



Housing preferences and attribute importance among low-income consumers in Saudi Arabia

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Abstract

Against a backdrop of recent strong growth in the Saudi Arabian housing market, rising housing costs, and diminishing consumer disposal incomes, this study examines the housing preferences of low-income consumers in Saudi Arabia, with specific emphasis on their preferences for alternative dwelling types and tenure options, factors influencing their housing decisions, and how these vary across socio-demographic sub-segments of this population segment. Using data collected through a structured self-administered survey in the major urban areas of the country, we find that majority of respondents prefer the small house to duplex or apartment, and despite their limited incomes the majority prefer buying over renting. We also find a very strong relationship between tenure preferences and dwelling type, with respondents who prefer the small house or duplex overwhelmingly opting for the buying option, whilst respondents who choose apartments prefer the rental option. On importance of housing attributes, a factor analysis of 35 housing attributes included in the study produced 10 factors, of which financial considerations, private living space, and aesthetic aspects of the house rank as the top 3 important factors in the low-income consumers' housing decisions. The 3 least important factors are exterior space, street location, and proximity to relatives. The latter is a particularly interesting result, given the strong social and familial bonds in Saudi culture. On socio-demographic differences, only for importance interior layout, private living space, aesthetics, and exterior space do we find significant gender differences (females consider them more important than males). The implications of these results are discussed and an outline suggested for future research on housing preferences in this important market of the Arab Middle East.

Keywords: Housing preferences; Housing attributes; House purchase factors; Low-income consumers; Saudi Arabia; Real estate