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The identification of conditions required for the creation of a property index in Nigeria

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ABSTRACT

A property index is an essential tool not only to provide a comparative measure for the performance of a portfolio but also for the analysis and drawing of conclusion affecting the future management of the portfolio. This performance measurement tool has been created and controlled by different property investment bodies around the world amongst which includes RAAD VOOR ONROERENDE ZAKEN (ROZ) the umbrella organization of the Dutch property industry, INVESTMENT PROPERTY DATA BANK (IPD) responsible for U.K, South Africa and some other countries and NATIONAL COUNCIL OF REAL ESTATE INVESTMENT FIDUCIARIES (NCREIF) responsible for United State of America. The creation of a property index has brought transparency and standardization into the user's property market, performance measurement is easily done with other asset class, investment decision are taken with accuracy and it also provides an important benchmark against which performance of the managers of different property portfolio can be measured i.e.in U.K, USA, South Africa and Holland. Four major Conditions are required to be in place for the creation of a property index. These conditions were used to benchmark with the situation currently in place in the Nigerian property market.

A total of 40 questionnaires were administered to five categories of real estate investors in Lagos and Abuja and a total of 28 questionnaires were retrieved back. Analysis of the data was done with the use of tables and percentages while presentation was done with the use of bar graphs. The findings from the data analyzed reveals that the Nigerian property market does not have in place the conditions required for the creation of a property index.