

## Alpha1Estates: Makkah-Madinah Real Estate Index up 6.7% boosted by 13.5 mln pilgrims



February 29, 2024 / Shaban 19, 1445: Global real estate advisory firm Alpha1Estates said on February 29 that its real estate index for Makkah and Madinah had risen by 6.7% in 2023, compared to a fall of 21.5% in 2022, boosted by 13.5 million Umrah pilgrims visiting the Holy Cities constituting the largest influx of pilgrims ever.

2023 witnessed a 58% jump over the largest number of Umrah pilgrims ever in 2019, demonstrating a full post-pandemic recovery of the sector in the Holy Cities, which has led to the Ihsan al-Haramain Real Estate Index for the Holy Cities up by 6.7%, pushed by the Madinah real estate sector jumping 16% and Makkah by 3.4%. This has been facilitated by the Kingdom's various tourism, housing and real estate initiatives, which led to the Real Estate Management & Development market index with 13 constituents (boosted with this year's inclusion of Sumou on September 7) rising 21.7%, outperforming Saudi Arabia's Tadawul All Share Index (TASI) which rose 13.9% in 2023, compared to a drop of 7% in 2022.

“The highest number of Umrah pilgrims to the Kingdom ever, with five more million pilgrims in 2023 than in 2022, boosted by investments in soft and hard infrastructure, has meant the real estate sector in the Holy Cities has experienced solid growth this year at 6.7%, with two-thirds of the companies up by more than 21% by year-end,” said Talal Malik, Founder of Alpha1Estates.

“In addition, the Kingdom's overall listed real estate sector jumped by 21.7%, outperforming the market overall by around 7%, with any negative consequences stemming from rising global inflation, its ensuing impact on the prices of construction raw materials and on the supply chain from geopolitical conflicts, all being outweighed by the Kingdom's construction boom under its Vision 2030 diversification plans, such as religious and national tourism, mega-projects and regional headquarter programs, leading to deals in the national real estate sector valued at SAR 277 billion (USD \$74 billion) in 2023.”

The Madinah Real Estate listed sector outperformed the TASI, rising 16%, boosted by the likes of Knowledge Economic City up 30.3%, Dar al-Arkan by 22.2% and Taiba Investments by 7%. The Makkah real estate listed sector was led by the likes of Jabal Omar up 35.6% and Makkah Construction by 21%, but with a fall by newly-listed company Sumou down 25% post-listing, balanced its rise at 3.4%. Outside the Holy Cities, listed real estate companies were led by Saudi

Real Estate by 40% and Alandalus up by 28.4%.

Significant examples of the Kingdom's recent investments in the Holy Cities hard infrastructure have been the addition of 150,000 new air-conditioning units to help pilgrims perform the rituals during the hot summer period and more than 14,000 restrooms and bathing areas, estimated at more than USD \$1.3 billion, with examples of soft infrastructure including the launch of electronic visas or e-visas in December 2023 for Umrah pilgrims, assisting them to more easily obtain entry permits without the need to physically visit the Kingdom's embassies.

Following its television launch in 2005, Alpha1Estates in 2012 proposed five critical pieces of legislation that focused 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, in 2016. 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, which in recent years, many of these proposals have been adopted or partially adopted under Vision 2030.

In February 2023, the Madinah Development Authority with UN-Habitat hosted the first Smart Madinah Forum at the King Salman International Convention Center in Madinah, to discuss the existing challenges cities face and the future opportunities that exist for them.

In March 2023, the Real Estate General Authority in the Kingdom stated a new property law was current being prepared, which would allow for foreign ownership of any kind of property including commercial, residential and agricultural, including the Holy Cities.

Alpha1Estates on April 17, 2023, celebrated its [decade anniversary of founder Talal Malik's first speech in the Madinah](#) where he was invited to speak on the topic of global corporate governance, organised under the Royal Patronage of the Emirate of Al-Madinah Al-Munawwarah, Saudi Arabia's General Investment Authority (SAGIA) (now the Ministry of Investment) and Malaysia's World Islamic Economic Forum (WIEF), and attended by the former Deputy Prime Minister of Malaysia, Sri Tun Musa Hitam, and the Governor of Malaysia's Central Bank, Bank Negara.

In August 2023, the Custodian of the Two Holy Mosques King Salman issued two royal decrees to transform the General Presidency for the Affairs of the Grand Mosque and the Prophet's Mosque into two new organisations; firstly, the Presidency of Religious Affairs at the Grand Mosque and the Prophet's Mosque, headed by Sheikh Abdul Rahman Al-Sudais, and tasked with all matters related to the supervision of the affairs of imams and muezzins at the Grand Mosque and the Prophet's Mosque, and everything related to their religious matters, including religious circles and Islamic classes; and secondly, the General Authority for the Care of the Affairs of the Grand Mosque and the Prophet's Mosque, headed by the Minister of Hajj and Umrah Dr. Tawfiq Al-Rabiah as chairman of the board of directors, with financial and administrative independence and responsible for all specialised tasks, services, operations, maintenance and development related to the Grand Mosque in Makkah and the Prophet's Mosque in Madinah.

In November, as part of quality of life initiatives for Madinah residents, the first cinema in Madinah was opened with Empire Cinema Madinah at Al Rashid Mega Mall, containing eight 2D screens with 80 seats, and kid-friendly mini-screens for children aged two to eight.

With regards to travel infrastructure, in December 2023, Saudi Arabian airline flynas launched its new operation base in Madinah, with two new flights from Madinah to Abha and Tabuk, five new international routes to Dubai, Amman, Baghdad, Istanbul, and Ankara, in addition to its existing four routes to Riyadh, Jeddah, Dammam, and Cairo, making it a total of 11 routes operated by flynas from Madinah. In 2023, the Madinah Bus Project, as supervised by the Al Madinah Development Authority, had a total number of 165,000 trips, over six lanes connecting 106 stations, as a public transformation system to improve transport and overall quality of life.

On December 12, 2023, the Custodian of the Two Holy Mosques King Salman appointed HRH Prince Salman bin Sultan as the new Governor of the Madinah region at the rank of minister, with HRH Prince Saud Al-Faisal remaining as the Vice-Governor of Madinah. HRH Prince Salman bin Sultan succeeded HRH Prince Faisal bin Salman, who was appointed Special Adviser to the Custodian of the Two Holy Mosques at the rank of minister, chairman of the Board of Directors of the King Abdulaziz Foundation for Research and Archives (Darah), and chairman of the Board of Trustees of the King Fahd National Library. HRH Prince Faisal bin Salman was Governor of Madinah for a near-decade from January 14, 2013, to December 12, 2023, and in 1999, was the first member of the al-Saud Royal Family to receive a Ph.D. from Oxford University. In Makkah, the Custodian of the Two Holy Mosques appointed HRH Prince Saud bin Mishaal Deputy Governor of Makkah, succeeding HRH Prince Badr bin Sultan, with HRH Prince Khalid Al-Faisal remaining as the Governor of Makkah and Special Adviser to the Custodian of the Two Holy Mosques.

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.

#### ABOUT ALPHA1ESTATES

Alpha1Estates is a global real estate advisory firm headquartered in the United Kingdom. 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](http://www.Alpha1Estates.com)

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