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Decoding Real Estate Investment Behaviour: An Empirical Analysis of Investor Preferences, Demographic Factors and Decision-Making

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ABSTRACT
The present study examines investor behaviour and decision-making in real estate investment, with particular emphasis on investment preferences, demographic characteristics, and factors influencing investment decisions. The study is based on responses from 80 individuals and analyses their demographic profile, investment experience, preferred property types, investment objectives, frequency of investment, and portfolio allocation. The findings reveal that respondents are predominantly middle-aged, male, highly educated, salaried, and married. Plot/land is the most preferred type of real estate investment, while long-term security is the primary investment objective. The study also finds that real estate investment is largely occasional or one-time in nature, with most respondents maintaining a moderate proportion of their portfolio in real estate. A Chi-square goodness-of-fit test confirms that investment frequency is significantly unevenly distributed across the categories. Overall, the findings indicate that investors primarily perceive real estate as a long-term avenue for financial security and wealth creation. The study highlights the importance of location, due diligence, risk assessment, professional guidance, and portfolio diversification in making informed real estate investment decisions.

Keywords: *Real estate investment; Investor behaviour; Investment decision-making; Investment preferences; Risk tolerance; Wealth creation; Long-term security; Real estate investment behaviour; Demographic factors; Portfolio diversification.*

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I. INTRODUCTION

Real estate investment is a cornerstone of wealth creation and financial security for millions of individuals worldwide. As one of the oldest and most tangible asset classes, real estate has consistently attracted investors seeking capital appreciation, stable rental income, and long-term portfolio diversification. However, the process of investing in real estate is complex, involving substantial financial commitment, regulatory considerations and psychological influences that often deviate from purely rational decision-making.

Traditional financial theory assumes that investors make rational decisions based on complete information and objective analysis. In reality, however, investor behavior is shaped by a combination of cognitive biases, emotional factors, personal experiences, and social influences. The real estate market exhibits many behavioral biases documented in financial markets, such as overconfidence, optimism, anchoring, and loss aversion, which can lead to prices that diverge from fundamental values in the short and medium term. These biases are particularly pronounced in residential real estate, where most participants are inexperienced investors driven by financial, emotional, and personal motives.

This study, titled **"A Study on Investor Behavior and Decision-Making in Real Estate Investment,"** aims to bridge this gap by examining the factors that influence investor behavior, analyzing the role of demographic and psychological variables. this research seeks to provide a comprehensive understanding of how investors navigate the complexities of real estate investment and what drives their preferences and decisions.

RESEARCH OBJECTIVES

The study aims to achieve the following objectives:

1. To examine the investment behaviour of individuals in real estate.
2. To identify the key factors influencing real estate investment decisions.
3. To analyse the relationship between demographic variables and real estate investment preferences.

RESEARCH HYPOTHESES

- H1: There is a significant relationship between income level and real estate investment participation.
- H2: Location is the most important factor influencing real estate investment decisions.
- H3: Expected return has a significant effect on the choice of real estate investment.
- H4: Risk tolerance significantly influences the type of real estate chosen by investors.
- H5: Investors perceive real estate as a more stable investment than other asset classes.
- H6: Demographic factors such as age and occupation significantly affect investment preference in real estate.

I. DEMOGRAPHIC PROFILE

Table 1: Age of Respondents

Age group	Frequency	Percentage
25–34	10	12.5%
35–44	34	42.5%
45–54	28	35.0%
55 and above	8	10.0%
Total	**80**	**100%**

The age-wise distribution indicates that the largest proportion of respondents belongs to the 35–44 years age group, accounting for 34 respondents (42.5%). This is followed by the 45–54 years group, with 28 respondents (35.0%). In comparison, respondents aged 25–34 years constitute 10 respondents (12.5%), while those aged 55 years and above represent only 8 respondents (10.0%). Thus, the combined share of respondents in the 35–54 years age category is 77.5%, indicating that the sample is predominantly composed of middle-aged individuals. The proportion of respondents aged 35–44 years is 7.5 percentage points higher than that of the 45–54 years group and more than three times the proportion of respondents aged 25–34 years. This distribution suggests that real estate investment in the sample is more strongly represented among individuals in their economically active and relatively financially established middle years.

Table 2: Gender

Gender	Frequency	Percentage
Male	54	67.5%
Female	26	32.5%
Total	**80**	**100%**

The gender distribution shows that 54 respondents (67.5%) are male, whereas 26 respondents (32.5%) are female. Therefore, male respondents constitute more than twice the proportion of female respondents, with a difference of 35 percentage points. The male-to-female ratio is approximately 2.08:1. This indicates a relatively higher representation of male participants in the study. Consequently, interpretations relating to investment preferences and decision-making should be viewed in the context of this gender imbalance, as the responses are more heavily weighted towards male participants.

Table 3: Educational Qualification

Qualification	Frequency	Percentage
Postgraduate	54	67.5%
Professional qualification	16	20.0%
Undergraduate	8	10.0%
Other	2	2.5%
Total	**80**	**100%**

With regard to educational qualification, postgraduates constitute the dominant category, comprising 54 respondents (67.5%). This is followed by respondents possessing a professional qualification, accounting for 16 respondents (20.0%). Undergraduates represent 8 respondents (10.0%), while only 2 respondents (2.5%) fall under the "Other" category. The proportion of postgraduates is therefore 47.5 percentage points higher than that of respondents with professional qualifications and 57.5 percentage points higher than that of undergraduates. Further, respondents with postgraduate or professional qualifications together account for 87.5% of the sample. This indicates that the respondent group is highly educated, which may have implications for their ability to evaluate investment information, financial risk, documentation, and expected returns associated with real estate.

Table 4: Occupation

Occupation	Frequency	Percentage
Salaried employee	56	70.0%
Other	16	20.0%
Self-employed	4	5.0%
Professional	2	2.5%
Business owner	2	2.5%
Total	**80**	**100%**

The occupational profile reveals that salaried employees form the largest group, with 56 respondents (70.0%). Respondents classified under other occupations account for 16 respondents (20.0%), while self-employed respondents comprise 4 respondents (5.0%). Professionals and business owners account for 2 respondents each (2.5%). The proportion of salaried employees is therefore 50 percentage points higher than the "Other" category and substantially higher than all other occupational groups. Salaried employees alone constitute more than two-thirds of the sample. This concentration indicates that the investment responses are largely reflective of individuals with regular employment-based income, which may influence their investment capacity, risk tolerance, and preference for long-term wealth accumulation.

Table 5: Monthly Income

Monthly income	Frequency	Percentage
Below Rs. 50,000	30	37.5%
Rs. 50,000–1,00,000	10	12.5%
Rs. 1,00,001–2,00,000	16	20.0%
Above Rs. 2,00,000	24	30.0%
Total	**80**	**100%**

The income distribution shows that 30 respondents (37.5%) have a monthly income of below Rs. 50,000, making this the largest income category. This is followed by respondents earning above Rs. 2,00,000, numbering 24 (30.0%). A further 16 respondents (20.0%) earn between Rs. 1,00,001 and Rs. 2,00,000, while only 10 respondents (12.5%) fall within the Rs. 50,000–1,00,000 category. The lowest-income group exceeds the highest-income group by 7.5 percentage points. Notably, respondents earning Rs. 1,00,001 or more collectively constitute 50.0% of the sample, exactly half of all respondents.

This indicates that although the largest single category comprises lower-income respondents, the sample as a whole contains a substantial proportion of respondents with relatively higher earning capacity, which is particularly relevant to real estate investment given its comparatively high capital requirement.

Table 6: Marital Status

Marital status	Frequency	Percentage
Married	74	92.5%
Single	6	7.5%
Total	**80**	**100%**

The marital-status distribution demonstrates a pronounced predominance of married respondents, who account for 74 respondents (92.5%), whereas only 6 respondents (7.5%) are single. The difference between the two groups is therefore 85 percentage points, and the married-to-single ratio is approximately 12.33:1. This indicates that the sample is overwhelmingly composed of married individuals. Such a demographic composition may be relevant to the interpretation of investment objectives because married investors may place greater emphasis on financial security, wealth preservation, long-term asset accumulation, and family-oriented investment planning.

II. REAL ESTATE INVESTMENT PROFILE

Table 7: Previous Investment in Real Estate

Response	Frequency	Percentage
Yes	42	52.5%
No	38	47.5%
Total	**80**	**100%**

The findings indicate that 42 respondents (52.5%) have previously invested in real estate, while 38 respondents (47.5%) have not. Thus, the proportion of respondents with prior real estate investment experience exceeds those without experience by only 5 percentage points. The relatively narrow difference suggests that the sample contains a fairly balanced representation of experienced and inexperienced investors. However, the marginal predominance of experienced investors indicates that slightly more than half of the respondents have direct exposure to the real estate market. This provides a useful basis for examining investment perceptions while retaining a substantial group of respondents without previous investment experience.

Table 8: Type of Real Estate Invested In

Type	Frequency	Percentage
Plot/Land	30	37.5%
Residential property	18	22.5%
Commercial property	8	10.0%
Rental property	4	5.0%
Other	20	25.0%
Total	**80**	**100%**

The distribution by property type shows that Plot/Land is the most commonly reported investment, accounting for 30 respondents (37.5%). This is followed by Residential Property, with 18 respondents (22.5%), and Other types, with 20 respondents (25.0%). Commercial property accounts for 8 respondents (10.0%), whereas rental property represents only 4 respondents (5.0%).

Plot/Land therefore exceeds residential property by 15 percentage points and rental property by 32.5 percentage points. The relatively high preference for plot/land compared with rental property may indicate a stronger orientation towards capital appreciation and long-term wealth accumulation rather than immediate rental income. At the same time, the substantial "Other" category indicates that a quarter of the sample is represented by investment types outside the principal categories specified.

Table 9: Main Purpose of Real Estate Investment

Purpose	Frequency	Percentage
Capital appreciation	12	15.0%
Wealth creation	16	20.0%
Long-term security	30	37.5%
Rental income	6	7.5%
Tax benefits	2	2.5%
Diversification	2	2.5%
Other	12	15.0%
Total	**80**	**100%**

The findings indicate that long-term security is the leading purpose of real estate investment, reported by 30 respondents (37.5%). This is followed by wealth creation, with 16 respondents (20.0%). Capital appreciation and other purposes each account for 12 respondents (15.0%), while rental income accounts for 6 respondents (7.5%). Tax benefits and diversification are each reported by only 2 respondents (2.5%).

Long-term security is therefore 17.5 percentage points higher than wealth creation and 22.5 percentage points higher than capital appreciation. The combined proportion of respondents investing for long-term security and wealth creation is 57.5%, demonstrating that more than half of the respondents associate real estate primarily with long-term financial objectives. Conversely, tax benefits and diversification appear to be relatively minor motivations within this sample.

Table 10: Frequency of Real Estate Investment

Frequency	Frequency	Percentage
Once	42	52.5%
Occasionally	36	45.0%
Frequently	2	2.5%
Total	**80**	**100%**

The investment-frequency distribution shows that 42 respondents (52.5%) invest in real estate once, while 36 respondents (45.0%) invest occasionally. Only 2 respondents (2.5%) report investing frequently. The difference between "Once" and "Occasionally" is relatively small at 7.5 percentage points, indicating that both categories account for almost the entire sample. In contrast, frequent investment is very limited.

The combined proportion of respondents who invest once or occasionally is 97.5%, demonstrating that real estate investment among the respondents is predominantly infrequent rather than regular. This pattern may be associated with the relatively high capital requirements and the long-term nature of real estate investment. The findings also indicate that real estate is not generally treated as a frequently traded investment instrument by the respondents.

Table 11: Proportion of Total Investment Portfolio in Real Estate

Portfolio proportion	Frequency	Percentage
Less than 10%	26	32.5%
10%–25%	28	35.0%
26%–50%	22	27.5%
More than 50%	4	5.0%
Total	**80**	**100%**

The portfolio allocation results show that 10%–25% is the most common allocation range, accounting for 28 respondents (35.0%). This is followed by less than 10%, with 26 respondents (32.5%), and 26%–50%, with 22 respondents (27.5%). Only 4 respondents (5.0%) allocate more than 50% of their total investment portfolio to real estate.

The 10%–25% category exceeds the less-than-10% category by only 2.5 percentage points, indicating relatively similar representation. Furthermore, 67.5% of respondents allocate 25% or less of their portfolio to real estate. Only 32.5% allocate more than 25%. This suggests that although real estate is an important investment avenue, the majority of respondents maintain a moderate rather than dominant exposure to the asset class. The very small proportion allocating more than 50% further indicates a tendency towards portfolio diversification and controlled exposure to real estate.

COMPOSITE STATISTICAL TOOL: CHI-SQUARE GOODNESS-OF-FIT TEST

The Chi-square statistic is:

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

Where, O is the observed frequency and E is the expected frequency.

To provide one composite measure across real-estate investment profile,

(Frequency of Real Estate Investment):

(a) Once = 42 (b) Occasionally = 36 (c) Frequently = 2 (d)Total = 80

Assuming equal expected frequencies:

$$E=803=26.67$$

Therefore,

$$\chi 2=(42-26.67)^2 / 26.67+(36-26.67)^2/26.67+(2-26.67)^2/26.67$$

$$\chi^2=36.10$$

Degrees of freedom:

$$df=3-1=2$$

At the 5% significance level:

$$\chi^2 critical=5.991$$

Since:

$$36.10>5.991$$

The result is statistically significant ($p < 0.001$).

Interpretation

The Chi-square goodness-of-fit analysis indicates that real-estate investment behaviour among the 80 respondents is not evenly distributed across investment-frequency categories. The calculated Chi-square value of 36.10 with 2 degrees of freedom is substantially greater than the critical value of 5.991, indicating a statistically significant difference.

The distribution shows that 52.5% of respondents invest in real estate only once, while 45.0% invest occasionally, and only 2.5% invest frequently. Thus, the respondents demonstrate a clear tendency toward one-time or occasional real-estate investment rather than frequent investment.

This finding suggests that real estate is perceived primarily as a long-term investment and wealth-preservation avenue, rather than as an asset class for frequent trading or short-term investment activity.

Research conclusion: The null hypothesis that respondents are equally distributed across the different frequencies of real-estate investment is rejected. The evidence supports the conclusion that investment frequency is significantly concentrated toward one-time and occasional investment behaviour.

III. FINDINGS OF THE STUDY

1. The majority of respondents belong to the 35–44 years age group (42.5%), followed by 45–54 years (35.0%), indicating that the sample is predominantly middle-aged.
2. Male respondents constitute 67.5%, compared with 32.5% females, showing a higher representation of male investors.
3. The respondents are highly educated, with 67.5% being postgraduates and 20.0% having professional qualifications.

4. Salaried employees account for 70.0% of the respondents, indicating that investment decisions are largely represented by individuals with regular employment income.
5. 50.0% of respondents earn Rs. 1,00,001 or above per month, indicating substantial representation of higher-income investors.
6. 92.5% of respondents are married, suggesting that family security may be an important consideration in investment decisions.
7. 52.5% of respondents have previous real estate investment experience, while 47.5% have no previous experience, indicating a relatively balanced investor profile.
8. Plot/Land is the most preferred property type (37.5%), followed by other properties (25.0%) and residential property (22.5%).
9. Long-term security is the leading investment objective (37.5%), followed by wealth creation (20.0%), indicating a strong long-term orientation towards real estate.
10. Real estate investment is predominantly infrequent, with 52.5% investing once and 45.0% occasionally. Only 2.5% invest frequently.
11. 67.5% of respondents allocate 25% or less of their total investment portfolio to real estate, indicating moderate exposure and a tendency towards portfolio diversification.

IV. SUGGESTIONS

1. Investors should undertake proper legal and financial due diligence before purchasing real estate.
2. Greater emphasis should be placed on location, future growth potential, infrastructure, rental yield, and property valuation when selecting properties.
3. Investors should seek advice from qualified financial and legal professionals to minimise investment risks.
4. Real estate investors should maintain portfolio diversification rather than allocating an excessive proportion of their wealth to property.
5. Developers and real estate platforms should provide transparent information on pricing, legal status, returns, approvals, and property-related risks.
6. Investors should assess their investment objectives, risk tolerance, liquidity requirements, and financial capacity before making property investments.

V. CONCLUSION

The study concludes that real estate is predominantly viewed by respondents as a long-term investment for financial security, wealth creation, and capital appreciation. Plot/Land is the most preferred property category, while investment activity is largely occasional or one-time. The majority of respondents maintain a moderate allocation to real estate, with 67.5% investing 25% or less of their total portfolio in the asset class. Overall, the findings suggest that careful property selection, legal verification, risk assessment, professional guidance, and portfolio diversification are essential for achieving sustainable returns from real estate investment.

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