Naar Saudi

WHITEPAPER

Buying property as a foreigner

The 2026 property law explained city by city, including the separate framework for Makkah and Madinah.

2026 EDITION · FOR INFORMATION ONLY · NAARSAUDI.NL

Since January 2026, foreigners have for the first time been broadly permitted to own property in Saudi Arabia. The new Law on Real Estate Ownership by Non-Saudis replaces the old, restrictive framework and moves to a transparent system of designated zones. This document explains what is permitted where, with particular attention to Makkah and Madinah, about which a great deal of inaccurate information is circulating.

1. The new system: designated zones

Foreigners cannot buy everywhere. The Council of Ministers, together with REGA, designates specific geographical zones in which foreign ownership is permitted. Outside those zones it is in principle not possible, with one exception: legal residents may own a home for their own use outside the zones.

Categories permitted to acquire property

- Foreign individuals (within zones).
- Foreign companies and Saudi companies with foreign shareholders.
- Licensed investment funds and special-purpose vehicles.
- Diplomatic missions for official use.

2. Makkah and Madinah: the nuance that matters

This is the most misunderstood part of the law. Since the implementing regulations of 23 June 2026, the following applies to the holy cities.

- Ownership is permitted exclusively for Muslims (whether resident or living outside Saudi Arabia) and for Saudi companies.
- Non-Muslims are entirely excluded from ownership in these cities.
- It applies only within specifically designated zones, not the whole city.
- Unlisted foreign companies may buy there to support operational needs or staff housing.
- The exact nature of the rights (full freehold versus ownership subject to conditions) is determined per zone and is being worked out further.

> **Warning**
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> Advertisements offering "freehold in Makkah for foreigners" are circulating. Be critical of these. "Makkah" often refers to the outskirts rather than the holy city itself, and sometimes conditions that have not yet been settled are being anticipated. Always check whether a property actually lies within an officially designated zone.

3. The cities at a glance

Riyadh. Open within designated zones. Residential and commercial. Strong demand driven by giga-projects and Expo 2030.

Jeddah. Open within designated zones. Commercial hub on the Red Sea.

Dammam. Open within designated zones. Industrial and logistics centre.

Khobar. Open within designated zones. Sought-after residential area with a strong expat community.

Makkah. Restricted to Muslims and Saudi companies, only in designated zones. Enormous demand owing to the growing number of Umrah pilgrims (target: 30 million a year by 2030).

Madinah. Same framework as Makkah.

4. Costs and taxes

- Agent's commission: standard 2.5% of the transaction value (statutory), paid by the party that engages the agent.
- Combined transaction costs and taxes: up to around 10% of the purchase price, particularly on sale.
- Fines of up to SAR 10 million for providing incorrect information or breaching the conditions.
- All transactions involving non-Saudis must be registered in the national real estate register.

5. The route via a company structure

For those who, as a non-Muslim or as a company, want access to Makkah or Madinah, or who want to invest more broadly, a Saudi corporate structure is often the key. A foreign-owned company incorporated under Saudi law has access options that a private individual does not have. This links property ambitions directly to company formation.

6. Where brokerage requires a licence

Since the new brokerage law, nobody may carry out brokerage activities without a FAL licence from REGA. This applies broadly, including to intermediation via social media. A one-off introduction is something different from structurally supplying leads in return for payment. Anyone who wants to do this on a structural basis would do well to work with a licensed Saudi broker and to put agreements in writing.

> **Want to talk through your plans?**
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> The opportunities are real, but with property in particular the difference between what is permitted and what is being sold is crucial. Book a no-obligation call via naarsaudi.nl.

This document is for information only and does not constitute legal or tax advice. The conditions for Makkah and Madinah are set per zone and may change. Always consult the official sources and qualified local advisers before making decisions.

Want to discuss your situation? Book a free introductory call via naarsaudi.nl/en/ or email info@naarsaudi.nl.