

# MIXED USE DEVELOPMENT IN HAFR AL BATIN

## INVESTMENT OPPORTUNITY SCORECARD

### REAL ESTATE

MARCH 2021



## Mixed Use Development In Hafr Al Batin

**OPPORTUNITY'S DESCRIPTION:** Opportunity to develop residential units targeting higher education students, supported by a retail component and a sports complex

### DEMAND

#### KEY DEMAND DRIVERS

- Real GDP is expected to increase by a CAGR of 2.8% during the period 2020-2025, indicating a growing economy
- As of 2020, Hafr Al Batin's population has reached 353,000 and is expected to grow at a higher CAGR of 1.5% during the period 2021-2030 (compared to KSA's population CAGR of 1.2% during the same period)
- Demand for lifestyle concepts, or experienced based retail developments in KSA is rising, supported by a high population base, elevated disposable income and changing lifestyle
- The colleges that are in close vicinity to the land plot will contribute to the demand for retail and entertainment developments

#### INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 33.52 Mn (development cost)
- Investment model options: leasing, shared revenue model or shared revenue model + fixed amount
- Location: Hafr Al Batin city
- Estimated Project IRR (25-year lease term): 6.11%
- Estimated Project IRR (50-year lease term): 8.06%

### INVESTMENT OVERVIEW

#### VALUE PROPOSITION

- KSA's focus on developing the entertainment and tourism sectors and the aim of becoming a global economic powerhouse and an international business hub is transforming its cities into world-class retail destinations
- KSA's Vision 2030 aspires to grow household spending on entertainment to 6.0% which requires developing cutting-edge entertainment experiences, launching new entertainment attractions and hosting world-class events and festivals
- Opportunity to leverage the lack of quality stay options for students and entertainment destinations in Hafr Al Batin
- The Ministry of Municipality and Rural Affairs' firm commitment to investors by creating supporting regulatory ecosystem and easy issuance of necessary permits coupled with the Ministry of Investment's rigorous efforts in creating investor friendly environment

### MARKET OVERVIEW

- The project site is located along Mishaal Bin Abdulaziz street. The site is currently an empty plot of land and is located along the expansion corridor of the city
- The developed infrastructure around the land plot optimize the construction costs and enhances the development opportunity
- Several amenities are located near the project site including:
  - An Nahdah Public Park – 0.5 km away
  - Gulf colleges for Administrative and Humanitarian Sciences – 5 km away
  - Makan Mall – 11 km away
  - Hafr Al Batin Technology College – 14 km away
  - Hafr Al Batin College of Science – 15 km away
  - Hafr Al Batin Central Hospital – 20 km away
  - University of Hafr Al Batin – 33 km away

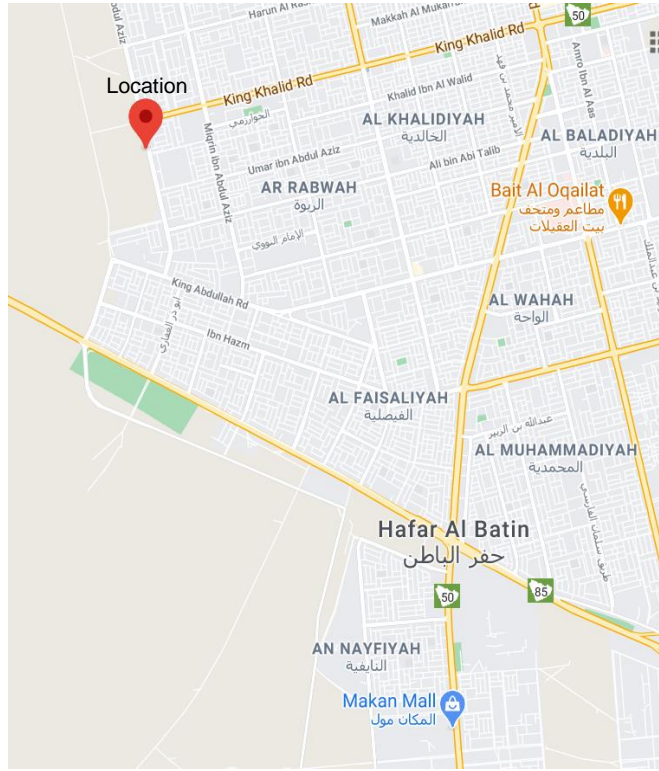
### PROJECT OVERVIEW

Land use	Area (sqm)	Gross leasable area (sqm)	Number of units	%
Residential (student apartments)	22,365	16,908	281	86.1%
Entertainment (sports complex)	2,500	1,500	--	9.6%
Retail	1,118	845	--	4.3%
<b>Total</b>	<b>25,983</b>	<b>19,253</b>	<b>281</b>	<b>100.0%</b>



# MIXED USE DEVELOPMENT IN HAFR AL BATIN

## PROJECT LOCATION



## 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 and leasing**

The developer will be responsible for marketing and leasing out the units in the project

**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



Sources for Cost of Doing Business: EIU, World Bank

Bottom 25% | Top 75% | Top 50% | Top 25%

# DEFINITIONS

#	SCORECARD SECTION	DEFINITION
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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