

CHILDCARE CENTER

INVESTMENT OPPORTUNITY SCORECARD

TOURISM & QUALITY OF LIFE

APRIL 2021

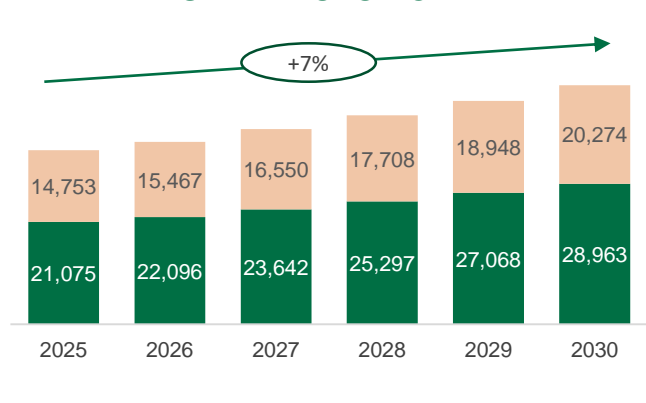


Childcare Center

OPPORTUNITY'S DESCRIPTION: Establish professional Childcare centers in Makkah and Madinah to cater for the high demand of Hajj & Umrah pilgrims for childcare services

DEMAND

MARKET SIZE – NO. OF CHILDREN



INVESTMENT HIGHLIGHTS

- Expected investment size of USD 450 K for one centre (135 children) and cumulative opportunity for investment approximately USD 164 Mn (approx. 365 centres)
- Investment IRR: 26%
- Payback period: 7.3 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
- Ensuring Hajj and Umrah pilgrims a comfortable and enjoyable travel experience by taking care of their children aged 0-10 Yrs. (infants, toddlers and children) while they can perform religious rituals and obligations with full concentration without worrying about their children

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 at holy cities
- Children under ten years form 4% of the international Umrah visitors (~840k by 2030) and normally families face difficulties in managing kids, especially during prayer timings
- There are limited childcare facilities serving parents who can enjoy and enhance their spiritual experience while their children are safe and learning new skills at well equipped childcare centers

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- Hospitality segment in Madinah comprises of local as well as international players
- Currently there are limited childcare centers, some of the existing 4 and 5-star hotels offer childcare facilities to the guests

GLOBAL TRENDS

- Increasing trend amongst tourists to balance religious visits with cultural and heritage experience to enrich tourism experience
- The Global Child Care Market is expected to grow from USD 90,074.66 Million in 2019 to USD 124,104.31 Million by the end of 2025 at a (CAGR) of 5.48%
- Additional health precautionary and safety measures adopted across the globe due to Covid – 19 induced pandemic are leading to increased operational costs

COMPETITOR ANALYSIS





TOURISM & QUALITY OF LIFE CHILDCARE CENTER

Public / متاح

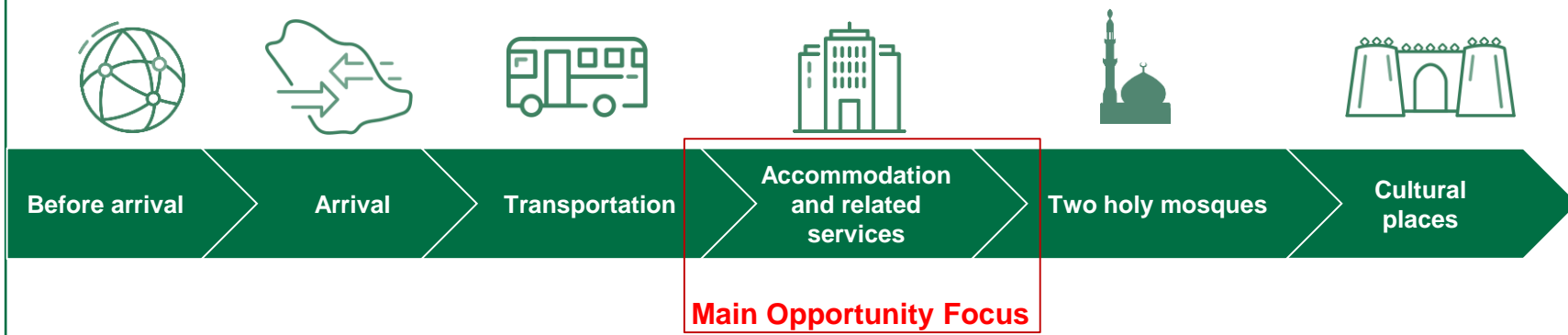
SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- The Saudi government has launch Qurrah program, which is a unified portal for children's hospitality sector in Saudi Arabia, where it aims to create a bridge between children hospitality centers and parents looking for such centers for their children
- Early market entry to potentially benefit investors to increase geographic footprint in the two Holy Cities and capture larger market share in medium-long term
- Renting out spaces in commercial centres and hotels can be quickly performed to commence operations quickly which will allow success cases to be replicated and cater the unmet demand for these centres in the holy cities

PILGRIM'S JOURNEY



KEY STAKEHOLDERS



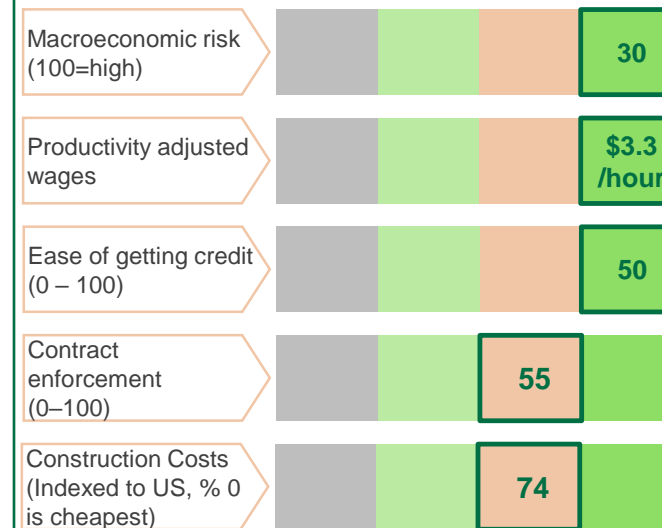
ENABLING FACTORS

ENABLERS

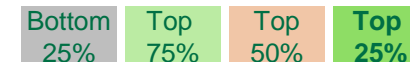
- The Ministry of Municipality and Rural Affairs has created supporting regulatory ecosystem for easy issuance of necessary permits
- Unification of the licensing authority for hotels and residential units in the two Holy Cities
- Establishing a unified center for investor services in Hajj and Umrah in cooperation with MISA

COST OF DOING BUSINESS IN KSA

Factor Ranking Amongst Regional Peers



Sources for Cost of Doing Business: EIU, World Bank



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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