"A Study to assess the perception of investment in Real estate"

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Abstract: In India, the real estate industry employs more people than the agriculture industry. The expansion of the various stakeholders involved in this sector, as well as the economic development of the country, depends greatly on this industry. The investor bears the largest portion of the sector's risk among the other stakeholders. Eventually, the investor will also receive the highest possible gain. These investors may be real estate developers or they may simply be people who invest money.

This study's objective is to access the perception of investment in real estate. What is the perception of investor while investing in real estate to maximize financial gain from various real estate projects in India from the investor's perspective.

Overall, the study suggests that investing in real estate is perceived as a viable investment option in India, with a significant proportion of the population considering it a safe and profitable investment. The findings of the study could be useful for investors, developers, and policymakers to make informed decisions about real estate investments in India.

**Keywords**: Real estate, Investment, Perception, Factors, India

Introduction

By 2030, the Indian real estate market is predicted to grow to US$ 1 trillion from US$ 200 billion. It will make for 13% of the nation's GDP by 2025. The development of nuclear families, fast urbanization, and rising household income are projected to continue to be the fundamental forces behind expansion in all real estate sectors, including residential, commercial, and retail. The country's rapid urbanization is driving up real estate prices. By 2020, urban areas will contribute 70–75 percent of India's GDP.

The Indian real estate market saw over 40 million square feet of development in 2021 and is expected to capture a 40% market share in the next two to three years. In 2022, it is predicted to produce 46 million square feet. The market is expected to grow from Rs. 12,000 crore in 2019

to Rs. 65,000 crore in 2040, reaching a value of US$ 9.30 billion. By 2030, it is projected to grow to a size of US$ 1 trillion, accounting for 13% of the country's GDP by 2025. This growth is not limited to residential properties, but also includes retail, hospitality, and commercial real estate, which are crucial for meeting India's expanding infrastructure needs.

Within a year, the top 7 cities in India witnessed over 1,700 acres of land deals in the real estate sector, while foreign investments in commercial real estate reached US$ 10.3 billion from 2017 to 2021. With the replacement of the existing SEZs act, developers anticipate a surge in demand for office spaces in SEZs as of February 2022. According to ICRA, Indian companies are expected to raise over Rs. 3.5 trillion (US$ 48 billion) through infrastructure and real estate investment trusts in 2022, compared to the US$ 29 billion raised so far. India delivered more than 40 million square feet of real estate in 2021 and is projected to hold a 40% market share in the coming 2-3 years, with an estimated delivery of 46 million square feet in 2022. Between July to September 2021, the top eight cities witnessed a year-on-year increase of 228%, with around 65,211 new housing units launched, compared to around 19,865 units launched in the same period in 2020.

Market size of real estate in India (US$ billion)
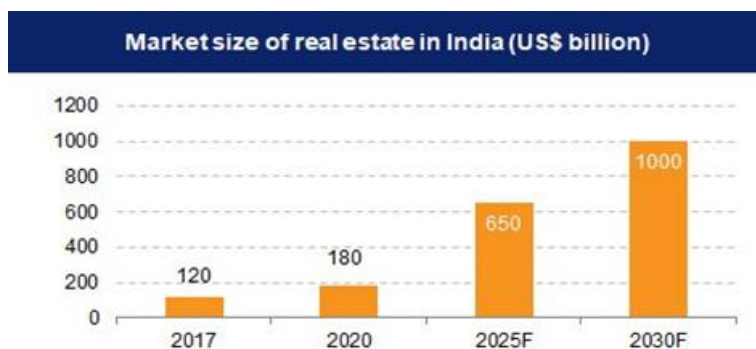
Literature Review

1) Real estate investment has been a popular form of investment for individuals and corporations worldwide. However, the Indian real estate market is considered volatile and risky due to its fluctuating prices, lack of transparency, and legal issues. Despite these challenges, the Indian real estate market has shown tremendous growth, with an annual growth rate of around 30% in the last few years (Kumar, 2019).

2) According to a report by KPMG (2019), the Indian real estate market is expected to reach a value of $1 trillion by 2030. This growth can be attributed to the increase in urbanization, the growth of the middle class, and the government's initiatives like RERA (Real Estate Regulation and Development Act) and the Smart Cities Mission.

3) According to a report by JLL (2020), the Indian real estate market is expected to witness significant changes in the post-COVID-19 era. The report states that the pandemic has brought about a change in the investors' perception towards real estate investment, with more focus on digitization and sustainability.

4) Singh and Yadav (2019), they found that the majority of Indian investors perceive real estate investment as a profitable option. However, the perception varies depending on various factors, such as age, education, and income levels. The study also found that investors who had prior experience in real estate investment had a more positive perception compared to first-time investors.

5) iswal and Sahoo (2020), the authors found that the perception of real estate investment in India was influenced by factors such as market volatility, legal issues, and transparency. The study also found that investors who had a higher risk tolerance and a long-term investment horizon had a more positive perception of real estate investment.

6) Shukla and Sharma (2021) found that investors in India had a positive perception of real estate investment, but they were concerned about the lack of transparency, market volatility, and legal issues. The authors also found that investors who had a higher income level and a longer investment horizon had a more positive perception of real estate investment.

7) Jha and Singh (2020), the authors found that the perception of real estate investment in India was influenced by macroeconomic factors such as inflation, GDP growth, and interest rates. The study also found that investors who had a longer investment horizon and a higher income level had a more positive perception of real estate investment.

8) Bharat Mittal 2007 Indian real estate investment area has shown tremendous progress over the last few years with the global and local factors. With the growth and expansion of the real estate market, other areas got experienced the growth which created the growth of economy.

9) According to this paper the major benefits in real estate sector are- Steady Income, Long Term Financial Security, Tax Benefits, Mortgage Payments Are Covered, and Real Estate Appreciates over time, Inflation, You Are Your Own Decision-Maker and a Landlord (Oyedele, 2018). This paper discusses about the ways to enter the market quickly and profitably. These are real Estate Mutual Funds, Real Estate Investment Trusts, Short-Term Rentals, Investments in Real-Estate Focused Companies, Real Estate Notes (Pritam Das, 2020). This paper presents the growth drivers in real estate sector in India. Those are rising consumption; Knowledge and service economy; Demographic dividend; Urbanization and household formation; and large foreign capital inflows (Wadhwani, 2009)

Objective

- To assess the perception of investment in real estate
- To identify the factors effecting decision of investing in real estate.

  Statement of the problem

  The study was about the perception of investment in Real estate.

Research Methodology

There are two ways to collect data: primary and secondary. Primary data collection involves creating questionnaires or Google forms to gather responses directly from people. On the other hand, secondary data collection involves analyzing existing data such as literature reviews, magazines, and journals to support other research.For this particular study, 101 people were asked questions to determine their awareness and perception towards the topic. The questions were designed to be easy to understand, unambiguous, and not manipulative. The study used a Non-Probability Convenience sampling method, where respondents were chosen based on their willingness to participate and awareness of the research topic, rather than being randomly selected. This approach helped to save time and resources.

Source/s of Data

The source through which data is collected is primary data collection as well as secondarydata collection.

In Primary data are the though the questionnaire, conducting surveys and directly collected by reaching the person to get the naturally occurred result to the subject which can be furtherused for the research purpose in the future period.

The secondary sources includes the Literature reviews, magazines, journals, it is the data thatis already collected in past and analyzed which supports other researches and help to get the outcome easily and save time as well as resources. As for now Journals are the more specific about the subject and regularly updated.

Sampling Method

Sampling method is to select the group of people from the entire population which were interested in the research study, as it is not possible to gather the data of the data of the wholepopulation and analyses them.

So here the Non-Probability Convenience sampling method is used where the respondent areaware of the research and its topic, there is no random selection. It reaches to the

sample easily or may conveniently people to get the beneficial result. It is less time consuming and low-cost method.

Sampling Frame

Sampling frame is the list of the item that is included in the study for the research of the subject. For our sample frame can be the investors, salaried person, business owners, professionals and others who invest in real estate.

The sample size for the research consisted of 101 respondents.

Data collection instrument

Questionnaire to understand "A study to access the perception of investment in real estate", we prepared our questionnaire through data collection were going on and we have attached the questionnaire for the reference below

Data analysis and interpretation
Phase 1 Demographic profile of Respondents.

Gender of Respondent	Frequency	Percent	Valid Percent	Cumulative Percent
Male	82	81.20%	81.20%	81.20%
Female	19	18.80%	18.80%	100.00%
Total	**101**	**100.00%**	**100.00%**	
Age Range	Frequency	Percent	Valid Percent	Cumulative Percent
18-25 years	(46.5/100)*101	47	46.50%	46.50%
25-30 years	(5.9/100)*101	6	5.90%	52.40%
30-35 years	(21.8/100)*101	22	21.80%	74.20%
35-40 years	(17.8/100)*101	18	17.80%	92.00%
40-45 years	(2/100)*101	2	2.00%	94.00%
Above 50 years	(6/100)*101	6	6.00%	100.00%
Total	**101**	**100.00%**	**100.00%**	
Occupation	Frequency	Percent	Valid Percent	Cumulative Percent
Salaried	(33.7/100)*101	34	33.70%	33.70%
Businessman	(38.6/100)*101	39	38.60%	72.30%
Professional	(6/100)*101	6	6.00%	78.20%
Retired	(1/100)*101	1	1.00%	79.20%
Other	(20.8/100)*101	21	20.80%	100.00%
Total	**101**	**100.00%**	**100.00%**	
Annual Income	Frequency	Percent	Valid Percent	Cumulative Percent
0-3 lakhs	(42/100)*101	42	42.00%	42.00%
3-10 lakhs	(16/100)*101	16	15.80%	57.80%
Above 10 lakhs	(58/100)*101	58	57.40%	100.00%
Total	**101**	**100.00%**	**100.00%**	

Table 1: demographic data of respondents

Interpretation

There are 82 Male respondents and 19 Female respondents out of 101 Respondents.

The Age of respondents are as follow as 46.5% are between 18-25 years   47.6% are between 30 and above 50 years.

The occupation of respondents are 33.7% are salaried 38.6% are businessman 6% are professionals 1% are retired and 20.8% have other occupation.

The annual income of 42% of respondents is between 0-3 lakhs and for 58% of respondents is between 3 and more than 10 lakhs.

Phase 2 Likert Scale about Perception of investment in Real estate.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
I prefer investing in real estate for timely return	101	1.00	5.00	4.3366	.83997	.706
Investing in Real Estate is less risky compared to other investment avenues]	101	1.00	5.00	3.9307	.89730	.805
Liquidity is the major constraint while investing in real estate	101	1.00	5.00	4.0396	.90466	.818
Real Estate investment assures you of the safety of principal amount	101	1.00	5.00	4.2079	.97280	.946
It helps in generating additional revenue by renting/leasing	101	1.00	5.00	4.3267	1.04985	1.102
Valid N (listwise)	101					

Table 2: Perception of respondent regarding following statements

Interpretation – The most respondents prefer investing in real estate for timely return with mean 4.33 followed by other factors such as helps in generating additional revenue by renting leasing with mean 4.32 and other factors.

Respondents area preference					
		Frequency	Percent	Valid Percent	Cumulative Percent
Respondents Developed area preference	no	75	74.3	74.3	74.3
	yes	26	25.7	25.7	100.0
	Total	**101**	**100.0**	**100.0**	
Respondents under developed Area preference	no	81	80.2	80.2	80.2
	yes	20	19.8	19.8	100.0
	Total	**101**	**100.0**	**100.0**	
Respondents future developing Area preference	no	21	20.8	20.8	20.8
	yes	80	79.2	79.2	100.0
	Total	**101**	**100.0**	**100.0**	

Table3: It include the areas preferred by the respondents.

Interpretation –Most of the people prefer future developing area as there investing option. Among 101 respondents while 26 respondents prefer to invest in developed area and rest 75 are not preferred to invest in developed area.

Among 101 respondents 20 respondents prefer to invest in under-developed area and rest 81 are not preferred to invest in under developed area.

Among 101 respondents 80 respondents prefer to invest in future developing area and rest 21 are not preferred to invest in future developing area.

Findings:

The following findings are based on the research executed during the comprehensive project, "A Study to access the perception of investment in Real estate".

1. There were more number of Male investors as compared to the female investors in the real estate properties.

2. Majority age of the investors shows between 18-25 followed by 30-35 and 35-40.

3. The major number of people have annual income up-to 6 lakh.

4. Most of investors are businessmen or some of them belong to salaried person category.

5. Almost 84% responses are investing their money in some kind of avenues.

6. Among several avenues available in market 47.5% people prefer Real Estate followed by Gold.

7. Majority of the responses prefer future developing area, the percentage is 79.2%.

8. The type of properties preferred to invest is Land/ Open plot by the most of the respondents.

9. 57.4% of the respondents wanted to invest in real estate for the Long Term (>5years).

10. The return expected from the investment were between 15-20% and 10-15% by more than half of the total number of respondents.

11. The budget preferred by investors were between 10-20 lakh or will be up-to 20-30 lakh.

12. The Majority of people need help of Brokers/consultant before investing in Real Estate avenues.

13. Facing risk factor in real estate investment is considered as neutral by 62.4% of the respondents, as they consider it as not much risky avenues.

14. Most of the investors agreed with the statement that Real estate is less risky compared to other avenues as well as helps to generate revenues.

15. Factor that help investors to make decision while investing in real estate is firstly, it gives better growth opportunity and secondly is periodic return.

Conclusion –

The present study reveals that real estate investment is a popular avenue for investment in India. Investors prefer future developing areas and land/open plots for investment, with long-term investments being the most preferred. Better growth opportunities, periodic returns, and capital appreciation are the most critical factors in investment decisions. The study provides insights for policymakers and investors to develop investment strategies that align with the preferences of Indian investors. Further research is needed to explore the underlying reasons for the preference for real estate investment in India and the impact of government policies on the real estate sector.

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