



## IN FOCUS – Saudi Arabia

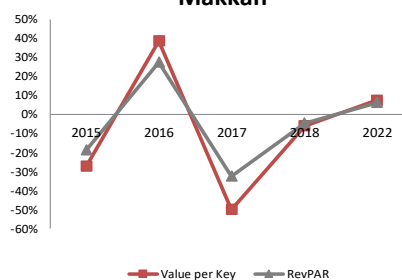
### Makkah – Saudi Arabia

Makkah, the Holy city for millions of Muslims to perform Hajj, experienced a 5% decline in RevPAR in 2018. Since 2015, the additional rooms in the market continue to put pressure on the achievable average rates. In the last five years, operating expenses have also increased leading to lower GOP levels, demonstrated in the decline in hotel values of 50% in 2017. A further 5% drop in hotel value was registered in 2018.

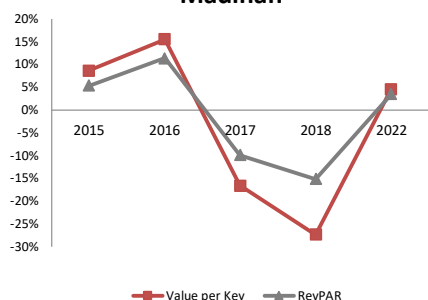
Despite the downward trend, we anticipate continuous growth in demand due to: recovery in the economies of key source markets; completion of the Haram expansion project; introduction of post-Umrah tourist visas; completion of Haramain speed rail; completion of Makkah Metro project; induced demand generated from the completion of mega-developments; and the government initiatives to implement the Saudi Vision 2030 plan, which aims to increase the pilgrims visitation capacity to over 30 million per annum.



#### Makkah



### Madinah



### Madinah – Saudi Arabia

As one of the two holy cities of Islam, Madinah is a destination for millions of Muslims to perform Umrah subsequent to Hajj. The hospitality sector has always been the primary driver for the economy in Madinah, led by religious tourism which remains the main source of visitation. As such, the Saudi government is committed to significantly increase the number of Umrah pilgrims who visit the Kingdom each year in line with the Vision 2030 to enhance the non-oil economy. Madinah hotel market is expected to recover from current challenges resulting from visa related taxes and currency devaluation in the main feeder markets like Turkey, Egypt and Indonesia.

As a result of the declining hotels performance, hotel value dropped by 17% and 27% in 2017 and 2018 respectively.

