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SHARIA ANALYSIS OF CHINA'S REAL ESTATE DEBT CRISIS AND INDONESIA'S IMPLICATIONS

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ABSTRACTS

China's real estate debt crisis has emerged as one of the most significant global economic challenges, driven by excessive leverage, speculative property expansion, and tightening financial regulations. As China is deeply integrated into the global economy, the crisis also poses potential risks for emerging economies, including Indonesia. This study aims to analyze the causes of China's real estate debt crisis from the perspective of Islamic economics and to examine its implications for Indonesia's economic stability. The research employs a qualitative method with a descriptive-analytical approach based on library research. Data were collected from academic journals, reports from international institutions, and relevant literature on Islamic economics and global financial crises. The analysis uses Islamic economic principles, particularly the concepts of riba, gharar, maysir, justice (al-'adl), and balance (tawazun), to evaluate the crisis phenomenon. The findings show that the crisis was caused by excessive dependence on debt-based financing, speculative activities in the property market, and structural weaknesses in the pre-sale system. From the perspective of Islamic economics, these practices contradict Sharia principles because they contain elements of riba, gharar, and maysir, which contribute to economic instability and injustice. The crisis also affects Indonesia through trade, investment, and financial channels, highlighting the vulnerability of economies that rely heavily on debt-driven growth. This study concludes that Sharia-based financial principles emphasizing risk-sharing and productive economic activities may provide a more sustainable framework for economic stability.

A. INTRODUCTION

The recent debt crisis in China's real estate sector has emerged as one of the most significant global economic phenomena of the past decade. Since the implementation of the three red lines policy in 2020, aimed at curbing excessive leverage among property developers, a number of major firms have experienced systemic debt defaults, triggering widespread stress across the financial system and the broader domestic economy (Fund 2020). The real estate sector, which previously accounted for a substantial share of China's Gross Domestic Product (GDP), has undergone a sharp slowdown, characterized by declining housing prices, reduced construction activity, and weakening consumer confidence. This situation highlights how excessive debt accumulation in the real sector can become a major source of macroeconomic instability (Group 2017).

The implications of this crisis extend far beyond China's domestic economy. As the world's second largest economy, China maintains deep integration with global financial markets and supply chains. Consequently, turbulence in its property sector has the potential to generate significant spillover effects across multiple economies, including emerging markets such as Indonesi (K. S. Rogoff and Yang 2020). Indonesia's economic openness manifested through trade linkages, foreign investment, and capital flows renders it particularly sensitive to external shocks originating from key partners like China. This interconnectedness underscores the urgency of analyzing the crisis not only from a conventional economic perspective but also through alternative analytical frameworks.

Conventional economic analyses generally attribute the crisis to excessive leverage, speculative behavior in property markets, and regulatory shortcomings in controlling credit expansion. However, Islamic economic thought offers a distinct perspective that emphasizes the structural and ethical dimensions of financial instability. Within the framework of Sharia economics, debt-based financing involving interest (riba) is considered a fundamental source of imbalance in economic systems. Excessive reliance on debt tends to distort risk distribution, concentrating financial burdens on borrowers while enabling lenders to secure returns with minimal exposure to underlying risks. This imbalance often encourages speculative investment and asset price inflation, both of which are evident in the trajectory of China's real estate boom.

Contemporary Islamic economic literature increasingly advocates for a risk-sharing financial system as a more stable alternative to debt-based models (Joudar et al. 2023). In such a system, profits and losses are shared equitably among parties, aligning incentives and reducing the likelihood of unsustainable asset bubbles. Theoretically, this approach fosters a closer linkage between financial transactions and real economic activities, thereby enhancing systemic resilience. Nevertheless, the practical implementation of risk-sharing mechanisms remains limited in modern financial systems, largely due to regulatory constraints, market preferences for debt instruments, and the dominance of conventional financial structures.

From a political economy perspective, China's property sector crisis can also be understood within the broader context of its development model, which has long relied on investment-driven growth. For decades, economic expansion in China has been fueled by large-scale investments in infrastructure and real estate, often financed through substantial borrowing. While this model has delivered rapid growth, it has also generated structural vulnerabilities, including overcapacity, misallocation of resources,

and excessive dependence on credit. The current crisis, therefore, may be interpreted as a necessary correction to long-standing distortions within the economy.

Recent global economic studies further reinforce concerns regarding the sustainability of debt-driven growth models, particularly in sectors such as real estate and infrastructure. Empirical evidence suggests that excessive credit expansion significantly increases the likelihood of financial crises, especially when accompanied by declining demand or tightening monetary conditions. In this regard, China's real estate crisis exemplifies the risks associated with prolonged credit booms, where short-term growth gains ultimately give way to systemic fragility.

Indonesia, as a developing country with a rapidly expanding Islamic finance sector, occupies a strategic position in responding to these global developments. Over the past decade, Indonesia has witnessed substantial growth in Islamic financial institutions, including Sharia-compliant banking, capital markets, and instruments such as sukuk ((OJK) 2023). These instruments provide alternative financing mechanisms grounded in Sharia principles, emphasizing asset-backing and risk-sharing rather than interest-based lending. Moreover, several studies indicate that Islamic financial systems exhibit relatively greater resilience during periods of financial turbulence.

Despite these developments, Indonesia's property sector still demonstrates increasing reliance on debt-based financing, particularly through bank lending and corporate bonds. If not carefully managed, this trend could expose the domestic economy to risks similar to those observed in China, albeit on a smaller scale. Therefore, a comparative analysis grounded in Sharia principles is essential for identifying potential vulnerabilities and formulating effective risk mitigation strategies.

A notable gap in the existing literature lies in the limited integration of Islamic economic perspectives into the analysis of China's real estate debt crisis. Most studies have focused predominantly on macroeconomic indicators and conventional financial frameworks, often neglecting the normative and ethical dimensions emphasized in Islamic economics. Yet, Sharia-based analysis extends beyond efficiency considerations to encompass issues of distributive justice, sustainability, and moral responsibility in financial transactions (Katterbauer et al. 2023).

Furthermore, there exists an ongoing and somewhat controversial debate regarding whether Islamic financial systems are inherently more resilient to crises than their conventional counterparts. Proponents argue that the prohibition of riba, gharar (excessive uncertainty), and maysir (speculation) reduces systemic risk and prevents the formation of financial bubbles. Critics, however, contend that modern Islamic finance remains closely intertwined with the conventional system, thereby limiting its capacity to function as a truly independent and crisis-resistant alternative. This debate underscores the need for a more nuanced and context-specific analysis, particularly in examining real-world crises such as that of China's property sector.

In addition to its economic implications, a Sharia-based approach introduces an ethical dimension that is often overlooked in conventional analyses. Principles such as social justice, contractual fairness, and the prohibition of exploitation are central to Islamic economic thought. These principles are especially relevant in debt crises, where power imbalances between creditors and debtors frequently result in inequitable outcomes (Furqani et al. 2023). By incorporating these ethical considerations, Sharia

analysis provides a more holistic framework for understanding financial instability and designing more inclusive economic systems.

In the Indonesian context, the implications of China's real estate crisis are particularly significant. As economic integration deepens, external shocks are increasingly transmitted through financial and trade channels, potentially affecting domestic stability. The reliance on debt-based financing in Indonesia's property sector further amplifies these risks. Consequently, adopting Sharia-compliant financial principles may offer a viable pathway toward enhancing economic resilience and sustainability.

Against this backdrop, this study aims to analyze China's real estate debt crisis through the lens of Sharia economics and to assess its implications for Indonesia. Specifically, the study seeks to: (1) identify the key factors underlying the crisis in China's property sector; (2) evaluate the extent to which existing financing practices align with or deviate from Sharia principles; and (3) examine the potential implications of the crisis for Indonesia's economic stability and the development of its Islamic financial sector.

As a preliminary conclusion, this study argues that the crisis in China's real estate sector reflects fundamental weaknesses inherent in excessive debt-based financing systems. Sharia economic principles particularly the prohibition of riba and the emphasis on risk-sharing offer a potentially more sustainable and stable alternative framework. However, the effectiveness of this approach depends critically on consistent implementation and its integration within the broader global financial system. Ultimately, this research seeks to contribute to the growing body of literature on Islamic economics while providing policy-relevant insights for Indonesia in navigating the complexities of an increasingly interconnected global economy (Basmar et al. 2023).

B. METHOD

This study employs a qualitative research method with a descriptive-analytical approach. This approach was chosen because the research focuses on analyzing the real estate debt crisis in China and its implications for Indonesia from the perspective of Islamic economics. Qualitative research aims to understand an economic phenomenon in depth through interpretation of the data, theories, and other relevant information. Meanwhile, the descriptive-analytical approach is used to (1) describe the situation of the real estate debt crisis in China and (2) analyze its impacts and its connections with the principles of Islamic economics.

The type of research conducted is library research. Library research is a method in which researchers collect various written sources related to the research topic and then analyze them systematically to produce objective conclusions. This study does not involve field observation or the distribution of questionnaires; instead, it relies on secondary data drawn from academic sources and official institutions.

The data sources in this study consist of primary and secondary data. Primary data are obtained from scientific journals, academic articles, reports from international economic institutions, and official documents addressing the real estate debt crisis in China. Some of the sources used include reports from the International Monetary Fund (IMF), the World Bank, and Bank Indonesia, as well as economic publications discussing the development of China's property sector and its effects on the global economy. This study also uses references from books on Islamic economics that explain concepts of

riba, gharar, maysir, Islamic economic stability, and the principle of justice within the Islamic economic system.

In contrast, secondary data are obtained from international economic news, trade statistics reports, articles from reliable media, and other relevant scholarly publications. Secondary data function to strengthen the analysis regarding how the real estate crisis in China affects Indonesia's economic conditions—particularly in terms of trade, investment, and national economic stability.

Data collection techniques are carried out through documentation and literature study. The documentation technique is implemented by collecting written documents related to the research, including journals, official reports, and economic statistical data. Afterwards, literature study is conducted by reading, comprehending, reviewing, and comparing various theories and previous research findings on economic crises, real estate debt, and Islamic economics. The data are then selected based on relevance, validity, and the credibility of the sources so that the research results can be scientifically justified.

Data analysis is performed using qualitative descriptive analysis with a deductive thinking pattern. Descriptive analysis is conducted by systematically explaining the causes of the real estate debt crisis in China, the development of the crisis, and its impacts on the Indonesian economy. After the description stage, the analysis is further carried out using a perspective of Islamic economics to assess whether the economic practices related to the crisis align with or contradict Islamic principles.

The deductive thinking pattern is used because the study begins with general theories of Islamic economics, which are then applied to a specific case: the real estate debt crisis in China. In this context, Islamic economic theories concerning the prohibition of riba, gharar, excessive speculation, and economic injustice are used as a foundation for analyzing the crisis phenomenon. Based on this analysis, conclusions are then drawn regarding the implications of the crisis for Indonesia and their relevance within the Islamic economics perspective.

Data analysis is carried out through several steps, namely data reduction, data presentation, and drawing conclusions. Data reduction is conducted by selecting the data most relevant to the research focus. Data presentation is done in the form of descriptive narrative so that the relationships among the data can be clearly understood. Conclusions are drawn based on the interpretation of the data and the theories used.

This study does not conduct direct statistical correlation testing because it is qualitative in nature and does not treat numerical data as the main variables. However, the research still analyzes the relationship between the real estate debt crisis in China and Indonesia's economic conditions through conceptual approaches and literature review. The correlations discussed include the crisis's effects on international trade, investment, export-import values, and regional economic stability. Therefore, the study emphasizes conceptual and analytical relationships rather than conducting quantitative statistical testing.

To maintain data validity, this study uses source triangulation, namely by comparing information from various references and different data sources. This technique aims to improve data accuracy and minimize subjectivity in the analysis. In addition, the use of official sources and academic journals is intended to ensure the credibility of the research findings.

Through this research method, the study is expected to provide a comprehensive understanding of the real estate debt crisis in China, its impacts on Indonesia, and its relevance to the principles of Islamic economics. Thus, this research is expected to contribute academically to the development of Islamic economic studies related to contemporary global economic phenomena.

C. RESULT AND DISCUSSION

1. Causes of China's Real Estate Debt Crisis.

The real estate debt crisis in China did not happen suddenly, but rather as the result of the long-term accumulation of various structural factors. Based on a review of the literature and empirical data, the crisis can be explained through several key, interconnected aspects. One major cause of the crisis is the debt-driven growth model of the real estate sector (high leverage). For decades, Chinese property companies relied heavily on external financing to expand their businesses, through both bank loans and bond issuance. While this strategy could accelerate sector growth quickly, it also increased firms' financial risk. High debt-to-asset ratios indicate that many real estate companies were operating with excessive leverage. When property sales declined and financing access began to tighten, these companies immediately faced severe liquidity pressure.

Another factor that accelerated the crisis was the Chinese government's policy, the Three Red Lines Policy, introduced in 2020 (Fund 2024). This policy was designed to control systemic risk in the property sector by setting strict limits on corporate debt ratios. It used three main indicators: the debt-to-asset ratio, the net debt ratio, and the cash-to-short-term-debt ratio. The goal was to stabilize an overheating property market. However, the implementation of the policy made it difficult for many companies to obtain new funding or refinance their existing debt. As a result, firms that had previously depended heavily on external financing experienced growing financial stress. Therefore, this policy was not the root cause of the crisis, but rather a catalyst that accelerated the onset of real estate debt problems (Chan et al. 2022).

In addition, the formation of a property market bubble was an important factor. During periods of rapid economic growth, property prices in many major Chinese cities rose significantly and began to exceed consumers' purchasing power (K. Rogoff and Yang 2024). Rapid price increases created an imbalance between market prices and the fundamental value of assets. This condition made the real estate sector vulnerable to market correction. When demand weakened and property prices fell, real estate firms' revenues also declined, which increased the risk of loan defaults.

The widespread pre-sale system used by Chinese real estate companies further worsened the situation. In this system, companies sell property units before construction is completed and use the proceeds to finance other projects. At first, this approach was seen as effective for maintaining cash flow. However, it also created a high dependence on continuous property sales. When market demand dropped and sales weakened, companies lost their primary funding source, making them unable to complete projects or meet their debt obligations. Consequently, many projects were left unfinished and public confidence in the real estate sector declined.

The real estate sector's large contribution to China's economy also created structural imbalances at the national level (Chen et al. 2023). Property has played a highly dominant role and has been one of the main drivers of China's economic growth.

Excessive dependence on this sector caused investment to flow more heavily into real estate than into other productive areas. When the real estate sector came under pressure, the effects were not limited to real estate firms; they also affected overall economic growth, including construction, building materials industries, and household consumption.

The crisis was further intensified by the strong link between the real estate sector and the financial system. Property companies are closely connected to banks, the bond market, and other financial institutions. When large firms experienced default, it triggered a chain reaction across the financial sector. Banks and financial institutions faced higher credit-misconduct and non-performing loan risks, while bond markets suffered from declining investor confidence (Zhong and Zhong 2023). This created concerns about systemic risk and the potential to disrupt national economic stability similar to what occurred during the U.S. subprime mortgage crisis.

Beyond economic and financial factors, changes in China's economic policy direction also affected the real estate sector. The government began shifting its development strategy from fast growth toward higher-quality and more sustainable growth. Under this new approach, the property sector was no longer treated as the primary engine of economic growth. As a result, real estate firms could not rely as much on debt-fueled expansion and continuously rising property prices. Companies were required to adjust their business models to become healthier and more sustainable. However, this transition was not easy, which increased pressure on firms with weak financial structures.

Based on this discussion, it can be concluded that China's real estate debt crisis was caused by a combination of internal and external factors that reinforced one another. High dependence on debt, tighter credit restrictions, property price bubbles, the pre-sale system, and the strong link between the property sector and the financial system were key drivers of the crisis. These conditions show that economic growth overly reliant on the property sector and debt-based financing can generate substantial risks to national economic stability (Yang et al., n.d.).

2. China's Real Estate Debt Crisis Viewed Through the Principles of Islamic Economics.

A review of China's real estate debt crisis from the perspective of Islamic economics shows deviations from the fundamental principles underlying the Islamic economic system. One major deviation is the widespread practice of interest-based debt financing (riba) that dominates the property sector (Candrawati and Robbani 2025). Heavy reliance on large amounts of debt increases the risk of default when property sales decline and credit becomes constrained. In Islamic economics, riba is prohibited because it can produce injustice, worsen economic inequality, and destabilize the financial system (Baihaqy et al. 2025).

In addition, the property pre-sale system where units are sold before construction is completed contains a high level of gharar (excessive uncertainty). Buyers make payments for an object whose existence and conditions are not perfectly certain, either in terms of project completion or the delivery timeline (Afghany et al. 2025). This situation creates significant gharar for investors and property buyers due to fundamental uncertainty regarding the project's completion. This indicates that a financing structure that disregards Islamic principles may potentially trigger systemic instability in the financial market (Candrawati and Robbani 2025). During a crisis, many

projects are delayed or even fail to be finished, which harms consumers. Such practices contradict Islamic economic principles that emphasize clear contracts (akad) and the protection of all parties in a transaction (Nindyakirana et al. 2025).

The formation of a property price bubble also reflects elements of maysir (speculation) in economic activity. Rapid price increases that are not based on the asset's fundamental value, but rather on short-term profit expectations, indicate excessive speculative behavior. In Islamic economics, economic activity should be grounded in the real (productive) sector and avoid speculation that can lead to market instability (Erba, Wathani, and Hajijah 2026).

This crisis also demonstrates violations of the principle of justice (al-'adl), particularly in the distribution of risk between companies and consumers. Many consumers who have already paid through the pre-sale system bear the losses when projects are not completed, while the companies do not fully bear the consequences proportionally. In Islamic economics, justice requires balanced risk-sharing (risk sharing), not the transfer of risk to only one party (Nindyakirana et al. 2025).

Finally, the dominance of the real estate sector in China's economy signals an imbalance (tawazun) in allocating economic resources. Overdependence on a single sector causes other productive real sectors to be neglected, thereby increasing vulnerability to crises. Islamic economics emphasizes the importance of balance in resource allocation in order to create a stable and sustainable economic system (Rosana 2026).

3. Implications of the Crisis on the Indonesian Economy.

The real estate debt crisis in China is an economic problem that stems from large-scale, debt-financed investment. Over several decades, China has experienced rapid growth in both infrastructure and the property sector, driven by pro-growth economic policies and easier access to financing. However, this aggressive investment approach has not always been matched with strong project quality, resulting in many construction initiatives failing to deliver the expected economic returns.

The accumulation of massive debt is the main outcome of this development pattern. Statistics show that China's debt has risen sharply alongside investment surges, reaching levels that raise concerns about economic stability. The situation has been further worsened by unplanned increases in project costs and low rates of return on investments, making the economy more vulnerable and increasing the likelihood of a financial crisis. This uncontrolled debt surge is also closely linked to macroeconomic instability such as interest rates, inflation, and currency fluctuations which can amplify the effects of the crisis and spread them to a global scale (Ansar et al. 2016).

As one of China's major economic partners, Indonesia is also affected by this crisis. One of the sectors most impacted is the property and real estate industry. This sector is highly connected to both domestic and global macroeconomic conditions. When China's economy slows down, demand for commodities and investment tends to decline, which indirectly harms the performance of Indonesia's property sector. In such circumstances, reduced consumer purchasing power and weakened investor confidence can lead to falling property sales and slower sector growth. In addition, the crisis also becomes visible through investment behavior.

Global economic uncertainty caused by China's crisis makes investors more cautious. This may reduce the flow of foreign investment into Indonesia, particularly into higher-risk sectors such as real estate. Since Indonesia's property sector is

strategically important contributing to economic growth and job creation lower investment can significantly affect national economic stability.

From a finance perspective, China's debt problem can trigger changes that influence company values in Indonesia. Company valuation depends heavily on how investors view economic conditions and future prospects. When global uncertainty rises, investors typically reduce investment in risky assets, including the stocks of firms in the property sector. This can result in falling stock prices and declining company valuations, especially for sectors strongly tied to economic cycles.

The crisis also affects the trade sector. China is one of Indonesia's most important trading partners, particularly regarding imports of raw materials and exports of goods. Weakness in China's property sector reduces demand for construction inputs such as steel and cement, some of which Indonesia supplies to other markets. A drop in this demand can put pressure on Indonesia's export performance, ultimately affecting overall economic growth.

From a policy standpoint, China's real estate debt crisis offers valuable lessons for Indonesia especially regarding debt regulation in the property sector. Using debt as a source of financing can increase company valuation when managed properly, but excessive borrowing raises risk and reduces firm value. Therefore, a more careful and sustainable approach to debt management is needed, both by the government and by industry players, to prevent the possibility of similar crises in the future.

Overall, the real estate debt crisis in China has complex and multi-layered effects on Indonesia. These effects are not limited to the property sector alone; they extend to investment, finance, and trade. This situation shows that in an era of globalization, cross-country economic connections are stronger, meaning a crisis in one country can quickly spread and affect others. For that reason, a comprehensive risk-reduction strategy is necessary to maintain national economic stability amid increasingly uncertain global economic conditions (Saputra et al. 2024).

Table 1. Analysis of China's Real Estate Debt Crisis from a Sharia Economic Perspective

No	Dimensions of Analysis	Basic Concepts	Relevance to China's Real Estate Debt Crisis	Forms of Crisis Phenomena	Potential Impact	Potential Risks / Challenges	Policy Implications
1	Hifzh ad-Din	Maintaining moral values and economic ethics	The crisis was triggered by excessive debt practices and speculation.	Debt-based property expansion	Encouraging awareness of Islamic economics	Practices of usury and gharar	Strengthening Islamic financing regulations
2	Hifzh an-Nafs	Maintaining human welfare	The crisis has an impact on reducing people's quality of life.	Layoffs and decreased purchasing power	Sustainable economic system improvement	Socioeconomic inequality	Social protection policy

3	Hifzh al-'Aql	Development of science and rationality	The crisis shows the importance of sound economic management.	Failure of property sector supervision	Improving economic literacy	Lack of transparency	Strengthening economic education and research
4	Hifzh an-Nasl	Maintaining the sustainability of generations	The crisis affects long-term economic stability	Decline in future investments	Sustainable development awareness	The economic burden on future generations	Long-term economic policy
5	Hifzh al-Mal	Maintaining the stability and security of assets	Excessive debt triggers economic instability	Property company bankruptcy	Promoting a healthy financial system	Losses to investors and society	Debt limitation and financial oversight
6	The benefit of the community	Realizing general welfare	The crisis has had an impact on the global economy, including Indonesia.	Slowdown in trade and investment	Evaluation of the global economic system	International economic interdependence	Inclusive and equitable economic policies

Table 2. Analytical Synthesis Table of China's Real Estate Debt Crisis and Islamic Economic Perspective

No	Analysis Aspects	Conventional Economic Perspective	Sharia Economic Perspective	Analytical Synthesis
1	Development Orientation	Economic growth and market expansion	Balance between welfare and sustainability	Economic development must take into account moral and social aspects
2	Debt and Financing	Dependence on debt as the main capital	Avoid usury and speculative financing	The Islamic financial system emphasizes real asset-based financing.
3	Economic Stability	Focus on rapid growth	Maintaining economic stability and justice	Sharia economics emphasizes long-term stability
4	Community Protection	The market is the main controller	The state is obliged to safeguard the benefit of society	Economic policies must protect vulnerable groups
5	Property Crisis	Viewed as a market risk	Seen as a result of economic imbalance	The crisis is an important evaluation for the global economic system.
6	Implications for Indonesia	Impact on trade and investment	There is a need to strengthen the national sharia economy	Indonesia needs to strengthen its equitable and sustainable economic system.

D. CONCLUSION

Based on research analysis, the property debt crisis in China demonstrates a strong link between reliance on debt-based financing, speculative practices in the property sector, and the increasing risk of economic instability. High leverage in property companies, the use of pre-sale systems, and tightening financing policies through the Three Red Lines policy are interrelated factors accelerating the liquidity crisis in China's property sector. These conditions demonstrate that economic growth that relies too heavily on debt expansion and rising asset prices is incapable of creating long-term economic stability.

From a sharia economic perspective, this study found that the financing practices dominating China's property sector contain elements of usury (riba), gharar (gharar), and maysir (gambling), which contradict the principles of justice (al-'adl) and balance (tawazun). The imbalance in risk sharing between companies and consumers, as well as high speculative activity, are indicators that the debt-based financing system has the potential to create economic injustice and systemic vulnerability. Therefore, sharia economic principles that emphasize risk sharing, transaction transparency, and linkages with the real sector are considered more relevant in creating a stable and sustainable economic system.

This study also shows a link between the Chinese property crisis and Indonesia's economic conditions through trade, investment, and the financial sector. China's economic slowdown has resulted in declining investor confidence, weakening investment flows, and reducing global market demand, which indirectly impact Indonesia's economic stability. These findings suggest that Indonesia needs to strengthen oversight of debt-based financing, particularly in the property sector, to prevent similar vulnerabilities.

This research is still limited to a qualitative approach based on literature review, thus not statistically measuring the relationships between variables. Therefore, further research is recommended to use quantitative or mixed methods to empirically examine the influence of debt, property investment, and economic stability. Furthermore, further research could focus on developing a Sharia-compliant property financing model that is more adaptive to global economic dynamics, as well as examining the effectiveness of implementing a risk-sharing system in maintaining the resilience of the financial sector in Indonesia.

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