

Analysis of House Purchase Intention

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Abstract

Most housing market models are based upon rational choice and optimizing behaviour, which, however, fail to account for observed behaviour in the housing market. Available theoretical efforts are, therefore, insufficient to understand house-purchasing behaviour. The purpose of this research, therefore, is to further enhance the theoretical efforts made thus far, and firstly, to develop a conceptual model, that matches the observed behavior in the housing market arena that diverges from rationality, to better understand the house-purchasing intention and secondly, to test the model empirically. Thus, two constructs were identified, namely, self-image and reference group influence. A judgmental sample of 260 individuals who had an intention of buying a house was used to collect primary data through a structured questionnaire survey. PLS was used to determine the nature of buying behaviour. Empirical analysis disclosed that the reference group influence as a social construct had a higher impact on the purchasing intention than self-image, thus normative influence diverges rational behaviour in purchasing a house.

Keywords: Consumer buying behaviour, Housing market, Purchase intention, Self – concept, Reference group influence, Theory of self-congruity, Informational influences, Normative influences.

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