

# SAUDI ARABIA – THE EVOLUTION OF THE KINGDOM'S TOURISM INDUSTRY

## TOURISM INDUSTRY OVERVIEW

With Saudi Arabia driving forward with its Vision 2030 economic diversification agenda, it is important to understand the role that the government-led tourism projects will play in supporting the post-oil economy envisioned by the Kingdom.

In 2018, the market witnessed the launch of several world-class tourism and hospitality projects by Saudi Arabia's Public Investment Fund (PIF), including NEOM, The Red Sea Development Project, Amaala, Qiddiya District and the Wadi Al Disah Development Project.

These developments are aimed at positioning Saudi Arabia as a leading leisure and cultural tourism destination through the creation of a diverse tourism offering. This strategy shifts the country away from the current reliance on religious visitors towards attracting more legitimate tourists and provides compelling investment opportunities for the private sector, while preserving the nation's cultural and environmental heritage.

The tourism and hospitality industry is the second most important non-oil contributor to the Kingdom's GDP which, according to the World Travel and Tourism Council, was estimated at SAR 240.9 billion or 9.4% of total GDP in 2017. Furthermore, the travel sector accounted for 5.3% of the country's total employment with an estimated 644,000 jobs.

With government investment fuelling rapid growth in the industry, the sector's value is forecast to grow to SAR 400 billion by 2028 with direct employment levels projected to reach 749,000 jobs. The development of the tourism mega-projects is also expected to create an economic spillover effect by supporting other sectors of employment as well.

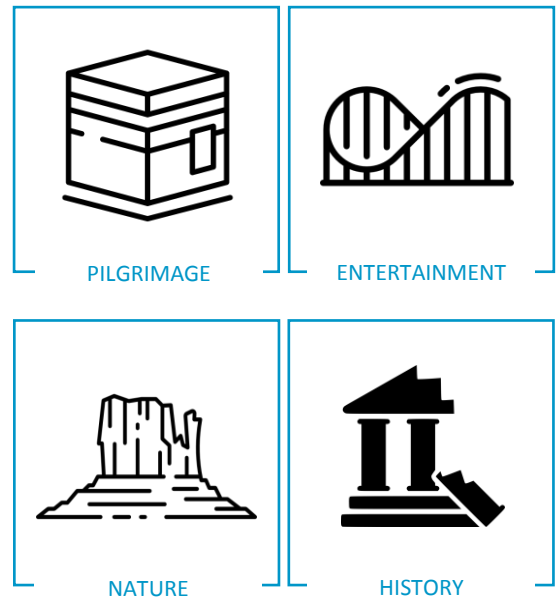
## EVOLUTION OF THE ENTERTAINMENT SECTOR

One of the most important elements of the socio-economic transformation agenda embedded in the Saudi Vision 2030 is the development of adequate entertainment infrastructure for local citizens and visitors.

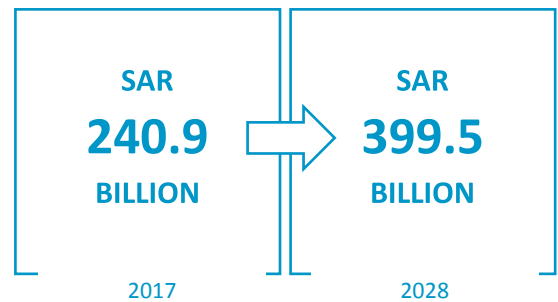
With an estimated 69% of the population under the age of 35 and an annual expenditure of SAR 30 billion on leisure and entertainment activities abroad by Saudi nationals, this untapped industry has immense potential to retain tourism spend in the Kingdom, generate employment opportunities and encourage foreign investment and public-private partnerships.

To organise, develop and regulate the sector, the Saudi government established the General Authority for Entertainment in 2016, followed by the launch of the Quality of Life 2020 programme in 2018. The latter has set an objective to increase the number of entertainment venues in the country from 154 to 260 by 2020 through public and private financing of SAR 130 million.

## KEY ELEMENTS OF THE KINGDOM'S TOURISM STRATEGY



## CONTRIBUTION OF SAUDI ARABIA'S TRAVEL SECTOR TO GDP



“The development of the Kingdom’s entertainment industry is a concerted effort to help recapture the estimated SAR 30 billion spent annually by Saudi residents abroad”