

## Insights

# DRAFT IMPLEMENTING REGULATION OF THE LAW ON REAL ESTATE OWNERSHIP BY NON-SAUDIS

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Following our previous Insight on the [Law on Real Estate Ownership by Non-Saudis](#) (the New Law), the Real Estate General Authority (REGA) has now released draft Implementing Regulations (the draft Regulations) for public consultation. The consultation is open until 28 August on the National Public Consultation Platform (Istitlaa).

The draft Regulations supplement the New Law and provide further detail on the practical requirements and processes for non-Saudis to own, dispose of, or acquire in-kind rights over property in the Kingdom. While the New Law sets out the overarching framework, the draft Regulations clarify operational requirements and address practical matters such as eligibility, registration, fees and compliance.

## KEY POINTS TO NOTE

The draft Regulations begin with practical entry requirements. Any non-Saudi seeking to purchase or acquire real estate rights over property must hold an official form of identification issued under Saudi law. To process applications, REGA plans to introduce a dedicated electronic portal linked to the national Land Registry and accessible via the Kingdom's National Access Platform. All associated payments must be made using Saudi Central Bank-approved electronic methods, such as bank transfers, cards or digital wallets.

For non-resident individuals, there is an additional preparatory stage. Before they can acquire property, they must obtain a Saudi digital ID, open a local bank account, and secure a Saudi contact number. The rules also touch on family ownership: where a non-Saudi buys a property for personal residence, their spouse, parents, and children can be treated as dependants for ownership purposes, but where someone is recorded as a dependant, they cannot separately acquire a residential property in their own name unless that dependency formally ends and is documented.

Foreign companies will need to follow a structured process: registration with the Ministry of Investment, disclosure of all direct and indirect owners and opening a Saudi bank account. Similar requirements apply to non-profit organisations, which must register with the National Centre for the Development of the Non-Profit Sector and disclose their key decision makers.

Under the New Law ownership is limited to designated geographic areas to be proposed by MoMaH and approved by the Council of Ministers. The Draft Regulations confirm that REGA will maintain the list of authorised and restricted areas. Saudi-registered companies with foreign ownership may hold property outside the designated geographical areas, but only for certain purposes - such as housing employees, operating headquarters and branches, or conducting their licensed investment activities. Even then, the scale of such ownership must reflect the company's actual operational needs and will require Ministry of Investment approval. In addition, the Draft Regulations add an important investor safeguard – if the list of designated areas changes after you acquire property, your existing rights will not be reduced or cancelled. Indeed, if the change results in more favourable terms (for example, your property is moved into a category with fewer restrictions or lower fees), the more favourable treatment will apply to you.

The draft Regulations introduce a schedule of fees payable on the disposal of property rights by non-Saudis, these are calculated as a percentage of the value of the real estate right, varying by location, type of right, and use. For example:

- In Riyadh, Jeddah, Makkah, and Madinah: 2.5% for residential property rights; 0% for commercial, industrial, and agricultural uses.
- In special economic zones: 0% for residential usufruct rights; 2.5% for commercial, industrial, and agricultural usufruct rights.
- Elsewhere in the Kingdom: 0% across all categories.

Certain transactions will be exempt. These include court-ordered transfers, expropriations for public benefit, dealings linked to endowments or government bodies and the return of property to a Saudi seller within 90 days of the original transfer, provided the property details and price are unchanged. The division of common property between co-owners is also fee-free, so long as no one ends up with a larger share than they held before.

REGA will appoint inspectors to monitor compliance, with powers to use technology, investigate complaints, and coordinate with the Ministry of Interior. Penalties for violations range from warnings to fines of up to SAR 10 million, depending on the nature of the breach. Examples include providing false information to obtain property, failing to update ownership records, or obstructing inspections.

## **WHAT STILL NEEDS TO BE CLARIFIED**

The draft Regulations provide important insights into how the New Law will operate in practice and the conditions under which non-Saudis can acquire property rights in the Kingdom. They also set out clear administrative processes for ownership by companies, non-profits, and non-residents, as well as exemptions to the new disposal fee regime. Further guidance on the specific designated areas is awaited, and this will be a critical factor in shaping the scope of opportunities available

under the new framework. Further detail is also awaited on any conditions that may be applied to foreign ownership under the New Law, including potential restrictions on property use, ownership structures or holding periods. The draft Regulations state that procedural manuals will be issued, these are expected to set out the detailed processes for applications, registrations, and ongoing compliance.

## **NEXT STEPS**

The consultation period closes on 28<sup>th</sup> August 2025. Stakeholders, including developers, institutional investors, and international operators, should review the Draft Regulations closely and consider submitting feedback. If you would like support in preparing a consultation response or assessing how these rules could impact your investment plans, our team would be very happy to assist.

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This article was co-authored by Joory Alkhan, Legal Trainee.

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