

Exploring How Anchoring Influences Property Price Setting and Negotiation Strategies

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Abstract: This study explores how anchoring effects influence property price setting and negotiation strategies in real estate transactions. Anchoring, a well-documented behavioural bias, occurs when initial price information heavily influences subsequent valuation judgments and decision-making. In the context of real estate, both buyers and sellers are often affected by the first price they encounter, which can set expectations for the negotiation process. This research examines how initial listing prices, comparative market analysis, and previous sale prices serve as anchors, shaping the final sale price. It investigates the role of anchoring in both buyer and seller behaviour, focusing on how price expectations influence negotiation tactics, concessions, and closing prices. The findings suggest that understanding anchoring can help real estate professionals better manage pricing strategies and guide clients through negotiations. Ultimately, this research highlights the importance of psychological factors in real estate pricing and provides valuable insights into improving negotiation outcomes in property transactions.

Keywords: Well-Documented Behavioural Bias; Negotiation Tactics; Closing Prices; Property Transactions; Psychological Factors; Real Estate Pricing; Pricing Strategies; Understanding Anchoring.

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1. Introduction

The real estate market, the setting of property prices, and the strategies used in negotiations are influenced not only by economic factors but also by psychological and behavioral biases. Behavioural economics, an interdisciplinary field that combines insights from psychology and economics, offers tools for understanding how these biases impact decision-making. One significant concept in behavioural economics is anchoring, a cognitive bias where individuals rely heavily on an initial piece of information—or "anchor"—to guide their subsequent judgments [1]. In real estate, anchors can include initial listing prices, initial offers, or comparable property prices, all of which can significantly influence buyers' and sellers' perceptions of value and shape the direction of negotiations. These anchoring effects are crucial for understanding real estate transactions and price negotiations, as they reveal how psychological factors can influence decisions that are otherwise driven by purely economic considerations. For real estate agents and sellers, strategic anchoring can be a powerful tool for positioning properties within a desired pricing range. By setting a high initial listing price, sellers can leverage the anchoring effect to frame potential buyers' perceptions and encourage negotiation within a higher price bracket. Similarly, buyers who recognise the anchoring effect can approach negotiations with a more analytical mindset, countering high listing prices by using data-driven benchmarks, such as

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recent sale prices of similar properties. This understanding is critical for real estate professionals and policymakers seeking to ensure fair and transparent pricing practices in the housing market [24]. This study aims to explore the impact of anchoring on property price setting and negotiation strategies in real estate transactions.

This objective seeks to understand how initial listing prices, used as anchors, shape buyers' perceptions and influence the final sale prices in real estate markets. This involves investigating how both buyers and sellers use anchoring techniques—such as initial offers or reference prices—to set negotiation frames and steer outcomes in their favour. This objective will investigate how variables such as market conditions, property type, regional factors, and the experience of buyers or sellers influence the impact of anchoring on pricing and negotiation outcomes. This objective aims to guide policymakers and regulatory bodies on promoting transparent pricing practices, thereby reducing the risk of anchoring-based distortions that may impact market stability and fairness.

This study aims to investigate how anchoring biases influence property price setting and negotiation strategies. It will analyse data from real estate transactions, conduct experimental studies, and evaluate case studies to measure the extent to which anchoring affects property prices and negotiation outcomes. In doing so, this research will examine how factors such as market conditions, property types, and regional variations amplify or mitigate the anchoring effect. By identifying and quantifying these effects, this study will provide real estate professionals and consumers with actionable insights into the psychological elements influencing real estate transactions, supporting more informed and balanced decision-making.

2. Literature Review

2.1. Buyer's Initial Offer

The buyer's initial offer is a powerful anchor that shapes the negotiation process and influences final transaction outcomes. Tversky and Kahneman [1] first highlighted the anchoring effect, explaining that individuals often rely heavily on the first piece of information received in decision-making. Northcraft and Neale [7] demonstrated that in real estate, the initial offer acts as a counter-anchor to the seller's listing price, setting a range that guides subsequent negotiations. Further studies by Galinsky and Mussweiler [8] revealed that initial offers significantly impact both the concessions made by each party and the final agreed-upon price. Thus, the buyer's initial offer can effectively shift perceptions of property value by creating a reference point that the seller adjusts to during negotiation.

2.2. Psychological Attributes

Psychological attributes, such as anchoring susceptibility and risk tolerance, also play a crucial role in shaping buyer behaviour in negotiations. Research by Epley and Gilovich [17] suggests that individuals with high anchoring susceptibility are more likely to be influenced by the initial price anchors, potentially leading to suboptimal outcomes. Risk tolerance, on the other hand, affects how buyers approach negotiations; those with higher risk tolerance may be willing to make lower offers or be more aggressive in negotiations, while risk-averse buyers may prefer to make moderate offers to avoid prolonged negotiation [22]. This suggests that psychological attributes affect not only how buyers perceive initial anchors but also their willingness to engage in negotiation adjustments.

2.3. Negotiation Aggressiveness

Negotiation aggressiveness refers to the extent to which buyers or sellers adopt assertive strategies, such as setting extreme anchors, to influence negotiation outcomes. Bazerman and Neale [15] found that aggressive initial offers could prompt significant concessions from the opposing party, especially when the latter lacks experience or is more susceptible to anchoring. However, Brooks and Schweitzer [2] caution that overly aggressive tactics may backfire, as they could create negative perceptions and diminish the likelihood of reaching an agreement. Negotiation aggressiveness, therefore, can either facilitate a favourable outcome or increase the risk of negotiation breakdown.

2.4. Perceived Property Value

Perceived property value is influenced by the initial offers, market conditions, and psychological factors that shape buyer and seller perceptions of what constitutes a fair price. According to Northcraft and Neale [7], initial offers have a strong impact on the perceived property value by setting a reference point that both parties adjust to during the negotiation. If the buyer's initial offer is significantly lower than the listing price, it may prompt the seller to question their valuation, thereby adjusting their perception of the property's value. Anchoring effects also play a role in this perception, as both parties use initial offers and counteroffers to define what they believe to be a reasonable value.

2.5. Negotiation Adjustment Range

The negotiation adjustment range refers to the extent to which buyers and sellers are willing to move away from their initial offers during the negotiation process. Research by Kristensen and Gärling [9] indicates that both psychological attributes and negotiation aggressiveness influence the adjustment range. For instance, buyers with high anchoring susceptibility may struggle to adjust their offer significantly, resulting in a narrow range of negotiation. Conversely, those with higher risk tolerance and greater negotiation aggressiveness may be more willing to make significant adjustments to secure a favourable outcome. The negotiation adjustment range is thus a critical indicator of how flexible both parties are and can determine whether the negotiation reaches a satisfactory conclusion.

2.6. Moderating Variables

2.6.1. Market Conditions

Market conditions, including supply-demand dynamics and economic stability, significantly impact the effectiveness of anchoring and negotiation tactics in real estate. A competitive market with high demand and low supply might limit a buyer's ability to negotiate aggressively, as sellers are less likely to make concessions [21]. Conversely, in a buyer's market where supply exceeds demand, buyers may have greater leverage to make lower initial offers and negotiate within a broader range of prices. Additionally, economic factors such as interest rates and inflation rates can influence buyers' and sellers' willingness to negotiate or accept lower offers, as they affect the perceived stability of property values [10].

2.7. Buyer and Seller Attributes

The experience level of buyers and sellers is another moderating factor that affects their susceptibility to anchors and the outcomes of negotiations. Studies show that experienced negotiators are less likely to be influenced by anchors and more capable of negotiating effectively [5]. Experienced buyers may be more willing to counter anchors with lower initial offers, while sellers with extensive experience may be less likely to concede easily. Additionally, personal attributes such as age, education level, and financial stability influence negotiation flexibility and risk tolerance, as individuals with greater financial resources may be more patient and less likely to accept unfavorable terms.

3. Conceptual Framework and Hypothesis

The theoretical framework for this study is grounded in Behavioural Economics. It integrates insights from Anchoring Theory, Prospect Theory, and Negotiation Theory to explore the impact of the buyer's initial offer, psychological attributes, and negotiation aggressiveness on real estate negotiations, considering the moderating effects of market conditions and buyer-seller attributes. The framework also connects these factors to the dependent variables of perceived property value and negotiation adjustment range. Anchoring theory, developed by Tversky and Kahneman [1], serves as the foundation for understanding how the buyer's initial offer influences the negotiation process in property transactions (Figure 1).

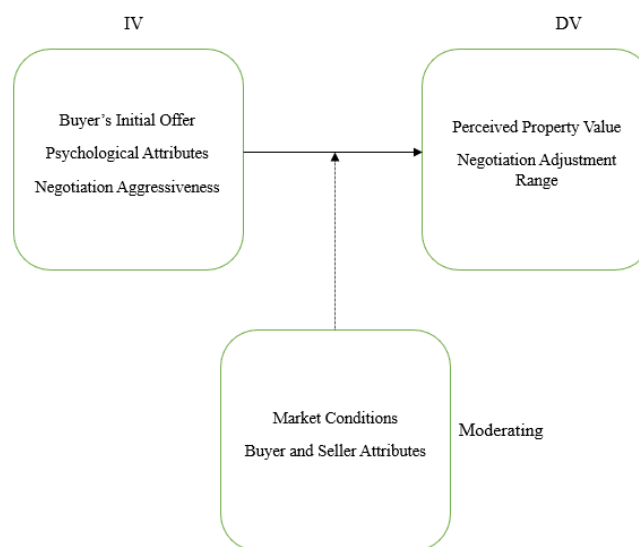


Figure 1: Conceptual framework of anchoring effects in property negotiation

According to this theory, the first piece of information provided in a negotiation (the anchor) sets a reference point for subsequent decisions. In the context of real estate, the buyer's initial offer acts as the anchor, influencing the seller's expectations and shaping the negotiation range. This study integrates these three theoretical perspectives to explain the role of the buyer's initial offer, psychological factors, and negotiation aggressiveness in influencing real estate transactions. The interaction between the buyer's initial offer and psychological attributes (anchoring susceptibility and risk tolerance) is central to understanding how perceptions of property value and negotiation adjustment range are shaped. Furthermore, negotiation aggressiveness adds a layer of complexity, as aggressive tactics can shift the negotiation range but may also trigger resistance from the seller.

3.1. Hypothesis

3.1.1. Independent Variables and Perceived Property Value

The Buyer's Initial Offer Positively Influences the Perceived Property Value, with Lower Initial Offers Reducing the Seller's Perception of Property Value. The buyer's initial offer plays a critical role in shaping the perceived property value in real estate negotiations. According to anchoring theory, the initial piece of information provided in negotiations, such as the buyer's first offer, serves as a cognitive anchor, setting a reference point that significantly influences the parties' perceptions. Northcraft and Neale [7] found that in real estate transactions, the initial offer often acts as an anchor, impacting the seller's assessment of the property's value. If the buyer's initial offer is much lower than the listing price, it can cause the seller to revise their perception of the property's value, lowering their expectations.

- **H1:** The buyer's initial offer has a positive influence on the perceived property value, with lower initial offers leading to a reduced seller's perception of the property's value.
- **H2:** Psychological attributes (anchoring susceptibility and risk tolerance) moderate the relationship between initial offer and perceived property value, with higher susceptibility leading to stronger anchoring effects.

Psychological attributes, such as anchoring susceptibility and risk tolerance, have been widely studied as moderators in decision-making processes, including pricing and negotiation. Anchoring susceptibility, or an individual's tendency to be influenced by initial offers, directly interacts with the effects of the buyer's first offer on perceived property value. Research by Epley and Gilovich [17] suggests that individuals with higher anchoring susceptibility are more likely to adjust their perceptions significantly based on the initial offer, regardless of the offer's rationality or fairness. In real estate, this can mean that a highly susceptible seller will more readily shift their perception of a property's value downward when faced with a low buyer offer.

- **H3:** Negotiation aggressiveness positively affects perceived property value by reinforcing the buyer's negotiation position, resulting in greater concessions from the seller.

In real estate negotiations, Brooks and Schweitzer [2] found that aggressive negotiators tend to achieve better outcomes by signalling strength and setting a high reference point for negotiation. For sellers, an aggressive buyer can create a sense of urgency or pressure, leading them to perceive the buyer's offer as more reasonable and to concede more on the property value. Furthermore, Pruitt and Carnevale [4] suggest that aggressive negotiators often frame the negotiation in a way that forces the other party to adjust their expectations, often resulting in more significant price concessions.

3.1.2. Independent Variables and Negotiation Adjustment Range

- **H4:** The buyer's initial offer is negatively associated with negotiation adjustment range, where lower initial offers limit the buyer's willingness to make adjustments.

Tversky and Kahneman [1] and Northcraft and Neale [7] found that the initial offer serves as an anchor, influencing subsequent adjustments in negotiation and often limiting the flexibility of both parties in their responses. When the buyer's initial offer is set low, it can act as a psychological boundary, causing both parties to perceive the need to protect their respective positions more rigidly, thereby narrowing the range of potential adjustments. Brett [11] further elaborates that a lower initial offer can set an adversarial tone, reducing the buyer's willingness to make concessions or engage in reciprocal adjustments.

- **H5:** Psychological attributes (risk tolerance) positively affect negotiation adjustment range, with higher risk tolerance leading to greater flexibility in negotiation.

Research by Tversky and Kahneman [1] supports this notion by showing that decision-makers with higher risk tolerance are more likely to engage in behaviour that involves greater flexibility, such as making larger adjustments during negotiations. Hoch and Loewenstein [19] further argue that risk-tolerant individuals are more open to adjusting their positions because they

are willing to consider a wider range of possible outcomes. This greater openness to uncertainty means that a negotiator with high risk tolerance may be more inclined to adjust their offers or demands as part of the bargaining process. In real estate, a buyer with higher risk tolerance may be more willing to revise their initial offer to accommodate the seller's concerns, thereby increasing the negotiation adjustment range.

- **H6:** Negotiation aggressiveness negatively influences the negotiation adjustment range, with aggressive negotiators showing a lesser willingness to deviate from their initial position.

Thompson and Hastie [13] highlight that aggressive negotiation strategies can limit the adjustment range, as they signal that the negotiator is unwilling to make significant concessions. In real estate, aggressive buyers may begin with a significantly low initial offer and push for drastic price reductions. Pruitt and Carnevale [4] noted that such negotiators, particularly those using extreme or competitive tactics, often create a situation where both parties are reluctant to make further adjustments. Bazerman and Neale [15] support the view that aggressive negotiators tend to hold firm on their initial demands, making fewer adjustments during the negotiation process.

3.1.3. Moderating Variables on Perceived Property Value and Negotiation Adjustment Range

- **H7:** Market conditions moderate the effect of the buyer's initial offer on perceived property value, with competitive market conditions weakening the influence of a low initial offer.

Market conditions can act as a moderating variable that affects how the buyer's initial offer impacts the perceived value of a property. In a competitive market, where demand is high and supply is limited, sellers may be less influenced by the buyer's initial offer, especially if the initial offer is low. According to Camerer [3], competitive market conditions tend to reduce the reliance on individual negotiating tactics, as sellers are more likely to perceive the property as having higher value due to the broader demand and potential for better offers. Fisher et al. [18] also highlighted that market competition influences the bargaining power of both parties in negotiations. In a seller's market, where demand exceeds supply, buyers may be forced to adjust their offers to remain competitive, and sellers are less likely to be swayed by low initial offers.

- **H8:** Buyer and seller attributes (experience level) moderate the relationship between psychological attributes and negotiation adjustment range, with higher experience levels reducing the impact of anchoring susceptibility.

Kahneman and Tversky [6] suggest that anchoring susceptibility can be mitigated by experience, as individuals with more negotiation experience are better equipped to adjust their judgments based on a broader set of criteria rather than relying solely on the initial anchor or the first offer. Research by O'Connor [12] on expertise in negotiation reveals that experienced negotiators possess a greater ability to identify and neutralise cognitive biases, such as anchoring, thereby reducing the influence of initial offers on their final position. Moreover, Gelfand [16] found that individuals with more experience in negotiations tend to exhibit greater adaptability and are more skilled at counteracting biases, such as anchoring. They argue that experienced negotiators are more likely to adjust their positions based on logical reasoning, market conditions, and objective analysis, rather than being anchored by an initial offer.

4. Research Methodology

This study will employ a quantitative research approach, which is suitable for testing hypotheses and examining the relationship between variables in a structured manner. The study will use a survey research design to collect numerical data from a representative sample of real estate buyers, sellers, and real estate agents. This allows for examining how different psychological and situational factors influence property negotiations and perceptions of property value. The sample size for this study will be determined using statistical power analysis to ensure sufficient power for hypothesis testing. This is a reasonable number to achieve generalizable results while considering potential non-responses or incomplete surveys. The participants in the study were potentially from Generation Y. According to power analysis, the sample size suggested was 204, and 123 valid responses were received out of 204 questionnaires, resulting in a response rate of 60%. This research will use a stratified random sampling technique. Stratified sampling ensures that subgroups of interest (e.g., buyers, sellers, real estate agents) are adequately represented. The buyer's initial offer in a negotiation often acts as an anchor that influences the perceived value and subsequent adjustments by both parties. The items were adopted from Tversky and Kahneman [1] and Galinsky and Mussweiler [8]. Psychological Attributes refers to the tendency to rely too heavily on the initial offer or piece of information when making decisions [1].

Negotiation aggressiveness refers to the extent to which a negotiator pushes for favourable outcomes with forceful or assertive tactics [4]. Market conditions, such as supply and demand, competition, and market trends, are known to influence negotiation dynamics, as noted by Fisher et al. [18]. Buyer and seller attributes, especially experience level, play a key role in moderating

the influence of psychological traits, such as anchoring. The items were adopted from Gelfand [16]. Perceived property value refers to how both buyers and sellers assess the value of the property, drawing on concepts adopted from Thompson [14]. The negotiation adjustment range refers to the flexibility exhibited by both parties in adjusting their positions during the negotiation process [11]. All the construct items are measured with a 5-point Likert scale. With the support of composite reliability (CR) and Cronbach's alpha values, the reliability of the research variables was demonstrated by the Cronbach's alpha and CR estimations (Table), which were greater than 0.70. Additionally, all constructs had greater average variance extracted from AVE values. Using the criteria set forth by Mussweiler [20], the discriminant validity of the moderator "Market Condition and Buyer and Seller Attributes" was examined. The association between AVE values and other constructs is lower than the square root of AVE values. It supports the scale's discriminant validity.

4.1. Data Analysis

The descriptive data show that 70.7% of the sample was male and 29.3% was female. 62.6% of the people who answered the questionnaire were managers, and 37.4% were senior managers. The youngest people who answered were 25 to 30 years old, and the oldest were 50 years old or more. 39% of the people who answered were between 31 and 40 years old. 33.3% of the people were married, while 66.7% were not. 6.5% of the people who answered had an intermediate degree, 24.4% had a bachelor's degree, 43.9% had a master's degree, and 25.2% had a Doctoral degree. The job experience of the people who answered the survey showed that 35% had 1–5 years of experience, 26.8% had 5–10 years of experience, 16.3% had 10–15 years of experience, 8.1% had 15–20 years of experience, and 13.8% had 20 years or more of experience.

4.2. Exploratory Factor Analysis (EFA)

Mussweiler [20] states that Exploratory Factor Analysis (EFA) identifies the various movements of observable variables while considering cultural variations and the research context. With this in mind, the author characterised exploratory factor analysis (EFA) as “a statistical procedure employed to condense numerous observed variables into a limited set of factors/components.” The KMO and Bartlett's test, which is given in Table 1, made sure that the data was good. Kuang et al. [23] suggest a minimum KMO value of 0.5. Values between 0.5 and 0.7 are average, values between 0.7 and 0.8 are acceptable, values between 0.8 and 0.9 are wonderful, and values beyond 0.9 are excellent, as Mussweiler [20] says. The results showed that the KMO value is 0.876, which means that the data can be used for factor analysis.

Table 1: KMO and Bartlett's test of sphericity

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.876
Bartlett's Test of Sphericity	Approx. Chi-Square	1376.417
	df	120
	Sig.	.000

In addition, Bartlett's Test of Sphericity looks at how strong the association is in order to find out if a set of distributions is multivariate normal. It also tests the null hypothesis that the original correlation matrix is an identity matrix at the same time. If the significance value is less than 0.05, it signifies that the data did not create an identity matrix and are therefore essentially multivariate normal, which means they can be used for more research. It is also shown that application value, development value, interest value, and work/life balance explain 73.5% of the variance. The above pattern matrix shows that all values are bigger than 0.5, which means that all items are grouped together with their respective factors, which means that convergent validity is guaranteed. The number for Cronbach's alpha coefficient is acceptable if it is more than 0.60. The structural matrix was also checked to make sure that discriminant validity was there. The scales' reliability was verified after construct validity. The Cronbach's alpha in the table above was higher above the minimum acceptable range of 0.60, as Kuang et al. [23] stated. This means that all of the items included in the constructs are trustworthy and consistent.

4.3. Multiple Regression Analysis

4.3.1. Assumptions of Multiple Regression

A histogram made sure that the model was normal, and a probability plot (pp-plot) made sure that it was linear. Kuang et al. [23] assert that Durbin–Watson must reside within the crucial range of $1.5 < d < 2.5$. Durbin–Watson $d = 2.077$, thus we may assume that our multiple linear regression data doesn't have first-order linear autocorrelation. The Variance Inflation Factor (VIF) values should be less than 4, which they are in the Table. This means that there is no multicollinearity issue between the dimensions of the predictor variable. Look at Table 2 for more information.

Table 2: Multiple regression assumptions

Assumptions	Threshold Point	Model Values
Durbin Watson	1.5–2.5	2.077
Variance Inflation Factor (VIF)	VIF < 4	BI: 1.935 PA: 2.783 NA: 2.384 PPV: 2.032 NAR:2.124 MC:2.536 BY:2.435
Mahal Distance	Critical Value	Min: 0.217 Max: 21.451 Mean: 3.967

The test above shows that the development value is related to the anchoring dimension and its relationship with the Perceived Property Value and Negotiation Adjustment Range in real estate. The beta is 21.4%, the t-value is 2.47, and the p-value is 0.15, which is less than 0.05, which is the rule of thumb. All the routes of the hypothesis are accepted. The summary of the multiple regression model shows that the coefficient of determination, R-squared, is 0.305. This means that 30.5% of the change in the dependent variable (Perceived Property Value and Negotiation Adjustment Range) can be explained by all the independent variables in the study (Table 3).

Table 3: Regression analysis

Hypothesis	Path	Beta	Std. Error	t Statistic	P Value	Decision
H1	BI-PPV	0.09	0.075	1.208	0.014	Accepted
H2	PA-PPV	0.214	0.086	2.47	0.012	Accepted
H3	NA-PPV	0.045	0.065	0.692	0.013	Accepted
H4	BI-NA	0.053	0.064	0.823	0.011	Accepted
H5	PA-NA	0.064	0.074	0.874	0.008	Accepted
H6	NA-NAR	0.054	0.050	0.723	0.015	Accepted
H7	BI-MC-PPV	0.034	0.042	0.653	0.011	Accepted
H8	BI-BY-PPV	0.047	0.046	0.678	0.007	Accepted
R ²	0.305					
Adjusted R ²	0.281					
F-value	12.931					
Sig	0.000					

5. Discussion

The findings of this study contribute to our understanding of how specific factors—namely, buyers' initial offer, psychological attributes (anchoring susceptibility and risk tolerance), and negotiation aggressiveness—shape perceived property values and negotiation outcomes within the real estate context. Using robust methodologies, including Exploratory Factor Analysis (EFA) and reliability testing, the study validated these constructs and their impact on negotiation dynamics. The study supports the hypothesis that a buyer's initial offer plays a significant role in shaping the seller's perceived property value. Consistent with prior research, lower initial offers appear to anchor the seller's expectations, leading to a reduced perception of the property's value. This aligns with findings in behavioural economics, where initial offers can anchor subsequent evaluations of worth. Furthermore, the initial offer was found to influence the negotiation adjustment range, with lower offers limiting the buyer's flexibility to make upward adjustments. This reinforces the idea that anchoring effects can restrict the willingness to deviate from initial positions, supporting the notion of anchoring as a powerful cognitive bias in negotiation settings. The study also explored the impact of negotiation aggressiveness on perceived property value, finding that aggressive negotiation tactics can positively influence the seller's perception of value.

Aggressive negotiators, through assertive tactics and firm stances, may compel sellers to concede more, which could lead to a higher perceived value of the property. However, aggressiveness was negatively associated with the negotiation adjustment range, implying that more aggressive negotiators are less likely to deviate from their initial positions. This confirms the view that assertive negotiation strategies can narrow the scope for compromise, potentially limiting the range of outcomes in the

negotiation process. The study identified that market conditions serve as a significant moderating variable between the buyer's initial offer and perceived property value. In competitive markets, the effect of a low initial offer is less pronounced, possibly due to heightened demand and price competition, which may diminish the anchoring effect of initial offers. This suggests that market dynamics can override individual biases, reinforcing the importance of considering external factors in negotiation strategies. Additionally, experience level moderated the relationship between psychological attributes and negotiation adjustment range. More experienced buyers and sellers demonstrated less susceptibility to anchoring, showing a greater ability to assess offers independently of initial anchors. This finding emphasises the role of experience in reducing cognitive biases, supporting previous studies that suggest experienced negotiators are better able to recognise and mitigate the effects of psychological biases.

6. Conclusion

In summary, this study contributes to the literature by examining how anchoring, psychological attributes, and negotiation strategies influence perceived property values and the negotiation adjustment range in the real estate market. The results confirm that initial offers, psychological factors, and negotiation tactics have a significant influence on negotiation dynamics and outcomes. Moreover, the moderating roles of market conditions and experience highlight the complex interplay between individual and external factors. These findings provide a comprehensive understanding of the factors influencing property negotiations, offering valuable insights for real estate professionals and individuals navigating property transactions. Future research could further explore these dynamics in diverse market contexts and across various property types to deepen the understanding in this area.

6.1. Implications of the Study

The findings have several practical implications for buyers, sellers, and real estate agents. For buyers, understanding the anchoring effect of initial offers can help them make strategic offers that shape negotiation outcomes in their favor. Sellers, on the other hand, may benefit from awareness of cognitive biases, such as anchoring susceptibility, which helps them evaluate offers more objectively. For real estate professionals, the study highlights the importance of tailoring negotiation strategies to market conditions and understanding client risk tolerance, thereby facilitating more effective negotiations.

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