



Acquirer's Preference on the Housing Property with Reference to Coimbatore

M.Jayakumar

Research Scholar in Management Karpagam University Coimbatore

Dr.S. Prabakar

Professor and Head-HR Happy Valley Business School Coimbatore

ABSTRACT

The real estate sector in India is witnessing rapid growth in the residential, commercial and industrial segments. Real estate development, once restricted to bigger cities, have shown marked progress in smaller cities and towns owing to availability of banks loans, higher earnings and improved standard of living. Due to the changing demographic profile in India, there has been a steady decline in the portion of households living in rented premises. To a certain extent, this may be attributed to rising income levels. The situation being conducive to the buyers to purchase a property for self use as they are currently staying in rented houses. Thus the study focuses on the social attributes and financial attributes of the acquirer's preference on the housing property

KEYWORDS : Housing preference, Real estate, Social attributes, Financial Attributes, Purchase decisions

Introduction

Real estate in India continues to be a favoured destination globally for investors, developers and non-resident Indians (NRIs), driven largely by investor-friendly government policies and increasing globalisation. The second largest employment generation sector after agriculture, real estate contributes about 6.3 per cent to India's gross domestic product (GDP). The foreign direct investment (FDI) in the sector is expected to touch US\$ 25 billion in the next 10 years from its current US\$ 4 billion.

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Due to the changing demographic profile in India, there has been a steady decline in the portion of households living in rented premises. To a certain extent, this may be attributed to rising income levels. However, with fewer properties available to rent today and an increase in the rents being charged to tenants, consumers have increasingly been investing in property. Factors such as the increase in the standard of living of consumers and the greater availability of financing for consumer expected to fuel a further decline in the number of households renting premises (CRIS INFAC Annual Review on Housing Industry).

The present situation being conducive to the home buyers to purchase a property for self use as they are currently staying on rent. Home buyers want to buy property to meet the growing family requirements and for long term investment. But the basis of their preference of housing property is not apparent, which made the researcher to take up the present study. Thus the study focuses on the social attributes and financial attributes of the acquirer's preference on the housing property.

Review of literature

Housing Sentiment Index (HSI) (2014). The survey shows that of the prospective buyers 71% prefer apartments (HSI 116) while 14% prefer villas (HSI 105) and 12% prefer land/plot (HSI 128). Compared to the previous quarter, HSI for apartments has risen over 9%, while HSI for villas dropped by 7%. Of those who prefer flats, 75% intend to purchase for use as residence while 72% of villa buyers intend to purchase with the intention of staying with family. Of the land owners, 50% intend to purchase with the intention of residing with their families after construction of property on the land. More than half (53%) of prospective buyers live in rented accommodation (HSI 115), 30% live in their own house (HSI 115) and 16% live with parents/relatives (HSI 120).

Abdul Hamid Mar Iman (2012). The results shows that the most pertinent attributes of high-cost residential properties trade-off by the respondents, are type of property, design and features, price, built-up area, location, and reputation of the developer. Together, these attribute explain about 74% of the buyers; expressed utility of the product purchased. By using a hold-out sample of respondents, a conjoint analysis has predicted the buyers; expressed utility with a reasonable level of accuracy.

Jain & Mandot, (2012) have observed that demographic criteria namely age distribution, gender, marital status, qualification, occupation, marital status, number of households, educational level and annual income perform as main factors that give high impact on property purchasing activities.

Lutfi, (2010) Marital status effects the buyers' decision making process. Different buyers' marriage status such as single, married, single mother, single father will result in different preferences. This will influence the individual's basic needs and restrict his capacity or budget to purchase housing units. Married people usually prefer to have their own house

Swan, (1995) have stated that age could identify the number demand in housing market . According to him people above 65 years old are reluctant to buy a house even if they can afford it. On the other hand, young people are more penchant to buying a property. Nevertheless, those under 30 years old less likely to commit themselves to purchasing property since many will not have reached their financial stability.

Objectives

1. To study the personal and demographic profile of the respondents.
2. To study the social attributes which influence the acquirer's preference on the housing property.
3. To study the financial attributes which influence the acquirer's preference on the housing property.

Methodology

Descriptive research design was adopted for the present study. The population for the study consisted of residents of Coimbatore. For the purpose of the study fifty six respondents in Coimbatore city was interviewed using a structured questionnaire. The questionnaire consists of three parts namely demographic, social attributes and financial attributes related to the preference of housing property. The data was analysed using the statistical tools namely percentage analysis.

Analysis and Interpretation**Table – 1 Personal and Demographic profile**

Variable	Particulars	No. of Respondents	Percentage
Gender	Male	41	73.2
	Female	15	26.8
Age	20-30	12	21.4
	31-40	26	46.4
	41-50	16	28.6
	Above 50	2	3.6
Marital Status	Single	8	14.3
	Married	48	85.7
Educational Qualification	10th or below	4	7.1
	10th, 12th or below	4	7.1
	Graduate	15	26.8
	Post Graduate and above	27	48.2
Residence	Professionals	6	10.7
	Owned	38	67.9
Employment	Rented	18	32.1
	Salaried	44	78.6
House income	Self Employed	7	12.5
	Professionals	5	8.9
Dependents	Rs.10,000-Rs.25,000	12	21.4
	Rs.25,001-Rs.50,000	17	30.4
	Rs.50,001-Rs.75,000	23	41.1
	Rs.75,001-Rs.1,00,000	2	3.6
	Above Rs.1,00,000	2	3.6
Earning members	1	4	7.1
	2	10	17.9
	3	29	51.8
	4	13	23.2
Purchase category	1	7	12.5
	2	35	62.5
	3	14	25.0
	Intended to purchase	15	26.8
Properties acquired	Decided to purchase	13	23.2
	Already purchased	26	46.4
	Intended for subsequent purchase	2	3.6
Property type	1	36	64.3
	2-3	20	35.7
	Individual House	37	66.1
Property owned by	Apartment	17	30.4
	Vacant Plot	2	3.6
	Self	31	55.4
Property owned by	Spouse name	5	8.9
	Both	9	16.1
	Jointly with parents	11	19.6

The above table show that majority (73.2 percent) of the respondents were male and 46.4 percent of the respondents belongs to the age group between 21-40 years, majority (85.7 percent) of the respondents were married. The educational qualification of the respondents shows that 48.2 percent of them had completed their post graduation, 67.9 percent of the respondents were residing in their own house, 78.6 percent of the respondents nature of employment was salaried and of the total salaried respondents 67.9 percent of them were working in private limited and of the total salaried respondents 26.8 percent were working in banking and 21.4 percent were working in IT companies. The income of the family reveals that 41.1 percent of them were earning Rs.50,001 to 75,0000, 51.8 percent of the respondents had 3 dependents and 62.5 percent of the respondents had 2 earning members in the family.

The above table shows that 46.4 percent of the respondents have already purchased the property , 64.3 percent of the respondents already acquired one own property, 66.1 percent of the respondents acquired individual houses and 55.4 percent of the respondents acquired the property in their own name.

Table – 2 Social Attributes in the preference of housing property

Variable	Particulars	No. of Respondents	Percentage
Nature of landed property	Bought by a sale deed	51	91.1
	Through partition deed/will	2	3.6
	Through release deed/exchange deed	3	5.4
Local governing body	Corporation	35	62.5
	Municipality	8	14.3
	Town panchayat	4	7.1
	Village Panchayat	9	16.1
Reasons for purchase decision	Employment	8	14.3
	Investments	44	78.6
	others reasons	4	7.1
Impact on acquiring decision	Land costs	26	46.4
	Title security	12	21.4
	Neighbourhood aesthetics	2	3.6
	Home origin	2	3.6
	Previous place of residence	3	5.4
	Roads and facilities	6	10.7
Major factors of purchase decision	Connectivity	5	8.9
	Self decision	15	26.8
	Based on spouse opinion	7	12.5
Place of Property	Based on family members views	34	60.7
	Urban	44	78.6
	Rural	5	8.9
	Urban Peripheral	5	8.9
Chance of buying another property	Rural Peripheral	2	3.6
	Urban	48	85.7
	Rural	4	7.1
Chance of buying another property	Urban Peripheral	2	3.6
	Rural Peripheral	2	3.6

The above table shows that majority (91.1 percent) of the respondents bought their property by a sale deed, 62.5 percent of the respondents property was governed by the corporation, 78.6 percent of the respondents have stated that they purchase the property for the purpose of investment, 46.4 percent of the respondents have stated that land costs impact much on their acquiring property decision. The above table also shows that 60.7 percent of the respondents have stated that family member's views are the major factor of purchase decisions. Majority of the respondents (78.6 percent) property was situated in urban areas and majority of the respondents (85.7 percent) have stated that if given chance for buying another property they will purchase it in urban places.

Table – 2 Financial Attributes in the preference of housing property

Variable	Particulars	No. of Respondents	Percentage
Cost incurred to own property	< 25 Lacs	21	37.5
	26-50 Lacs	33	58.9
	51-75 Lacs	2	3.6
Major impact of purchase decision	Affordability	31	55.4
	Launch day special offer	7	12.5
	Cheaper price	11	19.6
	Any other special discounts	7	12.5
Mode of finance for acquiring property	Savings	18	32.1
	Housing finance	38	67.9
Rent amount if property let out	Rs.3000-Rs.5000	6	10.7
	Rs.5001-Rs.7500	6	10.7
	Rs.75001-Rs.10000	19	33.9
	Above 10000	25	44.6

The above table shows that 58.9 percent of the respondents have incurred cost between 26-50 lacs for purchase of their property, 55.4 percent of the respondents have stated that affordability was the foremost factor which influence their purchase decision. Majority of the respondents (67.9 percent) mode of finance for acquiring property was housing finance and 44.6 percent of the respondents have stated that they will charge a rent of Rs.10000 if their property is let out.

Conclusion

The study concludes that both the social and economic attributes contributes much in the preference of housing property. The study found that investment was the ultimate reason for purchasing housing property and views of family members had a greater influence in preference of housing properties. Land cost was found to be the influencing factor in the preference of housing properties. The study also concludes that housing finance was found to be preferable financial mode for acquiring the property.

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