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PIF TO CONTRIBUTE 20 % IN REAL ESTATE FIRM

The Public Investment Fund (PIF) has agreed to contribute 20 percent of the SAR 2 billion capital of the new **home finance company, Khaled Al-Aboodi, CEO of Islamic Corporation for the Development of the Private Sector (ICD), announced here Sunday.** This represents the single largest investment in a mortgage company in the history of PIF, he said. **The** Islamic Corporation for the Development of the Private Sector (ICD), a member of the Islamic Development Bank Group, is currently attracting founding sponsors for the new home financing company. The investment deadline ends this month. Al-Aboodi said the company is being established to facilitate home ownership at affordable financing options. According to estimates, the demand for new housing in the country is 150,000 units per year over the next 10 years. Mortgage currently makes up only 1 percent of bank assets, underscoring a large funding gap for home financing in Saudi Arabia. ICD and PIF have finalized the company's formation committee to prepare documents, design action plans and formulate internal regulations in cooperation with Capitas Group International (CGI), the manager of the new company. Over a period of time, representatives of parties subscribing to the new company's capital will join the formation committee. The company's official launch is scheduled this year. The mortgage company will open three main branches in Jeddah, Riyadh and Dammam. In November 2008, the Saudi Home Loans company (SHL), an Islamic mortgage lender, said that only 30 % of Saudi nationals owned their homes, although official estimates tend to be higher.