insights

Ten Years In: Who Funds the Next Five?

Vision 2030 and the Changing Landscape of Private Sector Investment



رؤية VISION 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

The Scorecard at Year Ten

Vision 2030 has entered its third and final phase with a clear message from its own annual report: the next five years will be led by the private sector. The 2025 report records 93% of key performance indicators meeting or exceeding their annual targets (309 of 390). Measured against the targets that matter most to investors, the picture is more nuanced: some indicators are well ahead of plan, while others are still behind.

Table 1: Selected Vision 2030 Indicators, Actual vs Target

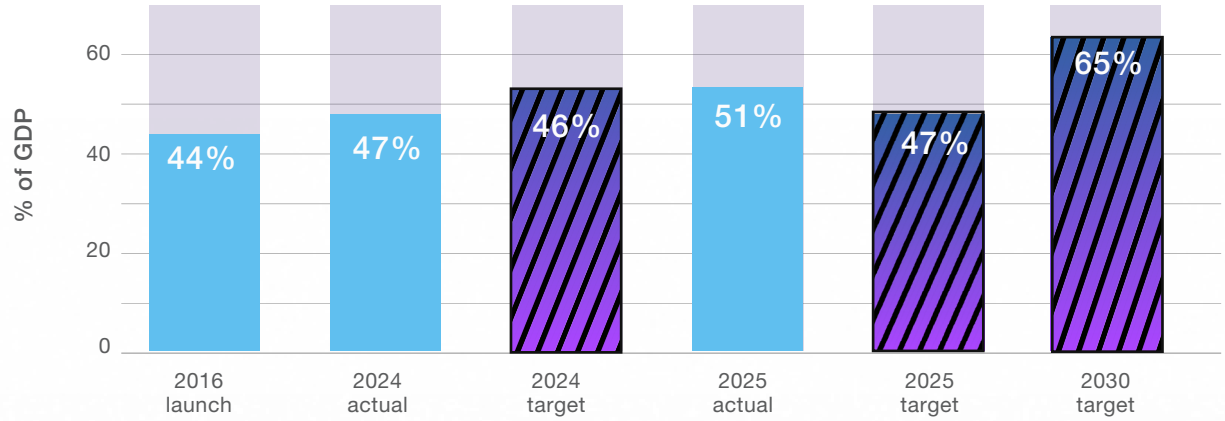
Indicator	At launch	2025 actual	2025 target	2030 target
Private sector share of GDP	**44%**	51%	47%	65%
FDI inflows, % of GDP	–	55%	–	–
Non-oil activities, share of real GDP	–	2.8%	3.4%	–
Regional headquarters licensed (cumulative)	**44 (2021)**	700+	–	500
Saudi home ownership	**47%**	66.24%	–	–
SMEs, number	–	1.7m+	–	–

"–" indicates no figure published in the cited sources. FDI is the Vision report's balance-of-payments measure (USD 35.5bn; SAR 122.4bn).

Sources:
Vision 2030 Annual Report 2025 via Zawya (Apr 2026), Arab News (Apr 2026), Enterprise AM (Apr 2026), Okaz (Apr 2026)

The headline success is the private sector's share of GDP. It reached 51% in 2025, four points ahead of that year's 47% target and up from 44% at launch, although still 14 points short of the 65% ambition for 2030. FDI is the clearest shortfall: at 2.8% of GDP it missed the 3.4% target, despite record inflows.

Figure 1: Private Sector Contribution to GDP, Actual vs Target (%)



Hatched bars are targets. The 2030 target is an ambition, not a forecast.

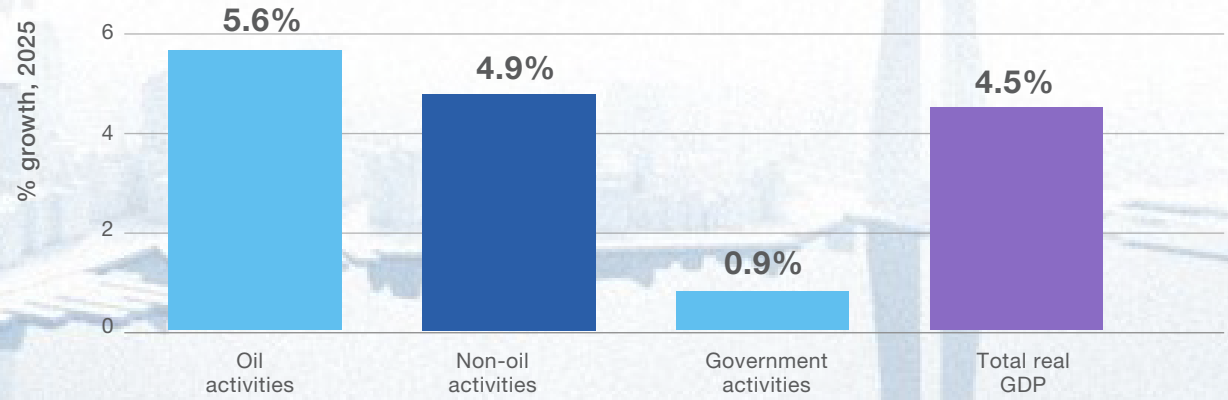
Sources:

Vision 2030 Annual Report 2025 via Zawya (Apr 2026), Vision 2030 Annual Report 2024 via Argaam, Okaz (Apr 2026).

From State-Led to Private-Led:
What Has Changed

For most of the past decade, the state set the pace through government spending, PIF projects and giga-project procurement. The private sector grew around that demand. In 2025, non-oil activities grew 4.9% and contributed most of the economy's 4.5% real growth. The fastest-growing non-oil sectors were trade, restaurants and hotels (+6.2%), financial and business services (+6.1%) and utilities (+6.0%). These are sectors where private operators, not the state, capture most of the value.

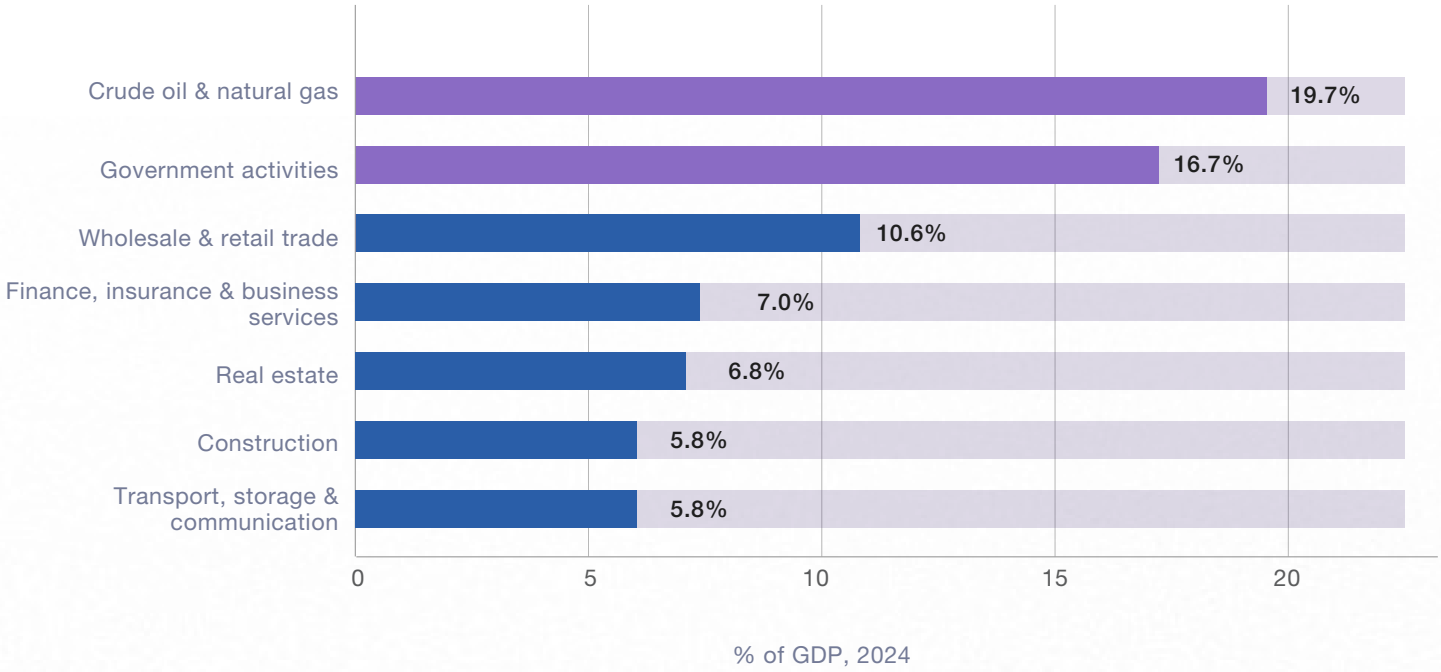
Figure 2: Real GDP Growth by Activity, 2025 (%)



Non-oil activities contributed about 2.7 percentage points of the 4.5% total.

The structure of the economy still shows how far there is to go. Oil and government activities together accounted for over a third of GDP in 2024, and the private sector's largest single contributor remains trade.

Figure 3: Largest Contributors to Saudi GDP by Activity, 2024 (% of GDP)



Orange bars are oil and government activities. GASTAT revised 2024 figures; shares of total GDP

Sources:
GASTAT via Zawya (2026), GASTAT via Qoyod (2026), GASTAT via Enterprise AM.

The labour market confirms the shift. The number of Saudis working in the private sector rose by around 172,200 in the year to Q1 2026 (+7.1%) to 2.6 million, and Saudi unemployment fell to a historic low of 6.4%.

For investors, this matters:

A deeper national talent pool reduces the cost and risk of localisation requirements

Sources:
Arab News (2026)

6.4%

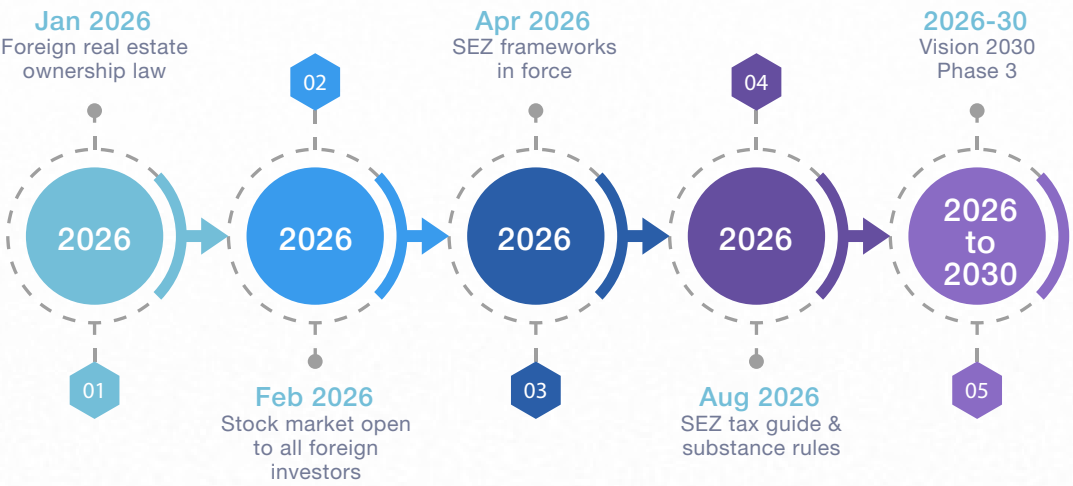


Saudi unemployment in **Q1 2026**, a historic low, down from **7.2%** in **Q4 2025**

The Reform Toolkit for Private Capital

Vision 2030's third phase relies less on new spending and more on making the economy easier to invest in. Four reforms in 2026 stand out for corporate and institutional investors.

Figure 4: Key Investment Reforms Taking Effect in 2026



1 Capital markets: open to all foreign investors

From 1 February 2026, the CMA scrapped the Qualified Foreign Investor regime and swap framework, allowing all foreign investors to own Main Market shares directly. Aggregate foreign ownership in any issuer remains capped at 49% for non strategic investors. This should improve liquidity and valuation discovery, and make IPOs a more credible exit for private businesses

2 Real estate: foreign ownership liberalised

The Law of Real Estate Ownership by Non-Saudis, in force since January 2026, replaces a restrictive, purpose-based regime with a zoning-based framework. Listed companies, funds and licensed special-purpose entities can now hold real estate, including in Makkah and Madinah under defined rules, which widens the buyer pool for real estate platforms.

3 Special Economic Zones: incentives with substance

Frameworks for the KAEC, Ras Al-Khair, Jazan and Cloud Computing zones took effect in April 2026. ZATCA's August 2026 guidance confirms a 5% corporate income tax rate for up to 20 years on qualifying income in the three industrial zones, conditional on new economic substance rules that require real premises, staff and in-Kingdom management.

4 Regional headquarters: scale achieved

More than 700 multinationals have licensed regional headquarters, against a 2030 target of 500, attracted by a 30-year 0% corporate and withholding tax package. The next test is converting these licences into procurement, hiring and investment.

Sources:

White & Case via JD Supra (2026), King & Spalding (Feb 2026), HFW (2026), ZATCA guide via RegFollower (Aug 2026), EY Tax News (Aug 2026), Bridgemena (2025), Vision 2030 Annual Report 2025 via Zawya (Apr 2026)

Where Private Capital Fits, and the Gaps to Watch

The opportunity is in the hand-over. As the state steps back from direct delivery, PIF's mandate is shifting towards returns and co-investment. Operating assets, service concessions and PPPs are increasingly being offered to private owners. The sectors already growing fastest, such as hospitality, financial services, utilities and logistics, are those where private operators can scale

The gaps are real. FDI remains below target as a share of GDP, and the Ministry of Finance expects 2026 real GDP to contract by 3.6% as oil activity falls. Lower government spending tests companies whose revenues depend on public contracts. Investors should distinguish businesses that serve consumer and private demand from those that depend on government spending.

What this means for investors and business owners?

Vision 2030's final phase rewards businesses that can stand on private demand.

For investors, the most attractive opportunities are where policy has removed a barrier, such as listed equity access, foreign real estate ownership and SEZ incentives, and where demand is not dependent on government spending. For Saudi companies, now is the time to build the governance, reporting and capital structure that private and foreign investors will expect.

Sources:

PIF 2025 Annual Report press release, MoF Pre-Budget FY2027, Enterprise AM (Apr 2026)

How Insights Can Help?

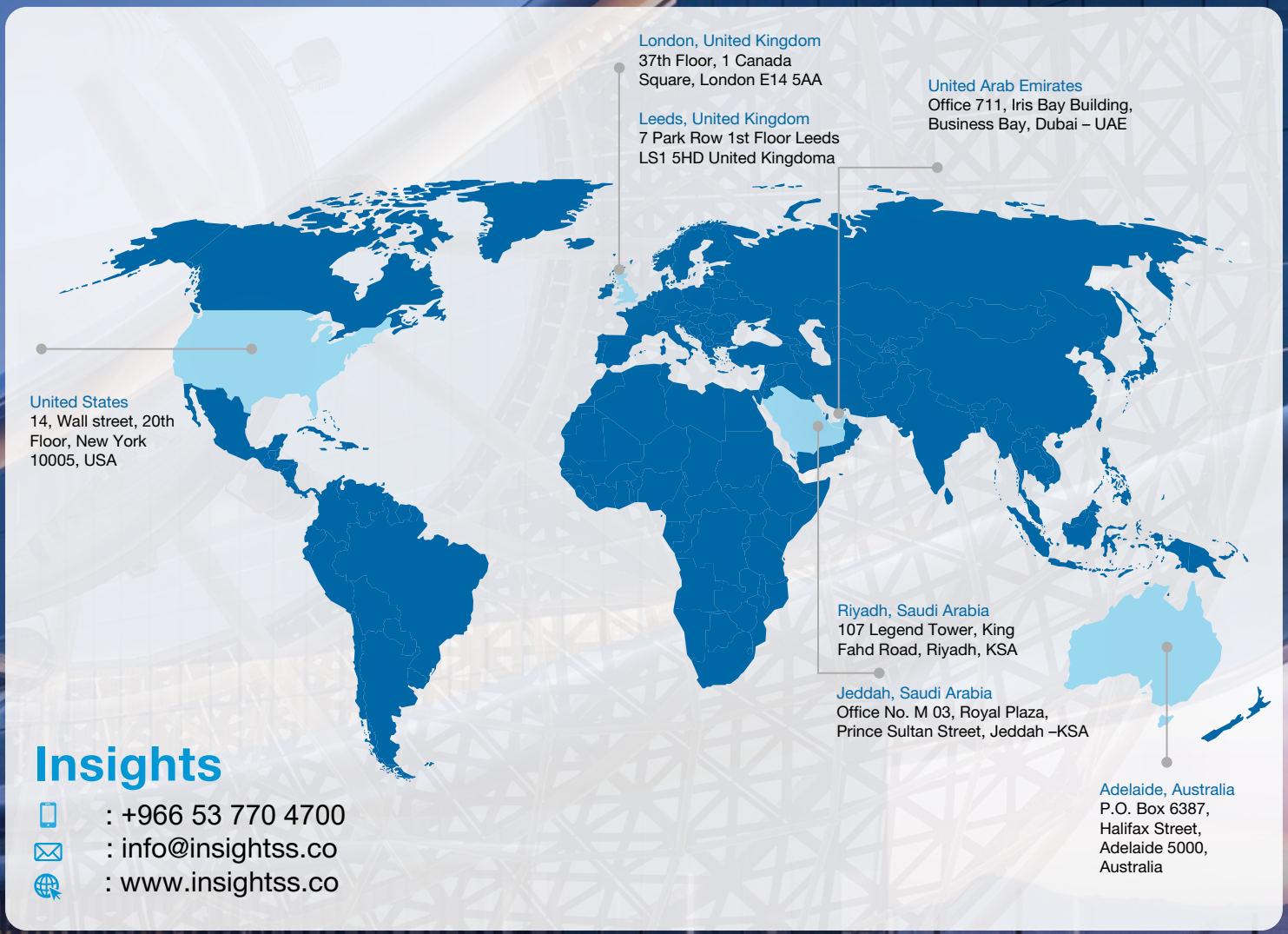
Insights works with investors and Saudi companies on market entry assessments, financial modelling, business valuation, financial due diligence and capital-raising strategy, helping clients position for an economy where private capital, rather than public spending, sets the pace

Contact **Us**

For further information, clarification and discussion concerning the contents, please contact

Muhammad Shahid Nazir
Partner - Corporate Finance & Deal Advisory
✉ : msnazir@insightss.co

Rabeet Bashir
Manager - Corporate Finance & Deal Advisory
✉ : rbashir@insightss.co



Insights
: +966 53 770 4700
: info@insightss.co
: www.insightss.co