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Saudi Arabia’s 2026 Opening for Foreign Real Estate Ownership: A Turning Point for International Investors?

A. Introduction

From January 2026, Saudi Arabia will move from a largely closed regime to a structured opening for foreign real estate ownership under Vision 2030. Foreigners may buy in designated zones; foreign residents may additionally own one residential property outside those zones for personal use. Corporate buyers will be able to acquire commercial assets for operations and staff housing. Mortgage financing becomes possible.

The regime is built on the Law of Real Estate Ownership by Non-Saudis, adopted in July 2025. It introduces a combined 10 percent burden in fees and taxes on properties held by foreign owners. Where acquisitions are based on false or misleading information, the authorities may order a public auction of the property, and violations of the rules can lead to administrative fines of up to SAR 10 million.

B. Legal basis, cost burden and enforcement tools

The new law provides REGA (Real Estate General Authority) with the authority to supervise foreign ownership and enforce compliance. Foreign-owned properties will be subject to a total charge of up to 10 percent of the purchase price through taxes and fees, particularly on disposal. If an acquisition breaches the statutory conditions,

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or if a foreign buyer secures property on the basis of inaccurate or prohibited information, REGA may step in, impose penalties and in serious cases initiate a forced sale. Fines of up to SAR 10 million per offense underline that breaches are treated as serious regulatory violations rather than minor administrative issues.

C. Definition of "non-Saudi"

The law adopts a broad understanding of who qualifies as a "non-Saudi". It covers any individual who does not hold Saudi nationality but also extends to foreign legal entities. As a result, resident and non-resident foreign individuals, foreign companies, non-profit organizations and other foreign bodies fall within the scope of the regime.

Within this wide notion of "non-Saudi", the framework identifies certain groups that may acquire property in the Kingdom. These are foreign individuals, foreign companies, Saudi companies with foreign shareholders, non-profit entities and diplomatic missions. Members of these groups may buy property for residential or commercial purposes, but always subject to the conditions set out in the law, its executive regulations and any further decisions of the Council of Ministers and REGA.

D. Geographic limits: designated zones and sensitive cities

The system is based on designated ownership zones. Acting together with REGA and other authorities, the Council of Ministers will identify specific areas in which non-Saudis may acquire real estate or real estate rights. These zones are expected to cover parts of major urban centers and other locations identified as suitable for foreign participation.

Outside the defined zones, foreign ownership is generally not permitted, save for exceptional cases that may be provided for in the regulations. REGA is expected to issue detailed maps and guidance for cities such as Riyadh, Jeddah and other governorates, setting out where foreign ownership is possible, the types of properties that may be acquired, permitted ownership shares, grace periods and procedural steps.

Makkah and Madinah occupy a special position. Longstanding restrictions on foreign ownership in these holy cities largely remain in force. Under the new law, Muslim foreign individuals and Saudi entities with foreign ownership may acquire limited rights in Makkah and Madinah in accordance with conditions that will be specified in implementing rules. These exceptions are narrow and remain subject to close regulatory control.

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E. Impact on foreign residents, businesses and international organizations

Foreign residents
Non-Saudi individuals who are lawfully resident in the Kingdom will be able to purchase property in the designated zones. In addition, they may own one residential property outside the zones for their personal use. For Muslim expatriates residing in Saudi Arabia, there is now scope to buy property within designated zones in Makkah and Madinah, subject to detailed conditions and restrictions. Overall, the law opens up a clearer pathway for foreign residents who wish to establish a long-term home in Saudi Arabia, compared with the more restrictive rules that applied in the past.

Foreign companies and investment funds
Foreign-owned business entities are granted a comparatively broad ability to acquire real estate connected to their operations. This applies to listed and unlisted foreign companies, licensed investment funds and special-purpose vehicles. They may purchase property to conduct their business and to house employees.

These entities may buy within the designated zones and, where expressly permitted, in Makkah and Madinah, provided the acquisition serves approved purposes such as offices, commercial facilities or staff accommodation

Diplomatic missions and international organizations
The framework also caters for foreign diplomatic missions and international organizations accredited in Saudi Arabia. They are allowed to own premises for official use, including embassies, consulates and residences for diplomats. Such acquisitions require approval from the Ministry of Foreign Affairs and must respect reciprocity: Saudi missions abroad should enjoy corresponding rights in the relevant state.

F. Registration, fees, taxes and penalties

Mandatory registration
Any acquisition of real estate or real rights by a non-Saudi must be recorded in the national Real Estate Registry and registered with the competent authority.

Transfer fees and taxes
The law authorizes REGA to impose a transfer fee on disposals of property by non-Saudis, up to a ceiling of 5 percent of the property's value. This fee may arise, for example, when a foreign investor sells an asset. It comes in addition to existing transaction-related taxes and levies. At present, most property sales in Saudi Arabia attract a 5 percent real estate transaction tax. Read together, the existing tax and the

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new transfer fee framework point to a potential combined burden of up to 10 percent on certain disposals involving foreign owners, depending on how the fee is implemented in practice.

Enforcement mechanisms
The enforcement provisions are intentionally robust. Breaches of the law can lead to fines of up to SAR 10 million per violation. In more serious situations – for instance, where a foreign party has obtained property using false declarations or in circumstances where ownership is not permitted – the authorities may order a forced sale of the property.

G. Key takeaways

The new regime, due to take effect in January 2026, reshapes how foreigners can engage with Saudi Arabia's real estate market. Foreign residents gain a clearer opportunity to own homes; corporate and institutional investors receive structured avenues to secure real estate for their operations; and diplomatic and international bodies have their ownership rights codified. At the same time, detailed registration rules, transfer fees and stringent enforcement tools ensure that foreign ownership remains firmly within a supervised and transparent legal framework.

H. Support

If you or someone you know is considering in investing in the Kingdom of Saudi Arabia, our team at Meyer-Reumann & Partners will be pleased to help and can support you with clear, professional legal drafting tailored to your needs. Please reach out to us by emailing dubai@meyer-reumann.com.

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