

FACTORS INFLUENCING SHARIA HOUSING PRODUCT PRICING IN BANDUNG CITY: A PRELIMINARY STUDY

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Abstract: *This study aims to define the sharia property, a new concept from business property to fulfil the needs of Muslims community in buying houses without intermediaries banking institutions, particularly in Bandung. The study also tries to uncover the most dominant factor which affects people to purchase sharia housing. 138 respondents from Bandung city was surveyed, with various demographic backgrounds. The data are examined using descriptive and regression analysis. The variables of this research are housing preferences like the overall physical qualities, price, development concept, and location preference. The study findings suggested that in overall, consumers have embraced the idea of Sharia housing concept in Bandung, Indonesia. They grasp it not only on the matter of Riba, but also in the insight of investment. It proves by the interest from consumers who are non-Moslem. The results of this study would be beneficial for all stakeholders, particularly for the consumers, property developers, government, and academicians.*

Keywords: *Islamic Finance, Property, Islamic Housing, Sharia, Product Pricing*

Introduction

Housing product perceives as one of the essential business in this world. So fundamentals that the purchasing choice for housing product is regularly dedicated to an arrangement of the complex decision-making process for their customers' life (Daly et al., 2003). house costs matter for large-scale prudential purposes, and also for socio-demographics. Purchasing a house will be an essential thing to think about the term trends. Progress has been made regarding other housing-related social indicators that are arising. These signs of long run over to long-term market help to give a complete picture of the developments in the residential market. For some nations, the new challenge is to move beyond just merely ordering house price indexes and to necessity a complete picture of the housing business sector and its effect on society (IMF Global Housing Watch, 2017).

In Indonesia, based on data from the Ministry of Public Works and People's Housing (KemenPUPR), there is an increase in investment which takes 1.2 million housing units annually. In 2025, according to the Director-General of Housing Finance of the Ministry of PUPR Maurin Sitorus, the cumulative housing requirement reaches 30 million units (Okezone, 2017).

One of the factors that affect people to buy a house is their religion. As presented by Raman (2014) that religion plays a significant part in deciding consumer satisfaction while choosing products whereby Muslim people lean toward a higher trust and faithfulness in products from Islamic banks. It indicates that there are differences between Islamic and conventional banking.

A sharia-based economic system that grew very rapidly in Indonesia also penetrated into the property business. In recent years, sharia property business in Indonesia has experienced significant growth. According to data from the Financial Services Authority (OJK), the share of property purchases through the sharia system increased 11.23% per year (Liputan6, 2016).

Indonesia is the largest Muslim populations in the world, as just over 87% of Indonesians are Muslim on the 2010 census. The adherents of the Christian religion is 9.87% while the Hindus are 1.69%, 0.72% are Buddhist, and 0.56% practice different beliefs (World Population Review, 2017). Along with the increasing number of residents as well as the majority population of Indonesia is Muslim, at this time there is a growth of business property with the concept of sharia which aims to facilitate the general public, especially Muslims in buying houses without intermediaries banking institutions. Sharia property is an inner system of a business property that uses Islamic sharia rules as a rule to play. So, in procurement, sales, design and everything about it rests all to sharia law. The concept of housing sharia is expected to meet the wishes of the community especially Muslims who want to buy a house as a place to live or as an investment (Imansari, 2016).

According to Oxford Dictionary, sharia is Islamic standard law based on the lessons of the Koran and follow the Prophet used to do (Hadith and Sunna), prescribing both religious and common obligations and infrequently retributive punishments for lawbreaking. It has an inside framework that utilizations Islamic sharia runs generally speaking to play.

In Indonesia, things that use sharia names or labels are sufficient many emerging and become a trend in various field, both business field of products and services. Examples of businesses engaged in services, among other sharia financial institutions, such as sharia banking, Takaful (*takāful*), sharia pawnshops (*Rahn*), sharia capital markets, Islamic mutual funds, *baitul maal wattamwil*, and cooperatives, also ZISWAF (*Zakat, Infaq, Shadaqah, and Waqf*). In addition to financial institutions, companies engaged in the field of products and services are also many which use sharia labelling as its corporate identity, such as, sharia salon, sharia hotels, sharia market, and sharia housing. The architecture of sharia housing is designed with Islamic concept. That is, from regarding door ornaments like door decoration in mosques in general, ornamental as it is in the house, there is a particular room on the porch of the house used as a living room, and the stairs leading to the two rooms are outdoors. This residential user is reserved for Muslims only Direct payment system through developers (at home) using the *Ijārah Muntahiya Bittamlik* (IMBT) contract and *Ujrah* as profit is also free *Usury* (Kholifah, 2016).

In recent years, sharia property business in Indonesia has experienced significant growth. According to data from the Financial Services Authority (OJK), the share of property purchases through the sharia system increased 11.23% per year. As revealed by Deputy Commissioner for Banking OJK, Achmad Bukhari, written by Liputan6 (2016), this is a sign that business opportunities for sharia property are still wide open. Sharia property business is getting public attention from all sides. In addition to opening access to low economic communities, sharia economy can also contribute to long-term financing in the field of housing. It is just in the application, but innovation products offered sharia economy needs to be introduced again to the community.

Most people still do not even know what sharia property is about, although they follow the religion of Islam. The awareness to use something sharia is still on the minimum level whereas Islam law strongly said to His people to run the Sunna. It mentions in Surah al-Jathiya, Verse No.18; it says that: "Then We put you, (O Muhammad), on an ordained way concerning the matter (of religion); so follow it and do not follow the inclinations of those who do not know".

In Bandung city, there are also some developers who try to make this kind of concept. But do they believe that consumers know well about sharia housing? Even if they know, do they need it? Do they want to pay more for additional sharia facilities?

This study aims to find the answers to those foundation questions about Sharia property products in general. By understanding the most dominant factors, it hopes that further research can be performed to explore the various dominant factors which affect consumers when purchasing Sharia property products.

Literature Review

Studies on sharia property are still scarce to find, but there is some previous research which is related to this topic.

Table 1. Previous Researches

| No | Author | Title | Research |
|----|------------------------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| 1. | Adiyanto et al. (2017) | Consumer Behavior Analysis in Choosing Conventional or | The objective of this research is to analyse sharia mortgage market section given psychographic and demographic. It suggests |

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| | | Sharia Mortgage Product in Indonesia | that an expert figure from the religion of Islam is required to persuade the group to be more pro-sharia financing additionally to expand the sharia mortgage share. |
| 2. | Imansari (2016) | Analisis Strategi Pemasaran Perumahan Syariah Ditinjau dari Segi Marketing Mix (7P's) di D'Ahsana Property Pusat Malang | This research suggests to adding the new type of the products with a small housing that can be reached by people with an affordable price because the demand for it is always increasing year by year. |
| 3. | Rahadi et al. (2014, 2015, and 2016) | Factors Influencing the Price of Housing in Indonesia; Comparison of the Property Practitioners and Consumer Preferences; Factors Affecting Housing Products Price in Jakarta Metropolitan Region | These studies were looking for the factors which can affect the price of housing products in Jakarta Metropolitan Region. There is a strong connection between inclinations that are being proposed by the land designers and the private buyer. The objectives of this research are already efficient with an information check, improvement, information accumulation, and approval of the proposed natural elements affecting the cost of housing products. |
| 4. | Kholifah (2016) | Penerapan Kepatuhan Syariah (Sharia Compliance) dalam Jual Beli Perumahan Multazam Islamic Residence, Karang Anyar, Sidoarjo | The study expected that the developer immediately formed sharia consultant to utilise the contract in buying and selling transaction by sharia law. |
| 5. | Azmin et al. (2015) | Determinant Concept of Ethical Islamic Business Practices among Housing Developers in Malaysia | The housing projects development relies upon how the determinant elements of ethical business practice with regards to the developers impacting the decision making of every progress in the housing project. This research tries to explain how the practice of housing project executes inside the structure of ethical business morals of Islam. Those ethics are vital for the housing project, and it's been turned out to be a valuable business instrument with a specific end goal to recognise and resolve the business conduct. |
| 6. | Dahlan and Aljunid (2011) | Shariah and Legal Issues in House Buying in Malaysia The Legality of Bay'Bithaman-Al Ajil ('BBA') with Special Reference to Abandoned Housing Projects | This research aims to see the extent to which the purchase and sale agreements and also loan agreements have met the prerequisites Islamic law in securing partners and giving a useful exhortation to enhance existing practices. The paper presumes that practices that occur in Malaysia are still in opposition to the lessons of Islam and ought to along these lines be adjusted and corrected to the full extent equipped for securing the interests of the purchaser/borrower. |
| 7. | Raman (2014) | Does Religion Inflate Customer Satisfaction on Islamic Housing Loan Consumers in Malaysia | The results of this research proving that banking marketers in Malaysia who comprehend the social bond and beliefs of Malaysian multi-partisan utilisation cannot underwrite or benefit fundamentally by serving the necessities of housing loan purchasers only utilising the term "Islamic". It is strongly shown that the name "Islamic loan" be conceivably connected with religion yet not related to religion and client satisfaction. |

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|-----|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8. | Flint (2006) | Faith and Housing Promoting Community Cohesion or Contributing to Urban Segregation | This study tries to utilise parallel level-headed discussions and improvements in religious-based training arrangement in the UK to examine how the promotion of religious-based housing associations may affect on ideas of group union inside UK housing and urban settlement. There is a developing acknowledgement of the significance of religion as a critical measurement of housing conditions, needs, and desires. Specifically, the Muslim housing measurement is the subject of intense approach intrigue. |
| 9. | Astuti (2009) | Housing Finance Scheme for the Poor using Islamic Microfinance System: A Promising Approach to Enabling Strategy | Since most family units not just have no budgetary limit yet additionally have no entrance to housing finance institutions, they cannot enhance their housing condition. Embracing the issue of a financing plan for poor people into Islamic Microfinance consequently can be a potential development to fill the gap between housing needs and low wage group. |
| 10. | Wahyuni et al. (2017) | Pengaruh Sikap, Norma Subjektif, Perceived Behavioral Control dan Religiusitas terhadap Niat Memiliki Rumah Berbasis Pembiayaan Syariah di Kota Banda Aceh | This research is intended to inspect the impact of the state of subjective norm, attitude, religiosity, and perceived behavioural control, both at the same time and somewhat to possess home based on Islamic financing standards. Given the aftereffects of the exploration that the factor of religiosity has no impact on the expectation of owning a house in light of Islamic financing. This is because of the low estimation of the act of client, or individual religion has given the investigation of Glock and Rodney's hypothesis of religiosity (1968: 123). Moreover, most clients have not felt a reasonable benefit-sharing framework in Murabaha, Istishna and Musyarakah Mutanaqisah. In practice, the financing office in sharia keeping money still alludes to SBI (Sertifikat Bank Indonesia), not yet utilising sharia standards and at last sharia banking has not isolated from the arrangement of interest. |
| 11. | Wahab et al. (2016) | Promoting Housing Affordability in Malaysia: Can Islamic Finance Play a Role | The result recommends that Islamic finance plays a bigger role in advancing moderateness by a reasonable and maintainable financing. It also features that Islamic finance has figured out how to satisfy the goals of accomplishing the <i>Maqasid al-Shariah</i> . |
| 12. | Malkawi (2013) | The Alliance Between Islamic Law and Intellectual Property-Structure and Practice | This study suggests that the best approach is to combine Islamic law as found in religious texts and different wellsprings of the statute with thinking that encapsulates the law and modernity. Sharia keeps up an innovative, dynamic, and adaptable. Some Sharia policy can be extended to meet current contemplations while holding centre standards as static. |

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| 13. | Putra (2017) | Faktor-faktor yang Mempengaruhi Keputusan Pembelian Rumah dengan Sistem Syariah Tanpa Bank - Studi Kasus Developer Properti Syariah Bogor | KPR Sharia is one of the alternatives that help the Muslim community to avoid the practice of usury in conventional banks. But the emergence of property developers without involving banks in the scheme, such as the Sharia Property Developer (DPS) can be an alternative for the Muslim community in meeting the needs of the house. The result of this research shows that consumer knowledge factor, the scheme offered by DPS, location, price, and profession of the private employers have a positive and significant effect to the decision of house purchase through DPS. |
| 14. | Diamond (2000) | Islamic Housing Finance | There is a difference between the legal code and the moral code of the majority religion in most societies today. Regardless of this, numerous people arrange their own and business relationships with their religion's common moral law. For these people, an issue emerges at whatever point they think about borrowing funds for housing. That issue is how best to organise the transaction to avoid from abusing vital moral principles saw by them to apply. |
| 15. | Taleqani (1983) | Islam and Ownership | In contrast to socialism and capitalism, Islamic economy stated the property of a portion of basic natural resources, while it also enables the private property to prosper in the society as long as it is not inconvenient to the interests of the society altogether. In Islam, ownership is well-thought of a consecrated trust, a temporary title held by the owner as long as he does not encroach on the privileges of others and completely notice the conditions attached to it by the Islamic law. |
| 16. | Ismail et al. (2014) | Selection Criteria for Islamic Home Financing in Malaysia | The outcome demonstrates that religious, service quality, reputation, social influence, also media advertisement turns into the essential factors that impact the choice of Islamic home financing. |
| 17. | Fellow & Hijazi (2010) | Islamic House Financing A Critical Analysis and Comparison with Conventional Mortgage | This study suggests that Islamic house financing is distinctive and unmatched with conventional mortgages and has the component to avoid the financial crisis. Experts of Islamic financial system need to show the knowledge and aptitude to lead the public towards a new system appropriately. |
| 18. | Amin et al. (2013) | An Integrative Approach for Understanding Islamic Home Financing Adoption in Malaysia | The empirical finding shows that subjective norm, attitude, simplicity, compatibility, relative advantage, and perceived behavioural control have a direct effect on the Islamic home financing adoption. It also clarifies that bank clients will adopt the greater the variables, the more probable the products of Islamic home financing by bank clients. |

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| 19. | Surf et al. (2012) | Analyzing the Literature for the Link between the Conservative Islamic Culture of Saudi Arabia and the Design of Sustainable Housing | There is a need to comply inhabitants' wants that portray their ways of life in designing of sustainable housing. The design ideas that assistance to incorporate the integration of different elements in building designs, for example, relativity to a mosque, environmental sustainability, privacy, segregation of women and men in environments, also an efficient utilisation of light. |
| 20. | Adelekan et al. (2013) | Evaluation of Islamic Financing Products for Housing and Infrastructure Development | The research finds that significant potential exists for the construction industry worldwide to profit by Islamic Finance which has business association attributes that involve risks also reward sharing rather than the interest based conventional finance and banking systems. Besides, Islamic finance products are discovered appropriate for housing and the construction industry. |
| 21. | Ahmad & Shahed (2010) | Housing Finance of Australian Islamic Financial Service Providers (IFSPs): An Empirical Analysis from Shariah Perspectives | This paper tries to argue that the Sharia compliance of the IFSPs in housing finance ought to be closely maintained. A different regulatory and legislative structure should be set up for Islamic housing finance to encourage its development since the basic principles of Islamic finance contrast from those of conventional finance. |
| 22. | Tameme (2009) | Demand and Supply Conditions of Islamic Housing Finance in the United Kingdom: Perceptions of Muslim Clients | The result of this research shows that there is a gap which is determined by financial exclusions, information gaps, and affordability in homeownership among British Muslims compared to the overall population. Opinion and perception analysis showed that wider social factors and way of life decisions might expand the interest for Islamic home loans. Moreover, some Muslim ethnic groups are more eager than others to go up against an Islamic mortgage even if it is more costly than a conventional home loan. |

Research Methodologies

This preliminary research is conducted using Descriptive Approach. The primary goal of the study is to verify the interest of consumers when presented with Sharia-based housing products.

All prospective customers in the city of Bandung would be the population of this research, whatever the religion is. In the preliminary study, we found that some people interested enough to this sharia property although they are not Muslims.

According to (Israel, 1992) there are some approaches to set the sample size, but this research applied formulas to calculate it. Realize that the sample size formulas often give the reactions that should be gotten; numerous researchers ordinarily add 10% to the sample size to adjust for people that the researcher cannot contact. It also regularly increased by 30% to make up

for nonresponse. Thus, the surveys by mail or interview can be significantly larger than the number required for a coveted level of confidence and precision.

Variables

This research uses the non-probability sampling as long as they are looking for residents in Bandung. According to Cambridge Dictionary, non-probability sampling is a technique for discovering data that include choosing people to answer inquiries in a way that implies the outcomes will likely not be valid for people in general. This research uses Likert Scale to measure the variables from 1-6 to avoid acquiescence bias (Dhar and Simonson, 2003).

Table 2. Questionnaire Variables

| No | Variables/ sub-variables | Concept | Indicator | Measurement | Scale | No. Item |
|----|-----------------------------|----------------------|------------------------------------------------------------------------------------------------|---------------|-------|-------------|
| 1 | Price | Dependent variable | Cheap and expensive | Likert Scale | 1-6 | 2 |
| 2 | Demographic | Independent variable | Gender, age, religion, marital status, education, occupation, family size, and level of income | Nominal Scale | | 8 |
| 3 | Preference | Independent variable | Religiosity, personality, economic, quality service, and willingness to invest. | Nominal Scale | | 5 |

Questionnaire Design

The previous study by Adiyanto et al. (2017) develops as a base for the questionnaire of this research. The survey was separated into two sections: demographic factors and preferences factors.

Table 3. Questionnaire Design for Demographic Factors

| Indicators | Questionnaire Design |
|----------------|----------------------------------------------------------------------------------------------|
| Gender | Male or Female |
| Age | ≤ 30 years; 31-35 years; 36-40 years; 41-45 years; ≥ 46 years |
| Religion | Islam; Christian; Catholic; Hindu; Buddha; Konghucu; Others |
| Marital Status | Single or Married |
| Education | High School; Diploma; Bachelor (Strata-1); Master (Strata-2); PhD (Strata-3); Others |
| Occupation | Civil Servant; Private Employee; Entrepreneur; Others |
| Family Size | 1-2 people; 3-4 people; 5-6 people; ≥ 7 people |
| Income | ≤ Rp 5 million; Rp 6 million – Rp 10 million; Rp 11 million – Rp 15 million; ≥ Rp 16 million |

Table 4. Questionnaire Design for Preferences Factors

| Indicators | Questionnaire Design |
|------------|----------------------|
|------------|----------------------|

| | |
|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Owned a house before | Yes or No |
| Interest to buy sharia housing | Yes or No |
| Know the danger of Usury in Islam | Yes; No; Maybe |
| Willing to pay more for various Sharia facilities | Yes or No |
| Home usage | Personal; Rent; Resell; Others |
| The reason why interest to buy Sharia housing | Implement the religion value; Avoid Usury; Avoid rate interest fluctuation; Investment; Others |
| Religion factors affect in making decision | Strongly disagree; Disagree; Slightly disagree; Slightly agree; Agree; Strongly agree |
| Consideration to buy a house | Price; Location; Investment; Depend on needs; Payment scheme accordance to sharia value; Others |
| Willingness to invest | Invest to something that will give the best return; Invest in institution without Islamic label as long as the business practices relevant to the sharia value; Invest in metal or sharia investment; I don't know well about investment |
| Maximum budget to buy Sharia housing | < Rp 500 million; Rp 500 million - Rp 750 million; Rp 750 million - Rp1,5 billion; > Rp 1,5 billion |
| Maximum budget for Down Payment | < Rp 100 million; Rp 100 million – Rp 300 million; Rp 300 million – Rp 500 million; Rp 500 million – Rp 1 billion; > Rp 1 billion |
| Maximum budget to pay monthly instalment | Rp 3 million – Rp 5 million; Rp 5 million – Rp 10 million; Rp 10 million – Rp 15 million; > Rp 15 million |

Data Analysis

This paper will analyse the data by using Descriptive Analysis. It is embraced to learn and have the capacity to depict the characteristics of the factors of interest for a circumstance (Sekaran et al., 2010). The questionnaire comprised of two primary segments: the principal section addressed the demographic and background information whereas another part is about preference factors (Rahadi et al., 2013).

Results

Demographic Factors Analysis

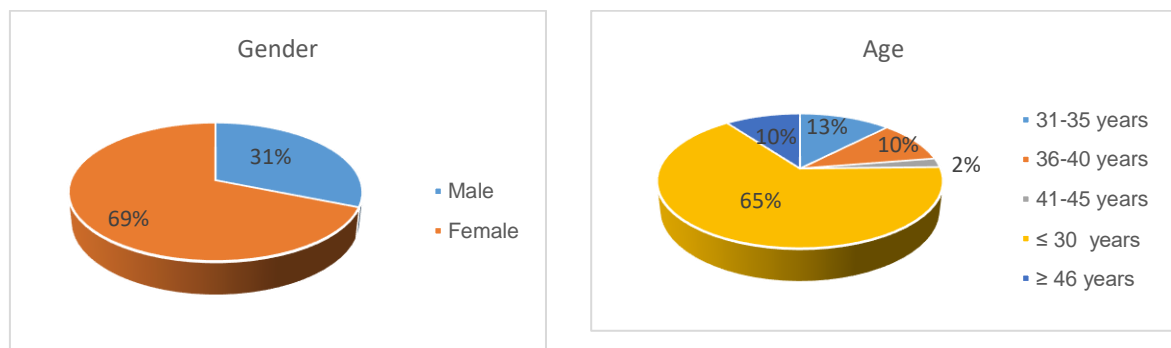


Figure 1: (a) Research Results Based on Gender (b) Research Results Based on Age.

As seen in figure 1(a) from all 138 respondents, it dominates by female at 69%. In Figure 1(b) we can see that based on the age most of them are aged below 30 years old (65%), followed

by respondents aged 31-35 years old (13%), aged 36-40 years old (10%), aged above 41-45 years old (10%).

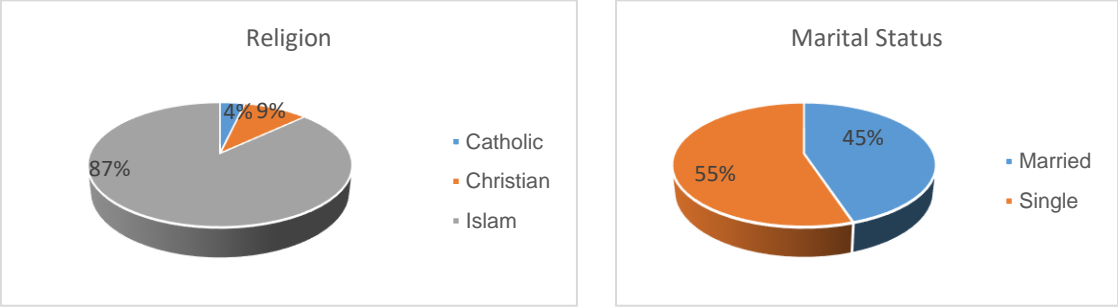


Figure 2: (a) Research Results Based on Religion (b) Research Results Based on Marital Status.

In Figure 2(a) we see that most of the respondents are practising the Islamic faith (87%). What is interesting from the demographic compositions, we can see that there are around 13% of respondents, comprising of Christian (9%) and Catholic (4%) who took an interest in Sharia property products. Based on the marital status as seen in figure 2(b), 55 percent of the respondents are married.

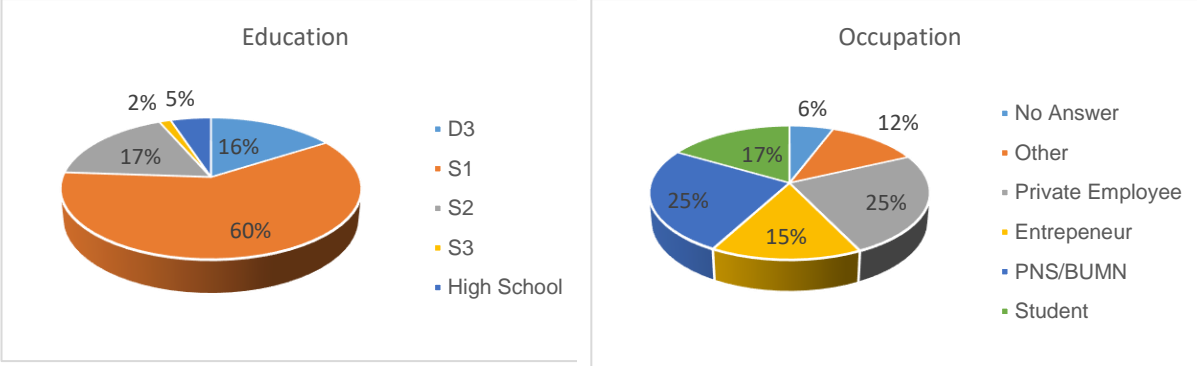


Figure 3: (a) Research Results Based on Education Background (b) Research Results Based on Occupation.

As seen in figure 3(a) most of the respondents have the education background of bachelor Strata 1 at 60 percent, followed by master degree or Strata 2 at 17 percent, and Diploma degree or D3 at 16 percent. In figure 3(b) we can see that most of the respondents either work as workers in private companies (25%) or as government servant (25%), followed by students (17%).

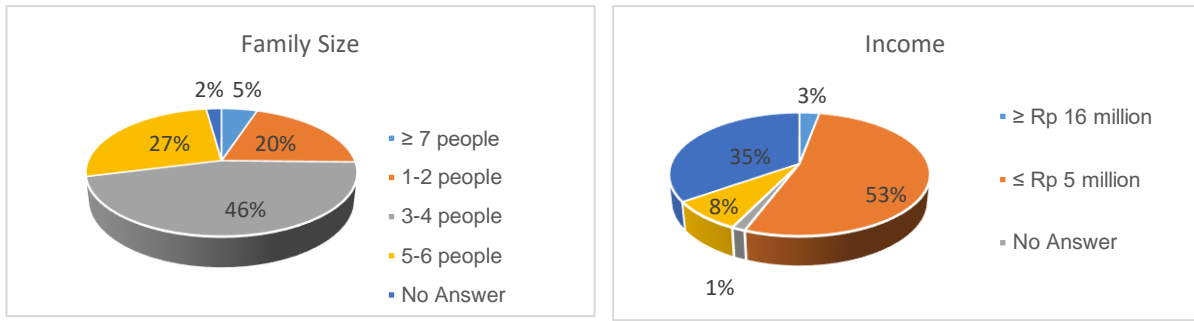


Figure 4: (a) Research Results Based on Family Size (b) Research Results Based on Income.

Lastly, in the demographic results, we can see that most of the respondents surveyed have family sized around 3-4 members (46%), following with family sized about 5-6 members (27%) and small family sized around 1-2 members (20%). For income level, most of them have income less than Rp (Indonesian Rupiah) 5 million per month (53%), while 35 percent of the respondents have income rate of more than Rp 16 million per month.

Preferences Factors

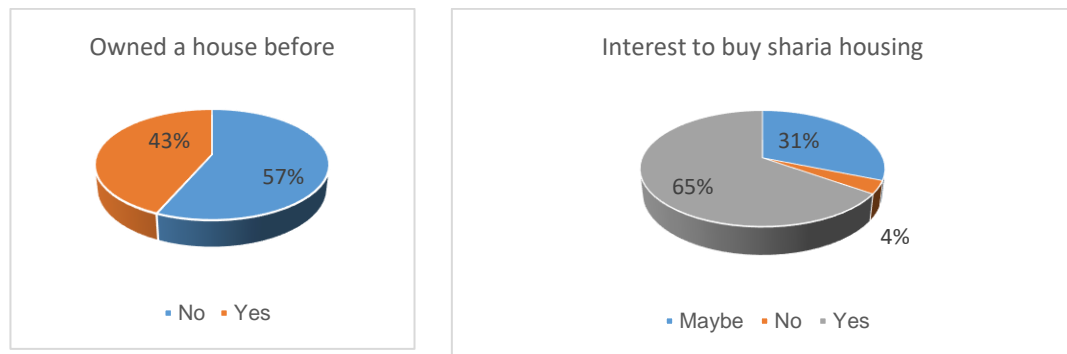


Figure 5: (a) Research Results Based on House Ownership (b) Research Results Based on Interest to Buy Sharia Housing Products.

First, in the preferences factors section, we asked about the respondents housing ownership. As seen from figure 5(a) the results showed that 57 percent of them already own a house. For their interest in obtaining a house who are embedded with Sharia concept, 65 percent of the respondents showing their approval, while 31 percent of them still on the fence. Only 4 percent of the respondents are not interested in purchasing a Sharia housing product.

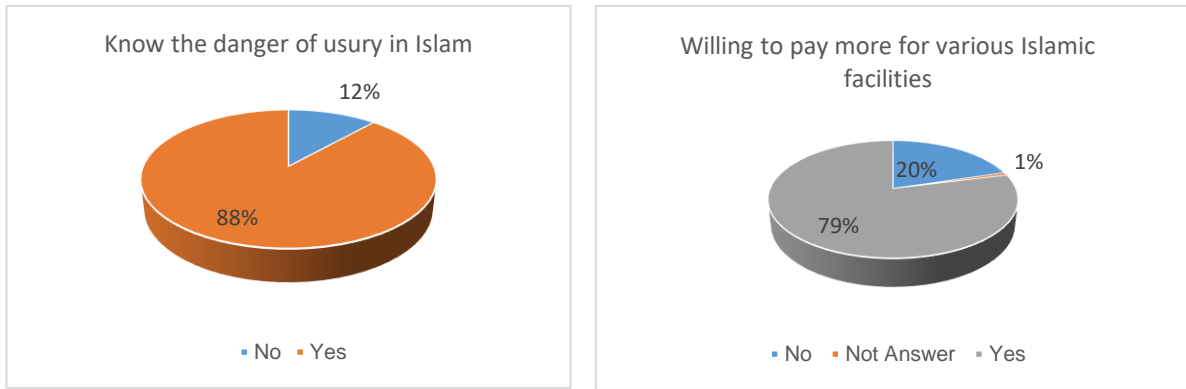


Figure 6: (a) Research Results Based on Knowledge of Usury (b) Research Results Based on Willingness to Pay More on Islamic Facilities.

Based on their knowledge about the danger of Usury in Islam, 88 percent of the respondents, as seen in figure 6(a), state their understanding. A follow up on the question, as seen in figure 6(b) suggested that 79 percent of them willing to pay premium to have extended Islamic concepts and facilities in their housing complex, with only 20 percent of them expressing their disinterests.

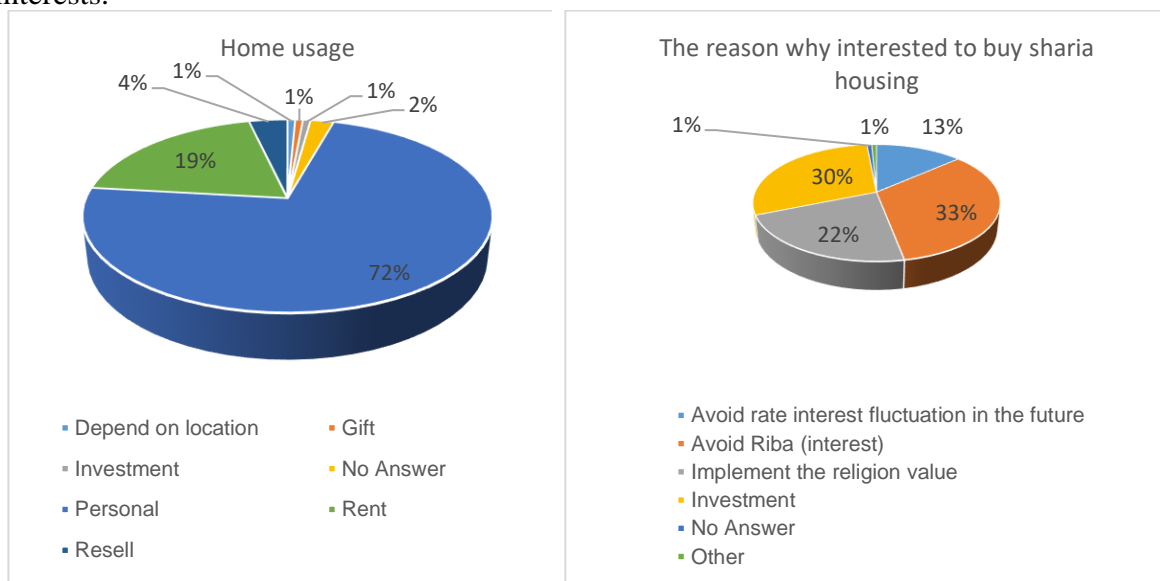


Figure 7: (a) Research Results Based on Their Home Usage (b) Research Results Based on Why the Respondents are Interested to Buy Sharia Housing Products.

The follow-up questions related to the home usage of the respondents (figure 7(a)). 72 percent of the respondents plan to buy the new house for personal use, while 19 percent of them plan to purchase the new house under Sharia concept so that they will immediately rent them to prospective clients. The reasons why respondents willing to buy housing products with Sharia concept, as seen in figure 7(b) is mostly to avoid Riba (33%), followed by to prevent the fluctuation of rate interest (30%). While 27 percent of the respondents plan to buy Sharia housing products to implement their religious values.

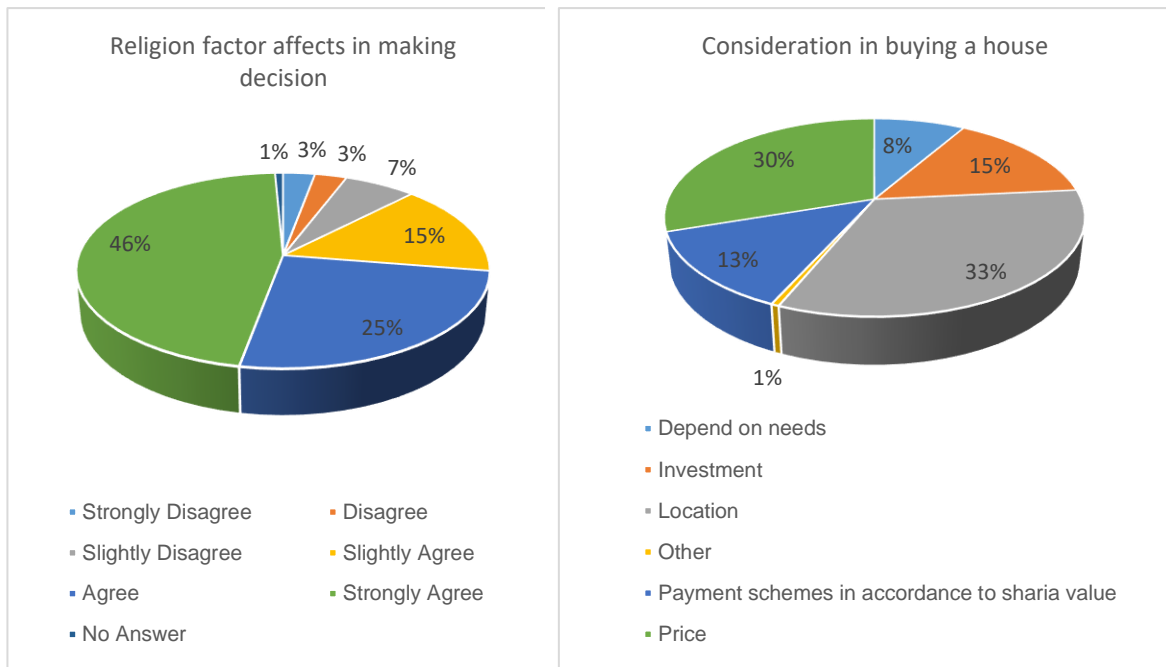


Figure 8: (a) Research Results Based on Their Religious Factors (b) Research Results Based on Consideration when Purchasing New House.

Based on the research results, we can see that most of the respondents (46%) admit that religious factors play significant part in their decision to purchase Sharia-based housing products, followed by 25 percent of them agree that religious factors influence their purchasing decision. Only less than 5 percent of the respondents show their disagreement on that matter. When asked about their consideration when purchasing a new house, as seen in figure 8(b), we can see that 33 percent of the respondents buy house based on the location, product price (30%), and an investment value of it (15%). Only 13 percent of the respondents purchase the housing product based on the payment scheme by Sharia value.

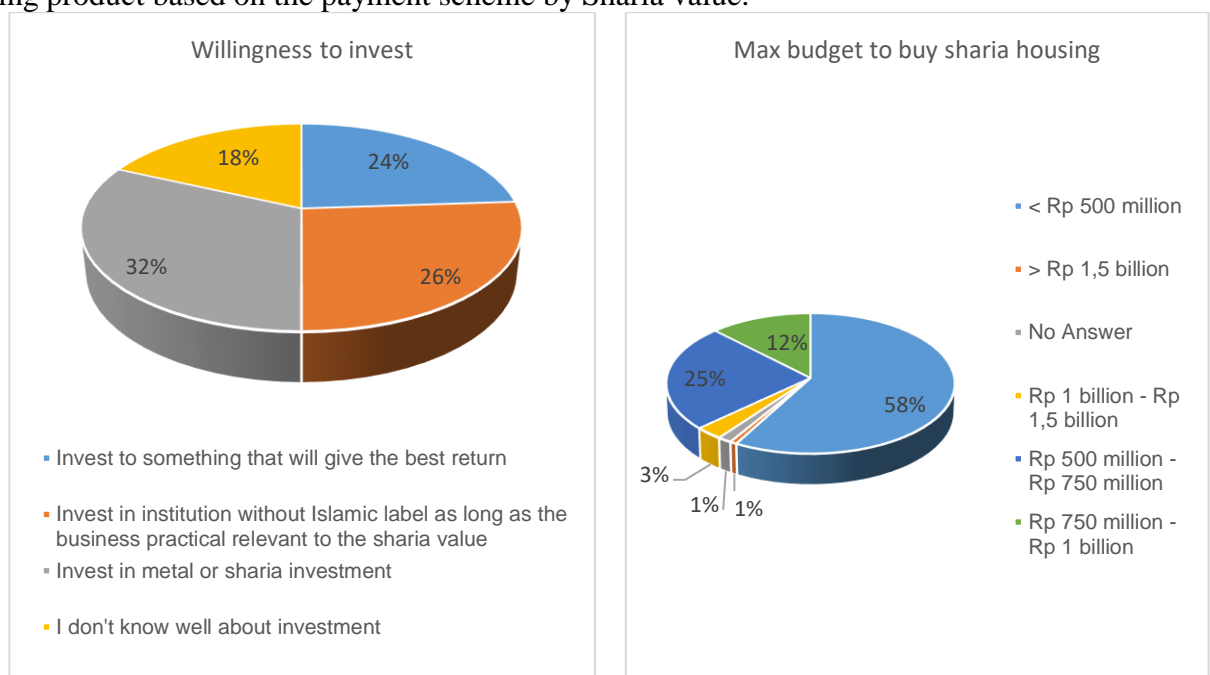


Figure 9: (a) Research Results Based on Their Willingness to Invest (b) Research Results on Maximum Budget to Purchase Sharia Housing Products.

When asked about the respondents' willingness to invest, as seen in figure 9(a), we can see that 32 percent of the respondents are willing to spend in metal or Sharia based investment while 26 percent in Institution without Sharia labels with the provision that the business practices applicable to the Islamic value. Other respondents as much as 24 percent want to put their funds in any investment schemes, as long as it provides them with the best return.

When investing in Sharia-based products, 58 percent of them only willing to spend less than Rp 500 million on that particular product, followed by 25 percent of them willing to spend between Rp 500 to 750 million on Sharia-based products. 12 percent of them willing to spend between Rp 750 million to 1 billion on Sharia-based products.

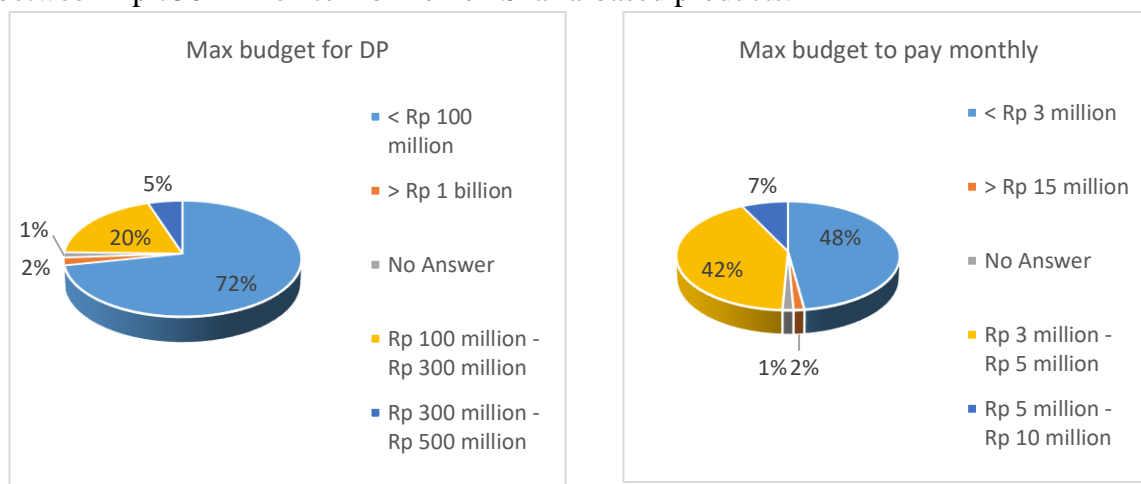


Figure 10: (a) Research Results Based on the Amount of Down Payment Paid (b) Research Results Based on the Monthly Installment

On the last figures in this study results, when asked about how much the maximum amount of down payment willing to be paid to purchase Sharia-based products, 72 percent of the respondents agrees to pay the maximum amount of Rp100 million (figure 10(a)). Based on the willingness to pay maximum monthly instalment, most of the respondents willing to pay in the range between Rp 3-5 million per month (48%), followed by the ones who are willing to pay less than Rp 3 million per month (42%).

Discussions

The findings of this paper show that most respondents are interested in buying sharia housing and they are willing to pay more for the various sharia facilities. Based on the results of this study, religion factor cannot be underestimated because most of them stated that it has a significant influence when they have to make a decision. Other than because most of them know the danger of usury in Islam, they also want to make it as an investment and to implement their religion value. Even though the sharia principle plays a vital role for them to choose this kind of property, the developers still have to give better services to fulfil their needs like a strategic location and also an affordable price. Interesting findings on the willingness to invest, the amount of down payment willing to be disbursed, and the number of monthly funds willing to be put aside to purchase Sharia-based property products. As seen in the results, the numbers

are quite low, considering the current price of houses in Indonesia, particularly in Bandung, cannot be funded with that low amount of fund. It shows that although the interest level is there, and the results suggested strong willingness to adopt the Sharia concept, but when asking on the application, respondents' tend to focus their funds towards other investments. It is somewhat related to the previous studies performed by Rahadi et al. (2016) which suggested that the current level of housing price is too expensive and not affordable for most of the Indonesian consumers. It is also highlighted the findings performed by the same authors (Rahadi et al., 2013) which suggested that there is high percentage of speculative behaviour which influences the price of any housing goods in Indonesia.

Conclusion

Build upon the study analysis, results, and discourses, we can conclude that this preliminary study has shown results which suggested that in Indonesia, particularly in Bandung city area, Sharia-based property products are already attracting interests not just from consumers with Islamic faith, but also the non-Moslem consumers.

This is because the reasons for purchasing Sharia-based property products are not only limited towards practising Islamic religious way, such as avoiding Riba. It also due to other non-Islamic reasoning, such as to maintain stable instalment rate and payment, and also to embrace the other non-finance factors such as location, investment return, and price.

The research results would be beneficial for all stakeholders in the property business. Customers and property developers can learn about the definition of Sharia property products, and understand that it is not just related to the payment system only. The government can use the findings in this study to produce regulations and provide support in a way that can help to expand the Sharia property businesses in Indonesia. Finally, academicians can use the findings to improve the produced framework on Sharia property model.

Future Studies

It would be interesting for future researchers to proceed and do follow up studies based on variables that impact the price of Sharia housing in Indonesia. The similar questionnaire of this study can also be asked in other cities in Indonesia, as Bandung is currently the fifth largest city in Indonesia, not the largest one. By applying the same questions in Jakarta, Surabaya, or Medan, the response might be different compared with the ones found in Bandung.

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