



# GUIDE TO HOME OWNERSHIP

KSA RESIDENTIAL MARKET  
05 APRIL 2017



“Affordable housing and access to home financing have become an increasingly urgent issue in Saudi over the last five years.”



### Why?

This report was generated as a joint effort between JLL and Bidaya Home Financing to highlight home ownership programs and to shed light on the home ownership process in Saudi, and contribute to increasing national home ownership from 47% to 52% in line with the Saudi Vision 2030.



### What for?

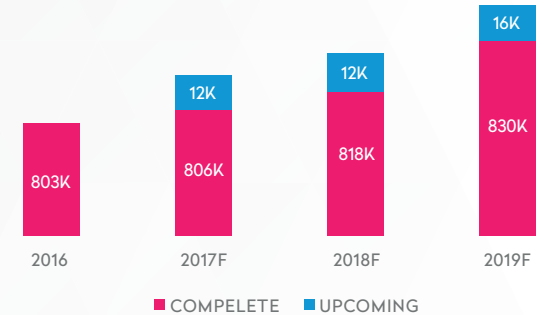
This report should be used by potential home buyers looking for clarity on the current products available in Saudi. Potential buyers will also be able to asses which areas in the three main cities of Jeddah, Riyadh and DMA they can afford based on their income.



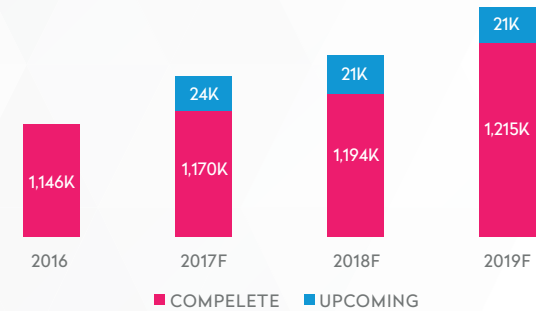
### Who?

As demand for housing mainly arises from Saudi households, a large portion of whom currently rent instead of build equity, they are the target audience of this report.

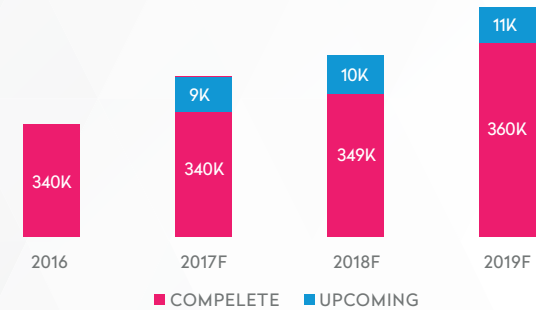
RESIDENTIAL SUPPLY IN JEDDAH



RESIDENTIAL SUPPLY IN RIYADH



RESIDENTIAL SUPPLY IN DMA



# MINISTRY OF HOUSING PROGRAMS



## Assisted Loans

Fast track loan to obtain low-cost financing, after providing the down payment, from a commercial bank, with a reasonable repayment period and the monthly payment will not exceed 30% of the applicant's income. The applicant may buy direct from the market or through off-plan sales or receive a loan to finance the cost of construction of a unit.



## Subsidized Housing Finance

The Real Estate Development Fund provides financial support to cover the first SAR 500,000 of the financing amount, with fixed monthly subsidies to cover part of the finance profits. The subsidy percentage varies according to monthly income and number of family members.



## Cooperative Housing

This program enables beneficiaries to participate in the establishment of cooperatives aimed at providing housing and low-cost units. Beneficiaries first join the save and own program to be able to provide the appropriate amount to buy the land for the project. Additionally, this path will contribute to the payment of the developer to implement the project.



## Affordable Housing

This program includes the establishment of a development fund to provide housing units suitable to serve the needs of different segments of society. The fund secures charitable funds from diverse sources (Zakat, donations, contributions) to provide appropriate housing units. Each project implemented provides housing units for sale below market prices or rented at lower prices.



## Save & Own

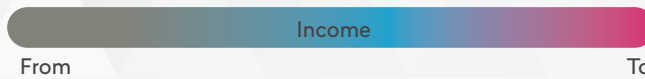
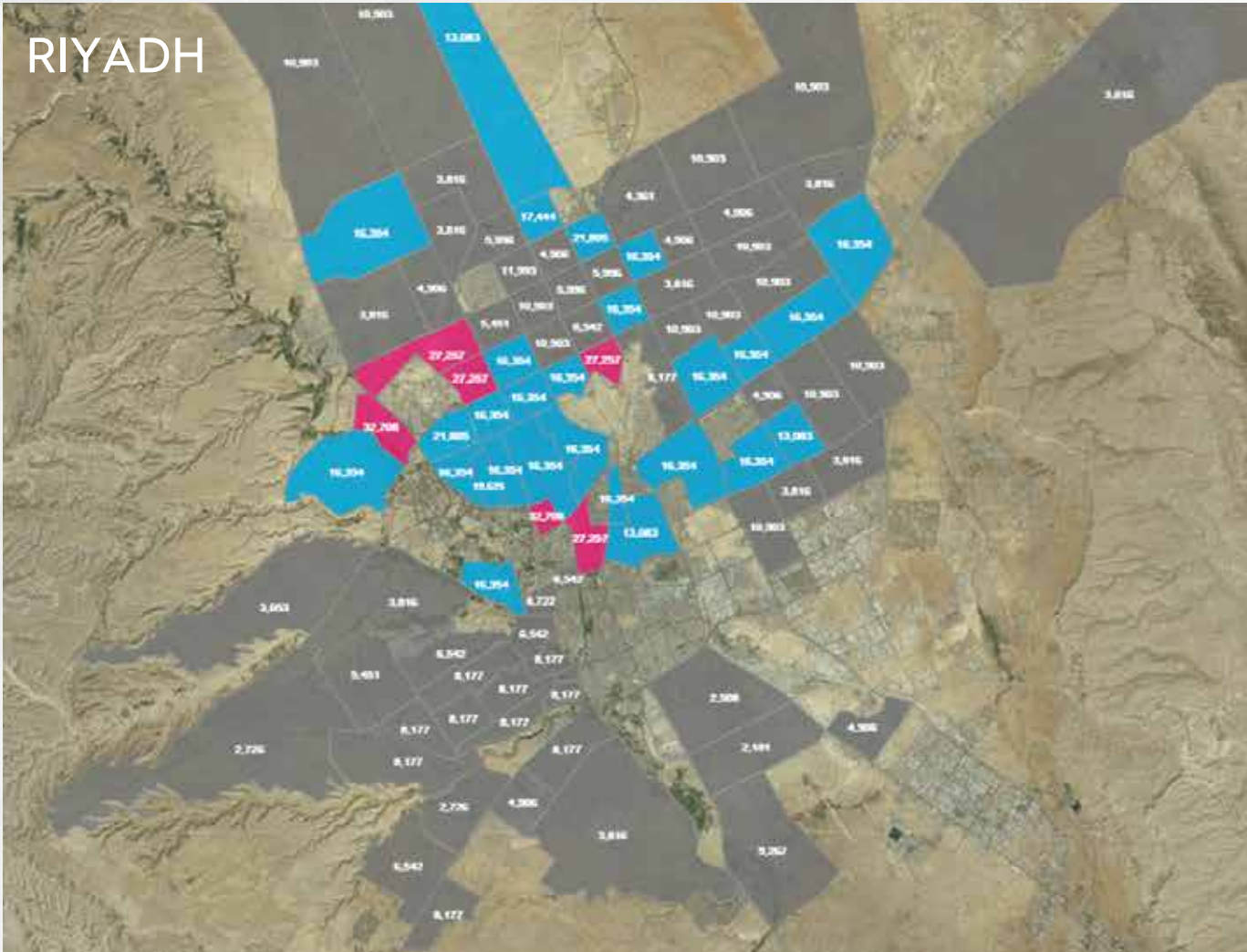
This path, through the housing savings fund, provides an incentive for applicants to save for a 15% deposit by offering an incentive. For a period of 3 - 5 years a certain percentage of the applicant's monthly income is set aside. The fund will then contribute to the savings with a percentage ranging between 25% - 150% of the total amount saved.



## Facilitated Mortgage

The Ministry of Finance will issue a financial guarantee and trust to cover 15% of the total value of the real estate unit in case mortgagees default on payments and the mortgaged house sale price does not cover the defaulted amount. Financial guarantees are specific to the beneficiaries of the Ministry of Housing Eskan projects

# RIYADH



Visit [bidaya.com.sa](http://bidaya.com.sa) to check the interactive map

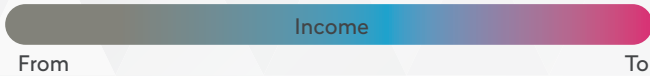
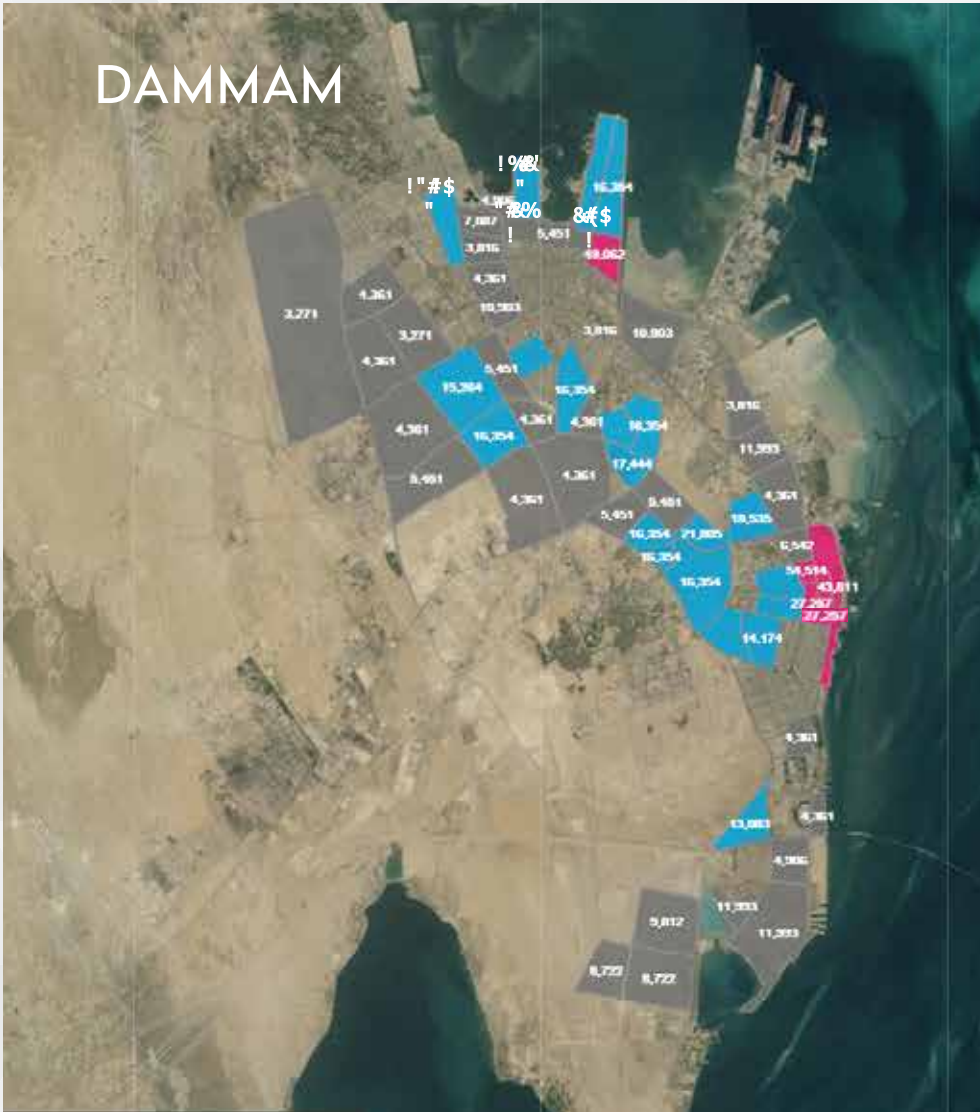
\* The above salary figures represent gross monthly salary, %30 of the monthly salary is allocated towards housing.







# DAMMAM



Visit [bidaya.com.sa](http://bidaya.com.sa) to check the interactive map

\* The above salary figures represent gross monthly salary, %30 of the monthly salary is allocated towards housing.



# WHY BUY NOW?



A number of initiatives led by the Ministry of Housing and Real Estate Development Fund have been introduced over the last two year facilitating home ownership



Many households are waiting for the impact of the White Land Tax to add downward pressure on sale prices. However, the development of enough units to reduce home prices will take several years



Easier access to home finance may see increasing demand that may in turn lead to increased home prices



Easier access to home finance may see increasing demand that may in turn lead to increased home prices

# COSTS TO CONSIDER



## BEFORE YOU MAKE AN OFFER

- Utilities including electricity, gas and water, especially if you're moving to a larger home
- The cost of furnishing and decorating
- Your long-term saving plans and your ability to pay your new mortgage as well as contribute to any education, retirement or savings plans you have
- Cost to maintain the new home



## BEFORE YOU APPLY FOR FINANCING

- An administration and appraisal fee is often required by mortgage providers
- A home inspection report from a licensed home inspector can help identify potential problems
- You may want to consider why purchasing a home is superior to renting



## BEFORE YOU MOVE

- Packing and storing your belongings
- Moving truck rental
- Professional moving fees

# STEPS TO HOME OWNERSHIP



## STEP 1

Find out how much home financing you can access using Bidaya's calculator



## STEP 2

Search through the interactive map for the areas you can afford based on your monthly income (coming soon)



## STEP 3

Apply for home financing online in 3 easy steps



## STEP 4

Move into our home





# USEFUL TIPS WHEN HOUSE HUNTING



## Choosing the right neighborhood

When you're house hunting, it's important to look past the four walls and observe the surrounding area. Before you make an offer on that home, you may want to get to know the neighborhood a little better.



## Give your commute a practice run

Test your morning and evening commute at the times you'll be driving to gauge traffic patterns and determine how long it may take to get to and from work.



## Drive around the neighborhood

By visiting the neighborhood at various times during the day, night and weekend, you will be able to gauge how lively, noisy or quiet you can expect things to be.

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