

Customers Preference towards Real Estate Industry with Reference to Chennai Region

Journal of Development Economics and Management Research Studies (JDMS)
A Peer Reviewed Open Access International Journal
ISSN: 2582 5119 (Online)



Crossref Prefix No: 10.53422
10(16), 125-132, April-June, 2023
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Customers Preference towards Real Estate Industry with Reference to Chennai Region

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Abstract:

In the residential constructional zone, Indian real estate has been a mixed bag of growth and decline. Population expansion and migration from rural to urban areas have significantly altered the outlook for real estate in metropolitan and surrounding areas. Keeping in mind the objectives and the fact that all the respondents for the study were educated, structured questionnaire is used for data collection. The survey reveals consumer understanding of laws and regulations of RERA Act 2016, the motivations behind purchases, the brands they would pick, and the connection between income and investment budget.

Keywords: Real estate, RERA Act, Metropolitan areas

INTRODUCTION:

The goal of this exploration is to look into customer preferences in the real estate market in Chennai. The study's thing is to examine the elements that impact consumer opinions when opting a real estate property, as well as their degree of satisfaction with the megacity's real estate industry. The study will collect data from a sample of guests in Chennai using qualitative research methodologies such as in- depth interviews and checks. The study's findings will give useful insights into customer preferences in the Chennai real estate business, aiding developers, marketers, and lawmakers in understanding the requirements and prospects of the target followership.

Consumer behaviour pattern is an ever- evolving subject. The sphere of real estate is no different, where the homebuyers investing pattern constantly changes. With request exploration brigades in place, inventors are apprehensive of how the way of life has been converted over time and therefore, they're erecting unborn-ready living spaces that will appeal to the altered buying preferences of end- users.

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Some of the arising trends of the changing buying behaviour of home buyers

1. Functional spaces driving real estate investment
2. Wellness living spaces on the rise
3. Social amenities
4. Safety is a new luxury
5. Integrated living is then to stay

OBJECTIVES OF THE STUDY:

- To understand the reason behind purchase and budget levels.
- To study the consumer awareness and knowledge about rules and regulations.
- To understand the factors that encourage customers to purchase.
- To assess the preferred brands that consumers would choose

NEED OF THE STUDY:

1. Meeting customer needs: By understanding customer preferences, developers can create properties that meet the needs and expectations of their customers. This can help to increase customer satisfaction and loyalty, leading to more sales and referrals.
2. Competitive advantage: Developers who understand customer preferences can gain a competitive advantage over their rivals. They can design properties that stand out from the crowd and offer features and amenities that are in high demand.
3. Investment decisions: Investors in the real estate market can benefit from understanding customer preferences. This can help them to make more informed investment decisions and select properties that are likely to offer good returns.

In summary, studying customer preferences towards real estate in India can provide valuable insights to real estate developers, investors, and other stakeholders, allowing them to make informed decisions, improve customer satisfaction, and gain a competitive advantage in the market.

REVIEW OF LITERATURE:

1. The role and perception of Customer on Buying Behaviour Towards Real Estate Industry by C P Senthil Kumar , M Karthiga Priga (Dec 2019)

They explored the many dimensions and roles of customer perception and purchasing behaviour in the expansion of the Tamil Nadu real estate business in Chennai. The study identifies three important factors that influence real estate purchase considerations: economic consideration factor, livelihood consideration factor, and growth consideration factor. These three factors are major determinants of investment decisions for both ordinary investors and return seekers. The real estate market gives increased returns to buyers around the country, allowing them to make smarter investment selections and contribute to economic progress. As a result, stronger industrial growth, improved socioeconomic conditions, strengthened financial system, increased financial leverages, and lending among individuals through various sorts of financial institutions in India.

2. Consumer behaviour in real estate for Vadodara city by Dikshita Gajera, Mahonmmmedshakil, S.Malek (Dec 2018):

This study seeks to evaluate human behaviour and consumer behaviour, as well as people's mindsets when planning to buy a house. Before buying a house, there are several factors to consider. Even these characteristics change from person to person. This study identifies, evaluates, and investigates the purchasing habits of people in the city of Baroda. They attempted to comprehend the purchasing habits of people in Vadodara and what motivates them to purchase a home, regardless of size, i.e. 1 BHK, 2 BHK, and so on.

3. A Study Of Consumer Behaviour In Real Estate Sector by Inderpreet Singh (October 2018):

This study sought to identify the important of branding in real estate on customer decision making process. The study revealed that consumers have become very much decision makers, taking into account numerous factors such as the developer's brand, the price of the property, the location of the property, and the property's future aspirations. The buyer's income level influences his or her purchasing decision.

4. Impact of Government Policies on Real Estate Consumer Buying Behaviour: (With special reference to RERA & Affordable Housing) 2019 by S.K.S Yadav, Renuka Itoria

With the liberalization of the economy, the real estate sector in India gained significance, as more business opportunities and labour migration led to increased demand for commercial and housing space. They investigated the impact of government policies on different types of customers' property purchasing behaviour in different areas of the NCR, as well as the various factors influencing the customer-buying pattern, particularly in the case of residential properties, and whether government policies will encourage a consumer to buy real estate property and whether customers will gain confidence through this new regulatory body that will regulate the industry. RERA has had a favourable impact on the consumer's view of purchasing a real estate property. It has increased consumer confidence while purchasing real estate property. RERA has elevated home buyers to the throne of the sector.

DATA ANALYSIS AND INTERPRETATION:

Education Qualification and Reasons to purchase a property:

H0: Null Hypothesis: There is no significant difference between Education Qualification and Reasons to purchase a property.

H1: Alternate Hypothesis: There is significant difference between Education Qualification and Reasons to purchase a property.

**Table 1:
Education Qualification and Reasons to purchase a property.**

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
REASON TO PURCHASE A PROPERTY - INVESTMENT PURPOSE	Between Groups	1.890	3	0.630	1.088	0.356
	Within Groups	84.484	146	0.579		
	Total	86.373	149			
REASON TO PURCHASE A PROPERTY - SELF USE	Between Groups	2.068	3	0.689	1.709	0.168
	Within Groups	58.892	146	0.403		
	Total	60.960	149			
REASON TO PURCHASE A PROPERTY - CONVENIENCE TO WORK PLACE	Between Groups	7.905	3	2.635	3.196	0.025
	Within Groups	120.388	146	0.825		
	Total	128.293	149			
REASON TO PURCHASE A PROPERTY - LIVING STANDARD	Between Groups	1.572	3	0.524	0.771	0.512
	Within Groups	99.261	146	0.680		
	Total	100.833	149			

INTERPRETATION:

1. According to above table, it is evident that the significant value is 0.356 which is more than 0.05, hence null hypothesis is accepted. Thus, it can be concluded that there is no significant difference between education qualification and reasons to purchase a property for investment purpose.
2. According to above table, it is evident that the significant value is 0.168 which is more than 0.05, hence null hypothesis is accepted. Thus, it can be concluded that there is no significant difference between education qualification and reasons to purchase a property for self-use.
3. According to above table, it is evident that the significant value is 0.025 which is less than 0.05, hence alternate hypothesis is accepted. Thus, it can be concluded that there is a significant difference between education qualification and reason to purchase property for convenience to work place.
4. According to above table, it is evident that the significant value is 0.512 which is more than 0.05, hence alternate hypothesis is accepted. Thus, it can be concluded that there is a significant difference between education qualification and reason to purchase property for living standard.

Table 2

RESIDENTIAL REAL ESTATE BRANDS					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	APPASWAMY REAL ESTATE	39	22.0	22.0	22.0
	G-SQUARE	30	24.0	24.0	46.0
	BRIGADE GROUP	20	13.3	13.3	59.3
	CASA GRAND	19	12.7	12.7	72.0
	PRESTIGE	14	9.3	9.3	81.3
	AKSHAYA PVT LTD	7	4.7	4.7	86.0
	HOUSE OF HIRANANDANI	4	2.7	2.7	88.7
	DLF	3	2.0	2.0	90.7
	RADIANCE	6	4.0	4.0	94.7
	JAIN HOUSING AND CONSTRUCTION	8	5.3	5.3	100.0
	Total	150	100.0	100.0	

INTERPRETATION:

Appaswamy real estate ltd was discovered to be the most popular in the above table 4.7, with 39 respondents aware of it. G-square was known by 30 respondents, Brigade Group was known by 20 respondents, Casa Grande was known by 19 respondents, Prestige was known by 14 respondents, Jain Housing and Constructions was known by 8 respondents, and Akshaya Pvt ltd was known by 7 respondents.

Table 3

FACTORS ENCOURAGING YOU TO INVEST IN REAL ESTATE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	INCREASE IN INCOME	53	35.3	36	35.3
	LOWERING OF PRICING BY BUILDERS	29	19.3	19.4	54.7
	REDUCTION IN HOME LOAN INTEREST RATE	21	14.0	13.6	68.7
	INVESTMENT OPPORTUNITY IN YOUR CITY	47	31.3	31	100.0
	Total	150	100.0	100.0	

INTERPRETATION:

According to the above table,

- 36% wish to invest in real estate due to an increase in their income
- 31% are attracted by lowering of prices by builders
- 17.4% are interested to invest because of reduction in home loan interest rates and factors such as owning a home for oneself, making an investment, real estate being the safest investment in current times,
- 19% are drawn in by increased investment prospects.

CHI-SQUARE TEST

- **H0 Null Hypothesis:** There is no significant difference between annual income and budget for purchasing a property.
- **H1 Alternate Hypothesis:** There is significant difference between annual income and budget for purchasing a property.

Table 4

CHI-SQUARE TEST			
	Value	DF	Asymptotic Significance (2-sided)
Pearson Chi-Square	23.200 ^a	15	0.080
Likelihood Ratio	24.433	15	0.058
Linear-by-Linear Association	16.520	1	0.000
N of Valid Cases	150		
a. 12 cells (50.0%) have expected count less than 5. The minimum expected count is .88.			

INTERPRETATION:

- According to above table, it is evident that the significant value is 0.08 which is above 0.05, hence null hypothesis is accepted.
- Thus, there is no significant difference between annual income and the budget they have for purchasing the property.

Table 5

AWARNNESS ABOUT THE RERA ACT,2016					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	48	32.0	32.0	32.0
	NO	72	48.0	48.0	80.0
	MAYBE	30	20.0	20.0	100.0
	Total	150	100.0	100.0	

INTERPRETATION:

- According to the above table 4.6, 32% of this study's respondents said they are aware of the Real Estate Rules Act (RERA), 2016, while 48% said they are not.

FINDINGS AND SUGGESTIONS:

- From table 1, the result of the ANOVA between the education qualification and reasons to purchase a property [investment purpose and self-use] has no significant difference and reasons to purchase a property [convenience to work place and living standard] has a significant difference.
- From table 2, the result of the ANOVA between annual income and real estate brands that the respondents are aware of has a significant difference.
- From table 3, the frequency distribution of factors that encourage the respondents to invest in real estate in India has shown that majority i.e., 36% are will to invest if there is increase in income of the respondents.
- From table 4, The result of chi-square between annual income and budget of the respondents for purchasing a property has no association.
- It has been discovered that the majority of respondents, 48% are unaware of the RERA Act,2016
- Additional public service announcements and awareness campaigns could be run to increase understanding of the RERA Act 2016.
- By understanding their motivations and influencing variables, developers should aim to increase their consumer base.
- Informing customers about better lending options and other purchasing considerations

CONCLUSION:

Now a days, consumer have become very much decision maker they took into consideration so many aspects like the brand of the developer, price of the property, location of the property, future expectations of the property etc. It involves multiple parameters to consider before purchasing a house. This research study includes an Introduction which gives the reader an entire overview of the research on Real estate sector in general which sheds light on the historical background. The Real Estate Sector of India describes the position and significance of the Real Estate Sector in India. Finally, the chapter includes the Statement of the Problem, Need and Significance of the Study, Objectives and Hypotheses of the study and its Scope. The thesis –the review of literature provides us with an important information of the research work done before in the area of the present study. It helps the researcher in outlining the research work and determining objectives of the researcher’s topic. The researcher has also benefitted from the Web Blog and Articles on websites related to Real Estate Sector. Finally, the present literature review includes the relevant literature discussed in proceedings of Conferences, Seminars related to Real Estate Sector.

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