

Saudi Arabia Hospitality - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

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Report description:

Saudi Arabia Hospitality Market Analysis

The Saudi Arabia Hospitality Market size in 2026 is estimated at USD 29.02 billion, growing from 2025 value of USD 27.14 billion with 2031 projections showing USD 40.58 billion, growing at 6.93% CAGR over 2026-2031.

Demand continues to broaden as Vision 2030 funnels fresh capital into giga-projects, strengthens domestic leisure infrastructure, and simplifies visa processes, all of which lift both business and leisure arrivals. Chain operators accelerate brand rollouts to secure prime sites, while luxury and serviced-apartment formats diversify the offer, ensuring alignment with shifting traveller preferences. Digital distribution strategies deepen hotel-to-guest engagement, prompting an upswing in direct bookings and loyalty-program enrolments even as OTAs retain a large share of transactional volume. Continuous RevPAR outperformance relative to pre-2019 levels underscores healthy pricing power in key cities despite an intensive construction pipeline.

Saudi Arabia Hospitality Market Trends and Insights

Vision 2030 Tourism Mega-Investment Program Transforms Market Dynamics

Public Investment Fund commitments totalling USD 500 billion to NEOM alone redraw the development map, ushering in a pipeline of ultra-luxury, upper-upscale, and lifestyle properties unprecedented in the region. Sindalah Island's debut in 2024 delivered an initial 440 keys, serving as proof-of-concept for sustainability-driven resort clusters that cap visitor numbers to

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protect fragile ecosystems. Complementary projects such as the USD 20 billion Diriyah Gate reinforce the Kingdom's positioning beyond religious tourism by curating heritage-focused hospitality anchored in premium cultural experiences. Collectively, the giga-projects are slated to create roughly 380,000 jobs, some of which fall inside hotel and F&B operations, thereby elevating local workforce participation in the Saudi Arabia hospitality market. Forward bookings for first-phase assets confirm resilient demand from high-net-worth individuals seeking new luxury frontiers.

Rapid Growth in Religious Tourism Drives Infrastructure Expansion

In 2024, the kingdom recorded over 18.5 million pilgrim arrivals, comprising 16.9 million for Umrah and 1.61 million for Hajj, according to data from Skift and the Ministry of Hajj and Umrah. The government has set a strategic target to attract 30 million Umrah pilgrims annually by 2030. Projects such as the USD 26.6 billion Masar Destination integrate retail promenades with 41,000 hotel rooms. Medina's Knowledge Economic City brings over 2,000 keys within walking distance of the Prophet's Mosque. AI-enabled crowd-management platforms under the Smart Hajj initiative streamline pilgrim flows, scaling occupancy rates during peak seasons without compromising safety. As religious travel remains less vulnerable to macroeconomic cycles, hotel developers lock in long-term cash flow via master leases and strategic alliances with pilgrimage operators.

Imminent Oversupply Pressures Average Daily Rates

The pipeline of 316 projects, comprising 83,275 rooms currently under construction, presents potential near-term rate-compression challenges. This is particularly evident in Riyadh, where inventory is projected to witness substantial growth before 2028. Upscale and luxury projects account for a significant share of future supply, leaving the mid-scale segment under-represented and intensifying competition at the top end. Jeddah witnessed a 10% year-on-year ADR decline in select quarters, signalling sensitivity to incremental keys during ramp-up phases. Operators respond by sharpening segmentation strategies, leveraging data-driven revenue tools, and broadening ancillary income streams. While long-term fundamentals remain positive, near-term rate volatility requires disciplined phasing and agile asset management within the Saudi Arabia hospitality market.

Other drivers and restraints analyzed in the detailed report include:

Luxury Demand from Giga-Projects Creates Premium Market Segment
Rising Domestic Leisure Travel Expands Market Base
Seasonality of Religious Tourism Creates Demand Volatility

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Chain hotels held 57.74% of the Saudi Arabia hospitality market share in 2025 and are projected to advance at a 11.62% CAGR through 2031 as international groups race to secure flagship locations. Portfolio depth enables multi-brand clusters in mega-projects, granting operators economies of scale across staffing, procurement, and technology. Loyalty ecosystems amplify direct-booking growth, reducing reliance on high-commission intermediaries. Independent hotels respond by spotlighting hyper-local experiences in cultural destinations such as AlUla yet face distribution-cost headwinds absent chain affiliation. As Vision 2030 accelerates project openings, the Saudi Arabia hospitality market size associated with chain hotels is poised to nearly double, reinforcing branded dominance.

Momentum favours chains because they leverage global pipelines and standardized training programs to meet Saudization requirements efficiently. Cross-segment brand families from economy concepts to ultra-luxury flags allow chains to absorb oversupply stresses by flexing rate fences across their portfolios. Joint ventures with sovereign-backed developers accelerate

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capital deployment, while asset-light management contracts safeguard balance sheets. Independent operators must carve out niches in heritage or eco-resort segments where authenticity trumps corporate uniformity.

The Saudi Arabia Hospitality Market is Segmented by Type (Chain Hotels and Independent Hotels), Accommodation Class (Luxury, Mid & Upper-Mid-Scale, and Other), Booking Channel (Direct Digital, Otas, and Other), Geographic Region (Riyadh Region, Makkah & Jeddah Corridor, and Other). The Market Forecasts are Provided in Terms of Value (USD).

List of Companies Covered in this Report:

Accor SA Marriott International Inc. Hilton Worldwide Holdings InterContinental Hotels Group (IHG) Radisson Hotel Group Dur Hospitality Jabal Omar Development Co. Al Hokair Group Kingdom Holding Co. / Four Seasons Rotana Hotels Millennium & Copthorne Hotels Wyndham Hotels & Resorts Louvre Hotels Group Hyatt Hotels Corporation Valor Hospitality Partners Shaza Hotels OYO Hotels & Homes Taiba Investments HMH (Hospitality Management Holdings) Red Sea Global

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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