

SAUDI ARABIA

ARABIAN TRAVEL MARKET SERIES

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INTRODUCTION

Kingdom of Saudi Arabia is focusing on the opening of its borders for tourism, as part of the drive to diversify its economy. Over the past few years, several initiatives have been taken by the government as part of the Saudi Vision 2030.

Although the country faces significant competition from other popular regional destinations, KSA has the potential to distinguish itself as an important tourism destination, which is home to natural, cultural and heritage attractions.

INITIATIVES

The Saudi Vision 2030 includes several initiatives to diversify the economy of the country from the current oil reliant one. Tourism plays an important part to the vision and includes goals such as development of infrastructure and entertainment options to attract tourists. Some of the ongoing and new tourism initiatives include:

- ❖ Introduction of new tourist visas in the Kingdom, allows people from 49 countries to get either an e-visa or visa upon arrival.
- ❖ Implementation of Umrah Plus visa, which allows visitors to visit other cities in Saudi Arabia after completing the Umrah.
- ❖ The SCTH launched a regional tourism initiative "Saudi Seasons" in 2019 as an experiment to increase tourism offerings in KSA. The programme had 11 seasons in total.

These initiatives have led to issuing of a total of c.350,000 tourist visas during Q4 2019. Riyadh Season alone attracted approximately 10 million visitors, making it a very successful initiative.

GROWING TOURISM DESTINATION

Saudi Arabia has untouched beaches, deserts, mountains and heritage sites. Some of the upcoming mega projects which are expected to boost tourism in KSA are listed below:



- ❖ Diriyah, is being established as the cultural and heritage destination near Riyadh. At its core lies the At-Turaif District, one of the five UNESCO World Heritage Sites.



- ❖ Red Sea Project, a luxury island development will offer variety of experiences including resorts and mountain adventures.

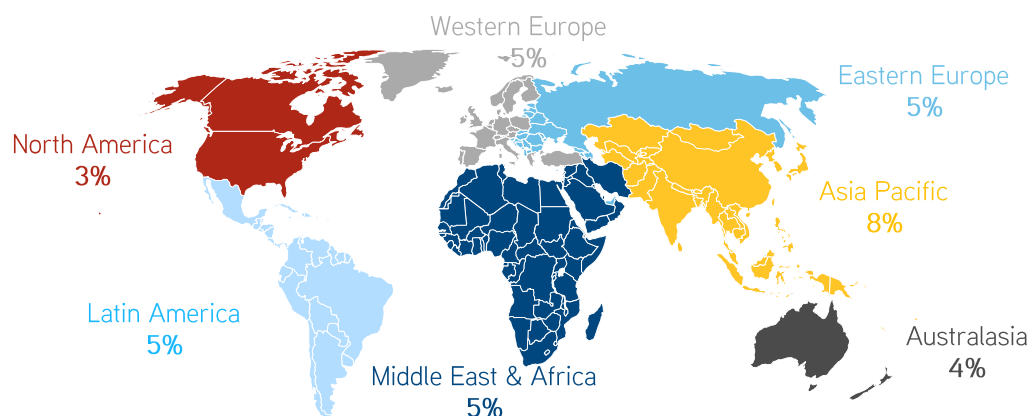


- ❖ Neom, will be established as a vibrant smart city, which will also act as urban touristic destination.



- ❖ Qiddiya, is being developed as a key leisure and entertainment destination in Riyadh.

SOURCE MARKETS | EXPECTED % GROWTH 2019 - 2024

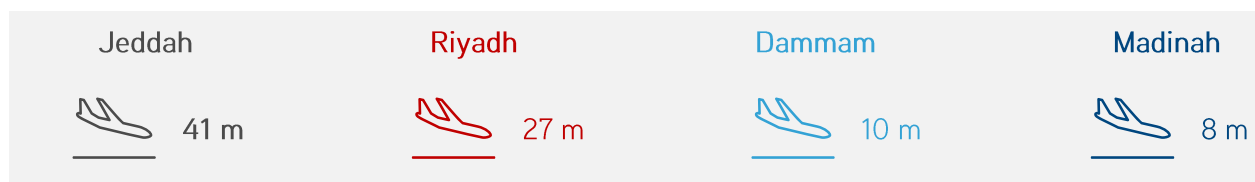


Currently, Middle East & Africa is the top source market for KSA and will continue to hold that place even in 2024. However, Asia Pacific region is expected to have the highest growth in tourists to KSA, mostly for religious purposes.

TOURISM OUTLOOK

According to WTTC, the Kingdom's travel and tourism GDP grew by 5% in 2019 and is expected to contribute 9.5% to the country's GDP by 2024. This increase can be attributed to the government's initiatives such as development of infrastructure and easing of visa regulations, as mentioned.

KSA International Airport Arrivals in Millions (2018)



Airport arrivals across Saudi Arabia have seen an increase in CAGR of approximately 9% between 2013 and 2018, due to increase in both international and domestic tourism demand.

KSA KEY MARKET PERFORMANCE

Note: % change from previous year

Madinah

	Occ (%)	ADR
2019	1%	-7%
2020 (f)	3%	-4%

Khobar

	Occ (%)	ADR
2019	14%	-14%
2020 (f)	5%	-6%

Jeddah

	Occ (%)	ADR
2019	4%	-8%
2020 (f)	5%	-6%

Makkah

	Occ (%)	ADR
2019	3%	-9%
2020 (f)	3%	-3%

Riyadh

	Occ (%)	ADR
2019	7%	-6%
2020 (f)	7%	-3%

Source: STR Global; Colliers International, 2020

The initiatives taken by the government to enhance tourism coupled with growth in tourist arrivals to the Kingdom is expected to have a positive result on the hospitality industry.

To make KSA into a regional destination, it is vital to tap into the preferences of its population. As Saudi Arabian population is mainly comprised of younger generation, focusing on providing experiences rather than traditional hotel offerings will help in development of Kingdom as a regional destination.

FOR MORE INFORMATION

Christopher Lund
Head of Hotels | MENA Region
+971 55 899 6110
christopher.lund@colliers.com

James Wrenn
Senior Manager, Hotels | MENA Region
+971 55 736 6767
james.wrenn@colliers.com

Saqib Jafri
Associate Manager | Hotels MENA Region
+971 55 769 9797
saqib.jafri@colliers.com

Simran Kaur
Analyst | Hotels MENA Region
+971 55 899 6069
simran.kaur@colliers.com

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