Analytical Study of Consumer Buying Behaviour and Real Estate Regulation.

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Abstract:
This research paper aims to study implementation and the related issues about Real Estate Regulation Act. The Real Estate sector is termed as prime importance from an individual as well as of national importance and also to regulate the sector and to reduce the ambiguity made to the customers, RERA (Real Estate Regulation Act) was also implemented in the year 2017.

The objective of the research is to study how RERA is changing as per the various dimensions of the Real Estate Industry, to study what the consumer will think while buying the property after its implementation or RERA and to study whether the introduction of RERA had a positive or a negative impact on the industry. It is also found that RERA has made homebuyers king of the industry. It has also given priority to the homebuyers. This regulatory body has made the real estate industry more transparent.

There is a scope of more professionalism in this sector as the Developers and Real estate agents both have to adhere to the actual norms and conditions of RERA.

Keywords: Consumer buying behavior, RERA, Real Estate, etc.

Introduction:
It very commonly is known that housing has a very important role to be played in human life and hence it is kept its very first stage of Maslow's theory of need hierarchy among basic needs. Housing has a history of existence in various kinds not only in human life but in every animal on earth since their existence.

Housing will play a significant role in building up the 'smart India' and secure the country's economic growth in this modern and developed era of human civilization. Adequate housing
is recognized as the basic parameter for the standard of living analysis by the Universal Declaration of Human Rights and the 1966 International Covenant on Economic, Social and Cultural Rights. The Indian economy has transformed substantially over the past few decades.

The present economic conditions in India have also been provided with a strong impetus to the real estate sector, which has been witnessing heightened activity in recent years. The real estate growth story is more visible in urban centers such as Delhi/National Capital Region of Delhi (NCR), Mumbai and Pune which have also been acquired global standards and recognition. The demand-pull factors which have contributed significantly to the real estate boom are robust.

In addition to this, the sustained macroeconomic growth, upsurge in the business and industrial activity, a significant rise in consumerism, rapid urbanization and the availability of a range of financial options at affordable interest rates have also contributed significantly to the progress of the real estate sector. Moreover, there were various supply push factors also which gave impetus to the real estate growth.

Such factors may also include policy and even the regulatory reforms, positive outlook of global investors, fiscal incentives to developers, simplification of urban development guidelines, infrastructure support and development initiatives by the government. All these resulted into entry of a number of domestic and foreign players that have now led to increased competition and consumer affordability, easy access to project financing options, increasing risk appetite of developers, better quality of the real estate assets, and development of new urban clusters and effective utilization of prime land in large cities. National housing bank has also projected the shortage of homes for various categories of income group i.e. Low-income group (LIG), 7.41 million, 40%; Medium income group (MIG & Above), 0.82 million, 4%; Economically Weaker Sections (EWS), 10.55 million, 56%.

The Technical Group on Urban Housing Shortage (2012-17) has secured the total housing shortage at 18.78 million dwelling units of which out of which 96% relate to the Economically Weaker Sections (EWS) and Low Income Group (LIG) categories. The National Housing Bank (NHB) has also estimated a requirement of approximately INR 8.5 Lakh crore for the construction made of affordable housing in slum and non-slum areas.
History has evidence that all the success of Indian governments has been pre-dominantly promoted and has been made with affordable housing in the country in Indian which is being in the phase of growth. There is a serious business opportunity that is driven by the organic market and it also forces when it comes to developing housing for all. Even though the private sector is not been able to construct affordable housing which is caused because of the difficulties in land acquisition, high cost of capital, expensive construction techniques, high cost of land, and volatile cost of building material, corruption and scant regulation of the sector the demand for affordable housing clearly exists in India.

It is essential that administrative structures and the policy frameworks may also facilitate and even encourage resource mobilization from the market and private sector through lucrative policies and bond markets since overall Government resources are limited. Government of India is also making various set of schemes to fulfill the proposed shortage in housing industry as recently it has also been set up a vision to provide Housing for All by 2022, Government initiatives like "Atal Mission for Rejuvenation and Urban Transformation" (AMRUT) and Smart City mission is also been intended to give the necessary fillip to develop an 'Inclusive Urban India'.

As per estimates, the vision for "Housing for All by 2022,' would also require the development of about 11 crore houses with the investments made of over USD 2 trillion.

Pune Real Estate:

Pune’s real estate market over the past few years has also been witnessing a steady slowdown. The market, which is normally seeing absorption of around 20,000-22,000 units every six months, and has been witnessing absorption of lesser than 15,000 units on a half-yearly basis.

While realtors also blame the wait-and-watch policy made of buyers and the global slowdown for the trend, buyers on the other hand blame along with the artificial inflation in the market for deferring their investments. Most of the new launches are also concentrated in the newly developed and fringe areas of the city such as Chakan, Pashan, Susgaon, Bavdhan, Talegaon, Khed-Shivapur, Yavat, Pirangut, Lavale, Moshi, Hinjewadi and Dehu Road.

Literature Review:
Warade and Walwekar (2018) in their paper attempted to review the literature on customer perception for affordable housing finance. While it is also evident that India has a huge shortage of affordable houses it also needs the proper financing system made for the home loan customers in lower-level income groups. People who are in this category of annual gross income up to 05 lakhs per annually are considered as low-income group customers in the housing loan industry.

There is a severe need for funding to this income group when it comes to the building of their shelter. Even though many of the private and government financial institutions have also come up with various schemes financing the actual need of low-income groups; it is always a challenging task for them to make them understand what customers need from this income group that is perceived about their home loan need.

Very few evidence also exists in present literature while talking about customer perception and customer behavior in this category of housing loans. Hence; their paper is also focused to find out the customer's perception and the impact on their interest made to purchase affordable housing loans. Engel et al. (2005) defined consumer behavior as 'those set of activities that are directly involved in obtaining, consuming and even disposing of products and service, which is including the decision processes that are preceded and have been made to follow these set of actions'.

Moreover, Schiffman and Kanuk (2010) have also mentioned that consumer behavior is 'the behavior that even consumers display in searching for purchasing, using, evaluating and disposing of the product, service, and idea which they also expect that will satisfy their needs'. Therefore, knowing the factors which influence the buying behavior for a product could increase the sales volume. The same holds for residential apartments.

In the paper, "Consumer Behavior Applications To Real Estate", presented at the American Real Estate Society Meeting April 1998, by Prof. Karen M. Gibler and Prof. Susan L. Nelson, Mercer University Drive Atlanta, it is stated that, Most of the real estate study is also based on neo-classical economic theory that also assumes that people make also take rational decisions about renting and even buying of real estate as part of their attempt made to maximize the utility.
The study of consumer behavior is the study of individuals, groups, or organizations in the selecting, purchasing, using, and disposing of goods and services to satisfy needs and desires.


Decision making is a function of both internal and external influences made on behavior, this paper studies the Internal Determinants of the Consumer Behavior like; Motivation, Perception, Knowledge and Learning, Attitudes, Self-Concept, Personality and Lifestyle and External Determinants of the Consumer Behavior like Reference Groups, Culture, Subculture, Social Class and Family, which influences the demand for different housing types.

The authors have concluded that Appraisal attempts to estimate the value of property to consumers. The market analysis attempts to predict consumer demand for real estate services. Investment analysis examines the required and expected rate of return to an investor, and finance analyzes consumers' mortgage choices and the likelihood of repayment.

The study of consumer behavior involves trying to understand complex human beings and the reasons they act the way they do in the marketplace. It recognizes that consumer decisions take place inside a person who is distinctive in his personality and attitudes, yet similar to other consumers who have been exposed to the same external influences of culture and society.

The research paper titled, "Consumer perception and buyer behaviour made for the purchase of residential apartments in NCR", published in International Journal of Indian Culture and Business Management 6(1):56 - 68, (January 2013), by Mansi Misra, Gagan Katiyar and Ajoy Kumar Dey, represents the motivation for the research has been made to identify the external and internal factors that are considered by buyers of residential apartments in National Capital Region of Delhi (NCR).

Internal factors that refer to the specifications and various facilities that are offered by the builders which are carried within a township, whereas external factors also refer to the easy availability of loan, payment plans, discounts, the brand name of the builder, etc. This
research paper also helps in analyzing the differences in various perceptions of buyers about the three important locations for the residential apartments in NCR, viz.

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Gurgaon, Noida and Greater Noida based on parameters such as business opportunities, law and order situation, medical/educational facilities, etc. The research further analyzes the differences in perceptions about three major real estate players operating in the area, namely Unitech, Jaypee Infrastructure and Omaxe group.

The study highlights the gap in the present offerings and helps the builders to design their offerings according to the changing needs and wants of the customers which will help them to provide a competitive edge. The research paper, ‘Consumer Behaviour in Real Estate, in India, by Sundrani Deepak, presented in the 21st Annual European Real Estate Society Conference.

According to Bucharest, Romania, (2014), says, An identical house in a different location is termed which is not priced the same. This is caused because of a home-buyer that does not pay only for the physical construction but for a lot of externalities like location, amenities, etc. Many of the authors have also pointed out that most home-buyers that shave to make a trade-off, such as the location for the size of the house, etc.

In this paper, the researcher has also tried to explore which segment of the urban home-buyers, give the priority to which factor. The Hypotheses are that Price that is the most important influencing factor for the buyers of a small house (1 Bedroom + Hall + Kitchen), Location is equally important and is influencing factor for a moderate size house (2 Bedrooms + Hall + Kitchen) and Amenities are the most important influencing factor for a large house (3 Bedrooms + Hall + Kitchen). The study was studied in Pune (in India). A sample of 600 home-buyers (200 of 1 BHK, 200 of 2 BHK and 200 of 3 BHK, who have recently purchased a house were even the administered or a structured questionnaire and the empirical analysis are been proved that for 1 BHK and 2 BHK, the hypotheses were all...
proved correct, but for 3 BHK the Product characteristics were the most important factors that are influencing factor instead of its various amenities.

As per Sunil Dhawan (May 09, 2017) in his article "Will RERA impact real estate prices" published in Economic times.com. Stated that RERA is also going to impact real estate in actual terms of price. For existing property and as well as the under-construction property.  


As the Super built-up cost of a property will also be calculated in the carpet area itself, which will also increase the overall price of the property. Every developer has to get it to register his new or say even under construction projects under RERA.

Due to the RERA, there are various norms and conditions, the developer has made to complete the project on the stipulated period, which will also increase the cost of its under-construction projects. There will also be a lot of pressure made on the developers to deliver the projects on time, this will also create a huge demand for the contractors and they are also going to charge more, which will indirectly burden the customers.

Significance of the study:

The study of consumer behavior (CB) is termed as very important to the marketers which are caused because it also enables them to understand and to predict the buying behavior of the consumers in the marketplace. Consumer behavior is concerned with what customers buy, how they buy it, where they buy it, why they buy it and from whom they buy it.

It also studies how they consume and dispose of the products. Consumer behavior is studied by focusing on every phase of the consumption process: before its purchase, during the purchase, and after the actual purchase. Research shows that different buyers buy the same product for different reasons; pay different prices, use it in different ways, have different emotional attachments made towards the things and so on.
According to Professor Theodore Levitt of the Harvard Business School, the study of Consumer Behaviour is termed as one of the most important aspects in business education, because the actual purpose of a business is to create and to keep its customers. Hence, knowledge & information about consumers is vital for developing successful marketing strategies because it helps in creating and maintaining customers and building customer relationships.

**Objectives:**

The objectives of the study are:

- To study how RERA is having varied changing dimensions of the Real estate Industry.

- To study what the consumer will think about the buying of the property after the implementation of RERA.

- To study whether the introduction of RERA has been made a positive or negative impact on the industry.

**Research Methodology:**

1. **Research Method** - Descriptive Research design is used in this study.

2. **Sampling:**
   
a. **Sample size**- 50 respondents who are planning to purchase a property in Pune.

   b. **Sampling method**- Convenience sampling method is used in this research

3. **Data collection:**
   
a. **Primary data**- Data was collected from respondents who came to the sites for the buying process.
b. **Secondary data**- Website, journals, company brochures, etc.

4. **Tools of data collection**:

a. **Primary data** - Semi-Structured questionnaire

b. **Secondary Data** – Internet.

An Overview of Real Estate (Regulation & Development) Act, 2016: The Real Estate Regulatory Authority (RERA) will come into existence one year from the date of commencement of the act, by a notification, which will be issued by the appropriate government. The Government or Governments, as the case may be, have made the discretion of establishing just one RERA for two or more states, or establish more than one RERA in a single state. The Government can also appoint any authority to carry out the functions of a RERA for as long as the RERA has not been established.

As soon as the RERA has been established, all the cases would also be transferred from the authority which is acting as RERA to the established RERA. RERA shall be termed as a body corporate.

**Functions of RERA:**

- To register and regulate real estate projects and real estate agents.
- To publish and maintain a website of records, publicly accessible, of all projects with details.
- To maintain a database online, publicly accessible, of the defaulter Promoters with their names and even the photographs.
- To maintain a database online, publicly accessible, made of the registered real estate agents and a list of those who have made registration and have been rejected or have been revoked.
- To advice and make the recommendations to the Government to facilitate the growth and the promotion of a healthy, transparent, efficient and competitive real estate sector.
- To ensure the compliance of the provisions of the Act.
Data Collection:

Out of the total respondent majority of these respondents belong to the age group of 31-40 years that are comparatively more into buying properties, the main reasons for buying of these property is being either for living or for the investment which is made surely and has to be backed by the ability to spend. The youth (20-30 years) is also seen to have relatively lower purchasing power than the middle-aged buyers due to fewer savings.
It is further found from the survey that maximum people are salaried who are also engaged in a different industry. The maximum salaried employees are in middle age and are focused to buy a house on their own. The results have also shown that in the age group of 30-40 years maximum people will purchase real estate property for their end-use.

![Factors considered most while buying property](image)

**Fig. 3 Factors considered most while buying property.**

It is also found from the survey that buyers consider price as the most important factor followed by location, brand name, amenities and builder's past. Since the majority of the buyers are salaried employees, for them the most important factor for buying of the property in Pune is Price, because the first thing which comes into the mind of a person is whether the property is affordable or not. The second important factor is location as the area and the facilities in that area play a very crucial role in the buyer's mind.
Fig. 4 Do you feel comfortable with not so well known builder who is registered with RERA?

When asked about it, if people are comfortable with not so well known then builders who are registered with RERA, most of them were very comfortable and 14% of people would not feel comfortable. It is mandatory for every developer and real estate broker to get it to register under RERA. They cannot sell any property which is not registered under RERA.

RERA is the only body of regulation of real estate. The builder cannot misrepresent or fake any information as all the details which will be uploaded on the RERA website, which will also include location, price, amenities, brand name, etc.

The age group of people from 26 - 35 years usually buy their first home which is during this age period and its price is the most important factor rather than brand value, so they will be more informed about everything and cannot be misleading. These developers with the low brand value cannot be fooled by the buyers or can cheat them because it is under RERA and all the brands or names are attached which would be treated for the same.
Fig. 5 Consumer who also wants to go with well-known brand

Maximum responded do not want to go with unregistered well-known developers. Consumers have also shown their trust in the RERA conditions which is caused by developers that there every real estate construction should be RERA complained. So RERA has also impacted consumer's buying decisions that they do not prefer the well-known developers if they are not registered under RERA.

Fig. 6 Consumer who is comfortable with price increment
Major chunk of the people are comfortable with its price increment due to implication of RERA, it also shows that if the process of construction is on time and the consumer are also getting exact amenities which they were promised then they are also willing to pay more.

Fig. 7 Do you think RERA will also result in transparency?

The majority of its respondents also believe that RERA will also result in transparency in the real estate industry but will also be with few people who are not sure that it may. It is also found that RERA will surely change its game.

Findings:

Maximum consumers are in the age group of 30 - 50 years, whereas maximum respondents are salaried followed by business-oriented people. The consumers are concerned whether the project is also registered under RERA or not. It does not matter either the project is of the big brand builder or any small builder. Research also shows that consumers in Pune are interested to invest in small builder’s projects if they are registered under RERA.

A maximum number of consumers also believe that RERA is also going to change its picture of the real estate industry and it will result in its transparency.
Conclusions:

RERA is enforcing its developers to get it registered which has also created a fear in the industry. While buying real estate property, consumers are termed as more concerned about even a small thing.

RERA will also throw a transparent picture of the industry where even a consumer can also analyze the various choices made of the property with the help of RERA. RERA has also made its actual impact positively on the consumer's actual perception of buying a real estate property. Survey was also conducted to conclude the impact of RERA made on consumer buying behavior, out of the total respondent where almost every people are strongly agreeing with the clauses which are mentioned in the Real Estate (Regulation and Development) Act, 2016 and it has also been enlarged the confidence in the perception of consumer while buying the real estate property.

RERA has also been made by homebuyers who are the actual king of the industry. It has also given the priority to the homebuyers. This regulatory body has made its real estate industry which is more transparent. There is actual scope provided to more of the professionalism in this sector as the Developers and in Real estate agents which acts as both who have to adhere to various sets of norms and the conditions of RERA.

References:


