



APARTMENT PURCHASE IN COIMBATORE CITY: REASONS AND MOTIVATORS

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Abstract

The property market of Coimbatore is on track, with demand for residential units seeing strong growth in the core areas of the city. The entry of top multinationals to expand their business presence in the city is driving the growth in retail, hospitality, entertainment and residential sectors especially apartments. The study has been conducted among 300 apartment residents in Coimbatore, to identify the reasons for purchasing apartments in Coimbatore, to find out the motivator of apartments and the source of knowledge about the promoter. The results show that the respondents purchase apartments mainly because of the safety feature in it. The respondents are motivated on their own to purchase an apartment and they are mainly aware of promoter through friends and relatives.

Introduction

The Coimbatore residential market is witnessing positive transaction activity, leading to increased absorption. The demand in residential market is driven by the domestic industries namely engineering and textile. The absorption has been highest in the individual house/ villas and three bed room apartment categories. The boom in apartment market has been fueled by the ever increasing incomes of the individuals, easy availability of home loans at low interest rates, mid-income housing projects, liberalization, growing employment opportunities in IT sector, expanding industrial sector, nuclear families, increase in population, decent appreciation, safe city and decreasing age of participants in housing market can be highlighted as few of the reasons for the spurt in the development of residential real estate in Coimbatore .

Statement of the Problem

The apartment market in Coimbatore is being played by different categories of residents and investors. The players include the natives, people from nearby cities and states and Non-Resident Indians. Nearly 40 percent of investments are from those living in other cities such as Bangalore and Chennai (Preetha, The Hindu, 2012). Various types of apartments are available starting from smaller ones with minimum facilities to larger ones with world class facilities at varied price range to cater to the mid-income and the luxury segment. Housing needs have increased, multi-storeyed apartments are coming up in large numbers, demand for retail and office space is on the rise and industries are springing up around the city, pushing growth in the nearby towns too (The Hindu, 2010). In this scenario the present study is undertaken to find out the reasons for purchasing apartments, the motivating person for purchasing apartments and the sources of knowledge about the promoter.

Objectives of the Study

- To identify the reasons for preferring apartments in Coimbatore city
- To find out the motivator to purchase an apartment
- To identify the sources of knowledge about the promoter

Research Methodology

- Study Period:** The study was undertaken during the period 2010-2015.
- Sampling: Data** has been collected from 300 respondents residing in apartments in Coimbatore city by conducting interviews.
- Statistical tools used in the study:** Percentage analysis has been used to analyse the reasons for purchasing apartments, motivator for purchasing apartment and source of knowledge about the promoter.

Scope of the Study

The changing trend in Coimbatore towards apartments can be attributed to various changes in the real estate market in this part of the country. The improvement in macro-economic conditions as well as in buyer affordability led to developers witness stronger response to new launches, particularly in affordable projects. This study attempts to identify the reasons for purchasing apartments, motivator for purchasing apartment and source of knowledge about the promoter.

Limitations of the Study

The following are the limitations of the study

- The sample size is limited to 300 apartment owners
- The results cannot be generalized to all the residents living in various apartments.



Review of Literature

Meera Siva (2013) analyses the growth of property market in Coimbatore and identifies that the rise in the many categories of buyers which includes senior citizens, NRIs based in Kerala, IT professionals is because of suitable weather conditions and adequate infrastructure. The report shows that there is an increasing demand for apartments priced around Rs.30 lakhs. Need for better sanitation facilities, better roads, increase in labour and material costs are rising concerns in this class III/IV seismic zone which is faced with increase in buyer interest and entry of many new builders.

Carroll et al., (2011) identify the reason for the change of families towards inner city apartments and their experience of living in high-rise central city apartments. The study is conducted through in-depth interviews among 11 parents from 10 households living in the inner city in Auckland. Thematic analysis of interview data is carried out and the study reveals that affordability, less reliance on cars and convenience of central location are the key drivers for moving towards inner city apartments. Poor quality of apartment design, lack of children play space, fears about children's safety are the key concerns for the parents living in these apartments.

Findings of the Study

Reasons for Purchasing Apartments

Table 1 - Reasons For Purchasing Apartments-Multiple Responses

Reasons For Preferring Apartments	Description	No.	Percent
	Rising costs in building an own house	93	31.0
	Non-availability of land at reasonable prices to build a house on my own	41	13.7
	Non-availability of land at preferred locations to build a house on my	53	17.7
	Immediate occupation of house	60	20.0
	Non-availability of houses at preferred locations	40	13.3
	Non-availability of houses at reasonable prices	38	12.7
	Resale value of apartments	72	24.0
	Easy availability of financial options	60	20.0
	To be relieved of legal clearance procedures	38	12.7
	Safety in apartments	195	65.0
	Relief from maintenance worries	100	33.3
	Prestige value of living in apartments	86	28.7
	Community Living in apartments	94	31.3
	Amenities in apartments	110	36.7

These factors reflect upon the reasons for preferring apartments as a dwelling place. The table shows that 65 percent of the respondents prefer apartments for safety reasons,36.7 percent because of amenities,33.3 percent because of relief from maintenance worries, 31.3 percent because of community living,31 percent because of rising costs in building an own house,28.7 percent because of prestige value of living in apartments, 24 percent because of resale value of apartments, 20 percent because of easy availability of financial options, 20 percent because of immediate necessity to occupy a house, 17.7 percent because of non-availability of land at preferred locations to build a house on my own, 13.7 percent because of non-availability of land at reasonable prices to build a house on my own, 13.3 percent because of non-availability of houses at preferred locations, 12.7 percent because of relief from legal clearance procedures and non-availability of houses at reasonable prices.

Motivator to Purchase the Apartment

Table 2- Motivator to Purchase the Apartment

Motivator to Purchase the Apartment	Description	No.	Percent
	Self	142	47.3
	Spouse	79	26.3
	Children	18	6.0
	Parents	34	11.3
	Friends/Relatives	41	13.7
	Promoter	142	47.3



This factor shows the person who motivated to purchase the apartment residence. From the above table we can infer that 47.3 percent of the respondents are motivated by their own self and the promoter, 26.3 percent by their spouse, 13.7 percent by their friends/relatives, 11.3 percent by their parents and 6 percent by their children.

Source of Knowledge about the Promoter

Table 3 - Source of Knowledge about the Promoter

Source of Knowledge about the Promoter	Description	No.	Percent
	Friends/Relatives	141	47.0
	Television	23	7.7
	Newspaper/Magazines	61	20.3
	Pamphlets	1	.3
	Internet	29	9.7
	Housing Exhibitions	15	5.0
	Banners	10	3.3
	Pass-by-visit	26	8.7
	Brokers	25	8.3

This factor shows the sources through which the respondents are aware of the promoter of the apartment. It reflects upon the main source of knowledge about the promoter. From the above table we can infer that 47 percent of the respondents are aware of the promoter through friends/relatives, 20.3 percent through newspaper/magazines, 9.7 percent through internet, 8.7 percent through pass-by-visit, 8.3 percent through brokers, 7.7 percent through television, 5 percent through housing exhibitions, 3.3 percent through banners and .3 percent through pamphlets.

Conclusion

There is a growth trend towards apartment projects. Also coming up are the row houses and individual villas in large numbers, particularly in the peripheral areas. The high-rise phenomenon began to redefine the skyline of the city since the late Nineties and builders have been racing to tap the upper segment of the market with bigger the better norm. A decade later, the market is slowly waking up to the demand for smaller, more affordable living spaces with small is beautiful norm that is catching on, triggering a new market for one-bedroom and studio apartments.

References

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