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THE IMPACT OF LACK OF MARKET SURVEY, RESEARCH AND ANALYSIS ON REAL ESTATE INVESTMENT VIABILITY IN SOUTHWEST NIGERIA, CASE STUDY AKURE, ONDO STATE, NIGERIA

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Abstract
The real estate industry in South West Nigeria has grown significantly in recent years, but the lack of market research, studies and analysis has led to uninformed investment decisions resulting in failed projects and huge financial losses. A lack of market research and studies provides a limited understanding of market dynamics, including supply and demand trends, competition and prices. Investors are left with incomplete information, which makes it difficult to assess potential returns and risks related to real estate. In addition, the lack of analysis makes it difficult to identify emerging trends and growth areas. Investors cannot anticipate market changes and make informed decisions about the location, type and scope of investments. This can lead to investments in unprofitable projects or lost opportunities to make high-yield investments. This study investigates the effect of a lack of market research, research and analysis on real estate investment in South West Nigeria. The study shows that a lack of market research, studies and analysis has led to a mismatch between supply and demand, resulting in empty properties and empty spaces. The study also shows that a lack of knowledge and information has made it difficult for investors to make informed decisions, leading to a high risk of investment failure. The study also recommends that the government establish a data bank to provide accurate and reliable information on the real estate market in Southwest Nigeria.

Keywords: Real estate investment, market research, research, analysis, investment decisions, database.

Introduction

The real estate sector is important in the Nigerian economy and accounts for a significant proportion of the country's Gross Domestic Product (Nworah, 2020). However, the industry has been plagued by many challenges including a lack of market research, studies and analysis (Paluku, 2016). This lack of market analysis has led to uninformed investment decisions resulting in failed projects and major financial losses (Francis, 2016). Investing in real estate is a complex process that requires careful planning, research and analysis to ensure success (Nworah, 2019). However, many investors in Southwest Nigeria do not conduct thorough market research, research and analysis before making investment decisions (Aleksandra, 2017). This lack of market knowledge has led to a mismatch between supply and demand resulting in vacant properties and open spaces (Roseet al.., 2016).

Real estate investment is an important part of the economy that can have far-reaching effects on both individuals and the wider economy. However, like any other investment opportunity, real estate investment involves risks and uncertainties (Nabarro and Key, 2005). One of the main

factors that can make or break a real estate investment is a lack of market survey, research and analysis. A lack of market surveys, research and analysis can have some negative effects on real estate (Nwokenkwo, 2014). Okafor (1983) was of the option that an investor without a thorough knowledge of market dynamics may invest in real estate that is not in demand or is overvalued. This can result in a loss of capital because the property may not generate the expected returns or may take longer to sell, tying up valuable resources that could have been used elsewhere. Also, Dugeri and Olaleye (2008) opined that without proper research and analysis, investors may not be able to identify emerging trends or opportunities in the market. This can lead to missed investment opportunities and potential losses as competitors take advantage of these trends and outbid the investor. In addition, a lack of market survey, research and analysis can also lead to investment decisions based on outdated or inaccurate data. This can lead to incorrect investment strategies that do not match market realities, resulting in underperforming assets and failure to achieve investment goals. In addition to the immediate financial impact of a lack of market survey, research and analysis, inefficient real estate investments can have broader financial impacts (Benjamin and Olusegun, 2018). For example, poorly planned development can harm local communities, increasing traffic congestion, straining public services and degrading the environment. In short, a lack of market survey, research and analysis can have a significant negative impact on real estate. Without a thorough understanding of market dynamics, investors can make wrong investment decisions that lead to financial losses and missed opportunities (Anule and Umeh, 2016). Therefore, investors need to conduct thorough market surveys, research and analysis to make investment decisions and maximize returns.

Factors Affecting Effective Market Survey, Research and Analysis

According to Olapade and Olaleye (2019), success in the world of real estate investing often depends on the ability to make informed decisions supported by thorough market surveys, research and analysis. However, navigating the complexities of the real estate market presents countless challenges for investors. From data collection to interpretation and forecasting, each step of the process is fraught with obstacles that require careful consideration and strategic planning (Arthur, 2005).

1. Market Volatility and Uncertainty

The real estate market is inherently volatile and fluctuations are influenced by several factors such as economic conditions, government policies and demographic trends. These fluctuations can create great uncertainty, making it difficult for investors to accurately predict market trends and evaluate investment opportunities (Ogbuefi, 2011).

2. Limited Access to Market Information

Emoh (2004), affirmed that access to reliable market information and expert analysis is essential for real estate investors to make informed decisions. However, gaining such insight can be difficult, especially for individual investors or new markets. Institutional investors and real estate agents often have privileged access to proprietary information and research, giving them a competitive advantage over smaller investors.

3. Analytical Sophistication

Analyzing the vast amount of data available in the real estate market requires sophisticated analytical tools and expertise

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(Arthur, 2005). From conducting market feasibility studies to financial modelling and risk analysis, real estate investors must have solid analytical skills to interpret complex data and gain actionable insights.

4. Regulatory and Legal Challenges

Real estate transactions are subject to countless regulations and legal requirements that vary from jurisdiction to jurisdiction and property type. Failure to comply with these regulations can result in costly lawsuits and financial penalties.

Potential Risks and Challenges of Investing in real estate without proper market research and analysis

Investing in real estate without thorough market research and analysis can involve significant risks and challenges that can lead to financial losses and missed opportunities.

1. Market Volatility

The real estate market is subject to fluctuations influenced by various factors such as economic conditions, interest rates and local customs. Without proper research, investors can miss market trends, leading to investments at unfavourable times, such as during a recession when real estate values decline.

2. Lack of understanding of local regulations

Each area has specific regulations for real estate, including zoning laws, building codes and tax policies. Failure to comply with these regulations can result in legal complications, fines or even forced ownership changes.

3. Overpayment for real estate

Inadequate market analysis can lead to overestimation of the value of real estate, resulting in overpayment at the time of purchase. This can reduce profitability, especially if rental income or property value increases do not meet expectations.

4. Bad Property Selection

Without proper research, investors may choose a property that is in an undesirable location or has structural problems, making it difficult to attract tenants or sell the property in the future. This can increase downtime and reduce rental income.

5. Limited Income Potential

Investing without analyzing comparable properties and rental rates may result in unrealistic rental rates, resulting in lower occupancy rates or difficulty finding tenants. In addition, long-term profitability can be limited by not identifying properties that have the potential to be appreciated.

6. Financial Issues

Inaccurate market analysis can lead to unrealistic financial projections, affecting credit eligibility and loan terms. Lenders require thorough market research to assess a property's value and investment suitability, and without it, obtaining financing can be difficult or on unfavourable terms.

7. Unexpected Costs

Inadequate research can lead to an underestimation of maintenance, repair or renovation costs associated with a property. Unexpected expenses can have a significant impact on cash flow and profitability, especially if no contingency funds are set aside.

8. Tenant issues

Without proper market analysis, investors can overlook factors such as tenant demand, demographics and preferences. This can cause difficulties in attracting and retaining tenants and increase tenant turnover and related costs.

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Research Methodology

The method used in this study is a questionnaire survey and the populations of the study are the real estate investors in Akure, Ondo State, in the western part of Nigeria. Investors in the major planned residential estate of the city namely Ijapo Housing Estate, Akure were interviewed. To gather adequate data for the research, a total of 400 questionnaires were produced and administered to the investors in the study area. A random sampling method was adopted in the administration of the questionnaire. Out of the 400 questionnaires administered, 350 of which represent 87.5% of the sampled size were properly completed and returned within the stipulated timeframe. Also utilized as secondary data sources were textbooks, journals and internet sources.

Data Presentation and Analysis

Table 1: Undertaken of market survey, research and analysis before investing

Response	Frequency	Percentage
Yes	50	14.29
No	300	85.71
Total	350	100

Source: Field Survey, 2024

Table 1 indicates that the majority of the real estate investors representing 85.71% in Akure do not undertake market surveys, research and analysis that will assist them in determining the demand gap and discovering the types of residential properties to develop while only 14.29% undertake the market survey, research and analysis.

Table 2: Source of information for investment purposes by investors

Response	Frequency	Percentage
From friends and family	70	20
Personal intuition	250	71.43
Market analysis	30	8.57
Total	350	100

Source: Field Survey, 2024

About 20% of the investors use suggestions from friends and family before embarking on residential property investment. The majority of the investors, 71.34% use their intuitions while only a few, that is, 8.57% undertake market analysis before embarking on residential properties investment (Table 2)

Table 3: Capital recouped and profit made

Response	Frequency	Percentage
Yes	------	------
No	350	100
Total	350	100

Source: Field Survey, 2024

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The result in Table 3 shows that none of the investors in the city have recovered their capital and have not made any profit from their investments. This has happened due to their failure to carry out a market survey, research and analysis before investing in the market thus resulting in the development of unfit accommodation leading to poor demand for the property.

Table 4: Ever heard of real estate market survey, research and analysis

Response	Frequency	Percentage
Yes	80	22.86
No	270	77.14
Total	350	100

Source: Field Survey, 2024

Table 4 confirms that 22.86% have heard about real estate surveys, research and analysis but failed to carry out the research before Investing in the market. Also, 77.14% of the respondents agreed that they had never heard about real estate surveys, research and analysis.

Table 5: Necessity to carry out market survey, research and analysis

Response	Frequency	Percentage
Yes	350	100
No	----	----
Total	350	100

Source: Field Survey, 2024

All the respondents representing 100% respectively agreed that it is of great importance for a market survey, research and analysis to be carried out before embarking on any real estate investment to be assured of its viability (Table 5).

Discussion

The study revealed that the lack of market research, research and analysis significantly affects the viability of real estate investments. The results showed that investors who did not conduct thorough market research and analysis were more likely to experience low return on investment, property value decline and risk exposure. The study also found that a lack of market research and studies led to poor investment decisions, leading to investments that did not match market demand and trends. This further led to a decrease in occupancy, an increase in vacancy periods and a decrease in rental income.

Conclusion

The study argues that market research, research and analysis are an integral part of a real estate investment decision. A lack of these critical elements can lead to poor investment decisions, lower investment returns and increased exposure to risk.

Recommendations

1. Invest in Research

Allocate resources for in-depth market research, including demographic analysis, competitor evaluation and financial forecasting.

2. Using Technology

Use technology tools and data analytics platforms to collect and analyze marketing data more efficiently and accurately.

3. Collaboration with the Experts

Seek advice from real estate agents, market analysts and industry experts for insight and perspective on investment opportunities.

4. Continuous monitoring of market trends and indicators regularly to identify opportunities and proactively mitigate risks.

5. Diversify investment portfolios across real estate, properties and asset classes to spread risk and improve long-term returns.

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