



Anchor effects in appraisals: Do educational background matter?

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Real estate valuation

The final value opinion does not simply represent the average of the different value indications derived. No mechanical formula is used to select one indication over the others, rather, final reconciliation relies on the proper application of appraisal techniques and the appraiser's judgement.

Appraisal Institute, 2020, p.39



125,058	154,568	95,054	124,500
187	56,845	97,511	125,000
	110,000	99,011	154,000
		99,216	95,000
		101,090	154,200
			110,000
			0,000

Anchoring



Research question

- Previous findings
 - Anchoring effects found in exam answers
 - Persisted *after* teaching on anchoring effects was introduced
- >> Our RQ:
- *Is it a general phenomenon? Is it seen at other universities, with students from different academic backgrounds?*
- >>
- *Hypothesis: It is a general phenomenon, and it should look the same for other student groups*

The study

Three educational programs

- Civil engineer in surveying
- Real estate brokerage
- Real estate management



Three educational programs

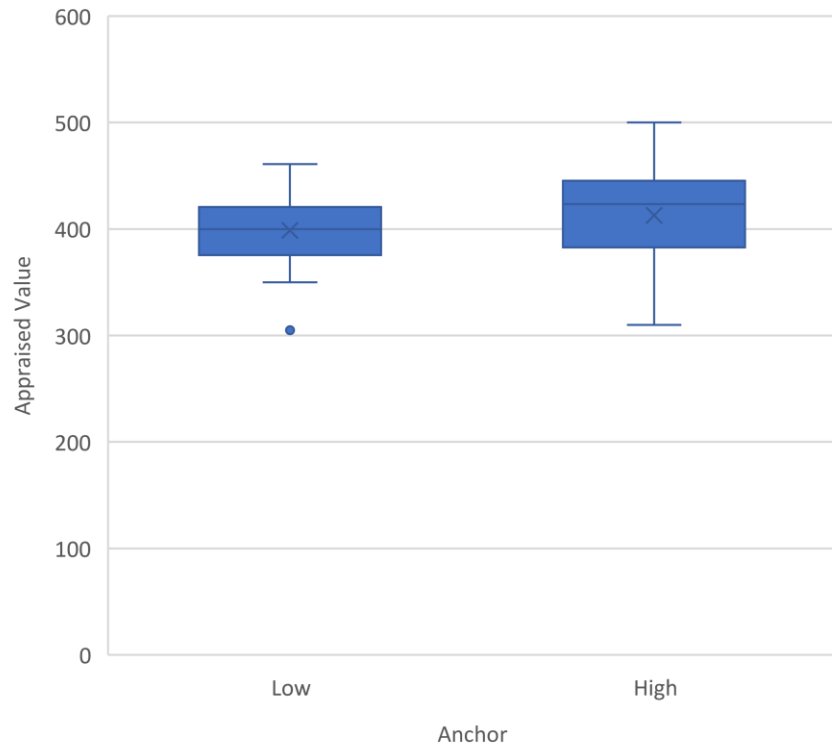
- Civil engineer in surveying
 - 40 students (5th semester)
 - Engineers
- Real estate brokerage
 - 87 students (4th semester)
 - Social science
- Real estate management
 - 46 students (4th semester)
 - Social science

Set up

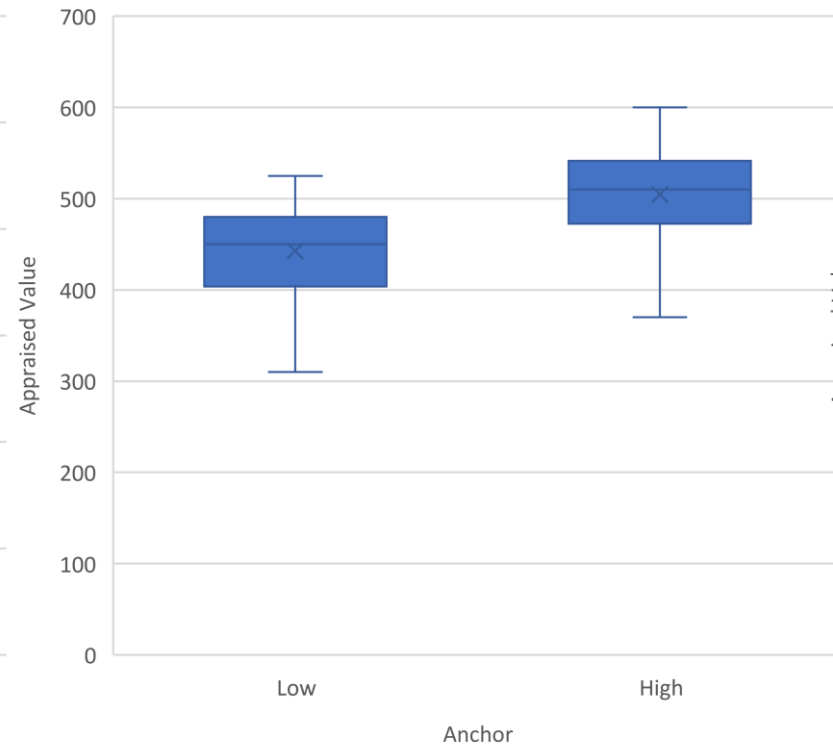
- Experiment
 - One residential real estate
 - Each student got either a High (500' €) or Low (300' €) irrelevant anchor (the valuation of the current owner)
 - List of previous sales
 - Sales comparison method
 - Average price
 - Average price per m²
 - Average K/T (Price/assessed value)

Findings

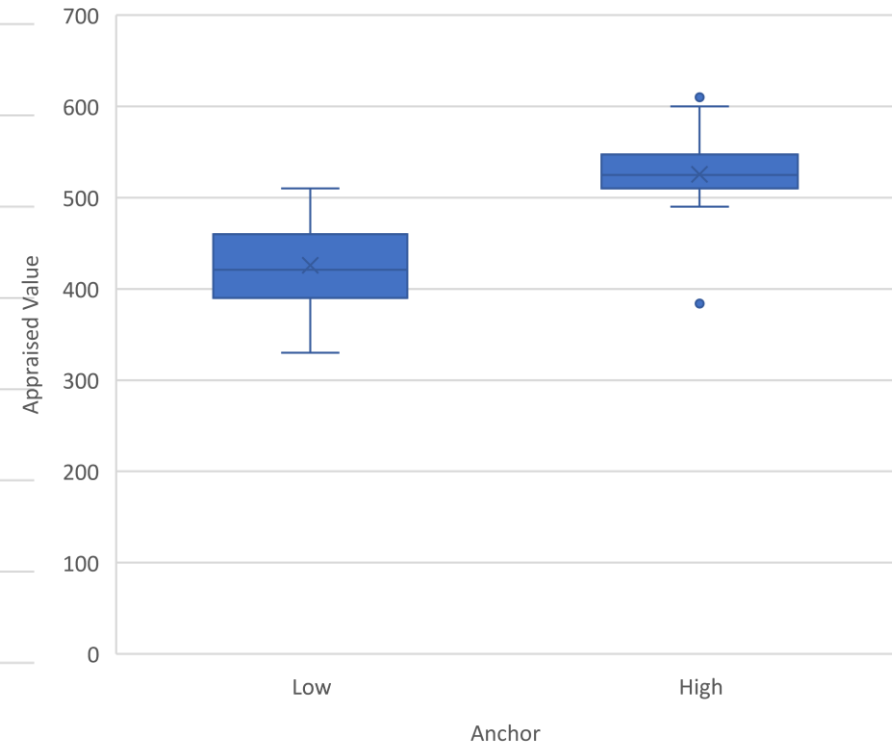
Civil engineer in surveying



Real Estate Brokerage



Real Estate Management



Findings

Education and Anchor	Anchor and Education	Mean difference	Standard error	Sig.
Surveying Low Anchor	Surveying High	-14.242	15.099	.971
	Brokerage Low	-44.105	12.315	.029
	Brokerage High	-105.946	12.555	<.001
	Management Low	-27.342	13.335	.522
	Management High	-126.909	15.609	<.001
Brokerage Low Anchor	Surveying Low	44.105	12.315	.029
	Surveying High	29.862	13.208	.406
	Brokerage High	-61.841	10.204	<.001
	Management Low	16.762	11.149	.811
	Management High	-82.804	13.789	<.001
Management Low Anchor	Surveying Low	27.342	13.335	.522
	Surveying High	13.100	16.323	.973
	Brokerage Low	-16.762	11.149	.811
	Brokerage High	-78.603	11.414	<.001
	Management High	-99.567	14.707	<.001

Conclusion

- Those with an educational background of civil engineering Surveying tend not to anchor, while those with a social science background tend to anchor.
- *Hypothesis rejected: Not all student groups react equally to anchors*
- Next question: Why and why?
- Why #1
 - Why was not the engineering students affected by the anchor?
 - Unable to identify soft factors? Able to identify relevant factors?
- Why #2
 - Why does not all student groups react the same way?
 - Selection bias? Effect from teaching?



Tack

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