

# RETAIL AND ENTERTAINMENT DEVELOPMENT IN TABUK

## INVESTMENT OPPORTUNITY SCORECARD

### REAL ESTATE

FEBRUARY 2021



# Retail And Entertainment Development In Tabuk

**OPPORTUNITY'S DESCRIPTION:** Opportunity for retail and entertainment development in Tabuk

## 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, Tabuk's population reached 657,000 and is expected to grow at a higher CAGR of 1.4% 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 residential clusters that border the land plot will contribute to the demand for retail and entertainment

### INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 24.2 Mn (development cost)
- Investment model options: leasing, shared revenue model or shared revenue model + fixed amount
- Location: Tabuk city
- Estimated Project IRR (25-year lease term): 13.68%

## 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 entertainment destinations and unique retail developments in Tabuk city
- 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 strategically located within the city and is bordered by three residential clusters and has frontage on King Khalid Road, which is one of the main arterial roads, connecting Tabuk to other regional cities and NEOM. The developed infrastructure around the land plot optimizes the construction costs and enhances the development opportunity
- Retail supply in Tabuk consists of shops with external facades and small, low to medium-quality shopping centers, except for Tabuk Park Mall, which was recently launched
- Several amenities are located near the project site including:
  - King Abdullah Medical Complex – 0.1 km away
  - Fahad Bin Sultan Park – 1 km away
  - Fahad Bin Sultan University – 6 km away
  - Tabuk Park Mall – 9 km away
  - Prince Mohammed Bin Abdulaziz International Airport – 14 km away
  - Tabuk University – 21 km away

## PROJECT OVERVIEW

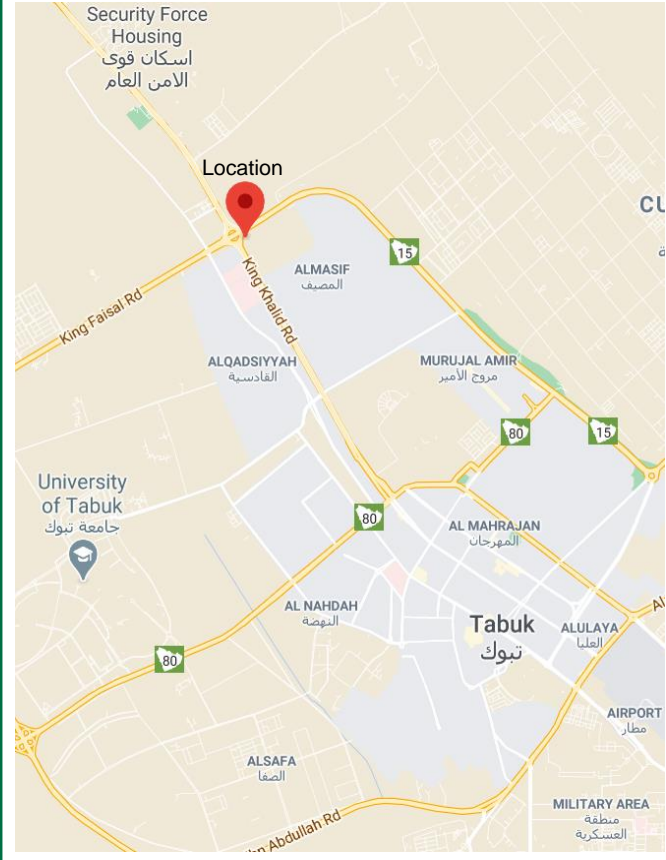
Land use	Area (sqm)	Gross leasable area (sqm)	%
Retail	17,000	9,563	85.0%
Entertainment	3,000	3,000	15.0%
<b>Total</b>	<b>20,000</b>	<b>12,563</b>	<b>100.0%</b>



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## ENABLING FACTORS

### 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

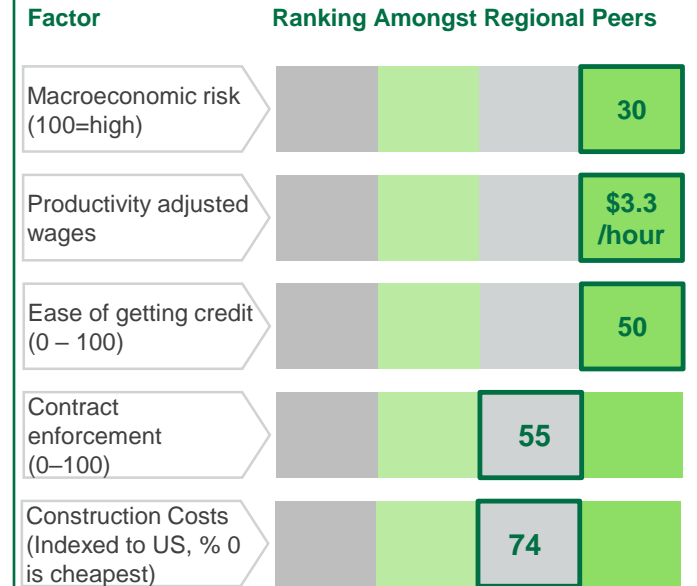
**Execution**

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

### 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



### KEY STAKEHOLDERS



# DEFINITIONS

#	SCORECARD SECTION	DEFINITION
1	<b>Market size</b>	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	<b>Demand drivers</b>	A select number of factors that will influence future demand for the related product/service
3	<b>Investment highlights</b>	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	<b>Value proposition</b>	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	<b>Market readiness</b>	An overview of KSA market structure, market maturity and level of participation by local and global players
6	<b>Competitor analysis</b>	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	<b>Global trends</b>	Latest business developments within the sector/product category
8	<b>Scalability and localization</b>	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	<b>Import dependency</b>	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	<b>Value chain analysis</b>	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	<b>Key stakeholders</b>	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	<b>Enablers</b>	Factors that enable investment in the underlying opportunity
13	<b>Cost of doing business in KSA</b>	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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