WDI PUBLISHING
AT THE UNIVERSITY OF MICHIGAN

MICHIGAN ROSS

Christopher I. Rider
John Branch

case 3-797-183
November 6, 2026

Making Place: Red Sea Global and Scarcity by Design

DO NOT COPY

In the first week of July 2026, John Pagano sat in the operations building of the company he led, Red Sea Global, on a stretch of Saudi Arabia's northwestern coast that eight years earlier had been empty shoreline. Through the window were the results of those years: eleven hotels open across the islands, a private airport a short drive inland, and a utility plant that powered the entire destination resort on sunlight plus batteries. By most measures the project, titled The Red Sea, had done what its larger, louder neighbor, NEOM,[i] had not — it had opened, on schedule, and was doing real business.

On the table in front of him were three documents. The first was the resort's own operating record: occupancy of 50 to 60 percent across the open hotels in April 2025 and an average of 40 percent across the five resorts trading that September, touching 82 percent in the last ten days of Ramadan, mainly Saudi and Persian Gulf families rather than the international travelers the brand had targeted.[1] The second was a set of residential sales figures from AMAALA, the Red Sea Global wellness destination up the coast, where villas priced from 16 million to 400 million Saudi riyals (4.3 to 106.7 million USD) had sold faster than Pagano's team had forecast and were beginning to be occupied.[2] The third was a directive from the owner. In April, Saudi Arabia's Public Investment Fund had told its subsidiaries to bring the private sector in as investor, partner, and supplier rather than to keep drawing on the government fund alone. The fund was asking its companies for co-investors and for capital.[3]

Two facts sat uneasily together. Red Sea Global capped its visitor totals — one million a year at The Red Sea, half a million at AMAALA — as a matter of ecological carrying capacity and, increasingly, of brand.[4] Yet the Saudi government's Vision 2030 for the nation was a volume story: 150 million visits by 2030, with tourism making up a tenth of the economy.[5] As resort owner, the government now wanted returns sooner, and had cut back so severely on development of NEOM, the vast futuristic new city in northwestern Saudi

[i] NEOM is a Public Investment Fund development in northwest Saudi Arabia, announced in 2017, comprising several sub-projects including the linear city known as The Line, the industrial site at Oxagon, the mountain resort at Trojena, and the island resort at Sindalah.

Published by WDI Publishing, part of the William Davidson Institute (WDI) at the University of Michigan.

©2026 Christopher I. Rider and John Branch. This case was written by Christopher I. Rider, Thomas C. Kinnear Professor and Associate Professor of Entrepreneurial Studies, and John Branch, Clinical Associate Professor of Business Administration, both at the University of Michigan's Ross School of Business. John Branch is also a William Davidson Institute Research Fellow. The case was developed using public sources and was prepared as the basis for class discussion rather than to illustrate either effective or ineffective handling of a situation. The case should not be considered criticism or endorsement and should not be used as a source of primary data.

Unauthorized reproduction and distribution is an infringement of copyright. Contact us for permissions: Info@WDI-Publishing.com.