

Property portfolio performance and management practice in Lagos metropolis: an empirical study.

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Abstract

This paper against the background of increasing challenges to property portfolio management practice in Nigeria property market, examined the whole gamut of property portfolio management as currently practiced by estate surveyors in Nigeria. This was with particular reference to the methods being used in property portfolio management practice and the performance of properties under management.

The study administered questionnaires on 75 practicing estate surveyors and 150 property owners, the sample sizes of which were selected through purposive sampling having stratified the study area into five zones. The total response for the managers and the property owners were 44(59%) and 76(51%) respectively. Statistical tools employed in analyzing data on management practices were frequency distribution and percentages as well as mean and standard deviation of all respondents rankings for each factor considered. The results of the measure of property portfolio (34 in all) performances by internal rate of returns (IRR) were analyzed using the mean of returns measure, standard deviation of returns, Sharpe (1966) Index, and the differential return measure.

The study revealed that, it is the traditional property management practice that was given prominence in the study area. The results showed that, on mean return basis, 21 (62%) of the 34 measured portfolios performed above the targeted (Treasury bill) rate of 14.38% and that property returns exhibited little variations for the period of measurement. However, out of the 34 measured portfolios across the zones, only nine (9) (26%) of the managers showed better performance in their respective zones. The results concluded that the current practice is less able to cope with the dynamism which today's property market demands.

Keywords: Property portfolio, manager, management practice, performance.

Introduction.

This paper has its genesis in the increasing sophistication of investors in property and the challenges this has posed to property portfolio management practice in Nigeria's property market. In the past when the economy was buoyant and stable, it offered little challenges, in terms of property management, to property managers and investors. Property investments were with little risks and investors were always ready to invest based on intuition, judgment and experience.

Today, there have been drastic changes in the economy. In today's property market, uncertainty and risk have become a prevailing aspect of property investment, while the erstwhile optimism of the 1970s and 1980s has charged dramatically. Projections upon which decision-making in management are based can no longer hold given the instability in the economic system. Rent defaults have become prevalent while void periods and letting delays are common phenomena.

The above no doubt, have posed serious problems and challenges to management of property portfolio and the question remains as to whether or not the current property management approach is able to cope adequately with the complexities of the

investment scene and the requirements of investors in the market. Authors have noted that today property management is no longer seen or viewed as merely rent collection and minimal repair. Ajayi (1994) for example has observed that most investors are beginning to realise that their holdings, in properly represents a significant proportion of their total asset and are now demanding a higher degree of accountability from managers. In addition, the gradual emergence of large numbers of passive owners of real estate securities due to the introduction of Real Estate Investment Trusts (REITs) and real estate company shares coupled with the risk situation in the property market, are feasible reasons why property portfolio management practice in the Nigerian market should go beyond implicit analysis. The need for a specialist service, the increasing demand for extra skills from managers, and the adoption and adaptation of sophisticated techniques of operation are beginning to command attention (Ajayi, 1994 and Olaleye, 2000).

In the light of the foregoing, this paper examined the property portfolio management as currently practiced in Lagos Metropolis with a view to determining whether the practice is meeting the increasing challenges in the property market. The

paper answered some pertinent question, which include: What methods are being used in practice to manage property portfolio? What tools are in use in management decision – making and information dissemination? Are property owners satisfied with the current managers' style of information dissemination and accountability? What are the performance levels of property portfolios? Can these performance levels be linked to management expertise/approach?

Review of Literature

A review of literature such as Thoncroft (1976), Elton and Gruber (1981), Stapleton (1981), Hall (1981), Udo-Akagha (1981, 1983), Hetherington (1980, 1984), Enever (1984) Hargitay and Yu (1993), Ajayi (1994), Olaleye (2000), Olaleye and Ajayi (2004) and so on, indicated two main perspectives to property management. These are the 'micro' and 'macro' perspectives. The 'micro' perspective otherwise called the traditional management style or passive management, describes the minute details involved in routine management. Decision-making and actions are characterized by conventional wisdom and intuition and devoid of quantitative analysis. Fashion and tradition remain the principal determinants of manager's attitudes towards the management of their portfolios. The 'macro' perspective, which is also known as active management, is a style which has to do with seeking explicit ways of improving the performance of property both on an individual and portfolio basis. It covers the overall concept of performance measurement, and appraisal, as well as performance improvement, an aspect that is very crucial in property management but which is yet to command the necessary attention it deserves in the Nigeria practice (Ajayi, 1994). Recent studies (Olaleye 2000; 2005) have also shown that investors and practitioners are supporting the use of pragmatic/qualitative technique of analysis in property portfolio diversification/management and that this technique, most times, did not provide the best protection against the prevailing risk situation in the market. It is thus the belief of this current study that for managers of property portfolios to meet up with the new challenges in the property market, management practice should be seen to support active (macro) property portfolio management which combines continuous analytical monitoring of property performance with the typical traditional management functions. This therefore formed the basis upon which this paper examined property portfolio management practice in the Nigerian property market.

Studies conducted in the past which are relevant to the paper's area exit especially in the

developed world such as U.K. and U.S.A. The studies however have either addressed the issue of portfolio management practice on one hand and/or performance appraisal of portfolio on the other without linking performance of property portfolios with management style. For example, Page (1983) study concentrated on the real estate investor's decision-making practice/process. The results showed that more investors including REITS were using after- tax discounted cash flow measures, meaning that investors were aware of inflation and its consequences. Farragher (1984) study was on the management practice of corporations outside real estate and their real estate decision-making methods. His survey, which included 455 U.S. members of National Association of Real Estate Executives (NACORE) suggested that majority of the respondents were using quantitative methods of investment analysis in their decisions. McIntosh *et al* (1987) also surveyed members of the NACORE on their techniques, management practices and characteristics of employees used in the management of real estate assets. The survey which was conducted on a sample size of 200 NACORE members based on random selection from a membership directory showed that the majority of real estate executives were using methods of investment analysis recommended by current theory while others are not taking advantages of such techniques.

In similar study, Marshall and Kennedy (1992) showed that 5 percent of U.K. practitioners used Monte Carlo Simulation, while Louargand (1992) found that 48 percent and 7 percent of the sampled populations (real estate plan sponsors and advisors) in U.S. employed sensitivity analysis and mean variance analysis (certainty equivalent) respectively in their decision-makings. Dirk and De Wit (1996) indicated that 21 percent of appraisers in Netherlands employed risk adjustment when evaluating real estate returns. In Australia, Boyd and Schwartz (1991) showed that up to 90 percent of appraisers corrected for risk explicitly, even though most of the appraisers admitted that the only exercises undertaken were basic sensitivity exercises. Epley (2004) examined corporate real estate executive decision making as related to their real estate market interpretation, general tools of analysis as opposed to specific tools and relationships with other personnel and the public. The study found additional area – lease analysis – to be part of the required concepts and skills.

A further issue that has been examined in the literature and is of relevance to the current paper is with respect to performance measurement and appraisal of property portfolio. The literature is replete with discussions on various ways of

measuring and analyzing returns from portfolio. These include time – weighted rate of return (TWRR), money – weighted rate of return (MWRR), the internal rate of return (IRR), the financial management rate of return (FMRR), Sharpe (1966) index variance and standard deviation measure and Elton and Gruber's (1981) differential return measure.

The works of Hall (1981), Hetherington (1980, 1984), Elton and Gruber (1985), Newell (1985), Morell (1991, 1998), Hargitay and Yu (1993), Ajayi (1998) and Hoesli and MacGregor (2000) are examples of literature which have examined performance measurement of property portfolios and other related issues. These various works, though lack in empirical evidence, revealed that the rationale of the performance measurement and analysis of property assets and portfolios remain the same as for the other investment assets and portfolios. Empirically, Nourse (1994) undertook a cross-case comparison of eleven firms to learn how real estate property performance is measured and monitored for managerial feedback to make real estate decisions that will course property performance to support overall corporate strategic goals. He interviewed executives in eleven large corporations and came out with a new hypothesis that suggests that firms that lease their properties tend to link strategic and operating decisions more closely than those that own, and that property performance is more regularly monitored by firms leasing property than by those owning property. William's (1996) study evaluates the relative portfolio performance of the twenty major Metropolitan Areas (MSA) in U.S. by population, through the application of modern portfolio theory such as the mean variability ratio and other measures. The findings of this study, among others, provide institutional real estate investors managers with other techniques for improving the performance of their real estate portfolios. Recent studies such as Steinert and Crowe (2001), Conover et al (2002), Lee (2005), Liow, Ooi and Gong (2005) and Lee and Stevenson (2005) have also evaluated and determined the performance of various diversification strategies from both local and foreign/global real estate investments. Chau, Wong and Newell (2003) analysed the returns of publicly traded property companies, while McGreal, Adair, Berry and Webb (2004) examined the returns and risks of private real estate investment in the major regional centres of Ireland and Great Britain for the 1981 through 2000 period. Adair, McGreal and Webb (2006) also established the diversification effects of direct versus indirect real estate investment in U.K. These studies have shown that different diversification strategies come with different portfolio performances.

The foregoing empirical investigations have revealed that investors and managers of real estate portfolios in U.S. and other developed countries would appear to have supported sophistication in the management of property portfolio i.e. active property portfolio management. One should however be cautious in accepting the outcome of these studies when related to developing markets like the Nigerian property market. This is because the studies examined conceptual and empirical data which are not related to the Nigerian real estate market. Thus, some of the variables examined in the studies may not be relevant in the Nigeria context. In Nigeria, it is pertinent to observe that very little research effort has been made in the area of property portfolio management and performance of managers. Studies and papers in the past two decades have covered such areas as related to traditional/routine management practice only. For example, Udo-Akagha (1981, 1983), Sangosanya (1983), Omirin (1986), Odudu (1987), Opara (1989) and Ajayi (1994) papers have focused mainly on the problems and prospects of property management in Nigeria. Other studies relevant to this current paper are that of Adisa (1997) and Opaleye (2000) which examined the decision making practice of practitioners in investment appraisal. The papers, however, not only failed to address the question of portfolio management practice but also failed to link performance appraisal with management style. This paper is therefore significant as it unfolds some of these issues.

Data Collection Techniques

The paper's examination of property portfolio management practice and the performance of sampled firms/portfolios were restricted to Lagos metropolitan property market. The reason for this is not far fetch. The vast majority of estate firms who are managing properties are based in Lagos. Specifically, Lagos metropolis accommodated approximately 52 percent (228 out of the 439) of the estate surveyors head offices in the country. The paper also focused on the residential sector of property only. This is so because, in the first instance, sampling all sectors of property may be impossible given the nature of study. Second, an initial pilot survey revealed that residential properties accounted for approximately 76 percent of properties in the management portfolio of most estate firms in Lagos metropolis. In addition, whereas a portfolio is a list of assets owned by an investor for the purpose of the management of risk and to enhance the investment returns; a portfolio as used in this paper depicts property assets being managed by a firm of estate surveyors and valuers. In other words, each estate firm sampled is treated as a single portfolio. This is

because, sampling the few property companies like UACN properties and WEMABOD Estates that really fall within the theoretical definition of portfolio would not have been adequate in scope to assess management practice on a wider scale. Furthermore, a portfolio is assumed to be comprised of five residential sub-sectors, namely 3-4 bedroom detached building/Duplex, 3-4 bedroom bungalow, 2-bedroom flat, 3-bedroom flat and 4-bedroom flat. As well, each sub sector is assumed to comprise of one property each with the performance of this property reflecting the average performance level of all the constituent properties in the sub-sector. This is necessary because given the nature of this study, examining the performance of all firms' properties on individual basis may be practically impossible unless a very small sample size is selected. Finally, the research considered and administered questionnaires on managers as representatives of their respective firms. Each estate firm sampled also formed the basis of questionnaire distribution to property owners. That is, for a firm/portfolio manager sampled, questionnaires were administered on two randomly selected property owners on the firm's list.

Given the above procedure, the study administered questionnaires on 75 practicing estate surveyors and 150 property owners. The sample size for the state surveyors was selected through purposive sampling having stratified the study area into five locations, namely, Ikeja, Yaba/Surulere, Lagos Island Apapa/Festac and Victorai/Ikoyi areas. The total response for the property firms/managers and the property owners were 44(59%) and 76 (51%) respectively. The research analyzed data on management practice with the use of frequency tables and percentages in addition to the mean and standard deviation of the ranking given to factors (variables) by responding managers. In analysing the performance of properties under management, the study opted for an approach, which combined mean of returns, standard deviation of returns, Sharpe (1966) Index and the differential return measure. The mean revealed the performance of properties/portfolios in terms of periodic return accruable to investors, while the standard deviation measures the riskness or volatility of the properties. Sharpe Index was used to generate a risk-adjusted performance ranking of the portfolios and the differential returns allowed a measure of how well a manager has performed in managing his portfolio.

Before analysing performances of property portfolios, the returns of portfolios for the period of 2000-2003 were first generated by means of properties' internal rate of returns (IRR) given as:

$$C_0 = \frac{R_1 - P_1}{(1 + r_m)^1} + \frac{R_2 - P_2}{(1 + r_m)^2} + \dots + \frac{R_t - P_t}{(1 + r_m)^t} + \dots + \frac{C_n + (R_n - P_n)}{(1 + r_m)^n} \dots \dots \dots (1)$$

Where: r_m is the internal rate of return (IRR)

R_t is the income received in period t , $t = 1, 2, 3, \dots, n$

P_t is the net purchase/outlays in period t , $t = 1, 2, 3, \dots, n$

C_n is the value of the property at the end of period n (measurement period)

C_0 is the initial cost of investment or capital value of the asset at the beginning of the measurement period.

n is the number of time-period (measurement period).

The mean return for each portfolio, which was compared with the performance of the risk free investment (Treasury bill) for the measurement period of 2000 – 2003, was measured using the following equation.

$$\bar{X} = \frac{\sum X_i}{n} \dots \dots \dots (2).$$

The standard deviation (a measure of variation of returns and risk) is calculated as:

$$S = \sqrt{\sum_{i=1}^n (X_i - \bar{X})^2} \dots \dots \dots (3).$$

Where: X_i is the set of returns for each portfolio or set of rankings produced by the respondents on each factor considered.

n is the number of respondents or observations.

$\bar{X}$ is the mean of ranking of observations or returns and

S is the standard deviation of return or of the ranking of observations.

The Sharpe Index is obtained as:

$$\text{Sharpe Index (SI)} = (R - R_f)/V \dots \dots \dots (4).$$

R_f is the risk free rate of return. That is the Treasury bill rate for the period of measurement which averaged 12.38%, V is the standard deviation of the returns of portfolios.

The differential return measures, which provided answers to the question of how much better or worse a manager performed when compared to the market portfolio of the same risk, is expressed as:

$$\bar{R}_{A1} - \bar{R}_{A2} \dots \dots \dots (5)$$

Where: $\bar{R}_{A1}$ is the mean return of each portfolio calculated without recourse to market portfolio.

$\bar{R}_{A2}$ is the mean portfolio return calculated in relation to market portfolio and is given as:

$$\bar{R}_i = \bar{R}_f + \left(\frac{\bar{R}_m - \bar{R}_f}{\delta_m} \right) \delta_i \dots \dots \dots (6)$$

$\bar{R}_f$ = the risk free rate of return.

$\bar{R}_m$ = the market mean rate of return which is defined as the average return (for each year) of all sampled portfolios (firms) in each location.

δ_m = the standard deviation of the market return and

δ_i = the standard deviation of the portfolio return

first calculated ($\bar{R}_{AI}$).

The greater the differential return, the better the manager's performance. (See Elton and Gruber for more detailed discussion on this.

In addition to the above, market portfolio, in the context of this study, is taken as the sum total of all sampled portfolios in a particular location, while the market portfolio returns are the average rate of returns (for each year) of all the sampled firms (portfolios) in each location. The period of measurement (2000-2003) was also chosen by reason of data availability, especially with regards to portfolio returns.

Data analysis and findings

The results of the analysis which are sub-divided into two, namely, management practice and property portfolio performance, are presented in this section. Unless otherwise stated, all tables in this

section of the paper emanated from the field survey conducted in 2004.

Findings with respect To management practice

Real estate management is considered analogous with decision-making and decision – making tools serves as the basis of differentiating one management approach from another. Thus, the most revealing place to start our analysis is with decision-making tools and the elements involved in management practice.

Decision Making Tools.

The evidences of the frequency distribution and percentages as well as the mean and standard deviation measures revealed that managers placed so much importance on experience as a decision tool. It has the highest number of responses and percentages (86%) among those managers that ranked the three methods considered as preferable. Rule of thumb as a basis of decision- making ranked second in the manager's preferences while appraisal/quantitative technique ranked third. This shows that property managers used, most often, traditional approach in their management practice. This is contrary to the use of analytical techniques (active portfolio management) expected of the current situation in the Nigerian property market. See Table 1 below for details.

Table 1. Decision making methods adopted by property managers

Decision Tools	Ranking						Mean $\left(\bar{x}\right)$	Standard deviation $\left(\sigma\right)$
	1 st		2 nd		3 rd			
	No of Res.	% of Res.	No of Res.	% of Res.	No of Res.	% of Res.		
Rule of Thumb	2	5	19	43	23	52	2.47	0.59
Based on Experience	38	86	6	14	--	---	1.14	0.35
Appraisal Methods (NPV, IRR, e.t.c.	3	7	10	23	31	70	2.64	0.61

4.1.2. Elements in Management Practice.

To further examine if portfolio managers were using active portfolio management in their practice, question that bothered on whether performance appraisal contents were present in managers' practice was asked. It was found that the three basic elements expected of an active property portfolio management practice (i.e. performance measurement, performance appraisal and performance improvement) were missing in Lagos. The study revealed that managers generally did not measure the performance of the

properties under management as only 15 (34%) of the 44 sampled property managers asserted that they measured the performance of their portfolios. It can thus be inferred that only 34% of the managers were using active management approach.

Of those (15) managers that monitored/measured performance of their properties, at least 8(53%) of them preferred to monitored performance via the traditional performance measurement system, that is, income appreciation. From the results of the mean of the ranking of

methods of performance measurement by managers in Table 2, it is clear that the few managers that monitored performance of properties did so only using the conventional methods such as income appreciation, full rental value growth and growth in capital value. These and other traditional methods ranked before the methods that are favoured and advocated for use in performance measurement system and portfolio management; that is, internal rate of return measure and financial management rate of return which ranked 6th and 7th respectively. This goes to show that, even, where managers claimed to have been monitoring performance of property portfolios, there was no appropriate performance analysis sub-system put in place to enhance portfolio management practice in Lagos Metropolis.

Style of Information Dissemination and Accountability and Investors Level of Satisfaction

The study also revealed that the current managers' style of information dissemination and accountability was not meeting up with what should be the requirement of the property owners / investors. All responding managers were unanimous as to the contents of their reports. Managers' reports usually contained only issues such as level of rent collected and deductions, numbers and including tenants' request (if any); state of repairs of buildings, and rent review. None of the managers had included in his report reasons or explanations for the performance of his portfolio in the immediate past period and none reflected on the plan(s) for future actions to better or improve performance of portfolio. However, the study found out that a sizable number of the property owners felt satisfied with the current style of management. The result of in Table 3 shows that 41 (54%) of the investors felt, at least, satisfied with their managers' practice whereas, 35(46%) of them asserted that their level of satisfaction felt short of being satisfactory. The study, however, noted that with increasing level of awareness in the property market, as to what should constitute better management, property portfolio managers' style of information dissemination and accountability will be put to question.

Lease Structure

Finally on management practice, the study found out that managers prepared management budget and schedule of repairs on their property portfolios periodically, and the practice for residential property lease is a term of 2years with 2 yearly rent reviews. The lease pattern shows that leases were determined (automatically) when rents were being reviewed. What one may infer from this is that tenants' interest

in leases cannot be judged marketable. This, no doubt, poses enormous problems for property portfolio management.

Portfolios'/ Managers' Performance.

Regarding the performance levels of properties being managed and that of the managers, the findings of the study revealed that, while the evidences of the mean return of portfolios, standard deviation measure and Sharpe (1966) index suggest that property portfolios are performing better, to an extent, the result of the differential return measure revealed a dismal performance on the part of the property portfolio managers. (See Table 4 for details of these).

In terms of mean return, 21 (62%) of the 34 measured portfolios across the 5 zones performed above the targeted rate of 14.38% (risk free rate plus a 2% risk premium) for the period of measurement while 13 (38%) performed below this rate. The results of the standard deviation which range from 0.33 to 11.46 across the zones reveals that the property portfolio returns were fairly consistent on a year-to-year basis and little variations are exhibited. This shows that all measured portfolios across the zones were of little risk. The Sharpe Index, apart from measuring the return of the portfolio per unit of risk, allows an investor to judge the performance of his investment. The result of Shape Index revealed that 24 (71%) of the 34 measured portfolios 'tracked' the performance of their respective market portfolio while 10(29%) performed below the market portfolio. This, no doubt, shows that residential property portfolios in Lagos Metropolis performed better, at least, from the investors' point of view, when related to the performance of Treasury bill.

The differential return measures on the other hand allow the study to determine which manager, in his ability at managing portfolio, has performed better than the portfolios of the same risk (other portfolios in the same location) and also answers the question of whether performance levels can be linked to management expertise. To achieve this aim however, 34 firms/portfolios that provided data were analysed. Out of the 34 measured portfolios across the zones, only nine (9) (26%) of the managers showed better performance in their respective zones, whereas, twenty- five (25) (74%) of the managers performed poorly. It will be of interest to state that 40% of those property portfolio managers that can be said to be adopting macro/active management style (that is, those (15) who were measuring performance of portfolios) performed better. To the contrary, only 16% of those adopting traditional management styles performed better.

Table 2. Methods of Performance Measurement

Methods	Ranking														Mean X	Standard Deviation (σ)
	1 st		2 nd		3 rd		4 th		5 th		6 th		7 th			
	No of Res.	% of Res.	No of Res.	% of Res.	No of Res.	% of Res.	No of Res.	% of Res.	No of Res.	% of Res.	No of Res.	% of Res.	No of Res.	% of Res.		
Income Appreciation	8	53	2	13	4	27	1	7	-	-	-	-	-	-	1.87	1.06
Full rental value growth	2	13	6	40	5	33	-	-	-	-	2	13	-	-	2.73	1.49
Growth in capital value	2	13	4	27	3	20	4	27	2	13	-	-	-	-	3.00	1.31
Efficiency of income collection	4	27	2	13	2	13	2	13	3	20	1	7	1	7	3.33	1.99
Reversionary potential	1	7	-	-	2	13	2	13	7	47	1	7	2	13	4.67	1.54
Internal rate of return (IRR)	-	-	-	-	-	-	1	7	2	13	7	47	5	33	6.06	0.88
Financial rate of Return (FRR)	-	-	-	-	-	-	1	7	1	7	5	33	8	53	6.33	0.90

Table 3: Level of satisfaction of property owners with the managers' style of Information Dissemination and Accountability

Level of Satisfaction	No of Respondents	Percentage Response
Very Satisfactory	9	12
Satisfactory	32	42
Less Satisfactory	27	36
Not Satisfactory	8	10
Total	76	100

Table 4. Performance Evaluation of property Portfolios/Portfolios' Managers

Portfolios/ Location	Portfolio Returns (%)				$\bar{X}$	Std. of return	Sharpe Index	Differenti al return
	2000	2001	2002	2003				
1	11.50	12.05	12.81	18.38	13.69	3.18	.412	-2.115
2	5.08	9.96	12.46	10.30	9.45	3.12	-0.939	-6.29
3	5.62	10.99	12.26	10.39	9.82	2.90	0.882	-5.68
4	21.90	23.82	23.50	24.07	23.32	0.98	11.163	9.88
5	5.63	6.65	10.20	9.04	7.88	2.11	-2.133	-6.77
6	20.71	11.67	14.52	17.23	16.03	3.86	0.946	-0.51
7	10.24	8.20	9.11	11.81	9.84	1.56	-1.628	-4.22
8	8.04	10.60	13.18	16.81	12.00	3.49	-0.109	-4.14
9	21.20	21.66	21.13	23.41	21.85	1.07	8.850	8.32
10	--	22.57	16.85	16.71	19.38	2.92	2.397	3.86
11	12.43	10.01	11.69	12.37	11.63	1.13	-0.664	-1.97
12	5.84	5.51	5.45	10.39	6.80	2.40	-2.325	-19.63
13	--	13.91	15.30	15.69	14.99	0.90	2.900	-2.66
14	18.78	23.78	26.21	24.77	23.39	3.23	3.409	-7.90
15	25.42	17.88	20.31	20.52	21.03	3.16	2.737	-9.85
16	12.09	16.87	16.27	17.27	15.63	2.39	1.360	-10.74
17	26.50	19.09	18.14	19.68	20.85	3.82	2.217	-13.89
18	27.31	18.74	16.86	18.60	20.38	4.70	1.702	-19.51
19	8.89	15.00	15.39	17.69	14.24	3.76	0.495	-20.15
20	20.84	16.65	17.17	15.51	17.54	2.31	2.234	0.107
21	26.03	26.10	26.57	25.78	26.12	0.33	0.636	13.02
22	4.08	14.31	10.27	9.07	9.43	4.21	-0.701	-12.16
23	7.05	14.83	19.54	20.27	15.42	6.08	0.500	-10.26
24	12.62	6.71	21.79	22.65	16.69	6.50	0.663	-9.91
25	10.61	9.53	8.53	8.12	9.20	1.11	-2.865	-5.61
26	14.55	14.54	13.42	14.68	14.30	0.59	3.254	0.63
27	11.02	19.27	18.54	17.38	16.55	3.77	1.106	-0.33
28	--	6.71	11.29	9.92	9.31	2.35	-1.306	-5.88
29	5.62	20.56	21.95	17.84	20.12	2.09	3.703	5.24
30	20.69	10.51	15.60	13.80	15.15	4.25	0.652	-2.31
31	4.00	29.98	27.50	20.10	20.16	11.46	-0.679	-5.91
32	--	--	20.30	21.91	21.11	1.14	7.658	6.404
33	9.67	23.78	17.56	23.67	18.67	6.67	0.943	-7.32
34	20.85	23.71	23.04	27.68	23.82	2.85	4.014	5.62

The result showed that active portfolio management might be better than traditional style. It thus confirmed the earlier skepticism expressed by these authors as to whether the traditional estate management practice given prominence in the study area, is able to cope with the dynamism and sophistication that have characterized today's property market.

Concluding Remarks

In the paper's examination of the property portfolio management practice in Lagos Metropolis, as well as the performance appraisal of properties under management, the results of the analysis suggest that the real estate industry, in Nigeria, has not only been unable to keep pace with trends in the United Kingdom and United State of America, but also has been generally slow in accepting a wide range of the quantitative techniques involved in portfolio management. The findings revealed that it is the traditional property portfolio management practice that is given prominence in Lagos and that the current practice cannot cope with the sophistication which today's property market demands. The implications of this can be quite serious.

Meanwhile, in discussing this finding, a note must be made of the observation of Morell (1996) that, property owners / investors can influence performance of properties or that of the managers through their (investors) ability to develop, refurbish,

influence manager's decision and so on. This suggests to us that where a landlord is difficult and a miser, his actions will affect badly the performance of his property and that of the managers. It goes to show that the dismal performance of property portfolio managers, as revealed in this study, might have been influenced by the actions of difficult landlords and the financial stringency on the part of the landlords.

In addition, it has been noted by Hargitay and Yu (1993) that active portfolio management practice rests on comprehensive data and information bases with careful maintenance and updating, without which a meaningful measurement and analysis of portfolio performance is impossible. The fact that there is no centralised database for property indices in Nigeria (Olaleye, 2004) is enough reason to justify why managers preferred the traditional management style.

The above paragraphs are however by no means meant to excuse the inefficiency of the managers' style in managing their portfolios. It is our belief that estate surveyor, as a property portfolio manager, should re-evaluate his methods and practices with a view to taking corrective actions. In the first step towards such corrective actions, it is of importance to investigate and find empirical reasons for those developments in property portfolio management practice in Lagos metropolis.

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