



Analysis of the Impact of House Prices and Income on Purchasing Decisions of Millennials and Generation Z in Bekasi Regency

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ABSTRACT

This study examines the influence of price and income on home purchase decisions in Bekasi Regency, framed within the context of Indonesia's improving housing conditions. National data show a reduction in the housing backlog from 16.14 million units in 2022 to 14.84 million units in 2023, reflecting notable progress in meeting residential needs. The population under investigation consists of millennials and Generation Z in Bekasi Regency, who are increasingly influential demographic groups in the housing market. Using non-probability sampling techniques, this study involved 100 respondents to collect relevant data. A quantitative approach utilizing SEM-PLS analysis was employed to evaluate the proposed hypotheses. The research findings show that house price significantly influences purchasing decisions with a p-value <0.05 , indicating that consumers place a high emphasis on price in their decision-making process. Conversely, income did not significantly impact purchasing decisions with a p-value >0.05 . The results of the coefficient of determination (R^2) analysis indicate that the purchase decision variable has an R^2 value of 0.473, suggesting that 47.3% of its variance is explained by the factors of housing price and income, while the remaining 52.7% is influenced by other external variables. These findings emphasize that, although income affects purchasing power, price remains the primary determinant of home-buying decisions. The study provides guidance for developing more effective housing marketing strategies and serves as a reference for future research on other influencing factors in the property market.

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INTRODUCTION

Homeownership is a fundamental necessity for many individuals, with most people setting aside a considerable portion of their income to purchase or construct new homes, or to renovate their current residences (Jeon, 2018). Bekasi Regency is an area where local revenue is heavily influenced by the industrial sector and serves as one of the buffer cities experiencing rapid regional development (Dwifabrianti & Bella, 2023). As an industrial area, Bekasi Regency has seen significant development in economic aspects, regional development, and community life. The growth of the industrial sector has driven the concentration of activities in certain areas. Furthermore, industrial development has created various job opportunities and business prospects, both in the formal and informal sectors, contributing to population migration. The movement of people to fill available job and business opportunities certainly requires basic infrastructure, including comfortable housing to enhance their quality of life and well-being (Karnahadijat et al., 2023). The real estate sector plays a crucial role in the economy of various countries. A survey conducted by Bank Indonesia in 2023 among 18 housing developers across 18 cities in Indonesia revealed an increase in residential property prices.

According to the 2023 Social Economic Survey by the Central Statistics Agency, the gap in housing ownership needs has decreased to 9.9 million units, down from 10.5 million units the previous year. Additionally, the backlog of housing eligibility has significantly reduced, from 16.14 million units in 2022 to 14.84 million units in 2023. This trend suggests a positive outlook for the property industry, which continues to present opportunities for developers to innovate and promote their offerings.



Purchasing a home represents a significant economic decision for many individuals. Both rational and irrational factors influence the home-buying process. Rational factors include physical characteristics, location, financial considerations, and environmental aspects, while irrational factors encompass psychological, emotional, intuitive, social, and evaluative influences (Anastasia, [2015](#)).

The decision to purchase is closely linked to consumer behavior in selecting products. This decision-making process is a key aspect of consumer behavior, explaining how individuals, groups, and organizations choose, buy, and utilize goods, services, ideas, or experiences to meet their needs and desires (Kotler, P., dan Keller, [2016](#)). Consumer behavior can be defined as the decision-making process and the physical actions of individuals involved in assessing, acquiring, using, or being able to use goods and services (Wijayanti & Handayani, [2015](#)).

Price is a significant factor that affects purchasing decisions. After consumers confirm that the quality of the product or service, they intend to buy is satisfactory, price becomes an important consideration for achieving their satisfaction. When the offered price aligns with their expectations and is within their budget, consumers are more likely to feel content. This perspective supports the notion that price represents the amount of money consumers invest to gain benefits from goods or services. Consequently, price plays a crucial role in influencing consumers' decisions to purchase products, particularly in the context of buying a home (Syarifudin et al., [2024](#)).

Income is another key factor that affects demand. In general, there is a hypothesis suggesting that as income increases, the demand for goods also rises. Conversely, lower income typically leads to a decrease in demand. This indicates a positive relationship, where an increase in income can stimulate a higher demand for housing. An individual's income level influences their purchasing power, particularly in the context of buying a home. With a higher income, consumers tend to have more varied desires (Utami et al., [2016](#)). Given this background, the present study will focus on analyzing the effects of house prices and income on purchasing decisions in Bekasi Regency.

Price

Price is the sole component of the marketing mix that generates sales revenue. In larger organizations, pricing is typically managed by division or product line managers; however, senior management still sets the overall goals and policies related to selling prices and often approves the pricing strategies proposed by their managers. Housing prices need to be calculated at a break-even point, where the capacity to afford a house aligns with the intention to sell it (Qin & Han, [2013](#)). Additionally, housing prices are considered one of the primary factors influencing housing affordability (Galster & Lee, [2021](#)), suggesting that fluctuations in housing prices can impact investors' decisions regarding investments. This is different from the results of other studies which show that partially the price variable does not have a positive and insignificant effect on consumer purchasing decisions (Nasution et al., [2019](#)).

Income

Income is defined as "the inflow or other increases in the assets of an entity or the settlement of liabilities (or a combination of both) during a period from the delivery or production of goods, the provision of services, or other activities that are the ongoing central or primary operations of the entity." Financial factors significantly affect the decision to buy products or services (Hamilton et al., [2019](#)). In terms of residential housing, the financial aspects that investors consider when purchasing a home include the house price, their income, and the availability of credit. A study shows that the income variable has an impact on purchasing decisions, with a coefficient of 0.289, suggesting a positive influence and a significance level of 0.019 (Utami et al., [2016](#)). However, other studies show that the income variable does not have a significant influence on home purchasing decisions, because the p value > 0.05 is 0.427, and the T statistic figure is < 1.96 is 0.794 (Putri et al., [2025](#)).

Purchase Decision

The purchasing decision is a consistent and thoughtful process aimed at meeting the need for satisfaction (Shareef et al., 2019). It can also be viewed as a phenomenon that is social, situational, individual, and contextual in nature. This study focuses on examining how price and financial factors affect housing purchase decisions. The findings reveal that housing prices, income, and access to credit have a significant positive impact on investors' decisions to purchase homes (Dananjoyo et al., 2020).

Drawing from the previously discussed background and identified research gaps, this study formulates a research model grounded in Kotler's consumer behavior theory, emphasizing purchasing decisions shaped by price (Qin & Han, 2013; Galster & Lee, 2021). In addition, these decisions are influenced by income (Hamilton et al., 2019; Utami et al., 2016).

Hypotheses

The formulation of hypotheses is one of the steps in the research process. It is essential to recognize that not all studies necessitate a hypothesis. A hypothesis serves as a temporary answer to the research problem statement (Lestari & Hasibuan, 2021), which has been expressed in the form of a statement as follows (Figure 1):

H1: Housing prices have a positive and significant effect on the Purchase Decision

H2: Income has a positive and significant effect on the Purchase Decision

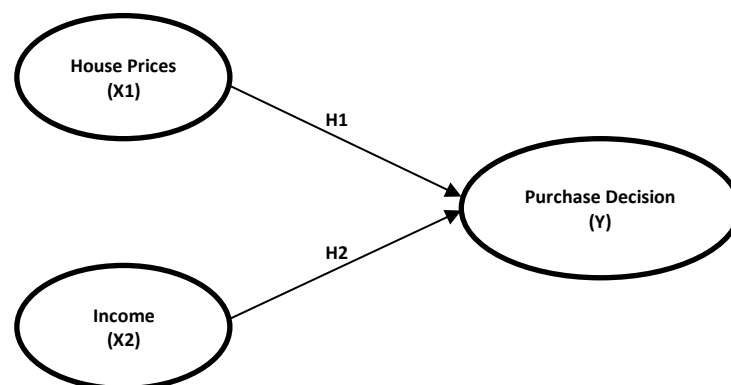


Figure 1. Research Model

METHODS

This research utilizes a quantitative approach, employing a survey method to gather data from the millennial and Generation Z populations in Bekasi Regency. The quantitative approach was chosen because it allows for the structured and measurable collection of data from a large population. This quantitative data can be analyzed using statistical techniques to test the research hypotheses and generate generalizable conclusions. The independent variables in this study include housing prices and income, while the dependent variable is the purchasing decision. Additionally, this research aims to identify consumer behavior patterns among the two generations, providing deeper insights into their preferences when selecting properties.

The focus of this research is on millennials, who were born between 1981 and 1996, as well as Generation Z, born between 1997 and 2002, in Bekasi Regency as the study population. This study used a non-probability sampling method with 100 respondents selected based on criteria relevant to housing purchase decisions, ensuring efficient and targeted data collection.

In this study, the tool used is an online-accessible questionnaire designed to facilitate respondents in providing answers. The questionnaire will be structured based on relevant literature reviews, ensuring that each question posed has a strong theoretical foundation. Before being used for data collection The questionnaire will undergo testing to confirm its validity and reliability, so that the results obtained can be trusted. The questionnaire will include a series of questions aimed at measuring the variables under study, such as housing prices and income. Data will be gathered through an online survey shared across multiple social media platforms, allowing for a wider reach and higher participation from respondents. Once the data is collected, analysis will be conducted using SEM-PLS statistical software, which will help identify the relationships between the studied variables and provide deeper insights into purchasing decisions among millennials and Generation Z.

RESULTS

In the SEM-PLS analysis, there are two types of tests conducted, Evaluation of the Outer Model and Inner Model. The Outer Model Evaluation is utilized to evaluate the validity and reliability of the model.

Outer Model

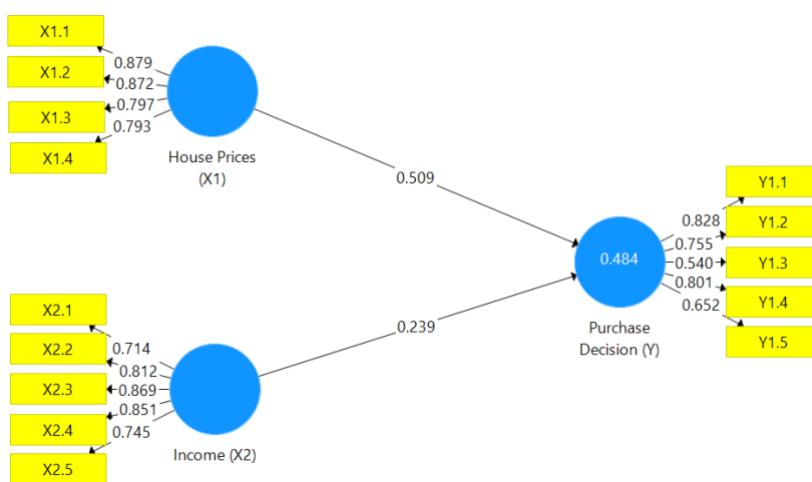


Figure 2. SEM -PLS Model

As illustrated in the figure above (Figure 2), the outer loading values for all indicators of variables X1, X2, and Y exceed 0.5., indicating that they are valid or that the model meets convergent validity (Table 1).

Table 1. Outer Loading

| | House Prices (X1) | Income (X2) | Purchase Decision (Y) |
|------|-------------------|-------------|-----------------------|
| X1.1 | 0.879 | | |
| X1.2 | 0.872 | | |
| X1.3 | 0.797 | | |
| X1.4 | 0.793 | | |
| X2.1 | | 0.714 | |
| X2.2 | | 0.812 | |
| X2.3 | | 0.869 | |
| X2.4 | | 0.851 | |
| X2.5 | | 0.745 | |
| Y1.1 | | | 0.828 |
| Y1.2 | | | 0.755 |
| Y1.3 | | | 0.540 |
| Y1.4 | | | 0.801 |
| Y1.5 | | | 0.652 |

Source: Processed primary data, 2025

Looking at the Average Variance Extracted (AVE) values in **Table 2**, the correlation between house prices, income, and purchase decision is less than the square root of the AVE for House Prices, which is 0.836, thus fulfilling the discriminant validity.

Table 2. Discriminant Validity

| | House Prices (X1) | Income (X2) | Purchase Decision (Y) |
|-----------------------|-------------------|-------------|-----------------------|
| House Prices (X1) | 0.836 | | |
| Income (X2) | 0.686 | 0.800 | |
| Purchase Decision (Y) | 0.673 | 0.589 | 0.723 |

Source: Processed primary data, 2025

The collinearity test results are presented in **Table 3**, which shows that the Variance Inflation Factor (VIF) values for all indicators are less than 5.00. The analysis suggests that a VIF value greater than 5.00 indicates a collinearity problem, whereas a VIF value below 5.00 signifies the absence of collinearity issues. Consequently, based on this analysis, it can be concluded that there is no collinearity among the indicators measured.

Table 3. Outer Model Collinearity Test

| | VIF | | VIF |
|------|-------|------|-------|
| X1.1 | 3.304 | | |
| X1.2 | 3.237 | | |
| X1.3 | 1.694 | | |
| X1.4 | 1.653 | | |
| X2.1 | 1.959 | Y1.1 | 1.976 |
| X2.2 | 1.959 | Y1.2 | 1.741 |
| X2.3 | 2.502 | Y1.3 | 1.381 |
| X2.4 | 2.577 | Y1.4 | 1.671 |
| X2.5 | 1.653 | Y1.5 | 1.388 |

Source: Processed primary data, 2025

Additionally, the findings of the reliability testing for the data in this study are shown in **Table 4**. This table indicates that each variable examined, including social media marketing, customer trust, and purchase intention, has achieved Cronbach’s Alpha and composite reliability values exceeding 0.7, along with an AVE greater than 0.5. Therefore, it can be concluded that the research satisfactorily meets the reliability criteria.

Table 4. Reliability and Average Variance Extracted (AVE)

| | Cronbach’s Alpha | rho_A | Composite Reliability | Average Variance Extracted (AVE) |
|-----------------------|------------------|-------|-----------------------|----------------------------------|
| House Prices (X1) | 0.855 | 0.855 | 0.903 | 0.699 |
| Income (X2) | 0.860 | 0.871 | 0.899 | 0.641 |
| Purchase Decision (Y) | 0.768 | 0.795 | 0.843 | 0.523 |

Source: Processed primary data, 2025

Inner Model

The Inner Model Evaluation in this study is conducted through R-square and path analysis to test the hypotheses. The findings from the R-square coefficient determination test reveal that the R² value for the purchase decision is 0.473, indicating that 47.3% of the variance in the purchase decision variable can be accounted for by the factors of house prices and income. The remaining 52.7% is attributed to other external factors (see **Table 5**).

Table 5. R-Square Value

| | R Square | R Square Adjusted |
|-----------------------|----------|-------------------|
| Purchase Decision (Y) | 0.484 | 0.473 |

Source: Processed primary data, 2025

The findings from the hypothesis testing in this study are illustrated in **Figure 3** and **Table 6**. According to the table, the variable of house prices has a positive and significant impact on the purchase decision variable. In contrast, the income variable does not influence the purchase decision.

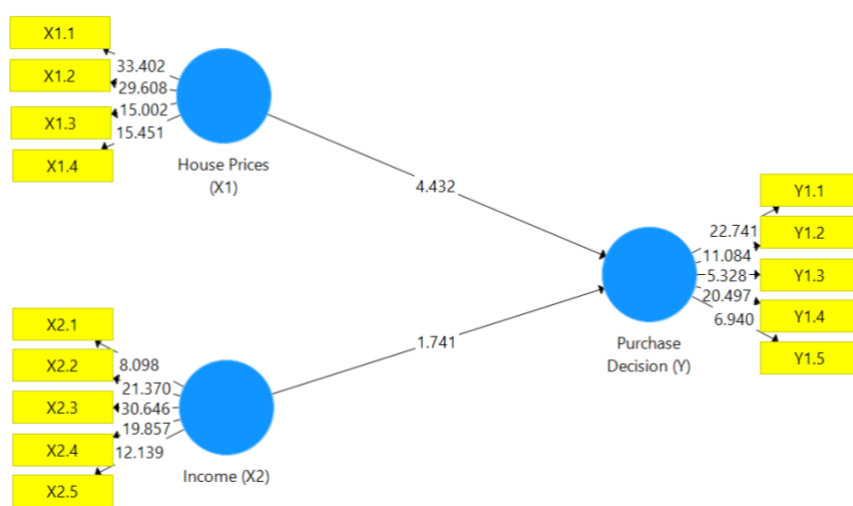


Figure 3. Hypotheses Test

Table 6. Direct Effect

| | | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistic (O/STDEV) | P Values |
|-----------------------|----|---------------------|-----------------|----------------------------|-------------------------|----------|
| House Prices (X1) | -> | 0.509 | 0.504 | 0,115 | 4.432 | 0.000 |
| Purchase Decision (Y) | | | | | | |
| Income (X2) | -> | 0.239 | 0.259 | 0.137 | 1.741 | 0.082 |
| Purchase Decision (Y) | | | | | | |

Source: Processed primary data, 2025

DISCUSSION

According to the data analysis performed, the house prices variable (X1) reveals a significant value (P value) of 0.000, indicating that house prices have a considerable impact on purchasing decisions. Prices are crucial in shaping consumer behavior when it comes to buying a house (Harjanto, 2016). This analysis result is consistent with previous research that shows prices significantly affect the decision to purchase houses sold by PT. Pionir Alfa (Pashouses et al., 2024). This finding also aligns with economic principles stating that price is a primary factor in consumer decision-making, where consumers tend to consider price as one of the important aspects before making a property purchase.

In contrast, the income variable (X2) shows a significant value (P value) of 0.082, suggesting that income does not significantly influence purchasing decisions, although income can influence purchasing ability; other factors such as individual preferences, location, and market conditions also play important roles in the decision to purchase a house. This finding aligns with previous research indicating that income does not have a substantial effect on purchasing decisions (Laksono & Iskandar, 2018). However, it contradicts the results of a study by Maria Kristina Situmorang (2018), which found that consumer income positively and significantly affects the demand for type 36 houses (Situmorang, 2018). The choice to purchase a home is not exclusively influenced by an individual's

income. Various factors, including personal preferences, market conditions, and interest rates, also play a significant role. High-income individuals may opt not to buy a home if the market prices are prohibitively high. Access to financing frequently holds greater importance than income, allowing those with strong credit histories to buy a home despite having a lower income. Additionally, other financial commitments and emotional considerations impact this decision. Consequently, income is not the sole factor in the decision-making process for home purchases.

This research offers important insights for property developers and marketers, emphasizing the need to prioritize price as a key factor in their marketing strategies, while recognizing that income may not always be a strong determinant in purchasing decisions.

CONCLUSION

The analysis results lead to the conclusion that house prices exert a positive and significant influence on purchasing decisions for housing products in Bekasi Regency. In contrast, consumer income does not appear to have a significant impact on these purchasing decisions. This suggests that price factors are more influential in shaping consumer choices when it comes to buying houses in the region. These findings suggest that housing developers need to consider competitive pricing strategies to attract consumer attention. Additionally, although income does not have a significant impact, it is important for developers to understand various market segments and tailor their offerings to better meet consumer needs and preferences. In this way, developers can enhance sales opportunities and meet existing market demand.

Housing developers are advised to formulate competitive pricing strategies and understand market segments to align products with consumer needs. Marketing efforts should also be enhanced to highlight product advantages, particularly in terms of price and value, as well as leveraging social media. The quality of the houses offered should meet expected standards. Furthermore, educational programs for consumers regarding property investment and how to choose the right house can help build their confidence.

This research contributes to the body of consumer behavior theory by demonstrating that, in the context of Bekasi Regency, housing purchase decisions are more strongly influenced by price than by income. The findings highlight the importance of implementing competitive pricing strategies, segmenting the market effectively, and emphasizing value-based marketing approaches to attract potential buyers. Developers are encouraged to uphold housing quality standards, leverage social media platforms for promotion, and provide educational initiatives on property investment to build consumer trust. Future studies should investigate other determinants, such as location, available facilities, and developer reputation, to gain a more holistic understanding of consumer decision-making in the housing sector.

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