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## Saudi Arabia offers airport projects worth USD 5 billion

Thursday, 11 Mar, 2010

Reuters reported that Saudi Arabia is planning to launch tenders worth more than SAR 17 billion this year to modernise 2 airports in the kingdom.

Mr Alaa Samman director of business development at the General Authority of Civil Aviation said that traffic at Saudi airports has reached 30 million passengers annually and is expected to double to 60 million over the next 10 years. In order to cater for this growth, the government wants to launch projects costing at least SAR 55 billion to overhaul airports to be completed over the next 20 years.

He said that for this year alone, GACA wants to launch tenders to build a new airport in the holy city of Madinah and a commercial centre near Jeddah airport. The new Madinah airport, estimated to cost between SAR 7 billion and SAR 8 billion will increase traffic capacity to eight million passengers a year from 3 million.

Mr Samman said that we plan to offer 25 year build, operate and transfer contract for the development of a new airport in Mdinah. The tender will be launched in May with bids accepted until October and contracts to be awarded by December. In the Red Sea port Jeddah, Saudi Arabia's commercial hub, authorities want to build an airport city' that will include hotels, office buildings, housing units, malls and even a flight academy.

Mr Samman said that Jeddah airport, which is a gateway for millions of pilgrims to the holy cities of Makkah and Medinah, receives 18 million passengers a year and expects to see an increase of up to 30 million by 2013.

He said that we have offered 2 large pieces of land, one is one square kilometre and the other is 1.4 square kilometres, to Saudi and foreign investors for the development of the airport city. Development would cost around SAR 10 billion. 4 pre qualified consortia including Australia's Land Lease Corporation, Saudi's Saudi Oger and Saudi Real Estate Company as well as US developer Hines are expected to submit bids before the end of May. The contract is scheduled to be awarded by August.

He added that we have presented the projects to consortias to bid on a build, operate and transfer deal that will last 99 years. Developing lands around Saudi Arabia's busiest airports in Jeddah, Riyadh and Dammam are part of GACA's strategy of increasing revenues in preparation for full privatisation.

Mr Samman said that we are moving toward commercial based operations we aim to be fully independent from the government so we have no choice but to increase our revenues to the highest possible level.

(Sourced from Reuters)

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