale)

SAMA MSME credit data ÷ Monsha'at enterprise counts. Blended bar shown separately at right



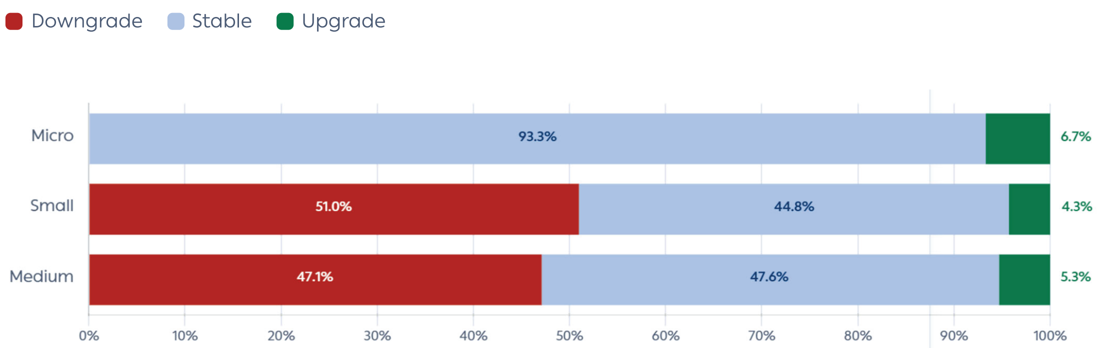
2.2 — National Mobility, Current (2021 to 2025)

What we're measuring. Enterprise mobility shows how enterprises move across sizes over a given window. Upgrade means moving into a larger tier: Micro to Small, Medium or Large; Small to Medium or Large; Medium to Large. Stable means staying in the same tier. Downgrade means moving into a smaller tier, the reverse of upgrade. We look at this over the most recent five year window, 2021 to 2025.

Upgrading is genuinely hard everywhere. The best odds belong to Micro, and even those are only about 1 in 14, a 6.7% chance of moving up. Small manages 4.3%, Medium 5.3%. The overwhelming majority of enterprises in every tier either hold steady or slide down, not up. Of the two tiers exposed to downgrade risk, Small fares worst: 51.0% fell back to micro over 2021 to 2025, narrowly ahead of Medium (47.1% combined downgrade to small or micro).

Downgrade / stable / upgrade likelihood by starting size (%)

2021 to 2025 · national

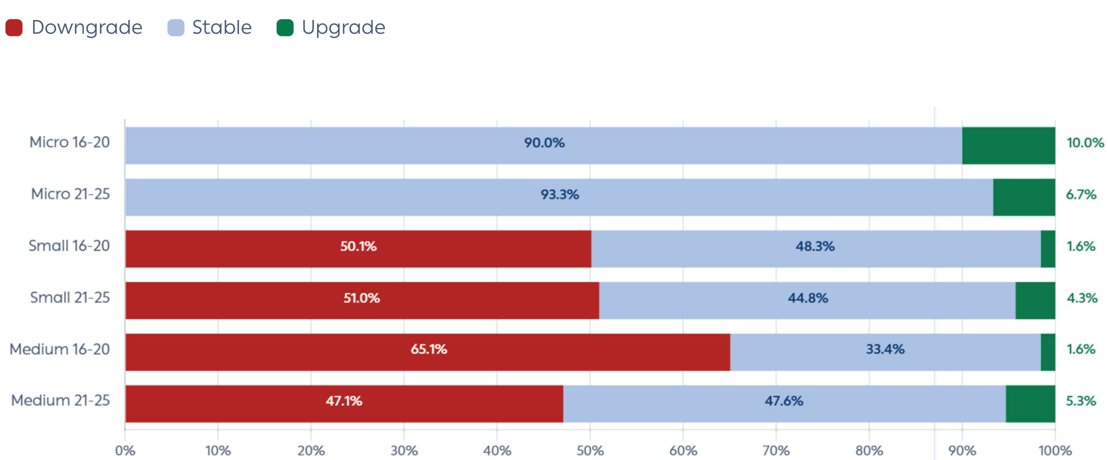


2.3 — National Mobility, Current vs Past

Here we set that same 2021 to 2025 window against the prior one, 2016 to 2020, to see how each size's odds have shifted over time. **Medium's whole mobility profile changed, and changed for the better: downgrade risk fell sharply, from 65.1% to 47.1%, and stability rose from 33.4% to 47.6%, while its upgrade likelihood more than tripled (1.6% to 5.3%).** Small improved on upgrading too, nearly tripling (1.6% to 4.3%), but by less than Medium, and unlike Medium its downgrade risk didn't budge (50.1% to 51.0%), so the gain came entirely out of stability rather than reduced downside. Micro simply got more "stuck": stability rose (90.0% to 93.3%) and upgrading fell (10.0% to 6.7%).

Downgrade / stable / upgrade split by size, 2016 to 2020 vs 2021 to 2025 (%)

Full outcome breakdown for each starting size, both periods



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SECTION THREE

F&B

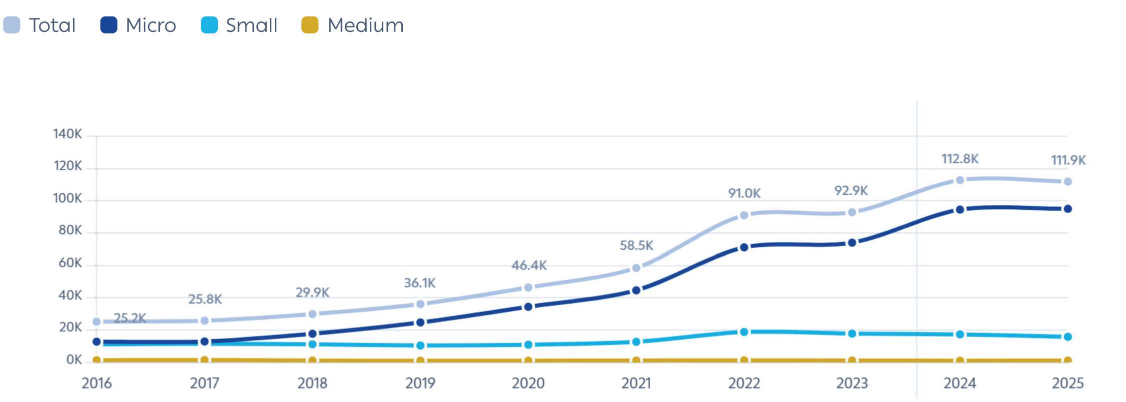
The national mobility squeeze shows up even more sharply within a single sector, and F&B's own mobility data reveals a story the national numbers don't: Medium is not just shrinking here, it is getting harder to hold onto.

3.1 — Enterprise Trend

F&B MSM enterprises have grown 4.4x since 2016 (18.0% CAGR), slightly outpacing the national MSM trend of 4.1x (17.0% CAGR). By size, growth mostly tracks the national pattern: **F&B Micro is up 7.4x since 2016, close to the national micro trend (7.2x), and F&B Medium is down nearly a quarter from its 2017 peak, close to the national medium decline.** Small is the exception: **F&B Small has grown 42.7% since 2016, even after slipping 15.7% from its 2022 peak, while the national small segment overall declined over the same period.**

F&B MSM enterprises by size (thousands)

2016 to 2025

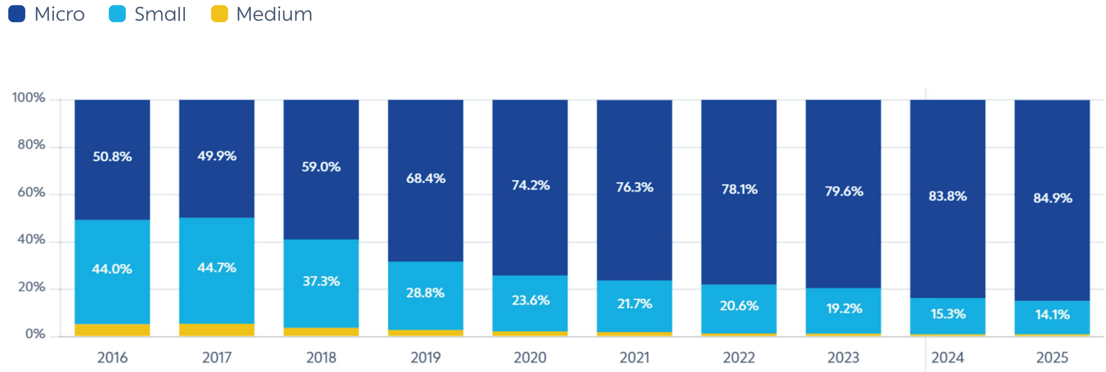


3.2 — Split

The split has shifted sharply toward Micro. In 2016, F&B was a mixed economy: about half micro, 44% small, 5% medium. By 2025, micro is 85% of F&B enterprises, small has fallen to 14%, and medium is under 1%. Nationally micro reached 89% by 2025, so F&B still has relatively more small and medium enterprises than the average sector. This is the split behind the street level picture: more pickup counters and delivery only kitchens, and more single branch neighborhood spots, rather than the multi location chains that Small and Medium would produce.

F&B enterprise mix by size (% of total)

2016 to 2025



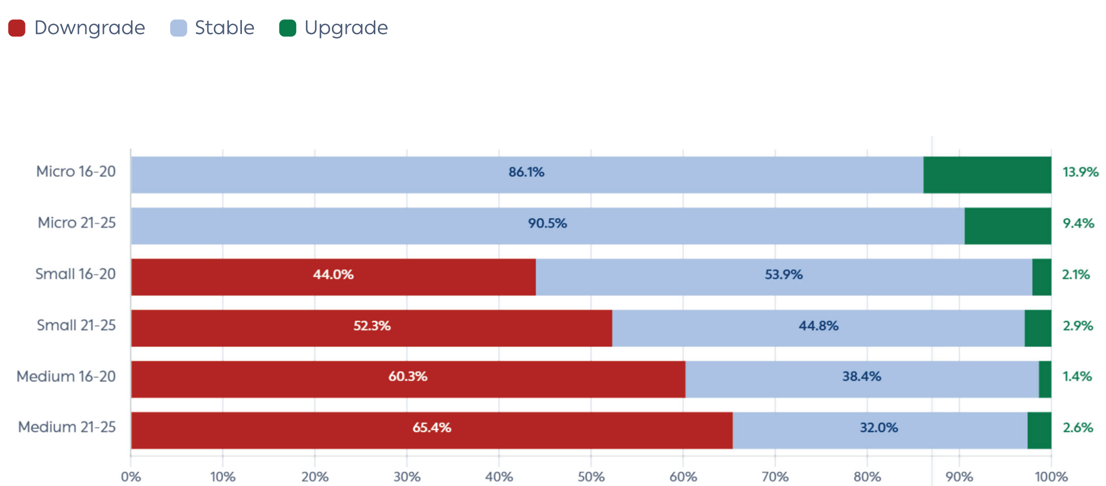
3.3 — F&B Mobility

Compared with the national picture, F&B is a tale of two directions. Micro enterprises in F&B upgrade at 9.4% (2021 to 2025), well above the 6.7% national Micro rate, so F&B is actually one of the easier places to graduate out of Micro. Small and Medium go the other way: F&B Small upgrades at 2.9% against 4.3% nationally, and F&B Medium at 2.6% against 5.3% nationally, both behind the national odds.

When we compare the recent period, 2021 to 2025, to the previous one, 2016 to 2020, **mobility got worse across every size.** For Micro, the story is simple: you are more stuck now, upgrading fell from 13.9% to 9.4%. **For Small and Medium, you are now more likely to downgrade than before, even though nationally both saw a positive trend over the same period.** Small's downgrade risk rose from 44.0% to 52.3%, and Medium's rose from 60.3% to 65.4%, while stability fell for both. This matches what has been visible on the ground: a steady stream of F&B restaurants downsizing, closing branches, or converting to cloud kitchen only operations rather than expanding.

F&B downgrade / stable / upgrade split by size, 2016 to 2020 vs 2021 to 2025 (%)

Same framework as Section 2, F&B only



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