

An Assessment of the Effectiveness of Real Estate Auction Practice in Lagos State, Nigeria

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Abstract- This study assessed the effectiveness of real estate auction practices in Lagos State, Nigeria. A survey research design was adopted, targeting the entire population of 93 registered auctioneering firms identified from the Certified Institute of Auctioneers Nigeria, Lagos Directory (2025). Using a total enumeration approach, structured questionnaires were administered, out of which 78 were retrieved and analysed, representing a response rate of 81.25 percent. Data were examined using descriptive statistics; means, percentages, and standard deviations, and inferential analysis through factor analysis. Findings reveal that the profession is male-dominated (89.7%), though practitioners are highly educated, with 51.3% holding master's degrees and 46.2% attaining Fellow status in professional bodies. Most firms are modestly sized, with 32.1% employing 11–15 staff, and heavily concentrated on Lagos Island (87.2%). Auction practices show a preference for formats that combine transparency and flexibility, with private treaty auctions with conditions ranking highest (mean = 4.23), followed by bid deposits (mean = 4.21) and post-auction negotiations (mean = 4.17). Effectiveness was most associated with encouraging buyer due diligence (mean = 4.29), ensuring transparency (mean = 4.24), and providing certainty of sale (mean = 4.15). However, challenges persist. Inaccurate property valuations (mean = 4.29), poorly marketed auctions (mean = 4.23), weak legal protections (mean = 4.17), and limited digital tools (mean = 4.04) were identified as major impediments. Factor analysis grouped these into four dimensions: institutional inefficiencies, legal ambiguities, operational barriers, and procedural weaknesses. The study concludes that while auctions in Lagos foster transparency and fairness, systemic reforms in valuation standards, regulation, digital infrastructure, and finance are essential to enhance their effectiveness.

Index Terms- Auction Practice, Real Estate, Effectiveness, Lagos, Nigeria

I. INTRODUCTION

Real estate auctions, characterized by the sale of land and buildings through open and competitive bidding processes such as in-person, online, or hybrid formats, serve as a dynamic tool in property markets worldwide, facilitating quick sales, ensuring transparency, and often yielding fair value for sellers (Gbonegun, 2024). In developed countries, auctions have long been a preferred and efficient mechanism for disposing of commercial and distressed assets. In contrast, in Nigeria; particularly in Lagos State, often referred to as the “commercial capital” of the country, this practice remains nascent and underutilized (Gbonegun, 2024).

Despite Lagos State's dominant role as a national economic hub, motivating a high demand for real estate transactions, auctions have yet to gain traction as a mainstream sales mechanism. Gbonegun (2024) attributes the low uptake to several interrelated factors: inadequate regulatory structures, limited public awareness, and societal reticence toward public sales of property, often tied to concerns about perceived financial distress or stigma. Furthermore, the professional real estate sector in Nigeria, including auctions; faces disruptions from unethical practices, limited data transparency, and competition from unregulated actors, undermining public confidence and operational efficiency (Oni, 2009; Agava et al., 2021).

The gap in formal regulation and fragmented oversight by bodies such as the Nigerian Institution of Estate Surveyors and Valuers (NIESV) and the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON) further complicates the

auction landscape, often resulting in weak enforcement and low public trust (Wikipedia entry, NIESV). This institutional deficiency, combined with pervasive opacity and market informality, dampens the potential of auctions to serve as a credible means of property disposition in Lagos.

Taken together, these observations point to a critical need for a systematic assessment of real estate auction effectiveness in Lagos State. Understanding the current landscape, including operational constraints, stakeholder perceptions, legal frameworks, and potential market benefits; is essential to inform policy-making, professional practice, and future adoption of auction mechanisms in the Nigerian real estate sector.

II. LITERATURE REVIEW

Across real estate markets, the effectiveness of auctions is typically judged by their ability to deliver accurate price discovery, ensure speed and liquidity, encourage active bidder participation, maintain procedural transparency, and guarantee the legal enforceability of outcomes. Auction theory consistently shows that when competition is strong, rules are credible, and information is adequately disclosed, outcomes are more efficient and revenue-maximizing. By contrast, markets with few bidders, collusion, or weak rule enforcement often experience depressed prices and reduced fairness. The design of the auction, whether English, Dutch, sealed-bid, or multi-round; together with the degree of information disclosure and the quality of supporting institutions, strongly shapes these outcomes (McAfee & McMillan, 1987; Milgrom, 2004; Klemperer, 2004).

Global empirical evidence underscores these theoretical insights. In many countries, judicial or forced real estate auctions typically clear at prices below market value, a phenomenon described as the “forced-sale discount.” This discount arises from risks surrounding property inspection, financing constraints, title concerns, and the stigma attached to distressed sales. Nonetheless, structured disclosure, robust marketing, and realistic reserve pricing have been shown to narrow the discount and accelerate sales, particularly where auction rules are transparent

and procedures are repeated over multiple rounds (Amoruso et al., 2019; Tajani et al., 2019).

In Nigeria, auction practices operate within a layered legal and institutional environment. General auction rules remain rooted in the colonial-era Sale of Goods Act 1893, which establishes basic principles such as the “fall of the hammer” rule and reserve-price provisions. At the state level, Lagos has developed a specific Auction Law (Chapter A12), which licenses auctioneers and regulates auction sales. The law has been repeatedly re-enacted and is currently undergoing review to modernize procedures (Lagos State, 2025). Complementing this, the Lagos State Real Estate Regulatory Authority Law (2021) was introduced to strengthen oversight, curb malpractice, and enhance consumer protection across real estate transactions. Professionally, the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON) and the Nigerian Institution of Estate Surveyors and Valuers (NIESV) set standards and ethics that influence valuation, disclosure, and post-auction compliance. Together, these frameworks aim to enhance transparency and trust, which are prerequisites for effective auctions (Apata, 2022).

In practice, however, most Nigerian property auctions involve distressed or enforcement sales, such as mortgage foreclosures or judicial executions, where the overriding goal is quick debt recovery. This context often accentuates the gap between auction and market values. Factors such as title uncertainty, legal delays, information asymmetries, and financing frictions widen the forced-sale discount and erode perceptions of fairness (Ekenta & Iroham, 2014; Ataguba & Ugonabo, 2023). For Lagos, where mortgage lending is significant, valuations frequently emphasize forced-sale benchmarks, which can be conservative and further shape clearing prices in ways that disadvantage sellers.

Central to these challenges is the issue of valuation accuracy. The Lagos valuation literature consistently reveals wide disparities between valuers’ estimates and realized transaction prices. Early studies by Ogunba (1997), Ogunba & Ajayi (1998), and subsequent multi-state work (2003, 2004) demonstrated deviations far exceeding the ± 5 –10% error margins typical of mature markets, while more

recent Lagos-based research (Ayedun, Ogunba & Oloyede, 2011) confirmed similar accuracy problems. These reliability gaps complicate reserve price setting and undermine bidder confidence, often leading to stalled bidding or excessively discounted sales. Additional research shows that Nigerian lenders and corporate clients tolerate wider error margins than international norms, but simultaneously regard valuation outputs as unreliable. Weak market data systems, inconsistent professional standards, and client pressures are repeatedly cited as root causes (Babawale, 2006; Ogunba & Iroham, 2011). In auction settings, such weaknesses manifest as reserves that are either unrealistically high or unduly conservative, both of which distort outcomes.

Professional standards therefore play a crucial role in mediating auction effectiveness. ESVARBON has introduced safeguards such as secure report stamps to enhance valuation credibility, while NIESV's "Green Book" sets practice and ethical standards. Debates within the profession increasingly call for the closer integration of auctioneering into estate surveying and valuation practice, to leverage market expertise and ethical codes in improving auction credibility. Yet, in Lagos, where professional reputations and institutional capacity vary widely, consistent enforcement of these standards remains an ongoing challenge (ESVARBON, 2018; NIESV, 2020s).

Recent statutory and institutional reforms in Lagos point toward incremental improvement. The review of the Auction Law is intended to eliminate unlicensed practice, enforce clearer procedures around notice, reserve pricing, and record-keeping, and enhance consumer protection. Meanwhile, LSRERA (2021) expands oversight by requiring practitioner registration and providing dispute resolution mechanisms, thereby reducing information asymmetry and transaction risks. Together, these initiatives reflect a broader recognition that stronger rules, more transparent processes, and effective enforcement are vital for building bidder confidence, narrowing forced-sale discounts, and enhancing the overall effectiveness of real estate auctions in Lagos.

III. METHODOLOGY

This study adopted a survey research design in order to provide empirical insights into the effectiveness of real estate auction practice in Lagos State, Nigeria. The choice of this design was informed by its suitability in collecting standardized data from a defined population and in facilitating both descriptive and inferential analyses of respondents' views. The population for the study comprised all registered auctioneering firms operating in Lagos State as at 2025. According to the *Certified Institute of Auctioneers Nigeria, Lagos Directory (2025)*, a total of ninety-three (93) auctioneering firms were identified. Given the manageable size of the population, a total enumeration approach was adopted rather than drawing a sample. This allowed for comprehensive coverage of the auctioneering landscape in Lagos and ensured that the findings reflected the perspectives of the entire registered community.

A structured questionnaire was designed as the principal instrument for data collection. The instrument was divided into sections to elicit information on the socio-demographic characteristics of respondents, operational experiences of their firms, perceptions of the effectiveness of auction practices, as well as challenges confronting the profession. Copies of the questionnaire were personally administered to all ninety-three (93) identified firms. At the end of the exercise, seventy-eight (78) valid responses were retrieved, representing a response rate of 81.25 percent. This high retrieval rate enhanced the reliability and representativeness of the data used for analysis.

Data analysis was carried out using both descriptive and inferential statistical techniques. Descriptive statistics such as means, percentages, and standard deviations were employed to summarize respondents' profiles and general trends in the data. To identify the underlying dimensions of auction practice effectiveness, inferential analysis was conducted using factor analysis. This statistical technique was considered appropriate because of its ability to reduce a large set of observed variables into fewer, interpretable latent factors, thereby providing a clearer understanding of the structural patterns in the

responses. The results of both the descriptive and inferential analyses are presented in tabular form to aid clarity and interpretation. This methodological approach ensured a robust examination of the effectiveness of real estate auction practice in Lagos

State while providing a sound basis for drawing meaningful conclusions and recommendations.

IV. DATA PRESENTATION AND RESULTS OF FINDINGS

Table 1: Profile of Auctioneering Firms

Characteristics	Classification	Frequency	Percentage (%)
Gender	Male	70	89.7
	Female	8	10.3
	Total	78	100.0
Academic Qualification	HND	5	6.4
	PGD	10	12.8
	BSC / B.TECH	22	28.2
	MSC/MTECH	40	51.3
	PhD	1	1.3
	Total	78	100.0
Professional Status	Member	17	21.8
	Associate	25	32.1
	Fellow	36	46.2
	Total	78	100.0
Years of experience	1-5	18	23.1
	6-10	21	26.9
	11-15	13	16.7
	16-20	10	12.8
	Above 20	16	20.5
	Total	78	100.0
Staff Strength	1-5	20	25.6
	6-10	13	16.7
	11-15	25	32.1
	16-20	18	23.1
	Above 20	2	2.6
	Total	78	100.0
Number of Branches	1	40	51.3
	2	14	17.9
	3	22	28.2
	5 and Above	2	2.6
	Total	78	100.0
Status in the Organization	Staff	38	48.7
	Principal Partner	16	20.5
	Associate Partner	6	7.7
	Senior manager	1	1.3
	Head of Practice	17	21.8
	Total	78	100.0
Professional Affiliation	NIESV	1	1.3
	NIA	32	41.0

Location of Firms	Both	45	57.7
	Total	78	100.0
	Lagos Island	68	87.2
	Lagos Mainland	10	12.8
	Total	78	100.0

Source: Author's Analysis, 2025

The profile of auctioneering firms in Lagos State reveals a male-dominated profession, with 89.7% of respondents being male and only 10.3% female, an imbalance attributed to cultural expectations, structural barriers, and the perception of auctioneering as a demanding field. Educational attainment among practitioners is relatively high: 51.3% hold master's degrees, 28.2% bachelor's degrees, 12.8% postgraduate diplomas, 6.4% Higher National Diplomas, and 1.3% doctorates. This confirms the strong emphasis on academic qualifications in shaping professional competence and ethical standards. In terms of professional recognition, nearly half (46.2%) of respondents are Fellows of professional institutions, 32.1% Associates, and 21.8% full Members; suggesting a mature sector with significant senior representation. Years of experience are widely distributed, with 26.9% having 6–10 years, 23.1% with 1–5 years, 20.5% with more than 20 years, 16.7% with 11–15 years, and 12.8% with 16–20 years, indicating a balanced mix of emerging and veteran practitioners. Organizational size is modest, consistent with small-to medium-scale enterprises (SMEs). About 32.1% of

firms employ 11–15 staff, 25.6% have 1–5 employees, 23.1% have 16–20, and only 2.6% employ more than 20. Similarly, spatial expansion is limited: 51.3% of firms operate a single branch, 28.2% have three branches, 17.9% run two, and just 2.6% operate five or more. Leadership and firm hierarchy are well represented in the sample. Staff members make up 48.7% of respondents, while 20.5% are Principal Partners, 21.8% Heads of Practice, 7.7% Associate Partners, and 1.3% Senior Managers. This distribution ensures that both operational and strategic perspectives are captured. On professional affiliation, 57.7% of respondents are members of both the Nigerian Institution of Estate Surveyors and Valuers (NIESV) and the Nigerian Institute of Auctioneers (NIA), while 41.0% belong only to NIA and 1.3% only to NIESV. Dual membership underscores the interdependence of valuation and auctioneering in practice. Finally, firms are heavily concentrated on Lagos Island (87.2%), with just 12.8% located on the Mainland. This concentration highlights the Island's role as Lagos's main commercial hub, offering firms greater exposure to clients and competitive bidding opportunities.

Table 2: Real Estate Auction Practices Adopted

Real Estate Auctions Practice	HA (5)	A (4)	SWA (3)	NA (2)	HNA (1)	Mean Score	Std. Deviation	Ranking
Private Treaty Auction with Auction Conditions	38	28	4	8	0	4.2308	.95241	1 st
Bid Deposit	41	26	2	4	5	4.2051	1.14369	2 nd
Post-Auction Sale / Negotiation	39	26	2	9	2	4.1667	1.09801	3 rd
Open Outcry Auction	31	34	4	6	3	4.0769	1.05399	4 th
Absolute Auction (No Reserve)	35	27	2	13	1	4.0513	1.12697	5 th
Hybrid Auction	30	33	4	9	2	4.0256	1.06873	6 th
Reserve Price Auction	35	25	3	12	3	3.9872	1.21135	7 th
Sealed Bid Auction	31	28	6	10	3	3.9487	1.16103	8 th
Government or Court-Mandated Auction	28	33	2	14	1	3.9359	1.10887	9 th
Pre-Qualification of Bidders	32	25	4	16	1	3.9103	1.18635	10 th

Multiple Property Auction	32	26	4	13	3	3.9103	1.21875	11 th
Jump bidding	28	32	4	11	3	3.9103	1.15304	12 th
Online (E-Auction)	31	23	7	16	1	3.8590	1.19223	13 th
Aggressive Strategic bidding	22	23	10	19	4	3.5128	1.27660	14 th

Source: Author's Analysis, 2025

The analysis of auction practices among firms in Lagos State shows a hierarchy of methods shaped by effectiveness, market relevance, and institutional context. The most widely adopted is the Private Treaty Auction with Auction Conditions, with a mean score of 4.2308, reflecting its balance of formality and transactional flexibility. Close behind is the Bid Deposit system (mean 4.2051), which filters unserious bidders and enhances fairness, while the Post-Auction Sale/Negotiation method (mean 4.1667) provides flexibility when bids fall short of reserve prices. Traditional methods also remain strong: the Open Outcry Auction (mean 4.0769) is valued for transparency and immediate price discovery, while the Absolute Auction (mean 4.0513) guarantees quick disposal, though at potential price risk. The Hybrid Auction format (mean 4.0256) combining physical and online bidding shows gradual acceptance. Similarly, the Reserve Price

Auction (mean 3.9872) protects sellers but risks deterring bidders if reserves are unrealistic. Less common are Sealed Bid Auctions (mean 3.9487), used mainly for institutional sales, and Government/Court-Mandated Auctions (mean 3.9359), whose adoption is hindered by bureaucratic delays. Pre-Qualification of Bidders (mean 3.9103) is also moderately used, ensuring financial credibility of participants. Other practices, such as Multiple Property Auctions, Jump Bidding, and Online (E-Auctions); cluster between 3.9103–3.8590, indicating limited uptake. The least adopted is Aggressive Strategic Bidding (mean 3.5128), reflecting cultural resistance to high-pressure tactics that undermine fairness and broad participation. In all, the results suggest that Lagos auctioneers prefer methods that combine transparency, flexibility, and market integrity, while aggressive or overly bureaucratic formats remain less attractive.

Table 3: Effectiveness of Real Estate Auction Practice Adopted

Effectiveness of Real Estate	HE (5)	E (4)	SWE (3)	NE (2)	HNE (1)	Mean Score	Std. Deviation	Ranking
Encourages due diligence among buyers	44	23	3	6	2	4.2949	1.03333	1 st
Transparency and fairness	39	29	0	10	0	4.2436	.98279	2 nd
Certainty of sale	38	24	6	10	0	4.1538	1.03292	3 rd
Facilitates valuation benchmarking	35	28	2	12	1	4.0769	1.10217	4 th
Enhances public trust in asset disposal	39	21	6	8	4	4.0641	1.20970	5 th
Expands market access (through online and hybrid auctions)	32	27	7	10	2	3.9872	1.12231	6 th
Promotes professionalism and regulation	33	26	5	13	1	3.9872	1.13382	7 th
Enhances liquidity in the real estate market	33	28	4	9	4	3.9872	1.18971	8 th
Reduces undue influence and backdoor deals	35	22	6	14	1	3.9744	1.17301	9 th
Reduction in holding costs	31	25	10	11	1	3.9487	1.10368	10 th
Price discovery through competitive bidding	35	24	2	13	4	3.9359	1.27248	11 th
Useful for distressed or special properties	29	31	5	8	5	3.9103	1.19725	12 th

Revenue generation for government and institutions	32	23	4	16	3	3.8333	1.27327	13 th
Speed of transaction	29	25	5	14	5	3.7564	1.30121	14 th

Source: Author's Analysis, 2025

The findings highlight multiple dimensions of auction effectiveness in Lagos State's real estate market. Encouraging due diligence ranked highest (mean 4.2949), showing that auction processes compel buyers to conduct inspections, verify titles, and prepare financially, thereby reducing disputes and fostering informed decision-making. This is closely followed by transparency and fairness (mean 4.2436), as auctions, especially open formats; minimize favoritism and corruption while creating a level playing field. The certainty of sale (mean 4.1538) was ranked third, reflecting the time-bound, definitive nature of auctions that appeals particularly to institutional investors handling distressed assets. Other important benefits include valuation benchmarking (mean 4.0769), as auction prices provide real-time comparables in a market with limited transaction data, and enhancement of public trust (mean 4.0641), particularly in government or institutional asset disposals. Expanding market access

through online and hybrid platforms, alongside promoting professionalism, regulatory compliance, and enhancing market liquidity, all received identical mean scores of 3.9872, reflecting moderate but growing adoption. Auctions also help reduce backdoor deals (mean 3.9744) and holding costs (mean 3.9487), while enabling price discovery (mean 3.9359) through competitive bidding, though turnout and volatility may affect outcomes. More moderate ratings were given to auctions for distressed/special properties (mean 3.9103) and their role in government/institutional revenue generation (mean 3.8333), with bureaucratic inefficiencies cited as limiting factors. The speed of transaction, though critical, ranked lowest with a mean of 3.7564, suggesting that post-auction verification and financing delays often slow down completion. The results confirm that auctions in Lagos are valued most for fostering due diligence, transparency, and certainty of sale, while challenges remain in speeding up transactions and scaling digital adoption.

Table 4: Factors Affecting the Effectiveness of Real Estate Practice Adopted

Factors	SA (5)	A (4)	SWA (3)	D (2)	SD (1)	Mean Score	Std. Deviation	Ranking
Inaccurate property valuations	43	26	2	3	4	4.2949	1.05817	1 st
Poorly marketed auctions	38	28	4	8	0	4.2308	.95241	2 nd
Lack of legal protection for buyers reduces	39	26	2	9	2	4.1667	1.09801	3 rd
Lack of post-auction dispute resolution mechanisms	32	34	4	5	3	4.1154	1.03171	4 th
Presence or absence of clear laws governing auctions	31	33	4	9	1	4.0769	1.01635	5 th
Involvement of unlicensed auctioneers	39	21	6	8	4	4.0641	1.20970	6 th
High bid deposit or short payment deadlines	36	26	3	11	2	4.0641	1.14347	7 th
Property-specific issues	35	27	2	13	1	4.0513	1.12697	8 th
Lack of physical inspection opportunities before bidding	34	28	4	9	3	4.0385	1.14464	9 th
Weak internet or digital tools	36	23	6	12	1	4.0385	1.13323	10 th
Poor auction venue conditions	31	31	5	8	3	4.0128	1.11068	11 th
Lack of enforcement of contract terms	32	28	6	10	2	4.0000	1.11658	12 th
Inadequate auction staff training	31	25	10	11	1	3.9487	1.10368	13 th

Economic conditions such as inflation and interest rates	33	25	4	15	1	3.9487	1.17216	14 th
Buyers are discouraged by hidden charges or unclear transaction costs	35	24	2	13	4	3.9359	1.27248	15 th
Corruption and weak institutional governance	28	33	2	14	1	3.9359	1.10887	16 th
Limited access to mortgage	32	26	4	13	3	3.9103	1.21875	17 th
Lack of independent oversight or monitoring	28	32	4	11	3	3.9103	1.15304	18 th
Absence of standardized auction procedures across firms	30	25	5	13	5	3.7949	1.29293	19 th
Limited access to reliable property information	25	26	5	18	4	3.6410	1.28906	20 th

Source: Author's Analysis, 2025

The analysis of factors influencing real estate auction effectiveness in Nigeria reveals several key impediments. The most critical challenge is inaccurate property valuations, ranked highest with a mean score of 4.2949 (SD = 1.05817). This undermines buyer confidence, creates distorted price expectations, and increases the risk of failed auctions. Following closely is poorly marketed auctions (mean 4.2308), emphasizing that weak promotion reduces visibility and bidder participation, thereby limiting competition. Legal and institutional concerns also rank prominently. The lack of legal protection for buyers (mean 4.1667), absence of post-auction dispute resolution mechanisms (mean 4.1154), and unclear auction laws (mean 4.0769) highlight gaps that weaken bidder confidence and predictability. Similarly, unlicensed auctioneers, high bid deposits, property-specific issues, and limited inspection opportunities all scored above 4.00, reflecting significant barriers to fairness and professionalism. Technological and logistical challenges further

constrain auction effectiveness. Weak internet/digital tools (mean 4.0385) and poor auction venue conditions (mean 4.0128) illustrate infrastructural deficiencies that hinder both physical and online auctions. Lower-ranked but still relevant factors include lack of contract enforcement, inadequate auction staff training, and macroeconomic pressures such as inflation and high interest rates, all of which indirectly shape auction outcomes. The least-ranked challenges, limited mortgage finance, absence of standardized procedures, and restricted access to reliable property data; though scoring below the top-tier variables, still underscore systemic weaknesses that impede scalability, transparency, and inclusivity. Overall, the findings suggest that auction effectiveness in Nigeria is most constrained by valuation inaccuracy, weak marketing, and legal-institutional shortcomings, while technological gaps and systemic financial constraints add further layers of complexity.

Table 5: Structure Matrix on Factors Affecting the Effectiveness of Real Estate Practice

Factors	Component			
	1	2	3	4
Presence or absence of clear laws governing auctions	-.011	.602	-.211	.045
Lack of enforcement of contract terms	-.121	.623	.181	.070
Inaccurate property valuations	.081	.761	.055	.004
Lack of post-auction dispute resolution mechanisms	.202	.739	.044	-.394
High bid deposit or short payment deadlines	-.092	.056	.011	-.416
Property-specific issues	-.011	-	.307	.198

		.181		
Poorly marketed auctions	.218	.309	- .457	.146
Corruption and weak institutional governance	.644	.035	.126	-.054
Weak internet or digital tools	.271	.102	.574	-.045
Limited access to mortgage	.474	.451	.449	-.324
Economic conditions such as inflation and interest rates	.291	.222	.397	-.313
Lack of legal protection for buyers reduces	.437	.235	.368	.333
Limited access to reliable property information	.284	.100	.634	-.179
Lack of independent oversight or monitoring	.667	.045	.357	.122
Absence of standardized auction procedures across firms	.728	.099	.081	.113
Buyers are discouraged by hidden charges or unclear transaction costs	.729	- .004	.210	-.009
Lack of physical inspection opportunities before bidding	.512	- .244	.478	.577
Poor auction venue conditions	.429	- .069	.607	.309
Inadequate auction staff training	-.065	.174	- .015	.608
Involvement of unlicensed auctioneers	.065	- .106	- .408	-.106

Source: Author's Analysis, 2025

The structure matrix in Table 5 highlights the systemic challenges shaping the effectiveness of real estate auction practices in Lagos State by capturing both direct and shared variances across four major components. The first component, Institutional and Governance Inefficiencies (IGI), shows strong correlations with the absence of standardized auction procedures (0.728), hidden transaction costs (0.729), lack of independent oversight (0.667), and corruption (0.644). These findings reveal deep structural weaknesses that erode transparency, stakeholder trust, and professional credibility. Strengthening centralized regulation, ethical enforcement, and professional standards is therefore critical to restoring confidence in the system. The second component, Legal Clarity and Dispute Resolution Mechanisms (LCDRM), is defined by high correlations with inaccurate property valuations (0.761), the absence of post-auction dispute mechanisms (0.739), and weak contract enforcement (0.623). These legal uncertainties discourage bidder participation and heighten transactional risk, making robust legislative reforms, standardized valuation guidelines, and

formal dispute resolution mechanisms urgent priorities.

The third component, Operational and Informational Barriers (OIB), relates to limited access to reliable property information (0.634), poor auction venue conditions (0.607), and weak digital tools (0.574). These challenges highlight infrastructural and communication gaps that reduce market efficiency. Investments in digital platforms, virtual property tours, and comprehensive e-catalogues would improve transparency and accessibility, particularly for remote bidders. The fourth component, Procedural and Logistical Weaknesses (PLW), is associated with inadequate staff training (0.608), the inability to inspect properties before bidding (0.577), and substandard venue conditions (0.309). These practical inefficiencies undermine professionalism and discourage participation. Addressing them requires targeted training programs, standardized auction procedures, and improved inspection opportunities. A cross-cutting finding is the moderate correlation of limited mortgage access across IGI (0.474), LCDRM (0.451), and OIB (0.449), showing

that financial constraints intersect with institutional, legal, and operational barriers. The lack of mortgage financing reduces affordability and participation, especially for middle-income groups, ultimately constraining the growth and inclusivity of the auction market.

Table 6: Component Correlation Matrix on Factors Affecting the Effectiveness of Real Estate Practice Adopted

Component	1	2	3	4
1 IGI	1.000	.134	.357	.059
2 LCDRM	.134	1.000	.044	-.173
3 OIB	.357	.044	1.000	.066
4 PLW	.059	-.173	.066	1.000

Source: Author's Analysis, 2025

The analysis of the Component Correlation Matrix in Table 6 sheds light on the interconnections between the four major factors influencing the effectiveness of real estate auction practices in Lagos State: Institutional and Governance Inefficiencies (IGI), Legal and Contractual Dispute Resolution Mechanisms (LCDRM), Operational and Informational Barriers (OIB), and Procedural and Logistical Weaknesses (PLW). A moderate positive correlation ($r = 0.357$) was observed between IGI and OIB, indicating that weak governance systems often coincide with operational shortcomings. Poor regulation, inadequate oversight, and corruption are frequently linked with weak infrastructure, limited digital adoption, and unreliable property data. This suggests that operational challenges are not merely technical, but are rooted in governance inefficiencies. Strengthening institutional frameworks could therefore indirectly improve operational effectiveness by ensuring better resource allocation and accountability.

A weak positive correlation ($r = 0.134$) was recorded between IGI and LCDRM, showing that governance issues and legal enforcement mechanisms are only loosely connected. While both are important, their weak interdependence implies that legal reforms can exist independently of broader governance challenges. However, without adequate enforcement capacity, legal provisions may remain ineffective in

practice. Interestingly, a negative correlation ($r = -0.173$) was found between LCDRM and PLW, suggesting that stronger legal frameworks reduce procedural inefficiencies. Clear legal standards can enforce minimum procedural requirements such as proper disclosure, fair bidding processes, and structured timelines, which help minimize logistical and administrative lapses. Conversely, very weak correlations were observed between IGI and PLW ($r = 0.059$) and between OIB and PLW ($r = 0.066$). This indicates that procedural and logistical issues, such as poor auction venues, inadequate staff training, and limited property inspections, tend to operate independently from systemic governance or operational challenges. Such issues are better addressed through targeted training, improved physical infrastructure, and operational manuals rather than broad policy reforms.

4.1 Discussion of Findings

The findings of this study reveal important insights into the structure, practices, and effectiveness of real estate auctions in Lagos State. The demographic and organizational profile of auctioneering firms points to a profession dominated by men (89.7%), with only 10.3% female representation. This gender imbalance aligns with wider literature on gendered participation in Nigeria's real estate and built environment professions, where cultural expectations and structural barriers continue to restrict women's entry and advancement (Makinde, 2020; Adegun & Ajayi, 2018). At the same time, the high level of educational attainment among practitioners (where over half (51.3%) hold postgraduate degrees) suggests that auctioneering in Lagos attracts a highly educated cadre of professionals. This reflects broader patterns in Nigerian real estate services, where academic qualifications are increasingly tied to credibility, professionalism, and ethical standards (Ayedun, Durodola, & Akinjare, 2011).

The distribution of professional affiliations, with 57.7% holding dual membership in both the Nigerian Institution of Estate Surveyors and Valuers (NIESV) and the Nigerian Institute of Auctioneers (NIA), underscores the interdependence of valuation and auctioneering. This is significant, as valuation accuracy plays a crucial role in auction effectiveness

by influencing reserve prices and buyer confidence. Earlier studies in Nigeria (Ogunba, 1997; Ayedun, Ogunba, & Oloyede, 2011) have consistently identified valuation inaccuracy as a recurring problem that undermines market efficiency. The present findings confirm this, with inaccurate property valuations ranking as the most critical barrier to auction effectiveness.

In terms of auction methods, the preference for private treaty auctions with auction conditions, bid deposits, and post-auction negotiations suggests a strong inclination toward flexible but structured practices. These formats combine transparency with adaptability, reducing risks of failed auctions and encouraging wider participation. The continued relevance of open outcry auctions also resonates with international literature highlighting their role in price discovery and transparency (Klemperer, 2004; Milgrom, 2004). However, the relatively low adoption of online auctions reflects Nigeria's technological and infrastructural constraints, echoing the challenges identified by Obeng-Odoom (2011), who stressed the role of weak digital adoption in limiting market efficiency in African real estate.

Effectiveness indicators provide further clarity on the strengths and weaknesses of auction practice in Lagos. Encouraging due diligence, transparency, and certainty of sale emerged as the most significant contributions of auctions. This supports the view that auctions, when properly managed, minimize favoritism and ensure market-driven outcomes (Han & Strange, 2014). Additionally, auctions provide valuable benchmarks for valuations, which is particularly important in Nigeria where transaction data are scarce and opaque (Babawale & Koleoso, 2006). However, challenges such as delayed transaction completion, evidenced by the low ranking of speed of sale; reveal systemic issues in post-auction verification, title perfection, and financing, consistent with prior studies on institutional bottlenecks in Nigeria's property market (Omirin, 2002; Bello & Adebayo, 2019).

The factor analysis results deepen this understanding by grouping constraints into four components: Institutional and Governance Inefficiencies (IGI), Legal Clarity and Dispute Resolution Mechanisms

(LCDRM), Operational and Informational Barriers (OIB), and Procedural and Logistical Weaknesses (PLW). Institutional weaknesses, including corruption, hidden charges, and lack of standardized procedures, align with longstanding critiques of Nigeria's real estate regulatory framework, which emphasize fragmented oversight and weak enforcement (Iroham, Oluwunmi, & Oloyede, 2014). Similarly, valuation inaccuracy and weak dispute resolution mechanisms reinforce the calls for stronger professional regulation and transparent legal frameworks (Ajayi, 2003; Agboola & Olatubara, 2018).

Technological and operational barriers, particularly poor digital tools and inadequate market information, mirror global evidence that information asymmetry reduces auction efficiency (Amoruso et al., 2019). For Lagos, the underdevelopment of digital infrastructure constrains wider adoption of hybrid and online auctions, limiting inclusivity and market reach. Procedural weaknesses, such as limited inspection opportunities and staff training gaps; also emphasize the need for operational reforms at the firm level, beyond regulatory adjustments.

In all, the findings suggest that while Lagos auctioneering firms have established a professional and education-driven base, systemic barriers, valuation inaccuracy, legal ambiguities, weak governance, and infrastructural gaps; remain major obstacles to effectiveness. Addressing these challenges requires a multi-pronged approach: strengthening valuation standards and professional accountability, updating auction laws, investing in digital infrastructure, and building institutional capacity to enforce transparency. Such reforms would align Lagos with global best practices and enhance the credibility and inclusiveness of its auction system.

CONCLUSION AND RECOMMENDATION

This study set out to assess the effectiveness of real estate auction practices in Lagos State, Nigeria, with a focus on the organizational structure of auctioneering firms, methods of practice, effectiveness indicators, and the major factors influencing outcomes. The findings reveal that Lagos

auctioneering firms are largely male-dominated but highly educated, with significant professional affiliations and strong representation of senior practitioners. Auction practices are diverse, though the most prevalent formats, private treaty auctions with auction conditions, bid deposits, and post-auction negotiations; reflect a preference for approaches that balance transparency with flexibility. Open outcry and absolute auctions remain relevant, while online and hybrid platforms are slowly gaining traction despite technological and infrastructural barriers.

In terms of effectiveness, the study demonstrates that auctions are particularly valued for encouraging buyer due diligence, promoting transparency, and ensuring certainty of sale. These features reinforce the credibility of auctions as a disposal mechanism, especially in a market where informal transactions and opaque pricing are common. However, challenges such as valuation inaccuracy, weak marketing, legal ambiguities, poor infrastructure, and limited financial support continue to undermine the full potential of auctions in Lagos. Factor analysis further revealed that institutional inefficiencies, legal and contractual uncertainties, operational barriers, and procedural weaknesses collectively constrain auction effectiveness, pointing to the need for holistic reforms.

Against this backdrop, a number of recommendations emerge. First, there is a need to strengthen professional standards and valuation accuracy by enforcing compliance with the Nigerian Valuation Practice Standards and ensuring periodic training for valuers and auctioneers. This will enhance confidence in reserve prices and auction outcomes. Second, government regulators such as the Lagos State Real Estate Regulatory Authority (LSRERA) should intensify oversight of auctioneering practices by instituting standardized procedures, establishing clear dispute resolution mechanisms, and providing stronger legal protections for buyers. Third, investment in digital infrastructure is critical to expand the adoption of hybrid and online auctions, which would broaden market access, attract more participants, and reduce reliance on traditional formats. Fourth, auctioneering firms should prioritize effective marketing, property disclosure, and pre-

auction inspections, as these steps foster bidder confidence and encourage competition. Finally, expanding access to mortgage finance and affordable credit will help increase bidder participation, making auctions more inclusive and enhancing their role in deepening market liquidity.

Conclusively, real estate auctions in Lagos State have demonstrated considerable promise as a credible method of property disposal, offering transparency, fairness, and certainty of sale. Yet, their effectiveness remains constrained by systemic institutional, legal, and operational challenges. Addressing these issues through coordinated professional, regulatory, and technological reforms will not only improve auction outcomes but also strengthen the real estate market as a whole, positioning Lagos as a model for auction practice in Nigeria and beyond.

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