

Title: Real Estate Investment Trust: An Attractive Investment Vehicle for Real estate Development in Nigeria.

Author(s): Ajibola, M.O. and Oloyede, S.A; A.O.E. Oni

Outlet: The Estate Surveyor, Journal of the Nigerian Institution of Estate Surveyors and Valuers; Vol. 32 No.1, January to June (2009)

Date: 2009

Abstract: Real estate development requires huge capital outlay, which in many instances cannot be provided by one person or be obtained from only one source. Sourcing fund traditionally, (equity and loans), had proved inadequate over time. For this reason, there is need for better sources of financing real estate development in Nigeria. This study examines the suitability of real estate investment trusts (REITs) in financing real estate development in Nigeria. Five hundred copies of questionnaire were administered on Estate Surveyors and Valuers, Real Estate Developers, Primary Mortgage Institutions (PMIs), Nigerian Stock Exchange (NSE); and Security and Exchange Commission (SEC). Frequency tables and percentages were used in analysing data collected. The study reveals that inadequate real estate finance constituted the most critical problem to real estate development in Nigeria. It further shows that there is a large real estate market in Nigeria to support the application of REITs, which has been found to adequately meet such capital requirements in developed countries, is still unpopular in Nigeria. The study also reveals that for REITs to flourish in the Nigerian real estate development and capital markets, government would have to improve on legal and institutional frame works, establish and support the secondary mortgage market, ensure a stable economic environment and hasten the process of granting real estate title documents.