166755 - He is paying money and will get an apartment in five years’ time

the question

One of my colleagues suggested to me a guaranteed way of getting an apartment. This involves myself and a group of others giving a specific sum of money to a contractor for a period of five years, and during that period this person will utilise the money obtained, using his own skills and personal effort. When that time is up, in return for the money that he obtained at the beginning of the project he will give an apartment to every contributor. Please note that the real price of an apartment is three times greater than the money that was given at the beginning of the project. May Allah reward you with good.

Detailed answer

Praise be to Allah.

There is nothing wrong with obtaining an apartment in this manner. This comes under the heading of “a contract requesting something to be made to certain specifications (‘aqd istisna‘).” In this case, it is stipulated that the apartment should be described clearly in terms of its location, square footage, layout and all other details, so as to dispel ambiguity. So its location, square footage, characteristics and everything that is sought when buying an apartment, should be specified, along with the date when it will be handed over. It does not matter that the market price of such an apartment is greater than the amount paid at the time of drawing up the contract. Rather businessmen usually reduce the price of the item that is going to be made or for which payment has been made in advance, in return for having acquired capital up front.

See also the answer to question no. 136921 .

And Allah knows best.