



EMBRACING EFFICIENT PROPERTY DATA BANK FOR AFRICAN NEW SUSTAINABLE DEVELOPMENT: NIGERIA CASE STUDY

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Abstract

Sustainable development is the heart of global policy talk. This is evidencing in it placing

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emphasizes on environmental,

INTRODUCTION

Sustainable development is the hub of global economic policy. Sustainable development focuses on inclusive or broad-based growth sustained over time. Therefore, the reason why the United Nations developed 14 goals tagged Sustainable Development Goals is not far-fetched. Africa is the second most populous continent in the world with a young population of 1.2 billion people (Leeson, 2018). This is because youths account for more than half of the African population. The favourable weather and large landmass make Africa the ideal destination for agricultural production. The continent has huge mineral deposits (

economic and social benchmark valuations African nation. This considerations of of properties is study revealed that developing countries affecting prospective inaccessibility to to have a fulfilled investors from reliable data has been wellbeing. The report committing funds to a barrier to Africa regarding the real estate economy and Nigeria sustainable investment and thus specifically. It further development is poses a peril to the revealed that the snowed under good economy. The severity Nigerian Institution of and bad. Bearing it in of situation has Estate Surveyors and mind that Africa as a continued to linger a Valuers should as a continent emerged to black box within the matter of urgency just be one of the fastest Nigeria economy. like their counterpart growing economies in Availability of and in RICS, UK should join the world. It is blessed accessibility to hands together and with a favorable effective property data create an effective weather and large bank is connected to Property Databank landmass for the operation of the (EPD). The effective agriculture, couple Nigeria economy and property databank with the needed large property market. This created as such should resources in terms of paper critically therefore be available human and natural examined the new and accessible to resources. The sustainable anyone that requires absence of effective development and the such information even property data bank to need for developing an at a small amount. support investment efficient property data decisions or bank for Nigeria as an

Oluwatayo, & Ojo, 2016). Africa's economic growth has stabilized at 3.4 percent in 2019 and is expected to pick up to 3.9 percent in 2020 and 4.1 percent in 2021 but to remain below historical highs. Growth's fundamentals are also improving, with a gradual shift from private consumption toward investment and exports. For the first time in a decade, investment accounted for more than half the continent's growth, with private

consumption accounting for less than one third. Only about a third of African countries achieved inclusive growth, reducing both poverty and inequality (Africa Economic Outlook, 2020).

Accurate, reliable and timely information is imperative for effective decision-making in almost every aspect of human endeavour, whether it be by individuals, community, organisations, businesses or governments (Emeka-Nwokeji, 2012). An effective property data bank is an ideal tool for investment growth measurement in any economy, especially in the real estate sector. Land, upon which real estate is built, is the largest resource in an economy after human resources (Van Kooten, 2011). The property data bank analyses investment data and provides information on investment and growth direction to guide both the public and private sector operators on decisions for future or further investment (Buckley, Clegg & Cross, 2015)

Absence of effective property data bank resulted to inappropriate decision or even no decision at all. That is, it will lead people and organisations to make bad decisions. The dearth and inaccessibility to effective property data bank to support property decision making has become increasingly recognized over recent years. (Ajibola, & Ogungbemi, 2011). Transactions (sales, letting and valuation) in relation to property investment require the availability of an effective property data and its dearth will greatly impair the performance of surveyors in turning out reports that could stand the test of time (Ajibola, 2016).

A report by one of the nation's online property platform revealed that the real estate sector retained its position as fifth contributor to the Gross Domestic Product (GDP) despite the impact of economic recession. For instance, the sector ended 2017 with a -5.92per cent contribution to the country's GDP; a significant drop from the -3.1per cent recorded in the first quarter of last year (Mazzucato, 2015). Expectedly, the absence of data in the market has negatively impacted transparency in transaction, which has been extremely poor, and significantly constraint growth and investment (Olawale & Garwe, 2010). The valuers own databases, which remain the most reliable sources of information, are also not made public in some cases where they are available.

The Nigerian economy is very ripe for the development of an effective property data bank that will bring about a revolution to real estate development in the country and Estate Surveyors and Valuers are in the best position to take the lead in the project. With a current contribution of about 6% to the GDP based on the last rebasing of the economy, the real estate sector in Nigeria can be more investor friendly by providing this transparent tool for investment and opening up the sector for the huge investment it requires, especially with the need for the country to generate income from sources other than oil and gas (Ishiyaku, 2016). “This will further support the implementation of standards in real estate practice in Nigeria.

Couple with the fact that there is no database available for the Nigerian property market as professionals and investors rely mostly on individual market surveys to keep up with required standards, it is clearly worlds apart from what is obtainable in countries like South Africa, United Kingdom and United States of America, where both private and institutional property data base systems exist for subscription and use (Mooya, 2016). The place of multi disciplinary approaches is here hinged on the importance of effective Property Data Bank in the Nigeria Economy for achieving African new sustainable development.

Overview of Sustainable development

According to Ojo, & Oluwatayo, (2016) Sustainable development is the development path along which the maximization of human wellbeing and which will not compromise perpetual use by future generations. Therefore, Sustainable Development is a paradigm shift from the economic growth hinged on depletion of resources and environmental degradation. A school of thought opined that three approaches to sustainable development exist- social, ecological and economic dimensions. This emphasizes social justice, economic prosperity and environmental protection. Another option is a dualistic approach that is based on the relationship between nature and humanity. Meanwhile, the most cited definition of Sustainable development is provided in the 1987 Brundtland Commission’s Report. It defines sustainable development as the kind of development which satisfies the current needs without endangering the future generations to

satisfy their own. Whether dualistic approach or the three pillars of sustainable development are taken into consideration, there is a common denominator. Sustainable Development paradigm investigates the nature of development from the environmental, economic and social perspectives Sustainable development (SD) was propounded as an alternative development strategy for improving the living conditions of the human population without degrading the quality of the environment (Moldavska, & Welo, 2019). The concept came into being following the realization that economic development and environment are closely linked (Solow, 2019). The central message of sustainable development is economic, environmental and social sustainability achievable through rational management of physical, natural and human capital (Holden, Linnerud, & Banister, 2017). Sustainable development may be described as a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs (Archibugi, 2019). It is a vector of development characteristics that should be non-decreasing over time and embraces wider concerns of quality of life. Therefore, to promote Sustainable development (SD), we must at least endeavor to maintain the existing level of the natural capital stock.

In other words, the pursuit of development activities implies a non-negative change in the stock of natural resources and the quality of the environment over time. It requires maintaining essential ecological processes and life support systems, preserving genetic diversity, and ensuring a sustainable utilization of species and ecosystems (Boon, 2016). The findings of the World Commission on Environment and Development (WCED) entitled *Our Common Future* (1987) and known as the Brundtland Report actually popularized the concept. Sustainable development (SD) aims to build a more prosperous, just and secure future and to sustain and expand the environmental resource base. The concretization of the objectives of SD therefore requires new forms of natural resource management systems and international co-operation. It is also important that individuals, organizations, and nation-states properly

understand the concept and pledge their commitment to translating it into reality (Boon, 2016).

Nigeria Economy

Nigeria's economy is now visibly the largest in Africa after it "rebased" its gross domestic product (GDP) for 2013, from US\$270 billion to about US\$515 billion. That compares with South Africa's GDP of US\$367 billion and Egypt's GDP of US\$285 billion at the end of 2013. While the revised figure makes Nigeria the 26th biggest economy in the world, the country lags behind in terms of income per capita, with US\$2,049 for each citizen in 2018 - compared to South Africa's income per capita of US\$6,377. The rebasing of Nigeria's GDP has boosted interest from international property developers and foreign homebuyers to invest in the country's real estate market.

However, since the peg to the US dollar was abolished in June 2016, the Naira has been falling sharply, resulting to a contraction in the overall size of the economy. In fact, Nigeria's GDP shrank by almost a fourth to just about US\$397 billion in 2018. After maintaining an exchange rate of NGN 197 = USD 1 for about 16 months, Nigeria's central bank decided to move to a multiple foreign exchange policy to alleviate the chronic foreign currency shortage after the 2014 crash in oil prices. In just seven months, the Naira lost about 38% of its value.

In 2018, Nigeria's economy expanded by 1.9% in 2018, an improvement from a minuscule growth of 0.8% in 2017 and a contraction of 1.6% in 2016, buoyed by improvements in manufacturing and services, supported by the continued recovery in the oil sector, according to the [International Monetary Fund](#) (IMF). The economy is projected to improve further, with growth forecasts of 2.1% this year and 2.5% in 2020, based on IMF estimates. But the [Central Bank of Nigeria](#) is more optimistic, projecting a 3% growth this

In May, 2019. The official exchange rate stood at an average of NGN 306.4 = USD 1, almost unchanged from a year earlier. However, the convertible Investors and Exporters window, to which the parallel market rate remains aligned, traded at a 20% premium over the official exchange rate at NGN 360 = US\$ 1. Recently, the IMF noted that the existence of multiple

exchange rates creates distortions in the economy and discourages foreign investment. The international organization called for a unified market-based exchange rate and greater flexibility on a more permanent basis to support inflation targeting, shield the economy from external shocks and improve the country's trade competitiveness.

Criteria for effective property data bank.

The primary aim of collecting data is to maximize the amount and accuracy of transfer of information from researcher (Creswell, & Creswell, 2017). The criteria for effective property data bank can be measured by the use of publicly available raw data, the use of internationally accepted factors and comprehensiveness of raw data (Ajibola, & Ogungbemi, 2011). Comprehensiveness of raw data is an important component of reliability. Property has a combination of special characteristics which differentiate it from other commodities; to wit; physical, legal, market and costs (Shapiro, Mackmin, & Sams, 2019).

Most publicly available raw data are facts; for example, the data recorded in the Land Registry is the legal right information, available for public access for a fee. Such data generally includes ownership and title, land-related information, property size and structure, year of built, and used material. Also, the sales price of properties and transaction data from real estate firms is raw data. The use of such publicly available data to create proprietary indices suggests that the proprietary indices are considered to have statistical validity. Internationally accepted factors for the indices are indicators of both reliability and validity of datasets. Property researchers rely on such data which specifically relates to local standards that have gained international acceptance. The building consents, which provides data by local government on both the number of square meters as well as the projected expenditure for any permitted project, is an example of data collected in relation to internationally accepted building standards. Both government and private organizations can possess data which is internationally recognized. Some private organizations such as banks and consultants construct indices and data for their own usage. These data sets may to be used by worldwide investors, analyst and potential customers. The obvious examples are the IPD Property Index provided by the

Investment Property Databank and Russell Property Index which is used in Australia and Canada.

Pagourtzi, Assimakopoulos, Hatzichristos, & French, (2003) was of the opinion that because of these four interrelated characteristics, there are three necessary requirements for property forecasting data viz; there should be a very large sample size which provides a good representation of the population, there should be a wide range of market variables (however, information on different types of property is never sufficient) and the data should be reliable (which means consistency with accuracy). Though interpretation of data changes over time, transparency is expected in historical datasets to incorporate the changes of recording and reasons for those changes.

An effective property data bank is as good as its source(s), therefore for a reliable impute into the work of a qualified Estate Surveyor and Valuer, sources such as national statistical office, Ministries, mortgage firms (banks), land registry, estate firms, to mention just a few would be of good use (Sun, 2015). Ajibola & Ogungbemi, (2011) states that it is better that a combination of sources be used in order to collect reliable data. The reliability of an effective property data bank is affected by other factors besides the variety of sources, for example:

- The non-uniformity of data with regards to its geographic aspects, in other words its coverage,
- Insufficient and different structuring of data according to apartment type,
- Differences in the way real estate is sold (for cash, or under a loan),
- The weight schemes used to ensure that the original data is representative,
- Different collection periods, and so on.

Ajibola and Ogungbemi (2011) suggest that valuers should seek to widen the set of information used to arrive at an appraisal and reduce their reliance and dependence on inadequate and often inconsistent property market data. McNamara (1994) pursuing the same theme argues that much of the forecasting work which is done in the UK is data constrained

and utilizes less-than-adequate information. Furthermore, the Mallinson Report (RICS, 1994) considers that although the property profession has a history of protecting information in the interest of competition, much could be done to improve data availability without violating confidentiality. The report recommends that the RICS take all possible steps to encourage the wider availability of data necessary for the performance of valuations.

Importance of Effective Property Data Bank to African new Sustainable Development

The importance of effective property data bank generally cannot be over-emphasised especially for decision making purposes. Absence of effective property data bank will result in inappropriate decision or even no decision at all. That is, it will lead people and organisations to make bad decisions, they will be unable to help persuade others to make better decisions, and no one will be able to ascertain whether the decisions made by particular individuals or organizations were the best ones that could have been made.

Transactions (sales, letting and valuation) in relation to property investment require the availability of an effective property data and its dearth will greatly impair the performance of surveyors in turning out reports that could stand the test of time. Information technology has turn the whole world to a global village (Ajibola, 2016). Therefore, the Estate Surveyor and Valuer (ESV) cannot operate in isolation of other colleagues in the field.

The collection and compilation of data for changes in residential property prices, for example, will provide insights into changes in transaction prices which will be of immense help to the economy. In the opinion of de Soto (2000) property systems do more than just record and organise land and real estate assets, a detailed and transparent property system where accessible can enhance a nation's productivity. Besides that, statistics on the value of the housing stock can also constitute an important piece of information, e.g. for analysing wealth effects (Lieser, & Groh, 2014). According to Eiglsperger, (2006) reliable data about price level would allow the identification of differences between various markets at a certain point in time. Price data are not the only statistics required for a

comprehensive analysis of the housing market. The ratio of rented and owner-occupied houses and flats, the number and value of transactions, statistics on building permits/approvals, housing starts and completions provide important insights into the structure and the dynamics of the market and their driving factors from the supply and the demand sides (Wu, & Brynjolfsson, 2015).

When investors don't have information on the risks/return in their investment as a result of absence of databank and they would have to be careful in their investment decisions. "In construction sector, there are no data because people are unwilling to neither give nor keep data. Lack of data is the cause of indiscriminate development in the country; people just develop anyhow without considering the demands of residents/nature of development required in a location". Most of the actions are on ad-hoc basis, no reference to the past nor proper projection for the future which keeps the nations as undeveloped. Lack of data/information on the sector has lead to investment flight as investors wouldn't invest where they won't recoup their funds. With absence of property databank, meaningful development would be lost. In the area of professional practice, it is more labourious and expensive to be able to come up with proper report and analysis of situations due to lack of data. The failure of having data, affects everything that happens within the country.

Challenges of effective property data bank

Confidentiality clauses and the inaccessibility of government records represent barriers to data exchange within the property market, which already is naturally complex, and diverse (Ajibola, & Ogungbemi, 2011). With investment management becoming increasingly analytical, access to reliable information on the performance of asset classes is essential. Morrell (1995) argues that fundamental problems relating to property indices have potentially serious implications for property as an asset class. Indeed the lack of standardization which surrounds property performance indices has led to considerable confusion both within and outside the surveying profession (Ajibola, & Ogungbemi, 2011). Brown *et al* (1984) highlight the need for improvements if property indices are to come of age and command the level of respect comparable with indices produced for

other asset classes. Indeed the property market, unlike other investment markets, has no formal market place making data collection difficult. The fragmented nature of information sources, inconsistent geographical definitions and difficulties involved in data assembly further complicates analysis (Wyatt, 2013).

A major difficulty facing property research is the reliance upon sample based data with the result that available sources are frequently generalised and fragmented. As published indices may represent only a subset of the total market, difficulties may arise in reconciling the results of top-down analysis with bottom up approaches. There is a tendency for data sources to concentrate on prime property which can leave secondary areas lacking in market data and may also restrict analysis in geographical or functional terms. In addition the analysis of current economic conditions with property market relationships is frequently frustrated by information which is historic with indices often overtaken by market events by the time they are published. Although historic time series data is useful the validity of some cross-sectional comparisons can deteriorate with time (Scotti, 2016). Data problems in the Nigerian property market can broadly be categorized into three, viz;

- Complete blanks: where there is no information at all to support the analysis of the market/market issues to be considered;
- Improvements in proxy measures: where no direct information on market activity exists, but there are direct proxy measures which could be brought into closer relationship with market activity; and
- Shortfalls in direct measures: where direct information exists for the variables but it could be improved upon.

Conclusion and Recommendations

Lack of databank contributes a great deal to erroneous professional advice and as such constitutes a major hitch to the economy. The presence of effective Property Databank (EPD) of United Kingdom (UK) provides property indices for performance measurement and accuracy tests. However in spite of the many deficiencies in the information on property

markets it is not impossible to have a complete solution. Thinking about resolving the issues relating to data availability, the development of a National Land Information Service (NLIS), using information technology to aid the assimilation of comparable evidence for valuation purposes cannot be over emphasized (Wyatt, 1996). In addition, the construction of a National Valuation Evidence Database (NVED) to which all valuers contribute and all have access would increase the availability of data, improve objectivity and lead to more reliable valuations. The NLIS provides an ideal framework within which to construct a NVED (Rowley, 1995), while the RICS through the Mallinson Report (1994) have recognised the need for a national database to improve the valuation process. Such an effort would not be a waste, in the bid to enhance the performance of Nigerian Valuers and to compete favourably with other investment analysts, to which investors are shifting to due to failure to get their investment satisfaction from the Valuers.

All hands must be on deck to develop Geographic Information Systems (GIS) which will facilitate the unified storage, manipulation and analysis of property data, thus reducing time consuming operations. More specifically, a GIS based approach will considerably help in the analysis of spatial references which are often examined implicitly in traditional valuation methodology due to difficulties in spatial data manipulation but would necessitate overcoming barriers to the release of data into the public domain (Rowley, 1995).

Government must be committed to mapping up data for the country while organizations that have been given mandate to store data, should be held accountable, adequately funded and members of professional bodies should be open to release information for building up of data that can be used for effective planning for the nation. There should be agency with branches across states and with a duty to provide services for registration of all lands and housing properties, verify whether government has mapped them out for its programme. The agency, also take the database of governments' master plan design for a particular location for would-be estate developers to clear from the agency before citing their estate. The Nigerian Institution of Estate Surveyors and Valuers, just like their counterpart in RICS, UK, need to join hands together and create an effective

Property Databank (EPD). The Estate surveyor and valuer (ESV) should develop a robust data base for real estate practice in the Nigeria. They need to acquire necessary training, have global focus and embrace technology in order to overcome the challenges. They should engage in cross fertilisation of ideas in relation to the happenings within the profession and allied professions in the built environment.

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