

FACTORS INFLUENCING REAL ESTATE INVESTMENT BEHAVIOUR: EVIDENCE FROM INVESTOR PREFERENCES, RISK PERCEPTIONS, AND MARKET EXPECTATIONS

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ABSTRACT

Real estate investment represents an important avenue for long-term wealth creation, financial security, capital appreciation, and portfolio diversification. However, investment decisions in real estate are influenced by several interrelated factors beyond the expectation of financial returns. This study examines the major determinants of real estate investment behaviour, with particular emphasis on information sources, investor preferences, and the perceived importance of online property platforms, legal due diligence, attitudes towards property investment, future price expectations, and challenges associated with real estate investment. The study adopts a descriptive approach to understand how investors evaluate property investment opportunities and the factors that shape their decision-making process. The findings suggest that personal networks and trusted recommendations continue to influence investor decisions, while digital property platforms are perceived as supplementary rather than dominant sources of information. Legal consultation and due diligence emerge as important considerations because investors are concerned with ownership, documentation, registration, contractual obligations, and other legal risks. The study also indicates a generally favourable perception of real estate as a long-term investment avenue, supported by expectations of future property appreciation. At the same time, substantial capital requirements, legal complexities, and limited liquidity are identified as significant barriers to investment. Overall, the study highlights that real estate investment behaviour is shaped by a combination of informational, financial, legal, perceptual, and market-related considerations. A better understanding of these factors can contribute to more informed investment decisions, greater transparency in property transactions, and improved confidence among real estate investors.

Keywords: Real Estate Investment, Investor Behaviour, Investor Preferences, Risk Perception, Investment Decision-Making, Property Investment, Legal Due Diligence, Price Expectations, Capital Requirement, Real Estate Market.

INTRODUCTION:

Real estate is one of the most widely considered investment avenues for individuals seeking long-term wealth creation and financial security. Investment in residential, commercial, and other forms of property can provide opportunities for capital appreciation, rental income, and portfolio diversification. The tangible nature of real estate also contributes to its perception as a relatively stable and secure investment compared with some financial assets. However, property investment generally requires substantial capital and involves risks relating to market conditions, legal documentation, liquidity, ownership, financing, and future price movements.

Real estate investment behaviour refers to the way investors identify, evaluate, and select property investment opportunities. Investment decisions are not determined only by expected financial returns. They

can also be influenced by personal experiences, recommendations from friends and family, professional advice, access to information, legal verification, perceived risks, affordability, and expectations about future property prices. The increasing availability of online property platforms has also changed the way information about properties is accessed, although investors may differ in their dependence on digital sources.

Against this background, the present study examines selected determinants of real estate investment behaviour among 80 respondents. The study focuses on the sources of information used before investing, the perceived importance of online property platforms, consultation with legal experts, willingness to recommend real estate investment, expectations of future property price increases, and major challenges faced by investors. Frequency, percentage, mean, median, and mode are used to summarize the responses and identify the dominant patterns in investor preferences and perceptions.

It is important to note that the variables examined are categorical and have been assigned numerical codes for descriptive analysis. Therefore, the mean values should be interpreted cautiously as summaries of the coded responses and not as direct measures of the intensity of an investor's behaviour or perception.

SCOPE OF THE STUDY:

The study is confined to selected determinants of real estate investment behaviour and covers the following areas:

- Sources of information relied upon before making real estate investment decisions.
- Perceived importance of online property platforms.
- Consultation with legal experts during the property investment process.
- Respondents' willingness to recommend real estate investment to others.
- Expectations regarding real estate price increases over the next five years.
- Major challenges associated with real estate investment.
- Descriptive analysis of investor responses using frequency, percentage, mean, median, and mode.

The study is primarily descriptive in nature. It seeks to understand the preferences and perceptions of respondents rather than establish causal relationships between the identified factors.

OBJECTIVES OF THE STUDY:

1. To identify the major sources of information relied upon by investors before making real estate investment decisions.
2. To examine the perceived importance of online property platforms in real estate investment decision-making.
3. To assess the extent of consultation with legal experts among real estate investors.
4. To examine the overall attitude of respondents towards real estate investment.
5. To assess investors' expectations regarding future increases in real estate prices.
6. To identify the major challenges perceived by investors in real estate investment.
7. To summarize investor preferences and perceptions using descriptive statistical measures such as mean, median, and mode.

FACTORS INFLUENCING REAL ESTATE INVESTMENT BEHAVIOUR:

I. Information and Decision-Making:

Table 01: Source Relied Upon Before Investing

Source	Frequency	Percentage
Friends and family	28	35.0%
Real estate agents	8	10.0%
Financial advisors	8	10.0%
News/media	6	7.5%
Online portals	2	2.5%
Other	8	10.0%
Not reported	20	25.0%
Total	80	100%

The table indicates that 35.0% of the respondents relied on friends and family before making a real estate investment decision, making this the most commonly used source of information. Real estate agents and financial advisors were each relied upon by 10.0% of the respondents. News and media accounted for 7.5%, while only 2.5% relied on online property portals. Another 10.0% obtained information from other sources. A significant 25.0% of respondents did not report their source of information. Overall, the findings suggest that personal networks such as friends and family play a more important role than digital platforms or professional sources in influencing real estate investment decisions.

Table 02: Importance of Online Property Platforms

Importance	Frequency	Percentage
Very important	8	10.0%
Important	12	15.0%
Neutral	16	20.0%
Less important	26	32.5%
Not important	18	22.5%
Total	80	100%

The table shows that 10.0% of respondents considered online property platforms very important, while 15.0% considered them important. About 20.0% expressed a neutral opinion. In contrast, 32.5% considered online property platforms less important, and 22.5% considered them not important. Thus, a larger proportion of respondents have a low level of dependence on online property platforms when making real estate investment decisions. The findings indicate that although online platforms provide useful property-related information, they are not the primary decision-making tool for most respondents.

Table 03: Consultation with a Legal Expert

Response	Frequency	Percentage
Yes	44	55.0%
Sometimes	10	12.5%
No	6	7.5%
Not reported	20	25.0%
Total	80	100%

The table reveals that 55.0% of respondents consulted a legal expert before or during their real estate investment process, making it the dominant response. Another 12.5% consulted a legal expert sometimes, while only 7.5% did not consult one. A further 25.0% of respondents did not report their response. The

findings indicate that a considerable proportion of investors recognize the importance of legal advice and verification in real estate transactions. This may be due to concerns related to property ownership, documentation, registration, contracts, and other legal issues.

II. Satisfaction and Future Expectations:

Table 04: Would Recommend Real Estate Investment?

Response	Frequency	Percentage
Yes	44	55.0%
Maybe	12	15.0%
No	4	5.0%
Not reported	20	25.0%
Total	80	100%

The table shows that 55.0% of respondents would recommend real estate investment to others, indicating a generally positive attitude toward real estate as an investment avenue. About 15.0% were uncertain and selected “Maybe,” while only 5.0% stated that they would not recommend real estate investment. However, 25.0% of respondents did not report their response. Overall, the results suggest that more than half of the respondents have a favourable perception of real estate investment and are willing to recommend it to others. This positive response may reflect perceived benefits such as long-term appreciation, income generation, and investment security.

Table 05: Expect Real Estate Prices to Increase in the Next Five Years?

Response	Frequency	Percentage
Strongly Agree	26	32.5%
Agree	24	30.0%
Not reported	30	37.5%
Total	80	100%

The table indicates that 32.5% of respondents strongly agreed and 30.0% agreed that real estate prices are expected to increase over the next five years. Together, these responses represent 62.5% of the total respondents, indicating a generally optimistic expectation regarding future property prices. However, 37.5% did not report their response. The findings suggest that respondents largely expect continued growth in real estate prices, which may strengthen their willingness to invest in the sector. Such expectations may be associated with perceived future demand, urban development, population growth, and appreciation potential.

Table 06: Biggest Challenge in Real Estate Investment

Challenge	Frequency	Percentage
High capital requirement	30	37.5%
Legal issues	20	25.0%
Low liquidity	8	10.0%
Other	2	2.5%
Not reported	20	25.0%
Total	80	100%

The table shows that high capital requirement was identified as the biggest challenge by 37.5% of respondents, making it the most significant concern among the reported responses. Legal issues were identified by 25.0%, followed by low liquidity at 10.0%. Only 2.5% identified other challenges, while 25.0% did not report their response. The findings indicate that the large amount of capital required to

enter the real estate market is the primary obstacle faced by investors. Legal complications are the second major concern, highlighting the importance of proper documentation, verification, and professional legal assistance. Overall, the table suggests that both financial constraints and legal complexities significantly influence real estate investment decisions.

III. Statistical Analysis: Coding used

Table 01: Friends & family = 1, Real estate agents = 2, Financial advisors = 3, News/media = 4, Online portals = 5, Other = 6.

Table 02: Very important = 1, Important = 2, Neutral = 3, Less important = 4, Not important = 5.

Table 03: Yes = 1, Sometimes = 2, No = 3.

Table 04: Yes = 1, Maybe = 2, No = 3.

Table 05: Strongly Agree = 1, Agree = 2.

Table 06: High capital requirement = 1, Legal issues = 2, Low liquidity = 3, Other = 4.

Important note: The numerical mean for categorical responses is mainly a descriptive indicator based on the coding; it should not be interpreted as a literal quantitative measurement.

Table 01: Source Relied Upon Before Investing

Measure	Result
Mean	2.80
Median	2.00
Mode	1.00 (Friends and family)

Inference: The mean score of 2.80 indicates that the respondents' sources of investment information were concentrated toward the lower-numbered categories, particularly personal networks and professional sources. The median of 2 indicates that the middle response category was real estate agents. However, the mode is 1, showing that friends and family were the most commonly relied-upon source, accounting for 35% of respondents. This suggests that personal recommendations and informal networks play an important role in real estate investment decisions.

Table 02: Importance of Online Property Platforms

Measure	Result
Mean	3.43
Median	3.00 (Neutral)
Mode	4.00 (Less important)

Inference: The mean score of 3.43 indicates that respondents generally considered online property platforms to be of moderate to low importance. The median of 3 represents a neutral position, while the mode of 4 shows that "Less important" was the most frequent response, with 32.5% of respondents. Therefore, online property platforms do not appear to be the primary source of information for most investors.

Table 03: Consultation with a Legal Expert

Measure	Result
Mean	1.37
Median	1.00 (Yes)
Mode	1.00 (Yes)

Inference: The mean of 1.37 is close to the lowest category, indicating a strong tendency toward consultation with legal experts. Both the median and mode are 1, corresponding to “Yes.” Among the reported responses, 55% stated that they consulted a legal expert, while only 7.5% did not. This indicates that legal consultation is an important part of the real estate investment decision-making process for a substantial proportion of investors.

Table 04: Would Recommend Real Estate Investment?

Measure	Result
Mean	1.33
Median	1.00 (Yes)
Mode	1.00 (Yes)

Inference: The mean score of 1.33, together with a median and mode of 1, indicates a strong positive tendency toward recommending real estate investment. Among the reported respondents, 55% would recommend real estate investment, while only 5% would not. The findings suggest that respondents generally have a favourable perception of real estate investment and are willing to recommend it to others.

Table 05: Expect Real Estate Prices to Increase in the Next Five Years?

Measure	Result
Mean	1.48
Median	1.00 (Strongly Agree)
Mode	1.00 (Strongly Agree)

Inference: The mean score of 1.48 indicates a strong positive expectation regarding future real estate prices. The median and mode are both 1, representing “Strongly Agree.” Among the reported responses, 32.5% strongly agreed and 30% agreed that real estate prices would increase during the next five years. Thus, the findings indicate that most respondents have an optimistic outlook regarding future real estate price appreciation.

Table 06: Biggest Challenge in Real Estate Investment

Measure	Result
Mean	1.70
Median	1.50
Mode	1.00 (High capital requirement)

Inference: The mean score of 1.70 indicates that the major challenges were concentrated around the first two categories. The mode of 1 shows that high capital requirement was the most frequently reported challenge, accounting for 37.5% of the respondents. Legal issues were the second-largest concern at 25%. The median of 1.50 falls between high capital requirements and legal issues, indicating that these two factors dominate the challenges faced by investors. Therefore, the high financial requirement for entering the real estate market is the most significant barrier, followed by legal complications.

Table 07: Overall Summary of Mean, Median and Mode

Table	Mean	Median	Mode	Major Finding
01. Source of information	2.80	2.00	1.00	Friends & family most relied upon
02. Online platforms	3.43	3.00	4.00	Online platforms considered less important

03. Legal consultation	1.37	1.00	1.00	Most reported respondents consult legal experts
04. Recommendation	1.33	1.00	1.00	Majority would recommend real estate investment
05.Future price expectations	1.48	1.00	1.00	Respondents are optimistic about price increases
06. Investment challenges	1.70	1.50	1.00	High capital requirement is the biggest challenge

Inference: The statistical analysis indicates that personal networks, particularly friends and family, remain an important source of information for real estate investors, while online property platforms are perceived as relatively less important. The results also show that legal consultation is fairly common, reflecting the importance attached to legal due diligence in property investment. Respondents demonstrate a positive attitude toward real estate investment, with the majority willing to recommend it and expecting property prices to increase over the next five years. However, high capital requirements and legal issues remain the major challenges affecting real estate investment decisions.

CONCLUSION:

The study concludes that real estate investment behaviour is influenced by a combination of informational, legal, financial, and perceptual factors. Among the sources of information examined, friends and family emerged as the most commonly relied-upon source, with 35.0% of respondents selecting this option. This indicates that personal networks and informal recommendations continue to have an important role in real estate investment decisions. In comparison, online property portals were relatively less influential, with a substantial proportion of respondents considering them less important or not important.

Legal considerations also appear to be an important component of property investment decisions. More than half of the respondents, or 55.0%, reported consulting a legal expert. This indicates considerable awareness of the importance of legal verification and due diligence in property transactions. Legal consultation may help investors address concerns relating to ownership, documentation, registration, agreements, and other potential legal complications.

The findings further reveal a generally positive perception of real estate investment. About 55.0% of respondents stated that they would recommend real estate investment to others, while only 5.0% stated that they would not recommend it. In addition, 62.5% of respondents either strongly agreed or agreed that real estate prices would increase during the next five years. This reflects an optimistic perception of the future appreciation potential of real estate.

Despite this positive outlook, investors face significant barriers. High capital requirement was identified as the most important challenge by 37.5% of respondents, followed by legal issues at 25.0% and low liquidity at 10.0%. Thus, the substantial financial commitment required for property acquisition remains a major constraint, while legal complexities constitute another important source of concern.

The overall descriptive results reinforce these observations: friends and family represent the dominant information source; online platforms have relatively low perceived importance; legal consultation is common; respondents generally favour real estate investment; expectations of future price appreciation are positive; and high capital requirements represent the principal challenge.

In conclusion, real estate investment behaviour cannot be understood solely in terms of expected returns. Personal influence, access to trusted information, legal confidence, market expectations, affordability, and

perceived risks collectively shape investment decisions. Improving transparency in property transactions, strengthening access to reliable information, encouraging professional legal and financial advice, and developing suitable financing mechanisms may contribute to more informed and confident real estate investment decisions.

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