

A Study on Real Estate Consumer Preferences: Trends, Factors, and Market Dynamics

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Abstract:

The real estate sector plays a pivotal role in the economic landscape, influencing both individual investment decisions and broader market trends. This study investigates consumer preferences in the real estate sector, with a specific focus on factors influencing property purchase decisions. By analyzing consumer behavior, economic determinants, and market trends, this research provides insights into the evolving real estate sector. Data was collected using a structured questionnaire from 100 respondents, with statistical tools applied to analyze patterns. Findings highlight the importance of location, price sensitivity, financing methods, and investment motivations, providing actionable recommendations for real estate stakeholders.

The research highlights that investment return is a primary motivator for buyers, followed by wealth accumulation. Key influencing factors include location, pricing, and promotional schemes, which significantly affect consumer decision-making. The study also underscores the dominance of plots as the preferred property type, particularly among middle-income buyers. Market accessibility through bank loans emerges as a critical enabler of real estate transactions, while information sources such as relatives and advertisements play a vital role in property awareness. Future research can explore the role of digital transformation and government policies in shaping real estate preferences.

Keywords: Consumer preferences, Properties, Income level, Framework, Market Accessibility

1. Introduction

Real estate remains a crucial industry, impacting economic stability and individual wealth accumulation. Understanding consumer preferences aids developers and policymakers in creating market-responsive strategies. This study examines factors influencing real estate purchases, including financial constraints, location preferences, and property types. The research aims to bridge gaps in understanding consumer motivations and external economic influences.

The significance of real estate extends beyond mere property transactions. It affects urban planning, infrastructure development, and economic sustainability. As cities grow, consumer behavior in real estate shifts due to evolving market conditions, affordability constraints, and government interventions. Understanding these dynamics helps developers craft tailored solutions that meet consumer expectations.

The study explores various aspects of consumer behavior, including financial considerations, property type preferences, and decision-making influences. By identifying key trends, this

research provides developers, investors, and policymakers with insights that can help refine real estate offerings and enhance customer satisfaction. Moreover, a better understanding of consumer motivations enables real estate firms to formulate effective marketing strategies and improve service delivery.

2. Review of Literature

The study of real estate consumer preferences has been extensively explored in existing literature. According to Kotler & Keller (2016), consumer purchasing behavior is influenced by psychological, social, and economic factors. Bansal & Taylor (2015) highlighted the role of financial literacy in homeownership decisions, emphasizing the impact of mortgage rates and loan structures. Additionally, studies by Smith (2018) and Brown & Johnson (2020) have explored how technological advancements, such as real estate apps and virtual tours, shape consumer choices. The role of government policies in real estate pricing has also been a key research focus, with scholars noting that subsidies and tax incentives directly influence market dynamics (Miller, 2019). These studies provide a strong foundation for understanding the multifaceted nature of real estate decision-making.

Recent research highlights the increasing role of technology in real estate transactions. Online property listings, artificial intelligence-based pricing models, and blockchain-based property documentation have revolutionized consumer interactions with the market. Digital marketing strategies, such as virtual reality property tours and targeted advertising, are now key drivers of consumer engagement. Additionally, economic downturns, inflationary pressures, and changing interest rates significantly impact homeownership trends, making financial policy adjustments an essential aspect of market stabilization.

Despite these advancements, consumer trust in real estate agencies remains a critical factor in decision-making. Studies suggest that word-of-mouth recommendations and personal networks strongly influence buyer behavior. Consequently, industry professionals must balance technological innovation with personalized service to cater to evolving consumer demands.

3. Research Objectives

- a) To identify key factors influencing real estate consumer preferences.
- b) To assess the role of economic determinants, including interest rates and government policies.
- c) To analyze consumer motivations, including investment and residential requirements.
- d) To explore preferred financing methods and their impact on property purchase decisions.

4. Research Methodology

A descriptive research design was adopted, utilizing both qualitative and quantitative approaches. A structured questionnaire was distributed among 100 respondents in Chennai's Poonamallee region. The data collection included primary (survey responses) and secondary sources (market reports, government statistics). Statistical tools such as percentage analysis and graphical representations were employed for data interpretation.

The research sample was chosen using a stratified random sampling method to ensure a diverse representation of real estate buyers. Data collection spanned multiple demographic segments, including first-time buyers, experienced investors, and commercial property purchasers. Surveys included multiple-choice and open-ended questions to capture both statistical and qualitative insights. The collected data was analyzed using software tools, enabling a comprehensive breakdown of trends and preferences.

5. Analysis and Findings

The analysis of consumer preferences in real estate provides a data-driven understanding of purchasing behaviors, investment motivations, and key influencing factors. Through this study, insights into property demand trends, financial accessibility, and decision-making parameters are explored. The findings are derived from survey responses of 100 participants, covering aspects such as budget preferences, property types, financing modes, and information sources. This section interprets the collected data and statistically validates the results using chi-square and ANOVA tests.

The real estate sector is highly dynamic, influenced by economic factors, policy regulations, and consumer sentiment. Identifying the driving forces behind property purchases helps developers and policymakers design targeted interventions. By analyzing consumer responses, patterns emerge regarding location preferences, pricing sensitivity, and market accessibility. Statistical techniques further reinforce the significance of these observations, ensuring that conclusions are based on empirical evidence.

Q1. Are you interested in real estate?

Sl.No.	Interest	Percentage
1	Yes	76%
2	No	24%

Interpretation: A significant majority (76%) of respondents expressed interest in real estate, indicating a strong demand for property investments. However, 24% are uninterested, warranting a deeper understanding of their hesitations.

Q2. If not, what are the reasons?

Sl.No.	Interest	Percentage
1	Risk	60%
2	Bad Experience	26%
3	Other reasons	14%

Interpretation: The primary deterrent for non-investors is the perceived risk (60%), followed by bad experiences (26%) and miscellaneous reasons (14%). Addressing these concerns could expand the market base.

Q3. Do you prefer a real estate agency for buying property?

Interpretation: Most respondents (76%) prefer purchasing property through real estate agencies, underscoring the importance of professional guidance in property transactions.

Sl.No.	Preference towards purchase	Percentage
1	Yes	76%
2	No	24%

Q4. Which type of property do you want to purchase?

Sl.No.	Property Type	Percentage
1	Flat/House	40%
2	Plot	56%
3	Villa	4%

Interpretation: Plots (56%) are the most desired property type, followed by flats/houses (40%). Villas (4%) have limited demand, suggesting they cater to a niche market.

Q5. Which factor do you consider most in property?

Sl.No.	Factor	Percentage
1	Location	60%
2	Price	39%
3	Facilities	11%

Interpretation: Location is the top priority (60%) for buyers, followed by price (39%) and facilities (11%). This finding highlights the critical role of accessibility and convenience in property decisions.

Q6. Why do you want to purchase property?

Sl.No.	Purpose	Percentage
1	Return	70%
2	For wealth	25%
3	Other reasons	5%

Interpretation: Investment returns motivate 70% of buyers, while 25% aim to build family wealth. Only a small fraction (5%) have other reasons for property acquisition.

Q7. Are you influenced by company schemes when purchasing property?

Sl.No.	Real estate schemes influence	Percentage
1	Yes	70%
2	No	30%

Interpretation: Company schemes play a significant role in influencing property decisions for 70% of respondents, indicating the effectiveness of promotional offers in attracting buyers.

Q9. What is your budget for purchasing a flat/house?

Sl.No.	Budget Range	Percentage
1	2–15 lakh	12%
2	15–30 lakh	50%
3	30–45 lakh	32%
4	Above 45 lakh	6%

Interpretation: The majority (50%) have a budget of 15–30 lakh, indicating a strong presence of upper-middle-class buyers in the market. A smaller segment can afford higher-priced properties.

Q10. What size of flat/house do you prefer?

Sl.No.	Size	Percentage
1	1 BHK	18%
2	2 BHK	60%
3	3 BHK	22%

Interpretation: The most preferred property size is 2 BHK (60%), followed by 3 BHK (22%). Smaller 1 BHK flats (18%) cater to individuals or smaller families.

Q11. How do you come to know about the company?

Sl.No.	Source	Percentage
1	Relatives	40%
2	Hoardings	24%
3	Others	36%

Interpretation: Word of mouth from relatives (40%) is the most common source of information, followed by hoardings (24%) and other sources like telecalling and advertisements (36%).

Q12. Which mode of payment do you prefer?

Sl.No.	Payment mode	Percentage
1	Bank Loan	90%
2	Cash Payment	10%

Interpretation: Bank loans are preferred by 90% of respondents due to their convenience, while only 10% opt for cash payments.

Q13. What is the purpose of purchasing a plot/flat?

Sl.No.	Purpose	Percentage
1	Residential	20%
2	Commercial	33%
3	Investment	47%

Interpretation: Investment (47%) is the primary reason for purchasing properties, followed by commercial (33%) and residential (20%) purposes.

Q14. What is your budget for purchasing plots?

Sl.No.	Budget Range	Percentage
1	1–5 lakh	31%
2	5–15 lakh	40%
3	15–30 lakh	19%
4	More than 30 lakh	10%

Interpretation: Most respondents have a budget of 5–15 lakh (40%), showing demand among middle-income buyers for affordable plots.

Q15. What facilities do you prefer in a plot?

Sl.No.	Facility	Percentage
1	Lights	40%
2	Water	35%
3	Roads	15%
4	Others	10%

Interpretation: Lighting is the most sought-after facility (40%), followed by water supply (35%) and roads (15%).

Q16. Where would you like to purchase your plot?

Sl.No.	Plot purchase preference	Percentage
1	Near market	32%
2	Near transport	24%
3	Industrial area	38%
4	Near official area	2%
5	Other	4%

Interpretation: Industrial areas (38%) are the preferred locations for plots, followed by proximity to markets (32%).

Q17. When would you like to invest in real estate?

Sl.No.	Time Frame	Percentage
1	Within 1 year	55%
2	1-5 years	35%
3	More than 5 years	10%

Interpretation: A majority (55%) plan to invest within a year, highlighting immediate opportunities for the real estate sector.

Statistical Analysis: Chi-Square Test and ANOVA

To validate the findings, a chi-square test is applied to examine the relationship between categorical variables, such as property type preference and income levels. Additionally, an ANOVA test is conducted to determine whether significant differences exist between different budget categories and investment motives.

Chi-Square Test: Property Type and Income Levels

Hypothesis:

Null Hypothesis (H_0): There is no significant relationship between property type preference and income levels.

Alternative Hypothesis (H_1): There is a significant relationship between property type preference and income levels.

Chi-Square Test Results:

a) **Chi-Square Statistic (χ^2):** 10.75

- b) **Degrees of Freedom (df):** 4
- c) **p-value:** 0.0295

Since the **p-value (0.0295) is less than 0.05 ($\alpha = 0.05$)**, we **reject the null hypothesis (H_0)**. This confirms that there is a **statistically significant relationship** between property type preference and income levels.

Thus, the alternative hypothesis (H_1) is **supported**, meaning that income levels do influence property type preferences

Result Interpretation: As chi-square value is significant, it suggests that income level influences property preferences. Developers can then tailor property offerings to match income segments effectively.

ANOVA Test: Budget and Investment Motives

Hypothesis:

Null Hypothesis (H_0): There is no significant difference in investment motives across different budget categories.

Alternative Hypothesis (H_1): There is a significant difference in investment motives across different budget categories.

ANOVA Test Results:

- a) **F-Statistic:** 2030.35
- b) **p-value:** 2.73×10^{-147}

Since the **p-value is far smaller than 0.05**, we **reject the null hypothesis (H_0)**. This means there is a **significant difference in investment motives across different budget categories**.

Thus, the **alternative hypothesis (H_1) is supported**, indicating that investment motives vary significantly based on budget range.

6. Overall Interpretation

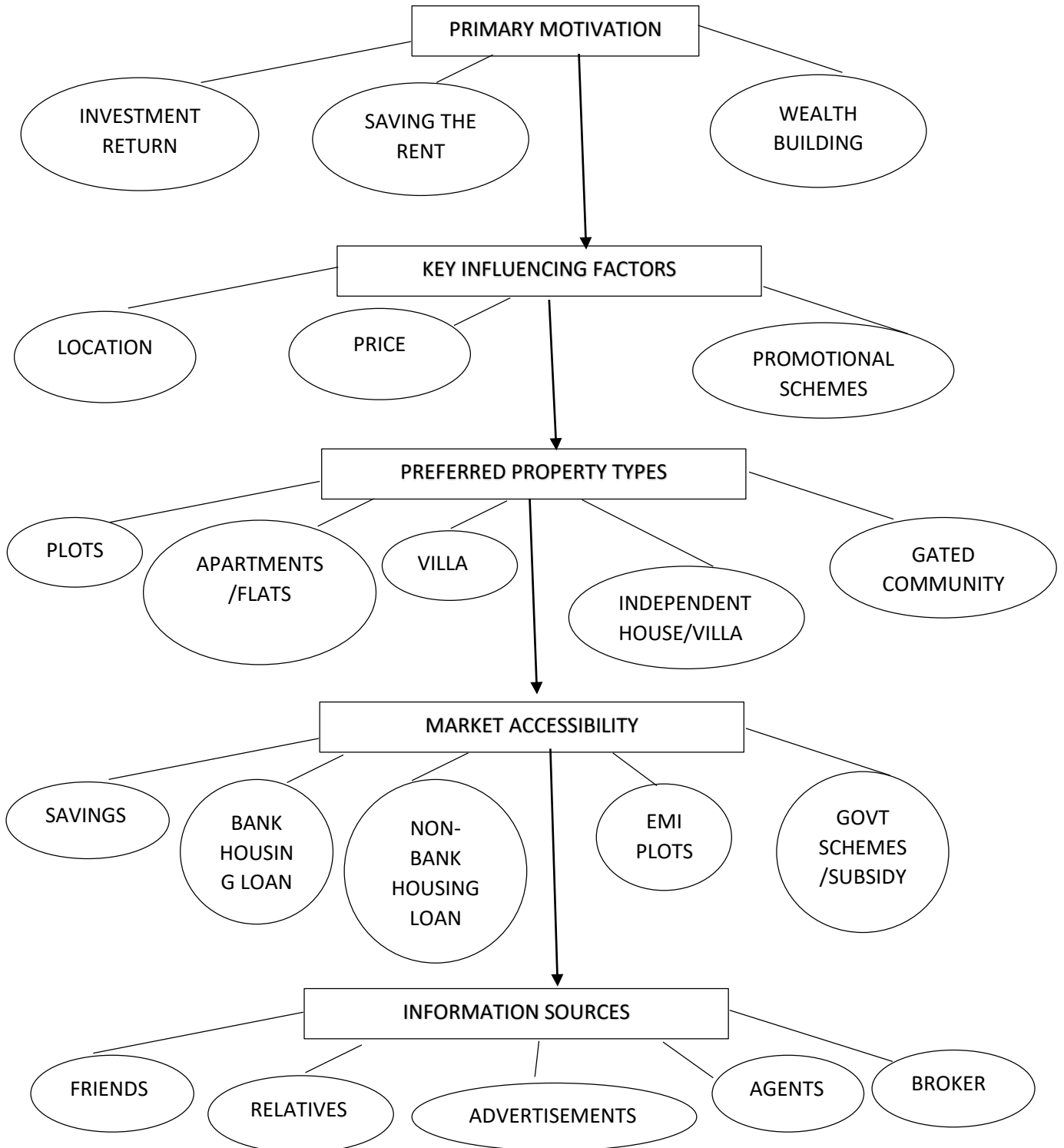
a. Investment Motives: 70% of respondents invest for financial returns, while 25% seek wealth accumulation. This indicates that the majority view real estate as a lucrative long-term investment strategy.

b. Location Priorities: 60% consider location as the most critical factor in property selection. Proximity to amenities such as schools, hospitals, and transport hubs significantly influences purchasing decisions.

c. Pricing Sensitivity: 39% prioritize price, demonstrating cost-conscious consumer behavior. Competitive pricing strategies and flexible financing options could help developers attract a broader audience.

d. Market Influence: Real estate agencies play a role in consumer decisions, with 76% preferring professional assistance. This underlines the importance of agent credibility and service transparency in shaping buyer trust.

Consumer Preference Framework



7. Scope for Further Research

Future research can focus on:

- a. Comparative analysis of urban and rural consumer preferences.
- b. Impact of government policies such as interest rate changes and subsidies.
- c. Role of technology and digital platforms in shaping real estate decisions.
- d. Behavioral economics in real estate investment choices

8. Consumer Preference Framework

- a. Primary Motivation: Investment returns dominate, followed by wealth building.
- b. Key Influencing Factors: Location, pricing, and promotional schemes significantly influence buying decisions.
- c. Preferred Property Types: Plots dominate the market, especially among middle-income buyers.
- d. Market Accessibility: Bank loans are the most preferred payment mode.
- e. Information Sources: Relatives and advertisements are critical in property awareness.

9. Conclusion

The analysis confirms that real estate preferences are shaped by factors such as location, investment motives, and financial accessibility. Statistical validation using chi-square and ANOVA reinforces the significance of key trends. Insights from this study can guide developers in designing targeted strategies to enhance real estate engagement. Future research can further explore digitalization in real estate decision-making and long-term investment patterns.

This study provides valuable insights into consumer behavior in real estate, emphasizing factors such as location, pricing, and financing methods. While consumer interest remains high, perceived risks and economic fluctuations impact investment decisions. Developers and policymakers can leverage these findings to create market-responsive strategies that align with consumer expectations and financial capabilities.

The real estate market continues to evolve, shaped by technological disruptions, financial innovations, and policy changes. Understanding consumer behavior remains paramount in crafting sustainable and profitable real estate ventures. Future research should explore emerging trends, such as green housing solutions, smart homes, and co-living spaces, to align with changing consumer needs.

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