



Alpha1Estates: Makkah-Madinah Real Estate Index leaps 12.9% in 2021 as recovery continues

January 20, 2022 / Jumada II 17, 1443: Global real estate advisory firm Alpha1Estates said on January 20 that its real estate index for Makkah and Madinah had jumped by 12.9% in 2021, compared to a fall of 7.6% in 2020, as the recovery from the COVID-19 pandemic continues with global travel to the Holy Cities up, but with relevant restrictions.

In the same period, the Saudi market's major Tadawul All Share Index (TASI) rallied up by a huge 30% in 2021, compared to a rise of 3.6% in 2020, whilst the overall Tadawul Real Estate index rose by 5%, meaning that though the Ihsan al-Haramain Index [the influential index used to solely track Saudi-listed companies involved in real estate development in Makkah and Madinah] more than doubly-outperformed the real estate sector, it was still lagging nearly two-thirds behind the market as a whole.

'Rising oil prices have helped propel the Kingdom's economy and its stock market in 2021, while the overall real estate sector is being disrupted by the likes of remote and hybrid working options; and though gradual travel opening up in 2021 has positively impacted the real estate sector of the Holy Cities, the comprehensive impact of COVID-19-related restrictions has meant the area's real economy is still in a stage of emerging as opposed to full recovery,' said Mr. Talal Mahmood Malik al-Alawi, Chairman and CEO of Alpha1Estates.

Following the global lockdown, Saudi Arabia introduced a mobile permit system for pilgrims wishing to visit the main Mosques of the Holy Cities, and since the start of the new Islamic Year of 1443 on August 9, 2021, 20 million permits have been issued to visit the Grand Mosques in Makkah and to perform Umrah, the minor pilgrimage, and 2.5 million permits have been issued to visit the Prophet's Mosque in Madinah to perform Ziyara, Prophetic visitation and salutation, and to pray in the al-Rawda al-Sharif sacred vicinity, with the rest of the Prophet's Mosque open for prayers without the need of a permit.

Within the Ihsan al-Haramain Index, and the real estate sector, the market leaders as a whole were the Kingdom's Economic Cities, with Knowledge Economic City (KEC) in Madinah jumping 36.5% in 2021, and Emaar The Economic City [the listed company which manages the private city KAEC located on the railroad between Makkah and Madinah, and between between Jeddah and Rabigh] jumping 30% in 2021, whilst listed companies with projects in Makkah up 11.9% and in Madinah up 14.8%, with only Jabal Omar in Makkah showing a minor dip by 0.9%.

On April 21, 2021, Knowledge Economic City (KEC) in Madinah signed a financing agreement with Saudi Arabia's Tourism Development Fund (TDF) and the Public Investment Fund-backed Riyadh Capital for its USD \$347 billion 'KEC Hub'. TDF and Riyadh Capital will together provide USD \$209 million for the KEC Hub at 68,000 square meters at a site located about 6 kilometres from the Prophet's Mosque, which will consist of a mall, and commercial, residential and entertainment services, as well as a 325-room 5-star hotel.

On September 1, 2020, the Public Investment Fund (PIF) took a USD \$756 million investment stake in Emaar, The Economic City, and this 25% transaction stake, which makes PIF's KAEC's majority

shareholder, was completed on September 27, 2021, after obtaining the required regulatory approvals.

Alpha1Estates 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 USD \$632 million to USD \$1.5 billion for royal family offices, ultra-high net-worth individuals (UHNWIs) and sovereign institutions.

On January 1, 2021, 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.

On October 4, 2021, Alpha1Estates published its analytical report demonstrating in detail how the Middle East most active estate institutional investors were increasing both their real estate investments and asset diversification in the post-COVID 19 period, and how these opportunities could benefit international real estate project owners and developers seeking capital from the region.

Alpha1Estates in 2012 proposed five critical pieces of legislation that focus on globalising the real estate sector in the Holy Cities, which Saudi Arabia has continued to implement following the launch of its socio-economic roadmap, Vision 2030. These included 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.

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).

On May 7, 2021, Saudi Arabia allowed companies listed on the Saudi Stock Exchange with non-Saudi investors to now be able to own real estate in Makkah and Madinah. The Council of Ministers approved an amendment of Article 5 of the Law of Real Estate Ownership and Investment by non-Saudis under which listed Saudi companies are exempted from the prohibition of non-Saudis owning real estate within the borders of Makkah and Madinah; specifically, a non-Saudi investor with a natural or corporate personality is licensed to practice any professional, vocational, or economic activity may acquire the real estate necessary (within five years) for practicing the activity in Makkah and Madinah.

On June 10, 2021, Saudi Arabia's main consultative body, the Shoura Council, requested the Real Estate General Authority to study its proposal to allow non-resident foreign individuals to own real estate in Saudi Arabia with specific controls.

On August 10, 2021, Saudi Arabia's government facilitation platform, Absher, allowed non-Saudi expatriates, who are legal residents of the Kingdom, to now own a single property based on three requirements: firstly, being legally resident; secondly, providing all the relevant information for the property, including title deed; and not to have another existing property in the Kingdom.

On November 8, 2021, Saudi Arabia's Capital Market Authority (CMA) approved the subscription of non-Saudis in real estate funds investing wholly or partly in Makkah and Madinah.

On November 12, 2021, Saudi Arabia announced that royal approval had been issued to grant Saudi citizenship to the first batch of eminent non-Saudi specialists, under a royal decree issued on December 4, 2019, which allowed naturalisation of experts from around the world which will help develop and benefit the Kingdom.

ABOUT ALPHA1ESTATES

Alpha1Estates is a global real estate advisory firm headquartered in the United Kingdom, with offices in Dubai UAE, and Jeddah and Riyadh, Saudi Arabia. It primarily focuses on institutional real estate investment advisory, including in fast-growth 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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