

College of Management

Department: Business Administration / Real Estate Management

Determinants of Investor Trust and Adoption Intention Toward Tokenized Real Estate in Saudi Arabia

Research Proposal

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1. Introduction

The global real estate sector has historically been characterized by high capital requirements, complex ownership structures, and limited liquidity. In recent years, however, the emergence of financial technologies has introduced new mechanisms capable of transforming traditional investment models. Among these innovations, blockchain technology has gained particular attention because of its ability to provide decentralized, transparent, and immutable record-keeping systems.

Blockchain technology enables digital assets to be securely recorded and transferred without the need for centralized intermediaries. Through distributed ledger systems, transactions become transparent and verifiable, reducing the risk of fraud and increasing trust among market participants. One of the most innovative applications of blockchain within the real estate sector is the concept of real estate tokenization.

Real estate tokenization refers to the process of converting property ownership rights into digital tokens stored on blockchain networks. Each token represents a fractional share of a property asset. These tokens can be traded on digital platforms, allowing investors to buy and sell partial ownership in real estate assets. This model significantly lowers investment barriers and improves market accessibility.

Traditional real estate investments typically require substantial capital and involve lengthy transaction processes. These characteristics restrict participation to institutional investors or wealthy individuals. Tokenization addresses these challenges by enabling fractional ownership and creating more liquid real estate markets.

In addition to improving accessibility, tokenized real estate offers enhanced transparency and efficiency. Smart contracts automate transaction processes and ensure compliance with predefined conditions. Investors can verify ownership records and transaction histories through blockchain systems, reducing information asymmetry.

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Despite these benefits, investor adoption of tokenized real estate platforms remains relatively limited. Investors often express concerns regarding technological reliability, legal frameworks, and the organizational capabilities of companies managing these platforms. Trust therefore becomes a critical determinant influencing adoption behavior.

Saudi Arabia represents an important context for examining digital real estate adoption due to the country's ongoing economic transformation under Vision 2030. The government has actively promoted digital innovation across multiple sectors, including financial services and real estate.

Recent initiatives have explored blockchain-based property systems and regulatory sandbox programs designed to encourage financial innovation. However, the long-term success of tokenized real estate markets depends on investor trust and willingness to participate in these platforms.

This research therefore aims to examine the determinants influencing investor trust and adoption intention toward tokenized real estate investments in Saudi Arabia.

2. Research Problem

Although blockchain technology provides significant advantages for improving transparency and efficiency in financial markets, the adoption of tokenized real estate investment platforms remains relatively limited. Investors may perceive risks associated with digital investment systems due to uncertainty regarding technological security, legal frameworks, and organizational capabilities.

Real estate investments involve substantial financial commitments and long-term asset ownership. When these investments are transferred into digital formats through tokenization, investors must rely heavily on technological infrastructures and regulatory institutions to ensure the legitimacy and safety of their investments.

Several factors may therefore influence investor decisions regarding participation in tokenized real estate markets. Technological transparency allows investors to verify transaction records and ownership structures. Regulatory clarity provides legal protection and reduces uncertainty surrounding digital asset ownership. Organizational readiness signals whether companies possess the capabilities required to manage blockchain-based platforms.

Despite the importance of these factors, limited empirical research has examined how technological, organizational, and environmental conditions collectively influence investor trust and adoption intention within tokenized real estate markets.

Therefore, the central research question of this study is:

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What are the determinants influencing investor trust and adoption intention toward tokenized real estate investment platforms in Saudi Arabia?

3. Importance of the Study

Scientific Importance

This study contributes to academic literature by expanding research on blockchain adoption within the real estate sector. While previous studies have examined blockchain applications in financial services and cryptocurrency markets, relatively few studies have focused specifically on tokenized real estate investment systems.

The study also integrates multiple theoretical perspectives, including the Technology-Organization-Environment (TOE) framework and the Resource-Based View (RBV).

By combining these frameworks, the research provides a comprehensive model explaining how technological characteristics, organizational capabilities, and regulatory environments influence investor behavior.

Practical Importance

From a practical perspective, the findings of this research can assist policymakers, real estate companies, and fintech developers in understanding how investor trust can be strengthened in digital property investment platforms. The results may also support the development of regulatory policies designed to encourage innovation while maintaining investor protection.

4. Research Objectives

General Objective To analyze the determinants influencing investor trust and adoption intention toward tokenized real estate investments in Saudi Arabia.

Specific Objectives

1. Examine the influence of technological transparency on investor trust.
2. Analyze the impact of regulatory clarity on investor trust.
3. Evaluate the role of organizational readiness in building investor trust.
4. Investigate the relationship between investor trust and adoption intention.

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5. Research Questions

1. How does technological transparency influence investor trust in tokenized real estate platforms?
2. What role does regulatory clarity play in shaping investor trust?
3. How does organizational readiness influence investor trust?
4. How does investor trust influence adoption intention toward tokenized real estate investments?

6. Research Hypotheses

- H1: Blockchain capability positively influences organizational readiness.
- H2: Digital orientation positively influences organizational readiness.
- H3: Compliance capability positively influences organizational readiness.
- H4: Technological transparency positively influences investor trust.
- H5: Regulatory clarity positively influences investor trust.
- H6: Organizational readiness positively influences investor trust.
- H7: Investor trust positively influences adoption intention.

7. Literature Review

Academic literature on blockchain technology has expanded rapidly over the past decade. Scholars have explored blockchain adoption across financial services, supply chain management, and digital asset markets. However, research focusing specifically on tokenized real estate remains relatively limited.

Tokenization has been described as a mechanism capable of transforming traditional real estate investment models by introducing fractional ownership structures. These structures allow investors to participate in property markets with lower capital requirements while improving liquidity in real estate assets.

Previous studies have emphasized the role of transparency in blockchain-based systems. Because transactions are recorded on distributed ledgers, investors can verify transaction histories independently. This transparency reduces information asymmetry and strengthens investor confidence in digital investment environments.

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Regulatory frameworks also play a crucial role in shaping adoption behavior. Investors are more likely to adopt digital investment platforms when governments provide clear policies governing digital asset ownership and investor protection.

Another important factor influencing blockchain adoption is organizational capability. Firms require technological expertise, digital strategies, and compliance mechanisms to successfully implement blockchain infrastructures. Companies lacking these capabilities may face difficulties when attempting to deploy tokenization systems.

While these studies provide valuable insights, most existing research focuses either on organizational adoption of blockchain technology or individual adoption of fintech platforms. Few studies integrate both perspectives within a single analytical framework examining tokenized real estate adoption.

8. Research Gap

Despite growing interest in blockchain-based real estate systems, empirical research examining investor behavior toward tokenized property investments remains limited. Existing studies often focus on general blockchain adoption rather than specific applications within real estate markets.

Furthermore, previous research rarely integrates technological transparency, organizational readiness, and regulatory clarity within a single framework explaining investor trust. This study therefore seeks to fill this gap by developing an integrated model examining these determinants in the Saudi Arabian context.

9. Theoretical Framework

This research integrates two theoretical perspectives.

Technology-Organization-Environment (TOE) Framework The TOE framework explains how technological characteristics, organizational conditions, and environmental contexts influence technology adoption decisions.

Resource-Based View (RBV) The RBV suggests that organizations achieve competitive advantage through valuable resources and capabilities. In the context of blockchain adoption, capabilities such as digital orientation, blockchain expertise, and compliance capability enhance organizational readiness for implementing innovative technologies.

10. Research Methodology

The study adopts a quantitative research approach using a structured questionnaire to collect data from investors in Saudi Arabia. A descriptive and explanatory research design will be employed to examine relationships between study variables.

Data will be collected through online surveys distributed to investors interested in real estate investments.

11. Population and Sample

The target population consists of investors participating in the Saudi Arabian real estate market. A sample of approximately 200 respondents will be selected using convenience sampling due to accessibility considerations.

12. Research Instrument

The primary research instrument is a structured questionnaire divided into three sections: demographic information, determinants of trust, and adoption intention.

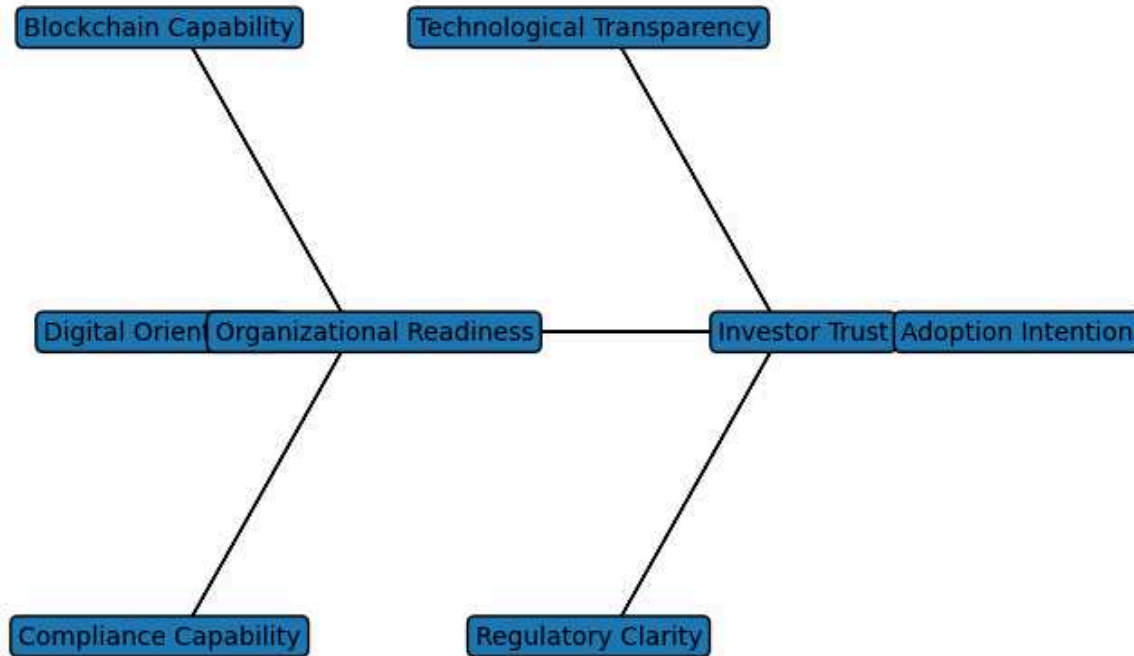
13. Statistical Analysis Methods

Data analysis will be conducted using SPSS software. Descriptive statistics, reliability analysis, correlation analysis, and regression analysis will be used to test the research hypotheses.

14. Study Limitations

The study focuses on investors within Saudi Arabia and relies on self-reported survey data. Results may therefore not be generalizable to all international markets.

15. Conceptual Framework Diagram



16. Survey Questionnaire (SPSS Ready)

Q1. Technological Transparency: The platform clearly shows ownership records. (1=Strongly Disagree ... 5=Strongly Agree)

Q2. Technological Transparency: Blockchain transactions are easy to verify. (1=Strongly Disagree ... 5=Strongly Agree)

Q3. Technological Transparency: Investment processes are transparent. (1=Strongly Disagree ... 5=Strongly Agree)

Q4. Regulatory Clarity: Government regulations for tokenized real estate are clear. (1=Strongly Disagree ... 5=Strongly Agree)

Q5. Regulatory Clarity: Investor protection laws are sufficient. (1=Strongly Disagree ... 5=Strongly Agree)

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- Q6. Regulatory Clarity: Legal ownership rights are well defined. (1=Strongly Disagree ... 5=Strongly Agree)
- Q7. Organizational Readiness: Real estate firms have strong digital capabilities. (1=Strongly Disagree ... 5=Strongly Agree)
- Q8. Organizational Readiness: Firms have expertise in blockchain technology. (1=Strongly Disagree ... 5=Strongly Agree)
- Q9. Organizational Readiness: Firms can manage tokenized platforms efficiently. (1=Strongly Disagree ... 5=Strongly Agree)
- Q10. Investor Trust: I trust blockchain-based property platforms. (1=Strongly Disagree ... 5=Strongly Agree)
- Q11. Investor Trust: Tokenized platforms are secure. (1=Strongly Disagree ... 5=Strongly Agree)
- Q12. Investor Trust: I feel confident investing through digital property platforms. (1=Strongly Disagree ... 5=Strongly Agree)
- Q13. Adoption Intention: I intend to invest in tokenized real estate. (1=Strongly Disagree ... 5=Strongly Agree)
- Q14. Adoption Intention: I would recommend tokenized property investment to others. (1=Strongly Disagree ... 5=Strongly Agree)
- Q15. Adoption Intention: I plan to explore tokenized property platforms in the future. (1=Strongly Disagree ... 5=Strongly Agree)

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