



وزارة الاستثمار
Ministry of Investment

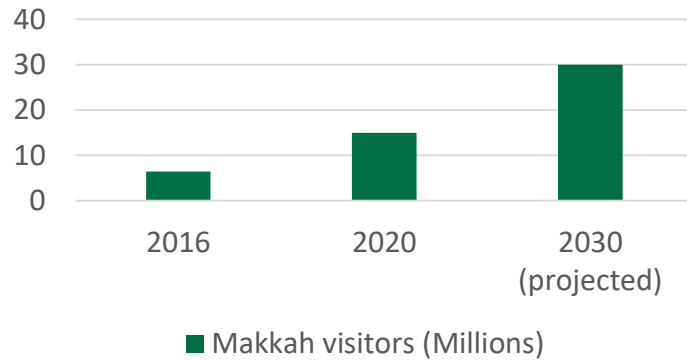
5 Star Hotel Development In Makkah.

HOTEL DEVELOPMENT IN MAKKAH

OPPORTUNITY'S DESCRIPTION: Opportunity for 5-star hotel development in Makkah.

DEMAND

KEY DEMAND DRIVERS



INVESTMENT HIGHLIGHTS

- Estimated Land value SAR 628 Mn
- Estimated Capex SAR 1,311 Mn
- Investment model options: Joint venture (all forms of JVs - project based, functional based and others)
- Opportunity IRR: 8%
- Equity contribution: 68%
- Expected payback period to private sector: 12 years
- Timeline: Q4 2025

INVESTMENT OVERVIEW

VALUE PROPOSITION

- In line with Saudi vision 2030, KSA aims to become an international tourist destination, with aspirations to attract 100 million visitors annually by 2030
- For religious tourism alone, KSA will increase the number of visitors from 7 mn visitors in 2019 to 30 mn visitors by 2030.
- Opportunity to leverage the recent government initiatives to upgrade Makkah City, such as the establishment of The Royal Commission of Makkah City and the Holy Sites (RCMC)
 - RCMC was created in 2018, which sets plans and strategies to upgrade the services in Makkah Al-Mukarramah and the holy places.
 - RCMC will work closely with stakeholders in the private sector to identify programs and projects that help realize the vision of making Makkah City among the world's most attractive cities.

MARKET OVERVIEW

- A critical success factor for hotels in Makkah is being accessible to and from the Masjid al Haram, which allows the hotel to yield higher average rates. The project site is strategically located in a prime location, within 500 meter to Masjid Al Haram. It will have direct frontage to the KAAR Boulevard next to a retail area and residential developments and the main bus terminal station
- The following modes of transport allow access to the site.
 - Foot traffic from Masjid Al-Haram area;
 - North-South metro pedestrian link, north of Umm Al Qura Road;
 - Car traffic through avenue roads of KAAR boulevard;
 - Haramain rail station, metro and KAAR bus network.
- The Proposed Luxury Hotel is expected to open in January 2024, and in addition to guest rooms, has all other facilities typically found in a luxury hotel.

PROJECT OVERVIEW

Land use	Area (sqm)	Gross leasable area (sqm)	Number of units	%
Hospitality	5,025	90,112	765 rooms	100.0%
Total	5,025	90,112	765 rooms	100.0%

REAL ESTATE HOTEL DEVELOPMENT IN MAKKAH

PROJECT LOCATION



KAAR Boulevard Zone 1- Makkah
Coordinates: 21.5236° N, 41.9196° E

INVESTOR/ DEVELOPER ROLE

Studies, design and permits

The developer will be responsible for conducting all the necessary studies to secure commercial aspects of the project, develop all the designs of the project, and obtain the necessary government permits

Financing

The developer will bear the burden of securing funding of the project, whether through private sources, financing entities, or mix of various financing instruments

Operations and maintenance

The developer will be responsible for the operations and maintenance either by himself or through another professional entity

Marketing

The developer will be responsible for marketing the project to the reputed hotel operators

Execution

The developer will be responsible for the execution of all aspects of the project

ENABLING FACTORS

ENABLERS

- Developed lands or raw lands based on the tendered project
- Expedite attainment of permits and approvals
- Long term leasing contract for up to 50 years

COST OF DOING BUSINESS IN KSA

Factor	Ranking Amongst Regional Peers
Macroeconomic risk (100=high)	30
Productivity adjusted wages	\$3.3 /hour
Ease of getting credit (0 – 100)	50
Contract enforcement (0-100)	55
Construction Costs (Indexed to US, % 0 is cheapest)	74

KEY STAKEHOLDERS

