# Effect of Project Success Delay Factors on Real Estate Development in Osun State, Nigeria

[1]Lawal, A.F., [2]Ojo, O.J., [3]Odeyomi, E.S., [4]Adeosun, J.O.

[1]Department of Project Management Technology, Federal University of Technology Akure,
[2]Department of Project Management Technology, Federal University of Technology Akure,
[3]Department of Estate Management, Osun State College of Technology, Esa- Oke,
[4] Department of Building Technology, Osun State College of Technology, Esa-Oke,
Email: ojojo@futa.edu.ng

## ABSTRACT
Effect of project success delay factors on real estate development was studied in Osun State. This was with a view to identifying the challenges facing real estate team developers in achieving success. The study covered 15 private real estate projects in the State. The research instrument used was questionnaire. It elicited information on the issues such as academic qualifications and areas of specialization of the real estate team members, project management tools/techniques applied and project success delay factors affecting real estate development. The data collected was analyzed using both descriptive and inferential statistics. The results among others showed that 45.9% of the respondents estimate resources and create a resource plan while 100.0% create a preliminary budget. Also, inadequate funding leading to nonpayment of completed works (3.9) and poor monitoring and control of projects (3.5) affected the success of real estate development. The study recommended among others that on the job professional project management training should be introduced to real estate team members. This will assist them in acquiring knowledge and industrial skills in the latest project management tools/techniques available in managing projects.
Keywords: Real Estate, Project Success, Estate Development, Delay factors, Project Management Tools/Techniques.

## INTRODUCTION
Managing a project involves so many activities. Tonchia (2008) defined a project as a set of complex, coordinated activities with a clearly defined objective that can be achieved through synergetic, coordinated efforts within a given time, and with a predetermined amount of human

Corresponding Author: Ojo, O.J

and financial resources. Developing real estate is a project. It is a one-off set of tasks which deliver a change (Billingham, 2008). Achieving success in real estate project development is an important factor and a great achievement to real estate developer. The rate at which building construction projects failed, abandoned or collapsed, even under construction, retrogresses developing economy like Nigeria (Nwachuckwu, Echemeand Okoli, 2010).

Real estate development project success needs effective project management which will ensure success because its development involves substantial funds. This is associated with tying down scarce resources for a long time as opportunity cost for its alternative investments forgone. A project may be the only future hopes of the client (Nwachukwu, 2008) therefore the client expects nothing but success. Efficient project management is very important especially in the real estate development industry. This sector is regarded as agent of economic development. It serves as a source of employment for the nations teeming unemployed population. Real estate projects also contribute immensely to the aesthetic valve of the environment.

The real estate development industry is proven to be the corner stone and bedrock of rapid economic growth of any nation (Bhavesh, 2006). The products of real estate development industry are desired mainly for the services which they help to create as most business, social, religious, economic, industrial activities and so on operate in real estate infrastructure (Nwachucku, 2008). Eric (2003), affirmed that the industry is likely to remain one of the areas of development activity as the need for the provision and replacement of infrastructure become more important in the years ahead.

Real estate projects are usually constructed with high cost, long period of construction with expected quality. Any delay beyond the specified date of completion or agreed delivery of the project by the contractors

may lead to the failure of the project. This will result to losses of revenue to the parties involved in the project. Project failure may cause disputes, arbitration, time overruns, cost overruns, litigation and total abandonment. Many of these failed real estate projects abound in Osun State with evidences of abandonments both in public and private building projects. Therefore, this study assessed the effect of project success delay factors on real estate development processes in Osun State, Nigeria.

## STATEMENT OF THE PROBLEM

The performance of nay real estate project either public or private depends on the project management techniques adopted by the team responsible for the execution of the project. Project management can be described as the application of knowledge, skills, tools and techniques to project activities to meet requirements (Schwalbe, 2008). By meeting the requirements of a project, such a project should be within the budget, be delivered on time, within the scope and of good quality to meet the customers' requirements (Ojo and obembe, 2014).

In most cases in the state, both public and private real estate projects were not completed on time, within cost, quality and materials specification not implemented. Newly completed real estate and rehabilitated or maintained infrastructure become decrepit and wrecked within few months of commitments on them (Nwachukwu and Emoh, 2011).

Real estate project failure, delays, and abandonment retard development, not promoting effective utilization of resources and this calls for professional project management. Effective project management can assist in avoiding failures inherent in the construction of real estate in the state hence the study.

## OBJECTIVES OF THE STUDY

The aim of the study was to assess effect of project success delay factors on real estate development processes in Osun State, Nigeria with a view to assisting real estate team developers in achieving their goals. In achieving this aim, the specific objectives were to assess;

  i. Academic qualifications and areas of specialization of the respondents involved in the real estate development projects in Osun State.

  ii. Project management tools/techniques applied in managing the real estate development projects in the study area

  iii. Project success delay factors affecting the performance of the real estate projects in the study area.

## PROJECT MANAGERS AND REAL ESTATE PROJECTS

Application of project management tools and techniques are essential in the execution of projects. Project manager should be able to demonstrate and apply the techniques for the effective project management. One of the key success factors of a project is the engagement of professional project managers from the initiation of a project to closing. Project managers should possess sufficient technical knowledge and skill to perform their jobs (Murch, 2001). This is particularly vital in the real estate industry where the majority of projects undertaken are highly technical and complex. Understanding of engineering and scientific principles is essential. Technical skills enhance the ability of the project manager to lead and manage the complex issues that persist during a project life cycle (Lewis, 2007). The project manager should understand the technical challenges the project team might face.

In a study conducted by Meredith and Mantel (2002), successful project managers were seen as seldom having relevant experience or knowledge about the technology required for the project at hand. The study states further that reliance on technical expertise was often found to be detrimental because it decreased flexibility and a willingness to consider

alternatives. However, project managers need to be sufficiently well versed in technology to be able to ask the right questions and acquire adequate insight in an attempt to manage outcomes. The project manager must possess good technical knowledge and experience because most of the project is highly technical Tonchia (2008).

## METHODOLOGY

The study was carried out in Osun state, Nigeria. Osun state is located in the Southwestern part of Nigeria. It covers an area of approximately 14,875 square kilometers. The state lies within the tropical rain forest and is blessed with abundant agricultural products. The state is divided into 3 senatorial districts having 30 local government areas comprising 332 political wards.

After considering the objectives of this study the survey research technique design was chosen. This provides answers to questions relating to the project success delay factors affecting real estate development processes in Osun State, Nigeria.

The scope of coverage of this study was limited to private individual developers. However, the study population comprises the real estate investors/developers, estate surveying firms and professionals in the state ministry of works and Bureau of lands and Physical Development. For the purpose of this study, stratified random sampling method was used from the population in the state. Primary data was obtained using structured and instructed questionnaire and personal visitation/observation to see what actually happened on site. The questionnaire was subjected to content validity. Also, the reliability and validity of the questionnaire were based on the use of rating scale to elicit information on the project success delay factors that affected the real estate development in the state.

One hundred and twenty five (125) copies of questionnaire were administrated to the respondents who had knowledge of real estate development. A total of ninety eight (98) copies of questionnaire were returned and found useful, which amounts to a return rate of 78.4%. Personal visits were carried out by the researchers to physically observe the present conditions of the estate. The respondents perspective in the project success delay factors that affected the performance of real estate were measured on 5 point rating scale with 1 -very low , 2- low, 3-moderate, 4 -high and 5 -very high.

## RESULTS AND DISCUSSION

Table 1 shows the highest qualification of the respondents as the time of this study. The table shows that 45.9% of the respondents had Higher National Diploma, 33.7% had Bachelor of Science, while 20.4% had Master of Science. It can be inferred that the high level of education of the respondents contribute to the development of the sectors.

Table 1: Highest Qualification of the Respondent

| Qualification | Frequency | Percentage |
|---|---|---|
| H.N.D | 45 | 45.9 |
| B.Sc | 33 | 33.7 |
| M.Sc | 20 | 20.4 |
| Ph.D | 0 | 0 |
| Others | 0 | 0 |
| Total | 98 | 100.0 |

Source: Field survey 2016

Table 2 shows areas of specialization of the respondents. As indicated, all the respondents are professionals from the field of Building Technology (19.4 %), Architecture (18.4%), Land Surveying (17.3 %), and Estate Surveying/valuation (15.3 %), Urban and Regional Planning (15.3 %) and quality surveying (14.3 %). Therefore this provides a good foundation for real estate development projects in the study area.

Table 2: Areas of Specialization of the Respondents

| Areas of specialization | Ministry workers(freq) | Firms(freq) | Total | Precentage |
|---|---|---|---|---|
| Estate Surveying/valuation | 3 | 12 | 15 | 15.3 |
| Architecture | 4 | 14 | 18 | 18.4 |
| Urban and Regional Planning | 2 | 13 | 15 | 15.3 |
| Land surveying | 4 | 13 | 17 | 17.3 |
| Quality Surveying | 3 | 11 | 14 | 14.3 |
| Building Technology | 4 | 15 | 19 | 19.4 |
| Total | 20 | 78 | 98 | 100.0 |

Source: Field Survey 2016

Table 3 shows the number of estates under construction and the number of estate surveying firms handling the projects. In Ede there were 2 projects under the supervision of 2 firms, Ile Ife, 4 projects under the supervision of 3 firms, Ilesa, 3 projects under the supervision of 3 firms, and Osogbo with 6 projects and 4 firms. Further observation of the table revealed that there were a total of 15 estate projects under the supervision of 12 different firms. Therefore, the study covered 15 estate projects, under the supervision of 12 firms.

Table 3: Number of Estates and Estate Surveying Firms Studied

| Location | Number of Estates | Number of Estate surveying Firms |
|---|---|---|
| Ede | 2 | 2 |
| Ile Ife | 4 | 3 |
| Ilesa | 3 | 3 |
| Osogbo | 6 | 4 |
| Total | 15 | 12 |

Source: Field Survey 2016

Table 4 shows project management planning tools and techniques being applied in the sampled real estate development projects in Osun State.

The respondents were presented with 10 options and were asked to indicate which had been used in their firms. The options included in the list were those required in professional standard project management. Further observation of the table revealed that describing project scope, alternatives and feasibility, estimating resources and creating a preliminary budget are the most frequently used planning tools/techniques by all respondents with 100.0%, followed by setting a baseline project plan 75.5 %, determining project standards and procedures 73.5 %, and developing a statement of work 66.3 %, while developing a preliminary schedule (45.9%), identifying and assessing risk (44.9 %), divide the project into tasks (43.9 %) and developing a communication plan (41.8 %) are below average in application by the respondents. Divide the project into tasks is a technique also known as the work breakdown structure (WBS), this is done to ensure an easy progression, is based on network analysis.

A study on the public institutions in Nigeria affirmed that project Sensitivity Analysis (PSA), PRINCE 2, Project  Evaluation Review Technique (PERT) and Critical Path Method (CPM) are some of the rarely used or not employed tools by the project supervisors (Olateju, Abdul-Azeez & Alamutu,2011). However, network analysis is a vital technique in project management.  It enables project supervisors to take a systematic qualitative structural approach to the problem of managing a project through to successful completion (Beasley, 2013) as quoted by Ojo & Obembe (2014).

Also, identification and assessing project risks are very important in project management. Couillard (2006) found out that when a project risk is not considered, the well known PERT, CPM techniques, project monitoring and control do not have a significant influence on success of the project.

**Table 4**: Project Management Planning Tools/ Techniques Applied in the Respondents' Firms

| Tools/Techniques | Frequency | Percentage |
|---|---|---|
| Describing Project scope, alternatives, and feasibility | 98 | 100.0 |
| Divide the project tasks (WBS) (for Network analysis) | 43 | 43.9 |
| Estimating resources and creating resource plan | 98 | |
| Developing a preliminary schedule | 45 | 45.9 |
| Developing a communication plan | 41 | 41.8 |
| Determining project standards and procedures | 72 | 73.5 |
| Identifying and assessing budget | 44 | 44.9 |
| Creating a preliminary budget | 98 | 100.0 |
| Developing a statement of work | 65 | 66.3 |
| Setting a baseline project plan | 74 | 75.5 |

**Source**: Field survey 2016

Table 5 shows the perceived project success delay factors that affected the performance of real estate projects in Osun State. When rated on a rating scale of 1 being very low to 5 being very high, none of these project success delay factors was rated very high. However, all the delay factors were rated moderately. This means that all the projects success-delay factors affected the performance of real estate projects in the study area.

Inadequate funding leading to non-payment of completed works (3.9), non availability of quality and sufficient building materials (3.7), poor monitoring and control of projects (3.7), non use of project software (3.5)

and poor communication among the project team members (3.4) affected the projects. This may lead to project time and cost overrun. There is a limited source of funding for developers in Nigeria (Ekpenyong, 2015). With reference to the quantum of housing finance demand, the supply of funds is extremely limited. Where funds are available, it attracts high costs and interest rates. This has constituted a considerable stumbling block to real estate development in Nigeria (Kumo, 2014). Also, when circumstances dictate that a project is no longer viable, the developer does not appear to be able to deduct certain costs associated with an abandoned project (Maritz, 2016). Despite the fact that commercial banks in Nigeria are averse to long term financing for housing development, the prices of properties in Nigeria are dropping rapidly as a result of the economic recession (Perchstone and Graeys, 2016).

**Table 5:** Project Success-Delay Factors that affected the Performance of Real Estate Projects in Osun State

| Delay Factors | Mean Rating |
|---|---|
| Inadequate funding leading to non paymentof completed works | $3.9^a$ |
| Non availability of quality and sufficient building materials | $3.7^b$ |
| Poor monitoring and control of projects | $3.7^b$ |
| Non application of safety procedure and precautions | $3.5^c$ |
| Non use of project software | $3.5^c$ |
| Lack of motivation of project team members | $3.5^c$ |
| Poor communication among the project team members | $3.4^d$ |
| Improper handling of conflicts and disputes | $3.2^e$ |
| Slow decision making process by the client | $3.2^e$ |
| Change of design by the client | $3.1^f$ |

**Source:** Field survey 2016

Mean with the same letters along the same column are not significantly different at P0.05
Keys: Very Low-1
        Low-2
        Moderate-3
        High-4
        Very High-5


# CONCLUSION AND RECOMMENDATIONS

This study has been able to empirically investigate the effect of project success delay factors on real estate development in Osun State, Nigeria with a view to identifying the challenges and suggesting a workable means to improving the present situation. The study concluded that the professional project management knowledge is of great importance for managing estate development projects. Also, as revealed by the study, there are so many challenges hindering the real estate development projects in the state. Inadequate funding constitutes a fundamental centerpiece in real estate development. The ability of a real estate developer to mobilize adequate funds for the project determines to a large extent the success of the project. From the above conclusion, the following recommendations were made:

i.   All the professionals belonging to real estate development team should be encouraging to enroll for part time post graduate diploma in project management technology. This training will improve the management of real estate projects, not only in the state level but also the whole of Nigeria.

ii.  Funding of real estate development projects is highly important. The cost and availability of finance for real estate development will influence the viability of the projects. Therefore, government should put more efforts in the financing by instructing financial institutions to reduce the bottleneck stringent rules for lending loans to developers.

# REFERENCES

Beasley, J. E. (2013). "OR-Notes" Network analysis people brunel.ac.uk/mastjj/jeb/or/netanal.htm:5Pp(accessed: 15 March 2016)

Bhavesh, M. P. (2006). Project Management: Strategic Financial Planning, Evaluation and Control) PTV Ltd, New Delhi

Billingham, V. (2008). Project Management: Planning and Delivering a Successful Project. Studymates Limited United Kingdom.

Couillard, J. (1995). The Role of Project risk in Determining Project Management Approach. *Journal of Project Management* vol.12.no.1-13

Ekpenyong, E. (2015). Nigeria: An Analysis of the Challenges and Prospects in Real Estate Development in Nigeria. http://www.mondaq.com/go.asppu.( Accessed: 20 May 2016)

Eric, C. E. (2003): Facility Design and ManagementHandbook, McGrowHill, NewYork.

Kumo, G.Y. (2014). Real Estate Development as a Platform for the Transformation of the Nigerian Economy ". A paper presented at the REDAN/World Bank workshop. Abuja; Nigeria.http://www.redam online.org/doc/FMBN. ( Accessed : 20 May,2016.

Lewis, J. P .(2001). Fundamentals of Project management, AMACOM. NewYork.

Matritz Africa (2016). New approaches to Property Development in Nigeria alitheia Capital Real Estate Insight. Lagos; Nigeria.

http://.www how we made it in Africa.com/ (Accessed: 20 May 2016).

Meredth, J. R. and Mantel S. J. (2003). Project Mangaement: A Manegerial Approach. John Wiley &sons.United Kingdom.

Murch, R. (2001). Project Mangement. Upper saddle River, NewYork. Prentice Hall,Inc.

Nwachukwu, C. C. (2008). The analysis of Factors that Constraint Project Management success of Public and Private Sector Construction in Nigeria. Unpublished Ph.D. Thesis. Federal University of Technology Owerri, Nigeria.

Nwachukwu, C. C; Echeme, I. I. & Okoli, M. N. (2010). Project Management Factor Indexes. A Constraint to Project Implementation Success in the Construction Sector of a Developing Ecocnomy. *European Journal of Scientific Research.* Vol.43,No3Pp 392-406

Nwachukwu, C. C. and Emoh, F. I. (2011). Building Construction Project Management Success as a Critical Issue in Real Estate Development and Investment. *American Journal of social and Management Science.* Vol.44 No.2

Ojo, O. J. and Obembe, J. J. (2014). Evaluation of Network Analysis Application to Project Management in Southernwest Nigeria. *International Journal of scientific & Engineering Research.* Vol.5,No.1. Pp451-454

Olateju, O. I. Abdulazeez, I. A. and Alamutu, S. A. (2011). Project Management in Nigeria Public Sector An Empirical study.

*Australian Journal of Business and Management Research,* Vol.1,
No.8, Pp 01-07

Perchstone and Graeys (2016). Nigeria: Real Estate Investment in
Times of Economic Recession. http;//www.mondaq.com/go.asp?u.
(Accessed: 20)

Schwalbe, K. (2008). Information Technology Project Management" 4th
edition, Cengage Learning India Private Limited, New Delhi

Tonchia, S. (2008). Industral Project Management Planning Design,
and Construction Springer Verlag Berlin Heideberg Germany.