

When the Sacred Meets the Market: The Commodification of Islamic Housing in Lima Puluh Kota, West Sumatra

Muhammad Deni Putra,^{1*} Akhmad Rofiki,² Ana Toni Roby Candra Yudha,³ Ivan Riyadi,⁴ Siti Fadilla¹

¹UIN Mahmud Yunus, Batusangkar, Indonesia

²Institut Agama Islam Miftahul Ulum, Pamekasan, Indonesia

³UIN Sunan Ampel, Surabaya, Indonesia

⁴Universitas Islam Negeri Raden Fatah Palembang, South Sumatera, Indonesia

*Correspondence: mdeniputra@uinmybatusangkar.ac.id

Received: 28-08-2024 | Revised: 04-12-2024, 20-01-2025 | Accepted: 28-02-2025

Abstract

This study examines the commodification of religion and structural tensions in Islamic housing finance in Lima Puluh Kota, West Sumatra, Indonesia. Despite its rapid growth, Islamic housing frequently encounters a paradox between religious claims and market logic, where Islamic symbols are leveraged as marketing strategies rather than ensuring substantive justice. This article analyzes the factors driving middle-class Muslim preferences for Islamic housing and the power imbalances between developers and consumers in Shari'ah-compliant transactions. Employing a socio-legal qualitative approach, the research draws on in-depth interviews with 10 stakeholders (developers and buyers) and an analysis of contractual documents and promotional materials from the Perumahan Syariah Residence. Three primary motivations for purchasing emerge: religious adherence (particularly usury avoidance), economic considerations (flexible payment schemes), and the preference for religiously homogeneous communities. However, the findings reveal critical tensions: while *istisnā'* (manufacture-sale) contracts disproportionately burden developers with financial risks, *ijārah muntahiyah bi tamlik* (lease-to-own) arrangements often marginalize consumers' legal standing. The Islamic label frequently functions as a branding tool rather than a guarantee of justice, reinforcing spatial segregation among middle-class Muslims. This study argues that without business model reformulation and regulatory oversight, Islamic housing risks prioritizing commercial interests over the principles of *maqāsid al-shari'ah* (the objectives of Islamic law). The findings underscore the necessity of standardized contracts and risk mitigation mechanisms to align practice with Islamic values.

[Artikel ini mengkaji fenomena komodifikasi agama dan ketegangan struktural dalam pembiayaan perumahan syariah di Lima Puluh Kota, Sumatera Barat, Indonesia. Meskipun mengalami pertumbuhan pesat, praktik perumahan syariah kerap terjebak dalam paradoks antara klaim religiositas dan logika pasar, di mana simbol-simbol Islam dimanfaatkan sebagai strategi pemasaran tanpa disertai dengan implementasi keadilan substantif. Studi ini bertujuan untuk menganalisis faktor-faktor yang mendorong preferensi kelas menengah Muslim terhadap perumahan syariah serta ketimpangan relasi kuasa antara pengembang dan konsumen dalam transaksi berbasis syariah. Penelitian ini menggunakan pendekatan kualitatif sosio-legal dengan mengumpulkan data primer melalui wawancara mendalam terhadap 10 informan (pengembang

dan pembeli), serta analisis dokumen kontrak dan materi promosi dari Perumahan Syariah Residence di Sumatera Barat. Hasil penelitian mengungkap tiga motif utama pembelian: kepatuhan religius (khususnya penghindaran riba), pertimbangan ekonomi (skema pembayaran yang fleksibel), dan preferensi terhadap lingkungan yang homogen secara agama. Namun, akad syariah yang digunakan dalam transaksi perumahan ini justru menciptakan risiko yang tidak seimbang. Akad *istisnā'* membebani pengembang dengan risiko finansial yang tinggi, sementara akad *ijārah muntahiyah bi tamlik* berpotensi meminggirkan posisi hukum konsumen sepanjang masa sewa. Selain itu, label syariah dalam industri ini sering kali berfungsi sebagai alat pemasaran daripada sebagai jaminan keadilan substantif, yang pada akhirnya memperkuat segregasi spasial dalam komunitas Muslim kelas menengah. Studi ini berargumen bahwa tanpa reformulasi model bisnis dan pengawasan regulasi yang lebih ketat, perumahan syariah berisiko mengorbankan prinsip *maqāṣid al-sharī'ah* demi kepentingan komersial. Oleh karena itu, diperlukan standarisasi kontrak dan mekanisme mitigasi risiko yang lebih efektif guna memastikan keselarasan antara praktik perumahan syariah dengan nilai-nilai Islam.]

Keywords: Housing Finance, *Ijārah Muntahiyah bi Tamlik*, Islamic Housing, *Istisnā'*, Religious Commodification.

Introduction

The Islamic housing sector in various Muslim-majority countries has experienced rapid growth, yet this expansion is accompanied by complex social and economic challenges that present significant academic concerns.¹ One of the most pressing issues is the commodification of religion, where Islamic symbols are leveraged as marketing strategies to attract consumers. However, this does not necessarily translate into increased religiosity among residents.² Instead of reinforcing Islamic values, such practices risk fostering social and spatial segregation, thereby strengthening exclusivism, which may, in turn, undermine social cohesion in multicultural societies such as Indonesia. Moreover, affordability remains critical, as rising property prices and living costs increasingly restrict access for vulnerable groups.³ The Muslim middle class's preference for culturally and religiously homogeneous environments, coupled with their inclination toward interest-free financing schemes, further narrows the range of housing options in the property market.⁴ Ironically, despite economic justice claims in Islamic housing, manipulative practices in transactions and financing

¹ See: Addin Kurnia Putri and Yuyun Sunesti, "Sharī'ah Branding in Housing Context: A Study of Halal Lifestyle Representation," *JSW (Jurnal Sosiologi Walisongo)* 5, no. 1 (April 24, 2021): 77–92; Nurul Helen and Ahmad Gamal, "Sharī'ah Housing in the Real Estate Business," in *ICCREM 2017 (International Conference on Construction and Real Estate Management 2017, Guangzhou, China: American Society of Civil Engineers, 2017)*, 27–41.

² Suprpto Suprpto and Miftahul Huda, "Religious Commodification: Muslim Housing and Identity Affirmation in Lombok, Indonesia," *Studia Islamika* 30, no. 1 (April 30, 2023): 97–127.

³ K.A. Rashid, P.N.F.N. Mohd Fauzi, and S.F. Hasan, "Meeting Housing Needs of the Poor and Needy Muslims through Zakat and Wakaf," *Planning Malaysia* 16, no. 3 (2018): 308–19.

⁴ See: Nur Rizqi Febriandika et al., "Determinants of the Millennial Generation's Intention to Use Sharī'ah Home Mortgages," *International Journal of Advanced and Applied Sciences* 11, no. 1 (January 2024): 32–39. Hanudin Amin, Abdul-Rahim Abdul-Rahman, and Dzuljastri Abdul Razak, "Theory of Islamic Consumer Behaviour: An Empirical Study of Consumer Behaviour of Islamic Mortgage in Malaysia," *Journal of Islamic Marketing* 5, no. 2 (June 3, 2014): 273–301.

arrangements frequently occur, leading to legal uncertainties and consumer vulnerabilities.⁵ It raises a crucial academic question regarding how Islamic housing can achieve justice and sustainability in practice, particularly in the relationship between developers and consumers.

Within this context, the Perumahan Syariah Residence, developed by PT. Syariah Residence serves as a relevant case study to illustrate these dynamics. The use of *istisnā'* (manufacture sale) contracts in direct transactions between developers and consumers is intended to provide a financing model free from *ribā* (usury), *gharar* (uncertainty), and *maysir* (gambling). However, field observations reveal fundamental issues, including discrepancies between the constructed properties and consumer expectations, often leading to contract cancellations.⁶ Such situations not only disadvantage consumers but also impose significant financial losses on developers, who have already allocated substantial resources to the construction process.⁷ The tension between the idealized promises of Shari'ah-compliant transactions and their practical implementation highlights a power imbalance between developers and buyers, resulting in legal uncertainties and potential financial harm to both parties. This phenomenon underscores the urgent need for critical research to examine the motivations of the Muslim middle class in purchasing Islamic housing, while also investigating how religious commodification and Shari'ah-based financing models serve as key drivers in purchasing decisions and market dynamics.

Existing studies on Islamic housing development primarily focus on two key perspectives: religious motivation and religious commodification. Ul Jannah et al. emphasize that Muslim consumers' preference for Islamic housing is driven by religious values and the need for financing schemes that align with Islamic principles.⁸ In contrast, Sunesti and Putri highlight that young Muslims choose Islamic housing based on pragmatic considerations, particularly economic factors and social homogeneity, rather than purely ideological reasons.⁹ A more critical approach by Suprpto and Huda reveals that Islamic symbols in housing projects often function merely as marketing tools, with little tangible impact on residents' religious commitment.¹⁰ However, these studies have yet to specifically analyze how religious commodification in Islamic housing becomes a primary attraction for the Muslim middle class, particularly when supported by financing schemes that claim to be Shari'ah-compliant and independent of conventional financial institutions. This research seeks to fill that gap by critically examining the factors that drive the Muslim middle class to purchase Islamic housing and exploring the implications for developers' bargaining power, especially in the context of the tension between Islamic ideals and real-world market practices.

⁵ See: Tri Lestari Khoirrani and Risma Nur Arifah, "Default Solution on Shari'ah Housing in the View of Private Law and Islamic Law," *At-Turas: Jurnal Studi Keislaman* 8, no. 1 (June 30, 2021): 27–48; Istianah Zainal Asyiqin and Fe Fikran Alfurqon, "Musyarakah Mutanaqisah: Strengthening Islamic Financing in Indonesia and Addressing Murabahah Vulnerabilities," *Jurnal Media Hukum* 31, no. 1 (February 20, 2024): 1–18.

⁶ Mayasari, Interview with a Shari'ah-Compliant Housing Developer, May 2024.

⁷ Rihan, Interview with a Shari'ah-Compliant Housing Developer, May 2024.

⁸ Annisa 'Ul Jannah et al., "The Norms That Shape Residents' Preference for Muslim Housing Communities in Depok City, Indonesia," *The International Journal of Interdisciplinary Social and Community Studies* 17, no. 1 (2022): 127–41.

⁹ Yuyun Sunesti and Addin K. Putri, "Sharia Housing and Millennials in Indonesia: Between Religious and Economic Motives," *HTS Teologiese Studies / Theological Studies* 78, no. 4 (January 1, 2022): a7062.

¹⁰ Suprpto and Huda, "Religious Commodification," 97–127.

This study adopts a socio-legal approach to examine Islamic housing transactions from both legal and social perspectives. Field research was conducted over four months (May–August 2024) at the Perumahan Syariah Residence in Tanjung Pati, Lima Puluh Kota, West Sumatra—the only residential area in the region that explicitly implements Islamic principles in property transactions. The area also represents Minangkabau society, which is known for its strong religious orientation. Data collection involved in-depth interviews with ten informants, including two developers and eight middle-class Muslim buyers. The developers’ names, the housing project, and informants have been anonymized to protect the respondents’ confidentiality. Additionally, promotional materials and official website content were analyzed to enrich the dataset. All collected data were examined qualitatively to understand the motivations, strategies, and religious narratives shaping middle-class Muslim consumers’ purchasing decisions. The study also reassesses the interplay between market forces, religious identity, and developers’ bargaining power within the Islamic housing sector.

Islamic Housing Finance from the Perspectives of *Fiqh* and State Law

A review of classical Islamic jurisprudence (*fiqh*) reveals that, while there is no specific discussion on housing finance contracts, scholars have identified several transactional frameworks that can be adapted to the real estate sector. These include *salam* (sale with advance payment and deferred delivery), *sharf* (currency exchange), *murābahah* (cost-plus sale), *tamliyyah* (sale at cost price without profit), and *istisnāʿ*.¹¹ Among these, *istisnāʿ* holds a strategic position in Islamic housing development, as it allows for property construction on order with a gradual payment scheme. According to Wahbah al-Zuhailī, this contract represents a dynamic response of *fiqh* to the demands of modern property financing, ensuring compliance with Islamic principles while addressing contemporary socio-economic challenges.¹²

From a regulatory perspective, Indonesia lacks explicit legislation governing specific contracts for Islamic housing finance. However, Law No. 10 of 1998 on Banking provides the legal foundation for applying various contractual frameworks in Shariʿah-compliant home financing.¹³ In practice, the Islamic finance industry predominantly employs *murābahah*, *ijārah muntahiyah bi tamlik* (lease-to-own), *mushārahah mutanāqishah* (diminishing joint venture), and *istisnāʿ*. All Islamic housing finance transactions must adhere to fatwās (Islamic legal opinions) issued by the National Shariʿah Council of the Indonesian Ulema Council (DSN-MUI, Dewan Syariah Nasional Majelis Ulama Indonesia), ensuring Shariʿah compliance. These fatwās serve a dual function—not only as operational guidelines for Islamic financial institutions but also as legal instruments that legitimize Shariʿah-based transactions in Indonesia.¹⁴

¹¹ Wahbah al-Zuhailī, *Al-Fiqh al-Islamī wa Adillatuh*, vol. 4 (Damaskus: Dār Al-Fikr, 1985), 343–44.

¹² Al-Zuhailī, 4:631–35.

¹³ Qodariah Barkah et al., “Legal Transformation of Indonesian Sharia Banks Towards Digital Banking in the Era of Industrial Revolution 4.0,” *Al-ʿAdalah* 21, no. 2 (December 26, 2024): 347–70.

¹⁴ See: Tri Hidayati et al., “Digitalization of Islamic Finance: Epistemological Study of the National Sharia Board-Indonesian Council of Ulama’s Fatwa,” *Al-Abkam* 33, no. 2 (October 31, 2023): 255–78; Elsy Renie, “The Urgency of Fatwa in the Law of Sharia Economics in Indonesia,” *Juris: Jurnal Ilmiah Syariah* 20, no. 2 (2021): 201–8.

The *murābahah* contract, regulated under the DSN-MUI Fatwā No. 111/DSN-MUI/IX/2017, is the most dominant financing model in the Islamic housing market.¹⁵ It is a cost-plus sale contract, where the bank acts as a seller, purchasing the property at the customer's request and subsequently selling it at an agreed-upon profit margin. To prevent *gharar*, both the principal cost and profit margin must be fully transparent from the outset. While this model provides pricing transparency and avoids *ribā*, it has been criticized for its structural similarity to conventional mortgage systems.¹⁶ According to Hanudin Amin, the popularity of *murābahah* among Muslim consumers is primarily driven by its fixed installment structure and predictability in pricing.¹⁷

Another financing alternative is *ijārah muntahiyah bi tamlik*, regulated under the DSN-MUI Fatwā No. 27/DSN-MUI/III/2002. It is a lease-to-own contract, where the bank leases the property to the customer for a specified period, with an ownership option at the end of the lease term through a gift (*hibah*), symbolic sale, or final installment payment.¹⁸ This rent-to-own scheme allows customers to occupy the property before assuming full ownership at the end of the lease. As Jamaluddin and Fita Nurotul Faizah noted, this flexibility makes *ijārah muntahiyah bi tamlik* particularly attractive for consumers with limited liquidity in the initial stages of financing.¹⁹ However, Samers warns that pricing transparency in the ownership option remains a key challenge in this model.²⁰

The *mushārahah mutanāqishah* scheme, governed by the DSN-MUI Fatwā No. 73/DSN-MUI/XI/2008, introduces a gradual ownership transfer mechanism. It is a diminishing partnership contract where one party's ownership share decreases as the other party gradually purchases the remaining shares.²¹ In Islamic banking, *mushārahah mutanāqishah* facilitates co-ownership between the bank and the customer, with the bank's ownership share diminishing over time as the customer makes periodic payments until full ownership is achieved.²² This model allows both parties to finance the property together, progressively shifting ownership to the customer. While *mushārahah mutanāqishah* theoretically offers a more equitable risk-sharing approach, its implementation faces technical challenges due to administrative

¹⁵ "Fatwa DSN-MUI No. 111/DSN-MUI/IX/2017 tentang Akad Jual Beli Murabahah," *DSN-MUI* (blog), accessed March 26, 2024, <https://dsnmu.or.id/kategori/fatwa/>.

¹⁶ See: M. Samers, "Islamic Housing Finance," in *International Encyclopedia of Housing and Home* (Elsevier, 2012), 130–38; Mohammad Ghazali et al., "The Law Concept of Sharia Banking Compliance on Murabaha Financing in Indonesia," *Samarah: Jurnal Hukum Keluarga dan Hukum Islam* 8, no. 3 (August 24, 2024): 1391–1408.

¹⁷ Hanudin Amin, "The Islamic Theory of Consumer Behaviour for *Ijarah* Home Financing," *Journal of Asia Business Studies* 13, no. 4 (October 7, 2019): 672–93.

¹⁸ "Fatwa DSN-MUI No. 27/DSN-MUI/III/2002 tentang al-Ijarah al-Muntahiyah bi al-Tamlik," *DSN-MUI* (blog), accessed March 26, 2024, <https://dsnmu.or.id/kategori/fatwa/>.

¹⁹ Jamaluddin, "Implementasi Akad Ijarah Muntahiyah bi al-Tamlik (IMBT) Perspektif Fatwa DSN-MUI Nomor 27 Tahun 2002 & Hukum Islam," *Jurnal At-Tamwil: Kajian Ekonomi Syariah* 2, no. 2 (September 30, 2020): 153–81; Fita Nurotul Faizah, "Akad Ijarah: Multijasa Financing Mechanism in Baitul Maal wa Tamwil (BMT)," *AL-ARBAH: Journal of Islamic Finance and Banking* 4, no. 2 (October 9, 2022): 123–40.

²⁰ Samers, "Islamic Housing Finance," 130–38.

²¹ "Fatwa DSN-MUI No. 73/DSN-MUI/XI/2008 tentang Musyarakah Mutanaqishah," *DSN-MUI* (blog), accessed March 26, 2024, <https://dsnmu.or.id/kategori/fatwa/>.

²² Asyiqin and Alfurqon, "Musyarakah Mutanaqishah," 1–18.

complexities and the need for sophisticated management systems.²³ For new housing development projects, *istisnā'* emerges as an ideal solution, enabling construction-based financing according to pre-determined specifications. It is a contract for commissioned property construction, where payments are made in stages based on construction progress or after project completion. This model is regulated under the DSN-MUI Fatwā No. 06/DSN-MUI/IV/2000.²⁴ As noted by Darti Busni et al., the primary advantage of *istisnā'* lies in its ability to minimize *gharar* while accommodating customized property specifications according to consumer preferences.²⁵

These various Islamic housing finance models represent efforts to harmonize Islamic jurisprudential principles with practical needs in the real estate sector. Each contract carries distinct advantages and challenges, particularly regarding ease of implementation, risk distribution, and legal certainty. The DSN-MUI fatwās function as an intermediary legal instrument, bridging positive law and *fiqh*, providing a robust legal framework for ensuring Shari'ah compliance in financial transactions.²⁶ Nonetheless, challenges persist in ensuring that these contracts do not merely fulfill formal legal requirements but also uphold the fundamental values of Islamic economics, namely justice, transparency, and sustainability.²⁷

Perumahan Syariah Residence: Financing Model and Islamic Housing Concept

The Perumahan Syariah Residence is a property development project initiated by PT. Syariah Residence, a real estate company led by Mayasari.²⁸ The project is located in Sarilamak Village, Harau District, Lima Puluh Kota Regency, West Sumatra, a highly strategic area situated along the main connecting route between West Sumatra and Riau. Sarilamak has emerged as a dynamic and rapidly developing area, making it a prime location for middle-class housing needs. Additionally, the region is known as a "Satellite City", serving as an economical and administrative center in Lima Puluh Kota, making it an attractive choice for both residential living and long-term investment. Since its inception in 2018, PT. Syariah Residence has developed three phases of this Islamic housing project.²⁹

As an Islamic property developer, PT. Syariah Residence implements Shari'ah-compliant financing and promotes an Islamic residential environment concept. The company offers a variety of housing types at different price points, ranging from IDR 160 million to IDR 408 million. For instance, a type 36 Islamic house is available starting at IDR 180 million, specifically designed for small families seeking a comfortable yet functional home.

²³ Yuli Nurhayati and Asyari Hasan, "Analysis of the Mutanaqisah Musyarakah Contract as a Solution for Home Ownership Financing in Islamic Banking," *Indonesian Interdisciplinary Journal of Sharia Economics (IIJSE)* 5, no. 1 (April 5, 2022): 390–408.

²⁴ "Fatwa DSN-MUI No. 06/DSN-MUI/IV/2000 tentang Jual Beli Istishna'," *DSN-MUI* (blog), accessed March 26, 2024, <https://dsnmu.or.id/kategori/fatwa/>.

²⁵ Darti Busni et al., "Hybrid Contracts in Leasing and Ijarah Muntahiya bit Tamlik in Indonesia Sharia Financial Institutions," *EkBis: Jurnal Ekonomi dan Bisnis* 6, no. 1 (July 7, 2022): 59–73.

²⁶ Lina Maulidiana and Ledy Famulia, "Maqâshid al-Shari'ah Review of the Implementation of Sharia Franchise at 212 Mart Bandar Lampung, Indonesia," *Al-'Adalah* 20, no. 1 (June 25, 2023): 157–78.

²⁷ Ahmad Dakhoir, "The Fatwa Authorities of National Syaria Council of Majelis Ulama Indonesia in Supporting the Principle If Syariah Compliance," *Journal of Legal, Ethical and Regulatory Issues* 22, no. 1 (2019): 1–5.

²⁸ Mayasari, Interview with a Shari'ah-Compliant Housing Developer.

²⁹ Riyan, Interview with a Shari'ah-Compliant Housing Developer.

The house has a 36 m² building area on a 108 m² plot of land, featuring two bedrooms, one bathroom, and a living room. With installment options starting from IDR 1,125,000 per month, Taman Yudha Mas Tanjung Pati presents an affordable homeownership solution for young families looking to purchase their first home, as well as for those seeking a budget-friendly yet high-quality residence.³⁰

Figure 1
Islamic Housing Sales Brochures



Source: Data obtained directly from the developer, 2024.

The sales brochure for the Perumahan Syariah Residence (Figure 1) highlights its adherence to Islamic principles in home financing. The financing model employed by the developer claims to be free from *ribā*, void transactions, bank loans, late payment penalties, property seizures, foreclosures, auctions, and insurance requirements. Furthermore, the financing scheme requires zero down payment, no Bank Indonesia credit checks, and no complicated administrative conditions.³¹ From the perspectives of both the developer and homebuyers, *ribā* is strictly prohibited in Islam, leading them to avoid banks in housing transactions. Instead, the home purchase agreement is established directly between the buyer and the developer, where they mutually agree on the payment method, the down payment amount, and the monthly installment structure (if the buyer opts for installments). One distinctive feature of this Islamic financing system is its absence of penalty fees for buyers who fail to meet their payment obligations on time. However, buyers facing financial difficulties are required to inform the developer of their challenges and provide justifiable reasons for any payment delays. This approach aligns with Islamic ethical principles, emphasizing compassion and fairness in financial transactions, particularly in addressing individuals' difficulties in fulfilling their commitments.³²

³⁰ Mayasari, Interview with a Shari'ah-Compliant Housing Developer.

³¹ Riyan, Interview with a Shari'ah-Compliant Housing Developer.

³² Mayasari, Interview with a Shari'ah-Compliant Housing Developer, May 2024; Riyan, Interview with a Shari'ah-Compliant Housing Developer.

Beyond Shari‘ah-compliant financing, PT. Syariah Residence also envisions an Islamic residential environment, incorporating facilities such as a sports center, jogging track, modern wet market, places of worship, and a *pondok tabfi‘z* (Islamic boarding school focused on Quran memorization).³³ The first three facilities are general amenities commonly offered by real estate developers, while the latter are specifically designed to align with Islamic values. Unfortunately, despite these ambitious plans, none of these facilities have been successfully implemented as of yet. Mayasari and RM have cited financial constraints as the primary obstacle preventing the realization of these Islamic housing amenities.³⁴ Overall, the Perumahan Syariah Residence represents an alternative Islamic housing model that integrates Shari‘ah-compliant financing mechanisms with a vision of an Islamic lifestyle-oriented residential community. However, the challenges in execution, particularly financial limitations, highlight the complexities involved in developing Islamic housing projects that fully uphold the principles of Islamic economic law while maintaining practical feasibility in the modern real estate market.

Implementation of *Ijārah Muntabiyah bi Tamlik* and *Istisnā‘* Contracts in Islamic Housing Finance

Islamic housing finance at the Perumahan Syariah Residence applies two primary contracts: *ijārah muntabiyah bi tamlik* and *istisnā‘*.³⁵ These contracts are designed to offer Shari‘ah-compliant homeownership solutions, ensuring the avoidance of *ribā*, *gharar*, and *ẓulm* (injustice).³⁶ *Ijārah muntabiyah bi tamlik* contract is used in a lease-to-own scheme, where ownership of the property transfers to the tenant upon completion of the rental period. Meanwhile, the *istisnā‘* contract is applied in a build-to-order scheme, where the buyer commissions a house with specific features and makes progressive payments until the property is completed. The implementation of these contracts aligns with the needs of middle-class Muslim communities in Sarilamak, who seek flexible, transparent, and *ribā*-free housing solutions. The Perumahan Syariah Residence claims to be the first and only Islamic housing project in Sarilamak, offering a fully Shari‘ah-compliant financing model.³⁷

The *ijārah muntabiyah bi tamlik* contract is a rental agreement with an ownership option, allowing tenants to acquire ownership of the property gradually. Under this scheme, the buyer makes fixed rental payments over a specified period, with a portion of the payments allocated toward the property’s purchase price. Ownership is transferred to the tenant once the full payment is completed. This model offers a more flexible alternative to conventional mortgages, eliminating fluctuating interest rates and the risk of foreclosure due to default. Studies have shown that *ijārah muntabiyah bi tamlik* financing is gaining popularity in Islamic property finance, as it provides a flexible financing structure that can adapt to changing

³³ Riyan, Interview with a Shari‘ah-Compliant Housing Developer.

³⁴ Mayasari, Interview with a Shari‘ah-Compliant Housing Developer, May 2024; Riyan, Interview with a Shari‘ah-Compliant Housing Developer.

³⁵ Mayasari, Interview with a Shari‘ah-Compliant Housing Developer.

³⁶ Samers, “Islamic Housing Finance,” 130–38.

³⁷ Mayasari, Interview with a Shari‘ah-Compliant Housing Developer.

consumer needs, particularly during economic uncertainty.³⁸ Additionally, integrating digital marketing strategies has enhanced the visibility of *ijārah muntabiyah bi tamlīk* offerings, making it easier for prospective homeowners to access information and make informed decisions.³⁹

Figure 2

Islamic Housing Finance Based on Islamic Principles

PESAN DISINI
Miliki Hunian Aman, Nyaman, Strategis & Eksklusif

Pertama & Satunya Saat Ini

SISTEM SYARIAH
 > Tanpa hutang Bank
 > Tidak ada BI Checking
 > Tidak ada ancaman segel & lelang
 > No riba

SATELIT CITY KOTA MANDIRI

TAHAP V
 Sport Center <
 Jogging Trek <
 Pasar Basah Modern <
 Garasi (badan <

Sistem Syariah
 - Tanpa Hutang Bank
 - Tanpa Denda Telat Bayar
 - Tanpa Ada Sita, Tanpa Segel
 - Tanpa Lelang Jika Ada Tunggakan
 - Tanpa Akad Bathil
 - Tanpa BI Checking
 - Tanpa Bunga
 - Tanpa Finalty Jika Dilunasi Cepat...
 Bahkan Dapat Diskon Jika Dilunasi
 - Tanpa Syarat Adm Yang Ribet
 - Tanpa Ista Khasiat / Khasanah
 - Tanpa Slip Gaji
 - Tanpa Surat Ista Khasanah

Fasilitas
 *Sport Center
 *Jogging Track
 *Pasar Basah Modern
 *Sarana Basah
 *Pondok Tahfidz

Alamat Kantor :
 Kandang Lamo - Sarilamak
 ☎ 0752-7750000
 📞 0811 663938, 0811 395509,
 0811 665673

Developer
 #TampaBunga #TampaRiba
MURAH MERUMAH MEMILIKI RUMAH DENGAN DP 0% ?
 KONTRAK BERTANGGUNG JAWAB
 Untuk Anda Yang Ingin Tidak Menakut Akad, Disamping Itu...
 Alhamdulillah Selamat Menikmati !!

Developer
 #TampaBunga #TampaRiba
 📞 0811 663938 - 7750000 📞 0811 665673 - 395509
 📞 0811 663938 - 7750000 📞 0811 665673 - 395509
 📞 0811 663938 - 7750000 📞 0811 665673 - 395509

Source: Data obtained directly from the developer, 2024.

At the Perumahan Syariah Residence, *ijārah muntabiyah bi tamlīk* contract is implemented to purchase houses with a land area of 45 square meters, priced at IDR 323,000,000. The financial terms include a non-refundable booking fee of IDR 5,000,000 (covering notary fees) and a down payment of IDR 30,000,000. After making the down payment, the buyer proceeds with fixed-installment payments under the *ijārah muntabiyah bi tamlīk* scheme, with tenure options as follows: 1). 5 years (60 months): IDR 4,800,000 per month; 2). 10 years (120 months): IDR 2,400,000 per month; 3). 15 years (180 months): IDR 1,600,000 per month; 4). 20 years (240 months): IDR 1,200,000 per month. Additionally, buyers are required to pay extra fees for building permits (IMB), electricity (PLN), water utilities (PDAM), property taxes, and the Sale and Purchase Deed (AJB), which must be settled before moving in. The construction process takes 6 to 12 months, depending on payment sequence and order number. If the land area exceeds the brochure specifications, an additional IDR 1,000,000 per square meter charge applies.⁴⁰

³⁸ See: Mustafa Raza Rabbani et al., "The Response of Islamic Financial Service to the COVID-19 Pandemic: The Open Social Innovation of the Financial System," *Journal of Open Innovation: Technology, Market, and Complexity* 7, no. 1 (March 2021): 85; Siti Suparyanti and Christina Ekawati, "Influences And Antecedents That Influence Home Purchase Decisions through Sharia Mortgage Financing (Study on KCP BTN Syariah Kalimas Bekasi Branch Customers)," *Jurnal Indonesia Sosial Teknologi* 4, no. 9 (September 25, 2023): 1349–60.

³⁹ Khavid Normasyhuri and Siti Nurohmah, "Purchase Decision Patterns of Non-Bank Sharia Housing in Bandar Lampung City during Covid-19: Price Exploration and Digital Marketing," *Journal of Islamic Economics Lariba* 9, no. 1 (June 21, 2023): 35–56.

⁴⁰ Mayasari, Interview with a Shari'ah-Compliant Housing Developer, May 2024; Riyan, Interview with a Shari'ah-Compliant Housing Developer.

The *ijārah muntahiyah bi tamlik* implementation in this housing project highlights its flexibility in payment structures, price certainty from the outset, and transparent cost breakdowns, distinguishing it from interest-based mortgage systems. *Ijārah muntahiyah bi tamlik* framework is highly relevant in Islamic housing finance, as it caters to consumers seeking Shari‘ah-compliant solutions while also stimulating economic growth within the community. This contract is designed to clearly define tenants’ and property owners’ rights and obligations. Tenants pay rent to use the property, with a portion allocated toward ownership acquisition. This mechanism facilitates homeownership and reduces financial risks associated with traditional mortgages, often involving fluctuating interest rates and hidden costs.⁴¹ A transparent *ijārah muntahiyah bi tamlik* contract is crucial for building trust between financial institutions and consumers, particularly in regions showing a growing interest in Islamic financing.⁴²

In addition to *ijārah muntahiyah bi tamlik*, the Perumahan Syariah Residence implements *istisnā’* contracts as an alternative financing option tailored to meet Muslim homeownership needs while adhering to Islamic financial principles. Through the *istisnā’* contract, the developer, Mayasari, commits to constructing a house according to the agreed specifications with the buyer, AM. In this case, AM commissions a 51 m² residential unit on a 108 m² plot, with a contract value of IDR 408,000,000. This transaction is conducted without the involvement of conventional financial institutions, ensuring that it remains free from *ribā*, *gharar*, and unjust practices in property transactions.⁴³ The *istisnā’* model benefits individuals excluded from the formal banking system,⁴⁴ such as informal sector entrepreneurs and those facing administrative challenges in securing bank loans. It makes *istisnā’* a highly inclusive and adaptable instrument within the Islamic financial system.⁴⁵

From a payment mechanism perspective, the *istisnā’* contract applied in this project offers a long-term installment plan with attractive incentives for consumers. Aming pays a down payment of IDR 51,000,000, while the remaining IDR 357,000,000 is paid in 240 monthly installments of IDR 1,487,500. A key advantage of this scheme is the flexibility in upfront payments, which comes with installment discounts—ranging from a one-month discount for a 12-month advance payment to a 12-month discount for a 10-year advance payment. These incentives not only benefit consumers financially but also enhance the developer’s cash flow stability. On the other hand, risk management in *istisnā’* contracts is structured proportionally. If a buyer defaults on three consecutive payments, the developer reserves the right to terminate the contract or offer an alternative transfer to an Islamic

⁴¹ Safaruddin Harefa, “House Ownership Financing: Sharia Economic Perspective,” *Journal of Islamic Economics, Management, and Business (JIEMB)* 3, no. 2 (December 10, 2021): 195–210; Suparyanti and Ekawati, “Influences and Antecedents That Influence Home Purchase Decisions through Sharia Mortgage Financing,” 1349–60.

⁴² Normasyhuri and Nurohmah, “Purchase Decision Patterns of Non-Bank Sharia Housing in Bandar Lampung City during Covid-19,” 35–56.

⁴³ Mayasari, Interview with a Shari‘ah-Compliant Housing Developer, May 2024; Riyan, Interview with a Shari‘ah-Compliant Housing Developer.

⁴⁴ Anisza Hasmawati and Azhar Mohamad, “Potential Application of *Istisna’* Financing in Malaysia,” *Qualitative Research in Financial Markets* 11, no. 2 (May 7, 2019): 211–26.

⁴⁵ Normasyhuri and Nurohmah, “Purchase Decision Patterns of Non-Bank Sharia Housing in Bandar Lampung City during Covid-19,” 35–56.

mortgage, covering 75% of the remaining debt. This policy reflects the prudential principle while ensuring protection for both parties in the agreement.⁴⁶

Conceptually, the *istisnā'* contract implemented at the Perumahan Syariah Residence aligns with *maqāṣid al-sharī'ah* (the objectives of Islamic law), particularly in terms of preserving wealth (*ḥifẓ al-māl*) and promoting social welfare by providing fair and transparent homeownership access.⁴⁷ The direct transaction between developer and consumer minimizes intermediary costs and reduces the risk of information asymmetry, creating a more efficient and equitable financing ecosystem.⁴⁸ The legal clarity in contracts and the risk mitigation mechanisms reinforce *istisnā'* as a sustainable and adaptive Islamic financing model.⁴⁹

Factors Influencing the Decision to Purchase Shari'ah-Compliant Housing

The increasing popularity of Shari'ah-compliant housing among the Muslim middle class, including in Lima Puluh Kota, reflects a shift in residential preferences that are influenced not only by economic factors but also by religious and socio-cultural values. Data from Islamic property developers, Mayasari and Riyan, indicate that approximately 70% of total annual sales of Shari'ah-compliant housing come from the Muslim middle class.⁵⁰ This trend highlights not only the demand for comfortable housing but also the expression of faith through homeownership that is aligned with Islamic principles. In this context, Islamic housing is not merely seen as a place to live but also as an extension of religious identity and a form of commodification of Islamic values within the property sector.⁵¹

Interviews with buyers of Shari'ah-compliant housing in the Perumahan Syariah Residence, Tanjung Pati, revealed three primary factors influencing their purchasing decisions and the sustainability of transactions: religious factors, economic considerations, and socio-cultural aspects. Religious motivation emerged as the dominant driver for most buyers, many of whom chose Islamic housing to live in an environment that aligns with Islamic values.⁵² A major attraction of this type of housing is the *ribā*-free financing system,⁵³

⁴⁶ Aming, Interview with a Shari'ah-Compliant Housing Buyer, August 2024.

⁴⁷ Rafidah Mohd Azli et al., "Implementation of Maqasid Shariah in Islamic House Financing: A Study of the Rights and Responsibilities of Contracting Parties in Bai Bithaman Ajil and Musharakah Mutanaqisah," *Journal of Applied Business Research (JABR)* 27, no. 5 (August 9, 2011): 85–96.

⁴⁸ Khoirrani and Arifah, "Default Solution on Sharia Housing in the View of Private Law and Islamic Law," 27–48.

⁴⁹ Erike Anggraeni, Khavid Normasyhuri, and Siti Nurohmah, "Non-Bank Sharia Housing Purchasing Decision Segment: Is a Sustainable Halal Lifestyle Important as Moderation?," *Al-Muzara'ah* 12, no. 1 (June 27, 2024): 27–50.

⁵⁰ Mayasari, Interview with a Shari'ah-Compliant Housing Developer, May 2024; Riyan, Interview with a Shari'ah-Compliant Housing Developer.

⁵¹ Greg Fealy, "2. Consuming Islam: Commodified Religion and Aspirational Pietism in Contemporary Indonesia," in *Expressing Islam: Religious Life and Politics in Indonesia*, ed. Greg Fealy and Sally White (ISEAS Publishing, 2008), 15–39.

⁵² Sarah, Interview with a Shari'ah-Compliant Housing Buyer, June 2024.

⁵³ See: Chairul Fahmi, "The Impact of Regulation on Islamic Financial Institutions Toward the Monopolistic Practices in the Banking Industrial in Aceh, Indonesia," *Jurnal Ilmiah Peuradeun* 11, no. 2 (May 30, 2023): 667–86; Ratna Mutia et al., "The Influence of Conventional Banking and Sharia Banking on Economic Growth in Indonesia," *Jurnal Ilmiah Peuradeun* 13, no. 1 (January 30, 2025): 223–50.

which is considered more compliant with Islamic teachings than conventional credit schemes involving interest. As Awang stated:⁵⁴

“I find that Shari‘ah-compliant housing offers many benefits, especially from a financial perspective. The financing is ribā-free, and the installment plans are flexible, which provides peace of mind as they align with Islamic financial principles. Additionally, the payment system is not burdensome—the down payment is affordable, and I appreciate the most that there are no late payment penalties. That makes Islamic housing much more appealing to me.”

Moreover, a religiously homogeneous environment is perceived as beneficial for children’s education and spiritual development, as Islamic values can be more easily instilled in daily life. The presence of Shari‘ah-based facilities further reinforces the decision to purchase.⁵⁵ In this regard, adherence to Islamic principles in both financial and social aspects is not merely a preference but also a manifestation of religious commitment.⁵⁶

Beyond religious considerations, economic factors also play a crucial role in purchasing Shari‘ah-compliant housing. The advantages of Islamic financing—such as the absence of late payment penalties, no fluctuating interest rates, and fixed monthly installments—make it particularly attractive to the Muslim middle class. This stable payment structure provides financial security and is perceived as a fairer alternative to conventional banking schemes.⁵⁷ Some buyers, such as Zafir and Rawing, view Islamic housing as a promising investment opportunity.⁵⁸ The strategic location near business districts and university campuses increases property value and offers the potential for rental income from fellow Muslim tenants. As Rawing noted:⁵⁹ *“My main reason for choosing this housing complex is its strategic location—close to the business area and campuses in Tanjung Pati. I see this as an opportunity because the property value is bound to increase over time.”* The growing presence of Shari‘ah-based financial products in the real estate sector is also opening up new investment prospects, particularly in Southeast Asia, where the Muslim market is both large and rapidly expanding.⁶⁰

Additionally, socio-cultural factors contribute to shaping preferences for Shari‘ah-compliant housing. Several buyers emphasized that living in a religiously homogeneous community fosters a higher sense of social security and supports a more cohesive social environment. The shared Islamic values within these housing complexes are seen as beneficial for child-rearing, particularly in instilling Islamic norms from an early age.⁶¹ As Katasa explained, *“I chose Islamic housing because I want my home to reflect my religious values. For me, living in a community that shares the same religious vision is essential, especially for raising children. It makes*

⁵⁴ Awang, Interview with a Shari‘ah-Compliant Housing Buyer, June 2024.

⁵⁵ Yalfi, Interview with a Shari‘ah-Compliant Housing Buyer, August 2024; Ari, Interview with a Shari‘ah-Compliant Housing Buyer, August 2024.

⁵⁶ Sunesti and Putri, “Sharia Housing and Millennials in Indonesia,” a7062.

⁵⁷ Nur Rizqi Febriandika et al., “Determinants of the Millennial Generation’s Intention to Use Sharia Home Mortgages,” *International Journal of Advanced and Applied Sciences* 11, no. 1 (January 2024): 32–39.

⁵⁸ Zafir, Interview with a Shari‘ah-Compliant Housing Buyer, August 2024.

⁵⁹ Rawing, Interview with a Shari‘ah-Compliant Housing Buyer, August 2024.

⁶⁰ See: M.F. Ibrahim, O.S. Eng, and A. Parsa, “Shariah Property Investment in Asia,” *Journal of Real Estate Literature* 17, no. 2 (2009): 233–48; Siti Amroh, Ari Kristin Prasetyoningrum, and Husna Husain, “Women and Investment Decision in Sharia Instruments: Moderating Effect of Financial Spirituality Orientation,” *Jurnal Ilmiah Peuradeun* 12, no. 2 (May 30, 2024): 877–98.

⁶¹ Awang, Interview with a Shari‘ah-Compliant Housing Buyer.

teaching them about religious education in a supportive environment easier.” Furthermore, Islamic housing communities often implement specific regulations requiring residents to adhere to Islamic principles in their daily lives.⁶² This religious homogeneity not only strengthens social cohesion but also creates a structured social ecosystem where residents can practice Islamic values without external societal influences that might challenge their way of life.⁶³

Among these three factors, religious motivation remains the most decisive determinant in purchasing Shari‘ah-compliant housing, followed by economic and socio-cultural considerations. While economic factors enhance the appeal by offering financial stability and investment potential, and socio-cultural aspects contribute to the preference for a religiously homogeneous community, religious commitment ultimately serves as the primary foundation for decision-making. Moreover, the rising demand for Islamic housing indicates a broader trend of commodifying religious identity, where owning a Shari‘ah-compliant home is not only a matter of fulfilling residential needs but also a means of affirming Islamic identity in the broader social space.⁶⁴ Consequently, Islamic housing is evolving not only as an alternative to Islamic-value-based living but also as part of the complex economic, social, and cultural dynamics within the contemporary Muslim middle class.

Religiosity, Religious Commodification, and Structural Tensions

The implementation of *istisnā‘* and *ijārah muntahiyah bi tamlik* contracts in the Islamic housing financing scheme by PT. Syariah Residence reveals a fundamental tension between the idealism of religiosity and the reality of commercialization within the Islamic property industry. Normatively, these contracts are designed to uphold the principles of *maqāṣid al-shari‘ah*, particularly in ensuring justice, transparency, and asset protection for both parties in a transaction.⁶⁵ However, in practice, these contracts exhibit significant vulnerabilities when confronted with market logic and commercial economic dynamics that prioritize capital accumulation over Islamic ethical values.⁶⁶ This tension increases the risk of disputes in Islamic economic transactions.⁶⁷

From a technical perspective, the *istisnā‘* contract provides consumers with the flexibility to customize their homes according to their desired specifications.⁶⁸ However, this

⁶² ‘Ul Jannah et al., “The Norms That Shape Residents’ Preference for Muslim Housing Communities in Depok City, Indonesia,” 127–41.

⁶³ Sunesti and Putri, “Sharia Housing and Millennials in Indonesia,” a7062.

⁶⁴ Suprpto and Huda, “Religious Commodification,” 97–127.

⁶⁵ See: Azli et al., “Implementation of Maqasid Shariah in Islamic House Financing,” 85–96; Syahidawati Shahwan et al., “Ranking the Compliance of Islamic Banking Home Financing Products with Maqasid Shariah Using AHP,” *International Journal of the Analytic Hierarchy Process* 14, no. 3 (January 6, 2023): 1–21.

⁶⁶ See: Helen and Gamal, “Sharia Housing in the Real Estate Business,” 27–41; Nur Hidayah et al., “Sharia Banking Disputes Settlement: Analysis of Religious Court Decisions in Indonesia,” *Al-Risalah: Forum Kajian Hukum dan Sosial Kemasyarakatan* 23, no. 1 (June 27, 2023): 75–92; Agus Riwanto and Sukarni Suryaningsih, “Realizing Welfare State and Social Justice: A Perspective on Islamic Law,” *Volksgeist: Jurnal Ilmu Hukum dan Konstitusi* 5, no. 1 (June 30, 2022): 41–51.

⁶⁷ Usep Saepullah, “Legal Certainty of Arbitration in the Settlement of Islamic Economic Civil Cases in the Perspective of Positive Law in Indonesia,” *Al-’Adalah* 19, no. 2 (December 25, 2022): 261–90.

⁶⁸ Mohyi Aldin Abu Alhoul et al., “Activating Istisna’a in Islamic Banks to Finance Housing for People with Limited Income - The Case of Jordan,” *Asian Economic and Financial Review* 13, no. 8 (June 21, 2023): 576–89.

direct financing scheme places a disproportionate financial risk on developers.⁶⁹ PT. Syariah Residence bears the full construction costs upfront without any guarantee of continued payments from consumers, particularly in the absence of Islamic financial institutions that could serve as risk mitigators.⁷⁰ This imbalance exposes developers to the risk of default, including unilateral cancellations by dissatisfied consumers.⁷¹ This situation illustrates how the *istisnā'* contract, despite being free from *ribā*,⁷² has transformed into an instrument of religious commercialization, where the Islamic label is leveraged more as a marketing strategy than as a genuine manifestation of substantive justice.⁷³

Meanwhile, the *ijārah muntabiyah bi tamlik* contract offers a lease-to-own scheme, allowing consumers to gradually acquire property ownership without being entangled in *ribā*.⁷⁴ Theoretically, this contract provides consumers with flexibility in accessing housing, but it carries substantial latent risks in practice. Full property ownership is only transferred to the consumer upon completing all payment obligations, leaving the consumer legally vulnerable throughout the lease period.⁷⁵ Issues such as uncertainty regarding construction quality, delays in property handover, and the risk of default often go unaddressed in contractual agreements. Furthermore, *ijārah muntabiyah bi tamlik* is frequently reduced to a mere Islamic branding tool, marketed as a safer and more religiously compliant alternative.⁷⁶ In reality, it exacerbates power imbalances between developers and consumers.

A deeper analysis of these two contracts reveals the intensifying commodification of religion within the Islamic housing industry.⁷⁷ Islamic identity is no longer merely an ethical foundation but has been transformed into a market differentiation strategy, capitalized upon to attract the Muslim middle class.⁷⁸ Islamic housing is not merely positioned as a residential space but also as a status symbol and a marker of religious identity, fostering social exclusivity that contributes to spatial segregation in multicultural societies.⁷⁹ This phenomenon underscores the risk that Islamic claims in Islamic housing projects may be reduced to commercial labels. At the same time, core *maqāṣid al-sharī'ah* values—such as justice and social welfare—are increasingly marginalized.⁸⁰

⁶⁹ Y.A. Omar, "Istisna'a Banking and Its Contemporary Applications 'an Applied Sharia View,'" *Information Sciences Letters* 12, no. 8 (2023): 2653–64.

⁷⁰ Mayasari, Interview with a Shari'ah-Compliant Housing Developer.

⁷¹ Riyan, Interview with a Shari'ah-Compliant Housing Developer.

⁷² Hasmawati and Mohamad, "Potential Application of *Istisna'* Financing in Malaysia," 211–26.

⁷³ 'Ul Jannah et al., "The Norms That Shape Residents' Preference for Muslim Housing Communities in Depok City, Indonesia," 127–41.

⁷⁴ Samers, "Islamic Housing Finance," 130–38.

⁷⁵ Mayasari, Interview with a Shari'ah-Compliant Housing Developer, May 2024; Riyan, Interview with a Shari'ah-Compliant Housing Developer.

⁷⁶ N.A. Aziz et al., "Promotion and Service as Strategic Marketing Tools Towards Islamic House Financing," *Journal of Advanced Research in Dynamical and Control Systems* 11, no. 8 Special Issue (2019): 282–85.

⁷⁷ 'Ul Jannah et al., "The Norms That Shape Residents' Preference for Muslim Housing Communities in Depok City, Indonesia," 127–41.

⁷⁸ See: H.W. Weng, "Islamic Ways of Modern Living': Middle-Class Muslim Aspirations and Gated Communities in Peri-Urban Jakarta," in *Jakarta: Claiming Spaces and Rights in the City* (ISEAS Publishing, 2018), 195–213; Muhammad Sakti Garwan, "Shifting Meaning of the Hijrah Hadith in Economic Consideration on Social Media," *Jurnal Studi Ilmu-Ilmu Al-Qur'an dan Hadis* 21, no. 2 (July 29, 2020): 351–68.

⁷⁹ Sunesti and Putri, "Sharia Housing and Millennials in Indonesia," a7062.

⁸⁰ Amin, Abdul-Rahman, and Abdul Razak, "Theory of Islamic Consumer Behaviour," 273–301.

These findings emphasize that the primary challenge in implementing *istisnā'* and *ijārah muntabiyah bi tamlik* contracts lies not only in financial technicalities but also in ethical and epistemological concerns regarding the integrity of Islamic values in Islamic economic practices.⁸¹ Without a reformulation of business models and a strengthened role for Islamic financial institutions as power-balancing entities, Islamic housing risks becoming trapped in the paradox of religious commercialization. Therefore, institutional intervention from regulators is necessary, including enhancing risk mitigation systems and formulating fairer contractual agreements. It ensures that Islamic housing products genuinely reflect the principles of justice, social sustainability, and *maqāṣid al-sharī'ah* in a substantive—not merely symbolic—manner.⁸²

Conclusion

This study confirms the existence of an epistemological dissonance between the idealized narrative of Islamic transactions and the actual practices of Islamic housing financing in Indonesia. The analysis of the implementation of *istisnā'* (manufacture-sale) and *ijārah muntabiyah bi tamlik* (lease-to-own) contracts reveals three fundamental paradoxes. First, the claim of *ribā* avoidance does not automatically ensure the realization of substantive justice in developer-consumer relationships. Second, the Muslim middle class's preference for religious homogeneity positively correlates with spatial segregation practices, which contradict the Islamic principle of inclusivity. Third, the commodification of Islamic symbols through marketing strategies appears to be more dominant than the internalization of *maqāṣid al-sharī'ah* (the objectives of Islamic law) values in product design. Qualitative findings indicate that the *istisnā'* contract creates a risk asymmetry, where most of the initial financial burden falls on developers. In contrast, the *ijārah muntabiyah bi tamlik* contract places consumers in a legally ambiguous position throughout the lease period—a condition that contradicts the principle of *ḥifẓ al-māl* (protection of wealth).

Theoretically, this study contributes significantly to Islamic economic discourse by demonstrating how the capitalization of religious identity within the property industry reproduces structural inequalities. The policy implications call for a three-tiered supervisory model: contract standardization by the Financial Services Authority (OJK, Otoritas Jasa Keuangan), strengthening the role of the Sharī'ah Supervisory Board in transaction audits, and enhancing consumer education regarding legal rights in Islamic transactions. The study's limitations lie in its restricted geographical scope in West Sumatra and its focus on only two

⁸¹ See: Beebee Salma Sairally, "Evaluating the Corporate Social Performance of Islamic Financial Institutions: An Empirical Study," *International Journal of Islamic and Middle Eastern Finance and Management* 6, no. 3 (August 23, 2013): 238–60; Nik Anis Idayu Nik Abdullah, Nurhaiyyu Abdull Hamid, and Razali Haron, "Issues and Challenges of Sustainable Finance: An Experience from the Islamic Banking Industry," in *Islamic Finance and Sustainable Development* (Routledge, 2024), 187–94.

⁸² See: Kevin Loke Ke Wei and Hassanudin Mohd Thas Thaker, "A Qualitative Inquiry into Islamic Home Financing: Evidence from Malaysia," *Qualitative Research in Financial Markets* 9, no. 2 (May 2, 2017): 147–67; Yaxin Ma, Fauziah Md Taib, and Nusirat Ojuolape Gold, "An Islamic Principle-Based Integrated Solution for China's Housing Affordability Issues," *International Journal of Housing Markets and Analysis* 17, no. 3 (April 5, 2024): 769–94; Diky Faqih Maulana, Makhrus Makhrus, and Hamidatul Hasanah, "The Urgency of MUI Halal Fatwa about Food, Beverage, Medicine and Cosmetic Products for the Consumer Protection," *Volksgeist: Jurnal Ilmu Hukum dan Konstitusi* 5, no. 2 (December 19, 2022): 199–214.

contract types, necessitating comparative research across different regions with more complex financing models. Future research should explore the socio-spatial impact of Islamic housing on heterogeneous community structures and critically analyze the effectiveness of the National Shari‘ah Council of the Indonesian Ulema Council (DSN-MUI) fatwās in resolving contemporary Islamic property disputes.

Acknowledgments

This article was supported by the Beasiswa Indonesia Bangkit Lembaga Pengelola Dana Pendidikan (BIB LPDP) under the Ministry of Religious Affairs of the Republic of Indonesia.

Bibliography

- Abdullah, Nik Anis Idayu Nik, Nurhaiyyu Abdull Hamid, and Razali Haron. “Issues and Challenges of Sustainable Finance: An Experience from the Islamic Banking Industry.” In *Islamic Finance and Sustainable Development*, 187–94. Routledge, 2024.
- Alhoul, Mohyi Aldin Abu, Mohammed Hussein Al-Zghoul, Shireen Mahmoud Al Ali, and Khalid Faris Alomari. “Activating Istisna’a in Islamic Banks to Finance Housing for People with Limited Income - The Case of Jordan.” *Asian Economic and Financial Review* 13, no. 8 (June 21, 2023): 576–89. <https://doi.org/10.55493/5002.v13i8.4821>.
- Al-Zuhailī, Wahbah. *Al-Fiqh al-Islamī wa Adillatuh*. Vol. 4. 8 vols. Damaskus: Dār Al-Fikr, 1985.
- Amaroh, Siti, Ari Kristin Prasetyoningrum, and Husna Husain. “Women and Investment Decision in Sharia Instruments: Moderating Effect of Financial Spirituality Orientation.” *Jurnal Ilmiah Peuradeun* 12, no. 2 (May 30, 2024): 877–98. <https://doi.org/10.26811/peuradeun.v12i2.1332>.
- Amin, Hanudin. “The Islamic Theory of Consumer Behaviour for *Ijarah* Home Financing.” *Journal of Asia Business Studies* 13, no. 4 (October 7, 2019): 672–93. <https://doi.org/10.1108/JABS-09-2018-0261>.
- Amin, Hanudin, Abdul-Rahim Abdul-Rahman, and Dzuljastri Abdul Razak. “Theory of Islamic Consumer Behaviour: An Empirical Study of Consumer Behaviour of Islamic Mortgage in Malaysia.” *Journal of Islamic Marketing* 5, no. 2 (June 3, 2014): 273–301. <https://doi.org/10.1108/JIMA-06-2013-0042>.
- Aming. Interview with a Shari‘ah-Compliant Housing Buyer, August 2024.
- Ari. Interview with a Shari‘ah-Compliant Housing Buyer, August 2024.
- Asyiqin, Istianah Zainal, and Fe Fikran Alfurqon. “Musyarakah Mutanaqisah: Strengthening Islamic Financing in Indonesia and Addressing Murabahah Vulnerabilities.” *Jurnal Media Hukum* 31, no. 1 (February 20, 2024): 1–18. <https://doi.org/10.18196/jmh.v31i1.20897>.
- Awang. Interview with a Shari‘ah-Compliant Housing Buyer, June 2024.

- Aziz, N.A., A.A. Bakar, M.Y. Isa, and I. Abdul Aziz. "Promotion and Service as Strategic Marketing Tools Towards Islamic House Financing." *Journal of Advanced Research in Dynamical and Control Systems* 11, no. 8 Special Issue (2019): 282–85.
- Azli, Rafidah Mohd, Rohana Othman, Mardiyah Sahri, Nooraslinda Abdul Aris, Roshayani Arshad, and Abdul Razak Yaakob. "Implementation of Maqasid Shariah in Islamic House Financing: A Study of the Rights and Responsibilities of Contracting Parties in Bai Bithaman Ajil and Musharakah Mutanaqisah." *Journal of Applied Business Research (JABR)* 27, no. 5 (August 9, 2011): 85–96. <https://doi.org/10.19030/jabr.v27i5.5595>.
- Barkah, Qodariah, Romli Sa, Muhamad Sadi Is, Andriyani Andriyani, and A'dawiyah Bt Ismail. "Legal Transformation of Indonesian Sharia Banks Towards Digital Banking in the Era of Industrial Revolution 4.0." *AL-Adalah* 21, no. 2 (December 26, 2024): 347–70. <https://doi.org/10.24042/adalah.v21i2.21254>.
- Busni, Darti, Doli Witro, Raid Alghani, Iwan Setiawan, and Nana Herdiana Abdurrahman. "Hybrid Contracts in Leasing and Ijarah Muntahiya bit Tamlik in Indonesia Sharia Financial Institutions." *EkBis: Jurnal Ekonomi dan Bisnis* 6, no. 1 (July 7, 2022): 59–73. <https://doi.org/10.14421/EkBis.2022.6.1.1505>.
- Dakhoir, Ahmad. "The Fatwa Authorities of National Syaria Council of Majelis Ulama Indonesia in Supporting the Principle If Syariah Compliance." *Journal of Legal, Ethical and Regulatory Issues* 22, no. 1 (2019): 1–5.
- DSN-MUI. "Fatwa DSN-MUI No. 06/DSN-MUI/IV/2000 tentang Jual Beli Istishna'." Accessed March 26, 2024. <https://dsnemui.or.id/kategori/fatwa/>.
- DSN-MUI. "Fatwa DSN-MUI No. 27/DSN-MUI/III/2002 tentang al-Ijarah al-Muntahiyah bi al-Tamlik." Accessed March 26, 2024. <https://dsnemui.or.id/kategori/fatwa/>.
- DSN-MUI. "Fatwa DSN-MUI No. 73/DSN-MUI/XI/2008 tentang Musyarakah Mutanaqishah." Accessed March 26, 2024. <https://dsnemui.or.id/kategori/fatwa/>.
- DSN-MUI. "Fatwa DSN-MUI No. 111/DSN-MUI/IX/2017 tentang Akad Jual Beli Murabahah." Accessed March 26, 2024. <https://dsnemui.or.id/kategori/fatwa/>.
- Erike Anggraeni, Khavid Normasyhuri, and Siti Nurohmah. "Non-Bank Sharia Housing Purchasing Decision Segment: Is a Sustainable Halal Lifestyle Important as Moderation?" *Al-Muzara'ah* 12, no. 1 (June 27, 2024): 27–50. <https://doi.org/10.29244/jam.12.1.27-50>.
- Fahmi, Chairul. "The Impact of Regulation on Islamic Financial Institutions Toward the Monopolistic Practices in the Banking Industrial in Aceh, Indonesia." *Jurnal Ilmiah Peuradeun* 11, no. 2 (May 30, 2023): 667–86. <https://doi.org/10.26811/peuradeun.v11i2.923>.
- Faizah, Fita Nurotul. "Akad Ijarah: Multijasa Financing Mechanism in Baitul Maal wa Tamwil (BMT)." *AL-ARBAH: Journal of Islamic Finance and Banking* 4, no. 2 (October 9, 2022): 123–40. <https://doi.org/10.21580/al-arbah.2022.4.2.15025>.
- Fealy, Greg. "2. Consuming Islam: Commodified Religion and Aspirational Pietism in Contemporary Indonesia." In *Expressing Islam: Religious Life and Politics in Indonesia*, edited by Greg Fealy and Sally White, 15–39. ISEAS Publishing, 2008. <https://doi.org/10.1355/9789812308528-006>.

- Febriandika, Nur Rizqi, Muhammad Sanusi, Yana Al Yanafi, and Dilla Gading Kusuma. “Determinants of the Millennial Generation’s Intention to Use Sharia Home Mortgages.” *International Journal of Advanced and Applied Sciences* 11, no. 1 (January 2024): 32–39. <https://doi.org/10.21833/ijaas.2024.01.004>.
- Garwan, Muhammad Sakti. “Shifting Meaning of the Hijrah Hadith in Economic Consideration on Social Media.” *Jurnal Studi Ilmu-Ilmu Al-Qur’an dan Hadis* 21, no. 2 (July 29, 2020): 351–68. <https://doi.org/10.14421/qh.2020.2102-06>.
- Ghozali, Mohammad, Devid Frastiawan Amir Sup, Ika Prastyaningsih, and Hasanuddin Yusuf Adan. “The Law Concept of Sharia Banking Compliance on Murabaha Financing in Indonesia.” *Samarah: Jurnal Hukum Keluarga dan Hukum Islam* 8, no. 3 (August 24, 2024): 1391–1408. <https://doi.org/10.22373/sjhg.v8i3.11313>.
- Harefa, Safaruddin. “House Ownership Financing: Sharia Economic Perspective.” *Journal of Islamic Economics, Management, and Business (JIEMB)* 3, no. 2 (December 10, 2021): 195–210. <https://doi.org/10.21580/jiemb.2021.3.2.11797>.
- Hasmawati, Anisza, and Azhar Mohamad. “Potential Application of *Istisna*’ Financing in Malaysia.” *Qualitative Research in Financial Markets* 11, no. 2 (May 7, 2019): 211–26. <https://doi.org/10.1108/QRFM-07-2018-0083>.
- Helen, Nurul, and Ahmad Gamal. “Sharia Housing in the Real Estate Business.” In *ICCREM 2017*, 27–41. Guangzhou, China: American Society of Civil Engineers, 2017. <https://doi.org/10.1061/9780784481073.004>.
- Hidayah, Nur, Abdul Azis, Tira Mutiara, and Diah Larasati. “Sharia Banking Disputes Settlement: Analysis of Religious Court Decisions in Indonesia.” *Al-Risalah: Forum Kajian Hukum dan Sosial Kemasyarakatan* 23, no. 1 (June 27, 2023): 75–92. <https://doi.org/10.30631/alrisalah.v23i1.1347>.
- Hidayati, Tri, Muhammad Syarif Hidayatullah, Parman Komarudin, and Atika Atika. “Digitalization of Islamic Finance: Epistemological Study of the National Sharia Board-Indonesian Council of Ulama’s Fatwa.” *Al-Ahkam* 33, no. 2 (October 31, 2023): 255–78. <https://doi.org/10.21580/ahkam.2023.33.2.17324>.
- Ibrahim, M.F., O.S. Eng, and A. Parsa. “Shariah Property Investment in Asia.” *Journal of Real Estate Literature* 17, no. 2 (2009): 233–48.
- Jamaluddin. “Implementasi Akad Ijarah Muntahiya Bi Al-Tamlik (IMBT) Perspektif Fatwa DSN-MUI Nomor 27 Tahun 2002 & Hukum Islam.” *Jurnal At-Tamwil: Kajian Ekonomi Syariah* 2, no. 2 (September 30, 2020): 153–81. <https://doi.org/10.33367/at.v2i2.1339>.
- Katasa. Interview with a Shari’ah-Compliant Housing Buyer, August 2024.
- Khoirrani, Tri Lestari, and Risma Nur Arifah. “Default Solution on Sharia Housing in The View of Private Law and Islamic Law.” *At-Turas: Jurnal Studi Keislaman* 8, no. 1 (June 30, 2021): 27–48. <https://doi.org/10.33650/at-turas.v8i1.1603>.
- Loke Ke Wei, Kevin, and Hassanudin Mohd Thas Thaker. “A Qualitative Inquiry into Islamic Home Financing: Evidence from Malaysia.” *Qualitative Research in Financial Markets* 9, no. 2 (May 2, 2017): 147–67. <https://doi.org/10.1108/QRFM-07-2016-0020>.
- Ma, Yaxin, Fauziah Md Taib, and Nusirat Ojuolape Gold. “An Islamic Principle-Based Integrated Solution for China’s Housing Affordability Issues.” *International Journal of*

- Housing Markets and Analysis* 17, no. 3 (April 5, 2024): 769–94. <https://doi.org/10.1108/IJHMA-10-2022-0152>.
- Maulana, Diky Faqih, Makhrus Makhrus, and Hamidatul Hasanah. “The Urgency of MUI Halal Fatwa about Food, Beverage, Medicine and Cosmetic Products for the Consumer Protection.” *Volksgeist: Jurnal Ilmu Hukum dan Konstitusi* 5, no. 2 (December 19, 2022): 199–214. <https://doi.org/10.24090/volksgeist.v5i2.6421>.
- Maulidiana, Lina, and Ledy Famulia. “Maqâshid al-Sharī‘ah Review of the Implementation of Sharia Franchise at 212 Mart Bandar Lampung, Indonesia.” *Al-'Adalah* 20, no. 1 (June 25, 2023): 157–78. <https://doi.org/10.24042/adalah.v20i1.16339>.
- Mayasari. Interview with a Shari‘ah-Compliant Housing Developer, May 2024.
- Mutia, Ratna, Raja Masbar, M. Shabri Abd Majid, and Bismi Khalidin. “The Influence of Conventional Banking and Sharia Banking on Economic Growth in Indonesia.” *Jurnal Ilmiah Peuradeun* 13, no. 1 (January 30, 2025): 223–50. <https://doi.org/10.26811/peuradeun.v13i1.1418>.
- Normasyhuri, Khavid, and Siti Nurohmah. “Purchase Decision Patterns of Non-Bank Sharia Housing in Bandar Lampung City during Covid-19: Price Exploration and Digital Marketing.” *Journal of Islamic Economics Lariba* 9, no. 1 (June 21, 2023): 35–56. <https://doi.org/10.20885/jielariba.vol9.iss1.art3>.
- Nurhayati, Yuli, and Asyari Hasan. “Analysis of the Mutanaqisah Musyarakah Contract as a Solution for Home Ownership Financing in Islamic Banking.” *Indonesian Interdisciplinary Journal of Sharia Economics (IJSE)* 5, no. 1 (April 5, 2022): 390–408. <https://doi.org/10.31538/ijse.v5i1.1770>.
- Omar, Y.A. “Istisna’a Banking and Its Contemporary Applications ‘an Applied Sharia View.”” *Information Sciences Letters* 12, no. 8 (2023): 2653–64. <https://doi.org/10.18576/isl/120819>.
- Putri, Addin Kurnia, and Yuyun Sunesti. “Sharia Branding in Housing Context: A Study of Halal Lifestyle Representation.” *JSW (Jurnal Sosiologi Walisongo)* 5, no. 1 (April 24, 2021): 77–92. <https://doi.org/10.21580/jsw.2021.5.1.7268>.
- Rashid, K.A., P.N.F.N. Mohd Fauzi, and S.F. Hasan. “Meeting Housing Needs of the Poor and Needy Muslims through Zakat and Wakaf.” *Planning Malaysia* 16, no. 3 (2018): 308–19.
- Rawing. Interview with a Shari‘ah-Compliant Housing Buyer, August 2024.
- Raza Rabbani, Mustafa, Mahmood Asad Mohd. Ali, Habeeb Ur Rahiman, Mohd. Atif, Zehra Zulfikar, and Yusra Naseem. “The Response of Islamic Financial Service to the COVID-19 Pandemic: The Open Social Innovation of the Financial System.” *Journal of Open Innovation: Technology, Market, and Complexity* 7, no. 1 (March 2021): 85. <https://doi.org/10.3390/joitmc7010085>.
- Renie, Elsy. “The Urgency of Fatwa in the Law of Sharia Economics in Indonesia.” *Juris: Jurnal Ilmiah Syariah* 20, no. 2 (2021): 201–8. <https://doi.org/10.31958/juris.v20i2.4059>.
- Riwanto, Agus, and Sukarni Suryaningsih. “Realizing Welfare State and Social Justice: A Perspective on Islamic Law.” *Volksgeist: Jurnal Ilmu Hukum dan Konstitusi* 5, no. 1 (June 30, 2022): 41–51. <https://doi.org/10.24090/volksgeist.v5i1.6430>.

- Riyan. Interview with a Shari‘ah-Compliant Housing Developer, May 2024.
- Saepullah, Usep. “Legal Certainty of Arbitration in the Settlement of Islamic Economic Civil Cases in the Perspective of Positive Law in Indonesia.” *Al-’Adalah* 19, no. 2 (December 25, 2022): 261–90. <https://doi.org/10.24042/adalah.v19i2.14384>.
- Salma Sairally, Beebee. “Evaluating the Corporate Social Performance of Islamic Financial Institutions: An Empirical Study.” *International Journal of Islamic and Middle Eastern Finance and Management* 6, no. 3 (August 23, 2013): 238–60. <https://doi.org/10.1108/IMEFM-02-2013-0026>.
- Samers, M. “Islamic Housing Finance.” In *International Encyclopedia of Housing and Home*, 130–38. Elsevier, 2012. <https://doi.org/10.1016/B978-0-08-047163-1.00138-7>.
- Sarah. Interview with a Shari‘ah-Compliant Housing Buyer, June 2024.
- Shahwan, Syahidawati, Safeza Mohd Sopian, Norhazlina Ibrahim, Mustafa Omar Mohammed, Ehsanullah Agha, and Thavamaran Kanesan. “Ranking the Compliance of Islamic Banking Home Financing Products with Maqasid Shariah Using AHP.” *International Journal of the Analytic Hierarchy Process* 14, no. 3 (January 6, 2023): 1–21. <https://doi.org/10.13033/ijahp.v14i3.891>.
- Sunesti, Yuyun, and Addin K. Putri. “Sharia Housing and Millennials in Indonesia: Between Religious and Economic Motives.” *HTS Teologiese Studies / Theological Studies* 78, no. 4 (January 1, 2022): a7062. <https://doi.org/10.4102/hts.v78i4.7062>.
- Suparyanti, Siti, and Christina Ekawati. “Influences and Antecedents That Influence Home Purchase Decisions Through Sharia Mortgage Financing (Study on KCP BTN Syariah Kalimas Bekasi Branch Customers).” *Jurnal Indonesia Sosial Teknologi* 4, no. 9 (September 25, 2023): 1349–60. <https://doi.org/10.59141/jist.v4i9.713>.
- Suprpto, Suprpto, and Miftahul Huda. “Religious Commodification: Muslim Housing and Identity Affirmation in Lombok, Indonesia.” *Studia Islamika* 30, no. 1 (April 30, 2023): 97–127. <https://doi.org/10.36712/sdi.v30i1.23818>.
- ’Ul Jannah, Annisa, Rossa Turpuk Gabe, Joko Adiando, and Lita Barus. “The Norms That Shape Residents’ Preference for Muslim Housing Communities in Depok City, Indonesia.” *The International Journal of Interdisciplinary Social and Community Studies* 17, no. 1 (2022): 127–41. <https://doi.org/10.18848/2324-7576/CGP/v17i01/127-141>.
- Weng, H.W. “Islamic Ways of Modern Living’: Middle-Class Muslim Aspirations and Gated Communities in Peri-Urban Jakarta.” In *Jakarta: Claiming Spaces and Rights in the City*, 195–213. ISEAS Publishing, 2018. <https://doi.org/10.4324/9781315111919>.
- Yalfi. Interview with a Shari‘ah-Compliant Housing Buyer, August 2024.
- Zafir. Interview with a Shari‘ah-Compliant Housing Buyer, August 2024.