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Insights

REAL ESTATE OWNERSHIP BY NON-SAUDIS – LAW NOW PUBLISHED

Jul 27, 2025

Following our earlier note on 8 July, Saudi Arabia has now published the Law on Real Estate Ownership by Non-Saudis (the New Law). It will come into force in January 2026 and will repeal the earlier Law on Real Estate Ownership by Non-Saudis (issued under Royal Decree No. M/15 dated 17/4/1421H).

The New Law will establish a legal framework allowing non-Saudis, whether individuals or entities, to hold title and other property-related rights in Saudi Arabia, subject to designated geographic areas and regulatory conditions. This represents a shift away from the previous system of discretionary, case-by-case permissions and signals a move towards a more transparent and structured approach.

KEY POINTS UNDER THE NEW LAW

1. Ownership restricted to authorised areas

Non-Saudis will be permitted to acquire property rights within geographic zones approved by the Council of Ministers. The possibility of limited exceptions, if any, may be clarified in the forthcoming implementing regulations. The Minister of Municipalities and Housing (MoMaH), in coordination with relevant agencies such as the Real Estate General Authority (REGA), will propose the areas. REGA will be responsible for publishing lists of authorised and prohibited zones.

In addition to defining the geographic scope, the Council of Ministers' decision will also set out the types of real estate rights that can be acquired, the maximum percentage of foreign ownership in a given area, the maximum duration for usufruct rights, and any further conditions attached to foreign ownership. The New Law also allows each non-Saudi to own one property outside the designated zones for residential purposes.

2. Specific provisions apply in Makkah and Madinah

Ownership rights in Makkah and Madinah will be permitted under the following conditions:

- Only Muslims may acquire real estate in these cities;

- Unlisted foreign companies may do so only to support operational requirements or provide staff accommodation; and
- Capital Market Authority (CMA)-licensed entities may hold real estate, subject to CMA regulations.

3. Approvals, registration and disposal fees

Foreign acquisitions may be subject to prior licensing or approvals, depending on procedures to be clarified in the implementing regulations. All acquired rights will need to be registered in the relevant real estate register. A disposal fee of up to 5% of the property's value may be levied by REGA. Violations may result in fines of up to SAR 10 million.

4. Implementing regulations to follow

The New Law requires implementing regulations to be issued within 180 days of publication—i.e. by 21 January 2026. While public consultation is not legally required, recent practice suggests a draft may be released for comment on the Istitlaa platform.

HOW THIS DIFFERS FROM PREVIOUS PRACTICE

- The New Law introduces a designated-area model for foreign ownership, under which non-Saudis may only acquire property rights within specific geographic zones approved by the Council of Ministers, replacing the earlier patchwork of permissions granted on a case-by-case or regulatory basis.
- Muslim non-Saudis will now be allowed to hold title in Makkah and Madinah, a departure from previous arrangements which typically limited non-Saudi rights in these cities to leaseholds.
- REGA has been given a clear role in regulating authorisations, publishing approved areas, and enforcing transfer restrictions, including the formal introduction of a disposal fee.

WHAT STILL NEEDS TO BE CLARIFIED

We expect the implementing regulations to address several key issues, including:

- Whether the designated zones will align with broader economic development and planning strategies or be focused on specific flagship projects or investment areas;
- How existing entitlements under the Premium Residency programme and GCC national frameworks will be integrated with the New Law;
- What procedures will govern licensing, documentation, and coordination between approving and registration authorities; and

- Whether transparent criteria will be published for how areas are selected, and which foreign persons or entities may qualify.

WHAT THIS MEANS AND HOW WE CAN HELP

This marks a significant shift in Saudi Arabia's real estate and investment framework. By establishing a clearer legal route for foreign ownership tied to designated geographic areas, the New Law offers greater certainty for international investors, developers, and operators looking to invest in the Kingdom. Long-term land rights are a fundamental requirement for securing financing, committing capital, and delivering major projects—particularly those aligned with Saudi Arabia's broader economic diversification goals.

We will continue to monitor developments closely and will publish an update once the draft implementing regulations are released. While not guaranteed, we expect the regulations will be issued in draft form for public consultation in advance of the January 2026 deadline.

If you are considering how the New Law could affect your existing footprint or future plans in Saudi Arabia, we can support with early-stage scenario planning, regulatory analysis, and structuring options — whether you are an international investor, a master developer, or a giga project entity. While the designated areas are yet to be confirmed, we can also assist in preparing for the implementing regulations, including support with responses to any public consultation, if issued. The official translation of the law has not yet been published. If you would like to see an informal working English translation, please contact us.

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