

A Study on Buying Behaviour of Individual Real Estate Owners in Guwahati City, Assam

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ABSTRACT

The house becomes an integral part of life as the life of every individual starts from home. It is dream of every individual to own a house. Now a days one need not have ready cash also donot have to worry to own house. There are many financing institutions which give a helping hand in fulfilling one's dream of owning a house.

Real estate, as a general term, describes the built environment, which plays a vital role in every aspect of an economy, society and environment. Real estate sector plays a catalytic role in fulfilling the needs and demand for housing and infrastructure in the country and is an important pillar of the economy.

The Indian economy experienced robust growth in the past decade and is expected to be one of the fastest growing economies in the coming years. It has also been estimated that real estate contribution to India's GDP is estimated to increase to about 13 per cent by 2028. Guwahati has been also become the business hub and largest city of Assam and the North-East.

This paper tries to examine the existing scenario of real estate in Guwahati. The paper also highlights the various factors influencing the buying behavious of individual real estate owners. The paper also tries to bring out the challenges faced by the individual real estate owners in the Guwahati city of Assam.

Keywords: Real Estate, property, GDP.

INTRODUCTION:

The house becomes an integral part of life as the life of every individual starts from home. It is dream of every individual to own a house. Now a days one need not have ready cash also donot have to worry to own house. There are many financing institutions which give a helping hand in fulfilling one's dream of owning a house.

Real estate, as a general term, describes the built environment, which plays a vital role in every aspect of an economy, society and environment. Real estate sector plays a catalytic role in fulfilling the needs and demand for housing and infrastructure in the country and is an important pillar of the economy.

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Real Estate Development and Regulation Act,2016 some of the important definitions related to real estate are: "Apartment" whether called block, chamber, dwelling unit, flat, office, showroom,shop, godown, premises, suit, tenement, unit or by any other name, means a separate and self-contained part of any immovable property, including one or more rooms or enclosed spaces, located on one or more floors or any part thereof, in a building or on a plot of land, used or intended to be used for any residential or commercial use such as residence, office,

shop, showroom or godown or for carrying on any business, occupation, profession or trade, or for any other type of use ancillary to the purpose specified;

"Building" includes any structure or erection or part of a structure or erection which is intended to be used for residential, commercial or for the purpose of any business, occupation, profession or trade, or for any other related purposes;

Definition of Real Estate:

Real estate can also be understood as a piece of land which includes the air above and the ground below. Land plus anything permanently fixed to it, including buildings, sheds and other items attached to the structure.

The Planning Commission of India defines 'Real estate' as land, including the air above it and the ground below it, and any buildings or structures on it. It is also referred to as *realty*.

Types of Real Estate:

With the advent of diversified human interests vis-a-vis activities, usage and utilities of real estate have become multifarious and multidimensional resulting categorization of real estate based such usages and utilities, viz.

- i. Residential Real estate
- ii. Commercial real estate
- iii. Industrial Real estate

Residential Real estate:

Residential real estate is the occupation of Houses by the individuals, groups, families for shelter nature's fury, general convenience, comfort protection from nature. The Residential real estate is mostly featured by the people living in groups and arranging for the common amenities like transportation, provisions for food and other infrastructure for a comfortable living. It include apartments / flats, Individual House, Multifamily house, Row House, and cooperative House.

Commercial real estate:

The commercial Real Estate refers to the construction of office space, shopping establishments for conducting business.

Industrial Real estate:

Industrial Real estate refers to the acquisition of land and construction of building for establishing manufacturing units. It includes the erection of buildings to carry out production of good, items etc. for subsequent use in trade and commerce are generally classified as Industrial Property

Real estate sector in INDIA:

India's real estate market is expected to reach US\$ 180 billion by 2020 from US\$ 126 billion in 2015. Emergence of nuclear families, rapid urbanisation and rising household income are likely to remain the key drivers for growth in all spheres of real estate, including residential, commercial and retail. Rapid urbanisation in the country is pushing the growth of real estate. More than 70 per cent of India's GDP will be contributed by the urban areas by 2020. Housing sector is expected to contribute around 11 per cent to India's GDP by 2020. Real estate is a capital intensive and manpower intensive sector which is estimated to grow at more than 25% in the next two decades. Real Estate sector ranks second to agriculture in providing employment in the country.

Real estate sector in Guwahati:

Guwahati has a mix of plain areas, low-lying marshy lands and hills, with the Brahmaputra river by the side of the city. Dispur located in the centre of Guwahati is the capital city of Assam. It is also considered as the gateway to the north east. Assam is among the states with low level of urbanization. 14.1 per cent of the state's population was living in urban areas in 2011, which is an increase from 12.9 per cent in 2001 and 11.1 per cent in 1991. Guwahati has been also become the business hub and largest city of Assam and the North-East.

Trend of Population Growth in Guwahati

Census	Population	Growth (%)
1901	11661	-
1911	12481	7.03
1921	16480	32.04
1931	21797	32.26
1941	29598	35.79
1951	43615	47.36
1961	100707	130.90
1971	123783	22.91
1981	268945	117.27
1991	584342	117.27
2001	809895	38.60
2011	968549	19.59

Guwahati is the most important trade hub in the North Eastern Region. It is a major wholesale distribution center, a marketing hub, and also a retail hub of the region. The Guwahati Tea Auction Centre is one of the largest and busiest tea trading centre in the world. As in other cities, 'mall culture' is now seen in Guwahati

LITERATURE REVIEW:

Naik (1981) explains "housing is an essential element of life for most human beings. The modern concept of housing does not limit the idea of housing merely to the provision of shelter.

Gopinath Rao (1988) argues housing shortage is a universal phenomenon. It is more acute in developing countries. In India the backlog by 2000 A.D is about 4.5 million housing units which has to be built every year.

Parekh (1988) states, the formal institutional funding of housing was Rs. 1,071, 18 crores and informal funding was Rs. 3,10,805 crores in the year 1982-83. Hence about 75% of the investment in housing was from informal sources.

Case and Shiller (1989) find positive serial correlation in single family homes. In addition, they conclude that information relating to real interest rates, which should be an important determinant, does not appear to be incorporated into the pricing of housing

C. Harichandran (1989) stated that due to budgetary constraints and other pressing problems the housing shortage and substandard houses have increased over the years

In the opinion of Bhalla (1991), the present housing shortage in the country, is estimated to be around 30 million dwellings.

Sweta Misra (1996) stated in her study the importance of housing was universally recognised from the dawn of history. With the advancement of knowledge and civilisation man became particular about sanitation, environment, privacy and location of the house. He became conscious of better facilities which make his life easy and comfortable

Usha Patel (1996) in her study explains that at present housing through bank finance has been a part of Bank's priority sector lending.

Quigley (1999) argues that, although economic fundamentals are important determinants of house prices, such factors still leave a large share of changes in real estate prices unexplained.

Farlow (2004) stated that the fundamental determinants of house prices in this efficient market are income, interest rates, housing stock, demographic changes, credit availability, and the tax structure.

Yim et al (2010) in a study evaluated residential satisfaction, the effect in corporation performance based on a previous research of the influence on consumers' behavior by consumers' recognition of the quality of residential environment of apartment house. This study provides a hint to improve homebuilders' management scope and to find alternative policies of the government by verifying evaluate the dynamics of customer satisfaction and quality.

Nargis Namazi (2011) described helped the sector grow at high levels and the same pace is likely to be seen in the coming year too.

Araghadeep Laskar and CVR Murthy (2011) stated that the construction industry is the second largest industry of the country after agriculture. It makes a significant contribution to the national economy and provides employment to large number of people.

that the construction industry is witnessing a tremendous boom. And India is no exception! Government polices and expenditure in infrastructure, training and regeneration projects have

NEED OF THE STUDY:

The purpose of this study is to development of theoretical and practical bases of the system of real property in the current conditions of market relations and to see the factors affecting the buying behavior of individual flat owners in Guwahati Metropolitan city.

OBJECTIVES OF THE STUDY:

The main objectives of the study would be as follows :

- (1) To understand the procedure followed in the valuation of Real Estate property.
- (2) To Identify Factors Affecting the Buying Behaviour and Buying Preferences of Individual House Owners
- (3) To know the satisfaction level of individual flat owners in Guwahati city.
- (4) To find out are there any problems/challenges faced by the flat owners in Guwahati.

RESEARCH QUERIES:

- 1) What are the important factors affecting on buying buying behaviour of Real Estate owners?
2. What is the level of satisfaction of the Real Estate owners?
3. .What are the challenges faced by the Real Estate owners?

RESEARCH METHODOLOGY:

The nature of this study is explorative and descriptive research. The study is based on both primary and secondary data. The primary data were collected through structured questionnaire. Secondary data were collected through related literature available like research articles, journals, books, websites, reports of Government agency etc. Purposive or non probability Sampling technique had been used for collecting the information for the study. Convenience Sampling Method has been used for designing the sample. The size of the sample is 200 flat owners(residential) for the present study. For analysis and interpretation of collected data tools like tables, graph, weighted mean score, 3-year moving average, growth rate etc are used.

DATA ANALYSIS AND INTERPRETATION:

Table 1

Sl. No.	Year	Average Unit Price	Increase (%)
1	2007	Rs. 1525.00	0%
2	2008	Rs. 1650.00	8.20%
3	2009	Rs. 1865.00	13.03%
4	2010	Rs. 2150.00	15.28%
5	2011	Rs. 2375.00	10.47%
6	2012	Rs. 2542.85	7.07%
7	2013	Rs. 2625.00	3.23%
8	2014	Rs. 2897.05	10.36%
9	2015	Rs. 3350.00	15.63%
10	2016	Rs. 3675.00	9.70%

Figure-1

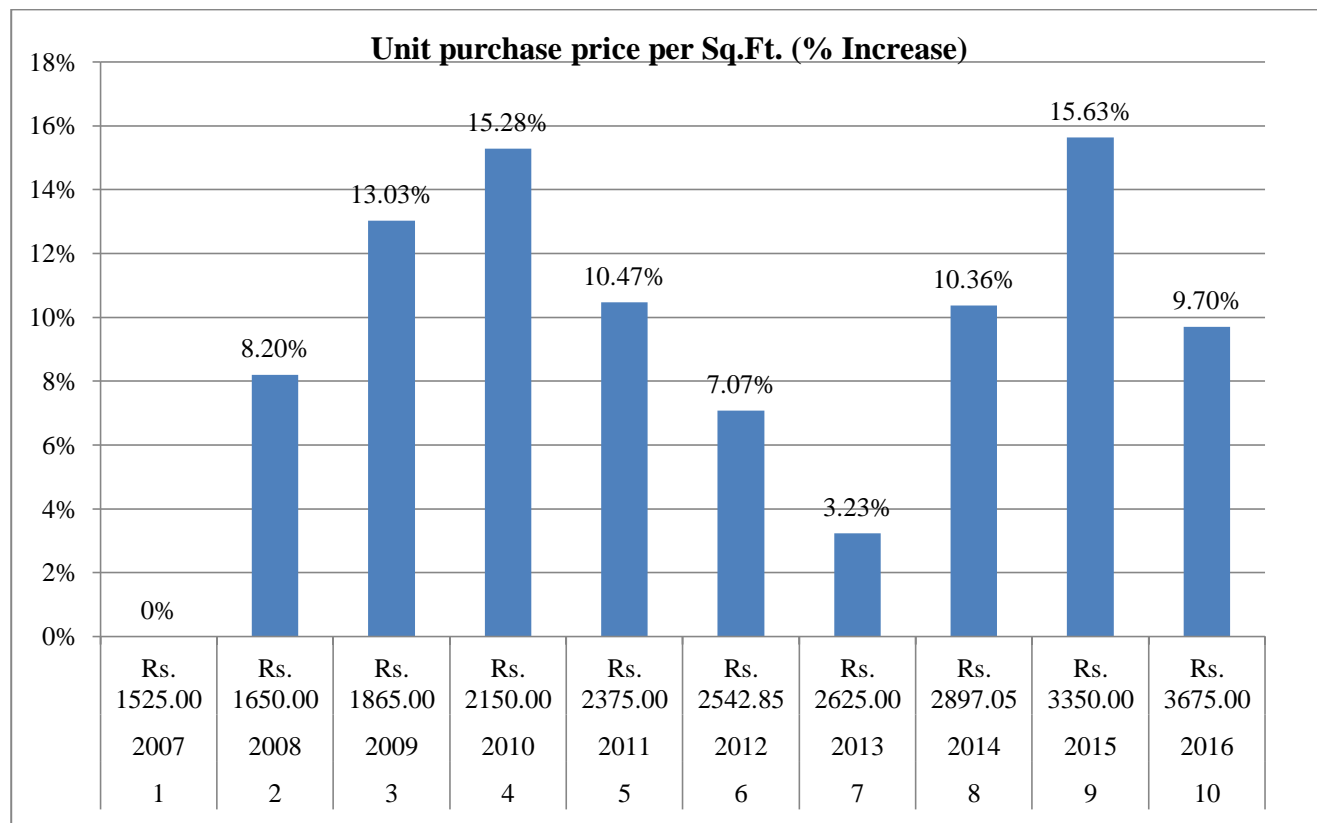


Table-2

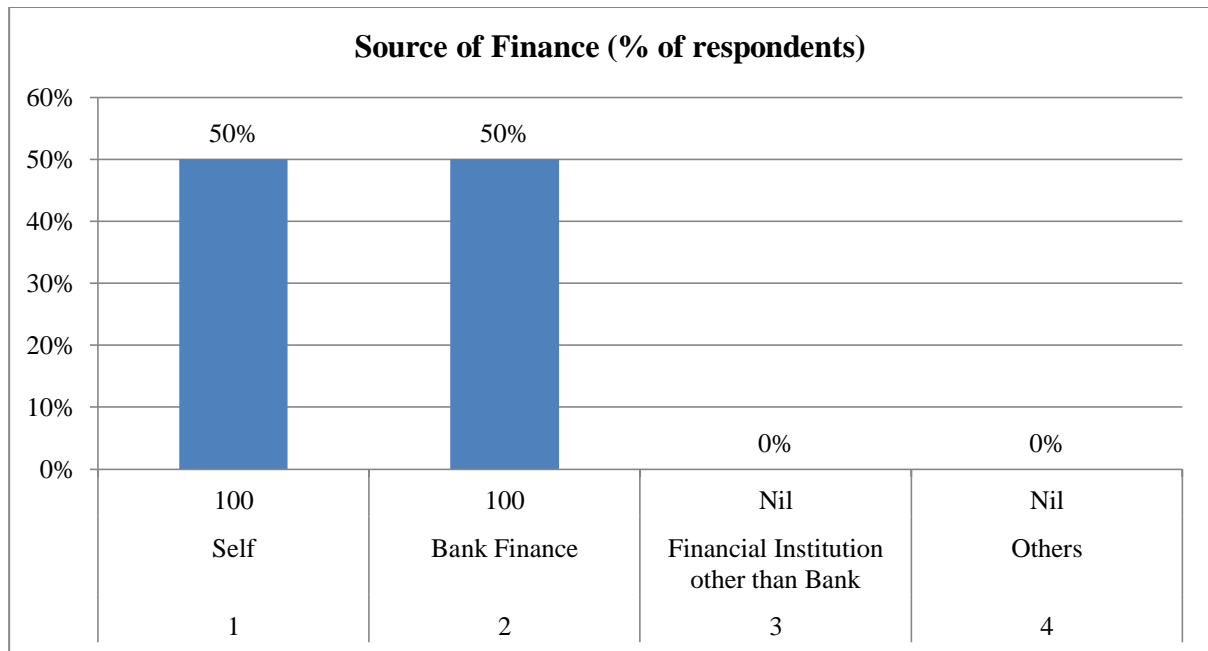
Sl. No.	Year	Average Unit Price	3-year moving average	Increase (%)
1	2007	1525		0%
2	2008	1650	1680	8.20%
3	2009	1865	1888	13.03%
4	2010	2150	2130	15.28%
5	2011	2375	2356	10.47%
6	2012	2543	2514	7.07%
7	2013	2625	2688	3.23%
8	2014	2897	2957	10.36%
9	2015	3350	3307	15.63%
10	2016	3675	3163	9.70%
Mean		2465		
SD		706		
CV		0.29		

Observation:

From the above analysis it has been found that the price of the residential flat has been increasing from 2007 to 2016 from Rs. 1525 to Rs. 3675. If the growth rate is observed it is found that highest growth in the price took place in the year 2015(15.63%) which is followed by the year 2010 (15.28%). The 3-year moving average and annual growth have been shown also. The co-efficient of variation is also calculated which found to be very low reflecting consistency of price during the period of study.

SOURCES OF FINANCE:

Figure-2

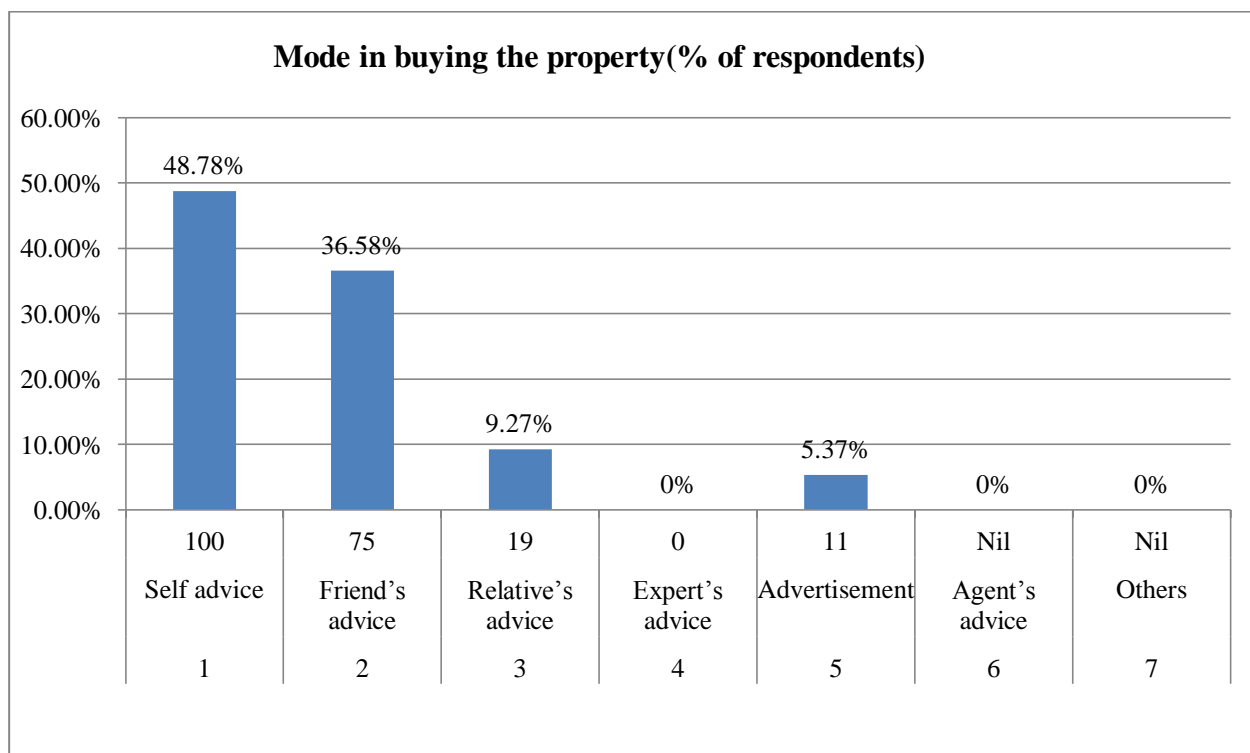


Observation:

From the above analysis it has been observed that 50% of the respondents have bought their flat through self finance and 50% have bought through bank finance.

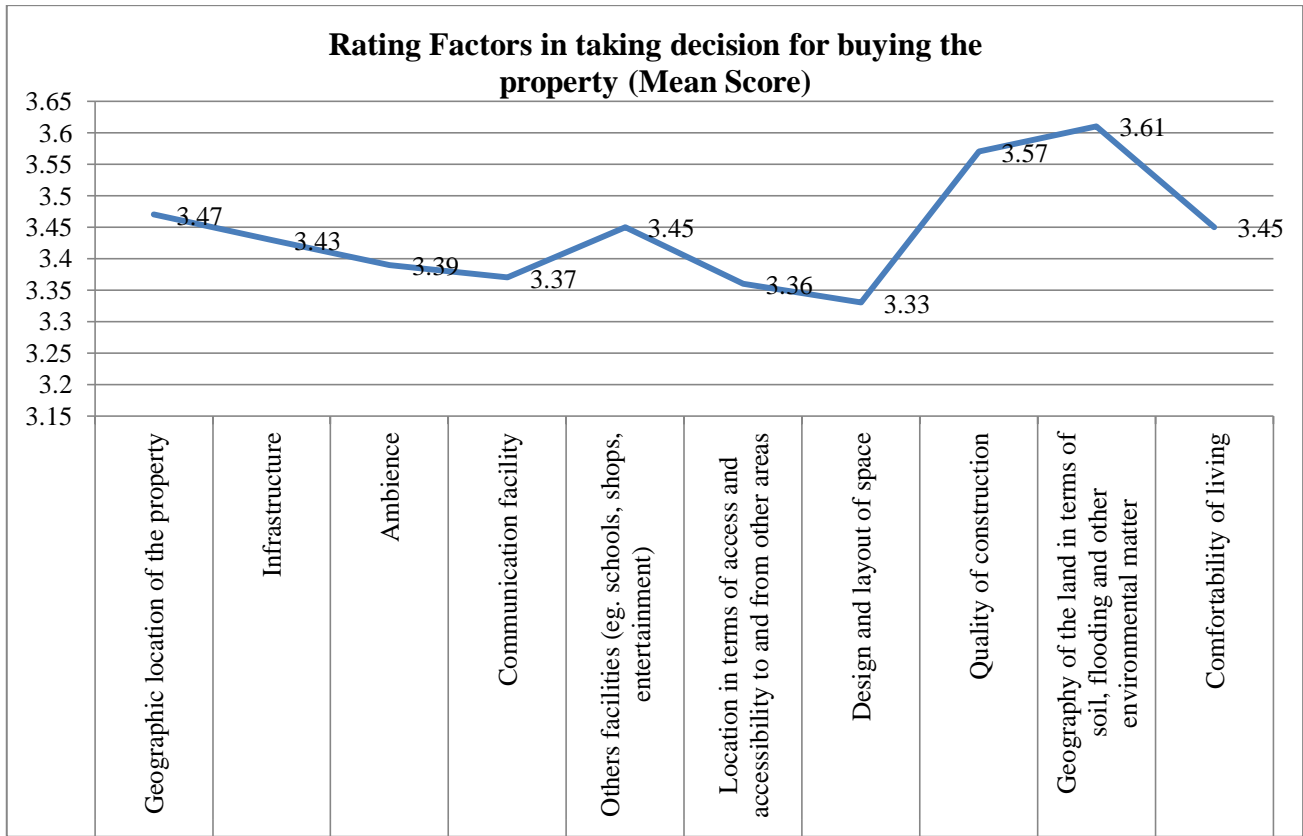
Mode followed in buying the property (flat):

Figure-3



Observation: From the above analysis it has been observed that 48.78% of the respondents have bought their flat based on their self advice and 36.48% have bought through friend's advice. Similarly followed by other's advice.

**Rating the factors in taking decision for buying the property (flat):
 Figure-4**

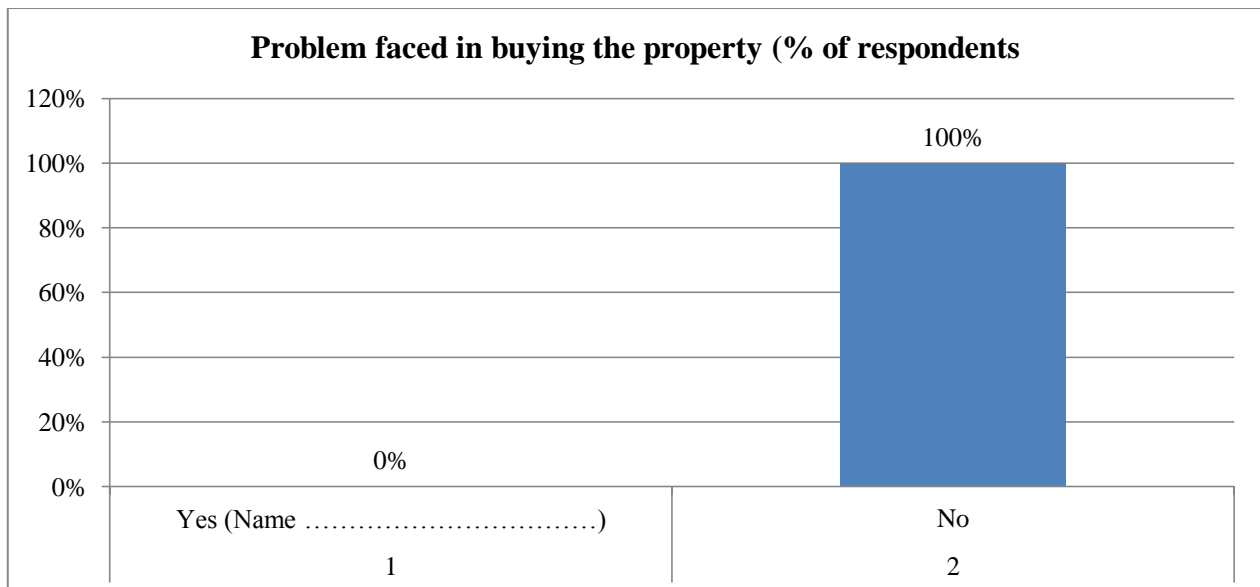


Observation:

From the above analysis it has been found that the flat owners give highest rating for geographic land in terms of soil and environmental matters (3.61) and quality of construction (3.57) in buying the property in relation to flat which is followed by location of property (3.47) and other facilities(3.45). From this it could be said that the quality of construction and location of the property is most important factors in valuation of property.

Any problem faced in buying the property:

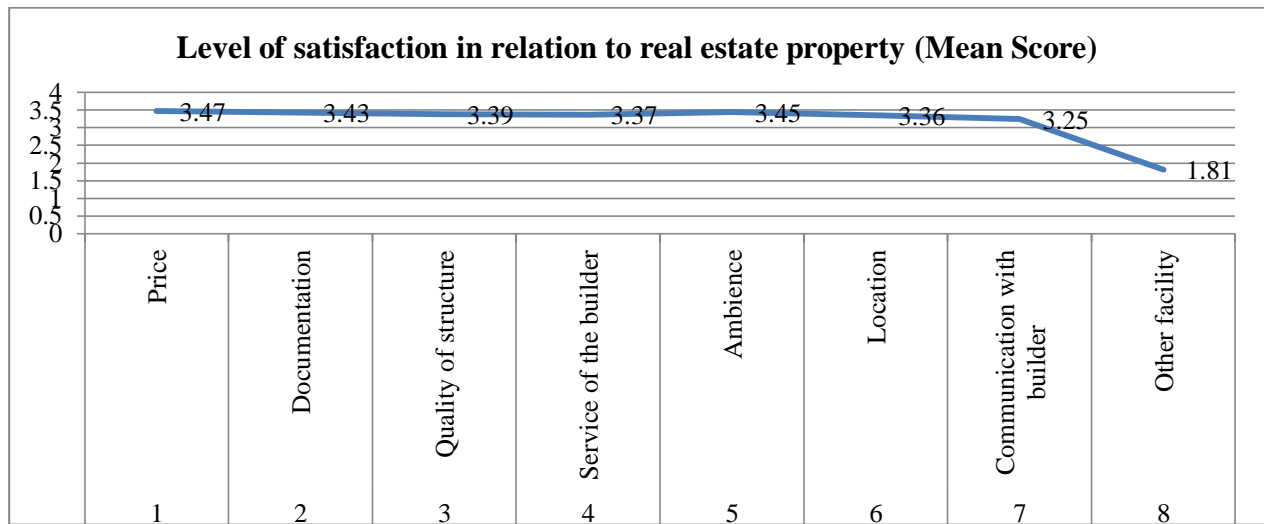
Figure 5



Observation: In relation to problems the 100% of the respondents said that no.

Level of satisfaction in relation to real estate property:

Figure-6

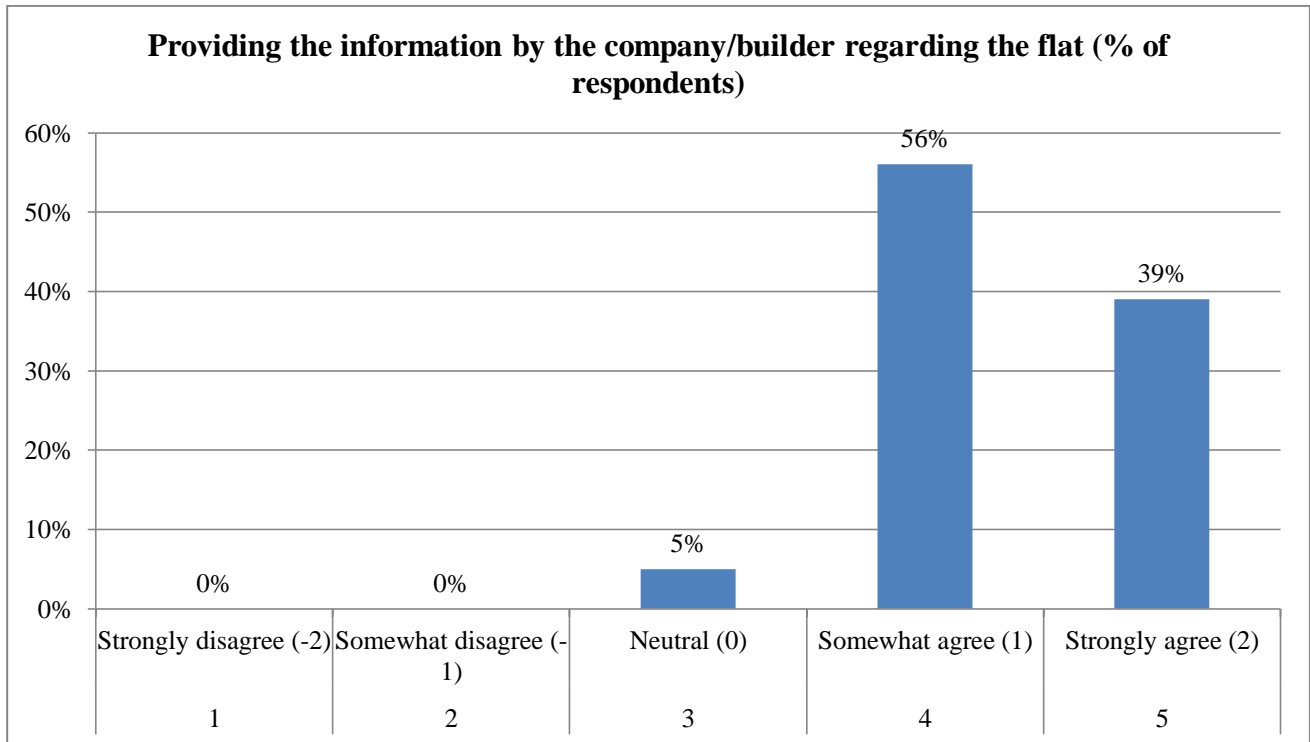


Observation:

From the above analysis it has been found that the respondents are highly satisfied with the ambience (3.47), which is followed by ambience(3.45) and Documentation. It could be said that the respondents are satisfied with the price being paid for the flats.

Providing the information by the company/builder regarding the flat:

Figure-7

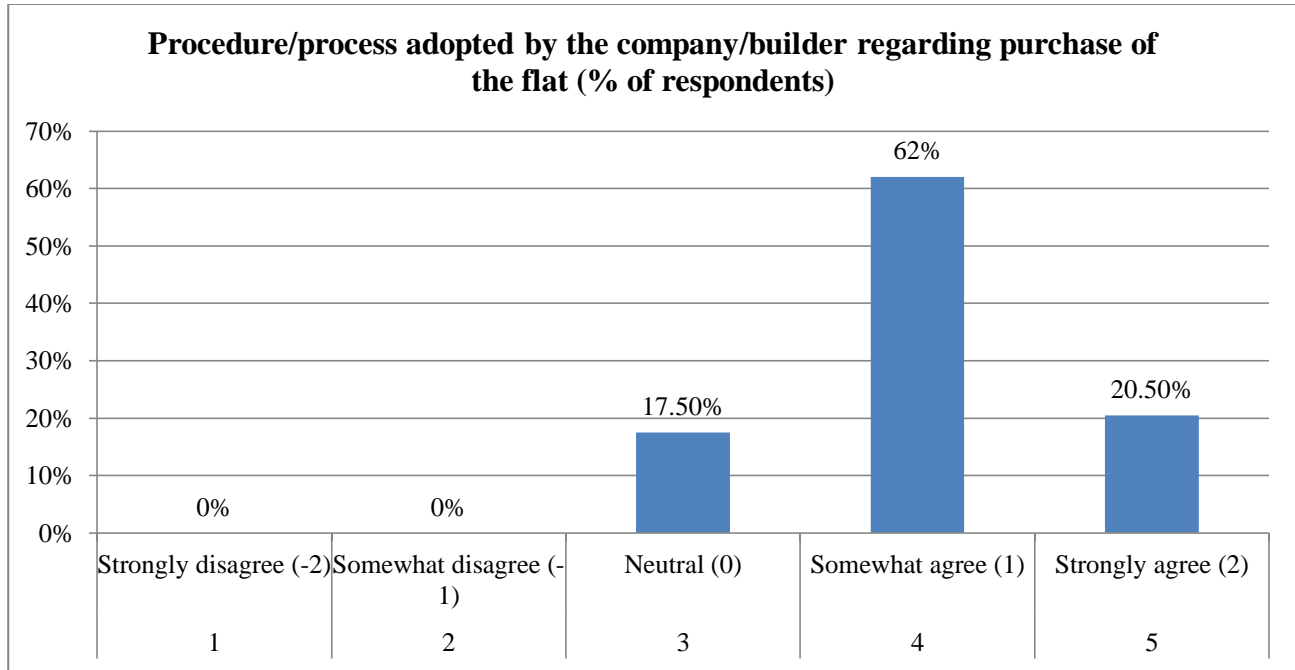


Observation:

It was asked to the respondents in relation to providing the information by the company/builder regarding the flat it was found that 56% of the total respondents are somewhat agree, 39% are strongly agree and 5% are neutral.

Easy procedure/process adopted by the company/builder regarding purchase of the flat:

Figure-8

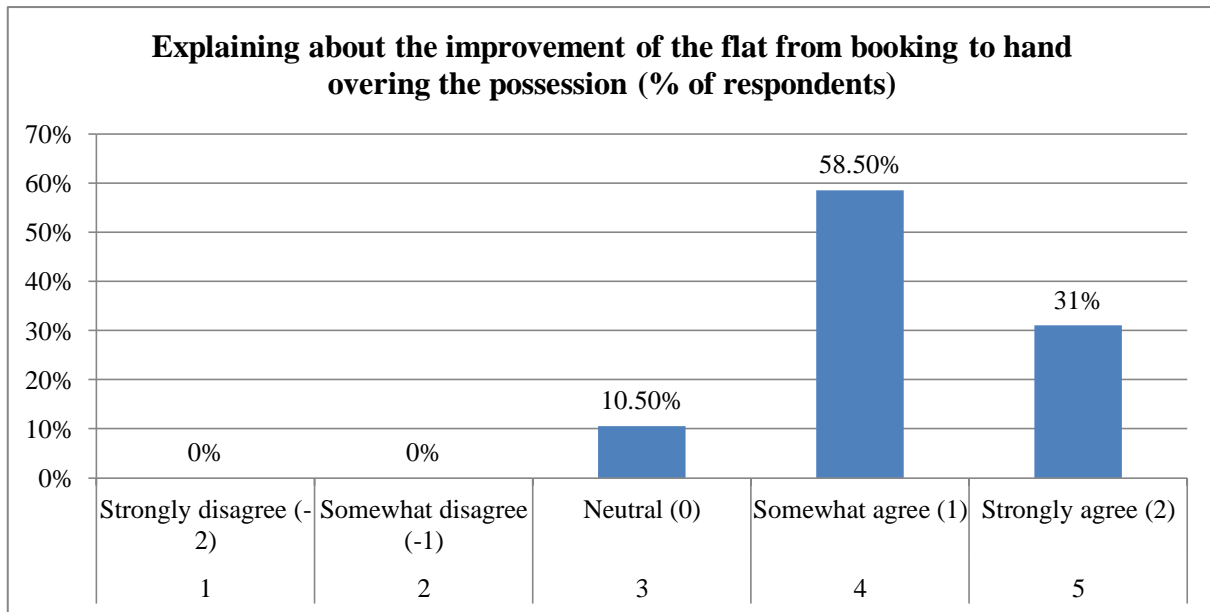


Observation:

It was asked to the respondents in relation to providing the information by the company/builder regarding the flat it was found that 62% of the total respondents are somewhat agree, 20.50% are strongly agree and 17.50% are neutral.

Explaining about the improvement of the flat from booking to hand overing the possession:

Figure-9

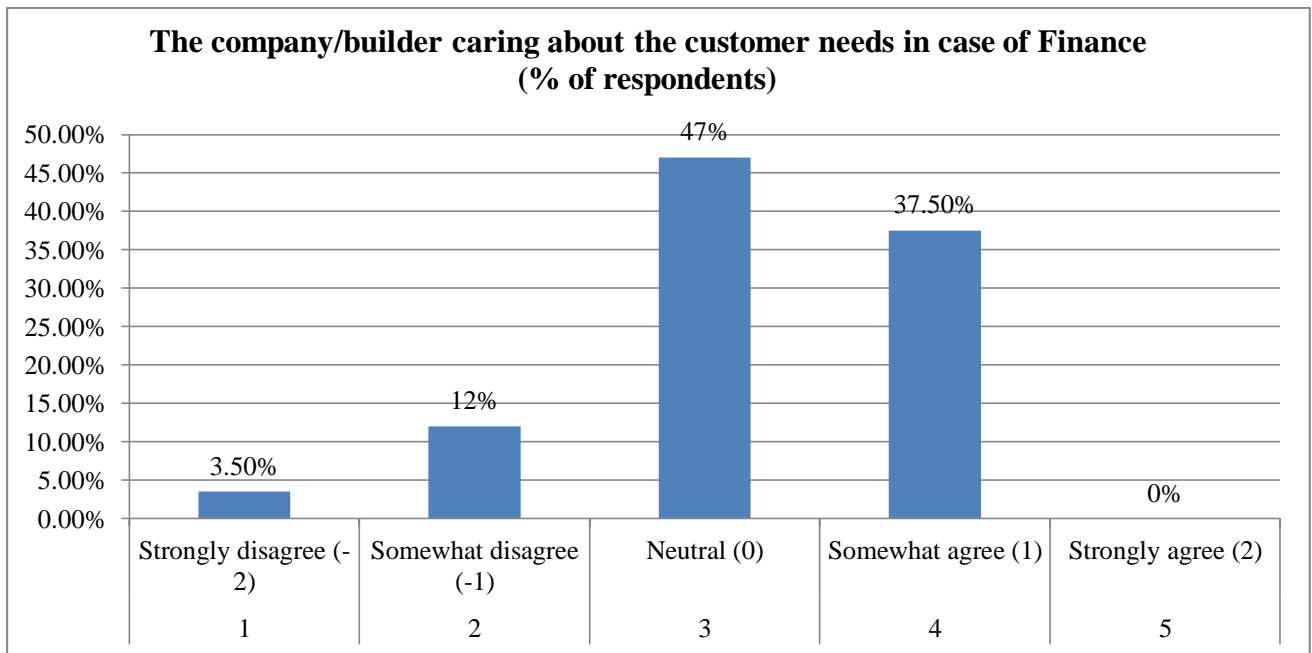


Observation:

It was asked to the respondents in relation to the improvement of the flat from booking to hand overing the possession by the company/builder regarding the flat it was found that 58.50% of the total respondents are somewhat agree, 31% are strongly agree and 10.50% are neutral.

**The company/builder caring about the customer needs:
 In Case of Finance:**

Figure-10

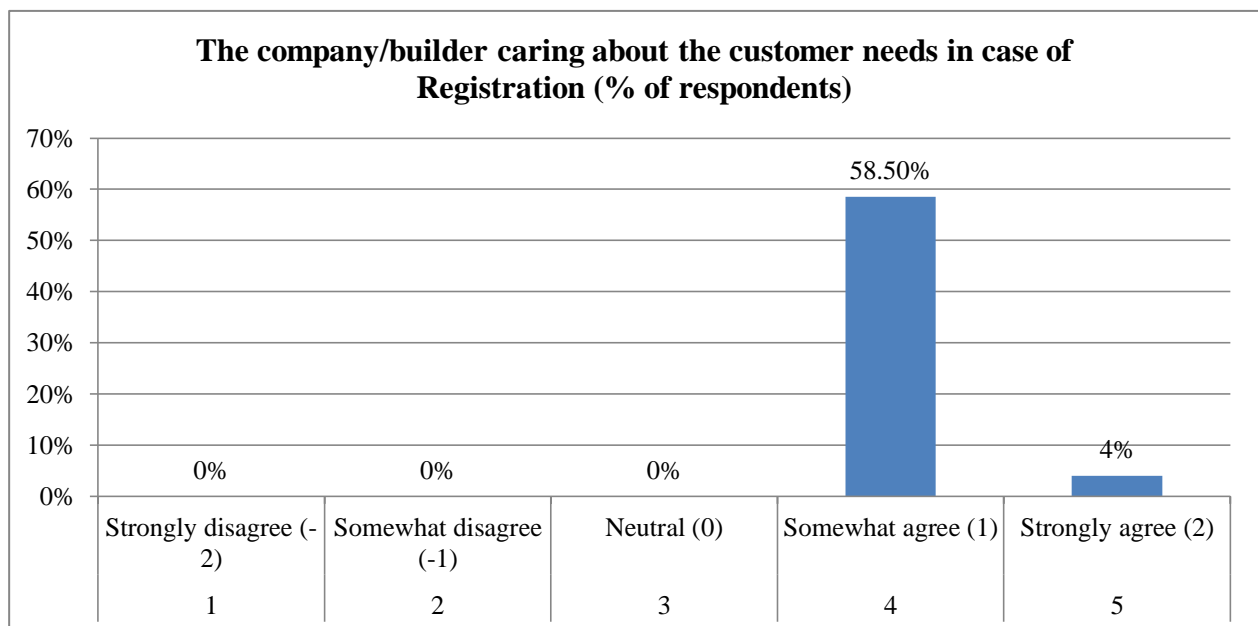


Observation:

It was asked to the respondents in relation to **caring about the customer needs** by the company/builder regarding the flat it was found that 47% of the total respondents are neutral, 37.50% are somewhat agree, 12% are somewhat disagree and 3.50% are strongly disagree.

In Case of Registration:

Figure-11

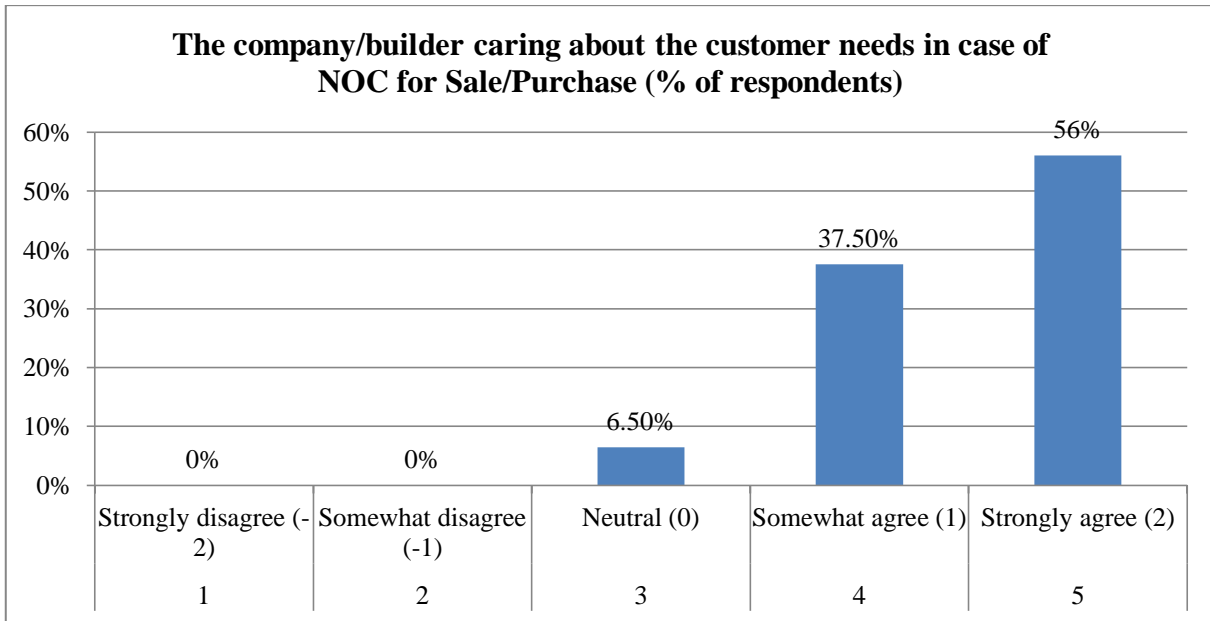


Observation:

It was asked to the respondents in relation **Registration caring** by the company/builder regarding the flat it was found that 58.50% of the total respondents are somewhat agree, 4% are strongly agree and 5% are neutral.

In Case of NOC for Sale/Purchase:

Figure-12

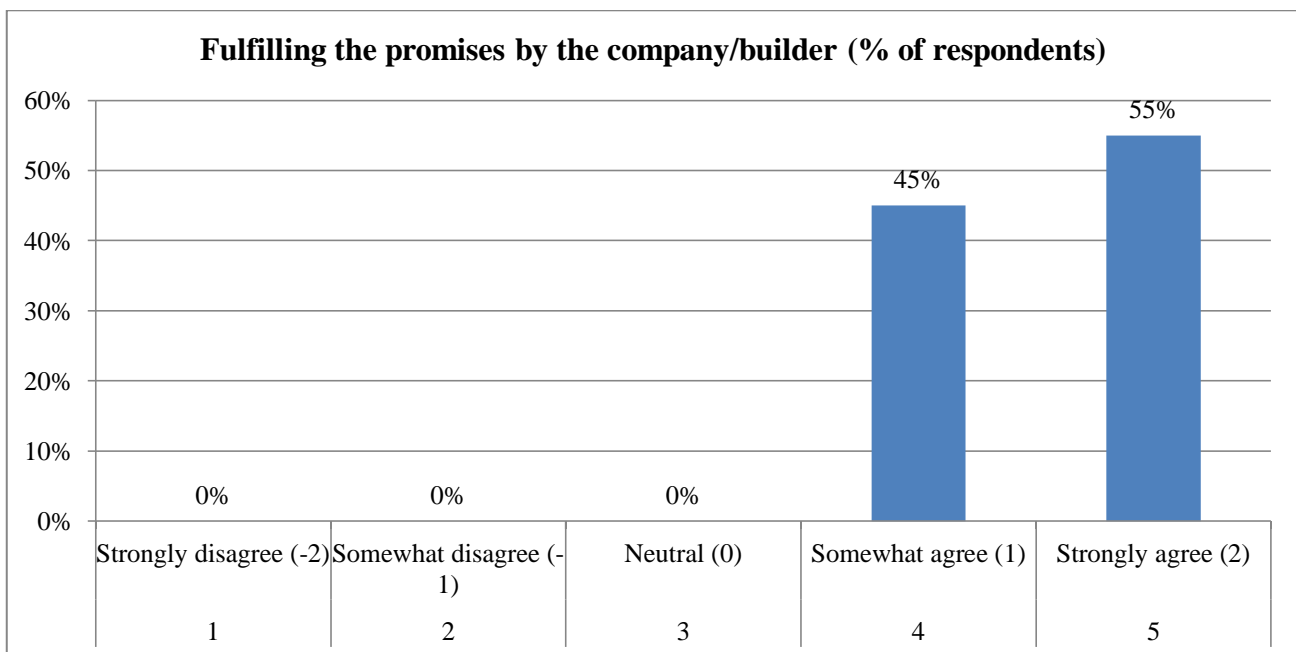


Observation:

It was asked to the respondents in relation to **NOC for Sale/Purchase** help by the company/builder regarding the flat it was found that 56% of the total respondents are strongly agree, 37.50% somewhat agree, 6.50% are neutral.

Fulfilling the promises by the company/builder:

Figure-13

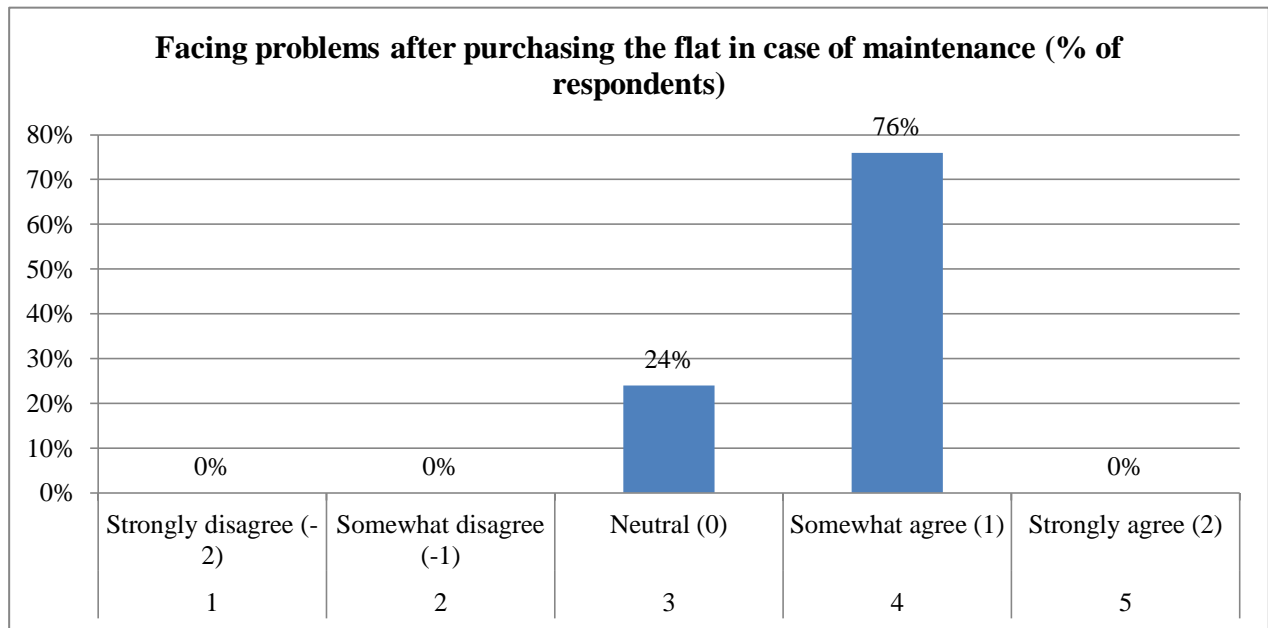


Observation:

1. It was asked to the respondents in relation to **Fulfilling the promises by the company/builder** regarding the flat it was found that 55% of the total respondents are strongly agree, and 45% are somewhat agree.

**Facing problems after purchasing the flat:
 In Case of Maintenance:**

Figure-14

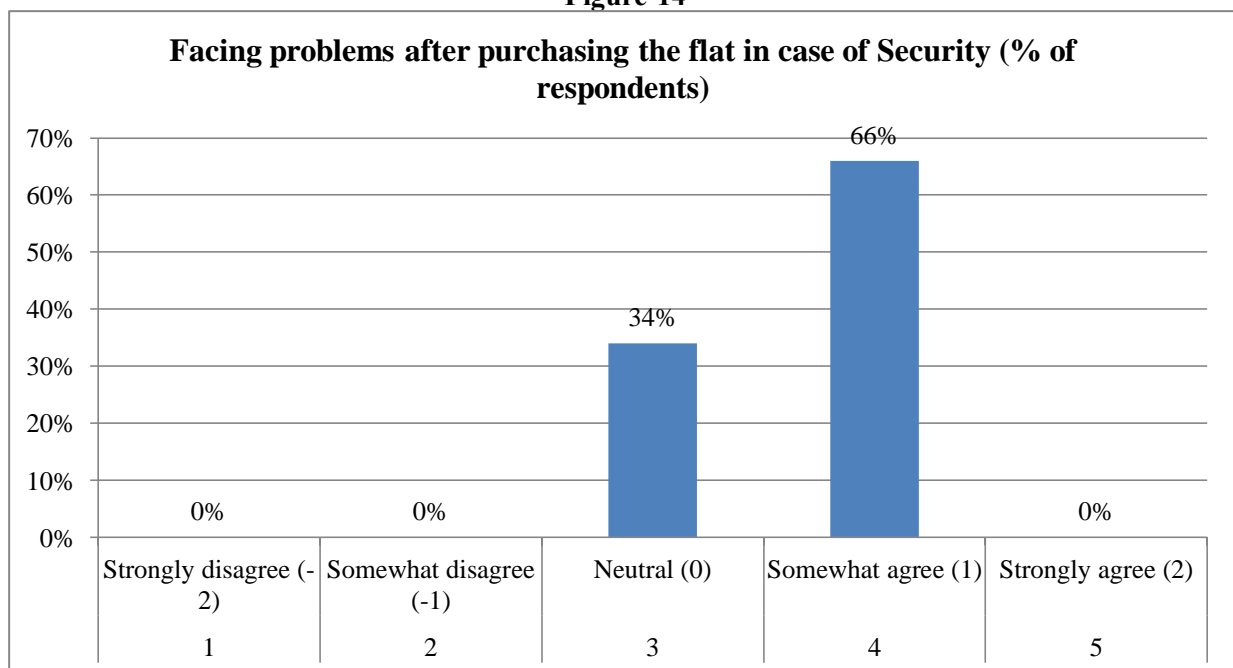


Observation:

It was asked to the respondents in relation **problems In Case of Maintenance** regarding the flat it was found that 76% of the total respondents are somewhat agree, and 24% are neutral.

In Case of Security:

Figure-14

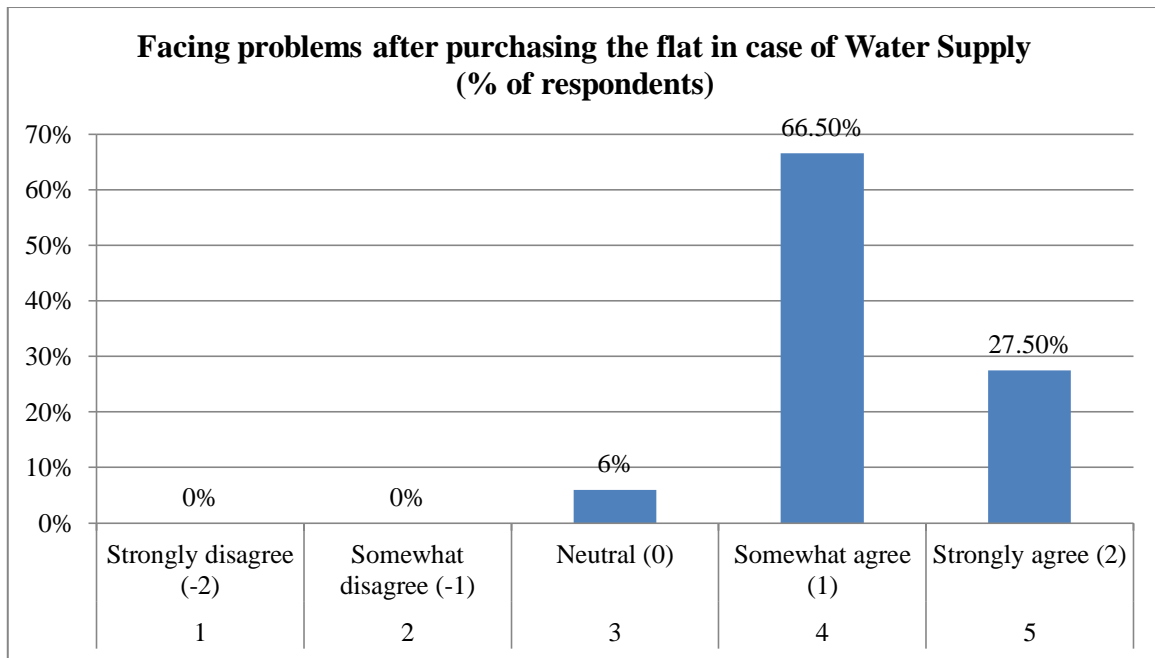


Observation:

It was asked to the respondents in relation to **problems of Security** by the customer regarding the flat it was found that 66% of the total respondents are somewhat agree, and 34% are neutral.

In Case of Water Supply:

Figure-15

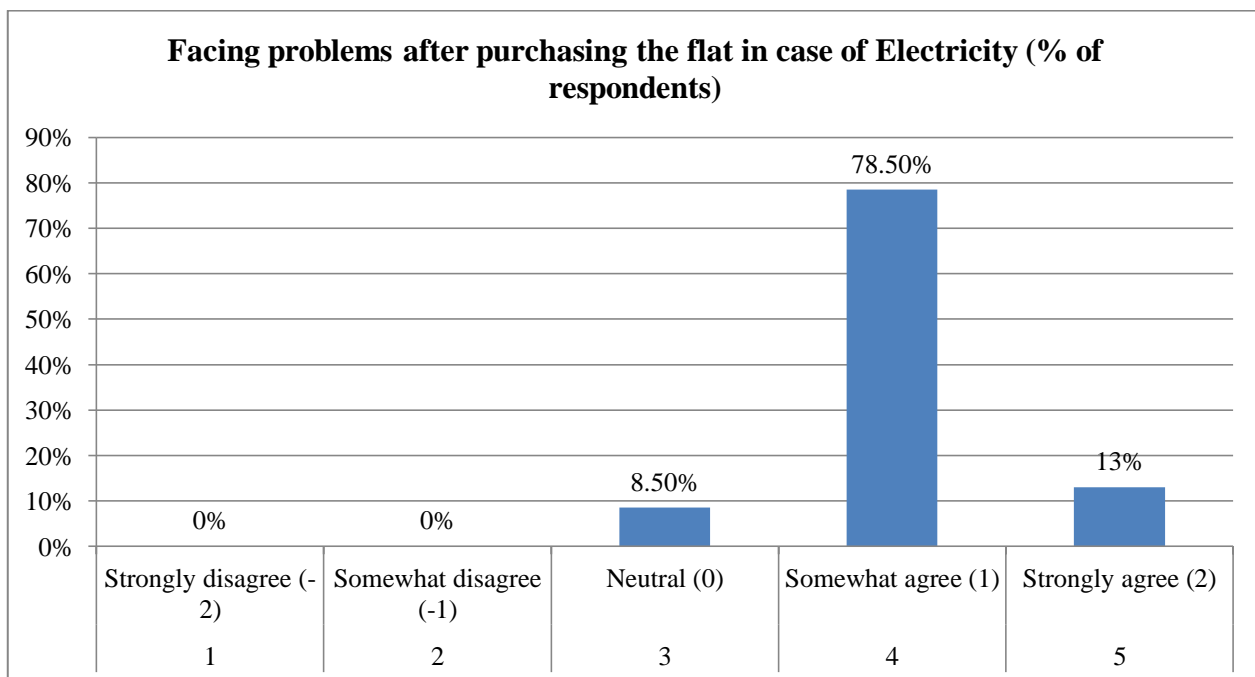


Observation:

It was asked to the respondents in relation facing problems **In Case of Water Supply** regarding the flat it was found that 66.5% of the total respondents are somewhat agree, 27.50% are strongly agree and 6% are neutral.

In Case of Electricity:

Figure-16

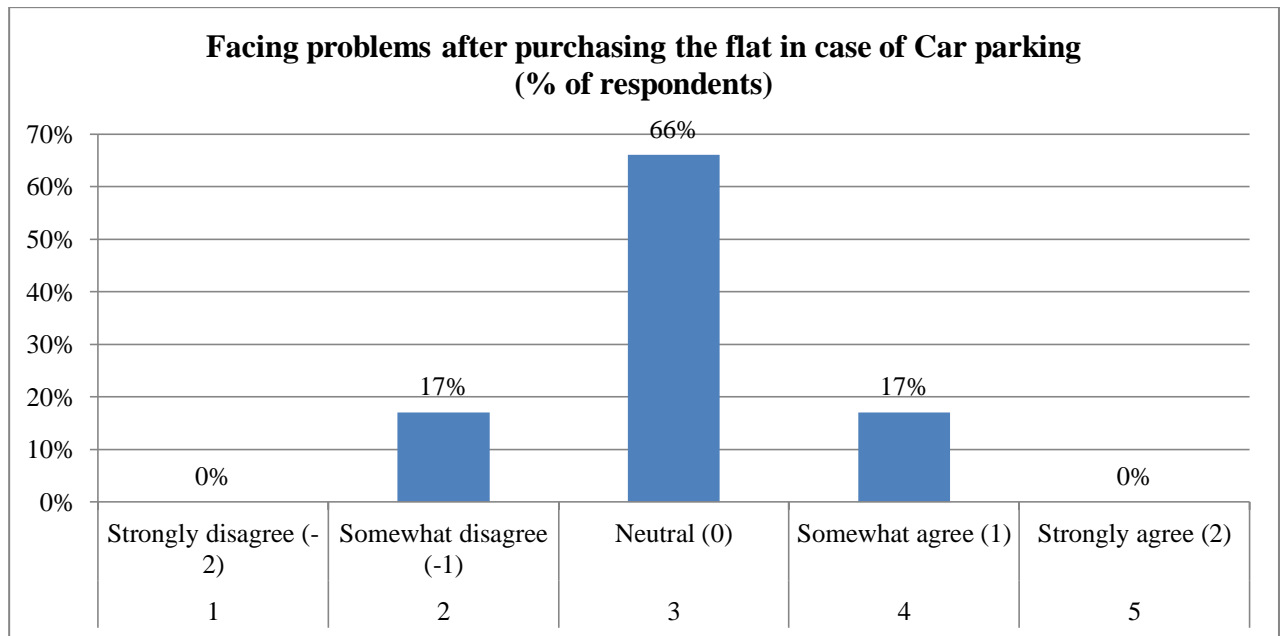


Observation:

It was asked to the respondents in relation to providing the information by the company/builder regarding the flat it was found that 78.50% of the total respondents are somewhat agree, 13% are strongly agree and 8.5% are neutral.

In Case of Car parking:

Figure-17



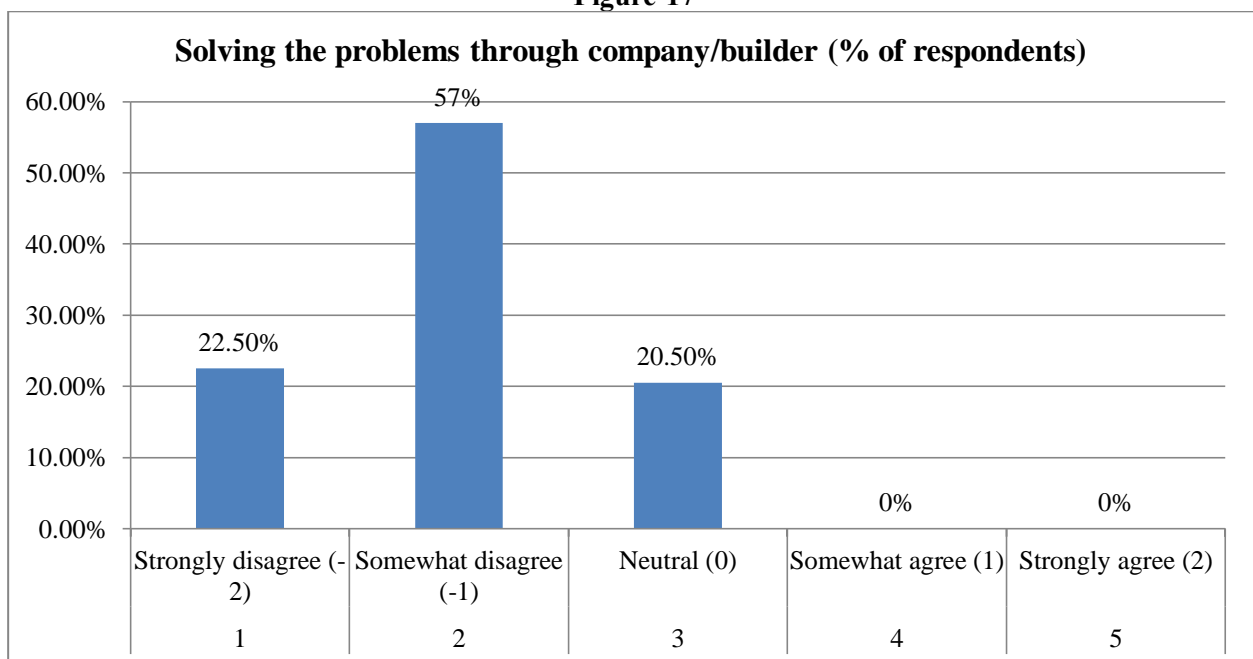
Observation:

It was asked to the respondents in relation to providing the information by the company/builder regarding the flat it was found that 17% of the total respondents are somewhat agree, 17% are somewhat disagree and 17% are neutral.

Solving the Problems:

Through company/builder:

Figure-17

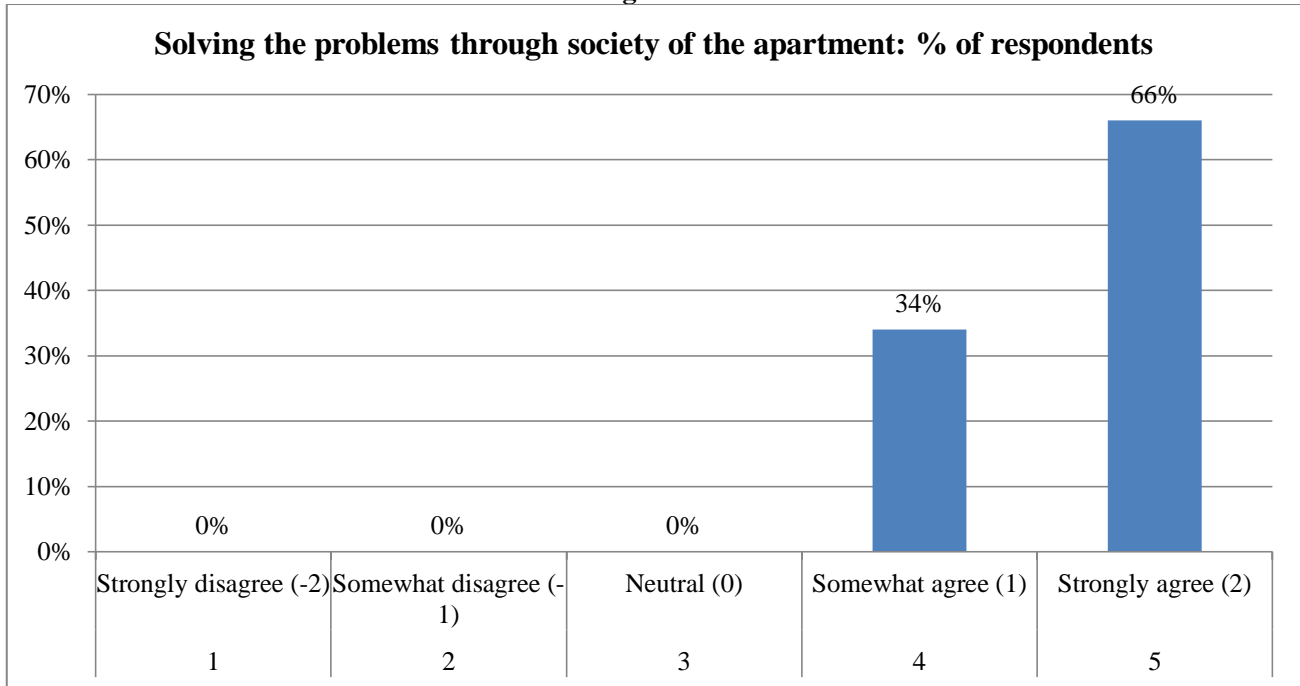


Observation:

It was asked to the respondents in relation to providing the information by the company/builder regarding the flat it was found that 57% of the total respondents are somewhat agree, 22% are strongly disagree and 20.50% are neutral.

Through society of the apartment:

Figure-18

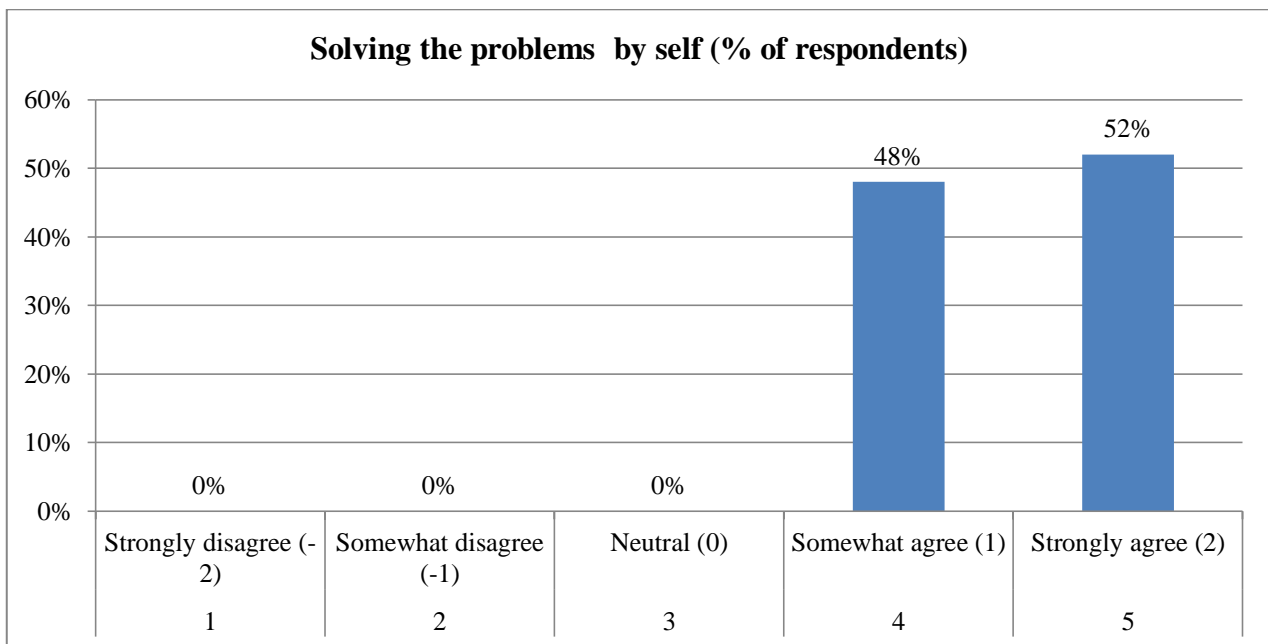


Observation:

It was asked to the respondents in relation to providing the information by the company/builder regarding the flat it was found that 66% of the total respondents are strongly agree and 34% are somewhat agree.

By self:

Figure-19

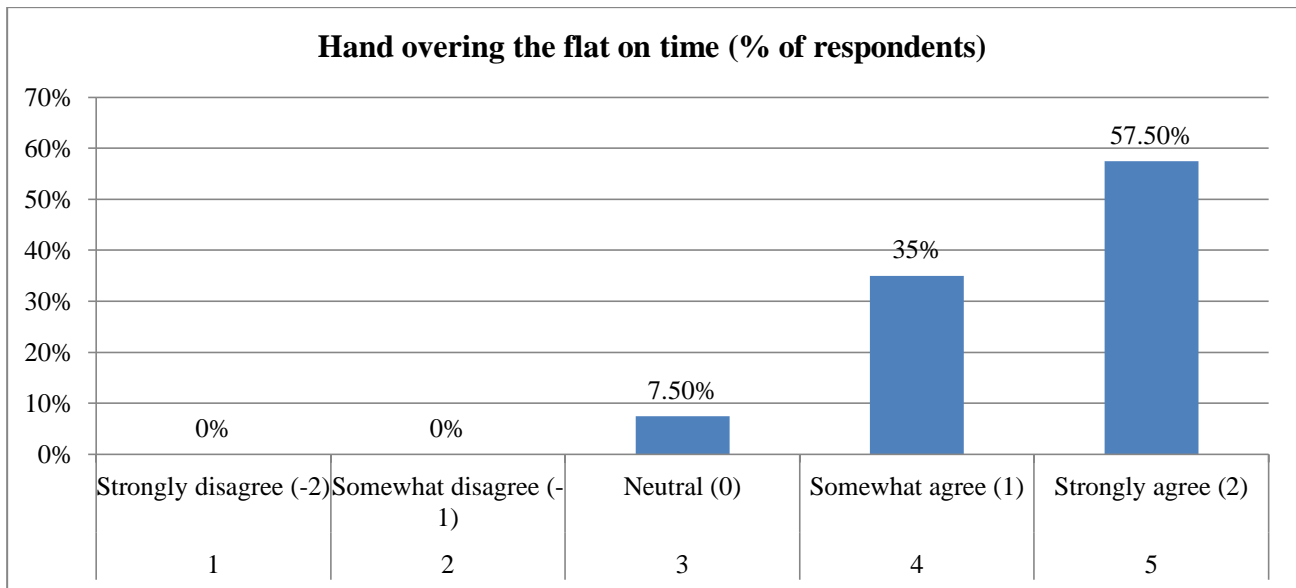


Observation:

It was asked to the respondents in relation to providing the information by the company/builder regarding the flat it was found that 52% of the total respondents are strongly agree and 48% somewhat agree .

Hand overing the flat on time

Figure-20



Observation:

It was asked to the respondents in relation to providing the information by the company/builder regarding the flat it was found that 57.50% of the total respondents are strongly agree, 35% are somewhat agree and 7.5% are neutral.

HIGHLIGHT OF FINDINGS:

1. From the analysis it has been found that the price of the residential flat has been increasing from 2007 to 2016 from Rs. 1525 to Rs. 3675. If the growth rate is observed it is found that highest growth in the price took place in the year 2015(15.63%) which is followed by the year 2010 (15.28%). The 3-year moving average and annual growth have been shown also. The co-efficient of variation is also calculated which found to be very low reflecting consistency of price during the period of study.
2. From the above analysis it has been observed that 50% of the respondents have bought their flat through self finance and 50% have bought through bank finance.
3. From the above analysis it has been observed that 48.78% of the respondents have bought their flat based on their self advice and 36.48% have bought through friend’s advice. Similarly followed by other’s advice.
4. From the above analysis it has been found that the flat owners give highest rating for geographic land in terms of soil and environmental matters (3.61) and quality of construction (3.57) in buying the property in relation to flat which is followed by location of property (3.47) and other facilities(3.45). From this it could be said that the quality of construction and location of the property is most important factors in valuation of property
5. From the above analysis it has been found that the respondents are highly satisfied with the ambience (3.47), which is followed by ambience(3.45) and Documentation. It could be said that the respondents are satisfied with the price being paid for the flats.
6. It was asked to the respondents in relation to providing the information by the company/builder regarding the flat it was found that 56% of the total respondents are somewhat agree, 39% are strongly agree and 5% are neutral.
7. It was asked to the respondents in relation to providing the information by the company/builder regarding the flat it was found that 62% of the total respondents are somewhat agree, 20.50% are strongly agree and 17.50% are neutral.
8. It was asked to the respondents in relation to the improvement of the flat from booking to hand overing the possession by the company/builder regarding the flat it was found that 58.50% of the total respondents are somewhat agree, 31% are strongly agree and 10.50% are neutral.
9. It was asked to the respondents in relation to caring about the customer needs of finance by the company/builder regarding the flat it was found that 47% of the total respondents are neutral,37.50% are somewhat agree, 12% are somewhat disagree and 3.50% are strongly disagree.

10. It was asked to the respondents in relation caring for Registration by the company/builder regarding the flat it was found that 58.50% of the total respondents are somewhat agree, 4% are strongly agree and 5% are neutral.
11. It was asked to the respondents in relation to caring for NOC for Sale/Purchase help by the company/builder regarding the flat it was found that 56% of the total respondents are strongly agree, 37.50% somewhat agree, 39% are and 6.50% are neutral.
12. It was asked to the respondents in relation to Fulfilling the promises by the company/builder regarding the flat it was found that 55% of the total respondents are strongly agree, and 45% are somewhat agree.
13. It was asked to the respondents in relation problems In Case of Maintenance regarding the flat it was found that 76% of the total respondents are somewhat agree, and 24% are neutral.
14. It was asked to the respondents in relation to problems of Security by the customer regarding the flat it was found that 66% of the total respondents are somewhat agree, and 34% are neutral.
15. It was asked to the respondents in relation facing problems In Case of Water Supply regarding the flat it was found that 66.5% of the total respondents are somewhat agree, 27.50% are strongly agree and 6% are neutral.

CONCLUSIONS:

From the study it has been found that From the above analysis it has been found that the flat owners give highest importance to geographic land in terms of soil and environmental matters) and quality of construction in buying the property in relation to flat which is followed by location of property and other facilities. Thus the quality of construction and location of the property is most important factors in buying property. It has been also found that the respondents are highly satisfied with the ambience and ambience. It could be said that the respondents are satisfied with the price being paid for the flats.

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