

INVEST  
SAUDI



TOURISM



# 4 KEY REASONS TO INVEST IN TOURISM

## TOURISM VALUE PROPOSITION

Imagine a country with the financial muscle to turn its pristine landscapes into smartly designed, state-of-the-art tourist destinations. That country is Saudi Arabia, a Kingdom with a high and growing demand for domestic and international tourism that is undergoing one of the biggest transformations that the world has ever seen. The relaxation of immigration rules and development of tourism infrastructure are just some of the multiple initiatives being promoted by KSA to enable tourism growth. Saudi Arabia is also promoting private investments in the country, significantly developing its existing and forthcoming attractions and introducing massive extensions to its transportation infrastructure. With capital investment for tourism set to rise to more than SAR 200 billion (USD \$ 54 billion) over the next 10 years, Saudis expects to become a key touristic destination by 2030.



## HIGH AND GROWING DEMAND FOR TOURISM IN KSA

- ▶ Saudi Arabia's tourism sector has witnessed massive growth marked by a boom in inbound international visitors and a significant increase in domestic tourism. In 2017, Saudi Arabia received more than 16 million inbound visitors from around the world, a number that has been growing at a CAGR of 10% since 2010, with religious tourism constituting around 45% of the total number of inbound trips. Domestic tourism has also been registering significant growth in KSA, growing at a CAGR of 14% since 2010 and swelling the number of domestic trips to 44 million in 2017.
- ▶ In addition to the increase in the number of inbound and domestic tourists, KSA has witnessed a remarkable increase in tourism spend. Inbound passengers spent SAR 94 billion (USD \$ 25 billion) in 2016, growing at CAGR at 24% since 2010. Total spend from domestic tourism grew by 9% CAGR since 2010, reaching SAR 53.6 billion (US \$14.3 billion) in 2016 and marking an 11% increase from domestic spend in 2015.
- ▶ As a result, Saudi Arabia currently ranks among the top 20 countries in the world in terms of total GDP contribution, with tourism contributing SAR 241 billion (USD 59.7 billion) to the economy. This is expected to further rise by 4.7% per annum, to SAR 412 billion (USD \$ 110 billion) constituting 11.1% of GDP by 2027.

## GOVERNMENT FULLY COMMITTED TO UNLOCK THE TOURISM SECTOR

- ▶ In line with its vision to diversify its economy away from oil and gas, Saudi Arabia is striving towards unlocking the sector's potential by implementing several key changes that will enhance its tourism ecosystem. For the first time in its history, Saudi Arabia will start issuing tourists visas in 2019. Additionally, Saudi Arabia is investing in developing the Saudi tourism infrastructure, starting with the opening a new international airport in Jeddah that will be able to handle 100 million passengers.
- ▶ Saudi Arabia is also promoting private investments in the country through the Kafalah program and land lease extensions. The Kafalah program will guarantee tourism projects receive loans of up to SAR 1.5 billion (US \$400 million), whilst the land lease extension initiative will grant ventures with expected investment of more than SAR 20 million (US \$ 5.33 million) an extension of the land lease period to 50 years, instead of the original 15 or 20.
- ▶ In 2017, the Saudi Arabian tourism sector attracted investment of SAR 172 billion (USD \$28.6 billion), which was six times the world average in tourism capital investments. Investments are expected to rise by 9.8% in 2017 and by 5.5% pa over the next ten years to SAR200 billion (USD \$ 54 billion). These investments target the preparation and development of attractions and historical/heritage sights to the highest of international standards.



## RICH CULTURAL HERITAGE AND ICONIC SIGHTS

- ▶ Saudi Arabia's diverse terrain offers a wide variety of scenery, while its captivating history, rich culture and significance for Islam make it one of the most visited countries in the world. There are more than 4,000 registered archaeological sites across the Kingdom, as well as the Jabal Umm Sinman, Jeddah (Al-Balad) and Al Ahsa Oasis.
- ▶ The historic site of Addiriyah is an oasis located on the banks of Wadi Hanifa in Riyadh. It is the original home of the Saudi Royal family and was declared a UNESCO heritage site in 2010. Madain Saleh is an archaeological site located in the Sector of Al-`Ula within Al Madinah Region and was declared a UNESCO World Heritage Site in 2008. The majority of the remains in this site date from the Nabatean kingdom (1st century AD). The rock art sites at Jabal Umm Sinman near the Hail region were declared a UNESCO World Heritage Site in 2015. This site has traces dating back 10,000 years and showcases art left by the ancient Arab population. Historic Jeddah (Al-Balad) also known as 'the Gate to Makkah' is a 7th century AD major port for Indian Ocean trade routes, channeling goods to Makkah. This site was declared a UNESCO World Heritage Site in 2014. KSA's UNESCO sites are to undergo significant development for the purpose of raising infrastructure levels to the highest of international standards.



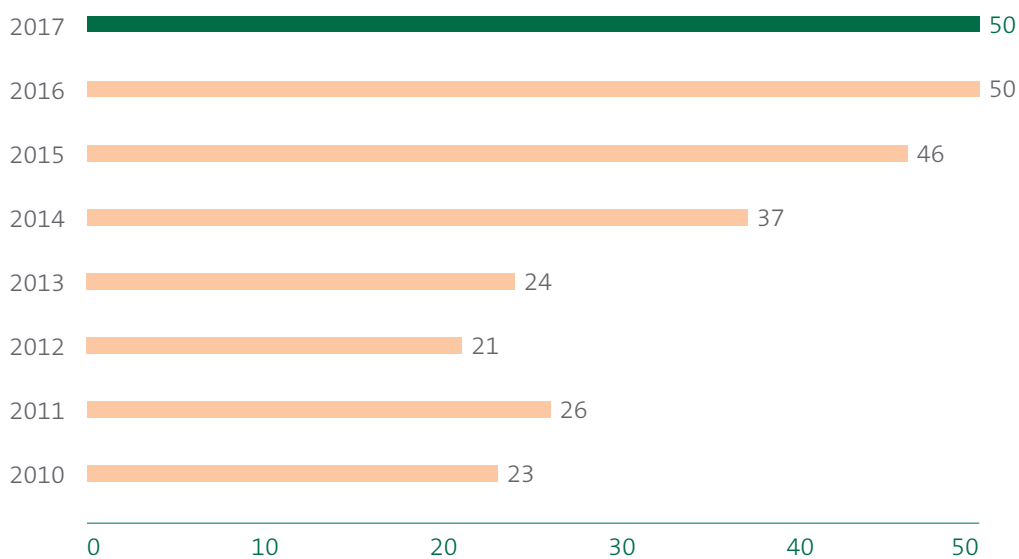


## MASSIVE NEW MEGA TOURIST DESTINATIONS UNDER DEVELOPMENT

- ▶ In addition to the key changes outlined above, the government has identified several projects aimed at expanding and establishing the tourism sector.
- ▶ Neom is a SAR 1.9 trillion (US \$500 billion) mega city planned for Tabuk province that is set to be world's first private zone spanning 26,500sq/km over three countries. Tourists are set to enjoy the experience of visiting a truly state-of-the-art city positioned at the crosshairs of Saudi Arabia, Egypt and Jordan.
- ▶ The UNESCO World Heritage site of Al Ula located in Madinah province is to undergo transformative development, as are the 50 untouched islands of The Red Sea in Tabuk province that are subject to a luxurious coastal project. This development is set to transform a location that's considered by many to be one of the world's last natural hidden treasures.
- ▶ Also identified as an ideal location to grow the tourism sector, Okaz City, an oasis of culture and heritage provides a remarkable experience featuring high quality, integrated facilities for leisure, entertainment, meetings, business and accommodation. For tourists seeking entertainment, cultural and sporting activities, The Qiddiya, will be located over 334 square km outside Riyadh, to cater to this newly founded segment.
- ▶ White Cape, Located in Madinah province, is being developed into a year round coastal resort offering upscale leisure, wellness and entertainment attractions.
- ▶ The Farasan Islands in Jazan province, an archipelago of 84 coral islands in the Red Sea, are being developed into a marina sanctuary eco-tourism destination.
- ▶ Jabal Sawda near Abha in the Asir Region, situated on a high plateau that receives more rainfall than the rest of the country and contains the country's highest peaks (which rise to almost 3,000m) is also being geared to receive tourists.
- ▶ Finally Al Uqair, on the Saudi eastern coast, is being developed to offer waterfront activities that target domestic tourists.
- ▶ These projects will no doubt be the first of many unprecedented initiatives that are to transform Saudi Arabia into a global touristic hub of the highest caliber.

# GROWING NUMBER OF TOURISM DOMESTIC TRIPS

# of Tourism Domestic trips (Mn)



**(10%)**  
CAGR, MOSTLY FOR ENTERTAINMENT PURPOSES



▶ 23%  
Religious



▶ 3%  
Businesses



▶ 28%  
Family & Friends



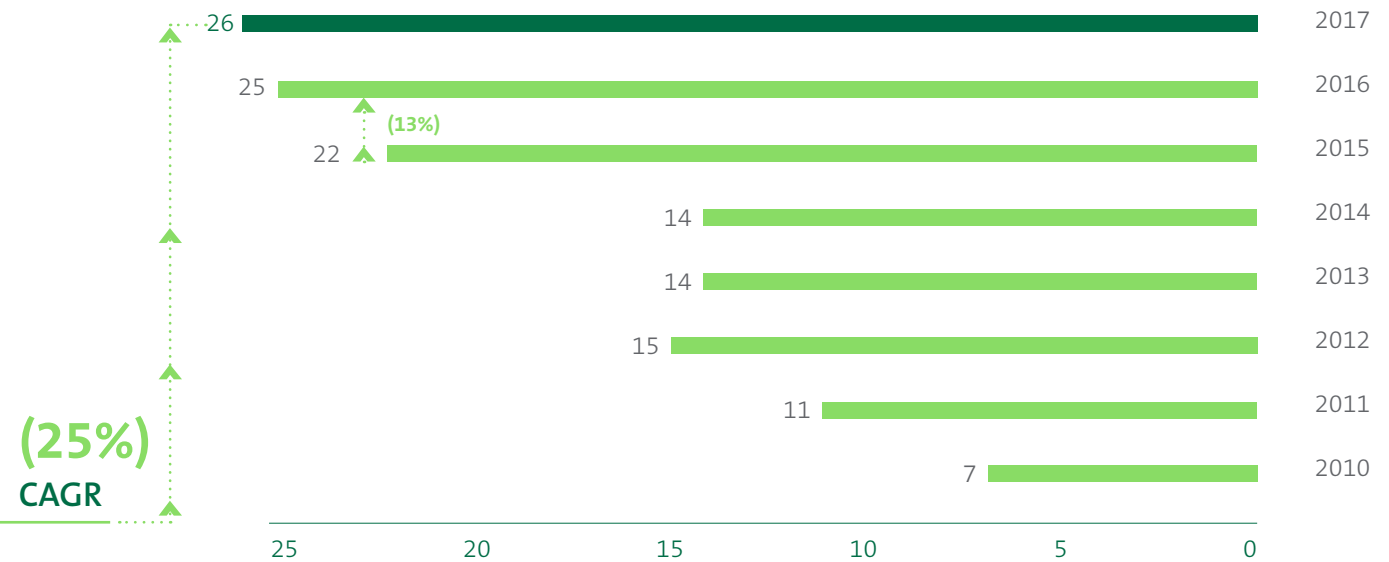
▶ 44%  
Entertainment & Shopping

▶ 3%  
Others

# TOURISM SPENDING

## REMARKABLE INCREASE IN INBOUND TOURISM SPENDING BETWEEN 2010-2017

# Inbound tourists spending (USD Bn)



> 4%

INCREASE IN INBOUND TOURISM SPENDING BETWEEN 2016-2017

KEY FIGURES 2017

**\$26.1 Bn**

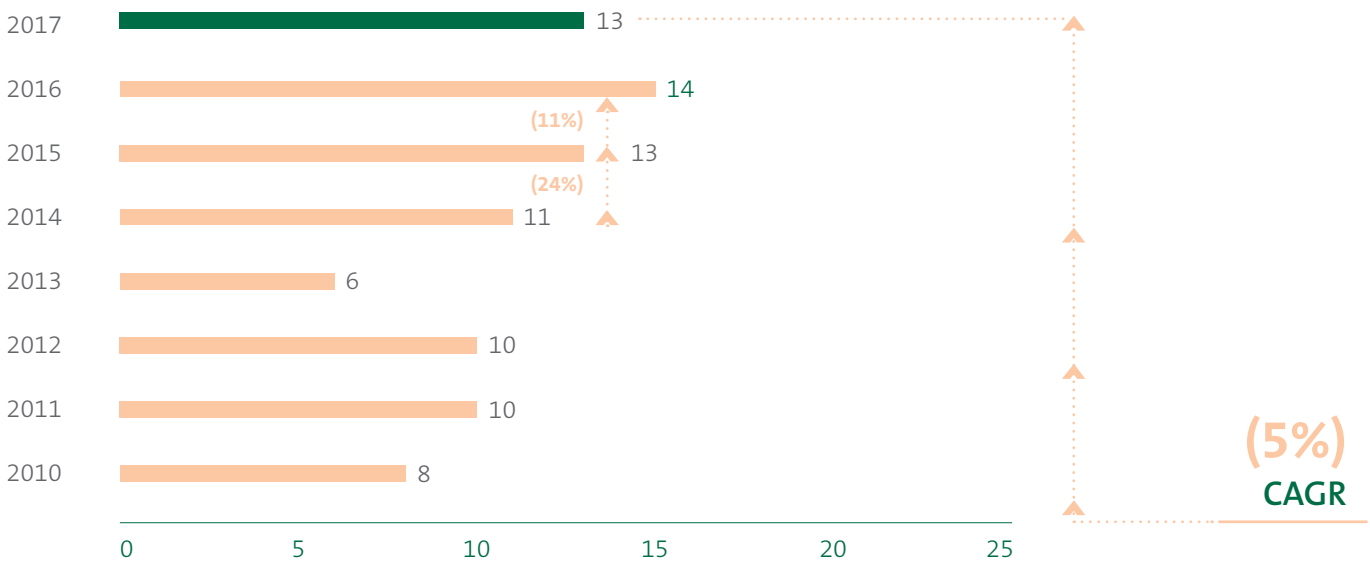
Tourism Spending

**\$154.4**

Avg. daily spending per tourist

# INCREASE IN DOMESTIC TOURISM SPENDING BETWEEN 2010-2017

# of Domestic tourists spending (USD Bn)



> -10.7%  
TOURISM SPENDING  
OVER THE PAST 7 YEARS

\$12.8 Bn

Tourism Spending

\$54.8

Avg. daily spending  
per tourist

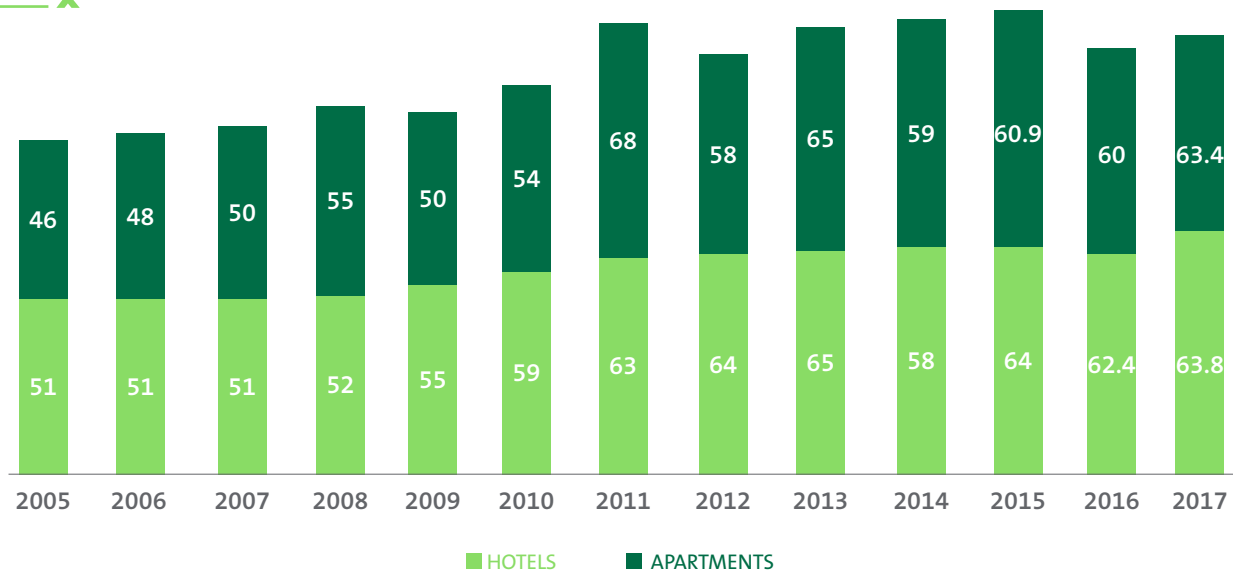


# ACCOMMODATION OCCUPANCY

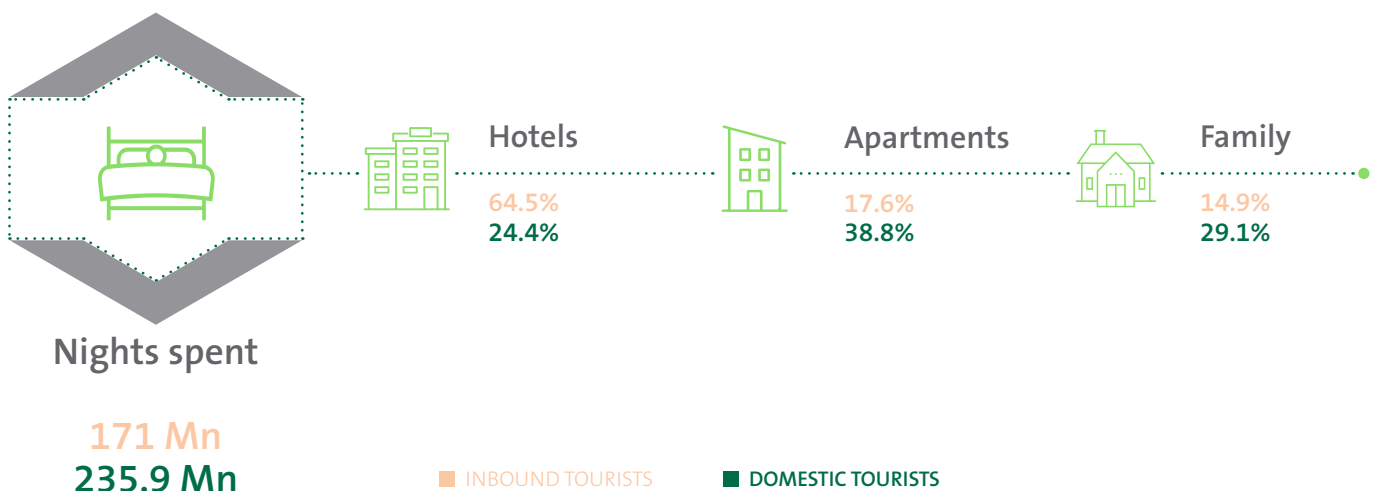
## STEADY GROWTH OF ACCOMMODATION OCCUPANCY IN HOTELS & APARTMENTS

% Avg. Hotels & Apartments Occupancy rates

**(3%)**  
GROWTH ▲



## ACCOMMODATION TYPE 2017



# RECENT REFORMS AND ONGOING TOURISM PLANS WILL DRIVE GROWTH IN THE MARKET

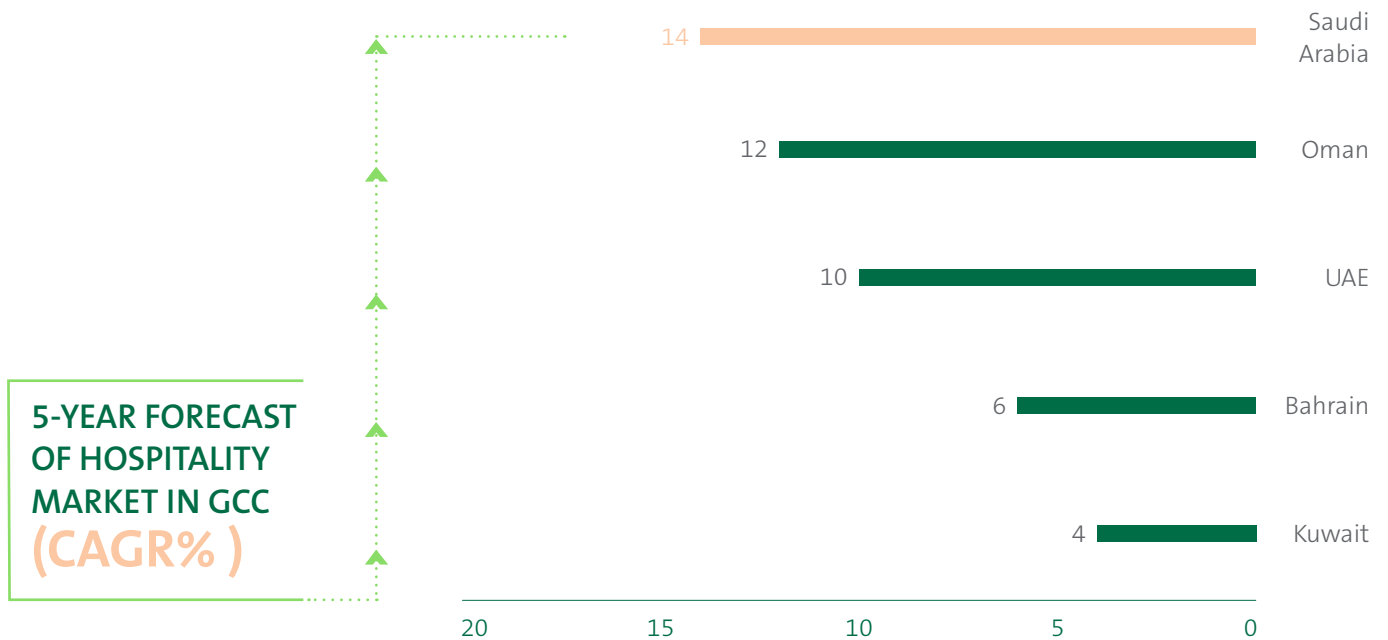


“ WE WILL SUPPORT PROMISING SECTORS AND FOSTER THEIR SUCCESS SO THAT THEY BECOME NEW PILLARS OF OUR ECONOMY ... IN THE TOURISM AND LEISURE SECTORS, WE WILL CREATE ATTRACTIONS THAT ARE OF THE HIGHEST INTERNATIONAL STANDARDS, IMPROVE VISA ISSUANCE PROCEDURES FOR VISITORS, AND PREPARE AND DEVELOP OUR HISTORICAL AND HERITAGE SITES ”



# GROWTH IN HOSPITALITY MARKET

13.5% COMPOUND ANNUAL GROWTH RATE (2018-23 CAGR), THE HIGHEST IN GCC



## UNLOCKING THE SECTOR'S POTENTIAL

# IN LINE WITH VISION 2030, THE SAUDI GOVERNMENT IS TAKING STEPS TO UNLOCK THE SECTOR'S POTENTIAL

### ONGOING GOVERNMENT PLANS/PROJECTS



#### SEVEN NEW AIRPORTS

- (Jubail, Ras Mishab, Qunfudah, Farsan , Najran, Riyadh North, Riyadh South) and expansions of two largest airports in KSA: King Abdulaziz international airport in Jeddah, to host 43 million passengers by 2025, and 80 million passengers by 2035) and King Khaled international airport in Riyadh to accommodate 25 million passengers per year in near future)



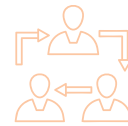
#### PREPARATIONS FOR LAUNCHING THE TOURIST VISA

- “Citizens from all the countries who have access to the Kingdom can obtain tourist visas.”
  - Director of the Tourism and Heritage Authority in the Makkah region, Mohammed Al-Omari



#### LAUNCHING HARAMAIN HIGH-SPEED RAIL BY MID-2018

- Will connect the Kingdom's two holy cities of Makkah and Madinah via stations at Jeddah's new airport and at King Abdullah Economic City near Rabigh
- Designed to reach speeds of up to 360 kph



#### TAKAMUL (BY SCTH), ORGANIZED DEVELOPMENT AND TRAINING PROGRAMS FOR OPERATORS AND EMPLOYEES IN THE TOURISM SECTOR

- 176 training programs held in different parts in the Kingdom
- Includes: accommodation sector, travel and tourism agencies, tour operators, tourist handling skills and quality tourist services

# UNESCO WORLD HERITAGE SITES

---

## LEVERAGING FIVE EXISTING UNESCO WORLD HERITAGE SITES IN THE KINGDOM

### THE 5 UNESCO WORLD HERITAGE SITES

---

#### HISTORIC ADDIRIYAH

- A historic oasis located on the banks of Wadi Hanifa
- Original home of the Saudi royal family
- The Turaif district in Diriyah was declared a UNESCO World Heritage Site in 2010

#### MADAIN SALEH

- An archaeological site located in the Sector of Al-`Ula within Al Madinah Region, the Hejaz
- Majority of the remains date from the Nabatean kingdom (1st century AD)
- Was declared a UNESCO World Heritage Site in 2008

#### ROCK ART IN HAIL REGION

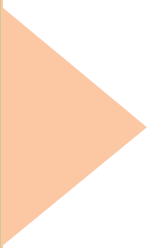
- 10,000 year-old traces left by the Arab population
- Includes two components situated in the desert of the Ha'il Region: Om Sinman mountain, and Al-Manjor and Raat
- Was declared a UNESCO World Heritage Site in 2015

#### AL AHSA OASIS

- Unique geo-cultural landscape with gardens, canals, springs, wells, drainage lake and historical buildings, located in Eastern Province
- Largest oasis in the world, with 2.5 million date palms

#### HISTORIC JEDDAH (AL-BALAD), THE GATE TO MAKKAH

- Was founded in the 7th century and historically served as the centre of Jeddah
- Al-Balad's defensive walls were torn down in the 1940s
- Was declared a UNESCO World Heritage Site in 2014



# MEGA PROJECTS

---

## DEVELOPING NEW MEGA PROJECTS TO ENHANCE THE CULTURAL AND ENTERTAINMENT INFRASTRUCTURE

### GOVERNMENT MEGA PROJECTS

---

#### THE QIDDIYA PROJECT

- Work is due to start in 2018 and be ready by 2022
- Will be over 334 sq. km
- Will offer cultural, entertainment and sporting activities
- Will host a safari park and a Six Flags theme park

#### NEOM, THE FUTURISTIC CITY

- Will be independent of the Kingdom's existing governmental framework
- Will be world's first private zone spanning three countries, Saudi Arabia, Egypt and Jordan
- Will be over 26,500 sq. km

#### THE RED SEA PROJECT

- Will be built across a lagoon of 50 untouched islands, situated in one of the world's last natural hidden treasures
- Project's natural reserve is inhabited by rare wildlife including leopards, wolves, wildcats and falcons. Also on offer will be parachuting, trekking and rock climbing

#### WHITE CAPE COASTAL RESORT PROJECT

- Will include leisure and wellness components, e.g. jet ski facilities, diving and fishing facilities, beach club, health centers, etc.
- Will include edutainment components, e.g. indoor and outdoor facilities, nature-related activities and farmland, sea life center, etc.

#### AMAALA PROJECT

- An ultra-luxurious destination on Saudi Arabia's northwestern coast of the Red Sea
- Will include full-fledged wellness tourism - integrated alongside a curated mix of arts, culture, and sports offerings that are individually tailored for the ultra-luxury lifestyle

## SITE PRESERVATION

# INVESTING IN THE PRESERVATION OF CULTURAL AND HERITAGE SITES

## CULTURAL AND HERITAGE SITES

### FARASAN ISLANDS DEVELOPMENT INITIATIVE

- An archipelago of 84 coral islands in the Red Sea
- Covers an area of 600 sq. km
- Includes natural reserves area, coral reefs, mangrove trees, heritage village, etc.
- Avg. summer temperature is 34°C, and 26°C in winter

### SOUK OKAZ IN TAIIF

- Was a seasonal market which operated for two weeks each year during the month of Dhu al-Qi'dah
- Was especially important for poetry competitions, which served to formalize rules of Arabic language grammar and syntax

### ASIR REGION

- Situated on a high plateau that receives more rainfall than the rest of the country
- Contains the country's highest peaks, which rise to almost 3,000 meters (9,800 ft) at Jabal Sawda near Abha



The background features abstract geometric shapes in shades of green and orange. A dark green shape is at the top left, a light green shape is below it, and an orange shape is to the left. The rest of the page is white.

# ABOUT SAUDI GENERAL INVESTMENT AUTHORITY

**Saudi General Investment Authority** is the Kingdom's investment promotion agency. Our priorities are to attract and develop foreign investment, enhance the nation's investment climate, increase the ease of doing business, and eliminate obstacles from investors' journey.

To discover the countless opportunities, across major economic sectors, that Saudi Arabia has to offer:

## CONTACT US NOW

---

### HEADQUARTERS

Imam Saud Bin Abdulaziz Road

T + 966 11 203 5555

F + 966 11 263 2894

E [invest@sagia.gov.sa](mailto:invest@sagia.gov.sa)

P.O. Box 5927, Riyadh 11432

Kingdom of Saudi Arabia

[investsaudi.sa](http://investsaudi.sa)

investsaudi.sa

