SAUDI BRITISH
JOINT BUSINESS COUNCIL

Saudi Arabian Giga-Project Restructuring

Sulaiman AlMasoud

Introduction

Saudi Arabia's giga projects have entered a more structured phase in early 2026. What began as a high-visibility rollout of large-scale developments under Vision 2030 is increasingly being characterised by recalibration, sequencing, and capital prioritisation. The shift became particularly visible in January 2026, when multiple international outlets reported that flagship developments within Neom were being scaled back and redesigned as part of a broader strategic reassessment. These reports pointed toward a transition from conceptual scale to phased delivery.

Visible Restructuring in Flagship Projects

The most symbolic example of this shift has been the reassessment of The Line, the linear city originally announced at 170 kilometres in length, then changed to 2.4 kilometres. Reporting from January 2026 described a redesign and scaling approach intended to align delivery with infrastructure readiness and financial sustainability. At the same time, Reuters reported that work on Riyadh's Mukaab megaproject, the centrepiece of the New Murabba development, had been suspended beyond initial groundwork while its financial viability and strategic positioning were reviewed. These developments demonstrate that restructuring is occurring at the level of project scope and sequencing, not simply rhetoric.

Evidence of Continued Development Activity

Importantly, restructuring has not occurred in isolation from continued activity. In October 2025, Arab News reported that the value of contracts awarded across Saudi giga projects rose 20 percent to $196 billion in 2025, reflecting ongoing construction and procurement across multiple sectors (Arab News, 2025). Separate reporting confirmed continued infrastructure awards, including a SR210 million contract awarded to Parsons for Phase 2 of Diriyah's development (Arab News, 2025). The coexistence of contract growth and project reassessment suggests that the current phase is defined not by contraction, but by portfolio management.

A clearer picture of restructuring emerges when the discussion moves from general descriptions to specific, documented changes in scope, timelines, and priorities. Reuters also reported that development of the surrounding real estate was expected to continue and that the New Murabba district's completion timeline had shifted from an earlier 2030 target to around 2040. Even without taking a view on the long-term ambition of the project, this is a concrete example of restructuring as a management action: pausing or slowing one high cost component while maintaining progress on adjacent elements that can still be delivered.

Reporting on Neom in late January 2026 similarly indicates that restructuring includes re-sequencing and redesign, not simply cost trimming. The Financial Times described a significant scaling back and redesign of Neom, with a shift toward a more "modest and sustainable" delivery model and an increased focus on becoming a data and AI hub. Within that broader redesign, the FT described The Line initially framed as a 170 km linear city as being "radically re-envisioned" to make greater use of existing infrastructure. Euronews' reporting from 26 January 2026 supports the same direction of travel: it describes Neom being "significantly scaled back," framing the changes in terms of adjustment after earlier cost and delivery pressures. Together, these sources support a practical interpretation of restructuring: the centrepiece projects remain part of the national narrative, but their delivery is being recalibrated into phases that align better with execution capacity and funding.

The restructuring theme also appears at the portfolio level, where the focus is not only on individual projects but on the investment, strategy guiding them. In February 2026, Reuters reported that Saudi Arabia's Public Investment Fund (PIF) was preparing to unveil a revamped five-year strategy for 2026-2030, with greater emphasis on sectors such as industry, minerals, artificial intelligence, and tourism, while scaling back or reconfiguring expensive real estate mega projects including The Line and Trojena. This matters for how restructuring should be understood: it suggests that changes in the giga-project pipeline are being integrated into a broader capital allocation framework rather than treated as isolated project-level decisions.

At the same time, recent reporting also demonstrates that the development agenda continues at scale, which is important for avoiding an oversimplified "projects are stopping" narrative. Arab News also reported strong growth in contract awards across real estate, infrastructure, and tourism projects during 2025. The same article notes a large pipeline of investments, including significant awarded construction contracts across multiple sub-projects and regions. For Phase 2 infrastructure, including more than 55 km of streetscape and associated public realm works. These are not abstract indicators; they show that while some headline components are paused or redesigned, other areas continue to move through procurement and delivery.

Finally, for a work audience tracking execution risk, it is relevant that giga-projects are increasingly tied to fixed-date international commitments. Arab News' coverage explicitly links parts of the construction pipeline to global sports and entertainment infrastructure and references the build-out of stadium capacity ahead of major events, including the 2034 FIFA World Cup. That connection helps explain why restructuring is often described in terms of sequencing: when deadlines are immovable, capital and delivery capacity must be directed toward the projects most closely linked to those milestones, while other components are phased more gradually.

Strategic and Financial Drivers Behind the Changes

Behind the restructuring of individual giga projects lies a broader financial recalibration. The scale of Saudi Arabia's development agenda is unprecedented in modern infrastructure terms, and its funding model depends on a combination of oil revenues, sovereign borrowing, and Public Investment Fund capital deployment. As global oil prices softened during 2024 and 2025 compared with the highs seen in 2022, fiscal space tightened relative to peak surplus years. Brent crude averaged significantly below the 2022 peak of over $120 per barrel, trading largely in the $70 to $90 range through much of 2024 and 2025 according to Reuters market reporting. Lower average oil prices do not halt development, but they affect the speed and sequencing of capital-intensive projects.

At the same time, Saudi Arabia has increasingly turned to debt markets to finance long-term transformation plans. Reuters reported in early 2026 that the Public Investment Fund was preparing to unveil a new 2026 to 2030 strategy, with adjustments reflecting both domestic priorities and global investment conditions. That same reporting noted a recalibration away from some of the most capital-heavy real estate components in favour of industrial, artificial intelligence, mining, and tourism investments. This shift suggests that restructuring is linked not only to project execution but also to portfolio allocation strategy at the sovereign investment level. The capital intensity of the giga projects helps explain this adjustment. Developments such as Neom, New Murabba, Red Sea Global, and Diriyah require extensive upfront infrastructure investment before revenue generation begins. When multiple mega-developments advance simultaneously, capital demands compound. This is not an isolated operational decision. It reflects a prioritisation of cash flow timing and capital recycling.

Market observers have also framed restructuring in terms of financial discipline rather than retreat. Reporting in January 2026 noted that investors viewed certain project recalibrations as positive signals of governance and cost management. At the same time, the same coverage acknowledged caution, referencing international examples such as the United Kingdom’s HS2 project as reminders of how mega-project costs can escalate if not tightly controlled. That dual reaction is important. It shows that restructuring carries both reassurance and scrutiny.

There is also a strategic dimension tied to fixed international deadlines. When global event timelines are immovable, capital and workforce capacity must be concentrated in areas that carry delivery risk. This can necessitate slowing or phasing other components that are not time-sensitive. Taken together, these financial and strategic pressures form the underlying context for the 2026 restructuring narrative. Oil price variability, growing reliance on debt markets, capital-intensive project design, and fixed event deadlines all influence sequencing decisions. Restructuring, therefore, appears less as a reaction to a single trigger and more as the outcome of aligning ambition with funding capacity and delivery realism.

Investment Strategy and Portfolio Prioritisation

The clearest way to understand portfolio-level restructuring is to track where momentum is being concentrated and where sequencing is being adjusted. Recent Reuters reporting describes a shift away from the most capital-intensive, long-horizon real estate concepts toward initiatives viewed as more urgent or more likely to generate nearer-term economic returns. In its January 27, 2026 report on the Mukaab pause, Reuters said the Public Investment Fund, valued at about $925 billion, was pivoting from heavy expenditure on futuristic projects toward areas such as Expo 2030 and World Cup 2034 infrastructure, along with major destination developments including Diriyah and Qiddiya. This signals a portfolio decision, not a single-project decision, and it helps explain why some elements are being paused while adjacent packages continue.

The Mukaab case is especially useful because it combines a pause on a landmark structure with continued progression around it. The scale of the project described by Reuters also illustrates why sequencing matters. The Mukaab was planned as a 400-metre by 400-metre structure, billed as large enough to fit 20 Empire State Buildings, with around 2 million square metres of interior floor space. Reuters also cited Knight Frank's estimate that the wider New Murabba district would cost about $50 billion. The same report stated that New Murabba's timeline had shifted, with completion now slated for 2040 rather than 2030. For portfolio management, this pattern is significant. It shows a move toward deferring the most complex, signature elements while keeping the broader district concept alive through more deliverable components.

Neom's repositioning fits this same pattern, but at an even larger scale. Reuters reported on February 9, 2026 that the PIF was preparing a new 2026 to 2030 strategy that would emphasise sectors including industry, minerals, artificial intelligence and tourism, while scaling back or reconfiguring expensive mega projects such as The Line. The same Reuters report said Neom would shift away from earlier emphasis on tourism and futuristic urban design toward renewable energy and industrial development, including green hydrogen, solar and wind projects, and data centres. This is important because it reframes restructuring as re-weighting within the same national platform. The objective becomes directing capital toward sub-projects that can be delivered in phases and that connect more clearly to industrial output, energy transition, and investable infrastructure.

For Saudi's destination and placemaking projects, the evidence points to continued procurement and delivery alongside recalibration. October 2025 reporting also highlighted a surge in contract awards across multiple giga projects. This kind of award matters in a restructuring context because it represents deliverable packages that can progress regardless of adjustments elsewhere. In other words, portfolio discipline can coexist with active contracting in areas where scope is well-defined and where delivery can be staged.

Tourism development provides another lens on portfolio recalibration, because the strategy increasingly includes a broader demand base and a wider range of price points. Reuters reported in November 2025 that Saudi Arabia aims to attract 150 million tourists per year by 2030, with at least a third from abroad. In that same reporting, the tourism minister described a shift toward expanding mid-market accommodation options, noting that some flagship coastal resorts were positioned at very high price points, with rates around $2,000 per night. That framing aligns with how capital might be allocated within the tourism portfolio. If the national objective is volume growth and repeat visitation, then scaling hotel supply across segments becomes as important as building landmark luxury assets. This is not a change of direction away from tourism. It is an expansion of the tourism model to support broader market penetration.

The hotel pipeline is also continuing to expand through private sector partnerships, which supports the argument that portfolio-level restructuring includes increased reliance on scalable delivery channels. In January 2026, Reuters reported that Marriott International and Al Qimmah Hospitality planned to open over 2,700 new hotel rooms across five properties in Jeddah, Makkah and Madinah, as part of the kingdom's broader tourism expansion. Reuters also reported that Marriott operated 44 properties with over 11,000 rooms in Saudi Arabia at the time of the report. The implication for giga projects is practical. A mix of destinations and private hospitality can help deliver capacity faster and distribute execution risk across more operators, rather than concentrating delivery solely inside a small number of mega-developments.

Altogether, the portfolio view suggests that restructuring is being expressed through three operational choices. First, landmark elements within certain projects are being reassessed or deferred while adjacent and enabling packages continue, as seen in the Mukaab and New Murabba sequence. Second, capital is being redirected toward sectors and sub-projects that support industrial development, clean energy, data infrastructure and time-bound international commitments, as described in Reuters reporting on the PIF strategy reset. Third, the delivery model is widening through partnerships and commercially scalable pipelines, particularly in tourism accommodation, which supports national targets while reducing reliance on a single development channel.

Economic and Fiscal Context

The restructuring of Saudi Arabia's giga projects must be understood within a broader fiscal and financing framework. In December 2025, Saudi Arabia forecast a budget deficit of approximately 165 billion riyals, or about $44 billion, for 2026 according to Reuters. In January 2026, the kingdom approved a borrowing plan covering roughly 217 billion riyals, or $57.9 billion, in financing needs for the year. These figures indicate that while investment momentum remains strong, fiscal management has entered a more disciplined phase in which debt issuance plays a growing role in supporting development expenditure. Rising funding needs do not undermine Vision 2030, but they do reinforce the importance of pacing capital-intensive projects.

Oil price variability remains a structural constraint. Reuters reported in October 2025 that Fitch highlighted rising fiscal risks linked to elevated spending levels and softer oil prices. Brent crude has traded well below its 2022 peak levels, narrowing fiscal buffers relative to earlier surplus years. While non-oil growth continues to expand, hydrocarbon revenue remains central to public finances. In this context, recalibrating giga project timelines can be viewed as a response to revenue volatility rather than a retreat from strategic objectives.

Execution risk is another consideration. The scale of simultaneous infrastructure delivery places pressure on contractors, labour supply, and logistics networks. With fixed international deadlines such as Expo 2030 and the 2034 FIFA World Cup, capital and workforce capacity must be prioritised carefully. Sequencing therefore becomes a risk mitigation tool rather than a sign of contraction.

Financing strategy is also evolving. Reuters reported in February 2026 that the Public Investment Fund was preparing a new 2026 to 2030 strategy, shifting emphasis toward industry, artificial intelligence, mining and renewable energy while reassessing certain large real estate components. This strategic pivot suggests that capital allocation is increasingly focused on sectors expected to generate long-term economic multipliers and export revenue. Expanding private sector participation, as noted in January 2026 reporting from Davos, further indicates that implementation risk is being distributed more broadly across market actors.

Implications

The recalibration of Saudi Arabia's giga projects is likely to change how international firms engage with the Kingdom's development pipeline. As projects move from highly ambitious masterplans toward more phased delivery, demand may increasingly shift toward specialised services such as engineering consultancy, infrastructure planning, digital systems, sustainability solutions, and project management. British firms already active in Gulf infrastructure, architecture, transport systems and environmental technologies may therefore find continued opportunities as projects move from concept into execution.

At the same time, the adjustments to project scope and sequencing highlight some practical risks for companies entering the market. Project timelines may extend, procurement cycles may become more selective, and government entities may prioritise partnerships with domestic firms as the Saudi private sector takes on a larger role in Vision 2030 delivery. Companies considering market entry may therefore benefit from local partnerships and a longer-term strategy rather than expecting rapid project turnover.

Overall, the current restructuring appears less like a slowdown in development and more like a shift toward more financially disciplined and phased implementation of large-scale projects. For businesses able to navigate the evolving project landscape, Saudi Arabia is still likely to remain one of the largest construction and infrastructure markets in the region over the coming decade.

Conclusion

Taken together, these constraints suggest that restructuring reflects the maturation of Saudi Arabia's development model. Budget deficits, borrowing requirements, oil price exposure and delivery deadlines impose discipline on capital deployment. Rather than signalling retrenchment, the 2026 recalibration appears to align ambition with financing capacity and execution realism. Vision 2030 remains expansive in scope, but its delivery has entered a phase defined by prioritisation, portfolio management and structured sequencing. For investors and policymakers alike, the central question is no longer whether giga projects will proceed, but how effectively they are staged within fiscal, financial and operational limits.

Sources

Narayanan, N. (2026) '*Parsons wins $56m Diriyah Phase 2 infrastructure contract*'. Arab News. Available at: https://www.arabnews.com/node/2620880/business-economy

Narayanan, N. (2026) '*Saudi Arabia's giga-projects push contract awards up 20% to $196bn in 2025: Knight Frank*'. Arab News. Available at: https://www.arabnews.com/node/2617929/business-economy

Hackett, P. (2026) *'Neom no more? Saudi Arabia reduces ambitious plans for The Line and futuristic megacity'*. Euronews. Available at: https://www.euronews.com/culture/2026/01/26/neom-no-more-saudi-arabia-reduces-ambitious-plans-for-the-line-and-futuristic-megacity

Financial Times (2026) '*Saudi Arabia to scale back Neom megaproject*'. Available at: https://www.ft.com/content/036b158f-ea34-46d1-ad0a-093eba031501

Azhari, T., (2026) *'Saudi PIF to unveil new 2026–2030 strategy this week, sources say'*. Reuters. Available at: https://www.reuters.com/world/middle-east/saudi-pif-unveil-new-20262030-strategy-this-week-sources-say-2026-02-09/

Azhari, T., Al Sayegh, H., Maccioni, F. (2026) *'Saudi Arabia suspends work on massive Mukaab megaproject, sources say'*. Reuters. Available at: https://www.reuters.com/world/middle-east/saudi-arabia-suspends-work-massive-mukaab-megaproject-sources-say-2026-01-27/

Azhari, T. (2025) *'After luxury push, Saudi Arabia targets broader tourist market, minister says'*. Reuters. Available at: https://www.reuters.com/world/middle-east/after-luxury-push-saudi-arabia-targets-broader-tourist-market-minister-says-2025-11-08/

Reuters (2026) *'Marriott, Al Qimmah to open over 2,700 hotel rooms in Saudi Arabia amid kingdom's tourism push'*. Reuters. Available at: https://www.reuters.com/world/middle-east/marriott-al-qimmah-open-over-2700-hotel-rooms-saudi-arabia-amid-kingdoms-tourism-2026-01-14/

Reuters (2025) *'Saudi Arabia forecasts budget deficit of $44 billion for 2026'*. Reuters. Available at: https://www.reuters.com/world/middle-east/view-saudi-arabia-forecasts-budget-deficit-44-billion-2026-2025-12-02/

Reuters (2026) *'Saudi Arabia approves 2026 borrowing plan with $58bn financing needs'*. Reuters. Available at: https://www.reuters.com/world/middle-east/saudi-arabia-approves-2026-borrowing-plan-with-58-bln-financing-needs-2026-01-03/

Choukeir, Jana (2025) *'Saudi faces rising fiscal risks amid mounting spending as oil prices dip, Fitch says'*. Reuters. Available at: https://www.reuters.com/world/middle-east/saudi-faces-rising-fiscal-risks-amid-mounting-spending-oil-prices-dip-fitch-says-2025-10-03/

Nakhoul, S., Zhdannikov, D. (2026) *'Saudi private sector takes larger Vision 2030 role, minister says at Davos'*. Reuters. Available at: https://www.reuters.com/business/davos/saudi-private-sector-takes-larger-vision-2030-role-minister-says-davos-2026-01-19/

Merani, M. (2026) *'Neom restructure part of Saudi's Vision 2030 shake-up'*. AGBI. Available at: https://www.agbi.com/giga-projects/2026/01/neom-restructure-part-of-saudis-vision-2030-shake-up/

Bower, E,. Merani, M., Corder, J. (2026) *'Investors welcome Saudi giga-project cuts'*. AGBI. Available at: https://www.agbi.com/analysis/giga-projects/2026/01/investors-welcome-saudi-giga-project-cuts

Drummond, J. (2026) *'Don't snigger at the giga refigure'*. AGBI. Available at: https://www.agbi.com/giga-projects/2026/01/dont-snigger-at-the-giga-refigure

Merani, M. (2026) *'Saudi Expo 2030 masterplan to be ready within weeks'*. AGBI. Available at: https://www.agbi.com/construction/2026/02/saudi-expo-2030-masterplan-to-be-ready-within-weeks

Corder, J. (2026) *'Diriyah claims $4bn home sales ahead of property law change'*. AGBI. Available at: https://www.agbi.com/real-estate/2026/01/diriyah-claims-4bn-home-sales-ahead-of-property-law-change

Merani, M. (2026) *'Neom green hydrogen project nears completion'*. AGBI. Available at: https://www.agbi.com/giga-projects/2026/02/neom-green-hydrogen-project-nears-completion

Bower, E. (2026) *'Saudi Arabia ups 2025 GDP growth estimate to 4.5%'*. AGBI. Available at: https://www.agbi.com/economy/2026/02/saudi-arabia-ups-2025-gdp-growth-estimate-to-4-5