



## Economic Brief

# Saudi Healthcare Market 2025

### Overview

Saudi Arabia's healthcare industry is in the midst of substantial transformation, driven by both demographic pressures and the Saudi Vision 2030 initiative, which has set an ambitious course to expand, modernize, and diversify the sector. Healthcare spending in Saudi Arabia rose to SAR196 billion (\$52.2 billion) in 2021, accounting for roughly 6 percent of GDP, and is expected to grow as the government continues to promote healthcare accessibility and quality while pursuing cost-efficiency through increased private sector involvement. Recent regulatory reforms place healthcare as a cornerstone of national development, aiming to enhance the quality of care, expand access, and promote sustainability. This effort is underpinned by a series of policy and structural changes designed to encourage private sector participation, diversify funding sources, and reduce the financial burden on public resources. With the launch of the Health Sector Transformation Program (HSTP), the government is laying the foundation for a globally competitive, efficient, and patient-centered healthcare system.

The current environment in Saudi Arabia's healthcare sector is marked by both opportunity and challenge. On the one hand, the Kingdom has made impressive strides in improving healthcare outcomes. According to the HSTP 2023 annual report, average life expectancy has risen to 77.6 years, and advancements in telemedicine and digital health infrastructure are reshaping care delivery. On the other hand, increasing demand, driven by a rapidly growing and aging population, places significant pressure on the healthcare system. Chronic and lifestyle-related diseases such as diabetes, hypertension, and cardiovascular conditions continue to rise, adding to the sector's burden.

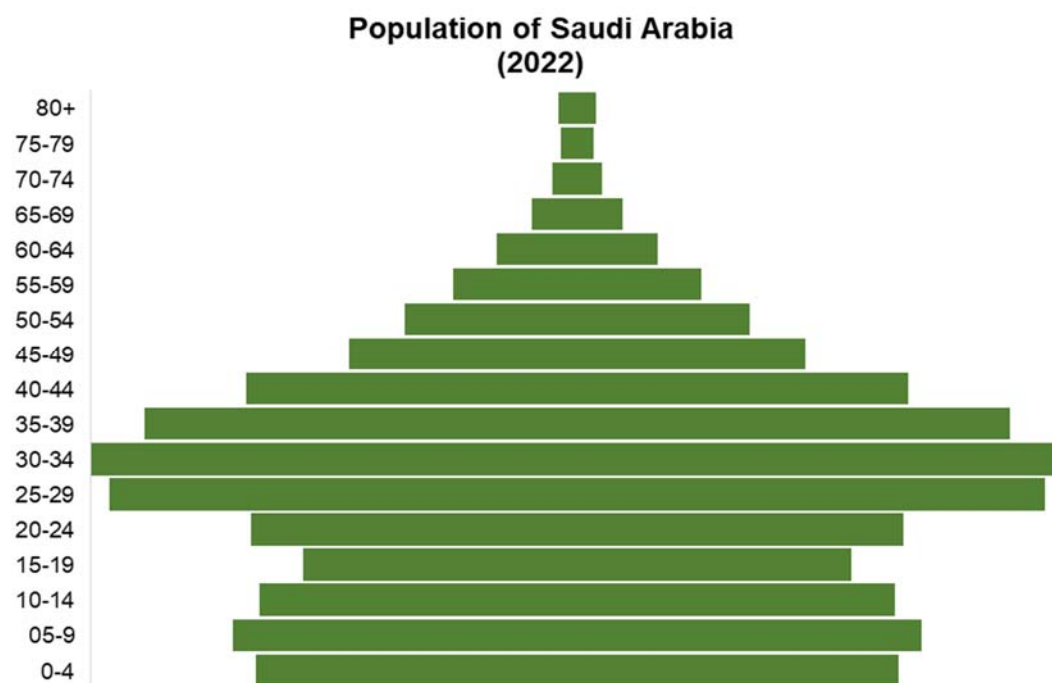
The regulatory framework introduced under Vision 2030 aims to address these challenges by fostering greater private sector involvement. The government has prioritized public-private partnerships (PPPs) as a mechanism to improve efficiency and expand capacity. The National Center for Privatization (NCP) oversees these initiatives, which include privatizing hospitals, outsourcing diagnostic and radiology services, and engaging private providers to operate primary healthcare centers. By 2030, the government aims to increase the private sector's share of healthcare provision to 65 percent of total services, a significant shift from the current landscape, where public providers dominate.

Despite these ambitious plans, Saudi Arabia's healthcare sector faces notable risks over the medium to long term. The growing prevalence of non-communicable diseases (NCDs), fueled by sedentary lifestyles and dietary habits, is expected to escalate healthcare costs. The aging population will also drive demand for specialized care, such as geriatrics and long-term care services, further straining resources. Additionally, workforce shortages remain a persistent challenge, with expatriates comprising a majority of the healthcare workforce in the private sector. As the government pushes forward with Saudization

policies to increase local employment, the sector may face transitional difficulties in maintaining workforce quality and capacity.

## Market Determinants

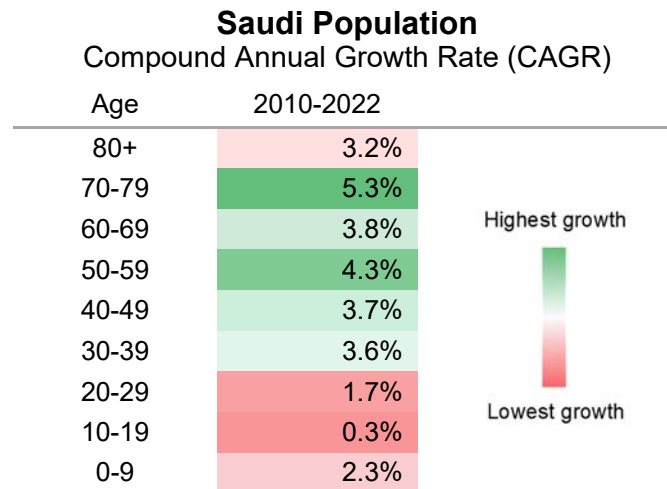
Saudi Arabia's population dynamics are undergoing a significant transformation, with far-reaching implications for the Kingdom's economy, social structure, and healthcare system. As of 2022, the Kingdom's population surpassed 32 million, growing at a compound annual growth rate (CAGR) of 2.5 percent since 2010. This rapid growth is accompanied by increasing urbanization, with over 80 percent of the population residing in cities. The changing demographic structure, characterized by a rising proportion of elderly citizens, is presenting new challenges and opportunities for the Kingdom.



Source: GASat

Saudi Arabia's population growth, driven by high fertility rates and improvements in life expectancy, has contributed to greater demand for housing, education, transportation, and healthcare. The Kingdom's urban areas are witnessing significant strain on infrastructure and services as rural migration continues. For example, Riyadh, the capital, is expected to double its population by 2030 under the Vision 2030 development framework. This rapid urbanization necessitates substantial investment in public services, including accessible healthcare facilities to accommodate the needs of a growing and diverse population.

The fastest-growing demographic segment in Saudi Arabia is citizens aged 70-79 and older. Between 2010 and 2022, the CAGR for the population aged 70-79 reached 5.3 percent, far outpacing the overall population growth rate. Currently, 5 percent of the population is aged 60 and above, a proportion that is projected to grow expeditiously by 2040. Improvements in healthcare, nutrition, and living conditions have extended life expectancy to an average of 77.6 years, further accelerating the trend of population aging.



Source: GStat, USSBC Estimates

This demographic shift is intensifying the need for specialized healthcare services, such as geriatrics, rehabilitation, and long-term care. Age-related diseases, including dementia, osteoporosis, and cardiovascular conditions, are becoming increasingly prevalent. The most prevalent chronic conditions in Saudi Arabia are hypertension, diabetes, and dyslipidemia (most often high cholesterol) which were each reported by 8 percent of residents in WHO’s most recent World Health Survey. The treatment coverage rates for hypertension, diabetes, and dyslipidemia were 83 percent, 42 percent, and 60 percent, respectively. Among Saudi residents aged 65 or older, self-reported hypertension was a remarkably high 49 percent. The rate for diabetes in the same age group was 47 percent. The number of residents considered overweight or obese was estimated at 68 percent and 35 percent, respectively. Despite rising life expectancy, obesity remains a top health concern, driving higher rates of diabetes and other chronic conditions.

The aging population presents economic challenges, including increased healthcare costs and a growing dependency ratio. As the elderly population expands, a smaller proportion of the workforce will be available to support retirees, placing strain on the social welfare system. By 2030, Saudi Arabia will need to allocate significant resources to develop nursing homes, assisted living facilities, and home healthcare services to meet the demands of its aging citizens.

On the social front, the aging population is redefining family structures. Traditionally, elderly care in Saudi Arabia has been managed within families. However, urbanization and changing lifestyles are limiting families’ ability to provide in-home care. This shift is driving demand for formal care services, creating opportunities for private sector investment in senior care facilities and home healthcare solutions.

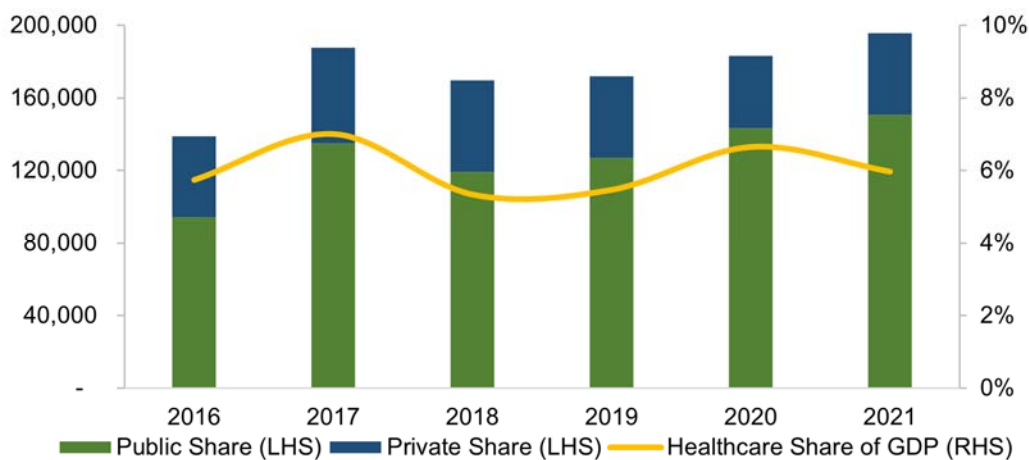
Efforts to combat lifestyle diseases are underway through government initiatives such as the Quality of Life program, which promotes physical fitness, healthy eating, and public awareness campaigns. Taxes on sugary beverages and other products deemed unhealthy by the government have been implemented to discourage consumption and address obesity rates. However, despite these measures, the burden of NCDs continues to rise, particularly among younger demographics. The growing number of Saudis entering middle age, coupled with an aging population, suggests that the prevalence of these diseases will increase further in the coming decades. This trajectory highlights the need for systemic interventions,

including improved access to preventive healthcare, community-based programs, and partnerships with private healthcare providers to develop specialized care facilities for managing chronic conditions.

## Market Size

Saudi Arabia's healthcare market contributed 6.4 percent to national GDP in 2021, rising from 3.7 percent of GDP in 2010 due to increased government spending, expansion of private clinics and services, and rising foreign investments. According to the latest World Bank estimates, the public sector in Saudi Arabia accounted for SAR151 billion (\$40 billion) of healthcare GDP while the private sector accounted for SAR45 billion (\$12 billion). Since 2016, the public share of healthcare GDP stood at a 10 percent CAGR while the private sector has grown at a slower rate of 0.15 percent CAGR.

### Healthcare GDP Contribution

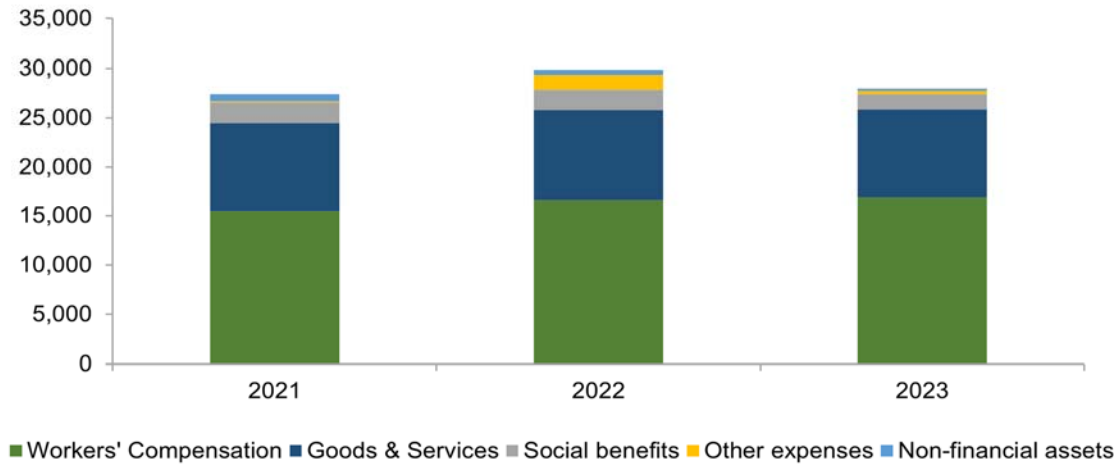


Source: GASat, World Bank, World Health Organization

Government healthcare spending has steadily increased in Saudi Arabia with the Ministry of Finance allocating SAR260 billion (\$69 billion) for 'Health and Social Development' in its official 2025 budget, the same figure as 2024. According to the latest information furnished by the MoH, its budget accounted for 41 percent or SAR105 billion (\$28 billion) of the 'Health and Social Development' sector in 2023 compared to 35 percent in 2010, steadily growing both in absolute terms and as a percentage of total government spending. In 2023, MoH spending alone reached 9.4 percent of total government spending, compared to 6.5 percent in 2010. The government estimates total government health and social expenditure in 2025 will account for 20 percent of Saudi Arabia's budget.

The MoH's spending grew at a 5.6 percent CAGR between 2010 and 2023, driven by higher outlays on health services and wages. The MoH currently operates 290 of the 499 hospitals in Saudi Arabia while other government sectors (OGS) operate 59 hospitals and the private sector operates the remaining 150 hospitals. Government-owned hospitals account for 70 percent of hospitals, but 77 percent of the total 80,072 hospital beds in the Kingdom. The average bed to hospital count in government hospitals has grown steadily from 168 in 2016 to 177 in 2023 while private hospitals climbed from 116 beds per hospital to 121.

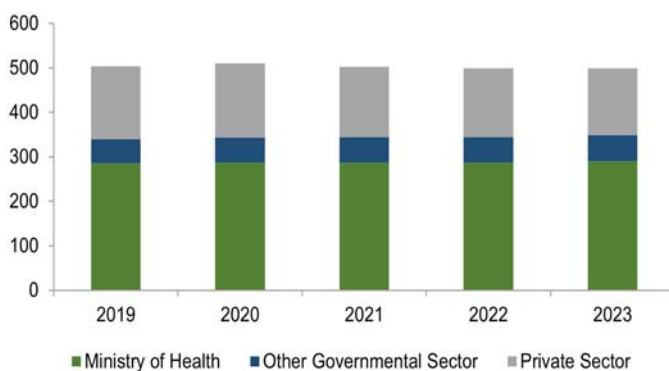
### Ministry of Health Expenditures (USD Million)



Source: Ministry of Health

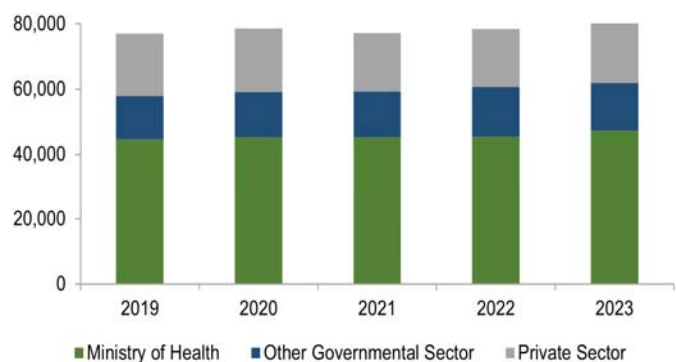
Employees working as physicians, dentists, nurses, pharmacists, and other allied health personnel in Saudi Arabia totaled 545,574 in 2023. The government accounted for 67 percent of employment in healthcare, registering 255,975 Saudis and 107,894 non-Saudis. Total employment in the health sector grew at a 4.4 percent CAGR between 2016 and 2023. The effects of Saudization and an increase in the number of medical graduates resulted in the percentage of Saudi nationals working as physicians in MOH facilities rising from 29 percent in 2016 to 51 percent in 2023. Saudization among all healthcare personnel was markedly lower in private sector facilities as they accounted for only 25 percent of staff compared to government facilities' 59 percent. However, Saudization levels still increased across all medical employment categories in both government and private hospitals since 2016.

### Hospitals in Saudi Arabia



Source: Ministry of Health

### Hospital Beds in Saudi Arabia



Source: Ministry of Health

Inpatient visits to hospitals in Saudi Arabia totaled 3.8 million while outpatient visits at MOH hospitals totaled 15 million in 2023, according to the latest available data. Notably, inpatient visits to MOH hospitals have declined since 2015 while inpatient visits to private clinics steadily increased. Private sector clinics accounted for 47 percent of inpatient visits in Saudi Arabia, up from 34 percent in 2015. Greater utilization



of private clinics is a trend that is expected to continue as the trade-off between increasing the quality of care provided by private clinics outweigh their respective healthcare costs.

## **Government Initiatives**

The HSTP is a cornerstone of the Kingdom's Vision 2030, representing a sweeping overhaul of its healthcare system to address the growing demands of a modern population while embracing global best practices. At its core, the HSTP aims to ensure the delivery of high-quality, accessible, and sustainable healthcare services to all citizens and residents. This transformation is underpinned by the shift of the MOH from a direct service provider to a regulatory and supervisory role, enabling the integration of public and private healthcare providers into a cohesive system.

### **Health Cluster for Integrated Care**

A key element of the HSTP is the implementation of health clusters, which consolidate healthcare services into geographically defined networks that offer seamless care across primary, secondary, and tertiary levels. These clusters are designed to serve about one million residents each, ensuring equitable distribution of healthcare resources. For example, Riyadh Health Cluster 1 integrates dozens of hospitals, primary care centers, and specialty clinics, providing seamless care for over one million residents. Such clusters reduce wait times and enhance patient outcomes by creating cohesive care pathways for chronic disease management, urgent care, and preventive services. The program also introduces the National Health Insurance System, which guarantees 100 percent coverage of citizens' healthcare needs through centralized financing mechanisms. Together, these initiatives aim to increase life expectancy from the current 77.6 years to 80 years by 2030, while optimizing resource utilization and enhancing patient satisfaction.

### **Digital Health and Telemedicine Expansion**

The transformation also places significant emphasis on digital health initiatives, including the establishment of unified electronic health records, the expansion of telemedicine services, and the integration of artificial intelligence in diagnostics and personalized care. Such innovations are expected to enhance clinical decision-making, reduce redundancies, and extend healthcare access to remote and underserved areas. The Sehhaty app, launched by the MOH, is a prime example of this innovation. This app provides virtual consultations, prescription services, and access to medical records, particularly benefiting patients in remote areas. As of 2022, Sehhaty facilitated over 5 million telemedicine consultations, highlighting the Kingdom's commitment to leveraging digital solutions for enhanced access and efficiency. Additionally, the program focuses on preventive care to combat the high prevalence of NCDs, such as diabetes and cardiovascular conditions, which account for a significant proportion of morbidity and mortality in Saudi Arabia.

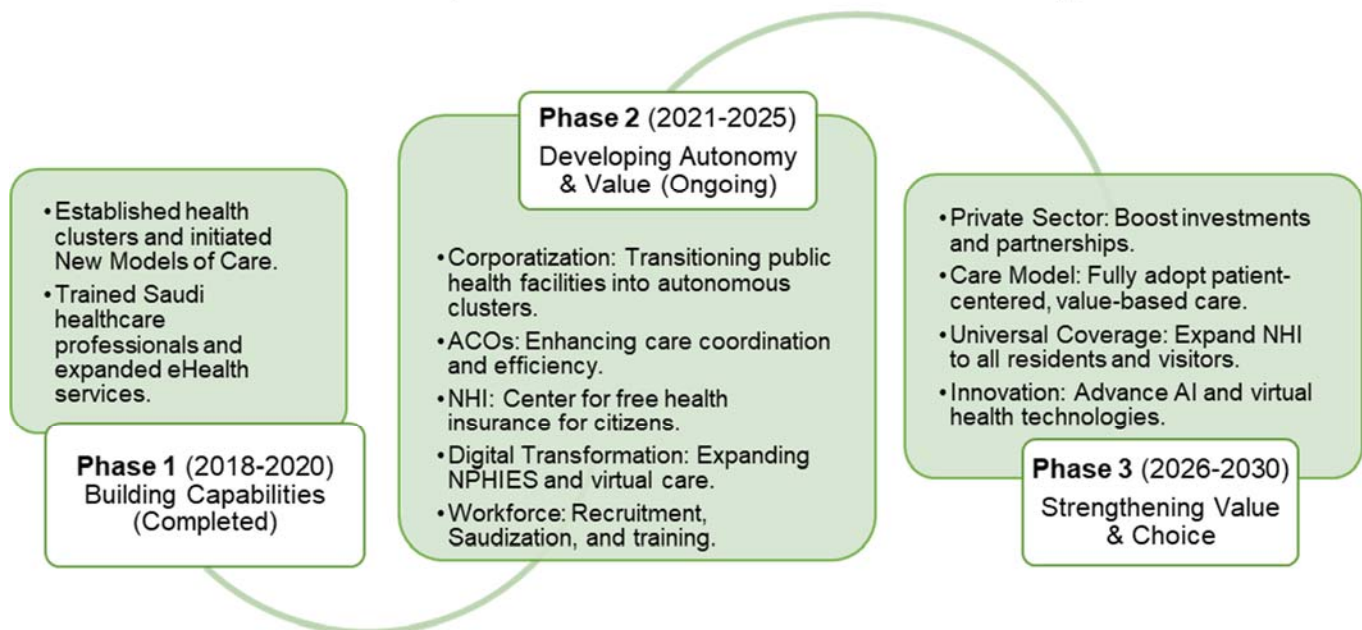
### **Addressing the Burden of Non-Communicable Diseases**

The HSTP prioritizes preventive care to combat the high prevalence of NCDs such as diabetes cardiovascular conditions, and hypertension. The Kingdom's diabetes awareness campaign, conducted in partnership with Novo Nordisk, is a real-life example of collaboration aimed at promoting early detection and lifestyle changes. Public education initiatives and lifestyle interventions are complemented by increasing access to specialized care centers like the Saudi Diabetes Center in Jeddah.

## Expanding Private Sector Participation

PPPs are integral to the HSTP’s strategy to attract investment, foster innovation, and improve healthcare service delivery. The NCP oversees these initiatives, which include privatizing hospitals, outsourcing diagnostic and radiology services, and engaging private providers to operate primary healthcare centers. By 2030, the government aims to increase the private sector’s share of healthcare provision to 65 percent of total services, a significant shift from the current landscape, where public providers dominate. For instance, the Dr. Soliman Fakeeh Hospital group now operates several government health facilities under PPP agreements, combining private sector efficiency with public sector infrastructure. These collaborations have not only improved service quality but also provided a model for sustainable healthcare development.

### MoH Delivery Plan for Healthcare Transformation Strategy



Source: Ministry of Health, USSBC

## Challenges

Despite its ambitious goals, the healthcare sector faces several challenges, including workforce shortages, infrastructure gaps, and the rising cost burden of NCDs. To address these issues, the HSTP incorporates strategic workforce initiatives to promote Saudization, with a focus on training and retaining healthcare professionals. Programs such as the Saudi Commission for Health Specialties’ residency training initiative have expanded the number of Saudi doctors specializing in critical fields, ensuring long-term sustainability.

Another challenge is the disparity in healthcare access between urban and rural areas. Remote regions often face limited access to primary care facilities, creating a need for expanded infrastructure and greater adoption of telemedicine. The sector also struggles with a shortage of hospital beds, as Saudi Arabia currently lags behind G20 emerging economy benchmarks. To meet future demand, the Kingdom will require significant investment to increase bed capacity and establish specialty care centers. Moreover, the current fragmentation in service delivery leads to inefficiencies and duplication of resources. The



introduction of health clusters under the HSTP aims to create integrated networks of primary, secondary, and tertiary care to address this issue.

### Healthcare Transformation Key Challenges

- Rising prevalence of NCDs
- Workforce shortages and skill gaps
- Limited access in rural areas
- Infrastructure and bed capacity shortages
- High reliance on public healthcare funding
- Fragmentation in service delivery
- Digital transformation and cybersecurity risks
- Financial sustainability amid rising costs

Source: Ministry of Health

Financial sustainability is another critical challenge. The government currently shoulders the majority of healthcare costs, placing strain on public resources. Transitioning to a mixed funding model, which incorporates health insurance and PPPs, is essential for long-term viability. While the program prioritizes digital transformation, the rapid adoption of technologies such as electronic health records (EHRs) and telemedicine introduces risks related to data privacy, cybersecurity, and interoperability. Additionally, traffic accidents continue to place a heavy burden on the healthcare system, with high rates of injuries and fatalities driving demand for emergency and trauma care services. Finally, the reform process must address resistance to change among stakeholders and adapt to cultural preferences. Overcoming these challenges requires coordinated efforts across governance, infrastructure development, private sector engagement, and community involvement to ensure the success of the HSTP.

### Opportunities

Saudi Arabia's healthcare sector offers a wealth of opportunities for domestic and international stakeholders, driven by a combination of demographic trends, government reforms, and technological advancements. From expanding healthcare infrastructure and digital health solutions to investing in specialized care and medical tourism, the Kingdom presents a robust and diverse investment landscape. PPPs, workforce development programs, and biotechnology innovation further underscore the potential for collaboration.

Saudi Arabia has actively sought international expertise to accelerate the development of the healthcare sector. Notable partnerships with U.S.-based healthcare companies illustrate the impact of global collaboration. For example, Cerner Corporation has been instrumental in deploying EHR systems across Saudi hospitals, facilitating seamless data exchange and improving care coordination. Additionally, General Electric Healthcare has partnered with the Kingdom to introduce advanced imaging technologies, enhancing diagnostic capabilities nationwide.



## Expansion of Healthcare Infrastructure

Saudi Arabia's healthcare infrastructure faces a significant demand-supply gap, particularly in hospital bed capacity and specialty care facilities. The Kingdom currently offers approximately 2.26 hospital beds per 1,000 people, below the G20 emerging economy average of 2.85. To meet future demand, Saudi Arabia requires an additional 27,000 beds by 2030, alongside expanded specialty care centers for oncology, cardiology, and geriatrics. This presents lucrative opportunities for domestic and international investors to develop new hospitals and upgrade existing facilities.

Several large-scale projects highlight the potential for infrastructure expansion. For example, the King Salman Medical City in Riyadh is set to become a state-of-the-art healthcare facility, offering over 1,200 beds. Similar projects across Jeddah, Dammam, and the western provinces are in various stages of development. PPPs provide an attractive model for foreign companies to participate in these developments, leveraging private sector expertise while benefiting from government incentives.

## Specialized Care and Long-Term Care Services

The growing prevalence of NCDs and an aging population are driving demand for specialized and long-term care services. The growing number Saudi adults with diabetes and hypertension creates the need for advanced facilities to manage these chronic conditions. Additionally, the proportion of citizens aged 65 and above is projected to increase from 5.4 percent in 2023 to 9 percent by 2030, necessitating investments in geriatrics, rehabilitation centers, and nursing homes.

Private healthcare providers and investors can address these gaps by establishing specialty hospitals and extended care facilities. For example, the Saudi Diabetes Center in Jeddah serves as a model for focused care delivery, offering comprehensive services for diabetes management. Long-term care, including home healthcare and assisted living, represents another untapped market, with increasing demand as family structures evolve and urbanization limits traditional caregiving.

## Medical Tourism

Saudi Arabia is positioning itself as a regional hub for medical tourism, capitalizing on its strategic location, advanced medical infrastructure, and cultural affinity with neighboring countries. The government has invested in medical cities and specialized hospitals equipped with cutting-edge technology to attract international patients. Facilities like the King Faisal Specialist Hospital and Research Center are already recognized for their expertise in oncology, organ transplantation, and cardiology.

The development of luxury healthcare services, including wellness retreats and VIP medical packages, complements the broader push to diversify the Kingdom's economy. International healthcare providers can collaborate with local entities to create tailored offerings that cater to affluent medical tourists from GCC countries and beyond.

## Biotechnology and Research

Biotechnology and precision medicine represent emerging areas of opportunity in Saudi Arabia's healthcare sector. The government is fostering innovation through initiatives such as the Health Innovation Initiative, which supports research and development in genomics, biopharmaceuticals, and regenerative medicine. Partnerships with global biotechnology firms can accelerate these efforts, positioning Saudi Arabia as a leader in cutting-edge healthcare solutions.



For instance, the Saudi Genome Program is a flagship project aimed at identifying genetic markers for diseases prevalent in the region, enabling the development of targeted therapies. International research institutions and pharmaceutical companies can collaborate with Saudi entities to leverage this data and develop innovative treatments.

### **Workforce Development and Training**

Saudi Arabia's healthcare sector faces a critical need for skilled professionals, particularly in specialized fields such as oncology, geriatrics, and health informatics. This gap presents opportunities for international partnerships in training and education. U.S. medical institutions like Johns Hopkins University and the Cleveland Clinic have already established collaborations with Saudi entities to provide advanced training programs.

Investors can also explore opportunities in establishing medical colleges, simulation centers, and residency programs to equip the next generation of Saudi healthcare professionals. These initiatives not only address workforce shortages but also align with the Saudization goals of Vision 2030.

### **Pharmaceutical Manufacturing**

The Saudi pharmaceutical market is one of the largest in the GCC, with growing demand for locally manufactured medicines to reduce dependency on imports. The government's localization strategy incentivizes foreign pharmaceutical companies to establish manufacturing facilities within the Kingdom. Companies like Pfizer and Novartis have already entered the market, leveraging partnerships with local firms to expand production capacity.

Biopharmaceuticals, generics, and vaccines are particularly promising segments, supported by government initiatives to promote self-reliance in healthcare supplies. International investors can benefit from Saudi Arabia's advanced infrastructure, strategic location, and favorable regulatory environment to establish a foothold in the regional pharmaceutical market.

### **Outlook**

Saudi Arabia's healthcare sector is poised for significant growth and transformation, presenting a dynamic outlook across short, medium, and long-term horizons. In the short term, the Kingdom is focused on addressing immediate challenges such as increasing hospital bed capacity, mitigating workforce shortages, and expanding access to healthcare services in underserved areas. The HSTP emphasizes PPPs to accelerate infrastructure development, with opportunities for private companies to manage hospitals, provide diagnostic services, and operate primary care facilities. International players, particularly in telemedicine and digital health, are well-positioned to collaborate with Saudi entities to bridge gaps in healthcare delivery while leveraging government incentives such as streamlined regulatory approvals and tax benefits.

In the medium term, Saudi Arabia's healthcare system will continue its shift toward privatization and digitization. By 2030, the government aims to increase the private sector's share of healthcare delivery to 65 percent, creating opportunities for domestic and international companies to invest in specialty care centers, long-term care facilities, and rehabilitation services. The growing prevalence of NCDs



underscores the need for targeted healthcare solutions, including preventive care programs and specialized clinics. Companies offering innovative technologies, such as AI diagnostics, wearable health devices, and integrated electronic health records, will find ample opportunities to support the Kingdom's digital health transformation. Furthermore, partnerships with local universities and training institutions can help international players address workforce shortages while building long-term capacity.

In the long term, Saudi Arabia envisions establishing itself as a global leader in healthcare innovation and medical tourism. The development of advanced medical cities, such as the King Salman Medical City and NEOM Health Project, reflects the Kingdom's ambitions to offer world-class healthcare facilities and attract patients from across the region. Investments in biotechnology, genomics, and precision medicine will further enhance Saudi Arabia's competitiveness in high-tech healthcare markets. For private sector companies, these initiatives present opportunities to collaborate in research and development, establish manufacturing hubs for biopharmaceuticals, and drive innovation in regenerative medicine. However, challenges related to financial sustainability, cybersecurity risks from rapid digitization, and ensuring equitable access to healthcare services will require careful navigation.

Overall, Saudi Arabia's healthcare outlook is characterized by a blend of opportunities and challenges. The short-term focus on infrastructure and capacity building lays the foundation for medium-term growth in private sector participation and technological adoption. The long-term vision of becoming a global healthcare hub hinges on sustained collaboration with international partners, robust policy frameworks, and innovative solutions. Private sector companies that align their strategies with the Kingdom's Vision 2030 goals will not only contribute to Saudi Arabia's healthcare transformation but also gain access to one of the most dynamic markets in the Middle East.

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