

ARABIAN TRAVEL MARKET

SAUDI ARABIA HOSPITALITY MARKET



HOTEL PERFORMANCE

Tourism Overview

According to the WTTC, the industries that are in direct contact with tourists in KSA are expected to generate approximately SAR 95 billion in 2019, or 3.3% of the country's Gross Domestic Product.

Vision 2030, as well as Vision Realization Programs (VRP), are expected to positively impact tourism trips in KSA. Growth in domestic trips are expected to increase by 8% per year, with both the Quality of Life VRP and the General Entertainment Authority helping to create new attractions in the domestic market. Inbound trips are expected to grow at 5.6% per year.

KSA Total Tourist Trips (Millions)

| | Inbound | Domestic |
|------|---------|----------|
| 2018 | 17.7 | 47.0 |
| 2023 | 23.3 | 70.5 |

Source: WTTC, MAS, BMI Research; Euromonitor; Colliers International, 2019

KSA key Market Performance

Madinah

| | Occ (%) | ADR |
|----------|---------|-----|
| 2018 | -2% | -1% |
| 2019 (f) | 2% | -2% |

Khobar

| | Occ (%) | ADR |
|----------|---------|------|
| 2018 | 2% | -10% |
| 2019 (f) | 2% | -5% |

Jeddah

| | Occ (%) | ADR |
|----------|---------|-----|
| 2018 | -1% | 10% |
| 2019 (f) | 2% | 1% |

Makkah

| | Occ (%) | ADR |
|----------|---------|------|
| 2018 | 0% | -10% |
| 2019 (f) | 3% | -6% |

Riyadh

| | Occ (%) | ADR |
|----------|---------|------|
| 2018 | 3% | -11% |
| 2019 (f) | 4% | -6% |

Source: STR Global; Colliers International, 2019



Multiple initiatives, such as the Quality of Live VRP and the events supported by the General Entertainment Authority, are expected to contribute to the expected 8% growth in domestic tourist trips per year in the Kingdom of Saudi Arabia.

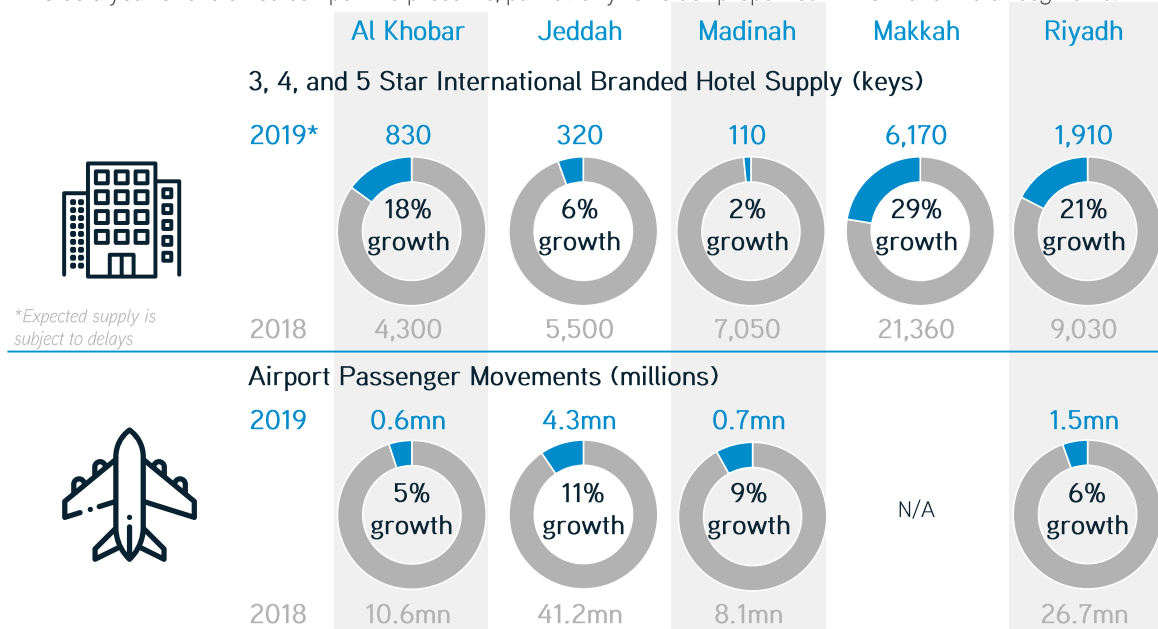


Markets across KSA underwent a decline in ADR in 2018. 2018 is the third year of declining ADR for the key markets in KSA, Jeddah was the only city to improve in ADR performance vs 2017.

The key cities in KSA have new supply planned to enter the market in 2019. This is expected to place additional pressure on hotels performance across the country, however, growth in visitor demand in the domestic and international markets are expected to result in improved occupancy levels.

TOURISM OUTLOOK

With over 9,000 keys of 3,4 and 5-star international supply planned to enter the market, KSA can expect 2019 to be a year of sustained competitive pressure, particularly for older properties in the 4 and 5-star segments.



Source: GACA; STR Global, Colliers International, 2019

Initial forecasts of airport passenger growth indicate sufficient demand will be present in the key markets to improve occupancy performance in 2019. Improved access to visas, through online portals such as the “Sharek” portal, and growth in the “Umrah Plus” market, combining religious and leisure travel, are expected to be key drivers of international tourism for the Kingdom of Saudi Arabia.

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GENERATING DEMAND

GIGA Projects

The Public Investment Fund has initiated multiple giga projects, that are expected to expand the Tourism market in KSA into a year round leisure destination. By 2030, the Qiddiyah project alone is expected to attract 17 mn visitors.

Source: Colliers International, 2019

Quality of Life VRP

The Quality of Life VRP is aimed at improving access to amenities that will improve the standard quality of living across KSA. Improved access and activities to recreational activities is expected to increase domestic tourism and spending in KSA.

Events and Entertainment

The creation of the General Entertainment Authority has promoted live entertainment in KSA, giving more reasons for travel within the country. A record 5,000 live events were hosted across 55 locations in 2018.

Religious Tourism

Religious travel is expected to remain the bedrock of tourism in KSA. A goal of attracting 30 million pilgrims to KSA by 2030 has been set, an increase of 11 million from the 19 million umrah pilgrims that visited in 2017.

FOR MORE INFORMATION

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