



Law on Real Estate Ownership – Positive for real estate in Saudi Arabia

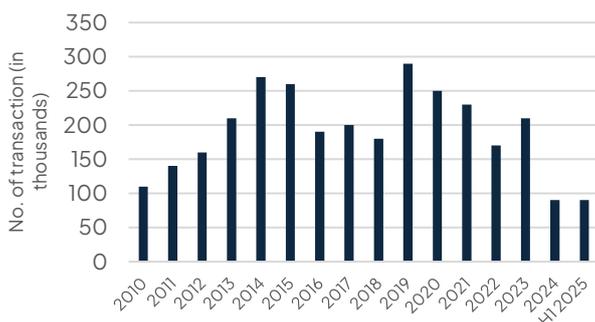
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The Ministry of Justice in Saudi Arabia published laws in July 2025 regarding real estate ownership and investments by non-Saudi citizens and companies. The law is set to take effect from January 2026 and follows the Kingdom establishing various real estate entities over the last few years to modernize existing real estate stock and develop investment grade real estate. Most of these projects have made significant development progress while a few are being recalibrated in line with market demand.

A large majority of the residential developments, especially by entities such as ROSHN are aimed at increasing homeownership among Saudi nationals to 70% by 2030 from an estimated 65% in 2024.

But an expanding real estate offering and opening up of the economy and tourism sector has positioned Saudi Arabia as an attractive investment destination for foreign investors. Interest from non-residents to buy Saudi real estate had piqued after the government outlined its ambitious plans as part of Vision 2030. As per the blueprint, the government aims to allocate prime areas within cities for educational institutions, retail options and entertainment centres. Large areas along the coasts are in development for tourism projects and land has also been allocated for industrial zones.

Residential transactions in Saudi Arabia



Source: Knight Frank, Ministry of Justice

Law allowing ownership and investments by non-Saudis will support demand, and help deliver on these objectives, thereby expanding the real estate stock and improving liquidity in the Kingdom.

What does the law stipulate

As per Article 1 of the ‘Law for Real Estate Ownership and Investments by Non-Saudis’, resident non-Saudi individuals or corporates with license to practice any professional, vocational or economic activity, may acquire real estate for end-use for self or staff, pursuant to the approval of the agency that has issued a license to these individuals/entities to operate in the Kingdom.

The law also includes provisions for purchasing full buildings or acquiring land to build for sale or rent, provided the total cost of the project including land and construction should not be less than SAR 30 Mn and the development (in the case of land acquisition) should be completed within five years of initial land investment.

Article 2 of the law allows non-Saudi individuals legally residing in the Kingdom to acquire real estate for self-use, after obtaining relevant approvals from the Ministry of Interior.

Subsequent articles of the law address real estate investments from corporates or agencies. It allows international and regional agencies to acquire office and residential real estate subject to approvals from the Ministry of Foreign Affairs.

However, the cities of Mecca and Medina have been excluded from the provisions of the law and prohibits non-Saudi nationals from acquiring real estate across these two cities other than by way of inheritance.

Further details on foreign property ownership are expected in the due course from relevant government agencies. In its current form, the wording of the document suggests that non-Saudi investment is restricted to the resident population only. This move is likely to be positive for the sector and may help in limiting speculative foreign investments at the initial stages of market growth.

The law is a positive step for regional real estate

Allowing non-Saudi nationals to invest in local real estate is likely to increase the number of properties available for non-GCC nationals to buy in the region. Currently foreign ownership in real estate is permitted across major cities and designated zones in the UAE, Oman, Bahrain and Qatar.



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An increase in supply of good quality real estate will encourage healthy competition among regional cities. It is also likely to support the estimated 15.7m (44.4% of the Saudi population as of mid-2024) expatriate population to establish long-term roots in Saudi Arabia. As per recent estimates, the Kingdom has close to USD1trn worth construction projects across various stages of development and spread across large mixed-use projects such as Qiddiya, NEOM, Red Sea Global, Diriyah, among others.

An eventual opening up of the market to foreign investors will help with liquidity and allow various investment vehicles including REITs (Real Estate Investment Trusts) to grow in number.

Ongoing reforms covering foreign investment in Saudi capital markets, completion of key mixed-use developments and an ongoing push towards diversification and growth in the non-oil sector should all bode well for the real estate industry going forward.

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