



Study on Influence of Real Estate Industry in National Economic Growth

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ABSTRACT—It is necessary that real estate development in the country takes place in a very healthy and efficient manner. Indian real estate sector growing as thrice the country's GDP rate. The objective of this study is to get the latest information and to identify key factors that influence the real estate industry. Data's are collected through questionnaires and distributed to respondents who work at various building constructions in wide area in India. Respondents were required to choose the option using their experience and the factors were identified from past researches, which affect the real estate industry. The data collected are analyzed using SPSS software which is an analytical software. Based upon the responses and analysis done, suggestion and recommendation are given to enhance the economy of nation and to develop or improve the infrastructure facilities.

Keywords—Real Estate, Economy of nation, Sector, Analytical Software.

1, INTRODUCTION

The Construction sector in India is the second largest economic activity after agriculture and provides employment to about 33 million people. India's Construction industry has grown at a Compounded Annual Growth Rate (CAGR) of about 11.1% over the last eight years on the back of massive infrastructure investment and rapid rise in housing demand. The real estate market in India mostly continues to remain unorganized, fairly fragmented, mostly characterized by small players with local presence. Real estate is a cyclical industry that is affected by both local and national economic conditions, including: growth in population and employment, consumer spending, interest rates, and inflation. While macroeconomic conditions are important factors affecting the overall state of the real estate industry, local supply and demand conditions are by far the more important factors affecting real estate markets. Indian real estate has huge potential demand in almost every sector especially commercial, residential, retail, and



industrial,hospitality, healthcare etc.Real Estate is a legal term to describe a land and something fixed to it especially buildings. Construction is basically converting a paper design into reality. There are several processes in construction starting from legal process to the execution process. With the major thrust on economic liberalization, large numbers of players are expected to enter the real estate and construction arena, not only from within the country but also from abroad. The real estate industry which is an important component of the big socio economic system, as the basic national economy carrier, is the main force to promote economic growth, and speed up the industrialization and urbanization .The study of real estate would benefit from an expansion to include consumer behavior concepts from sociology and psychology as synthesized through marketing. Inclusion of these concepts in real estate education will help real estate analysts better explain and predict the behavior of decision-makers in real estate markets. Construction sector can be broadly classified into 2 sub-segments: 1) Real estate (Residential, Commercial/Corporate, Industrial and Special Economic Zones (SEZs)) 2) Infrastructure (Transportation, Urban development, Utilities).

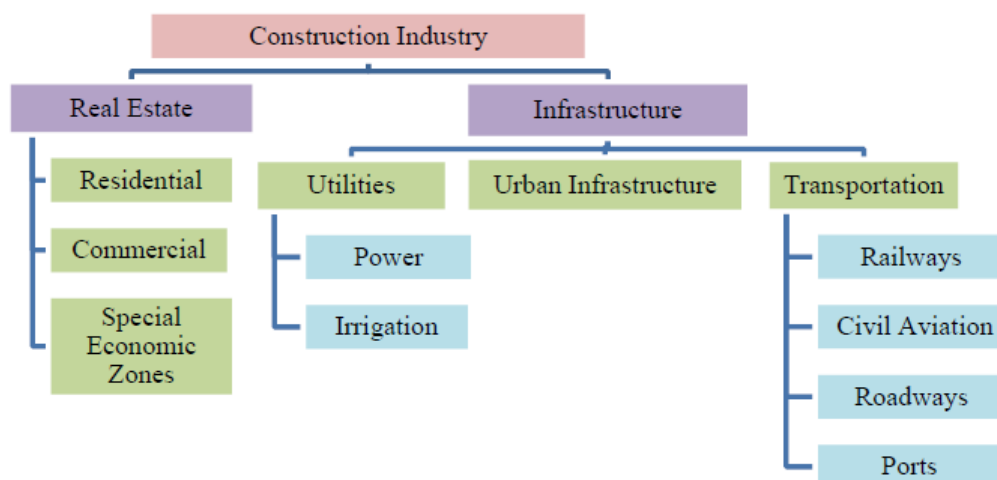


Figure.1 Indian Construction Industry Landscape

2, PROMOTERS AND BUYERS

Promoters are the people who, for themselves or on behalf of others, organize a corporation.Promoters stand in a fiduciary relationship to the proposed company and must act in good faith in all their dealings for the proposed construction.A buyer is any person who contracts to acquire an asset in return for some form of consideration.



3, AIM AND OBJECTIVES OF THE STUDY

Construction is a dynamic, competitive, ever changing and challenging industry. This research was aimed at identifying factors influencing real estate sector which affects our national economic growth. To achieve the aims, objectives have been identified as following:

- (a)To study on factors influencing real estate industry.
- (b)To identify the factors which influence the real estate industry in national economic growth.

4, FUNCTIONS OF REAL ESTATE IN THE NATIONAL ECONOMY DEVELOPMENT

- a) Real estate investment effectively promotes GDP of the national economy.
- b) The real estate industry led the development of related industries.
- c) Development of real estate is beneficial to upgrade industrial structure.
- d) Real estate industry can promote the expansion of the consumer market.
- e) Development of the real estate industry can improve employment.

5, DEMANDS FOR RESIDENTIAL HOUSING

- a) Indian real estate growing as thrice the country's GDP rate.
- b) Over 80% of the real estate developed in India is residential.
- c) According to Asian Development Bank, India needs 10 million new housing units a year by 2030.
- d) Rapid industrialization.
- e) Investment in Infrastructure.

6, METHODOLOGY

- Literature collection
- Review of literature
- Factors identification
- Questionnaire preparation
- Questionnaire Distribution
- Analysis of data

Procedure: Various journals, books, papers and relevant literature regarding real estate industry were collected and the concept was studied in depth. Such studies helpful to gain knowledge



about the work study. From literature survey various factors that influencing, real estate industries are identified.

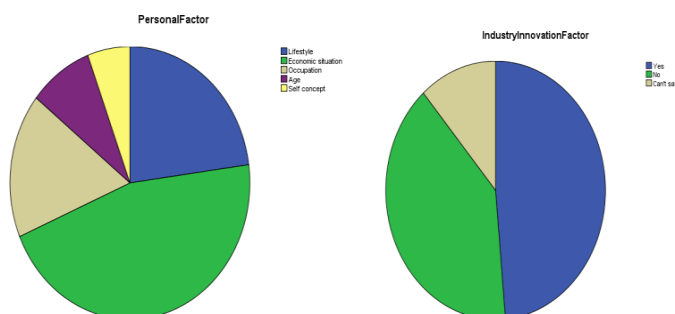
Questionnaire Design: The questionnaire form was designed as a tool for the assessment, in which objectives and factors mentioned were questioned. It targets employees from the management level and above at the construction companies, they are an equally important information source. They can relate the real problems of the current practice. There are many methods in distributing the questionnaire form. The prepared Questionnaire forms are distributed by post, email or in person.

Analysis: SPSS (Statistical Package for the Social Sciences) program was used in analyzing the collected data. Factor analysis was used in analyzing data to find out the major factors that influence the real estate industry. Based upon the responses and analysis done major factors influencing real estate industry were identified

7, FACTORS INFLUENCING REAL ESTATE INDUSTRY

The Economy, Interest Rates , Government Policies/Sub sides, Demographics, Employment Rate, Population Trend, Political Stability, Aging Population, Infrastructure Funding, Real Estate Capital Markets Liquidity, Global Change and Uncertainty, Housing Demand, Land Regulations, Rates of Inflation, Industry Innovation Factors, Corporate Culture, Customer Buying Behavior, Customer Personal Factors, Social Factors, Cultural Factors. The above mentioned twenty factors were mainly influencing real estate industry. From literature survey various factors that influence real estate were identified.

8, RESULTS AND DISCUSSION





Importance Of Population Trend

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very important	16	45.7	45.7	45.7
Important	14	40.0	40.0	85.7
Not important	5	14.3	14.3	100.0
Total	35	100.0	100.0	

Customers Satisfaction

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very important	21	60.0	60.0	60.0
Important	14	40.0	40.0	100.0
Total	35	100.0	100.0	

The study was focused on identifying factors which influences real estate industry. From the literature review, the various factors influencing real estate industry were identified. A detailed questionnaire is prepared based on the various factors influencing real estate industry such as Demographics , Interest Rates, Economy, Government Policies, Employment rate, Population trend, Housing demand, Rates of inflation, Industry innovation factors. Data's are collected through questionnaire by distributing to respondents who works at various building constructions in wide area in India. Respondents are required to choose the option using their experience. The major factors influencing real estate industry are identified by the survey, and based on overall results, were: Customers behaviour, Population trend, Economical factor, Employment rate, Industry innovation factors these are all the major factors which affects real estate industry.



IX. CONCLUSION

From the above analysis, we can find out that the real estate industry as a pillar industry of the national economy has played a vital role in promoting the development of the national economy, and also makes an indelible contribution in speeding up urban construction, improving the economic environment, and optimizing the industrial structure, and so on. The real estate and the national economy have a mutual and close tie, and the far-reaching impact. There is a lot of work needed to further strengthen and improve in the process of sustainable development of the real estate industry. The Construction sector has strong linkages with various industries such as cement, steel, chemicals, paints, tiles, fixtures and fittings. While in the short term it serves as a demand booster, in the long term it contributes towards boosting the infrastructure capacity. Investments in Construction have a positive domino effect on supplier industries, thereby contributing immensely to economic development.

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