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Struggling to Survive: A Comprehensive Analysis of Lower Middle-Income Livelihood in Dhaka

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Research Article

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Abstract

This study examines the living conditions and socioeconomic vulnerabilities of lower-middle-income families in Dhaka, Bangladesh, based on a housing survey conducted by students from Southeast University among 258 households. Among the respondents, 34.5% (89 families) earn less than 50,000 BDT per month, positioning them above extreme poverty but below secure middle-class status. This group represents an economically fragile segment of the urban population, highly exposed to financial instability. The findings reveal interconnected structural challenges. Approximately 73% of lower-middle-income households are renters, limiting housing security and long-term asset accumulation. Families depend on an average of 1.34 earning members, increasing vulnerability to income shocks. With average monthly expenditures of 36,181 BDT, most earnings are absorbed by essential costs, leaving minimal savings for emergencies.

Nevertheless, these households demonstrate resilience by maintaining children's education (averaging 0.74 school-age children per household), preserving predominantly nuclear family structures (91%), and sustaining an average residential tenure of 10 years. Using a multidimensional poverty framework, the study compares income groups across housing tenure, employment patterns, debt exposure, and living space. Homeownership rises sharply with income (24% to 67%), while living space expands from 747 to over 1,200 square feet. Informal employment, limited female labour participation, and 27% debt prevalence underscore ongoing precarity. The research highlights the urban working poor as a critical yet underexplored demographic and recommends affordable housing, employment diversification, financial inclusion, and strengthened social protection to support sustainable upward mobility.

1. INTRODUCTION

Dhaka, the capital and largest city of Bangladesh, presents both opportunities and challenges for millions of residents. As one of the world's fastest-growing megacities, it attracts rural migrants seeking better economic prospects while simultaneously struggling with infrastructure deficits, housing affordability constraints, and widening income inequality. With a population exceeding 17.4 million and growing at approximately 3.5% annually, Dhaka epitomises the complex dynamics of rapid urbanisation in South Asia (UNDP, 2021). The city's explosive growth has created a layered socioeconomic structure in which families across different income tiers experience vastly different urban living conditions, access to services, and prospects for economic mobility.

This research examines 258 families across diverse income levels, with particular focus on the 89 households (34.5% of the sample) earning less than 50,000 Bangladeshi Taka (BDT) per month—approximately $430 USD. These families fall into what we term the 'lower middle-income' bracket, a critical yet understudied segment of Dhaka's urban population. Unlike families living in extreme poverty who may lack basic shelter and subsist in informal settlements, lower-middle-income families have achieved certain markers of urban integration: they occupy formal housing (albeit predominantly rental), their children attend school, and household heads engage in recognised occupations within Dhaka's

economy. However, they remain fundamentally distinct from established middle-class families who enjoy home ownership, employment security, adequate savings, and genuine prospects for wealth accumulation.

The lower middle-income designation captures an important socioeconomic reality. These families exist in a precarious state where unexpected expenses, loss of income, or health emergencies could quickly push them into poverty. Yet they maintain aspirations and make investments—particularly in children's education—to achieve secure middle-class status. Understanding this demographic is crucial for policymakers, urban planners, and development practitioners because lower-middle-income families represent both the successes and limitations of Bangladesh's economic growth trajectory. They have risen above extreme poverty but remain trapped by structural barriers that prevent transition to genuine economic security.

1.1 Research Context and Significance

Understanding the situation of lower-middle-income families in Dhaka requires contextualising it within Bangladesh's broader development trajectory over the past two decades. The country has experienced remarkable economic growth, with GDP growth averaging 6–7% annually and national poverty rates declining substantially from 48.9% in 2000 to approximately 20.5% by 2019 (World Bank, 2022). This macroeconomic progress has generated optimistic narratives about Bangladesh's development success and spawned a substantial urban middle class in Dhaka and other major cities. Yet these aggregate statistics mask important heterogeneity in urban living standards and the persistence of economic vulnerability among significant portions of the urban population.

Dhaka's housing market exemplifies the challenges facing lower-middle-income families. The city faces severe supply-demand imbalances, with formal housing construction meeting only approximately 7% of annual demand (UNDP, 2021). This scarcity creates particular hardships for families earning modest incomes, who face limited options between informal settlements lacking basic services and formal rental housing that consumes disproportionate shares of household income. The resulting housing crisis affects not only shelter quality but also access to employment opportunities, educational facilities, healthcare services, and social networks that collectively determine urban quality of life and prospects for economic advancement.

The significance of studying lower-middle-income families extends beyond academic interest to urgent policy relevance. As Bangladesh continues its transition toward middle-income country status, the trajectory of families in this income bracket will substantially determine whether economic growth translates into broad-based prosperity or generates growing inequality. If structural barriers prevent lower-middle-income families from accumulating assets, improving housing security, and investing effectively in human capital development, Bangladesh may develop a bifurcated urban society in which an affluent middle class enjoys comfortable lifestyles. At the same time, large populations remain trapped in economic precarity despite formal employment and modest incomes. Conversely, policies

that successfully enable lower-middle-income families to transition to secure middle-class status could foster more inclusive urban development and sustainable poverty reduction.

1.2 Research Objectives

This comprehensive study pursues four interconnected primary objectives:

1. To document the demographic composition, family structures, household characteristics, and residential patterns of lower-middle-income families in Dhaka, and establish a baseline understanding of this population segment's fundamental characteristics.
2. To examine housing conditions, including tenure status, living space, housing quality, affordability burdens, and residential stability among lower-middle-income households, with particular attention to how housing circumstances both reflect and perpetuate economic vulnerability.
3. To analyse employment patterns, income sources, occupational distributions, earning capacity, expenditure allocations, debt exposure, savings capacity, and the financial management strategies employed by lower-middle-income families navigating constrained budgets.
4. To compare lower middle-income families with middle-income and upper-income households across multiple dimensions to identify differentiating factors, structural inequalities, and barriers to upward mobility that distinguish economically precarious households from their more secure counterparts.

These objectives collectively aim to generate a comprehensive, empirically grounded understanding of lower-middle-income families' circumstances, challenges, coping strategies, and prospects. Such understanding can inform more targeted and effective policy interventions addressing urban economic vulnerability in rapidly growing South Asian cities.

1.3 Defining Lower Middle-Income in the Dhaka Context

For this analysis, lower middle-income families are defined as those reporting monthly household incomes below 50,000 BDT (approximately $430 USD at current exchange rates). This definitional threshold requires careful justification as it diverges from some conventional poverty measurements while aligning with the lived economic realities in contemporary Dhaka. The 50,000 BDT monthly income threshold is approximately 1.5 times Bangladesh's national minimum wage. Still, it falls well short of what economists and urban planners consider necessary for a comfortable middle-class urban existence in Dhaka's high-cost environment.

The 89 families in this category are emphatically not experiencing extreme poverty as conventionally defined. They have housing (albeit predominantly rental), their children attend school (demonstrating some capacity for educational investment), and household heads participate in recognised occupations within the formal or semi-formal urban economy. However, these families exist in what can be characterised as a precarious state, where financial shocks—job loss, serious illness, natural disasters, or unexpected major expenses—could quickly trigger an economic crisis and a potential descent into poverty. This precarity fundamentally distinguishes lower-middle-income families from established

middle-class households, which possess financial buffers, asset bases, and employment security that provide genuine economic resilience.

The lower-middle-income designation also captures important aspirational and behavioural dimensions. These families typically aspire to middle-class status and make investments aligned with that aspiration—particularly regarding children's education and efforts to maintain respectable social standing. They differ from families in extreme poverty, who may struggle with basic subsistence, and from secure middle-class families, who have achieved sustainable economic stability. Understanding this intermediate position is crucial for developing appropriate policy responses that acknowledge both the achievements and persistent vulnerabilities of this population segment.

2. LITERATURE REVIEW

2.1 Urban Poverty and Livelihoods in Bangladesh

The challenges faced by lower-middle-income families in Dhaka have been extensively documented in the urban poverty literature. However, they are often subsumed within broader categories of 'the urban poor' that fail to distinguish between extreme poverty and economic precarity. Banks' (2016) seminal work on livelihood constraints in Dhaka revealed how political-economic factors constrain economic opportunities for the urban poor, creating structural barriers that individual effort alone cannot overcome. Her research demonstrated that poverty in Dhaka is not merely a function of low income but results from systematic exclusion from quality employment, adequate housing, and essential services. These exclusionary mechanisms operate even for families earning modest incomes, limiting their capacity to accumulate assets or achieve economic security despite formal employment.

Banks' analysis emphasises that labour market segmentation in Dhaka creates distinct opportunity structures for different population segments. Lower middle-income families typically access employment in the informal or semi-formal sectors, characterised by income instability, the absence of employment benefits, limited labour protections, and restricted prospects for career advancement. Even when household heads secure regular employment, wages remain insufficient to support comfortable urban living, forcing families to make constant trade-offs between competing necessities and preventing the accumulation of systematic savings. This income insufficiency reflects not individual inadequacies but structural features of Dhaka's labour market, where vast numbers of workers compete for limited formal-sector positions, depressing wages and enabling employer exploitation.

Similarly, Pryer's (2003) longitudinal study of Dhaka slums documented the vulnerability cycles that trap families in poverty, in which health shocks, employment loss, or housing insecurity create cascading crises that deplete household resources and prevent the accumulation of assets necessary for upward mobility. While Pryer's research focused on slum populations experiencing more extreme poverty than our lower middle-income sample, the vulnerability mechanisms she identified operate similarly across income levels. Lower middle-income families face comparable exposure to shocks—illness requiring

expensive medical treatment, job loss necessitating extended income gaps, natural disasters destroying household assets—but lack adequate safety nets to prevent these shocks from triggering economic crises.

Research on urban livelihoods in Bangladesh has consistently highlighted the precarity of informal-sector employment, which dominates the lower-middle-income household economies (Banks et al., 2011). The informal sector—encompassing small vendors, micro-entrepreneurs, casual labourers, domestic workers, and numerous other occupations—provides livelihoods for millions of Dhaka residents but offers minimal employment security, highly variable incomes, absence of benefits such as health insurance or pensions, and limited prospects for skill development or career progression. Lower middle-income families dependent on informal-sector earnings face perpetual income uncertainty, with monthly earnings fluctuating based on factors beyond household control, including weather conditions, seasonal demand variations, economic downturns, and localised disruptions.

Banks et al. (2011) emphasised that climate change and environmental degradation disproportionately affect urban poor and lower-middle-income communities in Bangladesh, compounding existing vulnerabilities through flooding, heat stress, deteriorating air quality, and declining environmental conditions. Their work underscored that lower-middle-income families lack the financial buffers and institutional support to adapt to these environmental stressors, making them increasingly vulnerable as climate impacts intensify. While affluent households can invest in private adaptation measures—elevated housing, backup electricity, water filtration, air conditioning—lower-middle-income families must cope with environmental challenges with limited resources, further constraining their economic capacity and well-being.

2.2 Housing Transformation and Affordability Studies

The housing challenges documented in this study align with broader research on lower-middle-income housing in Bangladesh and South Asia more generally. Rashid's (2019) examination of housing transformation in Ershad Nagar resettlement camp revealed how families continuously adapt their living spaces in response to changing needs, economic constraints, environmental conditions, and lifecycle transitions. His findings demonstrated that housing is not a static commodity but undergoes ongoing modification as families balance space limitations, affordability constraints, livability requirements, and aspirational desires for improved living conditions. This insight is particularly relevant for understanding lower middle-income families who often occupy modest rental housing but may make incremental improvements—adding partitions for privacy, upgrading cooking facilities, improving sanitation—within the constraints imposed by landlord permissions and limited financial resources.

Rashid's (2020) study of Mohammadpur Geneva Camp identified severe housing crises in confined settlements, with population densities reaching 2,100 persons per acre, creating extreme overcrowding, inadequate sanitation, limited ventilation, and degraded living conditions. While lower-middle-income families in our survey do not face such extreme conditions—they live in formal housing with basic amenities rather than informal settlements—the prevalence of rental housing (73%) and limited living

space (averaging 747 square feet) reflect similar underlying pressures of housing scarcity and affordability constraints. Lower-middle-income families have achieved better housing than those in informal settlements, but they remain far from the spacious, well-appointed housing characteristic of secure middle-class lifestyles.

Research on middle-income housing affordability in Dhaka (Rashid, 2021) found that households spend nearly one-third of their total income on housing costs. The house size is primarily determined by income rather than family size. This finding suggests that housing markets operate as sorting mechanisms, allocating space according to purchasing power rather than actual household needs. Lower-middle-income families earning below 50,000 BDT per month face particularly acute affordability pressures, with rental costs consuming 19–47% of monthly income, depending on income level. Such housing cost burdens leave minimal financial resources for other essential needs, prevent savings accumulation, and create perpetual economic stress as families struggle to maintain housing security while meeting other household requirements.

Rashid and Khan's (2023) work on affordable housing solutions for resettlement projects emphasised the importance of aligning housing interventions with Sustainable Development Goal 11 on sustainable cities and communities, a framework highly relevant to addressing the housing insecurity documented in this study. They argued that housing solutions must go beyond mere shelter provision to address accessibility, affordability, resilience to environmental hazards, proximity to employment and services, and tenure security. For lower-middle-income families, these multidimensional housing needs remain largely unmet by current market mechanisms and government policies, necessitating innovative interventions that can provide dignified, affordable, secure housing appropriate to families' economic capacity and urban livelihood requirements.

2.3 The Middle Class Context in Dhaka

Understanding lower-middle-income families requires contextualisation within Dhaka's broader socioeconomic landscape, particularly in relation to the emerging middle class, which has been celebrated as evidence of Bangladesh's development success. Bangladesh has experienced significant economic growth over the past two decades, with GDP growth averaging 6–7% annually and poverty rates declining substantially from 48.9% in 2000 to approximately 20.5% by 2019 (World Bank, 2022). This growth has spawned a substantial middle class in Dhaka, conservatively estimated to comprise 20–30% of the urban population, though definitions vary widely depending on income thresholds and methodologies employed.

The middle-income segment in our survey —families earning 50,000-120,000 BDT monthly, approximately $430-$1,040 USD—represents 51% of respondents (132 families) and constitutes the largest single income group. This distribution aligns with broader demographic trends documented in recent urban studies of South Asian cities. Ellis and Roberts (2015) characterised South Asian urban middle classes as heterogeneous, encompassing government employees, private-sector professionals, small- and medium-sized business owners, skilled technicians, and educated service workers. Unlike

traditional middle classes in developed economies, characterised primarily by stable salaried employment and substantial wealth accumulation, Dhaka's middle class exhibits greater occupational diversity, income volatility, and limited asset bases.

The characteristics distinguishing middle-income from lower middle-income families in our survey are instructive for understanding socioeconomic stratification in contemporary Dhaka. Homeownership rates among middle-income families (approximately 45%) are nearly double those of lower-middle-income families (24%), indicating that crossing the 50,000 BDT monthly income threshold marks a critical juncture in wealth accumulation and housing security. However, even within this middle class, more than half (55%) remain renters, suggesting that affordable home ownership remains elusive for significant portions of urban residents despite their middle-income status. This finding resonates with Rashid's (2021) research on middle-income housing in Dhaka, which documented that households spend nearly one-third of their total income on housing, severely constraining their capacity for other investments or consumption.

Average household size shows minimal variation across income classes in our survey (lower middle-income: 3.54, middle-income: 3.45, upper-income: 3.27 members), suggesting that family planning practices and smaller-family-size norms have permeated across economic strata. This demographic convergence aligns with Bangladesh's broader fertility transition, where urban total fertility rates have declined to approximately 1.9 children per woman. However, the number of earning persons per household increases modestly with income (lower middle-income: 1.34, middle-income: 1.48, upper-income: 1.63), indicating that higher incomes result partly from more household members participating in paid employment, though the effect is not dramatic. This modest variation suggests that income differences stem primarily from differences in employment quality and wage levels rather than from having more earners. (Fig. 2)

2.4 Conceptual Frameworks for Understanding Urban Economic Vulnerability

This study draws on established frameworks for analysing urban poverty and economic vulnerability that extend beyond simple income measures to capture multiple dimensions of deprivation and limited opportunity. Moser's (1998) asset vulnerability framework conceptualises poverty not merely as low income but as limited access to diverse assets—labour, human capital, housing, household relations, and social capital—that enable families to manage risks, weather shocks, and pursue opportunities for advancement. Lower-middle-income families typically hold some assets in each category but face significant asset deficits that perpetuate economic vulnerability. Their labour assets (employment) generate income but remain precarious and poorly remunerated. Their human capital (education and skills) may be limited by truncated schooling or a lack of specialised training. Their housing assets remain predominantly rental rather than owned, preventing wealth accumulation. Their social capital may provide informal support networks, but cannot substitute for absent formal safety nets.

The sustainable livelihoods approach (Scoones, 2009) emphasises how households combine different capital types—natural, physical, human, financial, and social—to construct viable livelihood strategies under constraints. Lower middle-income families in our survey demonstrate this through combining formal and informal employment, maintaining social networks, as evidenced by village house ownership alongside urban residence, and investing in children's education as a form of human capital accumulation despite immediate resource constraints. However, the sustainability of these livelihood strategies remains questionable given limited savings capacity, debt exposure, and vulnerability to shocks that could rapidly deplete household resources and force families into crisis coping mechanisms, such as asset sales, consumption reductions, or child school withdrawal.

De Haan and Zoomers (2005) conceptualised 'livelihood trajectories' as dynamic pathways that households follow over time, potentially involving accumulation and advancement, stagnation at particular economic levels, or deterioration and descent into deeper poverty. This framework emphasises that household economic status is not static but subject to change based on combinations of opportunities accessed, risks successfully managed, and shocks experienced. In Dhaka's context, the absence of universal healthcare, limited unemployment insurance, and weak pension systems means that both lower- and middle-income families operate without robust safety nets, creating shared precarity despite income differences. Lower middle-income families face a particular risk of negative trajectory shifts, in which adverse events could trigger economic deterioration. In contrast, their prospects for a positive trajectory toward secure middle-class status depend on accessing better employment, housing, or educational opportunities, which current structural conditions severely limit.

2.5 Research Gaps and Study Contribution

While extensive research exists on extreme urban poverty in Dhaka's slums and informal settlements, considerably less scholarly attention has been devoted to families earning just above subsistence levels—the working poor or lower middle-income population who have achieved certain markers of urban integration yet remain economically precarious. This gap reflects broader tendencies in development research and policy to focus either on extreme poverty requiring humanitarian intervention or on middle-class emergence as evidence of development success, often overlooking the large intermediate population characterised by economic vulnerability despite formal employment and modest incomes.

This study contributes to filling that gap by providing a detailed empirical examination of families earning 15,000–50,000 BDT per month who fall neither into extreme poverty nor into middle-class security. Understanding this segment is crucial for several reasons. First, they constitute a substantial proportion of Dhaka's urban population (over one-third in our survey sample), making their circumstances relevant for urban planning and policy formulation. Second, their trajectories—whether they successfully transition to secure middle-class status or remain trapped in economic precarity—will substantially determine whether Bangladesh's economic growth translates into broad-based prosperity or generates growing inequality. Third, the specific challenges they face—housing affordability, employment insecurity, limited savings capacity—require distinct policy responses different from both extreme poverty alleviation programs and middle-class development initiatives.

Furthermore, this research provides recent empirical data on housing tenure, expenditure patterns, and livelihood configurations in the post-COVID pandemic context amid ongoing climate uncertainties and economic pressures affecting Bangladesh. The detailed data on expenditure composition, savings capacity, debt exposure, and financial management strategies offer insights into how lower-middle-income households navigate constrained budgets, make difficult trade-offs, and attempt to maintain economic stability despite structural disadvantages. Such micro-level understanding complements macroeconomic statistics and can inform more nuanced, targeted policy interventions to address urban economic vulnerability in rapidly growing South Asian cities.

3. METHODOLOGY

3.1 Research Design and Approach

This study employs a cross-sectional survey methodology to examine housing conditions, socioeconomic characteristics, employment patterns, financial behaviours, and living standards of families in Dhaka, Bangladesh. The research design follows established methodological approaches used in urban poverty and livelihoods studies in Bangladesh and South Asia, drawing on frameworks similar to those employed by the Bangladesh Bureau of Statistics (BBS) in their Household Income and Expenditure Survey (HIES) and the World Bank's DIGNITY survey of Dhaka's low-income areas (World Bank, 2018; BBS, 2022). However, while large-scale surveys primarily aim at poverty measurement and national statistical representation, this study focuses specifically on understanding the circumstances and challenges of lower-middle-income families through a detailed examination of their housing, employment, financial management, and coping strategies.

The cross-sectional design was selected for its efficiency in capturing a comprehensive snapshot of current household conditions across diverse income levels within the resource and time constraints characteristic of academic research projects conducted by university students under faculty supervision. While this design precludes analysis of temporal trends, household trajectories, or definitive causal relationships between variables, it provides valuable descriptive data on housing tenure, income distribution, expenditure patterns, household demographics, employment characteristics, and financial behaviours at a specific point in time. Such descriptive baseline data serve important functions: documenting current conditions for populations that may be under-represented in official statistics; generating hypotheses about relationships between variables that can be tested in future longitudinal research; and providing empirical foundations for policy discussions on urban housing, employment, and social protection.

3.2 Study Location and Sampling Strategy

The survey was conducted in the Dhaka Metropolitan Area over eight weeks, employing a multi-stage cluster sampling approach with stratification by neighbourhood characteristics to achieve geographic diversity across the city while maintaining logistical feasibility for student survey teams. Dhaka was selected as the study location for several compelling reasons. First, as home to over 17.4 million people,

Dhaka represents Bangladesh's primary urban centre where economic opportunities, infrastructure challenges, and social dynamics converge, making it the most significant site for understanding contemporary urban poverty and middle-class formation in Bangladesh. Second, the city experiences rapid population growth through both natural increase and substantial rural-urban migration, with annual population growth of approximately 300,000-400,000 people, making it a critical site for understanding how families navigate urban integration and economic advancement amid rapid demographic change and infrastructure strain.

Third, Dhaka's housing market is under extreme pressure, with the government and the formal private sector meeting only approximately 7% of annual housing demand, creating conditions in which lower- and middle-income families increasingly resort to costly rental arrangements that consume large shares of household income and prevent wealth accumulation. Fourth, as the national economic hub, concentrating garment manufacturing, services, trade, and administrative functions, Dhaka offers the widest range of employment opportunities in Bangladesh, yet simultaneously exhibits stark inequality in which proximity to opportunities does not ensure access for all residents. These characteristics make Dhaka an ideal location for examining how lower-middle-income families—who have achieved urban residence and formal employment but face ongoing economic vulnerability—navigate urban life and pursue advancement amid structural constraints.

The sampling strategy employed three sequential stages. First, the Dhaka Metropolitan Area was divided into five broad zones—North, South, East, West, and Central—to ensure geographic representation across the city's diverse neighbourhoods. This zonal division recognises that Dhaka exhibits significant spatial variation in housing quality, population density, infrastructure provision, and proximity to employment centres, which may affect household economic circumstances and opportunities. Second, within each of the five zones, three to five neighbourhoods were purposively selected to represent different housing types (apartment complexes, mixed residential areas, transitional zones) and income levels, yielding 18 neighbourhoods across the five zones. Neighbourhood selection aimed to avoid both extreme informal settlements (slums) and elite gated communities, instead focusing on areas where lower-, middle-, and upper-middle-income families typically reside in formal or semi-formal housing.

Third, within each selected neighbourhood, households were selected through systematic random sampling, with survey teams identifying predetermined starting points and selecting every nth household based on calculated sampling intervals to achieve approximately 14–15 households per neighbourhood. This systematic approach aimed to reduce selection bias that might result from convenience sampling while maintaining feasibility for student survey teams working under time constraints. The target sample size of 250–260 households was determined based on resource constraints, pilot-testing variance considerations, and comparability with previous urban housing studies in Bangladesh. The final achieved sample of 258 households represents a completion rate of 103% relative to the target, with approximately 92% of contacted households agreeing to participate, indicating relatively high cooperation rates despite the sensitive nature of income and expenditure questions.

3.3 Data Collection Procedures and Team Organisation

The fieldwork for this research was undertaken by architecture students from Southeast University, Dhaka, organised into three working groups of 4–5 members each operating under direct faculty supervision. This collaborative research approach served dual purposes: conducting rigorous empirical research on urban housing and livelihoods while providing students with valuable practical experience in survey research methods, fieldwork in urban settings, community engagement, and data collection procedures. Before field deployment, all team members participated in comprehensive two-day training covering multiple aspects of research conduct: interview techniques and questionnaire administration emphasising standardised question delivery, appropriate follow-up probes, and neutral non-judgmental interaction; ethical protocols for working with vulnerable populations including informed consent procedures, confidentiality maintenance, and respectful engagement; photographic documentation standards specifying appropriate subject matter, necessary permissions, and privacy protections; and safety procedures for working in diverse urban neighborhoods including working in pairs, maintaining regular communication with faculty supervisors, and recognising situations requiring withdrawal from field sites.

Each survey team was assigned to different geographic zones of Dhaka to ensure broad coverage across the city while minimising overlap between teams. Team assignments rotated periodically throughout the data collection period to prevent individual team biases or characteristics from systematically affecting data collected in specific areas, thereby improving overall data quality and reducing potential sources of systematic error. Faculty supervisors conducted regular field visits to observe data collection in progress, provide guidance and support to student teams, verify adherence to established protocols, and conduct quality checks on completed questionnaires. Additionally, supervisors held weekly debriefing sessions where teams reported on fieldwork progress, discussed challenges encountered, shared insights from community interactions, and received feedback on data quality, enabling continuous improvement throughout the data collection period.

3.4 Survey Instrument and Variables

Data collection employed multiple complementary methods, resulting in a rich, multidimensional dataset. The primary data collection instrument was a structured questionnaire administered face-to-face with household heads or primary household decision-makers in Bangla (Bengali), the national language, requiring approximately 25–35 minutes per survey, depending on household complexity and the respondent's communication style. The questionnaire was developed through an iterative process that included: a literature review of similar housing and livelihoods surveys in Bangladesh and South Asia; consultation with faculty experts in urban planning, architecture, and development studies; and pilot testing with 15 households not included in the final sample. Pilot testing led to refinements in question wording for improved clarity, response category specifications to capture actual household circumstances better, and interview flow adjustments to enhance respondent comfort and engagement.

The final questionnaire comprised seven main sections capturing different dimensions of household circumstances. Section A (General Information) collected date of survey, respondent identification, full address, and duration of residence at current location, establishing basic household identification and

residential history. Section B (Household Demographics) captured the number of household members, family type (nuclear vs joint family), religious affiliation, number of school-going students, number of earning persons, and the age and gender distribution of household members, providing essential data on household composition and dependency ratios. Section C (Economic Profile) collected monthly household income using categorical ranges, the occupation of the household head, the occupation of the spouse, and the occupations of children, if applicable, documenting household earning capacity and employment characteristics.

Section D (Housing Characteristics) recorded ownership status (owner/rental/other arrangements), house size in square feet, building height (number of floors), number of rooms, toilet facilities (count and type), presence and size of balcony, kitchen type and size, and inventory of household equipment and appliances. This comprehensive housing documentation enabled analysis of living space adequacy, housing quality, amenity access, and material living standards. Section E (Monthly Expenditure) collected total monthly household expenditure, disaggregated into house rent, utility bills (electricity, gas, water), and other expenses. Expenditure data enables comparison with income to assess financial sustainability, identify budget priorities, and understand allocation decisions families make under resource constraints.

Section F (Financial Status) captured monthly savings amounts, the presence of loans or debt, and ownership of village house property, providing insights into household financial management, asset ownership beyond the current urban residence, and debt burdens that might constrain future financial capacity. Section G (Additional Observations) allowed open-ended documentation of electronic equipment inventory and other notable household characteristics not captured in structured sections, providing flexibility to record contextual details that might inform data interpretation.

Income data were collected using categorical ranges rather than exact amounts, following established best practices in poverty research, where respondents may be reluctant to disclose precise income figures, particularly when income derives from informal-sector activities with variable earnings or when respondents fear potential negative consequences from income disclosure. The categorical approach also addresses practical challenges many informal sector workers face in calculating exact monthly income due to daily and weekly earnings fluctuations. Six income categories were employed: below 15,000 BDT; 15,000–30,000 BDT; 30,000–50,000 BDT; 50,000–80,000 BDT; 80,000-120,000 BDT; and above 120,000 BDT. These ranges were designed to differentiate between major economic strata while remaining broad enough to minimise respondent discomfort and estimation difficulties.

3.5 Complementary Qualitative Methods

Beyond structured questionnaires, survey teams conducted semi-structured conversational interviews that enabled deeper exploration of housing challenges, livelihood strategies, financial coping mechanisms, and family circumstances that closed-ended questions did not readily capture. These qualitative interviews followed a flexible guide covering themes including: housing search experiences and decision-making processes that led families to current residences; perceptions of neighborhood

quality, safety, and service provision; strategies for managing financial constraints and balancing competing household needs; aspirations for housing improvement, relocation, or economic advancement; experiences with landlords (for renters) or property management; seasonal income variations and coping strategies during lean periods; children's educational experiences, school quality, and parental educational investments and sacrifices; and extended family support networks and social capital resources families can mobilise during emergencies.

Survey teams were trained to integrate these conversational elements naturally into the questionnaire administration process rather than conducting separate formal interviews, as this approach proved more comfortable for respondents, required less additional time, and yielded richer qualitative insights by allowing respondents to elaborate on structured responses. Interviewers took detailed notes on key qualitative responses, which informed data interpretation and contextual understanding. However, the qualitative content was not formally coded or subjected to systematic qualitative analysis in this primarily quantitative study.

To complement survey data with visual documentation, teams systematically photographed residential structures from public spaces, documenting exterior building conditions, neighbourhood infrastructure, and, where permitted by households, interior arrangements and living conditions. Photographic documentation served multiple research purposes: creating visual records of housing quality, building conditions, construction materials, and neighborhood environments that supplement quantitative housing metrics; capturing contextual details—building maintenance status, surrounding environment quality, infrastructure provision—that help interpret survey responses about housing satisfaction and perceived quality; and providing evidence for communicating research findings to policymakers and public audiences who may better understand housing challenges through images complementing statistical tables.

Architecture students also prepared field sketches and technical drawings documenting typical housing layouts, building configurations, spatial arrangements, and neighbourhood patterns. These architectural drawings served several functions: providing professional architectural documentation that complements photographic records by capturing spatial relationships, dimensions, and design features that photographs alone cannot adequately convey; requiring careful observation of housing design and construction that deepened students' understanding of how lower middle-income families adapt limited spaces to diverse household needs through spatial modifications and multi-functional room usage; and enabling analysis of housing typologies identifying common design patterns, layout variations, and space utilisation strategies across different income levels and neighborhood contexts.

3.6 Use of Artificial Intelligence

Some online artificial intelligence tools have been used to triangulate survey data in different categories.

4. FINDINGS

4.1 Income Structure and Internal Differentiation

Among the 258 surveyed households in Dhaka, 89 families (34.5%) reported monthly incomes below 50,000 BDT and were classified as lower-middle-income. This proportion confirms that lower-middle-income households constitute a substantial segment of the urban population rather than a marginal group. They represent a core stratum of Dhaka's working population—economically active, formally housed, yet financially fragile.

Within this category, income distribution reveals notable internal differentiation. Approximately 72% of lower-middle-income households (64 families) earn between 30,000–50,000 BDT per month. These households maintain basic consumption stability but operate under tight financial constraints. The remaining 28% (25 families) earn between 15,000–30,000 BDT, placing them at the most vulnerable end of the lower-middle-income spectrum. For these families, even minor unexpected expenses—medical emergencies, rent increases, or temporary job disruptions—can trigger significant financial distress.

The absence of households earning below 15,000 BDT suggests that extremely low-income families may be concentrated in informal settlements or excluded from formal rental markets. This indicates a threshold effect in Dhaka's urban economy, where participation in formal housing and neighborhood systems requires a minimum income level.

4.2 Household Composition and Demographic Patterns

Lower-middle-income households exhibit relatively small family sizes, averaging 3.54 members per household. The predominance of nuclear family structures (91%) reflects broader demographic transitions occurring in urban Bangladesh, including reduced fertility rates and shifting family norms.

The average number of earning members per household is 1.34, indicating a high dependency ratio. In most cases, a single primary earner supports the household, often supplemented by irregular or secondary income sources. This limited earning base increases vulnerability to income shocks. If the primary earner experiences illness, job loss, or income reduction, the household lacks sufficient alternative support.

At the same time, families show a strong commitment to education, with an average of 0.74 school-going children per household. Educational investment is widely perceived as the primary pathway for upward mobility. Even among lower-income households, parents consistently prioritise school expenses despite financial strain, indicating long-term aspirational orientation.

4.3 Housing Tenure and Residential Stability

Housing tenure patterns reveal structural insecurity. Approximately 73% of lower-middle-income households are renters, while only 24% own their homes. The remaining households occupy housing through other informal or semi-formal arrangements.

Rental dependency significantly limits asset accumulation. Unlike homeownership, rental housing does not generate long-term wealth or provide collateral for financial leverage. Monthly rent absorbs a considerable share of income, reducing savings potential and reinforcing economic stagnation.

However, residential stability remains relatively high. The average duration of stay at the current residence is approximately 10 years. This suggests that families value neighborhood continuity, access to schools, employment proximity, and social networks. Stability does not necessarily equate to security, but it reflects adaptive strategies within constrained options.

4.4 Living Space, Housing Quality, and Built Environment

Lower-middle-income households occupy an average living space of approximately 747 square feet. Compared to middle- and upper-income groups (where average space exceeds 1,000–1,200 square feet), spatial limitations are significant.

Most units consist of two to three rooms, typically including a combined living-sleeping area, a small kitchen, and basic sanitation facilities. Limited space requires multifunctional use of rooms, reducing privacy and flexibility. Balconies, storage areas, and separate study spaces are often absent or minimal.

While housing quality is substantially better than conditions in informal settlements, building maintenance varies widely. Older structures often exhibit signs of deterioration, poor ventilation, and limited natural light. Nonetheless, access to electricity, water, and gas services is generally available, indicating formal integration into urban infrastructure systems.

4.5 Expenditure Patterns and Cost Burdens

The average monthly household expenditure among lower-middle-income families is approximately 36,181 BDT. A substantial portion of this expenditure is allocated to housing rent and utilities. Rent alone may account for 20–40% of monthly income depending on the income bracket and location.

Food constitutes the second largest expenditure category, followed by utilities, transportation, education expenses, and healthcare. The data demonstrate that most income is consumed by essential needs, leaving very limited discretionary spending capacity.

The expenditure-to-income ratio suggests minimal financial flexibility. Many households operate close to a break-even point, where savings are either negligible or inconsistent. Economic shocks therefore require borrowing or consumption adjustments.

4.6 Savings, Debt, and Financial Management

Savings capacity among lower-middle-income households remains constrained. Although some families report modest monthly savings, these amounts are typically small and irregular. Approximately 27% of households reported having outstanding loans or debts.

Debt is primarily used to manage emergencies, healthcare costs, education fees, or housing-related expenses rather than investment in productive assets. Borrowing sources include informal lending networks, relatives, microfinance institutions, or small financial cooperatives.

Village house ownership emerges as an important supplementary asset for some families. Even when residing in rented housing in Dhaka, certain households maintain ancestral property in rural areas. This rural asset provides psychological security and, in some cases, limited fallback options during economic distress.

4.7 Employment Characteristics and Economic Vulnerability

Employment patterns among lower-middle-income families are marked by informality and income instability. Many household heads are engaged in small business, service sector jobs, private employment, or semi-skilled occupations. Formal employment with benefits, pension schemes, or long-term contracts is relatively rare.

Limited female labour participation further constrains earning diversification. While some spouses contribute income through informal or part-time work, household earnings remain predominantly male-dependent. This structural reliance on a single primary income source heightens vulnerability.

Comparison with middle- and upper-income households reveals that income growth correlates with improved employment quality, higher homeownership rates, and greater living space. However, the transition from lower-middle-income to middle-class security requires structural improvements in job stability and wage growth rather than simply incremental increases in household effort.

4.8 Resilience and Aspirational Strategies

Despite economic fragility, lower-middle-income households demonstrate notable resilience. They maintain children’s education, sustain relatively stable residential tenure, manage constrained budgets, and aspire toward improved living conditions.

Families prioritise long-term upward mobility strategies—education, skill development, and maintaining social respectability—even when short-term financial pressures are intense. These behavioural patterns reflect strong adaptive capacity but operate within structural limitations that restrict transformative advancement.

4.9 Comparative Position Within Dhaka’s Urban Structure

When compared with higher-income groups in the survey, lower-middle-income families exhibit:

- Lower homeownership rates (24% vs. up to 67% in upper-income groups)
- Smaller living space (747 sq ft vs. over 1,200 sq ft)

- Fewer earning members per household
- Higher relative rent burdens
- Reduced savings capacity

These differences illustrate a clear socioeconomic gradient within Dhaka's urban population. The lower-middle-income group occupies a transitional but unstable position—above extreme poverty yet below secure middle-class status.

4.10 Synthesis of Key Findings

The findings collectively demonstrate that lower-middle-income households in Dhaka represent a structurally constrained but socially integrated urban population. They possess housing, employment, and educational engagement, yet lack economic buffers and asset bases necessary for durable stability. Housing insecurity, limited employment quality, restricted savings, and moderate debt exposure define their economic condition.

Their trajectory—whether upward toward secure middle-class status or stagnant within economic precarity—depends not only on household effort but also on systemic reforms in housing provision, labour market quality, and social protection mechanisms.

5. CONCLUSION

This study has examined the socioeconomic realities of lower-middle-income families in Dhaka, a rapidly transforming megacity at the heart of Bangladesh's development trajectory. Based on a survey of 258 households, with 89 families earning below 50,000 BDT per month, the findings reveal a population segment that occupies a precarious yet aspirational position within the urban structure. These households have moved beyond extreme poverty and achieved formal urban residence, regular employment, and access to basic services. However, they remain structurally vulnerable, constrained by insecure housing tenure, limited savings capacity, informal or semi-formal employment, and high exposure to financial shocks.

The research demonstrates that housing insecurity lies at the core of lower-middle-income precarity. With approximately 73% of households living in rental accommodation and average living space significantly below that of higher-income groups, families lack the primary asset—secure housing—that underpins wealth accumulation and intergenerational stability. High rent burdens absorb a substantial share of income, leaving minimal room for savings or investment. While families demonstrate resilience through long residential tenure, maintenance of nuclear family structures, and sustained investment in children's education, these strategies operate within narrow economic margins.

Employment patterns further reinforce vulnerability. With an average of only 1.34 earning members per household and significant reliance on informal-sector work, income streams remain unstable and insufficient for building durable financial buffers. Although debt prevalence (27%) suggests access to

informal credit networks, it also indicates constrained liquidity and limited institutional financial inclusion. The modest increase in homeownership and living space among higher income brackets underscores that the transition from lower-middle-income to secure middle-class status is not automatic but contingent upon structural changes in employment quality, housing accessibility, and social protection systems.

Importantly, this study highlights the lower-middle-income population as a critical yet under-recognised demographic in urban policy discourse. Development narratives in Bangladesh often focus either on extreme poverty reduction or on the emergence of a growing middle class. The findings presented here show that a substantial intermediate group remains economically fragile despite formal employment and urban integration. Their trajectory will significantly influence whether Dhaka evolves toward inclusive urban prosperity or deepens socioeconomic stratification.

To support sustainable upward mobility, policy interventions must address multidimensional vulnerability. Expanding affordable housing supply, promoting diversified and formalised employment opportunities, strengthening financial inclusion mechanisms, and enhancing social protection frameworks are essential. Housing policies aligned with Sustainable Development Goal 11 should prioritise secure, affordable rental and ownership options tailored to lower-middle-income capacities. Similarly, labour market reforms and access to skills training can improve earning potential and reduce dependency on unstable informal work.

Ultimately, lower-middle-income families in Dhaka embody both the achievements and unfinished challenges of Bangladesh's urban development. They demonstrate resilience, aspiration, and commitment to intergenerational advancement. Yet without targeted structural support, their position remains fragile. Recognising and addressing their specific vulnerabilities is therefore essential not only for improving household welfare but also for ensuring equitable and sustainable urban transformation in Bangladesh's capital city.

Declarations

Author Contribution

Written by the Single author

Data Availability

Some data triangulation are made with the help of artificial intelligence .

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Figures

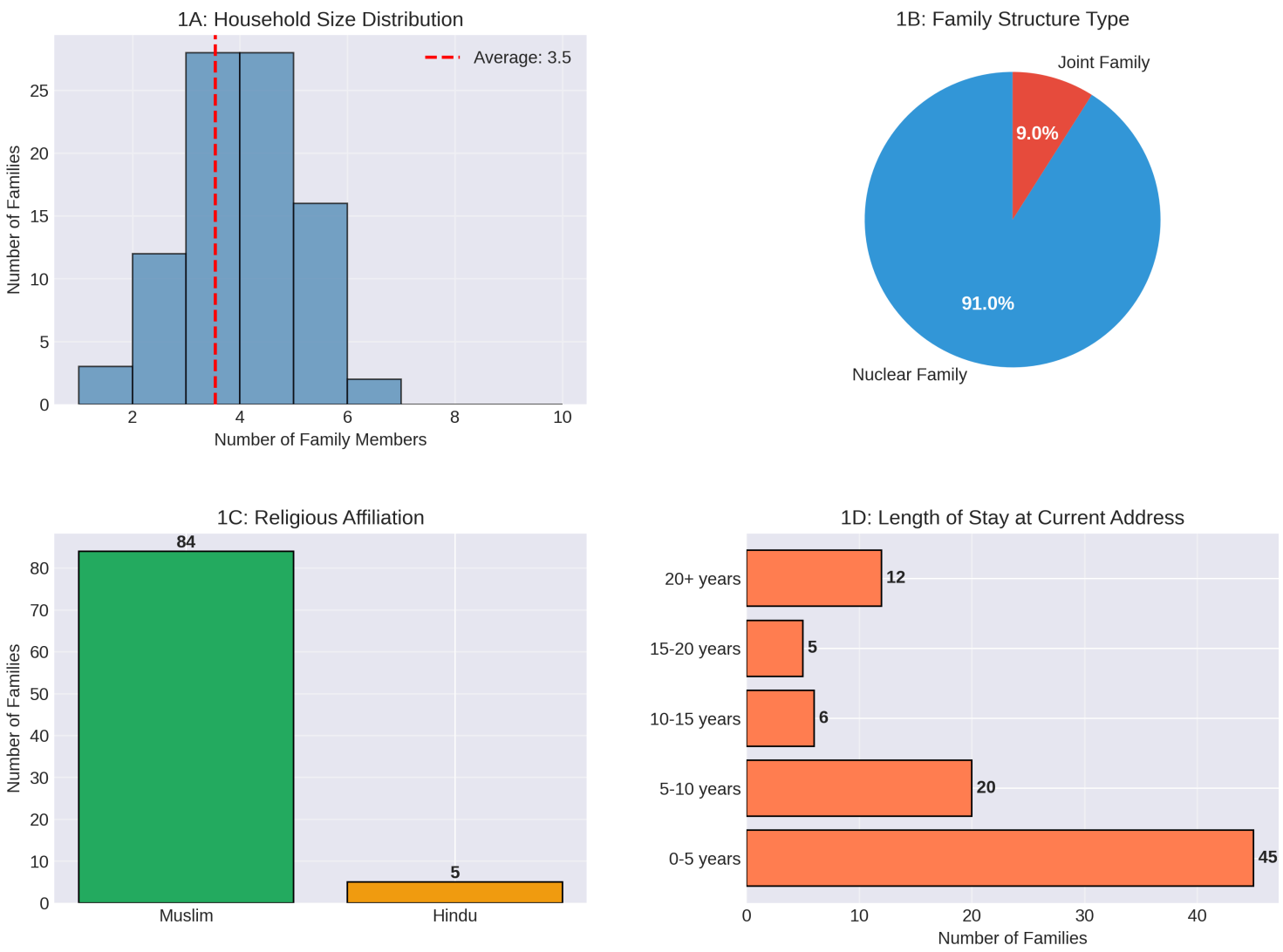


Figure 1

Basic Demographics of the lower middle-income families.

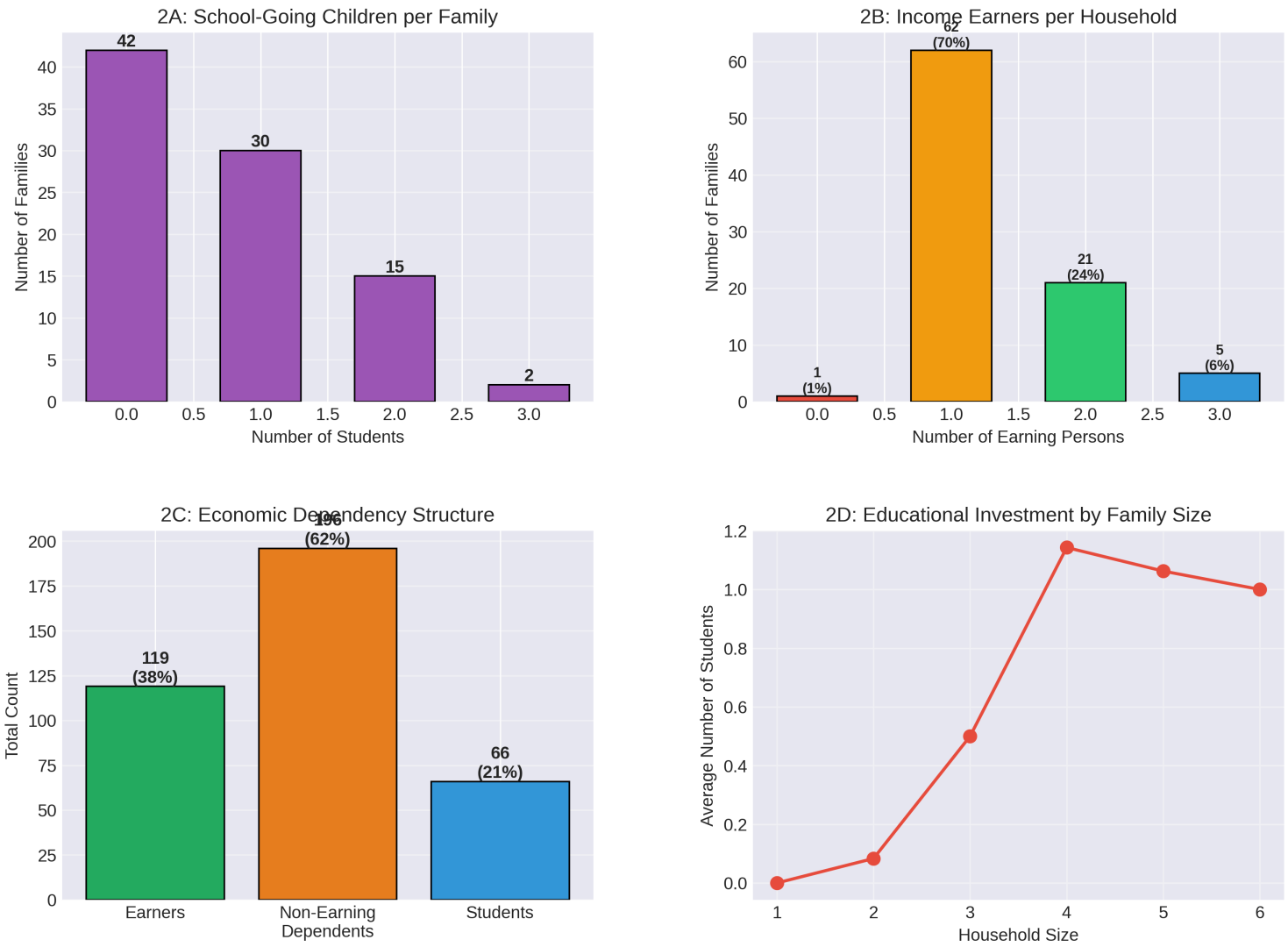


Figure 2

Education and employment patterns.

Chart Set 3: Housing and Living Conditions

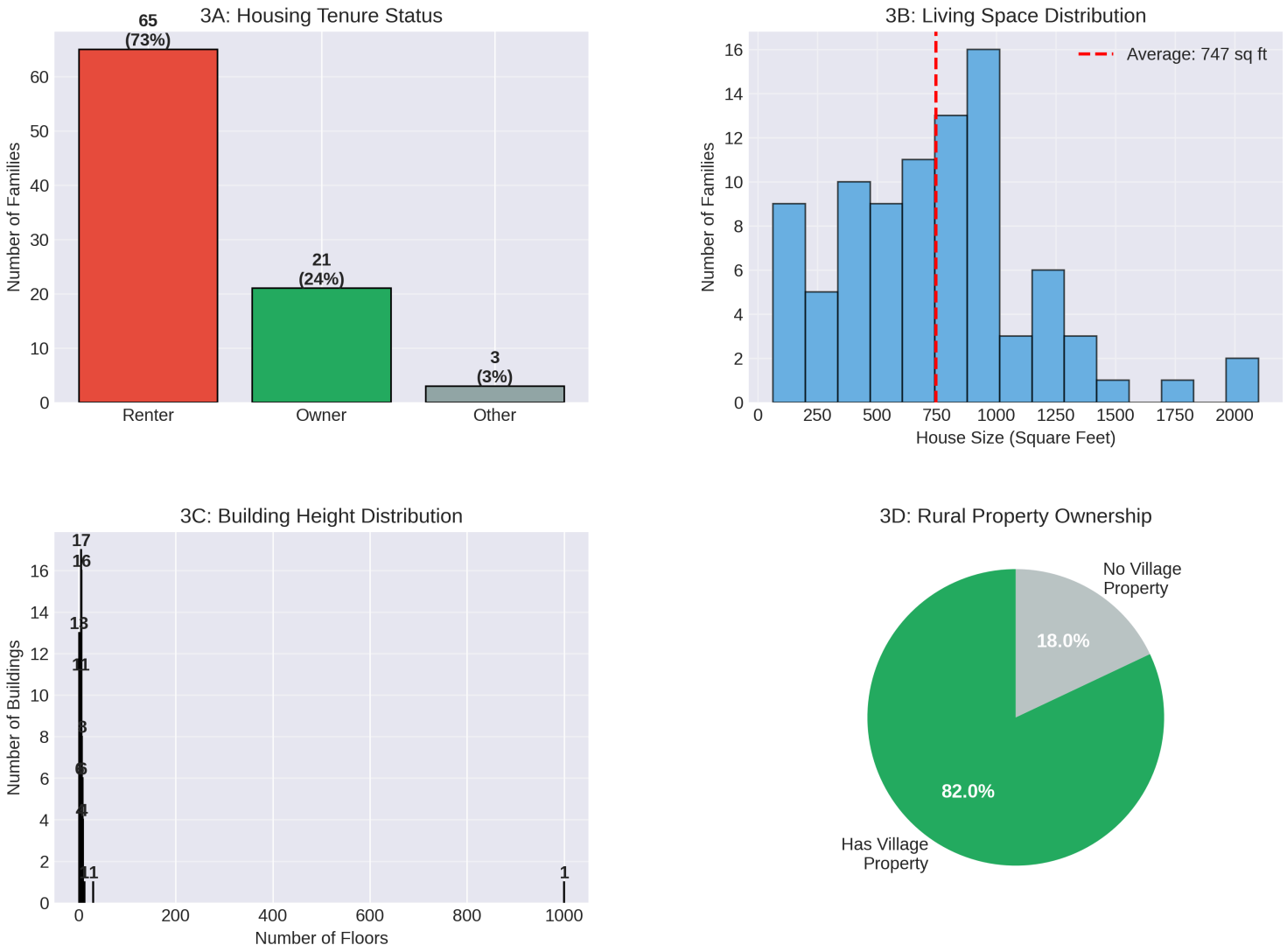


Figure 3

Housing and living conditions.

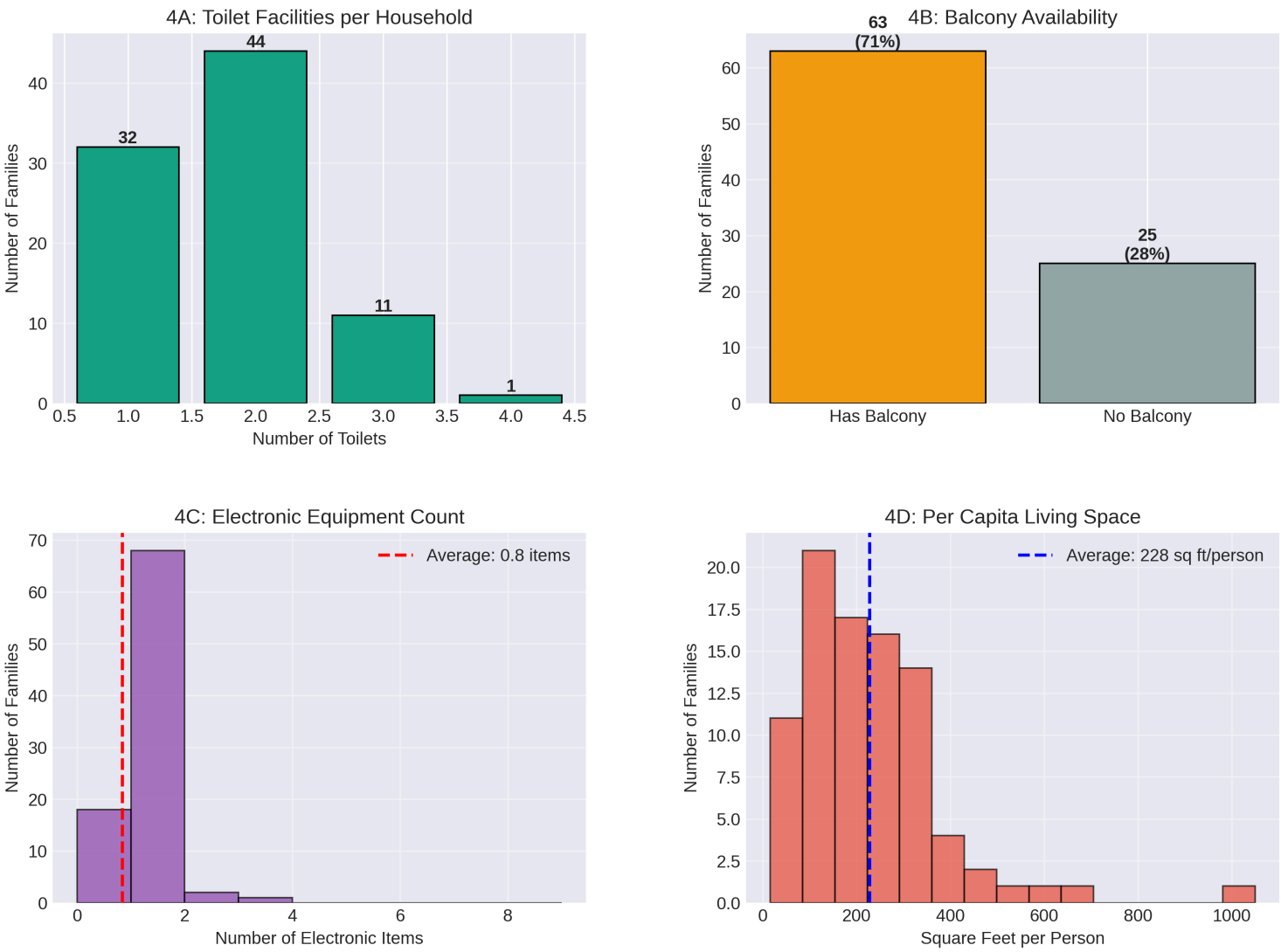


Figure 4

Household amenities and facilities.

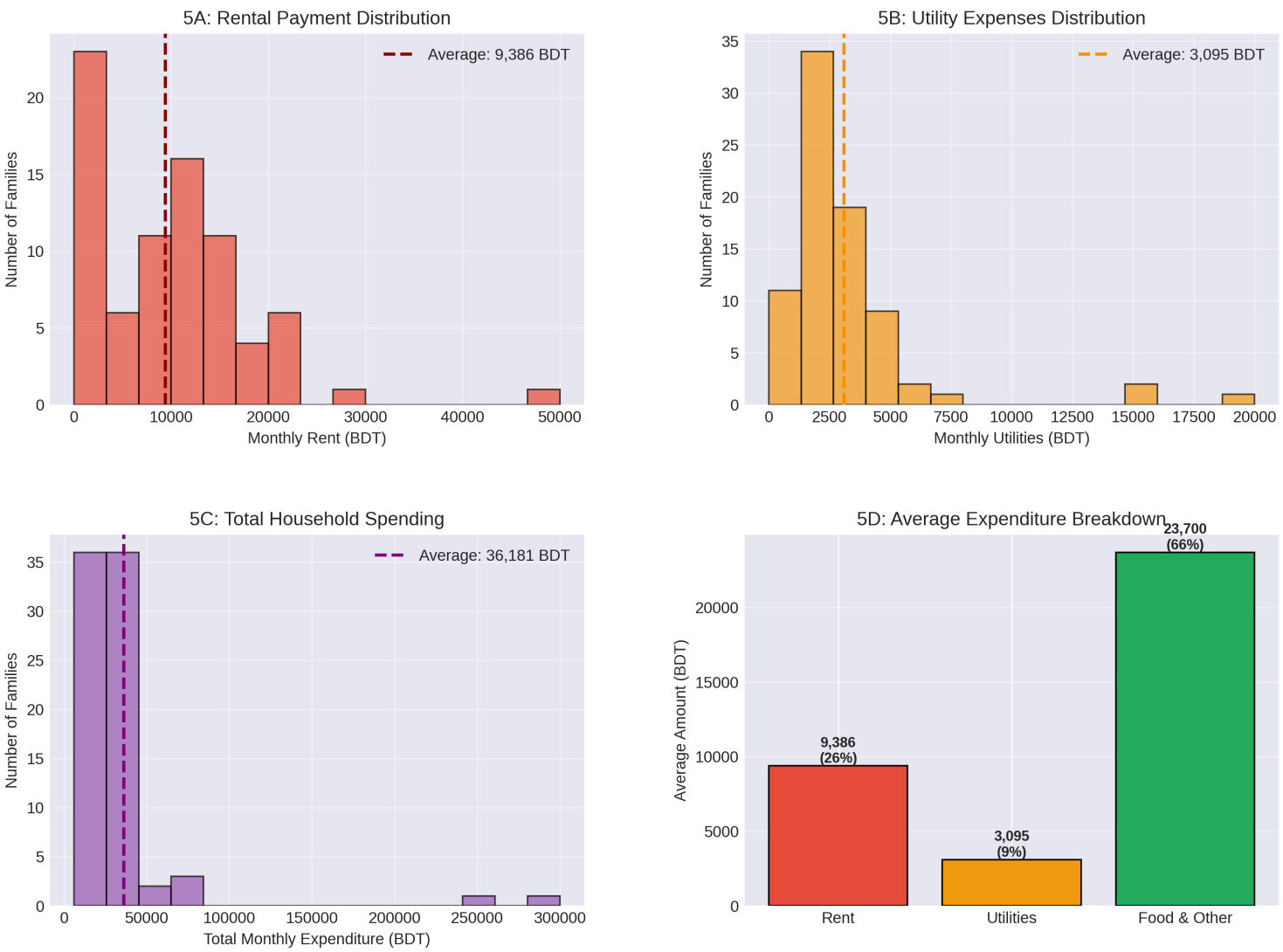


Figure 5

Financial patterns and expenditure.

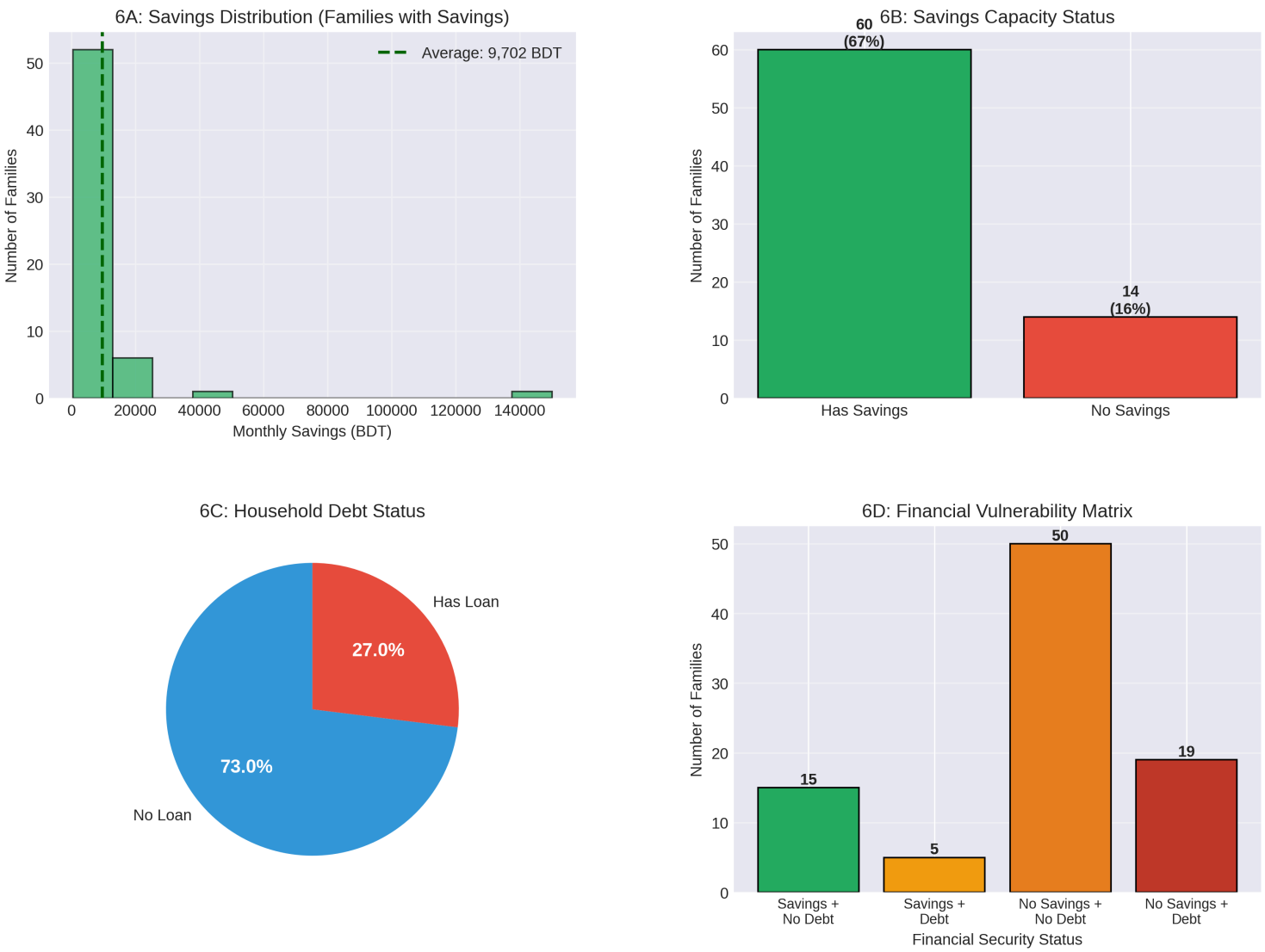


Figure 6

Saving Capacity and debt situation.