

# Overview Of

Updated Law of Real Estate Ownership by Non-Saudis

Preliminary Publication





## The Kingdom of Saudi Arabia:

The Crossroads of Three Continents... A Bridge of Civilizations and a Gateway to the Future

The Kingdom of Saudi Arabia, with its profound historical legacy and a globally recognized role in religion and humanitarianism, has emerged as a key regional power and an engaged global stakeholder. The Kingdom possesses the largest proven oil reserves globally and ranks among the top energy producers and exporters. As a founding member of OPEC, it plays a prominent role in the G20.

The Kingdom is currently undergoing an unprecedented transformation driven by Vision 2030, which aims to:

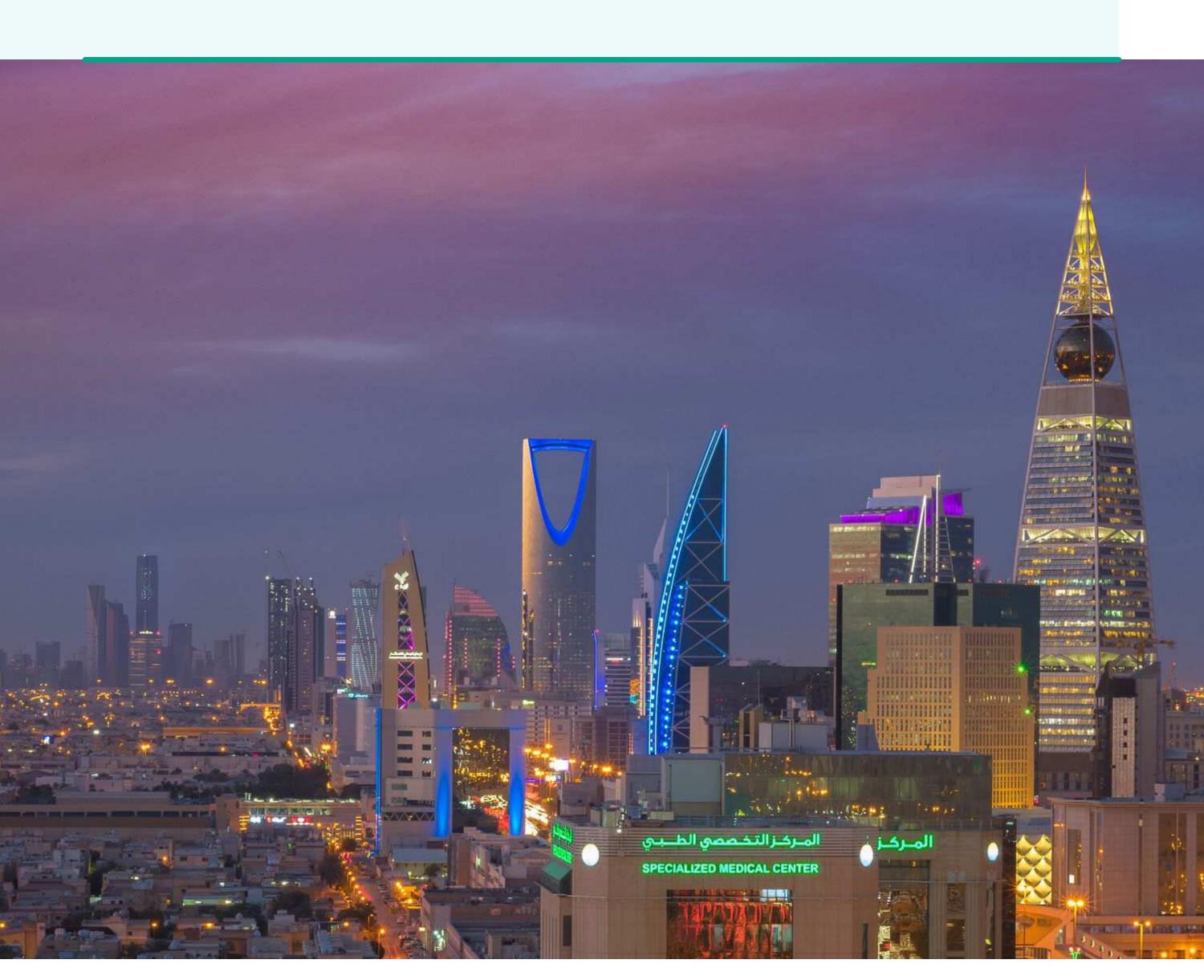
- Diversify the economy.
- Build a vibrant society, a thriving economy, and a nation driven by ambition.
- Empower citizens, attract investments, and develop cities and strategic sectors.

The Kingdom has initiated transformative projects—such as NEOM, The Line, Qiddiya, Soudah Development, Red Sea Global, and Green Riyadh—while channeling investments into renewable energy, technology, tourism, and entertainment to position itself as a global hub for growth and innovation.

- The center of the Islamic world and home to the Two Holy Mosques.
- A rapidly growing economy ranked among the world's top 20 economies.
- A key player in regional stability, global energy markets, and international decision-making.
- A civilizational bridge linking the three continents: Asia, Africa, and Europe.



# **Updating the Law of Real Estate Ownership by Non-Saudis: A New Step to Stimulate Investment**



The real estate sector is one of the fundamental drivers of the national economy, impacting over 120 economic activities. Furthermore, it enables families to own suitable housing and provides job opportunities. Its importance is increasing in light of ongoing urban expansion, population growth, and the ambitious vision that the Kingdom seeks to achieve.

In the context of <u>Vision 2030</u>, which aims to enhance economic growth, the focus has been on developing regulations and legislation that promote investment in economic sectors, particularly in real estate. This is particularly true given the Kingdom's current investment and real estate attractiveness across the region and globally, whether in major cities or qualitative projects, such as "NEOM", "Qiddiya", "Red Sea Global", among others. This is due to the Kingdom's economic, social, and regulatory stability, guided by effective and insightful leadership.

Over the past five years, more than 20 real estate legislations have been issued to govern the real estate sector, protect the rights of all parties involved, and stimulate local and international investment. Today, the updated Law of Real Estate Ownership by Non-Saudis represents a well-considered regulatory step to achieve its investment objectives.

# Introduction to Updated Law of Real Estate Ownership by Non-Saudis

The Law of Real Estate Ownership by Non-Saudis is a regulatory framework for real estate ownership in the Kingdom by non-Saudis, whether residents or non-residents, non-Saudi companies, or non-Saudi non-profit entities. This ownership is governed by controls and standards that ensure compatibility with national interests and the Kingdom's economic and regulatory directions, while respecting its religious, cultural, and social values.

The Law of Real Estate Ownership and Investment by Non-Saudis was initially issued on Muharram 1, 1421 AH, corresponding to April 6, 2000 AD. On Tuesday, 19 Muharram 1447 AH (July 14, 2025), the Council of Ministers approved the updated Law of Real Estate Ownership by Non-Saudis, making it the applicable law in this regard. This updated law consists of 15 articles that precisely regulate cases of real estate ownership for non-Saudis, accompanied by an implementing regulation that explains and interprets these articles, in addition to the geographical areas where ownership is permitted.



The law has been updated according to an integrated legislative framework that includes a review of related real estate laws and regulations, analysis of international best practices in countries with investment climates similar to Saudi Arabia, and benchmarking against similar frameworks of G20 countries and jurisdictions with advanced regulatory structures. This framework leverages regulatory best practices in defining geographic ownership scope, market governance, legal empowerment of non-Saudi investors, and integration with complementary laws, including the Premium Residency Permit Law and the Statute of Real Estate Ownership by Gulf Cooperation Council (GCC) Nationals.

The updated law is aligned with international best practices in Non-Saudi Real Estate Ownership, and aims to promote an equitable, secure, and balanced investment climate consistent with the goals of Vision 2030.





Attract Foreign Direct Investment (FDI) into the Saudi Real Estate Market.

Retain global talent and skilled professionals by facilitating their stability in the kingdom.

Enhance the contribution of the real estate sector to the national GDP.

Promote sustainable economic growth and income diversification.

Improve quality of urban life.

Increase real estate supply and achieve real estate balance.

Improve the quality of real estate projects.

Stimulate growth in the real estate market.

Provide job opportunities and develop the Saudi real estate sector.



# **15 Articles Governing**Non-Saudi Ownership of Property

updated Law governing non-Saudis' ownership of property The comprises 15 articles, providing essential definitions and setting the legal and substantive framework for property ownership and the acquisition of fundamental rights in Saudi Arabia by non-Saudi individuals (resident or non-resident), foreign companies, and non-Saudi non-profit entities. This Law identified groups permitted to own property and assigned the responsibility for defining the geographic scope and types of fundamental rights to the Council of Ministers. This Law addressed provisions governing property ownership in Makkah and Madinah, outlined the ownership rules applicable to companies with non-Saudi shareholders, and emphasized that no additional privileges shall be granted to non-Saudis upon owning property in these areas. The Law mandated property ownership to be registered in the real estate registry to ensure the protection of rights and impose real estate transaction fees.



This law also outlined violations, sanctions, and corresponding penalties, and set actions to be taken in case of providing false or misleading information. The law also established specialized committees to handle violations and structured clear procedures for filing judicial appeals.



### **₹** Law

On Monday, 19 Muharram 1447 AH, corresponding to July 14, 2025, Royal Decree No. (M/14) was issued, approving the Law of Real Estate Ownership by Non-Saudis, serving as the legal framework regulating the provisions, conditions, and controls governing the ownership of property by non-Saudis.

# **Regulations**

Refers to the Law's Executive Regulation, which interprets its provisions and outlines the procedural, technical, and regulatory controls for enforcement. It will be published on "<u>Istitlaa</u>" (Public Consultation Platform) within 180 days, after which it will be submitted by REGA for issuance by a resolution of the Council of Ministers.

# **३**€ REGA

Refers to the <u>Real Estate General Authority</u>, a governmental agency responsible for regulating real estate activities.

# **#** Geographic Scopes

Refers to specific regions within Saudi Arabia's territory where non-Saudis are allowed to own property or obtain other real rights. This includes sites and developments specified in the Geographic Zones Document as areas designated for non-Saudi ownership.

# **ႈ** Real Estate Registration ☑

A procedural system for registering real estate ownership based on the real estate unit as the basis for registering ownership, rights arising from it, and subsequent real estate dispositions. This involves issuing a title registration deed and sheet in the Real Estate Registry for each ownership in the announced real estate areas, detailing the property number, owner's name, and descriptions in terms of type, location, area, boundaries, dimensions, rights, restrictions, obligations, and any dispositions or changes that create rights for others.

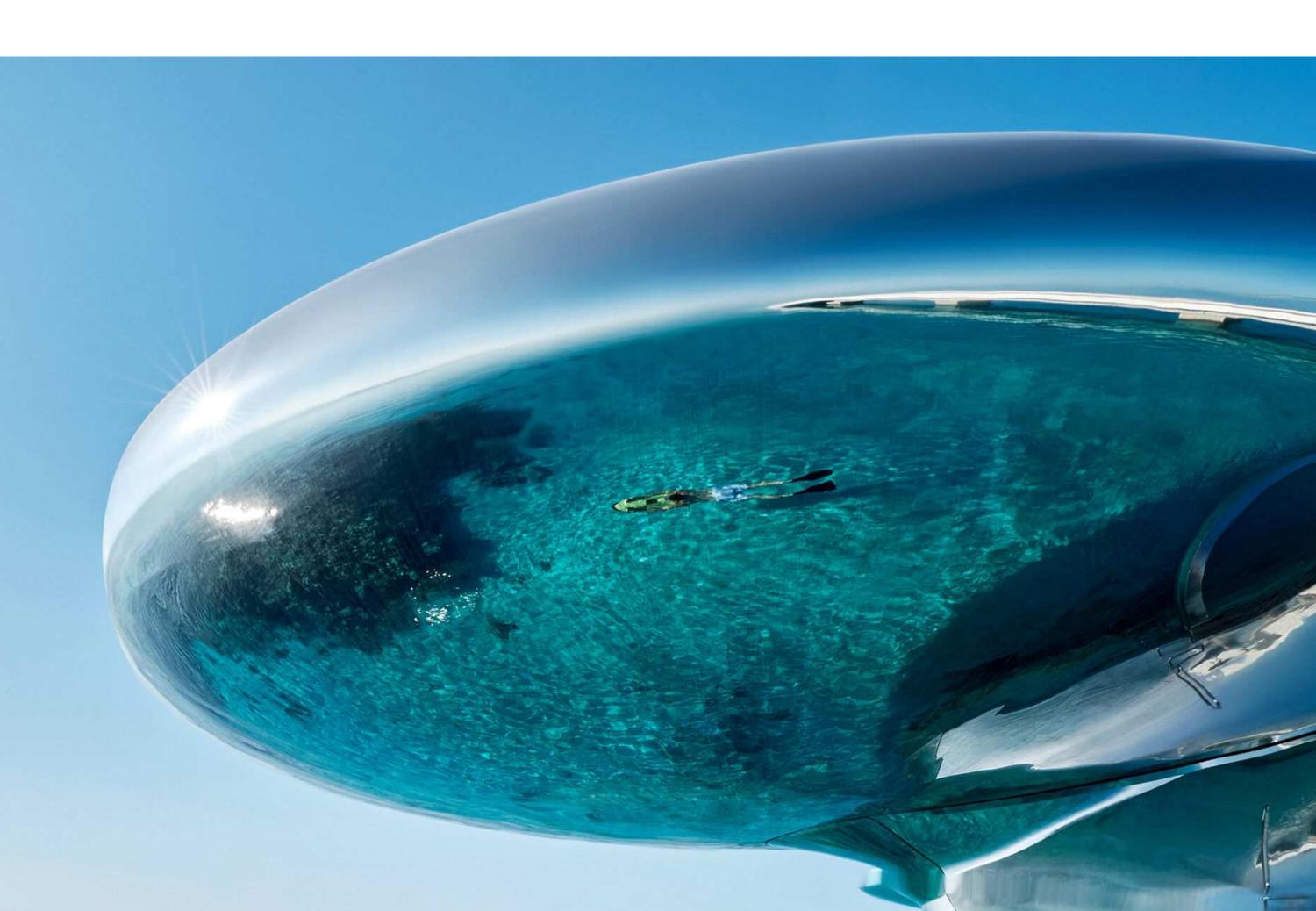
# **ႈ** Real Estate Register ☑

set of documents showing the descriptions, location, physical and legal status, and associated rights and obligations of the property, as well as any amendments thereto, in light of legally recognized documents. The Real Estate Registry includes the title deed and a real estate sheet, providing more information on in-kind real estate registration.

### **3€** Non-Saudis

Refers to any individual who is not a Saudi national, including:

- **1. Natural Person:** A non-Saudi individual (whether a resident or an investor from abroad).
- **2. Non-Saudi Company:** Any company not considered Saudi according to <u>the Companies Law</u>.
- **3. Non-Saudi Non-Profit Entity:** Including international associations, organizations, and foreign non-profit institutions.
- **4. Any Other Legal Person:** Designated by a resolution of the Council of Ministers and granted ownership rights under the Law.







# Groups Permitted to own property under the updated law



Non-Saudi natural person (whether residing in the Kingdom or not)



Non-Saudi companies (whether operating within the Kingdom or not)



Diplomatic missions and international organizations (based on reciprocity and subject to approval by <a href="Ministry of Foreign Affairs">Ministry of Foreign Affairs</a>)



Non-Saudi non-profit entity.



Saudi companies with non-Saudi shareholders.



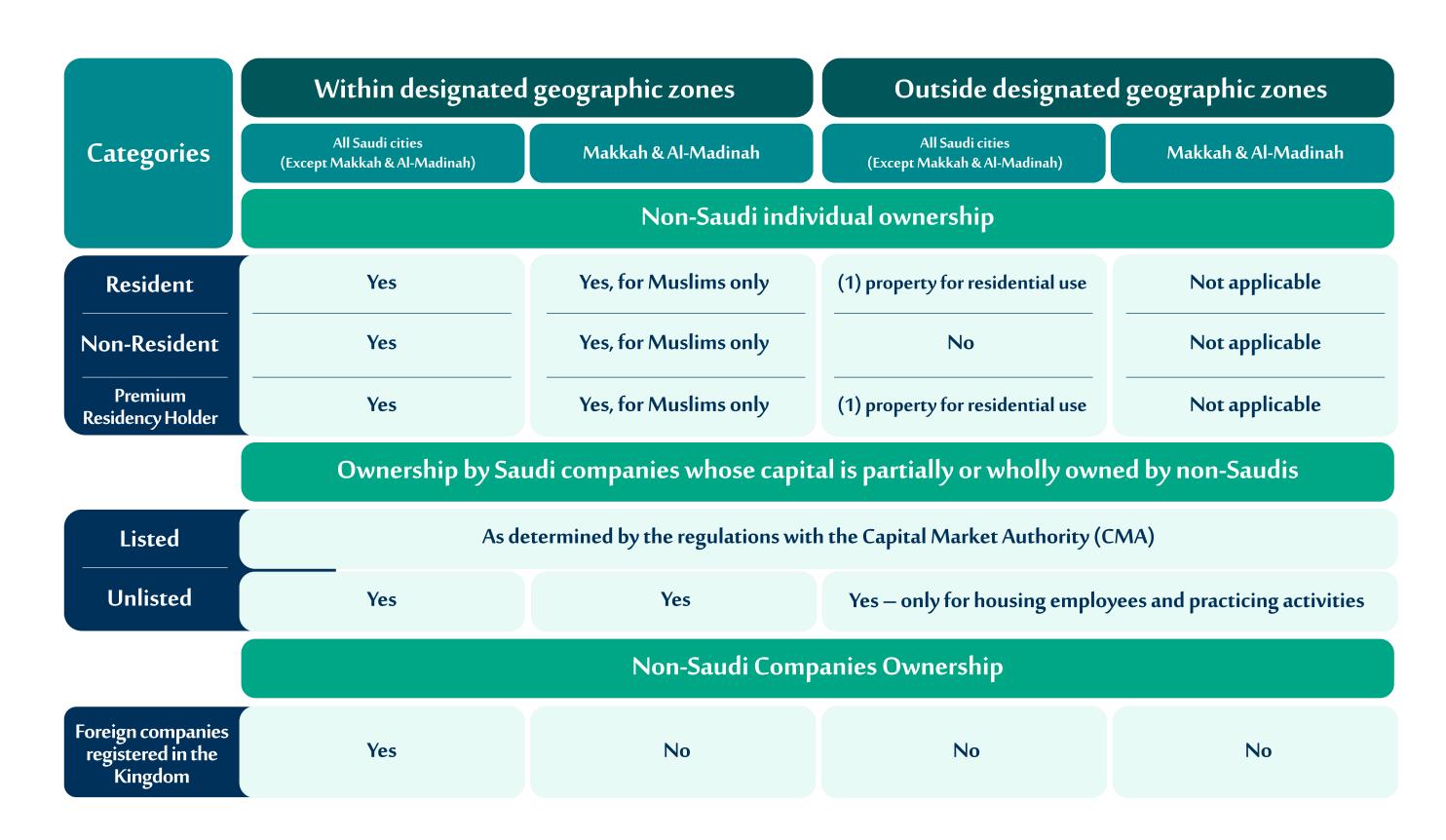
Special purpose vehicles, funds, or entities with non-Saudi equity holders.



# Geographical Scopes and Locations Permitted for Non-Saudi Ownership

- According to the law, the Council of Ministers defines the permitted geographical scopes for ownership. REGA will publish a document detailing these scopes, which may include exemptions or specified maximum ownership percentages.
- Riyadh and Jeddah: Ownership is permitted within specific areas clarified in the geographical scope document.
- Makkah and Madinah: Ownership is permitted under special conditions for Muslims only, according to specific regulations.

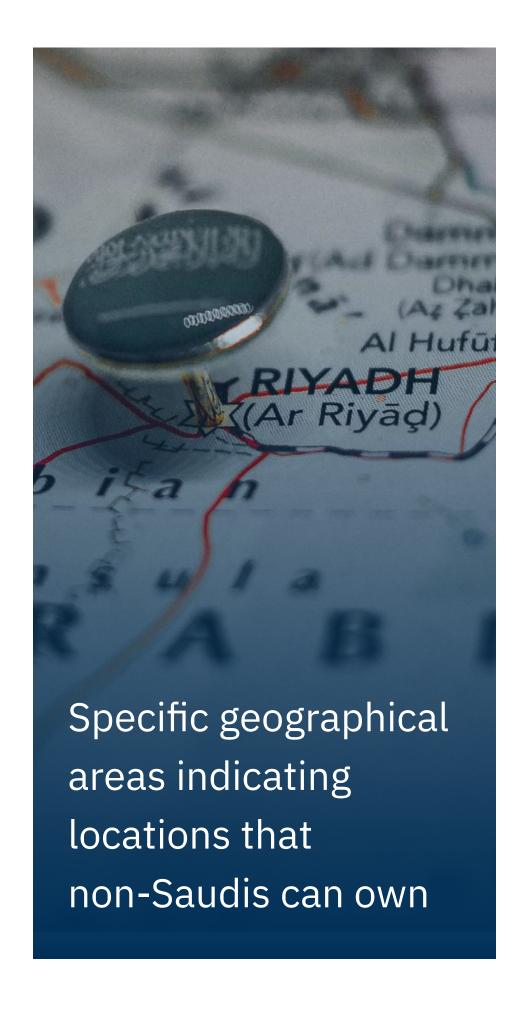
### ⇒ Non-Saudi Ownership Matrix ⇒







# Geographic Scope Document for Real Estate Ownership



Geographic Ownership Zones Document:
Upon approval by the Council of Ministers,
REGA will publish the Geographic Scope
Document for Real Estate Ownership,
outlining areas in which non-Saudis may
own real estate in cities such as Riyadh,
Jeddah, Makkah, and Madinah, along with
other regions of the Kingdom. This
document will include maps of specific
locations, permitted ownership limits,
types of real estate rights granted,
allowed durations, and regulatory controls
for non-Saudi ownership.



# Types of Ownership Permitted for Non-Saudis Under the Law

and Geographic Zones Framework:

- → Ownership Right The legal right to own real estate.
- Other Real Rights: such as usufruct, easement, and similar rights.



# Non-Saudi Property Ownership Requirements

- Comprehensive disclosure of all data and information as required by the Law and outlined in the Implementing Regulations.
- The property to be acquired must be registered in the Real Estate Register.



# Fees and Penalties:

The law sets out the key provisions of fees, with further details to be provided in the Implementing Regulations. Key provisions include:

- Real estate fees totaling 10%, including the real estate disposition tax and an additional fee for real estate dispositions for non-Saudis.
- Financial penalties of up to SAR 10 million may apply for regulatory violations, and any property acquired using false or misleading information may be sold via public auction.







# Consistency with Other Applicable Regulations:

The law is consistent with the provisions of <u>the Premium Residency</u> <u>Permit Law and the Statute of Real Estate Ownership by GCC Citizens within Member States</u>, or other applicable laws that grant non-Saudis privileges for real estate ownership and the acquisition of other in-rem rights.

# ⇒ Differences Between Updated Law ⇒ and Related Regulations

In line with the rapid economic and investment growth witnessed by the Kingdom, the updated Law of Real Estate Ownership by Non-Saudis was introduced to regulate real estate ownership rights for individuals and companies—both inside and outside the Kingdom. It replaces the previous law issued in 1421 AH regarding non-Saudi ownership and investment in the property. The updated law aims to promote real estate investment, increase housing supply, and support national development in alignment with the objectives of Vision 2030.

Updated Law of Real Estate Ownership by Non-Saudis 1447 AH – 2025 AD Law of Real Estate Ownership and Investment by Non-Saudis 1421 AH – 2000 AD

- **Eligible Persons**
- Individuals
- Non-Saudi companies
- Non-profit entities
- Diplomatic missions
- Saudi companies with foreign ownership
- Non-Saudi individuals and investors residing in the Kingdom.
- Diplomatic missions approved in the Kingdom and regional organizations.

**Property Types** 

Ownership of all properties types

is allowed under the law

- The law allows the investor
   to own the property required for performing the
   activity or housing for the investor and their
   employees.
- It allows residents
   to own property for personal housing.

Geographic Scope

Ownership is permitted in specific zones as per defined in the Geographic Zones Document, which outlines all eligible locations and property-related rights.

Ownership is permitted across all the kingdom's regions except Makkah and Al-Madinah

Ownership in Makkah and Al-Madinah

It is permitted only for Muslims and Saudi companies within specific zones defined in the Geographic Zones Document

#### Ownership is not permitted

Only usufruct rights are allowed.

#### **Real Estate Ownership in:**

Statute of Real Estate Ownership by GCC Citizens within Member States

1432 AH - 2011 AD

Premium Residency
Permit Law

1440 AH – 2019 AD

The implementation of the updated law shall not prejudice the provisions of the Premium Residency Permit Law, the Statute of Real Estate Ownership by GCC Citizens within Member States, or any other applicable regulations that grant non-Saudis more favorable rights regarding property ownership and the acquisition of other in-rem rights.

The implementation of the regulations shall not affect any rights or property ownership acquired prior to the entry into force or amendment of such regulations.

The Law shall come into effect in January 2026.



The law will be effective in January 2026, and the Implementing regulation will be issued within the same period to clarify mechanisms and procedures.



# Regions of the Kingdom: Opportunities and Advantages

# # Riyadh Region

Riyadh is the largest city in the Kingdom and serves as its commercial capital. The region is experiencing strong economic growth rates, being the political, commercial, and financial capital of the Kingdom. It is centrally located within a large regional market comprising GCC countries and neighboring regions.

# **#** Makkah Region

Makkah, known as the Mother of Cities (Umm Al-Qura), is the holiest city in the world for Muslims. Tourism in Makkah holds a special place in the hearts of millions, and in addition to its religious significance, it features diverse tourist attractions, ranging from historical and cultural sites to civilizational and recreational sites. The Makkah region includes both Jeddah and King Abdullah Economic City (KAEC)on the Kingdom's west coast, where investors can benefitfrom the intersection of majorshippingroutes that enable access to consumers in the Middle East and North Africa.



# **ႈ** → Al-Madinah Region

Al-Madinah is the second holiest city in Islam and a center for prophetic knowledge and history. Al-Madinah is a thriving business center, as it includes two industrial zones spanning 10 million square meters and 236 factories producing petroleum products, building materials, food products, and other goods.

#### **#** Eastern Province

It is one of the most important regions of the Kingdom, characterized by its prominent location on the Arabian Gulf and its proximity to GCC countries. The Eastern Region contributes the largest share of oil production in Saudi Arabia and is the largest region in the Kingdom, extending along the entire eastern coast.

# **3€** Najran Region

Najran is one of the fastest-growing regions in Saudi Arabia. Najran is an attractive city for investors due to its beautiful green nature, abundant mineral resources, and fertile agricultural lands.

### 🔰 Jazan Region

Jazan is home to several islands in the Red Sea. Jazan City for Primary and Downstream Industries is one of the most important industrial cities and a prominent investment destination in the region due to its proximity to international shipping lanes.

# **#** Aseer Region

Aseer is emerging as one of the fastest-growing tourist destinations in Saudi Arabia, especially after the Public Investment Fund (PIF) allocated USD 3 billion for tourism and infrastructure projects.



# **ႈ** Al-Baha Region

Al-Baha is characterized by its blend of green forests, recreational facilities, and tourist services. The region is rich in archaeological and historical sites, making it an attractive location for tourism investments.

# **ႈ** Al-Qassim Region

The Al-Qassim region is renowned for its abundant groundwater, fertile soil, and rich agricultural oases, making it a premier agricultural region. Al-Qassim is also home to the best electrical energy infrastructure in the Kingdom, vast agricultural lands, and a high food manufacturing production capacity.

### **ႈ** Hail Region

Hail is undergoing rapid development, especially with 259 development projects under implementation in the region, valued at over USD 1.5 billion. It is also home to two UNESCO World Heritage sites.

# **‡** Tabuk Region

Tabuk is famous for its agricultural products and its active commercial center. It is home to several mega-projects such as "NEOM" and "Red Sea Global", making it an attractive location for investment in various sectors.

# **ႈ** Al-Jawf Region

Al-Jawf is one of the most fertile regions in Saudi Arabia, characterized by its rich agricultural lands, diverse crops, especially olives and dates, and its mineral resources. It is also known for its abundant solar and wind energy, making it an ideal location for investment in renewable energy.

### **Head of the Northern Borders Region**

The Northern Borders region welcomes investors from all over the world to explore its abundant natural resources, especially phosphate reserves and natural gas fields.

