

# Heritage Boutique Hotel

INVESTMENT OPPORTUNITY SCORECARD

TOURISM & QUALITY OF LIFE

September 2021



# TOURISM & QUALITY OF LIFE

## Heritage Boutique Hotel

Restricted / مقيد

High Potential

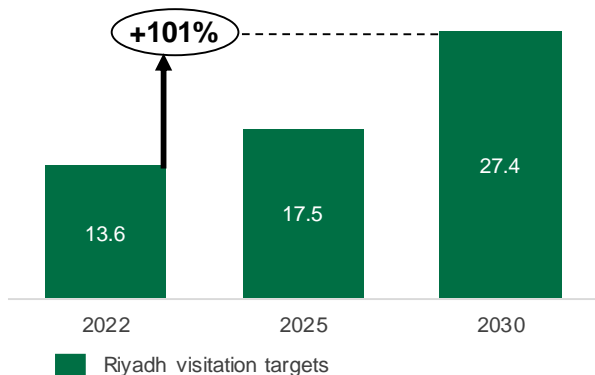
Moderate Potential

Low Potential

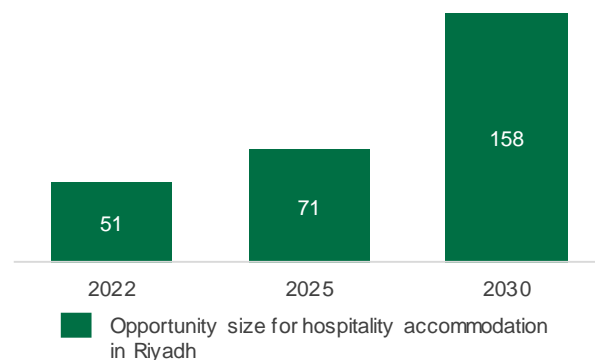
**OPPORTUNITY'S DESCRIPTION:** Opportunity to build an upscale boutique hotel designed to reflect the heritage of Al Ghat by immersing visitors into the local culture

### DEMAND

#### MARKET SIZE, IN MILLION



#### NUMBER OF KEYS, IN THOUSANDS



### INVESTMENT OVERVIEW

#### INVESTMENT HIGHLIGHTS

- To build a heritage hotel up to 30 keys
- Construction cost 12,295 SAR / sqm
- IRR: 7.5%
- Cap rate: 7.0%
- Payback period: >10 years
- Location: Riyadh city

#### VALUE PROPOSITION

- The area's inherent assets allow for the creation of niche, boutique products that are highly differentiated from the offerings in the urban center of Riyadh
- Situated upon a natural, ancient oasis that ensures the region is highly fertile
- Substantial agricultural productivity, with ~3,000 date farms and >1 million trees
- Home to Al Ghat National Park, a key NTS site with enormous floral biodiversity
- Highly preserved traditional architecture and vibrant displays of Najdi culture

### MARKET OVERVIEW

#### KEY DEMAND DRIVERS

- KSA is the largest economy in MENA, contributing 20%+ to the total regional GDP and is expected to grow at 2.9% post Covid-19 pandemic crisis which will result in booming tourism sector
- Investments made in infrastructure projects, ease and affordability of tourist visas and overall progress made in tourism sector are set to have a major impact on the growth of Riyadh's hospitality sector

#### MARKET READINESS

- In line with Saudi vision 2030, KSA aims to become an international tourist destination, with aspirations to attract 100 million visitors annually by 2030
- Well established tourism ecosystem led by the Ministry of tourism supporting investors across their journey which includes the tourism development fund, the Saudi tourism authority and Ministry of investment



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### DEVELOPMENT ASSUMPTIONS

- **Description:** Design-led, boutique offering echoing the surrounding architecture with traditional central courtyard style. Individually designed bedrooms, souq showcasing local arts and crafts and relaxing restaurant serving local cuisine with majlis style coffee shop.
- **Components:**
  - Hotel rooms and larger, family rooms
  - Front of house facilities
  - All day restaurant
  - Arabic coffee lounge within shaded courtyard setting
  - Gym with rooftop swimming pool
  - Décor resonating with local arts and crafts



HOTEL INFORMATION	
No. keys	30
Deluxe rooms	25 (85%)
Family rooms	5 (15%)
Total GFA*	~ 2,000 sqm
Category	Upscale
Years Construction	3

### CAPEX requirements



**Total development cost**



**Development cost per GFA sqm**



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### LOCATION AND CONNECTIVITY FEATURES

- Al Ghat is a small agricultural community some 240km north of Riyadh and is known for its large date farms and its cultural vibrancy



#### Population



**~20,000**  
living in Al Ghat

**~8 million**  
people within  
3-hours driving distance

#### Location



#### Distance from Key Cities

**1**  
hour from  
Buraydah

**2.5**  
hours from  
Riyadh

**3.5**  
hours from  
Hafar Al Batin

#### Connectivity



**Air**  
via King Khalid  
Int'l Airport in  
Riyadh



**Road**  
Served by highways  
50, 60 and 65, with  
direct connection to  
Riyadh and  
Buraydah



**Rail**  
Benefit from  
new rail/metro  
links to cities

# 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

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