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The Future of Real Estate Investment: How Fractional Ownership is Reshaping the Market

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KEYWORDS

Fractional Real Estate Investment (FREI), Blockchain and Tokenization, Investor Sentiment and Risk Perception, Liquidity and Secondary Markets, Regulatory Frameworks in Real Estate

ABSTRACT

Fractional Real Estate Investment (FREI) is a new investment scheme where several investors can share ownership of expensive properties, increasing accessibility and diversification of real estate. Investor attitudes, choices and fears towards FREI are investigated in this research through an online questionnaire. Major findings indicate that investor familiarity is low, but willingness to invest rises with assured returns and safe exit options. The research underlines the importance of regulatory support, platform transparency and liquidity mechanisms in influencing investor confidence. Recommendations such as raising financial literacy levels, enhancing transparency on platforms, developing better secondary markets, and reinforcing regulatory frameworks have been proposed to promote trust and uptake of fractional ownership in real estate.

I.INTRODUCTION

Real estate has historically been a capital-intensive asset class that restricts retail investor access. Fractional Real Estate Investment (FREI) is revolutionizing the industry by enabling multiple investors to collectively pool funds and purchase shares in real estate. While its potential benefits exist, investor education, transparency on platforms, liquidity and regulatory issues still exist.

This research will determine investor sentiment and readiness to invest in fractional property ownership. Through an online survey, it analyzes important factors affecting investment choice, such as return expectations, risk factors, government policy and technology use. The results inform how platforms can enhance their offerings to tap a wider base of investors and close current gaps in the market. Finally, the study adds to the expanding literature on alternative investment models and development of real estate finance in a fast-changing digital economy.

Dependent and Independent Variables

Investor Adoption of Fractional Ownership in Real Estate – The willingness and extent to which investors engage with fractional ownership schemes.

Independent Variables:

1. Perceived Return on Investment (ROI) – The perceived rental return and capital growth.

2. Liquidity of Investment – Accessibility to exit investments and the presence of a secondary market.

3. Market Volatility and Risk Perception – Investor confidence as a result of market volatility and real estate stability in general.

4. Platform Credibility and Governance – Confidence in fractional ownership platforms for security of investment and transparency.

5. Regulatory Environment – Effect of SEBI and other regulatory environments on investor confidence.

6. Investor Awareness and Financial Acumen – Role of financial education and comprehension of fractional ownership.

7. Technology and Accessibility – The convenience of investing online through platforms and investor participation in online real estate investments.

8. Diversification Benefits – The degree to which fractional ownership enables investors to diversify their portfolios outside of conventional assets.

Review of Literature

The research of Zinzuwadia (2021) delves into fractional ownership within the Indian property sector using a web-based portal. Fractional ownership enables different investors to pool high-value property holdings, offloading individual expenses in favor of communal benefits through ownership. The work identifies integration with machine learning algorithms, more particularly linear regression, to determine forecasted value of properties as well as their return. The research concludes that this system improves investment accessibility and decision-making through real-time analytics and a formalized investment process via Special Purpose Vehicles (SPVs).

Fractional ownership is becoming popular in real estate investment, where one can invest in a part of high-value property without the entire financial responsibility. Lowies, Whait, Viljoen, and McGreal (2018) discuss new investment models that transform conventional ownership patterns. Their research indicates how new financial products and collaborative investment strategies enhance market accessibility and liquidity. As fractional ownership matures, it disrupts traditional real estate investment models by lowering barriers to entry and spreading risk. This movement is part of a larger trend in the markets that uses digital platforms and blockchain technology to create transparent and efficient property transactions. The findings from this study create a basis for understanding the long-term effects of fractional ownership on investment patterns and market stability.

The growing application of artificial intelligence (AI) in risk estimation for fractional real estate investment is reshaping conventional investment approaches. Wali (2024) presents an LSTM-X model that incorporates external drivers to better predict risks in loan-dependent fractional commercial real estate transactions. The research identifies the risks brought about by market volatility, uncertainty in property performance, and economic factors, calling for sophisticated AI-based models to cushion investment risks. The study proves that AI-driven models outperform traditional statistical methods by a wide margin in predicting property value changes, rental income fluctuations, and investment risks. Through the use of deep learning methods, fractional investors are able to make better-informed choices, minimizing financial risks while maximizing returns. These results reflect larger trends in real estate investment, where AI and blockchain-powered fractional ownership are transforming the sector. The research highlights the need to incorporate AI-driven analytics in risk management practices, affirming the position of technological innovation in improving market stability and investor confidence.

Andrew Baum (2020) discusses real estate tokenization as a revolutionary use of blockchain technology, solving central issues of illiquidity, high capital demand and inefficiencies in conventional property investment. Tokenization supports fractional ownership, facilitating wider participation by investors and increasing liquidity with secondary market trade. Smart contracts also automate procedures such as rent payment and compliance, lowering costs of transactions and increasing transparency. Nonetheless, Baum points out challenges such as regulatory uncertainties, technological constraints, and barriers to adoption, which need to be addressed for universal applicability. Beyond these obstacles, real estate tokenization has tremendous potential to transform property investment through enhanced accessibility, efficiency, and market fluidity.

Ang Liu and Cheng Chen (2024) study the revolutionary effects of blockchain-based tokenization in the real estate industry, holding the promise to become a new era's heir of the traditional Real Estate Investment Trusts (REITs) model. According to them, although REITs previously supported fractional ownership and enhanced liquidity of the market, blockchain proposes a decentralized variant offering greater transparency, accessibility and efficiency in 24/7 global trade. The research emphasizes the changing path of real estate investment from financialization to decentralization, highlighting how tokenization lowers entry barriers and transaction costs. The authors do, however, also recognize several main challenges, such as regulatory uncertainties, technology risks and governance complexity that need to be overcome before it can be adopted on a large scale. The study emphasizes regulatory adjustment and strategic change to unlock the maximum capacity of blockchain in real estate without compromising related risks. The study also touches on the larger societal context of these innovations, especially in housing affordability and equity. The article compares REITs with the blockchain model in order to draw meaningful insights for investors, policymakers and industry players in the midst of this revolution in real estate investment.

Laurens Swinkels (2019) highlights the possibilities and challenges of tokenizing real asset markets, especially residential real estate. His research analyzes the economic and financial implications of tokenizing 58 residential rental properties in the United States, with a concentration in Detroit. The study points out that tokenization enables fragmented ownership, with properties having 254 owners on average. Investors with more than $5,000 in real estate tokens diversify their portfolios across several properties and cities, proving the viability of decentralized real estate investment. The research also discovers that tokenized properties are somewhat liquid, with ownership transferring about once a year, although properties on decentralized exchanges have more frequent transactions. In addition, Swinkels finds that token prices correlate with house price indices, indicating that investments in tokens expose one to residential real estate market movements. Owing to such merits, while undertaking this research, it realizes weaknesses such as sample size restrictions and infancy levels in real estate tokenization to avert its comprehensive generalizability. However, the research indicates that blockchain technology can transform financial markets by allowing fractional ownership and providing liquidity for real asset investment.

Fractional ownership has become a competing model for traditional rent-or-own strategies of housing tenure, affecting timing of savings, loan-to-value ratios, and timing of entrance into and out of homeownership. Koch (2023) observes that homeowners who have fractional access save analogous amounts but leave behind lower LTV ratios to maintain lower burdens of mortgage indebtedness and preserve more financial freedom. This model allows for earlier entry into the market for younger people and lengthens participation for older homeowners, lessening dependence on reverse mortgages. Fractional homeownership also reduces relocation anxiety among older people, consistent with research on financial and emotional well-being in older age.

By reducing financial constraints and risk related to conventional homeownership, fractional ownership has important policy implications, especially in dealing with housing affordability limitations.

The paper "Integration of Technology in Real Estate to Fractional Ownership" by Anjana Chundekkada and Siddharth Misrab (2024) discusses how upcoming technologies such as blockchain, smart contracts and tokenization are revolutionizing the real estate industry, specifically by the method of fractional ownership. It underlines the manner in which established real estate procedures, long grounded in familiarity and security, are increasingly being transformed by these technologies to improve transparency, efficiency and accessibility. The article explores blockchain's potential to provide secure and decentralized transactions, the benefits of smart contracts in minimizing the risk of fraud, and the potential of tokenization to expand asset liquidity. Further, it also discusses the increasing uptake of fractional ownership in India, enabled by regulatory mechanisms like SEBI guidelines, intended to formalize and popularize access to high-value real estate opportunities. The research also includes survey-based analysis to analyze the level of public perception, observing a level of excitement as well as a demand for increased awareness to facilitate wider acceptance of these technological innovations in real estate.

Hye Jung Lim and Jung Han Yoo (2023) in their article examine the new trend of real estate piece investment (RPI) in Korea, where small investors are able to own a part of high-priced real estate through fractional ownership. The research examines the legal and regulatory issues surrounding RPI, observing that existing financial legislation such as the Capital Markets Act fails to fully support such investment arrangements. In order to support the development of RPI, the government of Korea has temporarily provided exemptions from regulation by the Financial Innovation Act and the Regional Special Zone Act. Yet these are provisional, subject either to amendment of current legislation or compulsory licensing of platform operators at the end of the special period. The article also points to the international trend of evolving regulatory regimes in countries like the U.S., EU and Singapore to facilitate digital asset-based investment. It further discusses how blockchain-based distributed ledger technology can add transparency and efficiency to the trade of real estate investment tokens. The Financial Services Commission (FSC) has established essential legislative guidelines, such as the STO Improvement Plan, in order to regulate security tokens for fractional real estate investment. The study concludes by highlighting the imperative of institutionalization of RPI with financial consumer protection legislation, enhancing the financial competitiveness of Korea while increasing investment opportunities for startups and small investors.

The paper by Helena Rong (2023) analyzes the potential of Web3 technologies to transform fractional ownership, collective control, and community investment in real estate, especially distressed commercial real estate. It posits that the conventional real estate investment vehicles, including Special Purpose Vehicles (SPVs) and Real Estate Investment Trusts (REITs), are largely out of reach for the masses because of tight accreditation requirements and centralized control. The report underscores how decentralized autonomous organizations (DAOs), blockchain, and token engineering can democratize property ownership as a means of facilitating secure, transparent, and scalable models of investment. These Web3 technologies offer an infrastructure for community participation in decision-making, so that wealth created in a community is better distributed. The report also stresses the importance of local jurisdictions in adopting such models and discusses how city-based digital currencies may help build local economic resilience. Finally, the paper offers a model to bring decentralized finance and governance together in order to tackle wealth inequality through a cooperative model of property ownership and development.

Research Objectives

1. To examine the determinants of retail investors' involvement in fractional ownership of real estate.
2. To analyze the financial advantages and disadvantages of fractional ownership investments.
3. To evaluate the effect of regulatory changes on the future growth of fractional ownership in India.
4. To identify investor preference for property type, desired return, and holding period in fractional real estate investment.

Methodology

This research utilizes an online questionnaire to measure attitudes towards Web3-based fractional property ownership. A quantitative method is applied, with a set of questions aimed at 55 participants.

- Data Collection: Google Forms hosted, disseminated through email and social media.
- Sampling: Convenience sampling
- Literature Review: 10 primary sources on Fractional ownership, blockchain, DAOs, tokenization, legal considerations and adoption issues.

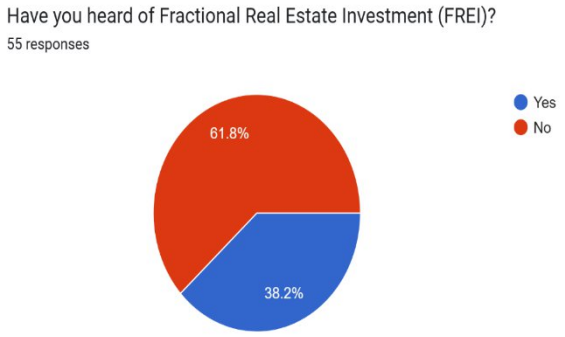
Data Analysis and Interpretation

Table 1: Awareness of Fractional Real Estate Investment (FREI)

Choices	No. of Respondents	Percentage
Yes	21	38.2%
No	34	61.8%
Total	55	100%

Analysis: The survey shows that 38.2% of the respondents know about fractional real estate investment, while 61.8% do not. This reflects a high level of ignorance among prospective investors.

Graph 1: Awareness of Fractional Real Estate Investment (FREI)



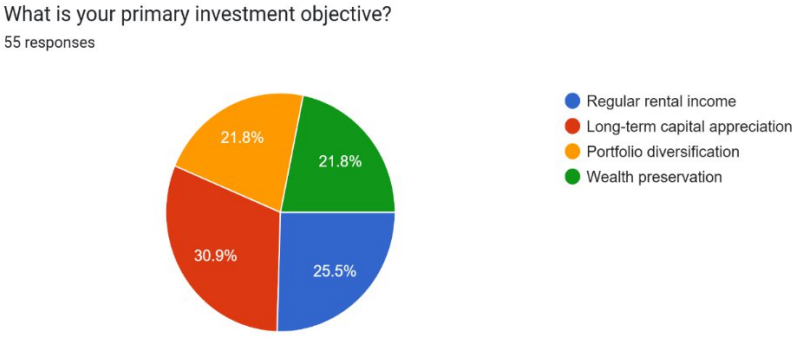
Inference: The results imply that more needs to be done to educate and enlighten prospective investors about fractional real estate investment, perhaps through publicity campaigns and financial education programs.

Table 2: Primary objective of investment

Choices	No. of Respondents	Percentage
Regular rental income	14	25.5%
Long-term capital appreciation	17	30.9%
Portfolio diversification	12	21.8%
Wealth preservation	12	21.8%
Total	55	100%

Analysis: The highest average investment goal is long-term capital appreciation (30.9%), followed by normal rental income (25.5%), diversification of a portfolio (21.8%) and preservation of wealth (21.8%).

Graph 2: Primary objective of investment



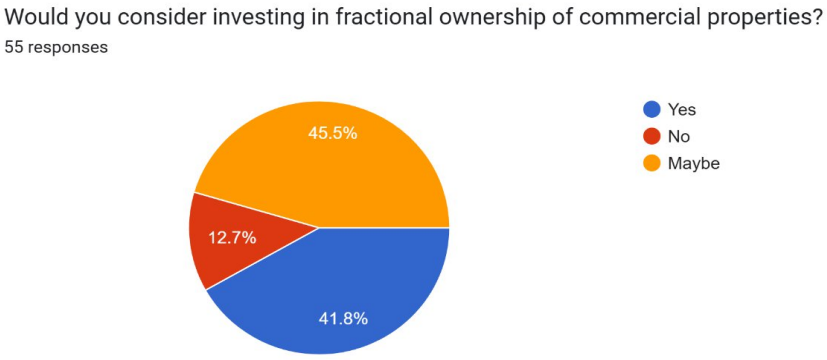
Inference: Investors value long-term returns over short-term returns, reflecting a desire for stability and development in fractional ownership investments.

Table 3: Willingness to Invest in Fractional Ownership of Commercial Properties

Choices	No. of Respondents	Percentage
Yes	23	41.8%
No	7	12.7%
Maybe	25	45.5%
Total	55	100%

Analysis: 41.8% of the respondents are willing to invest, 45.5% are undecided and 12.7% are not willing to invest.

Graph 3: Willingness to Invest in Fractional Ownership of Commercial Properties



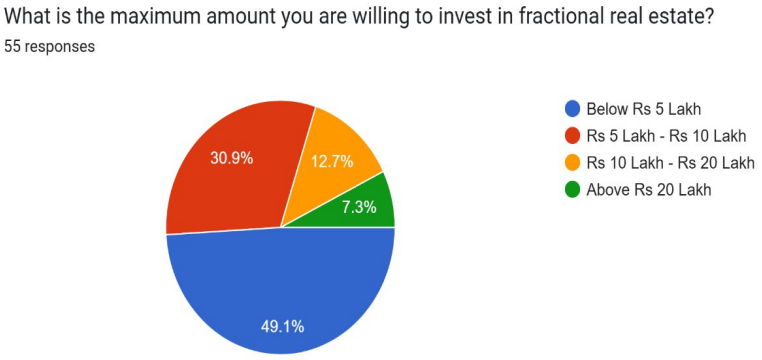
Inference: Although a large percentage of investors are keen, the high percentage of undecided voters indicates that more education and trust-building activities are needed.

Table 4: Maximum Willingness to Invest in Fractional Real Estate

Choices	No. of Respondents	Percentage
Below Rs 5 Lakh	27	49.1%
Rs 5 Lakh - Rs 10 Lakh	17	7.3%
Rs 10 Lakh - Rs 20 Lakh	7	12.7%
Above Rs 20 Lakh	4	30.9%
Total	55	100%

Analysis: Almost 49.1% of investors like to invest less than ₹5 lakh and 30.9% are ready to invest more than ₹20 lakh.

Graph 4: Maximum Willingness to Invest in Fractional Real Estate



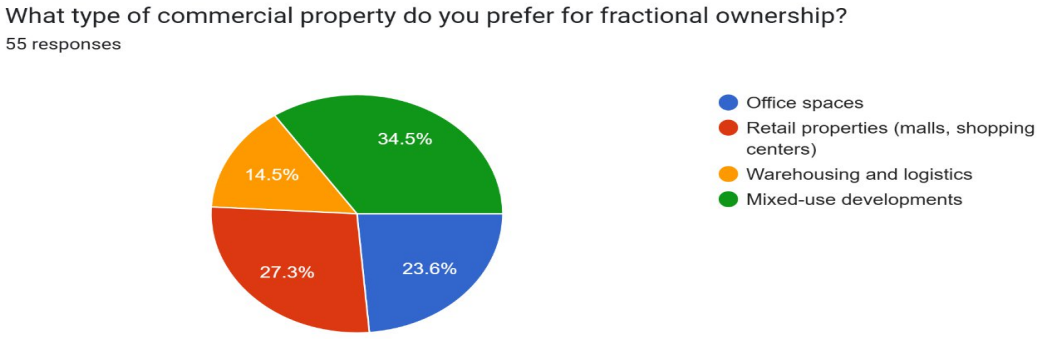
Inference: Investors are split into two categories: those who look for low-entry investments and those who are ready to invest heavily, indicating the necessity for versatile investment structures.

Table 5: Preferred Type of Commercial Property for Fractional Ownership

Choices	No. of Respondents	Percentage
Office spaces	13	23.6%
Retail properties (malls, shopping centers)	15	27.3%
Warehousing and logistics	8	14.5%
Mixed-use developments	19	34.5%
Total	55	100%

Analysis: The most popular are mixed-use developments (34.5%), followed by retail buildings (27.3%), office buildings (23.6%) and warehousing (14.5%).

Graph 5: Preferred Type of Commercial Property for Fractional Ownership



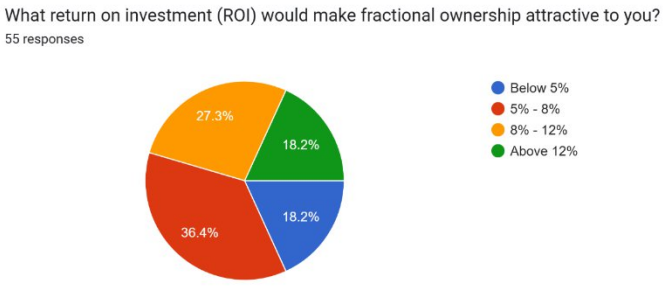
Inference: Investors prefer multi-functional properties, probably because they can generate diversified income streams and reduce risk.

Table 6: Desired Return on Investment (ROI) for Fractional Ownership Attractiveness

Choices	No. of Respondents	Percentage
Below 5%	10	18.2%
5% - 8%	20	36.4%
8% - 12%	15	27.3%
Above 12%	10	18.2%
Total	55	100%

Analysis: The majority of investors anticipate a 5%-8% return (36.4%), while 27.3% anticipate 8%-12% and 18.2% anticipate more than 12%.

Graph 6: Desired Return on Investment (ROI) for Fractional Ownership Attractiveness



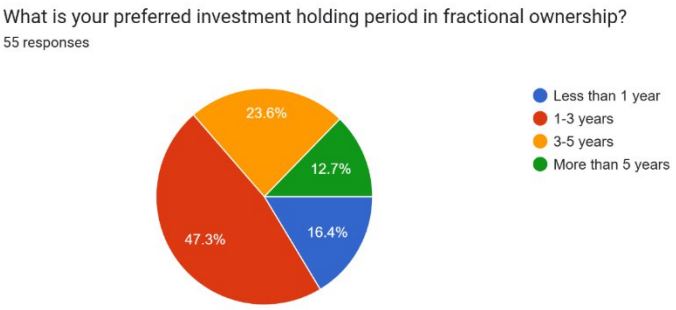
Inference: A moderate return expectation indicates that investors prefer stable and predictable income over highly speculative returns.

Table 7: Preferred Investment Holding Period in Fractional Ownership

Choices	No. of Respondents	Percentage
Less than 1 year	9	16.4%
1 – 3 years	26	47.3%
3 – 5 years	13	23.6%
More than 5 years	7	12.7%
Total	55	100%

Analysis: 47.3% of the respondents like to keep investments for 1-3 years, followed by 23.6% for 3-5 years and 16.4% for less than 1 year.

Graph 7: Preferred Investment Holding Period in Fractional Ownership



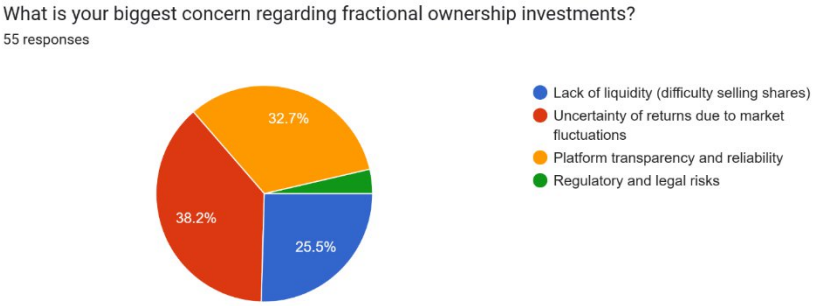
Inference: Short- to medium-term investments are favored, suggesting a need for liquidity and flexibility in fractional ownership schemes.

Table 8: Primary Concern in Fractional Ownership Investments

Choices	No. of Respondents	Percentage
Lack of liquidity	14	25.5%
Uncertainty of returns due to market fluctuations	21	38.2%
Platform transparency and reliability	18	32.7%
Regulatory and legal risks	2	3.6%
Total	55	100%

Analysis: 38.2% of the respondents mention uncertainty of returns, followed by platform transparency (32.7%), concerns regarding liquidity (25.5%) and regulatory risks (3.6%).

Graph 8: Primary Concern in Fractional Ownership Investments



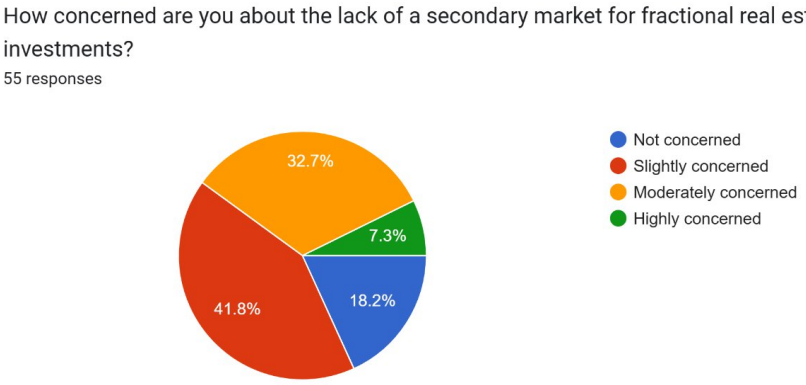
Inference: Return uncertainty is the key issue, emphasizing the use of risk aversion strategies and investor education in market stability.

Table 9: Level of Concern About the Lack of a Secondary Market in Fractional Real Estate Investments

Choices	No. of Respondents	Percentage
Not concerned	10	18.2%
Slightly concerned	23	41.8%
Moderately concerned	18	32.7%
Highly concerned	4	7.3%
Total	55	100%

Analysis: 41.8% are somewhat concerned, 32.7% are moderately concerned and 7.3% are very concerned.

Graph 9: Level of Concern About the Lack of a Secondary Market in Fractional Real Estate Investments



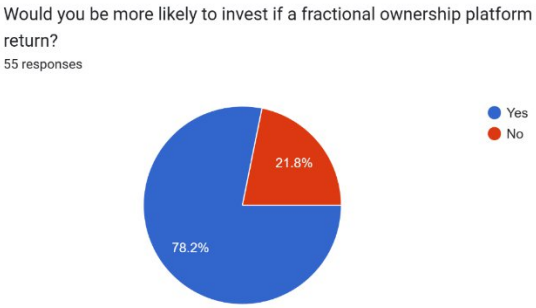
Inference: Liquidity concerns are still prevalent, emphasizing the use of regulated secondary markets to enable exits.

Table 10: Likelihood of Investing if a Fixed Rental Return is Guaranteed by the Platform

Choices	No. of Respondents	Percentage
Yes	43	78.2%
No	12	21.8%
Total	55	100%

Analysis: 78.2% would invest when fixed rental returns are assured and 21.8% would not.

Graph 10: Likelihood of Investing if a Fixed Rental Return is Guaranteed by the Platform



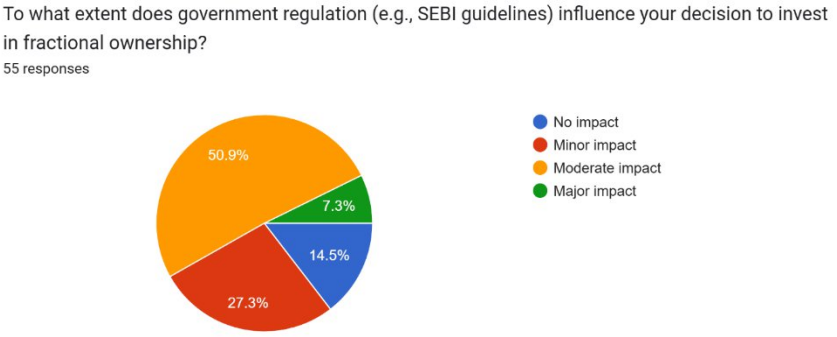
Inference: Rental income certainty highly increases investor confidence, proposing a possible strategy for fractional ownership platforms.

Table 11: Influence of Government Regulation on Investment Decision in Fractional Ownership

Choices	No. of Respondents	Percentage
No impact	8	14.5%
Minor impact	15	27.3%
Moderate impact	28	50.9%
Major impact	4	7.3%
Total	55	100%

Analysis: 50.9% see regulations having a moderate effect, 27.3% view a small effect and 7.3% view a significant effect.

Graph 11: Influence of Government Regulation on Investment Decision in Fractional Ownership



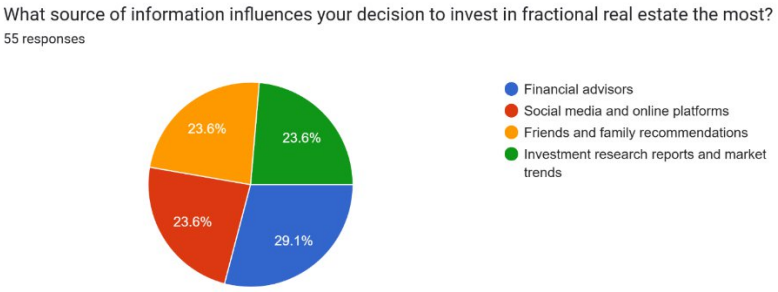
Inference: Stability in regulations has a very important role to play in driving investment decisions, highlighting the need for government backing.

Table 12: Primary Source of Information Influencing Fractional Real Estate Investment Decisions

Choices	No. of Respondents	Percentage
Financial advisors	16	29.1%
Social media and online platforms	13	23.6%
Friends and family recommendations	13	23.6%
Investment research reports and market trends	13	23.6%
Total	55	100%

Analysis: 29.1% depend on financial experts and 23.6% each depend on investment reports, social media and friends & family.

Graph 12: Primary Source of Information Influencing Fractional Real Estate Investment Decisions



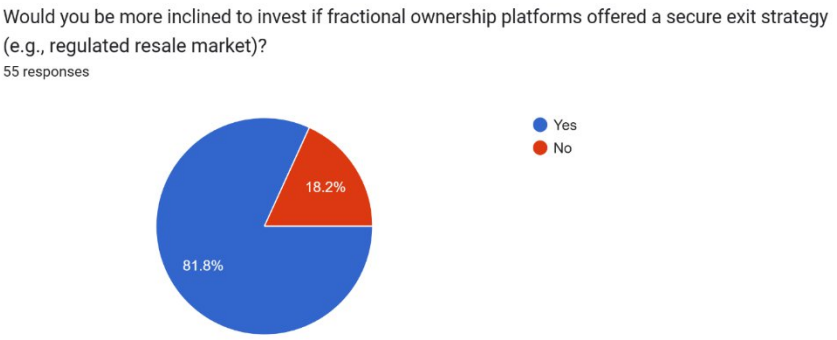
Inference: Financial experts are most trusted by investors, although digital sources and social networks are also of significant influence.

Table 13: Influence of Secure Exit Strategies on Fractional Ownership Investment Decisions

Choices	No. of Respondents	Percentage
Yes	45	81.8%
No	10	18.2%
Total	55	100%

Analysis: 81.8% would invest if there is an assured exit route.

Graph 13: Influence of Secure Exit Strategies on Fractional Ownership Investment Decisions



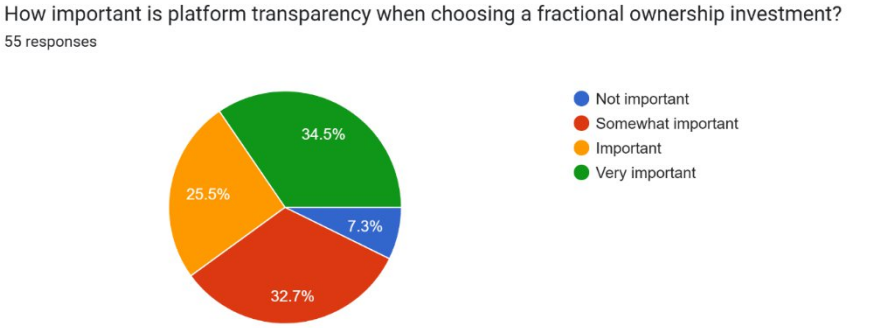
Inference: Exit routes are the deciding factors for investment, indicating the need for properly organized resale markets.

Table 14: Importance of Platform Transparency in Fractional Ownership Investment Decisions

Choices	No. of Respondents	Percentage
Not important	4	7.3%
Somewhat important	18	32.7%
Important	14	25.5%
Very important	19	34.5%
Total	55	100%

Analysis: 34.5% view transparency as very important and 32.7% view it as somewhat important.

Graph 14: Importance of Platform Transparency in Fractional Ownership Investment Decisions



Inference: Transparency on the platform is essential in acquiring investor trust, underpinning the requirement for transparent disclosures and regulatory compliance.

Summary of Findings

The research points to important knowledge gaps for fractional real estate investment, with 61.8% of the sample not knowing the concept. Though 41.8% indicated willingness to invest, most are still tentative and this is where investor education and trust-building efforts come in. The most popular commercial properties are mixed-use complexes (34.5%), for which most investors look for 5%-8% returns and hold on for short- to medium-term (1-3 years, 47.3%). The major concerns are returning uncertainty (38.2%), liquidity risk (25.5%), and platform transparency (32.7%). Government regulation is moderately influential on investment decisions (50.9%), whereas safe exit strategies (81.8%) and fixed rental returns (78.2%) highly increase investor confidence. These findings highlight the need for increased regulatory transparency, better market liquidity, and better investor education to enable more widespread adoption of fractional ownership investments.

Hypothesis

1. **Awareness of Fractional Real Estate Investment (FREI)**

- H_0: No relationship exists between determinants of retail investors' participation and fractional real estate ownership.
- H_1: There exists a relationship between determinants of retail investors' participation and fractional real estate ownership.
- Result: As the p-value is more than 0.05, we cannot reject H_0. This implies that there is no statistically significant relation between investor awareness and participation in fractional ownership.

2. **Willingness to Invest in Fractional Ownership of Commercial Properties**
- H_0: The percentage of investors ready to invest in fractional ownership is ≤ 50%.
- H_1: The percentage of investors ready to invest in fractional ownership is > 50%.
- Result: Because the p-value is above 0.05, we cannot reject H_0. This indicates that willingness to invest in fractional ownership is not significantly above 50%.

3. **Importance of Platform Transparency in Investment Decisions**
- H_0: Investors don't view platform transparency as important.
- H_1: Investors view platform transparency as important.
- Result: Because the p-value is just over 0.05, we are unable to reject H_0. This indicates that platform transparency might be significant, but further study is needed to confirm.

4. **Influence of Government Regulation on Investment Decision**
- H_0: Government regulation has no effect on investor choices in fractional ownership.
- H_1: Government regulation has an effect on investor choices in fractional ownership.
- Result: Because the p-value is larger than 0.05, we do not reject H_0. This indicates that government regulation has no statistically significant effect on investment choices.

5. **Influence of Secure Exit Strategies on Investment Decisions**
- H_0: Investors do not view secure exit strategies as a significant factor.
- H_1: Investors view secure exit strategies as a significant factor.
- Result: Because the p-value is a lot less than 0.05, we reject H_0. This means that secure exit strategies play an important role in investor decisions in fractional ownership.

6. **Likelihood of Investing if a Fixed Rental Return is Guaranteed**
- H_0: Guaranteed rental returns do not have an important impact on investor decisions.
- H_1: Guaranteed rental returns have an important impact on investor decisions.
- Result: Because the p-value is very low compared to 0.05, we reject H_0. This indicates that assured rental returns significantly impact investment choices.

7. **Preferred Investment Holding Period in Fractional Ownership**
- H_0: Investors have no preference for short- to medium-term investments.
- H_1: Investors prefer short- to medium-term investments.
- Result: Because the p-value is less than 0.05, we reject H_0. This indicates that investors have short- to medium-term investment horizon preferences in fractional ownership.

8. **Primary Concern in Fractional Ownership Investments**
- H_0: Investors do not rank return uncertainty as their major issue of concern.
- H_1: Investors rank return uncertainty as their major issue of concern.
- Result: Because the p-value is larger than 0.05, we do not reject H_0. This indicates that uncertainty in return is not the major concern for investors.

9. **Maximum Willingness to Invest in Fractional Real Estate**
- H_0: No systematic preference for a particular investment amount exists.
- H_1: There is systematic preference for a particular investment amount.
- Result: Since the p-value (0.5536) is greater than 0.05, we fail to reject H_0. This indicates that there is no statistically significant preference for a specific investment amount.

10. **Preferred Type of Commercial Property for Fractional Ownership**
- H_0: Investors have no strong preference for a specific type of property.
- H_1: Investors have a strong preference for a specific type of property.
- Result: Because the p-value (0.9891) is larger than 0.05, we do not reject H_0. This indicates that investors do not have a statistically significant preference for any particular property type.

11. **Desired Return on Investment (ROI) for Fractional Ownership Attractiveness**
- H_0: Investors do not prefer a particular ROI range significantly.
- H_1: Investors prefer a particular ROI range significantly.
- Result: Since the p-values for 5%-8% ROI (0.9784) and >12% ROI (0.9999) are both greater than 0.05, we cannot reject H_0. This indicates there is no statistical preference for one ROI range over another.

12. **Level of Concern About the Lack of a Secondary Market in Fractional Real Estate Investments**
- H_0: Investors are not concerned about the absence of a secondary market.
- H_1: Investors are strongly concerned about the absence of a secondary market.
- Result: Because the p-value (0.9310) is larger than 0.05, we cannot reject H_0. This implies that investor concern over the absence of a secondary market is not statistically significant.

13. **Primary Source of Information Influencing Fractional Real Estate Investment Decisions**
- H_0: Investors do not strongly prefer a specific source of investment information.
- H_1: Investors have a significant preference for a particular source of investment information.
- Result: Since the p-values for both financial advisors (0.9990) and social media (0.9999) are greater than 0.05, we fail to reject H_0. This suggests that investors do not exhibit a strong preference for any specific information source.

14. **Primary Objective of Investment**
- H_0: Investors do not have a significant preference for a particular investment objective.
- H_1: Investors strongly prefer a specific investment goal.
- Results:

- Rental Income: p-value (0.9999) is larger than 0.05, and hence we fail to reject H_0. This indicates that rental income is not significantly preferred as an investment goal.
- Capital Appreciation: p-value (0.9977) is larger than 0.05, and hence we fail to reject H_0. This indicates that capital appreciation is not significantly preferred as an investment goal.

Recommendations

1. Raise Awareness and Education: Institute focused education campaigns to enhance investor awareness regarding fractional ownership, highlighting benefits and risk management.
2. Promote Platform Transparency: Have explicit and publicly accessible disclosures on investment structure, property information, and projected returns to enhance investor confidence.
3. Create a Regulated Secondary Market: Introduce a formal resale platform to help manage liquidity issues and give investors clear exit opportunities.
4. Enhance Regulatory Frameworks: Work with financial regulators to establish clearly defined policies for protecting investors and maintaining market stability.
5. Provide Guaranteed Rental Yields: Urge platforms to offer guaranteed rental yields or risk mitigation structures to accommodate risk-averse investors.
6. Invest in Varied Options: Extend fractional ownership opportunities beyond commercial premises into residential and mixed-use projects to appeal to diverse investor preferences.
7. Use Technology for Security and Efficiency: Use blockchain-based solutions for secure transactions and transparent ownership tracking.
8. Enable Financial Advisory Services: Collaborate with financial experts and advisors to offer customized investment advice to prospective investors.

Conclusion

The research highlights the appeal of fractional property investment as a reasonable substitute for direct ownership of property, with more accessibility and diversification for portfolios. Yet, main impediments in terms of lack of awareness, liquidity concerns and regulatory ambiguity need to be addressed in order to promote greater participation. The research identifies that investors value clarity in disclosure, safe exit options and regulation when contemplating fractional investments. Platforms can encourage investor confidence through the deployment of organized resale markets, transparent financial disclosures, and technology-enabled secure transactions. The policymakers also need to become instrumental in establishing a stable regulatory environment for ensuring long-term viability and protection of investors in the fractional ownership industry. With proper steps, FREI can become a mainstream investment vehicle, bridging the institutional and retail real estate investor gap.

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