VIDEC's

Saudi Arabia Travel Market Sizing & OTA Benchmarking Study, 2019-2028

Overview and analysis of Saudi Arabia's travel market opportunity for air and hotel categories from 2019-2028.

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About VIDEC

VIDEC is a boutique research, consulting, and M&A advisory company with a singular domain focus on the global travel, tourism, and hospitality industry.

VIDEC actively helps companies looking to acquire and exit with its commercial due diligence, industry and consumer research, thought leadership, and buy and sell side advisory services. VIDEC has a strategic partnership with the leading global investment banking firm, Cambon Partners.

VIDEC's clients benefit from its founding partners' decades of travel industry experience in consumer and B2B research, business development, education, and media.

About Cambon Partners

Cambon Partners has the largest team of travel bankers. It provides travel/tech companies with comprehensive advisory services for mergers & acquisitions and corporate finance, including:

- Sellout to a strategic buyer
- Majority and minority stake sales to LBO and growth equity funds
- Venture and growth capital funding
- Debt refinancing and raising of bank of bond financing
- Acquisitions

Cambon Partners intervenes at all stages of the company's lifecycle: Venture, Growth capital, LBO, M&A.

Sponsors

VIDEC undertook an independent, rigorous and unbiased, multi-client syndicated research on the GCC & Egypt Travel Market, covering air and hotel categories with an emphasis on the role of online travel intermediaries.

VIDEC is thankful to its sponsor partners who agreed for the need of such an overarching research and for their sponsorship participation in this multi-client syndicated research study.

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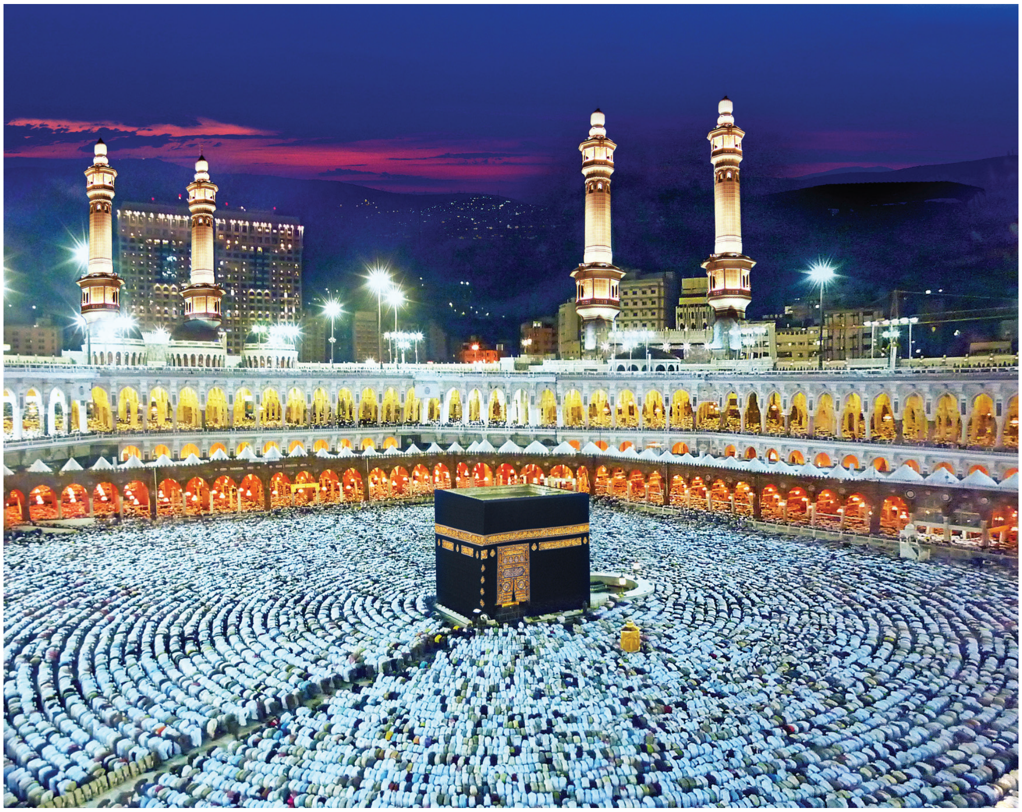
Market Overview

Saudi Arabia is the largest and fastest-growing economy in the Gulf Cooperation Council (GCC) with a GDP of US$1.1 trillion, solidifying its position as a regional economic powerhouse. As the world's largest oil exporter, the Kingdom had a per capita GDP of $32,500 in 2023, making it one of the most important markets in the GCC region.

Saudi Arabia has undertaken significant reforms to create a business-friendly environment and attract foreign investment. FDI inflow in the Kingdom amounted to $25.5 billion[1] in 2023, up 50% compared to 2022. With Crown Prince Mohammed bin Salman at the helm, Saudi Arabia has embarked on an ambitious journey to diversify its economy, reduce its dependence on oil, and unlock the potential of its non-oil sectors. This transformation is central to the Kingdom's Vision 2030, a strategic framework spearheaded by the Crown Prince.

The contribution of the non-oil sector to its GDP increased to 63% in 2021 from 39% in 2000. Within the non-oil sector, the contribution of travel and tourism to its GDP stood at 11.5% in 2023 as religious and leisure travel grew at a phenomenal pace in the Kingdom. Inbound religious travel in 2023 grew to 15 million, up from 9 million in 2019. While the inbound pilgrims for Hajj remained stagnant, the inbound travelers performing Umrah increased to 13.5 million in 2023 compared to 7.4 million in 2019.

Saudi Arabia experienced a surge in inbound leisure tourists, with numbers soaring 5.5 times to 6.2 million in 2023, up from 1.12 million in 2019. Meanwhile, its domestic travel, including all trip purposes, increased from 48 million to 78 million during the same period.



1. Saudi Press Agency. (2024, October 23)

As a part of Vision 2030, the Kingdom has doubled down on revamping its image as a global tourist destination. The Kingdom eased visa restrictions in 2019 by introducing e-Visa, which now applies to over 60 countries. It has allocated $800 billion to grow non-religious tourism[2] via new tourist destinations.

In 2023, Saudi Arabia's sovereign wealth fund PIF (Public Investment Fund) set up ASFAR to fast-track investments in the Kingdom's tourism industry as the country aims to attract 150 million international tourists a year by 2030.

Over the years, PIF has made substantial investments toward transformative projects, including the development of multiple smart cities, the Saudi Green Initiative, the City of Ha'il, Amaala, the Red Sea project, and NEOM, a futuristic region powered entirely by renewable energy. In addition to these, Saudi Arabia is building entertainment infrastructure like theaters, theme parks, and multiple sporting venues through public-private partnerships.

Since opening the UNESCO World Heritage Site AlUla in 2020, the government has invested billions of dollars into developing ancient sites as well as coastal and desert destinations to attract luxury-seeking tourists. It further plans to revitalize 15 historically and culturally relevant tourist destinations[3] by 2025.

As a result of these investments and initiatives, non-religious tourism in Saudi Arabia is already experiencing rapid growth. With the AFC Asian Cup set for 2027 and Riyadh preparing to host the World Expo in 2030, the Kingdom is on track to achieve its Vision 2030 goal of attracting 150 million visitors, further cementing its position as a global tourism hub.

2. Saudi Press Agency. (2023, October 24)
3. Vision 2030

Methodology

VIDEC's Saudi Arabia Travel Market Sizing & OTA Benchmarking Study, 2019-2028 analyzes market sizing and projections for Saudi Arabia's air and hotel categories using the demand-side methodology.

Why Demand-Side Methodology?

The analysis considers only bookings made through local points of sale (POS), which essentially covers the bookings made by citizens/residents for their domestic and international travel. Inbound bookings are excluded as they typically originate from a non-Saudi Arabia POS and are not reflective of the local demand. Ergo, it inflates the real potential of the local market. Additionally, hotel bookings made by outbound travelers from the region remain unaccounted for in a supply-based approach.

What Does the Demand-Side Methodology Count?

For air category:

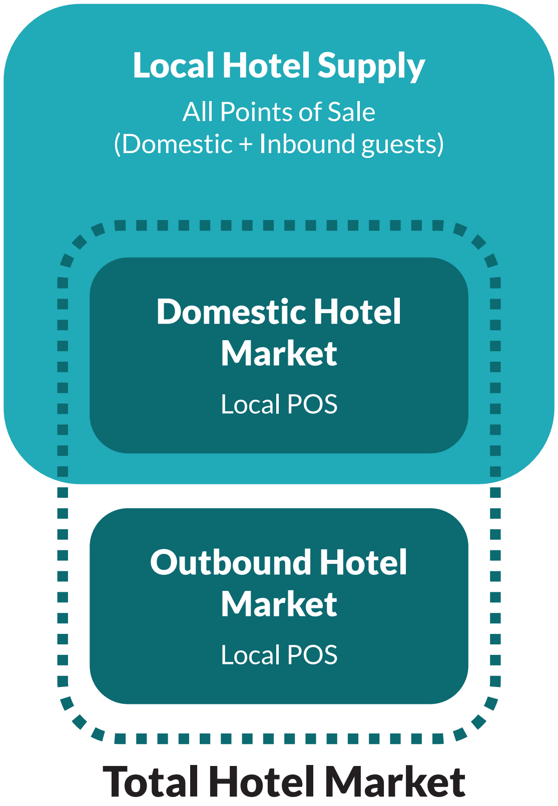
- Only bookings made from the Saudi Arabia POS are included. The operating carrier could be a local airline (e.g., Saudia, flynas) or a foreign airline (e.g., Emirates, IndiGo). Examples:
    a. A Dubai-Riyadh passenger on flynas is accounted in Saudi Arabia TAM, if the bookings was made from a Saudi Arabia POS.
    b. A Saudia passenger flying Jakarta-Jeddah is NOT accounted in Saudi Arabia TAM, if the booking was made from an Indonesian POS.

For hotel category:

Similarly, the hotel market assessment focuses on local POS bookings, comprising:

- Domestic bookings made by the Saudi Arabian residents for **hotels located in Saudi Arabia**
- International bookings by the Saudi Arabian residents for **hotels located outside of Saudi Arabia**

Inbound bookings constitute bookings made by foreign visitors for hotels located in the Kingdom. Most of these are booked from the visitors' country of origin. Since they do not represent local demand and are NOT made from local POS, they are EXCLUDED from the demand-side sizing.



How was the Market Analysis Conducted?

The market analysis synthesizes multiple data sources and interviews with over 60 industry executives from suppliers, intermediaries, technology companies, tourism boards, and government institutions to better understand the market dynamics and outlook. Financial information was sourced from publicly available financial reports. Estimates and projections are based on third-party data sources, economic indicators, market trends, executive interviews, and VIDEC analysis.

How is Financial Data Presented?

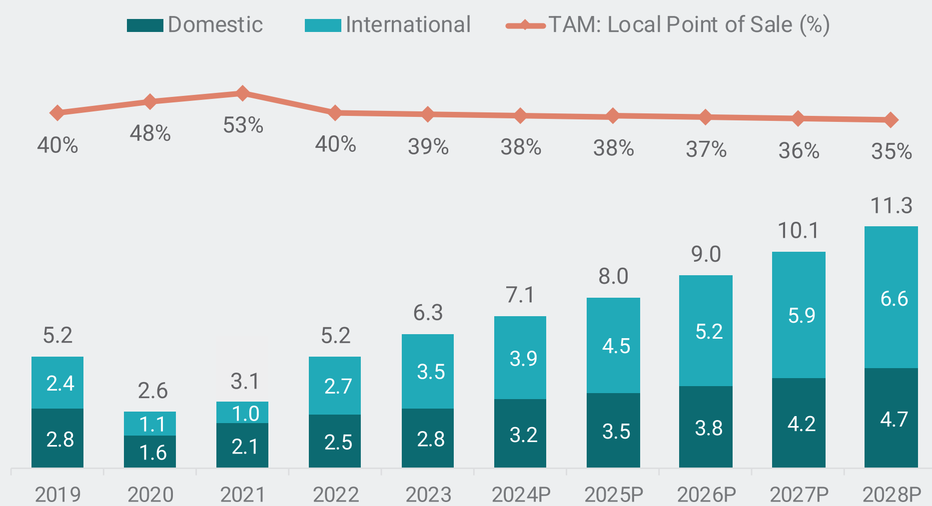
All data is presented on a calendar year basis, even if the company reports on a financial year. Data is actual for 2019-2023 and projected for 2024-2028. The market sizing is presented in US dollars, using applicable average currency exchange rates for respective years, with values unadjusted for inflation.

Total Air Market (TAM)

VIDEC estimates Saudi Arabia's total air market at US$7.1 billion in 2024, up 36% from 2019. Saudi Arabia leads the GCC and Egypt region with a 44% share of the region's total air market. This first-ever air market sizing is based on the demand-side methodology, which represents domestic and international air bookings made from local POS, and excludes bookings made from POS outside the Kingdom.

Saudi Arabia's air market went past the pre-pandemic levels in 2022 itself and continues to grow on the back of the multiple public-private partnerships aimed at expanding the Kingdom's travel sector. Based on demand-side estimation, the country's total air market is projected to rise at a CAGR of 12.2% during 2024-2028 to reach $11.3 billion by 2028.

Saudi Arabia Total Air Market ($Bn), Share by Destination, 2019-2028



-	56%	76%	91%	101%	115%	9.7%	5.9%
-	44%	39%	110%	142%	160%	14.1%	11.7%
Indexed to 2019 (%)						CAGR: 2024-2028	CAGR: 2019-2028

Total air market (TAM) represents bookings made on local as well as foreign carriers operating in Saudi Arabia from local point of sale (POS) and excludes bookings made from any other POS. Refer methodology for more details. 2024-2028 projected. Totals may not add up due to rounding.
Source: VIDEC's GCC & Egypt Travel Market Opportunity, 2019-2028

The international air travel segment rebounded strongly post-pandemic and is valued at $3.9 billion in 2024, up 63% compared to 2019. This projection is based on the demand-side methodology, which represents air bookings made from local POS.

With Saudia now primarily focusing on international expansion and the upcoming Riyadh Air aiming to connect the Kingdom with over 100 cities[4] by 2030, the international air travel market is expected to grow at a CAGR of 14.1% between 2024 and 2028.

4. FAST Company (2025, February 24)

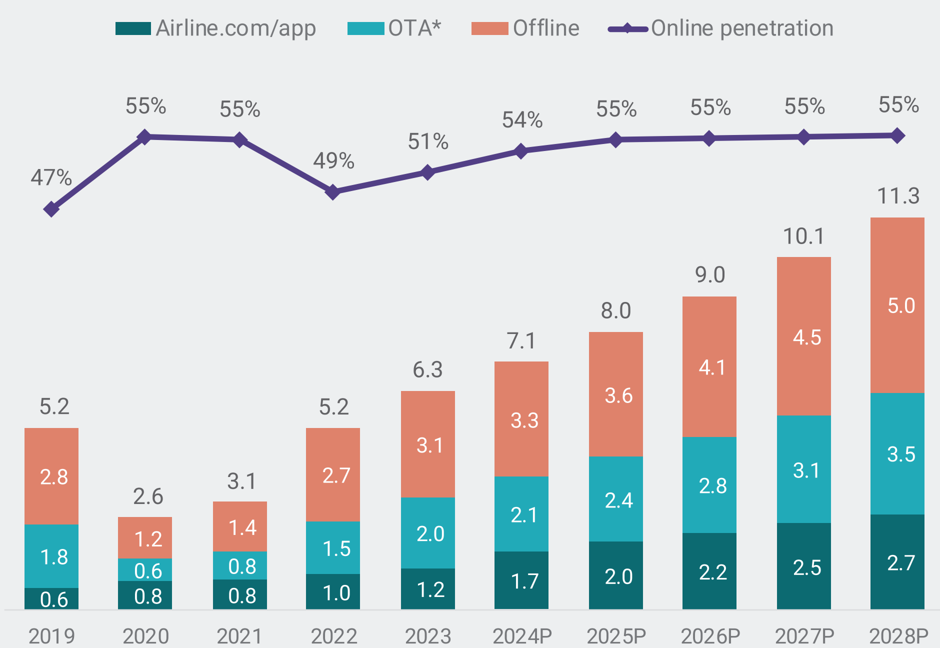
Saudi Arabia's domestic air market is valued at $3.2 billion in 2024, growing at a CAGR of 9.7% between 2024 and 2028. This growth is driven by increased connectivity between key cities, rising domestic tourism, and government initiatives to enhance regional travel infrastructure. Additionally, a 7% year-on-year (YoY) decrease in domestic flight prices[5] in 2024 due to improved air connectivity and fierce competition has further stimulated the demand for domestic air travel.

TAM By Booking Channel

Saudi Arabia's online air penetration stood at 54% in 2024, up from 47% in 2019. VIDEC estimates the Kingdom's online air market, which includes online travel agencies (OTAs) and airline's online-direct bookings, to reach $3.8 billion in 2024. As a recap, this first-ever air market sizing is based on the demand-side methodology, which represents domestic and international air bookings made from local POS, and excludes bookings made from POS outside the Kingdom.

Saudi Arabia's near 100% internet connectivity and the young demography that's fueling digital adoption in the Kingdom are the major factors behind the rise of the online air market.

Saudi Arabia Total Air Market ($Bn), Share by Booking Channel, 2019-2028



*OTA channel includes all bookings made on local and global OTAs from local POS. Total air market (TAM) represents bookings made on local as well as foreign carriers operating in Saudi Arabia from local point of sale (POS) and excludes bookings made from any other POS. Refer methodology for more details. 2024-2028 projected. Totals may not add up due to rounding.
Source: VIDEC's GCC & Egypt Travel Market Opportunity, 2019-2028

The gross booking value (GBV) of OTAs, including leisure and corporate travel segments, is projected at $2.1 billion in 2024 compared to $1.8 billion in 2019. The OTA channel is expected to grow at a CAGR of 13.2% between 2024-2028.

5. Argaam. (2025, January 9)

The Kingdom's tech-savvy demographic, with over 60% population under 30[6], has fueled the rise of OTAs, as they prefer the convenience and flexibility of digital platforms. Almosafer, owned by publicly-listed Seera Group, leads the OTA market, followed by Almatar, which is backed by Saudi Arabia's Tourism Development Fund.

However, the airline online-direct channel is quickly catching up to OTAs with a projected GBV of $1.7 billion in 2024, up from $629 million in 2019. The CAGR of 13% between 2024-2028 indicates a neck-to-neck competition between both channels.

Airlines in Saudi Arabia have made significant investments in technology to cultivate customer loyalty, enhance engagement, and boost online-direct bookings through their proprietary platforms. While flynas entered an MoU with STC Group and SkyFive Arabia[7] to offer high-speed internet during flights, Saudia-owned flyadeal has simultaneously advanced its digital strategy by implementing AI and chatbots to streamline the air booking process.

These efforts are expected to push the online-direct air GBV to $2.7 billion by 2028, up 63% compared to 2024. Roughly a quarter of Saudi Arabia's TAM will be booked directly from the airlines' digital platforms during 2024-2028.

This growth stems from airlines' robust booking interfaces and compelling loyalty programs. Saudi Arabia's carriers recognize young Saudis' preference for booking travel online and are making direct bookings increasingly attractive. For example, Saudia established a partnership with Choice Hotels, allowing members of the carrier's AlFursan loyalty program to access Choice Hotels' loyalty membership benefits and privileges.

6. Reuters (2023, May 31)
7. Flynas announcement (2024, March 6)

As airlines offer enhanced perks and competitive pricing, metasearch platforms that provide a bird's-eye view of all carrier offerings in one place, play a significant role in the GCC region compared to other markets. Wego Group dominates the GCC metasearch market and operates a sizable OTA platform, Book on Wego, along with a corporate booking platform, WegoPro. Meanwhile, Trip.com-owned Skyscanner also maintains a meaningful regional presence in the Kingdom's metasearch market.

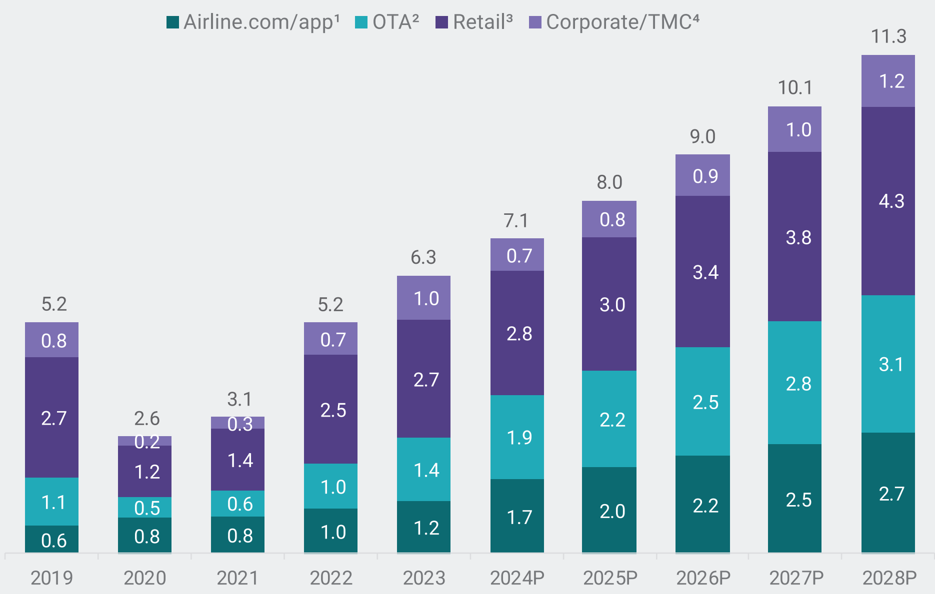
TAM By Distribution Channel

Despite the rise in digital adoption, Saudi travelers heavily rely on conventional retail channels, with a strong preference for local players. Given that Saudi households tend to be larger and affluent, traditional air distributors make for a convenient choice, as they offer personalized assistance in managing group bookings.

VIDEC research shows that the GBV of the traditional retail distribution channel, which includes travel agencies, tour operators, wholesalers, and consolidators, is estimated at $2.8 billion in 2024. Retail players such as Akbar Travels, Fursan Travel, Kanoo Travel, and Zahid Travel, among others, will have a collective share of about 40% of TAM by 2028.

The corporate/TMC channel in Saudi Arabia is valued at $733 million in 2024, compared to $799 million in 2019. The corporate/TMC channel's market sizing is conservative, as its GBV includes only bookings classified as 'corporate' in the MIDT data. However, corporate travelers at times use retail and OTA B2C channel for air travel, leading to an undercount of the corporate booking GBV.

Saudi Arabia Total Air Market ($Bn), Share by Distribution Channel, 2019-2028



[1]Airline.com/app covers online bookings made directly with airlines on their website or mobile app. [2]OTA sizing primarily includes B2C bookings, while OTA corporate bookings are rolled up in Corporate/TMC channel. [3]Retail covers all offline distribution channels including traditional agencies, tour operators, wholesalers, consolidators, et al. [4]Corporate/TMC channel includes bookings classified as 'corporate' in the MIDT data. Refer methodology for more details. 2024-2028 projected. Totals may not add up due to rounding.
Source: VIDEC's GCC & Egypt Travel Market Opportunity, 2019-2028

Saudi Government's policy change in early 2024 mandating all public sector air bookings to be made directly through Saudia, instead of third-party platforms, has significantly altered corporate air distribution. This policy shift created a one-off dent in Almosafer's corporate travel business in 2024 compared to the previous year, which it has successfully offset through growth in leisure travel bookings.

Saudi Arabia's corporate/TMC GBV is expected to rebound to reach $1.2 billion by 2028. This growth stems from the Kingdom's pro-business initiatives, including tax incentives for non-Saudi businesses to establish operations in Saudi Arabia. The expansion of commercial air routes connecting Riyadh and Jeddah to key business hubs in the GCC as well as the US and Europe will fuel the rise of corporate air travel.

These developments bode well for homegrown OTAs like Almosafer and Almatar as well as travel and expense management providers such as FlyAkeed, which recently raised $15 million to bolster its corporate air travel offerings. Moreover, the UAE-headquartered businesses establishing offices in Saudi Arabia pave the way for UAE-based air distributors such as dnata, Kanoo Travel, and Musafir.com to deepen their foothold in the Kingdom's air market.

With Riyadh Air expected to start operations in the latter half of 2025 and Saudia shifting its focus to international travel, corporate travel demand will further increase, particularly on key business routes like Riyadh-Dubai and Jeddah-London, among others.

As Saudi Arabia's aviation sector expands, the role of technology in streamlining operations and enhancing the customer experience becomes even more crucial. The emergence of NDC has strengthened the relationship between GDS players and indirect air distributors. These indirect air distributors rely heavily on GDS players like Amadeus, Sabre, and Travelport, which have evolved into full-fledged technology enablers after the rollout of NDC. Their role has become increasingly critical in improving search accuracy, ensuring seamless content distribution, and personalizing customer experience.

Among them, Amadeus stands out as the most prominent GDS player in the Kingdom, offering airlines and indirect air retailers a comprehensive suite of solutions. From unbundling ancillary services—such as extra legroom, baggage options, and in-flight WiFi—to optimizing customer offerings through dynamic pricing, Amadeus has positioned itself as the one-stop shop for airlines, OTAs, and retail air distributors.

Beyond bookings, Amadeus has also transformed airport and payment experiences. Its acquisition of Vision-Box has introduced contactless check-in and boarding, streamlining passenger flow at airports. Additionally, its acquisition of Voxel, a B2B payment technology firm, enhances travel payments and electronic invoicing across the industry, complementing its existing payments arm, Outpayce. Amadeus' strategic partnerships with major carriers and OTAs in Saudi Arabia, along with its role in hosting key Middle Eastern airlines on its platform make it a dominant player in Saudi Arabia and neighboring markets.

The market's competitive landscape is also evolving with emerging tech-driven collaborations. A prime example is the AI-powered technology platform, FLYR's acquisition of Newshore, to create advanced retailing strategies for airlines. Further, to solidify its position as a technology enabler, FLYR has partnered with the upcoming Riyadh Air to distribute its inventory and provide the foundation for modern retail experiences.

OTA Air Benchmarking

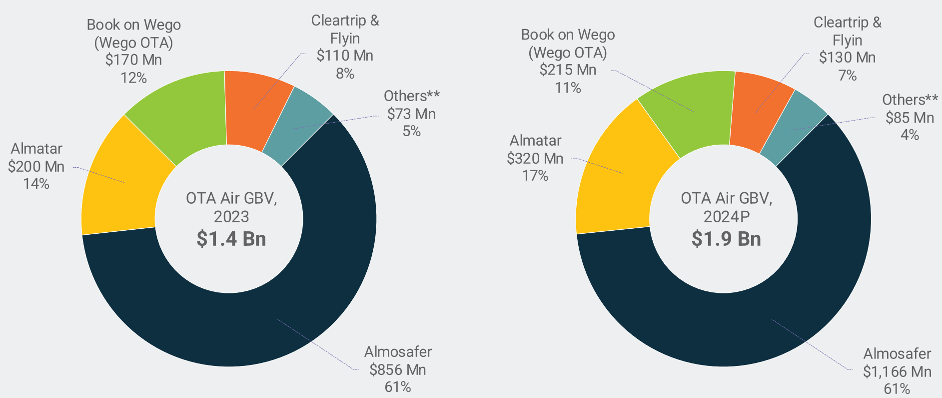
VIDEC estimates OTA air GBV of local and international players at $1.9 billion in 2024, up 36% compared to 2023. This market sizing excludes OTA corporate travel business and is based on demand-side methodology, representing domestic and international air bookings from local POS, and excludes inbound bookings made from POS outside Saudi Arabia.

Saudis take pride in using local brands, a preference that extends to the travel industry as well. This unique consumer behavior gives homegrown OTAs an edge over global online air distributors in the Kingdom. Moreover, Saudi Arabia is one of the few travel markets that has the most lucrative commercial relationship between airlines and third-party air distribution channels. Saudi carriers actively incentivize these channels, with airline and GDS incentives accounting for up to half of OTAs' revenue.

Almosafer, a wholly owned subsidiary of the publicly-listed Seera Group, is the largest OTA player in Saudi Arabia and the entire GCC region. Its sheer size and technology-led comprehensive service offerings have made it virtually synonymous with the Kingdom's OTA sector.

As one of the oldest OTAs, Almosafer accounts for 61% of the OTA air GBV in 2024. Almosafer's air GBV from leisure travel (B2C or consumer travel) is projected at $1.2 billion in 2024, up from $856 million in 2023.

Saudi Arabia OTA Air Gross Booking Value* (GBV) ($Mn), by OTA Brand, 2023 & 2024P



*OTA air gross booking value (GBV) has been arrived using a demand-side approach and may differ from the published IR/guidance provided by publicly listed OTAs and/or suppliers. For privately held OTAs, GBV is estimated by VIDEC through executive interviews and secondary research and may vary from the companies' actual metrics. Almosafer's GBV excludes business travel bookings. **includes other local and global OTAs operating in GCC & Egypt such as BudgetAir, Costco Travel, dnata Travel, EaseMyTrip, eDreams, Ejazza, Expedia, Flybooking, Gotogate, Kanoo Travel, Kiwi, Musafir, SkySOUQ, Tathkarah, Travelwings, Trip.com, VakaTrip, Wingie, et al. 2024 projected. Totals may not add up due to rounding.
Source: VIDEC's GCC & Egypt Travel Market Opportunity, 2019-2028

However, the Saudi government's policy change mandating all government air travel arrangements to be made directly through Saudia has notably impacted Almosafer's business travel segment. Its corporate travel bookings fell from $648 million in 2023 to $160 million in 2024. Nevertheless, Almosafer has fully recovered this dent from its leisure business, which grew 28% in 2024 compared to the year before.

In line with its growth trajectory, Almosafer plans to go public[8] within the next two to three years. This move is part of Seera Group's broader strategy to optimize its portfolio through strategic spin-offs, similar to the successful IPO of its car rental business, Lumi, in 2023. While air travel remains a significant contributor to Almosafer's GBV, the company has diverse offerings including hotels, tours, and activities. A notable initiative is the joint venture with Klook, a leading travel and experiences platform in Asia, resulting in the launch of "Almosafer Activities." This platform serves as a comprehensive digital marketplace for the new-age Arabic population that not just wants to travel business class but also seeks activities. Additionally, Almosafer operates a hybrid model that integrates online services with physical storefronts, catering to customers seeking curated travel itineraries. Almosafer's strategic initiatives, including its planned IPO and diversification efforts, reinforce its pole position in the Saudi OTA market.

Six-year-old Almatar has emerged as the second-largest OTA player in Saudi Arabia with an estimated GBV of $320 million in 2024, up 60% compared to 2023. Almatar has secured investments from the Tourism Development Fund and IMPACT46, to expand its digital platform and improve travel services.

In line with its growth strategy, Almatar has been actively enhancing its technological capabilities with strategic partnerships such as a technology agreement with Sabre Corporation[9] to maximize the value of its B2B transactions and collaboration with Gulf Air[10] to integrate the airline's NDC API into its booking platform. They also have a sizable corporate air travel segment besides leisure travel. These partnerships position Almatar as a formidable competitor in Saudi Arabia's growing OTA market.

8. Argaam (2024, March 5)
9. Sabre Announcement (2023, March 20)
10. Arab News (2024, September 30)

Wego Group, being the largest metasearch company in Saudi Arabia and the GCC region, is synonymous with the online travel intermediary landscape. OTAs heavily rely on metasearch platforms to drive traffic and bookings, which makes Wego one of the most prominent air intermediaries in Saudi Arabia.

Outside of its core metasearch business, Wego Group entered the OTA market with Book on Wego, in 2021, and started its corporate air travel arm, WegoPro, in 2023. Despite being a relatively new entrant in the OTA category, Book on Wego has emerged as the third largest OTA player in the Kingdom with a projected GBV of $215 million in 2024, up 26% compared to 2023. Wego has managed to carve out a competitive position against established industry giants, demonstrating impressive momentum within just four years.

Flyin, another homegrown OTA founded in 2008 and acquired by Cleartrip in 2018, is another formidable player in Saudi Arabia. Cleartrip-Flyin is the fourth largest OTA player in the Kingdom with a GBV of $130 million in 2024, up from $110 million in 2023.

Following the acquisition of Cleartrip's Middle East business by Indian e-commerce giant, Flipkart, Flyin has lost considerable ground as Flipkart shifted its focus to its India operations. Despite this, Flyin continues to enjoy a strong brand recall, especially among the Arabic population which provides strong tailwinds and access to markets beyond the Kingdom such as Egypt.

Digital Payment Ecosystem

Saudi Arabia's rapidly growing fintech market[11], is closely linked to the online travel market.

In 2023, the Kingdom recorded 10.8 billion digital transactions, accounting for 64% of all payments. Among these, 83% were processed through POS terminals[12] using debit and credit cards, 8% were conducted via e-commerce channels, and 3% comprised electronic transfers for utility and bill payments.

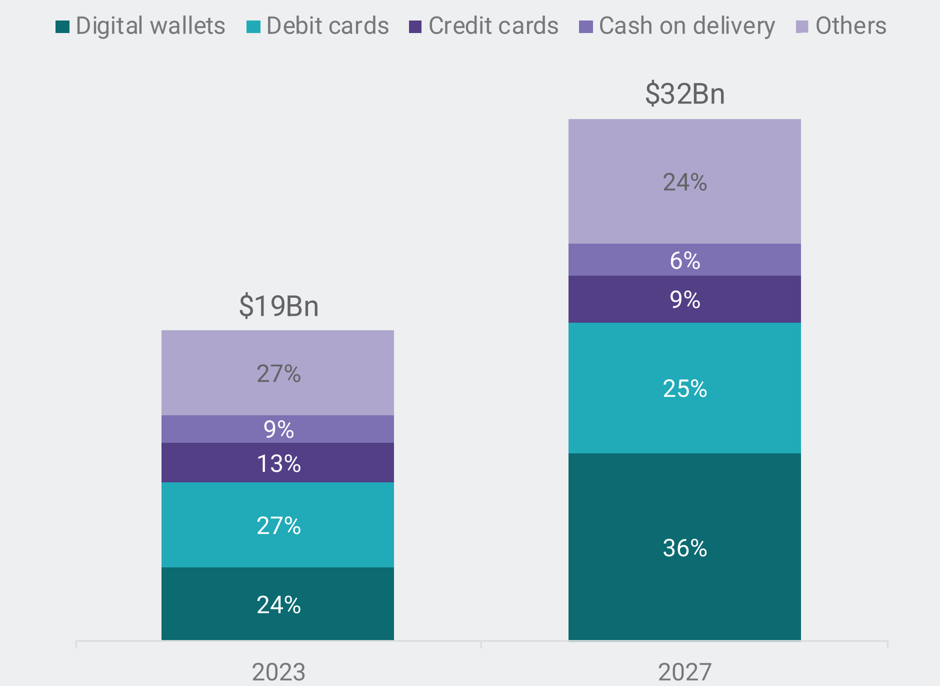
11. IMARC (2024)
12. Saudi Central Bank (2024)

Saudi Arabia's national payments system, mada, has the majority market share, leaving international card networks with a relatively small play in the market. However, mada collaborates with Visa and Mastercard to facilitate international transactions, ensuring that global payment networks remain relevant within the Kingdom's digital payment ecosystem.

Checkout was the first payment service provider in Saudi Arabia[13] that enabled mada cardholders to complete digital transactions. Meanwhile, UATP (Universal Air Travel Plan), a global payment network designed specifically for the airline and travel industry, has been expanding its presence in Saudi Arabia. It recently entered into a strategic partnership with Wego Group[14].

With the fast-paced adoption of digital payments in the Kingdom, buy-now-pay-later (BNPL) solutions have become prominent. The market has seen increased participation from both domestic and international fintech players such as Tamara, Tabby, Spotti, and Postpay, each offering varied BNPL options that particularly suit the last-minute booking nature of young Saudi travelers. These alternative payment methods are gaining traction, particularly through strategic partnerships between BNPL providers and OTAs. Tabby, for instance, has joined forces with Almosafer, while flynas now allows customers to pay via Tamara's BNPL solution.

Saudi Arabia E-commerce Market Size & Payment Methods



Source: Worldpay Global Payments Report 2024

13. Fintech Futures (2018, April 19)
14. PRNewswire (2024, August 13)

The growing adoption of BNPL solutions is expected to benefit OTAs in Saudi Arabia, as they currently incur an MSC (Merchant Service Charge) of about 1% on debit card transactions processed through networks like mada. Additionally, the increasing use of digital wallets, especially Apple Pay's widespread prevalence in the region, presents a favorable trend, allowing OTAs to reduce their reliance on traditional card payments and minimize MSC fees.

On the B2B travel payments front, Mastercard was one of the first entrants in the Kingdom through its Wholesale Program. Its partnership with Amadeus' travel payment arm, Outpayce, plays a crucial role in processing B2B payments in the travel category. Meanwhile, Visa being a late entrant, is now trying to up its game in the B2B travel payments segment.

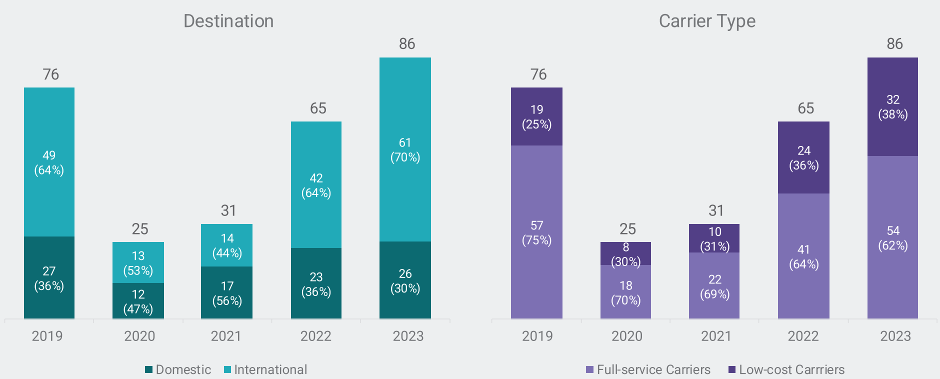
Total Passengers Flown

Saudi Arabia had 86 million air passengers in 2023, up 13% compared to 76 million passengers in 2019, which includes domestic, outbound, inbound, and transit passengers going through the Kingdom.

International segment accounted for the bulk of Saudi Arabia's air traffic, with 61 million international passengers in 2023, compared to 42 million in 2022. This is in line with the Kingdom's ambitious goal of attracting 150 million tourists annually by 2030.

To accelerate this growth, Saudi Arabia is investing in major airport development projects, including the expansion of King Abdulaziz International Airport (KAIA) in Jeddah and the construction of King Salman International Airport in Riyadh, which is set to become one of the world's largest airports.

Saudi Arabia Flown Passenger* (Mn), by Destination and Carrier Type, 2019-2023



*Total flown passenger includes domestic, inbound, outbound as well as transit/ transfer passengers flying on all local as well as foreign carriers operating in Saudi Arabia. Flown passenger estimates are based on civil aviation statistics, airline earnings and available seat capacity. Totals may not add up due to rounding.
Source: VIDEC's GCC & Egypt Travel Market Opportunity, 2019-2028

In contrast to the rise of international passengers, the Kingdom's domestic passenger traffic in 2023 remained flat at 26 million, compared to 27 million passengers in 2019.

However, domestic tourism is expected to grow in the coming years as Saudi Arabia expands regional connectivity and develops new tourist destinations such as the port city of Jeddah, the capital city of Riyadh, and the scenic mountain city of Abha, among others.

In 2023, low-cost carriers (LCCs) saw their market share grow significantly, with 32 million passengers choosing budget-friendly travel options, up from 19 million in 2019—underscoring the expanding role of LCCs in the Saudi aviation sector. Amidst this expanding market, FSCs transported 54 million passengers in 2023 compared to 57 million in 2019, as per VIDEC research. Consequently, their passenger share dropped from 75% in 2019 to 62% in 2023.

Saudi Arabia's LCC landscape is led by flynas and flyadeal, which is a wholly-owned subsidiary of the national carrier Saudia. Both carriers are on an aggressive expansion spree with flynas doubling its order book to 280 aircraft[15], while flyadeal plans to expand its fleet[16] to more than 102 planes within the next three to five years. However, global supply chain constraints and aircraft delivery delays might pose significant challenges to these expansion plans.

In 2024, flyadeal began integrating its API with retail travel agencies and OTAs to let them access its inventory in real time and process payments seamlessly through their platforms. This integration aligns with flyadeal's strategy to enhance its distribution channels and offer travelers more convenient booking options.

LCCs are consistently enhancing their digital platforms to encourage direct bookings, which now account for nearly half of their total ticket sales. However, in dollar terms, LCCs' market share remains lower than that of full-service carriers due to high ticket prices of FSCs.

Now with Saudi Arabia adding new air links to make the country a global tourist destination, FSCs are expected to regain market share. The country has added 60 new destinations[17] connecting cities across Europe, Asia, and Africa to the Kingdom within an eight-hour flight.

These new destinations will be largely served by PIF-backed Riyadh Air, which is set to launch in the latter half of 2025, and national carrier Saudia, which has passed some of its domestic flights to its subsidiary, flyadeal, to focus on long-haul connectivity. With the imminent launch of Riyadh Air, Saudia is undergoing a transformation phase—enhancing its app interface, bolstering its tech-enabled offerings, and revamping its branding.

15. Flynas Announcement (2024, July 25)
16. Argaam (2025, February 25)
17. Saudi Press Agency (2024, October 7)

Total Hotel Market

Saudi Arabia's hotel market which was estimated at US$11 billion in 2024 is much larger than its $7.1 billion air market. Saudi Arabia accounts for 60% of the GCC's hotel market in 2024, emphasizing its dominant position in the region.

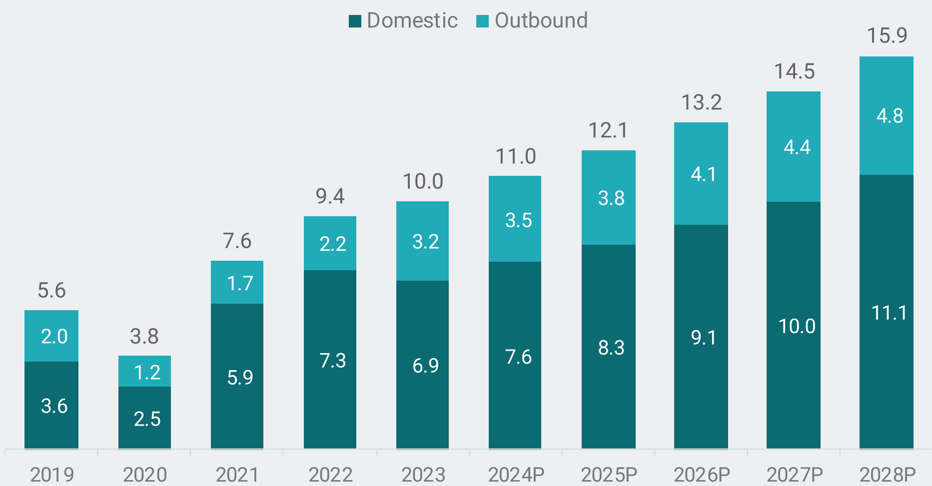
These projections are derived using a demand-side methodology, which captures hotel bookings made on local POS for hotels in and outside Saudi Arabia, and excludes inbound bookings made from outside Saudi Arabia.

Saudi Arabia's hotel market is primarily led by domestic demand, constituting about 70% of the total hotel Gross Booking Value (GBV). The domestic hotel market in the Kingdom is estimated at $7.6 billion in 2024 compared to $3.6 billion in 2019. This growth aligns with the rise in domestic hotel visitors which stood at 52 million in 2023 compared to 48 million in 2019.

Since Saudi Arabia has a robust domestic demand compared to its peers in the GCC region, its hotel market has demonstrated resilience throughout the pandemic and continues to strengthen. Its CAGR between 2024-2028 stood at 10.1%, representing a significant expansion of the domestic hospitality sector.

As per government statistics, the country had approximately 600,000 rooms in 2019, with hotels accounting for roughly 70% of the total keys. As of November 2023, Saudi Arabia had over 40,000 hotels under development intending to add 320,000 rooms by 2030[18]. Favorable policy changes, such as waiving off license fees for hotels and residential resorts, are expected to further accelerate hotel development in the coming years.

Saudi Arabia Total Hotel Market ($Bn), Share by Destination, 2019-2028



-	71%	164%	202%	191%	211%	10.1%	13.4%
-	60%	85%	106%	156%	171%	8.4%	10.0%
Indexed to 2019 (%)						CAGR: 2024-2028	CAGR: 2019-2028

Total hotel market represents all domestic and outbound hotel bookings made from local point of sale (POS) and excludes all bookings made through any other POS. Refer methodology for more details. 2024-2028 projected. Totals may not add up due to rounding.
Source: VIDEC's GCC & Egypt Travel Market Opportunity, 2019-2028

18. Travel And Tour World (2024, April 27)

While the domestic hotel market shows promising growth, the Kingdom's outbound hotel segment is poised for an 8.4% CAGR between 2024 and 2028. VIDEC estimates the outbound hotel opportunity will reach $3.5 billion in 2024 compared to $2 billion in 2019.

Notably, outbound hotel sizing accounts for hotel bookings made by Saudi citizens and residents for their outbound travel.

Despite the outbound hotel guests from Saudi Arabia being stagnant at an estimated 11 million in 2023 compared to 11.9 million in 2019, tourism imports went up by 54%, suggesting a higher average daily rate (ADR) and/or a longer stay by Saudi outbound travelers.

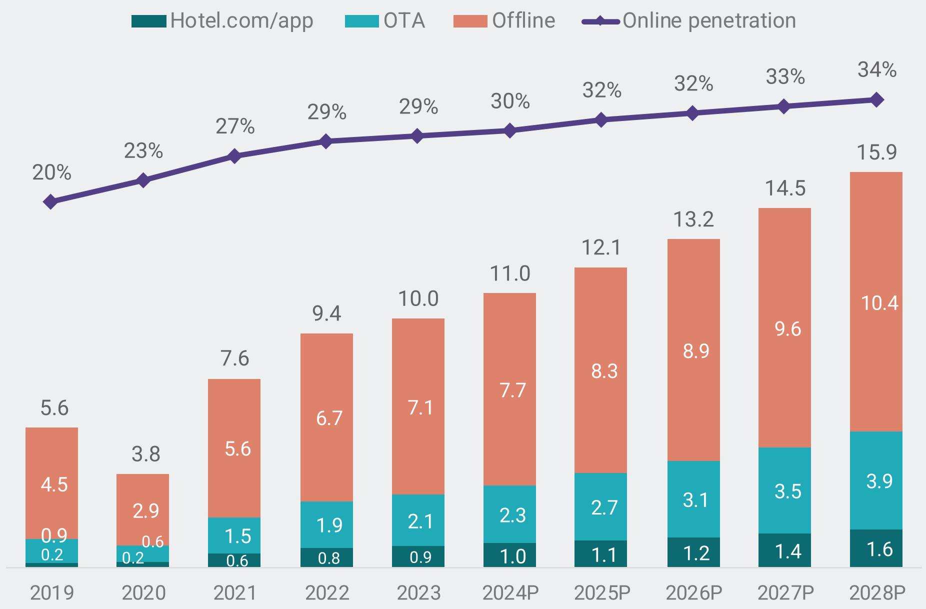
Online Hotel Market

The online hotel market in Saudi Arabia is estimated at $3.3 billion in 2024, capturing 30% of the total hotel market, and is expected to reach $5.5 billion by 2028.

Online hotel adoption in the Kingdom expanded to 30% in 2024, compared to 20% in 2019, with a projection of 34% penetration by 2028. This growth is driven by high digital adoption among Saudi travelers and their growing preference for online hotel booking platforms.

OTAs have more than 70% share of online hotel GBV establishing their dominant position in the Kingdom's online hotel distribution. The OTA hotel market is valued at $2.3 billion in 2024 and is projected to reach $3.9 billion in 2028, growing at a CAGR of 13.6% during 2024-2028.

Saudi Arabia Total Hotel Market ($Bn), Share by Booking Channel, 2019-2028



Total hotel market represents all domestic and outbound hotel bookings made from local point of sale (POS) and excludes all bookings made through any other POS. OTA channel includes bookings made on all local and global OTAs from local POS. Refer methodology for more details. 2024-2028 projected. Totals may not add up due to rounding.
Source: VIDEC's GCC & Egypt Travel Market Opportunity, 2019-2028

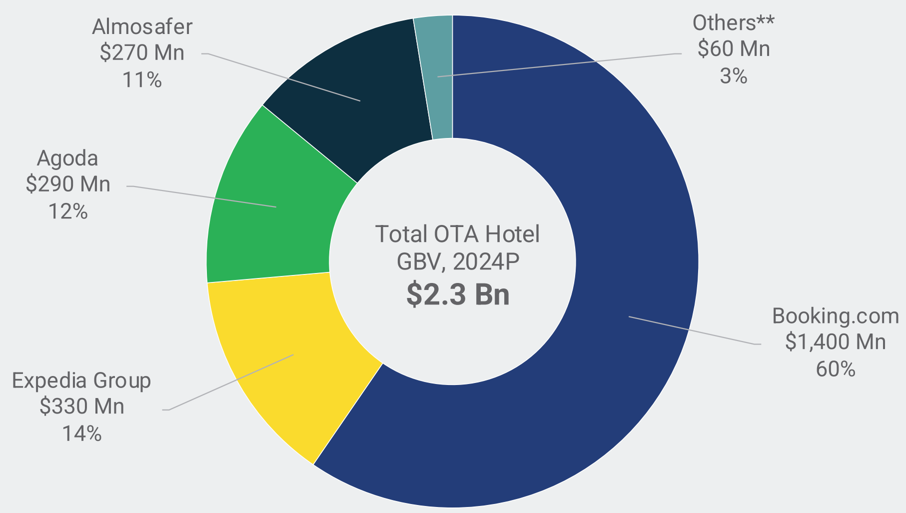
OTA Hotel Benchmarking

The global hotel OTA behemoth, Booking Holdings Inc. has the first movers' advantage to bring the hotel category online for Saudi travelers. Booking.com's flexible payment policy of allowing guests to pay at the hotel with no cancellation fees resonated with Saudi travelers seeking convenience and flexibility. Booking.com commands the lion's share of Saudi Arabia's OTA hotel market with a GBV of $1.4 billion in 2024, constituting 60% of the OTA hotel GBV.

OTAs' ability to distribute third-party hotel inventory and drive commercial success largely depends on their content-sourcing strategy and technological capabilities. This particularly bodes well for Booking Holdings, given their global dominance, which aligns with an international travel hub like the GCC region.

Expedia Group, which continues to have a sizable B2B presence in the region, is the second largest player with a GBV of $330 million in 2024. It is closely followed by Agoda, part of Booking Holdings, with a GBV of $290 million in the same period.

Saudi Arabia OTA Hotel Gross Booking Value* (GBV) ($Mn), by OTA Brand, 2024P



*OTA hotel gross booking value (GBV) has been arrived using a demand-side approach and may differ from the published IR/guidance provided by publicly listed OTAs and/or suppliers. For privately held OTAs, GBV is estimated by VIDEC through executive interviews and secondary research and may vary from the companies' actual metrics.
**includes other local and global OTAs operating in GCC & Egypt such as Almatar, Cleartrip, dnata Travel, EaseMy-Trip, eDreams, Ejazza, Expedia, Flyin, MakeMyTrip, Musafir, Rehlat, SkySOUQ, Tathkarah, Trip.com, Wego, Wingie, et al. 2024 projected. Totals may not add up due to rounding.
Source: VIDEC's GCC & Egypt Travel Market Opportunity, 2019-2028

Due to strong competition from the three formidable global OTAs—Booking.com, Expedia, and Agoda—homegrown players hold a relatively smaller share of the pie despite being the leaders in the online air category. Additionally, homegrown OTAs have primarily focused on air distribution and continue to double down on it because of the healthy commercials in the air category.

Interestingly, the region's largest air OTA, Almosafer, originally began as a hotel distribution channel and later evolved as an air-heavy OTA. Almosafer's hotel GBV is estimated at $270 million or 11% of Saudi Arabia's OTA hotel GBV in 2024, clocking around 6,000 room nights a day in 2023.

The share of hotel online-direct channel remains in its nascency primarily due to the hotel fragmentation in the Kingdom and OTAs' strong hold of the online hotel market. VIDEC estimates the GBV of hotel online-direct channel at $965 million in 2024, with a projected growth of $1.6 billion by 2028.

Offline hotel channels continue to dominate the hotel market in Saudi Arabia in 2024. According to VIDEC's estimates, 70% of the hotel GBV, or $7.7 billion was booked through offline channels in 2024. It is projected to continue its momentum and grow to $10.4 billion by 2028. Hotel walk-ins remain prominent in the Kingdom due to the last-minute booking preferences of its affluent demographic.

Traditional hotel booking channels remain relevant for Saudi travelers due to the personalized support and comprehensive assistance they provide, especially for group bookings. These traditional travel agencies excel at crafting complete travel packages that include flights, accommodations, and transportation—a service that offers more hands-on customization compared to OTAs.

Saudi Arabia's hotel market is witnessing a rise in alternative accommodations like mabat, chalets, and farms, driven by the Kingdom's vast geography and limited hotel supply in remote areas.

Conclusion

Saudi Arabia's tourism sector is undergoing a transformative evolution, driven by the ambitious Vision 2030 initiative. The Kingdom has set its sights on hosting 150 million tourists annually by 2030, a goal that requires a multi-faceted approach combining infrastructure development, strategic partnerships, and technological innovation.

Strong infrastructure investments alone cannot maximize tourism potential. Strategic partnerships with travel platforms, airlines, payment services, and technology providers are essential to fully unlock the sector's growth opportunities.

While robust investments in airports, adding new air networks, and improving hotel infrastructure lay the foundation for growth, unlocking the full potential of the Kingdom's travel sector requires strategic collaborations with OTAs, air carriers, payment companies, and technology providers.

PIF plays a pivotal role in this transformation, which is evident by its investments that include the acquisition of Standard Chartered's aircraft leasing division for $3.6 billion[19] and a 15% stake in Heathrow Airport.

In addition to aviation, PIF subsidiaries like ASFAR are developing new tourist destinations across the Kingdom, including Al-Baha and other emerging regions like Abha and Tabuk. These initiatives align with the Ministry of Tourism's strategy to diversify offerings beyond Riyadh and Jeddah.

Sustainability has been the core tenet behind the development of all new tourist destinations and the ecosystem around them. Hotels are increasingly adopting eco-conscious practices, from sourcing locally grown organic produce to implementing responsible waste management systems and energy-efficient initiatives. On the other hand, tourists are increasingly opting for eco-friendly destinations and accommodations, such as the Asir Mountains, which is known for its eco-lodges and biodiversity initiatives.

This growing preference for sustainable tourism aligns perfectly with Saudi Arabia's vision to position itself as a hub for experiential travel, where cultural festivals, local cuisine, and adventure tourism, take center stage. As part of this vision, PIF-owned Cruise Saudi is making significant strides in establishing the Kingdom as a premier cruise destination, catering to affluent travelers seeking luxury-driven, high-end tourism experiences.

As the Kingdom attracts tourists with previously unexplored destinations and unique experiences, carriers and OTAs are working behind the scenes to make them easily accessible. Almosafer and Red Sea Global have joined hands[20] to add destination offerings into wider travel networks, making these places easier to find and reach for international tourists. Similarly, Riyadh Air's partnership with the Saudi Tourism Authority (STA) focuses on joint marketing campaigns, new route development, and seamless booking experiences through advanced payment solutions.

As these efforts enhance accessibility, tech-led initiatives are also enhancing traveler experience in the Kingdom. From AI-powered immersive tours in AlUla and Diriyah to the newly launched chatbot SARA, which streamlines travel planning for tourists, Saudi Arabia is rapidly digitizing its tourism ecosystem.

Further, the soon-to-be rolled-out GCC Unified Tourist Visa, a single-entry permit allowing travelers to explore all six Gulf nations, will also provide significant impetus to tourism in the Kingdom.

With Vision 2030 as its guiding North Star, Saudi Arabia continues its journey toward becoming a global tourism hub that benefits both visitors and stakeholders alike.

19. Argaam: (2023, August 28)
20. Red Sea Global Announcement (2024, May 8)

VIDEC's

Saudi Arabia Travel Market Sizing & OTA Benchmarking Study, 2019-2028

Overview and analysis of Saudi Arabia's travel market opportunity for air and hotel categories from 2019-2028.

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