

# YANBU WATERFRONT AND CITY CENTER

## INVESTMENT OPPORTUNITY SCORECARD

### REAL ESTATE

SEPTEMBER 2021



# YANBU WATERFRONT AND CITY CENTER

**OPPORTUNITY'S DESCRIPTION:** Opportunity to develop and operate a Commercial Center (strip mall), mixed-use development building in Yanbu City Center, and development of a residential complex

## DEMAND

### KEY DEMAND DRIVERS

- Yanbu Smart Industrial City initiative enhanced Yanbu's public service level and its capability of attracting high value-added investments (16% growth in external investments, previously 2.5%).
- Demand for retail space in KSA is rising, supported by a high population base, elevated disposable income and changing lifestyles. Spending on leisure and entertainment is expected to reach 8.5% of income. In parallel, prospects for the office market are encouraging as the government has eased investment laws which will impact the demand for office spaces.
- Increasing demand for housing units in KSA due to growing population (2% CAGR over next five years) and reducing household size.

## INVESTMENT OVERVIEW

### INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 400-533 Mn
- Investment model options:
  - BOT (Build Operate and Transfer) where RCJY allocate the land to the investor and the investor builds, operates and finally transfers the project to RCJY post development
  - Establishing a JV between RCJY and the investor to build and operate the project
- Location: Yanbu City

### VALUE PROPOSITION

- KSA is transforming its cities into world-class retail destinations to become a global economic powerhouse and an international business hub through the National Transformation Plan (NTP) and Vision 2030.
- KSA's Vision 2030 aspires to grow household ownership and spending on retail and entertainment, which requires developing quality housing and retail offerings.
- There is unmet demand for housing in KSA illustrated by low home ownership among Saudi families ~ 53% in 2019. Government is supporting to increase it to 70% by 2030 through the Housing Program and the Sakani initiative
- The Royal Commission of Jubail and Yanbu's (RCJY) is committed to investors by co-sponsoring the development projects and extending other regulatory support
- Leverage the early stage of waterfront themed infrastructure projects in KSA and cater to the strong unmet demand in a city with 90% resident satisfaction rate.

## PROJECT OVERVIEW

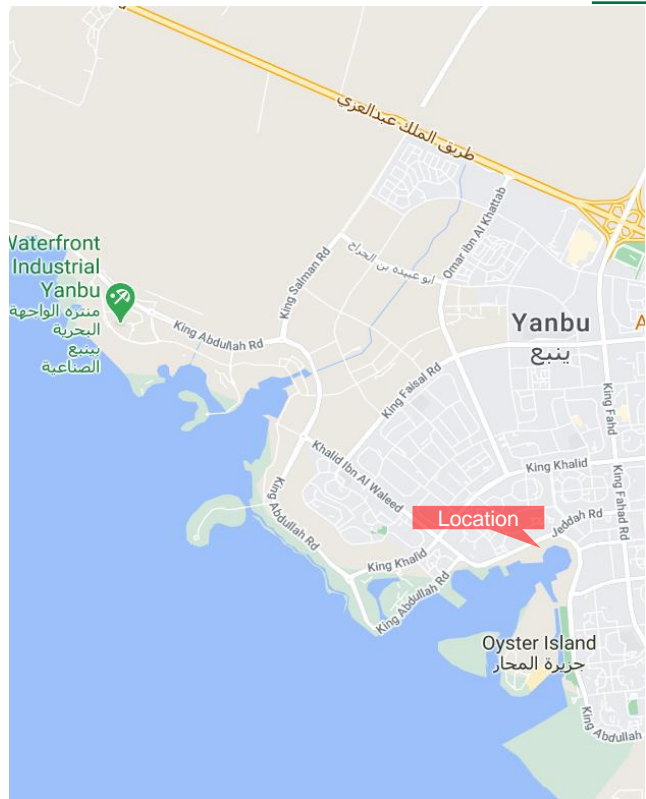
- The Waterfront and City Center represent the major investment opportunities within the Yanbu Community 1 Masterplan Area. The Project Site is located at Southern edge of Yanbu Industrial City on Red Sea.
- Area 3 of the Waterfront is the City Center Area, envisaged as the main commercial and administrative core of Yanbu, will house the RC Headquarters and Civic Center, supported by a wide range of commercial, office, and urban-residential opportunities.
- The City Center will include a vibrant cultural district, structured around a Juma Mosque and art gallery. Area 3 will include the City Center Rim, a mixed-use development opportunity comprising a mix of commercial and residential developments
- The Royal Commission in Yanbu, and within its strategy for the Quality-of-Life Program, is keen on developing the growth of the entertainment and tourism industry to raise the attraction of the industrial city of Yanbu, which witnesses extensive tourism movement throughout the year

Land use	Gross Leasable Area (sqm)	Number of units	%
Commercial (office)	123,527	--	33%
Residential	99,143	551	27%
Retail	29,620	--	18%
RC Headquarters	53,079	--	14%
Civic Centre	17,416	--	5%
Mosque, Museum & Library	8,640	--	2%
<b>Total</b>	<b>368,795</b>	<b>--</b>	<b>100%</b>



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## PROJECT LOCATION



COORDINATES: 24.000939, 38.190931

## 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 commercial units in the project

**Execution**

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

## ENABLING FACTORS

### ENABLERS

- Long lease period up to 50 years
- Competitive cost of construction and utility fees across the region
- Investor friendly regulations to enable higher participation of private sector especially for infrastructure development projects

### 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



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# DEFINITIONS

#	SCORECARD SECTION	DEFINITION
1	<b>Demand drivers</b>	A select number of factors that will influence future demand for the related product/service
2	<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
3	<b>Value proposition</b>	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
4	<b>Key stakeholders</b>	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
5	<b>Enablers</b>	Factors that enable investment in the underlying opportunity
6	<b>Cost of doing business in KSA</b>	Key factors that position KSA as a competitive destination for investment in the region

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