

Riyadh Rent Freeze

Insights from Global Rent Control Measures

| October 2025



His Royal Highness Crown Prince and the
Prime Minister of Saudi Arabia Prince
Mohammad Bin Salman Bin Abdul Aziz Al Saud

“

All of Riyadh's features set the groundwork for job creation, economic growth, investment, and many more opportunities. We are therefore aiming to make Riyadh one of the 10 largest city economies in the world. Today it stands at number 40, the fortieth largest city economy worldwide. We also aim to increase its residents from 7.5 million today to around 15-20 million in 2030.

”

The recent rent freeze in Riyadh is a bold and necessary move. After years of steep rental growth straining affordability, this intervention comes at the right time amid rising demand, higher living costs, and a clear policy push to protect tenants.

However, the impact is two-sided. Tenants gain stability, but landlords and investors face regulatory uncertainty. With rent hikes paused, some may slow new investments or defer maintenance if returns tighten. The best players will adapt. Developers and landlords with strong brands, efficient operations, and diversified portfolios will emerge stronger.

The next 18–36 months are pivotal. Market balance will hinge on how supply responds, how enforcement unfolds, and how inflation is managed determining whether this policy delivers long-term affordability or constrains future supply and quality.



Mohammad Owais Zubair
Senior Manager

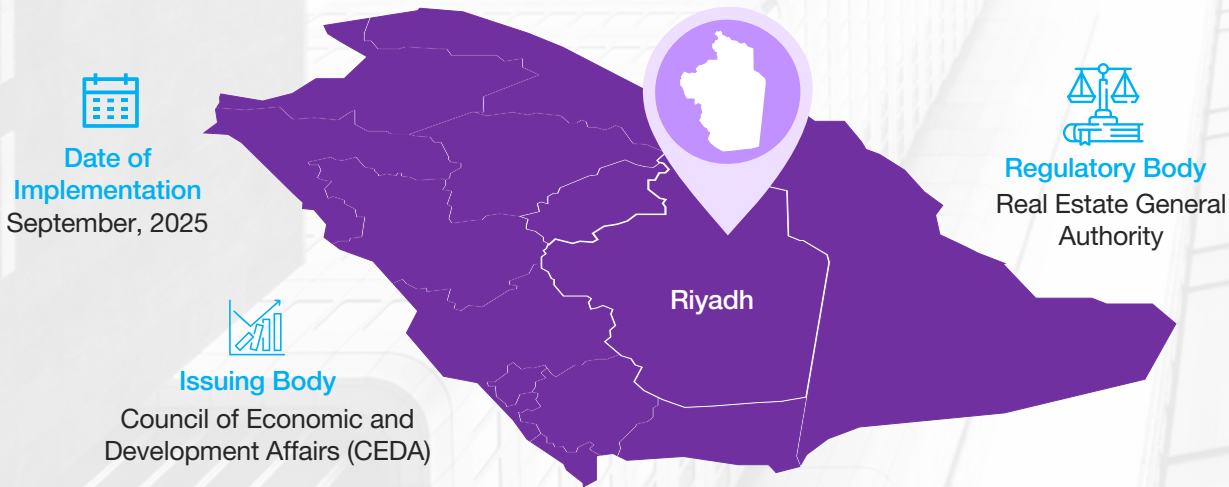
Comprehensive Overview of the Five-Year Rent Freeze Policy in Riyadh

Overview of Riyadh’s Five-Year Rent Freeze Law

Saudi Arabia has enacted a landmark rent stabilization policy in Riyadh, officially announced in September 2025 through a royal decree by His Royal Highness Crown Prince Mohammed bin Salman. The five-year rent freeze applies to both residential and commercial properties within the capital’s urban boundaries and will be administered under the oversight of the Real Estate General Authority (REGA) and the Ministry of Municipal and Rural Affairs and Housing. The policy aims to stabilize rent growth amid strong population inflows, rising development costs, and expanding demand for housing and office space.

What Changes?

- Price Increases Halted: No rent hikes for five years on new or existing contracts in Riyadh.
- Vacant Units Pegged: Previously leased vacant units must use the last registered rent as the reference value.
- Mandatory Ejar: All leases must be registered on Ejar; unregistered side payments are unenforceable.
- Automatic Renewal & Notice: Contracts auto-renew unless a party gives 60 days’ notice; landlords may refuse renewal only in limited cases (e.g., non-payment, verified safety defects, owner’s personal use).
- Enforcement & Penalties: Violators face fines up to one year’s rent plus tenant compensation, while whistleblowers may earn 20% of recovered penalties.



Reasons for Imposition

Several interrelated factors added to the implementation of the rent freeze policy across Riyadh.

- Rapid and unsustainable increases in rental prices
- Strong population growth and urbanisation
- Limited housing supply and infrastructure bottlenecks
- Affordability crisis impacting the middle- and lower-income groups



Taiseer Al Mufarrej, REGAs Director General of Strategic Communication and Spokesperson

“This period gives tenants the opportunity to stabilize their rents and protects them from sudden increases. At the same time, it provides investors with clarity that enables them to plan with confidence within a stable environment.”

Recent Rent-Related Regulations in Riyadh (2024 – 2025)

There are five laws as given below:

- Law 01

2024: Ministry of Justice Enforcement Directive
Authorized enforcement courts to directly execute Ejar-registered leases, enhancing landlord legal protection and reducing dispute resolution time.
- Law 02

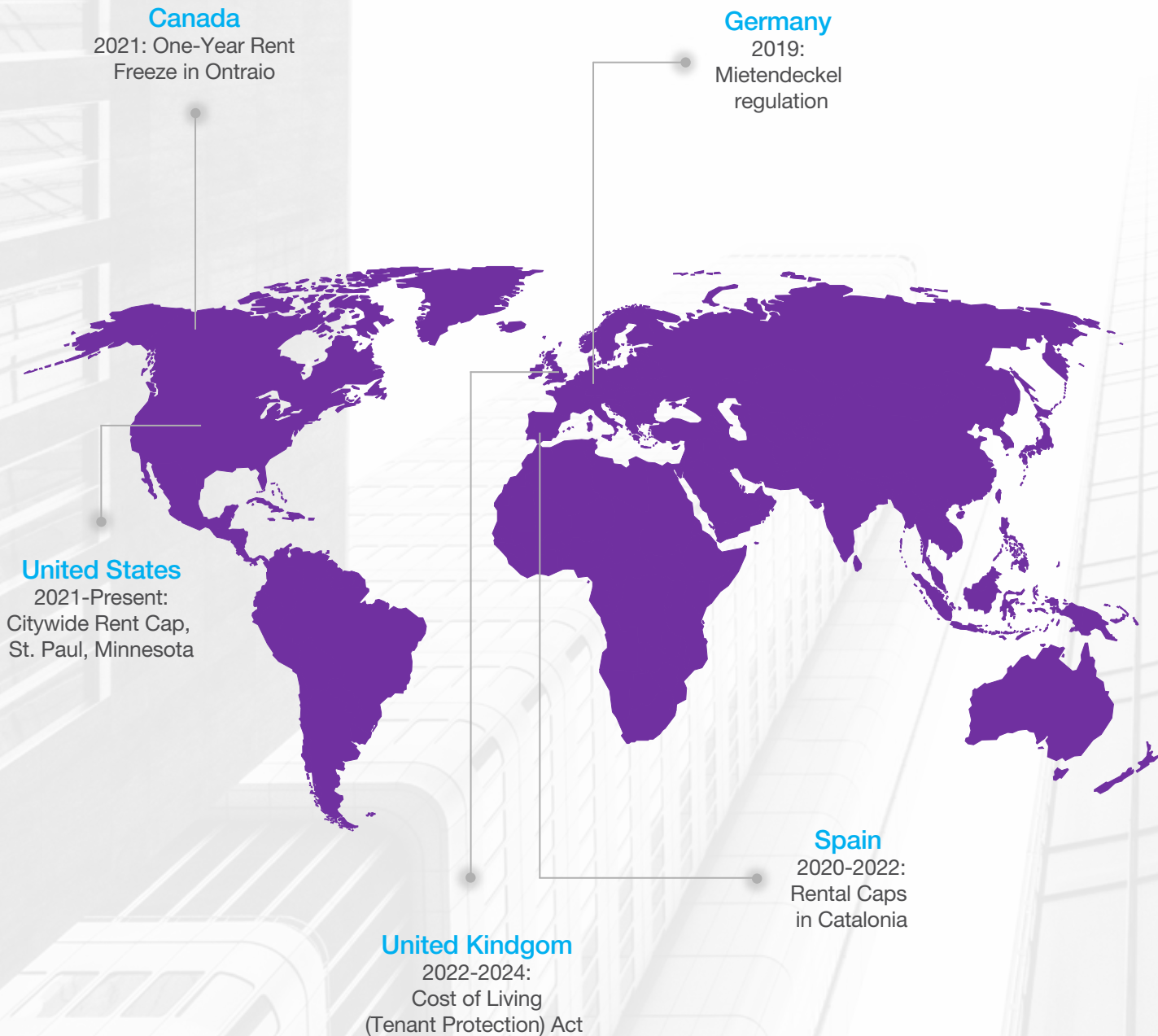
2024: Ejar Property Guarantee Initiative
Introduced an optional tenant guarantee mechanism at contract signing to protect landlords against damage or default.
- Law 03

2024: Ejar Digital Payment Mandate
All residential lease payments must be processed exclusively through Ejar’s approved digital channels (Mada or SADAD).
- Law 04

2025: REGA Clarification on Lease Enforcement
Only lease contracts registered on the Ejar digital platform are legally valid and enforceable under Saudi tenancy law.
- Law 05

2025: Regulatory Provisions for the Rental Relationship (Royal Decree)
Five-year freeze on rent increases for residential and commercial properties within Riyadh’s urban boundary applies to new and existing leases with mandatory Ejar registration.

Snapshots of Rent Cap Laws Across the World’s Largest Markets



Global Examples: How Markets Have Responded to Rent Freezes

- In North America, cities like New York, San Francisco, and parts of Canada introduced rent freezes during the pandemic and high-inflation periods to prevent displacement and rent gouging. These measures initially stabilized housing costs but led to unintended effects by 2024–2025: lower maintenance spending, reduced unit turnover, and slower rental construction. Some landlords shifted properties to owner-occupied or short-term rentals, tightening supply further.
- In Canada, developers delayed projects amid uncertain returns. Overall, rent controls reignited debate on balancing tenant protection with supply-side incentives.



One-Year Rent Freeze (2021) Ontario, Canada

In response to the COVID-19 pandemic, the Ontario provincial government set the annual rent increase guideline to 0% for the year 2021.

Short-Run Market Impact



Impact on Tenants: Slower rent growth and stabilization in vacancy rates during 2021–22.



Between 2014–2023, average rents in Ontario rose 54.5 % while guideline caps allowed only about 16.5 % cumulative increases -average increases exceeded guidelines threefold.

Long-Run Market Impact



Minimal Impact: Because the freeze was short-term and viewed as emergency-driven, its distortive effects were modest. It is not seen to have materially altered the investment trajectory or pipeline of new construction substantially.



Citywide Rent Cap (2021-Present) St. Paul, Minnesota, USA

In November 2021, voters approved a rent stabilization ordinance limiting annual rent increases to 3% across nearly all residential units, initially without vacancy decontrol. The ordinance was subsequently amended in 2022 and 2025 to introduce exemptions, including for new construction and certain self-certifying landlords.

Short-Run Market Impact



Impact on Tenants: Rents rose 12–15%. Analysis revealed 6-7% decline in property values relative to adjacent jurisdictions after implementation. Rental properties experienced an additional ~6% decline compared to owner-occupied properties, implying a ~12% total decline for rental assets.

Long-Run Market Impact



Impact on Contractors: City rolled back parts of the law (exemptions for new construction, etc.) after development stalled, clear sign of weaker investor's sentiment under strict caps.

Source: Residential Tenancies Act), Insights Research

Source: New York City Council), Insights Research

Global Examples: How Markets Have Responded to Rent Freezes

- In Europe, rent controls and freezes have been widely implemented in cities like Berlin, Stockholm, and Paris in response to affordability crises. These policies were aimed at curbing rapid rent increases and protecting tenants, especially during the COVID-19 pandemic and the subsequent inflationary period.
- While rent caps provided short-term relief to renters, several studies and housing reports from 2023–2025 indicate that they had unintended consequences.






Mietendeckel (2020-2021)




Berlin, Germany

In mid-2019, the Mietendeckel regulation froze in-tenancy rents at 2019 levels for residential units first occupied prior to 2014. Properties completed after 2014, as well as those that had undergone substantial renovation, were exempt from the rent cap.

Short-Run Market Impact

-  **Impact on Tenants:** Rents for controlled units dropped by ~11% in the first year of imposition.
-  Number of advertisements dropped by more than 50%
-  Supply of regulated segments declined up to 60%.

Long-Run Market Impact


-  **Impact on Landlords:** After the cap was annulled, rents in previously regulated units began to re-converge upward.
-  The apartment advertisement rate remained depressed, even after repeal.
-  Even after repeal, the supply side remain impaired.



Nick Whitford,
Senior Vice President

"Under the leadership of HRH Crown Prince Mohammed bin Salman, the Saudi government is committed to ensuring that Riyadh's real estate sector is affordable, transparent, and sustainable. The rent freeze reflects dedication to balanced growth and protecting tenant rights while supporting landlords and investors with regulatory certainty."

Global Examples: How Markets Have Responded to Rent Freezes





Cost of Living (Tenant Protection) Act 2022-2024)



Scotland, UK


In 2022, the Scottish Parliament enacted legislation imposing a 0% cap on in-tenancy rent increases. This cap was subsequently adjusted in 2023 to allow a standard increase of up to 3%, with a hardship-related uplift permitted up to 6%.

Short-Run Market Impact

-  **Impact on Landlords and Contractors:** Rents rose 12–15 % YoY by Q4 2022 in major Scottish cities, consistent with a supply squeeze effect.
-  Negative net balance of landlord instructions which was indicative of weaker investor sentiment and fewer properties offered.

Long-Run Market Impact

-  **Impact on Landlords and Contractors:** Investor appetite remained damp through 2024–25 under uncertainty.
-  The expiration of the caps has raised doubts among landlords and developers about re-entry.



Rental Caps (2020-2022)

Catalonia, Spain

In September 2020, Catalonia enacted a regional rent cap, which was later annulled by Spain's Constitutional Court. At the national level, Spain's Housing Law (2023) introduced limits on in-tenancy rent increases: 2% in 2023, 3% in 2024, and, from 2025 onward, a new index-based adjustment system.

Short-Run Market Impact

-  **Impact on Landlords and Contractors:** Expensive units' prices largely dropped imposition.
-  Some substitution to unregulated contract types was documented.
-  Supply contraction and increased investor caution was noted.

Long-Run Market Impact

-  **Impact on Landlords:** After the cap was annulled, rents in previously regulated units began to re-converge upward, but the supply side remained impaired.
-  The apartment advertisement rate remained depressed compared with pre-cap levels, even after repeal.

Impact on The Riyadh Real Estate Market

Short-Term Implications

01

Immediate Rent Relief for Existing Tenants

Riyadh's rent freeze mirrors the initial impact seen in Ontario (2021) and Berlin (2020-21), where regulated units experienced flattened or zero rent increases. This benefits existing tenants by offering cost stability amid rapid urban inflation.

02

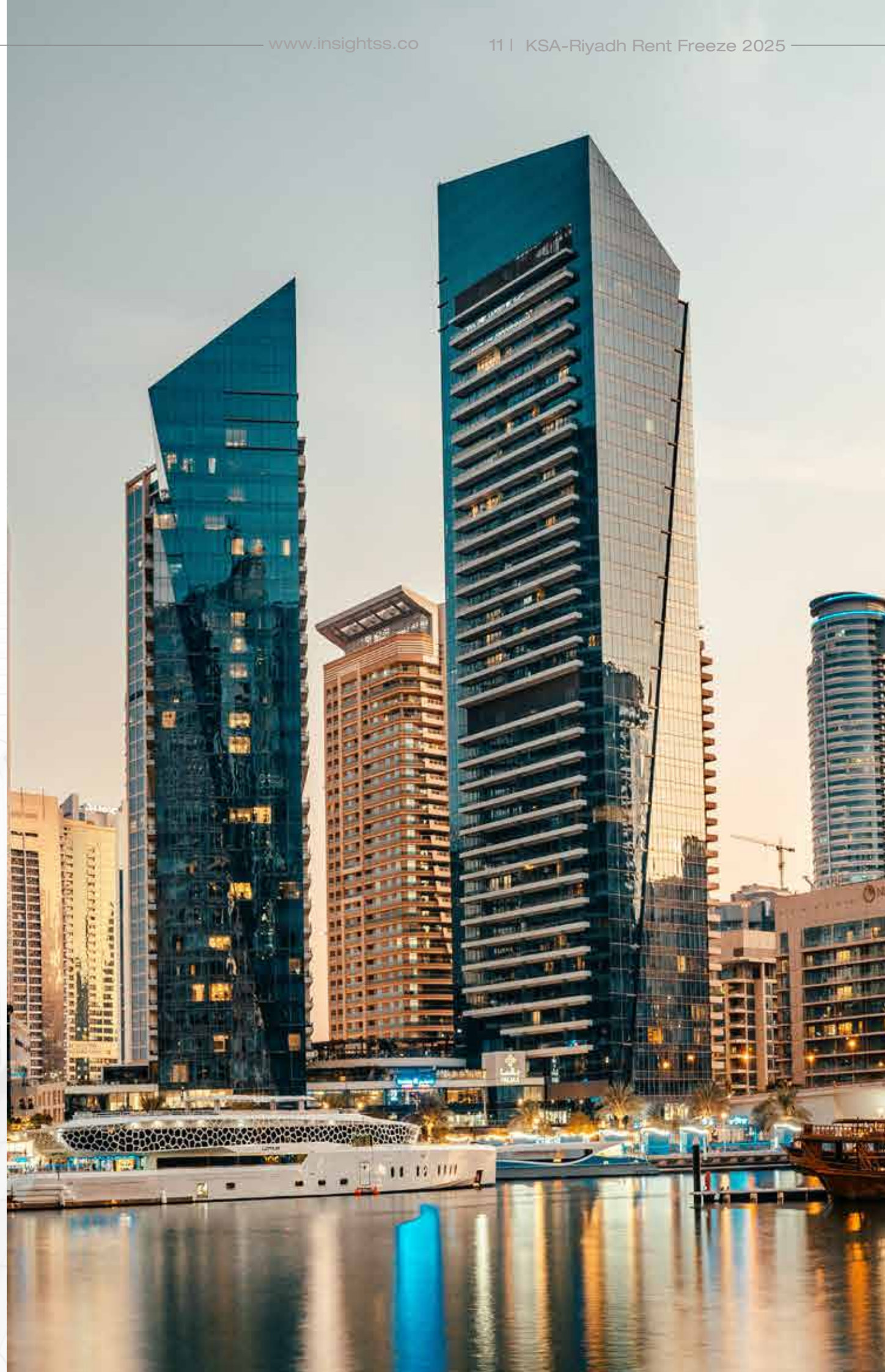
Segmentation Between Regulated and Unregulated Units

Like Berlin (2020-21), Catalonia (2020-22), and St. Paul (2021-present), Riyadh is likely to see a two-tier rental market emerge. Exempt or newly built units may see price surges due to displaced demand.

03

Decline in Rental Listings and Market Participation

Strict rent caps led to major listing drops in comparable markets. Berlin (2020-21) saw a 50–60% fall in advertised rental stock, while Catalonia (2020-22) experienced landlord pullback after implementation. A similar contraction in Riyadh's Ejari-listed stock could emerge if landlords reduce leasing activity to avoid long-term constraints.



Impact on The Riyadh Real Estate Market

Long-Term implications

01

Suppressed Housing Supply

In St. Paul (2021-present), residential permits dropped by ~80% in the year after rent control was enacted. Berlin (2020-21) also saw investment in new rental construction fall during the Mietendeckel period. Riyadh risks delayed or canceled development projects if investor returns are seen as too uncertain or constrained.

02

Rental property Values Likely to Decline

Rent controls reduce expected future income, lowering asset values which was observed in both St. Paul (2021-present) and Berlin (2020-21). Riyadh's rental real estate market may see similar valuation pressures, especially for older or heavily regulated buildings.

03

Investor Caution and Market Exit Risks

Markets with rigid rent controls often experience investor withdrawal or redirection. Riyadh's real estate sector could see capital flight or redirection toward commercial, exempt, or for-sale housing segments if confidence deteriorates.

04

Risk of Rent Shock Post-Freeze Expiry

Once the freeze ends, landlords may seek to recoup lost revenue, potentially resulting in steep rent increases, similar to patterns seen in Berlin after regulation loosening.

Our Perspective

01

Short-Term Price Adjustment and Market Segmentation

Rent controls slow rent growth in regulated units while unregulated ones rise due to displaced demand. In Berlin under the Mietendeckel, capped units saw near-zero increases while exempt units surged, a pattern also seen in Catalonia and St. Paul.

02

Supply and Listings Contraction

Strict rent caps often lead landlords to pull units or delay projects. In Berlin, listings for regulated units fell 50–60% during the rent cap, remaining low even after repeal. In St. Paul, housing permits dropped 80% as developers halted projects amid uncertainty and reduced returns.

03

Investor and Developer Caution

Rent control brings legal and financial uncertainty, driving investor withdrawal. In Berlin and St. Paul, fears of policy reversals and weak enforcement led to suppressed listings, fewer permits, and price distortions, prompting authorities to ease rent caps.

04

Temporal Limits and Differentiation Mitigate Harm

Rent control brings legal and financial uncertainty, driving investor withdrawal. In Berlin and St. Paul, fears of policy reversals and weak enforcement led to suppressed listings, fewer permits, and price distortions, prompting authorities to ease rent caps.

05

Equity and Distributional Concerns

Rent control often yields regressive results. In St. Paul, higher-income tenants gained rent stability, while small lower-income landlords faced capped returns and rising maintenance costs.



2025

Contact Us

For further information, clarification and discussion concerning the contents, please contact our Real Estate Strategic Consultancy team:

Asif Iqbal Malik

Partner

✉ : mai@insightss.co

Nick Whitford

Senior Vice President

✉ : nwhitford@insightss.co

☎ : +966 53 963 3882

Mohammad Owais Zubair

Senior Manager

✉ : mzubair@insightss.co

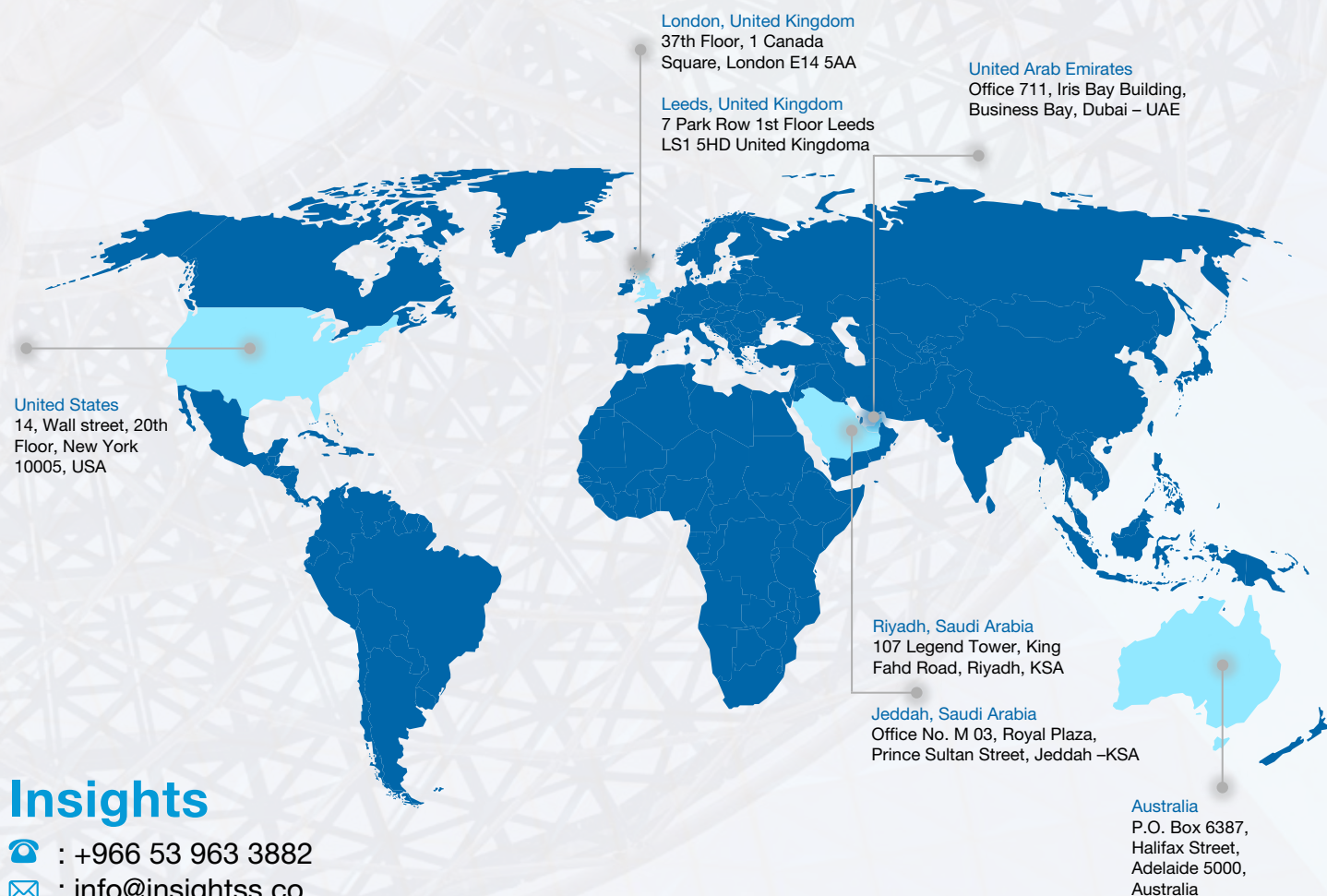
☎ : +966 54 381 7390

Afifa Iqbal

Consultant

✉ : aiqbal@insightss.co

☎ : +966 57 360 2403



Insights

☎ : +966 53 963 3882

✉ : info@insightss.co

🌐 : www.insightss.co