

Abstract:

The present study examined the factors of the behavioural finance theories which are having great impact on property investment decision and influence the decision making process of Indian investors. The behavioural finance theories has been used to get more inside about the property investment behaviour of Indian property market, to explain the performance of the property market of Hyderabad – Secunderabad twin cities. The study concludes that Hyderabad-Secunderabad twin cities property markets are influenced by behavioural factors. The two types of identified human theory factors i.e. heuristic factors and prospect theory factors, the later one has more influence in property investment decision of twin cities property investors. In heuristic biases overconfidence and representative biases have more influence compare to the availability and gambler fallacy biases. In prospect theory biases mental accounting and regret aversion are the most dominating factors which influence property investment decision compare to the loss aversion.

The other various dominating factors of property which influences property investment decision includes popularity of the property, fundamentals characteristics of the property and past trends of the property, compare to the price change and price cycles of the property, location of the property and the nearness to the central business district, the annual taxes and land rates etc. As it involves a huge sum of money investment therefore twin cities investors prefer to have a valuable and legal source of information than their own analysis.

Keywords:

Behavioural finance, Property, Investment Decision, Heuristic Factors, Prospect Theory