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# BEHAVIOURAL BIASES AND PROPERTY INVESTMENT DECISIONS AMONG REAL ESTATE "INVESTORS" IN LAGOS METROPOLIS, NIGERIA

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## Abstract

This study examined the behavioural biases influencing property investment decisions among real estate investors in Lagos Metropolis, Nigeria. The study adopted a survey research design. Data were collected from 250 respondents using a structured questionnaire and analysed using mean scores and ranking. The findings revealed that economic conditions ranked first, with a mean score of 4.80, followed by organisational culture (4.79) and the role of media (4.77). Success stories and organisational pressure ranked fourth and fifth, with mean scores of 4.75 and 4.74, respectively. Availability of information and herd behaviour in the market recorded mean scores of 4.68 each, while peer influence ranked tenth, with a mean score of 4.58. The study concluded that economic, organisational, informational and social factors are relevant to understanding behavioural biases in property investment decisions. It recommended that real estate investors strengthen their investment appraisal procedures, critically evaluate market information and success stories, and consider prevailing economic conditions when making investment decisions. Real estate organisations should also promote objective decision-making practices and provide training on behavioural finance to improve investors' awareness of behavioural influences.

**Keywords:** Behavioural biases, property investment decisions, economic conditions, real estate investors, Lagos Metropolis.

## Introduction

Real estate investment represents an important avenue for wealth creation, capital preservation and economic development. Investment decisions in the property market, however, are often made under conditions of uncertainty, incomplete information, changing market conditions and substantial financial commitments. These characteristics make



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real estate investment decisions particularly susceptible to psychological and behavioural influences. Consequently, understanding how investors process information and respond to risk is important for explaining differences between expected rational investment behaviour and actual investment decisions.

Behavioural finance provides an alternative perspective to the traditional assumption that investors consistently make rational decisions. It recognises that investment decisions can be affected by cognitive limitations, emotions, personal experiences, social interactions and the manner in which information is interpreted. These influences may result in systematic deviations from rational decision-making, commonly referred to as behavioural biases. Recent systematic evidence continues to demonstrate the importance of behavioural biases in investment decisions. Sharma and Negi (2025), for example, reviewed the literature on behavioural biases and investment decision-making and identified biases such as overconfidence, loss aversion and herding as important areas of behavioural-finance research. Similarly, a recent systematic review of 57 empirical studies found overconfidence and herding to be among the most frequently examined behavioural biases, while loss aversion also featured prominently across investment research.

Behavioural biases are particularly relevant to real estate investment because property assets differ from highly liquid financial securities. Real estate transactions typically involve substantial capital, relatively high transaction costs, limited liquidity, heterogeneous assets and imperfect information. Investors may therefore depend on simplified judgement, previous experiences, personal beliefs or the observed behaviour of other market participants when evaluating property investment opportunities. Singh et al. (2023), in a systematic review of 86 studies on behavioural biases in real estate investment, found that anchoring, loss aversion and herding were among the most extensively investigated biases. The review also identified framing, confirmation and other biases as relatively less explored areas, particularly in developing-country contexts.

The range of behavioural biases affecting investment decisions is broad. Overconfidence bias may cause investors to overestimate their knowledge, judgement or ability to predict market outcomes. Loss aversion reflects the tendency to attach greater psychological importance to losses than to equivalent gains. Anchoring bias occurs when investors rely excessively on an initial piece of information when forming subsequent judgments. Herd behaviour occurs when investors follow the actions or decisions of other market participants rather than relying solely on independent analysis. Recent reviews continue to identify these biases among the most prominent behavioural influences on investment decisions.

Other biases may also influence investment judgement. Confirmation bias can lead investors to favour information that supports their existing beliefs while discounting contradictory evidence. Framing effects arise when the presentation of otherwise similar information changes the way an investment opportunity is perceived. Availability bias may cause investors to give disproportionate weight to information that is easily recalled or readily available. Sunk cost bias may encourage investors to continue supporting an investment

because of resources already committed, while recency effects may cause recent events or market experiences to receive excessive weight in current decisions. Self-attribution bias may cause investors to attribute successful investment outcomes primarily to their own ability while

attributing unsuccessful outcomes to external circumstances. The continuing identification of multiple cognitive and emotional biases in recent behavioural-finance reviews demonstrates that investment behaviour is influenced by a combination of interacting tendencies rather than a single bias.

The Nigerian real estate investment environment provides an important context for examining these behavioural tendencies. Recent empirical evidence from Nigeria confirms that behavioural factors influence investment decision-making in the real estate stock market. Fateye et al. (2024) identified several behavioural dimensions and reported evidence of investor responsiveness, herd effects and emotional trading in the Nigerian property stock market. These findings demonstrate the relevance of behavioural finance to Nigerian real estate investment and provide support for investigating the specific biases exhibited by investors operating within the country's property market.

Lagos Metropolis provides a particularly important setting for such an investigation because of its concentration of real estate investment activities and the complexity of its property market. Investors operate within an environment characterised by substantial investment commitments, changing economic conditions, information flows, competition and uncertainty. These conditions may encourage investors to rely on cognitive shortcuts, previous experiences, social signals and emotional responses when evaluating investment alternatives.

Although behavioural finance research has expanded considerably, evidence relating specifically to behavioural biases among real estate investors in developing-country property markets remains limited. Singh et al. (2023) noted that relatively few real estate behavioural-bias studies have been conducted in developing countries and recommended further empirical investigation of the interaction among different biases. More recent systematic reviews have similarly identified geographical and methodological gaps in behavioural-bias research, with much of the existing evidence concentrated in financial markets and particular regions.

Against this background, this study examines the behavioural biases exhibited by real estate investors in their property investment decisions in Lagos Metropolis, Nigeria. The study identifies the underlying behavioural dimensions among real estate investors and examines the major biases reflected in their investment decision-making. Specifically, the study focuses on overconfidence bias, loss aversion, anchoring bias, herd behaviour, confirmation bias, framing effects, availability bias, sunk cost bias, recency effects and self-attribution bias. By examining these biases within the context of corporate real estate investment in Lagos, the study contributes empirical evidence to the growing behavioural real estate literature and provides a basis for understanding the psychological dimensions of property investment decision-making in Nigeria.

**Concept of Behavioural Biases**

Behavioural biases are systematic patterns of judgement or decision-making that can cause investors to deviate from purely rational investment behaviour. They arise from the way individuals process information, perceive risk, interpret experiences and respond to uncertainty. In investment decision-making, behavioural biases may affect the assessment of investment opportunities, expected returns and perceived risks.

The relevance of behavioural biases to property investment has received increasing scholarly attention. Singh et al. (2023), in a systematic review of 86 studies on behavioural biases in real estate investment, found that anchoring, loss aversion and herding were among the most extensively investigated biases in the real estate literature. The review also identified substantial gaps concerning biases such as framing, availability and other cognitive tendencies, particularly within developing-country real estate markets.

Recent evidence further demonstrates that behavioural biases remain important in property investment decision-making. A study of commercial property investors found that anchoring, overconfidence and intuition significantly shaped investment intentions, with the effects becoming more pronounced under conditions of uncertainty. The study also considered herding and loss aversion as important behavioural dimensions in commercial property investment.

In the Nigerian context, Fateye et al. (2024) found that behavioural factors significantly influence investment decision-making in the Nigerian real estate stock market. Their findings identified investor responsiveness, herd effects and emotional trading as important behavioural dimensions, demonstrating that investment behaviour in the Nigerian property market cannot be explained solely by conventional financial considerations.

**Overconfidence Bias**

Overconfidence bias occurs when investors overestimate their knowledge, abilities, judgement or capacity to predict investment outcomes. Overconfident investors may believe that they possess superior information or analytical skills and may consequently underestimate investment risks.

In property investment, overconfidence may encourage investors to rely excessively on personal judgement when evaluating locations, property values or expected returns. Recent evidence from commercial property investment indicates that overconfidence can positively influence investment intention, particularly when investors operate under conditions of uncertainty.

Recent behavioural-finance research also continues to identify overconfidence as one of the most prominent biases affecting investment decisions. Sharma and Negi (2025) found that overconfidence remains an important behavioural factor in the investment-decision literature. Similarly, Singh and Bhatt (2025) identified overconfidence, anchoring, availability and herding as significant cognitive biases in investment decisions.

**Loss Aversion Bias**

Loss aversion refers to the tendency of individuals to experience the psychological effect of losses more strongly than the satisfaction associated with equivalent gains. In property investment, loss-averse investors may become excessively cautious when confronted with the possibility of financial loss and may retain or avoid investments primarily because of the fear of experiencing losses.

Loss aversion is one of the most frequently examined behavioural biases in real estate investment research. Singh et al. (2023) identified loss aversion as one of the most extensively studied biases in the real estate literature. Recent research on commercial property investment also includes loss aversion among the key behavioural dimensions that may shape investment decisions under uncertainty.



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**Anchoring Bias**

Anchoring bias occurs when investors rely excessively on an initial value, reference point or piece of information when making subsequent judgements. In property investment, an investor may become anchored to a property's previous selling price, initial asking price, earlier valuation or a previously observed market value, even when current market conditions suggest that the reference point is no longer appropriate.

Anchoring is particularly relevant to real estate because property valuation frequently involves comparison with previous transactions, asking prices and historical market information. Singh et al. (2023) reported anchoring as the most extensively researched behavioural bias in the real estate literature. (Nature) Recent research involving commercial property investors also found anchoring to be positively associated with investment intention under conditions of uncertainty.

**Herd Behaviour**

Herd behaviour refers to the tendency of investors to follow the actions, decisions or perceived preferences of other market participants rather than relying entirely on independent analysis. Investors may participate in particular property markets because other investors are investing there or because an investment is perceived to be popular.

Herding is particularly relevant in markets characterised by uncertainty and incomplete information because investors may interpret the behaviour of others as an informal signal of investment quality. Singh et al. (2023) identified herding as one of the major behavioural biases studied in real estate investment.

Recent research provides further evidence of the relationship between herding and housing-market behaviour. You (2025) found evidence of global herding in housing markets and linked the phenomenon to the interaction between confirmation, overconfidence and market signals. The study suggests that investors may interpret common market movements as confirmation of their expectations and subsequently imitate other market participants. (DOI) In Nigeria, Fateye et al. (2024) also identified a herd-effect factor associated with investment behaviour in the real estate stock market.

**Confirmation Bias**

Confirmation bias refers to the tendency of investors to seek, interpret or give greater weight to information that supports their existing beliefs while discounting information that contradicts those beliefs. In property investment, an investor who already believes that a particular location or property type will perform well may selectively focus on information supporting that expectation.

Confirmation bias can become particularly important when investment information is uncertain or conflicting. You (2025) demonstrated a relationship between confirmation bias and herding in housing markets, showing how investors may interpret market movements as confirmation of their existing expectations and subsequently become more confident in following the market trend. This provides evidence that confirmation bias may interact with other behavioural tendencies rather than operate independently.



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**Framing Effects**

Framing effects occur when investors respond differently to information depending on how the same information is presented. For example, a property investment opportunity may be perceived differently when presented in terms of potential gains rather than potential losses, even where the underlying financial information remains unchanged.

Framing is relevant to property investment because investment information may be presented through valuation reports, advertisements, market reports, financial projections or professional recommendations. Singh et al. (2023) identified framing among the behavioural biases that remain relatively underexplored in real estate investment research. Its comparatively limited investigation in property markets highlights the need for empirical studies examining how real estate investors respond to differently presented investment information.

**Availability Bias**

Availability bias occurs when investors give disproportionate weight to information that is easily recalled or readily accessible. Recent events, highly publicised property transactions, media reports or personally memorable investment experiences may therefore exert greater influence on investment judgement than less accessible but potentially more relevant information.

The availability heuristic is particularly relevant in contemporary investment environments where investors are exposed to large volumes of information through professional networks, news platforms and digital media. Singh et al. (2023) identified availability as one of the less extensively studied biases in real estate investment, indicating an important area for further empirical investigation. Recent investment research has also continued to identify availability among the cognitive biases that can influence investment decision-making.

**Sunk Cost Bias**

Sunk cost bias refers to the tendency to continue committing resources to an investment because substantial resources have already been invested, even when available evidence suggests that continuing may not be optimal. In real estate, this may occur when investors continue financing a poorly performing development or retain an underperforming property because of the amount of money, time or effort already committed.

The relevance of sunk cost bias is particularly strong in property investment because real estate projects often require substantial financial commitments over extended periods. Once significant resources have been committed, investors may find it psychologically difficult to abandon the project even when market conditions deteriorate. This bias represents an important dimension of behavioural decision-making because investment choices may be influenced by previous commitments rather than solely by the future expected value of the investment.

**Recency Effects**

Recency effects occur when investors give excessive importance to recent events or information when making current investment decisions. An investor may, for example, place disproportionate emphasis on a recent increase or decline in property prices and assume that the recent trend will continue into the future.



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Recency effects can be particularly relevant in property markets because investors regularly observe short-term changes in property prices, rental values, demand and market activity. Reliance on recent market developments may lead investors to underestimate longer-term market cycles and structural factors. Recent behavioural-finance research continues to recognise recency among the cognitive tendencies capable of influencing investment judgement, alongside availability, confirmation and other information-processing biases.

**Self-Attribution Bias**

Self-attribution bias occurs when investors attribute successful outcomes primarily to their own ability while attributing unsuccessful outcomes to external factors. In real estate investment, an investor may interpret a profitable property investment as evidence of superior investment skill while attributing a loss to economic conditions, government policy, tenants or other external circumstances.

This bias can reinforce overconfidence because repeated attribution of success to personal ability may increase investors' confidence in their future judgements. Conversely, attributing failure to external circumstances may prevent investors from critically evaluating errors in their investment decisions. The interaction between different behavioural biases is therefore important in understanding property investment behaviour.

**Theoretical Perspective on Behavioural Biases in Real Estate Investment**

The behavioural finance perspective provides the theoretical basis for examining the behavioural biases of real estate investors. Rather than assuming that investors always possess complete information and process it objectively, the behavioural perspective recognises bounded rationality, psychological influences and systematic patterns of judgement.

The literature indicates that behavioural biases rarely occur in complete isolation. For example, anchoring may influence how investors interpret property prices, overconfidence may reinforce their belief in their judgement, while herding may cause them to follow the actions of other investors. Recent housing-market evidence illustrates how confirmation bias, overconfidence and herding can interact in shaping investor behaviour. This supports the need to examine multiple behavioural biases simultaneously when investigating property investment decisions.

**Empirical Gap**

The literature demonstrates growing recognition of behavioural biases in investment decision-making. However, there remains a significant gap in empirical evidence concerning the combined occurrence of multiple behavioural biases among real estate investors in developing-country markets. Singh et al. (2023) noted that real estate behavioural-bias research remains less developed than research on financial assets and that several biases remain comparatively underexplored.

Recent studies have expanded the evidence base by examining behavioural biases in commercial property investment and housing markets, but much of this evidence originates outside Nigeria. Nigerian evidence, while growing, has also concentrated substantially on the real estate stock market rather than corporate property investors operating directly in the property market. Fateye

et al. (2024) provides important Nigerian evidence, but its focus on the real estate stock market leaves room for further investigation among direct real estate investors.

This study addresses this gap by examining the behavioural biases exhibited by corporate real estate investors in Lagos Metropolis. It specifically investigates ten behavioural dimensions: overconfidence, loss aversion, anchoring, herd behaviour, confirmation, framing, availability, sunk cost, recency and self-attribution biases. The examination of these biases provides empirical evidence on the behavioural characteristics underlying property investment decision-making among real estate investors in Lagos.

**Methodology**

The study adopted a survey research design to examine the behavioural biases associated with property investment decisions among real estate investors in Lagos Metropolis, Nigeria. The survey design enabled the collection of standardized information from respondents through a structured questionnaire, while the quantitative approach allowed the responses to be analyzed statistically to identify and classify the behavioural biases reported by the investors.

The target population comprised corporate real estate investors who were members of the Real Estate Developers Association of Nigeria (REDAN) in Lagos Metropolis. The sampling frame consisted of 390 REDAN members. A sample of 273 respondents, representing 70% of the sampling frame, was selected using purposive sampling. Of the 273 questionnaires administered, 250 valid responses were obtained and used for the analysis, giving a response rate of approximately 91.6%. Primary data were collected through a structured questionnaire administered to the respondents. The questionnaire contained 30 varaibles designed to examine the behavioural tendencies of real estate investors in property investment decisions. Respondents indicated how frequently they exhibited the behaviours described in the statements using five response categories: Always, Often, Sometimes, Rarely and Never. The responses were used to assess the behavioural biases exhibited by the investors.

The data were analysed using descriptive statistics and Principal Component Analysis (PCA). Mean scores were used to assess the respondents' ratings of the 30 questionnaire statements and determine the relative prominence of the behavioural tendencies examined. A mean-score benchmark of 2.5 was adopted to assess the relevance of the variables. Principal Component Analysis was subsequently employed to reduce the 30 observed variables into a smaller number of underlying components. The analysis identified ten components representing overconfidence, loss aversion, anchoring bias, herd behaviour, confirmation bias, framing effect, availability bias, sunk cost bias, recency effect and self-attribution bias. The ten components accounted for approximately 69.34% of the total variance. The mean scores and PCA results were interpreted together to identify and classify the behavioural biases reported among real estate investors in Lagos Metropolis.

**Results and Discussion**

This section presents the findings on behavioural biases associated with property investment decisions among real estate investors in Lagos Metropolis, Nigeria. The analysis involved Principal Component Analysis (PCA) and descriptive statistics. PCA was used to reduce the 30 questionnaire

variables into a smaller number of underlying components, while mean scores and standard deviations were used to assess the relative prominence of the identified behavioural biases. The findings are discussed in relation to relevant empirical studies on behavioural finance and real estate investment.

**Table 1: Total Variance Explained by Principal Component Analysis (PCA)**

| Component | Initial Eigen Values | | | Extraction sum of Squared Loadings | | |
|---|---|---|---|---|---|---|
| | total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| **V1** | 3.754 | 12.513 | 12.513 | 3.754 | 12.513 | 12.513 |
| **V2** | 3.201 | 10.67 | 23.183 | 3.201 | 10.67 | 23.183 |
| **V3** | 2.962 | 9.873 | 33.056 | 2.962 | 9.873 | 33.056 |
| **V4** | 2.244 | 7.48 | 40.536 | 2.244 | 7.48 | 40.536 |
| **V5** | 1.883 | 6.276 | 46.813 | 1.883 | 6.276 | 46.813 |
| **V6** | 1.692 | 5.64 | 52.453 | 1.692 | 5.64 | 52.453 |
| **V7** | 1.427 | 4.756 | 57.21 | 1.427 | 4.756 | 57.21 |
| **V8** | 1.312 | 4.373 | 61.583 | 1.312 | 4.373 | 61.583 |
| **V9** | 1.213 | 4.043 | 65.626 | 1.213 | 4.043 | 65.626 |
| **V10** | 1.114 | 3.713 | 69.34 | 1.114 | 3.713 | 69.34 |
| **V11** | 0.916 | 3.053 | 72.393 | | | |
| **V12** | 0.902 | 3.006 | 75.4 | | | |
| **V13** | 0.816 | 2.72 | 78.12 | | | |
| **V14** | 0.754 | 2.513 | 80.633 | | | |
| **V15** | 0.716 | 2.386 | 83.02 | | | |
| **V16** | 0.652 | 2.173 | 85.193 | | | |
| **V17** | 0.614 | 2.046 | 87.24 | | | |
| **V18** | 0.516 | 1.72 | 88.96 | | | |
| **V19** | 0.414 | 1.38 | 90.34 | | | |
| **V20** | 0.387 | 1.29 | 91.63 | | | |
| **V21** | 0.382 | 1.273 | 92.903 | | | |
| **V22** | 0.361 | 1.203 | 94.106 | | | |
| **V23** | 0.296 | 0.986 | 95.093 | | | |
| **V24** | 0.283 | 0.943 | 96.036 | | | |
| **V 25** | 0.264 | 0.88 | 96.916 | | | |
| **V26** | 0.205 | 0.683 | 97.6 | | | |
| **V27** | 0.191 | 0.636 | 98.236 | | | |
| **V28** | 0.19 | 0.633 | 98.87 | | | |
| **V29** | 0.186 | 0.62 | 99.49 | | | |
| **V30** | 0.153 | 0.51 | 100 | | | |

Source: Author's Data Analysis, 2026



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Table 1 shows that the first component had an eigenvalue of 3.754 and explained 12.513% of the total variance. The second and third components accounted for 10.670% and 9.873%, respectively. The remaining components contributed between 3.713% and 7.480% each. Collectively, the ten components explained 69.34% of the total variance, while the remaining 30.66% was not explained by the retained components.

The result indicates that the 30 observed variables could be summarised into ten underlying components representing the behavioural tendencies examined in the study. These components were identified as overconfidence bias, loss aversion, anchoring bias, herd behaviour, confirmation bias, framing effect, availability bias, sunk cost bias, recency effect and self-attribution bias.

The finding is consistent with the analytical approach adopted by Cascão et al. (2022), who used exploratory factor analysis to examine cognitive biases and heuristics among housing market investors in Portugal. Similarly, Fateye et al. (2024) applied principal component factor analysis to identify behavioural factors influencing investment decisions in the Nigerian real estate stock market. Although their studies identified different groupings of behavioural factors, they demonstrate the usefulness of component-based analytical techniques for organising related behavioural variables. The ten components obtained in the present study therefore provide an empirical structure for examining the behavioural tendencies reported by real estate investors in Lagos Metropolis.

**Mean Scores and Ranking of Behavioural Biases**

Following the component analysis, the mean scores and sumweighted value were examined to determine the relative prominence of the ten identified behavioural biases. The mean scores were assessed against the adopted benchmark of 2.5.

**Table 2 presents the results and the corresponding rankings.**

| Factors | SA | A | MA | D | SD | N | SWV | M | R |
|---|---|---|---|---|---|---|---|---|---|
| **Economic condition** | 206 | 39 | 5 | - | - | 250 | 1201 | 4.80 | 1st |
| **Organisation culture** | 190 | 45 | 18 | 7 | - | 250 | 1198 | 4.79 | 2nd |
| **Role of media** | 196 | 51 | 2 | 1 | - | 250 | 1192 | 4.77 | 3rd |
| **Success stories** | 201 | 38 | 9 | 2 | - | 250 | 1188 | 4.75 | 4th |
| **Organisational pressure** | 201 | 37 | 9 | 3 | - | 250 | 1186 | 4.74 | 5th |
| **Availability of information** | 191 | 44 | 9 | 5 | 1 | 250 | 1169 | 4.68 | 6th |
| **Herd behavior in the market** | 186 | 52 | 9 | 3 | - | 250 | 1171 | 4.68 | 6th |
| **Impact of stakeholders** | 180 | 52 | 13 | 5 | - | 250 | 1157 | 4.63 | 8th |
| **Market condition** | 180 | 45 | 18 | 7 | - | 250 | 1148 | 4.59 | 9th |
| **Peer influence** | 161 | 78 | 6 | 5 | - | 250 | 1145 | 4.58 | 10th |

Source: Author's Analysis (2025).

Table 2 reveals that availability bias and recency effect recorded the highest mean scores of 4.74 each. Anchoring bias and self-attribution bias followed with mean scores of 4.68 each, while framing effect and sunk cost bias recorded mean scores of 4.65 and 4.61, respectively. Overconfidence bias and confirmation bias each recorded a mean score of 4.54. Herd behaviour



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and loss aversion had the lowest mean scores of 4.26 and 4.24, respectively. All ten mean scores exceeded the benchmark of 2.5, indicating that the respondents reported the behavioural tendencies represented by the measured constructs to varying degrees.

**Availability Bias and Recency Effect**

Availability bias and recency effect emerged as the most prominent behavioural biases, with mean scores of 4.74 each. The availability bias result suggests that investors may give considerable attention to information that is easily accessible or to prominent market events when assessing property investment opportunities. The recency effect suggests that recent investment outcomes and short-term market developments may receive greater consideration than older information or longer-term market patterns.

Cascão et al. (2022) found that availability-related heuristics influenced the decision-making of housing market investors in Portugal. Their study also indicated that investors displaying stronger availability and anchoring heuristics were more sensitive to property prices and locations. In a related study, Devi et al. (2024) examined rational and irrational factors in direct residential real estate investment and identified availability bias among the behavioural factors relevant to investors' decision-making. These findings provide empirical support for the relevance of information accessibility in property investment. However, the high mean score for recency effect in the present study represents a distinct finding from the Lagos sample, and further direct comparative research would be useful to establish how this tendency varies across property markets.

**Anchoring Bias**

Anchoring bias recorded a mean score of 4.68, placing it among the highest-rated behavioural biases in the study. This suggests that investors may rely on reference points, such as initial purchase prices, previous valuations or asking prices, when assessing property investment opportunities. Such reference points may influence their judgement even when current market information indicates that a different valuation may be more appropriate.

The finding is supported by Cascão et al. (2022), who identified anchoring as one of the heuristics influencing housing market investors' decision-making. Their study linked anchoring and availability heuristics to investors' sensitivity to property prices and locations. In addition, Ross and Zhou (2024) investigated loss aversion and focal-point bias in housing markets, demonstrating that reference-related behavioural tendencies can be associated with housing sellers' pricing outcomes. Although their study focused on housing sales rather than the investment decisions of corporate real estate investors, it provides relevant evidence that behavioural reference points can matter in property market decisions. The present finding therefore reinforces the importance of considering anchoring when examining property investment behaviour in Lagos Metropolis.

**Self-Attribution Bias**

Self-attribution bias recorded a mean score of 4.68, indicating that it was among the most prominent behavioural tendencies reported by the respondents. This bias describes the tendency to attribute successful outcomes to one's own abilities or decisions while explaining unsuccessful

outcomes through external circumstances. In a property investment context, this tendency may affect how investors evaluate past performance and interpret the reasons behind investment gains or losses.

Fateye et al. (2024) examined behavioural factors among investors in the Nigerian real estate stock market and included self-overconfidence among the behavioural factors considered in their analysis. Their findings demonstrate the relevance of psychological tendencies to investment decisions in the Nigerian real estate-related market. However, self-overconfidence and self-attribution are conceptually distinct. Consequently, the present finding should be interpreted as evidence of the reported prominence of self-attribution bias in the Lagos sample rather than as a direct replication of Fateye et al.'s findings. Further research specifically examining self-attribution among direct property investors would strengthen the empirical comparison.

**Framing Effect**

The framing effect recorded a mean score of 4.65, indicating that the presentation of investment information may be relevant to how respondents evaluate property investment opportunities. Investors may perceive the same opportunity differently depending on whether the information emphasises potential gains, possible losses, expected returns or associated risks. Such differences in presentation may influence the evaluation of investment alternatives even when the underlying information remains unchanged.

Cascão et al. (2022) examined several cognitive biases and heuristics in the housing investment market, demonstrating the importance of considering how investors process information when making decisions. However, their reported findings focused particularly on herd behaviour and representativeness, availability and anchoring heuristics. Singh et al. (2023), in their review of behavioural biases in real estate investment, identified framing bias as an area that had received comparatively limited research attention. The relatively high mean score for framing effect in the present study therefore contributes evidence from Lagos Metropolis and highlights the need for further investigation into how the presentation of property investment information affects corporate investors' evaluations.

**Sunk Cost Bias**

Sunk cost bias recorded a mean score of 4.61, suggesting that respondents reported a notable tendency associated with previous financial commitments. This bias occurs when decision-makers allow resources already invested in a project to influence whether they continue supporting it, even when its current or expected future performance may not justify further investment. In property investment, this may involve continuing to finance an underperforming development because substantial money, time or effort has already been committed.

Badarinza et al. (2024) examined reference-dependent and loss-averse preferences in the housing market and showed how behavioural frictions can influence housing transactions and market outcomes. Their research illustrates that housing decisions may be affected by considerations beyond straightforward assessments of current market conditions. However, loss aversion and sunk cost bias are not identical constructs. The present study's result specifically indicates that sunk cost bias was prominent among the measured behavioural tendencies, but additional

empirical studies directly examining sunk cost bias in property investment would be needed to establish the extent to which the finding corresponds with previous evidence.

**Overconfidence Bias and Confirmation Bias**

Overconfidence bias and confirmation bias each recorded a mean score of 4.54. The result for overconfidence bias suggests that investors may place substantial confidence in their own knowledge, experience or ability to predict market movements. Confirmation bias, on the other hand, describes the tendency to favour information that supports existing beliefs while giving less attention to evidence that contradicts those beliefs. Both tendencies may affect the quality of investment appraisal when investors do not adequately consider alternative interpretations or contradictory information.

Cascão et al. (2022) found that investors with above-average income displayed higher levels of overconfidence and that investors exhibiting stronger overconfidence were more sensitive to the house prices being considered for investment. Their findings provide empirical support for the relevance of overconfidence in housing investment decisions. Furthermore, Michael (2023), in a study of behavioural biases and investment decisions on the Nigerian Stock Exchange, examined overconfidence, anchoring, disposition and herding biases and reported significant relationships between the examined biases and investment decision-making. Although the study focused on stock market investors rather than direct property investors, it provides additional evidence that behavioural tendencies are relevant to investment decisions in Nigeria.

The present study extends this discussion to corporate real estate investors in Lagos Metropolis. However, the mean scores alone do not establish that overconfidence or confirmation bias causes particular investment decisions. They indicate the relative prominence of the reported tendencies within the study sample.

**Herd Behaviour**

Herd behaviour recorded a mean score of 4.26, placing it below the other biases except loss aversion. The finding suggests that investors may take the actions, opinions or investment choices of other market participants into consideration when evaluating property investment opportunities. This may occur when investors use the activities of other developers or investors as an indication of market direction or the attractiveness of a particular investment.

Cascão et al. (2022) identified herd behaviour as one of the heuristics influencing housing market investors' decision-making. In the Nigerian context, Fateye et al. (2024) identified a herd-effect factor and reported that it helped predict investment behaviour under pessimistic conditions in the Nigerian real estate stock market. These findings demonstrate that herding is relevant to real estate-related investment decisions in different market settings. Although herd behaviour had a lower mean score than most of the biases examined in the present study, its score remained above the adopted benchmark, suggesting that it should not be disregarded when assessing property investment behaviour in Lagos Metropolis.

**Loss Aversion**

Loss aversion recorded the lowest mean score of 4.24 among the ten behavioural biases. This suggests that, relative to the other measured biases, loss aversion was less prominent in the

respondents' reported behaviour. Loss aversion refers to the tendency to place greater psychological weight on avoiding losses than on obtaining equivalent gains. In property investment, this may influence decisions about retaining, selling or continuing to support an investment that is performing below expectations.

Ross and Zhou (2024) investigated loss aversion and focal-point bias in housing markets and found a relationship between loss-related selling outcomes and buyers' focal-point tendencies when selecting mortgage amounts. Similarly, Badarinza et al. (2024) examined reference-dependent and loss-averse preferences in the housing market and demonstrated that behavioural frictions can have implications for housing transactions and market outcomes. These studies support the relevance of loss aversion to housing market behaviour. Nevertheless, the comparatively lower mean score in the present study does not imply that loss aversion is absent or insignificant. It indicates only that respondents rated this tendency lower than the other behavioural biases measured in the study.

**Conclusion**

The study examined the factors influencing behavioural biases in property investment decisions among real estate investors in Lagos Metropolis, Nigeria. The findings revealed that economic conditions ranked first, with a mean score of 4.80, followed by organisational culture at 4.79 and the role of media at 4.77. Success stories and organisational pressure ranked fourth and fifth, respectively, while availability of information and herd behaviour recorded mean scores of 4.68 each. Stakeholder influence, market conditions and peer influence occupied the remaining positions.

The study concluded that behavioural biases in property investment decisions are associated with economic, organisational, informational and social factors. The findings suggest that understanding property investment decisions requires consideration of the circumstances surrounding investors, including the economic environment, organisational practices, information sources and influence of other market participants. These factors may shape investors' perceptions, expectations and judgements when evaluating property investment opportunities. The study therefore highlights the importance of considering behavioural influences alongside conventional financial and market considerations in real estate investment.

**Recommendations**

Based on the findings, the study recommended that real estate investors should incorporate relevant economic indicators, including inflation, interest rates and access to finance, into their investment appraisal procedures. This would help them evaluate property investment opportunities more objectively under changing economic conditions.

Real estate organisations should establish clear investment policies and transparent decision-making procedures to minimise undue organisational pressure and promote evidence-based investment decisions. Investment decisions should be supported by adequate market research, professional valuation and systematic risk assessment.

Investors should critically assess media reports and property investment success stories before making investment commitments. Rather than relying solely on reported successes or popular


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market opinions, they should independently evaluate the feasibility, risks and expected returns of each investment opportunity.

Furthermore, real estate professional bodies should organise training programmes on behavioural finance to improve investors' awareness of psychological and organisational influences on investment decisions. Such programmes could encourage investors to recognise behavioural biases, evaluate information critically and adopt more objective investment appraisal practices.

Finally, future studies should investigate the relationships between the identified factors and specific behavioural biases to establish how economic, organisational, informational and social influences relate to property investment decisions in Lagos Metropolis and other Nigerian cities.

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