

Assessing the influence of Investment Awareness and Perceived Risk towards REITs Investment Pattern among retail investors

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ABSTRACT

Real Estate Investment Trusts (REITs) have emerged as a significant investment avenue in India, enabling investors to participate in the real estate sector without directly owning or managing properties. REITs offer several advantages such as regular income, portfolio diversification, liquidity, and accessibility, making them an attractive option for retail investors. However, the investment pattern of retail investors in REITs is largely influenced by their level of investment awareness and the degree of perceived risk associated with such investments. Investment awareness helps investors understand the features, benefits, and functioning of REITs, while perceived risk affects their confidence and willingness to invest. This study aims to assess the influence of investment awareness and perceived risk on the REIT investment pattern among retail investors. A quantitative research approach will be adopted, and primary data will be collected through a structured questionnaire administered to retail investors. Appropriate statistical tools will be used to analyse the data and examine the relationship between investment awareness, perceived risk, and REIT investment patterns. The findings of the study are expected to provide valuable insights for investors, REIT managers, financial institutions, and policymakers in understanding investor behaviour and enhancing awareness initiatives to promote REIT participation. The study also contributes to the existing literature by examining the behavioural factors influencing REIT investment decisions among retail investors in India.

Keywords: Real Estate Investment Trusts (REITs), Investment Awareness, Perceived Risk, REIT Investment Pattern.

INTRODUCTION

Investment plays an important role in achieving financial security and long-term wealth creation. In recent years, investors have become more interested in exploring investment options that provide regular income, capital appreciation, and portfolio diversification. While traditional investment avenues such as fixed deposits, mutual funds, equity shares, gold, and physical real estate continue to be widely preferred, direct

investment in real estate requires substantial capital, involves legal formalities, and offers limited liquidity. To overcome these challenges, **Real Estate Investment Trusts (REITs)** have emerged as an innovative investment option that enables individuals to invest in professionally managed, income-generating real estate without directly owning or managing properties. In India, the introduction of the REIT framework by the **Securities and Exchange Board of India (SEBI)** has further strengthened the real estate investment market by providing a transparent, regulated, and accessible platform for investors.

Despite the growing popularity of REITs, their acceptance among retail investors in India is still developing. One of the key factors influencing investment decisions is **investment awareness**, as investors with better knowledge of REITs are more likely to understand their features, benefits, and potential returns. At the same time, **perceived risk** also plays a significant role in shaping investment behaviour. Factors such as market fluctuations, economic uncertainty, and concerns about returns may influence investors' willingness to invest in REITs. Therefore, awareness and risk perception together determine how confidently retail investors participate in REIT investments and influence their overall investment pattern.

The present study, "**Assessing the Influence of Investment Awareness and Perceived Risk Towards REITs Investment Pattern among Retail Investors**," aims to examine how investment awareness and perceived risk affect the investment behaviour of retail investors towards REITs. The study seeks to understand the relationship between these factors and investors' investment patterns, while also providing valuable insights for investors, financial institutions, REIT managers, and policymakers. The findings are expected to contribute to improving investor awareness, strengthening confidence in REIT investments, and supporting the sustainable growth of the REIT market in India.

RESEARCH OBJECTIVES

1. To assess the level of effect of investment awareness towards REIT investment among retail investors.
2. To determine the relationship between perceived risk and investor REIT investment among retail investors.

LITERATURE REVIEW

1. Investor Awareness and Confidence

Investor awareness and confidence play an important role in encouraging investment in Real Estate Investment Trusts (REITs). Ndung'u and Onyema (2024) found that investors with higher confidence are more likely to invest in REITs, contributing to the growth of the market. Similarly, Guma sing and Niro (2023) reported that transparent information, perceived property value, and risk tolerance positively influence investors' willingness to invest in real estate. However, Ndung'u and Kung'u (2022) observed that investor awareness alone is not enough to improve REIT performance, as market conditions, regulatory policies, and structural challenges also influence investment decisions.

2. Risk Perception and Investment Behaviour

Risk perception is one of the major factors affecting investors' decisions in the real estate market. Ahmed

et al. (2022) explained that investors' perception of risk significantly influences their investment decisions and acts as a link between behavioural biases and investment outcomes. Wanzhou et al. (2021) also found that behavioural biases such as regret aversion and information cascade affect investment decisions, while financial literacy helps reduce these negative effects. Likewise, Singh et al. (2023) highlighted that behavioural biases such as herding, anchoring, and loss aversion continue to influence real estate investment behaviour, suggesting the need for further research in emerging markets.

3. Investor Satisfaction and Investment Decisions

Investor satisfaction is influenced by both financial performance and behavioural factors. Devi, Peru Mandla, and Bhattacharyya (2024) found that rational investment factors and behavioural biases together influence investor satisfaction and future investment intentions. Hussain and Rasheed (2022) also reported that profitability, liquidity, and investment location positively affect investor satisfaction, trust, and reinvestment decisions. In addition, Al-Ajmi (2024) concluded that positive investor sentiment encourages reinvestment intentions and strengthens long-term investment behaviour.

RESEARCH GAP

Previous studies on Real Estate Investment Trusts (REITs) have examined areas such as market performance, regulatory frameworks, behavioural factors, investor awareness, perceived risk, and investment intention. However, relatively limited research has examined these factors together from the perspective of retail investors in the Indian REIT market. Existing studies have also considered awareness, risk perception, transparency, and investor satisfaction as separate aspects, creating a need to understand how these factors collectively influence investors' perceptions and investment patterns. In addition, although the Indian REIT market has developed in recent years, retail investor participation remains an area requiring further investigation. Therefore, this study attempts to address the gap by examining the influence of investment awareness and perceived risk, along with transparency and information availability, on the REIT investment pattern among retail investors. The study provides a focused understanding of the factors that may shape retail investors' confidence, perception, and participation in REIT investments in India.

HYPOTHESIS

H01: There is no significant difference in the level of investment awareness towards REIT investments among retail investors based on their investment experience.

Ha1: There is a significant difference in the level of investment awareness towards REIT investments among retail investors based on their investment experience.

H02: There is no significant relationship between perceived risk and investor perception towards REIT investments among retail investors.

Ha2: There is a significant relationship between perceived risk and investor.

RESEARCH METHODOLOGY

Research Design: Descriptive Research Design (Quantitative Approach)

Nature of data: Primary

Sample size: 167 respondents

Data source: Structured questionnaire (five-point Likert Scale)

Statistical Tools Used: One-Way ANOVA, Correlation Analysis, and Regression Analysis.

Data analysis and interpretation: Anova

Anova: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
7. Investment Experience	151	286	1.894039735	0.86869757		
14. Ability to differentiate REITs from direct real estate investments.	151	501	3.317880795	0.99161148		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	153.0629139	1	153.0629139	164.556436	0.00	3.872642262
Within Groups	279.0463576	300	0.930154525			
Total	432.1092715	301				

Interpretation

The One-Way ANOVA was conducted to examine whether the level of investment awareness towards REIT investments differs based on the investment experience of retail investors. The analysis produced an F-value of 164.556 with a p-value of 0.000, which is lower than the significance level of 0.05. This indicates that there is a statistically significant difference in the level of investment awareness among retail

investors with different levels of investment experience. The findings suggest that investment experience is associated with variations in awareness towards REIT investments.

Data analysis and interpretation: Correlation Analysis

	18. Eco2mic conditions may negatively impact REIT performance.	20. REITs provide better 4 than physical real estate.
18. Eco2mic conditions may negatively impact REIT performance.	1	
20. REITs provide better 4 than physical real estate.	0.542584306	1

Interpretation

The correlation analysis was conducted to examine the relationship between perceived risk and investor perception towards REIT investments among retail investors. The correlation coefficient ($r = 0.543$) indicates a moderate positive relationship between the two variables. This suggests that perceived risk is moderately associated with investor perception towards REIT investments. Therefore, changes in perceived risk are accompanied by corresponding changes in investor perception.

Overall Findings

- Retail investors generally have a positive perception towards REIT investments and understand their basic benefits.
- Investment awareness significantly differs with investment experience, showing that experienced investors tend to have better awareness of REITs.
- Perceived risk is related to investor perception, with the study finding a moderate positive relationship between the two factors ($r = 0.543$).
- Liquidity, income potential, and transparency are important factors that encourage investors to consider REIT investments.
- Overall, better awareness and clear information about REITs can help build investor confidence and encourage greater retail participation in the REIT market.

Conclusion

The study concludes that retail investors have a generally positive perception towards Real Estate Investment Trusts (REITs), but their investment decisions are influenced by their level of awareness and perception of risk. The findings show that investment experience is significantly associated with REIT awareness, while perceived risk has a moderate relationship with investor perception. Factors such as liquidity, income potential, transparency, and availability of information also play an important role in

building investors' confidence. Overall, improving investor awareness and providing clear and reliable information about REITs can help investors make better-informed decisions and encourage greater participation in the Indian REIT market.

Limitation of the Study

- The studies had a limited sample size, so the findings may not represent all retail investors.
- The study was limited to Bangalore, so the results may differ in other regions.
- Convenience sampling may limit the generalisation of the findings.
- The study was conducted within a limited time period.
- The study covered only selected factors influencing REIT investment.

Suggestion

- Increase investor awareness through simple educational programs about REITs, their benefits, and risks.
- Provide clear and transparent information so investors can make more informed decisions.
- Improve financial literacy among retail investors to help them understand REIT investment risks and returns.
- Promote REITs through digital platforms to reach more potential retail investors.
- Conduct wider studies covering investors from different cities and regions for more representative findings.

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