



Alpha1Estates: Makkah-Madinah Real Estate Index down 7.6% in 2020 as lockdown impacts

February 4, 2021 / Jumada II 22, 1442: Global real estate advisory firm Alpha1Estates said on Thursday that its real estate index for Makkah and Madinah had fallen by 7.6% in 2020, as the COVID-19 pandemic and global lockdown brought travel to the Holy Cities to a standstill.

Whilst the Saudi market's major Tadawul All Share Index (TASI) was up 3.6% in 2020, the real estate index actually fell by 3.6%, 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 7.6%, representing a 10% underperformance with the market

'Despite the COVID-19 pandemic, global lockdown and global travel coming to a standstill in 2020, the fundamentals of demand for real estate in the Holy Cities meant that the impact, albeit significant, was in the short and medium-term, as the fourth-quarter opening allowed the sector to make some recovery,' said Mr. Talal Mahmood Malik al-Alawi, Chairman and CEO of Alpha1Estates.

From March 2020 and for many weeks and months, [over 3 billion people globally were under lockdown due to the COVID-19 pandemic](#), and in Saud Arabia, regular access and prayers to the Prophet's Mosque were halted for over 70 days from March to May 2020, where regular access to the Grand Mosque in Makkah was halted, whilst Hajj was performed by around 1,000 pilgrims in July and Umrah came to a halt for over 200 days from March to October 2020.

'2020 also helped to ensure the real estate sector in the Kingdom continues to have 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, but that there is a concerted effort to tackle these.'

In July 2020, the Oxford Business Group also launched its report on Madinah, highlighting the Knowledge Economic City project in Madinah, with its Dar al-Jewar project.

On September 1, 2020, the Public Investment Fund (PIF) took a SAR 2.83 billion (USD \$756 million) investment stake in Emaar, The Economic City, the listed company for King Abdullah Economic City (KAEC), which is located on the railroad between Makkah and Madinah, making it the majority shareholder.

On December 26, 2020, Alpha1Estates celebrated the 15th anniversary of its global television launch, where it launched Abraj al-Bait in Makkah, the world's largest single complex building and the second tallest building in the world.

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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