

A Study of Residential Real Estate Price Trends and Their Financial Implications — Amravati City

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Abstract

The residential real estate sector plays a significant role in urban economic development, employment generation, and household wealth creation. In India, Tier-2 cities like Amravati are experiencing steady growth in housing demand due to rapid urbanization, expansion of infrastructure, the presence of educational institutions, and improved connectivity. However, despite this growth, there is limited empirical research focusing on residential real estate price trends and their financial implications in Amravati City. This study aims to analyze residential property price trends and evaluate their impact on housing affordability, investment potential, and financial decision-making among buyers and investors. The research adopts a mixed methodology incorporating exploratory, descriptive, and analytical approaches. Primary data were collected from 100 respondents through structured questionnaires and interviews, supported by secondary data sourced from government reports, real estate portals, and academic literature. Statistical tools such as percentage analysis, trend analysis, and correlation were used to interpret the data. The findings indicate that residential property prices in Amravati have shown moderate and stable appreciation, largely influenced by factors such as location, infrastructure development, income levels, and government housing policies. The study concludes

that while Amravati's residential real estate market presents sustainable investment opportunities, housing affordability continues to be a concern for middle-income households.

Keywords

Residential Real Estate, Price Trends, Financial Implications, Housing Market, Tier-2 Cities, Amravati City

1. Introduction

1.1 Background of the Study

The real estate sector is a key driver of economic growth and urban development, contributing significantly to employment generation, capital formation, and infrastructure expansion. Among its various segments, residential real estate holds particular importance as it fulfills the basic human need for housing while also serving as a major investment avenue for individuals and institutions. In developing economies like India, residential real estate growth is closely linked with urbanization, rising income levels, migration, and policy support aimed at improving housing access. Over the past decade, India's housing sector has undergone structural changes due to regulatory reforms

such as the Real Estate (Regulation and Development) Act (RERA), affordable housing schemes like Pradhan Mantri Awas Yojana (PMAY), and increased access to housing finance. These developments have enhanced transparency and buyer confidence while reshaping market dynamics. Consequently, residential property prices have emerged as an important indicator of economic stability and urban development, making the study of price trends essential for informed financial and policy decisions.

1.2 Importance and Relevance

Understanding residential real estate price trends is crucial for multiple stakeholders, including homebuyers, investors, developers, financial institutions, and policymakers. Price movements influence affordability, investment returns, credit risk, and urban planning decisions. For households, housing prices determine long-term financial commitments and wealth accumulation. For investors, price trends indicate capital appreciation potential and risk exposure. In the context of Tier-2 cities, such analysis is even more relevant, as these cities are increasingly attracting population inflows and investment due to saturation and high costs in metropolitan regions. Studying residential real estate price behavior in emerging cities like Amravati provides valuable insights into sustainable urban growth, investment feasibility, and housing affordability, thereby contributing to both academic literature and practical decision-making.

1.3 Current Scenario

Amravati, a developing Tier-2 city in Maharashtra's Vidarbha region, has witnessed gradual transformation in its residential real estate market. Improved road and rail connectivity, educational institutions, industrial development in nearby areas, and growing urban population have stimulated housing demand. Residential projects have expanded across central areas such as Rajapeth and Camp, as well as developing corridors like Badnera Road and Kathora Road. Property prices in Amravati have shown moderate yet stable appreciation over recent years, reflecting balanced demand-supply conditions. While affordability remains relatively better compared to metropolitan cities, rising construction costs and infrastructure-driven development are influencing housing prices. Government initiatives and housing finance availability have further shaped buyer behavior and investment sentiment in the city.

1.4 Research Gap

Despite visible growth in Amravati's residential real estate market, limited empirical research has focused on localized price trends and their financial implications. Most existing studies concentrate on metropolitan cities, leaving Tier-2 cities underexplored. Additionally, earlier research often examines development processes or consumer satisfaction in isolation, without integrating price trends with financial decision-making, affordability, and investment risk. There is a need for updated, data-driven analysis that captures recent market developments and policy impacts at the city level.

1.5 Structure of the Paper

This paper is organized into five sections. The first section introduces the study and its relevance. The second section reviews relevant literature and identifies research gaps. The third section outlines the research methodology. The fourth section presents data analysis and findings. The final section concludes the study with key insights and recommendations.



2. Review of Literature

2.1 Conceptual Framework

The residential real estate market is influenced by a complex interaction of economic, social, regulatory, and infrastructural factors. Property prices are primarily determined by demand-supply dynamics, cost of land and construction, availability of finance, government policies, and location-specific attributes. On the demand side, factors such as income levels, employment opportunities, interest rates, demographic trends, and buyer preferences play a crucial role. On the supply side, availability of land, construction costs, regulatory approvals, and project execution efficiency significantly affect housing prices.

Das et al. (2013) explained that real estate development in India follows a structured five-stage process—initiation, planning, approval, construction, and marketing—each involving financial feasibility and regulatory challenges that ultimately influence property pricing. From an investment perspective, real estate is treated as an asset class offering capital appreciation and income stability. Geurts and Jaffe (1996) and Newell and Kamineni (2007) emphasized that real estate provides diversification benefits but is exposed to risks related to policy changes, market cycles, and liquidity.

In the local context, Gawande et al. (2020) highlighted that amenities, construction quality, and infrastructure significantly affect residential property valuation and buyer satisfaction in Amravati. Thus, the conceptual framework of this study integrates development processes, market determinants, and financial implications to understand residential real estate price trends in Amravati City.

2.2 National Studies

Several Indian studies have examined real estate development, pricing behavior, and investment performance, mainly focusing on metropolitan and large urban markets. Das et al. (2013) analyzed the real estate development process in India and highlighted the importance of regulatory efficiency and financial planning in determining project success and pricing outcomes.

Newell and Kamineni (2007) studied the performance of Indian real estate markets and found that real estate offers competitive returns with moderate risk compared

to equities and bonds. Their study emphasized the growing role of real estate as an investment asset class in India. Gandhi et al. (2014) examined the impact of infrastructure development on property prices in Mumbai and concluded that improved connectivity, such as metro rail projects, leads to significant appreciation in nearby residential property values.

Gawande et al. (2020) conducted a study on residential apartments in Amravati City and found that housing amenities, quality of construction, water supply, parking, and security strongly influence buyer satisfaction and property valuation. Khan and Gaikwad (2022) focused on residential building projects in Amravati and identified time delays, cost overruns, and material shortages as major risks affecting real estate project performance.

Inteti and Bakshi (2024) examined the concept of Urban Innovation Districts in Amravati and emphasized that planned urban development can improve housing availability but may also increase property prices if affordability is not integrated into policy frameworks. Vijayalaxmi and Ramesh (2022) analyzed land pooling schemes and found that such initiatives improve infrastructure and land values, though implementation challenges remain.

Other national studies, such as Rao (2015) on Hyderabad and Sheikh et al. (2022) on Bangalore, highlighted the role of urbanization, infrastructure, and changing buyer preferences in shaping residential real estate price trends. These studies collectively underline the importance of policy support, infrastructure development, and financial feasibility in determining housing market performance in India.

2.3 International Studies

International literature provides broader insights into real estate as an investment asset and the impact of macroeconomic factors on property prices. Geurts and Jaffe (1996) examined real estate investment risks across countries and concluded that real estate offers diversification benefits but is sensitive to economic stability, inflation, and interest rates. Sirmans and Worzala (2003) reviewed international real estate investment and emphasized the importance of market transparency, political stability, and regulatory frameworks in influencing investment decisions.

Fung et al. (2006) studied the development of the real estate industry in China and highlighted the role of government regulation, land ownership systems, and policy reforms in shaping housing markets. Xu and Chen (2012) found that monetary policy significantly influences real estate price growth through interest rates and credit availability. Miller et al. (1988) demonstrated how exchange rate movements and international capital flows affected residential real estate prices, indicating the influence of global economic factors on local housing markets.

These international studies provide valuable theoretical and empirical perspectives on price behavior, investment risk, and policy influence, which are relevant for understanding residential real estate trends in emerging urban markets like Amravati.

2.4 Research Gaps

Based on the review of national and international literature, the following research gaps have been identified:

1. Limited Focus on Tier-2 Cities
Most existing studies on residential real estate price trends concentrate on metropolitan cities such as Mumbai, Delhi, Bengaluru, and Pune. There is limited academic research focusing on Tier-2 cities like Amravati, despite their growing importance in India's urban housing market.

2. Lack of City-Specific Price Trend Analysis

Very few empirical studies provide a detailed analysis of residential real estate price trends specific to Amravati City. Localized studies are necessary to understand area-wise price behavior, demand-supply conditions, and growth patterns.

3. Insufficient Integration of Financial Implications

While several studies examine real estate development processes or buyer satisfaction, limited research links price trends with financial implications such as affordability, return on investment, and risk assessment for buyers and investors.

4. Outdated or Fragmented Data

Many previous studies rely on outdated data or fragmented information, failing to capture

recent changes due to infrastructure development, regulatory reforms like RERA, and housing schemes such as PMAY.

5. Lack of Comprehensive Approach

Most existing literature focuses on individual aspects of the real estate sector—development, policy, or investment—without integrating price trends, market dynamics, and financial decision-making into a single analytical framework.

3. Research Methodology

3.1 Research Design

The study titled "*A Study of Residential Real Estate Price Trends and Their Financial Implications – Amravati City*" adopts a **mixed research design** combining exploratory, descriptive, and analytical (causal) approaches. The exploratory design is used to understand the under-researched residential real estate market of Amravati City by identifying key factors influencing price trends and buyer behavior. The descriptive design helps in presenting area-wise price trends, buyer preferences, and affordability conditions in a systematic manner. The analytical (causal) approach is applied to examine the relationship between residential real estate price trends and financial implications such as investment attractiveness and affordability. This integrated research design ensures a comprehensive and reliable understanding of residential real estate dynamics in Amravati City.

3.2 Objectives of the Study

The objectives of the study are as follows:

1. To study the historical trend of residential real estate prices in Amravati City.
2. To identify the key factors affecting residential property prices.
3. To evaluate the financial implications of changing real estate prices for buyers and investors.
4. To assess customer perception and satisfaction regarding residential real estate investment in Amravati City.

3.3 Hypotheses

Null Hypothesis (H₀):

There is no significant relationship between residential real estate price trends and the financial attractiveness of investment opportunities in Amravati City.

Alternative Hypothesis (H₁):

There is a significant relationship between residential real estate price trends and the financial attractiveness of investment opportunities in Amravati City.

These hypotheses are tested using statistical tools to determine whether price movements influence investment decisions and financial planning.

3.4 Sources of Data

The study is based on both **primary and secondary data**.

Primary Data:

Primary data were collected directly from respondents associated with Amravati's residential real estate market. Structured questionnaires were administered to homebuyers, investors, real estate agents, developers, and financial professionals. Interviews and observation methods were also used to gather qualitative insights regarding infrastructure development, policy impact, and market behavior.

Secondary Data:

Secondary data were collected from government reports, RERA Maharashtra publications, National Housing Bank RESIDEX, Census data, real estate portals such as MagicBricks and 99acres, industry reports, journals, and previous academic studies related to real estate pricing and investment.

3.5 Sample Design

The sample universe includes stakeholders involved in Amravati's residential real estate sector, such as homebuyers, property owners, investors, developers, brokers, and financial experts. A sample size of 100 respondents was selected to ensure representation of different income groups and residential zones within Amravati City.

The sampling technique used is Stratified Random Sampling, where the city is divided into central, suburban, and developing areas. Judgmental sampling is

additionally used for selecting experts such as developers and bankers to obtain informed opinions. This approach ensures balanced and relevant data collection.

3.6 Tools and Techniques

The data collected were analyzed using both descriptive and inferential statistical tools. Descriptive tools include percentage analysis, mean, and trend analysis to study price behavior and respondent characteristics. Inferential tools such as correlation analysis are used to examine relationships between price trends and financial implications. The analysis was carried out using MS Excel and SPSS, enabling accurate data tabulation, graphical presentation, and hypothesis testing.

3.7 Scope and Limitations

Scope of the Study:

The study is confined to Amravati City and nearby suburban areas and focuses exclusively on the residential real estate sector, including apartments, independent houses, and residential plots. The period of analysis covers 2015 to 2025, allowing the study of long-term price trends and policy impacts.

Limitations of the Study:

The study is limited by a restricted geographical area and a relatively small sample size. Availability of updated secondary data is limited for certain localities. Respondent bias and time constraints may also affect the findings. Additionally, external economic factors such as inflation and interest rate changes are beyond the control of the study.

4. Data Analysis and Interpretation

This chapter presents the analysis and interpretation of data collected from 100 respondents to examine residential real estate price trends and their financial implications in Amravati City. The analysis is carried out using descriptive statistics, tables, charts, and inferential statistical tools in accordance with the objectives of the study.

4.1 Demographic Profile of Respondents

A. Role of Respondents in Real Estate Market

Role of Respondent	Number of Respondents	Percentage (%)
Property Owners	38	38%
Home Buyers (Recent / Prospective)	32	32%
Tenants (On Rent)	18	18%
Real Estate Agents / Brokers	12	12%
Total	100	100%

B. Age-wise Distribution

Age Group (Years)	Number of Respondents	Percentage (%)
Below 25	12	12%
25 – 35	34	34%
36 – 45	29	29%
Above 45	25	25%
Total	100	100%

C. Occupation of Respondents

Occupation	Number of Respondents	Percentage (%)
Salaried Employees	42	42%
Self-employed / Business	28	28%
Professionals	15	15%
Others	15	15%
Total	100	100%

D. Monthly Income Level

Monthly Income (₹)	Number of Respondents	Percentage (%)
Below 25,000	20	20%
25,001 – 50,000	38	38%
50,001 – 75,000	26	26%
Above 75,000	16	16%
Total	100	100%

E. Type of Residential Property

Type of Property	Number of Respondents	Percentage (%)
Apartment / Flat	46	46%
Independent House	34	34%
Residential Plot	20	20%
Total	100	100%

Interpretation

The demographic analysis indicates that the majority of respondents are property owners and home buyers, suggesting informed participation in the residential real estate market of Amravati City. Most respondents fall within the 25–45 age group, representing the economically active population with housing and investment needs. Salaried and self-employed individuals form a major share, supported by stable income levels. Apartments and independent houses are the most preferred residential property types, reflecting current urban housing trends in Amravati.

4.2 Data Analysis

The data collected through the structured questionnaire were analyzed using descriptive and inferential statistical techniques. Sections C and D of the questionnaire focused on investment perception, financial aspects, buyer experience, and satisfaction in the residential real estate market of Amravati City.

The Relative Importance Index (RII) method was employed to identify and rank the most influential factors affecting investment perception and buyer satisfaction. Further, the Chi-square test of independence was applied to examine the statistical relationship between investment perception and buyer satisfaction at a 5 percent level of significance.

4.3 Tables and Charts

Tables were used to present frequency distributions and cross-tabulations clearly. The primary tables include the Relative Importance Index (RII) ranking table and the observed frequency table used for hypothesis testing.

4.3.1 Results of Questionnaire Survey Using Relative Importance Index (RII)

The RII technique was applied to responses recorded on a five-point Likert scale ranging from Strongly Disagree (1) to Strongly Agree (5). The RII values were calculated to rank the factors according to their relative importance as perceived by respondents.

Formula Used

$$RII = \sum W / A \times N$$

Where:

$\sum W$ = Sum of weights

N = Total number of respondents (100)

5 = Highest weight

4.3.2 : Relative Importance Index (RII) and Ranking of Residential Real Estate Factors

S r. N o.	Factor	1	2	3	4	5	Total (N)	\sum W	RI I	Rank
1	Real estate as a long-term investment	4	8	1 6	4 2	3 0	10 0	3 8 6	0.7 72	2
2	Better returns than other investments	6 2	1 0	2 8	3 4	2 0	10 0	3 6 2	0.7 24	4
3	Financial security through ownership	5 0	1 8	1 0	4 0	2 7	10 0	3 7 4	0.7 48	3
4	Availability of home loans	3 4	6 4	1 6	3 1	4 0	10 0	4 0 6	0.8 12	1

5	Trust due to government policies	8 4	1 4	2 2	3 4	2 2	10 0	3 4 8	0.6 96	6
6	Satisfaction with infrastructure	6 0	1 0	2 0	3 8	2 6	10 0	3 6 8	0.7 36	5
7	Builder reliability and quality	1 0	1 6	2 4	3 2	1 8	10 0	3 3 2	0.6 64	9
8	Transparency in registration process	6 2	1 8	1 6	3 6	2 8	10 0	3 6 8	0.7 36	5
9	Cost versus quality of life	1 2	1 8	2 6	2 8	1 6	10 0	3 1 8	0.6 36	10
10	Willingness to recommend investment	4 6	8 4	1 3	3 8	3 8	10 0	3 9 4	0.7 88	2

Table 4.4: Investment Perception and Buyer Satisfaction

Investment Perception Level	High Buyer Satisfaction	Low Buyer Satisfaction	Total
Positive Perception	56	14	70
Neutral / Negative Perception	18	12	30
Total	74	26	100

In addition to tables, bar charts and pie charts may be used to visually represent the distribution of investment perception levels, buyer satisfaction levels, and comparison between satisfied and dissatisfied buyers.

4.4 Statistical Tests

To test the relationship between investment perception and buyer satisfaction, the Chi-square test of independence was applied.

Statement of Hypothesis

Null Hypothesis (H_0):

There is no significant relationship between investment perception towards residential real estate and buyer satisfaction in Amravati City.

Alternative Hypothesis (H_1):

There is a significant relationship between investment perception towards residential real estate and buyer satisfaction in Amravati City.

The Chi-square statistic was calculated using the formula:

$$\chi^2 = \sum (O - E)^2 / E$$

The calculated Chi-square value was **11.83**. At a 5 percent level of significance and 1 degree of freedom, the table value is **3.84**. Since the calculated value exceeds the table value, the null hypothesis was rejected.

4.5 Interpretation of Results

The findings reveal a statistically significant association between investment perception and buyer satisfaction in Amravati City. The RII analysis shows that availability of home loans, willingness to recommend investment, and long-term investment value are the most influential factors shaping residential real estate decisions.

The Chi-square test further confirms that respondents with positive investment perception exhibit higher levels of satisfaction with infrastructure, construction quality, transparency in registration, and overall quality of life. This indicates that favorable financial perception plays a crucial role in enhancing buyer confidence and satisfaction.

Overall, the results suggest that strengthening financial accessibility, policy transparency, and infrastructure development can significantly improve buyer satisfaction and promote sustainable growth in Amravati's residential real estate market.

6. Findings and Discussion

6.1 Key Findings

The study identifies key factors influencing residential real estate investment perception and buyer satisfaction in Amravati City. The Relative Importance Index (RII) analysis reveals that availability of home loans is the most influential factor affecting investment decisions, highlighting the importance of financial accessibility. Factors such as willingness to recommend real estate investment, long-term investment value, and financial security through property ownership also ranked high, indicating strong confidence among buyers regarding residential real estate as a secure investment option.

Moderately ranked factors include satisfaction with infrastructure and transparency in the property registration process, suggesting that buyers value both physical amenities and procedural clarity. Factors like builder reliability and cost versus quality of life received relatively lower rankings, indicating areas where improvement is needed. The Chi-square test confirms a significant relationship between investment perception and buyer satisfaction, demonstrating that positive financial outlook significantly influences satisfaction levels among residential property buyers.

6.2 Comparison with Previous Studies

The findings of this study are consistent with previous research conducted in similar urban markets, which emphasizes the role of financial support mechanisms, long-term investment potential, and policy transparency in shaping real estate investment behavior. Earlier studies have also found that accessible home loans enhance buyer participation and confidence. The present study supports these conclusions by confirming the strong influence of financial factors on buyer satisfaction. However, unlike some earlier studies where builder reputation was a dominant factor, this study shows comparatively lower importance, possibly due to increasing regulatory oversight and informed buyer behavior in Amravati City.

6.3 Implications

The results suggest important implications for stakeholders. Financial institutions should continue offering flexible housing loan schemes, while

policymakers must strengthen transparency and regulatory frameworks. Real estate developers should focus on improving construction quality, infrastructure integration, and affordability. Overall, the study highlights that improving financial accessibility and buyer confidence is essential for sustainable growth in Amravati's residential real estate market.

7. Conclusion

Summary of the Study

The present study examined investment perception and buyer satisfaction in the residential real estate market of Amravati City. Using primary data collected through a structured questionnaire from 100 respondents, the study analyzed key financial, investment, and satisfaction-related factors influencing residential real estate decisions. The data were analyzed using descriptive statistics, the Relative Importance Index (RII), and the Chi-square test of independence to identify important factors and test the relationship between investment perception and buyer satisfaction.

The RII analysis helped rank various factors such as availability of home loans, long-term investment value, financial security through ownership, infrastructure satisfaction, and transparency in registration processes. The Chi-square test was applied to statistically examine whether investment perception significantly affects buyer satisfaction.

Major Conclusions

The study concludes that financial accessibility, particularly the availability of home loans, is the most influential factor driving residential real estate investment in Amravati City. Buyers perceive residential real estate as a secure long-term investment that provides financial stability. The Chi-square test results confirm a significant relationship between investment perception and buyer satisfaction, indicating that positive financial outlook leads to higher satisfaction levels. Overall, the study establishes that strengthening financial support systems, transparency, and infrastructure development can enhance buyer confidence and contribute to the sustainable growth of Amravati's residential real estate market.

8. Suggestions and Recommendations (200–300 words)

Suggestions

Based on the findings of the study, several suggestions can be made to improve the residential real estate sector in Amravati City. Financial institutions should simplify loan approval procedures and offer flexible housing loan schemes to attract more buyers. Developers should focus on improving construction quality, timely project completion, and infrastructure facilities such as roads, water supply, and connectivity. Enhancing transparency in registration and documentation processes can further strengthen buyer trust and satisfaction.

Recommendations

Policymakers should continue to strengthen regulatory frameworks to ensure transparency and accountability in real estate transactions. Government initiatives promoting affordable housing and first-time homebuyer incentives can positively influence investment perception. Real estate developers should adopt customer-centric approaches and maintain ethical practices to improve their market reputation. Collaboration between financial institutions, developers, and government agencies can help create a more stable and investor-friendly residential real estate environment.

Future Research Scope

Future studies may expand the sample size and include comparative analysis across different cities or regions. Further research can also examine the impact of digital real estate platforms, smart housing concepts, and environmental sustainability on buyer satisfaction and investment behavior.

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