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VI INSIGHTS · QUARTERLY REPORT · Q2 2026

# The Quarter Saudi Sport Grew Up: Capital Discipline, a New Rulebook, and the Rise of the Integrated Destination

Q2 2026 was the quarter Saudi Arabia's leisure economy pivoted from acquisition to operation. The Public Investment Fund confirmed it will end LIV Golf funding after 2026 and agreed to sell 70% of Al-Hilal, signalling a shift from state-owned spectacle toward commercial sustainability, even as Qiddiya opened Aquarabia, unveiled a 33,000-capacity National Tennis Centre, and a new Entertainment Activities Law took effect. For operators, the message is clear: the era of guaranteed anchor cheques is narrowing, and the winners will be those who can run assets, price to demand, and build recurring revenue.

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## The quarter at a glance

- The Public Investment Fund confirmed it will end LIV Golf funding after the 2026 season, with a spokesperson stating the required long-term investment is

"no longer consistent with the current phase of PIF's investment strategy" and made "in light of PIF's investment priorities and current macro dynamics." [1]

- PIF agreed to sell 70% stake in Al-Hilal to Kingdom Holding, at an enterprise value of SAR 1.4 billion ($373m), with KHC paying ~SAR 840 million ($224m) for the stake — part of a 2026–2030 strategy in which

sport is not listed among its core focus areas, a clear signal that direct club ownership is being wound back. [2]

- Qiddiya City opened Aquarabia — the Middle East's largest water park at over 250,000 sq m — with adult tickets from SAR 275 online (SAR 325 at gate), and unveiled a 33,000-capacity National Tennis Centre. [3][4][5]
- The Cabinet approved the Entertainment Activities and Supporting Activities Law, which chairman Turki Al-Sheikh said

aims to strengthen regulation, improve service quality, and enhance governance across all entertainment activities. [6]

- The General Entertainment Authority marked a decade with

more than 60 entertainment seasons and programs, over 320 million visitors and support for more than 650 companies. [7]

- PIF-owned Sela and Egypt's Talaat Moustafa Group formed a cross-border entertainment consortium, and IHG confirmed all six of its Luxury & Lifestyle brands will be in the Kingdom by 2028. [8][9]

## What happened

### Capital discipline arrives in Saudi sport

The defining story of the quarter was not a signing but a withdrawal. On 17 April, PIF agreed to sell a 70% stake in Al-Hilal to Kingdom Holding Company, at an enterprise value of 1.4 billion Saudi riyals ($373.20 million), with KHC paying roughly SAR 840 million ($224m) for the stake [2] — the club PIF had controlled since 2023 as part of a four-club privatisation programme alongside Al-Ittihad, Al-Nassr and Al-Ahli. Within days, the fund confirmed it would end LIV Golf funding after 2026, a league into which its investment is understood to be over $5bn since LIV's opening event in June 2022 [10], with total spend projected to surpass $6 billion by the end of this season, its returns minimal. [11]

Both moves flow from the same source. PIF approved its 2026–2030 investment strategy this week, with sport not listed among its core focus areas. [2] The fund framed the Al-Hilal sale as aligning "with PIF's strategy to maximize returns and redeploy capital within the domestic economy." [2]

Our read: this is maturation, not retreat. Newcastle United was reportedly told it is unaffected, and the 2034 World Cup build-out continues. But the signals are unmistakable for anyone whose business model assumes a Saudi anchor cheque — snooker, flag football and second-tier properties are now exposed. Saudi Arabia's mooted 2035 Rugby World Cup bid was reportedly abandoned, and the future of snooker investment is in question due to lack of profitability and popularity. [12]

### The build-out accelerates — inside the Kingdom

While the global sports cheques narrow, domestic infrastructure kept opening. Qiddiya City opened Aquarabia, described as the Middle East's largest water theme park, spanning 250,000 square metres, nearly 50% larger than any existing aqua fun destination in the region. [3] Adult tickets start from SAR 275 online / SAR 325 at gate, with junior tickets from SAR 200 [4] — a mainstream, family price point that matters. Aquarabia joins Six Flags Qiddiya City, which opened on 31

December, and managing director Abdullah Al-Dawood has said "Six Flags is open. Every three months, each year, something new will open, gradually shaping the city." [13]

On 15 June, Qiddiya unveiled plans for a 33,000-capacity National Tennis Centre — built to ATP, WTA and ITF standards across all courts. [5] The complex will feature 30 courts — 28 hard and two clay — with a 15,000-seat centre court and a multi-purpose arena, with retractable roofs on the centre court and the multi-purpose arena to host concerts and major events beyond tennis. [5] Qiddiya City as a whole is targeting 48 million annual visits. [14]

Our read: the tennis centre's design tell is the retractable-roof venues built for "concerts and major events beyond tennis." Sovereign venues are now underwritten by multi-use economics, not a single sport — the correct response to a world where the anchor tenant may not always pay.

## A new rulebook for entertainment and sport

Two pieces of legislation landed almost simultaneously. The Cabinet approved the Entertainment Activities and Supporting Activities Law; Al-Sheikh said it establishes a stronger foundation for the future of entertainment in the Kingdom, creating a more attractive environment for investors, operators, and international partners. [6] In parallel, the new Sports Law comes into force on 10 June 2026, 180 days from its publication in the Official Gazette [15], with entities given one year from the Law coming into force — up to 10 June 2027 — to bring themselves into compliance. [15]

Our read: the compliance clock is the story operators are underpricing. For clubs and leagues, the priority is assessing whether conversion to a commercial structure is appropriate [15]; for investors, the items to track are the foreign-shareholding caps and M&A guidance in the Implementing Regulations. This is the governance scaffolding that private capital needs before it replaces the state — and it arrived in the same quarter the state started stepping back. On our reading, that timing is not a coincidence.

## The integrated destination becomes the dominant model

The quarter's supply-side thesis converged on one idea: mixed-use destinations, not standalone attractions. At the Future Hospitality Summit (22–24 June), Jeddah Central Development Company positioned its PIF-backed waterfront as a destination combining hospitality, tourism, culture, sports, entertainment, retail and residential communities within one integrated destination. [16] The project spans six districts including a Sports Park District, with a first phase slated for completion by end-2027 comprising an opera house, museum, stadium and oceanarium. [17] Total investment is put at SAR 75 billion, delivering approximately 17,000 residential units and 2,700 hotel rooms. [18]

The same logic drove cross-border expansion. Sela — a PIF company behind Boulevard City, Boulevard World, Via Riyadh and the Jeddah Superdome — and Egypt's Talaat Moustafa Group formed a consortium in which Sela will lead live experiences and events while TMG acts as destination and community partner. [8] Its flagship is "The Corridor," a cross-border entertainment platform connecting Saudi Arabia and Egypt. [8]

Hospitality capital followed. IHG confirmed it will bring all six of its Luxury & Lifestyle brands into Saudi Arabia by 2028, with hotels either open or in the pipeline. [9] IHG currently has 62 hotels in the pipeline across Saudi Arabia [19], and luxury & lifestyle now represents a growing share of IHG's development pipeline in the Kingdom. [19]

## Culture and content held the line

The softer end of the sector kept its momentum. The 12th Saudi Film Festival opened at Ithra in Dhahran, running from June 26 to July 2, 2026 under the theme "Every Story is a Journey," [20] drawing 314 submissions, with 27 films selected for official competition and a lineup of 50 films from more than 15 countries. [20] Director Haifaa Al-Mansour was chosen to receive the special award honouring Saudi pioneers in cinema. [20]

Our read: the festival is quietly the most durable asset in the portfolio. It runs on modest budgets, builds a domestic production pipeline (via its Production Market), and needs no anchor cheque to justify itself. In a capital-disciplined era, home-grown content is the cheapest form of soft power the Kingdom owns.

## The numbers

| METRIC | VALUE | SOURCE |
|---|---|---|
| PIF agreed to sell a stake in Al-Hilal | 70% (~SAR 840m / $224m paid; club valued at SAR 1.4bn / $373m) | [2] |
| PIF spend on LIV Golf (to end-2026, projected) | ~$6bn | [11] |
| GEA visitors over the decade | 320m+ across 60+ seasons | [7] |
| GEA visitors in 2025 alone | 89m+, across 1,690 events | [21] |
| Aquarabia size / adult ticket | 250,000+ sq m / from SAR 275 online | [3][4] |
| National Tennis Centre capacity | 33,000 across 30 courts | [5] |
| Qiddiya City annual-visit target | 48m | [14] |
| Jeddah Central investment | SAR 75bn; 17,000 homes, 2,700 keys | [18] |
| IHG Saudi pipeline | 62 hotels | [19] |
| Sports Law compliance deadline | 10 June 2027 | [15] |

## Our read

The quarter marks a clean break between two eras. Phase one — roughly 2018 to 2025 — was acquisition: buy the clubs, buy the tours, buy the acts, and use the balance sheet to compress a decade of category-building into a few years. Phase two, which began this quarter, is operation: run the assets, price them to demand, and demand returns.

The opportunity sits with operators who can do the unglamorous work the state is now stepping back from — yield management, F&B margins, membership retention, sponsorship sales, venue utilisation across 300-plus event nights a year. The Aquarabia annual pass from SAR 1,200 [4] and the tennis centre's concert-ready arenas are both bets on recurring, multi-use revenue rather than one-off spectacle. That is where private capital and specialist operators win.

The trap is assuming the anchor cheque still exists. The GEA's dual role — it both licenses and produces — means a meaningful share of the entertainment economy still runs on direct or indirect public spending. [22] Properties built on that assumption, from second-tier sports rights to speculative live formats, face a repricing. The LIV template — revenue tracking $100 million ahead across its first five events, yet still unprofitable [11] — is the cautionary tale: growth is not the same as sustainability when the subsidy ends.

Who wins: integrated destination developers (Qiddiya, Jeddah Central), asset-light operators with real capability (Sela, IHG, WhiteWater-class suppliers), and home-grown content platforms that don't need a foreign anchor. Who is exposed: single-sport properties, subsidy-dependent event formats, and anyone who mistook a Saudi cheque for a Saudi commitment.

## What to watch

- **Sports Law Implementing Regulations** — foreign shareholding caps, professional-contract framework and M&A guidance. The one-year clock runs to **10 June 2027**; early movers on commercial conversion will have first-mover advantage.
- **LIV Golf's 2027 fate** — the independent board is seeking outside investors; a decision on whether a standard 2027 schedule proceeds must land within months. A named non-Saudi backer would validate the "sell to private capital"

playbook.

- **Qiddiya's cadence** — management has promised a new opening roughly every quarter; watch the golf course (Nick Faldo-designed, due later this year) and tennis-centre completion timelines as proof of execution.
- **Red Sea International Film Festival** (December, Jeddah) and the **Golden Palm Awards** (2 July) — read the Kingdom's content ambition against its capital discipline.
- **Sela–TMG "Corridor"** — the first synchronised Saudi–Egypt events, with major activations planned for Egypt's North Coast next year, will test whether Saudi operating capability travels.
- **Entertainment Law implementing detail** — governance and licensing specifics will tell operators how much of the GEA's producer role migrates to the private sector.

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