The Wealth Equation: How Shared Ownership Creates Sustainable Income for Investors and Generational Wealth for Households

Shehryar Gilani | CFA · FCMA · MRICS

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INDEPENDENT THOUGHT LEADERSHIP

This paper builds on the foundational analysis set out in *Unlocking Homeownership in the GCC: The Case for a Registered Ownership Platform* (May 2026). It extends that analysis to address the long-term wealth and income dynamics from both the household and investor perspective, and their relationship to Vision 2030's structural impact on property values.

Executive Summary: The Argument in Brief

Shared Ownership is not simply a route into homeownership. It is a mechanism for the sustainable creation of wealth — simultaneously for the household that enters it and the investor that holds retained equity alongside them. This is not a coincidence of interests. It is a structural consequence of the model's design.

Under Diminishing Musharaka, both parties hold equity in the same appreciating asset. As Vision 2030's transformational infrastructure programme continues to reshape Saudi Arabia's land values, both parties benefit from the same underlying price appreciation, in proportion to their respective ownership stakes. The investor earns long-duration, inflation-linked income on its retained share. The household builds equity quietly and progressively, without the full deposit burden that would otherwise keep them renting indefinitely.

For the Household

Shared Ownership is a wealth-creation vehicle, not a discount. A household entering at 40% that staircases to 100% over 15–20 years accumulates materially more net wealth than one that rented throughout — particularly in an appreciating Vision 2030 market.

For the Investor

The Registered Ownership Platform generates three compounding income streams — Ijara occupancy income, capital appreciation on retained equity, and staircasing capital proceeds — structured sustainably across a multi-decade horizon.

For the Kingdom

Vision 2030's structural demand uplift is shared equitably under the ROP model, converting a national transformation programme into a durable engine of middle-class wealth accumulation.

> The central insight: Diminishing Musharaka does not merely enable homeownership. Over time, it converts Vision 2030's asset price growth into wealth — for everyone who participates.

SECTION 1

The Starting Point: Why Renting Is a Wealth Trap

To understand why Shared Ownership creates wealth, it is first necessary to understand what renting destroys. A middle-income household in Riyadh today earns enough to service a mortgage, but not enough to accumulate the deposit that a mortgage requires. The average four-bedroom villa in Riyadh now costs SAR 2.8 million. A conventional 20 per cent deposit requires SAR 560,000 in upfront capital. For a household earning SAR 20,000 to SAR 30,000 per month, accumulating that sum — while paying rent — takes a decade or more. During that decade, every riyal paid in rent generates zero equity.

This is the structural trap. It is not a failure of aspiration or of income. It is a failure of the system to provide an on-ramp between renting and owning. The middle-income household is not poor. It is simply priced out of the entry point. Without an intervening mechanism, the renter is consigned to an indefinite cycle of consumption expenditure that builds no asset base, provides no hedge against inflation, and leaves the household financially unchanged regardless of how much property values rise around them.

⚠ In an appreciating market, renting is not a neutral choice. It is the most expensive long-term housing decision a household can make — and the one the current system makes default.



What Renting Costs Over 20 Years

The following comparison illustrates the long-run cost of renting versus entering Shared Ownership, using conservative Riyadh market assumptions. The contrast is stark — not because the shared owner pays dramatically less each month, but because the shared owner's expenditure is partially converted into equity rather than wholly consumed.

Metric	Renter	Shared Owner (40% entry)
Monthly housing cost (Year 1)	SAR 7,000–9,000 rent	SAR 3,500 Ijara + SAR 2,500 mortgage = SAR 6,000
Equity accumulated at Year 5	SAR 0	SAR ~120,000–180,000
Equity accumulated at Year 10	SAR 0	SAR ~350,000–500,000
Property wealth at Year 20	SAR 0	SAR 1.5M–2.5M+
Total housing cost (20 years)	SAR 1.7M–2.2M (fully consumed)	SAR 1.4M–1.8M (partially converted to equity)

The renter pays more, for longer, and accumulates nothing. The shared owner pays comparably — often less — and progressively converts that expenditure into an owned asset. In a Vision 2030 environment where land values are structurally supported by infrastructure investment, population growth, and urban densification, the equity being accumulated is not static. It is appreciating. Shared Ownership is the alternative the system has not yet offered.



SECTION 2

The Household Perspective: Building Wealth Progressively

From the household's perspective, Shared Ownership under Diminishing Musharaka operates as a structured, long-duration wealth accumulation programme, anchored in an asset that appreciates independently of the household's active decisions. The household enters at a fraction of the full purchase price. It immediately owns a registered equity share in a real property asset. It pays an Ijara occupancy charge on the platform's retained share — a charge that is structurally lower than the equivalent market rent for the same property, because it is a return on a specific equity stake rather than the full market rental value.

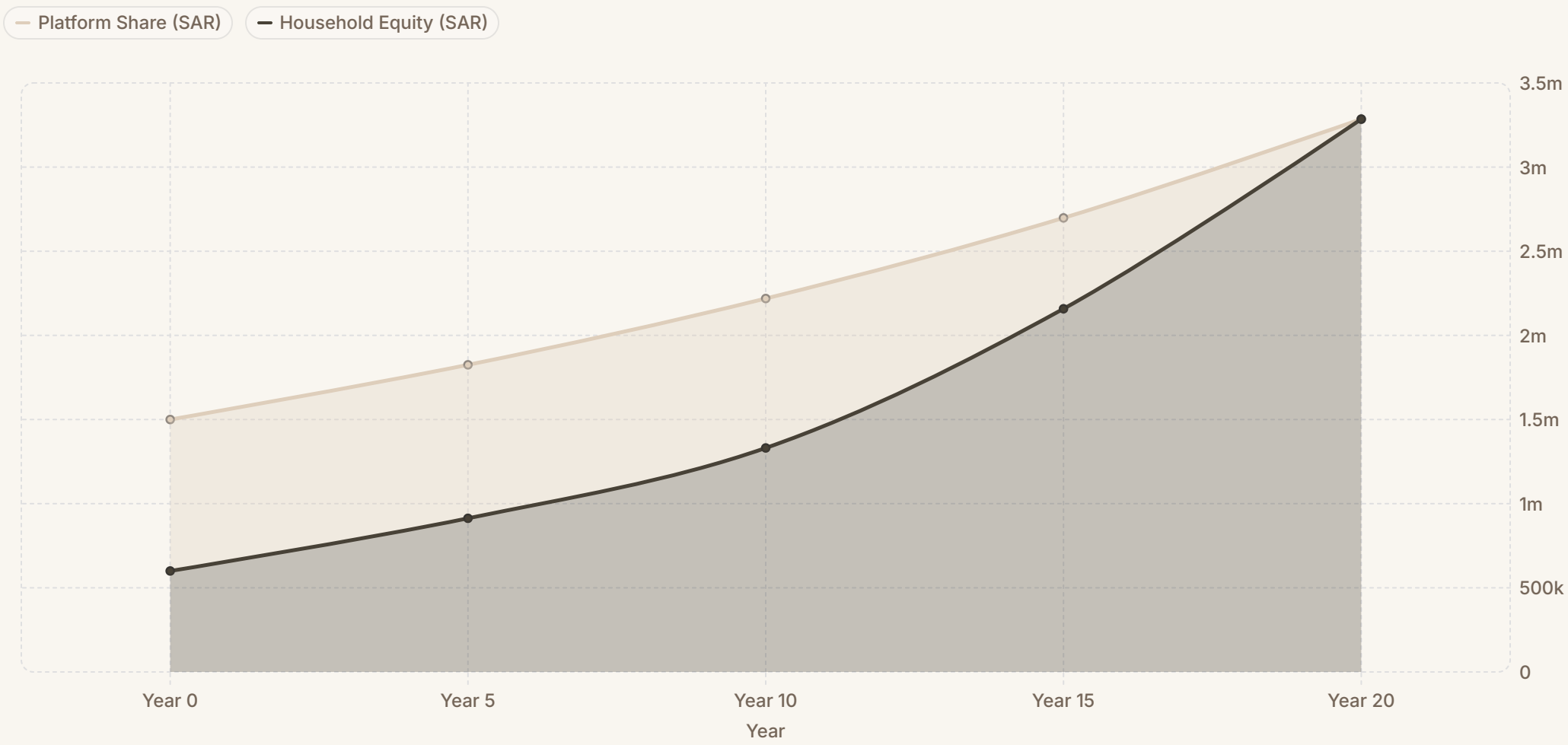
Critically, the household has the right, at any point, to purchase additional tranches, progressively reducing the platform's share and increasing its own. This is the staircasing mechanism — and it is the engine through which ordinary expenditure is converted into extraordinary wealth accumulation over a 15 to 20 year horizon. Each tranche purchased locks in the household's equity at the prevailing market valuation at the time of purchase, directly capturing the Vision 2030 appreciation that would otherwise accrue exclusively to a landlord.

The Equity Journey: A Worked Illustration

Property value at entry: **SAR 1,500,000**. Household initial share: **40% (SAR 600,000)**. Platform retained share: **60% (SAR 900,000)**. All property values assume 4% per annum capital appreciation — the base case consistent with mid-market Riyadh residential forecasts for 2025–2030 and directionally supported by Vision 2030 structural demand.

Year	Household %	Household Equity Value	Property Value	Platform Share
Entry (Year 0)	40%	SAR 600,000	SAR 1,500,000	SAR 900,000
Year 5	50%	SAR 913,000	SAR 1,825,000	SAR 912,000
Year 10	60%	SAR 1,331,000	SAR 2,220,000	SAR 888,000
Year 15	80%	SAR 2,158,000	SAR 2,700,000	SAR 540,000
Year 20	100%	SAR 3,285,000	SAR 3,285,000	SAR 0

By Year 20, a household that entered with SAR 600,000 of equity has accumulated over SAR 3.2 million in property wealth — having paid Ijara charges that were structurally lower than market rent throughout. The model does not merely return the deposit. It multiplies it.



The Diminishing Musharaka Alignment

The elegance of Diminishing Musharaka in this context is theological as much as financial. The structure is not a loan. There is no interest accruing. The household and the platform are genuine co-owners of an asset, each bearing the risk and reward of ownership in proportion to their respective shares. As the household's share grows and the platform's share diminishes, the Ijara occupancy charge declines in proportion. This is the defining feature of a genuine Musharaka: the financial relationship between the two parties changes over time, tracking the actual ownership reality rather than a fixed contractual obligation.

A mortgage does not do this. A rent contract does not do this. Only a co-ownership structure built around true diminishing partnership achieves it. This has a material practical consequence: as the household's income grows over the 15–20 year ownership journey, its Ijara charge is declining (because it owns more of the asset) and its wealth is growing (because the asset is appreciating). The model is designed to become more affordable over time, not less — the inverse of what households on standard mortgages experience as rates reprice, or what renters experience as landlords raise rents.

Sharia Alignment in Outcome

Diminishing Musharaka is not simply Sharia-compliant in structure. It is Sharia-aligned in outcome. The financial relationship between the household and the platform genuinely diminishes as the partnership approaches its natural conclusion: full household ownership.

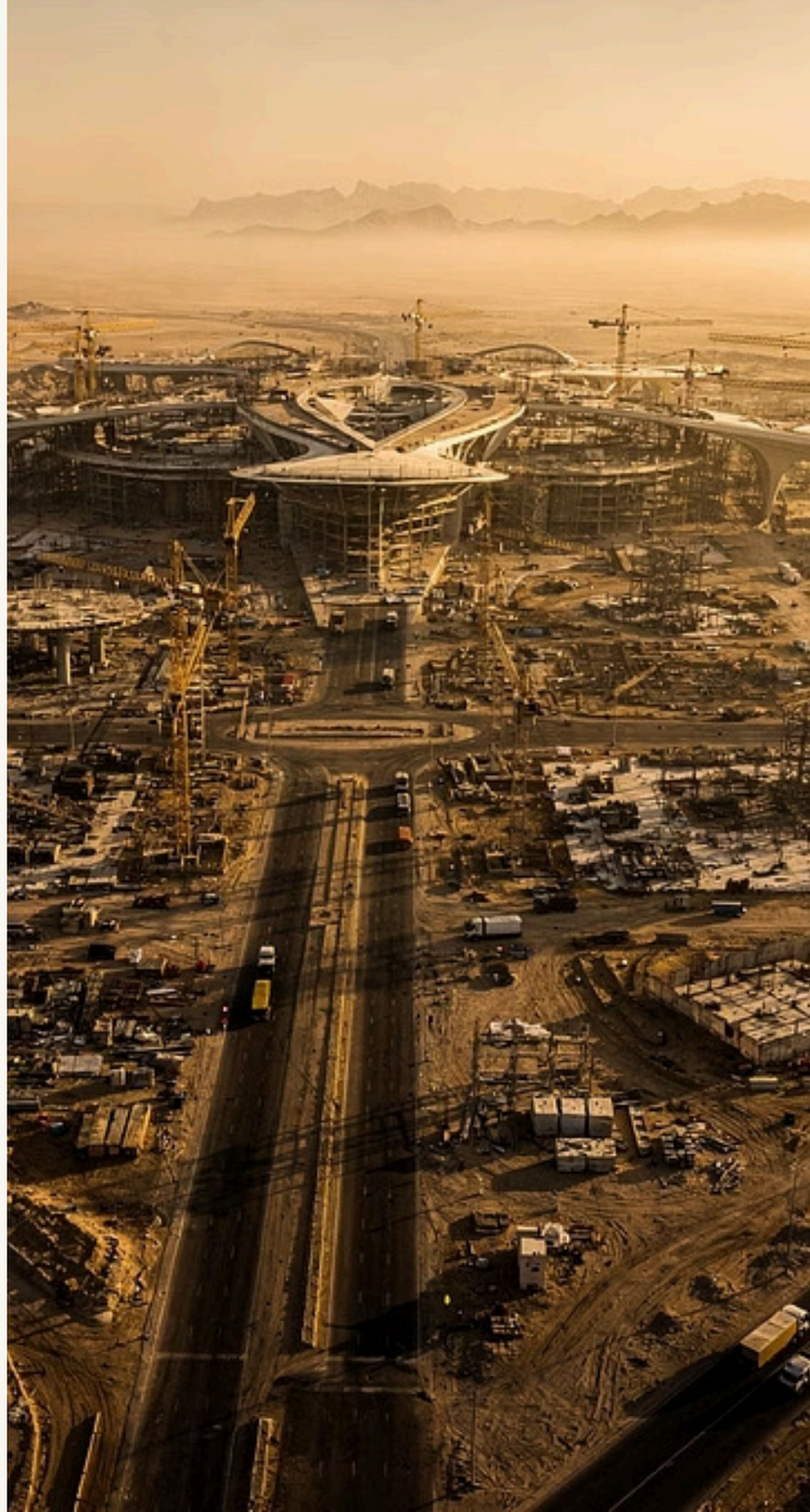
No Riba. No asymmetric obligation. A genuine partnership in the fullest sense — one that honours both the letter and the spirit of Islamic finance.

SECTION 3

Vision 2030 and the Property Value Tailwind

The household wealth creation story does not exist in isolation. It is substantially amplified by one of the most significant urban transformation programmes in modern economic history. Saudi Arabia's Vision 2030 is generating structural, sustained demand for residential property across the Kingdom through multiple reinforcing channels: large-scale infrastructure delivery, rapid urbanisation of secondary cities, a growing young population entering prime household formation years, and expanding employment in newly diversified sectors drawing both Saudi nationals and international talent. These are not cyclical or speculative drivers. They are demographic and structural.

Infrastructure investment of the scale being delivered under Vision 2030 has a well-documented effect on surrounding land and property values. The mechanism is straightforward: accessible, well-serviced land is scarcer and more desirable than remote or poorly connected land. As giga-projects, transport corridors, cultural destinations, and economic zones are delivered, the radius of well-serviced, high-demand residential land expands — and values within it rise. This is not a Saudi-specific phenomenon. It is the universal economics of infrastructure-led urbanisation, observed in every major development programme globally.



Vision 2030: Structural Drivers of Residential Value

The directional implication for residential property values is clear: structurally supported appreciation over the medium-to-long term. The existing paper series uses a base case of 4% per annum appreciation and a conservative floor of 3%. Vision 2030 provides the structural rationale for why that base case is credible, and why the upside scenario of 5%+ is a realistic possibility in districts directly adjacent to major infrastructure delivery.

Giga-Project Delivery

NEOM, Diriyah, Qiddiya, and the Red Sea Project are expanding the radius of high-demand residential land at unprecedented pace, directly supporting price appreciation in adjacent markets.

Transport Infrastructure

New rail corridors, expanded road networks, and metro systems improve accessibility, converting previously peripheral land into prime residential zones with measurable value uplift.

Demographic Demand

A young Saudi population entering prime household formation years, combined with growing international talent inflows, creates sustained structural demand that is independent of cyclical market movements.

Economic Diversification

Expanding employment across newly diversified sectors — tourism, entertainment, technology, and manufacturing — broadens the income base supporting residential demand beyond the traditional public-sector covenant.

How Appreciation Is Shared Under the ROP Model

In a standard rental arrangement, property appreciation accrues entirely to the landlord. The tenant's position is unchanged regardless of how much the asset appreciates. In a standard mortgage arrangement, appreciation accrues to the household — but the entry barrier is precisely the obstacle that prevents most middle-income households from accessing a mortgage in the first place. Under the Registered Ownership Platform, appreciation is shared between the household and the platform in proportion to their respective ownership stakes, from day one.

Year	Property Value	Household Gain (40% → growing)	Platform Gain (60% → declining)
Year 0	SAR 1,500,000	SAR 0 (entry point)	SAR 0 (entry point)
Year 5	SAR 1,825,000	SAR ~130,000	SAR ~195,000
Year 10	SAR 2,220,000	SAR ~330,000*	SAR ~330,000*
Year 20	SAR 3,285,000	SAR 1,785,000 (full ownership)	Fully realised via staircasing

*By Year 10, if the household has staircased to 60%, both parties hold equal shares and gain equally from further appreciation. The split is dynamic — it tracks actual ownership, not a fixed percentage.

Vision 2030 is not merely a housing policy context. It is a structural return enhancer for every party that holds equity in Saudi residential property — including the household that otherwise would have been renting throughout.

SECTION 4

The Investor Perspective: Three Compounding Income Streams

From the investor's perspective — whether that investor is PIF, the National Housing Company, a sovereign pension vehicle, or an institutional real estate fund — the Registered Ownership Platform offers something structurally rare: a long-duration income instrument that compounds from three independent sources simultaneously. The foundational paper addressed the institutional capital case in detail. This section focuses on the sustainability of that income over time, and specifically on how the three return streams interact with Vision 2030's property value tailwind to create a durable, compounding return that does not depend on constant capital injection or speculative assumptions.



Stream 1: Ijara Occupancy Income

Contractual. Structured. Resilient.

At inception, the platform holds 60% of a SAR 1.5 million property. At a 7% gross Ijara rate benchmarked to current Riyadh mid-market yields, this generates **SAR 63,000** in gross annual income per unit — **SAR 53,550 net** after a conservative 15% management cost allowance.

This income is not correlated to equity market volatility. It is not dependent on tenant vacancy in the way commercial real estate income is. It is structurally lower-risk than conventional rental income, because the household holds a registered equity stake and a genuine financial interest in maintaining its position.

The Recycling Mechanism

As the household staircases — purchasing additional equity tranches — the Ijara charge on the platform's diminishing share declines. But the capital released through staircasing is immediately redeployable into new retained equity positions. The platform's income base does not shrink. It rotates, continuously recycling capital from maturing co-ownership positions into new ones. This self-reinforcing mechanism is the structural foundation of the platform's long-term income sustainability.

- Ijara charged on 60% retained equity at inception
- Income base rotates rather than contracts as households staircase
- Structurally lower default risk than pure rental arrangements
- Benchmarked to fair occupancy return, not uncapped market rent

Stream 2 & Stream 3: Appreciation and Staircasing Proceeds

Capital Appreciation on Retained Equity

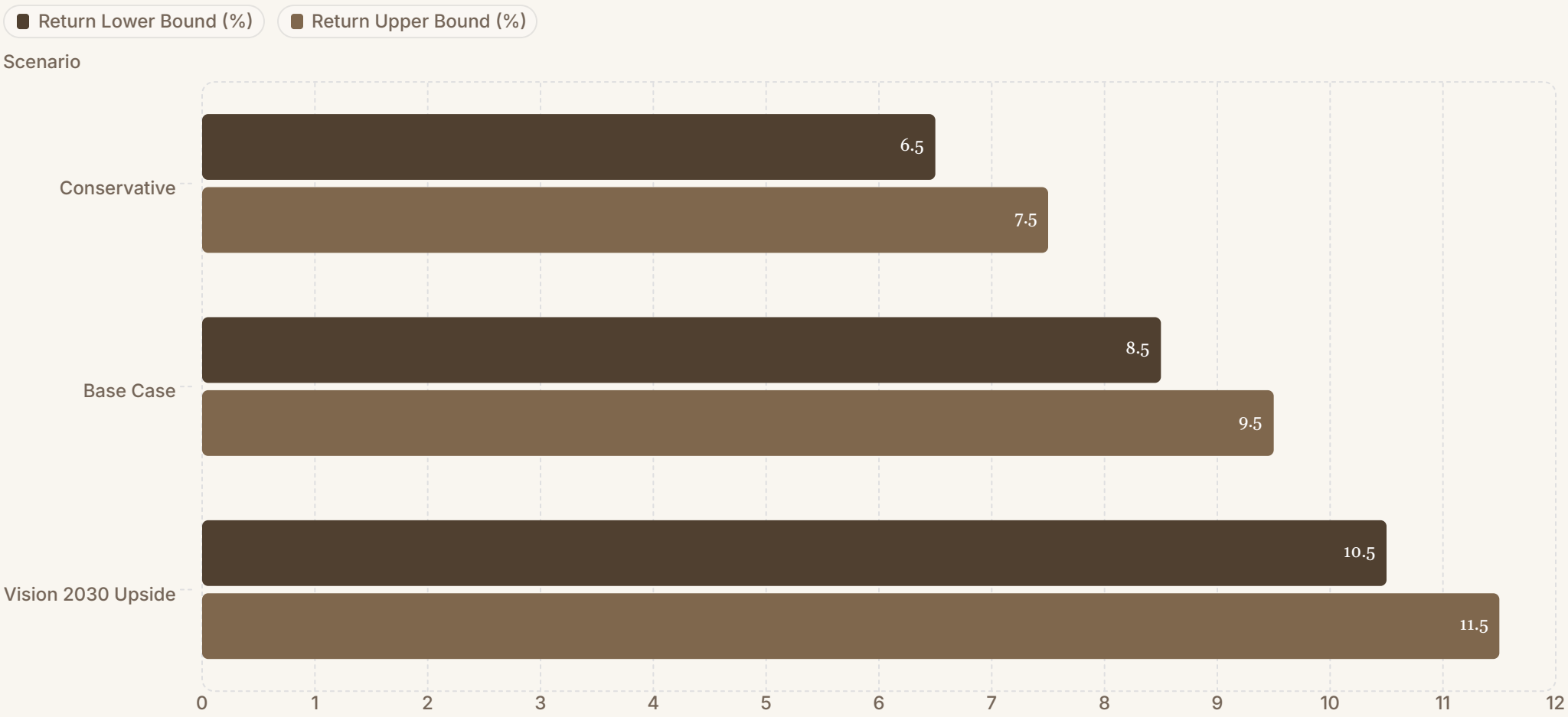
The platform, as a co-owner, participates in property value appreciation on its retained equity share for the duration of its hold. On the base case of 4% per annum appreciation, the SAR 900,000 retained equity position (60% of a SAR 1.5 million property) grows to approximately SAR 1.33 million by Year 10 — an unrealised gain of approximately SAR 430,000 per unit. At portfolio scale of 1,000 units, this represents SAR 430 million in retained capital uplift over a decade, without any additional investment. This is not speculative return. It is the structural consequence of holding equity in an appreciating asset class with structural demand support.

Staircasing Proceeds: The Self-Financing Growth Engine

Each time a household purchases an additional equity tranche, the platform receives capital at the current independent market valuation of that tranche. These proceeds are immediately redeployable into new retained equity positions, compounding the platform's equity base without requiring fresh external capital raises. Unlike a standard property fund that must raise fresh capital to expand its portfolio, the ROP generates its own growth capital internally — through the natural operation of the co-ownership structure it was designed to create. This recycling mechanism is the most powerful and most under-appreciated feature of the model.

The Three Return Scenarios

The following scenarios illustrate the platform's blended return profile across conservative, base case, and Vision 2030 upside assumptions. All figures are indicative illustrations based on 2025 Riyadh market data. The Vision 2030 upside scenario reflects sustained structural demand from infrastructure delivery and urbanisation — a directional assumption, not a projection.



Conservative: 3% appreciation, 6% Ijara • Base Case: 4% appreciation, 7% Ijara • Vision 2030 Upside: 5% appreciation, 8% Ijara

The conservative scenario — 6.5 to 7.5% blended return — is broadly in line with current GCC REIT gross yields. It is the floor, not the ceiling. Base and upside scenarios are meaningfully above comparable alternatives, delivered through a Sharia-compliant, sovereign-aligned structure with a social mandate that no equivalent vehicle currently provides.

Why This Income Is Sustainable

The sustainability of the investor's return does not depend on any single assumption holding throughout the investment horizon. It is structurally diversified across three independent income components — a resilience by design that distinguishes the ROP from conventional residential income vehicles.



If Appreciation Decelerates

Ijara income continues uninterrupted. The contractual floor is maintained regardless of capital market conditions or property cycle movements.



If Staircasing Pauses

The platform's equity base is preserved at current values. No forced realisation, no income interruption. The co-ownership structure adapts without adversarial consequences.



As the Platform Scales

Management cost ratios decline and net yield improves. Growth is self-financing through staircasing proceeds, reducing reliance on external capital markets.

The multi-stream resilience is not accidental. It is the defining structural advantage of genuine co-ownership over pure debt or pure equity. The investor's return is not extractive — it is structurally aligned with the household's outcome. The better the household does, the more it staircases. The more it staircases, the more capital the platform recycles into new positions. Growth is self-financing.

SECTION 5

The Symmetry: Why Both Perspectives Reinforce Each Other

The most important insight from setting the household and investor perspectives side by side is not that they are compatible. It is that they are mutually reinforcing. The model does not require trade-offs between one party's outcome and the other's. It generates better outcomes for both parties simultaneously — and the mechanism through which it does so is identical in both cases: genuine co-ownership of an appreciating asset under a principled Islamic finance structure.

Dimension	Household	Investor (ROP Platform)
Entry benefit	Lower deposit — 60% reduction vs conventional mortgage	Immediate Ijara income on 60% equity stake
Ongoing benefit	Ijara charge declines as ownership grows	Capital appreciation accrues on retained equity
Vision 2030 impact	Household equity appreciates with land values	Platform equity appreciates with same land values
Staircasing event	Household increases ownership, builds wealth	Platform receives capital, recycles into new positions
Default flexibility	Multiple restructuring options vs binary mortgage	Co-ownership allows adaptation — no forced sale pressure
Full ownership (Year 20)	SAR 3M+ property wealth from SAR 600K entry	Capital recycled across new generation of households
Sharia alignment	Genuinely diminishing partnership, not a loan	Returns based on co-ownership and risk-sharing, not Riba

The National Consequence: A New Middle-Class Wealth Base

What the Model Achieves at Scale

When the alignment between household and investor is replicated across thousands of households — the natural scale of a Vision 2030 master developer's residential programme — the aggregate consequence is the creation of a new middle-class wealth base in Saudi Arabia. A generation of households who entered the property market not through subsidy or luck, but through a structured, principled, commercially sustainable co-ownership mechanism.

This is what Vision 2030's housing ambition has always aspired to achieve. The 70 per cent homeownership target is not an end in itself. It is a proxy for a deeper objective: a Kingdom where middle-income households participate in the prosperity generated by the transformation programme, rather than watching that prosperity accrue to landowners, institutional investors, and the already-wealthy.

The Model's Defining Proposition

A Registered Ownership Platform, structured around Diminishing Musharaka, is the mechanism through which that participation is made possible — at scale, without subsidy, and in a manner that generates commercial returns sufficient to sustain the model indefinitely.

The ROP does not ask the investor to sacrifice return for social impact, or the household to accept a second-class form of ownership. It delivers full commercial returns and full ownership rights, because the model's structure makes both simultaneously achievable. There is no tension to manage. There is only a structure to build.

> The investor's return is not extracted from the household. It is generated *with* the household, from the same asset, through the same mechanism.

SECTION 6

Linkage to the Foundational Paper

This paper is a companion to *Unlocking Homeownership in the GCC: The Case for a Registered Ownership Platform* (Gilani, May 2026). The arguments it makes are not self-contained; they are the logical extension of foundations laid in that paper. Three linkages are of particular importance for understanding how the two analyses fit together.

01

Diminishing Musharaka: The Financial Principle

The foundational paper established that the financial logic of Shared Ownership is not a Western import. Diminishing Musharaka — co-ownership with progressive equity transfer — has existed within Islamic finance for decades. The model is not culturally foreign to the GCC. It is institutionally underdeveloped. The wealth dynamics described in this paper are only possible because the co-ownership structure is genuine. A debt structure dressed as co-ownership would not produce the same outcomes. Diminishing Musharaka, properly structured, does.

02

The UK Model and Its Design Lessons

The foundational paper documented the UK's shared ownership journey — its successes, its structural failures, and the design lessons that must be applied in the GCC context. The most important lesson for this paper's argument is the UK's failure to cap Ijara charges and the consequent erosion of affordability over time. The wealth creation scenarios described in Section 2 of this paper are predicated on an Ijara structure benchmarked to a fair occupancy return on the platform's equity share, not an uncapped market rent. Maintaining that benchmark is the single most important governance decision the platform must embed from inception.

03

The Institutional Investment Case

The foundational paper made the institutional investment case for the ROP, demonstrating why GCC sovereign capital — currently allocated only marginally to domestic residential income vehicles — would find the platform's return profile compelling. This paper extends that argument from the 10-year return model to a longer-duration, dual-perspective framing that shows not just what the investor earns, but why the structure that generates those earnings simultaneously produces better outcomes for households than any alternative.

Conclusion: From Analysis to Action

Across the foundational paper and this companion analysis, the argument has moved from principle to design to investment case to long-run outcomes. The financial principle exists — Diminishing Musharaka. The institutional design exists — the Registered Ownership Platform. The investment case is demonstrably present — GCC sovereign capital at $4.9 trillion, with negligible domestic residential income allocation. And the long-run outcomes, as this paper has shown, are compelling for every party: household, investor, and Kingdom.

> What remains is not analysis. It is action. The question is no longer whether Shared Ownership is right for the GCC. The question is who moves first — and how quickly the first pilot can be structured, launched, and scaled.

The institutions capable of building the first ROP pilot are already present in Saudi Arabia. NHC, Roshn, REDF, SAMA, and PIF together constitute the founding set for a viable first platform. The scholarly infrastructure to resolve the remaining Sharia structuring questions is well-developed. The market is generating demand that the current system cannot serve. Every structural precondition for action is satisfied. The series has done its analytical work. The next step belongs to those with the institutional mandate to act.

Principle Established

Diminishing Musharaka — theologically sound, financially proven

Design Documented

Registered Ownership Platform — institutional framework ready

Investment Case Made

$4.9 trillion sovereign capital — negligible domestic residential allocation

Action Required

Pilot structuring, NHC / Roshn / PIF — the founding institutions are present

Important Notices and Disclosures

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Disclosure of Interest

The author currently serves as Feasibility Director at a PIF-backed master developer in Saudi Arabia, where he leads financial strategy, feasibility, and investment governance across a multi-billion riyal residential development programme. The author has no current commercial mandate to develop, promote, or implement a Registered Ownership Platform, and this paper does not represent a proposal on behalf of any employer. The analysis and recommendations are the author's own, formed independently of any institutional position.

ABOUT THE AUTHOR

Shehryar Gilani | CFA, FCMA, MRICS

Shehryar Gilani is a strategic finance leader specialising in real estate development, governance frameworks, and large-scale investment planning across the GCC. He has spent over a decade in real estate finance across the UK and GCC, including senior roles in social housing finance, FP&A, and strategic planning. His work spans financial modelling, capital structuring, governance design, and AI-enabled planning systems for large-scale real estate programmes. His experience in both UK social housing finance and GCC sovereign-backed development gives him a rare dual-market perspective on the institutional design questions this paper addresses.

Views expressed in this paper are the author's own and do not represent any institutional position.

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