Consumers’ choice factors for buying residential property in the Philippines

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ABSTRACT

The researcher studied and investigated the level of importance of consumers’ choice mainly price, location, safety and security, facilities and amenities, and exclusivity in the Philippines. This research was limited to 400 potential residential property buyers from any of the top 10 real estate developers in the Philippines. This study focused on 5 consumers’ choice factors mainly price, location, safety and security, facilities and amenities, and exclusivity towards purchase intention of residential property in the Philippines. Among the 5 consumers’ choice factors for buying residential property, the number one consideration is the safety and security (Mean = 5.530), followed by price (Mean = 5.488), location (Mean = 5.424), facilities and amenities (Mean = 5.266), and exclusivity (Mean = 4.983). From this study, four out of five consumers’ choice factors are rated very high important namely: price, location, safety and security, and facilities and amenities. On the other hand, exclusivity is rated of high importance in terms of buying a residential property.

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Introduction

Residential property is the most important part of the real estate sector and has been foreseen as main source in development of the market (Mydhili & Dadhabai, 2019). Also, Philippines is in growing motion in undertaking the environmental initiatives (Lamudi, 2016).

Philippine real estate industry’s stable development in the previous periods is recognized to the rise in demand for residential and commercial properties determined by numerous influences. According to Leechiu Property Consultants, the demand drivers include increasing city population growth; residential property needs of BPO (business process outsourcing) workforces; and overseas Filipino workers (OFWs) remittances (Ortiguero, 2018).

Central Bank of the Philippines Consumer Expectations Survey results showed that the share of families deliberated last 3 months of 2017 was the right time purchasing a house and lot (Gonzales, 2018). Likewise, condominium units provide people with a more reasonable way to homeownership, converting the city tenure construction, from a city mainly characterized by tenants to a mix of homeowners with changing levels of responsibility for maintaining collective areas (Rosen & Walks, 2013; Kern, 2007; Lees, 1994; Cribbet, 1963).

The level of importance of the consumers’ choice in terms of price, location, safety and security, facilities and amenities, and exclusivity in the Philippines have not yet been expounded. The researcher studied and investigated the level of importance of consumers’ choice mainly price, location, safety and security, facilities and amenities, and exclusivity in the Philippines.

This study aims to (i) identify the demographic profile of the potential residential property buyers, and (ii) know the level of importance of the consumers’ choice in terms of price, location, safety and security, facilities and amenities, and exclusivity.
This research was limited to 400 potential residential property buyers from any of the top 10 real estate developers in the Philippines. This study focused to 5 consumers’ choice factors mainly price, location, safety and security, facilities and amenities, and exclusivity towards purchase intention of residential property in the Philippines.

**Literature Review**

**Demographic Profile of the Residential Property Buyers**

Lamudi reported that around 60% of the potential residential property buyers are females and 25 – 34 years old are approximately 50% of the sales leads as they become more financially secure or advance to a new life phase (Alegado, 2020). In the research of Rossini (1998) and Lutfi (2010), the immense quantity of residential property buyers are couples with children and conclude that buyers’ civil status standing specifically single or married will show impact on residential property purchase decision (Al-Nahdi & Abu Bakar, 2015). An educated individual inclines to bring intelligent resolutions in relation to an uneducated individual because of the capacity of acquiring, processing and examining facts (Khaniwale, 2015). A quality occupation would give financial capacity for every family (Majid, Said, & Daud, 2012; Clark & Onaka, 1983; Rappaport, 2008), and would entice the potential buyer to look for new residential property (Majid, Said, & Daud, 2012; Miron, 2004). Study showed that income level influenced Indian consumers to be in favor of low-rise residential property developments (Gupta & Malhotra, 2016). The quantity of kids in the family will give the desires and pendants of residential property in a decent place, convenience, learning and restoration amenities (Majid, Said, & Daud, 2012; Hurtubia et al., 2010).

**Consumers’ Choice Factors**

**Price**

Research showed that price is the most significant feature for 1BHR (bedroom, hallway and kitchen) buyers (Sundran, 2018). In the study of Nasar and Manoj (2015), revealed that among the 10 factors, price is the most affecting feature for the consumer outlook to buy residential property. Purchasing a residential property will not be probable for most individuals, without sufficient financing preparation (Chia, Harun, Kassim, Martin, & Kepal, 2016).

**Location**

Colliers International Philippines believes Manila Bay Area and Makati CBD have the benefit in relations of location with augmented demand from firms purchasing residential property units for their workers in these submarkets, increased by the existence of Chinese residents. For the moment, other locations must showcase the total living experience in their project sites to continue as feasible choices (Macaranas, 2018). The locations of houses are another relevant aspect, and buyers usually consider the area, the social atmosphere for children, the nearby services and the distances to workplaces (García-Magarino & Lacuesta, 2017; Debrezion, Pels & Rietveld, 2010; Hempel & Jain, 1978). Proximity from the house to the office and facilities is one of the utmost concerns when deciding to purchase on a residential property (Ho, Goh, & Ting, 2019).

**Safety and security**

There are two key security types that are shared among all gated communities. The first is the existence of safety and security apparatus such as CCTV cameras, alarms, surveillance systems and intercoms. The second type of security is round aids given by security guards (Osman, Rabe, & Bachok, 2011). Likewise, the security in a high-rise construction is diverse and challenging, it can open one’s eyes to numerous distinctive features of haven (Gregory, 2017). Furthermore, gated communities are secured and comfortable and have adequate public spaces for recreation; therefore, people are keen to walk in the community when they are not busy, which can also uphold communication among neighbors (Wang, Peng, & Chen, 2018).

**Facilities and amenities**

A standard gated neighborhood in Malaysia would have leisure facilities for the suitable usage of occupants (Tan, 2016; Tan, 2011). These include swimming pools, jacuzzis, barbecue spaces, exclusive clubhouse, fitness centers, convenience stores, prayer rooms and other amenities that assist the everyday necessities of the tenants (Tan, 2016). Other study identified the basic amenities include water source, power backup, sewerage system, parking lot and readiness of domestic assistance in the residential property (Manivannan & Somasundaram, 2014).

**Exclusivity**

Exclusivity of the residential property depends on the uniqueness and privacy being offered by the real estate developer. Neighborhood is an area in which occupants live together for a mutual interest (Thaker & Sakaran, 2016; Choguill, 2008).

**Purchase Intention**

Usually intention is a signal of an individual’s willingness to perform a behavior, and it is measured to be the direct precursor of behavior (Kamal & Pramanik, 2015; Shen, 2009). Other study discussed that intentions denote an individual’s motivation of person’s mindful choice applying effort to perform a behavior (Karunaratne & Ariyawansa, 2015; Conner & Armitag, 1998).
Research Questions

What is the profile of the respondents in terms of Sex, Age, Civil Status, Educational attainment, Occupation, Monthly Income and Number of Family Members?

What are the dimensions of the consumers' choice factors for buying residential property?

What is the level of importance of the following consumers' choice in terms of Price, Location, Safety and Security, Facilities and Amenities, and Exclusivity?

Research Methodology

Self-constructed survey questionnaires were given online to 400 potential residential property buyers from any of the top 10 real estate developers in the Philippines. Respondents should meet the following criterion:

18 years old and above.  
Must have work; and,  
Must have plans to buy residential property from any of the top 10 real estate developers in the Philippines.

Results and Discussion

Table 1 shows that the demographic profile of the respondents are primarily female (59.50%), 30 years old and below (76.00%), single (83.25%), college graduate (70.75%), rank and file (61.00%), respondents with monthly income of Php20,000-Php39,999 (41.00%), and with family size of 1-5 members (64%).

Table 1: Demographic Profile of the Respondents

| Demographic Profile | Groups         | Frequency | Percentage |
|---------------------|----------------|-----------|------------|
| Sex                 | Male           | 162       | 40.50      |
|                     | Female         | 238       | 59.50      |
| Age                 | 30 years old and below | 304   | 76.00      |
|                     | 31-40          | 71        | 17.75      |
|                     | 41-50          | 19        | 4.75       |
|                     | 51 years old and above | 6    | 1.50       |
| Civil Status        | Single         | 333       | 83.25      |
|                     | Married        | 63        | 15.75      |
|                     | Divorced/Separated | 4  | 1.00       |
| Educational Attainment | High School Graduate | 5  | 1.25       |
|                     | College Level  | 22        | 5.50       |
|                     | College Graduate | 283 | 70.75      |
|                     | Postgraduate   | 90        | 22.50      |
| Occupation          | Rank and file  | 244       | 61.00      |
|                     | Supervisory    | 79        | 19.75      |
|                     | Manager        | 36        | 9.00       |
|                     | Self-employed  | 41        | 10.25      |
| Monthly Income      | Less than Php20,000 | 119 | 29.75     |
|                     | Php20,000-Php39,999 | 164 | 41.00     |
|                     | Php40,000-Php59,999 | 65  | 16.25     |
|                     | Php60,000-Php79,999 | 26  | 6.50      |
|                     | Php80,000-Php99,999 | 13  | 3.25      |
|                     | Php100,000 or more | 13 | 3.25      |
| Number of Family Members | 1 - 5          | 256       | 64.00      |
|                     | 6 - 10         | 136       | 34.00      |
|                     | 11 - 15        | 7         | 1.75       |
|                     | 16 - 20        | 1         | 0.25       |

Exploratory Factor Analysis of the Study Constructs

The indicators of consumers' choice for purchasing residential property were factor analyzed using principal component method with varimax rotation to determine the underlying dimensions. The sample of 400 respondents is adequate enough for factor analysis to proceed as indicated by Kaiser-Meyer Olkin measure of sampling adequacy. A reliability coefficient (Cronbach Alpha) was computed for each factor dimension to estimate the computed reliability of each scale. All factors reliability with a reliability coefficient above 0.700 were considered acceptable in this study. This resulted to reliability coefficients ranging from .704 to .922 for all factor dimensions of the constructs. Final reduction in the number of items was done by discarding all items with factor loading and communalities of less than 0.40, eigenvalue of less than 1 and percent variance of less than 4%.
Table 2: Exploratory Factor Analysis of Consumers’ Choice

| Dimension                  | Factor Loading | Eigen Value | % Variance | Cronbach Alpha |
|----------------------------|----------------|-------------|------------|----------------|
| **Safety and Security**    |                |             |            |                |
| I consider the residential property with automatic water sprinklers. | .814           | 9.562       | 38.246      | 922            |
| I consider the residential property with smoke detectors.      | .808           |             |            |                |
| I consider the residential property with easily accessible fire extinguishers. | .786           |             |            |                |
| I consider the residential property with installed CCTV cameras.  | .660           |             |            |                |
| I consider the residential property with security guards.       | .602           |             |            |                |
| **Price**                 |                | 2.320       | 9.282      | 837            |
| I consider the flexibility of payment terms and conditions (spot cash, installment, bank financing, etc.). | .840           |             |            |                |
| I consider the flexibility of payment schemes (cash, credit card, cheque, etc.). | .817           |             |            |                |
| I consider the availability of discounts.                       | .735           |             |            |                |
| I consider the current interest rate.                           | .710           |             |            |                |
| I consider the affordability of the residential property.       | .620           |             |            |                |
| **Facilities and Amenities**                                    | 1.661          | 6.643       | 857        |                |
| I consider the residential property with gym or fitness center. | .837           |             |            |                |
| I consider the residential property with sports facilities.     | .821           |             |            |                |
| I consider the residential property with swimming pool.         | .782           |             |            |                |
| I consider the residential property with internet or Wi-Fi connection. | .489           |             |            |                |
| **Location**                                                      | 1.343          | 5.374       | 818        |                |
| I consider the residential property nearby church.             | .798           |             |            |                |
| I consider the residential property nearby hospitals.           | .741           |             |            |                |
| I consider the residential property nearby mall/market.         | .687           |             |            |                |
| I consider the availability of transportation line.             | .521           |             |            |                |
| I consider the proximity of the property where I work.          | .449           |             |            |                |
| **Exclusivity**                                                  | 1.177          | 4.708       | 704        |                |
| I consider the total number of units in the project.            | .724           |             |            |                |
| I consider my neighborhood.                                     | .650           |             |            |                |
| I consider the property if it is mixed (residential with commercial). | .650           |             |            |                |
| I consider the type of residential property.                    | .551           |             |            |                |
| I consider the property if it is pure residential.              | .540           |             |            |                |

Kaiser-Meyer Olkin Measure of Sampling Adequacy = 0.914

Table 2 shows the exploratory factor analysis of consumers’ choice. The first factor, labeled as Safety and Security, refers to consumer’s choice which gives importance on the availability of water sprinklers, smoke detectors, fire extinguishers, CCTV and security guards. Factor 2, labeled as Price, pertains to the flexibility of payment terms and conditions, flexibility of payment schemes, discounts, interest rates and the affordability of the residential property. Factor 3, labeled as Facilities and Amenities, refers to the availability of gym or fitness center, sports facilities, swimming pool and Wi-Fi. Factor 4, labeled as Location, pertains to the proximity to church, hospital, mall/market, availability of transportation line and proximity of the property to place of work. And the last factor labeled as Exclusivity, refers to the total number of units in the project, neighborhood, mixed property, type of residential property and pure residential.
Table 3: Level of Importance of the Consumers’ Choice Factors

| Consumers’ Choice                      | Mean  | SD    | Verbal Interpretation          |
|---------------------------------------|-------|-------|--------------------------------|
| Price                                 | 5.488 | 0.668 | Very High Important           |
| I consider the affordability of the residential property. | 5.34  | 0.941 | Very High Important           |
| I consider the availability of discounts. | 5.60  | 0.733 | Very High Important           |
| I consider the flexibility of payment terms and conditions (spot cash, installment, bank financing, etc.). | 5.64  | 0.719 | Very High Important           |
| I consider the flexibility of payment schemes (cash, credit card, cheque, etc.). | 5.53  | 0.840 | Very High Important           |
| I consider the current interest rate.  | 5.33  | 1.019 | Very High Important           |
| Location                              | 5.424 | 0.680 | Very High Important           |
| I consider the proximity of the property where I work. | 5.49  | 0.858 | Very High Important           |
| I consider the availability of transportation line. | 5.66  | 0.644 | Very High Important           |
| I consider the residential property nearby hospitals. | 5.39  | 0.863 | Very High Important           |
| I consider the residential property nearby mall/market. | 5.46  | 0.800 | Very High Important           |
| I consider the residential property nearby church. | 5.12  | 1.207 | High Important                |
| Safety and Security                   | 5.530 | 0.741 | Very High Important           |
| I consider the residential property with installed CCTV cameras. | 5.64  | 0.747 | Very High Important           |
| I consider the residential property with security guards. | 5.65  | 0.747 | Very High Important           |
| I consider the residential property with easily accessible fire extinguishers. | 5.55  | 0.833 | Very High Important           |
| I consider the residential property with automatic water sprinklers. | 5.38  | 0.961 | Very High Important           |
| I consider the residential property with smoke detectors. | 5.44  | 0.934 | Very High Important           |
| Facilities and Amenities              | 5.266 | 0.846 | Very High Important           |
| I consider the residential property with gym or fitness center. | 5.45  | 0.956 | Very High Important           |
| I consider the residential property with sports facilities. | 5.23  | 0.993 | Very High Important           |
| I consider the residential property with swimming pool. | 5.20  | 1.005 | Very High Important           |
| I consider the residential property with internet or Wi-Fi connection. | 5.19  | 1.086 | Very High Important           |
| Exclusivity                           | 4.983 | 0.719 | High Important                |
| I consider the type of residential property. | 5.39  | 0.825 | Very High Important           |
| I consider the property if it is pure residential. | 5.03  | 1.038 | High Important                |
| I consider the property if it is mixed (residential with commercial). | 4.65  | 1.198 | High Important                |
| I consider the total number of units in the project. | 4.62  | 1.235 | High Important                |
| I consider my neighborhood.           | 5.22  | 0.965 | Very High Important           |

Table 3 shows the level of importance of the consumers’ choice factors. Based from the results, four out of five factors are rated very high important namely: price, location, safety and security, and facilities and amenities. Among the 5 consumers’ choice factors for buying residential property, the number one consideration is the safety and security (Mean = 5.530, SD = 0.741), followed by price (Mean = 5.488, SD = 0.668), then location (Mean = 5.424, SD = 0.680), and lastly, the facilities and amenities (Mean = 5.266, SD = 0.846). On the other hand, exclusivity is rated high important in terms of buying residential property (Mean = 4.983, SD = 0.719).

Conclusions

The demographic profile of the respondents are primarily female, 30 years old and below, single, college graduate, rank and file, respondents with monthly income of Php20,000-PHP39,999, and with family size of 1-5 members.

All factors reliability was considered acceptable in this study. Four out of five consumers’ choice factors are rated very high important namely: price, location, safety and security, and facilities and amenities. On the other hand, exclusivity is rated high important in terms of buying residential property.

The study is only limited to potential residential property buyers from any of the top 10 developers in the Philippines. It is recommended for the future researchers to increase the scope of the study to top 20 developers in order to make the research more distinct and more expressive.
This research focused on the 5 consumers’ choice factors mainly price, location, safety and security, facilities and amenities, and exclusivity. According to Bloomberg, the gaming market has enticed about 100,000 Chinese employees in Metro Manila area since 2016 (Sohlberg, 2019). It is endorsed for future researchers to use additional variable such as Feng Shui for the reason that a great number of Chinese purchasers give to the present and upcoming growth.

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