



Alpha1Estates: Makkah-Madinah Real Estate Index underperforms in 2019 as REITs gain

March 15, 2020 / Rajab 21, 1441: Global real estate advisory firm Alpha1Estates International said on Sunday that its real estate index for Makkah and Madinah had fallen by nearly 4% in 2019, whilst the Kingdom's REITs (real estate investment trusts) were buoyant, gaining at nearly 16% over the year, with a REIT focused on the Holy Cities up nearly 9%.

Whilst the Saudi market's major Tadawul All Share Index (TASI) was up 7.2% in 2019, it was outperformed by the Jadwa REIT Al-Haramain Fund up 8.8%, a far distance ahead of both the Kingdom's real estate index, which was down nearly 3%, and the Ihsan al-Haramain Index, the influential index used to solely track Saudi-listed companies involved in real estate development in Makkah and Madinah, down by 3.7%.

'In 2019, as in 2018, the real estate sector in the Kingdom still has relatively high levels of indebtedness, rising financial costs, and is still affected by external factors such as a low oil price, geopolitical risks, and the general economic outlook,' said Mr. Talal Mahmood Malik al-Alawi, Chairman and CEO of Alpha1Estates International.

'However, since 2012, Alpha1Estates has proposed policies to help develop the real estate sector in the Holy Cities in Saudi Arabia, and in 2019, the Kingdom's Government made significant progress in both soft and hard infrastructure in this regard, which will have medium to long-term benefits in the 2020s.'

In order to ensure stability, non-oil economic dependence and global marketing in the real estate sector of Makkah and Madinah, Alpha1Estates since January 1, 2012, has proposed five critical pieces of legislation in Saudi Arabia that focus on globalising the sector, such as: easing of immigration and travel for non-Saudi Muslims; setting up a real estate regulatory authority to monitor buying and selling of real estate and prevent monopolies; empowering non-Saudi Muslim ownership, leasing and investment of real estate; easing non-Saudi Muslims setting up a company, working, residing or studying in the Kingdom, and introducing and scaling Islamic mortgage financing in the Kingdom.

Seven years, the Government of Saudi Arabia has started to implement these recommended policies.

On May 15, 2019, Saudi Arabia approved the 'Privileged Residence', allowing foreigners to permanently reside in the Kingdom. For the real estate sector, these permanent residents will be able to own property for residential, commercial and industrial purposes, with the exclusion of Makkah and Madinah. However, the 'Privileged Resident' will be able to lease property in Makkah for a period of 99 years. The cost of the 'Privileged Residence' scheme is set at USD \$26,670 for one year, and USD

\$213,333 for lifetime residence, and is available through the Privileged Residence Center website, <https://SAPRC.gov.sa>.

On 27 September, 2019, with regards to easing travel and immigration, Saudi Arabia began offering tourist visas for the first time, offering e-visas (through its website <http://www.VisitSaudi.com>) and visas on arrival at a cost of USD \$117 to citizens of 49 countries. The e-visas are valid for one year and allow for multiple entries, allowing tourists to spend up to 90 days in the country on each visit.

On 24 September, 2019, with regards to building infrastructure for travel and immigration, the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, inaugurated the new Terminal of the King Abdulaziz International Airport in Jeddah, the main airport where millions of pilgrims arrive before travelling on to the Holy city of Makkah to perform the Hajj and Umrah pilgrimage, expanding its capacity to handle 30 million passengers annually.

On March 23, 2019 Mr. Malik attended the inauguration of the Makkah Economic Forum, the first economic forum held in the Holy City of Makkah, from March 23-26, 2019, at the Hilton Makkah Convention Tower, Jabal Omar.

Saudi Arabia's Crown Prince Muhammad bin Salman launched Saudi Vision 2030 in April 2016, an economic diversification plan to reduce the Kingdom's dependence on oil, which regards as its first pillar its status as the heart of the Arab and Islamic worlds. As part of its National Transformation Program 2020, the Kingdom has aims to increase the number of Hajj and Umrah pilgrims to 30 million by 2030 and to increase the sectoral revenue through private sector partnerships by a tremendous 240-times fold from SAR 80 million (USD \$ 21.3 million) and SAR 19 billion (USD \$5.1 billion).

Alpha1Estates International launched in 2006 to become the world's first company to market Saudi Arabian property globally and also the first company to market property in both Makkah and Madinah, and has worked with the three of the five largest real estate developers in Saudi Arabia, five of the biggest in the Middle East and on global real estate transactions since 2018 ranging from \$632 million to \$1.5 billion for royal family offices, ultra-high net-worth individuals (UHNWIs) and sovereign institutions.

ABOUT ALPHA1ESTATES INTERNATIONAL

Alpha1Estates International is a global real estate advisory firm headquartered in the United Kingdom, with offices in Dubai UAE, and Jeddah, Saudi Arabia. It primarily focuses on emerging real estate markets. The company has advised on some of the Middle East's most prestigious real estate projects, working with the largest developers. Please visit www.Alpha1Estates.com

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