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Business Insight

February 2019 Issue 2. Vol. 5

IN THIS EDITION ...

The launch of the National Industrial Development and Logistics Programme (NIDLP) is yet another milestone that would allow the Saudi Arabian economy to realise its full potential.

The all-encompassing NIDLP features more than 330 initiatives that were put in place to achieve more than one-third of the objectives of the kingdom's Vision 2030 programme, which aims to attract investments of SAR 1 trillion and SAR 600 billion in value, and create 1.6 million jobs. Vision 2030 will have a significant impact on the kingdom's economy, raising GDP by SAR 1.2 trillion, and increasing local content by SAR 700 billion.

Meanwhile, the NIDLP will seek to streamline the country's state agencies, as well as attract local and international investments through four main sectors including energy, industry, mining, and logistics. This will enable the kingdom to be a leading industrial power and global logistics hub.

With a robust budget for 2019, which aims to invest SAR 70 billion on infrastructure developments, the country's non-oil economy and the private sector should see a surge in activity, helping to offset volatility in crude oil prices.

At the same time, both the Saudi Arabian Basic Industries (SABIC) and Saudi Aramco are heavily focused on developing a world-class petrochemicals industry that should rival any in the world. Their string of collaborations with each other and a host of international petrochemical companies ensure that the Saudi government extracts the maximum value from its abundant crude oil and natural gas resources.

As these projects are rolled out, the Saudi economy could beat the more subdued outlook of 1.8% GDP growth for this year, estimated by the International Monetary Fund.

Fitch Solutions, which has a more upbeat growth outlook of 2.3% for Saudi GDP, expects the government's efforts to step up non-oil sector investment and maintain cost-of-living and public sector employee allowances, will likely encourage private investment and business activity, as well as provide tailwinds to consumption.

ECONOMIC TRENDS

The non-oil sector is poised to generate more activity to keep the economy humming along.

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OIL AND GAS

Crude prices crossed the USD 60-per-barrel mark at the start of the year, buoyed by strong global consumption and OPEC's output ceiling.

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TRANSPORT

The initiative will encompass several logistics-related sectors, including aviation, transportation and economic zones, which are crucial to the economy.

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PETROCHEMICALS

A possible joint venture between SABIC and Aramco could create one of the world's largest petrochemicals companies.

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SME

Start-ups developing disruptive offerings in the health and lifestyle industry are becoming the new favourites of investors.

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CONSTRUCTION

New infrastructure projects across various segments of the economy and a substantial budget allocation will fuel a construction frenzy in the kingdom.

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PRIVATE SECTOR TO GIVE SAUDI ECONOMY A LEG UP

The International Monetary Fund expects Saudi Arabia's economy to rise to 2.1% in 2020, faster than previously expected, but curtailed this year's growth from 2.4% to 1.8% due to lower crude oil prices, even as non-oil activity picks up.

The slowdown is part of downward revisions by the IMF for several economies.

"Weakness in the second half of 2018 will carry over to coming quarters, with global growth projected to decline to 3.5% in 2019 before picking up slightly to 3.6% in 2020," the IMF said in its January World Economic Outlook report, citing both advanced and emerging economies' slower acceleration as primary factors stifling growth.

The Saudi government expects a key driver of economic expansion this year to be the private sector.

In January the Council of Economic and Development Affairs reviewed a report focused on improving the performance of businesses in the private sector and encouraging them to participate in the economic development "Taiseer".

Taiseer includes an assessment of the most important challenges and opportunities facing the private sector in the kingdom, the stages of achievement in addressing the challenges at the sector level, as well as an analysis of the international indicators and the work plan of the Taiseer committee for the coming period.

The government is also addressing a major challenge facing the private sector, which is payments.

The Ministry of Finance (MoF) confirmed that payments to the private sector are on track, with 99% of properly submitted payment orders received by MoF having been paid within 60 days. The remaining less than 1% were not paid due to court orders. Of the 99% paid within 60 days, 97% were paid within a 30-day period, the ministry noted.

NON-OIL SECTOR SEES GROWTH

The government's focus on facilitating growth for the non-oil sector is paying off. Non-oil sector GDP at constant prices grew 2.05% during the third quarter of 2018, according to the General Authority for Statistics (GAStat). Overall seasonally adjusted GDP expanded 2.47%, compared to a 0.33% contraction during the same period in 2017.

Among the major sectors dominated by the private sector, transport, storage and information and communication grew 4.85% to become the best performing sectors in the third quarter.

Meanwhile, real estate activities rose 4.58%, overall finance, insurance, real estate and business services grew 3.87%. Wholesale and retail, trade and restaurants, and hotels grew a more muted 0.95%.

However, the construction sector declined 3.62%, GAStat data shows.

PMI AT HIGHEST LEVEL

A robust non-oil sector has also led to more positive economic indicators. The monthly purchasing manager's index (PMI) in January was the highest level in more than a year.

"The main driver was an acceleration in new order growth, which appears to have been domestically driven, as export orders remained broadly flat month-on-month," said Markit, which tracks PMI data globally.

"Some of the growth in new orders was likely due to price discounting: output prices fell by the most since February 2018. Firms were able to reduce selling prices as their purchasing costs also declined in January." The survey also showed a rise in private sector jobs and wages in the first month of 2019, with 2.5% of firms surveyed reporting an increase in hiring and 2% reporting wage hikes.

"Business optimism about future output was the highest in more than five years in January 2019.The government has announced an ambitious budget for this year, with expenditure projected to rise more than 7%, as well as a number of initiatives to boost investment and expansion in the non-oil sectors of the economy, which likely contributed to positive business sentiment," Markit said. "The recovery in oil prices last month after a sharp sell-off in December 2018 likely also helped."

The outlook is expected to improve further as the expansionary budget kicks in and private sector-led economic activity revs up.

Fitch Solutions confirmed its positive outlook for the Saudi consumer in 2019. Economic recovery, supported by higher oil prices, has given the government fiscal room to increase spending, driving growth in private consumption.

"The inflation rate has stabilised, after the introduction of VAT in early 2018, while consumer confidence continues to trend upwards, supporting growth in both point-of-sale transactions and consumer loans. We forecast private consumption growth of 2.4% y-o-y in 2019, up from 2.3% in 2018 and-0.9% in 2017," Fitch said.

OIL OUTLOOK IMPROVES AMID ROBUST DEMAND

Brent crude prices surged 12.6% in January to USD 60.84 per barrel, clawing back from a 19.6% drop last year. OPEC crude performed even better, up 18.7% during the month, as efforts to stabilise the markets helped raise price levels.

But price volatility remains, even as the world is headed towards 100 million barrels per day (bpd) of oil consumption this year, according to the Organization of the Petroleum Exporting Countries.

The group and its allies, including Russia and Oman, have now decided to adjust the overall production by a combined 1.2 million bpd, effective January 2019 for an initial period of six months to further stabilise markets.

The contributions from OPEC and the voluntary contributions from non-OPEC participating countries will correspond to 0.8 million bpd (2.5%), and 0.4 million bpd (2.0%), respectively, OPEC said.

It is evident that significant progress has been made towards the goal set at the 4th OPEC and non-OPEC Ministerial Meeting on 23 June 2018, when oil-exporting countries agreed to adhere to the overall conformity level, voluntarily adjusted to 100%, as of 1 July 2018 for the remaining duration of 2018.

"The overall conformity level since the beginning of the 'Declaration of Cooperation' in January 2017 is well above 100%, coming in at 116%," according to The Joint Ministerial Monitoring Committee, which is tasked to co-ordinate and monitor the cuts arrange by OPEC and its allies.

OIL GLUT

But even as OPEC cuts output, there is more supply coming from non-OPEC resources.

The US Energy Information Administration (EIA), part of the US Department of Energy, said US crude oil and petroleum product net imports are estimated to have fallen from an average of 3.8 million bpd in 2017 to an average of 2.4 million bpd in 2018.

EIA estimates that the United States briefly was a net exporter of crude oil and petroleum products in November 2018.

"EIA forecasts that net imports will continue to fall to an average of 1.1 million bpd in 2019, and to less than 0.1 million bpd in 2020. In the fourth quarter of 2020, EIA forecasts the United States will be a net exporter of

crude oil and petroleum products, by about 0.9 million bpd," EIA said.

According to OPEC, apart from the US, Brazil, Russia and the UK are projected to be the main drivers for this year's growth, while Mexico and Norway are expected to see sizeable declines, along with a mild year-on-year decline of 0.05 million bpd in Canada.

Meanwhile, political challenges in Venezuela means that its crude oil production has dropped to just over a million bpd in December, compared to 1.9 million bpd on average in 2017.

At the end of December, oil stocks in the Organisation of Economic Cooperation and Development countries were 5.6 million barrels below the November level at 2,858 million barrels, up 4.6 million barrels compared with end-2017.

ARAMCO'S PLANS

Global oil demand rose 150,000 bpd to 98.78 million bpd in 2018, despite economic challenges, severe headwinds and slowdown in oil consumption in OECD Asia Pacific and Other Asia during the fourth quarter of the year.

"In 2019, world oil demand is forecast to increase by 1.29 million bpd, unchanged from last month report, to average 100.08 million bpd of total global demand," OPEC said in its January report.

"In the OECD region, oil demand is anticipated to add 0.25 million bpd to 2018 total oil requirement as OECD Americas increase the most amid steady NGL and middle distillate requirements."

In the non-OECD region, oil demand is projected to rise by 1.04 million bpd with lesser Chinese oil demand growth as compared with 2018; however, this will be counterbalanced by healthy gains in oil requirements in Latin America and the Middle East as compared to 2018 estimates, according to OPEC.

Among major consumers, Chinese consumption will surpass 13 million bpd this year, compared to 12.71 million bpd last year. India will see oil demand expand to 4.93 million bpd during the year, compared to 4.74 million bpd in 2018.

Amid this surging demand, Saudi Aramco is eyeing global assets to become an international oil player, Khalid al Falih, Saudi Arabia's energy minister and chairman of state oil company Saudi Aramco, told the UK-based paper Financial Times.

"We are no longer going to be inward-looking and focused only on monetising the kingdom's resources," Al Falih said. "Going forward, the world is going to be Saudi Aramco's playground."

SAUDI SEEKS TO TURN ITSELF INTO LOGISTICS HUB

Saudi Arabia’s Vision 2030 is in full swing with the government rolling out a national industry and logistics programme, featuring 13 initiatives.

The programme aims to create an economic impact and integrate four major sectors of the kingdom's economy in the areas of manufacturing, mining, energy and logistics, according to Khalid bin Abdulaziz Al-Falih, minister of energy, industry and mineral resources.

Al-Falih stressed that the basic rule for the success of any industrial and export country is the logistics sector, including roads, railways, ports, airports, free economic zones and intelligent logistics networks. “These sectors are able to integrate and connect internally and externally with the economies of the world,” Al-Falih said.

The industry and logistics programme has over 330 initiatives and more than a third of their objectives will be achieved by 2030, according to the ministry. The government aims to negotiate shovel-ready projects worth more than SAR 70 billion in the first phase, as part of an overarching programme that aims to attract SAR 600 trillion.

The government hopes to see 12% of global trade pass through the Red Sea and transform Saudi Arabia into an export and re-export hub.

Meanwhile, Dr. Nabil bin Mohammed Al-Amoudi, minister of transport, is spearheading the logistics part of the programme, which will lay the groundwork and create infrastructure links.

The transport minister stated that there are around 60 initiatives in the field of logistics, looking for investments of more than SAR 35 billion, including five new airports and nearly 2,000 kilometres (km) of new railway lines, which together will generate SAR 221 billion in GDP by 2030. The overall plan is to expand the railway network to 9,200 km compared to 4,500 km currently.

AVIATION AND LOGISTICS

And it is not just bricks and mortar, the programme also envisions a digital transformation, such as the ‘Fasah’ platform, which facilitates import and export in the Kingdom, via the General Customs Authority.

Meanwhile, The General Authority of Civil Aviation (GACA) said it had launched eight initiatives focused on various civil aviation and logistical areas, as part of the overarching NILDP programme and Vision 2030 initiative.

This included the expansion of airports to handle surging air traffic and facilitate economic growth.

Aviation safety and full compliance with international safety standards are also key initiatives, apart from liberalising the airfreight sector and expanding its capacity.

"This initiative aim to increase the efficiency and increase the capacity of air cargo services in the kingdom by developing freight cities in Riyadh, Jeddah and Dammam,” GACA said in a statement. “Also effort to improve ground handling services, and apply the best practices in regard to flights schedule, ticket prices, in addition to improving customer experience."

The kingdom has also introduced new measures to optimise its airspace, as well as develop navigational system and procedures, information network and radar communication networks for air navigation.

Reforming flight scheduling and domestic airfares is another area of focus.

The government is paying special attention to localisation of the aviation sector, and developing training centres to hone the skills of Saudis, with a special emphasis on maintenance, repair and operation training.

Enhancing customer experience and adopting state-of-the-art services to improve the sector's communication networks is also on GACA’s priority list. Improving customer experience, especially during immigration control and customs processes, are seen as vital to improve the service level and procedures for agencies operating the kingdom’s airports.

FLYING HIGH

In December 2018, Jeddah-based flyadeal said it plans to purchase 30 737 MAX aeroplanes from US aircraft maker Boeing, with options for 20 more, in a deal that would be valued at up to USD 5.9 billion at list price.

flyadeal, a subsidiary of Saudi Arabian Airlines, offers affordable flights within Saudi Arabia. Over the past year, the airline has conducted an evaluation process for 50 narrow-body aircraft to support domestic growth and potential international expansion. While it has been operating new Airbus A320s, flyadeal said it has selected the 737 MAX for the future.

"The demand for air transport services in the domestic market of the Kingdom of Saudi Arabia has grown exponentially," said Saleh bin Nasser Al-Jasser, director general of Saudi Arabian Airlines. "The low-fare airline will continue to expand rapidly, and the addition to the fleet aligns well with flyadeal's target to grow its presence in the domestic market and cover new markets outside of Saudi Arabia."

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FUTURE OF SAUDI PETROCHEMICALS BRIMMING WITH POTENTIAL

Saudi Arabian Basic Industries (SABIC), the country's largest petrochemicals company, announced a 16.87% net profit for 2018, amid improvement in average selling prices for products in line with the higher oil price environment.

Annual revenues also jumped 12.9% to SAR 169.09 billion, whereas earnings per share rose 17% to SAR 7.18, the company said.

"SABIC is not immune to turbulence and the cyclical nature of our industry, but our long-term growth strategy, global footprint and new business structure hedge well against some current and emerging political and economic trends," according to Yousef Al-Benyan, SABIC vice chairman and CEO. "Despite this, we are looking to strengthen our presence and leverage strategic partnerships globally, especially in Asia, US, Europe and Africa."

Indeed, like the wider global energy sector, petrochemicals is in the midst of transformative changes. Companies such as SABIC are seeking win-win partnerships, said Al-Benyan.

"We must accelerate the joint efforts in creating partnerships through consolidation, portfolio exchange, which will create scale and value for all the players. Without these structural measures, we will not be able to compete with larger global players – both existing and new entrants," the SABIC CEO told petrochemicals executives at a Gulf Petrochemical and Chemical Association event in December.

SABIC is leading that collaboration model. In January, the company and Saudi Aramco signed a letter of intent to develop a downstream industrial and logistics park in Yanbu.
The two companies had previously selected Yanbu as the site for their upcoming crude-oil-to-chemicals complex.

SABIC also said it will raise its stake in Saudi Methanol Company to 75%, from 50% previously, after buying a portion of the stake held by its joint venture partner Japan Saudi Arabia Methanol Company.

The company is pursuing a host of projects through a number of strategic alliances, notably with US-based Exxon Mobil and Swiss company Clariant.

ARAMCO'S PUSH

Aramco has also set its sights on building its petrochemicals business.

The company said negotiations are underway for the acquisition of a major share in SABIC, "with the aim of creating one of the world's strongest integrated energy and chemicals companies".

"The acquisition would leverage Saudi Aramco's innovative developments in crude oil to chemicals technology, or C2C, a process that eliminates the refinery stage to transform crude oil directly into valuable petrochemicals," the company said.

Aramco is targeting between eight and 10 million barrels per day (bpd) of integrated refining and marketing capacity, which will create a better balance between its upstream and downstream segments, according to the company president and CEO Amin H. Nasser.

"Saudi Aramco will make the most of those prospects with chemicals investments of more than USD 100 billion over the next 10 years – not including a prospective acquisition," Nasser told petrochemical executives at an event in December.

"We are expanding this business both in Saudi Arabia and in fast-growing overseas markets like China and India, with the aim of converting 2 million bpd of crude oil into petrochemicals – and we may eventually move our target higher to 3 million bpd."

In January, Aramco agreed to develop and collaborate with Axens North America, Inc. and TechnipFMC plc to accelerate the development and commercialisation of the company's catalytic crude to chemicals (CC2C) technology.

The technology has the potential to significantly increase the efficiency and yield of chemicals production, converting more than 60% of a barrel of crude oil into chemicals. The agreement aims to achieve commercial readiness for the CC2C technology by 2021.

"Oil will become increasingly more important as a feedstock in the production of petrochemicals," Nasser said. "Saudi Aramco is leveraging its position as the world's oil powerhouse to capitalise on the strong growth potential for chemicals globally. Through the strategic partnership with Axens and TechnipFMC, we advance cutting-edge technology to meet the increasing demand for petrochemicals, and support our efforts to build a global chemicals business."

Also in January, Aramco and its partner France's Total ASA signed a memorandum of understanding with Daelim, a South Korean petrochemical company, to build a new 80,000-tonne state-of-the-art polyisobutylene (PIB) plant, which is expected to come on-stream in 2024.

The launch of the front-end engineering and design (FEED) of the PIB plant will be concluded by the fourth quarter of 2019. The new petrochemicals facility will use feedstock from the Amiral complex in Jubail, located on Saudi Arabia's eastern coast. It is the first time that the PIB product will be developed in the kingdom.

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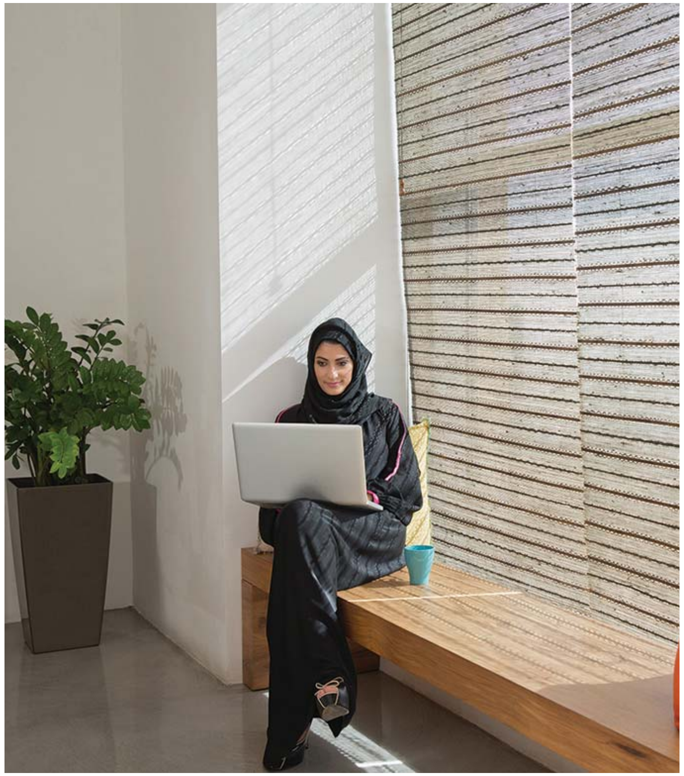
SMES FIND GROWTH PROSPECTS IN SAUDI LIFESTYLE SECTOR



Saudi Arabia's entertainment, health and lifestyle sector is emerging as a brand new hunting ground for small and medium enterprises (SMEs) and venture capitalists.

In February, GetMuv, a smart-mobile platform that connects fitness seekers with sports clubs, instructors, events and venues within the kingdom, said it received a USD 1.5 million fund injection from Wa'ed Ventures, the entrepreneurial venture capital arm of Saudi Aramco.

"Entrepreneurship and SMEs are an integral part of a country's organic economic development, and the current market is in need of innovative, accessible health and fitness platforms like GetMuv," said Khalil Al Shafei, CEO and managing director of Wa'ed Ventures.

"This venture carries strong potential for in-kingdom economic growth through market augmentation and enhanced job creation within the sports sector, not to mention the impact it will have on reducing health risks by facilitating access to more diverse activities."

Interactive Gyms for Information Technology, or GetMuv, seamlessly connects sports and fitness seekers to sports facilities, events and instructors offering varieties of options including pay per session, class, or memberships.

Investment in lifestyle start-ups is part of a new wave of funding taking place in the kingdom after the government identified raising living standards and improving health and fitness of the country's citizens as a key plank of its Vision 2030 strategy.

QUALITY OF LIFE PROGRAMME

The Quality of Life Programme is aimed at improving the longevity of Saudi citizens, ensuring enough nutrition, available green space and fitness facilities to boost people's lifestyle.

Among its many targets is to establish an entertainment and health fund aimed at encouraging the private sector to invest in commercially less attractive regions and developing an ecosystem of new SMEs to boost local content creation. The 2020 target is to hand out SAR 440 million of funds to 600 SMEs.

Other key targets are developing comprehensive incentives scheme for each entertainment category targeting investments in less attractive regions.

Assessment of SME landscape (challenges and opportunities); comprehensive incentives and support programme geared towards entrepreneurs and local SMEs; and developing funding requirements, criteria and investment plans are some of the goals outlined in the Quality of Life document.

The GetMuv mandate dovetails with the Saudi government's goal of boosting fitness levels.

"Currently, existing subscriptions of licensed gymnasiums generate more than USD 800 million in annual revenue within the entire kingdom, with a low physical activity rate of 13% and an underdeveloped female gymnasiums market,' said Ali Sheneamer, lead co-founder of GetMuv.

"GetMuv aims to enhance the local impact of our sports sector via easing access to sports, lifestyle and fitness outlets and alternative sports activities even without upfront paid memberships or institutional restrictions. We have already witnessed a strong initial success rate in Jeddah and Riyadh, and aim to expand further within the kingdom starting with the Eastern Province."

HUGE GROWTH POTENTIAL

The industry is expected to expand, opening up opportunities for health and fitness service providers, as the Saudi government emphasises its importance.

"Saudi Arabia fitness services market has witnessed a tremendous growth in the past few years, witnessing a strong double digit growth from 2012 to 2017," according to Research and Markets. "Rapidly rising obesity rate, heart problems, and increase in the consciousness about the personal health have propelled momentum to the market."

Other Saudi healthcare, fitness or lifestyle start-ups that have secured funding include Sihatech, which empowers patients to find the best doctor according to their needs, and helps book appointments with experienced doctors from over 100 different medical specialties and sub-specialities in the kingdom.

Another small fitness company, Leejam Sports Company, which was recently listed on the Saudi stock exchange, is a sign of the growth of the industry. The company started in 2005 with one fitness centre, and now operates 112 gyms – 108 in Saudi and four in the United Arab Emirates, with 31 more under development.

And it looks like the industry is just getting warmed up.

"The General Sports Authority (GSA) in the kingdom started granting licences to female fitness centres in July 2017 and the company expects that this will significantly increase the size of the addressable market in the kingdom," Leejam's prospectus stated.

"The company intends to become the leading operator of female fitness centres in the kingdom and has a detailed execution plan to essentially mirror its achievements with respect to male fitness centres."

GROWTH MOMENTUM BUILDS UP FOR SAUDI CONSTRUCTION

While Saudi Arabia's construction sector has slowed down in recent quarters, the sector is gearing up for a spurt in demand as new infrastructure projects get under way.

From petrochemicals to infrastructure, transportation to tourism, and real estate to retail, every aspect of the economy is poised for expansion.

A key driver is this year's budget, which has allocated SAR 70 billion for infrastructure projects (including transport), or 6.3% of the total budget and 28% higher than in 2018. The upward trend is primarily driven by the ramping up of spending on the Riyadh metro, which has six lines covering 176 kilometres, and the upgrading of King Abdulaziz International Airport in Jeddah, among others, as they enter the final phase of construction.

"The government aims to direct the expenditure towards the CapEx commitments made under Vision 2030, which could help develop the kingdom's infrastructure and boost its potential economic growth," according to management consultancy KMPG Al Fozan & Partners.

"Furthermore, spending on infrastructure development will not be limited to the government's annual budget allocation. The private sector is expected to play a wider role in infrastructure development, funding, financing and operations. To that end, the government has adopted a policy of procuring infrastructure projects through a PPP mechanism."

NEW PROJECTS

The construction sector should also be buoyed by the green light to develop NEOM City. Launched in 2017, the USD 500 billion smart city development is spearheaded by the Public Investment Fund (PIF), the kingdom's sovereign wealth fund. Located in the northwest region of the country, the project is spread over an area of 26,500 square kilometres.

NEOM's founding board aims to complete preparations and start construction work in the first quarter of 2019. It is expected that a number of key facilities will be completed by the end of this year, including the current airport at Sharma, which will be upgraded to become a commercial airport operating regular flights between Riyadh and NEOM. The work on the first phase of NEOM Bay will be completed in 2020.

Another driver for the construction sector this year is the development of the entertainment strategy. Middle East exhibitor Vox Cinemas said it

will open 110 screens in Saudi Arabia by the end of 2019.

Vox CEO Cameron Mitchell told the media that the company would open three more locations, including a multiplex featuring all premium cinemas and gourmet dining in Riyadh's Kingdom Tower, during the first quarter of this year.

Riyadh will also soon see the unveiling of a 15-screen facility in Al Qasr Mall by Vox Cinemas and an eight-screen multiplex in The Roof Mall.

A report by CBRE, the real estate consultancy, believes the entertainment sector is expected to make important contributions to economic growth in 2019, and will generate 300,000 jobs by 2020. The report states that PIF will be driving growth in the sector, however 40% of entertainment plans are forecast to be funded by the private sector.

"The Saudi market is set for growth, with key projects including 16 entertainment complexes, an aquatic centre and three additional leisure hubs scheduled for completion by 2030," said Simon Townsend, head of strategic advisory, CBRE MENAT.

"The entertainment sector is a game changer for the kingdom. Previously untapped, it presents an abundance of opportunities for foreign investors who are eager to enter the Saudi market."

TOURISM SPURS CONSTRUCTION

Tourism is yet another driver for the construction sector. Hotel supply in terms of rooms grew by 13% in 2018, compared to the previous year, with rooms in construction set to increase current stock levels by 51.4%, with over 48,000 rooms, according to Savills, a real estate firm.

The PIF-backed Red Sea Development is another project underway, featuring more than 2,500 rooms across 40 to 50 hotels.

"This giga-project is due to complete in 2022 and forecast to attract an estimated one million visitors annually," Savills noted.

Amaala, a new ultra-luxury tourism megaproject, involves the development of 2,500 luxury hotel keys alongside 700 villas and marinas by 2028.

While attracting millions of overseas visitors, projects like the above will undoubtedly appeal to domestic visitors, who have historically spent a great deal of money travelling overseas.

Together with the major logistics and infrastructure projects recently announced, and billions of investments earmarked for education, military, healthcare and social development, the construction sector seems set for a revival.

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