

A STUDY ON FACTORS INFLUENCING THE PURCHASE OF FLAT IN GATED COMMUNITIES

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Abstract

In recent years, there has been growing demand for flat in gated communities because of increasing affordability of families to avail their own flat including low income groups in major cities in India. People purchase flat in gated communities in expectation of generating financial returns, value appreciation and higher rental yields. Besides, majority of young and middle aged population are very much interested in purchase of flat in gated communities because of security concerns and life style. The locality, economic value, structure and neighbourhood are the factors influencing the purchase of flat in gated communities. The economic value, locality, structure and neighbourhood have significant and positive impact on level of motivation of the flat owners to purchase flat in gated communities. The developers should construct gated communities where public infrastructure facilities are available including presence of schools, shops and retail centres and they must make sure of privacy and security of residents of gated communities. The developers must provide very good development schemes for purchasers of flats in gated communities and should ensure property gain and value appreciation to the owner of flats in gated communities.

Key Words: *Flat, Gated Communities and Motivation .*

1. Introduction

The fast development and extension, traffic, pollution, crime and various violence activities show a new unattractive lifestyle in the urban area with two leanings that end in a pull and push effects. The varying character of spaces in urban areas has two elements namely dissections of settlements and internalization of housing within the borders of all of the essentialities of life. Therefore, the people in the urban areas require a safe and secure residential places lead to the emergence of the idea of gated communities.

Gated communities refer to residential complexes, which are closed to outsiders through different mechanisms namely walls, gates and fences and are protected against probable dangers through security guards and closed circuits television (CCTV) cameras (Tanulku, 2013). Gated communities have some common features and these are physical barriers for entry, communal control and privatization of public spaces and privatization of public services (Webster et al 2002). Gated communities are walled and gated residential developments that restrict public access (Atkinson and Flint, 2004).

In recent years, there has been growing demand for flat in gated communities because of increasing affordability of families to avail their own flat including low income groups in major cities in India. People purchase flat in gated communities in expectation of generating financial returns, value appreciation and higher rental yields. Besides, majority of young and middle aged population are very much interested in purchase of flat in gated communities because of security concerns and life style. A clear understanding and forecasting of decision making of people in purchasing of flat in gated communities would be completed when there is a superior knowledge on factors influencing the purchase of flat in gated communities. Therefore, the present research is carried out to study the factors influencing the purchase of flat in gated communities in Chennai city.

2. Methodology

The Chennai city has been selected for the present study. The flat owners have been chosen by using multi stage random sampling method. The data have been collected from 711 flat owners of gated communities through pre tested and structure questionnaire. The frequency and percentage analysis have been done to examine the socio-economic status of flat owners of gated communities and level of motivation of the flat owners to purchase flat in gated communities. The exploratory factor analysis has been carried out to examine the factors influencing the purchase of flat in gated communities. The multiple regression analysis has been used to analyze the impact of factors influencing the purchase of flat in gated communities on level of motivation to purchase flat in gated communities.

3. Results and Discussion

3.1. Socio-Economic Status of Flat Owners of Gated Communities

The socio-economic status of flat owners of gated communities was analyzed and the results are presented in Table-1. The results indicate that 53.73 per cent of flat owners are males and the remaining of 46.27 per cent of flat owners are females. It is observed that 39.80 per cent of flat owners are in the age group of 31 - 40 years, 29.82 per cent of flat owners are in the age group of 41 - 50 years, 18.71 per cent of flat owners are in the age group of 21 - 30 years, 7.03 per cent of flat owners are in the age group of 51 - 60 years and 4.64 per cent of flat owners are in the age group of above 60 years.

The results show that 35.58 per cent of flat owners are educated up to graduation, 31.37 per cent of flat owners are educated up to post graduation, 11.96 per cent of flat owners are educated up to higher secondary, 11.67 per cent of flat owners are educated up to diploma and 9.42 per cent of flat owners are educated up to secondary. It is clear that 38.26 per cent of flat owners are private employees, 20.96 per cent of flat owners are Government employees, 20.11 per cent of flat owners are professionals, 15.75 per cent of flat owners are businessmen and 20.11 per cent of flat owners are professionals and 4.92 per cent of flat owners are self employed.

The results reveal that 33.90 per cent of flat owners are in the monthly income group of Rs.30,001 - Rs.40,000, 27.00 per cent of flat owners are in the monthly income group of Rs.20,001 - Rs.30,000, 18.00 per cent of flat owners are in the monthly income group of Rs.40,001 - Rs.50,000, 16.18 per cent of flat owners are in the monthly income group of below Rs.20,000 and 4.92 per cent of flat owners are in the monthly income group of above Rs.50,000.

Table-1. Socio-Economic Status of Flat Owners of Gated Communities

Socio-Economic Status	Number of Flat Owners	Percentage
Gender		
Male	382	53.73
Female	329	46.27
Age Group		
21 - 30 years	133	18.71
31 - 40 years	283	39.80
41 - 50 years	212	29.82
51 - 60 years	50	7.03
Above 60 years	33	4.64
Educational Qualification		
Secondary	67	9.42
Higher Secondary	85	11.96
Diploma	83	11.67
Graduation	253	35.58
Post Graduation	223	31.37
Occupation		
Self Employed	35	4.92
Government Employees	149	20.96
Private Employees	272	38.26
Businessmen	112	15.75
Professionals	143	20.11
Monthly Income		
Below Rs.20,000	115	16.18
Rs.20,001 - Rs.30,000	192	27.00
Rs.30,001 - Rs.40,000	241	33.90
Rs.40,001 - Rs.50,000	128	18.00
Above Rs.50,000	35	4.92

3.2. Factors Influencing The Purchase of Flat in Gated Communities

To examine the factors influencing the purchase of flat in gated communities, the exploratory factor analysis has been carried out and the rotated component matrix are presented in Table-2. The results of Kaiser-Meyer-Olkin (KMO test) measure of sampling adequacy (KMO = 0.872) and Bartlett's test of Sphericity (chi-square value = 0.0036; significance = 0.000) indicates that the factor analysis method is appropriate.

There are four factors that are derived accounting for a total of 75.87 per cent of variations on 20 variables. Each of the four factors contributes to 26.74 per cent, 21.15 per cent, 16.62 per cent and 11.36 per cent respectively.

Table-2. Factors Influencing the Purchase of Flat in Gated Communities

Factor	Variables	Rotated Factor Loadings	Eigen Value	% of Variation	Factor Name
I	Presence of public infrastructures	0.69	2.36	26.74	Locality
	Presence of shops	0.67			
	Availability of retail centres	0.71			
	Presence of schools	0.72			
	Distance travelled for work	0.68			
	Prestige and seclusion	0.70			
II	Base lending rate	0.72	1.81	21.15	Economic Value
	Property gains	0.68			
	Mortgage loan to value	0.70			
	Property cooling measures	0.69			
	Development schemes of developers	0.71			
III	Size of living area	0.66	1.19	16.62	Structure
	Number of rooms	0.68			
	Number of bathrooms	0.64			
	Internal structure	0.70			
	External structure	0.67			
IV	Fear of crime	0.65	1.03	11.36	Neighbourhood
	Safety of neighbourhood	0.70			
	Life style	0.68			
	Lack of trust on Government	0.66			
	Cumulative % of Variation			75.87	
	Cronbach's Alpha				0.87

Method of Extraction: Principal Component Analysis.

Method of Rotation: Varimax with Kaiser Normalization.

Rotation converged in 9 iterations.

Factor-I includes presence of public infrastructures, presence of shops, availability of retail centres, presence of schools, distance travelled for work and prestige and seclusion. Hence, this factor is named as **Locality**.

Factor-II consists of base lending rate, property gains, mortgage loan to value, property cooling measures and development schemes of developers. Therefore, this factor is named as **Economic Value**.

Factor-III comprises of size of living area, number of rooms, number of bathrooms, internal structure and external structure. Thus, this factor is named as **Structure**.

Factor-IV encompasses fear of crime, safety of neighbourhood, life style and lack of trust on Government. So, this factor is named as **Neighbourhood**.

Cronbach's Alpha value of the scale is 0.87 showing that the internal consistency of each measure is at acceptable level. It reveals that locality, economic value, structure and neighbourhood are the factors influencing the purchase of flat in gated communities.

3.3. Level of Motivation To Purchase Flat in Gated Communities

The level of motivation of the flat owners to purchase flat in gated communities is presented in Table-3.

Table-3. Level of Motivation to Purchase Flat in Gated Communities

Level of Motivation	Number of Flat Owners	Percentage
High	69	9.70
Moderate	317	44.59
Low	325	45.71
Total	711	100.00

The results show that 45.71 per cent of flat owners opined that the level of motivation to purchase flat in gated communities at high level, 44.59 per cent of flat owners opined that the level of motivation to purchase flat in gated communities at moderate level and 9.70 per cent of flat owners opined that the level of motivation to purchase flat in gated communities at low level.

3.4. Impact of Factors Influencing The Purchase of Flat In Gated Communities on Level of Motivation To Purchase Flat In Gated Communities

To analyze the impact of factors influencing the purchase of flat in gated communities on level of motivation to purchase flat in gated communities, the multiple linear regression has been used and the results are presented in Table-4.

The coefficient of multiple determination (R^2) is 0.65 and adjusted R^2 is 0.63 indicating the regression model is good fit. It is inferred that about 63.00 per cent of the variation in dependent variable (Level of Motivation to Purchase Flat in Gated Communities) is explained by the independent variables (Factors Influencing the Purchase of Flat in Gated Communities). The F-value of 45.082 is significant at one per cent level implies that the regression model is significant.

Table-4. Impact of Factors Influencing the Purchase of Flat in Gated Communities on Level of Motivation to Purchase Flat in Gated Communities

Factors Influencing the Purchase of Flat in Gated Communities	Regression Coefficients	t-value	Sig.
Intercept	1.027**	19.020	.000
Locality (X_1)	.394**	14.709	.000
Economic Value (X_2)	.410**	15.175	.000
Structure (X_3)	.358**	12.475	.000
Neighbourhood (X_4)	.296**	10.638	.000
R^2	0.65	-	-
Adjusted R^2	0.63	-	-
F	45.082	-	.000

** Significance at one per cent level

The results indicate that economic value, locality, structure and neighbourhood have significant and positive impact on level of motivation of the flat owners to purchase flat in gated communities at one per cent level. Hence, the null hypothesis of there is no significant impact of factors influencing the purchase of flat in gated communities on level of motivation to purchase flat in gated communities is rejected.

4. Conclusion

The above study reveals that more than half of flat owners are males and more than one-third of flat owners are in the age group of 31 - 40 years. More than one-third of flat owners are graduates and more than one-third of flat owners are employed in private sector and one third of flat owners are in the monthly income group of Rs.30,001 - Rs.40,000.

The exploratory factor analysis shows that locality, economic value, structure and neighbourhood are the factors influencing the purchase of flat in gated communities. The regression analysis indicates that economic value, locality, structure and

neighbourhood have significant and positive impact on level of motivation of the flat owners to purchase flat in gated communities.

The developers should construct gated communities where public infrastructure facilities are available including presence of schools, shops and retail centres and they must make sure of privacy and security of residents of gated communities. The developers must provide very good development schemes for purchasers of flats in gated communities and should ensure property gain and value appreciation to the owner of flats in gated communities. The developers should make both internal and external structures of gated communities more attractive and appealing and they should develop gated communities that offer life style living and high protection from crimes to the residents.

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