Funds deliver, investors don't: Mind the behaviour gap

Time corrections are more insidious than price corrections, tempting investors to switch at the wrong moment



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THE sudden winds of change in the sentiment in Indian equity is an amalgamation of multiple factors, materializing almost simultaneously. The very reasons that caused the headwinds have turned to tailwinds. The temporary relief in crude prices, growing political opposition against AI infra build-up which resulted in questioning the AI trade, dollar dip and the return of FIIs (Foreign Institutional Investors) gave a fillip to the Indian markets in the past week.

One of the investors called me in the morning suggesting we book profits as stocks have rallied up. I was aghast at the thought and said that these're just green shoots and possibly could sustain if the geopolitical situations don't deteriorate. I understand hispredicament, but I dissuaded him from taking any action, for now.For investors who have been battered with bad news after another, this is not just a whiff of fresh air but a boost to their sagging morale.

And particularly during prolonged time corrections like that happened over the last two years, it tests the nerves and questions our conviction and premises. Usually, it squeezes the weak hands out.So, when we look at the average fund performances during this period - many of them have notched better than the market returns - versus the average investors returns, we notice a gap.

This difference between the returns a fund generates and the returns investors actually take home is defined as the 'Behavior Gap'. This is because most investors chase winners and infuse fresh monies in funds which had recent best/better performance (buy high) and conversely pull their money out after the fund suffers a drawdown (selling low). Consequently, the returns earned by the investors in that fund is relatively lower than the fund's reported return for that period. This behavior is the financial equivalent of driving by looking at the rearview mirror, rather than what lies ahead. And the consequences can be devastating.

Consider a fund with an average annualized return of 12% over a ten-year period. An investor who remains invested all through this period experiences a similar return subject to timing and nature of cashflows. However, another investor who enters during a strong rally, exits during a correction and subsequently re-enters after the recovery could end up with significantly lower returns.

While both investors had access and exposed to the same fund, the same fund manager and the same investment strategy, the difference wasn't the investment avenue but the investor's behavior. Investors often spend umpteen hours evaluating fund managers, comparing rolling returns, analyzing portfolios. Yet very little attention is paid to the one crucial variable that has a direct bearing on the outcome and their wealth creation: their own behavior.

Corrections happen in two ways: price and time. A sharp correction can be unsettling, but it also brings clarity. It's an immediate visible event to respond as portfolios shrink, markets fall and valuations turn reasonable or attractive. A time correction on the other hand, is far more insidious. When markets move sideways for months and even years, investors begin the opportunity cost of remaining invested. Every other alternate asset, geography or investment theme begins to look more attractive, making it difficult to resist a switch.

Of course, it's already taken a time to notice that portfolio is going nowhere in the investment thesis. A change in the fund management, persistent style drift, diminishing portfolio quality or a continued deviation from the stated mandate may warrant a review. Switching merely because the fund underperformed in the past few quarters is not ideal.

A well-constructed portfolio is designed to accommodate periods of discomfort. If investors abandon every component that temporarily underperforms then they risk dismantling the very diversification that was intended to protect them. The solution then is not in identifying or predicting the next winner but to build a while the alternative proving its worthiness. The switch now would make good in the immediate period where one may enter as the rally picked up or peaking and only to figure out that it is turning unsustainable. By then the original investment would turn attractive or rallying back. The irony is, this behavior results in abandoning an investment just when its relative prospects are about to change.

One should acknowledge and recognize that markets are non-linear, and leadership rarely remains constant. It's influenced by business cycles, market cycles and economic cycles, liquidity, sentiment, etc. which mayn't favor the fund all the times. But, it's the tendency of the investors to extrapolate the recent performance into the future, betting yesterday's winners to continue.

Markets reward patience, not constant activity. This doesn't mean investors should blindly hold on to every underperforming fund or ignoring flagging fundamentals. There's a huge difference between performance-related disappointment and a fundamental breakdown process that reduces the friction of emotions impacting the decisions.

It's important to have an investment plan even before committing an investment. The review mechanism can be periodic but appropriate. Rebalance instead of chasing performance. Top of all, understand thyself i.e., why investing at the first place, define the goals, analyze risk tolerance, stick to the timelines, and build a portfolio that represents you.

The recent improvement in sentiment is a reminder of how quickly market narratives change. The same factors that weighed today could turn supportive tomorrow. The objective is not to become immune to market movements but to avoid reacting to every market movement. After all, the difference between the returns markets deliver and investors earn has less to do with the market and more to the investor itself.

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IGBC pushes tax breaks, mandatory norms for green homes

Council wants roof insulation, shading, double glazing and mandatory EV charging in building rules

Srikanth Godavarthi
Hyderabad





C. Shekhar Reddy, National Chairman CII Indian Green Building Council

THE Indian Green Building Council (IGBC) is pushing for mandatory green-building standards for large real estate projects in Telangana, seeking to move sustainability from voluntary certification to a broader regulatory requirement.

The council has recommended making IGBC Silver certification compulsory for projects developed on plots exceeding 5,000 square metres. It has also sought property-tax concessions for certified residential buildings and incentives for developers undertaking energy-efficiency retrofits.

The proposals come amid the rapid expansion of commercial and residential real estate in Telangana, where energy consumption in buildings is emerging as a major concern.

C. Shekar Reddy , National Chairman of the CII Indian Green Building Council, said energy-efficiency standards should be made mandatory for a wider range of buildings, while voluntary green certification should continue to encourage developers to adopt higher sustainability standards.

"Mandatory standards can ensure that essential measures for energy efficiency, ventilation and thermal comfort are adopted across the real estate sector, rather than remaining limited to premium developments," he said.

IGBC has also called for practical design provisions such as roof insulation, external shading, double-glazed windows on appropriate building orientations, improved natural ventilation and daylighting, besides mandatory EV charging facilities.

The council believes that establishing minimum energy-efficiency requirements through building regulations, coupled with incentives for higher certification levels, could accelerate the adoption of green construction practices.

The economic benefits of such measures are increasingly visible in the commercial real estate sector. Operational data from IGBC Existing Buildings rating-certified commercial projects in Hyderabad indicates average energy savings of around 24% against baseline or projected consumption, with several projects reporting savings exceeding 30%.

These projects have collectively reported annual energy savings of more than 13 GWh. More than 75% have integrated on-site renewable energy systems, while several procure 70% or more of their electricity requirements through off-site renewable sources.

However, the council maintains that wider adoption will require a combination of regulatory changes, financial incentives and greater awareness among developers.

The cost of incorporating green features has also come down substantially. According to Shekar Reddy, an IGBC Silver-rated green home can be designed without any additional construction cost, while a Gold-rated home can be achieved with an incremental investment of less than 1% of the total project cost, provided sustainability measures are incorporated at the planning stage.

In Hyderabad, where apartment prices can exceed Rs 8,000 per square foot, the additional investment for a Gold-rated home could be less than Rs 80 per square foot, he said.

Telangana has 1,283 IGBC-registered buildings, indicating the growing acceptance of green construction practices in the State. The council wants the government to build on this base by bringing more buildings under mandatory energy-efficiency requirements.

The larger objective, according to IGBC, is to make sustainability a basic requirement in building construction rather than a feature restricted to premium commercial developments.

Hyderabad tops housing sales charts in Q3, up 70%

Kolkata and Bengaluru follow; Delhi-NCR and Mumbai see marginal dips, JLL report says

New Delhi



HOME sales across India's seven major residential markets rose 6 per cent year-on-year to 2,14,562 units during January-September 2026, reversing the 12 per cent decline recorded in the corresponding period of 2025, led by demand for premium housing, a report said.

The report from JLL said that recovery was led decisively by premium housing with apartments priced at Rs 1 crore and above posting 23 per cent Y-o-Y growth and capturing 72 per cent of total sales during the period, up from 62 per cent a year earlier.

The recovery was driven by sustained urban migration, upgrades to infrastructure, and shifting lifestyle preferences among homebuyers, the report noted.

Developers continued to align new supply with the prevailing premium-led demand pattern, with residential launches across the top seven cities rising 15 per cent YoY to 2,59,425 units during January–September 2026.

The sub-Rs 1 crore mass housing segment continued to lose ground, with sales falling 23 per cent YoY as affordability pressures and a continued shift in buyer preference toward larger, higher-specification homes reshaped the demand mix.

"Sales momentum has been led decisively by the Rs 1.5-3 crore segment, which grew 54 per cent year-on-year, while developers have matched this demand with a massive 70 per cent increase in launches," said Siva Krishnan, Senior Managing Director and Head of Residential Services, India, JLL.

Govt to e-auction 11 residential flats in Prayagraj

NEW DELHI: The National Land Monetisation Corporation (NLMC) on Tuesday announced it has released a Request for Proposal (RFP) for the e-auction of 11 government-owned residential flats situated across three established housing schemes in Prayagraj, Uttar Pradesh.

The wholly owned government company under the administrative control of the Department of Public Enterprises (DPE) said that the RFP invites prospective homebuyers, individual investors and other eligible bidders to participate in a structured, transparent and competitive online auction process for acquiring residential properties in some of Prayagraj's well-established localities.

Real estate sector matures as institutional capital hits $78 bn

Investors can still earn double-digit returns by holding quality office properties over five years

New Delhi



INDIA's real estate market entered a new phase of value creation in which investment returns will be driven increasingly by net operating income (NOI) growth and strategic asset selection, a report said.

Investors have the opportunity to still earn double-digit returns by holding high-quality office properties over a typical 5-year investment period, rather than relying solely on falling cap rates, the property consultancy JLL said.

India's real estate sector has matured into an institutional-grade investment destination, attracting about $78 billion of institutional capital since 2014. The report noted another sign of maturity which is the notable compression in capitalisation rates across key sectors. Office cap rates have tightened by 270 basis points, retail by 320 basis points, and warehousing by 250 basis points between 2016 and Q3 2026.

"India's real estate market has reached a pivotal moment, moving beyond an era of market-wide re-rating to one focused on sophisticated, long-term value creation. The past decade was defined by a significant re-rating, with capitalisation rates compressing sharply across all key commercial sectors," said Lata Pillai, Senior Managing Director & Head of Capital Markets, India, JLL.

"The next phase will be about building value, driven by income growth rather than cap rate movement. The era of returns driven by market-wide cap rate compression is behind us, as the scope for further compression is limited given the way interest rates are moving," Pillai added.

With over 600 million square feet of new supply across office, warehousing, and retail in the pipeline, plus 200 million square feet of non-premium office stock ready for repositioning, capital deployment pathways are clearly defined across the entire risk spectrum, from core institutional assets to value-add repositioning and opportunistic development.

A massive upcoming pipeline of 40 million sq. ft till 2030, which is 70 per cent premium, will fundamentally reshape the landscape and support long-term institutional portfolio growth, the report noted.

Godrej Properties to launch ₹32,000 cr worth homes for sale in H2 FY27 to cash in on demand

New Delhi



GODREJ Properties plans to launch homes worth Rs 32,000 crore for sale in the second half of this fiscal, double than the preceding six months, as part of its strategy to expand business and cash in on strong housing demand.

The company launched Rs 16,000 crore worth residential properties during the April-September period of the 2026-27 financial year.

Godrej Properties Chairperson Pirojsha Godrej said the company was on track to meet or exceed its annual guidance for sales bookings, collection of funds from customers, launches, land acquisition and completion of projects. Asked about the launch pipeline for the second half of this fiscal, he said it is pretty strong across major cities. including Mumbai Metropolitan Region (MMR), Delhi-NCR, Pune, Bengaluru and Hyderabad.

During the 2025-26 fiscal, Godrej Properties launched projects worth Rs 42,200 crore for sales and set a target of Rs 48,000 crore for the current fiscal.

In the last few financial years, Godrej Properties has been the country's largest listed real estate firm in terms of sales bookings, and is set to retain the position this fiscal too.

In 2026-27, the company's sales bookings are expected to rise 22 per cent to a record Rs 41,500 crore, beating annual guidance on strong demand for its housing properties.

During the last fiscal year, the company sold properties worth Rs 34,171 crore, and set a pre-sales or sales bookings guidance of Rs 39,000 crore for the current 2026-27 fiscal.

The company's sales bookings rose 7 per cent to Rs 16,659 crore in the first six months of this fiscal from Rs 15,587 crore in the year-ago period.

Pirojsha noted that housing demand remains strong across all its projects despite global political and economic uncertainties.

"We are not seeing any of our own projects where we are disappointed with offtake or demand. I would say from a company perspective, demand has been quite strong," Pirojsha said.

On collection of funds from customers, Godrej Properties has set a target of 24,000 crore for this fiscal. In the first half, it has already collected Rs 9,666 crore.

Even on deliveries of projects, Pirojsha said the company would achieve the target of 13.5 million sq ft, despite only 3.4 million sq ft being delivered in the first half.

Can't sit on homebuyers' money without delivering flats, says consumer panel

Mumbai



OBSERVING that a developer cannot retain public funds while failing to deliver flats within a reasonable timeframe, the Maharashtra Consumer Commission here has directed Bombay Dyeing and Bombay Realty to refund Rs 1.95 crore to two Jamshedpur-based homebuyers.

A bench comprising presiding member Poonam Maharshi and member Nisha Amol Chavhan directed the developers to jointly and severally refund the principal sum of Rs 1.95 crore alongside Rs 1.5 lakh towards compensation and litigation costs for "deficiency in service and unfair trade practice".

According to the complaint, the Jameshedpur residents had booked a 1,941 sq ft apartment along with two car parking spaces in Dadar East for a total price of Rs 9.94 crore.

Between August and October 2014, the buyers were issued an allotment letter under a 30:70 payment plan, and they paid Rs 1.95 crore, including the initial booking amount of Rs 25 lakh, the complainants claimed. They alleged that despite adhering to the initial instalment schedule, the developers, Bombay Dyeing and Manufacturing Co Ltd and Bombay Realty, delayed construction by over a year.

While discussions were underway to revise the payment schedule to a construction-linked plan, the developer continued issuing demands under the old scheme and sent a pre-termination letter in September 2016 threatening cancellation and forfeiture.