



Understanding Investor Behavior Towards REITS in India: A Qualitative Approach

Riya Shah¹, Himanshu Prajapati², Purva Kathiriya^{*3}, Karan Nilesh Radia⁴

^{1,2,3,4} Faculty of Management Sciences, Adani University, Ahmedabad, India
purvakathiriya.im24@adaniuni.ac.in

Abstract. In India, Real Estate Investment Trusts [REITs] currently manage assets worth ₹1.52 lakh crore. However, retail investor participation remains low at just 4% as of 2024, even though the market is expected to grow to \$200 billion by 2030 [19]. This study explores the behavioural reasons behind these challenges, specifically focusing on investors' awareness levels, perceptions, and decision-making habits to suggest effective ways to boost REIT adoption in India's growing market. Using a qualitative approach, this research brings together insights from focus group discussions held with a mix of investor types, such as salaried individuals and business professionals. It also includes in-depth interviews with fund managers, sales agents, and relationship managers. By involving multiple stakeholders, the study uncovers detailed insights into investor attitudes, the role of intermediaries, and how people view regulations, all of which shape the current state of India's REIT market. Findings show a major gap in awareness that over 60% of retail investors don't know about REITs or what they offer. Even among those who do, many view REITs as high-risk due to market difficulties, unclear regulations, and the product's complexity. Contrary to widespread belief, high entry costs are not the main issue, as the minimum investment ranges from ₹10,000 to ₹50,000. Instead, it concerns how easy it is to buy or sell REITs. Most prefer familiar options like fixed deposits or mutual funds, which feel safer. Still, urban investors with better financial knowledge are more willing to consider REITs, especially when guided by skilled advisors. From the study, several propositions are made. Investor education should be of paramount importance if we are to increase the level of REITs adoption. Financial literacy and an understanding of how REITs work would have to be enhanced by awareness campaigns that target both institutional and retail investors. All these initiatives should be clear in describing the advantages of REITs, like the potential for generating steady income and having diversified investment portfolios. Financial institutions should try to alleviate any concerns that investors may have and do so while educating them in respect to risks, expected returns, and regulatory changes. Making these resources freely and easily accessible creates goodwill and enables investors' wise decision-making. Furthermore, simplifying all regulatory communication would ease the investment path to REITs, especially from a tax and procedure perspective, as well as in terms of exit choices. Consequently, better clarity would alleviate doubts and spur more individuals to invest in REITs. The very aim of these policies is to shorten the gap between the strong potential of REITs and poor adoption and make the way for a more informed and investor-friendly environment. This study is important in that it provides a detailed understanding of the viewpoints of many stakeholders in India with reference to REITs and

provides some useful suggestions from their perspective to investors, financial institutions, and policymakers. Raising awareness and simplifying the regulations will contribute to economic expansion and broader financial participation and realize the full benefits of REITs. Future studies can look at the long-term performance of REITs and their larger social and economic impact.

Keywords: REITs [Real Estate Investment Trusts], Investor behaviour, India's REIT market, Investor perceptions, Financial literacy, Investment options, Regulatory challenges.

1 Introduction

The international housing market has been among the major contributors to prosperity and economic development. Nevertheless, low liquidity and the high entry point have restricted access for common investors. This has seen the emergence of Real Estate Investment Trusts [REITs]. REITs increase the difficulty for people investing in real estate portfolios that generate revenue. Their shares are quoted on the stock exchanges, and this provides an opportunity to make low-value investments in various property portfolios. This business would guarantee continuous revenues and capital increase. REITs are a conventional type of investment and a sizable percentage of the real estate market in such countries as the United States and Singapore.

In 2014, India embraced REITs that were regulated by SEBI. This was necessary in the structurization of the real estate sector and the boosting of domestic and international investment. Currently, the investment managed by REITs in India amounts to approximately 1.52 lakh crores, and it is already projected to go up to close to 200 billion dollars by 2030. Despite this, potential retail participation is surprisingly low, with an estimate of 4 percent in 2024. The paradox presents a policy dilemma, which this paper concentrates on.

This study is based on the behavioural and practical determinants of participation. It examines understanding, risk perception, liquidity perceptions, regulation, tax transparency, and agency. The research contributes to the current body of knowledge on performance and governance through a qualitative analysis of the experiences and preferences of Indian retail investors. It is aimed at establishing a more direct route to increase participation.

1.1 Scope and boundaries

This paper examines the behavior of retail investors in Indian Real Estate Investment Trusts [REITs] that are listed. It evaluates the degree of awareness and their perceptions, drivers of their decisions, and change reluctance. Research has been based on the qualitative approach, where instead, an in-depth interview and focus group discussion are applied together with the investors and financial intermediaries using exploration research design. These respondents were selected on purposive basis.

The paper focuses on behavioural and practical elements, such as lack of awareness, perceived risk, liquidity perceptions, and explaining the regulations and taxes. It also considers the effects of financial intermediaries. Nevertheless, quantitative performance testing and primary legal analysis are not part of it. The goal of this step is to pre-test more extensive quantitative research in the future that will hypothesis and a behavioural model.

The results, themes, and suggestions are specific to the Indian listed REIT market and the period during which the information was gathered. Nevertheless, the study is very descriptive and thus is able to transfer to other markets, though it is contingent upon changes in markets, reporting period, and the nature of the investors.

1.2 Key Terminology & Metrics

To study REITs in a Comprehensive way, various important metrics require proper descriptions in a non-list format but written in an extensive form to address the academic criteria without altering the true meanings [1]. Net Distributable Cash Flow [NDCF] is associated with the amount of cash that can be given to the unitholders. According to the requirements of SEBI, at least 90 percent of this income should be distributed, and thus REITs can be used in income-oriented investments, which are appealing to investors who need yield [1]. Distribution Yield- This is the percentage per annum for cash distributions of the market price. This indicator provides an easy method to underwrite the opportunity of incomes among the instruments listed, but also against the rates of deposit within existing interest market settings [2]. The Net Asset Value [NAV] is the approximate market value of all property in the portfolio, with less liabilities, per share [unit] of property. It is frequently used as a standard against which to determine the higher or lower prices of the markets of the underlying assets than their value [2]. Occupancy refers to the ratio of leasable space that is leased, which defines the short- term revenues prospects. The expiry of leases is presented as a weighted average [WALE], and longer WALES imply a stronger stability of the cash flows and predictability [2].

1.3 How REITs Generate Returns

Indian REITs provide three means of yielding total returns that include dividend income, interest income, and capital gains. All these returns add up depending on portfolio strategy, financing structure, and market conditions [1]. The dividend income is justified by the legal requirement of 90 percent of the distribution of NDCF, which is derived from the net rental income, net of expenses. This revenue may be enlarged with predetermined steps and by inclusion of additional items in portfolio investments to expand the source of income [1]. Interest revenue will arise when the REITs are lent to SPVs or subsidiaries. These interest payments are included in distributions, and in most cases, they are treated differently than dividends by many investors. This promotes the role of effective communication regarding after-tax returns [3]. Capital appreciation is associated with the way the market will value the REIT units. The

valuation is better as the prospects of increased income results with increased occupancy, escalation, and acquisition of assets. It supports any price increases and is correlated with the cash flows based on real estate and subject to industry cycles [2].

1.4 Different Types of REITs

The research also retains the initial definition but alters the list points to paragraphs explaining the key kinds of REITs [1]. Equity REITs are property owners and managers of revenue-generating property. Their primary source of revenues is in the form of rents of offices, retail malls, residential complexes, and hotels, among others. This segment is the largest in most regions [2]. The mortgage REITs specialize in financing mortgage originating, as well as investments in mortgage-backed securities. They make money through interest and dealing in spreads rather than property business, which leads to other sensitivities to interest rates [2]. Hybrid REITs consist of direct ownership coupled with mortgage investments. Such combination will offer stable rental and interest stream, potentially used to balance distributions across time and minimize risk [2].

Statistically, Brookfield, Embassy, Mindspace, and Nexus are projected to yield an average of 6.54, 5.42, 4.58, and 5.14 on distribution accordingly in the next financial year FY24. As shown by stacked proportions, the FY24 estimated break down of distribution between Brookfield, Embassy and Mindspace projects is as follows: Brookfield, 47% interest, 4% dividend, and 49% capital repayment; Embassy, 22% interest, 42% dividend, and 36% capital repayment; Mindspace, 10% interest, all rest as dividend followed by capital repayment; Nexus, 32% interest, all rest as dividend followed by capital repayment.

1.5 REITs in India

An In-depth Analysis of The Four Listed Trusts. The paring of the listed trusts used in India is sustained and extended to paragraph forms to maintain the data integrity and to provide the context continuity [4][5][6][7]. Brookfield India Real Estate Trust deals with campus format office parks of Mumbai, Gurugram, Noida, and Kolkata. It has just quoted occupancy rate at 88 percent and a weighted average lease expiry of 7.0 years. The third quarter was 5.25, a unit sum consisting of 1.89 of interest component, 2.71 amortization of SPV level debt component and 0.63 dividend component. The trust will record sales of 2,386 crore during the previous fiscal year and 0.05 debt-to-equity ratio, indicating a conservative leverage profile and the capacity to make distributions by the cash income and capital management [7] [8]. The first to list in India, embassy office parks REIT owns Grade A commercial offices in Bengaluru, Mumbai, Pune and in NCR with an 88 percent occupancy as on June 30, 2025. The portfolio consists of 14 business offices and 107 structures. It has reported a total distribution of 5.80 per unit in the first yearly period of FY2026 which included 0.18 units in dividend, 3.61 unit in interest and 2.01 unit in capital repayment.

Hotel holdings and a 100-MW solar park add to holding in which offices contribute an approximate of 90 percent of turnover [4][19]. Invested in campus-format offices and

data center- proximate assets in Mumbai, Pune, and Hyderabad, Mindspace Business Parks REIT sponsored by K Raheja Corp Group [announced ₹4.80 per unit of Q1 FY2024] disclosed that 90.2 percent of this distribution was tax-exempted dividends. In a recent quarter, it was reported to have net operating income of 4,570 million, a net debt to market.

Value of 17.6 and margins of over 80 in terms of NOI, which indicates that it has a sound profile on its operations and high discipline on its leverage [5][9]. The Nexus Select Trust is the initial retail-based REIT in India having 19 urban consumption centers in fifteen urban areas, three hotels, and three offices. Its occupancy rate, as at retailing, is 97.2% and declared Q1 FY26 turnover of operations is 6.1 billion and net operating income is 4.6 billion and the loan-to-value ratio is 18. The trust still has good distribution practices, and it has been working on stabilized urban retail [6]. The pipeline of the market is growing whereby Knowledge Realty Trust plans to issue IPO in August 2025 where they state that they are the largest office REIT in India with assets in Bengaluru, Hyderabad, and Mumbai. SM REIT Property Share Investment Trust SM REIT is holding an unprecedented SM REIT IPO in December 2024. Also, Bagmane Prime office REIT was registered by SEBI in July 2025, and Office Realty Trust was registered in October 2024, both of which are positive signs that the Indian REIT ecosystem is expanding [10][11][1].

1.6 Cross-country comparison

The experience in other countries provides an insight on the evolution of REIT in India and demonstrates how it could generate more involvement, enhance liquidity, and stabilize the cycle distributions. The more established markets such as the United States, Singapore and Australia have a greater variety of sectors, including industrial, logistics, data center, healthcare, hospitality, residential and specialized assets. This variation will lessen dependence on a solitary economic attribute and will provide investors with more distinct risk and returns choices than the prevailing tendency in India of concentrating on the Grade-A offices [2]. The S-REIT system in Singapore illustrates the advantages of transparency on tax pass-throughs, initiative-taking cross-border acquisition policies and passive inclusion in index that aid the ETF generation. These aspects reduce the research burden among the retail investors and increase participation. Other the same strategies could be seen in India where the ongoing diversification of the sector, the standardization of communication regarding distribution taxes, and index-linked products may be used to attract demand [2].

The volume and diversification of REITs, secondary markets, and an abundance of analyst coverage in the US contribute to the production of tighter spreads, increased turnover, and fair price discovery. This minimizes the perceived danger of being trapped, which has been identified numerous times by qualitative responders in India as an obstacle [2]. The listed property trusts in Australia demonstrate that long-term payouts can be supported by a disciplined disclosure, a conservative balance sheet as well as active capital recycling.

This can provide an example of issuer dashboards in India, put into a more occupancy, WALE, tenant diversification, and leverage limit-centric, which will assist in increasing investor confidence [2]. Three themes of design are prominent in these markets, namely transparent taxation and distribution procedures; wide industry diversity, which makes portfolio construction according to risk tolerance possible; and passive investments that transform diversified exposure into a one-trade experience. All these themes take a direct response to the existing adoption issues in India and provide feasible subsequent measures to be undertaken by issuers, exchanges, and regulators [1] [12].

Considering these lessons applied to India implies a prioritized roadmap: first, establish a uniform, readily understandable templates of distribution and taxes across issuers to provide a consistent post-tax implication; second, accelerate listings which have non-office fundamentals such as logistics and retail to increase the pool of investment and reduce concentration risk in the sector; and third, create REIT indexes and one day ETFs to glean liquidity and provide an easy to use entry point to mainstream savers, like an equity index fund [1] Coll Moreover, case-based materials at the issuer level covering best practices in the world, such as stories about quality of tenants, lease roll bookings, sensitivity tables on interest rates, and scenarios on cap rates could turn complicated risk ideas into straightforward dashboards. This can improve the knowledge of the new investors and assist with the delivery of advice by the intermediaries [5][6]. On the whole, the foreign experience indicates that efficient communication regarding cash flows, heterogeneous industry organization, and unified access tools are among the main aspects that may aid in changing the young, office-based market into a mature, retail-ready REIT infrastructure [2] [13]

2 Background and Literature Review

Indian REIT market is new; however, it has a solid regulatory framework. SEBI stipulates that most investments must be made in already finished ones, which generate income. This minimizes building risks and encourages predictable earnings of unitholders. Constant payouts are also promoted by the rule of 90 percent distribution [1] [3]. Awareness among retail investors, on the other hand, is exceptionally low. Different research and polls point out that lack of knowledge, visual distaste of low entry-level returns, and poor product choices inhibit action. These are consistent with the results of interviews and focus groups on this study, which have found that awareness is a critical hindrance to liquidity [14][15]. The liquidity in Indian REITs is getting better, yet in comparison with more developed markets. In combination with the complexity of the regulations, particularly their approach to taxing various elements of distribution, these issues make the adoption intricate and cannot be resolved with an easy policy adjustment [2] [12].

2.1 Barriers to Investment Behaviour and Psychology

The evidence can be well understood by relying on behavioral finance. The investors tend to take shortcuts and are affected by perceived risk, uncertainty, avoidance and availability biases. These considerations are inclined towards previous products such as fixed deposits and mutual funds rather than new and complicated and low-volume structures [16] [15]. The absence of a physical presence with listed trust units in comparison to real estate makes it uncomfortable. A number of interviewees said that REITs were like numbers on a screen, whereas physical property appeared safer. This emotion strengthens a mental wall, which is difficult to overcome without the help of a trusted person or real, repeated evidence of the fact of stability and good [14]. Financial intermediaries make a large contribution to the way of dealing with these biases. The presence of brokers and analysts has a strong hold on the retail behavior of the equity market in India. Within the REIT arena, wealth managers and advisors can make the complex easier, precise in the presentation of risks, and provide the social reinforcement that glues conversion of interest into an investment [17].

2.2 Our Contribution and the Research Area

The previous studies have concentrated primarily on the performance metrics, rules, and the general market trends. It has failed to dig deep into the causes of low retail involvement, especially liquidity believed problems, tax knowledge, and confidence in intermediaries [2] [1]. The gap in this study is that of factoring in the opinions of investors, developers, and intermediaries. It will seek to define and describe the psychological and practical frustrations that prevent participation. The research demonstrates that intermediary networks minimize perceived risk and suggests a transparent model that can be used to support educational activities and policy modification as well as to support future quantitative studies [14] [15].

3 Research Methodology

The research paper tries to understand the perception of the Indian investors towards the Real Estate Investment Trusts [REITs] through qualitative methods. Our choice of this method is explained by the fact that the available literature lacks the comprehensiveness of understanding of the awareness of Indian retail investors, their decision-making process, and their impediments to the adoption of REITs. The Indian REIT market is in the infancy stage and rich, descriptive data can give a complete picture on the psychological, social, and structural aspects that are hardly considered using purely quantitative techniques. This first qualitative stage would set up a great basis of a more significant quantitative study by formulating provisional theories, which can be evaluated, with a conceptual framework of the assumed intricate compositions of behavior in this market.

Research involved two primary qualitative data gathering approaches including in-depth interviews [IDIs] and focus group discussions [FGDs]. We have used purposive sampling where we will be targeting individuals with the right background, and here,

we will have participants of different types of investors which includes a combination of salaried individuals and self-employees, and a variety of market experts, i.e. real estate developers, portfolio managers, wealth managers, and equity research analysts. This strategy got a wide scope of professional and amateur views. Report participants used to select participants of the IDIs according to their experience at work and personal investment experience. The interview was of a semi-structured type, where there was coercion to develop out of the themes and allow the conversation to take its natural course. FGDs were determined to encourage group dynamics that bring to light common perspectives and social forces that are not so apparent in single-person interactions, and then the process of data gathering was kept on until we arrived at theoretical saturation, that is, there were no new themes or understandings developed.

To ensure quality and ethics of the research, we ensured credibility in the research by being extremely critical in the coding and cross checking of the researchers to minimize biases. We hosted trustworthiness through having a clean and transparent audit trail where entire process of data collection to analysis was recorded. Transferability was promoted by providing descriptions of the profiles of the participants and the settings in which the described scenario can take place to be able to evaluate them in other situations. There were also strict ethical guidelines, which guaranteed the confidentiality of all the participants and gave them informed consent to participate in the study.

Thematically, the transcripts used in data analysis were analyzed using thematic analysis in a systematic manner of both the IDIs and FGDs. This started with the familiarization where we read and reread material to grasp tone and context. The second step entailed producing initial codes highlighting important themes and phrases, relying on deductive codes formed at the beginning of the study [awareness, perceptions, decision driver] and inductive codes [formed during the data analysis] [platform convenience, fear of tangibility, tax confusion]. After that we identified and narrowed down on themes using collaborative review, discussion and balancing using similar codes to encompass delicate meanings of the experiences of participants. We lastly established and named the final themes with an explicit description of each one, which led to a report which summarized findings about the research objectives. This identified four primary themes that continue to explain why retail investors invest less in the Indian REIT market, which are general awareness gap, perceived risk and psychological barriers, the essential involvement of financial intermediaries, and pragmatic issues and barriers to adoption, including perceptions of liquidity and regulatory and tax misunderstandings of take-home returns and distribution models.

4 Data Analysis

Data was analyzed with the use of a descriptive Thematic Analysis framework of both in-depth interviews [IDIs] and focus group discussions [FGDs] that were strictly transcribed. It was a step-by-step process that converted raw stories into meaningful themes about the objectives of the study. The familiarization was the start of the analysis. The transcripts are read and re-read by researchers to get the content, tone, and context. They then proceeded to formulate preliminary codes that represented

important ideas and prevalent phrases. This involved taking the study objectives along with awareness, perception, and decision drivers codes and cross-combining them with those that came naturally out of the member stories of platform convenience, fear of tangibility, and tax confusion. This method ensured that both planned and discovered items were incorporated in the coding.

Then the coded material was collected and narrowed down into themes through teamwork, discussions, and further focus. Similar codes were combined, and the new themes were developed to represent participating subject concepts more appropriately. The result of such a process was a stable thematic structure, and this was completed by defining and naming the themes to demonstrate their scope and focus of analysis. The last phase coordinated evidence to address the research objectives comprehensively.

The analysis that followed found that each of the four aspects could be used to define why retail investors in the Indian REIT market were not interested in participating in the market in large numbers. To start with, the Pervasive Awareness Deficit demonstrates that retail investors understand little about REITs, as more than 60% are not aware of REITs. The level of superficial knowledge about the mechanics of income and taxes, as well as the choice of those products that are familiar to people, such as fixed deposits [FDs] and mutual funds, is also apparent. Second, Perceived Risk and Psychological Barriers emphasize concerns over commodity price fluctuations within a risky asset sector and uneasiness because of the intangibility of an asset listed in the stock market versus the existence of a physical asset. Third, The Role of Financial Intermediaries indicates that financiers or wealth managers and financial consultants are credible people who ease difficulties, provide a sense of safety and persuade them to think and invest, especially the high-net-worth individuals [HNIs] and city dwellers. This has a trickle effect. Fourth, Practical Barriers to Hurdles and Adoption: The obstacle of Perception of liquidity is found instead of the minimum ticket size as the greatest discouraging factor. They also point to regulatory and tax conflicts regarding the operating mechanisms of distribution and distribution returns that cumulatively affect confidence and participation.

Based on these themes, the analysis discussed three propositions pertaining to the objectives of the study. The fact that there is an awareness gap between the different investors is the claim of proposition 1 which claims that more than 60 percent of the retail investors are either unaware of REITs, or only partially aware. They do not know how these products perform, taxation and the returns that can be expected and so are more likely to go with FDs and mutual funds. According to proposition 2, entry costs are not significant compared to worries about liquidity and regulations. To avoid a perceived lack of illiquidity and confusion to the investors, regulatory and tax communication must be simple and transparent on how the units of REITs can be easily bought and sold. Proposition 3 focuses on the importance of intermediaries such as financial advisors and wealth managers in influencing and encouraging the use of REITs. They aid in simplifying complexities, perceived risks and close the culture of awareness-to-adoption gap particularly among the urban investors that tend to be more

financially literate. This renders them as important conduits of education and effective communication towards increased adoption.

5 Compared Analysis of Returns

REITs vs. Traditional Real Estate: Direct property investment is typical of accumulating wealth in India. There is, however, a distinct benefit of REITs where liquidity and professional management are offered without the excessive entry price. **Residential Real Estate:** It is the most popular kind of property investment. It is highly emotionally charged, and, in most cases, it is financed by borrowing money using home loans. Regrettably, residential properties have traditionally yielded low annual rental rates, typically within the 2-4 percent spread in the main cities. The potential increase in the overall returns to capital to 8-9 percent in the year, however, the market tends to have a high turnover of tenants and is also associated with the need for repair. **Commercial Real Estate:** Direct investment through commercial building, including offices, retail spaces and warehouses, is typically more lucrative in terms of rental value between 5-7%. It is also more capital appreciative as its yearly returns are 13-15% over a 10-year horizon. However, the entry barrier, lower liquidity, and more complicated management are extremely high in this approach.

REITs: REITs serve the purpose of opening high-yielding commercial property to larger numbers of investors. They provide a predictable revenue through their portfolios with a yield of dividends at a rate of 5-7 percent in the case of the Indian REITs. Its primary advantage is liquidity since the units of REIT are listed in stock exchanges and thus, involved investors can purchase and offload them comparatively easily. This is a significant difference to months or years that it takes to sell a physical property. As the market reports, commercial real estate is better in terms of returns than residential investments, although many retail investors cannot invest in this property due to their high capitalization and poor liquidity. REITs respond by delivering returns equivalent to commercial real estate and have a lower entry point and increased liquidity. That is why the return and liquidity prospects of REITs become a good selling point relative to conventional property investment.

REITs, Stocks, and Mutual Funds: Stock Market [Equities]: The Indian stock market record shows that it has a high history of giving great returns overall, and the average annual growth is usually in the range of 10-15%. However, equities are associated with high volatility in the short run and must be actively investigated and controlled to reduce risk.

Mutual Funds: The mutual funds raise funds and bring together several investors to make a diverse portfolio. Equity-based plans offer professional management and can raise returns over the long run like the general stock market. They are also not as volatile because they are diversified into various areas. They are the favorite choice of many retail investors because they are very liquid and have a low minimum investment.

REITs: Indian REITs are a hybrid between fixed income and capital gain and have an average annual return of 9-15, which is competitive with equity funds. In contrast to

other mutual funds, REITs are required to pay out dividends to members that are at least 90 percent of their net distributable cash flow, with the result of a regular stream of passive income. Although their fluctuations are not as high as those of individual stocks, their movements are subject to the real estate cycle and may be affected by property- induced risks.

This comparison indicates that REITs are placed between the high volatility of the stock market and the professional management of mutual funds. The figures have shown that the returns of the REIT are competitive compared to the equity funds. They are, however, better off in the fact that they have a steady and predictable dividend flow through their real estate property and that other types of investments may not ensure the same. This makes them a good investment choice among the investors who prefer a passive source of income.

Table 1 : Comparative Table

Investment Class	Typical Annual Returns [Approx.]	Liquidity	Entry Barrier	Primary Advantage
Residential Property	8-9% [incl. rental & appreciation]	Very Low	High	Tangible asset, emotional value
Commercial Property	13-15% [incl. rental & appreciation]	Very Low	Very High	Higher potential returns
REITs	9-15% [incl. distributions & appreciation]	High	Low	Passive income, liquidity, diversification
Mutual Funds [Equity]	12-15%	High	Very Low	Diversification, professional management
Stock Market	12-15%+	Very High	Low	High growth potential, maximum liquidity

5.1 Discussion

This paper employed the exploratory qualitative research design on the key problem of poor retail investor involvement in the Indian REIT market. Our in-depth interviews and the focus group discussions provide a clear picture of this issue. We not only

pinpoint our lack of awareness but also reveal a concomitant set of psychological, social, and practical impediments.

The Psychology of Risk and Uncertainty: Our key observation here is that the awareness gap is not only a mere lack of knowledge, but it is the foundation of a psychological structure that affects the behavior of investors. The weakness of investor confidence is a direct result of the lack of knowledge as illustrated in our model. Such loss of confidence renders investors highly inquisitive to perceived risks concerning market fluctuations and volatility of REIT. This relates to Prospect Theory, which holds that the apparent risks of losses are powerful influencing factors in investment decision-making. In the absence of definite data, the threat of a loss of money with an unknown product is higher than the prospects of stable and long-term gains. These concerns described by the participants are that REITs are only a number on a screen, that life is presenting this psychological discomfort, and that the participants prefer the tangible. This is a profoundly serious behavioral impediment as opposed to a knowledge gap.

Liquidity and Regulatory Hurdles: The minimum ticket size of REITs is not a problem, but the perception of both liquidity and clarity of regulations was identified as a great hindrance. The qualitative data indicated that the investors are concerned about being locked into an investment that they cannot easily get out of. This perception of illiquidity is a powerful demerit to the asset class, which swamps any positive perceptions. Also, misunderstandings in the tax and procedural implied features of REITs pose a great gap in information and impair trust. This implies that merely reducing the ticket size will not be enough; there is a need to delve deeper into the market by attempting to communicate in a manner that is easy to understand and content to gain the trust and confidence of investors.

The Pivotal Role of Intermediaries and Market Evolution: The findings of the study strongly indicate the central position of financial intermediaries. The influence of wealth managers and financial advisors serves as a high-level of moderation as demonstrated in our model. These are professionals who will not just be viewed as sources of information. They provide the confidence and the social validation that most investors would need to resolve their psychological issues. To urban and high-net-worth investors, the suggestion by a trusted counsellor can be a difference-maker, transforming dull consciousness into an investment ambition.

This opinion is confirmed by the feedback of one of our distributor participants in mutual funds, who provided an interesting insight into the development of the market. This shift, according to this intermediary, is a long-term one, i.e., it relates to the substitution of fixed deposits with REITs. They feel that all investors will eventually transfer part of their capital from traditional, low-paying investments, such as fixed deposits, into more aggressive, stable investments, such as REITs. This implies that the present low levels of adoption are only a temporary phase of a bigger process, which is predictable and favorable in market development. It further supports the idea that the process of being an investor begins with the perceived security of a fixed deposit, and

she moves to the comfort of mutual funds, and finally to the more complex and income-producing plans such as REITs.

6 Conclusion

The review of the Indian REIT market provides evidence of the industry is ready to grow tremendously, yet has some significant challenges that are significant and must be resolved. Despite the youthfulness of the market, it has established a base with a good regulatory system, which has been overseen by SEBI. Investors were enjoying a new avenue to make investments in income-generating property without inherent costs and non-liquidity of direct property ownership, as the successful listing of major players such as Embassy, Mindspace, and Nexus opened a new way for the investors to invest. Nonetheless, based on our study, especially analyzing the behavior of the investors, there is a tremendous gap in investor awareness. The primary obstacle to increased retail involvement is the limited knowledge that people have about REITs as an asset category. This observation is consistent with other research. Risk and complexity are of concern here due to a lack of knowledge. This has caused most investors to favor conventional products such as fixed deposits and mutual funds. The recent orientation of the market towards the office sector contributes to this problem as well, exposing investors to economic declines and not being diversified.

This approach requires a collaborative process to get out of this primitive state into a more advanced market. In our policy suggestions, we have indicated that regulatory bodies, managers in individual REITs, and financial educators should work together. SEBI ought to strive to harmonize the learning contents and encourage financial literacy. Meanwhile, REIT managers should enhance transparency and communication to earn the retail investors' trust. This market also has to diversify beyond the office spaces into other divisions such as industrial logistics, data centers, and retail. This would offer additional investment options and would decrease the concentration risk.

Summing up, although the Indian REIT market has come a long way, it will be successful in the long term because of the ability to attract and retain a substantial and knowledgeable population of investors. Meeting the challenge of awareness, concentration of the sector, and liquidity, the market will become a vital component of the financial system of India, which provides investors with a constant source of revenue and contributes to the development of the real estate industry.

6.1 Findings and Insights

The research integrates the data into three hypotheses that validate the main obstacles and determinants identified during the fieldwork and literature [14]. According to Proposal 1, the awareness gap between the various kinds of investors is high and influential. Over 60 per cent of the investors have no idea of what some of the options are about, so there is a steady tendency to utilize what he or she knows and limit the opportunity to identify and embrace new products [15]. The argument put forward in

proposition 2 is that the feeling of liquidity and clarity in regulations or in matters about distribution and taxes are greater deterrent than minimum investments. Any fear of being trapped by the illiquid position retards adoption, although the formal escape route in the form of the exchange listing already exists [3]. Proposition 3 highlights the fact that mediators are essential as influencers. They can have a huge influence on the intentions of the investors due to their endorsements and explanations. The implication of this is that advisory networks should be equipped with clear and consistent information to hasten adoption [17].

7 Future research potential

An organized research sovereign of this research and development includes measurement, causal inference, market design, and policy evaluation. This agenda may be executed with the help of multi-method programs that are based on the qualitative concepts discussed here.

To begin with, measurement research is to translate the following concepts to validated scales: awareness, perceived liquidity, tax understanding, intermediary trust, and perceived risk. Such scales ought to incorporate objective knowledge modules like elements of distribution and taxation with self-reports to minimize the common-method bias. This will also enable monitoring of changes in both the past and between various groups, such as the levels of the city and income groups [14][15].

Second, survey experiments with randomization of communication strategies, such as liquidity scorecards, distribution tax calculators, myth-versus-fact explainers, can lead to an improvement of causal inference. These plans will provide an estimate of the impacts of these interventions on the intention to invest and study the mediation effects of these interventions through the lens of perceived clarity and confidence. The connection between intention and action can subsequently be proven by field A/B tests using intermediaries and platforms [1][17].

Third, a longitudinal panel should track novice and experienced unit holders to examine the habit formation as well as survivorship in rate cycles and sector transitions. In this study, the variables of portfolio KPIs [occupancy, weighted average lease expiration, net operating income margins, leverage] and market microstructure [spreads, depth, turnover] will be linked to investor retention and reinvestment. The strategy will aid in decoupling between performance attribution and effectiveness of communication [12][2].

Fourth, the research on market design can study whether the index construction, introduction of ETFs, and standard disclosure templates can reduce perceived entrapment and enhance participation. To quantify the changes in the exchange- and issuer-level to order-flow shocks, researchers must employ the exchange- and issuer-level data [13][1].

Fifth, the diversification of the sector needs to be researched with comparative ones with office, retail, and emerging ones, such as logistics and data centers. The studies on them must be conducted to determine their responsiveness to macro factors like GCC growth, consumption, and intensity of capital expenditure. It also must involve a test of cap rates and cost of capital to establish sustainable ranges of distributions in each sector [18] [2].

Sixth, the policy evaluation should simulate and, where feasible, pilot simple tax communication standards on issuers. Such norms might consist of common forms of distribution breakdown, slab-wise examples, and basis-adjustment primers. It will also be aimed at evaluating their effectiveness and accuracy in reporting, in partnership with regulators and associations [3] [1].

Seventh, persona-based interventions can be piloted by matching FD loyalists, mutual fund users, yield seekers, and tax optimizers with their respective personalized messages and advisor scripts. What is needed is to quantify the increase in the comprehension and probability of allocation on various personas and distribution channels [17] [4].

Lastly, comparative analysis should be done to assess the governance by the sponsors, the safeguarding of related parties, the valuation, and the ESG disclosure as elements that affect perceived trust. This research project ought to relate the governance rating with the cost of capital and the secondary liquidity of the market in REITs in India and the SMs to inform the best practices at the sponsor level [1] [10].

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