

WATERPARKS DEVELOPMENT (EAST PROVINCE)

INVESTMENT OPPORTUNITY SCORECARD

TOURISM & QUALITY OF LIFE

JUNE 2021

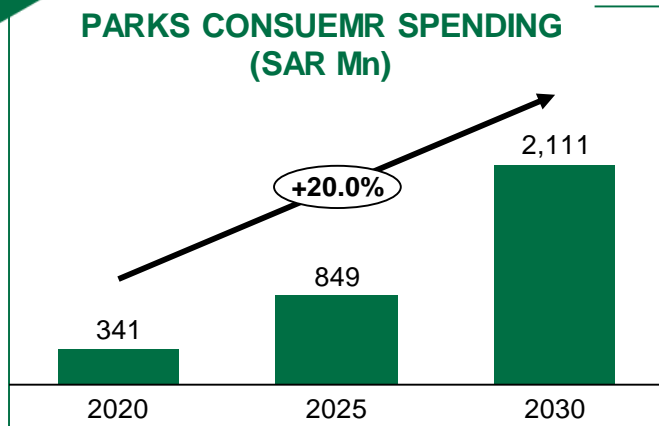


WATERPARKS DEVELOPMENT (EAST PROVINCE)

OPPORTUNITY'S DESCRIPTION: Opportunity to build and operate 6 waterparks in 5 cities in Saudi Arabia

DEMAND

MARKET SIZE – AMUSEMENT PARKS CONSUMER SPENDING (SAR Mn)



EAST PROVINCE INVESTMENT HIGHLIGHTS

- A population of 5.15 Million that 48.2% under 30
- East Province experiences about 5M domestic trips while ~3M inbound trips 2019
- Total tourist receipts 15,754M, 6,218M domestic 9,537M Inbound with average visitor spend of 2,535 SAR
- East Province accommodation size is estimated to reach 90,000 rooms by 2030
- 80% of total estimated opportunity size by 2030 coming from Riyadh, Jeddah, East province.

INVESTMENT OVERVIEW

VALUE PROPOSITION

- East Province is part of the 3 provinces that cover 80% of total estimated opportunity size by 2030
- Saudi vision 2030, KSA aims to become an international destination, raising the quantity and quality of Entertainment for locals, expats and tourists
- KSA's entertainment sector is expected to rapidly grow from SAR 6.7 Bn in 2020 to reach SAR 36 bn in 2030 at a CAGR of 18.3%
- Opportunity to leverage the recent government initiatives to boost tourism and hospitality in the Kingdom such as the launch of tourist visas
- Vision 2030 aims to increase the spend on recreational/entertainment and cultural activities to 6% of total annual Saudi household spend

KEY DEMAND DRIVERS

- KSA has a rapidly growing and young population which will boost demand for waterparks. More than 50% population of KSA is less than 30 years old
- Waterparks are the top priority for majority of Saudis in terms of preferences for new entertainment activities within KSA and also most important category for picking a foreign travel destination
- The new infrastructure developments, enhancement of the entertainment and leisure sectors and government initiatives such as the relaxation of visas are expected to drive the demand for waterparks
- Cumulative spend in KSA entertainment sector is expected to reach USD 58 Bn by 2030 and total amusement park visits estimated to increase from 6 Mn in 2019 to 21 Mn by 2030

MARKET OVERVIEW

MARKET READINESS

- East Province has many key destinations for culture & heritage, recreation, and entertainment with number of total keys: Hotel 13,550

COMPETITOR ANALYSIS

- PROSLIDE has signed up with Rawae Co. to launch Jeddah Waterpark to create a new Mediterranean-themed destination with eight iconic PROSLIDE ride complexes



GLOBAL TRENDS

- Global amusement park market expected to grow by 9% pa between 2020- 30
- Most tourism trends are based on general changes in consumer behavior, like the need for healthy and organic food & drinks, sustainability, personalized service, rising demand of digitalization and increased use of technology
- Additional health precautionary and safety measures adopted across the globe due to Covid – 19 induced pandemic are leading to increased operational costs



TOURISM & QUALITY OF LIFE WATERPARKS DEVELOPMENT (EAST PROVINCE)

Public / متاح

SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- Saudi Arabia's searing temperatures in the 6 months summer season and low to rare level of rainfall makes a perfect opportunity for the underserved market for waterparks
- KSA currently has 3 prominent waterparks in the largest cities (Riyadh, Jeddah, and Dammam). Early market entry would potentially benefit investors to scale up existing offerings and increase geographic footprint to uncharted cities and capture larger market share
- Low cost of construction, labor wages and utility fees combined with availability of trained resources to support low capital and operating expense for the investor and maximize investment returns
- The government has already started restructuring visa processes and issuing online visas. This will boost pilgrimage and touristic visits to KSA in the coming years

KSA ENTERTAINMENT ECOSYSTEM FOCUS



KEY STAKEHOLDERS



ENABLING FACTORS

ENABLERS

- The Ministry of Municipality and Rural Affairs has created supporting regulatory ecosystem for easy issuance of necessary permits
- Financing provided by Tourism Development fund
- Expedited attainment of permits and approvals
- Government support in infrastructure development

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

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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