

Saudi Arabia to develop 320,000 new hotel rooms by 2030

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Riyadh: Saudi Arabia is projected to have 320,000 new hotel rooms by 2030 as the Kingdom ramps up efforts to accommodate an annual influx of 150mn tourists, both domestic and international, according to a report by global property consultancy Knight Frank.

This massive expansion of the hospitality sector is central to achieving Saudi Arabia's goal of increasing the travel and tourism industry's contribution to the economy from nearly 6pc to 10pc by the end of this decade, the report stated.

The analysis comes on the heels of record tourism numbers for Saudi Arabia in 2022, with visitor spending reaching \$23.2bn in the first half of 2023 alone - a 132pc jump from last year. International arrivals surged 142pc year-on-year to 14.6 million in the first six months.

While nearby Gulf nations like Bahrain, Kuwait and Egypt emerged as top source markets, Saudi authorities are exploring strategies to attract visitors from further afield, said Turab Saleem, Knight Frank's head of hospitality and tourism advisory for the Middle East.

"This includes developing cultural and entertainment offerings nationwide to complement existing attractions like the Jeddah F1 Grand Prix and numerous 'Entertainment Seasons,'" Saleem added.

Notable projects include theme parks like Boulevard World and Qiddiya in Riyadh, as well as Saudi Arabia's successful bid to host the 2030 World Expo, which is expected to draw 40mn visitors and inject \$94.6 billion into the local economy.

The report highlights that 67% of the projected 320,000 new hotel rooms will be upscale or luxury properties, typically requiring one to two staff members per room. This suggests between 232,000 and 387,000 hospitality workers may need accommodation as the sector expands rapidly.

Knight Frank expects Marriott International to overtake Accor as Saudi Arabia's largest hotel operator by 2030, with 26,200 rooms under its management compared to Accor's projected 25,400 rooms.

"Provision of quality housing for hospitality staff will be essential to ensure the success of Saudi's tourism ambitions," said Faisal Durrani, Knight Frank's head of research for the Middle East.

The holy cities of Mecca and Medina are set for a significant hotel boom, with 221,000 new rooms announced, planned or under construction to cater to religious tourists - expected to reach 30mn annually by 2025 and 50mn by 2030.

Knight Frank estimates around \$104bn will be required for construction costs alone to realize the 320,000 new hotel rooms nationwide, with \$70bn dedicated to the religious tourism hubs of Mecca and Medina.

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