

Impact of subconscious psychology on purchase decisions

According to research done by some residential property experts in the UK, things aren't actually as cut and dried as we might think when it comes to property prices.



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In fact, subconscious psychology may be playing just as big of a role in purchase decisions as straight-up facts.

“There is definitely a great deal more to property purchases than just an objective assessment of the facts,” says Tony Clarke, managing director of the Rawson Property Group. “There are some basic features that will always affect the perceived value of a home, but you should never underestimate those quirky little idiosyncrasies that influence buyers without their conscious knowledge.”

One such idiosyncrasy, discovered by the UK property website Zoopla, is that the name of a road can have a dramatic effect on a property's price. According to their research, British addresses containing the word 'Warren' list for more than twice the price of properties with more mundane street names. Here in South Africa, it seems buyers are less drawn to quaint and romantic monikers, but we definitely have our own distinctive price trends that can be seen in street names.

Most expensive streets

“The top five most expensive streets in South Africa aren't streets at all,” says Clarke. “In fact, addresses with the word 'Street' in them are quite rare on the luxury property chart-toppers. 'Road' features the most often on the most expensive address list, with 'Avenue' taking second place.”

For those of us stuck with a 'Street', 'Close' or 'Way' in our address, don't worry, there's hope for us yet. As it turns out, it's not only street names that affect prices - houses with their own names also tend to sell at a premium when compared to equivalent, nameless, properties.

"A house with a name is often perceived as a house with a history, or a unique and individual personality," says Clarke. "Buyers like to feel that they're getting something that no-one else can, and a name is one way to encourage that impression. After all, what sounds more enticing: 22 Park Street, or Parkside Manor?"

Views are another factor that aren't quite as rational as we may think. While we all know that a picture-perfect outlook adds a hefty whack to any listing price, did you know that water views almost always outweigh landscapes, both here and overseas? In fact, UK researchers have found estuary and harbour views command premiums of up to 82%, while here in SA many of our most expensive properties (including Camps Bay's R450m Casablanca) are ocean facing.

Attraction to water

The human attraction to water may not come as too much of a surprise, but buyers' preference for odd house numbers is a little trickier to explain. British researchers have found a direct correlation between house number and price, with even and high numbers achieving notably lower sales prices than their odd counterparts, on average.

"This one isn't quite as weird as it seems at first glance," says Clarke. "It's really about space and privacy. Low house numbers are popular because they often indicate a smaller, more exclusive street, while the preference for odd numbers is most likely weighted by the popularity of house number one - the first on the street. As an end plot, often on a corner, the first house tends to have fewer direct neighbours and more space than houses in the middle of the road."

Other unexpected factors that appear to have a direct effect on property purchase behaviour include the slope of a neighbourhood (the hillier the better), the existence of a local farmers' market (everyone loves fresh produce), and the quality of supermarkets serving the area.

All these elements may, at first glance, appear unrelated, but according to Clarke there is a common thread running through them all. "It's all about our natural, human desire to feel special," he says. "If a property feels unique, more charming, more exclusive, expensive, or better-loved than others like it - whether it's for logical reasons or because it triggers a subconscious reaction in us - buyers will respond positively and ascribe more value to the sale. If you can harness that reaction, the sky's the limit."

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