Challenges of International Investment in Commercial Real Property Portfolio in Nigeria [1]

Kenechi Peter Ifeanacho[i, ii, 2]; Alexander Nnamdi Udobi[ii]

[i] Department of Estate Management, University of Nigeria Nsukka, Enugu State, Nigeria

[ii] Department of Estate Management, Nnamdi Azikiwe University, Awka, Anambra, Nigeria

Abstract

International investment, otherwise known as foreign investment, plays a crucial role in the growth and advancement of many nations across the globe. However, the flow of foreign investment into various sectors of an economy can be hampered by various factors. This study examined the barriers to foreign investment in commercial property portfolio in Nigeria. The study revealed that the barriers to foreign investment in commercial real property portfolio in Nigeria includes currency risk, bureaucratic land title registration process, financial risk (banking risk), lack of property market transparency/maturity, political/country risk, amonst many other identified barriers. This research recommends that government at federal and state levels should enact policies and initiatives in place to reduce the barriers to foreign investment in Nigeria commercial property market. The government should amend the Land Use Decree of 1978 to eliminate the challenges associated with accessing land for commercial property development and real estate transactions.

1.0 Introduction

Advancement in the world economy, and the accessibility of various investment option have led to diversified foreign property portfolio (Oyewole, 2014). Globalization of investment markets has provided a great platform for universal investments in various investment vehicles across different sectors and geographical locations (Dabara et al 2016). Property investment has become a global phenomenon over several decade (Eichholtz et al. 2011). Property investors invest in foreign markets to diversify their portfolio investment, and take advantage of higher returns on

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[2] Corresponding Author: kenechi.ifeanacho@unn.edu.ng

investment (Udobi et al. 2016). The major motivation for drivers for investing in foreign property market include increased opportunities for diversification, and enhanced returns (Baum & Murray, 2011). International property investments are made in a foreign country in order to reduce the investor's portfolio risk (Lee, 2005). The drive for diversification of foreign property investment can be attributed to the gains/benefits (returns) that investors derive from such investment strategy (Hoesli et al., 2004).

Investors across American, Asian, Pacific and European, including Sovereign wealth funds and Pension funds and other investors are investing outside their countries to countries across continents of the world so as to diversify risk and increase their earnings (Newell, 2014). Foreign direct investors target viable markets across the globe, and they have good preference for nations that have optimum risk-adjusted returns, high business confidence and investment attractiveness (Obi et al. 2019).

The potential benefits of foreign investment in real estate comes with increased complexity of execution. Investing in foreign property markets entails investing in the unknown, where investors can encounter strange political and economic climate, currency instability, unfamiliar cultures and languages (Lee, 2005 Omorodion et al. 2024; Udobi, 2016). Property investment in foreign market is not devoid of challenges/risks; and these challenges include foreign investors' lack of local expertise and the limited access to local market information (Eichholtz et al. 2011); fluctuating currency/exchange rate (Udobi et al. 2016); lack of property information transparency (JLL 2012, 2014; Dugeri, 2011; Dugeri et al, 2014); political risks (Baum & Murray, 2011; Udobi, 2016); financial risk (Omorodion et al. 2024; Udobi et al.2016); increased taxes and costs ((Baum & Murray, 2011), etc.

Africa has been neglected by foreign property investors (Akpan & Ogunba, 2015). The limited foreign investment in the real estate sector of Africa is shocking due to the huge population, which should make it a good destination for real estate investment (Akpan & Ogunba, 2015). Opaque property market information has affected international investments in Africa because risk conscious investors need property investment performance indices to make informed property investment decisions pertaining issues such as financial returns on investment and diversification potential (Ogunba, 2014), and this is greatly lacking.

For Nigeria, it is surprising that despite its population of 200 million which definitely translates to increasing needs for various classes of real estate properties, there is seaming paucity of foreign property investment into the country. A particular segment of the Nigeria property market where there is seemingly limited international investment is the commercial real property portfolio. Although studies such as Asiegbu & Udobi (2022), Omorodion et al. (2024), and Udobi et al. (2016), have examined the challenges affecting foreign investment in real estate properties in Nigeria; these studies took a general examination of the entire property market, hence lacking

examination of the challenges of the international investment in specific submarket of Nigeria property market such as the commercial property market. The only extant literature in Nigeria that came close to examining the challenges of international investment in commercial real estate is the study Obi et al. (2020). The study of Obi et al. (2020) focused on only one barrier/challenges which is ownership risk. Unlike the study of Obi et al. (2020), this current study will examine the various barriers affecting internationals investment in commercial real property portfolio.

Based on the foregoing discussion, this study will examine the challenges/barriers affecting international investment in commercial property portfolio in Nigeria. The study is divided into several sections such as introduction, literature review, methodology, data presentation and analysis, discussion of results, and recommendation and conclusion.

2.0 Literature Review

2.1 Theoretical Review

This subsection of this work will review pertinent theories that are of relevance to this research. The theories that will be reviewed are the internalization theory and the portfolio theory. These theories are discussed below

2.1.1 Internationalization Theory

The internationalization theory was propounded by Buckley and Casson (1976), Rugman (1981) and Hennart (1982). The theory states that cost benefit analysis of significant factors in a nation receiving foreign direct investment is a determinant of a company's ability to invest in that country. The Internalization theory further asserts that the decision to invest is hinged on anticipated benefits/returns and country-specific factors such as demand for product, cost of production, economics of scale, barriers to entry, and political stability.

2.1.2 Modern Portfolio Theory (MPT)

A portfolio comprises of various investments owned by an investment company (Ogunba, 2013). It consists of assets owned by an investment organization to spread risk and attain its investment goals with maximum efficiency (Ogunba, 2013). Modern portfolio theory "is an investment theory which is based on the idea that investors that are risk-averse can construct portfolio with capacity to optimize or maximize expected returns based on a specific level of market risk with the firm belief that risk is an inherent part of higher reward" (Otegbulu, 2022). MPT is based on the assumption that investors are risk-averse, which implies that given two portfolios which offer the same expected returns, investors will opt for the less risky one (Ogunba, 2013; Otegbulu, 2022).

This means that an investor can only take up a higher risk if it is associated with a higher return(Ogunba, 2013). Modern portfolio theory was propunded by Markowitz (1952). The theory was extended by William Sharpe, Joghn Litner, James Tobin, and many others (Ogunba, 2013).

Markowitz (1952) was the first person to quantify the risk of a portfolio and develop a methodology for the determination of portfolio optimization. He was the first person to demonstrate quantitatively how and why diversification reduces risk. He showed that for a certain level of expected returns, and for a given security universe, the findings of a specific portfolio that dominates the others requires knowledge of the covariance matrix between all possible security. Two key important variables under modern portfolio theory is expected returns & risks. The riskiness of a portfolio is greatly dependent by the similarities in the return performance of the components of a portfolio (Otegbulu, 2022). The expected return is the weighted average of the expected returns of the individual securities in the portfolio. Markowitz portfolio management theory gave investment managers insights on strategies to manage the risk and returns of investment assets in a risk/return efficient combination.

According to modern portfolio theory, efficient portfolio' consists of assets with minimal risks at a given expected returns or the highest level of returns at a certain level of risk (Ogunba, 2013). The attainment of efficiency is hinged on the understanding that the totality an asset portfolio can be minimised without reducing the expected return, by diversifying out-risk in the portfolio (Ogunba, 2013).

2.2 Conceptual Review

2.2.1 Concept of Portfolio

A portfolio is a collection of real estate, bonds, stocks, cash and cash equivalent, close-end funds, private financial investments, works of art, commodities (Otegbulu, 2022). A portfolio can be made of a single type of asset class (example, only real estate assets) or it can be a combination of assets (example real estate, bonds, stocks). A portfolio can be owned by individual investors or institutional investors. A portfolio can be managed by owner of the portfolio, or its management can be outsourced to professional portfolio manager, asset managers, fund manager or a financial management expert. A critical aspect of portfolio management is diversification. Every rational investor intuitively or otherwise avoids putting all eggs in the same basket, and this is the fundamental basis of diversification (Otegbulu, 2022).

2.2.2 Concept of Foreign Direct Investment

Foreign direct investment is "an investment that is made to acquire a lasting interest in an enterprise operating in an economy other than that of the investor, the investors' purpose being to have an effective voice in the management of the enterprise" (IMF Balance of Payment Manual, 1992; UNCTAD, 2020). The “lasting interest” implies the existence of a long-term relationship between the direct investor and the direct investment enterprise and a significant degree of influence on the management of the latter (Adianti, 2021). Direct investment involves both the initial transaction establishing the relationship between the investor and the enterprise and all subsequent capital transactions between them and among affiliated enterprises, both incorporated and unincorporated.

Foreign Direct Investment is an investment that is brought into a receiving economy (Obi et al. 2019). Foreign direct investment is an investment involving a long-term relationship reflecting a lasting interest and control by a resident entity in an economy other than that of the foreign direct investor (UNCTAD, World Investment Report 2013). Foreign direct investment is the process whereby individuals or organizations based in a country acquire ownership of asset(s) in a foreign nation to carryout business activities via investment in production, distribution, advertising, human resources (Fouzi, 2011). Foreign direct investment is an investment that reflects the objective of establishing a lasting interest by a resident enterprise in an economy other than that of the direct investor (Organization for Economic Cooperation and Development, 2008).

Foreign direct investment is the foreign purchase of not less than 10% of voting stock of a bank, a factory, a port, or some other asset in a foreign country (O’Connor, 2003). This type of investment provides the investor with a direct control over assets (Olga, 2011). FDI inflows involve capital made available by a foreign direct investor to a foreign affiliate or capital received by a foreign direct investor from a foreign affiliate; while FDI outflows entails the same flows from the perspective of the other economy (UNCTAD, 2020). In the context of real estate, FDI is long-term investment by a foreign investor in a property market to build and rent houses and commercial buildings (Gill et al. 2010).

2.2.3 Barriers of International Investment in Real Property Portfolio

This section will analyse the variables/challenges that affect investments in real property portfolio. The variables/barriers that will be analysed here include financial risks, political/country risks, property market maturity/transparency, legal barriers, restrictions to capital accounts, taxes and costs, corruption, currency risk, geographical barriers, and many other challenges.

i. Financing Risk: this is also referred to as banking risk in some literatures. Financing risk is a key barrier to foreign investment in Nigeria property market. Although loan facility from commercial banks in Nigeria is a common source of finance to foreign and local investors, the country's bank lending system is relatively (Udobi et al. 2016). Presently the lending rate of commercial banks in Nigeria is averagely at 17%. This high interest rate on credit facility is a serious barrier to foreign property investors. Several commercial banks in Nigeria are not committed to long terms financing, hence there is limited credit facility for financing real estate investment, which therefore results to risk to international property investment (Udobi et al. 2016). The inconsistency in monetary policies and regulations in Nigeria is a threat to the stability of the banking sector and pose a serious challenge to international real estate investors (Udobi et al. 2016).

ii. Political/Country Risk: Country risk and political risk are sometimes used interchangeably in literatures, as some researcher see the two terms as meaning the same thing. Politics can influence economic decisions and the country's degree of openness to international investments across various sectors (Baum & Murray, 2011). Investors can be discouraged from investing in non-democracies/dictatorship form of government, and most times invest in a country operating a democratic system of government. A dictatorships government have the ability to change all the rules completely, unlike a democratic government that barely will all of a sudden, overturn it policies and laws (Baum & Murray, 2011). Political risk covers issues such as instability in form of government (democratic/military regime), expropriation of the property, war with other nations, armed insurgences; revolution/protest, difficulty in paying foreign debts, failure to meet international debt obligations (Lee, 2005, Udobi et al. 2016). Political risk assessment ascertains the possibility of stable government/political system, and the chances of government keeping to their policies pertaining to foreign investment.

Country risk which is a much broader concept than political risk consists of effects of political conditions; economic conditions; expropriation of the property, discriminatory tax regulations; restriction on foreign ownership; inadequate information; control of capital; and transactions costs obligations (Lee, 2005). Country risk analysis a country's economic outlook, inflation rate, countries balance-of payment, growth rate of GNP per capita, stability of government, corruption, crimes, expropriation of the property by military government, physical damage to real estate from revolution, rebellion, or civil war (Udobi et al. 2016 Lee, 2005).

Nigeria has witnessed series of political instability until 1999 and is regarded as one of the most corrupt nations in the world (Udobi, et al, 2016). Nigeria has experienced and is still experiencing issues bordering on kidnapping across the nation, terrorism by Boko Haram in Northeast, farmers-herders clash in Middle Belt, armed robbery, activities of "Unknown Gun Men" in southeast Nigeria, human organ harvesting, agitation for the actualization of the Indigenous People of Biafra

(IPOB) in southeast etc. These issues have made the country politically unstable to attract and retain foreign property investment. This has increased the Nigeria country/political risk.

iii. Property Market Transparency: The free flow of market information to all stakeholders is crucial to ensure for market efficiency (Lee, 2005). Transparency of the property market entails the access and use of accurate and adequate property market data by stakeholders in the property market. JLL's global real estate transparency index over the years has revealed progress in transparency across the surveyed nations. Although Nigeria property market has attained some level of progress towards transparency, it still has a long way to go in order to become a competitive destination for property investment (Udobi et al, 2016). Currently according to JLL, Nigeria property market is still not transparent, and is regarded by many others an opaque property market. Hence the state of Nigeria property market transparency is a barrier to the international property investment. In Nigeria, there is no requirement to property sales transaction to be reported and this has made the market not transparent.

iv. Legal Barriers: This has to do laws, status, policies, regulations affecting international property investment in developing countries like Nigeria. The laws of a developing country can impose some form of barriers/restriction to ownership of property investment by foreigners in other to promote and preserve ownership of property investments by indigenous people. An example of restriction in the ownership of property investments is the expropriation of foreign owned properties in Zimbabwe.

In Nigeria, the Land Use Decree of 1978, is the fundamental law regulating the ownership and use of land. The Law was subtly bestowed ownership of land on the Governors of each State, by stipulating that all land within the jurisdiction of each state in Nigeria should be held in trust and administered by the Governor of each state for the benefits of all Nigeria. The law technically stripped individuals and organization from having ownership interest on land. What individual have over land in Nigeria is possessory and occupational right. What individuals have over land is right of occupancy, and the highest title document an individual has over a piece of property is referred to as Certificate of Occupancy.

In Nigeria, the acquisition of property rights and perfection of the title documents are tedious, cumbersome and expensive in the country (Udobi et al. 2016). Other issues associated with the Land Use Decree of 1978 which negatively affects foreign property investment in Nigeria includes poor compensation for compulsory acquisition and compensation in Nigeria; obtaining governors consent prior to carrying out any transaction of land, limitation placed on the age of individuals acquiring interest on land etc.

v. Restrictions to Capital Accounts: Restrictions to capital accounts reduces the capability of foreign investors in retrieving their investment in a foreign economy. An example of direct

restriction is the imposition of a minimum period of investment (Bekaert, 1995). Restrictions on international financial flows are less prevalent in developed economies that have large domestic savings (Eichengreen, 2001). Restriction on capital account of foreign investment is prevalent in developing economies. Real estate investors consider restrictions to capital accounts a very high barrier to foreign real estate investment into developing countries (Baum & Murray, 2011).

vi. Taxes and Costs: The costs of holding foreign securities in a real estate portfolio include transaction costs, information costs and differential taxation. Counter-cyclical policies in the context of control of capital accounts can also include tax benefits designed to attract foreign investment in situations where countries need to increase FDI. Property investors consider costs to be a relatively weak barrier to cross-border real estate investment (Baum & Murray, 2011). In developing countries, entry costs can be compensated for by high expected returns (due to market inefficiency); and the expected holding period for international property investment is sufficiently long for costs to be effectively amortised (Baum & Murray, 2011). Taxes and costs are considered as high barrier for foreign investors only where there was no possibility of finding a local partner (Baum & Murray, 2011).

vii. Corruption: While corruption is damaging, it is unavoidable in emerging markets (such as Nigeria); and some investors are willing to accept a certain degree of corruption in order to complete real estate transaction (Baum & Murray, 2011). Nigeria ranks 154 out 180 countries on the list corrupt nations in the World, and it is the second most corrupt nation in Africa (Transparency International, 2021). Property investors and developers bribe officers of government building regulatory agencies to bypass building regulation and guidelines, and this has resulted to cases of substandard buildings and building collapse in Nigeria (Udobi et al. 2016).

viii. Currency Risk: Currency movements have dramatic impact on equity returns for foreign investors (Baum & Murray, 2011). Currency risk is an important risk that property investors consider before investing in the property sector of an economy, and they are concerned about the possibility of hedging the currency of the country in which they are investing in. The risk of devaluating currency poses serious threat to the stability of returns on property investment located in dollar denominated economy. Since 1986, currency risk has been applicable in Nigeria and has become a crucial risk that local and foreign property investors consider (Udobi et al 2016). This is because in 1986 during the administration of the military regime of Ibrahim Badamasi Babangida, the Nigeria naira currency was devalued based on structural adjustment programme. The exchange rate of naira is currently at N1,650.00 to $1 in the black market (Aboki Forex, 2024). Nigeria has legal restrictions on the transfer abroad of funds associated with capital employed in an investment and this perhaps is one of the greatest risks mitigating investment in Nigeria. The country's currency risk is consequently rated (B) and that poses a challenge to international real estate investors.

ix. Geographical Barriers: The ability to visit the country of investment (especially if no visa is required, and time differences are minimal) is an advantage/driver to international property investment (Baum & Murray, 2011). However, were there are travel constraints and challenges such as long distance of travel, and difficulty in procuring visas, geographical barriers become a challenge to international property investment.

2.3 Review of Empirical Studies

This section of this work will review extant literature that have examined the challenges of international investment in real estates. Omorodion et al. (2024) examined the challenges that affect international in property portfolios in a depressed economy, especially Nigeria. The data for this study were obtained through the use of structured 5-point Likert scale questionnaires administered to 74 respondents comprising estate surveyors & valuers, real estate investors/developers, builders, quantity surveyors and engineers. The retrieved data was analysed using relative importance index. The study revealed that the barriers to foreign real estate investment into Nigeria are financial risk (banking risk), currency risk, bureaucratic land registration process, property market transparency and political risk. This study was not confined to a segment/category of international property investment, while this current study is limited to international investments in commercial property portfolio.

Asiegbu & Udobi (2022) examined the challenges of international real estate investment in the emerging economy due to Covid-19 pandemic. Primary data for the study was obtained via questionnaires administered on 65 estate surveyors and valuers, builders, real estate investor/developer, quantity surveyor and engineers. The retrieved data was analysed using relative importance index to ascertain the significance of each barrier. The study revealed that property market transparency, political risk, bureaucratic land title registration process, financing risk are the crucial challenges of international property investment in Nigeria. This study was not confined to a segment/category of international property investment, while this current study is limited to international investments in commercial property portfolio.

Obi et al. (2020) examined the relationship between ownership risk and sustainability planning of international direct investment on commercial properties. The study was anchored on the hypothesis that sustainability planning is crucial for long-term value creation, and host country land policy presents considerable ownership risks from a real estate investment perspective. The study revealed that the key determinants of ownership risk of property investments in Nigeria are The Land Use Act of 1978, land titling irregularities, inconsequential compensation procedures, and delay in granting of consent for mortgages. The study surveyed 17 international investments in hotels and shopping malls in the cities of Lagos and Abuja. Primary data was analysed using Spearman's Rank Order Correlation. The study revealed significant negative effect of ownership

risk on sustainability planning across the surveyed international property investment. The study revealed that ownership risk of foreign property investment is tied to title documentation issues, delayed accent to mortgage facility requests, and delayed development approvals appear the most culpable. This study was limited to one barrier (ownership risk) affecting international property investment, while this current study will cover the various barriers affecting international property investments.

Mustafa (2019) examined the variables affecting foreign direct real estate investment in Turkey's economy. The study created a DOLS-FMOLS estimator model to ascertain the determinants of foreign direct property investment in Turkey. The study used data was used between 2003Q1-2018Q2. The study reveals that high interest rate, and high building construction costs constrained foreign real estate investment in Turkey. This study was limited to Turkey, hence its findings may not be applicable to Nigeria.

Obi et al. (2019) did a SWOT analysis of direct international investment in the commercial property market of Nigeria. Primary data for the study was retrieved via SWOT structured questionnaire from property managers of 19 international commercial property investment in Lagos and Abuja, Nigeria. Secondary data for the study was retrieved from reports of National Bureau of Statistics, International Monetary Fund, UNCTAD, Trading Economics, records of property and facility management firms, Santander Trade, etc. The study revealed that direct foreign investment in Nigeria's Commercial property market (NCremFDI) had an IFEM weighted rating of 2.969 and an EFEM weighted rating of 2.7937. The study revealed that the strengths and opportunities of foreign direct commercial property investment in Nigeria is greater than the weaknesses and threats, while the internal factors is greater than the external factors in the environment.

Udobi et al. (2016) evaluated the barriers to international real estate investment in Nigeria. The study revealed that despite the vibrant economic growth and opportunities in Nigeria's property markets, international real estate investors face challenges such as property market transparency risk, political risk, structural risk, banking risk, currency risk, ownership structure risk. This study relied on secondary data; hence the findings of this research is not based on empirical analysis.
Sherrin et al. (2015) examined the factors that drive cross border property development in western, central, and eastern Europe. The study proxies cross-border real estate development flows with asset sales by developers. The study found that less mature real estate markets of Central and Eastern Europe resulted in higher market penetration by foreign property developers. The study found physical barrier as a key barrier to the flow cross-border property development. This study was limited to countries in Europe, hence its findings may not be applicable to Nigeria.

Lieser & Groh (2014) examined the determinants of foreign commercial property investment. The study used a panel data of forty-seven (47) nations, covering a time frame from year 2000 to year

2009. The study found that economic development, increased urbanization, and robust capital market attract international property investment. The study further revealed that the variables that reduce international commercial property investments are lack of property market transparency, legal barriers, administrative bottlenecks in property business, social-cultural issues and political uncertainties. Nigeria was not amongst the countries covered in this study.

Oyewole (2013) appraised the challenges of international investment in Nigeria residential housing market. The study relied on extant literature to carryout out qualitative research on this issue. They found that the barriers to international residential property investments are poor transparency of the housing market, lack of property market data, poor maturity of the real estate market, lack of property performance measurement system, and political instability. The findings of the study were not based on empirical analysis.

Baum and Murray (2011) examined the constraints to property investments in United Kingdom, and United States. Primary data was retrieved via interview of 20 investors, lenders, and property fund managers. Primary data was also gotten from real estate professionals via 5-point likert scale questionnaires. The study found limitations on capital, legal limitations/hurdles, real estate taxation and cost, as the formal factors hindering property investment. Currency risk, liquidity risk, economic instability, institution, the rule of law and corruption, cultural constraints, security of property title, geographic limitation were the informal factors hindering real estate investment. This study was limited to developed countries with mature real estate market and hence its findings may not applicable to a developing country such as Nigeria that is an opaque property market.

Tabrez & Tabrez (2011) examined the issues pertaining to foreign direct real estate investment in India. The study adopted a qualitative research approach and relied on secondary data. The study revealed that the challenges associated with international property investments include lack of property market transparency, difficulty in establishing the legal titles of properties, unorganised property market, and poor management of property data. This study is limited to India, hence its findings may not be applicable to Nigeria.

Fouzi (2011) examined the challenges of foreign direct investment (FDI) in the Libyan hotel sector. The study retrieved primary data via semi-structured interviews and a questionnaire from foreign hotel managers and government officials. The study used Corinthia Hotel as a case study hotel. The study further administered questionnaire and a semi-structured interviews with hotel managers and staff of Corinthia Hotel. The study revealed that the barriers to FDI in Libyan hotel industry includes economic, administrative, legal, and institutional barriers. Other barriers are challenge in recruitment and selection of human resource; inadequate skills; lack of practical training; inadequate opportunities granted to foreign companies; lack of qualified academic staff to train the future needed employee; outdated academic curricula of hotel and hospitalism; and inadequate funding of Libyan tourism education. The study focused on international investment

in hotel real estate investment, while this current study is focused on international investment on commercial properties.

Gill et al. (2010) examined the risks associated Canadian direct investment into Indian property market. The study surveyed 226 Canadian property investors to gather their perceptions of the risks associated with investing in Indian property market. The study revealed that these risk factors are poor political system, poor legal system, corruption, confiscation, and economic risk. The study further revealed that the behaviour of Canadian property investors with regards investing in Indian property market does not differ based on their age and the level of education. The study recommended the recruitment of local employees into the rental property business so as to mitigate the possibility of confiscation, expropriation, and takeover of business by government. Other measures for reducing the risk of international property investments includes taking up loans from local financial institution and establish cordial working relationship; taking up a good insurance scheme; operate a joint business venture with Indian property company as a means to reduce the possibility of government taking over the business; and establish and maintain cordial relationship with the political class in India. This study is limited to India property market; hence its findings may not be applicable to Nigeria property market.

Hasan (2006) examined the opportunities and challenges of international property investment in Turkey. The study relied on secondary data retrieved from government documents, industry reports, law journals, and audio recordings of papers delivered at conferences. The study revealed that political stability, favourable demographics, sound financial structure, improved economic power, robust monetary and fiscal policies, attractive international and local investment laws, and possibility of joining European Union makes Turkey a destination for foreign property investment. The study further revealed that the threat to foreign property investment into the country are possible devaluation of currency, large government debt, increased external debt repayment, and increased current account deficit. This study is limited to Turkey property market; hence its findings may not be applicable to Nigeria property market.

Triantafyllopoulos (2006) examined the barriers to international investments in Greece tourism industry. The study relied on secondary sources of data. The study revealed that these barriers are low transparency of Greece real estate market, lack of safe property registration system, insecure property rights, poor and complex planning regulations, dispute between various planning laws, and poor availability and access to property market data. This study is limited to Greece; hence its findings may not be applicable to Nigeria. The study focused on the tourism property market, while this current study is focused on the commercial property market.

Lee (2001) examined the risks of investing in Asian property market. The study used Gordon's (2000) risk criteria. The study was qualitative research that relied on secondary sources of data. The study found institutional risk, immaturity of the real estate market and poor transparency are

the risk associated with investing the real estate market of Asian region. The findings of this study were not based on empirical analysis; while this current study will conduct empirical analysis to ascertain the risks/challenges associated with international property investment.

From the review of extant literatures, the following can be deduced as the barriers/challenges/risks associated foreign investment in real estate: with financial risk (banking risk), currency risk, insecure property rights, bureaucratic land title registration process, lack of property market transparency/maturity, political risk, high interest rate,, high building construction costs, physical barrier, bottlenecks in property brokerage, social-cultural issues, lack of property performance measurement system, taxation and costs, restrictions to capital accounts, expropriation, large government debt, and increased current account deficit, and poor and complex planning regulations.

Gap in Literature: The review of extant literatures of foreign investment in real estate findings in Nigeria, studies such as Omorodion et al. (2024), Asiegbu & Udobi (2022) examined the issue of barriers to international property investment in Nigeria from a broad perspective without focusing on a particular submarket of the property market. On the other hand, Obi et al. (2020) examined the issue of ownership risk as a barrier to international property investment in Nigeria with focus of commercial property investment. Rather than focus on just a single barrier to international property investment just like Obi et al. (2020) did, this current study will examine the various barriers that affect international property investments in Nigeria with specific focus on rather than examine than focus on the entire property market just like Omorodion et al. (2024), Asiegbu & Udobi (2022) did, this study will be narrowed down to commercial property investment.

3.0 Methodology

This work used a quantitative research approach. The study reviewed extant literatures on the barriers/challenges affecting foreign/international direct investment in real estate. This study used a survey research design by adopting 4-point likert questionnaire to retrieve primary data on the barriers/challenges of foreign/international property investment in Nigeria. The variables/barriers/challenges/factors used in the questionnaire were gotten from literature review of related studies on the subject matter. The questionnaire was administered to the study respondents via drop and picks approaches. The study used purposive sampling technique to collect primary data from study respondents believed to be grounded in the subject matter. The study respondents used in this study are estate surveyors and valuers, and property investors/developers. Structured questionnaires were used to retrieve primary data from twenty-five (25) estate surveyors and valuers and ten (10) property developers/investors. The primary data retrieved from the study respondents were analysed using frequency, percentage and relative

importance index (RII). Relative importance index II identifies the highest important factor based on the responses of the study respondents of a survey (Debrah et al. 2020). Respondents were asked to indicate the level of significance of the identified key sustainability content by ranking the identified variables on the 5-point Likert scale: 1–Strongly Disagree; 2–Disagree; 3–Neutral; 4–Agree; 5–Strongly Agree. The study used the Statistical Package for Social Sciences (SPSS) windows version 21 to analyse the primary data.

4. Data Presentation and Analysis

This section will present, analyse, interpret and discuss the primary data used in this study. The essence of this analysis is to reveal the barriers/challenges of foreign investment in commercial property portfolio in Nigeria.

Table 4.1: Gender of Respondents

Gender	Frequency	Percentage (%)
Male	30	85.7
Female	5	14.3
Total	**35**	**100**

Source: Researchers Field Survey & Analysis (2024)

Table 4.1 shows that 85.7% of the study respondents are male, while 14.3% of the study respondents are female. The reason for the greater number of men than women in the practice of estate surveying & valuation; and property development could be attributed to the nature of both professional practice which are extremely strenuous and tasking, and very few women can engage in such professional work.

Table 4.2: Highest Academic Qualification

Academic Qualification	Frequency	Percentage (%)
B.Sc/HND	25	71.4
M.Sc/MBA/M.Eng	8	22.9
Ph.D	2	5.7
Total	**35**	**100**

Source: Researchers Field Survey & Analysis (2024)

Table 4.2 shows that 71.4% of the study respondents are B.Sc/HND holders, while 22.9% of the respondents are master's degree holders. 5.7% of the respondents are Ph.D. holders. This result

implies that the study respondents have the prerequisite knowledge and training to provide robust and relevant data for this research. The high number of B.Sc/HND holders amongst the study respondents could be attributed to the fact that the practice of estate surveying and valuation, and property development basically require that practitioner have the basic tertiary education, and the acquisition of higher degrees is not compulsory for professional practice.

Table 4.3: Years of Experience

Years of Experience	Frequency	Percentage (%)
1-5 years	4	11.4
6-10 years	12	34.3
11-15 years	14	40.0
16-20 above	5	14.3
Total	**35**	**100**

Source: Researchers Field Survey & Analysis (2024)

Table 4.3 shows that over 11.4% of the respondents have been practicing between 1-5 years; 34.3% of the respondents have been in practice between 6-10 years; 40% of the respondents have been in practice between 11-15 years; and 14.3% of the respondents have been in practice between 16-20years. It can be deduced from Table 4.3 that most of the respondents are well equipped and qualified to provide value judgement, respond adequately to questions in the questionnaire, and provide reliable data for the study.

Table 4.4: Membership of Professional Bodies

Age of the firm	Frequency	Percentage (%)
The Nigerian Institution of Estate Surveyors & Valuers (NIESV)	25	71.4
Real Estate Developers Association of Nigeria (REDAN)	10	28.6
Total	**35**	**100**

Source: Researchers Field Survey & Analysis (2024)

Table 4.4 shows that over 71.4% of the respondents are registered members of The Nigerian Institution of Estate Surveyors & Valuers (NIESV); while 28.65% of the respondents are members of Real Estate Developers Association of Nigeria (REDAN). This indicates that the study

respondents are members of recognized professional bodies in Nigeria that stipulates guidelines, ethics, and codes of practice that members are expected to abide by.

4.5 Barriers to International Investment in Commercial Real Estate Portfolio in Nigeria

S/N	Challenges/ Barriers	Strongly Agree (4)	Agree (3)	Strongly Disagree (2)	Disagree (1)	Weighted Frequency ∑wf	RII	Ranking
1	Financial Risk (Banking Risk)	14	16	3	2	112	3.2	3rd
2	Bureaucratic Land Title Registration Process	18	12	1	4	114	3.3	2nd
3	Insecure Property Rights	16	10	2	7	105	2.8	7th
4	Currency Risk	23	7	1	2	117	3.5	1st
5	Lack of Property Market Transparency/Maturity	15	12	3	5	107	3.1	4th
6	Political/Country Risk	13	15	2	3	97	3.0	5th
7	Economic Instability	14	11	6	4	101	2.9	6th
8	Bottlenecks in Property Brokerage	7	6	9	11	75	2.3	12th
9	Physical Barrier	2	6	12	14	64	1.9	14th
10	Lack of Property Performance Measurement System	5	8	10	7	71	2.4	11th
11	Liquidity Risk	4	7	10	8	61	2.1	13th
12	Legal Barrier	11	9	6	7	90	2.7	8th
13	Poor & Complex Planning Regulations.	8	10	8	7	85	2.6	9th
14	Corruption	8	7	7	5	72	2.7	8th
15	Taxes and Costs	7	7	5	7	66	2.5	10th

Source: Authors Field Survey & Analysis (2024)

Table 4.5 shows that according to ranking, the top five barriers to foreign investment in commercial real property portfolio in Nigeria are currency risk (3.5); bureaucratic land title registration process (3.5); financial risk (banking risk) (3.2); lack of property market transparency/maturity (3.1); and political/country risk (3.0). Other barriers are economic instability (2.9); insecure property rights (2.8); legal barrier (2.7); corruption (2.7); poor & complex planning regulations (2.6); taxes and costs (2.5); lack of property performance

measurement system (2.4); bottlenecks in property brokerage (2.3); liquidity risk (2.1); and physical barrier (1.9).

5. Discussion of Results

This section analysis the results of Table 4.5, and synthesis it the findings of extant literatures that was reviewed in this work. The result that currency risk is a barrier to foreign investment in commercial real property portfolio in Nigeria is in consonance with the similar findings of the works of Asiegbu & Udobi (2022), Mustafa (2019), Omorodion et al. (2024), Udobi et al. (2016). Mustafa (2019) examined the variables affecting foreign direct real estate investment in Turkey's economy. The result that bureaucratic land registration process is a barrier to international investment in commercial property portfolio is in consonance with similar findings in the works of Omorodion et al. (2024), Asiegbu & Udobi (2022), Triantafyllopoulos (2006). Triantafyllopoulos (2006) found lack of safe property title registration system as a barrier to international investments in Greece tourism industry. Financial risk (banking risk) was found to be a barrier to international investment in commercial property portfolio in Nigeria. This finding is consonance with similar findings in the study of Omorodion et al. (2024), Asiegbu & Udobi (2022), Mustafa (2019), and Udobi et al. (2016).

The findings that lack of property market transparency/maturity is a barrier to international investment in commercial property portfolio is in consonance with similar findings in the works of Asiegbu & Udobi (2022); Tabrez & Tabrez (2011); Lee (2001); Lieser & Groh (2014); Omorodion et al. (2024); Oyewole (2013); Udobi et al. (2016). However, Sherrin et al. (2015) found that less less mature real estate markets of Central and Eastern Europe, resulted in higher market penetration by foreign property developers. The findings that political/country risk is a barrier to international investment in commercial property portfolio is in consonance with similar findings in the works of Asiegbu & Udobi (2022); Baum and Murray (2011); Hasan (2006); Lieser & Groh (2014); Omorodion et al. (2024); and Udobi et al. (2016).

6. Recommendation and Conclusion

International investment, otherwise known as foreign investment, plays a crucial role in the growth and advancement of many nations across the globe. However, the flow of foreign investment into various sectors of an economy can be hampered by various factors. This study examined the barriers to foreign investment in commercial property portfolio in Nigeria. The study revealed that the barriers to foreign investment in commercial real property portfolio in Nigeria includes currency risk, bureaucratic land title registration process, financial risk (banking risk), lack of property market transparency/maturity, political/country risk, amongst many other identified barriers.

Based on the findings of the study, this research recommends that government at federal and state level should enact policies and initiatives in place to reduce the barriers to foreign investment in Nigeria commercial property market. The government should amend the Land Use Decree of 1978 to eliminate the challenges associated with accessing land for commercial property development and real estate transactions. State government should take the initiative and enforce measures to eliminate the bureaucracy associated with perfecting land titles. Various forms of corruption that occur at various levels in the construction sectors should be eliminated to encourage increased foreign investment. Government should initiate policies that increased urban development, ensiure economic growth and development, forster political stability, reduce interest rate on loan and ensure stability and stranght of the Nigeria currency in the international market.

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About the Authors

Mr. Kenechi Peter Ifeanacho

Awka, Nigeria

Mr. Kenechi Peter Ifeanacho holds an M.Sc in Estate Management from the Department of Estate Management, University of Nigeria Nsukka. He is currently a Ph.D student at the Department of Estate Management, Nnamdi Azikiwe University, Awka, Nigeria. He has over 6 years lecturing and research experience. He is a lecturer at Department of Estate Management, University of Nigeria Nsukka. He has co-authored articles published in international peer reviewed journals and some of these journals (Property Management, Land Use Policy, and Cities) are indexed in scopus and web of science. He has equally presented papers at international conferences such as Pacific Rim Real Estate Society Conference (2021, 2022), and European Real Estate Society Conference (2022, 2023). He can be contacted at kenechi.ifeanacho@unn.edu.ng

Prof. Nnamdi Alexander Udobi

Awka, Nigeria

Prof. Alexander Nnamdi Udobi is a Professor of Estate Management at the Department of Estate Management, Nnamdi Azikiwe University, Awka, Nigeria. He holds a Ph.D in Estate Management from the Department of Estate Management, Nnamdi Azikiwe University Awka, Nigeria. He has over 20 years varied experience in teaching, research, administration and professional consultancy. He has co-authored numerous articles published in international peer reviewed journals. He has successfully supervised several Masters projects and he is currently a Ph.D supervisor.