

# EXPANSION OF MAARAD AL HARAMAIN & KISWAT ALKAABA FACTORY

INVESTMENT OPPORTUNITY SCORECARD

TOURISM & QUALITY OF LIFE

MAY 2021

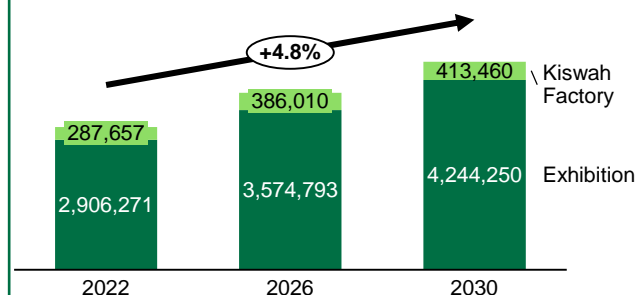


## Expansion Of Maarad Al Haramain & Kiswat Alkaaba Factory

**OPPORTUNITY'S DESCRIPTION:** Expansion of 'The Two Holy Mosques Architecture Exhibition & Kiswat Al Kaaba Factory' to ensure adequate space and create an experience integrating Islamic history, Saudi culture, heritage, fun, and cultural interaction among the pilgrims

### DEMAND

#### MARKET SIZE – MAARAD & KISWA FACTORY VISITORS/YEARLY



Above figures show target customers for the opportunity and not total number of pilgrims

#### INVESTMENT HIGHLIGHTS

- Expected investment size of USD 19 Mn
- Investment IRR: 27.2%
- Payback period: 5 years
- Opportunity to consider different operating models – FDI with 100% ownership or joint venture with local private sector player(s)

### INVESTMENT OVERVIEW

#### VALUE PROPOSITION

- KSA government targets to host 30 Mn international Umrah pilgrims under Vision 2030 initiative which will create opportunity to serve additional 20 Mn visitors in the upcoming 10 years
- Enriching Hajj and Umrah experience for visitors is one of the main goals set under Vision 2030 and the government has initiated several measures to support the stakeholders and prospective investors
- Pilgrims' journey mapping depicts that there is a latent need for cultural activation in holy city of Makkah
- The factory is the only place that manufactures the Kiswat for Al Kaa'ba, the holiest site in Islam and its most prominent symbol. These sites will provide an exclusive unique experience that cannot be lived anywhere else on the globe

#### KEY DEMAND DRIVERS

- With ~11 Mn domestic pilgrim and ~10 Mn international pilgrims in 2019, religious tourism remains the main driver of Saudi Arabia's tourism
- Expansion project of the two Holy Mosques, government investments in infrastructure and online visit visa issuance initiative will boost pilgrimage visits
- Increasing trend in pilgrims to bundle religious tours with other activities such as visiting historical sites and cultural attractions and other entertainment destinations
- Lack of good quality F&B options, and latent need for cultural and entertainment activities in the Holy cities will enhance tourist visits to these places

### MARKET OVERVIEW

#### MARKET READINESS

- Currently Makkah lacks cultural and entertainment activities offerings for a religious experiences coupled with opportunities to shop for souvenirs and explore F&B that target pilgrims
- The increased government support to the private sector encourage the tapping of the existing gap of recreational services

#### COMPETITOR ANALYSIS

- There currently exist no similar experience for pilgrims visiting the holy city of Mecca as the Kiswah Factory is not open for the public yet

#### GLOBAL TRENDS

- Increasing trend amongst tourists to balance religious visits with cultural and heritage experience to enrich tourism experience
- Cultural tourism is an innovative way to discover a foreign culture. Interest in gaining experience of a local culture by participating in creative and artistic activities offered by service providers is steadily increasing
- Additional health precautionary and safety measures adopted across the globe due to Covid – 19 induced pandemic are leading to increased operational costs



# EXPANSION OF MAARAD AL HARAMAIN & KISWAT ALKAABA FACTORY

## SUPPLY

### SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- Pilgrims from Southern and Central Asia, Western countries, the Levant, and Russia perform Umrah clubbed with other destinations showing the will and financial capability for entertainment and recreational activities post Umrah
- Low cost of construction, labor wages and utility fees combined with availability of trained resources to support low capital and operating expense for the investor and maximize investment returns
- The museum will be able to provide unique culturally engaging experience encompassing multiple concepts including cultural exhibitions, cultural events, souvenirs and gifts and F&B outlets to the religious tourists visiting the place
- The government has already started restructuring visa processes and issuing online visas. This will boost pilgrimage and touristic visits to KSA in the coming years

### PILGRIM'S JOURNEY



### KEY STAKEHOLDERS



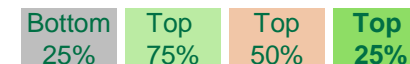
## ENABLING FACTORS

### ENABLERS

- The Ministry of Municipality and Rural Affairs has created supporting regulatory ecosystem for easy issuance of necessary permits
- Establishing a unified center for investor services in Hajj and Umrah in cooperation with MISA
- Vision 2030's Target is to reach 30 Mn International Umrah Pilgrims by the year 2030

### 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



# DEFINITIONS

#	SCORECARD SECTION	DEFINITIONS
1	Market size	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	Demand drivers	A select number of factors that will influence future demand for the related product/service
3	Investment highlights	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	An overview of KSA market structure, market maturity and level of participation by local and global players
6	Competitor analysis	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	Global trends	Latest business developments within the sector/product category
8	Scalability and localization	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
9	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	Enablers	Factors that enable investment in the underlying opportunity
13	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of \$1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

# DISCLAIMER

- This report must be used only to access information, and the information must not be construed, under any circumstances, explicitly or implicitly, as an offer to sell or a solicitation to buy or sell or trade in any opportunity herein mentioned.
- Ministry of Investment (MISA) has no undertaking to update these materials after the date, with the understanding that such information may become outdated or inaccurate.
- Mentioned information in this report is obtained from reliable sources but its accuracy and reliability are in no way guaranteed. No guarantee of any kind is tacit or explicit when projections of future conditions are attempted. MISA has used public/or confidential data and assumptions and has not independently verified the data and assumptions used in the analyses. Changes in underlying data or operating assumptions will clearly impact the analyses and conclusions.
- The financial evaluations, projected market and financial information, and conclusions contained in these materials are based upon standard methodologies, are not definitive projections, and are not guaranteed by MISA
- The content of this report must not be construed as an implied promise or guarantee for profit or limited loss express or implied by or from MISA or any of its officers, directors, employees and affiliates. All mentioned investments in this report are subject to risk, which should be considered prior to making any investment decisions
- MISA shall have no liability whatsoever to any third party, and hereby any third party waives any rights and claims it may have at any time against MISA with regard to this report, any services or other materials, including the accuracy or completeness thereof.

**CONNECT WITH US FOR MORE DETAILS:**  
**TQoL@misa.gov.sa**

investsaudi.sa



@investsaudi

