

# Factors Influencing the Performance Level of Off-Plan Property Development Financing Strategy in Lagos State, Nigeria

IGHO FAYOMI<sup>1</sup>, ARO ADENIKE<sup>2</sup>

<sup>1,2</sup>Department of Estate Management, Lead City University, Ibadan, Nigeria

**Abstract-** This study investigates factors influencing the performance of Off-plan property development financing strategy in Lagos State, Nigeria. Using a quantitative research approach, data were collected through the administration of 140 structured questionnaires, with 95 valid responses (a 67.9% response rate). A purposive sampling technique targeted experienced REDAN-certified developers. Analytical tools included descriptive statistics (mean, standard deviation, ranking) and inferential methods such as Principal Component Analysis (PCA). Demographically, the findings revealed 73.7% of respondents were male, 64.2% were aged 47–57, and 52.6% had over 20 years of experience, indicating a mature and experienced workforce. Industrial property developments dominated at 61.1%, while equity financing was most common (47.4%). Risk mitigation strategies favored contingency planning (46.3%). Also from the findings, it was revealed that the most influential factor affecting off-plan financing performance is the existence and enforcement of property laws (Mean = 4.53), followed by developer financial strength (Mean = 4.46), and approval efficiency (Mean = 4.43). PCA further grouped performance determinants into four key components: (1) developer credibility and location attractiveness; (2) institutional and regulatory frameworks; (3) financial and economic risks; and (4) risk mitigation and project security. The study concludes that the success of off-plan financing is shaped not only by developer competence and project characteristics but also by legal certainty, financial resilience, and transparency. It recommends strengthening legal frameworks, enhancing developer credibility, institutionalizing buyer education, improving infrastructure, expanding access to finance, and adopting structured risk management mechanisms. These measures are

*essential to foster a transparent and sustainable off-plan financing ecosystem in Lagos State and beyond.*

**Index Terms-** Performance, Off-plan, Property Development, Financing Strategy, Lagos

## I. INTRODUCTION

Off-plan property development financing has emerged as a critical strategy in the evolving landscape of real estate investment and development, particularly in rapidly urbanizing regions such as Lagos State, Nigeria. Off-plan property refers to properties that are sold before they are constructed or while construction is still ongoing, and the financing strategy allows developers to secure funding through advance payments from prospective buyers. This model has increasingly gained traction in Nigeria's real estate market as a mechanism to bridge financing gaps, reduce developers' reliance on traditional credit facilities, and accelerate housing delivery (Otegbulu & Fadamiro, 2020; Katwa & Obala, 2023). However, despite its rising popularity, the performance of this financing strategy in Lagos remains inconsistent, raising concerns about its reliability, sustainability, and impact on property development outcomes.

Lagos State, the commercial nerve center of Nigeria, is characterized by intense population growth, rapid urbanization, and an ever-increasing demand for housing. The United Nations (2022) projects that Lagos will rank among the world's largest megacities by 2035, with a population exceeding 24 million. This urban pressure has necessitated innovative financing strategies to support the state's housing and infrastructural needs. In response, off-plan financing offers an attractive solution, allowing developers to reduce capital intensity and enabling buyers to

acquire properties at discounted rates. However, the effectiveness of this strategy is often undermined by a variety of factors including regulatory uncertainties, trust deficits, delivery delays, project abandonment, and quality inconsistencies (Adebayo & Iweka, 2021; Ayodele & Ogunmakinde, 2019).

The Nigerian real estate financing environment is riddled with systemic constraints such as high interest rates, limited access to credit, and underdeveloped mortgage systems (Oni et al., 2022). These limitations have prompted developers to turn to non-conventional financing models, such as off-plan sales, to meet development capital requirements. Despite its potential, many projects under this model have failed to achieve full performance in terms of timely delivery, financial return, and customer satisfaction, thus calling into question the factors that determine its success or failure. Previous studies have explored broader real estate financing mechanisms (Ezemah, 2020; Oloyede et al., 2021), yet there is a dearth of empirical studies that specifically analyze the performance dynamics of off-plan development financing in the peculiar context of Lagos.

The performance of off-plan property development financing strategy can be influenced by a multiplicity of interrelated variables. These include the developer's reputation and experience, the credibility of legal frameworks, buyer confidence, prevailing macroeconomic conditions, and the regulatory oversight of real estate transactions (Ajayi et al., 2021; Ibe & Amole, 2010). Additionally, market factors such as inflation, exchange rate volatility, construction cost fluctuation, and interest rate dynamics have also been identified as critical in shaping the feasibility and performance of off-plan projects (Obalola & Mordi, 2022). In Lagos State, land titling complexities, bureaucratic delays in approval processes, and weak enforcement of contractual obligations exacerbate the risks associated with this model (Akinjare et al., 2023). Furthermore, the trust gap between developers and buyers, often stemming from poor communication, lack of transparency, and failed project promises; has also significantly hindered the strategy's performance (Otegbulu & Akujuru, 2022).

Given the substantial capital outlay and risk exposure inherent in real estate development, it becomes imperative to identify, understand, and prioritize the factors that significantly influence the performance of off-plan property financing strategies. A clear understanding of these factors will not only enhance the financial planning and risk management practices of developers but will also inform policymaking towards the formulation of robust regulatory frameworks that safeguard the interests of investors, buyers, and other stakeholders. Furthermore, in the context of Nigeria's urban housing deficit, which is estimated at over 17 million units (Federal Mortgage Bank of Nigeria [FMBN], 2021), a more effective deployment of off-plan financing strategies could serve as a viable catalyst for delivering affordable housing solutions at scale.

Therefore, this study investigates the critical factors influencing the performance level of off-plan property development financing strategy in Lagos State, Nigeria. By analyzing empirical data from real estate stakeholders in the state, this research seeks to contribute to the existing body of knowledge, offer practical insights for industry practitioners, and provide policy-relevant recommendations that could enhance the strategic utility of off-plan financing in Nigeria's housing delivery framework.

## II. LITERATURE REVIEW

Off-plan property development financing has gained increasing scholarly and industry attention as a non-conventional but potentially viable strategy for bridging the housing supply-demand gap, particularly in rapidly urbanizing and developing economies. This literature review critically examines the theoretical underpinnings, empirical evidence, and contextual realities surrounding the performance of off-plan property development financing strategies, with a focus on identifying and synthesizing the key factors influencing its success or failure, especially in the Nigerian context.

Off-plan property financing involves selling residential or commercial properties before their construction is completed, often at pre-construction prices, thereby allowing developers to secure upfront capital from buyers (Katwa & Obala, 2023). This

model functions as a risk-sharing mechanism between developers and investors (or end-users), wherein the financial burden is partially offset before project completion (Otegbulu & Akujuru, 2022). The theoretical framework often applied to off-plan property financing includes Agency Theory, which describes the principal-agent relationship between developers and buyers. In this arrangement, trust, transparency, and performance commitments are paramount to minimizing opportunistic behaviors (Jensen & Meckling, 1976). Another useful perspective is the Resource-Based View (RBV), which asserts that developers with superior capabilities, such as land access, brand reputation, and project management; can leverage off-plan strategies more effectively (Barney, 1991).

Globally, off-plan sales are common in countries with advanced and regulated property markets such as the United Arab Emirates, Singapore, and the United Kingdom, where legal and institutional frameworks protect buyers' investments through escrow accounts, performance bonds, and project insurance (Gulf News, 2019; Chua, 2021). These mechanisms significantly improve the performance levels of off-plan projects by reducing default risks. Conversely, in sub-Saharan Africa, the success of off-plan developments is mixed due to market volatility, weaker enforcement of contracts, and regulatory inconsistencies (UN-Habitat, 2020). In the East African context, Katwa and Obala (2023) found that off-plan financing in Kenya is growing but constrained by buyer skepticism, project delays, and fluctuating construction costs. Similarly, a study by Mhlanga and Sibanda (2021) in Zimbabwe revealed that while off-plan models enabled lower entry costs, performance was often jeopardized by inflation and material shortages.

In Nigeria, and particularly in Lagos State, off-plan financing has become an increasingly adopted strategy by real estate developers to navigate the limitations of bank lending, mortgage access, and rising project costs (Otegbulu & Fadamiro, 2020). Lagos's position as Nigeria's commercial capital and a prime real estate hub has led to an upsurge in such financing strategies, especially within emerging urban corridors like Lekki, Ibeju-Lekki, and Epe (Ayodele & Ogunmakinde, 2019). Despite the

growing interest, performance outcomes vary widely across projects and firms. Several studies highlight key factors affecting the effectiveness of this financing model. One of the most frequently cited determinants of performance in off-plan projects is the developer's reputation and historical delivery record (Ezemah, 2020; Oloyede et al., 2021). Trust is essential in off-plan transactions where buyers commit to purchase without a physical structure. Developers with proven competencies, transparency in project execution, and prior successful developments are more likely to gain buyer confidence, resulting in higher project subscription and on-time delivery.

The institutional and legal frameworks governing land ownership, titling, and property registration significantly influence off-plan financing outcomes. Akinjare et al. (2023) observe that the performance of property development projects in Lagos is hindered by bottlenecks in land titling, irregular planning permit approvals, and poor enforcement of development control regulations. Weak legal protection for off-plan buyers further compounds performance risks, particularly in cases of project abandonment or delays. The volatile economic environment in Nigeria presents challenges that directly affect the performance of off-plan projects. Obalola and Mordi (2022) identify inflation, exchange rate fluctuations, and high interest rates as core risks that destabilize cost estimations, procurement planning, and completion timelines. These macroeconomic variables increase the financial burden on developers and reduce the disposable income of prospective buyers, thus slowing sales velocity.

Buyer behavior and confidence play a critical role in the success of off-plan developments. Ibem and Amole (2010) argue that lack of information transparency, misrepresentation of project timelines, and exaggerated marketing claims have eroded trust in some real estate subsectors in Nigeria. Mistrust leads to a cautious buyer base that either delays commitment or completely avoids off-plan transactions, thereby limiting developers' access to early-stage funding. Effective project planning, procurement, risk management, and site supervision are critical internal factors that shape the performance

of off-plan projects. According to Ajayi et al. (2021), delays in material supply, contractor inefficiencies, and cash flow interruptions contribute to underperformance in Nigeria's real estate sector. Where developers lack sound management structures, projects are more likely to face budget overruns and non-completion.

Limited governmental intervention in regulating the off-plan market contributes to systemic inefficiencies. There is a lack of clearly defined policy guidelines to safeguard off-plan buyers, unlike in more advanced economies where developers must meet specific financial and legal criteria before offering properties for off-plan sale (UN-Habitat, 2020). The absence of escrow frameworks, buyer insurance, and accessible judicial remedies further expose buyers to financial losses and contribute to poor project performance.

While the existing literature underscores the multifaceted nature of performance in off-plan financing strategies, most studies have treated the subject either as a component of general real estate development or from a macro-financing perspective. There is a paucity of context-specific empirical studies that holistically examine the performance indicators, stakeholder perceptions, and risk parameters associated with off-plan property development in Lagos. This study, therefore, seeks to fill this gap by systematically identifying and analyzing the critical success and failure factors from the perspectives of developers, investors, regulators, and end-users.

### III. METHODOLOGY

This study adopted a quantitative research design to examine the factors influencing the performance level of off-plan property development financing strategy in Lagos State, Nigeria. The target

population comprised certified and registered members of the Real Estate Developers Association of Nigeria (REDAN) operating within Lagos State. This population was considered appropriate, given their active engagement in real estate development and their direct involvement with off-plan property projects. A total of 140 structured questionnaires were administered to selected REDAN members across the state. To ensure appropriate representation and reduce selection bias, a purposive sampling technique was employed. This technique was deemed suitable because it allowed the researcher to deliberately target respondents with relevant experience and knowledge in off-plan property development financing. By focusing on REDAN-certified developers actively involved in the Lagos property market, the study enhanced the reliability and relevance of the collected data.

Out of the 140 questionnaires distributed, 95 were successfully retrieved, representing a response rate of 67.9%. These valid responses formed the basis for the data analysis. The study utilized both descriptive and inferential statistical tools to analyze the data collected. Descriptive statistics such as frequency distribution, mean, standard deviation, Relative Importance Index (RII), and ranking were employed to summarize and interpret the characteristics of the respondents and their perceptions of the identified influencing factors. Furthermore, factor analysis, an inferential statistical technique, was applied to uncover the underlying structure of interrelationships among the identified variables. This method enabled the reduction of data dimensions and the identification of key latent factors influencing the performance of off-plan property development financing strategies.

### IV. DATA PRESENTATION AND DISCUSSION OF FINDINGS

Table 1: Demographic Profiles of Respondents

	REDAN	
Variable	N	%
Gender		

Male	70	73.7
Female	25	26.3
Age Range		
36–46	—	—
47–57	61	64.2
Above 57	34	35.8
Professional Qualification		
HND	5	5.3
PDG	20	21.1
BSc/BTech/Beng	63	66.3
MSc/MTech/MBA	7	7.4
Years of Experience		
6–10	—	—
11–15	37	38.9
16–20	8	8.4
20 and above	50	52.6
No. of Developments Achieved		
6–10	23	25.6
11–15	31	34.4
16–20	24	26.7
20 and above	12	13.3
Class of Properties Specialized In		
Residential	32	33.7
Commercial	5	5.3
Industrial	58	61.1
Project Financial Funding Type		
Equity	45	47.4
Joint Venture	35	36.8
Debt Financing	7	7.4
Grants	8	8.4
Risk Mitigation Strategies		

Diversification	15	15.8
Hedging	24	25.3
Insurance	12	12.6
Contingency Planning	44	46.3
Average Project Size (Naira)		
N200 Million and below	47	49.4
Above N200 Million	48	50.6

Author's Field Survey, 2025

The demographic profile of REDAN members in Lagos State as presented in Table 1 reveals a male-dominated sector, with 73.7% male and 26.3% female respondents, consistent with existing literature on gender disparities in Nigeria's real estate sector (Ajayi & Igbinoba, 2011; Aribigbola & Ayeniyo, 2012). Most developers fall within the 47–57 years age bracket (64.2%), while 35.8% are above 57, indicating a mature and experienced workforce, but also a potential generational gap (Eziyi & Eziyi, 2012). Educationally, 66.3% hold a first degree, 21.1% a Postgraduate Diploma, 7.4% advanced degrees, and only 5.3% have HND qualifications, suggesting high academic competence (Oloyede et al., 2011). In terms of experience, 52.6% have over 20 years, 38.9% have 11–15 years, and 8.4% have 16–20 years of experience, highlighting a seasoned developer base (Bello & Okunola, 2009).

Development achievements show that 34.4% have delivered 11–15 projects, 26.7% completed 16–20, and 25.6% handled 6–10, while 13.3% surpassed 20 developments. Industrial properties dominate specialization at 61.1%, followed by residential (33.7%) and commercial (5.3%), aligning with Lagos' growing demand for logistics infrastructure (Igbinoba & Adebayo, 2011). Regarding financing, 47.4% rely on equity, 36.8% on joint ventures, 7.4% on debt, and 8.4% on grants, reflecting a preference for internal funding strategies (Otegbulu & Fadairo, 2018). For risk management, 46.3% use contingency planning, followed by hedging (25.3%), diversification (15.8%), and insurance (12.6%), consistent with informal risk mitigation practices in Nigeria (Udechukwu, 2008). Finally, project size is nearly balanced, with 49.4% handling projects below ₦200 million and 50.6% above that threshold, indicating a mix of medium and large-scale developers (Katwa & Obala, 2023).

Table 2: Factors influencing the performance level of Off-Plan Financing Strategy for REDAN

Factor	HI	I	SWI	NI	HNI	Mean (SD)	Rank
Existence and enforcement of property laws	58 (61.1)	29 (30.5)	8 (8.4)	-	-	4.53 ± 0.650	1
Availability of dispute resolution mechanisms	23 (24.2)	65 (68.4)	7 (7.4)	-	-	4.17 ± 0.539	14
Developer's financial strength and creditworthiness	44 (46.3)	51 (53.7)	-	-	-	4.46 ± 0.501	3
Developer's Capacity and Reputation	37 (38.9)	58 (61.1)	-	-	-	4.39 ± 0.490	6

Legal documentation and transparency	39 (41.1)	44 (46.3)	12 (12.6)	-	-	4.28 ± 0.679	10
Regular updates on project progress	42 (44.2)	51 (53.7)	2 (2.1)	-	-	4.42 ± 0.538	8
Access to roads, electricity, water, telecommunications	24 (25.3)	57 (60.0)	14 (14.7)	-	-	4.11 ± 0.627	15
Proximity to commercial, educational, or recreational facilities	37 (38.9)	49 (51.6)	9 (9.5)	-	-	4.29 ± 0.634	9
Neighborhood safety and desirability	19 (20.0)	66 (69.5)	10 (10.5)	-	-	4.09 ± 0.547	17
Financial hedging against material cost fluctuations	34 (35.8)	30 (31.6)	31 (32.6)	-	-	4.03 ± 0.831	20
Presence of performance bonds and guarantees	28 (29.5)	56 (58.9)	11 (11.6)	-	-	4.18 ± 0.618	13
Availability of project insurance	7 (7.4)	63 (66.3)	25 (26.3)	-	-	3.81 ± 0.551	21
Tax reliefs or subsidies for developers	5 (5.3)	63 (66.3)	27 (28.4)	-	-	3.77 ± 0.535	22
Urban planning and housing development policies	38 (40.0)	28 (29.5)	29 (30.5)	-	-	4.09 ± 0.839	16
Approval efficiency for development plans	53 (55.8)	30 (31.6)	12 (12.6)	-	-	4.43 ± 0.709	7
Knowledge about off-plan risks and benefits	37 (38.9)	58 (61.1)	-	-	-	4.39 ± 0.490	5
Access to verified property information	32 (33.7)	37 (38.9)	26 (27.4)	-	-	4.06 ± 0.783	18
Buyer financial literacy and preparedness	19 (20.0)	26 (27.4)	50 (52.6)	-	-	3.67 ± 0.791	23
Quality and availability of building materials	38 (40.0)	28 (29.5)	17 (17.9)	12 (12.6)	-	3.97 ± 1.046	19
Incidence of project delays or abandonment	27 (28.4)	59 (62.1)	9 (9.5)	-	-	4.19 ± 0.589	12
Access to construction finance or institutional support	16 (16.8)	66 (69.5)	1 (1.1)	12 (12.6)	-	3.91 ± 0.826	21
Prevailing economic stability and inflation rates	33 (34.7)	38 (40.0)	24 (25.3)	-	-	4.09 ± 0.773	11

Authors' Field \survey, 2025

The most influential factor for off-plan financing success in Nigeria is the existence and enforcement of property laws (Mean =  $4.53 \pm 0.650$ ), underscoring the critical role of legal certainty and investor protection, as emphasized by Aribigbola (2008). Closely tied is developer credibility, including

financial strength and creditworthiness (Mean = 4.46), which encourages buyer and financier confidence (Oyewole & Aluko, 2017). Operational factors such as regular project updates (4.42), developer's capacity and reputation (4.39), and awareness of off-plan risks and benefits (4.39) reflect

the importance of transparency and communication (Oseni, 2020). Location and infrastructure-related factors also ranked highly: proximity to amenities (4.29) and access to basic infrastructure (4.11), consistent with UN-Habitat (2010) findings on urban service accessibility influencing property uptake. Factors like neighborhood safety and urban planning policies (each 4.09) further highlight the relevance of socio-spatial context. Though theoretically important, financial enablers such as performance bonds (4.18), project insurance (3.81), and tax reliefs (3.77) ranked lower, likely due to weak enforcement or underuse (Adewunmi & Olaleye, 2011). Notably, approval efficiency (4.43) ranks seventh, highlighting the impact of bureaucratic delays (Egbu et al., 2008). On the demand side, buyer financial literacy (3.67) and tax incentives (3.77) ranked lowest, showing limited perceived influence despite their potential to improve market participation (Olanrewaju & Abdul-Aziz, 2015). Economic factors like macroeconomic stability (4.09), hedging against material costs (4.03), and access to construction finance (3.91) received

moderate ratings, reflecting the constraints imposed by Nigeria's economic environment (World Bank, 2020).

Table 3: KMO and Bartlett's Test Factors Influencing Performance

Measure	Value
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.358
Bartlett's Test of Sphericity	
Approx. Chi-Square	5558.819
Df	120
Sig.	.000

The Kaiser-Meyer-Olkin (KMO) measure was 0.358, indicating a weak but passable sampling adequacy. Bartlett's Test of Sphericity was highly significant ( $\chi^2 = 5558.82$ ,  $p < .001$ ), justifying the use of factor analysis despite the low KMO.

Table 4: Principal Component Analysis

Performance Factor Items	Component 1	Component 2	Component 3	Component 4
Developer's Financial Strength and Creditworthiness	0.904			
Existence and Enforcement of Property Laws	0.674			
Legal Documentation and Transparency	0.586	0.708		
Regular Updates on Project Progress	0.704		0.424	-0.510
Access to Roads, Electricity, Water, Telecommunications	0.738	0.409		
Proximity to Commercial, Educational, or Recreational Facilities	0.813			
Knowledge about Off-Plan Risks and Benefits	0.701		0.418	
Access to Verified Property Information	0.621	0.655		
Urban Planning and Housing Development Policies		0.574	0.686	



Tax Reliefs or Subsidies for Developers			0.850	
Quality and Availability of Building Materials		0.882		
Incidence of Project Delays or Abandonment			0.817	
Prevailing Economic Stability and Inflation Rates		0.777	0.515	
Neighborhood Safety and Desirability				0.840
Access to Construction Finance or Institutional Support		0.413		0.670
Financial Hedging Against Material Cost Fluctuations		0.451	0.466	0.517
Tax Reliefs or Subsidies for Developers			0.850	

Authors' Field Survey, 2025

The Table 4 presents the results of a Principal Component Analysis (PCA) applied to a set of performance factors influencing off-plan real estate financing strategy. Each factor loading represents the correlation between an item and a component, where values greater than  $\pm 0.5$  are typically considered significant (Hair et al., 2010). The first principal component derived from the analysis can be understood as a combination of factors that highlight the competence of the developer and the attractiveness of the project's location. This dimension is chiefly defined by variables such as the financial strength and creditworthiness of the developer, which recorded the highest loading of 0.904, indicating that this factor is a powerful determinant of off-plan project performance. A developer with robust financial backing is more likely to gain the trust of potential buyers and financiers, as financial stability reduces the risk of project delays or abandonment.

Equally influential is the proximity of the development to commercial, educational, and recreational facilities, which recorded a loading of 0.813. This reflects the importance of accessibility and convenience in property valuation and desirability. Developments located near essential amenities are naturally more attractive to

prospective investors and end-users, contributing positively to the project's uptake and long-term value. The availability of basic infrastructure (such as roads, electricity, water, and telecommunications) also loaded significantly at 0.738. These services are often viewed as fundamental indicators of a project's viability and its alignment with urban growth patterns. Other prominent variables within this component include knowledge about off-plan risks and benefits (0.701), regular updates on project progress (0.704), and access to verified property information (0.621). These factors collectively underscore the role of communication transparency, buyer education, and accessible information in shaping investor perceptions. When developers consistently inform buyers about construction progress and offer clarity on potential risks, they reinforce trust and manage expectations, both crucial for off-plan schemes, which inherently involve some level of uncertainty.

Additionally, the enforcement of property laws, with a loading of 0.674, rounds out the component by pointing to the legal assurance necessary to support investor confidence. The existence of an enforceable legal framework gives buyers a sense of protection and security, reducing perceived investment risks. Taken together, this component emphasizes that

investor decisions in off-plan real estate projects are heavily influenced by the perceived competence of the developer, the project's infrastructural environment, and the clarity of communication and legal safeguards. These elements function not only as technical requirements but also as trust-building mechanisms that can make or break the success of off-plan financing strategies.

The second principal component centers on the regulatory and institutional structures that support the performance of off-plan real estate projects. It captures variables that highlight the broader governance environment within which real estate development operates. Among the most prominent factors within this component is legal documentation and transparency, which recorded a high factor loading of 0.708. This suggests that clearly defined and accessible legal documentation plays a vital role in fostering trust between buyers and developers. It ensures that all parties involved have a shared understanding of their obligations and rights, thereby reducing the likelihood of disputes or breaches of contract. Closely related is the role of urban planning and housing development policies, which also contribute significantly to this component, with a factor loading of 0.574. Effective planning frameworks provide the structure within which orderly development can occur, enabling developers to align their projects with established land use regulations and infrastructure plans. When these policies are robust and consistently enforced, they guide investment decisions and contribute to the predictability of project outcomes. Economic conditions, particularly stability and inflation rates, also influence this component, as indicated by a factor loading of 0.515. Real estate markets are highly sensitive to macroeconomic indicators, and a stable economic climate is essential for fostering long-term investments such as off-plan housing. When inflation is high or unpredictable, both developers and buyers may face increased costs or financing risks, which can undermine the viability of such projects.

Finally, access to verified property information, with a loading of 0.655, reinforces the importance of transparency in market transactions. When prospective buyers and financiers can obtain accurate

and up-to-date information about a property, such as its legal status, development approvals, and project timeline, they are better equipped to make informed decisions. Altogether, this component illustrates how the effectiveness of legal frameworks, economic policy, and public access to reliable information collectively shape the institutional climate for off-plan real estate development. A transparent, well-regulated environment reduces risks and improves accountability, thereby enhancing performance outcomes for both developers and investors.

The third principal component reflects the financial and economic risks associated with off-plan real estate development, emphasizing the mechanisms that can either mitigate or exacerbate these risks. This component is primarily defined by factors related to fiscal incentives, material availability, project execution, and financial resilience in the face of cost volatility. One of the most influential variables in this component is the provision of tax reliefs or subsidies for developers, which recorded a strong factor loading of 0.850. This highlights the importance of government-backed financial incentives in easing the burden of development costs. When developers receive tax breaks or subsidies, they are better positioned to manage resources efficiently, price units competitively, and maintain construction momentum even during periods of economic uncertainty.

Closely tied to this is the quality and availability of building materials, which showed a very high loading of 0.882. The construction industry in many developing countries, including Nigeria, often faces disruptions in material supply chains due to import dependence, inflation, and foreign exchange instability. When materials are either unavailable or of substandard quality, it affects not just the cost but also the durability and timeline of the project. Hence, this factor reflects both a supply chain and quality assurance concern that directly impacts performance. Also notable is the incidence of project delays or abandonment, with a factor loading of 0.817. Delays and project failures are among the most visible and damaging risks in off-plan schemes. They erode buyer confidence and often lead to financial loss, legal disputes, and reputational damage for developers. This variable reinforces the fact that

timely delivery is not just a contractual obligation but a core determinant of performance in the off-plan financing context. Lastly, financial hedging against material cost fluctuations, which loaded at 0.517, points to the need for risk management strategies to shield projects from inflationary pressures and price shocks. Without such hedging mechanisms, like forward contracts, contingency funds, or strategic partnerships, developers may struggle to stay within budget when prices surge unexpectedly. Together, these variables underscore the critical role that financial planning, market stability, and government support play in sustaining the viability of off-plan real estate ventures. This component reveals that beyond legal or structural concerns, it is the ability to navigate and mitigate cost-related risks that often determines whether a project succeeds or fails.

The fourth principal component emphasizes the importance of mitigating risks and ensuring the overall security and reliability of off-plan real estate projects. This dimension is primarily shaped by factors that influence how safe, stable, and financially supported a development is, which in turn affects both investor confidence and project outcomes. A key variable in this component is neighborhood safety and desirability, which has the highest loading at 0.840. This indicates that the perception of physical security and the appeal of the surrounding environment play a significant role in determining whether buyers are willing to commit to an off-plan purchase. A safe and attractive neighborhood enhances the long-term value of a property and reassures prospective homeowners that their investment is both livable and sustainable.

Equally important is access to construction finance or institutional support, with a loading of 0.670. This reflects the critical role that financial backing from banks, mortgage institutions, or other funding bodies plays in keeping projects on track. Reliable access to finance enables developers to maintain construction schedules, purchase materials in bulk, and cover unforeseen expenses, all of which reduce the likelihood of project delays or abandonment. Interestingly, legal documentation and transparency carry a negative loading (-0.510) in this component. This could suggest that, while legal frameworks are generally important, as seen in other components,

their influence in the context of risk mitigation may be more complex. It might reflect a perception that legal documentation alone does not provide sufficient assurance unless accompanied by tangible action such as ongoing financial support and visible progress on-site. Alternatively, it may indicate overlap with other components where legal clarity is more centrally positioned.

Finally, regular updates on project progress, with a moderate loading of 0.424, reinforce the importance of transparent communication in managing buyer expectations. When developers consistently communicate progress, they not only reassure investors but also demonstrate a commitment to accountability and timeliness. Overall, this component underscores that minimizing project-related risks and ensuring investor security are contingent on more than just legal clarity; they require visible progress, financial support, and a safe, desirable environment. These elements together create a sense of project stability that is vital for the success of off-plan financing strategies.

## CONCLUSION AND RECOMMENDATION

This study examined the factors influencing the performance of off-plan financing strategies among REDAN developers in Lagos State, Nigeria. The analysis revealed a predominance of experienced, male developers, with a high level of academic qualifications and professional exposure, indicating a mature and seasoned real estate development community. Industrial property development is the most common specialization, reflecting current economic trends and infrastructure demands within Lagos. The study's core findings point to the pivotal role of legal and institutional frameworks in the success of off-plan real estate strategies. The enforcement of property laws, efficiency in approval processes, and legal documentation transparency emerged as critical determinants, reinforcing the view that regulatory certainty boosts investor confidence and promotes accountability. Similarly, developers' financial strength and reputation, regular project updates, and access to reliable property information significantly influence project performance by ensuring transparency, trust, and risk mitigation.

Further, the availability of basic infrastructure and proximity to social amenities positively affects buyer interest and market uptake, underscoring the spatial dimension of real estate value. Financial and economic considerations, such as the availability of building materials, incidence of project delays, economic stability, and access to finance, were also found to be influential, highlighting the vulnerability of off-plan projects to macroeconomic fluctuations and material cost volatility. In conclusion, the performance of off-plan financing in Lagos is not solely determined by project-specific factors but is shaped by a broader ecosystem of legal, financial, institutional, and infrastructural conditions. Developers who possess strong financial backing, maintain communication transparency, and operate within well-regulated and secure environments are more likely to succeed in delivering projects and attracting buyers.

To enhance the performance of off-plan financing strategies, the study recommends the following:

1. Strengthen Legal Frameworks: Government and regulatory bodies must enforce existing property laws and streamline development approval processes to reduce uncertainty and build market trust.
2. Enhance Developer Credibility: REDAN should enforce minimum financial disclosure standards and encourage reputation-based vetting to maintain industry integrity.
3. Promote Buyer Education: Financial literacy programs for prospective buyers should be institutionalized to improve their preparedness and ability to evaluate off-plan offers critically.
4. Invest in Infrastructure: Public-private partnerships should be pursued to improve access to basic infrastructure around development zones, increasing property desirability and market value.
5. Improve Access to Finance: Policymakers and financial institutions must expand financing windows and support schemes (e.g., low-interest loans, grants) to cushion developers against cost fluctuations and macroeconomic shocks.
6. Implement Risk Mitigation Mechanisms: Developers should adopt hedging tools, contingency planning, and insurance policies to manage project risks and ensure timely delivery.

By addressing these multi-dimensional issues, stakeholders can foster a more resilient and transparent off-plan financing system capable of driving sustainable housing delivery in Nigeria.

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