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FACTORS INFLUENCING HOME-PURCHASE DECISION OF BUYERS

ФАКТОРЫ, ВЛИЯЮЩИЕ НА ВЫБОР ПОТРЕБИТЕЛЕЙ ПРИ ПОКУПКЕ ЖИЛОЙ НЕДВИЖИМОСТИ

One of the fastest growing sectors in the world is real estate. It obviously contributes significantly to the economic development of any nation. That is why, the customer-focused governments together with the real estate companies try to attract consumers by marketing modern houses and informing them of the conditions on a property market. However, what are home-buyers' attitudes to new housing? What are their home expectations predetermined by? What can finally bring to making a home-purchase decision?

Our report provides an insight into the factors influencing home-purchase decisions in some European countries and Belarus. The purpose of our work is to identify the main factors that have the most influence on home buyers' purchase decisions and to investigate the difference of the latter in Europe and Belarus. Doing the research, we obtained more knowledge and acquired useful information about the residential property. Thus, we managed to get a better understanding of the property market in these economic zones.

We analyzed the real estate market and identified the property features preferable to buyers when choosing a residential property. For example, the economist Manoj P. K. defines the three most significant factors, which influence home buyers' decision as Price, Quality and Location.

As our research shows, the majority of the customers consider Price as the most important factor for the following reasons. The first one is that an average customer prefers to purchase an economy type apartment which presupposes minimal effort to restructure or remodel it. Another reason for buying a flat of the above-mentioned type pointed out by the buyers is easily accessible mortgage.

As to the price, In Belarus there is mostly a demand for one-room or so-called bachelor apartments up to 50.000\$, two-room apartments up to 70.000\$, three-room apartments up to 80.000\$. In Belarus the majority of people prefer buying apartments to renting them. Though, in the country the mortgages continue to be less affordable with excessively high interest rates.

However, according to Euronews, the real estate cost rises faster than salaries in many European countries. The EU economy is growing, interest rates are low,

banks are giving loans. Unfortunately, these positive changes have led to a consistent house price rise in Sweden and France, for example. That is why many Europeans prefer renting housing to buying it.

The second most significant factor is quality. According to the research “What home buyers want: attitudes and decision making among consumers”, the construction of new homes was considered to be the main reason for an overall shortage of space in the UK. On the other hand, there is a steady demand for spacious houses on the market. In this connection, around a third part of all new home buyers were dissatisfied with a big metric area of their new home, while, 40% of secondhand home buyers postponed buying a new apartment for its lack of space.

Another important quality feature highly-evaluated by the customers is sound insulation. A high noise level in the urban area certainly will not add to comfortable living in the house. Home buyers everywhere are concerned about what construction materials are used for sound-proofing.

The next factor is parking. Though in Europe street-parking has been a major factor in choosing a home for a long time, it still remains a significant problem in big cities. Many respondents complained that streets were too narrow and there was a lack of space for visitors.

However, for the last decades the accessibility of the street parking zone has become more popular in Belarus. With the rise of number of personal cars, it has almost appeared to be the main criterion when choosing a new house to buy in towns and cities. Meanwhile, a European trend of a safe house territory comes into Belarus too.

The third mentioned factor is location. For potential buyers in European countries and Belarus, the first concern in buying a new home is the quality of an area, notably in terms of access to facilities and services, a sense of community, safety and security. In particular, many respondents point out that the house should be near all important emergency services, schools, medical centers, including transport accessibility.

This research was conducted to assess the preferences of buyers when purchasing new home. Quite clearly, price issue is significant in the decision of choosing a residential property. The problem with mortgages makes customers rent homes rather than buy them. Mostly such situation takes place in Europe. What concerns the factor of quality, we can notice that buyers emphasize the importance of layout of the home and less attract their attention on sound insulation. Some of the results show that the factor of location does not have a large impact on the decision of consumers. The least important characteristics include those factors relating to location. The customers do not seem to base their home purchase decisions on aspects like ‘Accessibility to medical centers, shops and parks’. However, the importance in safety, security and environmental friendliness remains.