

# Responding To Housing (Real Estate) Needs: The Role of Real Estate Developers and Practitioners in Responds to Investment in Housing.

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*Abstract- Housing has also been a subject of discourse. The role of developers as well as practitioners in housing delivery has also been appreciated as they have been in the forefront in meeting this need but, there has also been a challenge in meeting them. This study however identified the roles of developers and practitioners alike, including the challenges. This work was dedicated to finding solution via review of related and empirical review of literature. The study added that real estate practitioners should in addition to their established statutory; search site for and establishing its potential, valuation, negotiation based on established potential, assessing rent, marketing, finding tenants and preparation of sale particulars, must do more in availing themselves in housing delivery by participating while ensuring that they are familiar with their statutory and professional duties. In addition, strategic planning via SWOT analysis was identified as key in responding to housing needs.*

*Indexed Terms- Developers, Housing, Investment, Real estate and Real estate developers*

## I. INTRODUCTION

Housing/shelter which is a basic necessity of man has always been a subject of literally discuss. If it is not about adequacy, it will be about availability. It could also be about minimum standards and setbacks. To tenants and many who are working and are yet to develop their own property, it will definitely be on the right choice of accommodation.

Housing is more referred to generally as living spaces. It could mean the construction and assigned use of houses and or shelters either collectively or in

group whose main intent is for the purpose providing shelter for the populace. Housing could be seen to mean provision delivered by the planning authority whose intention was to ensure that the member of society have a house in which they could call their homes.

The issue of housing needs has been bedevilled with many challenges yet there has been series of symposiums on the subject matter, conferences, workshops/ “talkshops”, seminars, public lectures etc. The bitter truth is that there has been series of recommendation on how best to aid housing provision to those who need them. There is seems not to be an end to these issues. One may wonder why there is no visible end to same.

Housing/accommodation issues will continue to be a subject of literally discuss, so far man lives and since the challenges has not been surmounted by following or adopting recommendations done by many numerous researchers. Efobi, Emoh and Nwachukwu (2019), stated that Housing, a basic necessity of man has over the years been a subject of both public and intellectual discuss and will continue as far as deficit is there. They added that Housing is critical sector and it’s not that can be ignored neither is it a topic that can be avoided from discussing. In another study Efobi, Emoh and Nwachukwu, (2021), stated that Housing provision by housing providers in South East Nigeria had not met the housing needs of low-income earners as a result of ineffective monetary and policy implementations.

Housing challenges may likely persist if the sound government white papers were not implementation and more importantly is private practitioners and developers do not do well to fully explore

recommendations of good literally discourse such as exploring the SWOT – Strength, Weakness, Opportunities and Threat or otherwise strategic analysis of the housing or real estate sector.

With the ever-growing increase in population, it becomes imperative to continue to discuss housing and housing issues. According to UN Habitat, (2015) in their position paper, “The issues around housing have not received sufficient attention within the urbanization process. Compounded by rapid population growth and remaining high levels of poverty, cities in the developing world are facing persistent challenges to meet their housing needs. Not only the lack of adequate housing is enormous, but in many countries the stock of vacant houses increases even when millions of people have nowhere to live. Housing affordability has become a global crisis with strong negative impact on the wellbeing of people and on the exacerbation of urban inequality. One of the worst global economic crises of last decades had housing at its epicentre, entrenched in a combination of aggressive financing and ownership models that stressed speculation over social welfare”.

*UN-Habitat* in collaboration with the African Ministerial Conference on *Housing* and Urban Development (AMCHUD) noted that “Rapid population growth experienced in Nigeria (3.2%) has been characterised by an even higher urban population growth rate of 3.97%, which has seen the proportion of urban dwellers rising from 10.6% of total population in 1953 to 19.1% in 1963, 35.7% in 1991 and 48.2% in 2006. The 2006 National Population Census has projected the urban population in Nigeria at 50 per cent of total population by 2015, and is expected to rise to 60% by 2025. This large urban population is distributed among several fast-growing cities in the six geopolitical regions of the country as the number of cities with populations of 20,000 and above rose from 56 in 1953 to 183 in 1963 and 359 in 1991. By 2010, this number had risen to over 1,000 and Nigeria currently has no fewer than 19 cities with population figures of one million and above”.

A critical study of the foregoing suggests that there has been deliberate effort aimed at confronting housing issues by way of policy frameworks,

discoveries and as well recommendations emanating from literatures. This study to these effects aims at reiterating or emphasising the need to explore several findings from previous literatures and more importantly how the practitioners and developers will fit in or rather explore their roles as investment in housing appears to be a sure destination even with ever growing population.

## II. LITERATURE REVIEW

This is theoretical basis upon which this study was formed. It looks at the basic housing concept while emphasising the roles of developers and practitioners.

- Real estate

Real estate can be described as a property which consist of land and the buildings on it, together with natural resources such as crops, minerals or water; immovable property of this nature, Chen, (2021). In more specific terms according to Ifediora and Nwosu, (2019), it could mean an item of real property, (more generally) buildings or housing. Real estate can be classified into residential, commercial, agricultural, industrial, etc.

- Housing

Housing can be defined as residential environment which man uses for shelter and the environs of the structure needed or designed for his physical and mental as well as social wellbeing, (Omole, 2001). Classification can be based on;

1. Class.
2. Structure.
3. Style and

The types of houses common in Nigeria include:

1. Single Storey building.
2. Multi-storey building.
2. Duplex.
3. Bungalow.
4. Blocks of flats.
5. Rooming houses (Multi-family Units).
6. The old court yard pattern (for extended family).

The issue has not been on the type of houses common and as well style. The challenges have always been how affordable, adequate and available the same is, it

has always been about how to make more available to the ever-increasing urban population.

There has been noticeable increase in development both in residential and commercial development in urban centres hence, the studies by Ifediora and Nwosu (2019) as well as Ifediora and Efobi (2022) centered on identifying the factors responsible for the increase which population served as one of the contributing factor. In these separate studies, they argued that the real estate sector has been growing in leaps and bounds and it has contributed to the transformation in the built environment without doubt. They added that the rapid increase of the same in terms of its growth within the capital city of Anambra state is also worth taking a cursory look. Also, they noted that Anambra State real estate sector is fast becoming and emerging market particularly as it concerns the residential real estate development, this is a trend investors are expected to watch out for. In addition to that, the real estate sectors according to them have been contributing immensely to the transformation of the built environment and there are noticeable increased in real estate activities in the study area.

There is no doubt that the ever increasing urban population has continued to result in increasing demand for housing or facilities both for commercial and residential purposes thus, this has been a potential investment platform for developers who wish to invest in the same. When investors identifies the need to develop or build to meet the ever increasing demand, then other challenges arises, as to how he plans strategically in order to meet up.

The question then arises how does he come in or explore this opportunity using the SWOT analysis? It is one thing to have identified the need to develop and the other is, how one can meet up even when it appears the sector i.e. real estate sector or housing sector is too competitive. This question may have been partially answered before now as Ifediora et al (2019) identified strength, weakness, opportunities and threat for real estate practitioners with an emphasis on how to easily navigate the challenges of competition in the sector.

### III. INVESTMENT AND INVESTMENT IN REAL ESTATE

Investment is the commitment of resources at present time in an undertaken, project, task, endeavor etc. with an expectation of future gains, Ifediora, (2021). McDonald and Bailly, (2017) defined investment as capital investment– investment in, or development of, a city’s buildings and infrastructure. It is primarily the giving up of money at a particular time in return for an income or benefit to be received over time, Oyabanjo, (2003). It is the commitment of a given sum of money at present time in expectation of a given sum of money at present time in expectation of receiving a large sum in the future, Mittra and Gassen (1991).

Investment in real estate involves committing resources or money into (acquiring) purchasing interest in real estate (real property) with an expecting of receiving rights to a stream of future cash flows that are expected to be generated by real estate, Okoh (2016). Investment in real estate starts from a real estate developer and ends in real estate investor, Ifediora, (2021). Investment in housing or real estate is a typical example of investment.

- Developers

Real estate developers can be seen as the people and companies who coordinate all of these activities, converting ideas from paper to real property. According to Ifediora, (2021) in the manuscript, economics of real estate development and investment, defined a real estate developer as; “A real estate developer is a person or could be a government entity, parastatals or agency who invests in the construction of building for sale, rent or as part of corporate social responsibilities or for the purpose of providing the social services or infrastructural facilities to the citizens. Usually a real estate developer buys the land (in case of private developer) and then coordinates the building of properties (development of properties) from scratch (or renovation of the existing ones). Real estate developers are people and companies who coordinates all of these activities; converting ideas into reality (real property). They are entrepreneurs in most cases who identify prime real estate, develop the property, collect rent from lessees or sell development

for profit. Real estate developers acquire property upon which they plan to develop their real estate projects whether commercial, residential, industrial, etc. He is a person whose job involves buying and selling buildings and as well as arranging for new buildings to be built. A real estate developer is someone who buys land and builds a real estate property on it, he could be someone who buys a real estate property that is in a very distressed condition and needs major renovations. He/She then applies the renovations and sells the property to a real estate investor. That means that a real estate developer may not be a real estate investor, so a real estate investor is one who purchases the already established property after evaluating the real estate market in order to make choice on best property that is capable of generating income for him. In most cases, a real estate investor purchases a property in a condition that allows for immediate investing. He/She takes charge of managing the property in a way that it generates income”.

- Practitioners

The could be seen professionals in built environment who have the knowledge of the housing markets and housing studies, these professionals may include engineers – structural and civil, quantity Surveyors, Builders, Estate Surveyors, Architects etc.

In this case we are referring to Estate Surveyors who have the professional training in housing and related, they are the first point of call in the housing sectors especially at the conception or when the idea to develop comes. The professionals roles Estate Surveyors and Valuers is very paramount as he advices from day to the completion of the housing project, he provides or guides on acquisition of land, helps secure land, ensure there are no law suit in the acquired, guided the investors through the process of finance and finance option available, advices in the type of building materials to use, hence he will still the one manage the property upon completion, among others

#### IV. THE ROLES OF DEVELOPERS AND PRACTITIONERS

An insight or definition of developers and practitioners definitely guides readers on what the

roles of the same will look like. Both developer and practitioners must have part to play and such roles are distinct sometimes related. In defining their roles there is need to also consider literatures in relation to how these have been able to explore various useful findings of the literature in solving housing needs. With SWOT analysis which identified strength, weakness, opportunities and threat for the real estate sector in Anambra State and especially with emphasising of how the practitioners can cope in the sectors, it becomes easier to advice on how housing needs can be met.

In meeting the housing needs, it is important to reiterate the SWOT for real estate practice in Anambra as identified by Ifediora, Efobi and Nwosu (2019);

The likely *strengths* include:

1. Building or presence of team of Estate Surveyors and Valuers and related professionals with high level of competence/professionalism.
2. Capability of actors and professionals adapt to changes in the industry.
3. Strong relationship with clients.
4. Positive return on capital expenditure of real estate projects.
5. Presence of skilled labour force and diversified workforce in the industry.
6. Qualified/registered professionals as part of team members.
7. Strong social media presence.
8. Strategic partnership with relevant professionals and other key stakeholders for leverage on available opportunities.

- The likely *weaknesses* include:

1. Lack of continuous training and re-training of key stakeholders.
2. Absence of competent Principal partner/leader/manager.
3. Limited emphasis on research and development on real estate in the state under study.
4. Product of the industry which is real estate – residential, commercial etc. takes time to be purchased and sold.
5. Most firms have low level of current assets compared with current liabilities.

6. Lack of proper financial planning by firms and consultants.
7. Concentration with mostly local workers and workers from relations as well as close associates.
8. Absence of studies about real estate market situations/market research.
9. Low or absence of budget for quality control of real estate project.
10. Compromised legal system leading to endless law suit in case of disputes arising from ownership.
11. Absence of performance appraisal – leading to lower work morale amongst the artisans, professionals, technicians etc.

• The likely *opportunities* include:

1. Correct application of improved and current technologies e.g., use of drone technology especially in survey and taking measurement including GIS.
2. Adopting communication via the use of internal e.g., use of real estate blog, online Medias.
3. E-commerce specifically opening online stores and making sales through them.
4. Social media – like Facebook, LinkedIn, instagram etc. to promote real estate products.
5. Exploring option like lower interest rate for expansion especially in cases of fund borrowed for implementation of real estate projects.
6. Reduced cost of transport for movement of building materials and other ancillary services to site is beneficial as this will help to lower overhead cost.
7. Government to reduce tax related to real estate development and other ancillary transactions.
8. Real estate subsidy must be explored and encouraged.
9. Increased education and training by institutes/institutions – lead to increase in number of experts/professionals.
10. Increased wages – leads to increased spending/desire for real estate.

• The likely *threats* include:

1. Less attention or non-recognition of the potentials of real estate industry and market by both government and private.
2. Lack of data banks or real estate portals for information on the industry.

3. Improved technological development (technological innovation) especially constructions equipment as well as speed of acceptability and adaptability to it by competitors in the industry.
4. Increased bargaining power of suppliers of construction materials.
5. Entrants of new players with better and sound IT knowledge and improved technology.
6. Increasing competition as a result of interest of sister professionals as well as professional quacks.
7. Fluctuation of interest rate.
8. Changing test of clients/consumers.

So the roles of developers will be in addition to the identified or defined by way of definition of or explanation terms – Developer and Practitioner should ensure or try to adopt the analysis identified earlier in order to aid him in his effort at responding to the housing needs.

The role of real estate developer includes;

- Ensure that there are clear title deeds for every project.
- Get legal, regulatory and statutory clearances.
- Conform if there are legal encumbrances.
- Help to secure the required finances from funding institutions.
- Be conversant and ready to explain the real estate terms like carpet area, built up area, super built-up areas along with the plan and specifications of the project to their customers.
- Must be to repay the investors' money with interest if there is any delay or a project is stopped.
- He must offer properties at fair prices and should target for the marginal profit.
- Needs to be strategic in planning ahead hence SWOT analysis.
- Should be able to find out whether any notices or requisitions relating to the property are outstanding.
- Should be knowledgeable in project management thus will enable avoid or minimise delays in project completions.
- Developers should be able offer quality construction and services.

- Must keep the clients informed on the progress of a construction housing project and update them regularly.
- He should offer homes which buyers can select based on the best-established standards.
- He should professional in-service delivery hence; ethics must be adhered to in addition to transparency while dealing with clients.

The role of practitioners includes;

The practitioners identified in this context represent an Estate Surveyor and Valuer. An Estate Surveyor/Valuer is a professional who has been trained to advice clients on investments with a view to making positive returns. In addition to provision of advice on land use and site selection, the Nigerian Institute of Estate Surveyors and Valuers (NIESV); the governing body of Estate Surveyors/Valuers in Nigeria, outlines the role of Estate Surveyors/Valuers as the following:

1. Determining the value of all descriptions of landed property and of the various interests therein;
2. Managing and developing real estates and businesses concerned with the management of landed property;
3. Securing the optimal use of land and its associated resources to meet social and economic needs;
4. Surveying the structure and conditions of buildings and their services and advising on their maintenance alteration and improvement;
5. Measuring and delineating the physical features of the earth;
6. Managing, developing and surveying mineral property;
7. Determining the economic use of resources in the construction industry and the financial appraisal and measurement of construction work;
8. Selling (whether by public auction or otherwise), buying or letting, as an agent, real or personal property or any interests therein, and to maintain and promote the usefulness of the profession for the public advantage.

Fraser (1984), has identified the professional Responsibilities in Land Development Schemes, the

summary roles as it involves Estate Surveyor and Valuer are,

S / N	Stage	Tasks	Appropriate Professional
1	Site identification	Find site and establish its potential	Estate Surveyor
2	Site acquisition	Valuation, negotiation based on established potential	Estate Surveyor
3	Letting and sale	Assessing rent, marketing, finding tenants, preparation of sale particulars	Estate Surveyor

The above is as modified by Onwuanyi, Oyetunji and Chima, P.E. (2017) in work; role of the Estate Surveyor and Valuers professional advice in the urban property development process.

In addition to the above, An Estate Surveyor and Valuer while responding to housing need do the following;

1. Identify and conduct a preliminary evaluation of opportunity to develop or need to invest in housing.
2. Assess of viability of proposed housing development and its implementation.
3. Analyse activities of housing implementation in proposed location of the housing project.
4. Establish factors that determine prices of land available for development and construction purposes.
5. Examine intra-location choices of households/clients in relation to housing needs.
6. Identify all the various urban and non-urban issues inherent in carrying out housing development schemes in the proposed region.
7. Must do more in availing themselves in housing delivery by participating while ensuring that they are familiar with their statutory and professional duties.

## V. METHODOLOGY

This work adopted more of empirical studies and related literatures that relates to the subject's matter.

It looks critically into the various issues related to housing or accommodation needs of the populace by way of review. It used further explanatory – theoretical approach to further buttress the identified issued. Also, by ways of critical review, the roles of real estate developers and practitioners were traced.

## VI. DISCUSSIONS AND RESULT

Responding to housing need no doubt is global issues but as noted earlier, both practitioners and developer have roles to play. In responding to those housing needs, the roles of both developers has been identified however, it is important to state that responding to same, their approach should also incorporate the investment mindset. While the societal need is met the angle of investment or approach to investment should be taken into consideration, there is need to imbibe strategic planning mindest, this means that in responding to the housing need, SWOT analysis as identified by Ifediora, *et al* (2021), should also be considered. Investors in housing sector must analyse Strength, Weakness, Opportunities and Threat in the sector to be able to fully meet up or respond to challenges of the real estate sector.

It also important to state here that the individual role of each profession is important hence, the role of Estate Surveyor and Valuer was highlighted in the studies by Onwuanyi, *et al* (2017). It is also expected that Valuers in trying to respond to challenges of housing should note their roles in finding site for and establishing its potential, Valuation, negotiation based on established potential, assessing rent, marketing, finding tenants and preparation of sale particulars.

The roles of Estate Surveyors have also been identified in addition to the statutory roles as established by ESVARBON law and the works by Fraser (1984). Part of the identified effort in responding to housing issues is participation; this is in line with that by Onwuanyi, *et al* (2017). It is recommended that the Estate Surveying and Valuation profession reinvents itself for greater participation and the deployment of its expertise in the property development process through public education on his functions and the requirements for successful property investment.

It is worthy to state too, this study aligns with the recommendations of the study by Efobi, Emoh and Nwachukwu, (2021), that housing providers must be constantly reminded of the strategic direction and vision of housing delivery through market research endeavours to establish the housing needs of the target population.

## CONCLUSION

Responding to housing needs may not be limited to the Government alone hence; there have been obvious testimonies of the contributions of the private sector or individual investors. Developers and practitioners have been at the forefront of meeting housing needs of the populace but the effort may appear not that sufficient as there are many more challenges. This work however identified the challenges they may be facing, it advised on strategic planning by employing or adopting SWOT analysis as identified by previous literatures. In addition the findings from literature and empirical review identified a number of things expected of practitioners and developers alike. It is expected that developers and practitioners alike will find this piece useful in ensuring housing delivery.

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