



## Corporate Real Estate Development in Nigeria: Issues & Challenges of Site Acquisition

Olaseni Adetokunboh, M.Sc., ANIVS.

Iyiade Aibinu, M.Sc., ANIVS.

Sam Agbato, M.Sc., ACI Arb, ANIVS, RSV

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*Abstract: Hitherto, acquisition of suitable site is the developer's foremost focal obligation to a project but access to it remains a central challenge. Its process can be frustrating and unpredictable since many factors, often outside the developer's control, can influence its success. Considering the importance of site acquisition in the corporate real estate development process and peculiarity of the developmental challenges posed by the land factor, this study exploits the data of the Lagos State real estate transactions and activities to ascertain and observe the distinctive acquisition problems and then evaluate the level of occurrence and impact of these identified issues and challenges on the corporate real estate development performance and rank in order of consequence. Adopting the self-administered questionnaire to sample the opinion of the selected Lagos-based corporate real estate development companies, 24 distinctive site acquisition problems are identified and further analysis reveals that lack of basic infrastructure to selected sites, high cost of acquisition, cumbersome government allocation and high cost of titling perfection are the top-ranked site acquisition problems. Nonetheless, this study suggests that the corporate real estate development establishments and the public sector should work hand in hand especially in the availability and access to suitable developable sites for real estate development and investment projects.*

### Background of Study

At its most simple, real estate development can be likened to any other industrial production process that involves the combination of various inputs in order to achieve an output or product. In the case of real estate development, the product is a change of land use and/or a new or altered building in a process that combines land, labour, materials and finance.

Real estate development evokes many feelings depending on the particular perspective. It is an exciting and occasionally frustrating, increasingly complex activity involving the use of scarce resources. It is inherently risky, with high barriers to entry reflecting the cyclic and capital intensive nature of the sector, providing a product that is relatively indivisible and illiquid, and the typically slow payback period (Wilkinson and Reed, 2008).

Besides, the real estate development process is habitually initiated when either a parcel of land or site is considered suitable for a different or more intensive use, or if demand for a particular use leads to a search for a suitable site. The initiative may come from any of the actors or stakeholders in the development process seeking an appropriate site in anticipation of the demand or need for any specific land use(s). Alternatively, the initiative may stem from stakeholders anticipating a potentially higher value use due to some circumstances.

Land acquisition is often the real estate developer's first major commitment to a project. Site selection is vital to success as it affects the nature of a project. Yet, the site acquisition process can be infuriating and unpredictable since many factors, often outside the real estate developer's control, can influence its success. A real estate developer may have a well thought out and thoroughly researched land acquisition strategy, but achieving that strategy is dependent on numerous factors, with many beyond the control of the real estate developer - this is where the real estate development process is unique and much depends on the opportunities available.

(Thus) a real estate developer's ability to acquire land is dependent on the availability of land at any particular time; and the availability of land is dependent on the state of the market, planning policies and physical factors, and any particular case will also depend on the motives of the particular landowner (Wilkinson et al, 2008).

Despite the complexity of the real estate development process, the problems (and challenges) vary from one nation to the other. Some countries have dealt with theirs in a pragmatic manner while other countries have backed off from looking at it objectively. In Nigeria, many factors have been identified as militating against effective participation of the corporate real estate developers in real estate development. Windapo (2007) quoting Okulaja (1990) and Okupe (2000) in their different studies

identified increase in construction costs, high cost of capital, access to land, sharp depreciation of the Naira, access to housing finance facilities, cost of labour, poor infrastructural provision, extortion by government agents, cost of building materials, and government policies and guidelines. But in this part of the world, access to acceptable land is a key challenge to development of real estate (Omirin, 2003) and this affects grossly project schedules, cost of development and consequently, development prices (Windapo, 2007).

Considering the importance of site acquisition in the corporate real estate development process and peculiarity of the developmental challenges posed by the land factor, this study exploits the real estate transactions and activities data of Lagos State, Nigeria to examine the process/procedure of land acquisition for corporate real estate development, to identify the distinctive site acquisition problems and subsequently assess the level of occurrence and impact of these identified problems on the corporate real estate development performance and rank in order of consequence.

### **Site Identification and Acquisition for Corporate Real Estate Development Purposes**

According to Babade (2003), developable plot of land refers to a site whose characteristics include suitability for the types of investment envisaged (as defined by location, size, terrain and topography), acceptability (as defined by planning status and market prospects) without any known serious dispute. He further defined access to land as the ability to procure and possess any developable plot; a stage when right to land is secured and unchallenged, *ceteris paribus*. For such land to be accessed, it must be available and affordable with well secure tenure which can also be transferred easily.

Land is unique and each site has its own characteristics, but its acquisition process can be frustrating and unpredictable. The initiation, evaluation and acquisition stage of a real estate development are closely linked and frequently occur simultaneously. If the site has a poor location or there is a lack of demand for the accommodation irrespective of location, no amount of good design or promotion can overcome this disadvantage to a project. Nonetheless, site acquisition should not be completed until after the evaluation process has been completed (Havard, 2002; Keeping and Shiers, 2004).

#### **Site Identification**

The initial step in securing a site for property development purpose(s) is to institute a strategy defining the aims, nature and area of search. Real estate development companies may confine themselves geographically or to particular types of development, e.g. residential or mixed use development.

The general strategy and intentions of a property development company directs the identification of acceptable sites and development opportunities. Besides, within this same general overall strategy the property development company has to specify thoroughly definite geographical areas of search and specific requirements, especially in relation to the size, nature and location of sites.

#### **Initiation**

Having explored and defined a strategy for site acquisition, the developer's next step is to seek and identify potential development sites. As earlier mentioned that a developer might have a well thought out and thoroughly researched site acquisition strategy, but achieving that strategy is dependent on numerous factors, with many beyond the developer's control; and this is where the real estate development process is exceptional and much depends on the opportunities available. Likewise, the ability to secure a developable site is dependent on its availability at any particular time. Consequently, the availability of land is dependent on the state of the market, planning policies and physical factors and any particular case will also depend on the motives of the particular landowner.

There are diverse ways of initiating site acquisition process for corporate real estate development and these include developer's initiatives, estate agent's introduction, landowner's initiatives, public sector (local authority) initiatives; and the developer, landowner, estate agent and public sector are the main stakeholders involved in the initiation process.

#### **Site Investigation**

Having examined diverse approaches by which real estate developers identify and secure developable sites, it is however pertinent to examine the different investigations a real estate developer should undertake prior to the eventual site acquisition – these investigations affect the conditions the real estate developer will seek to impose in the contract to acquire the site.

Even though the landowners will provide as much information as possible, it is up to the real estate developers to satisfy themselves before entering into a commitment to acquire a site. Site investigation may show that the proposed real estate development project is no longer viable because the physical state of the ground and the cost of remedying the problems. The following site investigations are requisite when sites are to be acquired by real estate developing companies; site survey, ground investigation, utilities cum services assessment, legal title search, and source of project finance.

### **Site Acquisition**

The extent to which real estate developers minimise the risk inherent in the real estate development process depends to some extent on the type of transaction agreed at the site acquisition stage. Circumspect real estate developers will always try to minimise risk to a bare minimum and the site acquisition arrangements are chief in this respect. In an ideal world, no acquisition will be made until all the relevant detailed information has been obtained and all problems resolved – though in practice, it is virtually impossible to remove every element of uncertainty.

Moreover, the degree to which the developer can reduce risk to the site acquisition stage is dependent on landowner's method of disposal, amount of competition and tenure.

It is at this stage that original legal and related documents in respect of the acquired site are exchanged for agreed monetary value and eventually the contractual agreement papers are signed and consented to by the vendor, the real estate developer and their concerned representatives.

### **Site Acquisition Problems and Challenges encountered by Corporate Real Estate Developers**

In spite of the promulgation of Land Use Act since 1978, access to land for corporate (and individual) real estate development has become even more difficult than ever before – though public site acquisition turned easier and cheaper. Access to developable sites has been a major constraint affecting diverse real estate development purposes, especially residential land uses. Issues like complex and costly acquisition procedures, insecurity of title/ownership and inadequate statutory protection continue to be major setbacks for many corporate real estate developers in the land market, especially in recent times (Babade, 2003; Windapo, 2007).

From the viewpoint of Omirin (2003), access to land is a function of physical, economic, social, institutional, and contextual factors. Constraints to access developable sites emanate from any of these identified factors. The physical factors establish the quantity and quality of land available; economic factors influence the market conditions for acquisition, i.e. the demand and supply interface, price mechanism, extent of competition and availability of finance; and social factors influence the shaping of the land tenure system under which rights may be held and exercised. Institutional factors regulate the mechanisms for exchange, use and development.

Moreover, access to land fundamentally encompasses four elements and these include availability, affordability, security of tenure and ease of transaction. Availability is the ready supply of developable site; affordability is the ease with which the cost of the available land can be paid for devoid of unnecessary financial strain; security of tenure is the certainty of the right to the developable site, i.e. possessing, occupying, developing and using of the developable site without disturbance, conflicting claims and sudden loss while ease of transaction is acquiring site without facing unwarranted difficulties (Omirin, 2003).

Nonetheless, copious site acquisition problems and challenges have been identified to be often encountered by the corporate real estate developers in their various quests to invest in any of choice real estate development types. These constraints come in sizes, types and sources. In reference to this research effort, a survey was conducted sometime in year 2011 within the study area and from the analysis of responses, 24 (twenty four) distinctive site acquisition problems and challenges were identified to be often encountered by the Lagos State-based corporate real estate developers – these are discussed under **Empirical Results and Analysis**.

### **Implications of Site Acquisition Problems and Challenges on Corporate Real Estate Development Process**

Site acquisition problems come with varying degrees of negative effects. Omirin (2003) pointed out that inadequate and inequitable access to land in Nigeria are manifest in inefficient use of land resources,

inequitable distribution of wealth, worsening dwelling conditions, environmental degradation, poverty accentuation and regional imbalances in economic development while Adetokunboh (2011) confirmed that almost all corporate real estate developers under such difficult circumstances are compelled to buy the same piece of land about thrice from the various adverse claimants. Obviously this tends to affect project schedules, cost of development and product prices.

Besides, other identified implications include tax evasion and avoidance, further unauthorised and inappropriate land transactions practice, slow pace in the execution of projects, project abandonment, legal tussles and land disputes, and upsurge in land speculation.

State Government land in prime areas like Ikeja G.R.A. and Ikoyi is allocated on generous terms to relatively few individual developers usually for low density development. This practice connotes much wastage of land resources as cost of servicing such developable sites per capital is relatively higher. Besides, such allocation often encourages lateral expansion and inefficient land usage as fewer individual developers are accommodated per unit area while the rest of the public including the corporate real estate developers are confined to unplanned sections of the state.

The shortage of decent and affordable dwelling is worsening owing to difficulties of securing cheap land legally in serene environs. Though the Lagos State Government now provides developable sites to corporate real estate developers, but the cost of such land still limits the extent to which the developers can provide affordable homes to the vast majority of urban dwellers.

Because of high cost of acquisition and inadequate provision of infrastructure, many corporate real estate developers have been forced to invest in marginal areas without services or infrastructure in which have led to inefficient solution to basic amenities needs.

Furthermore, apart from the increase in unauthorised and inappropriate land transactions by these property developers, it has been noted that many of them now either evade or avoid tax payable (and other associated charges) in order to reduce costs to be incurred in the development process.

### **The Study Population and Study Area**

For the purpose of this study, the study population is primarily the corporate real estate development companies operating within Lagos State, Nigeria.

The primary target population of the study, corporate real estate developers, constitutes the respondent group for the purpose of questionnaire administration. An aggregate of 121 corporate real estate development organisations is identified as the study population for the research effort – as provided in the NACCIMA Business Directory and Nigeria Economic Guide published in 2011.

Lagos, the most developed and most buoyant of all the States in Nigeria, is the chosen study area. Lagos is the nation's financial, commercial and industrial nerve centre with over 2000 manufacturing industries and over 200 financial institutions including the nation's foremost stock exchange, the Nigeria Stock Exchange.

In respect of the real estate development and investment, the selected study area is the highest ranked in the development and demand for real property in the nation; and this has led to unprecedented expansion and development of real estate around the study area's immediate borders promoted by concerned government agencies and the private sector.

### **Methodology**

With the aid of information secured primarily from the NACCIMA Business Directory and Nigeria Economic Guide 2011, the sample size for the study was 90 corporate real estate development companies – representing about 75 percent of the registered Lagos-based development companies.

To ensure a satisfactory degree of representation and unbiased view, the simple random and systematic probabilistic sampling techniques were adopted – these techniques provided each unit of corporate real estate development companies in the study area the chance to be considered in the conduct of the survey (the actual selection of elements from the provided list was done by eliminating every 4th element on the provided NACCIMA Business Directory and Nigeria Economic Guide).

For the study, a combination of self-administered questionnaire and personal observation backed up with literature search was considered the most appropriate data (and information) collection approach.

Moreover, the basic data analysis techniques employed in the study include the relative indices, *i.e. Relative Occurrence Index (ROI) and Relative Impact Index (RII) and mean item score (MIS)*.

## Empirical Results and Analysis

### Preliminary Survey Details

For the purpose of the research work, a total number of 90 questionnaires were administered to corporate real estate development companies out of 121 in the study area. However, a total of 73 questionnaires were retrieved (representing a total survey response rate of 81.1%), thus this figure now forms the basis of analysis in the research.

### Nature of Real Estate Development involved in

With respect to the types of real estate development that the corporate real estate development companies engage in, table 1 revealed that majority of the development companies rather invest in residential type of development, but very few engage in associated infrastructure type of development. Impliedly, residential type of development is the primary focus of the Lagos State based corporate real estate development companies.

**Table 1: Type of real estate development involved in**

Real Estate Development	Frequency
Site and services	33
Residential	68
Office	20
Retail	17
Industrial	3
Mixed uses	28
Associated infrastructure	3

**Source: Field Survey, 2011**

### Securing Developable Sites for Corporate Real Estate Development Purposes

Though the corporate real estate development companies can secure developable sites from any of three available sources as revealed in table 2 below, but of the three sources of developable site for corporate real estate development purposes, majority of these developers prefer to procure their land from the Lagos State Government or/and Private. Moreover, none of the respondents' companies has preference to secure developable sites through the Federal Government – as revealed in table 3 below.

**Table 2: Sources of developable sites for corporate real estate development purposes**

Types of land owners	Frequency
Lagos State Government	70
Federal Government	9
Private (Individual/Community)	63

**Source: Field Survey, 2011**

**Table 3: Most preferable source of securing sites for development purposes**

Types of land owners	Frequency	Percent (%)
Lagos State Government	40	54.80
Federal Government	-	-
Private (Individual/Community)	33	45.20
	<b>73</b>	<b>100.00</b>

**Source: Field Survey, 2011**

As presented in table 4 below, study affirmed that formal acquisition of developable sites through any of the sources – Lagos State Government, Federal Government or Private could take an average period of 2 to 3 years even beyond. Impliedly, it takes corporate real estate developers a long period to conclude dealings on sites for proposed development plans.

**Table 4: Average period (in years) spent on site acquisition for development purposes in Lagos State**

Years	Frequency	Percent (%)
Below 1	-	-
1 – 2	15	20.55
2 – 3	37	50.68
Above 3	21	28.77
	<b>73</b>	<b>100.00</b>

**Source: Field Survey, 2011**

Assessing the present land acquisition process in securing either public or private developable sites for corporate real estate development purposes in Lagos State, the study revealed, as presented in table 5 below, that only 32.9% and 37% of the respondents were actually impressed with the current process of acquiring public and private land respectively. The implication is that more of the developers are dissatisfied with the current site acquisition process employed in Lagos State.

**Table 5: Appraisal of current land acquisition process in acquiring sites for corporate real estate development purposes**

Class of land	Very Impressive	Impressive	Undecided	Fair	Not Impressive
Public land	3 (4.1%)	21 (28.8%)	21 (28.8%)	12 (16.4%)	16 (21.9%)
Private land	3 (4.1%)	24 (32.9%)	33 (45.2%)	13 (17.8%)	- (0.0%)

**Source: Field Survey, 2011**

### Assessing Peculiar Land Acquisition Matters in Relation to Corporate Real Estate Development Process

Evaluating the opinions of respondents on some pertinent developable sites acquisition matters as they affect corporate real estate development process in Lagos State, as revealed in table 6 beneath, 100% of respondents agreed that both site acquisition process could be frustrating and unpredictable, and access to acceptable land for real estate development purposes is a key challenge while over 80% strongly agreed that availability of and access to suitable lands are essential to successful development of any real estate development. Over 75% of respondents agreed that ineffective access to suitable land affects gross project programmes, cost of development and development prices; and over 95% agreed that degree to which corporate real estate developers reduce risk inherent in real estate development process depends on some extent on type of transactions agreed at site acquisition stage.

The implication of this finding is that all these peculiar land acquisition matters have a direct impact on the corporate real estate development process in Lagos State.

**Table 6: Assessment of respondents' views on peculiar land acquisition matters as they affect corporate real estate development process in Lagos State**

Peculiar land acquisition matters SD*	SA	A	U	D
Site acquisition process can be frustrating and unpredictable (0.0%)	50 (68.5%)	23 (31.5%)	- (0.0%)	- (0.0%)
Access to acceptable land is a key challenge to development of property development (0.0%)	56 (76.7%)	17 (23.3%)	- (0.0%)	- (0.0%)
Ineffective access to acceptable land affects gross project schedules, cost of	34 (46.6%)	24 (32.9%)	15 (20.5%)	- (0.0%)

development and development prices

Availability of and access to suitable lands are essential to successful development of any real estate development	<b>62</b> <b>(84.9%)</b>	<b>11</b> <b>(15.1%)</b>	<b>-</b> <b>(0.0%)</b>	<b>-</b> <b>(0.0%)</b>	<b>-</b> <b>(0.0%)</b>
Degree to which real estate developers reduce risk inherent in development process depends on some extent on type of transactions agreed at site acquisition stage	<b>24</b> <b>(32.9%)</b>	<b>39</b> <b>(53.4%)</b>	<b>7</b> <b>(9.6%)</b>	<b>3</b> <b>(4.1%)</b>	<b>-</b> <b>(0.0%)</b>

**Source: Field Survey, 2011**

**Note\*: SA, A, U, D, and SD represent strongly agree, agree, undecided, disagree and strongly disagree respectively.**

### Land Acquisition Problems of Corporate Real Estate Development Process to Corporate Real Estate Developers

The study identified 24 (twenty four) site acquisition problems affecting corporate real estate development process. However, the survey conducted looked into the occurrence rate and level of impact of these identified site acquisition problems on the corporate real estate development process.

As revealed in table 7, high cost of acquisition is the land acquisition problem that occurs most repeatedly in the development process but activities of speculators is the least experienced.

**Table 7: Level of occurrence of various forms of site acquisition problems encountered by corporate real estate developers**

<b>Nature of site acquisition problems RANK</b>	<b>Very Frequently</b>	<b>Frequently</b>	<b>Sometimes</b>	<b>Not Rarely</b>	<b>at all</b>	<b>MIS/ ROI</b>
High cost of acquisition	30 <b>(41.1%)</b>	43 <b>(58.9%)</b>	-	-	-	<b>0.882 1st</b>
Cumbersome government allocation <b>13th</b>	9 <b>(12.3%)</b>	39 <b>(53.4%)</b>	17 <b>(23.3%)</b>	8 <b>(11.0%)</b>	-	<b>0.734</b>
Complicated small plots assembly operations <b>19th</b>	3 <b>(4.1%)</b>	32 <b>(43.8%)</b>	27 <b>(37.0%)</b>	3 <b>(4.1%)</b>	8 <b>(11.0%)</b>	<b>0.652</b>
Legal issues	12 <b>14th</b>	23 <b>(16.4%)</b>	36 <b>(31.5%)</b>	2 <b>(49.3%)</b>	- <b>(2.8%)</b>	<b>0.723</b>
Encroachment/ Trespassing <b>16th</b>	8 <b>(11.0%)</b>	27 <b>(37.0%)</b>	35 <b>(47.9%)</b>	3 <b>(4.1%)</b>	-	<b>0.710</b>
Co-ownership of one piece of land <b>0.743 12th</b>	20 <b>(27.4%)</b>	3 <b>(4.1%)</b>	41 <b>(56.2%)</b>	9 <b>(12.3%)</b>	-	
Lack of basic infrastructure to selected site <b>0.797 6th</b>	25 <b>(34.2%)</b>	22 <b>(30.1%)</b>	26 <b>(35.6%)</b>	-	-	

Excessive competition <b>23rd</b>	9	14	19	18	13	<b>0.567</b>	
From other investors	<b>(12.3%)</b>	<b>(19.2%)</b>	<b>(26.0%)</b>	<b>(24.7%)</b>	<b>(17.8%)</b>		
Activities of speculators	9	15	13	21	15	<b>0.551</b>	<b>24th</b>
	<b>(12.3%)</b>	<b>(20.5%)</b>	<b>(17.8%)</b>	<b>(28.8%)</b>	<b>(20.5%)</b>		
Disturbance from victims <b>7th</b>		21	23	29	-	-	<b>0.778</b>
of compulsory acquisition	<b>(28.8%)</b>	<b>(31.5%)</b>	<b>(39.7%)</b>				
Harassment by touts "omo onile"	25	25	23	-	-	<b>0.805</b>	<b>4th</b>
	<b>(34.2%)</b>	<b>(34.2%)</b>	<b>(31.5%)</b>				
Multiplicity of charges/ associated costs	32	15	26	-	-	<b>0.816</b>	<b>3rd</b>
	<b>(43.8%)</b>	<b>(20.5%)</b>	<b>(35.6%)</b>				
Multilayered negotiation/ <b>4th</b>		31	13	29	-	-	<b>0.805</b>
rigid acquisition terms	<b>(42.5%)</b>	<b>(17.8%)</b>	<b>(39.7%)</b>				
Non reliability of records <b>18th</b>		12	18	22	21	-	<b>0.658</b>
at Land Registry	<b>(16.4%)</b>	<b>(24.7%)</b>	<b>(30.1%)</b>	<b>(28.8%)</b>			
High cost of titling Perfection	17	34	9	13	-	<b>0.751</b>	<b>10th</b>
	<b>(23.3%)</b>	<b>(46.6%)</b>	<b>(12.3%)</b>	<b>(17.8%)</b>			
Slow pace in the process <b>2nd</b>	21		49	-	-	3	<b>0.833</b>
of land titling	<b>(28.8%)</b>	<b>(67.1%)</b>		<b>(4.1%)</b>			
Poor planning and development standards	8	37	28	-	-	<b>0.745</b>	<b>11th</b>
	<b>(11.0%)</b>	<b>(50.7%)</b>	<b>(38.4%)</b>				
Environmental factors	3	26	19	25	-	<b>0.619</b>	<b>21st</b>
	<b>(4.1%)</b>	<b>(35.6%)</b>	<b>(26.0%)</b>	<b>(34.2%)</b>			
Lack of support from Local community	-	31	13	29	-	<b>0.605</b>	<b>22nd</b>
		<b>(42.5%)</b>	<b>(17.8%)</b>	<b>(39.7%)</b>			
Difficult land form and existing improvements	-	26	37	7	-	<b>0.627</b>	<b>20th</b>
		<b>(37.1%)</b>	<b>(52.9%)</b>	<b>(10.0%)</b>			
Burdensome financial terms	-	39	34	-	-	<b>0.707</b>	<b>17th</b>
		<b>(53.4%)</b>	<b>(46.6%)</b>				
Cost increases and unanticipated variations	17	31	25	-	-	<b>0.778</b>	<b>7th</b>
	<b>(23.3%)</b>	<b>(42.5%)</b>	<b>(34.2%)</b>				
High interest rates	23	37	-	-	13	<b>0.756</b>	<b>9th</b>
	<b>(31.5%)</b>	<b>(50.7%)</b>			<b>(17.8%)</b>		
Insufficient mortgage markets	24	19	13	9	8	<b>0.715</b>	<b>15th</b>
		<b>(32.9%)</b>	<b>(26.0%)</b>	<b>(17.8%)</b>	<b>(12.3%)</b>	<b>(11.0%)</b>	

**Source: Field Survey, 2011**



Assessing the level of impact of these identified site acquisition problems on corporate real estate development process, the survey revealed that impact of high cost of acquisition, cumbersome government allocation, complicated small plots assembly operations, legal issues, lack of basic infrastructure to selected site, disturbance from victims of compulsory acquisition, harassment by touts, multiplicity of charges, multilayered negotiation, non reliability of records at Land Registry, high cost of titling perfection, difficult land form and existing improvements, burdensome financial terms, cost increases and unanticipated variations and high interest rates on corporate real estate development process are immense whenever any of these site acquisition problems is encountered in the course of the development.

Table 8 established that over 95% of respondents confirmed that high cost of acquisition, lack of basic infrastructure to selected site and multilayered negotiation/rigid acquisition terms are of high impact on the development process. Besides, over 73% of respondents did revealed that complicated small plots assembly operations, legal issues, disturbance from victims of compulsory acquisition, harassment by touts, multilayered negotiation, non reliability of records at Land Registry, high cost of titling perfection, difficult land form and existing improvements, burdensome financial terms, cost increases and unanticipated variations and high interest rates are of massive magnitude on the development process; and over 50 percent concurred that trespassing, co-ownership of one piece of land, slow pace in the process of land titling, and environmental factors are of high impact on development process.

However, ranking these implications of each site acquisition problem in order of consequence, the survey revealed that lack of infrastructure to selected site is topmost followed by high cost of acquisition, cumbersome government allocation and high cost of titling perfection. At the base of the ranking, slow pace in the process of land titling is of lowest implication on corporate real estate development process.

**Table 8: Impact of site acquisition problems on corporate real estate development process**

<b>Nature of site acquisition problems</b>	<b>Very High</b>	<b>High</b>	<b>Average</b>	<b>Very Low</b>	<b>Low</b>	<b>MIS/</b>	<b>RII</b>
<b>RANK</b>							
High cost of acquisition	27 (37.0%)	46 (63.0%)	-	-	-	<b>0.874</b>	<b>2nd</b>
Cumbersome government allocation	34 (46.6%)	31 (42.4%)	8 (11.0%)	-	-	<b>0.871</b>	<b>3rd</b>
Complicated small plots assembly operations	3 (4.1%)	53 (72.6%)	8 (11.0%)	9 (12.3%)	-	<b>0.737</b>	<b>16th</b>
Legal issues	33 (45.2%)	21 (28.8%)	13 (17.8%)	6 (8.2%)	-	<b>0.822</b>	<b>7th</b>
Encroachment/ Trespassing	10 (13.7%)	30 (41.1%)	27 (37.0%)	6 (8.2%)	-	<b>0.721</b>	<b>17th</b>
Co-ownership of <b>14th</b> one piece of land		14 (19.2%)	24 (32.9%)	32 (43.8%)	3 (4.1%)	-	<b>0.751</b>
Lack of basic infrastructure to selected site	43 (58.9%)	30 (41.1%)	-	-	-	<b>0.918</b>	<b>1st</b>
Excessive competition from other investors	3 (4.1%)	28 (38.4%)	26 (35.6%)	16 (21.9%)	-	<b>0.650</b>	<b>20th</b>
Activities of speculators <b>21st</b>	13	21		14	9	16	<b>0.616</b>

	(17.8%)	(28.8%)	(19.2%)	(12.3%)	(21.9%)		
Disturbance from victims <b>5th</b>	33	27		13	-	-	<b>0.855</b>
of compulsory acquisition	(45.2%)	(37.0%)	(17.8%)				
Harassment by touts <b>10th</b>	27	30		3	13	-	<b>0.795</b>
"omo onile"	(37.0%)	(41.1%)	(4.1%)	(17.8%)			
Multiplicity of charges/ <b>6th</b>	19	51		3	-	-	<b>0.844</b>
associated costs		(26.0%)	(69.9%)	(4.1%)			
Multilayered negotiation/ <b>12th</b>	13	44		16	-	-	<b>0.792</b>
rigid acquisition terms	(17.8%)	(60.3%)	(21.9%)				
Non reliability of records <b>0.745 15th</b>		15	39		3	16	-
at Land Registry		(20.5%)	(53.4%)	(4.1%)	(21.9%)		
High cost of titling Perfection	36	28	6	3	-		<b>0.866 4th</b>
	(49.3%)	(38.4%)	(8.2%)	(4.1%)			
Slow pace in the process of land titling	3	35	35	-	-		<b>0.425 24th</b>
	(4.1%)	(47.9%)	(47.9%)				
Difficult land form and Existing improvements	32	20	8	13	-		<b>0.795 10th</b>
	(43.8%)	(27.4%)	(11.0%)	(17.8%)			
Poor planning and development standards	3	33	21	16	-		<b>0.589 22nd</b>
	(4.1%)	(45.2%)	(28.8%)	(21.9%)			
Environmental factors	8	33	13	19	-		<b>0.682 18th</b>
	(11.0%)	(45.2%)	(17.8%)	(26.0%)			
Lack of support from Local community	3	6	29	32	3		<b>0.529 23rd</b>
	(4.1%)	(8.2%)	(39.7%)	(43.8%)	(4.1%)		
Burdensome financial terms <b>13th</b>	32		20	8	-	13	<b>0.759</b>
	(43.8%)	(27.4%)	(11.0%)		(17.8%)		
Cost increases and unanticipated variations	24	33	16	-	-		<b>0.822 7th</b>
	(32.9%)	(42.5%)	(21.9%)				
High interest rates	27	33	-	13	-		<b>0.803 9th</b>
	(31.5%)	(50.7%)		(17.8%)			
Insufficient mortgage Markets	7	26	11	16	13		<b>0.682 18th</b>
		(9.6%)	(35.6%)	(15.1%)	(21.9%)	(17.8%)	

**Source: Field Survey, 2011**

Appraising the Lagos State Government with respect to concern shown towards the control of land acquisition problems as it affects corporate real estate development purposes, findings revealed that it has been of relative significant, at 0.521.

**Table 9: Level of significance of Lagos State Government concern to control land acquisition problem as it affects corporate real estate development purposes**

Performance level	Frequency	Percent (%)
Very significant	14	20.90
Significant	10	14.90
Undecided	10	14.90
Fairly significant	17	25.40
Not significant	16	23.90
	<b>67</b>	<b>100.00</b>

*Source: Field Survey, 2011*

## Summary of Findings, Conclusion and Recommendations

### Summary of Findings

1. Major real estate development involved in by corporate real estate developers is residential type of development followed by sites and services, and mixed uses types of development. Over 90 percent of the corporate real estate developers are involved in residential type of development and less than 5 percent participate in industrial and associated infrastructure types of development.
2. Majority of the real estate development companies do secure developable sites either from the Lagos State Government or private landholders (individual/community).
3. Corporate real estate developers do prefer to secure developable sites either from the State Government or private landholders, but not from the Federal Government.
4. The research work has been able to verify that formal acquisition of developable sites takes a minimal average period of 18 months and it could last up to 3 years and beyond before dealings are concluded.
5. It is established that just one-third of the corporate real estate developers are quite impressed with the current land acquisition process – either for public or private developable sites.
6. The research has been able to verify that site acquisition process can be very frustrating and unpredictable; access to acceptable land is a key challenge to development; availability of and access to suitable lands are essential to successful development of any real estate development; ineffective access to acceptable land affects gross project schedules, cost of development and development prices; and degree to which real estate developers reduce risk inherent in the real estate development process depends on some extent on the type of transactions agreed at the site acquisition stage are very significant land acquisition matters that have immense implications on corporate real estate development process in Lagos State.
7. The survey identified 24 (twenty four) site acquisition problems affecting corporate real estate development process. The order of occurrence of these problems is listed below;
  - i. high cost of acquisition
  - ii. slow pace in the process of land titling
  - iii. multiplicity of charges/associated charges
  - iv. harassment by touts and multilayered negotiation/rigid acquisition terms
  - v. lack of basic infrastructure to selected sites
  - vi. disturbance from victims of compulsory acquisition and cost increases and unanticipated variations
  - vii. high interest rates
  - viii. high cost of titling perfection
  - ix. poor planning/development standards
  - x. co-ownership of one piece of land

- xi. cumbersome government allocation
  - xii. legal issues
  - xiii. insufficient mortgage markets
  - xiv. encroachment/trespassing
  - xv. burdensome financial terms
  - xvi. non reliability of records at the Land Registry
  - xvii. complicated small plots assembly operations
  - xviii. difficult land form and existing improvements
  - xix. environmental factors
  - xx. lack of support from local community
  - xxi. excessive competition from other investors
  - xxii. activities of speculators
8. The study further established order of consequence of the impact of these site acquisition problems. The ranking is listed below;
- i. lack of basic infrastructure to selected sites
  - ii. high cost of acquisition
  - iii. cumbersome government allocation
  - iv. high cost of titling perfection
  - v. disturbance from victims of compulsory acquisition
  - vi. multiplicity of charges/associated charges
  - vii. legal issues and cost increases and unanticipated variations
  - viii. high interest rates
  - ix. poor planning/development standards and harassment by touts
  - x. multilayered negotiation/rigid acquisition terms
  - xi. co-ownership of one piece of land
  - xii. non reliability of records at the Land Registry
  - xiii. complicated small plots assembly operations
  - xiv. encroachment/trespassing
  - xv. lack of support from local community and insufficient mortgage markets
  - xvi. excessive competition from other investors
  - xvii. activities of speculators
  - xviii. difficult land form and existing improvements
  - xix. slow pace in the process of land titling
9. It is established that level of significance of the Lagos State Government concern to control land acquisition problems as they affect corporate real estate development purposes is of relative significant.

### **Conclusion**

The research work has succeeded in identifying and assessing concerns and challenges of land acquisition that undermine the corporate real estate development process in Lagos State.

The study focused on evaluating the process of land acquisition, factors that determine the availability of land for development purposes and distinctive hindrances of land acquisition – all in respect of corporate real estate development. Having considered all these, the research work has been able to empirically prove that site acquisition problems and challenges are of immense impact on the corporate real estate development process in Lagos State.

Consequently, the results of the analysis have shown that lack of basic infrastructure to selected sites, high cost of acquisition, cumbersome government allocation and high cost of titling perfection are the top-ranked site acquisition problems and challenges.

### **Recommendations**

In accordance with the aim of the study, the following under listed recommendations are made based on the research findings.

1. Since availability and accessibility to suitable developable sites are an essential precondition for successful corporate real estate development, government should fine tune its current land acquisition process for corporate real estate development purposes, most especially in the

allocation of government land within serene environments – this measure will facilitate and promote corporate real estate development.

2. Moreover, to minimize the real estate developmental challenges posed by the land factor, the government would have to embark on Land Reform Schemes - this would be targeted at enhancing accessibility to land, providing the needed security of land rights, and maintaining efficient management of land as a vital resource and heritage.
3. Government should call for an extensive dialogue with corporate real estate developers with respect to its private developers scheme. This forum would create more awareness, and address issues, challenges and prospects of the scheme.  
This is to afford more genuine participation of corporate real estate developers in the scheme and also promote ease access to developable sites.
4. Government to accept the role of making strategic investment in basic infrastructure and key services as a way of opening up areas of land suitably located and ripe for urban development; and this could be achieved through partnership initiatives with corporate real estate developers. Government should also embrace efficient planning and development standards.
5. It has been noted that some African Nations like Ghana and Kenya are working on series of innovative approaches for land administration. So, it would be suggested that our government and corporate developers partner with them in order to design workable contemporary approaches to tackle the problems and also put in considerable effort into enhancing the conventional remedial measures.
6. Public Private Partnership based development initiatives should be encouraged in which the Government and the corporate real estate developers can jointly get involved in real estate development projects – this will facilitate efficient access to land. However, the government should be ready to soften their grips as a way of encouraging active and cordial relationship between the private and public participants.
7. With reference to securing sites from private landholders, more significant concerns should be shown by the Government to support the corporate real developers to alleviate private land acquisition problems and challenges.

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