



SAUDI ARABIA, A GIANT AWAKENED

Clemens Chay

18 September 2024

Middle East Institute, NUS





Al Jouf province

Photo: Abdelaziz Khalaf Alshammari

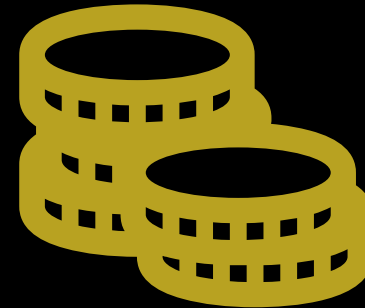
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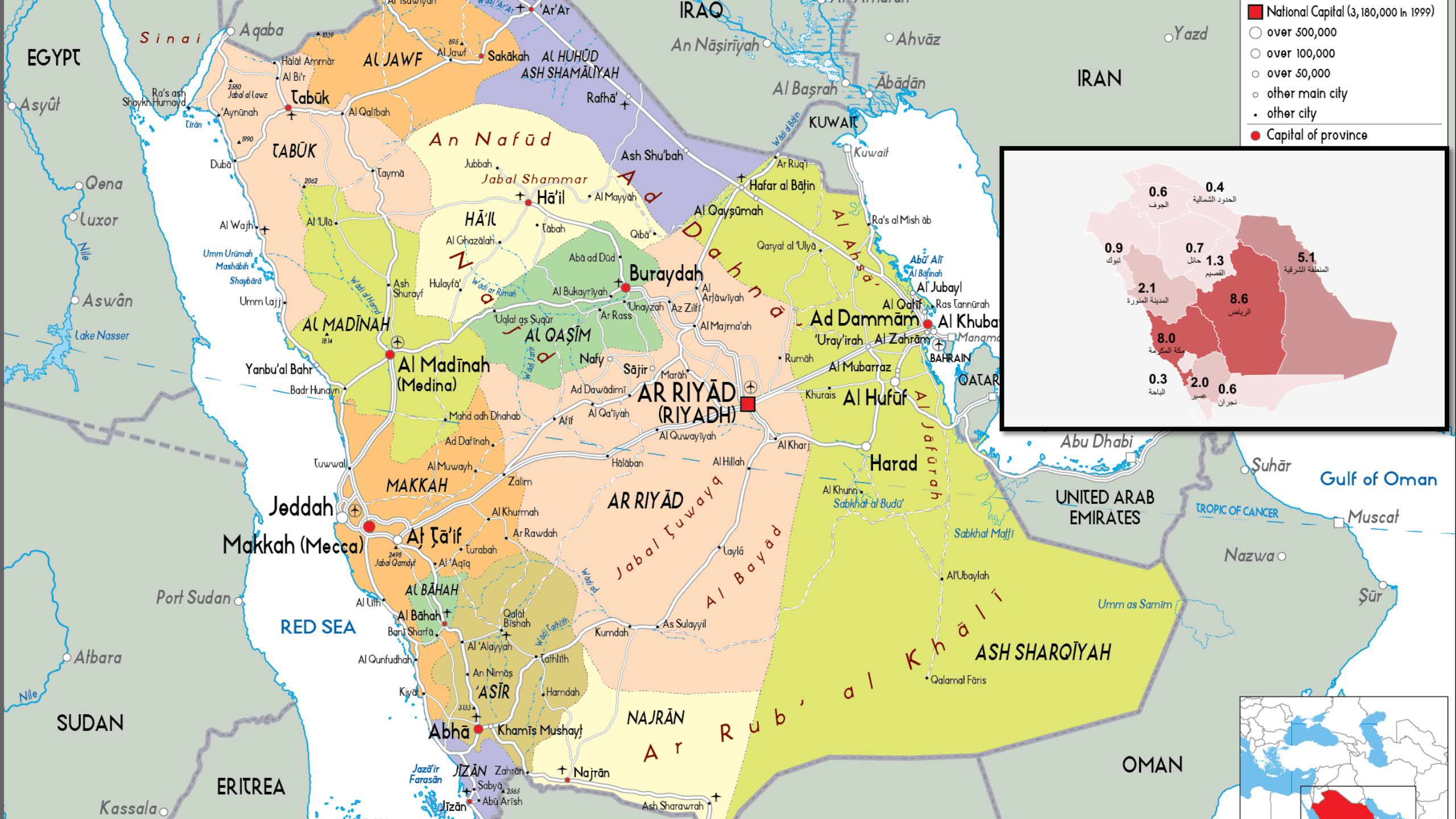
Outline



A political awakening... but of what nature?



An economic giant awakens (discussed in tandem with social reforms)



EGYPT

IRAN

SUDAN

OMAN

Asyūt
Qena
Luxor
Aswân
Lake Nasser

Port Sudan
Atbara

Kassala

Sinai

RED SEA

ERITREA

AL JAWF

An Nafūd

Jabal Shammar

HĀ'IL

AL MADĪNAH

Al Madīnah (Medina)

MAKKAH

Jeddah
Makkah (Mecca)

Al Ṭā'if

AL BĀHAH

Al Bāhah

'ASĪR

Abhā

JIZĀN

Zahrān

Abū Arīsh

IRAQ

An Nāshirīyah

AL HUHūd
ASH SHAMĀ'ĪYAH

Rafhā'

Ash Shu'bah

Hā'il

Buraydah

AL QAŠĪM

AR RIYĀD
(RIYADH)

AR RIYĀD

AR RIYĀD

AR RIYĀD

AR RIYĀD

AR RIYĀD

NAJRĀN

Ash Sharawrah

Al Baṣrah

Hafar al Bājin

Al Qaysūmah

Al Qaysūmah

Al Qaysūmah

Al Qaysūmah

Al Qaysūmah

Al Qaysūmah

Al Qaysūmah

Al Qaysūmah

Al Qaysūmah

Al Qaysūmah

Al Qaysūmah

Abādān

Kuwait

Ar Ruq'ī

Ar Ruq'ī

Ar Ruq'ī

Ar Ruq'ī

Ar Ruq'ī

Ar Ruq'ī

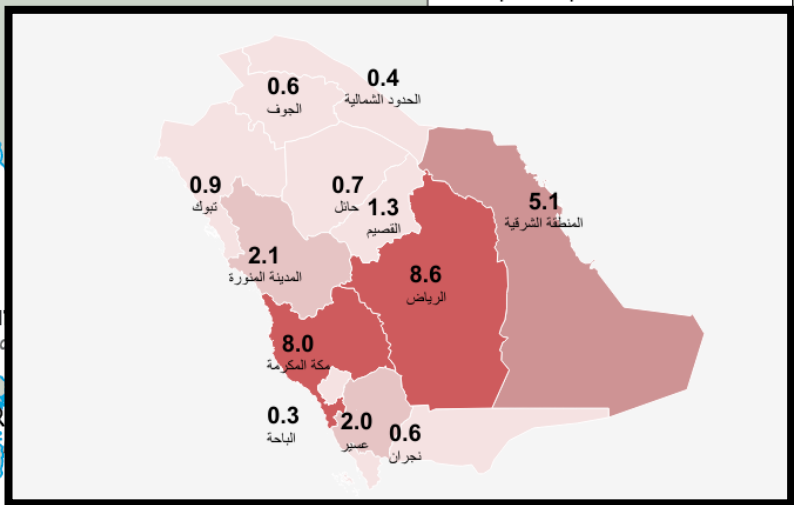
Ar Ruq'ī

Ar Ruq'ī

Ar Ruq'ī

Ar Ruq'ī

Ar Ruq'ī



UNITED ARAB EMIRATES

ASH SHARQĪYAH

ASH SHARQĪYAH

ASH SHARQĪYAH

ASH SHARQĪYAH

ASH SHARQĪYAH



A NEW TWIST TO THE FOUNDATIONS SINCE THE FIRST SAUDI STATE 1744-1818

- Alliance between Mohammed bin Abdulawahab and Mohammed bin Saud (religio-political alliance).
- “Wahhabism”/ da’wa (religious call/invitation) permitted conquests, granting greater political significance
- Expansion reached its limits and was ended by the Ottomans





Third Saudi State 1932-

- Abdulaziz bin Abdul Rahman Al Saud captured Riyadh in 1902
 - British influence over Arabia was growing to counter the Ottomans (Anglo-Saudi treaty in 1915)
 - Relied on *ulama* (religious scholars) in countering his rivals
 - Treaty of Jeddah (1927), before declaring his realm as the “Kingdom of Saudi Arabia” in 1932
-



Horizontal Succession and Power Sharing:



Saud:

Financial problems led to abdication after pressure

1953-1964

Faisal:

Modernisation and economic infrastructure; Introduced girls' education; Fostered pan-Islamic policy to counter pan-Arabism; assassinated

1964-1975

Khalid:

The siege of Mecca; Soviet invasion of Afghanistan; Iranian revolution

1975-1982

Fahd:

Height of the Sahwa movement; austerity policies; Gulf war; September 11; Iraq war

1982-2005

Abdullah:

National dialogue; reforms targeted at women's visibility; anti-terrorism law in 2014; high oil prices

2005-2015

The Transitional Period (2015-2017) under King Salman

- ▶ Allowed second generation (grandsons) to be in the line of succession
- ▶ Mohammed bin Nayef (crown prince) and Mohammed bin Salman (deputy crown prince) in 2015
- ▶ Restructuring of government bodies
- ▶ More assertive foreign policy (launch of Yemen war in 2015)
- ▶ US – Saudi Relations (from Obama to Trump)

Orchestrating a centralisation of power

- As the eldest son of King Salman's second wife, Mohammed bin Salman's ascension was unexpected
- Curbed the powers of the religious police and initiated a clerical shakeup
- Wither the Allegiance Council?



February 22nd
FOUNDATION DAY

**BUT MORE:
RISING
NATIONALISM &
“SAUDI FIRST”**





AL ARABIYA
news

AL ARABIYA

AL ARABIYA
news

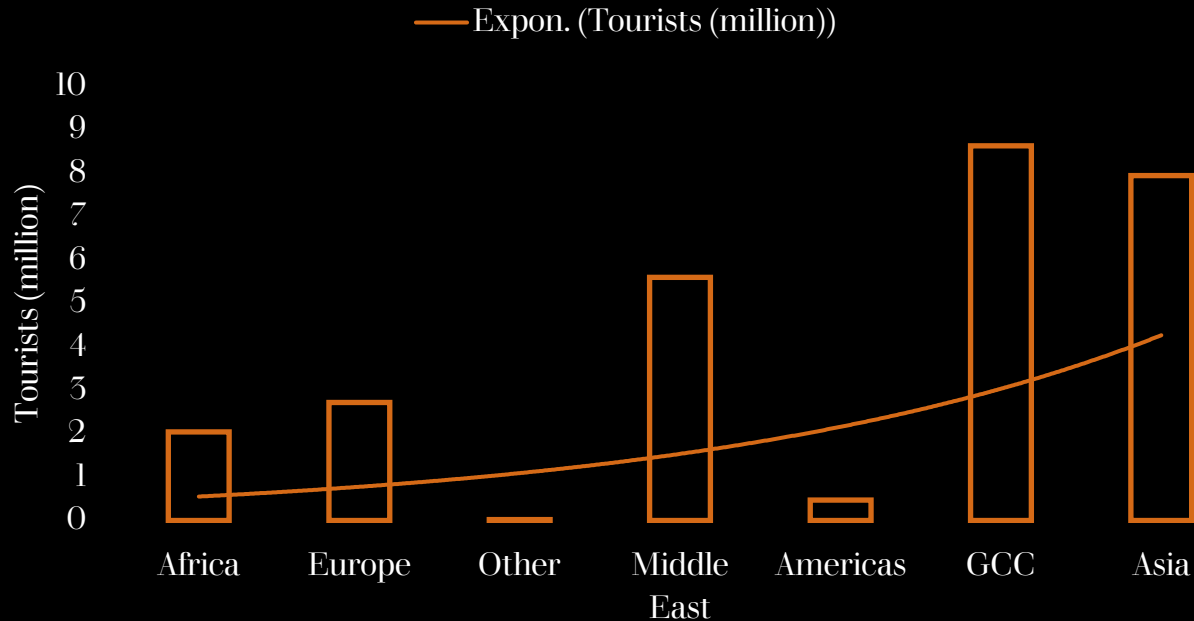
Vision 2030: roadmap to a post-oil economy

- Plans to develop megacities
- Attract tourism (regular and religious)
- Incorporating women in the workforce
- Emphasis on increasing capital
- “Moderate Islam”

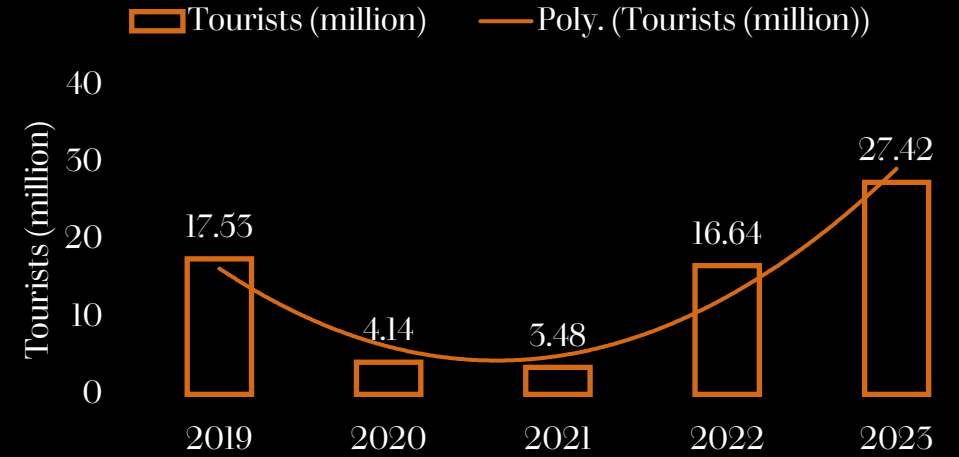


Tourism

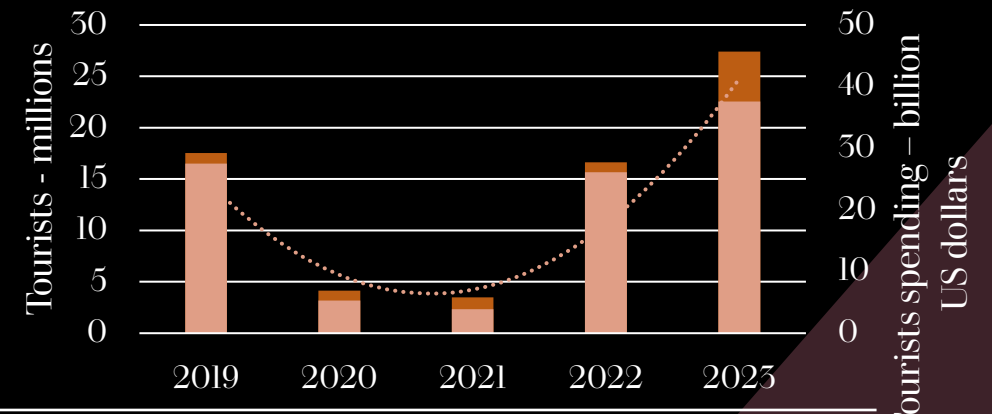
Inbound Tourism by Origin (million) - 2023



Inbound Tourism into KSA 2019-2023



Inbound Tourist spending in billion US dollars 2019-2023



Giga projects

Source: Knight Frank MENA

RIYADH

Riyadh remains firmly at the centre of the Kingdom's economic transformation. The Saudi capital is also at the heart of job creation and a magnet for young Saudis from elsewhere in the country who are seeking better employment opportunities. This, combined with an influx of expats is putting pressure on the city's housing stock, as reflected in the 50% increase in house prices over the last 4 years.

Unsurprisingly, this rising demand is supercharging development activity in the city, with a total of US\$ 314bn in real estate, infrastructure and transportation projects having been announced since 2016, with US\$ 60bn in construction contracts having been awarded to date.

The sheer scale of the planned development in Riyadh is clear when you examine the data: 340,000 new homes (including ROSHN and NHC units), 4.6 million sqm of new offices, 2.6 million sqm of new retail and 28,800 new hotel rooms (from c. 30,000 today) all to be delivered by 2030.

The development plans unveiled to date, we expect, will receive a further significant boost as new projects connected to the 2030 World Expo and the FIFA World Cup in 2034 unleash a slew of new developments across the city.

Indeed, the 2030 World Expo is expected to add as much as US\$ 7.8bn in new economic activity to the capital over the next six years, according to Al Rajih Capital.

Riyadh's US\$ 195bn real estate development plan

Total value of real estate and infrastructure projects unveiled since 2016	US\$ 195bn
Total value of commissioned projects	US\$ 35bn
Total value of projects in the pipeline	US\$ 71bn
Residential units*	340,000+ units
Hotel keys	28,800+ keys
Retail space	2.6 million+ sqm
Office space	4.6 million+ sqm

*Residential units in this table includes ROSHN and NHC units, which are detailed on page 10

Project Name	Project Value	Total Value of Commissioned Projects to Date	Value of Projects in The Pipeline	Office Space	Residential Units*	Retail Space	Hotel Keys	Total Land Area	Completion Date
THE NORTH POLE	US\$ 20bn	-	-	-	-	-	10,000	18 km ²	2030
SPORTS BOULEVARD	US\$ 6.8bn	US\$ 3.9bn	US\$ 5.8bn	40,000 sqm	8,000	120,000 sqm	1,000	122 km ²	2030
RIYADH EXPO 2030	US\$ 7.8bn	-	-	-	-	432,000 sqm	-	6,000,000 sqm	2030
QIDDIYAH	US\$ 21.8bn	US\$ 6.9bn	US\$ 17bn	80-100,000 sqm	11,000+	150,000+ sqm	3,000+	367 km ²	2030
NEW MURABBA	US\$ 50bn	US\$ 0.1bn	US\$ 7.1bn	1,400,000 sqm	104,000	980,000 sqm	9,000	19 km ²	2030
MISK FOUNDATION CITY	US\$ 4bn	US\$ 1.6bn	US\$ 2.9bn	200,000 sqm	6,500+	100,000+ sqm	-	3.4 km ²	2028
KING SALMAN PARK	US\$ 10.4bn	US\$ 5.5bn	US\$ 7.9bn	600,000 sqm	12,000	500,000 sqm	2,300	16.9 km ²	2027
KING ABDULLAH FINANCIAL DISTRICT	US\$ 10.5bn	US\$ 8.3bn	US\$ 0.8bn	900,000 sqm	1,000+	100,000+ sqm	500+	1,600,000 sqm	2027
DIRIYAH GATE	US\$ 63.9bn	US\$ 9.0bn	US\$ 29.6bn	1,400,000+ sqm	20,000	250,000 sqm	2-4,000	7,100,000 sqm	2027

*Residential units in this table excludes ROSHN and NHC units, which are detailed on page 10

Al-Ula



Red Sea Resort



WESTERN SAUDI ARABIA

On Saudi Arabia's western seaboard and the surrounding areas, no less than 17 Giga projects are currently underway. Together, this half of the Kingdom has seen US\$ 685.5bn of announced Giga projects and infrastructure since 2016, with US\$ 54.4bn in construction contracts, including those connected to the US\$ 500bn super-city NEOM.

Together, these projects will add 382,500 new homes to the Kingdom's housing stock, in addition to 3 million sqm of new offices, 4.3 million sqm of new retail space and 330,000 new hotel rooms, all by 2030.

Below we take a closer look at the exceptional transformation now unfolding across western Saudi.

Project Name	Project Value	Total Value of Commissioned Projects to Date	Value of Projects In The Pipeline
NEOM	US\$ 500bn	US\$28.7bn	US\$ 71bn
THAKHER	US\$ 1bn	US\$ 1.3bn	US\$ 0.1bn
SHAMS AL AROUS	US\$ 2bn	-	-
RUA AL MADINAH	US\$ 37bn	US\$ 1.6bn	US\$ 10bn
RUA AL HARAM	-	-	-
RED SEA GLOBAL	US\$ 17bn	US\$ 6.2bn	US\$ 14.2bn
OBHUR CITY	US\$ 15bn	US\$ 0.5bn	-
MASAR-MAKKAH	US\$ 10 bn	US\$ 5bn	US\$ 6.9bn
KNOWLEDGE ECONOMIC CITY	US\$ 8bn	US\$ 1.8bn	US\$ 1.8bn
KING ABDULLAH ECONOMIC CITY	US\$ 27bn	US\$ 3bn	US\$ 0.2bn
JEDDAH ECONOMIC CITY	US\$ 20bn	US\$ 0.2bn	US\$ 2.2bn
JEDDAH CENTRAL	US\$ 20bn	US\$ 1.5bn	US\$ 4.1bn
JABAL OMAR	US\$ 6bn	US\$ 2.5bn	US\$ 0.8bn
JEDDAH HISTORIC DISTRICT	US\$ 5bn	-	-
AL ULA	US\$ 16bn	US\$ 1.8bn	US\$ 5bn
THE MONOLITH (PROJECT W)	US\$ 1bn	US\$ 0.1bn	-

The trending mega or infrastructure projects

Riyadh Development projects

→ Diriyah Gate

→ New Murabba

→ King Salman Park



NEW MURABBA

The New Murabba is a large-scale mixed-use real estate development under construction in Riyadh. Aim of the project is create a new downtown for Riyadh.

Red Sea Projects

→ The Line

→ Trojena

→ Oxygon

→ Sindalah

→ The Red Sea Project

→ Amaala

Once complete, Amaala will feature nearly 4,000 hotel rooms across 30 hotels, in addition to 1,200 luxury villas, apartments and homes. There will be retail, dining and wellness facilities, and Amaala will be powered entirely by solar energy.

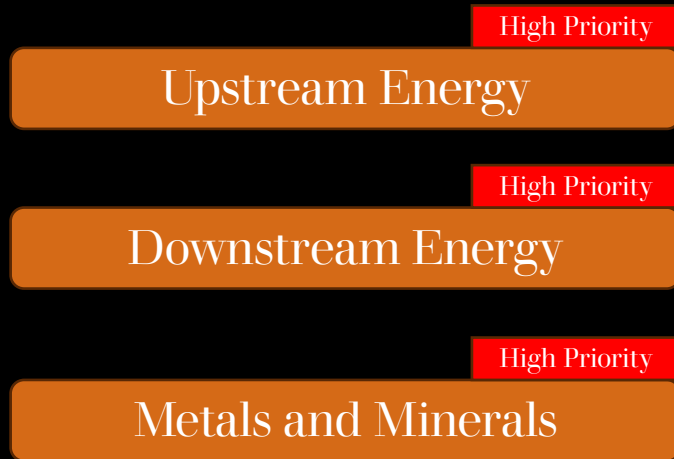
Expected completion: 2025



AMAALA

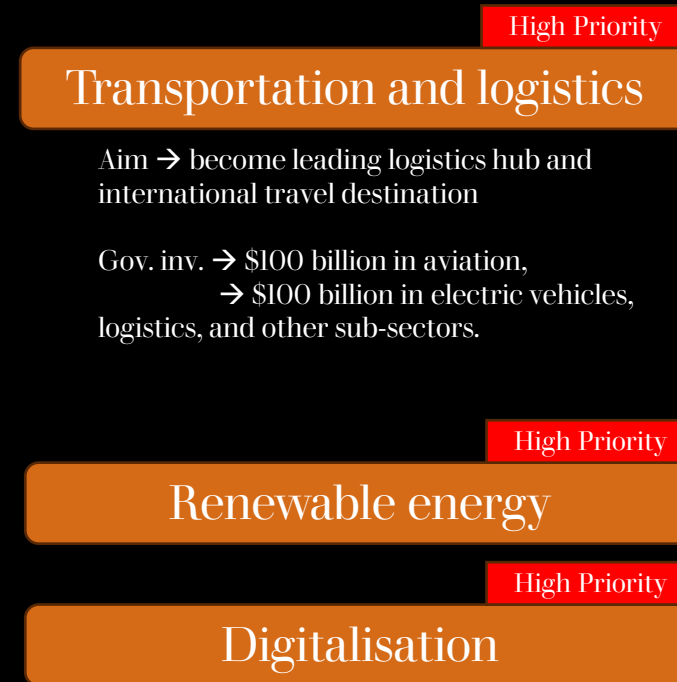
Goldman Sachs Research report

According to Goldman Sachs Research, Saudi Arabia is expected to invest \$1 trillion across six strategic sectors by 2030. But the oil industry is likely to receive a smaller portion of this than previously forecast. Around 73% of the investment funds will go to non-oil sectors.



Saudi Arabia aims to award more than 30 mining exploration licenses this year and has established a \$182 mineral exploration incentive program to encourage more investment in the sector.

Chemical products are also among the most important non-oil exports. Inversely, the most important imported goods are machinery and electrical equipment.



Selected PIF assets under management

- International Strategic Investments account for about \$100 billion of the reported \$320 billion assets in mid-2020
- PIF intervention also at the heart of hybrid diversification strategy, aimed at rebuilding revenue streams by investment
- Technology investments stands out with a major partner in Softbank Vision Fund

International Strategic Investments	\$bn
Softbank Vision Fund	45
Blackstone Infrastructure Fund	20
Egyptian Investment Fund	16
Jordan Investment Fund	10
Russian Direct Investment Fund	10
French private equity	10
Uber	3.5
Virgin Galactic	1
Lucid (electric car maker)	1

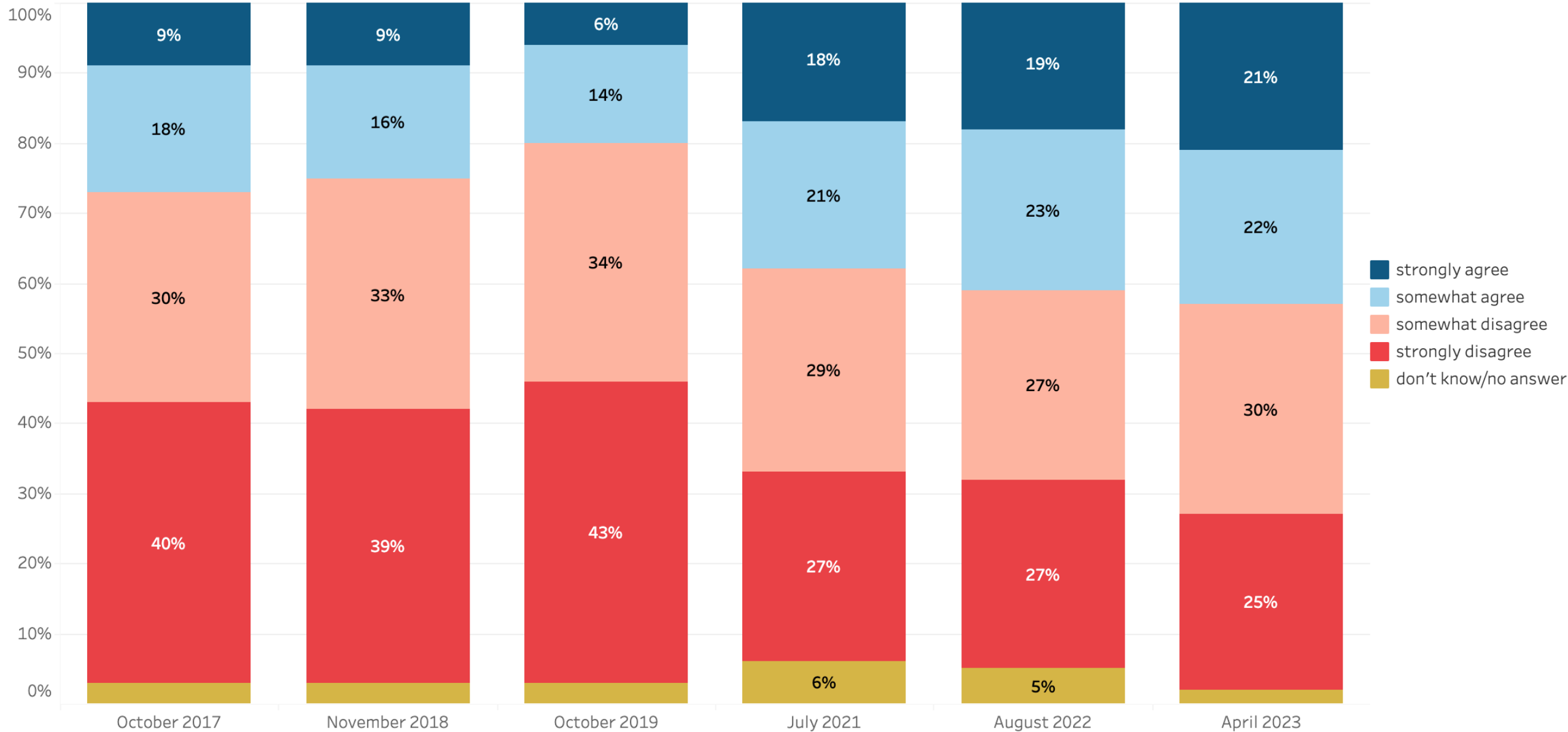
Legal/social reforms

UAE	Saudi Arabia
Cohabitation permitted for unmarried couples	Reforms to male guardianship system (right to own passports, travel abroad, live independently)
“Appropriate and authorised alcohol consumption” will no longer be a criminal offence	Sale of alcohol in Riyadh’s diplomatic quarter (for non-Muslim foreign diplomats)
Divorce follows the laws of the country where the marriage took place	Prohibiting gender discrimination in employment
Harsher penalties for men who commit “honour crimes” against women	Public entertainment allowed cf. Qiddiya
Golden visas and more	Religious police abolished
	End of segregated restaurants/malls



Olaya Street, Riyadh

Saudi Arabia: We should listen to those among us who want to interpret Islam in a more moderate, tolerant, and modern way.



CHALLENGES AND PROSPECTS

- Renegotiating the social contract
- Preventing core-periphery polarisation
- Capitalising on the demographic dividend
 - Balancing religion and social relaxation*
- Intergenerational equity
- Profiling amid regional competition
- Recalibration of project targets





**MAIN
STAGE**

FAISAL DURRANI

**PARTNER, HEAD OF RESEARCH
KNIGHT FRANK MIDDLE EAST**



The Twenty30 Podcast

- Limits of tourism growth and what kind of investments/real estate options we can add
 - Five new premium residential visa options were added in January this year
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