After Vision 2030: A Reconstruction Roadmap for Saudi Arabia's National Strategy

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Abstract

The data of autumn 2026 have delivered a verdict: the first version of Vision 2030, built around giga-projects and ultra-luxury tourism, has hit its ceiling commercially and fiscally at the same time. Hotel ADR has fallen at double-digit rates for two consecutive quarters, Riyadh RevPAR is down more than a fifth, The Line has effectively been abandoned, the NEOM Stadium is shelved indefinitely, the fiscal deficit has risen to 4.9 percent of GDP, real GDP is projected to contract 3.6 percent in 2026 and the borrowing plan has been raised by almost 56 percent. Building on more than ten articles InsightBridge Global published between May and October 2026, this paper argues that Vision 2030 did not fail because tourism was the wrong direction; it failed because it attempted built modernity using the methods of purchased modernity. We propose a reconstruction path for the Kingdom: from giga-projects to industrial cells, from room counts to room-night demand, from a mismatch between fiscal and project rhythms to stage-gated capital discipline, and from financial holding to strategic participation. The paper closes with an executable step-by-step action list.

1. What Failed and What Did Not

Declaring Vision 2030 a failure in its entirety is neither accurate nor useful for the next decision. The record must be separated.

What held: Saudi Arabia surpassed its 100 million visitor target in 2025 and raised it to 150 million by 2030; the non-oil share of the economy continued to rise; Makkah occupancy reached 68.2 percent with RevPAR up 8.7 percent, and Madinah occupancy reached 75.1 percent, the Kingdom's highest, confirming the holy cities as the inelastic fortress; Jeddah recorded 78.3 percent occupancy on Gulf Cup opening day and September RevPAR up 53.3 percent, confirming that in Saudi Arabia the events are the demand.

What failed is concentrated in one segment: ultra-luxury tourism and giga-projects owned directly by sovereign capital, operated by international brands under asset-light contracts, and underwritten by the assumption that global high-net-worth growth would fill the rooms. The data:

- GASTAT Q2 2026: hotel ADR fell from SAR 643 to about SAR 563, down 12.4 percent year on year; occupancy 51.0 percent, down 2.2 points; meanwhile licensed facilities rose 17.9 percent and hotel rooms 13.2 percent.

- Riyadh Q2 occupancy 47.6 percent, RevPAR down 23.2 percent, the steepest fall in the Kingdom; H1 demand down 14 percent.
- Marriott Q2 2026 Middle East RevPAR down 43 percent, described by its CEO as "a bit better than expectations", while Marriott's global pipeline hit a record with nearly 40 percent in luxury and full service.
- Knight Frank: 176,260 existing rooms, 105,225 under construction or in advanced planning, 41 percent of them luxury or upper-upscale; STR names supply the greatest 2027 headwind for Riyadh and Jeddah.
- Projects: The Line described by The Times as "all but abandoned"; the US$2.5 billion NEOM Stadium shelved indefinitely; Sindalah never opened to the public after its October 2024 launch and has been transferred to Red Sea Global; Trojena lost the 2029 Asian Winter Games; PIF's 2026–2030 strategy no longer names The Line or Trojena as standalone priorities.
- Fiscal: H1 2026 spending up 15 percent, deficit SAR 160 billion; the Ministry of Finance projects a full-year deficit of SAR 245 billion, 4.9 percent of GDP against a budgeted 3.3 percent; real GDP down 3.6 percent in 2026; borrowing raised almost 56 percent to SAR 217 billion; PIF borrowings SAR 725.3 billion in 2025, up 27.2 percent.

In one sentence: the visitors came, but not at the designed price into the designed rooms; the assets were built, but the fiscal cycle arrived before the returns did.

2. What We Said

InsightBridge Global wrote these judgments down before the data were published. This is not hindsight; it is methodological consistency, and it should be stated plainly.

13 May 2026 (Hospitality Net): supply outruns demand and the ADR decline is structural; roughly 23,600 new rooms a year exceed the adaptive capacity of conventional revenue management; first-18-month pricing at new properties is "educated guesses dressed up as algorithms". Two subsequent quarters of GASTAT data confirmed it.

6 and 9 July 2026 (Hotel News Resource): asset-light transfers risk to the owner; fee-based contracts insulate brands from local losses and "the empty corridor is the owner's problem". Marriott's Middle East RevPAR of minus 43 percent alongside a record global pipeline is that structure in one frame.

14 July 2026 (Hotel News Resource): fiscal rhythm versus project rhythm; payback of 20–30 years against oil-price and geopolitical cycles of 3–5 years; projects would be consumed by the next downturn before returning capital. The regional conflict that began on 28 February 2026 delivered this through the geopolitical channel rather than the price channel: August crude exports fell to 2.45 million barrels a day and spending growth drove the deficit. Of the four asset-management responses proposed in the same article, downward repositioning, securitisation,

functional repurposing and calibrated policy pilots, only functional repurposing has been adopted, at giga-project level, as PIF redirected NEOM toward AI infrastructure, logistics, clean energy and advanced manufacturing.

9 August 2026, the five-part series Beyond Resource Windfalls: purchased modernity versus built modernity; tourism is a legitimate diversification axis but rarely a sufficient one; strategic investment should grow domestic industrial cells; when domestic soil is limited, sovereign capital should move from financial holding to strategic participation; forms and locations of assets should be diversified under uncertainty.

September 2026 (Hotel News Resource), A Figure Without a Source: the "15.5 percent growth in global HNWIs" used to underwrite luxury pipelines cannot be traced to any primary wealth report; there is no identity linking a wealth stock to a room-night flow; industry demand is not firm demand. The Saudi ultra-luxury pipeline rests on precisely this kind of untested demand narrative.

18 October 2026, the second scorecard: we withdrew five "confirmations" from our own August scorecard that predated the articles and recorded four statements that were stale or did not hold. Anyone advising the Kingdom should first be accountable for their own record.

3. The Root Misjudgments: Not the Direction, the Method

Taken together, the first version of Vision 2030 rests on five structural misjudgments.

1. Pursuing the outcomes of built modernity at the speed of purchased modernity. International consultancies, brands and contractors delivered a skyline in record time, but did not deposit inside Saudi society the complete capability set of hotel asset management, revenue management, cold-chain supply and facilities operation. The asset belongs to the Kingdom; the capability belongs to the counterparty.

2. Treating tourism as the whole diversification story rather than one multiplier within it. The adjacent capability that should have grown beside each tourism asset, the hospital serving residents and visitors, the vocational academy supplying and exporting talent, the supply chain feeding hotels and branding local agriculture, was compressed in the giga-project narrative into "more rooms".

3. Planning in asset units instead of demand units. Plans were denominated in rooms and projects; the market recognizes only room-nights sold. With supply growing at double digits and inbound arrivals down 13 percent in a conflict year, falling rates are not a cycle but arithmetic.

4. A structural mismatch between fiscal rhythm and project rhythm. Assets with 20–30-year paybacks were financed by revenues that swing on 3–5-year cycles, and leverage was added at the top of the oil price. That is a design problem, not bad luck.

5. Contract structures that leave the entire downside with the sovereign owner. Asset-light management agreements lock in brand fees in loss years, while key money, renovation capital and vacancy costs fall on PIF and its subsidiaries.

4. The Reconstruction: Five Pillars

The recommendations below distinguish directions already supported by data from the author's propositions. All build on adjustments the Kingdom has already made, PIF's 2026–2030 strategy, the loosening of the RHQ rule and Red Sea Global's consideration of a REIT, rather than starting over.

Pillar One: From giga-projects to industrial cells

PIF's refocusing of NEOM on AI infrastructure, logistics, clean energy and advanced manufacturing is the right turn, but it must be upgraded from a project list to a capability list. Anchor on four infrastructure domains: water and reuse systems, multimodal and cold-chain logistics, renewables and grid, data centers and digital governance. Add two questions to the return-and-risk screen: what capability will this investment leave in the Kingdom, and what will the role of Saudi firms and talent be in three, five and ten years? Balance employment industries (basic manufacturing, maintenance, urban services) against capability industries (engineering services, systems integration, software and data) instead of concentrating capital in a single asset class.

Pillar Two: Triage tourism, from "how many to build" to "how many to sell"

(1) Pipeline triage. Sort the 105,225 pipeline rooms three ways: continue (holy cities, the Jeddah events corridor, Red Sea phase one near completion); freeze or slow (homogeneous Riyadh ultra-luxury supply, unstarted NEOM tourism components); repurpose (medical, educational, extended-stay, institutional use, or integration into industrial-zone amenities).

(2) Downward repositioning. Accept that a 12.4 percent ADR decline is the beginning, not the floor; rebuild asset models on realised ADR 30–50 percent below plan until supply is absorbed, rather than waiting for a 2027 rebound.

(3) Securitisation and capital recycling. Take Red Sea Global and comparable assets to REIT or listing, partially exit sovereign capital from single heavy assets, and redeploy proceeds to Pillar One.

(4) Renegotiate contract structures. In new and renewed management agreements, introduce GOP-linked performance fees, owner termination rights and key-money clawbacks so that brands share the downside; use renewal windows to replace existing terms progressively.

(5) Concentrate demand strategy on the holy cities and events. Hajj and Umrah bookings up 43 percent and Jeddah event RevPAR up 53 percent show where the Kingdom's real comparative advantage lies; allocate marketing and air-rights resources there first rather than manufacturing demand for undifferentiated coastal ultra-luxury.

(6) Statistical reform. GASTAT should publish room-nights sold and new supply by destination and ADR band so that supply and demand are comparable in one unit; this is the precondition for any credible feasibility study.

Pillar Three: Fiscal and capital discipline, making project rhythm obey fiscal rhythm

(1) Stage-gated capex: authorize all large projects in phases, releasing each phase only on the prior phase's realised occupancy, ADR and local-procurement ratio.

(2) A PIF leverage ceiling and counter-cyclical buffer: build buffers from excess revenue in high-price years rather than adding leverage at the top; set an explicit cap on PIF borrowing relative to assets.

(3) Assess sustainability through the interest–growth differential rather than a single deficit ratio, and account separately for structural and cyclical spending.

(4) The 2027 pre-budget statement shows the deficit has averaged 1.9 points of GDP above budget over three years; budget assumptions need to be systematically more conservative.

Pillar Four: Sovereign capital abroad, from financial holding to strategic participation

The Kingdom's population and industrial base make it impossible to build every value chain at home. Sovereign capital should advance strategic participation on three layers: map the nodes most relevant to long-term security (energy-transition materials, food and water security systems, critical digital and compute infrastructure, advanced logistics, selected life sciences); seek governance seats, co-development agreements and long-term offtake in those nodes, aiming for voice rather than control; treat university partnerships, training programmes and supplier-development funds as part of the same portfolio as the equity. The sequence must be domestic cells first, overseas extension second, or the result will be "rich in foreign stakes, weak in domestic absorptive capacity". Diversify both forms (securities, domestic and overseas real assets, cross-border project rights, intangible rights) and locations (the Atlantic core, the East Asian industrial spine, the Gulf–South Asia corridor, southern-hemisphere resource belts) so that no single jurisdiction or payment rail holds disproportionate sway.

Pillar Five: Institutions and talent, turning "purchase" into "build"

(1) The RHQ rule was relaxed in February and October 2026, the right direction; replace headcount conditions with capability conditions (local trainees, technology transfer, local procurement share).

(2) Move localisation from quotas to capability: write localisation timetables for asset-management, revenue-management and engineering roles into every international brand contract, verified by independent audit.

(3) Publish an accountability dashboard: quarterly occupancy, ADR, room-nights, local employment, local procurement and fiscal payback progress, with forecasts strictly separated from outcomes.

(4) Expel figures without a source from feasibility work: any macro demand parameter used for capital decisions must carry a primary source, definition, measurement basis and uncertainty range.

5. What Would Change This View

If STR's forecast of Riyadh RevPAR up 18.6 percent in 2027 materialises while supply keeps growing at double digits; if Red Sea Global completes a public-market event at a reasonable valuation without downward repositioning; if the 2027 deficit comes in below budget after oil prices retreat, then this paper's "structural, not cyclical" judgment will need revision. Next checkpoints: GASTAT Q3 2026 (expected January 2027) and Riyadh RevPAR at end-2027.

6. What They Should Do: The Step-by-Step List

Step One (0–3 months): Stop the bleeding. Freeze unstarted ultra-luxury rooms in Riyadh and NEOM; suspend new management agreements that have not passed a room-night demand test; have GASTAT begin publishing room-nights and supply by destination and ADR band.

Step Two (3–6 months): Triage. Complete the continue/freeze/repurpose sort of the 105,225 pipeline rooms; re-approve every giga-project on the basis of what capability it leaves behind; set the PIF leverage ceiling and stage-gating rules.

Step Three (6–12 months): Reprice and recontract. Rebuild every ultra-luxury asset model on a 30–50 percent realised ADR reduction; use renewal windows to write performance fees, termination rights and key-money clawbacks into management agreements; advance the Red Sea Global REIT or listing and recycle the capital.

Step Four (12–24 months): Grow the cells. Direct recycled capital and new budget first to water, cold-chain logistics, renewables and grid, and data centers; implement localisation timetables through the employment-industry plus capability-industry mix; replace RHQ headcount conditions with capability conditions.

Step Five (24–48 months): Extend outward. Once domestic cells have formed, advance sovereign strategic participation abroad through the map–governance–network layers, and complete diversification of asset forms and locations.

Step Six (continuous): Account. Publish the quarterly dashboard with forecasts and outcomes in separate columns and contrary evidence recorded; audit this roadmap annually to the same standard applied in this paper.

The goal of Vision 2030, an economy no longer dependent on a single resource, was not wrong. What was wrong was the belief that a modern economy could be bought back with sovereign

capital. The task of the next phase is to build it.

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