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Buyer Perception, Trust Formation, and Sales Outcomes in the Bangalore Real Estate Sector

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ABSTRACT: Bangalore has emerged as one of India's fastest-growing residential real estate markets due to rapid urbanization, economic growth, and the expansion of the IT and service industries. Rising migration into the city has significantly increased housing demand across major corridors such as Whitefield, Electronic City, Sarjapur Road, and North Bangalore. However, despite increasing demand, many buyers continue to hesitate before making final purchase decisions due to concerns regarding project delays, legal issues, builder credibility, and transparency.

This research examines the relationship between buyer perception, trust formation, and sales outcomes in Bangalore's residential real estate sector. The study investigates how factors such as perceived value, location advantages, developer reputation, legal compliance, transparency, and delivery timelines influence buyer trust and purchase intention.

The study adopts a mixed-methods research design combining quantitative and interpretive analysis. Primary data was collected from 200 respondents through a structured questionnaire using a five-point Likert scale. Statistical tools such as descriptive statistics, reliability analysis, correlation analysis, and regression analysis were used to examine relationships between variables.

The findings reveal that trust is the strongest determinant of purchase intention in Bangalore's residential market. Buyer perception significantly influences trust formation, while trust strongly impacts final purchase decisions. Transparency, regulatory compliance, and developer credibility emerge as critical drivers of successful sales outcomes. The study concludes that the Bangalore residential real estate market has evolved into a trust-driven ecosystem where long-term success depends on ethical practices, transparent communication, and consistent project delivery.

I. INTRODUCTION

Bangalore, popularly known as the Silicon Valley of India, has experienced remarkable economic and infrastructural growth over the last two decades. The city has become a major center for information technology, biotechnology, startups, and global corporate operations. This rapid expansion has created sustained demand for residential housing, attracting both end-users and investors into the real estate market.

The city's growing population and increasing income levels have transformed residential real estate into one of the most active sectors of Bangalore's economy. Areas such as Whitefield, Bellandur, Sarjapur Road, Hebbal, and Electronic City have developed into major housing corridors due to their connectivity with technology parks and employment centers.

Despite strong demand and rising property prices, the residential market also faces significant challenges. Historical cases involving delayed projects, incomplete developments, legal disputes, and builder fraud have negatively affected consumer confidence. Buyers today are more cautious and rely heavily on project documentation, RERA registration, digital reviews, and developer reputation before committing to a purchase.



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The implementation of the Real Estate Regulatory Authority (RERA) in 2016 improved accountability and transparency within the sector. RERA created mechanisms for project registration, legal disclosures, and buyer grievance redressal, helping to improve market confidence. However, trust continues to remain one of the most important factors influencing buying behavior.

The modern Bangalore homebuyer is highly informed, digitally connected, and financially aware. Unlike earlier buyers who focused primarily on pricing and amenities, today's consumers evaluate long-term credibility, legal transparency, and developer integrity before making investment decisions. Therefore, understanding buyer perception and trust formation has become essential for developers seeking improved sales outcomes and stronger brand loyalty.

II. LITERATURE REVIEW

Consumer behavior theories explain that purchase decisions are influenced by both rational and emotional factors. In the context of real estate, buyers evaluate tangible factors such as location, amenities, construction quality, and pricing, while also considering intangible aspects such as trust, reputation, and social influence.

Zeithaml's Perceived Value Theory suggests that consumers compare perceived benefits with perceived sacrifices before making decisions. In real estate, buyers assess long-term appreciation potential, infrastructure growth, lifestyle benefits, and future resale value against financial costs and perceived risks.

The Trustworthiness Model proposed by Mayer, Davis, and Schoorman identifies three major dimensions of trust: ability, benevolence, and integrity. In the real estate sector, ability refers to the developer's competence in delivering quality projects, benevolence reflects concern for customer interests, and integrity relates to ethical behavior and transparency.

Morgan and Hunt's Commitment-Trust Theory further emphasizes that trust is essential for building long-term relationships and reducing uncertainty in transactions. Real estate purchases involve high financial commitment and long-term emotional investment, making trust an extremely important variable.

Existing studies also highlight the role of perceived risk in influencing buyer behavior. Delays in project completion, unclear legal documentation, hidden costs, and poor construction quality contribute to uncertainty and hesitation among buyers.

Recent industry reports show that digital influence has become increasingly important in the residential market. Buyers now rely on online reviews, social media discussions, YouTube walkthroughs, and recommendations from existing customers while evaluating projects.

Although several studies examine pricing trends and market demand, limited academic research specifically analyzes the combined relationship between buyer perception, trust formation, and purchase intention in Bangalore's residential real estate market. This study addresses that gap by integrating these variables into a single analytical framework.

III. RESEARCH OBJECTIVES AND HYPOTHESES

The primary objective of the study is to analyze how buyer perception and trust formation influence sales outcomes in Bangalore's residential real estate market.

The major objectives are:

1. To identify the factors influencing buyer perception.
2. To examine the role of trust in developer-buyer relationships.
3. To evaluate the impact of trust on purchase intention.
4. To analyze the relationship between transparency and consumer confidence.
5. To provide recommendations for improving sales outcomes in the residential market.

The study is based on the following hypotheses:



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- H1: Buyer perception positively influences trust formation.
H2: Trust positively influences purchase intention.
H3: Trust mediates the relationship between buyer perception and purchase intention.

IV. RESEARCH METHODOLOGY

The research adopts a mixed-methods design combining quantitative and qualitative approaches. Primary data was collected from 200 respondents located across Bangalore. The respondents included salaried employees, business owners, professionals, and first-time homebuyers.

A structured questionnaire based on a five-point Likert scale was used to collect responses. The survey measured variables such as perceived value, price fairness, transparency, legal compliance, developer reputation, perceived risk, trust, and purchase intention.

The research also included interpretive analysis of buyer behavior and market trends to support quantitative findings.

The collected data was analyzed using descriptive statistics, reliability analysis, correlation analysis, and regression analysis. Cronbach's Alpha was used to test reliability and produced a score of 0.84, indicating strong internal consistency among survey items.

Pearson correlation analysis was used to examine relationships between variables, while regression analysis was used to test the research hypotheses and evaluate the predictive strength of trust and perception on purchase intention.

V. DATA ANALYSIS AND FINDINGS

The demographic analysis revealed that the majority of respondents belonged to the 25–44 age group, representing Bangalore's working professional population. Most respondents were graduates or postgraduates employed in the IT and services sectors. This reflects the analytical and research-oriented nature of the city's property buyers.

The findings indicate that Bangalore real estate is generally viewed as a strong long-term investment due to infrastructure development, employment growth, and increasing urbanization. However, respondents also expressed concerns regarding affordability and project delays. Location emerged as one of the strongest drivers of purchase intention. Buyers strongly preferred projects located near employment hubs, metro connectivity, educational institutions, and social infrastructure.

Developer reputation was identified as a critical trust-building factor. Buyers showed greater confidence in developers with a proven history of timely project delivery and legal compliance.

Transparency in documentation and communication also played a major role in shaping trust. Respondents preferred developers who openly shared approvals, RERA registration details, and construction updates.

The study further revealed that online reviews and social recommendations significantly influence buyer behavior. Many respondents relied on digital platforms, YouTube reviews, and recommendations from friends and family while evaluating projects.

Project delays emerged as the biggest deterrent to purchase intention. Buyers strongly associated delays with financial and emotional risk.

Correlation analysis showed strong positive relationships between developer reputation and trust, transparency and trust, and trust and purchase intention.

Regression analysis confirmed that buyer perception significantly influences trust formation, while trust strongly impacts purchase intention. The findings also showed that trust partially mediates the relationship between buyer perception and purchase intention.



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VI. DISCUSSION

The findings demonstrate that Bangalore's residential market has shifted from a purely price-driven market to a trust-driven market. Buyers today are no longer influenced solely by pricing strategies or luxurious amenities. Instead, they prioritize transparency, credibility, and long-term reliability.

The implementation of RERA has strengthened consumer awareness and increased expectations regarding legal compliance. Buyers now conduct extensive research before making decisions, including checking approvals, project history, online feedback, and construction progress.

The importance of digital influence was another major observation. Modern buyers increasingly depend on online platforms and social proof to evaluate projects. This indicates that developers must actively manage digital reputation and customer communication.

The study also highlights the psychological nature of real estate investment. Purchasing a home is not merely a financial decision but also an emotional commitment associated with stability, status, and long-term security. As a result, trust becomes a central factor in reducing uncertainty and improving purchase confidence.

The findings support existing theories related to trust and consumer behavior while also demonstrating their relevance in the Indian residential real estate context.

VII. MANAGERIAL IMPLICATIONS

The study offers several practical implications for developers, marketers, and policymakers operating in Bangalore's residential real estate market.

First, developers must prioritize transparency throughout the customer journey. Easy access to legal documentation, RERA registration, construction updates, and financial disclosures can significantly improve buyer confidence.

Second, maintaining a strong delivery track record is essential for long-term brand reputation. Buyers increasingly view timely project completion as evidence of developer integrity and competence.

Third, developers should invest in digital communication and relationship marketing. Real-time project updates, customer engagement platforms, and verified testimonials can strengthen trust and improve customer retention.

Fourth, sales teams should be trained to address analytical and risk-conscious buyers. Consumers today expect factual communication supported by data, compliance records, and performance history.

Finally, policymakers and regulators should continue strengthening transparency mechanisms and enforcement practices to improve overall market confidence.

VIII. CONCLUSION

The Bangalore residential real estate market has evolved into a trust-centered ecosystem where transparency, credibility, and ethical behavior determine long-term success. While buyer perception creates initial interest, trust ultimately converts interest into purchase decisions.

The study confirms that trust is the strongest predictor of purchase intention. Developer reputation, transparency, legal compliance, and timely project delivery significantly improve consumer confidence and sales outcomes.

Modern buyers are highly informed and digitally connected, making traditional marketing strategies less effective unless supported by genuine transparency and reliability. The research concludes that developers who focus on relationship-building, customer trust, and ethical practices are more likely to achieve sustainable growth and stronger market positioning in Bangalore's competitive residential sector.



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