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Small, medium developers supplying 70% housing in Kingdom



Visitors look at an housing model at a real estate exhibition.

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With the recent announcement by the Saudi Arabian Monetary Agency (SAMA) toward issuing the final draft regulations of the newly-approved mortgage law, companies such as Jeddah-based Capitas Group International (CGI) are taking a closer look at the overall real estate market by studying project development and developers taking part in real estate events such as Cityscape Riyadh, and revealing that up to 70 percent of housing supplies are being delivered by small to medium sized developers.

Arab News spoke to CGI's CEO, Naveed Siddiqui concerning what positive impacts his company hopes to achieve by being a key speaker at this year's Cityscape Riyadh and the overall impact of the mortgage law on his company, the Kingdom's developers and overall home finance market.

"Just like any market CGI enters, we are located in Saudi Arabia to be part of the real estate sector and contribute by building strong business platforms. Being headquartered in Jeddah means our participation in Cityscape Riyadh repre-

sents our commitment to the Kingdom as a whole and its housing sector in particular," Siddiqui said.

Siddiqui explained: "I don't think it's an issue of the larger developers not being keen, as they want to grow their business like any other, however, the major advantage of small to medium sized developers is that they have the ability to deliver units within a shorter time when compared to larger developers. This short lead time is generally because they undertake projects on land that

has infrastructure, saving the time required for master planning, infrastructure design and development. They also reuse existing designs with minor changes and create homes using a "cookie cutter" model. This in turn shortens the time needed for complex municipality approvals."

On the flipside, Siddiqui confirmed that small and medium-sized developers run into obstacles just as their larger counterparts do. He said that there are components that also hold back small to medium-sized developers

such as not having an attractive profile that banks usually look for in terms of collateral, balance sheets, etc. and since banks do not have a product specifically designed for their needs and rely more on formal and intricate risk management guidelines, it difficult for them to get financing.

"We realize the market constraints and are working to address both sides of the housing equation by gearing up our developer financing program to be a solution for helping small and medium-sized developers," he added.