

Maturity Framework to a Developing Country: the Case of Nigeria.

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ABSTRACT

This paper explores the application of maturity concept to residential property market in Nigeria as a developing country. It reviews market maturity framework which was primarily used to compare office property markets in European countries and appraises its application to developing countries. The paper adapts the relativity of market maturity measures to develop a checklist of characteristics for assessing the maturity of residential property sub-market in Nigeria property market. It recognizes the priority place occupied by information in the determination of property market maturity. However, it reveals that, the current situation of residential property market in Nigeria differs. Hence there is a departure from what was upheld as the most significant maturity criterion in European office market. It argued for level of information flow and compliance with planning as the most important criterion affecting the state of maturity of residential property market in Nigeria. The paper concluded by suggesting some possible ways to enhance maturity of the market. They include enforcement of market regulatory frameworks such as; development control, adequate land spatial infrastructure, and efficient land registration.

Keywords; maturity, residential property, market, planning.

INTRODUCTION.

In spite of the indispensable status of residential real estate, it has been observed that some properties in Nigeria real estate market remains unattractive to buyers (even at prime location) or are not let at full rental value for want of evidence on the possible socio-economics satisfaction derivable from them. Also, renters may refuse to rent an accommodation even when their demand is backed up by ability to pay while private real estate investors may be risk averse in

These occurrences suggest the level of maturity of the property market. Basically, the relationship between real property and its use is a function of market maturity and the institutional framework. Consequently, any misuse of property right with the capability of causing a sea of undesirable socio-economic changes will discourage potential buyers while existing renters may pull out to areas with high element of property market maturity. Unlike stock market where maturity is known with certainty, property market is generally conceived as imperfect market with unique characteristics which confine its maturity measure to relative measures. In order to understand this concept, it is necessary to appreciate the influence of changes in real property's socio-economic character and the responsiveness of property market participants to it. Therefore, this paper attempts to develop a framework which could help to assess the level of maturity of the residential property sub-sector in Nigeria property market. The paper is divided into five sections. Section two examine the meaning of maturity while section three sees maturity as a subject of global debate and provides a review on market maturity from a list of authors to examine previous criteria which capture the expected features of a mature market. These are improved upon in section four to establish a benchmark for measuring residential property market maturity with reference to Nigeria. Section five concludes by proffering some useful ideas that might help to entrench maturity in the Nigeria property market and provide focus for future research based on the current man land relationship in Nigeria.

Meaning of Maturity

The meaning of maturity as applied to all sphere of life is largely relative; hence the case of property market is not an exception. It is also noted that the definition for this concept has been neglected in existing literature though it is obvious that certain elements constitute maturity. The

in the property market was given by Keogh et al (1994) who opined that the concept is quite complex and no single rule or definition could be used to classify a property market as mature or not. They define mature market as a market which is generally open with sufficient information flow to outsiders. It could be defined from a in a relative term as a state when the market is able to meet certain desirable prescriptive qualities. It is a market that offers a win-win situation to all parties likely to be directly or indirectly affected in the use and transaction of interest in real property. Maturity in property market is subjectively determined; it is more of normative economics ideal which incorporates value judgement and expressing supports for certain desirable market qualities. The positive economics aspect of this concept determines the current situation of the market, hence the mature and immature real estate market typology. Normative as it were, the richness of its element in a market determines the attractiveness of real estate as a good choice of investment vehicle and decision not to lease it as consumption goods.

Maturity of Real Property Market.

Arguably, the concept of maturity in the property market has enjoyed more contributions from researchers mainly from developed countries and recently to emerging transition countries. In the international scene, market maturity has been widely discussed by several academics but not restricted to the works of Keogh and DøArcy ¹(1994), DøArcy and Keogh (1997), Chin and Dent (2005), Lee (2005), Armitage (1996), and Lim (2000). A popular opinion about these scholars is the recognition given to the works of Keogh & DøArcy (1994) as a good base for determination of property market maturity.

¹ Keogh & DøArcy (1994) Market Maturity and Property Market Behaviour: A European Comparison of Mature and Emerging Market, *Journal of Property Research*, Vol.11(3), pp.215-235.

concept is quite complex and no single rule or definition could be used to classify a property market as mature or not. They observed that a property market may take a traditional and simple form in which the real estate sector is poorly developed and lacks an identifiable separate market for users and investors interest. Alternatively, it may be highly mature with sophisticated and a well established estate profession reflecting difficult requisite for use and investment. Their study established six criteria for determining property market maturity using subjective judgement that classified each criterion into low, medium and highest.

The Principal Characteristics of Property Market Maturity

- *Existence of a sophisticated profession with its associated institutions and networks*
- *Extensive information flow and research activities*
- *Flexible market adjustment in both the short and long run*
- *Market openness in spatial, functional and sectoral terms*
- *Standardisation of property rights and market practice*
- *Accommodation of a full range of use and investment objectives*

Source: Keogh et al (1994)

The criteria were used as a framework to assess maturity of three case study office markets in London, Barcelona and Milan. They noted the significant role played by legislation in the emergence and maturity of London property market. Specific reference was made to the contributions of the Landlord and Tenant Act promulgated in 1954 for the development of a contemporary property investment market offering security to tenants tenure, secure market value true rent adjustment and efficiency in property utilisation. Also, they noted that the

Participants within a highly professionalized property market is a key factor which aided the maturity of the property market during the post war era. It was recorded that established professional bodies, for instance RICS helps to set standard and validate educational programme for vocational qualification to reduce quackery which may dent the profession's image. They observed that the volume of property transaction has significant impact on the maturity of British property market as CEC (1991) revealed that 90 percent of transaction passed through the hand of professionals. There is no gainsaying that the highly professionalized British market has helped to reduce the incidences of fraud that would have sprouted to take advantage of the massive property market in London.

On the other hand, their report illustrated an interesting phenomenon where legislation performed an opposing role to determine the state of property market maturity in Barcelona as opposed to the role of Landlord Tenant Act in London. They observed that Barcelona is dominated by ownership tenure, hence the enactment of a law to secure and stabilise tenants' tenure. Therefore, it was recorded that all the pre 1985 leases were lopsided, placing landlords at a disadvantage position by offering automatic rent renewal to tenants. Although the law made provision for periodic rent review but it was rarely done to reflect the potential rental value, attempts to achieve this by regaining their property for redevelopment or refurbishment is further frustrated by a punitive proviso mandating them to compensate or provide alternative accommodation to cover inconveniences suffered by the tenants. The pre 1985 leases in Barcelona shows that it was pretty difficult for property to keep pace with the vagaries of the economics factors, such as inflation and redevelopment potential to maximize rental income. They reported that the enactment of Boyer's law in 1985 nullifies automatic absolute right to lease renewal and allowed more frequent rent renewal as well as building redevelopment. Keogh

ld not be achieved, given the massive number of pre 1985 lease contracts dominating the market and restricting it to an emerging market.

The Milan office market revealed similar property market evolutionary pattern as institutional and political factors affected opportunities of a wide range of uses and investment objectives expected of a matured market. They noted that instability and flux in post-war political system and high level of corruption created massive uncertainty in Milan real estate transaction. The market is further affected by a highly fragmented real estate practice, with over 4,000 independent real estate agents operating in Milan alone. The study also revealed that social network remains the surest means of information flow which diminished professionalization and accessibility to accurate information flow in the property market.

The study confirmed London as a mature market while Barcelona and Milan were classified as emerging markets. However, the classification remains debatable as no scientific means was employed to calibrate the yardsticks employed, although an element of this fact is recognised in the conclusion of their paper. They noted that maturity needs to be articulated in more detail than the adopted conventional method and that there is no single evolutionary path which will be followed by all property market to determine maturity. They concluded that the important issue about maturity is the responsiveness of the market to opportunities and constraints offered by the wider economy, its system of social relations and institutional norms noting that the hallmark of a mature property market is in its flexibility to accommodate a full range of use and investment objectives. The study failed to explain the full range of uses expected to be permitted by supposed mature property market but mentioned the potential expectation of a mature market to separate user and investors' rights through the creation of licences or tenancies. They opined that, subject to the diverse motives of holding land and residential properties, varying growth and

fiscal environment facing actors in the market, a mature market will need to offer wide ranging opportunities to tailor property right to individual requirement. As it were, the study is somewhat inconclusive on the extent of right of use permissible by mature market within the confines of regulatory framework. The big question is, should a mature property market meet the requirement of; individual landlords to the detriment of property value, tenants' satisfaction and sustainable development of the city? This gap may creates freedom for misconception by private residential property owners and encourage the use of residential land and housing for uses which constitute negative externality on urban economics. For instance, the use of residential land and housing for corpse interment as opposed to cemetery purposefully designed as receptacles for human corpse may be premised on the permissiveness of wide range of use expected of mature property market. Similar to other previous studies, the study provided no specific definition for market maturity other than certain desirable characteristics of which accommodation of wide range of users and investors' openness is of utmost importance. Also, the study was highly disposed to economic fundamental which also determines performance and profitability. This is further exemplified by the use of the established framework and subsequent adoption by other researchers for measuring maturity of the commercial office market where profitability is of profound interest to property investors. This practically limits absolute acceptability of the maturity framework for other sub-sectors of the property market where economic and social factors are equally prioritised to determine highest and best use for sustainable development. Given the variation in land use pattern between Nigeria and European countries where Keogh's maturity framework were successfully applied, it would be erroneous to uphold permissiveness of wide range of investment objectives as the hallmark of market maturity in an environment characterized with conflicting land use pattern. It

minimum land use regulation has been followed by land users before mentioning the need to permits other range of use and investment objectives. Keogh noted that Maturity is a function of the quality of property offered to the market; however this can only be achieved having observed the operating planning regulations in an area. Perhaps, compliance with master plan is not a major challenge in Europe where the framework has been applied to assess market maturity, but relatively, it is a major land use problem plaguing African cities. Therefore, since it widely accepted that market maturity is measured in relative term, it is argued that the peculiar man land relationship in Nigeria should consider high level of compliance with planning permission as a leading criterion for measuring market maturity in Nigeria and perhaps most African nations with similar situation.

²Chin et al (2005), adopted the market maturity framework developed by Keogh et al (1994) to carry out a study on impact of maturity on office development in South East Asia. They attempted to make an improvement upon the methodology by ranking the established maturity criteria and setting a scale from 1 to 10 to facilitate easy understanding of the rating, such that 1 represent least developed and 10 represent most developed. Their findings revealed an array of mix markets at different evolutionary stage offering appreciable range of opportunities to investment activities with efficient property market operation. Although, their analysis shows that investment flexibility is a factor which is still less mature in both cities, the property market in Hongkong and Singapore were considered matured as both cities offered range of opportunities to investment activities and efficient operation of their property market to confirm the requirement of mature market developed by Keogh (1994). The implication of their opinion suggests that, it is not necessary to meet all the maturity criteria in order to classify a property

² Chin & Dent (2005) An Analysis of the level of Maturity in South-East Asian Property Markets, Pacific Rim Property Research Journal, Vol.11. 4

did not assign a specific higher value to the dominant criterion in the determination of market maturity. This is somewhat misleading, a vacuum is left as to what level of range of opportunities is necessary to pronounce maturity while other criteria are rated low. Also, a critical look at their claimed improvement on Keogh's study showed that the judgement for assigning any specific value on a given yardstick is subjective, lacking data from which reliable objective judgement could be pronounced.

³Lee (2001) provided a general view on property market maturity; he expanded on Keogh et al work but was silent on the adoption of the six maturity framework criteria for commercial office property only. He did not establish different maturity criteria, but he treated transparency as an issue independent of maturity to attract foreign investor to invest in emerging property market in Taiwan, Phillipines, Malaysia, Vietnam, and China. However, it is clear that his study was premised on economic fundamental as the focus of his study was to examine the risk of investing in the real estate market of the Asian region. He adapted the five criteria for determining the level of transparency developed by Gordon 2000. These include;

- *Presences of public and private performance indices*
- *Quality of market and fundamental research*
- *Availability of reliable financial statement*
- *Alignment of interests among directors, managers and investors; and*
- *Taxes, penalties and restrictions on cross border transactions*

His findings show that there is a positive relationship between the maturity and transparency in the property market. For instance China and Vietnam were rated emerging market with low level of transparency while Singapore and Hongkong were tending towards maturity with high level of

³ Lee. S (2001), The Risk of Investing in Real Estate Market of the Asian Region, Working Paper in Department of Land Management and Development , pp.1-18 The University of Reading.

...tion for independent treatment of transparency rather than a criterion under maturity framework in his investigation of property market investment risk in the selected countries. Debatably, it is enough to say that maturity is an all encompassing concept which determines profitability and efficiency to user and investor of all property market sub sectors.

The review recognised the presence of submarket in the property market, hence this paper uphold this view to treat each submarket relative to its peculiar situation although it does not take away the points of convergence of maturity criteria with other sub market in the general property market. Therefore, considering the nature of residential property market in Nigeria, the paper expanded on Keogh's maturity framework by setting out additional criteria to capture the relative market situation in order to arrive at the level of maturity of the property market. It is believed that this maturity framework would work across sub-Saharan Africa and other developing countries with similar predicament.

Maturity framework for residential property market in Nigeria.

- *Extensive information flow and research activities*
- *High level of compliance with master plan*
- *State of the economy*
- *Accessibility to adequate residential housing finance*
- *Existence of a sophisticated profession with its associated institutions and networks*
- *Flexible market adjustment in both the short and long run*
- *Market openness in spatial, functional and sectoral terms*
- *Standardisation of property rights and market practice*



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range of use and investment objectives

Information Flow

Information concerning property transaction is often treated with high level of privacy. Land register meant for documentation of salient properties information is often neglected since most of the land parcel originates from informal market. Hence, information transmission is preserved of social network of emergent market rather than professional network. Market information remained concealed between the parties who owe no obligation to divulge transaction information to potential buyers or renters of residential properties. The dearth and asymmetry nature of information in the Nigerian property market give room to discrepancies in purchase price of similar plots of land in the same location, hence the situation which often leaves the real property buyers at the mercy of sellers and their bargaining skill. Olaleye (2007) noted in a study on the extent of property investment information, that available in-house information for diversification of investment portfolio in Nigeria is limited. While in-house documented source ranked first, information from sister firm and developer ranked second. His study revealed that the absence of data bank in Nigeria property market culminated in naïve property investment diversification strategies. The flow of property information ranked very low in the Nigerian property market thus impinging negatively on the property market's maturity. The current situation is objectively linked with an emerging market characterised by few informed and massive uninformed market participants operating in a relatively unreliable information environment.

The State of Property Market Maturity in Nigeria.

property market maturity is historic and symbolically linked with the first Urban Regional planning law which place restrictions on the use of property right in the urban centre. This is further supported by an attempt to unify the land laws by promulgating Land Use Act of 1978. Regrettably, the state of property market in the system is trailed by so many questions ranging from effectiveness of operating regulatory framework to methodology of its implementation. The question becomes so pertinent considering the emergence of matured property market in some transition economies like China, South Korea, Singapore that were formerly on the same pedestal with Nigeria as developing countries in the 20th century.

At the moment, it is crystal clear that market maturity in Nigeria and Africa has insufficient theoretical study. On a global view, international standards also considered African real estate market as small and highly opaque. A popular study regarded as global standard measure of real estate market transparency only considered Egypt and South Africa out of the 53 nations in African continent. A closely related study was carried out by ⁴Anim-Odame et al,(2010) on residential market development in sub-Saharan Africa with the purpose of modelling data to show their influence on property market performance between 1992 to 2007. They employed rental and capital values from primary sources to carry out hedonic modelling on residential real estate characteristics. Their findings revealed that five residential real estate characteristics viz; location, detached, landscaping quality, gross internal areas and plot size are major determinants of rental and capital value across all submarkets in Ghana. The study analysed the trends of residential market performance for 16 years. They discovered its responsible for the positioning of residential market in an investment context. However, they fail to neither consider impact of

⁴ Anim-Odame et al,(2010) Residential Market Development in Sub-Saharan Africa, *International Journal of Housing Market and Analysis Vol.3(4)*.

do not consider the impact of negative externalities nor market maturity on residential market development in the study area.

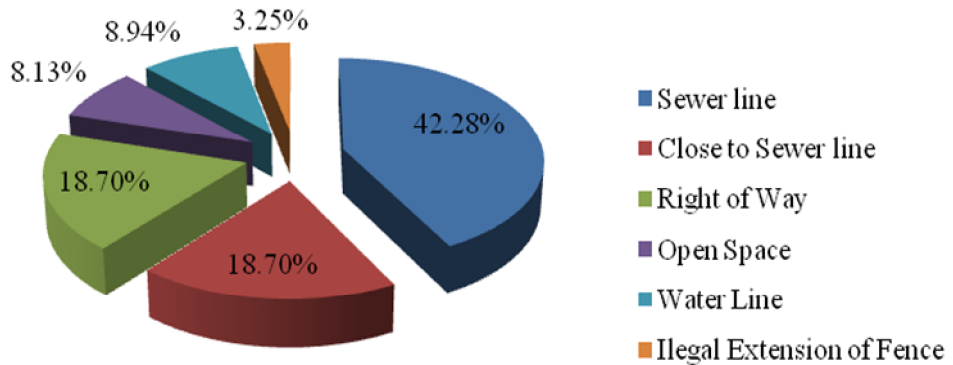
Agreeably, considering the heterogeneous structure and nature of human society, it is necessary to unequivocally establish that no single land use laws could be applied to overcome the peculiar circumstances relative to different human community. Also, it would seem that the maturity framework developed by Keogh et al (1994) and adopted by other scholars was mainly used to study commercial office building market. Its adaptation to ascertain the state of maturity of residential real estate market would provide a fundamental base. However, the framework will be inappropriate if applied to determine market maturity in a residential sub-property market. This is hinged on the fact that most residential properties are held to serve by dual functions (i.e part owner occupier and part commercial). Therefore, their work provides a good take-off to modify and set out a peculiar framework to measure and explain residential real property market maturity in Nigeria.

High Level of Compliance with Master Plan.

The level of compliance with master plan in Nigeria urban centres is attributed to urban sprawl and political factor. The effectiveness of planning as a tool for development control has been rendered very weak as a result of spectrum of factors from lack of political will to corruption. Lack of political will to implement master plan tend to freeze development in the face of rapid upsurge in urban demography, the observed result is a burst in development leading to irregular land use pattern at peri-urban areas. This was the case in Abuja, the Federal capital city which was premised on an established master plan to assume the status of a beautiful city. The city was to be developed in five phases for specific population threshold; however, the population in the

master plan was implemented. This led to a burst in residential development to accommodate the critical mass of people in urgent need of shelter. According to Akinbogun (2007), there was massive deviation from the master upon which the new federal Capital was premised.

His findings revealed that 42.28 percent of the residential building which violated the master plan were



constructed directly on sewer line while 18.70 percent were constructed too close to it. Also, 18.70 percent of the buildings infringed on the right of way designed for Outer Northern Expressway. Illegal extension of fence constituted 3.25 percent of infringement of infrastructural services in the city.

Also, it is noted that the level of compliance with the master plan in residential district determine the quality of neighbourhoods which in turn determine the amount of rent passing on accommodation in different location. Hence this is responsible for sharp difference in rent on similar residential properties in slums and the public residential estate -Government Reserve Area. It is widely observed that the attributes of the location and its adjoining properties has major influence on rent passing on residential property.

Existence of a Sophisticated Profession and Institutions Networks

The term -Care-taker meaning estate agent is a popular name given by renters and landlords to anyone practising estate agency in the Nigeria property market parlance. Hence, most Nigerians

There is no room to differentiate between quacks and Estate Surveyor and valuers who were academically trained with relevant professional qualification to practice estate agency in Nigeria under the regulation of Estate Surveyor and Registration Board of Nigeria established by Act No. 24 of 1975. The lucrative nature of the business has attracted high level of quackery into the profession with numerous reports of dubious activities leading to rapid erosion of 'Honesty and Devotion' which is the motto of Nigerian Institution of Estate Surveyor and Valuer. Attempt to curb the activities of the quacks through the establishment of National Association of Estate Agent to act as regulatory body could not materialise. The quacks are all over the cities and towns while most of the few professional Estate Surveyor and Valuer restrict their services to the metropolis. According to ESVARBON (2010) there are 2,260 registered estate surveyor and valuers in Nigeria eligible to carry on the practice of estate agency for over 150 million Nigerians. This means a ratio of 1:66,000; implying that one professionally trained Estate Surveyor and valuer would act as an agent for over 66,000 people. This has largely left the agency aspect especially buying, selling of land and leasing of residential properties to the quacks who are now having field day in business and perpetrating all manners of fraud in the name of professional estate agent.

It is observed that the agency aspect of Estate Surveying and Valuation profession is suffering from considerable level of intrusion as a result of the failed attempts to establish a National Association of Estate Agency to regulate quackery in the property market. Given the inability of Nigerian property market to entrench a sophisticated profession and associated institutional network in qualitative and quantitative term, the state of maturity of the market with reference to the above yardstick is best described as low.

Use and Investment Objectives.

Surprisingly, it is obvious that the Nigerian property market permit a wide range of use but the compatibility of such uses in the residential neighbourhood call to question the efficacy of planning laws, planners, and the development control authority that are expected to ensure a well structured property market that consider compatibility of improvement on residential property. The slummy nature of many residential districts in Nigerian cities shows that the property market widely accommodates incompatible range of uses that prevent attainment of potential full rental value, capital value and optimum satisfaction. Observation also revealed that frequent conversion of service area such as school, health centre, open spaces and playground that are normally included in layout plan to sustain the population threshold of residential districts on private land are frequently converted for residential purposes thereby making most neighbourhoods residents dependent on facilities provided at the city centres. It is noted that frequent conversion of open spaces and service land has caused a lot of distortion to neighbourhood design concept proposed for many residential districts; consequently it is common to find over 60% of residential housing on a street having retail shops encroaching on the right of way. This situation is synonymous with a human community without land use regulation or with laxity in land use regulation implementation strategy. Therefore, the accommodation of wide range of incompatible land uses jeopardised the property market at the long run thus earning it low maturity rating.

Standardisation of Property Rights and Market Practice.

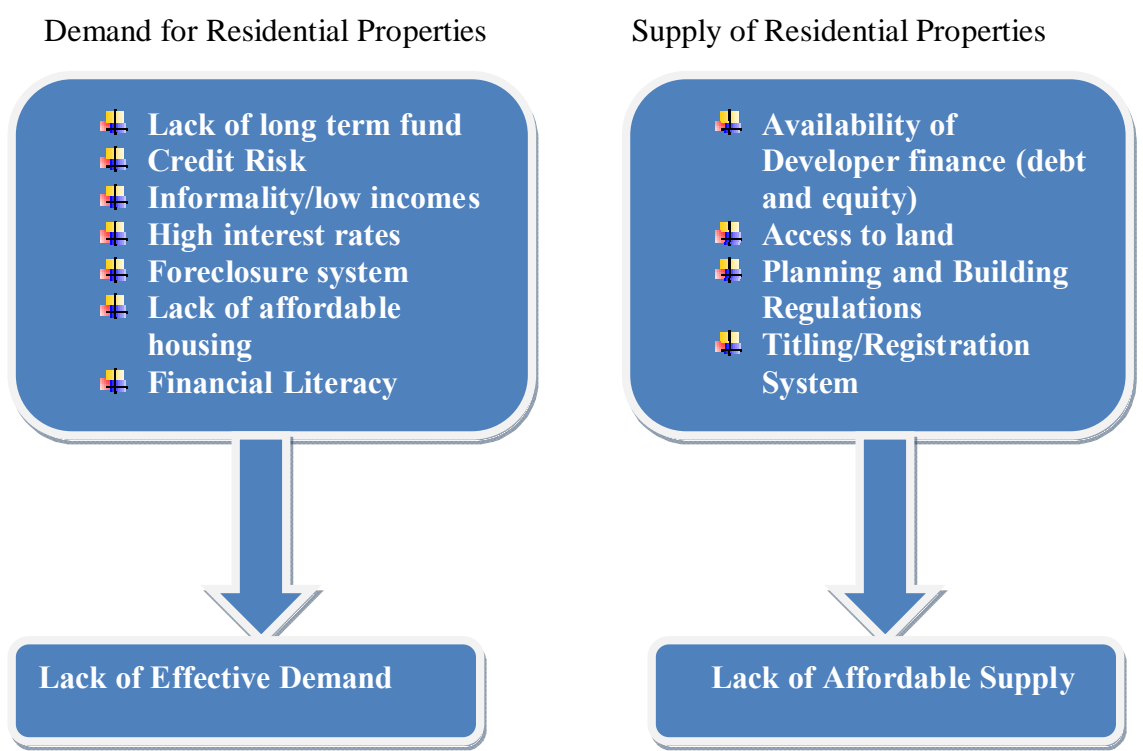
Issues in property tenure have been well documented in literatures; however the issues and focus diagrammatically varied from developed world to developing and transition countries. While the focus on property tenure has been largely linked with security and lately gender discrimination; the focus in developed world has been tailored toward increasing home ownership tenure. The

ally shifting from tenure security to increasing home ownership among households. The situation in Africa has been biased toward tenure security for owners/landlord while little attention has been given to tenure security of renters. The reasons for this and the de facto effects on renters remain a vacuum uncovered by the plethora of wide scholarly publications in the annals of issues in property tenure. A shrewd gesture may hold it that; the vacuum is premised on the assumption that renters would not suffer from forceful eviction, but enjoy security of tenure as long as they are able to afford the rent. This explains the reason why few attempts at protecting renters' tenure security which found expression in enactment of rent edicts in states like Lagos, Ondo, Cross River in the 1980s; could not achieve protect and secure tenants' property right on rented accommodation. The legal framework has remained very feeble in standardisation of property rights which can prevent tenants from taking premature decision to change accommodation given a continuum of unregulated landlords' property rights which may constitute negative externalities on tenants' tenure and determine whether to continue occupation or willy-nilly relocate. The impact of this is a huge loss resulting from damage properties in transit with an economic effects on renters particularly in Nigeria and most developing countries where accommodation are mainly leased out in unfurnished state. Therefore, in the face of diffused property right, it is imperative to established that the Nigeria property market present a picture of a market where renters' security of tenure is under continuous threat even while their ability to pay and willingness to continue occupation of a particular property remain intact in the absence of overridden public interest which may necessitate enforcement of police power or eminent domain.

Flexible Market Adjustment in Both Short and Long run.

g term provision of accommodation to keep pace with the

gap created by upsurge in population figure in Nigeria cities is in a worrisome state. According to the CBN (2011) the inability of the property market to live up to its expectation is basically due to lack of effective demand and lack of affordable supply as presented in the table below.



Source: CBN 2011

There is no adequate residential property market to service the need of low, middle and high income earners to ensure that individual can afford decent accommodation. It is generally observed that there is no stratification in residential property market to offer vibrant residential property market sub-sectors providing residential accommodation at social and mid market rent to prevent people from paying substantial part of their income as rent particularly in the cities. This is also necessary to prevent people from living in uncompleted buildings and buildings considered as affront to human dignity in attempt to avoid unjust rent from opportunist landlords.

housing provision subjected many households to self-help housing provision which creates negative impact on land use. This fact is further established by high level of compliance on public residential estate compared to private residential estate. Also, it is observed that the outright disposal of public residential properties formally occupied by civil servants signifies complete erosion of minute element of mid-market rent. This further aggravated tenants' ability to afford rent private housing which is taking between 30 to 60 percent of 36.98% of sampled households in a survey carried by Aribigbola (2004) in Akure. Also, his survey revealed that 25.04 percent of the households spent between 20-30% on housing, 17.67 of the households spent between 60 to 90% accommodation while 1.73 percent claimed to be spending above 90% on housing. Lastly, 18.58 percent of the sampled households spent below 20% of their income on accommodation. See table 1 below for summary of rent spent on accommodation by households in a typical Nigeria city.

Table 1. Percentage of income Spent on Residential Housing in Akure, 2004

Income Spent %	Number of Households	Percentage of Households
Below 20	204	18.58%
20-30	275	25.04%
30-60	406	36.98%
60-90	194	17.67%
Above 90	19	1.73%

Source: Adopted from Aribigbola 2011.

Accessibility to Adequate Housing Finance

Also, an examination of housing finance which is globally crucial to housing supply and demand revealed inflexibility in the supply and demand of housing in Nigeria property market as reported by EFInA (2010) in a survey carried out on housing finance sector in Nigeria.

Table 2. Sources of Housing finance in Nigeria

Sources of Fund	Accessibility Percentage
Personal Saving	60%
Mortgage	23%
Gift	8%
Pension	3%
Thrift (Esusu & Ajo)	3%
Borrowing from friends	3%
Total	100%

Source: Adopted from EFInA 2010

The above table 2 shows that personal saving represent 60 percent and the largest source of housing finance in Nigeria. The implication of this is that housings were built incrementally due to the time lag necessary for savings accumulation. Contrarily, the contribution of mortgage to housing finance accounted for 23 percent of the source of housing fund in Nigeria contrary to its popularity as major source of housing finance. Also, gift in cash and in kind represent 8% of housing finance while each of the other sources namely thrift, pension and borrowing respectively accounted for 3% of the sources housing finance in Nigeria. The housing finance situation affected the number and quality of housing supply. Paucity of finance has forced many

buildings in a bid to utilise the rent they would have paid to finance their housing projects. Hence it is common to find occupied housing without windows, partly roofed, without doors, floor without floor screed or finishes and non plastered wall. These evidences show that the property market offers products which are deficient in quality and gave symptom of an immature property market.

Market Openness in Spatial, Functional and Sectoral Terms.

The private sector of Nigeria property market is quite open, however the functionality of its openness with regard to fairness in land allocation and price remains major setback of its accessibility to low income earners. The public sector of the property market is not spatially opened as holding size in most urban centres is relatively small while application for land allocation remains a subject of unending bureaucratic process with an average waiting time spanning between 2 to 4 years before allocation. The public land market is normally considered as the market for the highly connected and wealthy people, this is apparently true given the dominant present of state of the art structures which are regular features on state allocated land. The openness of the public land market also suffers from lack of political will to acquire more land from family holdings and allocate it directly to the people. Though the price of plots of land in public market is relatively cheap when compared with private market, the closed nature of the market restricts most people to patronise private market.

The stringent conditions demanded by both public and private property market largely restrict available housing for sale to mostly high and middle income earners in a country where the majority are low income earners with over 60% living below poverty level. The closed nature of the property market also reflect in the level of home ownership, according to Adediji (2009), available statistics shows that home ownership is less than 20% as 87% of the total households

international benchmark of 75% home ownership in every nation. The expectation of home ownership level in Lagos is no better, despite its status as former federal capital city, most populated city and Nigeria commercial nerve centre; 60% of the households are tenants residing in houses provided by private landlords (Adedeji 2009). The present performance of the property market with specific reference to openness in spatial, function and sectoral terms gives an indication of low maturity rating.

Presence of Good Urban Governance Strategy.

Many studies in developing countries have linked urban problems to rapid urbanisation through rural urban migration and natural growth. This assertion is a clear departure from happening in the highly urbanised metropolitan cities in developed world that should have faced more problems because of their population size. This assertion is consistent with the finding of UNEP (2002) which affirmed that; many urban environmental problems are the aftermath of poor management, poor planning and absence of coherent urban policies rather than urbanisation. Their experience revealed that no amount of finance, technology or expertise can secure environmentally sustainable land development or protect the environment if fundamentals of governance are not participatory, democratic and pluralistic. It would be cynic drawing a conclusive remark on inappropriateness of the present property market regulatory framework; as it would seem that the level of enforcement is insufficient to prove its efficacy for urban governance. However, it is relevant to claim that the legal framework and political will necessary for good urban governance have been poorly handled to encourage a mature property market. For instance, the Land Use Act provided that;

Save as permitted under Section 34 of this Act, from the commencement of this Act no person shall in an urban area shall

ce or other structure upon or

(b) enclose, obstruct, cultivate or do any act on or in relation to, any land which is not the subject of a right of occupancy or licence lawfully held by him or in respect of which he has not received the permission of the Governor to enter and erect improvement prior to the grant to him of a right of occupancy.

Any person who contravenes any of the provisions of subsection (1) shall on being requires by the Governor so to do any within the periods of obstruction, structure or thing which he may have caused to be placed on the land and he shall put the land in the same condition as nearly as may be in which it was before such contravention Land Use Act. Section 43(1&2).

The enforcement of this law has recorded little or no success, for instance according to Fadairo and Ganiyu (2008), 59.7% of the houses constructed along Ala River in Akure did not observed the minimum setback leading to the annual occurrences of flooding. Also, according to Aribigbola (2005) it is obvious that the Land Use Act is mainly focused on land allocation hence the colossal failure and the need for a reform. He noted that the Urban and Regional Planning Act of 1992 which was enacted as a new urban strategy for urban governance did not contain any provision to encourage planning public participation in planning decision. According to him, urban governance strategy in Akure is further affected by inadequate trained manpower needed to enforce development control. Table 2 shows the analysis of level of professionalism of Area planning Office Staff responsible for urban development control in Akure, a state capital city. Table 3 shows that two staff representing 14% are professional planners registered by Town Planners Registration Council of Nigeria -TOPRECø while two staff represent 14 percent are sub



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nt and others represent 43 percent and 29 percent respectively.

Urban centre is likened to living organism which needs certain essential nutrient for growth and maturity; hence the dearth of professional planners necessary is somewhat responsible for the production of substandard residential properties which are the evidences of immature property market in Nigeria.

Table 3. Categorisation Staff into Level of Professionalism.

Category of Staff	Number of Staff	Percentage
Registered Planner	2	14
Sub- Professional	2	14
Town Planning Assistant	6	43
Others	4	29
Total	14	100

Source: Adopted from Aribigbola, 2008

State of the Economy

Although the state of the economy was not highlighted by Keogh et al (1994) as one of the yardsticks for determining market maturity, however the intrinsic value of their study shows that the state of a nation's economy is crucial to property market maturity. This is further substantiated by the dismissal of arguments that may premise market maturity on length of time. They noted that property market maturity is not built on passage of time and prescriptive content, but that there could be faster and slower form of maturation signifying a very heterogeneous process to maturity. They stressed that maturity is conceived in relative rather than absolute term

ed obsolete by future evolution, but it is contingent upon the state of development of the economy in question and determine the nature of real estate available for sale in the market. In specific terms, they viewed property market maturity as a subject of wider evolution of national, regional and urban economics. This notion is complemented by Wootton (1992) who also relate market maturity to economic and political maturity. The above argument by Keogh et al (1994) and Wootton (1992) is further buttressed by fundamental principles of economics which established that buoyancy in any market behaviour depends on vital economic factors which determine the state of the economy with income level playing significant role.

According to UNDP (2011), table 3 shows that Nigeria has an annual gross domestic product of \$2001, 64% of Nigerian population are living below poverty line while 54.1% suffer multiple deprivations and an additional 17.8% are vulnerable to it. A look at the gross domestic product, (GDP), Multi-dimension poverty index (MPI), human development index and number of people living below poverty line give a clue to the picture of the expected property market and the product it is got to offer. The implication of this is that the state of well being of Nigerian populace has far reaching effect on tendency not to utilise land in an integrated manner that will guarantee efficiency in resources utilisation and maturity in the property market. With a generally low per capital the people tend to utilise their priceless resource -land- to their economic advantage at the detriment of all other human and environmental factors that revolve around it. The impact of the economy on market maturity is also corroborated by 2006 estimate of global competitive index in every nation of the world. All African countries except South Africa, Algeria and Morocco were ranked less competitive than Ukraine which was ranked



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index. Nigeria was rated with an index of 3.45 which made it unattractive to global real estate investors.

Table 4, Nigeria key Economic Indicators

Indicators	Value
GDP	\$2001
Number of People Living below Poverty Line	64%
Number of People Suffering from Multiple Deprivation	54%
Number of Vulnerable to Suffer from Multiple Deprivation	17.8%
Multidimensional Poverty index	0.310
Inflation	11.0%

Source: UNDP 2011

Other factors affecting the maturity of Nigeria residential property market which are largely driven by other criteria are discussed below for illustrative purpose.

Another factor affecting the maturity of Nigeria residential property market is its highly speculative nature; whose elimination is one of the primary objectives for promulgating the Land Use Act in 1978. Despite this Act, Nigerian land market remains highly speculative given its private nature which largely ensure that highest bidders acquire as many plots as they want; hoard and sell after creating artificial scarcity to facilitate increase in price. The section of the Act [session vi, sub-section (a&b)] which limits holding's size by individual in urban areas to half hectare has not been effectively enforced to control land held by individual and forestall speculation. The market is not flexible to people's needs but rather at the mercy and dictates of land speculator who buy at relatively cheap prices to sell at exorbitant prices. While quantitative

change in the urban centre; housing supply market is highly inelastic to demand at long and short run. For instance, the perpetual high level of housing need that crept in from 20th to the 21st century and bloated room occupancy density of 8 persons per room in high residential density area of Lagos explains the inflexible nature of Nigeria property market at both short and long run. Olokesusi (2011) declared that the inability of the urban poor households to gain access to formal housing market compelled access to shelter through the informal housing supply system and slums covering between 30% and 70% in most cities. Factors such as poor accessibility to housing finance which is necessary to overcome the capital intensive nature of housing provisions, accounted for poor responsiveness of supply (rendering the property market almost perfectly inelastic) to change in demand especially by the low income group. Given the; speculative nature of the Nigeria property market, government withdrawal from direct involvement in housing provisions, poor housing financing system, large proportion of slum in most cities and high room occupancy density that negates W.H.O acceptable number of people per habitable room, it is no gainsaying that the Nigeria residential property market is in an emerging situation with reference to flexible market adjustment at both long and short run.

Conclusion

The paper concludes by arguing for information flow and the level of compliance with planning as the most important benchmark for determining maturity of residential property market sub-sector. It observed that information flow and enforcement of Market regulatory framework remain very feeble hence the state of property market maturity remains very low. The paper recognises the impact of information flow and property regulatory frameworks on the ability of property market to offer quality products. The recognition is further strengthened by Lasalle

ascend of Chinese property market to maturity curve. This was primarily linked with highly efficient information flow, government policies and long term planning. Therefore, it set out a new maturity framework for Nigeria residential property market where information flow and compliance with planning are considered as the major factor. The paper argue for a total re-engineering of property information flow channel and the legal regulatory framework to produce a mature property market which could offer quality residential properties at par with what is offered by mature property market in the international scene. Finally, we suggest that further area of studies could explore and develop a framework for measuring commercial property market maturity in Nigeria and possibly Africa.

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