

SOUTH MURCIA LAND DEVELOPMENT PROJECT

INVESTMENT OPPORTUNITY SCORECARD

REAL ESTATE

NOVEMBER 2020

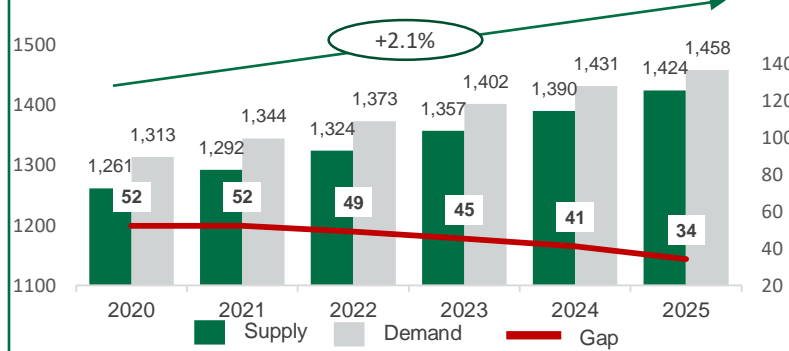


SOUTH MURCIA LAND DEVELOPMENT PROJECT

OPPORTUNITY'S DESCRIPTION: Opportunity for residential (more than 9,000 units), commercial and infrastructure development in North of Riyadh.

DEMAND

MARKET SIZE, '000 units



The demand and supply shown above are residential units for Riyadh city

INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 2.3 Bn
- Investment model: Sub-Development Agreement with NHC, the Master Developer
- Location: North of Riyadh city – South of Murcia project

VALUE PROPOSITION

- 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 Sakany initiative
- Real estate is a high priority sector for Saudi Arabia and is supported by the government through Ministry of Housing initiatives, including Sharakat (partnership to codevelop properties), Wafi (marketing support for selling off plan units), Etmam (developer services centre providing certificates and licenses for removing obstacles and fast-track development)

KEY DEMAND DRIVERS

- Increasing demand for housing units in KSA due to growing population (2% CAGR over next five years) and reducing household size
- Saudi Arabia is a young country with ~45% of the population comprising of citizens in the age group of first time home owners and soon to enter the working class
- Low home ownership in KSA is spurring demand for housing among Saudi families
- Government support for developing the nascent mortgage financing market will lead to higher demand for residential units
- The need for "Quality of Life" Projects that offer a modern and environment friendly communities

MARKET OVERVIEW

- Availability of various housing units in the neighborhood on lands owned by the private sector and the Ministry of Housing, including duplexes, villas and apartments
- The location of the project is close to the airport and it can be accessed through the arterial roads of the city. It is located in close proximity to other developed and developing neighborhoods of Riyadh

AVERAGE PRICES

Average unit size (sqm)	Average price (USD)/ sqm	Average price per unit (USD)
300	800	240,000

PROJECT OVERVIEW

Land use	Area (sqm)	Number of units	%
Residential	2,184,568	9,128	43.4%
Commercial	369,365	71	7.3%
Open spaces and roads	1,808,992	--	36.0%
Multi purpose areas	395,125	--	7.9%
Others ¹	270,089	6	5.4%
Total	5,028,139		100.0%

¹ Others include waiting areas and other facilities



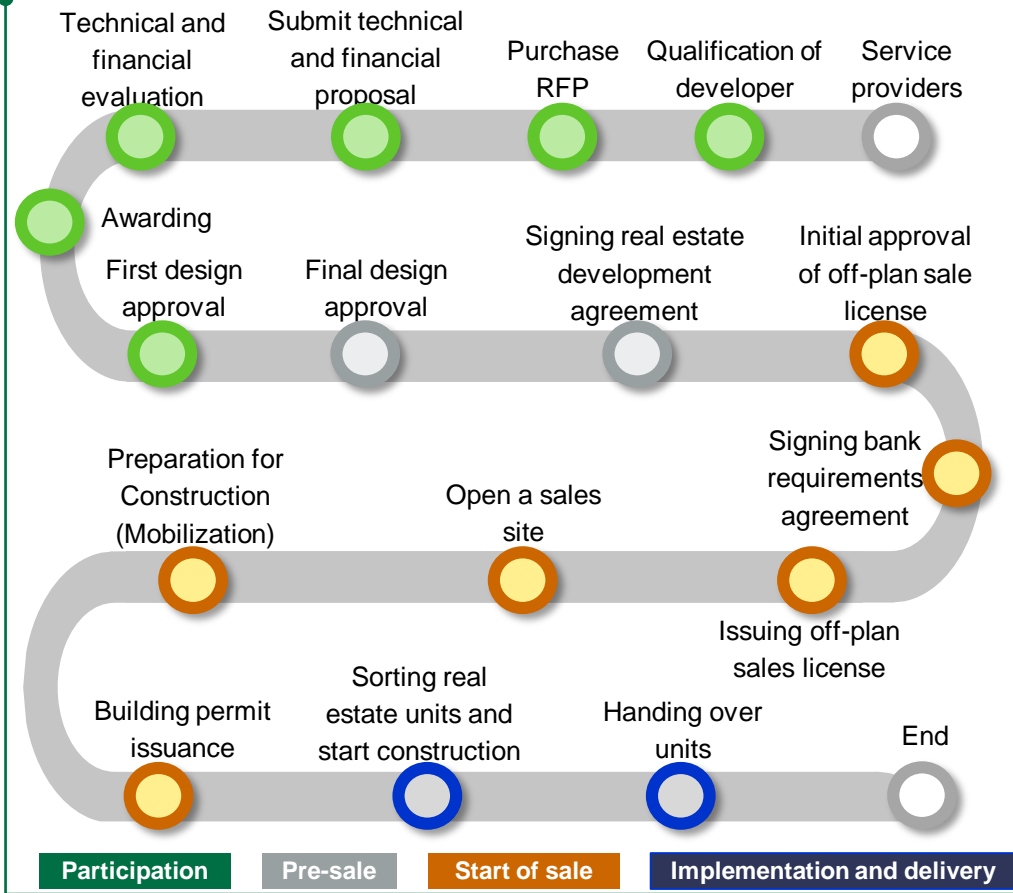
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ENABLING FACTORS

PROJECT LOCATION



INVESTOR JOURNEY ON MINISTRY LANDS



ENABLERS

- Developed lands or raw lands based on the tendered project
- Assist to obtain higher floor area ratios (FAR)
- Expedite attainment of permits and approvals
- Engage with NHC in Investment agreement which enhance project power

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



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

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RealEstate@misa.gov.sa

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