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RIYADH'S HOSPITALITY BOOM: WHY PRIVATE CREDIT IS KEY TO MEETING DEMAND

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

320,000 ROOMS

رؤية
VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

Executive Summary

As Riyadh prepares for **Vision 2030**, it exemplifies the Kingdom's pressing demand for hospitality infrastructure. Despite confirmed expansions, the city's development only covers a fraction of the projected **need for additional 320,000 rooms** across the nation. Riyadh's case illustrates a national shortfall, creating **significant investment opportunities** to meet Saudi Arabia's tourism goals.

SAUDI ARABIA MARKET OVERVIEW

SAUDI ARABIA'S ECONOMIC STRENGTH

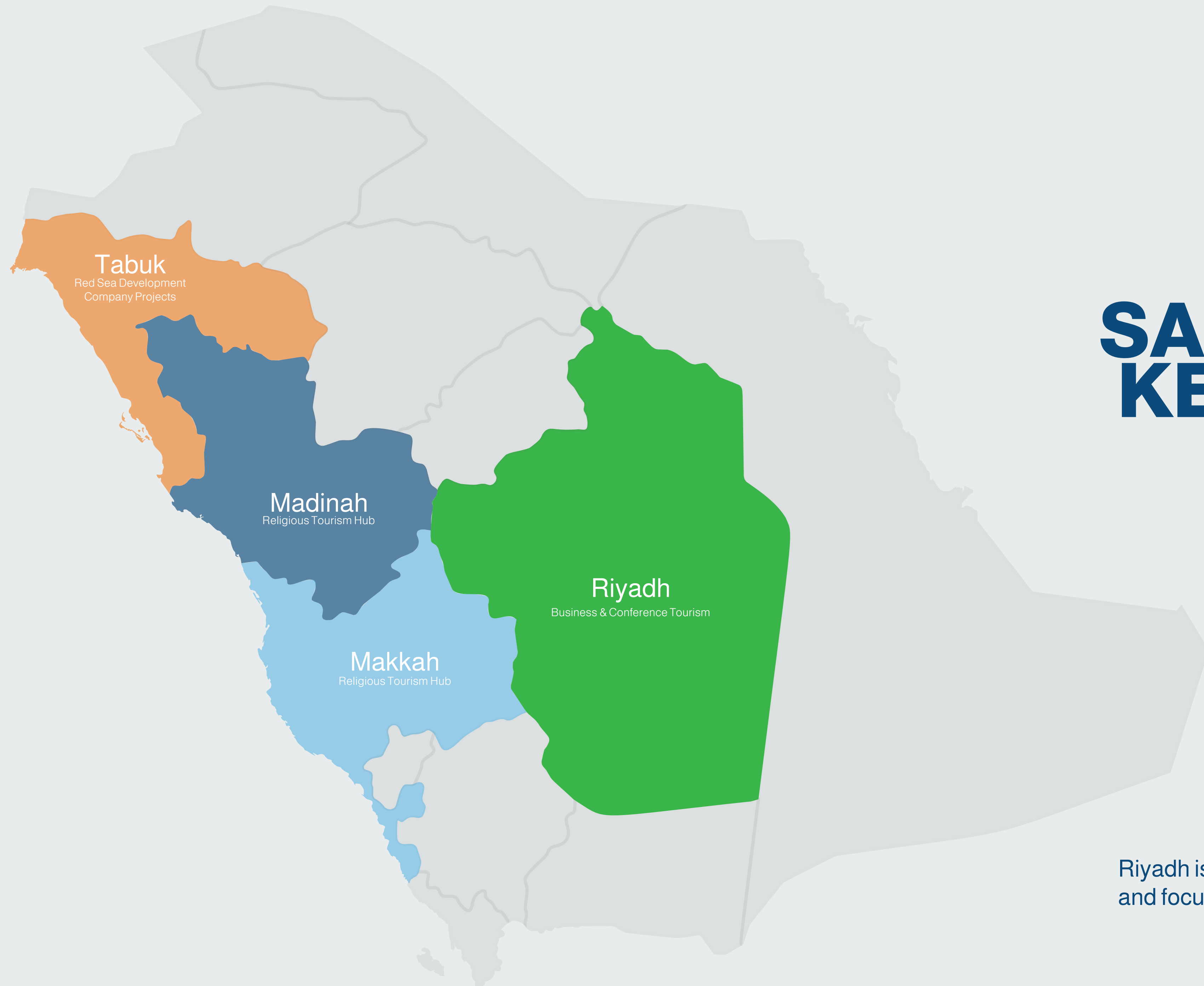
- a. Among top 20 countries by GDP, surpassing USD 1 Trillion in 2023
- b. One of the fastest growing countries
- c. Vision 2030, launched in 2016: Diversify the Saudi economy & reduce dependence on Oil industry
- d. SMEs: 90% of businesses are SMEs, accounting for 29% of GDP in 2023, with target to grow to 35% by 2030
- e. Islamic Finance: Largest Islamic Finance Market globally with \$860Bn market size
- f. Low NPL: One of the lowest NPL ratios globally

TOURISM: A KEY GROWTH DRIVER

- a. Tourism has emerged as a key growth driver in KSA, growing to 4% share of GDP in 2023 and slated to grow to 10% by 2030
- b. 109MM tourists in 2023, 67% higher than 2019; Among Top 15 destinations for International tourists with 27MM visits
- c. Target to grow to 150MM tourists by 2030, driven by 70MM International Tourists
- d. Supported by \$800 Bn planned Investment: \$80 Bn is required from Private funding
- e. Key growth drivers of Tourism: Major Events (Expo 2030, FIFA WC 2034, Asian Cup 2027, etc), Industry Conferences, Easy Visa regulations, Growing Aviation connectivity (to reach 250 destinations)

HOSPITALITY: A MASSIVE OPPORTUNITY FOR INVESTMENT

- a. Due to surging tourism, there is a need for additional 320K Hotel rooms by 2030, a ~3X growth from current 180K rooms
- b. Total development cost of 320K hotel rooms: >\$38 Bn
- c. KSA is 3rd largest global hotel construction market, with ~50K rooms currently under construction
- d. Giga projects such as Diriyah Gate, Red Sea Projects & Qiddiya account for majority of current projects



SAUDI ARABIA KEY TOURISM MARKET

Riyadh is a key centre for hospitality development
and focus of this report

KEY HOTEL SUPPLY INSIGHTS IN RIYADH

01

CONFIRMED DEVELOPMENTS IN RIYADH

Around 6,200+ new rooms have been confirmed in Riyadh across luxury, business, and economy categories, with projects in Diriyah Gate, KAFD, and other emerging districts. Yet, this figure underscores the gap remaining to meet Vision 2030's extensive goals, highlighting the potential for expansion in Riyadh and beyond.

02

NATIONWIDE DEMAND VS. RIYADH'S PROJECTED GROWTH

Extrapolating Riyadh's hotel growth provides a window into the larger demand across the Kingdom. While Riyadh is positioned as a key destination, similar development levels in other regions will be essential to meet the total room requirements for Vision 2030.

03

INVESTMENT OPPORTUNITIES BY SEGMENT

The demand for luxury and upscale hotels, business-oriented accommodations, and budget hotels each presents unique potential:

Luxury Segment: The demand for high-end tourism will continue to grow with large-scale projects.

Business and Economy Hotels: As Riyadh becomes a regional business hub, demand for affordable and scalable accommodations is rising, offering stable returns.

RIYADH'S NEXT WAVE OF HOTEL DEVELOPMENTS: INDICATORS OF BROADER DEMAND

Below is an in-depth view of confirmed hotel projects in Riyadh, offering insights into the types of developments required across Saudi Arabia to meet Vision 2030's ambitious goals.



Luxury Hotels

A Premium Market with
Mega Growth Ahead



Business & Lifestyle Hotels

Room to Grow



Economy Hotels

Big Demand from
Budget Travelers and Events

LUXURY HOTELS OVERVIEW

Luxury Hotels: A Premium Market with Mega Growth Ahead

Luxury hotels in Riyadh are becoming destinations in themselves, combining local heritage with world-class experiences. Projects like **Diriyah Gate** (4,937+ luxury rooms planned) and **King Salman Park** (adding over 2,000 rooms across 16 hotels) will attract high-net-worth travellers, creating new hubs for culture and luxury tourism. Notable developments include the **Four Seasons Diriyah** (150 rooms), the **Ritz-Carlton Diriyah** (195 rooms), and the **Langham Diriyah** (200 rooms).

However, even with these developments, the supply won't meet the projected surge in demand. Future mega-projects, such as **Disney-style resorts** and **entertainment hubs**, are expected to bring millions more visitors, further widening the gap in luxury accommodations.

Investors can capitalise on this unmet need, as the luxury segment offers high-margin returns through extended stays, wellness tourism, and premium events. As competition intensifies, early entrants will be positioned to capture prime opportunities within this fast-growing market.



LUXURY HOTELS

Diriyah Gate Development Project

The Diriyah Gate and Wadi Safar developments are projected to offer approximately 1,025 luxury hotel rooms across various key brands. While individual hotel room counts will vary, this estimate reflects the overall scope of the project.

150 ROOMS

**Four Seasons
Hotel Diriyah**

Opening: 2024



195 ROOMS

**Ritz-Carlton
Diriyah**

Opening: 2025



250 ROOMS

Including 48 Wadi Suites
Rosewood Riyadh

Opening: 2025



200 ROOMS

**The Langham,
Diriyah**

Opening: 2026



80 ROOMS

**Fauchon L'Hôtel
Riyadh**

Opening: TBD



70 ROOMS

**Armani Hotel
Diriyah**

Opening: TBD



X ROOMS

**Anantara Hotel
Diriyah**

Opening: TBD



80 ROOMS

**Six Senses Wadi
Safar**

Opening: 2026



150 ROOMS

**Pendry Hotels
& Resorts**

Opening: 2027



LUXURY HOTELS

Qiddiya Entertainment City

300 ROOMS
Rock Hotel Qiddiya

Opening: TBD



X ROOMS
Aqua Hotel Qiddiya

Opening: TBD



X ROOMS
Eco-Resort

Opening: TBD



Accor and Erth Real Estate

230 ROOMS
Raffles
Riyadh

Opening: 2027



250 ROOMS
Sofitel Serviced
Residence Riyadh

Opening: 2027



60 VILLAS
MGallery Resort
Riyadh

Opening: 2027



LUXURY HOTELS

King Salman Park Project

The King Salman Park Project in Riyadh, set to open starting in 2024, will be a major development under Saudi Arabia's Vision 2030, featuring a blend of cultural, recreational, and hospitality components. Here's a brief overview of the key hotels planned under this project

Mixed-Use Hotel Developments (Various Brands)

The park will include over 2,000 hotel rooms, spread across 16 hotels. These hotels will be integrated into the park's larger mixed-use real estate development, catering to both business tenants and park visitors. The exact brands are not fully confirmed, but the hospitality offering is expected to support the park's cultural and recreational focus

Hotels in Mixed-Use Projects

Several of the hotels will be part of mixed-use real estate projects, which will also include residential units, retail spaces, offices, and schools, designed to create a sustainable, community-driven urban district. The first phases will likely start opening in 2024

LUXURY HOTELS

King Abdullah Financial District (KAFD)

250 ROOMS

**Regent Riyadh
KAFD**

Opening: 2027



400 ROOMS

**InterContinental
Riyadh KAFD**

Opening: 2027



212 ROOMS

**Kimpton Riyadh
KAFD**

Opening: TBD



210 ROOMS

W Riyadh KAFD

Opening: TBD



LUXURY HOTELS

The Avenues Riyadh

The Avenues Riyadh is an upcoming large-scale mixed-use development expected to open in Q1 2026. It will feature a vast shopping mall with 370,000 sqm of leasable space, 19 cinema halls, and nine distinct districts. The project includes five towers, three of which will house luxury hotels: Waldorf Astoria, Conrad, and Canopy by Hilton. The development will incorporate both modern and sustainable design elements, aligning with Saudi Arabia's Vision 2030. This \$4.58 billion project aims to be a prominent commercial destination in the Middle East.

Mandarin Oriental (Rebranded in 2024)

This luxury hotel, formerly known as Al Faisaliah Hotel, has been rebranded as Mandarin Oriental Al Faisaliah. It features redesigned guest rooms, suites, and public spaces with Arabian design elements and contemporary luxury. The hotel offers 24-hour butler service, multiple dining outlets including the renowned "The Globe" restaurant, an advanced spa, a gym, and a 52-foot pool.

BUSINESS & LIFESTYLE HOTELS OVERVIEW

Business & Lifestyle Hotels: Room to Grow

Riyadh's upscale hotels cater to business travellers and lifestyle seekers, serving the growing demand for 'bleisure' travel. Key developments include the Hotel **Indigo Misk City** (234 rooms + 138 serviced apartments) and properties planned within **Al Widyah**. These hotels are designed for business professionals who need flexible, tech-enabled spaces, blending productivity with relaxation.

Despite these developments, corporate tourism is set to grow significantly with Riyadh's rise as a regional business hub, fueled by **new business districts like KAFD** (with upcoming hotels like the Regent Riyadh offering 250 rooms and the InterContinental Riyadh with 400 rooms). This segment offers **stable, year-round returns** from long-term corporate bookings and government events.

This growth opportunity is notable for funds and family offices aligned to invest in high-demand **hybrid-use spaces** and **wellness-focused services**.



BUSINESS & LIFESTYLE HOTELS

MISK CITY

234 ROOMS & SUITES
138 SERVICED
APARTMENTS

**Hotel Indigo Mohammed
Bin Salman Nonprofit City**

Opening: 2025



LAYSEN VALLEY

170 ROOMS

**Conrad Riyadh -
Laysen Valley**

Opening: 2025



MALL OF SAUDI

275 ROOMS

Pullman Hotel

Opening: 2026



RIYADH NORTH

246 ROOMS

**Voco Hotel and
Suites Riyadh**

Opening: 2026



ECONOMY HOTELS OVERVIEW

Economy Hotels: Big Demand from Budget Travelers and Events

Economy hotels in Riyadh, such as the [Holiday Inn Express Riyadh](#) (200 rooms, opening 2026), provide affordable, tech-enabled stays for budget-conscious travellers. While these developments meet some of the immediate demand, Riyadh's growing event calendar and push for domestic tourism will require many more economy hotels to accommodate visitors.

Future mega-events, such as sporting tournaments and cultural festivals, are expected to attract millions of guests needing short-stay, budget-friendly accommodations. With smart design and lean operations, the economy segment offers **fast payback cycles** and **stable occupancy rates**, making it an ideal low-risk investment opportunity. Investors can fund scalable projects that meet the growing need for affordable stays, benefiting from high demand across both business and tourism sectors.



ECONOMY HOTEL

200 ROOMS

**Holiday Inn
Express Riyadh**

Opening: 2026



Economy hotels are designed to provide cost-effective stays without compromising on comfort, catering to both business and leisure travellers.

With Riyadh's thriving events and tourism, the economy hotel segment remains remarkably untapped—perfectly aligned to capture the city's growing need for accessible, budget-friendly accommodations. The potential here is as promising as it is timely. Contact us to discuss further info@ezdaher.sa

RIYADH'S DEMAND GAP

Analyzing the Gap: Extrapolating Riyadh's Shortfall to National Demand

Riyadh is accelerating its hospitality expansion with several notable projects already announced, contributing approximately 6,200+ confirmed rooms across luxury, upscale, and economy segments.

4,937

Rooms in
Luxury hotels

1,063

Rooms in
Business & Lifestyle hotels

200

Rooms in
Economy hotels

When compared to Vision 2030's ambitious goal of 320,000 rooms nationwide, Riyadh's confirmed projects reveal a substantial gap, underscoring the need for similar developments across other major cities to host the major events planned. This shortfall translates into an enormous volume of funding required to meet demand, offering investors a unique opportunity to support strategic projects that will define the future of Saudi Arabia's hospitality market.

Investment Opportunities Across the Kingdom

Riyadh's expansion highlights the vast potential to meet demand across key hotel segments. Early investments in projects inspired by Riyadh's successful models offer a valuable foothold in high-growth areas, paving the way for substantial future revenue.

Message from CEO

In fast-moving markets, early entrants often capture the greatest returns—a pattern seen in cities like Dubai and Doha, where early movers enjoy premium opportunities, while later arrivals face higher costs and tighter margins. Riyadh is on a similar trajectory, with landmark projects like Diriyah Gate and KAFD creating unique openings, especially within the untapped economy hotel segment.

As Riyadh's market matures, competition will intensify, and available spaces will dwindle, favoring those who act now. The window to align with high-growth projects is narrowing; as demand accelerates, so will prices. Those positioning themselves early can secure favorable terms and steady, long-term revenue streams.

Sundip Patel, CEO

Disclaimer

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ABOUT EZDAHER

Part of the award-winning global ecosystem by AVANA Companies

Ezdaher, a part of the award-winning ecosystem of AVANA Companies, is the Saudi Arabian deployment of 22 years of hospitality funding experience. Specializing in Sharia-compliant funding for franchised hospitality and revenue-based funding for hospitality supply chain businesses in Saudi Arabia, we offer not just access to capital but also invaluable insights and expertise.

We believe in offering financing that aligns with the Shariah principles. To ensure that we are committed to these principles, our in-house Sharia Supervisory Board diligently evaluates and approves all our financing products and processes. The Board also conducts regular reviews to ensure that we continue to stay Shariah-compliant.

Contact us for more information