Innovations

Determination of the Funding Options for Real Estate Project Delivery in Nigeria

[1]**Echeme Ibeawuchi Ifeanyi** and [2]**Moneke Uchenna Ugochi**

1. Federal University of Technology, Owerri; Department of Project Management Technology,
2. Federal University of Technology, Owerri; Department of Management Technology,

Corresponding Author: **Dr. Echeme, Ibeawuchi Ifeanyi**

Abstract

The essence of this study is to determine the funding options for real estate project delivery in Nigeria.The goals include determining the funding choices for real estate project delivery in Nigeria and determining the degree of association between funding options and real estate project delivery. 183 respondents were used as the data collection method in a questionnaire.Using Kendall's test of concordance and the relative significance index, the data were examined. The results of Kendall's test reveal a substantial association between the delivery of real estate projects and each of the 10 indicated funding choices. According to the RII report, trade credits are the most significant source of funding for the execution of real estate projects in Nigeria. The study comes to the conclusion that trade credits made possible by off-plan advance payments (brand equity) are the best financing choices for Nigerian real estate project developers.

Keywords: *Funding options, Real estate projects, Project delivery, Sources of funds, Project funding.*

1.0 Introduction

The availability of funding is a key factor in determining how well an endeavor is going. Most projects won't succeed if sufficient funding isn't arranged. This is so that construction projects, particularly housing projects, may be planned and carried out properly. In fact, according to authors, money is the cornerstone of every project management and real estate endeavors (Nweke, 2022; Olofinji (2017; Ifediora, Igwe & Ukpere, 2015). The consequence is that in order to complete successful real estate projects, real estate organizations need focus more on the source and management of finances.Furthermore, according to Echeme (2009), the funding process has the power to determine whether a project succeeds, fails, or is even abandoned. Poor funding, according to studies, is the polar opposite of real estate project delivery. The lack of a suitable budget, the difficulty and delay in obtaining financing, and the lack of cash to complete projects are the frequent difficulties that project managers and contractors encounter (Ifediora, Igwe & Ukpere, 2015).

Yet, the real estate industry is still in its infancy and is only now growing as a result of inadequate finance. What is real estate, and what are the conventional ways that Nigerians finance real estate projects? According to Christie (2021), the real estate industry is all-inclusive. It includes everything on the earth's surface, above the firmament, and below the earth, not only land and landed properties (Nweke, 2022).

On the optimum method for funding initiatives, there have been many different recommendations. The importance of having adequate funds for the creation and delivery of successful real estate investments in any economy cannot be overstated. The operators of the real estate market should therefore have access to a variety of funding sources with a variety of terms from a variety of investing agencies. Sadly, only individuals with significant political will and influence are given preference where these financing options are there.Despite the significance of money in real estate development, there is a lack of information regarding the quantity, source, and method of funding. There is no central organization or entity to coordinate the business of financing real estate, which is unfortunate but not unexpected given the typical characteristics of funding real estate developments (Ifediora, Igwe & Ukpere, 2015).

Governments have been working with some estate development firms to make sure that housing projects are appropriately funded and successfully completed in order to reach the intended objective of housing for all. To make it simpler for potential home owners to pay and own their preferred homes, real estate firms and experts have created a variety of funding options.

Despite the fact that the parties involved in real estate projects have made a variety of financial arrangements and sources available, the issue of financing housing developments persists. This study has chosen to determine the optimum finance choices for the delivery of real estate projects in light of the surrounding circumstances.

1.1 Problem Statement

Given that every man has an intrinsic desire to own a decent home, the house holds a very special place in the lives of all people and stands out as one of their most fundamental needs, right after food. It is the biggest noncommercial expenditure or investment. The average Nigerian's earning ability is often poor, making it nearly impossible for them to accumulate money for a down payment on a home (Olofinji, 2017).

Also, Nigeria's declining economic circumstances frequently make it impossible for people to carry out housing projects properly. There is always a need for real estate developers to find funding because real estate development demands a significant investment of capital. This capital is typically higher than the developer's equity capital, and the only way out of this situation is to find funding through sources other than his own resources. Notwithstanding the important role housing plays in everyone's lives, it is unfortunate to see that real estate finance has not been successful.Most often, even when meticulously planned out real estate projects, financial problems arise during the construction phase. The level of devotion is typically frustrated by this condition, notably on the side of the engaged construction enterprises' developers. However, according to Ifediora, Igwe, and Ukpere (2015), the lack of available cash and the challenges associated with obtaining it in Nigeria have forced real estate companies to reconsider using bank financing for housing projects in favor of alternative methods for raising the money they need. So, choosing the right funding option or options is necessary to ensure proper financing of real estate projects.

Sadly, the majority of previous research on this subject by authors have not taken into account the financial possibilities or arrangements for real estate project delivery. So, the goal of this study is to identify the optimal funding strategy that will lead to an increase in funding for real estate projects and make housing more affordable for everyone.
Therefore, the objective of this study is to
a.) ascertain the level of correlation between funding options and real estate project delivery;
b.) determine the funding options for real estate project delivery in Nigeria.
Projects involving real estate are essential to the growth of any community. This is due to the fact that it offers a platform on which all other economic activities can be carried out. Regrettably, the economic hardship that the majority of people are experiencing makes it difficult to efficiently fund housing projects, condemning the majority of inhabitants to exorbitant rent costs for residential and commercial areas. It should be highlighted that the rate of real estate project failure and abandonment across the country calls for a quick and realistic solution to prevent socioeconomic problems, which are the antithesis of economic development.

Nonetheless, real estate companies and development partners would find the study's findings very important since they will help them better understand how funding affects the execution of real estate projects in Nigeria. Also, it will help them choose real estate projects with appropriate and effective financial arrangements.

2.0 Conceptual Review

Real estate businesses and people are working on various real estate projects (residential, industrial, commercial, recreation or administrative purposes). What matters is if they are effectively funded and completed within the anticipated timeframes, budgets, and quality standards, regardless of their intended use. Understanding what real estate projects or properties entails and various finance methods is crucial before moving further. Property refers to both movables and immovables, also referred to as chattels or movables (Megarry, 2018).Both of them are referred to in law as real and personal property, respectively. Property is the sole right to possess, enjoy, and dispose of anything that might be the object of ownership. It also includes the sole right to future economic benefits, whether they be tangible or intangible, as defined by law. A collection of rights includes those mentioned above (Denman, 2016).

2.1 Real Estate Funding

You might think of real estate financing as the money required to carry out real estate development and other associated activities. It is a crucial component of contemporary real estate development, and the majority of large-scale developments could not have reached their current level without a significant amount of credit. Mobilizing funds and credit for housing development is challenging in Nigeria because the country's housing finance system is not sustainable. The ability of a developer to raise sufficient finances for the project determines, in large part, its success. Finance is the primary center piece of any real estate development.No matter the type of endeavor, finances are an essential component, a precondition sine qua non. In essence, it serves as the fulcrum for development programs, supporting the lever. The effectiveness of any housing financing system will primarily depend, according to Isyaku, Dzurlikanian, and Usman (2021), on the number and kind of money within the economy and the percentage of those that can be distributed, mobilized, or even set aside for housing. The borrowing of funds for the sake of real estate development can be considered as real estate finance.

2.2 Funding Arrangements for Real Estate Projects

Some eminent academics have examined numerous methods for financing real estate projects, including Anuolam (2016), Williams (2016), Boateng (2017), and Nwaezeaku (2017). According to Boateng (2017), these funding alternatives affect the project's capacity to turn a profit and the degree of related risk. As a result, the funding arrangements consist of;

a.) Savings

All of these funds are a result of delayed or postponed consumption. Most frequently, individuals or real estate firms deposit money in the bank, where interest is earned for them. These funds may take the shape of regular savings accounts, fixed or time deposits, according to Anuolam (2016). It might also take the shape of contributions made by numerous individuals to complete a specific project, as Esusu. These funds are lent to people or businesses that will be group members at the end of a specified time period with very little interest in order to carry out some initiatives. Hence, together with personal savings, this source is a crucial source of funding for project execution.

b.) Trust Funds

These are funds that have been entrusted to trustees for a third party (Nwaezeaku, 2017). These funds may be an excellent source of funding for construction projects involving real estate.

c.) Trade Credits (Supplier Credits)

Seldom are goods and services provided on a "cash and carry" basis (Williams, 2016). The majority of the time, products and services are provided on credit, allowing for a grace period for account settlement. Anuolam (2016) argued that extra fees or discounts could be applied depending on how quickly a payment is received. The calculation of the interest is simple and implied in both scenarios (Anuolam, 2016). As a result, trade credits are a unique mechanism for financing real estate projects and are only available for the provision of specified goods or services. No interest is incurred if trade credit charges are not made.

d.) Deferred Tax Payments

This is comparable to trade credits, making it a crucial alternative for funding initiatives. Due to the period of time between producing money and paying taxes on it, certain credits are offered by tax authorities (Williams, 2016). So, these credits are automatic. For the majority of businesses in Nigeria, this represents a sizeable portion of short-term financing because the average time between producing profits and paying taxes ranges from 12 to 15 months (Nwaezeaku, 2017). For what amounts to a short-term loan, tax authorities often do not charge interest, thus the company incurs no costs as a result of using this funding option. But because a fresh deferred tax payment replaces the one from the previous year every year, it is essentially permanent.

e.) Equity Shares

Equity shares, which make up the majority of project funding, are frequently referred to as the remaining funding option. Since they are not only the residual claimant to the earnings but also the residual claimant to the funds realized after liquidation or winding up, equity funds are subject to the highest risk of all types of capital (Anuolam, 2016 and Boateng, 2017). Equity stockholders are the company's owners and are involved in its management and daily operations. It is the most expensive of all funding choices for project financing because all other sources of funding for projects (real estate) can be eliminated but no equity can (Boateng, 2017).

Nwaezeaku (2017) claims that there are additional ways to finance real estate ventures, such as gifts and inheritance, venture agreements, angel investors, crowd funding, and retained earnings

f.) Venture Capitalists

When two or more parties enter into a funding partnership to complete a short-term construction (real estate) project, this is known as a venture agreement. Yet, a venture capitalist is a type of investor who makes short-term investments in order to finance initiatives or businesses (Amman, 2021). It is a crucial source of funding for new businesses that cannot access the capital market. Investors are taking a considerable risk with this investment, but the return is above average (Boateng, 2017). A group of rich individuals, investment banks, and other financial institutions that aggregate these investments and partnerships are where the majority of venture capital comes from.

Yet, venture capitalists are required since they have previously invested in such projects and as a result have the necessary knowledge and experience. Using this, people may decide what functions well and what doesn't, as well as how it functions (Amman, 2021).

g.) Angel Investors

An angel investor is a wealthy person or group of people who contribute money to a company, typically in exchange for ownership equity or convertible debt. Angel investors typically provide monetary support to businesses during their early phases and when the majority of investors are unwilling to do so Wikipedia, (2022). An angel investor, on the other hand, is typically a wealthy person who invests in firms in their early phases, frequently using their own assets. Many businesses turn to angel investing as their main source of capital because they find it more tempting than other types of funding (Boateng, 2017).Although registered investors are more likely to have the financial resources to withstand a loss should one occur, angel investments are considered to be high-risk investments. Yet, some firms may take money from unregistered investors while others may only get funding from approved investors. Being an angel investor suggests that your company won't pay back the money because it is exchanging ownership shares for the money. Angel funding is typically only used for established enterprises that have passed the startup stage (Amman, 2021).

h.) Crowd funding

According to the European Commission (2021), crowd funding is a method of obtaining money to finance endeavors such as projects or companies. With online platforms, crowdfunding enables fundraisers to raise money from a huge number of people. Startup businesses and expanding companies most frequently use crowdfunding as a substitute for traditional funding sources. According to Amman (2021), crowdfunding is the practice of using modest sums of money from a big number of people to finance a project. The form of crowdsourcing determines whether investors receive rewards, such as shares in the firm that raised the money, or donate money voluntarily.It should be emphasized that crowdfunding platforms must generate revenue, and in order to do so, they incorporate a charge structure based on a percentage (European Commission, 2021). Yet, crowdfunding arrangements are a source of capital for real estate companies. It takes place when several investors, often known as the "crowd," lend money to businesses or people on a regulated platform. In some circumstances, compared to typical bank loans, crowdfunded loans may be simpler to obtain, come with better terms, and have cheaper interest rates (Amman, 2021).

i.) Retained Profits

The portion of a company's net income that is withheld in its books and not distributed to shareholders is known as retained profit. According to Wikipedia (2022), a corporation's retained earnings are the accumulated net income that the corporation has kept over time, typically at the end of the accounting period. Retained profits or earnings are accounted for in the shareholders' equity portion of the balance sheet since they are considered to be equity. Although though retained gains are not assets, they can be utilized to support projects or to purchase assets like inventory, equipment, or other investments.Thus, a business with a sizable retained profit balance might be in a good position to make future asset purchases or boost dividend payments to shareholders (Investopedia, 2022). It implies that while retained earnings can be used by a company to purchase assets, they are not assets. However, Boateng (2017) cautioned that because retained profits are a quantity of money set aside to pay stockholders in the case of a sale or buyout of the business, they are considered as liabilities to a company. It means that caution must be used while investing retained profit in real estate developments to prevent a delayed return on investment.

j.) Off Plan Sales

Off-plan sales have recently surpassed all other sources of funding for real estate projects in popularity. As the property is not yet built when it is sold off the plan, prospective buyers are shown floor plans, 3D renderings, and other virtual tours to give them an idea of the finished product. Off-plan sales success depends on the developer's brand equity and its marketing and branding ability. Clients who are interested in purchasing an off-the-plan property must pay a deposit that is negotiated with the developer, with the remaining balance spread out over a period of 12 to 36 months.Frequently, the developer uses the first deposit to start the project's construction while spreading out the remaining payments over a period of time until the project is delivered. In order to get around the difficulties with funding and the high rates of interest that banks charge for real estate loans, many real estate developers in Nigeria rely primarily on off-plan sales (Nweke, 2022).

2.4 Methods of Funding Real Estate Projects

Anuolam (2016) talked about two key ways to raise money for initiatives like real estate developments. Among these techniques are:

a.) Contractor Funding

Another name for this is "Turnkey Project Funding." It requires the contracting company to secure funding, execute the project, and deliver the finished product to the owner or client. The contractor might also sell the finished product and, after recovering his costs plus a profit, give the owner the remaining funds in accordance with the contract. In accordance with the conditions of the contract, payments may be given all at once or in installments over a period of time, according to Anuolam (2016).

b.) Part-Debt Funding

According to Anuolam (2016), the owner gives some of the required funds out of equity capital and borrows some of the rest. Although though it is less common, this sort of funding is one of the most successful and efficient ways to finance projects. It is a well-known truth that most construction project owners cannot typically afford to finance their projects on their own. They need assistance from others. Thus, part-debt financing is necessary.

It should be noted that no author before me has had the opportunity to examine how to choose the best funding strategy for real estate projects. By filling the identified gap, this study hopes to increase funding for everyone, make housing more affordable, and stimulate the economy.

2.5 Theoretical Review

This study is based on the idea that studying systems is a comprehensive strategy for finding solutions to issues in the actual world. In 1930, biologist Ludwig von Bertalanffy developed his systems theory in a philosophy course at the University of Chicago. Bertalanffy concurred that nothing could be understood by focusing on only one aspect of what is essential to a system (Bertalanffy, 1968). This hypothesis was picked because the study holds that money is one of the crucial factors that affects whether a project succeeds or fails, particularly when it comes to real estate developments.Nwachukwu (2016) claims that the decision to use systems theory is based on the real estate project management constraints that play both direct and indirect roles in the real estate building business.

2.6 Empirical Review

In this field of study, a number of pertinent authors have contributed in various ways. The author of one of them, Amman (2021), found crowdsourcing, retained earnings, savings, and angel investors in his study on finance arrangements for project management in Asia: an empirical examination. The four funding choices are all significant, according to a t-test study of the funding arrangements, with crowdfunding having the most impact on project planning and execution in Asia. He did not, however, rank the funding arrangements using RII.

Moreover, Anuolam (2016) highlighted savings, trade credits, equity shares, and trust funds in his study on the ways that contracts are funded in Nigeria. The study's goal is to find and evaluate various approaches to supporting successful contracts. Yet, the Chi-square analysis of the data reveals that the only factors that matter for contract finance are savings and equity stakes. He did not contemplate using correlation analysis or RII to analyze his data.

Neither the research nor the optimum funding option for the implementation of real estate projects in Nigeria were able to find funding possibilities in real estate projects. So, this study is designed to close these gaps by identifying and ranking funding options in order to choose the ones that will best support the delivery of real estate projects. The Relative Impotance Index and Kendall's test were used.

3.0 Methodology

Descriptive statistics were used in the study's data collection and surveying procedures. Using this strategy, the researchers are able to visit a few particular real estate companies to learn about their financial plans for completing real estate projects. A questionnaire with a 5-point Likert scale was created and distributed to 200 respondents from the chosen Nigerian real estate firms. The Relative Significance Index was used to analyze the data that were obtained from them (RII).

Nonetheless, there are 200 participants in the trial, all of them are licensed real estate companies. The study picked the 200 chosen companies using consensus sampling because they are all involved in sourcing and funding real estate projects. The approach of judgmental sampling was used for this.

The 3-point Likert scale was used to gather data and indicate the relative importance of the funding alternatives provided as a result of the literature research as well as the degree of association between funding options and the delivery of real estate projects.

The statistical package for social sciences software was used to evaluate the data using Kendall's Test of Concordance and Relative significance index (RII). The most viable alternative for real estate project delivery was determined using RII, and Kendall's test was performed to assess the degree of association between real estate project delivery and the identified funding options in Nigeria.

Relative Importance Index

In order to ensure the effective implementation of their real estate projects, respondents were asked to express their opinions on the funding choices provided in the questionnaire.
In assessing the results obtained, frequency and percentages were used. In order to analyze the findings as given in equation 1, mean score rank was used;
Mean = $\Sigma W [(f_1 \times n_1) + (f_2 \times n_2) \ldots + (f_n \times n_n)]$ -------------- (1)
Where, ΣW = the summation of the weighting given to each factor.
f_n = score ranking.
n_n = corresponding number of responses.
However, the relative importance index (RII), as given in equation (2), was used to examine the results of the study goal.
Relative important index (RII) = $\frac{100\sum(f^x)}{AF}$ -------------- (2)
Where f is the frequency of score (x) for the financing choices being considered, A denotes the maximum weighting factor (which in this case is 3), and F denotes the overall sample size.

Participants were asked to express their views on the potential contribution of each of the funding methods given in the questionnaire to the efficient funding of real estate project delivery. Making use of the Likert scale: Important = (2 points); Not Important = (1 point); Very Important = (3 points); (1points).

These scores were converted to significance indices using the following formula to establish the relative ranking of the funding options:

Relative importance index $= \frac{\sum W}{A.N} = \frac{3R_3+2R_2+R_1}{3N}$

Where; W = weight given to each funding option by the respondent ranging from 1 – 3

n_1 = Number of respondents for very low importance

n_3 = Number of respondents for very high importance

A = Highest weight (ie 3)

N = Total Number of Respondents

After study, it is determined that the choice with the highest RII is the best and the option with the lowest RII is the least crucial for financing real estate projects in Nigeria.

Acronyms Used in Representing the Funding Options

The following acronyms are used in some aspects of the analysis made in this study.

S/No	Funding Options	Acronyms
1	Savings	s
2	Trust Funds	tf
3	Trade Credits (Supplier Credits)	tc
4	Deferred Tax Payments	dt
5	Equity Shares	es
6	Venture Capitalists	vc
7	Angel Investors	ai
8	Crowdfunding	cf
9	Retained Profits	rp
10	Off Plan Sales	op
11	Real Estate Project Delivery	repd

4.0 Result and Discussion

The questionnaire was distributed to the chosen respondents in two hundred copies, of which one hundred and eight three (183) were retrieved. The amount found corresponds to 91.5% of the total population. An adequate response rate for the study.

Table 1. Correlations Analysis Result

			s	tf	Tc	dt	es	vc	ai	cf	rp	os	repd
Kendall's tau_b	S	Correlation Coefficient	1.000	-.031	.152**	.095	-.158**	-.158**	-.153**	-.031	-.010	-.025	.658**
		Sig. (2-tailed)	.	.557	.004	.074	.003	.003	.004	.557	.851	.637	.000
		N	183	183	183	183	183	183	183	183	183	183	183
	Tf	Correlation Coefficient	-.031	1.000	-.105*	-.018	.157**	.157**	.080	1.000**	-.051	-.002	.550**
		Sig. (2-tailed)	.557	.	.049	.734	.003	.003	.133	.	.340	.973	.858
		N	183	183	183	183	183	183	183	183	183	183	183
	Tc	Correlation Coefficient	.152**	-.105*	1.000	-.034	.035	.035	.009	-.105*	-.086	-.012	.810**
		Sig. (2-tailed)	.004	.049	.	.529	.510	.510	.872	.049	.107	.829	.000
		N	183	183	183	183	183	183	183	183	183	183	183
	Dt	Correlation Coefficient	.095	-.018	-.034	1.000	.003	.003	-.036	-.018	.084	-.101	.458**
		Sig. (2-tailed)	.074	.734	.529	.	.959	.959	.496	.734	.114	.058	.001
		N	183	183	183	183	183	183	183	183	183	183	183
	Es	Correlation Coefficient	-.158**	.157**	.035	.003	1.000	1.000**	.144**	.157**	.005	-.025	.318**
		Sig. (2-tailed)	.003	.003	.510	.959	.	.	.007	.003	.924	.642	.007
		N	183	183	183	183	183	183	183	183	183	183	183
	Vc	Correlation Coefficient	-.158**	.157**	.035	.003	1.000**	1.000	.144**	.157**	.005	-.025	.511**
		Sig. (2-tailed)	.003	.003	.510	.959	.	.	.007	.003	.924	.642	.001
		N	183	183	183	183	183	183	183	183	183	183	183
	Ai	Correlation Coefficient	-.153**	.080	.009	-.036	.144**	.144**	1.000	.080	-.022	.137*	.329**
		Sig. (2-tailed)	.004	.133	.872	.496	.007	.007	.	.133	.685	.010	.002
		N	183	183	183	183	183	183	183	183	183	183	183
	Cf	Correlation Coefficient	-.031	1.000**	-.105*	-.018	.157**	.157**	.080	1.000	-.051	-.002	.572**
		Sig. (2-tailed)	.557	.	.049	.734	.003	.003	.133	.	.340	.973	.001
		N	183	183	183	183	183	183	183	183	183	183	183
	Rp	Correlation Coefficient	-.010	-.051	-.086	.084	.005	.005	-.022	-.051	1.000	.045	.402**
		Sig. (2-tailed)	.851	.340	.107	.114	.924	.924	.685	.340	.	.395	.001
		N	183	183	183	183	183	183	183	183	183	183	183
	Os	Correlation Coefficient	-.025	-.002	-.012	-.101	-.025	-.025	.137*	-.002	.045	1.000	.695**
		Sig. (2-tailed)	.637	.973	.829	.058	.642	.642	.010	.973	.395	.	.000
		N	183	183	183	183	183	183	183	183	183	183	183
	Repd	Correlation Coefficient	.658**	.550**	.810**	.458**	.318**	.511**	.329**	.572**	.402**	.695**	1.000
		Sig. (2-tailed)	.000	.858	.000	.001	.007	.001	.002	.001	.001	.000	.
		N	183	183	183	183	183	183	183	183	183	183	183

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

It is clear from Table 1 that the execution of real estate projects is highly connected with the identified real estate funding options/arrangements. The chosen finance option(s) will likely have a significant impact on how well real estate projects are completed, according to the implication. Therefore, it is urgently necessary to evaluate the various finance options thoroughly and choose the best one to support the efficient financing and execution of real estate projects. In a similar vein, Olofinji (2017) and Boateng (2017) concur with this conclusion and caution that real estate projects would always experience delays and cost overruns in their completion until the appropriate funding form is identified and accepted by real estate enterprises.

Table 2 Analysis of the Funding Options Using Relative Importance Index (RII)

Funding Options	Frequency of Respondents			Number of Respondents	Sum	RII	Rank
	1	2	3				
Savings	27	52	104	183	443	2.42	3rd
Trust Funds	46	49	88	183	408	2.23	5th
Trade Credits (Supplier Credits)	19	41	123	183	470	2.57	1st
Deferred Tax Payments	61	66	56	183	361	1.97	7th
Equity Shares	73	59	51	183	344	1.88	10th
Venture Capitalists	63	53	67	183	370	2.02	6th
Angel Investors	48	57	78	183	348	1.90	9th
Crowdfunding	34	69	80	183	412	2.25	4th
Retained Profits	62	67	54	183	358	1.96	8th
Off Plan Sales	27	56	109	183	466	2.55	2nd

Trade credits (supplier credit), according to Table 2's relative relevance index, are the best funding alternative. Off-plan sales come next, with equity shares coming in as the least expensive funding choice for real estate project execution in Nigeria. Although Nigeria's economic climate frequently makes it difficult to get equity shares for development objectives, this rating is not far from reality. As a result, the majority of Nigerians today do not view shares as a way to raise money for project implementation. Nonetheless, it appears that most real estate firms have established and used trade credits from materials suppliers as a type of partnership in order to execute successful real estate projects.

Hence, this observation supports the findings of Williams (2016) and Anuolam (2016). Trade credit, in their opinion, helps project managers collaborate with construction material dealers to supply items on credit and obtain payment from them when the project is finished with an agreed-upon percentage increase.

Moreover, there is substantial consistency between the results in Tables 1 and 2. It follows that the respondents have a solid understanding of real estate projects and financing alternatives.

Conclusion

A partnership arrangement between the clients and the real estate developers will go a long way in helping to make funds available to finance real estate projects to completion going forward and taking into consideration the findings of Ifediora, Igwe, and Ukpere (2015) that there is a lack of funds and the difficulty and delay associated with accessing loans from financial institutions in Nigeria. For real estate project developers in Nigeria, funding arrangements similar to the trade credits obtained from off plan advance payments (brand equity) are advised. Under this structure, the difficulties associated with limited access to funds will be overcome, and projects—particularly real estate projects—will be successfully realized for improved socioeconomic development.

References

1. *Anuolam, M.O. (2016) Project Finance and Contract Management, Alvan GlobalPublications,Owerri, Imo State, Nigeria: 120 - 125.*
2. *Bertalanffy, L. (1968). General system theory: Essays on its foundation anddevelopment, rev. ed.New York: George Braziller: 235 – 241.*
3. *Boateng, P.F. (2017) Sources of Project Financing, Third Edition, Skill MarkPublishing House,Accra, Ghana:.67 – 72.*
4. *Denman, M.H. (2016). Understanding the Basics of Housing. King James Publishers, Minna, Niger State: 66-68*
5. *Echeme, I.I. (2009) Impact of Project Funding on the Implementation of LEEMPDevelopmentProjects: A Situational Study, International Journal ofDevelopment and Management Review (INJODEMAR): 4 (1): 201 – 205.*
6. *Ifediora, C.U., Igwe, A.A., and Ukpere, W.I. (2015) Assessment of Incorporation ofCustomers'Specific Affordability Needs in the Nigeria National HousingFund (NHF) Scheme,Problems and Perspectives, Nigeria Institute of Management, 13(3): 141 - 148. (www.nim.org)*
7. *Investopedia (2022) Retained Earning Explained, Retrieved fromwww.investopedia.com, Retrieved on 12/2/2022: 23 – 27.*
8. *Isyaku, I., Dzurlikanian, D., and Usman, B.S. (2021) Real Estate Finance in Nigeria:Sources andIts Effect on Property Development Review, International Journalof Scientific &Technology Research 10 (5): 231 – 239. (www.ijstr.com)*
9. *Mogbo T.C (2001). The Construction Sector and the Economic Growth of Nigeria 1981-1995. Journal of the Nigerian Institute of Quantity Surveyors. 35(2): 89 – 95. (www.niqs.org)*
10. *Nwachukwu C.C. (2016). Dimensions of Real Estate Project Management. Gabtony Prints Ltd, Owerri: 117 - 121.*

11. *Nwaezeake, N.C. (2017) Funding of Housing Development Projects in a Developing Country,International Journal of Financial and Economic Studies, 2(1): 61 – 71 (www.ijfes.com)*
12. *Nweke, C. (2022) Funding and Real Estate Project Delivery in Nigeria, A Ph.D Thesis Presented to the Postgraduate Business School, University of Nigeria, Enugu Campus: 69 - 72*
13. *Williams, S.Y. (2016) Real Estate Management: A Practical Approach, Forse Publishing Ltd.,Kenya: 91 - 96.*

About the Authors

Ibeawuchi Ifeanyi Echeme,
Ph.D. Project Management Technology; Ag. Head, Department of Project Management Technology, Federal University of Technology, Owerri; Chartered Member, Chartered Institute of Project Managers Nigeria; Project Director, International Project Management Professionals.

Moneke, Uchenna Ugochi
Project Management Technology Ph.D.; Certified Engineer in Nigeria. An international & local member of the Project Management Institute(PMI) as well as a qualified registered Engineer with COREN.