



## Discourse on Providing Fair Housing for The Middle Class: Housing Preferences of Young Lecturers in Peri-Urban Areas

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### ABSTRACT

Indonesia's middle class, which comprises 66.35% of the total population and accounts for 81.49% of national consumption, faces serious challenges in accessing decent housing in urban areas. Young middle-class individuals face housing unaffordability due to an 11.19% increase in housing prices over the past five years, while government housing policies still focus on Low-Income Communities, leaving the middle class as the "missing middle" without adequate assistance. This study aims to identify the housing preferences of young lecturers, who represent the urban middle class, analyze their adaptation strategies to address housing unaffordability, and uncover the implications of these strategies for the discourse on housing equity. The study was conducted in the peri-urban area of Bandar Lampung, involving 31 young lecturers from the Institut Teknologi Sumatera (ITERA), using in-depth interviews and the Weighted Rank Score (WRS). The findings indicate that location is an absolute factor in the hierarchy of preferences, followed by price and security as fundamental needs. The majority of respondents still rent at up to 20 million rupiah per year, but aspire to housing in the 300-500million rupiah range. This paradox of unaffordability forces respondents to adopt suboptimal strategies: renting while saving, building independently in remote locations with poor infrastructure, purchasing subsidized housing (downward adaptation), or living with their parents. This study confirms that housing affordability for the young middle class is a manifestation of imbalanced market failures and policies that ignore middle-class stratification.

**Keywords:** middle class, youth, missing middle, peri-urban, housing justice

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### ABSTRAK

Kelas menengah di Indonesia, yang mencakup 66,35% dari total penduduk dan berkontribusi 81,49% terhadap konsumsi nasional, menghadapi tantangan serius dalam mengakses hunian layak di perkotaan. Kaum muda kelas menengah mengalami ketidakterjangkauan perumahan akibat harga hunian yang meningkat 11,19% dalam lima tahun terakhir, sementara kebijakan perumahan pemerintah masih berfokus pada Masyarakat Berpenghasilan Rendah (MBR), menempatkan kelas menengah sebagai "missing middle" tanpa skema bantuan yang memadai. Penelitian ini bertujuan mengidentifikasi preferensi berhuni dosen muda sebagai representasi kelas menengah perkotaan, menganalisis strategi adaptasi dalam menghadapi ketidakterjangkauan hunian, serta mengungkap implikasinya terhadap diskursus keadilan penyediaan perumahan. Penelitian dilakukan di kawasan peri-urban Bandar Lampung terhadap 31 dosen muda Institut Teknologi Sumatera (ITERA) melalui wawancara mendalam dan Weighted Rank Score (WRS). Temuan menunjukkan lokasi merupakan faktor mutlak dalam hierarki preferensi, diikuti harga dan keamanan sebagai kebutuhan fundamental. Mayoritas responden masih menyewa dengan biaya hingga 20 juta rupiah per



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tahun, namun menginspirasi hunian berkisar 300-500 juta rupiah. Paradoks ketidakterjangkauan ini memaksa responden mengambil strategi suboptimal: menyewa sambil menabung, membangun secara swadaya di lokasi jauh dengan infrastruktur buruk, membeli rumah subsidi atau tinggal bersama orang tua. Penelitian ini menegaskan bahwa ketidakterjangkauan hunian bagi kelas menengah muda merupakan manifestasi kegagalan pasar yang tidak seimbang dan kebijakan yang mengabaikan stratifikasi kelas menengah.

**Kata Kunci:** kelas menengah, kaum muda, *missing middle*, peri-urban, keadilan perumahan

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## 1. Introduction

The middle class in Indonesia refers to a group of people with income levels, education levels, and lifestyles that fall between the lower and upper classes. Generally, this group has sufficient income to cover basic needs (food, clothing, and shelter). It can access additional needs such as good education, better healthcare, and consumer activities like travel and entertainment. According to the World Bank, the middle class is defined as those with per capita consumption between 3.5 and 17 times the poverty line. Based on the Statistics Indonesia (BPS) poverty line in September 2024, it was IDR 615,763 per capita per month (BPS, 2025). Therefore, people classified as middle class are those whose consumption or expenditure is between IDR 2,155,170 and IDR 10,467,971 per capita per month.

In 2024, the middle class in Indonesia accounted for 66.35% of the total population. Based on data from the Central Statistics Agency (Fiskal, 2024), the middle class is a driving force in various sectors, such as property, education, retail, and tourism (Fiskal, 2024). This finding is supported by the fact that consumption expenditure for these two groups reached 81.49% of total public consumption. (BPS, 2024b). However, the middle class in Indonesia still faces challenges, particularly in economic stability and social uncertainty. Inflation and global economic changes impact the purchasing power and quality of life of the middle class, including the ability to purchase housing in urban areas.

Urban middle-class residents, particularly young people (aged 25-35), are increasingly finding it difficult to access housing in cities due to rising land and housing prices outpacing salary increases. This phenomenon is evident in developing countries such as Indonesia. (Siregar, 2017) and Malaysia (Bujang et al., 2015). The Housing Property Price Index (IHPP) shows that housing prices have increased by 2.76% compared to the previous year (BPS, 2024a). Over the past five years (2019-2024), landed housing and apartment prices have increased by 11.19% and 5.25%, respectively. Furthermore, housing prices in urban areas have reached 17 million rupiah per square meter (Fridian, 2025). Meanwhile, the average monthly income for young people in urban areas is only 2.2 million rupiah (BPS, 2024c). The ratio between annual salary and housing prices is too high, making housing unaffordable, especially for young, middle-class urbanites. This issue has given rise to a housing backlog.

Several government programs have been implemented to minimize the backlog, including the "One Million Houses" program, launched in 2015, and the "Three Million Houses" program, set to launch in 2025. If the Three Million Houses program is successful, Indonesia's backlog problem will be addressed. Various schemes, including housing provision and relief on financing costs, support these programs. Housing assistance takes the form of self-help housing assistance (BSPS), special housing specifically for specific communities such as fishermen, the Indonesian National Armed Forces (TNI), teachers, and low-income housing flats (*rusun*). Housing financing schemes include the Home Ownership Credit (KPR), the Housing Financing Liquidity Facility (FLPP), the Interest Difference Subsidy (SSB), and the Down Payment Assistance Subsidy (SBUM). Existing housing provision and financing schemes are still primarily intended for low-income communities.

When examined within the context of housing policy, the middle-class stratification has not been addressed by existing assistance schemes. Young people in urban areas tend to rent rather than buy homes (KemenPU, 2024). Meanwhile, the lower class is pushed further to the outskirts, while the upper class is assumed to be able to own homes independently. The urban middle class still struggles to own homes due to unaffordability and financing schemes that are not acceptable to their incomes. Consequently, the majority of the middle class chooses to rent houses in the city center or buy homes outside/on the outskirts (Tafridj, 2021). The discourse on fair housing for all segments of society has emerged, particularly among middle-class young people in urban areas. Therefore, examining the preferences of middle-class youth in urban areas is essential.

Research on housing preferences among young people has been conducted previously in various contexts, such as metropolitan cities in developing countries (Adianto et al., 2023; Mulyano et al., 2020; Siregar, 2017) and developed countries (Kam et al., 2018). However, these studies were general in nature and did not consider social and economic stratification. Karsten (2010) and Tafriidj (2021) Previously identified housing preferences among the middle class were not considered in relation to social demographics. Yet, age and social/economic stratification are interrelated. When both are studied in isolation, they are likely to produce inaccurate generalizations. For example, young shift workers will use their homes solely as a place to rest from work-related stress. In contrast, young permanent employees working for national companies are likely to choose homes close to their offices and public facilities. Meanwhile, people with similar incomes but varying ages also tend to have different preferences (Kam et al., 2018). Furthermore, the employment sector likely influences preferences, even within the same age and income range. For example, government employees prefer housing close to their offices to informal workers (such as freelancers who work from home) because of their regular commute and strict working hours.

This research attempts to uncover these three factors as a research context, which serves as a state-of-the-art in housing preference research. Focusing on young lecturers with civil servant status at state universities earning between 4 million and 10 million rupiah per month, this study aims to explore the strategies of young lecturers, who represent the urban middle class, work in the education sector, and have higher education, in overcoming housing inaccessibility. Exploring the housing preferences and adaptation strategies of young lecturers at state universities will also reveal potential disruptions. The research findings can inform the government's efforts to achieve equity in housing provision.

### *1.1 Middle-class housing preferences in urban areas*

Housing preferences are inextricably linked to lifestyle conceptualizations, including age, family type, family size, life cycle stage, social class, income, occupation, education, and values (Beamish et al., 2001). Several studies have revealed the influence of socioeconomic differences on housing preferences in urban areas (Mharzi Alaoui et al., 2022; Wang & Li, 2006; Wulandari et al., 2016). The middle class acts as a catalyst for economic growth and urban dynamics, tending to seek a balance between affordability (Mharzi Alaoui et al., 2022), lifestyle (Mharzi Alaoui et al., 2022), and aesthetics (Shani, 2021).

The OECD (2024) has flagged that the housing affordability crisis is no longer confined to low-income households. The findings showed that young middle-class renters in both developed and developing countries are increasingly unable to transition to homeownership. This is mainly due to high borrowing costs and stagnant wage growth relative to property price inflation. It is not merely a local or individual problem, but a structural phenomenon.

The urban middle class chooses housing based on a combination of family values, social status, and accessibility to urban amenities (Karsten, 2010). This is in line with the findings of Mharzi Alaoui (2022) who revealed that as income and social mobility increase among Morocco's middle class, housing preferences change. The middle class desires residences close to public facilities that support lifestyles such as jogging trails and swimming pools (Beamish et al., 2001; Tafriidj, 2021), close to public transportation, close to workplaces, and affordable prices (Tafriidj, 2021). On the other hand, land ownership status (Wulandari et al., 2016), residential design (Wang & Li, 2006; Wulandari et al., 2016), infrastructure availability (Wulandari et al., 2016), security, and comfort are important factors for the middle-class (Wulandari et al., 2016).

### *1.2 Housing preferences of young people in urban areas*

Housing choices vary widely, influenced by generational differences (Beamish et al., 2001), each with its own distinct characteristics, needs, and tastes (Kam et al., 2018). The increasing presence of young people (synonyms: Millennials, Echo Boomers, Generation Next, and Generation Dot Com) in urban areas, particularly in developing countries such as Indonesia, the Philippines, and Bangladesh, is driving significant demand for housing for young people. The housing market demand for young people has become a topic of discussion in both architectural (Kam et al., 2018; Mulyano et al., 2020), urban (Puspitasari et al., 2022), and marketing (Kaluthanthri & Jayawardhana, 2022) perspectives.

Subagyo et al. (2022) demonstrated through a hedonic demand analysis of 1,672 millennial households that income level, number of dependents, and education significantly shape residential real estate demand. The result confirmed that structural economic constraints determine housing outcomes for young urban

professionals. Complementing this, Analisa and Okada (2023) found that while Indonesian millennials ideally aspire to large landed housing, economic realities increasingly narrow their realistic options to compact housing with limited facilities, revealing a persistent gap between housing aspiration and affordability.

Mulyano (2020) found that when purchasing a home, young people in the metropolitan city of Jakarta consider factors such as location, accessibility, price, physical attributes, amenities, design and aesthetics, developer reputation, and home ownership. The need for a safe, guarded, and fenced environment, the age of the house, and the use of greenhouses are also factors chosen by young people (Kam et al., 2018). Furthermore, a clean environment (Kam et al., 2018; Puspitasari et al., 2022) and freedom from flooding are key residential preferences (Puspitasari et al., 2022). Landed housing continues to dominate the housing choices for young people (Puspitasari et al., 2022).

### 1.3 Weight rank score

Weighted Rank Score (WRS) is a quantitative method for aggregating ordinal ranking data from multiple respondents into a single, comparable priority score for each attribute or criterion. This method belongs to the family of *scoring rules* in social choice theory, in which each ranking position assigned by a respondent is converted into a numerical weight, enabling systematic comparison across attributes (Llamazares & Peña, 2013). The fundamental principle of WRS is straightforward: attributes consistently ranked higher by more respondents will accumulate higher weighted scores, thereby reflecting stronger collective preference. This approach has been widely applied in housing preference studies to identify hierarchical priority structures among respondents (Ismail et al., 2021; Rahmadyani et al., 2022).

The WRS method operates through two sequential steps. In the first step, an inverse weighting scheme is applied to convert ranking positions into numerical weights. Each ranking position  $j$  is assigned a weight  $w_j$  using the formula:

$$w_j = (n + 1) - j$$

where  $n$  is the total number of attributes being ranked and  $j$  is the ranking position (1 = most important,  $n$  = least important). In this study, for example, the  $n = 8$  attributes, rank 1 receives the highest weight of 8, rank 2 receives 7, and so forth down to rank 8, which receives a weight of 1, as shown in Table 1.

Table 1. Weight for Attribute Ranking

Ranking/score	Weight $w_j$ $= (8+1) - j$
1 (most important)	8
2	7
3	6
4	5
5	4
6	3
7	2
8 (least important)	1

In the second step, the total weighted score  $S_i$  for each attribute  $i$  is computed by multiplying the frequency of respondents who assigned each ranking position by its corresponding weight, then summing across all positions:

$$S_i = \sum_{j=1}^n f_{ij} \times w_j$$

where  $S_i$  is the total weighted score of attribute  $i$ ,  $f_{ij}$  is the number of respondents who assigned rank  $j$  to attribute  $i$ , and  $w_j$  is the weight corresponding to rank  $j$ . The attribute with the highest  $S_i$  value is identified as the top priority, while the attribute with the lowest score represents the least prioritized factor.

The WRS method was selected for this study for three reasons. First, it is well-suited to ordinal data collected through direct ranking tasks, which is the data format used in this study's interview instrument. Second, unlike simple frequency counting or unweighted mean ranking, WRS explicitly rewards attributes that receive top rankings by assigning them higher weights, producing a more discriminating priority hierarchy (Llamazares & Peña, 2013). Third, the method produces results that are transparent and directly interpretable, making it particularly appropriate for applied housing research where findings are intended to inform policy recommendations (Ismail et al., 2021).

## **2. Method**

This study focuses on the dynamics of housing preferences in Bandar Lampung City, characterized by the growth of low-density landed housing, particularly in the suburban areas bordering South Lampung Regency. The area around ITERA was chosen as the study context because it is developing as a new residential area that attracts young professionals. The research respondents were young ITERA lecturers who were single or had small families (no children or 1 child) and were socioeconomically middle class. This group is considered representative for understanding initial housing preferences during the transition phase of life, and it also reflects the direction of landed housing development in the peri-urban area of Bandar Lampung.

### *2.1 Data Collection*

A total of 31 active ITERA lecturers were interviewed in-depth. Initially, respondents were asked for demographic data, including age, hometown, marital status, number of family members, home ownership status, desired housing price range (for respondents who do not own a home), and annual rent (for respondents who rent). The interview then focused on considerations when choosing a residence, followed by a ranking of the reasons for that choice. Finally, the interview concluded with a discussion of obstacles to choosing/owning a residence. The housing selection attributes requested were ranked in order of priority: 1) Location; 2) Price; 3) Security; 4) Land size and house size; 5) Surrounding environment (physical and social); 6) House design; 7) Availability of facilities; 8) Etc. (to be completed based on interview results). After the attributes were established, respondents were asked to rank each attribute from most to least important according to their preferences. In this ranking system, rank 1 represented the highest priority, while rank 8 represented the lowest priority.

Using a combination of qualitative interviews and quantitative WRS is a powerful methodological strategy in housing preference studies. A qualitative approach allows researchers to uncover inconsistencies in respondents' statements and considerations that are not always captured by numbers alone. Meanwhile, WRS translates these preferences into structured, comparable quantitative weights. The combination of these two methods also provides a richer context for the numerical results, so that the resulting figures do not stand alone but can be interpreted in light of respondents' experiences, perspectives, and motivations. Thus, integrating qualitative interviews with quantitative WRS increases the validity and depth of research findings, both conceptually and empirically.

### *2.2 Data Analysis*

The analysis phase was conducted using three approaches. Frequency analysis was used to map the distribution of respondents' demographic characteristics and socioeconomic conditions, thereby obtaining a picture of the socioeconomic groups formed. Next, content analysis was applied to examine the results of in-depth interviews to identify patterns, trends, and key themes in respondents' housing preferences. Finally, a weighting analysis using average values was conducted to calculate priority weights in housing selection.

The responses were then tabulated into frequency distributions for each ranking position. The number of respondents assigning a particular rank to each attribute was recorded and presented in the frequency/order table. To determine the overall priority level of each attribute, a weighted score calculation was applied. Each ranking position was assigned a specific weight, with higher-priority rankings receiving larger weights. Finally, the total weighted scores were compared among all housing attributes. Attributes with higher total scores were interpreted as having higher importance or preference levels among respondents.

### 3. Result

#### 3.1. Respondent Demographics

Table 2 presents the demographic characteristics of respondents, reflecting their social background and living conditions. Based on city of origin, the majority of respondents came from outside Bandar Lampung City, while a small proportion were residents of the town. In terms of marital status, the number of married respondents was approximately equal to that of single respondents, indicating variation in life-cycle stages within the respondent group. In terms of the number of family members (including themselves), respondents predominantly belonged to small households, including those living alone, couples without children, and families with one child. Households with four or more members were relatively few.

Regarding housing ownership status, the majority of respondents still lived in rented housing, compared with those who owned their homes. The most common rental price range was up to 20 million rupiah per year, while respondents with rents above 20 million rupiah were limited. Regarding desired house prices, the majority of respondents preferred the 300–500 million rupiah range, followed by lower and higher price ranges, reflecting their economic capabilities and aspirations as middle-class individuals.

Table 2. Respondent Demographics

	Demographic	Frequency
City of Origin	Within City	6
	Outside City	25
Marital Status	Married	17
	Not Married	14
Number of Households (including Self)	1 (Single)	8
	2 people (Husband/Wife/Mother)	7
	3 people (1 Child)	9
	≥4 people (≥2 Children)	7
Ownership Status	Own	11
	Rent	20
Rental Price (Rp/year)	≤10 Million	9
	10.1-20 Million	9
	>20 Million	2
Desired House Price (Rp)	150- <300 Million	7
	300-500 Million	17
	500-650 Million	3
	1 Billion	4

#### 3.2. Considerations in Choosing Housing

From the interviews, several major themes were identified as primary considerations for young lecturers when choosing a place to live in peri-urban areas:

- a. **Location and Accessibility.** Location was the most dominant factor, with several specific aspects being considered. Nearly all respondents cited proximity to the office as a top priority. Reasons cited included time efficiency and convenience in daily routines. Furthermore, young lecturers desired a strategic location with easy access to various amenities, such as places of worship (mosques), shopping centers/markets, healthcare facilities, and schools for children. Several respondents specifically mentioned a preference for being away from alleys and for wide roads for easy access. Interestingly, some respondents preferred locations not too close to the city center to avoid traffic congestion, reflecting the peri-urban character that offers a balance between accessibility and tranquility. Several participants also chose to live in Bandar Lampung City rather than in South Lampung Regency due to the ease of government administration.
- b. **Environmental Security.** Environmental security emerged as one of the most crucial considerations in respondents' housing preferences. This theme was repeatedly expressed across various narratives,

including the need for a safe and secure environment, the presence of security guards or a security system, and the tendency to choose housing complexes perceived as more secure. In addition to physical aspects, respondents also emphasized the importance of an orderly environment free from social conditions deemed "toxic," which could potentially disrupt the comfort and tranquility of daily life. This strong emphasis on security indicates that a sense of security is viewed as a fundamental, non-negotiable need in housing decisions. For young lecturers, especially those with families, security relates not only to the protection of assets and physical safety but also to ensuring a high-quality social environment that supports a stable and comfortable family life.

- c. **Financial Aspects.** Financial considerations are a key factor in respondents' housing preferences, as reflected in perspectives on housing prices. Respondents emphasized the importance of affordable prices, the appropriateness of prices to land area, legal clarity, and the flexibility of payment systems, particularly through installment plans. Furthermore, price is understood within a trade-off framework alongside other factors, such as location and the availability of facilities, in decision-making. Interestingly, although price is a significant factor, it does not always take absolute priority. Respondents tend to view price as an element that must be in "balance" with the benefits and quality obtained, so that housing decisions are not based solely on the nominal price, but rather on the overall perceived value of the residence.
- d. **Physical Characteristics of Housing.** The physical characteristics of housing are also an essential concern for respondents, particularly those related to land quality, space, and the building's technical aspects. In terms of land area, respondents tended to expect at least 60 m<sup>2</sup> of space for daily activities. This requirement reflects the desire for a home that is not only suitable in size but also able to accommodate family needs in the medium term. Furthermore, design and spatial planning aspects were also considered, including the suitability of the house design, room functionality, efficient layout, natural lighting, and the quality of interior and exterior design that supports the building's aesthetics. From a technical perspective, respondents focused on a sound building structure, an adequate drainage system, and the correct position or orientation of the house.
- e. **Infrastructure and Utilities.** The need for basic infrastructure also emerged consistently in respondents' statements. The availability of clean water was a crucial requirement, with an emphasis on easy access and an unimpeded supply in daily life. Furthermore, flood-freedom was explicitly mentioned by several respondents as a key consideration, reflecting sensitivity to environmental risks and long-term comfort. A good drainage system was also a concern, as it was seen as crucial to maintaining the quality of the residential environment and preventing inundation and flooding.
- f. **Environmental and Social Quality.** Social aspects and environmental quality were also important considerations in respondents' housing preferences. A comfortable environment was often described as "cozy," "serene," and "cool," reflecting a need for a residential atmosphere that supports tranquility and well-being. Furthermore, environmental cleanliness was also a concern, with an emphasis on clean, tidy, and orderly conditions as part of daily quality of life. On the social side, the character of the neighbors was seen as influencing the comfort of living, with a preference for neighborhoods where residents were harmonious, undisturbed, and respectful of one another. An active social life, such as the existence of neighborhood associations or communities that were sufficiently busy but not excessively busy, was also considered important for building a sense of togetherness and social security. Several respondents also considered population density, tending to choose neighborhoods that were not too dense to maintain comfort, but not so quiet as to feel unsafe or unlivable.
- g. **Legality and Administration.** Legality and administration were also considered in respondents' housing preferences. Clarity about land legality was seen as necessary to provide a sense of security and long-term legal certainty. In addition, the status of the land conversion is taken into account, primarily to ensure that the residence is located in an area consistent with its intended use and does not pose potential legal or planning problems in the future.

### *3.3. Priority Order of Housing Preferences*

The WRS results table (Table 3) shows the priority order of respondents' considerations when choosing a residence based on the average weighting of the ranking assessments. Location was the highest priority with

the highest average value, indicating that proximity and location were the most important factors for respondents. Price was second, followed by security, confirming that affordability and safety were the primary considerations after location. Land size, house size, and the surrounding environment (physical and social) ranked in the middle, reflecting the importance of spatial quality and environmental context. However, they were still considered below location and price.

Meanwhile, house design and amenity availability ranked lower, indicating that aesthetics and supporting facilities were negotiable factors for respondents. The miscellaneous category, which included flood-free status, traditional customs, privacy, comfort, land function, and layout suitability, ranked last, with the lowest average value, indicating that these factors were complementary rather than primary determinants in housing decisions. Overall, this table illustrates a pattern of residential preferences that prioritizes spatial and economic aspects over design aspects and other factors.

Table 3. Result of WRS

Housing attributes	Rank	Frequency/rank								Score (S)
		1	2	3	4	5	6	7	8	
Location	1	10	9	2	1	5	4	0	0	192
Price	2	6	7	3	1	6	4	4	0	164
Security	3	3	4	5	7	3	5	3	1	151
Land and housing size	4	3	4	4	6	3	6	4	1	145
Surrounding environment	5	2	4	7	2	5	5	6	0	143
Housing design	6	4	1	4	7	7	1	6	1	142
Availability of the facility	7	2	2	5	7	2	6	7	0	135
etc. (ex., flood-free, custom and privacy, comfort, land conversion, layout suitability)	8	1	0	2	0	0	0	1	3	25
TOTAL		31	31	32	31	31	31	31	6	

### 3.4. Obstacles in Choosing Dwellings

Price is the main obstacle to young lecturers' housing choices. Respondents are in a difficult trade-off situation, where housing in strategic locations near campus is offered at very high prices. At the same time, more affordable options are generally located in remote areas or are small. This condition is further aggravated by the KPR scheme, which is perceived as unrealistic and inadequate for the financial needs of young lecturers in the early stages of their careers. This dilemma, in turn, led to the emergence of the peri-urban paradox. Respondents chose to live in suburban areas to avoid traffic jams and high housing prices in the city center, but instead faced long distances and poor-quality road infrastructure. This situation shows that the development of peri-urban areas has not been accompanied by adequate, integrated transportation infrastructure.

Utility infrastructure problems strengthen indications of weak peri-urban housing planning. The availability of clean water and drainage systems, which should be necessities, remains a serious problem. In fact, repeated flooding events reflect poor water management planning and a lack of attention to hydrogeological aspects in the housing development process. In addition, the low quality of buildings indicates a tendency among peri-urban developers to reduce prices at the expense of construction quality. Residential designs that remain uniform and follow developer templates indicate minimal adjustment to residents' specific needs, especially for young lecturers who are starting to build families and need flexible space.

Security concerns are also genuine in peri-urban areas. Illegal racing activities and criminal acts, such as robbery, that are not mitigated by formal security measures like CCTV or security officers, create a sense of insecurity among residents. This condition conflicts with the need for security, which, in the WRS results, was identified as one of the main priority factors in housing preferences. The gap between the need for facilities and their availability reflects a non-integrated housing development pattern. Developers tend to build housing units without ensuring the availability of supporting infrastructure, such as public, commercial, and social facilities. As a result, residents have to travel relatively long distances to meet their daily needs, thereby increasing time and cost burdens. Low environmental quality also indicates weak regulations and rule enforcement in area management. Social problems, such as a lack of privacy and noise, reflect the absence of

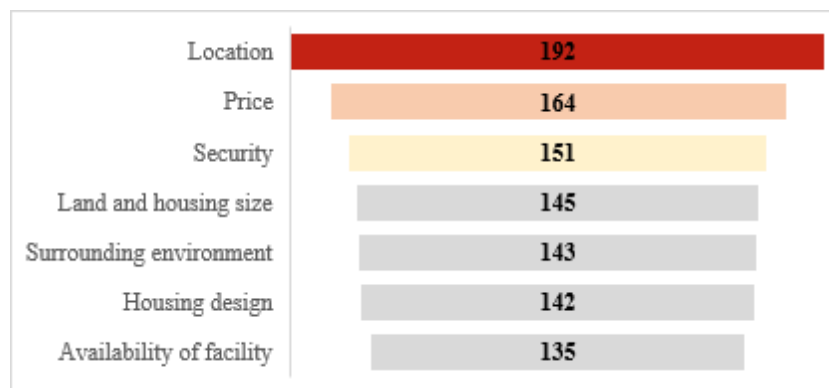
transparent community governance or weak enforcement mechanisms for residential environmental regulations.

Lastly, the issue of legality shows that housing development practices are not administratively orderly. There are indications that development is being carried out without all necessary permits or on land with problematic conversion status. The problem of administrative domicile increasingly highlights that many housing developments are occurring in inter-administrative border areas without adequate planning coordination, potentially giving rise to legal and public service issues in the future.

#### 4. Discussion

The results of the analysis show that there is a clear priority structure in the residential preferences of young lecturers, which can be grouped into several levels of importance (tier) (Figure 1). Location occupies the highest position as Tier 1 (absolute), with the most dominant value, confirming that aspects of proximity, accessibility, and the spatial position of residence are the main prerequisites for residential decisions. Without meeting the appropriate location criteria, other considerations tend to become irrelevant to respondents.

Furthermore, price and security are at Tier 1 (very important), indicating that economic affordability and a sense of security are fundamental needs that go hand in hand with location. These two factors are understood as minimum thresholds that must be met, although limited negotiation remains possible as long as the resulting value is considered commensurate. Meanwhile, land/house size, surrounding environment, house design, and availability of facilities are at Tier 2 (important). These factors serve as supporting elements that influence the quality and comfort of living, but are relatively more flexible and open to compromise than those in Tier 1. This pattern shows that respondents' housing decisions prioritize meeting basic needs over improving housing quality.



Notes:

- : Tier 1 (absolute)
- : Tier 1 (very important)
- : Tier 1 (very important)
- : Tier 2 (decision support)

Figure 1. Hierarchy of Priority Choices for Young Lecturers in Peri-urban Housing

These findings show a pattern different from that in the general urban middle-class literature. Karsten (2010) and Tafriidj (2021) found that the middle class in urban Jakarta seeks a balance among affordability, lifestyle, and accessibility, with these factors given relatively equal weight. However, the findings of this research reveal that location is a non-negotiable factor, even outperforming price as a primary consideration. This phenomenon reflects the distinctive characteristics of highly educated professional groups with spatially constrained job mobility.

#### *4.1 The Middle-Class Paradox: Dwellings' Aspirations vs. Economic Reality*

This research reveals a fundamental paradox in the housing aspirations of the urban young middle class. Demographic data show that the majority of respondents (17 out of 31) want housing priced at 300–500 million rupiah. At the same time, interview results confirm that price is the primary structural constraint, creating a trade-off dilemma that cannot be satisfactorily resolved. With the average monthly income of young lecturers in the range of 4–10 million [based on research criteria], it appears that there is a structural gap between purchasing power and housing market prices.

If we use the international housing affordability ratio standard, which considers housing affordable when the ratio of house price to annual income is below 3:1 to 5:1, then with an income of 4–10 million per month (48–120 million per year). Then, the affordable housing should be priced between 144 and 600 million rupiah. Respondents' aspirations in the range of 300–500 million are theoretically still within the marginally affordable limits for the upper-income group (8–10 million), but become severely unaffordable for the lower-middle-income group (4–6 million). This situation is made worse by the IHPP data (BPS, 2024a). This shows that residential prices have increased by 11.19% in the last five years, while the increase in ASN salaries is not directly proportional to property inflation.

This paradox becomes even more pronounced when compared to the AHP findings. Although price is the most obvious empirical constraint (section 3.4), in the preference hierarchy, it is only second to location. This phenomenon can be interpreted from two perspectives. First, there is adaptive rationalization, where respondents accept price unaffordability as a given, shifting the focus of decisions to factors that can still be controlled, namely, strategic location to minimize transportation costs and time. In this case, location priorities do not reflect ideal preferences but rather loss-minimization strategies under unfavorable market conditions. Second, there is cognitive dissonance between normative aspirations (what should be prioritized) and the reality of decision-making (what is prioritized in practice). Respondents rationally understand that price is the primary constraint, but in the actual decision-making process, the urgency of location, which directly affects daily routines, forces price to become a variable that is "adjusted" through trade-offs with other aspects such as house size, building quality, or ownership status (rent vs. buy).

This finding also confirms the phenomenon revealed by Tafriidj (2021). The middle class in Greater Jakarta chooses to rent in strategic locations rather than buy on the city's outskirts. Research data show that 20 of 31 respondents still rent, with the majority of rental costs in the range of 20 million per year (equivalent to 1.67 million per month). This pattern indicates that the majority of respondents chose to postpone ownership and allocate resources to meet strategic location needs, even at the cost of not building property assets in the long term. This decision reflects short-term pragmatism driven by market imbalances: rather than being tied to a mortgage for a home in a remote location with poor-quality infrastructure, respondents chose the flexibility of renting while waiting for more favorable market conditions or for sufficient capital to accumulate.

Furthermore, this paradox shows the failure of existing housing finance schemes. Respondents explicitly stated that conventional mortgages were "unrealistic" and "less suited to financial capabilities." If we examine it, a KPR scheme with a DP of 20–30% for a house of 300–500 million requires initial funds of 60–150 million rupiah—a figure that is very difficult to achieve for young lecturers at the initial stage of their career who still have various other financial needs (living costs, further education, or family support). Monthly installments with interest of 6–8% for a tenor of 15–20 years will amount to 2–4 million per month, which means spending 40–100% of the lower-middle-income group's income, far exceeding the standard healthy debt service ratio (maximum 30–35% of revenue).

This condition confirms the argument in the background that existing government schemes (FLPP, SSB, SBUM) only accommodate low-income communities with a specific house price limit (generally below 200 million), while the middle class whose income is above the low-income communities threshold but not enough to access decent housing in strategic locations is trapped in the "missing middle" - too "rich" to get subsidies, but too "poor" to buy a house independently without heavy financial burdens.

#### *4.2 The Middle Class as the "Missing Middle" in the National Housing Agenda*

The findings of this research confirm the existence of a policy blind spot in the national housing provision agenda, where the middle-class group, especially highly educated young people with incomes of 4–10 million per month, are not accommodated by existing assistance schemes. As revealed in the background, government

programs such as "one million houses" and "three million houses", as well as supporting schemes (BSPS, special houses, FLPP, SSB, SBUM), are designed exclusively for low-income communities with certain income and house price thresholds (generally a maximum of 4 million per month and house prices below 200 million).

The group of respondents in this study, young lecturers with ASN status who earn above the low-income communities threshold but face unaffordable housing in strategic locations, are trapped in a "missing middle" position: too rich to receive subsidies, too poor to buy independently without heavy financial burdens. This condition creates a structural squeeze that forces the middle class to adopt suboptimal adaptation strategies, as identified in section 3.4.

- a) Rent a house near the office while saving to buy in the future. This strategy provides a short-term solution but delays asset development and creates long-term uncertainty about housing tenure. Respondents who come from outside the city and/or are in a long-distance marriage or plan to continue their doctoral studies outside the city tend to choose this strategy for its flexibility. However, with rental prices reaching 10–20 million per year, the accumulated rental costs over 5–10 years could reach 50–200 million—a sum that could actually serve as a down payment on ownership.
- b) Buy land that is close to the office and build a house independently. This strategy provides complete control over the design and quality of the building, but requires significant upfront capital and involves the risk of construction stalling due to limited cash flow. More critically, this choice places respondents in peri-urban areas with poor infrastructure (as revealed in section 4.3) and may encourage socio-economic segregation through the development of residential enclaves by income strata, without healthy social integration.
- c) Buy a subsidized house as their first home. This finding is very significant because it demonstrates downward adaptation, in which the middle class is pushed into access schemes intended for lower-income groups. Even though it provides an ownership solution at an affordable price, this strategy has two implications: first, it creates competition with the low-income communities which should be the main target of subsidies, thus potentially crowding out groups who need it more; secondly, placing respondents in suburban areas with low environmental quality and accessibility, and potentially creating the phenomenon of empty houses due to incompatibility of location with the place of work, so that the house is only used as an investment asset or rented out instead of being lived in.
- d) Living at home with parents. This strategy is only feasible for respondents who live within the city or its surrounding areas and reflects an extended reliance on family as a safety net amid housing market unaffordability.

Based on the research findings, several policy recommendations can be considered to develop a special financing scheme for the middle class. Apart from that, developing partnerships between ITERA with developers and local governments to provide special residential areas for lecturers with preferential financing schemes. One promising policy intervention to address the housing gap for the missing middle is the adoption of cooperative multi-family housing (*rumah flat*), a community-led housing model (Jakarta Property Institut, 2023). The project has been pioneered in Indonesia by the Rujak Center for Urban Studies (RCUS) through the Rumah Flat Menteng project in Central Jakarta (Rujak Center for Urban Studies, 2024; The Jakarta Post, 2025).

The project operates through a housing cooperative model, enabling collective land ownership, cost-sharing, and democratic governance among residents. This model is particularly relevant for the young middle-class professionals identified in this study, as it offers affordable ownership in strategic urban locations without reliance on conventional mortgage schemes that have been identified as structurally inaccessible (Satrio, 2025). Adapting this concept to peri-urban contexts such as Bandar Lampung, where land costs are comparatively lower, but infrastructure remains underdeveloped, may represent a viable and replicable alternative to address the structural housing gap faced by young lecturers and similar professional groups.

## **5. Conclusion**

This research reveals the complexity of the housing preferences of young lecturers, representatives of the urban middle class, who face structural challenges in accessing decent housing. Through a combination of qualitative and quantitative approaches (AHP), this research identified a hierarchy of preferences that places location as

an absolute factor (Tier 1), followed by price and security as fundamental needs. At the same time, other aspects of residential quality are more flexible and negotiable. The main findings of the research show that the paradox of housing unaffordability experienced by the young middle class is not merely an individual economic problem, but rather a reflection of systemic failure at three levels: (1) market failure that produces an imbalance between housing prices and purchasing power; and (2) the failure of policies that place the middle class as the "missing middle" without adequate intervention instruments.

The adaptation strategy chosen by respondents reflects the absence of ideal choices and the rationalization of compulsion in dealing with structural constraints they cannot control. The phenomenon of downward adaptation, in which the middle class accesses low-income communities' subsidy scheme, reflects a policy distortion that can create unhealthy competition and reduce the effectiveness of the housing backlog alleviation program for groups who need it most. This research emphasizes the urgency of redefining housing justice to focus not only on providing shelter for low-income groups but also on accommodating the needs of the middle class as a social investment that produces positive externalities. Providing decent housing for young lecturers and other highly educated professionals is not a privilege, but a prerequisite for the sustainability of the education ecosystem and public services in developing cities such as Bandar Lampung.

This study has several limitations that warrant acknowledgment. First, the focus on a group of young lecturers at one institution (ITERA) limits the generalisability of the findings to the urban middle class as a whole. The job characteristics of lecturers with spatially bound job mobility may result in different preference patterns from those of young professionals in other sectors (for example, technology workers who can work from home or shift workers in manufacturing). Further research should explore the housing preferences of other middle-class groups across a variety of employment sectors to better understand the spectrum of needs. Second, this research is cross-sectional and captures preferences at a single point in time. In contrast, housing preferences are dynamic and change with the life cycle, economic conditions, and regional development. Longitudinal research that tracks changes in residential conditions and respondents' preferences, along with the development of ITERA and its surroundings, will provide a deeper understanding of the housing career trajectory of the young middle class and the factors that influence the transition from renter to owner, or from residence in a marginal location to a more strategic location.

Lastly, this research was conducted in the peri-urban context of a medium-sized city (Bandar Lampung), and findings may differ in a large metropolitan context (Jakarta, Surabaya) or a small city with different housing market dynamics. Comparative studies across cities of various sizes and levels of development will enrich the understanding of variations in preferences and challenges faced by the young middle class across urban contexts in Indonesia.

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