Global Corporate Real Estate Guide - Saudi Arabia

Planning and Environmental Issues

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# Who has authority over land development and environmental regulation?

The National Center for Environmental Compliance is responsible for the application and administration of environmental laws in Saudi Arabia.

Land development and planning is controlled by high commissions for development in various provinces, such as the High Commission for the Development of Riyadh and the High Commission for the Development of the Makkah Province. These commissions are commonly referred to as “Amana.”

# What environmental laws affect the use and occupation of real estate?

The Environmental Law and its various implementing regulations, enacted by Royal Decree No. M/165 dated 19/11/1441H (corresponding to 9 July 2020) and published in official gazette No. 4840 dated 26/11/1441H (corresponding to 16 July 2020) operates as a general regulatory framework for the development and enforcement of domestic environmental rules and regulations.

In Saudi Arabia, companies can be held liable for environmental contamination and resultant damages through the application of the Environmental Law and its implementing regulations and through tort-like claims that are based on the application of Islamic Shariah.

# What main permits or licenses are required for building or occupying real estate?

The following are the main permits and licenses:

Building permit

Permission to sell off-plan

Environmental license, depending on the extent of the environmental impact arising from construction and the proposed use of the planned development

Building completion certificate

Operating license

# Can an environmental cleanup be required?

The National Center for Environmental Compliance, together with any other relevant government agency, such as the local municipality, has the power to order any environmental damage caused in violation of environmental laws to be rectified and cleaned up.

# Are there minimum energy performance requirements for buildings?

The Saudi Building Code Energy Conservation Requirements (SBC 601) establishes minimum prescriptive and performance-related regulations for the design of energy-efficient buildings and structures. It also has regulations for portions that provide facilities or shelter for public assembly, educational, business, mercantile, institutional, storage and residential occupancies, as well as those portions of factory and industrial occupancies designed primarily for human occupancy. These requirements address the design of energy-efficient building envelopes, and the selection and installation of energy-efficient mechanical, service, water-heating, electrical distribution and illumination systems, and equipment for the effective use of energy in buildings and structures.

# Are there other regulatory measures that aim to improve the sustainability of newly constructed and existing buildings?

Riyadh has implemented a metropolitan development strategy known as Medstar, which deals with regulatory measures aimed at improving the sustainability of existing structures, among other things.

Mostadam is a sustainable building initiative by the [Ministry of Municipal, Rural Affairs and Housing that measures the sustainability of buildings and provides ratings for these in compliance with existing laws and regulations](https://www.my.gov.sa/wps/portal/snp/agencies/agencyDetails/AC174/!ut/p/z0/04_Sj9CPykssy0xPLMnMz0vMAfIjo8zivQIsTAwdDQz9LQwNzQwCnS0tXPwMvYwNDAz0g1Pz9L30o_ArAppiVOTr7JuuH1WQWJKhm5mXlq8f4ehsaG6iX5DtHg4Ayo0duQ!!/).

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