

SAUDI ARABIA TOURISM & HOSPITALITY MARKET SNAPSHOT

September 2020



CENTURY 21
Saudi Arabia



IMPACT OF COVID-19 ON KSA TOURISM

The Kingdom's tourism and hospitality sector has been one of the hardest hit as a result of the coronavirus pandemic due to the suspension of international flights and tourist visas as well as closure of hotels and serviced apartments. Several airlines including SAUDIA are now setting up guidelines and requirements for travelers in order to mitigate the impact of COVID-19. World-wide restrictions on air travel has therefore resulted to a sharp decline in demand and occupancy levels.



Key Indicators	2022	2030
Contribution to GDP	5.3%	10%+
New jobs created	836,000	1M
Total visitation (including leisure, religious & MICE)	62M	100M
Domestic visitation	32.5M	45M
International visitation	29.5M	55M

Source: Saudi Tourism Authority

Although the industry has been severely affected by COVID-19, the Saudi Tourism Authority aiming to grow tourism from 3% to 10% of Saudi Arabia's GDP and to increase the number of visitors from 18 million a year to 100 million by 2030. This will in turn, provide a total of 1.5 million jobs or 10% of the total workforce, predominantly among youth.

As part of the Vision 2030, the government has introduced several game-changing mega projects like NEOM, The Red Sea, Al-Qiddiya, Al-Widyan & King Salman Park etc. where a number of branded hotels would be developed, and thus create a positive impact in terms of boosting tourism and increasing demand in the hospitality sector. Besides these upcoming giga projects, the G20 Leaders' Summit that is scheduled in Riyadh this November, will also play a vital role in fueling up the significant growth in tourism, retail and hospitality sectors.



POTENTIAL GROWTH IN DOMESTIC TOURISM

Saudi Arabia is witnessing significant drive in its domestic tourism markets across several cities since the Kingdom has been inviting residents to explore their own country as a holiday spot. As per the recent studies conducted by the Ministry of Tourism, about 80% of citizens and expats prefer domestic tourism especially during the pandemic time.

Saudi Arabia is moving towards the advancement of new tourist areas by adopting influential steps to enhance tourism as one of the major sectors for the diversification of the national economy. Some of the recent success stories are:

- Establishment of the Saudi Tourism Authority (STA).
- Strategic plan to initiate a tourism development fund with an initial capital investment of SAR 15 billion.
- Tourism spending totaled to \$1.6 billion in just seven weeks time – an increase of 26% Y-o-Y after the successful launch of ‘Saudi Summer’.
- Total tourism spending jumped to SAR 154 billion (\$41 billion) – an increase of 8.8% Y-o-Y.
- About 16.48 million tourism trips took place in the Kingdom during 2019 – an increase of 7.6% Y-o-Y.

KSA Tourism Key Demand Generators

Business



Leisure



Domestic

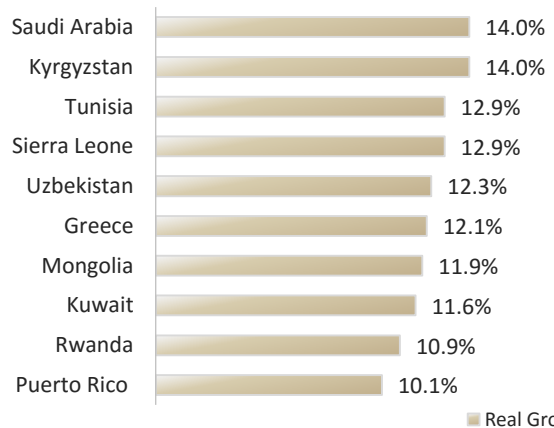


Fundamental reasons to invest in KSA

- Diversification and reform journey
- Game-changing opportunities
- Integrated infrastructure
- Attractive property solutions
- Young and skilled workforce
- Expanding quality of life
- Leading financial sector

Source: SAGIA

Fastest Growing Larger Countries & Economies in Travel & Tourism GDP 2019

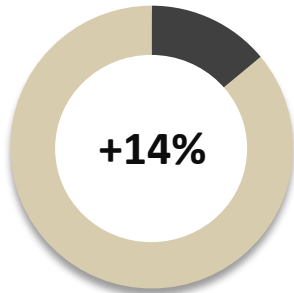


According to the data by WTTC, Saudi Arabia remained one of the fastest growing country not only in the Middle East but amongst leading economies globally in 2019, growing by 14%.

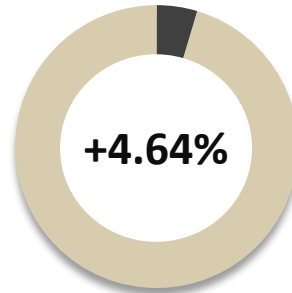
FASTEST GROWING TOURISM SECTOR GLOBALLY

According to the World Travel and Tourism Council (WTTC), Saudi Arabia had the fastest growing Travel & Tourism sector in 2019, with an annual growth of 14% to make up 9.5% of the total economy in the country.

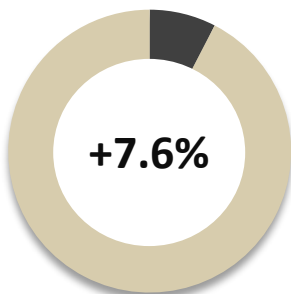
Travel & Tourism Sector



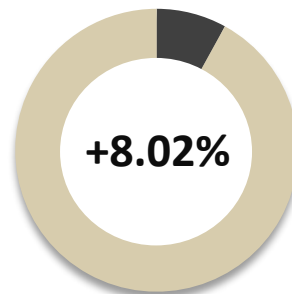
Gross Domestic Product



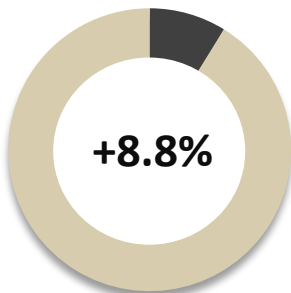
Tourism Visits



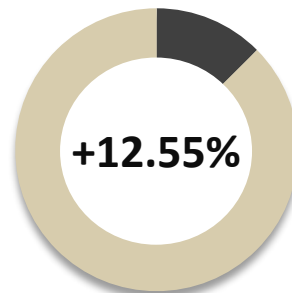
Visitor / Foreign Spending



Total Tourism Spending



Domestic Tourism Spending



KSA HOTEL MARKET UPDATE

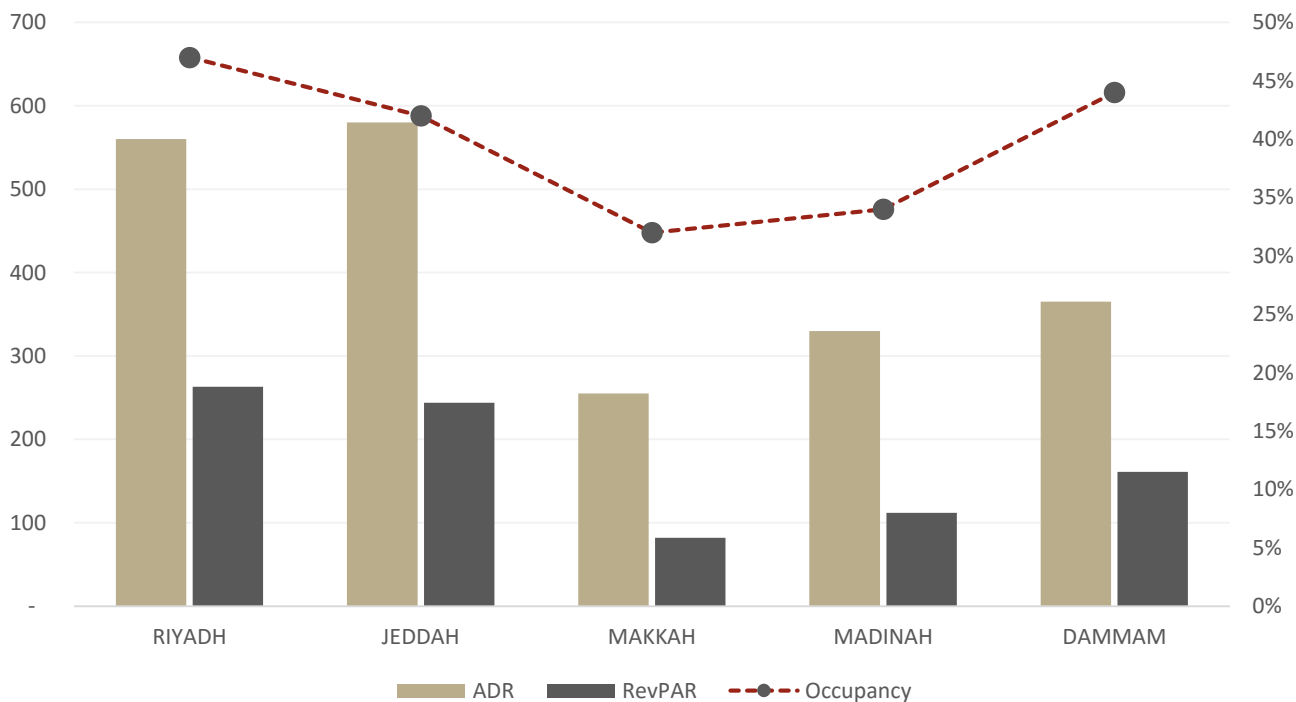
COVID-19 has affected many sectors across the Kingdom, and the hotel industry is among the hardest hit since the number of properties closed down while many of them turned to isolation centers especially during the lockdown period. The holy cities of Makkah & Madinah witnessed a significant drop of -54% and -45% respectively in terms of occupancy levels.

Our research suggests that hotel market may cautiously recover by the mid of 2021, however the expected performance of hotels is still deeply uncertain and may vary for individual properties.

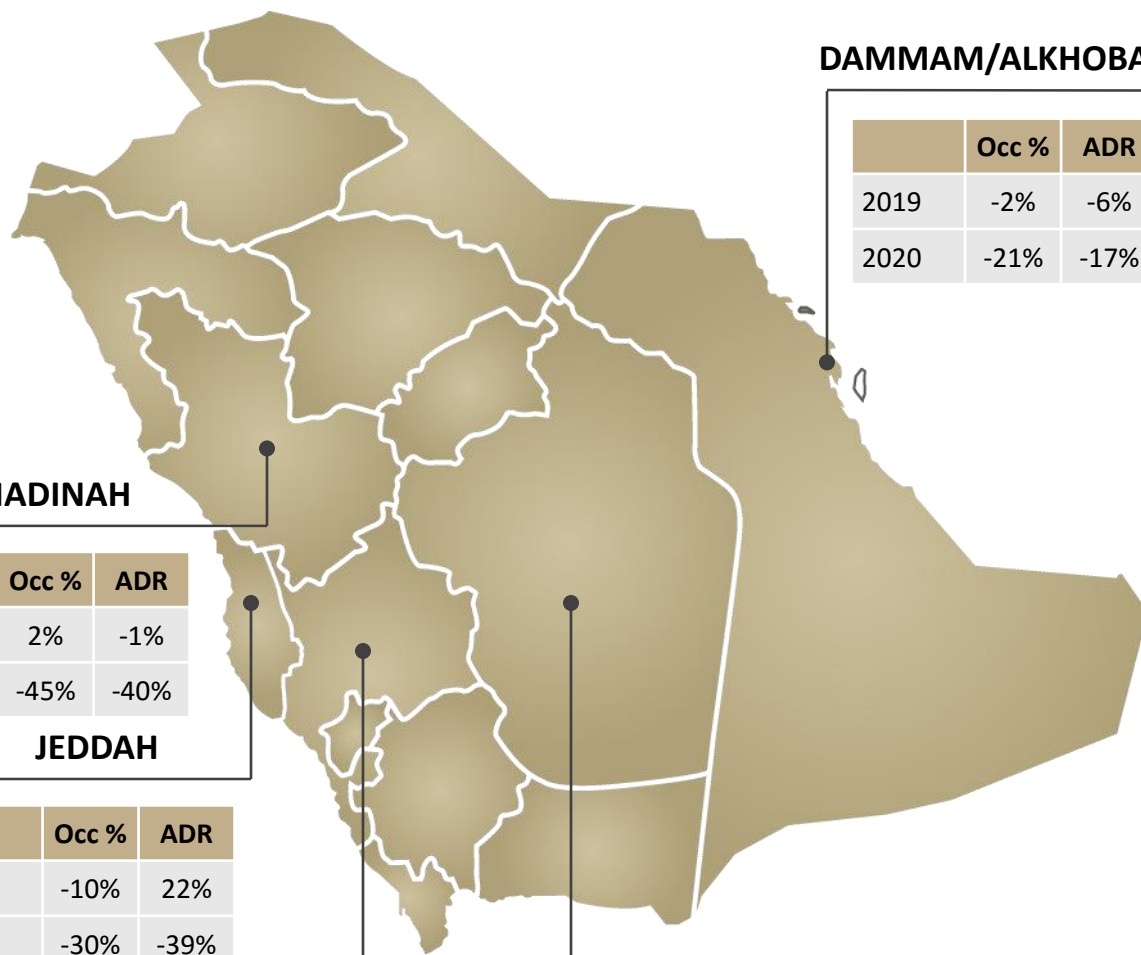
KSA Hotel Market Trends

	Occ% 2019	Occ% 2020
Riyadh	↑	↓
Jeddah	↓	↓
Makkah	↑	↓
Madinah	↑	↓
Dammam	↓	↓

KSA Hotels - Key Performance Indicators



CITYWISE HOTEL PERFORMANCE – Y-O-Y CHANGE %



DAMMAM/ALKHOBAR

	Occ %	ADR
2019	-2%	-6%
2020	-21%	-17%

MADINAH

	Occ %	ADR
2019	2%	-1%
2020	-45%	-40%

JEDDAH

	Occ %	ADR
2019	-10%	22%
2020	-30%	-39%

MAKKAH

	Occ %	ADR
2019	10%	-18%
2020	-54%	-61%

RIYADH

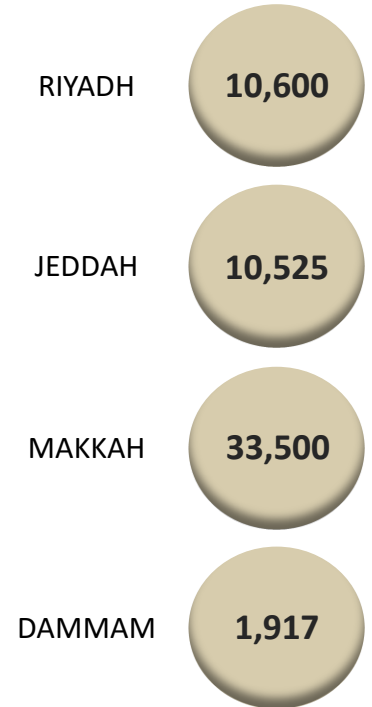
	Occ %	ADR
2019	15%	12%
2020	-25%	-52%

Source: Century21Saudi Research

UPCOMING MAJOR HOTEL PROJECTS



Upcoming Hotel Rooms



According to the STR data, around 79,864 keys are expected to be added to the Kingdom's existing supply by 2025.

RIYADH

Hotel Name	No. of Keys	Year of Completion
Park Inn Riyadh Olaya	400	2022
Conrad	400	2023
Westin Riyadh	388	2022
Waldorf Astoria	350	2023

JEDDAH

Hotel Name	No. of Keys	Year of Completion
King Walk	180	2021
Jeddah Rose	184	2022
Hilton Garden Inn	185	2022
DoubleTree Jeddah	450	2024

MAKKAH

Hotel Name	No. of Keys	Year of Completion
Kempinski Hotels	380	2022
Makarem Ajyad	411	2023
Jabal Omar Hyatt Centric	396	2023
Mathabah Tower	372	2020

DAMMAM/ALKHOBAR

Hotel Name	No. of Keys	Year of Completion
Park Inn - West Avenue	400	2023
Radisson Blue Hotel - Business Park	260	2023
Marriott Hotel	140	2021
Ramada Encore Hotel	90	2021

UPCOMING MEGA PROJECTS



NEOM

- Flagship project of \$500 billion.
- Spans on an area of 26,500 km².
- By 2030, Neom's contribution to the kingdom's GDP is projected to reach at \$100 billion.
- The project will feature towns and cities, ports, enterprise zones, research centers, sports and entertainment venues, and tourist destinations.



The Red Sea Project

- Spans on an area of 30,000 km².
- Phase 1 is expected to complete in 2022, will feature 16 luxury hotels, two resorts, an international airport, leisure facilities and service and logistic amenities.
- 3,000 hotel rooms across five islands and two inland resorts.
- The project is expected to increase the Saudi GDP by \$5.86 billion per year upon completion.
- It will attract 1 million visitors every year and create around 70,000 new jobs.



Amaala

- Phase 1 of development covers an area of 4,155 km².
- The project is expected to include 2,500 hotel rooms, more than 800 residential villas, apartments, and estate homes in addition to 200 fashion and retail brands.
- It will offer a trio of communities, including Triple Bay, The Coastal Development, and The Island.
- The project is expected to be completed ahead of the realisation of the Saudi Vision 2030.



Qiddiya

- Qiddiya spans over 334 km².
- At least SAR 10 billion worth of contracts will be awarded to various companies to speed up the project's construction while the funding will be backed by PIF.
- Six Flags American theme park in addition to more than 300 recreational and educational facilities.
- The project's first phase is scheduled to be completed in 2022.

UPCOMING MEGA PROJECTS



Al Widyan

- Spans on an area of 7 million square meters.
- The project targets a 40% reduction in energy use and a 35% reduction in water consumption.
- With the cost of \$5 billion approx., Al Widyan will split into 12 districts comprising large-scale theme parks, water parks, recreational facilities, extensive dining options, shopping centers and educational facilities etc.



Ad Diriyah Project

- \$17 billion development project.
- Encompass several luxury resorts, including major international hotel brands, as well as more than 100 dining and entertainment options.
- The first hotel is scheduled to be open in 2021.



King Salman Park

- Green areas and open spaces spans on an area over 9.3 million square meters.
- 2,500-seat national and 8,000-seat open air theatre
- 850,000 sqm golf course, a 50,000 sqm sports complex, a 100,000 sqm entertainment games area and a 140,000 sqm water sports section.
- With 12,000 residential units, the park will boast 16 hotels with 2,300 rooms, a food and retail area stretching over a 500,000 square meters.



Jeddah Tower

- A 23 million square meters mixed-use development site.
- Jeddah Tower covers a total floor space of 243,866 square meters.
- With the height of one kilometer, the tower will comprise over 250 floors.
- Jeddah Tower will be a mix of residential units, serviced apartments, and hotels.



Al-Ula

- The project hosts a number of archaeological treasures and ancient cities, with evidence of major civilizations.
- Al-Ula is expected to attract around SAR 75 billion investment by 2035 and will create 35,000 jobs and contribute a total of SAR 120 billion to GDP.
- Plan to attract 2 million visitors per year with around 1,000 hotel rooms.



CENTURY 21
Saudi Arabia

CENTURY21 SAUDI'S RESEARCH & ADVISORY DEPARTMENT

Established in 2009, Century21 Saudi's Research & Advisory (CRA) has a proven track record of providing a variety of research-based services to the business arena all over the KSA market. Equipped with highly qualified and experienced analysts and researchers, CRA is capable of responding all major segments of real estate market with professional decorum. Our offered services are:

- Feasibility Studies
- Highest & Best Use Studies
- Strategy & Planning Advisory
- Pricing Strategies
- Market Research & Analysis
- Due Diligence
- Site Assessment
- Real Estate Market Reports





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