The State of Awareness between the Government Planning Agencies and Private Housing Land Markets on the Consumer Behaviour

Nanduri Prashanti
Architect and Urban Planner, CEPT University

Abstract: In this fast-paced urbanisation, the need for the land has always been a priority. Because of the high need, the greater focus in the land markets requires a critical decision making. As it is noted that a person feels psychologically settled when he owns a house for himself and his family. Large portion of emotional attachments are related when it comes to buying a house. This paper tries to understand the determinants of the housing land markets from both the developer and consumers approach. It is noted that study of consumer behaviour is very crucial and the land markets need to understand the complexities in the consumer choices.

This paper tries to address the state of awareness on the consumer behaviour by the Government Planning agencies and Private housing land markets. This paper highlights that in this competitive market strategies the consumer’s willingness to buy a property lies in the value of the property along with the surrounding attributes.

Keywords: Government planning agencies, Private housing land markets, Consumer behaviour.

1. Introduction

Land markets deal with the purchase of land for a certain amount of money by transferring the property rights and provide ownership to that property/land owner. This is one of the highly followed long term investment methods all over the world.

(Foundation, 2016) The Indian land market is predicted to reach to US$ 180 billion by 2020. It is observed that the housing sector alone comprises of about 5-6 percent of the GDP of India.

It is noted that Government planning agencies role is minimal in deciding the land market development but crucial as they play a crucial role in providing the public infrastructure facilities which alone cannot be handled by the private land markets. (RICS, 2002) Even though there are booms and busts in the land markets at regular intervals, urban land development by the private land markets has never taken a step back because of the constant efforts put in.

When it comes to housing land markets, it is noted that in this sort of permanent investment the private land markets make most of it. They provide the buyers with requirements to fulfil their dream of buying a property for themselves. (Walter) This is where the Behavioural psychology comes into picture. (Gupta, 2014) A person feels psychologically settled when he owns a house for himself and his family. A large portion of emotional attachments is related when it comes to buying a house.

Basically, in this imbalanced land markets, the need to understand the diverse consumer demands is somewhat lacking to influence the driven economy.

2. Literature Review

It is just because of rapid urban sprawl towards the peripheries, its leading access to more and more land. As the land is traded as a commodity, these land markets sustain. (Bertaud, 2010) But, it is really important for the Government/Urban planners to plan these access zones to urban land.

The success of the land markets lies in – (Urbepedia)

a. Efficient transaction of land
b. Fair markets for every income group.
c. Long term usable beneficiaries
d. Integrated public infrastructure services.

(Bertaud, 2010) It is observed that ups and downs in the land markets are because of lack of land available for urban expansion as it would disturb the agricultural land leading to the land inefficiency resulting in high pricing. But, it is equally essential to satisfy the need for the land for booming urban economy.

(Robert Mahoney, 2007) It is studied that, the land markets leads to economic development as any kind of urban development needs land. With positive land rights provided by the Government, the investment towards the land markets is high as the financial institutions come forward to lend.

(Charan Singh) It is noted that the housing demand is growing vigorously because of either individual or household’s income prosperity. The housing land
markets basically comprise of the builders, developers and construction companies from private and Government sector. The growth in the land markets depends on the availability of the urban land and supply of the housing units.

(Psychology for Architects) In early 70’s, the construction companies used to work with Architects along with the Psychologists to understand the buyer's requirements as a whole. Later, this tradition vanished as the needs have been generalised and the mortgage system has boomed in by providing lot more opportunities for both the buyers and sellers of the market.

(Bertaud, 2010) In few strong economy nations like – Japan, Korea and Singapore, the land markets are through the laissez-faire approach, whereas in nations like – China and India, it is the scarcity of developed land areas. Here, it is noted that the urban land development varies from place to place, based on its culture, traditions and economic levels. Even in a single nation; various states and even locations vary in the land development mechanism. As land is a state subject, the Government laws and policies vary depending on location. There cannot be one optimum development model.

The housing land markets basically depend on the varied income groups and spatial origin of land. The Government overlooks the integration of various income group and spatial origin leading to lack of occupancy of the Government developed lands by the housing markets. The Government planning agencies focus only on the low income group and provide affordable housing. Not only this, where there is a provision of Government land, the housing is provided without any consultation with the consumers leading to the location being remote areas with lack of transportation. Hence, the affordable housing concept is not been acceptable by most of the consumers. But in providing housing, unlike the Government Planning agencies, the private housing land markets go through vigorous public survey, and collects requirements of all the income groups which leads to acceptable private markets.

2.1. Land Markets statistics in India

(Foundation, 2016) Between the years of 2008-2020, the CAGR of the country is predicted to rise to 11.2 percent. Coming to the housing investments, it is observed that there is a significant hike in the demand for the housing units along with the commercial units.

According to the Department of Industrial Policy and Promotion (DIPP), the Foreign Direct Investment (FDI) received by the construction sector is about US$24.19 billion between the years 2000-2016.

The Government of India has started with the smart city project to build 100 smart cities. This is a big boon for the land markets to flourish.

3. Statement of Problem

The behavioural aspects play a prominent role in deciding the success or a failure of the land market. The surroundings and the present environment play a prominent role to the dwellers to own or rent a place. The place can be anything, like a shopping mall, theatre etc., the dwellers perspective of the space is really important.

If we see the Environmental Psychology, it was studied that there are three broad aspects:-

a. How is the space perceived by the users?
b. How does space feel like while using it? and
c. What is the social usage of the space?

Things generally looking into in terms of housing land market:

1. What is the budget limit under which one would want to buy?
2. What are the basic requirements of a family?
   - Family structure
   - Age groups
   - Income/occupation
   - Location/surroundings
   - Type of the building
   - Other amenities nearby radius.

Psychology in decision making – where would one compromise and where not?

- Compromise in commuting over better housing layout.
- Compromise in the housing size over commuting.
- Compromise in the amenities over the housing typology.
- Compromise in the housing typology over the amenities.

What are the trade-offs made by the buyer to buy a house?
What are the tradeoffs made by market to sell a property?
4. Research Design

The Research design focuses on encouraging the integrated approach of understanding the consumer behaviour along with land markets position by the private land markets and Government planning agencies.

The details provided are qualitative approaches for encouragement to the policy makers to come up with policies for better housing markets.

4.1. Psychology of the land market developers

It is noted that the land market system is an inelastic supply and based on the spatial centre of the economic activities, the land value will be decided by the developer. In urban areas, the land per se in not necessarily the need. The floor area is what matters the most because of the scarcity of the land. The capital for the land depend on the value of the land at a particular area; if the area is expensive because of the economic activities around (mostly depends on the location); the developer would go for the high rise buildings to profit. This would increase the floors, leading to increase in density for one parcel of land. This leads to high floor consumption with less land availability. Vice-versa is seen in the areas where the land price is low, (which means a less of economic activities areas), the availability of land shall be more leading to lesser high rise constructions. Here, the developer would cost less for the land price sale because of the low prices of the land.

Case-I: Around in the year 2015, (Architecture’s brief love affair with psychology is overdue a reviva) London has planned on building 230 skyscrapers of buildings without having any public discussions. Studies show that, there were few buildings like the Red Road flats which are located in Glasgow, Milton court, located in London and Butter burn and buckle maker in Dundee are the biggest psychological disasters of land markets. This is because there was lack of understanding towards the space and surroundings and the behavioural traits of the users.

On large scale, the land markets look in to the demographic changes and the consumer’s reaction to the market areas. On small scale, the land markets will look in to the individual’s behaviour and respond to it accordingly.

Case-II: (Architecture’s brief love affair with psychology is overdue a reviva) It was mentioned that the cooperative housing project in Berlin has involved the community in the designing process for more user friendly approach of the construction.

4.1.1. Analysis

It is really important to note that the land markets while approaching the market has to look in to various behavioural aspects of the users. Be it the age, income, occupational etc. It is noted that, the socio-economic aspects kind of assist in understanding the behavioural psychology.

The land markets can actually try to launch the project and invite suggestions from people which can gain trust of the people and can open doors to possibilities of getting the property sold much faster than usual as this open approach has already covered most the requirements of the users. This is how the behavioural psychologists work by involving the users with the project for a smooth process.

4.2. Consumer Behaviour towards the land markets

(Karen M Gible, 1998) Most of the land markets studies include financial economic approach along with the consumer behaviour theories to make most in the practical world. It is observed that the more the developers understand the consumer behaviour and could predict the needs with their decisions the more the land markets would cherish.

According to the definition, consumer behaviour just does not talk about the consumer’s behaviour but it also provides with theories on the reasons behind the behaviour which is really important for both the Government and private housing land markets.

Based on the type of the building the user behaviour changes. It was studied that, a better friendly neighbourhood housing can improve the personal interactions with one another compared to isolated societies. The building location, space structure, amenities and most importantly design play a prominent role in deciding what type of user would love to occupy which space.

The consumer behaviour depends on the internal and external aims, where the internal aims are personal; the external aims are dependent on the various factors influencing their investment for long term.

i. Budget
ii. Family/Culture
iii. Land market groups/companies
iv. Facilities
v. Social class

4.2.1. Analysis

(Consumer Psychology) The thumb rule of a consumer is that, among various options provided by different markets, the consumer would compare and evaluate them all. Through compensatory or non
compensatory rule would choose the option which provides with maximum positive features offered.

Also, through the conjunctive decision, the consumer would sort out the minimum requirements and would choose few options which would eventually help the consumer to eliminate various alternatives to selective.

While choosing the type of property to purchase or to rent, the consumers look in to the best options available amongst the various market strategies.

5. Conclusion

A. It is observed that, looking at the recent boom of urban development and the versed needs of consumer, the private land markets are making reasonable efforts to encourage the new opportunities.

B. The Government has to provide much more housing grants and opportunity class expansion along with assistance in community preferences for the smart growth of land markets initiatives.

C. Both the private land markets and Government planning agencies need to track the issues concerning the housing in the state and the growth for the need of the public infrastructure.

D. (Karen M Gible, 1998) Along with the market needs, the private land markets and Government planning agencies need to understand and absorb the consumer behaviour for a better decision making and a longer and safer success of the land markets.

E. It is studied that the land markets should experiment with various options and pricings for various income groups by prioritizing the needs of the consumer.

F. (Walter) Best marketing strategy noted, is to provide the consumers the insight on the models of housing markets already flourished between various classes of people for high benefits of choice of likely buyers.

6. References


