



FROM VISION TO OPPORTUNITY

A GUIDE TO REAL ESTATE INVESTING IN SAUDI ARABIA

NOVEMBER 2024



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SAUDI ARABIA REAL ESTATE

AN UNTAPPED WELL

As Vision 2030 gains momentum, Saudi Arabia is set to become a leader in inbound Foreign Direct Investment (FDI), surpassing recent regional success stories such as the UAE and Qatar.

The economic impact of Vision 2030 is already visible, with several targets surpassed. Two sectors poised for significant investment are real estate and construction, which currently contribute around 12% to Saudi GDP.

These sectors are expected to grow rapidly, driven by the multi-billion-dollar mega-projects.

The Kingdom's strategic location, young and tech-savvy urban population, and swift development across all sectors will catalyze growth in the real estate market.

Special Economic Zones (SEZs) with unique laws will attract further investment. The rise in newly developed tourist hotspots, relaxed visa norms, and increased travel will likely lead to a surge in the expat population, further boosting demand in the real estate market.

Investors and real estate professionals are increasingly starting to pay more attention to Saudi developments and looking to build networks in the region. Navigating the complexities of the region can be challenging.

Through this report, we aim to provide a comprehensive guide to investing in the Saudi Arabian real estate market with more details about the key market participants and how to engage them.

STEPHEN MACDONALD
and **IVO VAN BREUKELEN**

Managing Partners, The Proptech Connection



TARGETED CHANGE: OUTSIZED IMPACT



VISION 2030: THE GROWTH ROADMAP

The 3 pillars are the bedrock of Vision 2030 (V2030) – the growth roadmap for how Saudi Arabia will deliver economic, cultural, and social prosperity.

The scale of the strategic roadmap is unparalleled and the real estate sector plays a central part in achieving the aims.

The mega-projects may capture a lot of the world's attention but in every sector of real estate there are huge projects that will be visible in everyday Saudi life including housing, infrastructure, business, and leisure amongst others.

PILLAR 01 AMBITIOUS NATION

Enhance government effectiveness

Enable social responsibility

PILLAR 02 THRIVING ECONOMY

Grow and diversify the economy

Increase employment

PILLAR 03 VIBRANT SOCIETY

Strengthen Islamic and national identity

Offer a fulfilling and healthy lifestyle

UNPACKING VISION 2030

COMPLETE SOCIETAL IMPACT

Vision 2030 was unveiled in 2016 and the ambitious roadmap is a blueprint for diversifying the economy, empowering citizens, and creating a vibrant environment for all investors. A number of key strategic programs help articulate the vision and have concrete deliverables and plans.



Quality of Life Program

Transforming health, lifestyle and improving culture, public space, and leisure.



Fiscal Sustainability Program

Adroitly manage The Kingdom's budget, with digital governance and better cost management.



Housing Program

Provide affordable housing to citizens, with 70% home ownership by 2030.



Health Sector Transformation Program

Provide modern facilities and healthcare access to all.



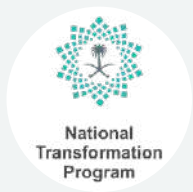
Financial Sector Development Program

Driving progress in banking, insurance, stock, and debt markets in Saudi Arabia.



Pilgrim Experience Program

Providing a distinguished spiritual experience with world class services and amenities.



National Transformation Program

Delivering change in education, healthcare, and infrastructure.



Public Investment Fund Program

The Kingdom's sovereign wealth fund, PIF, will drive growth via strategic investment.



Privatization Program

Drive private sector growth and investment into public sector enterprises.



National Industrial Logistics and Development Program

Deliver an integrated industrial and logistics ecosystem.



Human Capability Development Program

Develop skillsets with training and new job opportunities.

Note Programs with orange keylines have a major real estate focus

BUSINESS EFFICIENCY

CONTINUED FOCUS

Reducing hurdles for business is a critical focal point for The Kingdom's economic diversification plans.

Saudi Arabia's reforms and developments within the last decade have substantially reshaped its economic and business landscape.

Structural changes since the ascension of the Crown Prince, Mohammed Bin Salman Al Saud, in 2016 have been rapid. The establishment of the Vision 2030 program provides a foundation for the multitude of programs and initiatives, spearheading innovation and administering a guiding execution framework.

The Vision 2030 program has increased diversification in underrepresented sectors, formed special economic zones, and reformed various business regulations.

Within the realms of real estate, Saudi Arabia presents high potential regarding ease of business, ranking 28th globally for dealing with a construction permit, 18th for getting electricity, and 19th for registering a property.

Real estate is one of the foremost sectors benefiting from the opening up of the market and structural reforms, with the intention that international firms will support The Kingdom's developments.

Entering any new market is daunting but there is a framework of support in Saudi Arabia.

While conducting business in Saudi Arabia is getting easier, there are always potential considerations to address when considering entering a specific market for the first time.

New networks need to be established for foreign entrants. Business and government being so closely intertwined may be a new phenomenon for some overseas entrants. There are sections later in this report on how to navigate possible partnerships (formal legal structures to informal collaborations).

There are requirements around having a regional headquarters to be able to conduct business with government (as clients) and quotas for hiring Saudi Arabian nationals under the Saudization policy. These are very clear, and not onerous, but do present a consideration as part of any business case. The rules reflect an understandable desire to have the younger generation of Saudi nationals engaged in new sectors.

We have detailed later in this report how government entities can support new entrants into the Saudi Arabian market and the concrete steps to transform the ease of doing business. An increasing number of successful case studies show that these challenges are diminishing through the measures discussed here.

A FERTILE LANDSCAPE: DRIVERS BEGINNING TO BLOSSOM



11

DEMOGRAPHIC DEPTH + GROWTH

TECH ADEPT + OPTIMAL LIFECYCLE STAGE

A young, digitally native population is rapidly growing and provides the impetus behind much of the transformation in Saudi Arabia.

This cohort and their embrace of technology means that the real estate sector in Saudi Arabia will have a modern and technological edge in comparison to similar markets globally.

Bolstered by current infrastructure and the population's strong desire for digital initiatives, communication, and the desire to build to exacting standards, Saudi Arabia's expanding real estate market presents expansive development and innovation prospects that will reshape some of the existing conventions and risks of real estate investments, especially in larger scale developments.

Demographically, it's clear why Saudi Arabia is poised for a new era of innovative real estate development. Not only does The Kingdom benefit from learnings/standards taken from large global economies, the population demographics and corresponding cultural values enhance the depth and scale of current and proposed technology transformation.

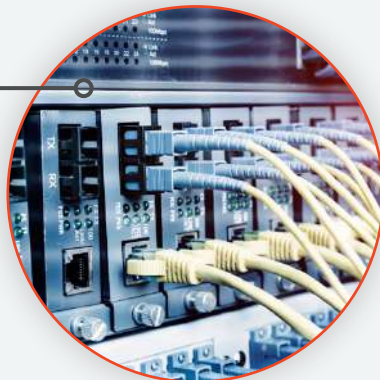
The combination of a young workforce adept in digital infrastructure and services, alongside an evolving social landscape marked by rising tertiary education rates and a 36% female labor participation rate, fosters a deeply embedded cultural readiness for innovation in this and other sectors.

96%
USE WEB



29 YRS
MEDIAN
AGE

99%
INTERNET
COVERAGE



36%
FEMALE LABOR
PARTICIPATION RATE

79%
DIGITALLY
NETWORKED



85%
URBANIZED

7.7%
UNEMPLOYMENT
RATE Q4 2023



93%
HAVE BANKED
DIGITALLY

Source: The PTC Research

CONSTRUCTING THE FUTURE

CONCRETE PROGRESS ALREADY MADE

Current construction projects in Saudi Arabia are unprecedented in scale.

While giga-projects consistently make headlines, the global focus on smaller-scale projects remains limited. However, the prevalence of these varied projects equally contributes to the Vision 2030 objectives. There are over 18,000 projects currently underway across The Kingdom, accounting for 35% of the estimated total project values across all of MENA.

CONSTRUCTION PROJECTS IN NUMBERS

\$145 b

VALUE OF CONTRACTS
AWARDED IN 2023

\$1.3 t

ESTIMATED VALUE OF
PROJECTS

2,900 +

PROJECTS IN RIYADH
ALONE

HIGH-LEVEL MARKET ATTRIBUTES



Economic Expansion

One of MENA's fastest-growing economies, with the GDP projected to grow by 2.6% in 2024, and domestic demand remains the main driver.



Residential Market Dynamics

The residential market is expected to grow at a CAGR of 6.89% during 2024-2032 with projects being valued as high as \$30 billion (ROSHN - SEDRA).



Job Market Resilience

The employment landscape is showing strength, with a forecasted employment rate of 61% in 2024. Saudization initiatives aim to increase local employment.



Industrial Sector Performance

Industrial rents in Riyadh have risen by almost 7% over the last 12 months backed by strong development plans by the government.



Office Space Demand

The demand for Grade A office space in Riyadh is high with an occupancy rate of 98%, leading to a 5% QoQ increase in rent in Q1 2024.



Hospitality Sector Revival

The hospitality industry is expanding, with the market size projected to reach \$17 billion by 2029, growing at a CAGR of 5% during the forecast period (2024-2029).

PROPTech + APPETITE + CAPITAL

CHANGING HOW WE LIVE, WORK + PLAY

We define PropTech as technology that has an impact on the space we use. It can be the use of data to improve user experience, climate control in a building, robots to assist construction, 3D concrete printing to replace manual labor, and predictive maintenance systems amongst other use cases.

TECH AS A FACTOR IN INVESTMENT

The technology operationally supporting a building is increasingly becoming a key factor in ascribing a property value, predicting cost to maintain, costs to refit, tenant attraction (and therefore yields) as well as energy efficiency and rating.

While many of the established real estate markets have to slowly transition older stock over to new technology with significant costs and efforts (often with patchy results) the scale and speed of new development in Saudi Arabia creates a unique opportunity to embed the latest technology at inception in all development and sectors.

*"THE COGNITIVE CITY
IS ABLE TO LEVERAGE MORE THAN 90%
OF RESIDENT CONSENTED DATA."*

JOSEPH BRADLEY
CHIEF EXECUTIVE OF TONOMUS

TONOMUS.
NEOM



Data-Driven Cities / Developments

Rather than trying to capture miscellaneous data from an existing building, Tonomus, a NEOM company, is leading on technology as it builds the urban model around the technology needs. Whilst other global initiatives can look at smart city initiatives, Tonomus (and other developments in the region) can be more ambitious, not needing to design around existing defective infrastructure and systems.

The value for asset owners is that they can shape their offering in real time and adjust as required—be that parking or traffic issues, climate, flexible purposing of space, or tenant security. These enhance the tenant experience and improve the yield on the property by adapting to the needs of the environment.



SMART CITIES

- Specific Use Cases
- Limited Connectivity
- Costly to Implement
- Patchy Datasets



COGNITIVE CITIES

- Connected Use Cases
- Data Structured + Self-Referencing
- Built at Outset + Developed
- Datasets Developed + Augmented Over Time

THE RISE OF THE GCC

SAUDI'S ROLE

2.0

REGIONAL LEADERSHIP

A KEY PLAYER



The GCC region as a whole presents a multifaceted investment landscape, with Saudi Arabia and the UAE emerging as key drivers of economic growth and diversification.

Saudi Arabia's substantial \$1,068 billion GDP underscores its economic heft, while its projected 2.6% real GDP growth for 2024 signals ongoing expansion. The UAE, with a track record of growth and established ease of doing business, offers complementary investment propositions.

This economic dichotomy within the GCC reflects differing strategies and stages of development. Saudi Arabia's Vision 2030 initiative is catalyzing sweeping reforms, aiming to reduce oil dependence and cultivate a knowledge-based economy. The Kingdom's youthful demographic,

with a median age of 29.8 years, presents a long-term advantage in workforce productivity and consumer market growth. There are many attractive markets in the GCC region for different reasons but we see Saudi Arabia with more potential for long-term growth.

The evolution of the region's private capital sector is particularly noteworthy. Venture Capital funding (for example) in Saudi Arabia has experienced rapid growth, increasing nearly 15x between 2018 and 2023 to reach \$6.1 billion.

This surge reflects a broader trend across the GCC, where governments are actively encouraging local and increasingly foreign investment through different routes. The region's resilience amidst global economic headwinds is partly attributed to this coordinated approach, which aligns private capital with national development agendas.

NATURAL SCALE + PROXIMITY

UNLEVERAGED AND NOW READY TO GROW

40%

OF THE WORLD
ACCESSIBLE WITHIN
A 6 HOUR FLIGHT

80%

OF ARABIAN
PENINSULA OCCUPIED
BY THE KINGDOM

150 M

TOURISTS
TARGETED ANNUALLY
BY 2030

REGIONAL INFLUENCE

Saudi Arabia is a major regional and international player as the largest country in the Gulf Cooperation Council (GCC). The country plays a key role in leading foreign, economic, and social policy in the region and the transformation in Saudi Arabia has benefits beyond its borders.

The Kingdom is a major driver of economic development in the region, acting as a key investor and facilitating employment for neighboring countries' populations. It's increasing global importance can be seen in the expanding economic and commercial relationships with leading economies and corporates globally with increasing interdependence. This trend is likely to accelerate in the coming years.

STRATEGIC LOCATION

The Kingdom is positioned well for global logistics, connecting Europe, Asia, and Africa. Bordering the Red Sea, a major global trade route, the country controls much of the strategic maritime passage that's vital for international trade.

In addition to its proximity to the Suez Canal, the proposed Ben-Gurion Canal, which would connect the Red Sea with the Mediterranean, heightens the country's strategic importance. Saudi Arabia is also very accessible for global tourism and business - it's reported that the NEOM region is accessible to 40% of the world within a six-hour flight. This proximity is a key enabler of the Vision 2030 strategy, allowing The Kingdom to capitalize off the increasing trade, logistics, tourism, and business opportunities.

HOW DOES IT COMPARE?

STRONG FOOTING, NASCENT POTENTIAL

The GCC's financial landscape is further enriched by its sovereign wealth funds, such as Saudi Arabia's Public Investment Fund. These institutions are not merely passive investors but active drivers of economic diversification, both domestically and internationally. Their strategic deployment of capital is opening new sectors for foreign investment and fostering innovation ecosystems.

Capital markets across the GCC are also maturing rapidly. The region saw \$10.1 billion raised through 45 IPO offerings in 2023, with Saudi Arabia's market size of \$2,407 billion and 33.2% 5-year market returns outperforming regional peers.

For international investors, these developments present a nuanced opportunity. The GCC as a region offers a unique blend of established markets and emerging sectors, underpinned by

substantial sovereign wealth, strategic geographic positioning, and ambitious national visions.

Whilst some see Saudi Arabia and the UAE competing to attract investment, their shared interests provide mutual benefits to the GCC, with several joint projects improving the region's infrastructure, requiring coordination in multiple countries. In contrast, Saudi Arabia's efforts to attract regional headquarters may prove beneficial for investors, but it also has the potential to create regulatory complexities for companies already established elsewhere in the region.

This competitive atmosphere should drive innovation and reform. Strategic investors will consider the Saudi market, as part of strategic allocation of capital globally (not just against other GCC countries). Saudi Arabia is now an established investment option for global investors.

Indicator	Saudi Arabia	UAE	Qatar	Bahrain	Kuwait	Oman
GDP (billions)	\$1,068	\$504	\$236	\$43	\$162	\$108
GDP per capita	\$33,181	\$52,749	\$81,400	\$28,019	\$33,286	\$23,899
Real GDP growth (2024)	2.6%	3.5%	2.0%	3.6%	-1.4%	1.2%
Inflation rate	2.3%	2.1%	2.6%	1.4%	3.2%	1.3%
Population	33.0 M	9.9 M	2.8 M	1.5 M	4.9 M	4.5 M
Urban population %	83.1%	85.5%	99.2%	88.8%	98.3%	77.6%
Median age	29.8	32.8	33	32.7	38.3	28.8
Expat %	36%	94%	83%	52%	66%	38%
Market size	\$2,407 b	\$247 b	\$160 b	\$27 b	\$107 b	\$17 b
Market returns (5Y)	33.2%	52.2%	13.7%	30.1%	15.9%	21.7%
Credit rating (S&P)	A	AA	AA	B+	A+	BB+

 ECONOMIC INDICATOR

 DEMOGRAPHIC INDICATOR

 FINANCIAL INDICATOR

A NEW LOGISTICS ALTERNATIVE

SCOPE FOR A GLOBAL EPICENTER

38th

IN WORLD
BANKS
LOGISTICAL
PERFORMANCE
INDEX 2023

60%

INCREASE IN
INDUSTRIAL
FACILITIES
SINCE 2016
(2024)

Saudi Arabia is uniquely positioned to benefit in industrial logistics, situated next to the Red Sea and at the intersection of major global economies.

Recent progress in developments has advanced The Kingdom's infrastructure significantly, with the establishment of the National Industrial Development and Logistics Program (NIDLP) in 2019 as a part of Vision 2030.

The initiatives driving the improvements to national infrastructure sit under four key sectors: energy, mining, industry, and logistics.

Developing the nation's infrastructure serves two functions – 1. facilitating and increasing the feasibility of global trade, and 2. enhancing the domestic business ecosystem and population lifestyle.

Partnerships with the private sector have driven recent developments in clean energy, transport infrastructure, and logistics centers, leading to significant improvements across multiple indicators for logistical & industrial performance.



LEADING THE REGION

INVESTMENT PERFORMANCE

2.1

REAL ESTATE SECTOR PERFORMANCE

ONE SIZE FITS ALL?

The differing property sectors in Saudi Arabia have different levels of maturity and investment performance depending on underlying factors. It could be argued that all should benefit from the economic growth in the country and macroeconomic trends, but these will inevitably come at different points of the cycle.

COMMERCIAL / OFFICE

Much attention globally has focused on Riyadh as a proxy for the wider Saudi markets which has seen large increases in commercial property values and rental yields. 2023 returns were positive reflecting an upward trend. Investors should note that on the supply side, Riyadh has experienced increasing demand from local and international businesses looking to expand in the region. With the biggest developments forecasted to come to market from 2026 onwards, the long lead time for new office buildings has increased demand for existing Grade A premises increasing rental yields.

RESIDENTIAL

One of the key transformation agendas in Vision 2030 has been the commitment to increase home ownership in The Kingdom. This has led to a huge increase in the construction of new homes, but transaction volumes have, to date, remained muted (data up to end 2023). CBRE expects prices in Saudi Arabia to remain fragmented with Riyadh benefiting from an increase in domestic migration and high-net-worth foreign investors.

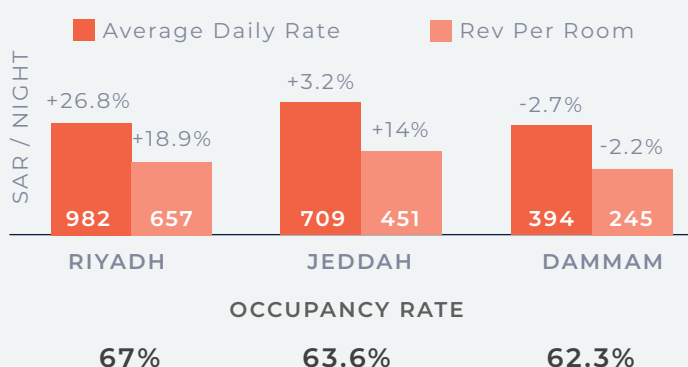
INDUSTRIAL AND LOGISTICS

After a lull in 2022 and 2023, additional supply is appearing in Saudi Arabia for key use cases. There is a divergence between newer quality stock and older premises in terms of demand and yield. As the global interest in data centers and related infrastructure increases, we expect this to translate into Saudi Arabia with increased foreign interest in co-investment opportunities and partnerships in the space.

HOTELS AND LEISURE

The leisure and hotel industry in Saudi Arabia continues to evolve especially with Vision 2030 initiatives having a significant impact. Established domestic destinations such as Jeddah are seeing increased interest across the region, but also more direct competition from new developments. Sporting and leisure developments are not yet translating into increased leisure travelers on weekends with corporate travel still core to the demand. Compared to international peers, there remains occupancy challenges in non-luxury, lower tier accommodation.

KPIs - ADR + RevPAR YoY % Change YTD March 2024



Source: Knight Frank, STR Global

RETAIL

The retail market in major cities is dominated by malls and large-scale developments. Differentiation is now critical in a crowded marketplace becoming key to maximizing rental yields. It is crucial to optimize mixed-use tenant mix, considering sports and entertainment facilities as well as higher-end F&B franchises. We expect growth in smaller, shopping and entertainment districts closer to residential developments over large malls in the next 2-3 years.

EXPERIENTIAL VERSUS LOCATION

LEISURE SECTOR SET TO RISE

Many in market remain very positive on all sectors within the Saudi real estate ecosystem taking the approach that a “rising tide raises all boats”. The development of all sectors inherently incorporates "experience" as a focus, where some sectors will see substantial changes to the make-up of assets and demand drivers.

HOTELS AND LEISURE

It is forecasted that there will be huge increases in hotel rooms across all major cities and markets in Saudi Arabia. One consideration is that 85% of new stock in Riyadh (according to Knight Frank) will be 4 or 5 star, which should see increased yield but may cap occupancy. In other global markets, we have seen a greater range of business strategies including longer-term stays and co-living options. These may prove to be an interesting option in Riyadh, in particular for project workers or those new to the city if residential prices continue to accelerate.

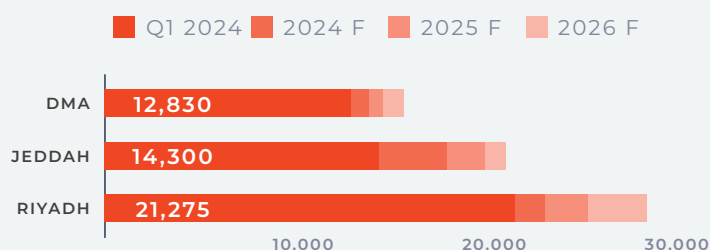
RETAIL

Saudi retail is still more footfall based than many comparable markets and has seen increases in 2022-2024 in footfall in the shopping malls and smaller lifestyle offerings. Increased digitalization and e-commerce is likely in 2024-2027 and Amazon (as well as local competitors) are expanding in the region (which will impact the logistics space also). We therefore see an increase in sales growth, but perhaps with a stable footfall in parallel.

OFFICE

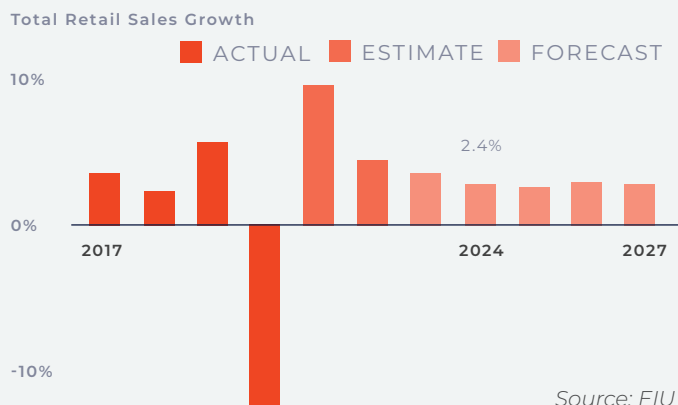
The continued demand from local businesses and global and regional businesses basing themselves in Saudi Arabia (with regional HQs) should continue. The demand will offset slightly with the addition of new office stock coming online by 2026, but a two-pace market will exist for any assets not classified as Grade A. Outside of Riyadh, there is very little new office development in 2024-2026, which may mean yields increase faster outside of the capital.

Evolution of Quality Hotel Supply + Forecast



Source: Knight Frank, STR Global

Saudi Arabia Retail Sales Volume Growth, 2017 to 2027F



Source: EIU



CAPTIVATING GLOBAL PASSION

SPORTING DEVELOPMENTS

The Kingdom has attracted global attention by hosting many large sporting events across racing, football, boxing, and esports. With many more planned and destined to host the FIFA World Cup in 2034, the nation is strategically developing the necessary infrastructure to be the logical host for big sporting events. The “Quality of Life” Program in Vision 2030 aims to encourage a sporting and fitness culture - these events are a concrete showcase of that aspiration.

THE WORLD CUP ATTRACTING GLOBAL INTEREST

Similar to its other sporting initiatives, Saudi Arabia aims to capture a global audience with a statement hosting of the 2034 World Cup – at a scale unprecedented in comparison to previous hosts.

To showcase the nation's progress and unique culture, The Kingdom is building a series of impressive new stadiums and transportation networks, with other innovative stadium designs proposed for development pending the country's acceptance as host.

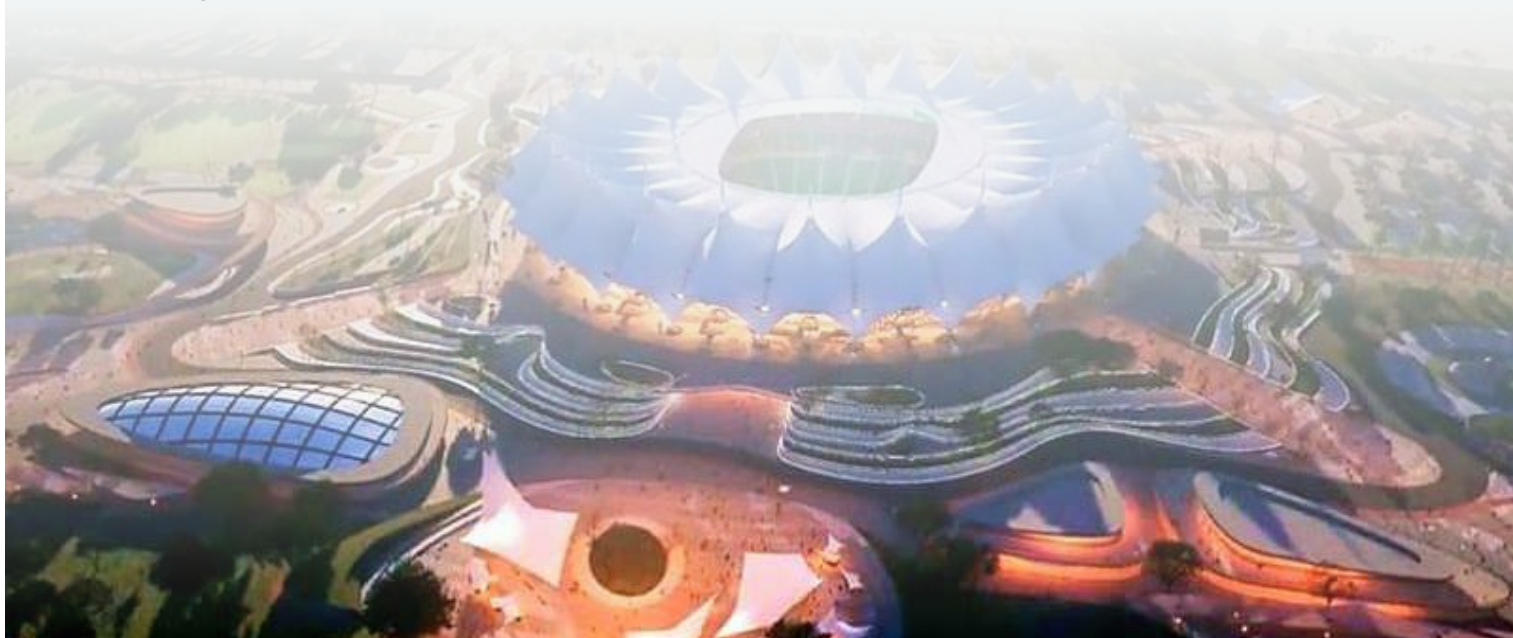
While the economic boost of sporting events in isolation can be overstated, in Saudi Arabia such hosting is a natural extension of Vision 2030 initiatives. The timing is opportune for Saudi Arabia to drive national attention not only to events and visitors but the developments within the country to drive longer term aims.

SAUDI ARABIA ON THE FOREFRONT OF NEW SPORTS

In addition, to hosting the most popular sporting events, The Kingdom has been fostering the development of new sports to attract a younger generation of viewers.

Esports have been on the rise recently and Saudi is set to host the Olympic Esports Games in 2025. With esports' unique characteristics, the sport requires new purpose-built venues, with good connectivity, multi-angle digital viewing for spectators, and a suitable gaming environment. Saudi Arabia is well-suited to these venues.

Furthermore, The Kingdom has hosted other new sports, such as Formula E, Extreme E, and E1 Series, all road, off-road, and water electric vehicle races tapping into the rising EV racing culture.



LONG TAIL INVESTMENTS

INFRASTRUCTURE CORE TO VISION 2030

With the introduction of 4 new special economic zones, Saudi Arabia now has a total of 5 zones which will facilitate the growth of the energy, industry, and logistics sectors.

LOGISTICS

In 2023 The Kingdom advanced 17 ranks in the World Bank's Logistical Performance Index (LPI), ranking 38th place after significant improvements in several indicators such as Tracking and Tracing, Logistics Competence and Quality, Infrastructure and Timeliness.

Strong progress positions The Kingdom's industry and logistics sectors well for future growth. The announced Master Logistics Plan aims to boost local, regional, and intercontinental connectivity.

This plan is being implemented through several strategic relationships, for example, NEOM has formed a \$10 billion joint venture with multi-national DSV to provide comprehensive logistics services.

INDUSTRY

These improvements in the logistics sector directly contribute to the industry sector, where the NIDLDP aims to localize promising manufacturing industries, increase agricultural outputs, and develop emerging technology manufacturing capabilities.

The NIDLDP has entered strategic partnerships with multiple producers, such as the PIF backed Lucid and Ceer EV car brands, to open facilities in Saudi Arabia. As a result of initiatives like these, there has been a 60% increase in industrial facilities since 2016.

ENERGY

The Kingdom has been investing heavily in wind and solar while establishing several clean energy initiatives and programs. This is evident in the 2.8 gigawatts of total renewable energy capacity connected to the grid, a noteworthy improvement given there was none in 2016.

Looking to the future, Saudi Arabia's energy sector will benefit from focusing efforts towards three areas:

1. Increasing the gas production and supply;
2. Increasing the contribution of renewable energy, and;
3. Improving the sector's competitiveness through increasing privatization.

Moving forward, The Kingdom must address numerous barriers in its energy, industry, and logistics sectors, however, the strategic planning and comprehensive support available through the NIDLDP is enabling the accelerated development we see today.



MARKET SPECIFICS: PROJECT LEVEL ANALYSIS

3.0

THE GIGA-PROJECTS

AN OVERVIEW

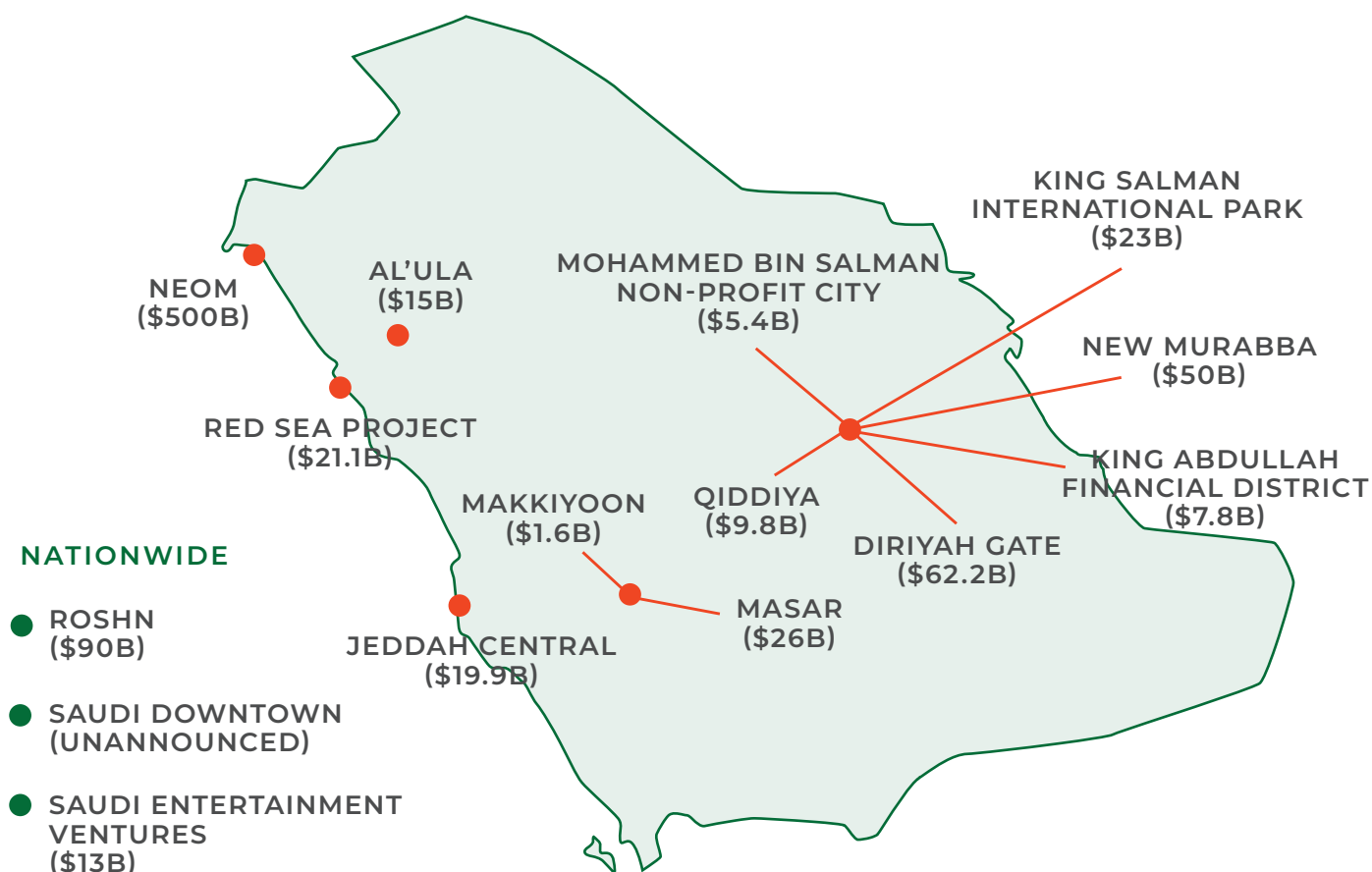
Touching on every facet of real estate and space use, the 13 “giga-projects” have an estimated total value of approximately US\$900 billion. They are key to Saudi Arabia's economic diversification strategy and are the highest profile real estate realization from Vision 2030.

With the projects dispersed across the country and touching on all major sectors, the level of planning, management, and construction is vast.

The scale and ambition of the projects puts significant pressure on items like resourcing, supply chains, planning, and future OPEX management.

The opportunity to participate in the giga-projects is attractive for a variety of stakeholders and strategic partners and increasingly investment and commercial opportunities are being presented to interested parties.

GIGA-PROJECTS BY VALUE



Source: MEED Middle Eastern Business Intelligence

THE GIGA-PROJECTS

SPOTLIGHTS



NEOM

The highest profile of the giga-projects globally, it consists of 5 distinct regions including a commercial port (Oxagon), the eponymous linear city (The Line), a ski resort (Trojena), a luxury resort island complex (Sindalah), and the development of the entire coastal region for tourism (Magna).



ROSHN

ROSHN is a national real estate developer and giga-project in its own right with a specific mandate under Vision 2030 to increase the rate of home ownership in Saudi Arabia to 70 percent by 2030. Working across the whole Kingdom it aims to build 400,000 homes and is set up for partnerships with the entire value chain for residential development.



RED SEA PROJECT

A pioneering luxury global tourism destination on the western coast of The Kingdom. It consists of three distinct developments on the coast and two inland. There is a strong focus on sustainability and responsible tourism.



QIDDIYA

A cultural, sports, and entertainment complex in Riyadh consisting of a water park, a Formula One Track, and a theme park. The project aims to enhance the city's appeal as a hub for tourism and cultural events and position Riyadh as a global destination.

REGION	Tabuk region
BUDGET	\$500 b
EXPECTED COMPLETION	2030
REAL ESTATE SECTOR	Commercial, Residential, Retail, Tourism, Hospitality, Logistics

REGION	Nationwide
BUDGET	\$90 b
EXPECTED COMPLETION	2030
REAL ESTATE SECTOR	Residential

REGION	Western coast of Saudi Arabia
BUDGET	\$21.1 b
EXPECTED COMPLETION	2035
REAL ESTATE SECTOR	Tourism, Hospitality, Entertainment, Transportation

REGION	Riyadh
BUDGET	\$9.8 b
EXPECTED COMPLETION	2030
REAL ESTATE SECTOR	Tourism, Entertainment, Culture

THE GIGA-PROJECTS

SPOTLIGHTS



SAUDI ENTERTAINMENT VENTURES

Also known as SEVEN, the project is a major device of The Kingdom's entertainment sector. This Saudi giga-project works to provide family-oriented entertainment programs and fun activities for the youthful population of Saudi Arabia via 8 global partnerships and 150+ entertainment zones across 14 cities.

REGION	Nationwide
BUDGET	\$13 b
EXPECTED COMPLETION	Phase 1 ~2025
REAL ESTATE SECTOR	Entertainment, Leisure



KING SALMAN PARK

King Salman Park, which is located in central Riyadh, will be a large urban park spanning over 16.7 square kilometers. The project consists of several Islamic-style mazes, the Royal Arts Complex, gardens, pathways, and pavilions. Integrating cultural heritage with modern recreational facilities, it is set to become a landmark in urban green space.

REGION	Riyadh
BUDGET	\$23 b
EXPECTED COMPLETION	2026
REAL ESTATE SECTOR	Culture, Tourism, Transportation



JEDDAH CENTRAL

Its major focus is to develop residential buildings, cultural rejuvenation, hotels, housing units, and landmark buildings so that the Jeddah residents can experience a high quality lifestyle. The project is expected to build 17,000 residential units in addition to arts centers, waterfront facilities, an opera house, a stadium, and an oceanarium.

REGION	Jeddah
BUDGET	\$19.9 b
EXPECTED COMPLETION	Beyond 2030
REAL ESTATE SECTOR	Residential, Tourism, Culture



AL'ULA

The Al'Ula project aims to develop land around the UNESCO World Heritage Site of Al'Ula thus attracting tourists and increasing the quality of life of the locals. This project aims to enhance the economic and social well-being of the city, by constructing various cultural centers, luxury hotels, museums, etc.

REGION	Al'Ula
BUDGET	\$15 b
EXPECTED COMPLETION	2027
REAL ESTATE SECTOR	Culture, Tourism, Infrastructure

THE GIGA-PROJECTS

SPOTLIGHTS



SAUDI DOWNTOWN

The Saudi Downtown Company of the Public Investment Fund plans to develop downtown areas in 12 major cities in the country and build modern, commercial, and residential zones over 10 million square meters in the country. Cities included are Madinah, Hail, Dumat Al Jandal, Najran, Arar, Khonbar, Baha, Jizan, Taif, Tabuk, Ahsa, and Buraydah.

REGION	Nationwide
BUDGET	Unannounced
EXPECTED COMPLETION	Phased
REAL ESTATE SECTOR	Commercial, Culture, Retail, Mixed Use



MASAR

This giga-project is led by private developer Umm Al Qura Company. The Masar destination project lays its focus on the redevelopment of the commercial areas near the Makkah Grand Mosque. The initiative will modernize commercial infrastructure while preserving the cultural and historical significance of the area.

REGION	Makkah
BUDGET	\$26 b
EXPECTED COMPLETION	2035
REAL ESTATE SECTOR	Culture, Tourism, Hospitality, Leisure, Residential



MOHAMMED BIN SALMAN NON-PROFIT CITY (MISK)

This giga city is being developed in Riyadh as a business hub for entrepreneurs and leaders in the future. The foundation of this city is the personal and business development facilitated by various programs in literature, business, art, culture, science, and technology.

REGION	Riyadh
BUDGET	\$5.4 b
EXPECTED COMPLETION	Phase 1 ~2024
REAL ESTATE SECTOR	Commercial, Residential, Leisure



MAKKIYOON

Makkiyoon Urban Developers announced the Boulevard Makkah project in 2023. This project will feature administrative, commercial, residential, and hotels. Makkiyoon is committed to urban development in the Makkah region with a primarily residential portfolio consisting of over 9,000 units.

REGION	Makkah
BUDGET	\$1.6 b
EXPECTED COMPLETION	Unannounced
REAL ESTATE SECTOR	Commercial, Residential, Retail, Hospitality

SNAPSHOT:

DIRIYAH GATE, RIYADH

25 KM² 178 K

RESTORAGE
HERITAGE
SITES

PROJECTED
NUMBER OF
JOBS CREATED

Developed by the Diriyah Gate Development Authority (DGDA), Diriyah Gate is a transformative project aimed at revitalizing the birthplace of the Saudi state into a cultural and historical hub.

The project is being undertaken by leading Saudi contractors, Saudi Binladin Group and El Seif Engineering Contracting Company. It will feature heritage sites restored tastefully ensuring cultural heritage is preserved.

Schools, museums, luxury hotels, and residential buildings are all being constructed in the area, facilitating a growing population and increasing tourism.

With a phased completion extending to 2030, Diriyah is set to become a major educational and cultural landmark, enhancing national pride and international recognition, and is a key driver in increasing tourist numbers to the targeted 150 million annually.

Sub-projects:

At-Turaif district, Wadi, Hanifah, Bujairi Terrace, King Salman University, King Salman Square, House of Al Saud Museum



SNAPSHOT:

NEW MURABBA, RIYADH

53% **19.5 KM²**

DEVELOPABLE
AREA

URBAN
DEVELOPMENT

The New Murabba project is a massive urban development initiative designed as a new downtown area for Riyadh.

The New Murabba Development Company has invited global contractors to work on the project and has awarded Bechtel the project management contract.

It features both residential and commercial space along with the centerpiece, the Mukaab – a 400 m tall cube-shaped futuristic skyscraper that will deliver immersive experiences.

It includes 1.295 million sqm of office space, over 980,000 sqm of retail space, 1.4 million sqm of hospitality space, 2.4 million sqm of community and leisure facilities, and over 100,000 residential units.

This ambitious project aims to create a vibrant, mixed-use urban environment, promoting sustainability and community engagement.



SNAPSHOT:

KING ABDULLAH FINANCIAL DISTRICT

1 M **110 K**

SQUARE METERS
OF GRADE-A
OFFICES

SQUARE METERS
DEVOTED TO
ENTERTAINMENT

A newly developed business district in Riyadh, constructed to function as a smart city with state-of-the-art digital and physical infrastructure.

Owned and managed by PIF subsidiary, King Abdullah Financial District Development and Management Company (KAFF DMC), the district aims to become a major business and lifestyle hub.

Once complete, it will have over 200,000 sqm of retail and F&B space. Covering roughly 2 million sqm, it is the largest development to achieve a LEED Platinum Certification globally.

Sustainability is a key focus for the district, with it set to feature automated waste collection systems, water recycling for greenification, and solar reflective roads that will reduce heat throughout the development.

Awards & Accolades:

- LEED Platinum Certification
- Smart Score Platinum
- Good Design Award
- International Architecture Awards





OTHER PROJECTS SHOW POTENTIAL STRENGTH IN KEY VERTICALS

While many global developers and investors have focused on the giga-projects the scale of other projects in Saudi Arabia is still enormous and arguably more likely to be attractive for a wider class of investors.

HOTELS AND DEVELOPERS

Major hotel groups and boutique hotel groups have identified demand in Saudi Arabia for both local and international clientele. This presents opportunities for investors, lenders, and partners to help with the funding and construction of these cutting-edge hotels.

SUSTAINABLE SMART BUILDINGS + CITIES

Whilst much of the developed world wrestles with retrofitting older buildings with modern technology, Saudi Arabia is constructing all new buildings with data capability and connectivity at their heart. This allows buildings to be efficient, and adaptable, improving yields and occupant retention.

STADIUMS AND ENTERTAINMENT

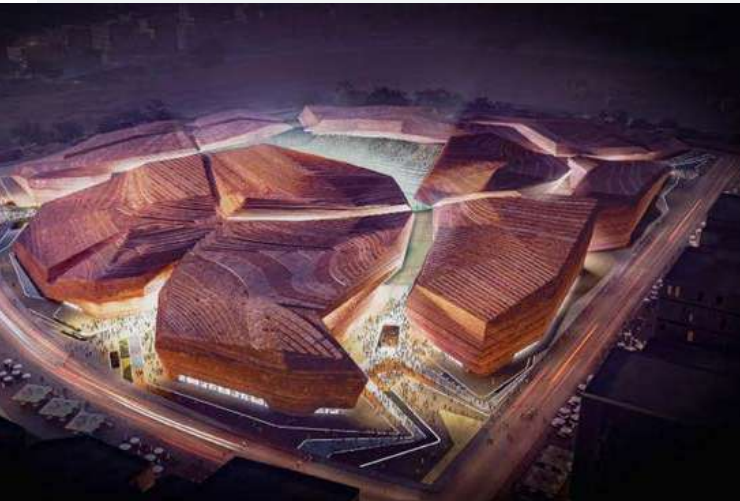
Stadiums and venues supporting announced events (such as Expo 2030 and the Asian Winter Games) and some still-to-be-confirmed events (such as the FIFA World Cup 2034) are at the top of a pyramid of venues in The Kingdom that includes smaller, regional stadiums and venues as well.

F&B RETAIL + COMMUNITY SPACES

With much of real estate facilitating productive activities, Saudi Arabia has realized the importance of the spaces that people use to socialize and relax between those activities. As such, community spaces like parks, promenades, and F&B retail spaces, are being intently incorporated into developments across multiple sectors.

ZOOMING IN

"SMALLER" SCALE OPPORTUNITIES



NEW MURABBA STADIUM

The New Murabba Development Company recently announced a new stadium with a capacity of over 45,000 which will act as a central pillar of New Murabba.

The development will feature a tech enabled sporting stadium, with immersive, personalized fan experiences. Its design maximizes versatility for long-term usability, allowing it to host events beyond sports, gaming competitions, and exhibitions.



THE AVENUES RIYADH

Overlooking the intersection of King Salman Road and King Fahad Bridge, the Avenues Riyadh extends across 1,870,000 sqm. Valued at over 17 billion SAR, it is expected to become a significant investment and commercial vehicle.

With a gross leasable area of around 370,000 sqm the development will feature 5 towers, a large mall, cinemas and parking for 14 thousand vehicles. The Avenues Riyadh is set to open for Q1 2026.



SPORTS BOULEVARD

The Sports Boulevard in Riyadh is a major urban regeneration project. It aims to create a vibrant destination for sports, culture, and entertainment. The project includes 8 districts with pathways, trails, and facilities for cycling, horse riding, and other recreational activities.

It features 50 sports facilities and 4.4 million sqm of green space, stretching over 135 km.

GOVERNMENT SUPPORT FACILITATING INVESTMENT

40

EXTENSIVE REGULATORY SUPPORT

STREAMLINED INVESTMENT PATHWAY

Note Entities with green outlines are higher level entities (Ministries)



MOMAH:
Ministry of Municipalities
and Housing

MOMAH (previously MOMRAH) is responsible for urban planning and governs all housing-related initiatives in Saudi Arabia. MOMAH aims to build partnerships with international entities to support its initiatives and develop bilateral relationships.



REGA:
Real Estate
General Authority

Part of MOMAH, REGA regulates, supervises, and organizes the non-governmental real estate sector.

REGA's main goal is to attract investment by streamlining investment procedures and supporting investing entities.



MC:
Ministry of
Commerce

Responsible for the development and sustainability of the Saudi commerce sector and improving the wider business environment.

The MC governs Monsha'at and the GAC, which aim to encourage local business activities and boost partnerships between Saudi and international entities.



Monsha'at:
General Authority
for SMEs

Operates under the Ministry of Commerce and is responsible for increasing SME sector productivity + GDP contribution from 20% to 35% by 2030.

One of Monsha'at's objectives is to streamline partnership policies between local and international entities to facilitate the growth of Saudi SMEs and entrepreneurship.



**GAC: General
Authority for
competition**

Enforces the Competition Law, aiming to combat illegal monopolistic practices to improve market performance and stimulate competition.

A part of the GAC's mandate is to promote cooperation between local stakeholders and international entities to encourage competition in The Kingdom.

SUPPORTING ENTITIES



MISA:
Ministry of
Investment

MISA issues licenses to foreign investors, encourages, regulates, and oversees FDI in Saudi Arabia, and provides investment solutions to local and international businesses.



**REDF: Real Estate
Development
Fund**

Provides funding and professional investment solutions to implement MOMRAH programs and achieve the objectives of the national housing strategy.



**MODON: Saudi
Authority for
Industrial Cities and
Technology Services**

Supervises and develops industrial cities and integrated services, working to achieve the goals of V2030's National Productivity Program. Currently oversees 36 cities.

EXAMPLE SUPPORT PROGRAMS

EFFICIENT + TESTED

National Investment Strategy (NIS)

The NIS plays a pivotal role in enabling Vision 2030, through achieving its primary goals of driving economic growth and diversification.

It aims to increase private sector contribution to 65% of GDP while shifting the GDP contributions of non-oil sectors to 50% (from 16%). Of the \$3 trillion+ injected for Vision 2030, \$1 trillion is expected to be generated by investments facilitated by the NIS.

Strategic Investor Program

The Strategic Investor Program combines a range of services, support, and incentives to advance the growth of national and foreign strategic investment.

Many of these services aim to support finding investment opportunities, business development, and financing for public/private partnerships.

Additionally, it provides local and foreign investors with legal advisory, market and location intelligence, localization advisory, and R&D partnership support.

FintechSaudi

FintechSaudi was launched in 2018 by the Saudi Central Bank and Capital Market Authority to construct a responsible and robust fintech ecosystem that supports banks, investors, companies, and government institutions.

Dhamanat - a REDF company

Dhamanat, wholly owned by the Real Estate Development Fund (REDF), is a new mortgage guarantee services firm that provides insurance as well as mortgages.

The \$4.7 billion firm provides the financial mechanism to support increasing property ownership by widening access to finance and supporting the residential development of the country.

Shareek

Shareek, meaning “Partner” in Arabic is a program for large Saudi companies to develop private sector investments. Shareek aims to support large companies by providing project opportunities and accelerating planned projects.

By doing so, the program aims to increase private sector contribution to the GDP by 65% - one of the primary objectives of the NIS.

The Saudi Real Estate Development Centre

Acting as a liaison between government authorities and developers, it aims to develop an attractive real estate investment environment.

Through partnerships and cooperation agreements, it helps expedite housing projects, facilitating the process for developers via an integrated digital platform, to support the increase of the national supply of housing.

2024 Legislative Changes for Foreign Ownership

In August 2024, The Kingdom announced a new investment law that will come into effect by 2025. The updated investment law aims to simplify The Kingdom's investment environment by ensuring fair and equal treatment for both local and foreign investors. In doing so, the new law seeks to enhance the competitiveness of the investment environment while creating job opportunities and contributing to the greater economic development of The Kingdom in alignment with Vision 2030. It cancels the previous Foreign Investment Law and investor licenses, introducing new transparent procedures. We expect more details in the coming months.

“The law reaffirms Saudi Arabia's commitment to creating a welcoming and secure environment for investors, driving economic growth, and enhancing the kingdom's position as a premier global investment destination.”

- Minister of Investment, His Excellency
Eng. Khalid Al-Falih

AVENUES TO INVEST

MULTIPLE POINTS
OF ENTRY

50

POTENTIAL INVESTMENT ROUTES FOR FOREIGN INSTITUTIONS

There are a variety of investment options available to foreign investors in The Kingdom. In the following section, we cover the major routes for professional investors, foreign capital to be deployed, and details on how to establish an entity in The Kingdom to facilitate joint ventures or direct enterprise.

SAUDI EXCHANGE (TADAWUL)

Foreign entities can either seek to merge with or acquire private companies or invest in the Saudi Exchange (Tadawul). Foreign individuals cannot invest in Tadawul unless residing in The Kingdom.

Foreign investment for non-GCC entities in Tadawul is restricted to Foreign Strategic Investors (FSIs), Qualified Foreign Investors (QFIs), swap arrangements through CMA-licensed (the Saudi Capital Markets Authority) investment banks, or non-GCC nationals residing in The Kingdom.

PRIVATE M&A

The Saudi M&A market has been active, ranking second in the GCC in 2022 with deals valued at US\$8.1B, followed by US\$7B in the first nine months of 2023. There has been a simplified process for legalizing foreign documents in Saudi Arabia.

Foreign investors acquiring shares in private companies should be aware, enforcement of certain contractual provisions may be challenging, and all share transfers must be registered with the Ministry of Commerce (MC).

Documents may need to be in both Arabic and English, with disputes often resolved through international arbitration.

REITs

In 2016, the Capital Markets Authority introduced reforms to permit the listing of Real Estate Investment Trusts (REITs) on Tadawul. In Saudi Arabia a fund is recognized as a REIT if:

- It is listed on Tadawul
- It generates regular income that can be distributed to unit holders
- It is managed by a seasoned property manager responsible for lease management, property upkeep, and rent collection

REITs provide an opportunity to get exposure to Saudi real estate, indirectly. Presently, there are 18 REITs listed on Tadawul and one on Nomu, the Parallel Market.

BONDS (SUKUK)

Sukuk are Sharia-compliant financial instruments that offer investors partial ownership of tangible assets, rather than debt. They provide a regular income stream, similar to bonds, but with profit derived from asset performance, adhering to Islamic principles.

Unlike conventional bonds, Sukuk assets must be halal and are less reliant on credit ratings, making them a popular choice for raising capital within Saudi Arabia's Islamic finance framework.

Saudi Arabia's debt capital market grew by 14.5% in 2023, reaching \$360 billion, with expectations to hit \$500 billion. The Saudi Sukuk market, valued at \$50 billion, is 97.3% investment-grade and is key to the nation's Vision 2030. As the second-largest global sukuk issuer, Saudi Arabia controls 24.9% of the global USD sukuk market and 69% of the GCC's sukuk market.

FORK IN THE ROAD TO THE TADAWUL

TWO LEGAL ENTITY OPTIONS

Recent reforms have made investments in Tadawul more accessible. Foreign investors must meet the set of criteria described below in order to be eligible for investment. Investors who qualify as either Foreign Strategic Investors or Qualified Foreign Investors are eligible to invest in Tadawul following the new rules issued by the Capital Market Authority (CMA) in March 2023. Investment in the Parallel Market, Nomu, is subject to fewer restrictions and is available to a wider range of investors.

QUALIFIED FOREIGN INVESTORS (QFI)

Qualified Foreign Investors (QFIs) are permitted to invest in all securities listed on Tadawul including ETFs, albeit with certain restrictions.

For example, QFIs cannot own more than 10% of the shares or convertible notes issued by a Saudi entity, and the total percentage of shares owned by all foreign entities combined (excluding FSIs) cannot surpass 49%.

Foreign institutions, which are not exclusively financial services institutions, are required to manage a minimum of \$500 million in assets to qualify as QFIs.

FOREIGN STRATEGIC INVESTORS (FSI)

FSIs are not subject to the same restrictions as QFIs. FSIs are organizations established in overseas jurisdictions and are permitted to invest in companies listed on Tadawul, provided they have a strategic interest in the financial or operational performance of the company.

The CMA retains the authority to enforce limitations on the sale of shares by the FSI. Furthermore, FSIs are obligated to adhere to a two-year lock-in period. Similar to QFIs, FSIs must also be registered in a jurisdiction that enforces regulatory measures comparable to those implemented by the CMA.



FAMILIAR LEGAL STRUCTURES WITH FEW CRITICAL DIFFERENCES

Recent reforms in The Kingdom aim to ease the process for foreign entities to set up business in Saudi Arabia.

LIMITED LIABILITY COMPANY (LLC)

LLCs are the go-to choice for foreign investors in Saudi Arabia. They require just one director and one shareholder, with no cap on foreign ownership. The minimum amount of capital is set at SAR 100,000 (\$26,600), with shareholder liability limited to their investment. While not mandatory, many LLCs opt for a board of directors. This structure allows for employee sponsorship and engagement in approved activities. However, the process involves obtaining a Saudi Arabian General Investment Authority (SAGIA) license, which can be both costly and time-consuming. Despite these hurdles, LLCs offer a balanced mix of flexibility and protection for foreign businesses entering the Saudi market.

JOINT STOCK COMPANY

Joint Stock Companies in Saudi Arabia demand a minimum of two shareholders and three directors, regardless of residency. They require a heftier minimum capital of SAR 500,000 (\$133,300), though this can be paid in stages with ministry approval. An auditor must be appointed for annual financial reporting. This structure suits larger operations and those eyeing potential public listing. It provides a robust framework for corporate governance, making it attractive for larger investments. While more complex to set up, Joint Stock Companies offer enhanced credibility and easier access to capital, making them ideal for long-term, large-scale business plans in The Kingdom.

LIMITED PARTNERSHIP

Limited Partnerships in Saudi Arabia offer a flexible structure with no minimum capital requirement. They need at least one director and two partners, including one managing partner with unlimited liability and one limited partner. This setup allows for a mix of active and passive investors and is particularly suitable for ventures where partners have varying levels of participation, investment, or risk appetite. The absence of a capital threshold makes it an attractive option for smaller businesses or for those testing the Saudi market. However, the unlimited liability for managing partners requires careful consideration of personal risk.



DEFINING OPERATING MODELS

FLEXIBILITY IN MARKET PRESENCE

Operating models provide different pathways to expanding market presence and operations with differing levels of flexibility and regulatory implications.

BRANCH OFFICE

Branch Offices allow foreign companies to establish a fully owned presence in Saudi Arabia. They require an existing GCC-based parent company and a minimum capital of SAR 500,000. These offices can engage in activities within their license scope, including public and private sector work. A local legal representative is mandatory. While offering direct market access, branch offices come with full liability for the parent company. This structure is ideal for companies looking to maintain strong control over their Saudi operations while leveraging their existing brand and resources.

REPRESENTATIVE OFFICE

Representative Offices in Saudi Arabia are limited in scope, primarily serving technical support and market research functions. They are typically restricted to pharmaceutical companies, with exceptions requiring special approval. These offices cannot engage in commercial activities or generate revenue directly. This structure is ideal for companies seeking market intelligence or providing technical backup without full-scale operations. While limiting in terms of business activities, Representative Offices offer a low-risk entry point for companies exploring the Saudi market.

AGENCY AGREEMENT

Agency Agreements offer the quickest and most cost-effective entry into the Saudi market. This arrangement allows foreign businesses to operate through a local agent without the need for a SAGIA license. It requires registration with the Ministry of Commerce. While not creating a separate legal entity, it provides a rapid solution for market entry. This option is particularly valuable for companies testing the waters or operating in sectors with restrictions on direct foreign presence. It offers flexibility and lower initial investment. There has been an increase of agency agreements in market, with multiple credible firms looking for international strategic relationships.



REAL ESTATE OWNERSHIP CONSIDERATIONS + RECENT REFORMS

Until recently, the investment required to fund the giga-projects and mid-tier projects has been sourced from within The Kingdom, primarily through the Vision 2030 initiatives or private capital.

There has been growing recognition in all layers of government of the desirability of additional capital and investment from foreign entities to help accelerate some of the larger, complex developments, diversity funding risks and to encourage experienced developers and financiers to invest their capital and expertise in The Kingdom.

Foreign ownership rules have evolved to encourage foreign residents and entrepreneurs to base themselves in Saudi Arabia and to set up offices.

For real estate investors and developers, there are opportunities. GCC nationals and companies have more favorable rights to buy or lease property which are not covered in this section.

FOREIGN NATIONAL RESTRICTIONS

If foreign nationals obtain legal residency they are permitted to:

- Own property for personal residences (a Ministry license is required)
- Lease property for personal residence

Real estate investment in Makkah and Madinah is subject to special restrictions and approval processes.

FOREIGN COMPANIES: CONSIDERATIONS

Any company with foreign shareholding (however small) is regarded as a foreign entity. Foreign entities can (with the correct MISA investment license):

- Own/lease property to conduct business activities
- Own/lease residential to house employees for a project
- Own/lease residential homes for staffing staff with residential status

FOREIGN-OWNED PROPERTY DEVELOPMENT

Where the main business of the foreign entity (and licensed business activity) is real estate development, the minimum investment must exceed 30M SAR. There are limitations on the length of the development which must be completed within five years.

ECONOMIC CITIES REGULATORY VARIATION

There are specific rules for owning real estate for foreign entities in the defined economic cities. Many of these are keen to encourage foreign investment and business activities and so they have different criteria for awarding licenses and for property ownership or leasing.

REAL ESTATE INVESTMENT TRADED FUNDS REFORMS

Another route for property investment in Saudi Arabia is in the purchase of a unit of a local REIT or a share in an SSE-listed company. In 2016, the CMA introduced reforms to permit the listing of Real Estate Investment Trusts (REITs) on Tadawul. REITs have been encouraged by Central Government initiatives, and offer a route to exposure to assets that may not be practical to own directly.

THE PARTNER FRAMEWORK

SAUDI JV SET-UP GUIDE

Joint ventures present a significant opportunity to share the risks and costs of business in Saudi Arabia. In The Kingdom, there are two types of JVs – equity joint ventures and unincorporated joint ventures.

Equity joint ventures cooperate through a joint corporate entity, and therefore in Saudi are incorporated by registration with the commercial register.

These are more formal cooperations and are typically formed in Saudi Arabia as limited liability companies or closed joint-stock companies. When a JV is formed as a joint-stock company, it has the advantage of not needing to report beneficial ownership.

Often referred to as consortiums, unincorporated joint ventures are cooperations considered unlimited companies and do not hold rights or obligations. While both joint venture types have their advantages, it is crucial to structure agreements purpose-built to ensure long term viability.

REGISTRATIONS + APPLICATIONS:

- Business Investment License
- Ministry of Investment (MISA)
- Article of Association & Certificate of Membership
- Ministry of Commerce & Industry
- JV company name registration
- Unified Centre
- Tax registration
- General Authority of Zakat & Tax (GAZT)
- Office address registration
- Local municipality under MERAS
- Saudization compliance
- Ministry of Labor & Social Development (MLSD)
- Employee insurance compliance
- General Organization for Social insurance (GOSI)
- Saudi Arabia competition compliance
- Saudi General Authority for Competition (GAC)

KEY CONSIDERATIONS



Governance & Control

Management roles, directors, and established shareholder control mechanisms must be clearly defined.



Saudization

All firms must comply with the Nitaqat system, ensuring minimum employment of Saudi Arabian national citizens.



Ownership

Foreign ownership of assets, especially real estate, is subject to specific restrictions and regulatory compliance.



Future Planning

Address potential conflicts and outline procedure post-agreement for growth and business continuity.

PUBLIC-PRIVATE-PARTNERSHIP

MODELS + SUCCESS STORIES

LEVEL OF PRIVATE
SECTOR INVOLVEMENT
(1-LEAST, 6-MOST)

01

STRATEGIC ALLIANCE / PARTNERSHIP

This involves the least level of private sector involvement. It is typically a cooperative agreement between public and private entities to work together towards common goals without significant financial investment or operational control from the private sector.

02

DESIGN-BUILD (DB)

In this model, the private sector is responsible for both designing and constructing a project. After completion, the ownership and maintenance is handed over to the public sector, adopting a moderate level of private sector involvement, primarily during the development phase.

03

BUILD-OPERATE- TRANSFER (BOT)

Here, the private sector builds and operates the project for a specified period before transferring it back to the public sector. This applies more private sector involvement, as it handles both construction and initial operation.

04

DESIGN-BUILD-OPERATE- MAINTAIN (DBOM)

This model includes design, construction, operation, and maintenance by the private sector. DBOM adopts a higher level of involvement compared to DB and BOT.

05

JOINT VENTURE (JV)

This represents a significant level of involvement where a new entity is created, and both public and private sectors share ownership, investment, and management responsibilities.

06

BUILD-OWN-OPERATE (BOO)

This model involves the highest level of private sector involvement. The private entity builds, owns, and operates the project indefinitely, maintaining full control and responsibility throughout its lifecycle.

PUBLIC-PRIVATE-PARTNERSHIP

MODELS + SUCCESS STORIES

01

STRATEGIC ALLIANCE / PARTNERSHIP

وزارة الصناعة
والتجارة المعدنية
Ministry of Industry and Mineral Resources



PROJECT

Market intelligence facilitating industrial license issuance

DETAILS

Using the Ministry of Industry and Mineral Resource's information intelligence and databases, the two entities will collaborate closely in knowledge exchange. The alliance involves sharing market intelligence to facilitate and streamline the issuing of ROSHN's industrial licenses.

02

DESIGN-BUILD (DB)



PROJECT

Al'Ula's International Airport, private aircraft terminal development

DETAILS

The Royal Commission for Al'Ula has commissioned Egis to oversee the development of a private terminal at the Al'Ula International Airport. Egis is responsible for expanding the existing hangar and developing a built-for-purpose terminal building.

03

BUILD-OPERATE-TRANSFER (BOT)



PROJECT

Medina's Al Ansar Hospital

DETAILS

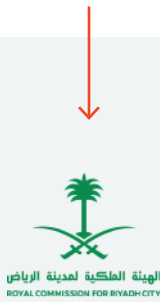
The first project to be approved by the V2030 privatization program in the health sector, the Ministry of Health is partnering with Tamasuk and Alghanim under the BOT model, where they will operate the hospital for 20 years following the project's completion.

PUBLIC-PRIVATE-PARTNERSHIP

MODELS + SUCCESS STORIES

04

**DESIGN-BUILD-OPERATE-
MAINTAIN (DBOM)**



PROJECT

Riyadh Metro

DETAILS

Riyadh Metro has been implemented using a DBOM model, commissioned to various consortia, such as the Riyadh Metro Transit Consultants consortium, the BACS consortium, and the FLOW consortium, to develop, manage, and operate the metro.

05

**JOINT VENTURE
(JV)**



PROJECT

Saudi hotel development and management

DETAILS

The Saudi Investment Authority, Regal Hotels, and its affiliate property investment company Cosmopolitan Holdings are entering a joint venture to raise \$5 billion to build an asset management platform to acquire, own, develop, and manage hotels globally and locally within The Kingdom.

06

**BUILD-OWN-OPERATE
(BOO)**



PROJECT

Jubail 3B Independent Water Project (IWP)

DETAILS

Saudi Water Partnership Company (SWPC) engaged the ENGIE-Nesma-Ajlan consortium (Engie, Nesma Company Limited & Abdulaziz Al Ajlan Sons) to develop and finance a desalination plant, where the plant's operations and maintenance are managed by Engie.

MAJOR RE DEVELOPERS

KEY PLAYERS BY SECTOR

INDUSTRIAL / PUBLIC INFRASTRUCTURE



Diriyah Gate,
Wadi Safar



Tatweer
Schools Project

RESIDENTIAL / COMMERCIAL



آل سعيدان للعقارات
Al Saedan Real Estate

Valley Plaza,
Rawana 2,
Jamine Building,



Shams Ar
Riyadh, Al Qasr
Mall, Juman
Park

EMAAR

Jeddah
Gate, Emaar
Residences

BOTH SECTORS



SEDRA
residential
community



NEOM City, The
Line



Amjal Jasmine
Project, Villa
Riva Project



Dyar Al Haram,
Bouvardia,
Saheel



Al Akaria Plaza,
Al Akaria
Village



Qurtoba
District,
AlMatar



Red Sea
Project, Amaala



50+ total projects,
total 20+bn SAR
project value



Mecca
Boulevard
Project



Damac Towers
Riyadh



Jeddah Central,
6 megaprojects



Al Othaim
Malls, Riyadh
Front



Makkah Gate
project, Wadi Al
Assla project



Sakani
Program



Al Narjis Project

SAUDI DEVELOPER ECOSYSTEMS

RETAL CASE BREAKDOWN

Retal, part of the Al Fozan Group, is a major Saudi developer, responsible for developments' initial conceptualization, planning, and design, as well as financing and permitting. The company's role is to oversee the delivery of the overall project and manage the various stakeholders involved.



ASSOCIATES AND AFFILIATES



Infrastructure Development Associate - Saudi Tharwa

Saudi Tharwa is responsible for the infrastructure development, through the planning, design, and implementation stages.



Engineering Consultancy Associate - Mimar Saudi

Mimar provides engineering and architectural design services, providing project specifications and ensuring designs comply with regulations.



Lighting Architect Consultancy Affiliate - LDPI

LDPI is a globally recognized lighting architect delivering lighting design, technology, and architectural services.

SUBSIDIARIES



Project Management Subsidiary- Nesaj

Nesaj is responsible for overseeing the project delivery through its project management, managing risk, and progress monitoring.



Contracting Subsidiary- BCC

BCC executes the physical construction work according to the project plans and specifications, managing labor, materials, and equipment.



Facility & property management - Tadbeir

Tadbeir oversees the operation of buildings and facilities post-construction, managing the operations and maintenance of buildings.

SPOTLIGHT

EXAMPLE

OPPORTUNITIES

ESG

SELECT OPPORTUNITY

INVEST SAUDI CASE STUDY

استثمر في السعودية
INVEST SAUDI

As a part of The Kingdom's objectives to facilitate foreign investment, Invest Saudi has constructed an investment opportunity portal on its website, to illustrate potential opportunities. The system Invest Saudi has built provides the needed support and framework for investors, laying the groundwork for the search and initial assessment of investments. The Mixed-use Concept near Boulevard City Area is a clear example of such.

Invest Saudi Sample: Mixed-use Concept Opportunity Near Boulevard City Area, Riyadh, Saudi Arabia

Project overview

50,000 sqm investment opportunity; land area concept in the Boulevard City area of Riyadh. Recommended opportunity to be developed into a mixed-use development of upscale serviced apartments and retail boulevard, that displays impressive potential returns and can serve as an anchor opportunity. The growing entertainment landscape in Riyadh presents an opportunity to capitalize on the significant number of visitors developing serviced apartments, while a diverse range of retail tenants could cater to this community.



Investment highlights

Net revenue (USD)	\$ 633 M
Land cost (USD)	\$ 107 M
Development costs (USD)	\$ 137 M
Total Costs (USD)	\$ 244 M
Developers Profit (USD)	\$ 389 M
Project (IRR)	10.0 %
Equity (IRR)	10.5 %
Project Payback Period	13 Years

Development brief

ASSET TYPE	LAND USE (SQM)	GFA (SQM)	GLA (SQM)	KEYS
Serviced Apartments (D&H)	14,500	26,100	15,660	221
Retail Boulevard (D&H)	25,000	37,500	28,125	-
Roads and Open Space	10,500	-	-	-
Total	50,000	63,600	43,785	221

SELECT OPPORTUNITY

PIF CASE STUDY



As one of the largest investors in The Kingdom, it is notable that the Public Investment Fund is now actively seeking external partnerships and funding. To do so, PIF has curated a selection of opportunities, creating an overview of business opportunities for private sector investment under PIF's ecosystem, breaking them down by sector and project. These range from vendor relationships to informal partnerships, and formal joint ventures.

PIF:
Residential and Retail
Development Opportunity
at Red Sea Project

Structure

Joint-venture development partnership

Development

Luxury Residences - 1,600 units

Luxury Retail and F&B Venues - 9,200 sqm

OPPORTUNITY RATIONALE:

Strategic Benefits:

The opportunity provides diverse retail and residential offerings that align with the spending habits of luxury travelers and residents. The opportunity targets the affluent consumer market for luxury residential and retail offerings in a prime tourist destination.

The Red Sea Zone Authority is working to create Smart Destinations with state-of-the-art infrastructure, which enhance the attractiveness and accessibility for both residents and visitors.

Key Growth Drivers:

The increasing population and rising upper and middle-income segment point to a positive demand for luxury residential housing. The surge in luxury tourism will drive further demand for residential, luxury retail, and experience, as visitors seek extended stays or consider secondary homes in the vicinity.

Strategic Location - The Red Sea is located north of Jeddah (~500 Km), and is within 8 hours flight time of 85% of the global population; further, the newly created, dedicated airport will provide access and airlift to The Red Sea.

INDIRECT ACCESS

SAUDI FUNDS OVERVIEW

SOVEREIGN WEALTH FUNDS



The Public Investment Fund (PIF)

PIF is The Kingdom's sovereign wealth fund, one of the largest SWFs in the world. Acting as the driving force for the realization of Vision 2030 objectives, PIF views the private sector as its most crucial, long-term strategic partner and has undertaken substantial initiatives to unlock new sectors for the Saudi economy.

AUM:

\$925 billion

Example

investments:

Al'Ula Development Company
Red Sea Global
NEOM



Sanabil Investments

Established in 2009, Sanabil Investments is a specialized financial investment company. Wholly owned by PIF, their investment focus is in the early to mature stage investing in bold capital, growth strategies, and small buyouts. Sanabil invests with a long-term investment horizon, focusing on value creation and patient capital.

Annual capital commitment:

\$3 billion

Example

investments:

Bird E-scooters
Varo
Atomwise

OTHER INSTITUTIONAL INVESTORS

PENSION FUNDS



There is one large pension fund in The Kingdom, The General Organization for Social Insurance (GOSI), the largest pension fund in the GCC region. In 2021, the Public Pension Agency (PPA) merged with GOSI to form a public sector entity holding a global portfolio, with holdings in large Saudi companies, banks, real estate, and bonds.

FAMILY OFFICE



There are over 15 family investment offices in Saudi Arabia (with publicly available information). Both, royal and high-net-worth non-royal families operate investment offices to maximize private wealth. Since 2017, Saudi family offices have participated in deals worth over \$5 billion in sectors ranging from real estate, Proptech, and diversified private equity deals.

INSURANCE FUND



Insurance companies act as significant institutional investors in Saudi Arabia. They must be established as publicly listed joint-stock companies and are regulated by the Saudi Arabian Monetary Agency (SAMA). SAMA requires firms to separate investment arms from insurance collateral and have enhanced risk management procedures.

MUTUAL FUNDS



The Tadawul (Saudi Arabia stock exchange) hosts numerous mutual funds, which pool money from multiple investors to invest in a diversified portfolio of securities. SNB Capital, one of the largest asset managers in Saudi, has a management portfolio of 47 funds, comprised of REITs, bond funds, and more offering different time horizons and risk.

THE IPO BOOM

A GLOBAL SIGNAL TO MARKET

In 2019, for the first time in its history, the Saudi state-owned oil company, Saudi Aramco, went public by listing 1.5% of its shares on the Tadawul stock exchange - following an increasing privatization trend providing opportunities to capitalize on established, state-backed businesses.

This event was the largest IPO ever attempted globally, raising an unprecedented \$25.6 billion. The capital amassed from this IPO will fuel the company's growth and significantly contribute to Saudi Arabia's broader economic diversification initiatives.

These state-driven initiatives will finance the giga-projects and venture capital funds, such as Wa'ed Ventures and Aramco Ventures, amongst other diversification efforts.

Amidst a simplified investment environment driven by Vision 2030 and the National Investment Strategy, since the start of 2023, Saudi Arabia has seen a surge in public listings, with 32 companies debuting on the Tadawul's Main Market and 44 on the parallel Nomu exchange.

This influx of IPOs has garnered \$176 billion in orders, highlighting the immense appetite from investors.

Driving this demand are both retail and institutional investors. Retail investors have been able to access these offerings with up to 10x leverage, while hedge funds have also flocked to the market.

Recent high-profile IPOs have exemplified this frenzy - Dr. Soliman Abdul Kader Fakeeh Hospital's \$750 million listing attracted \$91 billion in orders, Saudi Manpower Solutions' \$250 million IPO saw \$31 billion in demand, and fintech firm Rasan Information Technology's \$224 million offering drew \$29 billion in orders.

The strong post-listing performance of these companies has further stoked investor enthusiasm. Nearly a third of the listed firms hit their 30% daily trading limit on debut, with an average debut return of 32% - far outpacing Europe's 5.2% average. However, this surge in demand has also led to frustratingly reduced allocations.

Anticipation of the IPO pipeline has even contributed to a 10% dip in the Tadawul All Share Index from its March peak until the beginning of August, as investors hold back cash for these offerings. The index has since bounced back 5%.

To further support its economic diversification, Saudi Arabia is implementing an Industrial Policy through targeted interventions, incentives, and the establishment of Special Economic Zones (SEZs), which contribute to bolstering the overall investment landscape.

AN EMERGING INVESTMENT HUB

UNTAPPED FDI POTENTIAL

477%

INCREASE IN
RHQ COMPANIES
Q1'23-Q1'24

In December 2022, The Ministry of Finance issued a new set of controls that would restrict multinational companies without regional headquarters (RHQ) in The Kingdom from doing business with government entities.

These rules took effect from January 1, 2024. Companies are incentivized through several benefits including tax benefits, exemption from Saudization requirements, work visas, MISA subscription fee waivers, and exemption from professional accreditation requirements (if workers are accredited in their country of origin).

GROWTH OF FOREIGN COMPANIES WITH REGIONAL HEADQUARTERS

- 2021 44 RHQ companies
- 2022 80 RHQ companies
- 2023 180 RHQ companies
- 2024 Q1: 127 RHQ companies

Visible growth with a 477% increase in the first quarter of 2024 from the first quarter of 2023.

COMPANIES WITH RHQ IN THE KINGDOM

Finance, Services & Consulting



Technology & Communications



Consumer Lifestyle & Healthcare



Energy, Industrial & Engineering



FUTURE OUTLOOK

MOVING FORWARD

7.0



SAUDI ARABIA

A COMPELLING INVESTMENT

The desire for quality investment partners is a global pursuit, where Saudi Arabia presents a unique opportunity through its compelling vision and strategy, the demographic trends supporting it, and ultimately the scale of development in The Kingdom.

These factors are enough to get investor interest, but investors want to see action and evidence before committing funds. We have shown in this report some of the compelling factors that will drive investment in the region - the alignment between government and private sector, the coordinated strategy and concrete programs supporting the vision, genuine government efforts to ease the efforts of establishing businesses in the country and the use of innovation to drive returns and reduce risks.

There are genuine opportunities for all actors in the real estate sector to consider deploying capital. Importantly, there are also opportunities across different sub-sectors within real estate as Saudi Arabia is transforming and diversifying its economy.

The giga-projects show the world that Saudi Arabia is a global leader. Foreign investors may find opportunities within the giga-projects or increasingly in the myriad of other developments, all supporting Vision 2030 and its aims. The structured approach that Invest Saudi and PIF have taken to distill opportunities for investors helps show the desire for new capital and approaches as the development in the country accelerates.

We foresee a huge increase in joint projects and transactions and look forward to seeing the partnerships and connections formed deliver huge rewards for all engaged.

SPOTLIGHT PARTNERSHIPS

CROSS-BORDER COLLABORATIONS

In the last 18 months we have seen ever-increasing announcements of partnerships, joint-ventures and project-based arrangements. Three examples of these are highlighted below but there are numerous other examples which could equally illustrate the current commercial appetite.

These partnerships have immediate economic impacts on Saudi Arabia and for the parties involved and the size of some joint announcement is staggering reflecting the wider economic transformation of The Kingdom.



ROSHN x China Harbor Engineering Company

– Sector focus: residential

ROSHN awarded China Harbor Engineering Company one of the highest-valued giga project contracts of 2023. The 45-month, \$2.1 billion contract involves developing mosques, community centers, retail hubs, public amenities, and 6,700 residential units in SEDRA and WAREFA.



Nesaj x Colliers

– Sector focus: property management

Nesaj, a subsidiary of Retal for Urban Development, signed an MoU with Colliers International last year (2023). This partnership aims to enhance project management and consulting services in Saudi Arabia's commercial and hospitality sectors.



Retal x Ritz Carlton

– Sector focus: hospitality & leisure

Retal for Urban Development announced its partnership with Marriott International to launch The Ritz-Carlton Hotel in Al Khobar, featuring a luxury waterfront along the Arabian Gulf coast. The hotel, spanning 99,917 square meters, is set to open in 2027, offering luxurious spaces, global dining, and event facilities.

NETWORK: BRINGING INVESTORS TOGETHER

There is strong support from government, corporate and financial actors to broaden the investors considering Saudi Arabia for possible investment opportunities in real estate (as well as other sectors). They support the key objectives of Vision 2030.



**DIVERSIFYING
THE ECONOMY**



**PRIVATIZING
STATE-OWNED ENTITIES**



**PROMOTING
TOURISM**



**EMPOWERING
SAUDI YOUTH AND WOMEN
IN THE WORKFORCE**



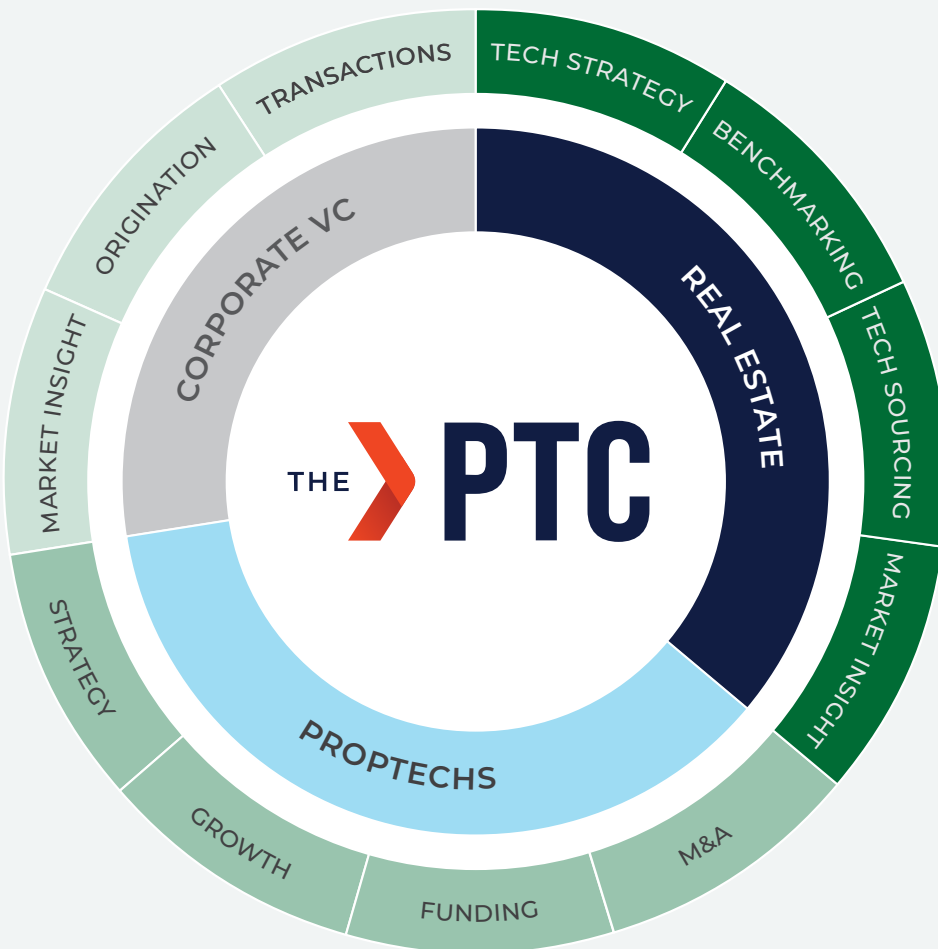
**DEVELOPING
PUBLIC SERVICE SECTORS:
HEALTHCARE + EDUCATION**

Investors rarely get an opportunity to meet with all the key actors to facilitate direct or indirect investment in one place. One established event that brings together leaders in real estate, property development and private finance is the [Cityscape Global Investor Program 2024](#).

THE PROPTECH CONNECTION

REAL ESTATE + TECH INVESTMENT LEADERS

Focused on knowledge sharing, increasing efficiency, and utilizing global best practice for job growth and the development of real estate and technology in the region.



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