

## Real Estate: Part 4

Banks play a major role in creating financial crises where the property is always the victim. This is a result of bankers not having a professional understanding of real estate because it can be a complex sector. Many believe that financing is merely assessing the property's value, and taking a certain coverage rate defined by the central bank's regulations and the evaluation of the property.

Since I started working in the banks and up until now, I don't believe our real estate valuation standards have reached a global standard. It's still carried out in a shallow and formulaic way without a thorough understanding of technical best practice. I hope The Real Estate Appraisal Association doesn't get mad at me, nor our Islamic or traditional banks, because what I say is for the good of the simple citizen. At the end of the day, he's the one who pays the bill.

It is important to educate the junior bankers through global standard real estate training courses. It's also important for established bankers to deepen their understanding of real estate sector financing, especially in the construction and development sector, which too many see as a deep pit with no bottom. As an example, let me mention the "Contractors' Cemetery." A few may still remember its location and why it was named as such.

The "Contractors' Cemetery" is located in Al-Qurain, and it earned this name because one after another contractor, along with their financiers, fell into the fatal mistake of signing contracts with the state for developing that area. The contract included excavating and site preparation up to three meters deep in an area that used to be a landfill. Many contractors paid no attention to that point so when they found out they undervalued the project they were surprised at their losses. With the state insisting