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Saudi Arabia: Makkah and Madinah real estate poised for growth as foreign ownership begins

The new ownership framework, coupled with accelerating residential deliveries and mortgage market reforms, is expected to deepen market liquidity and improve investor sentiment



Supply in both holy cities continues to grow as development accelerates to meet rising demand from residents, pilgrims and investors

Published: Mon 26 Jan 2026, 3:21 PM

The real estate market in Makkah and Madinah is set to hit a quarter-century high-inflation point in the first quarter of 2026, beginning with foreign real estate ownership becoming legal as of January 22, followed by a key set of sector-enhancing initiatives being introduced by Saudi Arabia, said AlphaEstates in its latest report.

Foreign ownership of real estate in Makkah and Madinah had been restricted to long-term investment lease (usufruct) and inheritance as of 'The Foreign Ownership of Real Estate Regulation' in April 2000.



However, the government-approved Updated Law of Real Estate Ownership by non-Saudis, published in July 2025 and effective this month, now allows non-Saudi Muslim individuals, resident or non-resident, as well as Saudi companies with foreign shareholders, to purchase property within designated zones in Makkah and Madinah.

Kingdom launches Saudi Properties portal

Saudi Arabia's Real Estate General Authority (REGA) recently explained that applications for non-Saudis to own real estate in the Kingdom are received through the official digital portal "[Saudi Properties](#)." The service covers residents and non-residents, as well as non-Saudi companies and entities, in accordance with specific regulatory requirements and procedures.

The beneficiary journey varies depending on the ownership category. Residents of the Kingdom can apply directly through the portal using their residency ID, with automated verification of eligibility requirements and electronic completion of procedures.

For non-residents, the process begins through Saudi missions and embassies abroad to issue a digital ID, enabling them to submit ownership requests through the portal.



Meanwhile, non-Saudi companies and entities with no presence in the Kingdom that wish to own real estate must first register with the Ministry of Investment through the "Invest Saudi" platform and obtain the unified number before completing the ownership procedures electronically.

Makkah and Madinah set for accelerated decade boom

REGA emphasized that the law allows non-Saudi individuals, companies and entities to own real estate across various regions of the Kingdom. It also regulates ownership in the cities of Riyadh and Jeddah, as well as in Makkah and Madinah, within a clear framework based on the Geographic Zones Document, which will be announced in the first quarter of 2026.

The authority added that ownership in the two holy cities is restricted to Saudi companies and Muslim individuals, both inside and outside the Kingdom.

"Fortune favours the bold, driven and patient, as it has taken a quarter of a century for the soft infrastructure to be built for non-Saudi Arabian Muslims to own real estate in Makkah and Madinah, which particularly accelerated this past decade," said Talal Malik, Founding CEO of AlphaEstates. "We are about to witness the potential for the real estate sector in Makkah and Madinah to now lift off for an accelerated decade boom," he added.

Law to deepen market liquidity and improve investor sentiment

In the first half of 2025, Madinah recorded the strongest growth in residential real estate transaction values in Saudi Arabia, rising by 49 percent year-on-year to SAR3.4 billion, said [Knight Frank](#) in a recent report. Transaction volumes in the city also grew by 38 percent, reflecting increasing investor confidence and stronger demand from end-users.

"One of the most significant legislative developments this year has been the approval of the new Law of Real Estate Ownership by Non-Saudis. Set to come into effect in January 2026, this new ownership framework, coupled with accelerating residential deliveries and mortgage market reforms, is expected to deepen market liquidity and improve investor sentiment," said Faisal Durrani, Partner – head of research, MENA.

"This comes at a time when key markets like Riyadh are starting to stabilize as we approach the government's 70 percent home ownership target and high house prices subdue demand to an extent," he added.

Supply in both holy cities continues to grow as development accelerates to meet rising demand from residents, pilgrims and investors. As of Q2 2025, Makkah has 428,200 residential units and supply is expected to reach around 462,000 units by 2028.

In Madinah, residential stock stood at 353,400 units at the end of 2024, with an additional 27,860 homes slated for delivery by 2028. Upon completion, the city's total housing inventory will rise to 381,200 units.

[Read: Saudi Arabia opens real estate market to non-Saudis as law enters into force](#)

Saudi Arabia drives major real estate transformation

In the first quarter of 2026, Saudi Arabia is driving a major transformation in its real estate sector. Key measures include the legalisation of foreign property ownership in Makkah and Madinah as of January 22, the launch of the Saudi Properties platform via the Real Estate General Authority (REGA) portal and the hosting of the Real Estate Future Forum (RFF) in Riyadh on January 26.

The forum will feature global figures such as former U.S. President Bill Clinton, U.K. Prime Ministers Tony Blair and Boris Johnson, former U.S. Secretaries of State Hillary Clinton and John Kerry, as well as Sir Richard Branson, Piers Morgan and Tucker Carlson.

In addition, from February 1, 2026, all foreign investors will be able to invest directly in the Saudi Stock Exchange, while the government is set to announce 170 designated zones for real estate ownership across the Kingdom.

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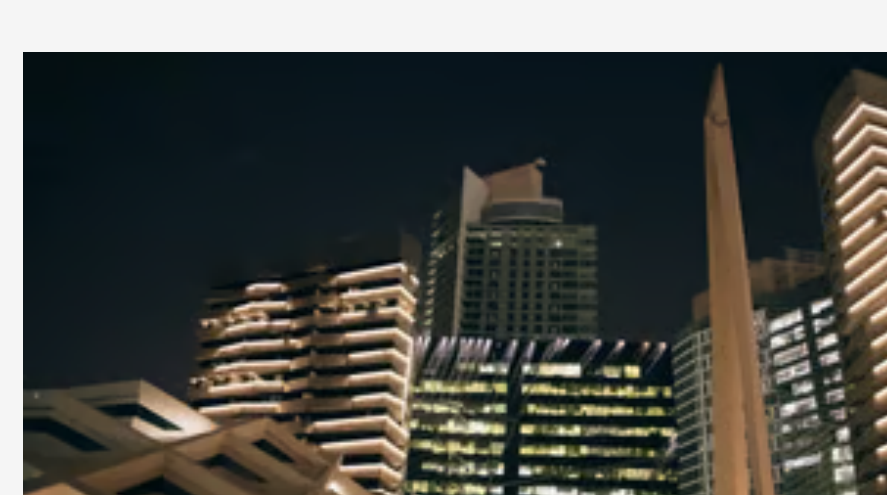
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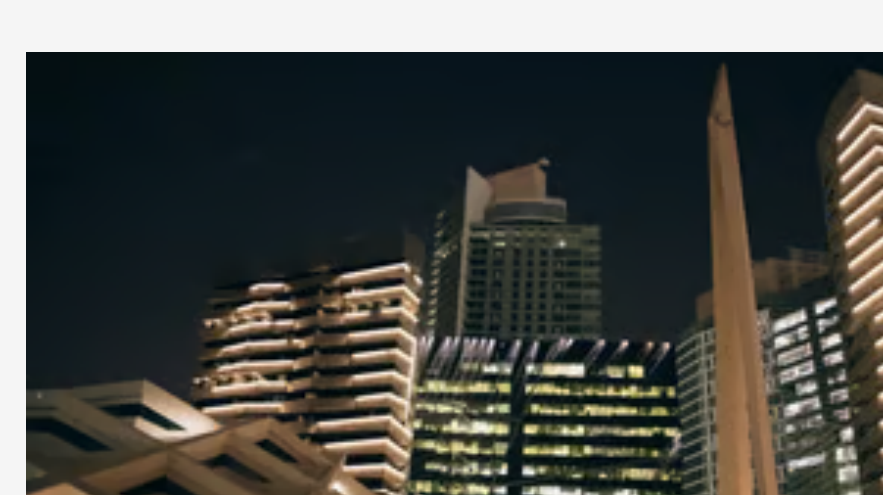
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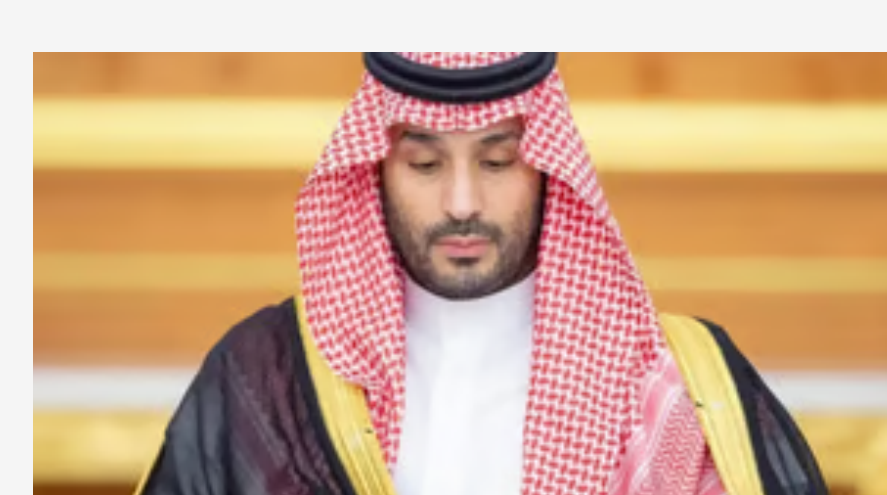
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