

KSA's Expanding Hospitality Sector

Insights from FHS and Future Supply Trends

The background of the entire page is an aerial night photograph of a coastal city. In the foreground, a tall, cylindrical hotel building with a blue and white facade and a rooftop pool is prominent. To its right is another tall building with a large, illuminated circular cutout. The city extends to the sea, with lights from buildings and roads reflecting on the water. Light trails from cars are visible on the roads.

H1 2025



KSA Hospitality Sector H1 2025 Overview

Kingdom-Wide Hospitality Pipeline Reflects Structural Growth Commitment

- Saudi Arabia’s hospitality sector is undergoing a strategic expansion in line with Vision 2030, driven by unprecedented supply linked to giga-projects such as NEOM, Qiddiya, and the Red Sea.
- While official forecasts suggest 362,000 new hotel keys by 2030, a more conservative, feasibility-aligned projection of 340,000 rooms reflects historical absorption patterns.
- This robust pipeline is already attracting institutional interest, with US\$1.1 billion in hospitality deals and opportunities captured in 2024, thereby signaling strong momentum for capital partners and developers alike.

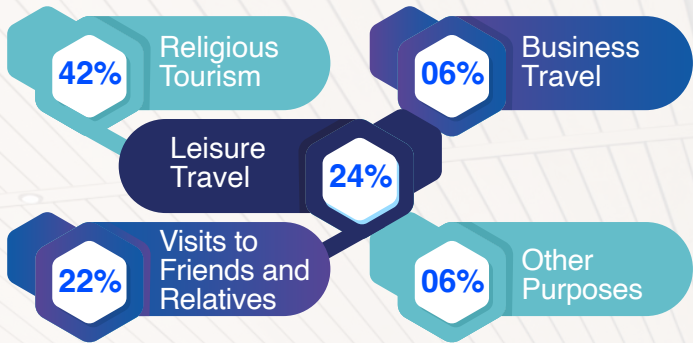
Saudi Arabia Hotel Key Supply



Source: Insights Research

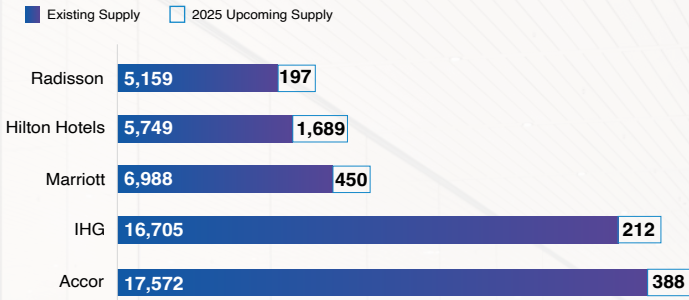
Core Demand Drivers Shaping Supply Strategies

Saudi Arabia’s hospitality demand is primarily driven by the following:



This tourism base underpins room absorption, particularly in Makkah, Madinah, and emerging Tier-2 destinations.

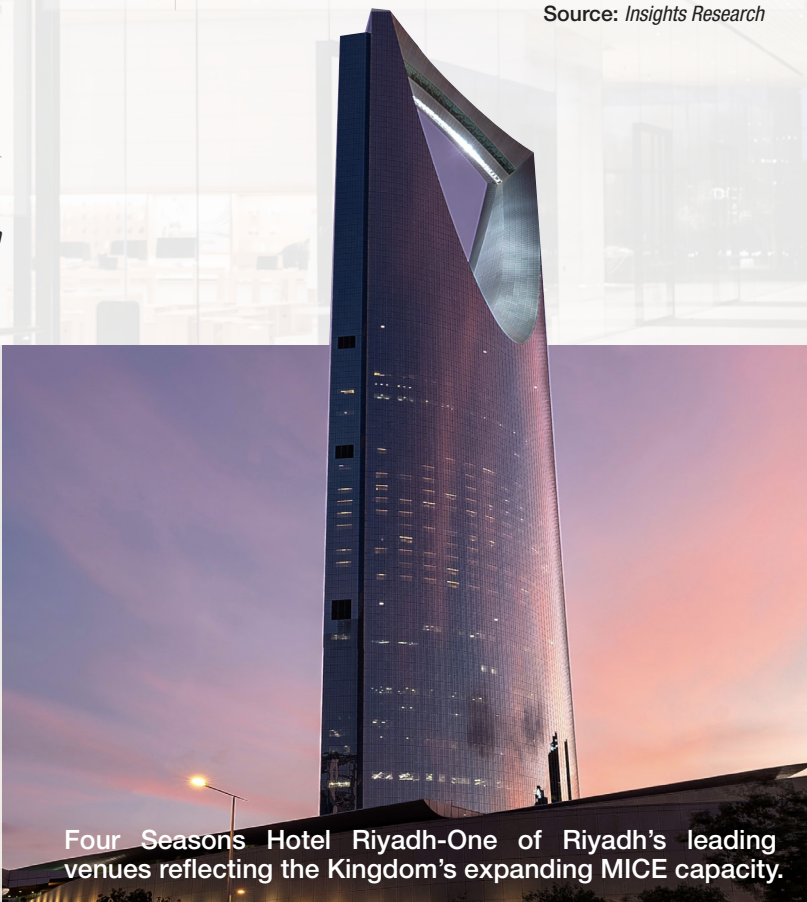
International Brands Key Supply Breakdown



Source: Insights Research

Events in Focus

- The 2025 events calendar by the Saudi Conventions and Exhibitions Authority reflects a strengthening MICE ecosystem aligned with Vision 2030.
- Events like LEAP, Restatex, and FHS substantiate the viability of MICE-driven hospitality demand.



Four Seasons Hotel Riyadh-One of Riyadh’s leading venues reflecting the Kingdom’s expanding MICE capacity.

Event in Focus: FHS 2025

“FHS Saudi Arabia 2025 reinforced the Kingdom’s position as a global hospitality investment hub, catalyzing major transactions and strategic deal flow. With strong C-suite participation and significant investor AUM represented, the forum signaled growing institutional conviction in Saudi Arabia’s long-term value creation trajectory. The scale and quality of engagement underscore a maturing investor landscape increasingly drawn to the Kingdom’s event-led, giga-project-aligned hospitality assets. As Saudi Arabia accelerates toward thousands of new hotel keys by 2030, forums like FHS are evolving into critical capital allocation platforms shaping the regional hospitality ecosystem.”



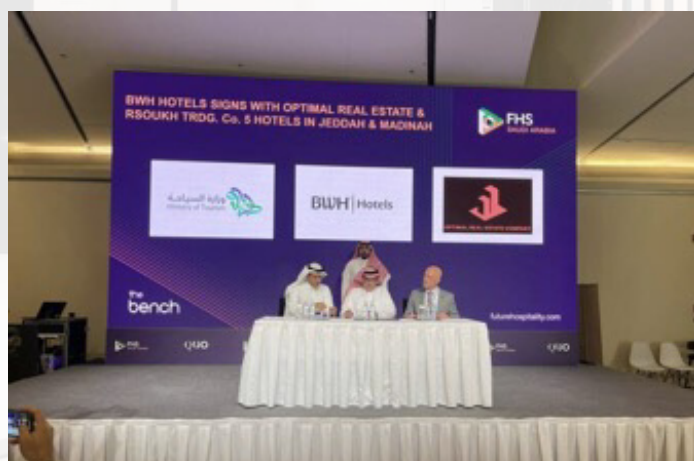
Major Deals Signed During FHS 2025



Wyndham and Le Park Concord to develop 100 Super 8 hotels in Saudi Arabia under a 10-year agreement.



IHG Hotels & Resorts in agreement to open 3 hotels in Jeddah



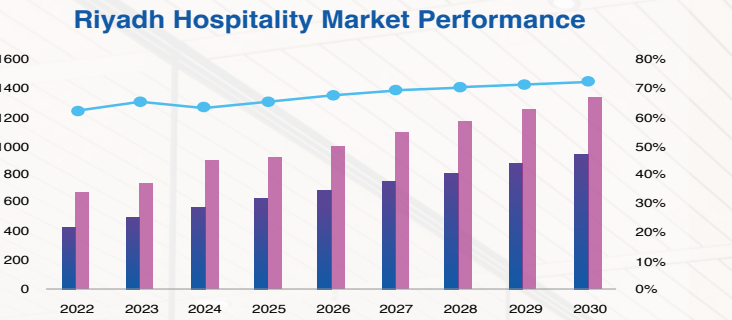
BWH Hotel's agreement to open 5 new hotels across Jeddah and Madinah with about 1000 keys in total.



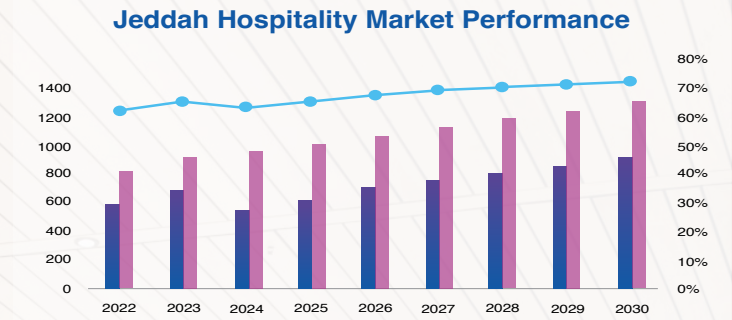
Taiba Investments to open 2000 hotel rooms across KSA in 2025.

Key Performance Indicators of Established Hospitality Markets

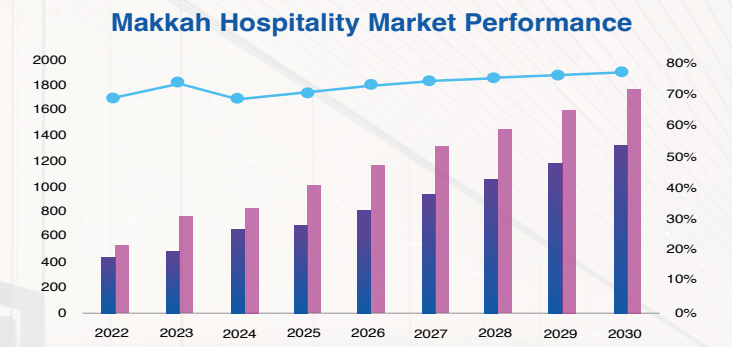
RevPAR, ADR, and Occupancy Trends Across Major Hospitality Markets (2022–2030F)



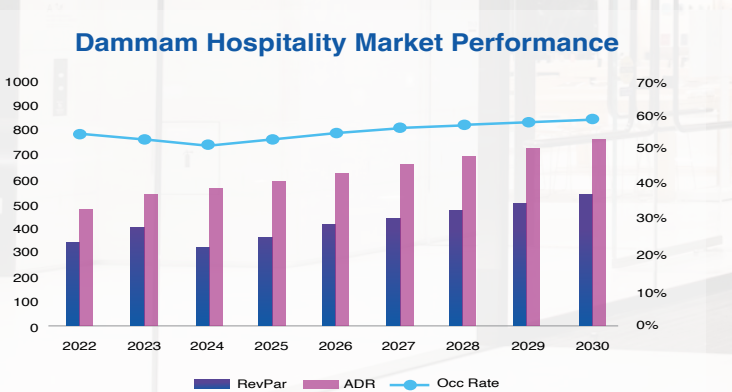
Riyadh continues to exhibit robust hotel pipeline absorption, catalyzed by RHQ-linked demand and the opening of high-end assets such as the Parisian-inspired Mansard Riyadh by Radisson.



Jeddah is entering a repositioning phase, with performance supported by lifestyle tourism, waterfront regeneration, and increasing midscale brand penetration.



In Makkah and Madinah, religious tourism is expected to drive structural occupancy stability, with Vision 2030’s target of 30 million Umrah pilgrims anchoring future growth. Both cities are also witnessing a quality shift in supply mix, favoring upscale and branded offerings over legacy inventory.



Source: Insights Research

Dammam remains a more volatile performer but is gaining from sustained infrastructure spending and regional corporate mobility.

Overall, the Kingdom’s core hospitality markets continue to show resilient fundamentals and upward trajectories, driven by differentiated demand spanning corporate, government, and religious segments. Aligned with macro reforms, infrastructure investments, and brand expansion, these markets are primed for long-term RevPAR growth, operational efficiency, and sustained investor interest.



Parisian-Inspired Mansard Riyadh Radisson

Key Performance Indicators of Emerging Hospitality Markets

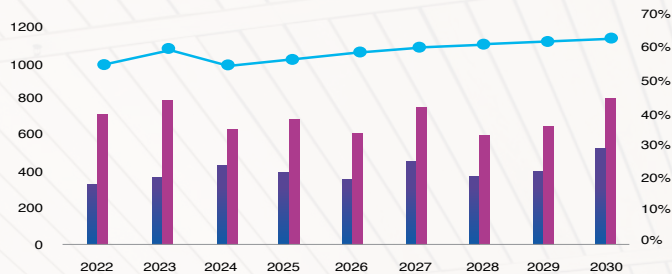
Emerging hospitality markets (Tier 2) in Saudi Arabia, such as Abha, Al Baha, and Buraydah, are gaining momentum as the Kingdom diversifies its tourism sector under Vision 2030. These cities, traditionally less prominent than major hubs like Riyadh and Jeddah, offer unique cultural, historical, and natural attractions that appeal to domestic and international tourists.

Abha, known for its cool climate and mountainous landscapes, is becoming a popular summer retreat. Al Baha, with its scenic forests and ancient forts, attracts nature enthusiasts and history lovers alike. Meanwhile, Buraydah, the capital of the Qassim region, is emerging as a cultural and agricultural center, offering authentic Saudi experiences and heritage festivals.

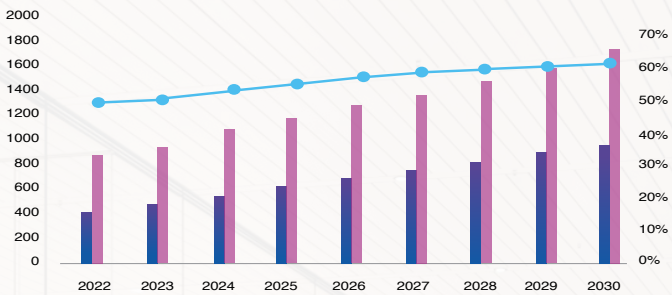
As infrastructure improves and investment increases, these cities are set to become key players in Saudi Arabia's growing hospitality and tourism landscape.

One of the many notable growth nodes in KSA is NEOM - Saudi Arabia's \$500 billion smart city project. Its hospitality expansion continues with the introduction of Hampton by Hilton hotel in NEOM Community 2. Set to open in 2025, this 201-room property follows the successful launch of the first Hampton by Hilton in NEOM Community 1.

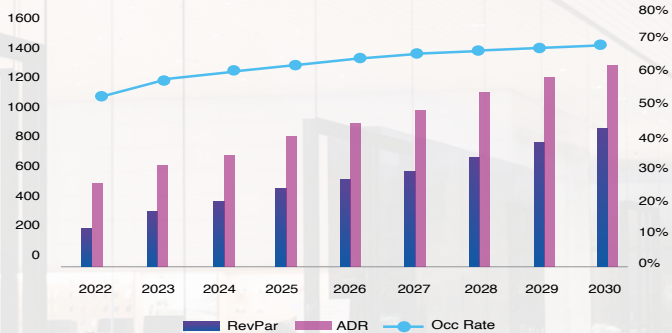
Abha Hospitality Market Performance



Al Baha Hospitality Market Performance



Buraydah Hospitality Market Performance



Source: Insights Research



Giga Projects and Sectoral Catalysts Driving Hospitality Supply



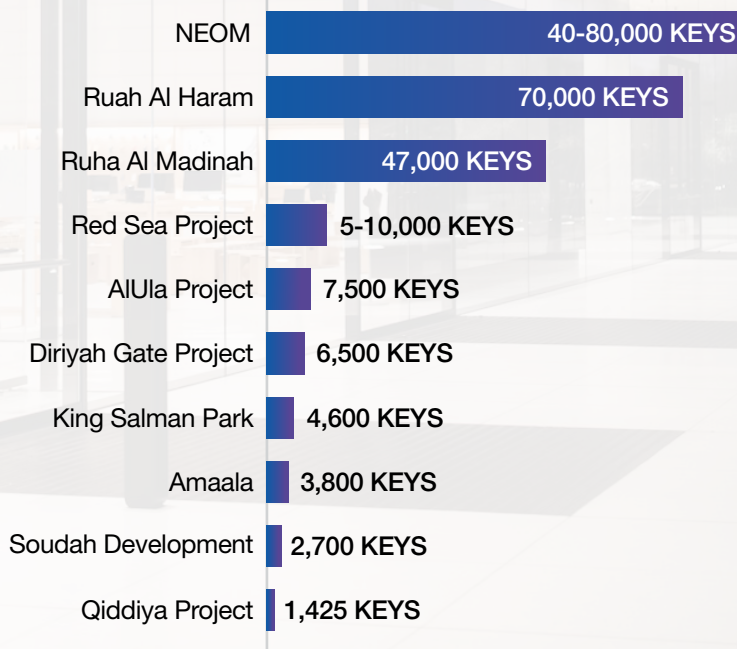
Rising land values and capacity constraints tighten near-term supply, but Saudi Arabia's giga-projects and sectoral demand catalysts continue to accelerate transformative growth in the hospitality market.

Sectoral Demand Generators

Non-oil sector expansion is generating new hospitality clusters.

- The corporate segment is growing rapidly, driven by RHQ relocations, PPPs, and infrastructure contracts.
- Healthcare tourism is emerging as a niche, with investments in medical cities and specialized clinics across Riyadh and Jeddah.
- Education and industrial zones are also contributing to sustained business travel and long-stay hotel demand in secondary cities like Abha, Al Baha, and Al Khobar.

Together, these drivers are pushing hotel development beyond Tier 1 cities, fueling mixed-use precincts and diversified supply pipelines across the Kingdom.



Forecasting Supply: Key Events & Attractions

Riyadh Expo 2030

City: Riyadh

Expo 2020: +20 Million

2030: 40 Million Expected



Riyadh Season

City: Riyadh

Expo 2020: 13 Million Visitors

2025: +20 Million Visitors



Esports World Cup Festival 2025

City: Riyadh

2024: +1.5 million visitors

2025: +2 million visitors



Red Sea Film Festival

City: Jeddah

2024: +33,000 attendees

2025: +50,000 attendees Expected



Formula 1 Saudi Arabian Grand Prix

City: Jeddah

2024: 150,000

2025: +170,000 attendees

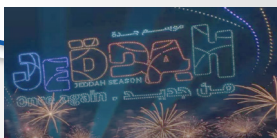


Jeddah Season

City: Jeddah

2024: 1.7 million visitors

2025: +1.9 million visitors Expected



AIUla Trail Race

City: Al Ula

2024: +1000 participants

2025: +1,400 participants Expected



Winter at Tantora

City: Al Ula

2024: +400,000 visitors

2025: +420,000 visitors Expected



AlFursan Endurance Horse Race

City: Al Ula

2024: +260 riders participated

2025: 320 riders participated



Six Flags

City: Qiddiya

Six Flags USA: 8-11,000 per day

2025: 15,000 visitors per day Expected



Ocean Race Amaala 2027

City: Amaala

2027: +35,000 attendees



Asian Winter Games 2029

City: NEOM

2025: +800 Spectators on Opening Day In China

2029: +30,000 attendees



Source: Statista, Red Sea Global, Insights Research

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Saudi Arabia's expanding event portfolio across Riyadh, Jeddah, Al Baha, AIUla, NEOM, and Qiddiya is catalyzing a structural upcycle in hospitality. In 2024, the Kingdom welcomed 19.5 million non-religious tourists; by 2025, arrivals are projected to reach 23.7 million with SAR 68.7 million in spend. The resulting demand surge is reshaping investment priorities across hotel development, luxury lodging, and experiential hospitality offerings. ”

2025

Strategic
Contact
Zone

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