

Alpha1Estates: Makkah-Madinah Real Estate Index soars 34% in 2024 as sector accelerates opening



January 5, 2025 / 5 Rajab 1446: Global real estate advisory firm Alpha1Estates said on January 5 / 5 Rajab that its real estate index for Makkah and Madinah had soared by 34% in 2024, compared to a rise of 6.7% in 2023, boosted by news of the Kingdom's preparations to open the real sector globally.

2024 witnessed news and efforts by the Kingdom to open Makkah and Madinah's real estate sector from a policy and legislative purpose, which has led to the Ihsan al-Haramain Real Estate Index for the Holy Cities flying up a colossal 34%%, lifted by both the Madinah real estate sector soaring 35.6% and Makkah by 33%. This has been also been facilitated by the Holy Cities' inelastic demand starting to bear fruit with the Kingdom's various tourism, housing and real estate initiatives for the Holy Cities, outstripping the Real Estate Management & Development market index with 13 constituents (boosted with this year inclusion of Umm al-Qura on December 9) rising 20.4%, with both completely outperforming Saudi Arabia's Tadawul All Share Index (TASI) which stayed at 0.28% after a year, compared with a rise of 13.9% in 2023.

“With news and plans emerging that the government is preparing to relax foreign ownership of real estate in the Holy Cities and beyond, this has led to historic highs for the real estate sector in the Holy Cities, flying high at 34% compared to last year's more modest growth this year at 6.7%, with both cities at over 30% lifts by year-end,” said Talal Malik, Founder of Alpha1Estates.

“In addition, the Kingdom's overall listed real estate sector also jumped by 20.4%, meaning the Holy Cities outperformed the Kingdoms' real sector as a whole by nearly 14%, but the market itself literally stayed put from its year start with no growth, demonstrating the headwinds from the global economy affecting the Kingdom as well as potential slowdowns in the Kingdom's Vision 2030 diversification plans after their launch in 2016.”

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.

The Madinah Real Estate listed sector was up 35.6%, outperformed the TASI by virtually 35%, boosted by the like of Taiba up a colossal 54%, and likewise the Makkah real estate listed sector was up 33%, led by the likes of Makkah Construction, also up a colossal 58% and Sumou bolstered at 45%. Outside the Holy Cities, listed real estate companies including Arriyadh and Saudi Real Estate were also up a colossal near or actual 60%, but the Red Sea Company was stratospheric at 157.5%

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.

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.

THE REAL ESTATE SECTOR IN MAKKAH AND MADINAH IN REVIEW IN 2024

Overview of Holy Cities Overview 2024

As an overview for Makkah and Madinah in 2024, the population of Makkah reached around 2.18 million residents and in Madinah around 1.59 million residents. Nearly 1.8 million pilgrims performed Hajj in 2024, with 1.6 million from overseas, with Umrah pilgrims at 16.9 million, giving a total of 18.5 million pilgrims to the Holy Cities in 2024.

Governance and socio-economic realm of Holy Cities in 2024

In terms of new governorships and tenures, at the end of 2023 and start of 2024, Prince Salman bin Sultan bin Abdulaziz started his tenure as the new Governor of Madinah, with remaining incumbent Prince Saud bin Khalid al-Faisal as Vice-Governor, and Prince Saud bin Mishal bin Abdulaziz to Jeddah started his tenure as Deputy Governor of Makkah. In January in Makkah, Deputy Governor of Makkah Prince Saud bin Mishal inaugurated the headquarters of the Royal Commission for Makkah City and Holy Sites. In January in Makkah at the Makkah Halal Forum, the Federation of Saudi Chambers and the Islamic Chamber of Commerce and Development signed a Manafea partnership agreement to transform Makkah and Makkah into a global platform for investment and international events. In February, Madinah was added to UNESCO learning cities network in addition to King Abdullah Economic City near Rabigh. In February in Madinah,

the Madinah Urban Observatory at the Madinah Region Development Authority launched the Madinah Region's State of Sustainable Development report. In March in Madinah, the first official discussion and approval between Alpha1 Strategy and the Emirate of Madinah took place to progress the Metropolis MADINAH Conference. Also in March in Madinah, Madinah received the Cities Gold Level from the United Nations human settlements program, UN-Habitat and in April, Madinah advances 11 ranks in the IMD Smart City Index 2024.

The Masjids of the Holy Cities in 2024

In January, Saudi Arabia's Ministry of Hajj and Umrah announced that nikah or marriage contracts can now be conducted at the Masjid al-Haram in Makkah and al-Masjid al-Nabawi in Madinah. In March in Makkah, it was announced that 12,000 Masjids had been prepared for Ramadan. In April in Madinah, it was announced that more than 20 million pilgrims had visit al-Masjid an-Nabawi in Madinah during the first 20 days of Ramadan. In April in Makkah, over 2.5 million worshippers prayed Masjid al-Haram on the 27th Night of Ramadan. In May, it was announced that 300 tonnes of Zamzam water from Makkah are supplied daily in Madinah. In June, 1.6 million pilgrims arrived in Makkah for the Hajj pilgrimage, with more than 1,300 Hajj pilgrims dying from extreme heat. In July, a new Kiswah cloth cover was installed on the Kaaba in Makkah on the first day of the Islamic New Year of 1 Muharram 1446, and later in the month the Deputy Governor of Makkah also washed the Holy Kaaba.

Heritage and Tourism in the Holy Cities in 2024

Religious tourism and heritage revivification has also been expanded in the Holy Cities in 2024. In January, Careem, the Middle East multi-service app, announced the launch of the "Madinah Tour" service in partnership with the Madinah Development Authority which offers a specially curated experience to visit 12 of the most important historical and touristic sites in Madinah which include: al-Masjid al-Nabawi, Masjid al-Quba, Masjid al-Qiblatayn, the Battle of Uhud site, Battle of al-Khandaq site, al-Aqeeq Valley, Bir al-Faqir, the King Fahd Glorious Quran Printing Complex, the al-Hijaz Railway Museum, the al-Madinah Art Centre, Dar al-Madinah Museum and Bir al-Ghars. In March, the Madinah Region Development Authority introduced the 'Visit Madinah' app and platform and in March, Visit Madinah, the platform for visitors to Madinah announced the addition of the "Badr Route Journey" as a destination targeting visitors toward the historic Badr site. In March, the Governor of Madinah inaugurated Al-Safiyah Museum and Park in the Central Zone of Madinah. In March in Madinah, the historic al-Faqir Well dating back over 14 centuries was reopened to visitors after its restoration process was completed. In April, the "Makkah Greets Us" event was held at the Hira Cultural District, hosted by the Royal Commission for Makkah City and Holy Sites.

Infrastructure, land, sea and air in the Holy Cities in 2024

In terms of hard infrastructure across land, sea and air and environmental sustainability, significant develops took place across the Holy Cities in 2024. In January relating to accessing Makkah via Jeddah, Saudi Arabian Airlines unveiled plans to operate flying taxis to ferry Hajj pilgrims between King Abdulaziz International Airport in Jeddah and hotels in Makkah. In January in Madinah, Saudi Arabia's National Water Company announced it has planted more than 1 million trees across various areas of the Madinah region. Also in January in Madinah, Saudi Arabia's Ministry of Environment, Water, and Agriculture branch in Madinah stated that 26,000 date farms in Madinah had yielded USD \$253 million in total in 2023. In February, the Makkah Deputy

Governor launched 20 road projects with costs at USD \$373 million. In March in Madinah, TAV Airports of Turkey announced a USD \$275 million investment plan to increase the capacity of the existing terminal at Madinah Airport to exclusively serve international flights and also construct a new 40,000 square meter terminal for domestic flights, which, including new access roads and parking facilities, is expected to increase the airport's capacity to approximately 18 million passengers.

In April, Madinah Region Development Authority boosted the operation system of the Madinah bus service to serve passengers travelling via the Haramain High Speed Railway at Madinah station to and from al-Masjid an-Nabawi, in line with Ramadan. Also in April with Ramadan, the Haramain High Speed Railway reported a milestone with 1.09 million passengers. In June in Makkah, Makkah Municipality launched 100 investment opportunities across infrastructure and urban development, including upgrading walkways, commercial grids, and public spaces such as Batha Quraysh promenade and East Makkah holiday homes. In August in Makkah, plans were announced to develop a cable car system to facilitate access to the Cave of Hira in Makkah's Jabal Al Noor, to an altitude of approximately 634 meters. In December in Madinah, Knowledge Economic City in Madinah launched the first phase of the Madinah Gate project in December, constituting a major transport-oriented infrastructure development connected directly to the Haramain High-Speed Rail Station, enhancing passenger mobility and urban connectivity.

New flights destinations to and from Jeddah airport, serving Makkah, and Madinah Airport were also announced or operational in 2024. New routes and flights that began in 2024 to and from Jeddah included to Mumbai and Ahmedabad with Akasa Air in July, Berlin with flynas in September and Istanbul with Ajet in October. New routes and flights that began in 2024 to and from Madinah included Nouakchott with Mauritania Airlines in April, to Abu Dhabi and Sharjah in September and to Sphinx Airport Cairo with Flynas in December.

Real Estate Development in the Holy Cities in 2024

In terms of real estate projects, there were new launches and announcements across the Holy Cities. By the end of 2023 and start of 2024, in Madinah, the Madinah Municipality had completed 70-km bike paths to promote healthy living. In January in Madinah, PIF giga-project Rua al-Madinah launched the Islamic Civilisation Project, a new real estate / cultural destination project covering about 257,000 square metres. In February, it was announced that 4,000 buildings had received licenses to accommodate 2 million pilgrims during the 2024 Hajj pilgrimage season in Makkah.

In March in Makkah, PIF-owned Roshn announced it was developing Makkah's first mixed-use residential community in Makkah, al-Manar, with the first phase of the project, which spans 2.5 million square metres, offering 4,149 residential units for more than 17,000 residents, with the project located in Makkah's western gateway with green spaces covering 12% of the project's total area of the project. In May in Madinah, Almqr Development Co., the investment arm of Madinah Regional Municipality, signed an agreement with a national construction company to build "Heart of Uhud", a wellness resort and rehabilitation centre located north of al-Masjid an-Nabawi, with the facility covering 240,000 square meters and which aims to establish Madinah as a global destination for health and wellness. In October in Makkah, Alandalus Property launched a major commercial centre development in Makkah worth about USD \$222 million, spanning over 50,650 square metres. Also in 2024 in Madinah, Jadwa Investment, with Al Mqr Real Estate Development

Company and Almajdiah Residence, signed an MoU to establish a USD \$187 million real estate investment fund to develop a mixed-use masterplan on a 464,003 square metre plot in Madinah.

New Hotel Projects in the Holy Cities in 2024

In terms of hotels in the Holy Cities, new projects were announced or launched, as well as new initiatives within existing hotel projects. In January in Makkah, Address Jabal Omar Makkah announced the opening of “Sky Musalla”, the world’s highest prayer room, overlooking the Holy Kaaba. In February, TIME Hotels, renowned for its management expertise and headquartered in the UAE, officially launched its latest venture, the TIME Ruba Hotel & Suites, in Makkah. In April, PIF-owned Rua Al Madinah signed an agreement with Hilton to develop three new hotels in the Rua Al Madinah mega project near al-Masjid an-Nabawi including Conrad Rua Al Madinah, DoubleTree by Hilton Rua Al Madinah and Hilton Garden Inn Rua Al Madinah. In May in Madinah, Four Seasons Hotels and Saudi developer Dar Al Omran officially launched plans for announced a new luxury hotel in Madinah, located just steps from al Masjid an Nabawi. In May also in Madinah, Amsa Hospitality and Radisson Hotel Group confirmed plans to open the Radisson Hotel Madinah, the group’s first hotel in the city. In June in Makkah, Radisson Hotel Group opened the Park Inn by Radisson Makkah Thakher Alsharqi. In June in Madinah, Rotana Group announced the opening of its first hotel in Madinah, al-Manakhah Rotana. In October in Madinah, Taiba Investments announced it had signed with Hilton to bring the city’s first Waldorf Astoria. In November in Makkah, Saja Hotels launched the Saja Makkah Hotel, in the Kudai area of Makkah City. In November in Makkah, Wyndham Hotels & Resorts announced it had signed a new property in Makkah, Ramada by Wyndham Makkah al Jumaizah. In December, as part of the new Madinah Gate project for KEC in Madinah, a new Hilton DoubleTree hotel was also announced. Also in 2024, IHG signed agreements for Holiday Inn & Suites IWD KEC and Holiday Inn Express IWD KEC with Knowledge Economic City in Madinah’s Islamic World District.

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

Contact:

Ms. Aisha Imam

Head of Talent and Media

Alpha1Estates

Tel: (+44) 207 0609 786

Fax: (+44) 207 1171 586

Email: A.Imam@Alpha1Estates.com

Website: <http://www.Alpha1Estates.com>