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An Analysis of Investor Perception towards Investment in Real Estate with Special Reference to Delhi NCR

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ABSTRACT

Perceptions of investment risks and returns are formed through views, beliefs, and expectations of investing in real estate by the investors. In Delhi NCR, they assess opportunities based on market conditions, economic indicators, and personal objectives. Private investors look for residential properties with a view to charging rent or using them for long-term capital appreciation. Institutional investors who run real estate funds or corporations target commercial properties such as office spaces or retail outlets, hoping for higher yields and portfolio diversification. Political stability, the strength of legal frameworks, and the risk of currency fluctuations are all crucial factors for foreign investors when committing capital and influencing foreign direct investment flow into the real estate sector in Delhi NCR.

Media reports and peer opinions also shape the sentiment. For instance, market transactions leap in the areas surrounding a new metro line as soon as it is reported in the geospatial instrument, even before it is officially out. Retail investors respond more to location and aesthetics, while institutional investors are primarily focused on financial metrics, such as net operating income or capitalization rates. Investors in Delhi NCR show a preference for residential properties over commercial properties owing to the expectation of stable rental income coupled with long-term capital appreciation. Econometric studies prove that the construction of any public utility, like a metro, leads to a rise in property prices, boosting investor sentiments. The factors affecting Investor Perception Towards Investment in Real Estate with Special Reference to Delhi NCR are Economic Conditions, Government Policies and Regulations, Return on Investment (ROI), and Location.

Keywords- Real Estate Investments, Delhi NCR investment, Investors in Delhi NCR

Introduction

Real estate investments in this NCR region are heavily driven by population growth, urbanization, and infrastructure development, which are key components of the economy. PPPs and the involvement of the private sector in public services and infrastructure are among them. Real estate investment means buying properties for rent income, capital gains, or business use. As per **Agarwal et al. (2021)**, Delhi NCR houses an eclectic mix of investors, including individual investors, institutional investors, and foreign investors, with varying optimum requirements and preferences. Residential leases appeal to individual investors, while institutional investors aim for commercial projects, which offer a higher yield.

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Economic factors like GDP growth, employment rates, and interest rates usually determine the affordability and profitability of investments. Market dynamics, such as property prices, rental yields and vacancy rates, determine expectations of returns. According to **Gupta et al. (2018)**, Government policies also play a role in affecting investor confidence, and in this regard, tax incentives, the process of land acquisition, and RERA are major factors. Demand for real estate is driven by social trends such as population growth, urbanization, and changes in lifestyle, among other factors. Risks — including market volatility, legal disputes and project delays — also affect perception. The Noida metro expansion, for instance, has already spurred property prices, attracting investors who are looking for capital appreciation. For instance, corporate demand for commercial projects in Gurgaon attracts institutional investors. Investors form perceptions based on opinions, convictions and expectations about risks and returns from real estate investment **(Kumar & Patel, 2019).**

Employment levels drive housing demand. Being an employment hub, Delhi NCR attracts a lot of professionals, which results in an increased demand for rental housing, which in turn is encouraging residential investments. It will also affect perception, and for foreign investors, currency fluctuations will also have an effect." A falling rupee makes Indian real estate attractive to buyers from abroad, whose purchasing power improves. Perception is also affected by sectoral growth. As highlighted by **Deep et al. (2025)**, As a preferred commercial investment, the IT sector growth in Gurgaon creates a high demand for office spaces. GST had been implemented, which made taxation simple; investors do not have to worry about different transactions for tax purposes in India.

Perception of demonetization, which disrupted cash flows in 2016, was at a disadvantage due to the contingent nature of the repercussions. Speculators use these economic data points to gauge the overall state of the market and change their play when necessary. Affordable housing has been shining under the spotlight of government subsidies and middle-class demand. Investors perceive the segment as lower risk as demand remains consistent. Co-working spaces have also become a trend, with companies expanding in Gurgaon. This has caused investors to expand their interest in flexible office spaces.

There are a large variety of risk checks that investors perform before investing. Investment in property occasionally becomes challenging now and then due to Market trends fluctuations depending on economic cycles. Investors are nervous about legal risks — title disputes or regulatory changes. Justify that it delays the project so returns are halved because it keeps capital stuck, when for example we had a construction delay forever or a very long approval process. According to Grover et al. (2022) Creditworthy developers are also being selected by investors to ensure safety against this." Liquidity risk does matter; because real estate investments involve longer-term capital commitments, investors view this as a negatively correlated feature compared to highly liquid assets such as stocks. Investors are also worried about environmental risks, such as pollution or flooding. Demand may also dip in areas with poor air quality or locations susceptible to flooding, affecting the desirability of such properties, as well. Projects with enhanced ventilation and sanitisation now make much more sense to investors." As per Singh and Gupta, (2020) Regulatory risk (differences in building norms or taxation) can change the viability of a project. Risk management is a combination of strategies to limit the harmful impact of loss or other negative events, which may have adverse effects such as due diligence, portfolio diversification and market trend monitoring. There are also scammers, including developers who don’t disclose material facts. Investors validate the legitimacy of the project by checking RERA registration and developer track records. They also factor in macroeconomic risks, such as currency fluctuations or interest rate hikes that could impair returns. Migration: In Delhi NCR, the demand for property in an area is largely dependent on bottlenecks in terms of infrastructure, whether it is traffic congestion or improper utilities. Investors have seen these hurdles as challenges for driving growth that require combat through stratagem. Market intelligence (by consulting experts or by using analytics), helps them to overcome uncertainties and optimize outcomes.

Literature review

Regression analysis shows a strong correlation between the price increases and the level of new infrastructure development, with metro expansion explaining 40% of the variation. An analysis of rental yields shows that Noida housing earns better than Gurgaon office spaces. Sharma (2020) The commercial property vacancy rate is dependent upon the economic climate—for example, the property vacancy rate rises when the economy decelerates. Based on big data, the authors analyze the development of economic indicators and how they affect real estate investment, finding an inverse correlation between the interest rate and the flow of investment in this Real estate sector. Lower interest rates lower costs and spur investment. The other study focuses on economic growth (GDP), whereby economic growth stimulates new demand for commercial properties. The job market is also creating demand in the sector, with the growth of tech and manufacturing jobs driving housing demand in places like Gurgaon and Noida.

According to **Pandey and Jessica (2019)**, that assess the Real Estate Regulation and Development Act (RERA) and conclude that transparency requirements strengthen investor trust. Still, policy uncertainty, such as changes in land acquisition rules, weakens investor interest. Studies show that housing tax incentives boost residential investment. In a qualitative study interviewing developers, the authors note that there is a risk created when there is a gap between the implementation of the policy and when the project is completed, which leaves investors exposed to risk. According to research, the expansion of the metro in Noida is a driving factor for property price growth, and therefore, it is attracting maximum investors aiming for capital appreciation.

As per **Sankar and Baranidharan (2018)**, Delhi-Mumbai Industrial Corridor shows that Ghaziabad's industrial growth is driving demand for commercial real estate. Urban planning affects investor perception, and studies suggest that Gurgraon's integrated infrastructure in mixed-use projects has wooed investors. Research on connectivity finds that travel time between Delhi and the towns in NCR gets lessened by highway projects, thus increasing their viability for investment.

Project delays have hampered returns, with completion issues plaguing 30% of residential projects in Noida. Legal battles over land ownership deter investment. Demand for commercial buildings is decreasing with slow economic growth, according to a study of market fluctuations. Investment risk qualitative research participation by institutional investors is driven by policy uncertainty and regulatory obstacles.

According to **Chawla and Kumar (2022)**, on real estate fraud suggests that unregulated projects undermine investor confidence. From comparing parameters of office spaces in Delhi NCR, it is evident that Gurgaon is a booming commercial investment destination driven by ample corporate demand, while Noida sways residential investors with lower property prices. A comparison of Delhi NCR with Mumbai shows that lower entry costs in Delhi NCR are offset by the legal risks, which are much higher. According to an analysis of earnings calls, investors view residential properties as less volatile and commercial properties as riskier. Industrial investment scholars find that these investments are predominantly focused in certain geographical locations; for example, Faridabad is developed as an industrial hub.

Behavioural finance investigates psychological factors influencing the belief system of investors. Research in prospect theory finds that investors overweight potential losses compared to gains. Bubbles Expressing investor complacency, a herding study found that investors hop in on an uptrend behind the evidence that we invest with the ebb and flow rather than to our analysis.

As per confirmation bias shows that investors look for information that validates their opinions but overlooks risks. Asfurther assess the effect of media on investor perception, concluding that news coverage affects investor confidence. Teaching investors about their own cognitive biases can lead to better decision-making. Private investors look for residential properties to generate rental revenue or long-term capital appreciation. Institutional investors — like real estate funds or companies — have a preference for office buildings, retail stores and other commercial properties that promise a greater yield and diversification away from traditional assets. Foreign investors consider political stability, legal frameworks, and currency risks before investing capital, which ultimately influence foreign direct investment flows in Delhi NCR's property market (Arora et al. 2024).

As highlighted by **Walia et al. (2023),** investor perception is influenced by experience and knowledge. Beginners treat market trends or following peers as gospel; seasoned investors know how to do due diligence. Peer opinions and media reports sway sentiment, too. For instance, when a new metro line is planned, property near the station sells before any official announcements are made. Retail investors care more about location and aesthetics, while institutional investors care more about financial metrics such as net operating income or capitalization rates." Investor perception is a combination of objective analysis and subjective feelings.

The role of behavioural finance studies provides insights into how biases, like overconfidence or herd mentality, affect the way investors perceive real estate markets. They frequently respond to short-term market signals, resulting in changes in investment patterns. Investors in Delhi NCR are closely monitoring the trends to keep up with changing times and get the best returns. They weigh the balance between tangible and intangible, perceived gains versus reactions (Arora et al. 2024). According to **Manrai and Gupta (2023)** all of this means that it is not clear, stakeholders need to know as closely as possible about the real estate situation. Inflation reduces purchasing power, but real estate is considered a hedge against it, which is why investors view property as a haven during inflationary times. Investor confidence campaigns must consider the impact of policies on investment interests, such as the Real Estate Regulation and Development Act (RERA). As per **Kadu and Shinde (n.d.)**, adding that few post-allocation studies have found that policy uncertainty destroys prospects of investment.

Aspects like interest rates and GDP growth are also some of the economic indicators that shape investor perception. investment flows into real estate move opposite of interest rates. Aged habits die the hardest it would seem; research from behavioural finance indicates that market-obsessed actors can be particularly prone to the availability heuristic, overestimating returns from what they see as a bull market. The demand for real estate affected by social phenomenon such as population growth and urbanization also colors while think of real estate.

On the other hand, variables such as market, legal, and slow project development fluctuations; are damaging the investor's confidence in a specific type of the market. An investor's perception includes rational and emotional elements. Psychological factors affect how we invest. Biases such as overconfidence or herd mentality will drive our perception of real estate markets, according to studies in behavioural finance. They generally react on immediate short-term market signals that results to changes in investment behaviour. Delhi NCR investors closely monitor trends and keep their investments aligned to the changing conditions and get the best return on their investments. Using both tangible and intangible factors, their potential rewards off they are weighed against a perceived risk either real or potential consumers have. These dynamics deliver valuable insight to stakeholders, enabling them to identify and capitalize on edges in the real estate landscape.

Objective

To study the factors affecting Investor Perception Towards Investment in Real Estate with Special Reference to Delhi NCR.

Methodology

A sample of 229 participants were collected from investors who are interested in real estate. The method of sampling was “Random sampling” for collection of data and examination was done by “Explanatory Factor Analysis” for results.

Findings

The Table 1 demonstrates demographic details, it shows that 60.92% are Male, 39.08% are female. Looking at the age, 34.50% are between 35 to 45 years of age, 26.64% are between 45 to 55 years of age, and 38.86% are above 55 years of age. With regards to Income level, 35.37% are Less than 10 lacs, 31.88% are 10 to 20 lacs, and 32.75% are More than 20 lacs.

Table 1 Participant’s Details

Variables	**Participants**	**Percentage**
Gender		
Male	117	60.92%
Female	112	39.08%
Total	**229**	**100**
Ages in years		
35 to 45	79	34.50%
45 to 55	61	26.64%
Above 55	89	38.86%
Total	**229**	**100**
Income Level		
Less than 10 lacs	81	35.37%
10 to 20 lacs	73	31.88%
More than 20 lacs	75	32.75%
Total	**229**	**100**

“Factor Analysis”

“KMO and Bartlett's Test”

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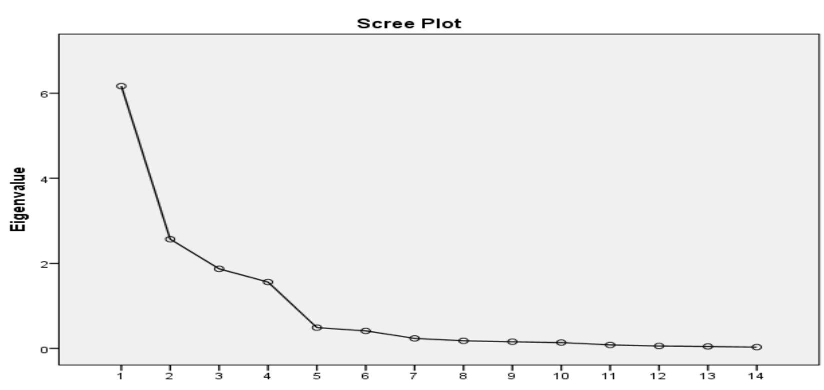
“Kaiser-Meyer-Olkin Measure of Sampling Adequacy”		.777
“Bartlett's Test of Sphericity”	“Approx. Chi-Square”	3701.455
	df	91
	Significance	.000

“KMO and Bartlett's Test”, value of KMO is .777

“Total Variance Explained”

“Component”	“Initial Eigenvalues”			“Rotation Sums of Squared Loadings”		
	“Total”	“% Of Variance”	“Cumulative %”	“Total”	“% Of Variance”	“Cumulative %”
1.	6.167	44.049	44.049	**3.750**	26.784	26.784
2.	2.568	18.346	62.395	**3.625**	25.896	52.680
3.	1.871	13.367	75.762	**2.479**	17.710	70.389
4.	1.561	11.149	86.911	**2.313**	16.522	**86.911**
5.	.490	3.501	90.413			
6.	.413	2.947	93.360			
7.	.236	1.689	95.048			
8.	.179	1.282	96.330			
9.	.158	1.127	97.457			
10.	.138	.987	98.444			
11.	.083	.591	99.035			
12.	.057	.411	99.446			
13.	.046	.332	99.777			
14.	.031	.223	100.000			

The four factors contribute towards explaining total 86.911% of variance. Variance that is explained by Economic Conditions is 26.784, Government Policies and Regulations is 25.896%, Return on Investment (ROI)is 17.710%, and Location is 16.522%.



Scree Plot

“Rotated Component Matrix”

S. No.	Statements	Factor Loading	Factor Reliability

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	Economic Conditions		**.951**
1.	Economic growth, low inflation, and consistent GDP growth signal a healthy environment for real estate investments	.950	
2.	Low interest rates make borrowing more affordable, stimulating investment in real estate	.895	
3.	High levels of employment and rising income levels generally lead to increased demand for housing	.859	
4.	High income level can make real estate investments more attractive, particularly in growing urban areas	.854	
	Government Policies and Regulations		**.959**
1.	Clear and transparent property laws help build investor confidence	.953	
2.	Introduction of laws like RERA has improved transparency and accountability in the real estate market	.916	
3.	Investors tend to favor markets where there is a well-established regulatory framework that protects their interests	.897	
4.	Government initiatives like subsidies for affordable housing or tax breaks encourage real estate investments	.889	
	Return on Investment (ROI)		**.872**
1.	Investors seek properties with the potential for high capital appreciation	.907	
2.	Many real estate investors also seek rental income	.860	
3.	Conservative investors may prefer stable markets with moderate returns but lower risks	.813	
	Location		**.836**
1.	The location of the property plays a crucial role in determining its value, like proximity to highways, metro stations, airports	.933	
2.	Neighbourhood’s characteristics like safety, schools, hospitals, and other amenities, are key considerations	.930	

3.	Upcoming infrastructure developments, such as new roads, metro lines, or business hubs, often lead to property value appreciation	.637	

Factors of the study and its related variables

The first factor of the study is Economic Conditions, the variables it include are Economic growth, low inflation, and consistent GDP growth signal a healthy environment for real estate investments, Low interest rates make borrowing more affordable, stimulating investment in real estate, High levels of employment and rising income levels generally lead to increased demand for housing, and High-income level can make real estate investments more attractive, particularly in growing urban areas. Government Policies and Regulations is the second factor, its variables are Clear and transparent property laws help build investor confidence, Introduction of laws like RERA has improved transparency and accountability in the real estate market, Investors tend to favor markets where there is a well-established regulatory framework that protects their interests, and Government initiatives like subsidies for affordable housing or tax breaks encourage real estate investments. Third factor is Return on Investment (ROI), its variables are Investors seek properties with the potential for high capital appreciation, many real estate investors also seek rental income, and Conservative investors may prefer stable markets with moderate returns but lower risks. Last and fourth factor is Location, it includes variables like The location of the property plays a crucial role in determining its value, like proximity to highways, metro stations, airports, Neighborhood's characteristics like safety, schools, hospitals, and other amenities, are key considerations, and Upcoming infrastructure developments, such as new roads, metro lines, or business hubs, often lead to property value appreciation.

"Reliability Statistics"

"Cronbach's Alpha"	"Number of Items"
.891	14

Total reliability of 14 items that includes variables for factors affecting Investor Perception Towards Investment in Real Estate with Special Reference to Delhi NCR is 0.891.

Conclusion

Private investors continue to snap up residential property that suits institutional investors' search for rental income and long-term appreciation if needed. For them, commercial property is more interesting owing to the higher yields possible through diversifying investments beyond stocks and bonds. Prior to injecting money, foreign investors carefully weigh the political stability, legal system, and exchange-rate risks of a country. For investors, infrastructure projects such as the expansion of a subway line can dramatically affect property values, underpinning sentiment in the market. Economic indicators, such as GDP growth, interest rates, and inflation, affect affordability as well as profitability. Behavioural economics explains how people's prejudices—in this case, over-optimism- lead them to make poor investment decisions. The factors affecting Investor Perception Towards Investment in Real Estate with Special Reference to Delhi NCR are Economic Conditions, Government Policies and Regulations, Return on Investment (ROI), and Location.

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