

JUNE EDITION 2024

HAJJ TOURISM & HOTEL OPPORTUNITY OUTLOOK

Market Snapshot Report | Kingdom of Saudi Arabia

Ezdaher is part of the global award winning ecosystem of Avana Companies, specialised in funding franchise hotels & Hospitality Supplier SMEs, with over 22 years of experience

Message from CEO

As we celebrate Eid, we take this moment to look at Saudi Arabia's tourism industry, trends and opportunities. The kingdom is bouncing back strongly post-pandemic, with significant growth projections. There are substantial investment opportunities in growing markets with untapped projects yet to be funded on our journey towards Vision 2030 together.

Together we can achieve the goals of Vision 2030.

Sundip Patel, CEO





INTRODUCTION

Hajj to Saudi Arabia has always been a significant contributor to the country's tourism industry. Despite the setbacks caused by the COVID-19 pandemic, the sector is showing a robust recovery, with promising projections for the future.

Historical trends with a sharp recovery indicates a robust future with hotel growth opportunities in the kingdom. The gap in underserved hotel opportunities can be seen with Hotel occupancy rates in Riyadh have reached 100 percent, with daily room rates ranging between \$2,933 to \$3,999.

ACCOMMODATION SERVICES REVENUE 2021

SAR 70.9
BILLION



FOOD AND BEVERAGE SERVICES REVENUE 2021

SAR 63.8
BILLION



TOTAL REVENUE FROM ACCOMMODATION
AND F&B 2021

\$35.77
BILLION



PROJECTED FOOD AND BEVERAGE SERVICES REVENUE 2034

SAR 118.94
BILLION



PROJECTED ACCOMMODATION SERVICES REVENUE 2034

SAR 132.06
BILLION



PROJECTED MARKET REVENUE 2028

\$4.80 B I L L I O N



ARPU IN HOTELS 2028

\$410.80



TRAVEL & TOURISM MARKET REVENUE 2024

\$4.34 B I L L I O N



HOTEL MARKET VOLUME 2024

\$2.93 B I L L I O N



PROJECTED INDUSTRY VALUE 2034

\$343.55 B I L L I O N



HAJJ PILGRIMS IN 2023

1.84



HAJJ TOURISM INDUSTRY VALUE 2024

\$171.41



HOTEL OCCUPANCY RATES
IN RIYADH HAVE REACHED

100%



VISION 2030 TOURISM
GDP TARGET

\$86+



RIYADH FIVE-STAR DAILY ROOM RATES RANGING BETWEEN

\$2,933 to \$3,999

HISTORICAL PERFORMANCE

In 2017, the country welcomed 2.4 million pilgrims, generating total revenue of US\$2.03 billion.

However, the pandemic caused a significant decline in pilgrim numbers, dropping to 1.84 million in 2023, however overseas pilgrims remain heavily invested in travelling to KSA with 1.6 million pilgrims from outside Saudi Arabia.

2017 | Pilgrims

2.4M

Generating \$2.03 billion
in revenue

2023 | Pilgrims from
outside Saudi Arabia

1.6M

A significant % of the total
despite covid

2023 | Pilgrims

1.84M decline due to the pandemic

Saudi Vision 2030 Target: \$86
billion by 2025

CURRENT DATA & PROJECTIONS: HAJJ TOURISM INDUSTRY VALUE

\$171.41Bn

2024 | Expected

\$343.55Bn

2034 | Projected

The Hajj tourism industry's value is expected to reach **US\$ 171.41** billion in 2024 and is projected to grow to **US\$ 343.55** billion by 2034, with a forecasted CAGR of 7.2%. This growth aligns with **Saudi Arabia's Vision 2030** goals to significantly boost tourism's contribution to the GDP.

CURRENT DATA & PROJECTIONS: HAJJ TOURISM INDUSTRY OPPORTUNITY

221,000

Hotel Rooms | Mecca and Medina

30 million

Pilgrims | 2025

50 million

Pilgrims | 2030

To achieve the massive expansion in the kingdom **\$70 billion** in funding is needed to provide hotel rooms for pilgrims in the coming years.

TRAVEL & TOURISM MARKET

“There is a human tsunami coming to Saudi Arabia, whether for tourism, investment or residence, which has led to more demand and inflation in the prices of hotel rooms and apartments.”

Dr. Mohammed Makni, Assistant Professor of Finance & Investment at Imam Muhammad in Saud Islamic University

Promising Growth

By the end of 2024, Saudi Arabia's Travel & Tourism market is set to generate US\$ 4.34 billion, with an annual growth rate of 2.58%. This is expected to reach US\$ 4.8 billion by 2028, driven by the Hotels market, the largest segment, which is projected to reach US\$ 2.93 billion this year.

Increasing Penetration

The number of hotel users is forecasted to rise to 10.09 million by 2028, increasing market penetration from 28.2% in 2024 to 29.1% in 2028. The average revenue per user (ARPU) is projected to be US\$ 410.80 by 2028, creating opportunities for investors and businesses in the sector.



SME GROWTH IN PARALLEL

Ministry of Tourism had issued strict requirements for hotels classified as five stars

Sanitary and personal supplies available in every room must be 100 % organic. Hotels must use ultraviolet ray machines specialized in detecting bacteria, viruses, and germs during cleaning services.

REQUIREMENTS AS OPPORTUNITIES

With rules being applied on with strict requirements on Five star hotels, to match the price and expectations.

As the hotel demand is over capacity, there are also significant opportunities for business that work with hotels to take advantage of the demand.

FRANCHISE HOTELS TO DOMINATE KSA MARKET

The competitive landscape for hotel operators in Saudi Arabia is expected to shift significantly by 2030. While Accor is currently the largest operator by room count, Knight Frank projects that Marriott International will claim the top spot with 26,200 rooms under management in the Kingdom, compared to Accor's projected 25,400 rooms.

"approximately \$104 billion will be required just for building costs to realize 320,000 hotel rooms nationwide"



Ezdaher Financing Company

Empowering the Future of Saudi Hospitality

01

Ezdaher Financing Company is committed to supporting Saudi Arabia's Vision 2030 by providing fast business funding through a Sharia-compliant financing platform. Specializing in franchise hotel projects and hotel supply chain SMEs, Ezdaher aims to address the US\$ 250 billion funding gap in the kingdom. Leveraging over 22 years of experience from Avana Companies' global ecosystem, Ezdaher is registered with the Ministry of Commerce (Registration No. 1010887991) and has initial approval from the Saudi Central Bank for Speciality Finance Licensing and is currently undergoing final stages of approval.

02

The company aims to launch its services (subject to the appropriate approvals) on Android and iOS soon, empowering the growth of Saudi Arabia's booming hospitality sector. With the kingdom projected to add 320,000 hotel rooms by 2030, Ezdaher is poised to play a crucial role in financing this expansion and supporting the country's ambitious tourism goals under Vision 2030.

Questions about working together?

✈ Email us

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