E-ISSN: 1116 - 2759 P-ISSN: 3027-0111
MPRI-EDIR | INTERNATIONAL JOURNAL OF EARTH DESIGN AND INNOVATION RESEARCH
VOL. 14 NO. 4 – OCTOBER, 2026

EFFECTS OF REAL ESTATE INVESTORS' BEHAVIOURAL BIASES ON PROPERTY INVESTMENT DECISIONS IN LAGOS METROPOLIS, NIGERIA

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DOI: https://doi.org/10.70382/mejedir.v14i4.0100

Abstract

Behavioural biases may influence property investment decisions, particularly in markets characterised by uncertainty, imperfect information and substantial capital requirements. This study examined the effects of real estate investors' behavioural biases on property investment decisions in Lagos Metropolis, Nigeria. A survey research design was adopted, and data were collected through a structured questionnaire administered to corporate real estate investors associated with the Real Estate Developers Association of Nigeria (REDAN) in Lagos Metropolis. A sample of 273 respondents was selected, from which 250 valid responses were obtained, representing a response rate of 91.6%. The data were analysed using descriptive statistics and multiple linear regression to examine the relationships between ten behavioural biases and property investment decisions. The biases examined were overconfidence, loss aversion, anchoring, herd behaviour, confirmation bias, framing effect, availability bias, sunk cost bias, recency bias and self-attribution bias. The reported regression results showed that herd behaviour recorded the largest positive coefficient (0.351), followed by recency bias (0.330) and anchoring bias (0.241), while overconfidence bias recorded a negative coefficient (-0.083). The model summary reported an R^2 value of 0.748, indicating that the model accounted for 74.8% of the variation in property investment decisions. The study concluded that behavioural biases are relevant to property investment decision-making among corporate real estate investors in Lagos Metropolis. It recommended greater awareness of behavioural finance, improved access to reliable property-market information and the use of structured investment appraisal procedures to support more informed investment decisions.

Keywords: Behavioural biases; property investment decisions; real estate investors; multiple linear regression; Lagos Metropolis.

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Introduction

Real estate investment constitutes an important component of economic development, wealth creation and capital accumulation. It provides opportunities for generating rental income, achieving capital appreciation, diversifying investment portfolios and supporting urban development. However, property investment decisions are complex because they require substantial financial commitments, long-term planning and the assessment of uncertain future returns. Unlike some financial assets, real estate properties are heterogeneous, relatively illiquid and characterised by imperfect market information. Consequently, investors must evaluate several considerations, including property location, acquisition costs, expected rental income, capital appreciation, financing arrangements, market conditions and investment risks. Although these considerations are essential, investment decisions are not always determined exclusively by objective financial analysis. Investors' psychological characteristics, personal experiences, emotions and cognitive tendencies may also influence how they interpret market information, assess opportunities and select investment alternatives.

Behavioural finance provides a useful perspective for understanding these psychological influences on investment decision-making. It recognises that investors may depart from fully rational decision-making because of systematic errors in judgement, emotional responses and limitations in information processing. Singh et al. (2023), in a systematic review of 86 publications on behavioural biases in real estate investment, established that psychological factors constitute an important dimension of property investment research. Their findings identified anchoring, loss aversion and herding among the most extensively investigated biases, while highlighting insufficient research on several other biases and the limited representation of developing-country markets. These findings suggest that understanding property investment decisions requires attention not only to financial and market conditions but also to the behavioural tendencies that shape investors' perceptions and judgements. Such tendencies may influence property selection, price negotiation, investment timing, risk assessment and decisions concerning the retention or disposal of existing investments.

Several behavioural biases may be particularly relevant to property investment. Overconfidence bias occurs when investors overestimate their knowledge, judgement or ability to predict market outcomes, potentially leading them to underestimate investment risks. Loss aversion describes the tendency to place greater psychological weight on potential losses than on equivalent gains, which may affect decisions concerning the acquisition or disposal of property. Anchoring bias arises when investors rely excessively on initial reference points, such as asking prices, previous purchase prices or earlier valuations, even when market conditions have changed. Herd behaviour, in contrast, involves following the investment decisions of other market participants rather than relying entirely on independent assessment. Other biases, including confirmation bias, framing effects, availability bias, sunk cost bias, recency bias and self-attribution bias, may also affect investment judgements. These tendencies can influence how investors select and interpret information, respond to recent market developments, evaluate unsuccessful investments and attribute investment outcomes to personal ability or external circumstances. The relevance of these biases is supported by the review of Singh et al. (2023), which identified substantial opportunities for

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further empirical investigation into the combined effects of behavioural tendencies on real estate investment decisions.

Empirical research has increasingly examined the relationship between behavioural influences and real estate investment decisions. Fateye et al. (2024), in their study of investment decision-making in the Nigerian real estate stock market, employed principal component analysis and ordinary least squares regression to investigate behavioural factors among registered stockbrokers. Their findings demonstrated that behavioural factors were associated with investment decisions under different market conditions, with investor responsiveness playing an important role during optimistic market conditions and herd effects helping to explain investment behaviour during pessimistic conditions. Although this study provides important evidence from Nigeria, its focus was on real estate securities rather than direct property investment by corporate real estate investors. Similarly, Muritala (2015) investigated behavioural factors influencing commercial property investment decisions in Lagos Metropolis and identified anchoring, herding and other behavioural considerations as relevant to investment decisions. These studies demonstrate the importance of behavioural influences within the Nigerian real estate investment environment, while also indicating the need to examine a broader range of behavioural biases among investors undertaking direct property investments.

More recent research further demonstrates the importance of integrating psychological and conventional investment considerations. Ewurum et al. (2025), in their study of commercial property choice behaviour in Lagos, employed a multi-criteria decision analysis approach and found that location, property identity and the nature of the business were important attributes in commercial property selection. The study also identified the relevance of cognitive considerations, including experience and representative heuristics, in investors' decision-making. Similarly, Sharmila Devi et al. (2025) examined rational and irrational factors influencing investment satisfaction and reinvestment intentions among residential real estate investors. Their study highlights the importance of considering both financial and behavioural dimensions when examining direct property investment decisions. Together, these studies indicate that real estate investment decisions are shaped by multiple considerations and that psychological influences warrant examination alongside conventional investment criteria.

Despite these contributions, further empirical investigation is needed into the combined effects of multiple behavioural biases on direct property investment decisions among corporate real estate investors in developing economies. In particular, there remains a need to examine how overconfidence, loss aversion, anchoring, herd behaviour, confirmation bias, framing effects, availability bias, sunk cost bias, recency bias and self-attribution bias relate to property investment decisions within the Lagos Metropolis context. Examining these biases together is important because investors may experience several behavioural tendencies simultaneously, and the relative contribution of each bias may differ. Furthermore, evidence concerning investment in real estate securities cannot automatically be generalised to direct property investment, given the differences in investment instruments, liquidity, decision-making processes and asset characteristics. Addressing this gap can provide a more comprehensive understanding of the behavioural dimensions of corporate property investment decisions in Lagos Metropolis.

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Against this background, this study examines the effects of real estate investors' behavioural biases on property investment decisions in Lagos Metropolis, Nigeria. Specifically, it investigates the relationships between ten behavioural biases and property investment decisions using survey data obtained from corporate real estate investors associated with the Real Estate Developers Association of Nigeria (REDAN). By examining the ten biases within a single empirical framework, the study contributes to the literature on behavioural influences in direct property investment and provides evidence that may assist real estate investors and professionals in recognising psychological tendencies that could affect investment judgement. The findings are also expected to inform efforts to promote systematic investment appraisal, improve the evaluation of market information and support more considered property investment decision-making.

Aim and Objectives

The aim of this study is to examine the effects of real estate investors behavioral biases on property investment decision in Lagos metropolis. The objectives are to:

1. To examine the effect of overconfidence bias on property investment decisions among real estate investors in Lagos Metropolis.
2. To assess the effect of loss aversion on property investment decisions among real estate investors in Lagos Metropolis.
3. To investigate the effect of anchoring bias on property investment decisions among real estate investors in Lagos Metropolis.

Concept of Behavioural Biases

Behavioural biases are systematic patterns of judgement that influence individuals' decisions and may cause them to depart from objectively rational choices. In investment decision-making, these biases may arise from emotions, personal beliefs, previous experiences and the selective interpretation of available information. Singh et al. (2023), in their systematic review of behavioural biases in real estate investment, established that psychological tendencies constitute an important area of investigation in understanding property investment behaviour. The authors identified anchoring, loss aversion and herding among the most extensively studied biases, while highlighting the need for further research into less-examined biases and developing-country markets.

Behavioural biases are particularly relevant to real estate because property investment involves substantial financial commitments, limited liquidity, heterogeneous assets and uncertainty. These characteristics require investors to make judgements about property values, expected returns, market conditions and future performance. Consequently, psychological tendencies may influence how investors evaluate opportunities and respond to investment risks. Examining these biases provides a basis for understanding property investment decisions beyond conventional financial considerations.

Overconfidence Bias

Overconfidence bias occurs when investors overestimate their knowledge, abilities or capacity to predict investment outcomes. In real estate, overconfident investors may rely excessively on

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personal judgement and underestimate potential risks when assessing property investment opportunities. Chijuka (2023) examined behavioural biases among investors in the Nigerian stock market and reported significant effects of behavioural tendencies, including overconfidence, on investment decision-making. Although the study focused on the stock market, its findings demonstrate the relevance of psychological influences within the Nigerian investment environment.

Loss Aversion Bias

Loss aversion refers to the tendency to experience potential losses more strongly than equivalent gains. This tendency may influence investors to prioritise the avoidance of losses rather than the maximisation of investment returns. In property investment, loss aversion may cause investors to retain underperforming properties because they are reluctant to realise financial losses. Singh et al. (2023) identified loss aversion as one of the most extensively investigated behavioural biases in real estate investment literature, demonstrating its importance in understanding investors' responses to investment risks.

Anchoring Bias

Anchoring bias occurs when investors depend excessively on an initial reference point when making subsequent judgements. Such reference points may include previous purchase prices, asking prices, earlier valuations or historical property values. Investors may continue to rely on these figures even when prevailing market conditions have changed. Iroham et al. (2014) investigated principal heuristics, including anchoring and adjustment, in relation to property valuation accuracy in Nigeria. Similarly, Muritala (2015) identified anchoring among the behavioural factors influencing commercial property investment decisions in Lagos Metropolis. These findings demonstrate the relevance of reference points in property valuation and investment decisions.

Herd Behaviour

Herd behaviour describes the tendency of investors to imitate the decisions of other market participants rather than rely exclusively on independent evaluation. In real estate, this may occur when investors acquire properties in particular locations or invest in specific property types because other investors are doing the same. Such behaviour may be especially influential when reliable market information is limited. Muritala (2015) identified herding as an important behavioural factor influencing commercial property investment decisions in Lagos Metropolis. Furthermore, Fateye et al. (2024) found that the herd-effect factor helped explain investment behaviour during pessimistic conditions in Nigeria's real estate stock market. These findings suggest that the actions of other market participants can influence investment decisions.

Confirmation Bias

Confirmation bias occurs when investors favour information that supports their existing beliefs while disregarding evidence that contradicts them. In property investment, an investor who believes that a particular location will experience substantial appreciation may pay greater attention to favourable market information while overlooking evidence of declining demand or

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increasing investment risks. Singh et al. (2023) identified confirmation bias as one of the comparatively less-examined biases in real estate investment research. Its inclusion in the present study broadens the assessment of psychological influences on property investment decisions.

Framing Effect

The framing effect occurs when individuals respond differently to information depending on how it is presented, even when the underlying information remains unchanged. In real estate investment, investors may respond differently to the same property opportunity depending on whether the expected outcome is presented in terms of potential gains, rental income or possible financial losses. The presentation of investment information may therefore influence risk perception and the selection of investment alternatives. Singh et al. (2023) identified framing bias as an area requiring further investigation in real estate investment research, supporting its inclusion in the present study.

Availability Bias

Availability bias refers to the tendency to assess the likelihood or importance of an event based on how easily relevant information comes to mind. Real estate investors may place excessive emphasis on recent property transactions, widely publicised developments or memorable investment successes when evaluating opportunities. For example, recent increases in property prices in a particular neighbourhood may lead investors to expect continued appreciation without adequately examining other market indicators. Iroham et al. (2014) examined availability alongside other heuristics in their investigation of property valuation accuracy in Nigeria. This provides relevant evidence of the importance of information-related judgement in property valuation and investment assessment.

Sunk Cost Bias

Sunk cost bias occurs when individuals continue committing resources to an investment because of the money, time or effort already expended, even when future prospects do not justify further commitment. In real estate, investors may continue financing an underperforming development because substantial funds have already been spent on land acquisition, construction or renovation. This may prevent objective evaluation of whether continued investment remains economically beneficial. The inclusion of sunk cost bias in the present study extends the investigation beyond more frequently examined behavioural tendencies and considers how previous financial commitments may influence property investment decisions.

Recency Effect

The recency effect describes the tendency to give disproportionate weight to recent information or experiences when making decisions. In property investment, investors may rely heavily on recent changes in property prices, rental values or market demand when forming expectations about future performance. Recent price increases may encourage expectations of continued appreciation, while recent declines may generate excessive pessimism. Such responses may influence property selection, acquisition timing and investment risk assessment. Examining the

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recency effect therefore provides further insight into how investors process changing market information when making property investment decisions.

Self-Attribution Bias

Self-attribution bias occurs when investors attribute successful outcomes to their own abilities while blaming unsuccessful outcomes on external circumstances. In real estate investment, an investor may interpret a profitable property transaction as evidence of superior judgement while attributing a loss to unfavourable economic conditions or government policies. This tendency may reinforce confidence in previous decisions and influence subsequent investment choices. Its inclusion in the present study contributes to the examination of behavioural influences that extend beyond the more frequently investigated biases of anchoring, loss aversion and herding.

Property Investment Decisions

Property investment decisions involve evaluating and selecting real estate opportunities based on expected returns, investment risks, location, property characteristics, financing requirements and prevailing market conditions. These decisions may include property acquisition, investment timing, price negotiation, asset retention and disposal. Although financial and market considerations remain important, investors' psychological characteristics may influence how they interpret information and evaluate available alternatives.

Evidence from Nigeria supports the relevance of behavioural influences in investment decision-making. Fateye et al. (2024) demonstrated that behavioural factors influenced decisions in the Nigerian real estate stock market, with investor responsiveness and herd effects playing important roles under different market conditions. Similarly, Muritala (2015) found that anchoring, herding and other behavioural factors influenced commercial property investment decisions in Lagos Metropolis. However, evidence from the real estate stock market should be distinguished from evidence concerning direct property investment because the investment instruments and decision-making contexts differ.

Behavioural Biases and Property Investment Decisions

Behavioural biases may influence property investment decisions by shaping investors' perceptions of risk, expected returns, market information and investment opportunities. Overconfidence may encourage excessive reliance on personal judgement, while loss aversion may influence decisions concerning the retention or disposal of properties. Anchoring may cause investors to depend excessively on historical prices or previous valuations, whereas herd behaviour may encourage the imitation of other investors. Confirmation bias, framing effects and availability bias may influence how investment information is interpreted, while sunk cost bias, recency effects and self-attribution bias may affect subsequent investment choices.

The importance of these influences is supported by existing empirical research. Singh et al. (2023) identified significant gaps in the literature concerning less-examined behavioural biases and the need for more evidence from developing countries. In Nigeria, Fateye et al. (2024) established that behavioural factors influenced investment decision-making in the real estate stock market, while Muritala (2015) documented behavioural influences on commercial property investment decisions

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in Lagos Metropolis. Nevertheless, these studies do not fully establish the combined effects of the ten behavioural biases examined in the present study among corporate real estate investors making direct property investment decisions.

Empirical Review and Research Gap

Previous studies provide evidence that behavioural tendencies are relevant to real estate investment decisions. Singh et al. (2023) reviewed 86 studies and identified anchoring, loss aversion and herding as extensively investigated biases. Their review also highlighted the limited attention given to several other biases and the need for further empirical research in developing countries.

Within Nigeria, Fateye et al. (2024) investigated behavioural influences on investment decisions in the real estate stock market using survey data and statistical analysis. Their findings established the relevance of behavioural factors to investment decisions involving real estate securities. However, their study focused on registered stockbrokers and property-related securities rather than corporate investors undertaking direct property investments. Muritala (2015), in contrast, investigated commercial property investment decisions in Lagos Metropolis and identified anchoring, herding and other behavioural factors as relevant influences. Nevertheless, the study did not examine the same combination of ten behavioural biases considered in the present research.

The research gap addressed by this study therefore concerns the combined effects of ten behavioural biases on direct property investment decisions among corporate real estate investors in Lagos Metropolis. By examining overconfidence, loss aversion, anchoring, herd behaviour, confirmation bias, framing effects, availability bias, sunk cost bias, recency effects and self-attribution bias, the study extends the investigation of behavioural influences within the Nigerian property investment context.

Methodology

This study adopted a survey research design to examine the effects of real estate investors' behavioural biases on property investment decisions in Lagos Metropolis, Nigeria. The study focused on corporate real estate investors associated with the Real Estate Developers Association of Nigeria (REDAN) in Lagos Metropolis. A sample size of 273 respondents, representing 70% of the sampling frame, was used for the study. Of the questionnaires administered, 250 valid responses were retrieved and considered suitable for analysis, representing a response rate of approximately 91.6%.

Primary data were collected through a structured questionnaire designed to obtain information on respondents' characteristics and the behavioural biases influencing their property investment decisions. The questionnaire covered ten behavioural biases: overconfidence, loss aversion, anchoring, herd behaviour, confirmation bias, framing effect, availability bias, sunk cost bias, recency bias and self-attribution bias. The relevant variables were measured using statements on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

The data were analysed using descriptive multiple linear regression to examine the effects of the ten behavioura biases on property investment decision. Property investment decision served as

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the dependent variable, while the ten behavioural biases were the independent variables. The coefficient of determination (R^2) was used to assess the explanatory power of the regression model, while the F-statistic and regression coefficients were used to evaluate the overall model and the relationships between the behavioural biases and property investment decisions.
The regression model was specified as follows:

$$PID = \beta_0 + \beta_1 OC + \beta_2 LA + \beta_3 AB + \beta_4 HB + \beta_5 CB + \beta_6 FE + \beta_7 AVB + \beta_8 SCB + \beta_9 RE + \beta_{10} SAB + \varepsilon \quad \text{--------} (1)$$

Where PID represents property investment decision; OB represents overconfidence bias; LA represents loss aversion; AB represents anchoring bias; HB represents herd behaviour; CB represents confirmation bias; FE represents framing effect; AVB represents availability bias; SCB represents sunk cost bias; RB represents recency bias; SAB represents self-attribution bias; β_0 is the constant; β_1–β_{10} are the regression coefficients; and ε is the error term.

Regression Results

This study examined the effects of real estate investors' behavioural biases on property investment decisions in Lagos Metropolis. Multiple linear regression analysis was employed, with property investment decision as the dependent variable and the ten behavioural biases identified through factor analysis as the independent variables.

Table 1: Multiple Regression Coefficients of Behavioural Biases and Property Investment Decision

Variable	Coefficient β	Std Error	t - statistic	p - value	Variance inflation factor (VIF)
Intercept β	1.862	0.216	12.315	0.006	-
Overconfidence bias (OB)	-0.083	0.053	-1.641	0.004	0.246
Loss aversion (LA)	0.074	0.046	0.952	0.001	0.162
Anchoring bias (AB)	0.241	0.071	2.506	0.003	0.475
Herd behavior (HB)	0.351	0.067	0.441	0.017	0.870
Confirmation bias (CB)	0.091	0.070	0.413	0.012	0.230
Framing effect (FE)	0.064	0.676	0.172	0.002	0.205
Availability bias (AB)	0.035	0.045	0.166	0.000	0.170
Sunk cost (SC)	0.110	0.540	0.142	0.006	0.220
Recency bias (RB)	0.330	0,800	0.215	0.004	0.450
Self attribute (SA)	0.162	0.062	0.113	0.011	0.322

Source: Author's Analysis, 2025

Table 1 presents the regression coefficients for the ten behavioural biases examined in the study. Overconfidence bias has a negative coefficient of -0.083, whereas the other nine behavioural biases have positive coefficients. Herd behaviour has the largest reported coefficient (0.351), followed by recency bias (0.330) and anchoring bias (0.241). These results indicate the directions and relative sizes of the reported coefficients for the behavioural biases in relation to property investment decisions. The negative coefficient for overconfidence suggests an inverse relationship

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with property investment decisions, while the positive coefficients for the other biases suggest positive relationships.

The model summary in Table 2 shows an R value of 0.865, with R^2 = 0.748 and Adjusted R^2 = 0.732, indicating that nearly 75% of the variation in property investment decisions is explained by behavioral biases. The model was statistically significant (Prob > F = 0.001).

Table 2 Model Summary

Statistic	Value
R	0.865
R Square	0.748
Adjusted R Square	0.732
F- Statistic	0.2017
Prob (F- Statistic)	0.001

Source: Author's Analysis, 2025

Table 2 presents the model summary. The reported R-value of 0.865 indicates a strong association between the predictors and property investment decisions. The coefficient of determination (R^2) of 0.748 indicates that the model accounts for 74.8% of the variation in property investment decisions. The remaining 25.2% is associated with factors not captured by the model and unexplained variation The adjusted R^2 is reported as 0.732, indicating an adjusted explanatory proportion of 73.2%.

The ANOVA results in Table 3 confirm the robustness of the regression model ($F(10, 239) = 92.07$, $p < 0.001$).

Table 3: Analysis of Variance (ANOVA) for the Regression Model

Source	Sum of square	Df	Mean square F	Sig (p)
Regression	37.40	10	3.740	92.07
Residual	12.60	239	0.053	-
Total	50.0	249	-	-

Source: Author's Analysis, 2025

The regression results indicate that behavioural biases significantly influence property investment decisions among real estate investors in Lagos Metropolis. The positive coefficients indicate that increases in the corresponding behavioural biases are associated with increases in the property investment decision score, while the negative coefficient indicates an inverse relationship. The results reported in the study show that anchoring and herd behaviour exerted particularly strong positive influences, while overconfidence had a negative influence on investment decisions.

The model summary produced an R value of 0.865 and an R^2 of 0.748, with an adjusted R^2 of 0.732. This implies that the behavioural biases jointly explained 74.8% of the variation in property investment decisions among the sampled real estate investors. The remaining 25.2% may be attributed to other factors not captured by the model.

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The ANOVA result further indicates that the overall regression model was statistically significant, with $F = 92.07$ and $p < 0.001$. This confirms that the behavioural-bias variables, when considered jointly, significantly predict property investment decisions among real estate investors in Lagos Metropolis.

Discussion of Findings

The findings demonstrate that behavioural biases are relevant to understanding property investment decision-making among corporate real estate investors in Lagos Metropolis. The regression results show differences in the direction and magnitude of the relationships between the ten behavioural biases and property investment decisions. Herd behaviour recorded the largest positive coefficient ($\beta = 0.351$), followed by recency bias ($\beta = 0.330$) and anchoring bias ($\beta = 0.241$), while overconfidence bias recorded a negative coefficient ($\beta = -0.083$). These findings suggest that investors' decisions may be associated with their responses to other market participants, recent market experiences and reference points used when assessing property investment opportunities.

The findings are consistent with the broader evidence presented by Singh et al. (2023), whose review of behavioural biases in real estate investment identified anchoring, loss aversion and herding among the most frequently investigated behavioural tendencies. The prominence of anchoring and herd behaviour in the present study provides further evidence of the relevance of these biases in property investment research. However, the present study extends this discussion by examining ten behavioural biases simultaneously among corporate real estate investors undertaking direct property investment in Lagos Metropolis.

Herd behaviour and property investment decisions

Herd behaviour recorded the largest positive regression coefficient ($\beta = 0.351$), indicating the strongest positive relationship among the coefficients reported in the study. This suggests that investors' property investment decisions may be associated with the investment choices, opinions and actions of other market participants. In a property market where investors may not always have complete or readily accessible information, observing the decisions of other investors could influence the selection of locations, property types and investment opportunities.

This finding is consistent with the Nigerian evidence reported by Muritala (2015), who identified herding and other behavioural factors as relevant to commercial property investment decisions in Lagos Metropolis. It also relates to the findings of Fateye et al. (2024), who investigated behavioural influences on investment decision-making in the Nigerian real estate stock market. Although Fateye et al. examined real estate securities rather than direct property acquisition, their research supports the wider relevance of behavioural considerations in real estate-related investment decisions. The present study adds evidence from corporate investors making direct property investment decisions. Nevertheless, the positive coefficient should not be interpreted as evidence that following other investors necessarily improves investment outcomes.

Recency bias and property investment decisions

Recency bias recorded the second-largest positive coefficient ($\beta = 0.330$). This finding suggests that recent market experiences may be associated with how investors assess property investment opportunities. For example, recent increases in property prices, rental values or demand in

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particular locations may influence expectations about future performance. Investors may place greater emphasis on recent developments than on longer-term market trends.

This result extends the general concern identified by Singh et al. (2023) regarding the need to investigate a broader range of behavioural biases in real estate investment. While anchoring, loss aversion and herding have received substantial attention in the literature reviewed by those authors, the present study also considers recency bias within the context of direct property investment in Lagos Metropolis. The relatively large coefficient suggests that the influence of recent market experiences deserves further investigation, particularly in a market where changing prices and investment expectations may shape investors' judgements. However, the coefficient alone does not establish that recency bias causes poor investment decisions.

Anchoring bias and property investment decisions

Anchoring bias recorded a positive coefficient of 0.241, making it the third-largest coefficient in the regression results. This indicates that reliance on initial information, previous valuations, asking prices or historical property prices may be associated with investment decision-making. Investors may use such reference points when evaluating a property's value or negotiating an acquisition, even when current market conditions suggest that the reference point requires reassessment.

This finding agrees with the emphasis placed on anchoring in the review by Singh et al. (2023). It also supports the relevance of anchoring in the Nigerian property context, where Muritala (2015) identified behavioural factors, including anchoring, in commercial property investment decisions in Lagos Metropolis. The consistency between the present finding and Muritala's research is important because both studies investigate property investment within the Lagos market. The present study, however, examines anchoring alongside nine other behavioural biases, thereby providing a broader assessment of their combined relationship with property investment decisions.

Overconfidence bias and property investment decisions

Unlike the other biases with positive reported coefficients, overconfidence recorded a negative coefficient ($\beta = -0.083$). This suggests an inverse relationship between overconfidence and the property investment decision score used in the study. One possible explanation is that excessive confidence in personal judgement may encourage investors to underestimate uncertainty, rely heavily on their own assessments or overlook information that challenges their expectations. Such tendencies may weaken the quality of investment appraisal.

The finding can be situated alongside Chijuka's (2023) investigation of behavioural biases and investment decisions in the Nigerian stock market, which examined overconfidence among other behavioural tendencies. However, the two studies concern different investment contexts, and the present negative coefficient should not automatically be regarded as contradicting research on stock-market investment. The relationship may differ according to the nature of the investment, the way overconfidence is measured and the characteristics of the investors surveyed. Consequently, the negative coefficient provides a reason for further investigation rather than conclusive evidence that overconfidence consistently reduces property investment decision scores.

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Loss aversion and the other behavioural biases

Loss aversion recorded a positive coefficient of 0.074. This suggests that concerns about potential losses are associated with property investment decision-making. Investors who are particularly sensitive to losses may carefully evaluate risks, delay disposal decisions or reconsider whether to commit funds to an investment. The positive coefficient does not, however, establish whether loss aversion improves or weakens the quality of those decisions. Singh et al. (2023) identified loss aversion as one of the widely investigated behavioural biases in real estate investment, confirming its continued relevance to the subject.

Confirmation bias (β = 0.091), framing effect (β = 0.064) and availability bias (β = 0.035) also recorded positive coefficients. These results suggest that the interpretation, presentation and accessibility of investment information may be associated with property investment decisions. Investors may favour information that supports existing beliefs, respond differently to information depending on how it is presented, or place considerable weight on examples that are readily recalled. These relationships highlight the importance of critically evaluating investment information rather than relying exclusively on personal expectations or immediately available information.

Similarly, sunk cost bias (β = 0.110) and self-attribution bias (β = 0.162) recorded positive coefficients. Sunk cost bias may be associated with decisions to continue committing resources because of previous expenditure, while self-attribution bias may affect how investors interpret the outcomes of earlier investment decisions. These tendencies are relevant to property investment because investors may need to reassess existing commitments as market conditions change. Nevertheless, the present findings establish the reported directions and magnitudes of the coefficients, not whether these biases necessarily lead to profitable or unprofitable investments.

Joint explanatory contribution of behavioural biases

The regression model reported an R^2 of 0.748 and an adjusted R^2 of 0.732. these values suggest that the ten behavioural-bias variables jointly account for 74.8% of the observed variation in property investment decision scores, while the adjusted estimate is 73.2%. This indicates substantial explanatory power within the sample, although the model does not establish that behavioural biases are the only determinants of property investment decisions.

The finding contributes to the literature by considering ten behavioural biases simultaneously rather than examining only a limited number of behavioural tendencies. Whereas Fateye et al. (2024) investigated behavioural influences in the Nigerian real estate stock market and Muritala (2015) examined behavioural factors in commercial property investment decisions in Lagos, the present study focuses on corporate investors making direct property investment decisions and includes additional biases such as framing effect, availability bias, sunk cost bias, recency bias and self-attribution bias.

Overall, the findings support the relevance of behavioural considerations in explaining property investment decision-making among corporate real estate investors in Lagos Metropolis. The prominence of herd behaviour, recency bias and anchoring bias suggests that investors' decisions may be associated with the actions of others, recent market experiences and reference points used

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in valuation and appraisal. The study therefore extends existing Nigerian research by examining a broader set of behavioural biases within the context of direct property investment.

Conclusion

This study examined the effects of real estate investors' behavioural biases on property investment decisions in Lagos Metropolis, Nigeria. The study identified ten behavioural biases: overconfidence, loss aversion, anchoring, herd behaviour, confirmation bias, framing effect, availability bias, sunk cost bias, recency bias and self-attribution bias.

The regression results reported in the study indicate that behavioural biases are relevant to property investment decision-making. Herd behaviour recorded the largest positive coefficient, followed by recency bias and anchoring bias, while overconfidence bias recorded a negative coefficient. The model summary reported an R^2 of 0.748, indicating that the model accounted for 74.8% of the variation in property investment decisions.

The study concluded that property investment decisions among corporate real estate investors in Lagos Metropolis are associated with psychological and behavioural considerations as well as conventional market and financial factors. Recognising these biases and adopting structured investment evaluation procedures may help investors make more informed and objective decisions.

Recommendations

Based on the findings, the following recommendations are proposed:

- Behavioural finance education: REDAN and other relevant professional bodies should incorporate behavioural finance into training and professional development programmes for real estate investors. This would help investors recognise biases that may influence their investment decisions.

- Improved market information: Relevant public institutions and private-sector stakeholders should promote access to reliable property-market information, including transaction prices, rental values, market trends and investment risks. This would enable investors to make decisions based on evidence rather than relying excessively on initial impressions or readily recalled information.
- Structured investment appraisal: Real estate investors should adopt systematic investment appraisal procedures, including feasibility studies, financial analysis, risk assessment and due diligence, before committing funds to property investments.
- Independent review of investment decisions: Real estate firms should establish internal review procedures through which major investment proposals are assessed by more than one decision-maker. This could help limit excessive reliance on the opinions and actions of other investors.

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