Abstract

Housing and Real Estate play an important role in the growth of a country’s economy. This is because, real estate is not an industry, but a whole sector (Michael Porter 1997). Gains from real estate development are in the form of physical assets like buildings, tourist destinations, industrial property and high-end properties. On an average housing, infrastructure and real estate has contributed 15% to India’s GDP and 78% of the Gross Domestic Capital Formation. Housing construction sector in India contributes around 4.1% to the GDP. However, this is grossly low as compared to other Asian nations such as China (15.5%), Brazil (15.1%), Korea (10.1%) or even Thailand (9.1%). Despite the government’s efforts over the last decade much needs to be done to boost the real estate sector in terms of rationalising policies.

This study uses extensive secondary data to understand the development of the macro-level real estate market which is governed extensively by governmental policies and regulation. These affect real estate development within the country or regions. Based on the government’s macro-level market development activities; micro-level or firm-level strategies are deployed by industry to develop local markets.

The hypotheses are empirically examined through primary data collection which includes seven case studies obtained through personal interviews of the Managing Directors/ Promoters of development firms. Additionally a survey of 121 marketing executives was conducted to obtain in-depth insight of the marketing strategies found effective from the viewpoint of the service provider. It was found that positive ‘Word of Mouth’ or positive referrral is the most effective strategy to sell their products. Also local media are the most dominant medium of marketing communication e.g advertisements in local dailies, hoardings and local FM channels. Drawing upon the study of global real estate markets and the involvement of governmental agencies in promoting and augmenting real estate markets within their economies the study found that since 1998, India too has been actively following this trend. Governmental interventions through fiscal, law and policy have been consistently shaping the real estate market in the country as a whole.
Some salient findings to support the hypotheses (H2, H4) is that in both the surveys; marketing executives (MEs) as well as Case Studies (CS), developers are changing their firm structures from proprietary firms to private limited firms in the wake of changing business scenarios of globalization and increased competition proven in Chapter 9. Market conditions are still skewed in favour of sellers. But buyers have an increasing say in the preference of amenities that they desire. Majority of the respondents are using marketing strategies and also brand management strategies.

Customer profile has undergone a sea change, with the average property buying age decreasing, income and education levels higher and the buyer class being more the service class.

The majority of the builders are engaged in residential construction followed by commercial real estate. Most typical amenities included are swimming pool, clubhouse, extra car park, internet connections and fibre optic cables and energy saving devices.

Builders are now sensitive to use of better technology and processes to increase sales and customer satisfaction.

The research study contains models, flow charts and decision matrices for specific purposes alongwith graphs and tables analysed in MS Excel 2003 software. Further statistical treatment to the data was completed using the SPSS Version 11. These tools could be useful and helpful for decision-makers in the real estate industry as aids to discover how customer preferences can be prioritized to aid faster sale of real estate products and services.

Keywords: Pune, supply and demand, national development, real estate development, effective strategies.