Corporate governance and real estate assets management in Nigerian banks

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Abstract

Purpose – This paper aims to evaluate the strategies adopted by Nigerian banks to integrate the management of their real estate assets into the overall business objectives.

Design/methodology/approach – Questionnaires were distributed to the corporate real estate managers of the 24 recapitalised banks in the country and supplemented with interview. The study adopted the descriptive method of percentages, mean and proportion methods for analysis.

Findings – The study found that Nigerian banks have distinct real estate units that manage their substantial real estate holdings, which they revalue at the open market basis every six months. The study also found that in spite of the fact that Nigerian banks have substantial real estate holdings, employees of the real estate unit spend more time on the core business of the organisations than on real estate activities. While some of them have sole responsibility for real estate activities, others are gradually shifting attention to the importance of their real estate assets.

Practical implications – The study has major implications on corporate real estate management and banking practice in Nigeria. There is the need for organisations to re-direct their focus towards the strategic perspective of CRE as an important and profit inducing tool of business. This may require exposing CRE executives to requisite training that will equip them for effective service delivery.

Social implications – Inefficient real estate management can result in huge loss of shareholders fund by investors and subsequently affect the economy.

Originality/value – The study identified real estate as a "turn around" tool that can be adopted by bank executives to improve their financial status and a pro active step towards building an efficient and virile profession to handle the emerging corporate real estate management sub discipline in real estate.

Keywords Corporate governance, Corporate management, Corporate real estate, Real estate assets, Real estate, Assets management, Nigeria

Paper type Research paper

1. Background to the study

The recent widespread corporate scandals and failures had their root in dishonest management decisions and, in some cases, outright cover-ups of illicit activities and, has brought to the fore the role, which the pursuit of narrow group interest played in wrecking the concerned corporation and consequently the lives of millions of innocent citizens who had stake in them (Sanusi, 2003). In the same way, the recent collapse of the stock market and uncovering of flagrant abuse of loans and perquisites in the banking sector and the high incidence of corruption in the Nigerian economy generally are enough to pose the question indeed of not corporate governance but actually its absence in Nigeria (Oyebode, 2009).

In recent years, international economic development has induced Nigeria to adopt a programme of economic liberation and deregulation. Advocates of the person tout their

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potentials not only for generating greater economic growth, but also for contributing to more responsible corporate governance. (Ahunwan, 2002). The issue of good governance is an imperative for ensuring successful corporate performance (Sanusi, 2003). Along with corporate responsibility, corporate governance provides the foundation of market integrity and thus imposes a lot of responsibility on the board of directors that involve striking a delicate balance between the various stakeholders (Sanusi, 2003). There is an obvious link between corporate governance and the health of the national economy. Just as good governance is a categorical imperatives in the public domain, effective corporate governance is a desiderum for health growth and development of any economy which has put its commanding heights in the hands of the private sector (Oyebode, 2009).

Accordingly, Nigerian business executives are to facilitate building confidence and trust that allow corporations access to external finance and make reliable commitment to creditors, employees and stakeholders (Sanusi, 2003). In ensuring effective corporate governance, business executives should adopt and implement policies that will ensure effective utilisation of their resources. For instance, if the lapses in the financial service industry will be reduced, bank executives, in line with the shareholders value concept, should be guided by the desire for productivity and profitability. In doing this, the various resources of the organisation must be utilised effectively. One of the resources that can be repositioned and utilised for economic growth and profitability is the corporate real estate assets of the organisation. It is the fifth resource of an organisation after human resources, technology, information and finance (Joroff *et al.*, 1993). Corporate real estate has been defined as the land and buildings of organisations that are not primarily in real estate business.

While the various government economic liberation policies of privatisation and commercialisation are directed towards attracting foreign direct investment into the country, the collapse of 64 out of the 89 banks in the country have the tendency of discouraging foreign investors, where as the effective utilisation real estate holdings of these banks could salvage the banks from distress.

With the emerging African market being the focus of international activities, it would interest foreign investors to know how the real estate assets are being utilised to enhance productivity in Nigerian banks and strengthen its financial base. In addition, with many Nigerian banks in merger and acquisition talks, banks in the developed world would benefit from knowing how real estate decisions are taken by Nigerian banks who are approaching them for investment and acquisition.

In developed countries, the grave consequences of the neglect of corporate real estate have been documented. RICS (2002) reported that UK business throws away £18 billion a year through inefficient use of property, which could have improved gross trading profits by up to 13 percent. Hwa (2003) found that many companies have little ideas of their property costs and the extent of their interest and their value. This is in spite of the fact that no corporate body or organisation can do without real estate for its operations. In African countries like Nigeria, the question of how best the real estate assets can be used to improve productivity and profitability in the banking industry remains unanswered. This paper seeks to evaluate real estate decision practice of the banks in Nigeria.

The paper is structured as follows. Section 1 provides the introduction and the specific aim of the paper. Section 2 provides a brief review of extant literature and some related past studies in the area of corporate governance and corporate real estate management.

The Section 3 discusses the study population, methodology and data requirement while Section 4 contains the results, the discussions and the concluding remark for the study while providing the way forward.

2. Literature review

A considerable number of studies on corporate governance as a means to effectively utilise the resources of organisations exist. Examples include Koslowski (2009), Rossouw (2009), Reddy (2009), Lazarides (2010), Lu (2009) and Okpara (2011). A close examination of the studies revealed that they have different focuses.

Koslowski (2009) and Rossouw (2009) provided information on the models of corporate governance in four regions of Africa, Asia, Continental Europe and North America in order to determine whether there is a global divergence or convergence with regards to the ethics of corporate governance among these four regions of the world. Reddy (2009), Lazarides (2010), Lu (2009) and Okpara (2011) documented the issues and challenges of the system of corporate governance in major organisations in Asia and Continental European countries. The authors failed to examine corporate governance in relation to the real estate management of organisations.

In the same way, studies on the importance of CRE as a strategic resource of organisations abound in the literature. Although the awareness of the importance of corporate real property assets dates back to 1983 when Zeckhauser and Silverman (1983) first observed that a major portion of all corporate assets (approximately 25-41 percent) of corporate organisations in America were invested in real property, a subsequent work of Veale (1989) and noted that occupancy costs of corporate space represented some 10-20 percent of operating expenses, or 41-50 percent of corporate net operating income (Manning and Roulac, 1999).

Other studies have considered different aspects of its practice. Examples include (Ilsjan, 2006; Bouris, 2005; McDonagh, 2002; Gibson, 2002; Breitensten *et al.*, 1998; Nourse and Rolac, 1993). The authors established the importance of CRE in corporate organisations as the largest components of the fixed assets of firms. Authors such as Veale (1989), Nourse (1994), Adendorff and Nkado (1996), Rodriguez and Sirman (1996), Englert (2001) and Seiler *et al.* (2001) have examined the practice of management of corporate real estate and found that majority of the organisations were found to be either doing nothing, or did not know what to do regarding their property portfolios.

Roulac (2001) sought for the impact of strategic property management on business strategy subsequently identified seven distinct ways by which CRE can bring competitive advantage to a corporation. These include creating and retaining customers, attracting and retaining outstanding people, contributing to effective business processes, promoting enterprise values and culture, stimulating innovation and learning, impacting core competency and enhancing shareholder wealth. According to him, CRE is a multidimensional asset that can add to corporate profitability and shareholder value in many ways.

Bryan (2003) only examined the opportunities for CRE decision makers for different types of lease finance. The author found that the cost of sale and leaseback financing has decreased lately quite significantly as the amount of capital available for sale and leaseback transaction has increased rapidly. In addition, the author concluded that the sale and leaseback lessors have turned to structured finance solutions to respond creatively to corporate economic needs and have produced substantial cost reductions.

Tay and Liow (2006) examined the practice of corporate real estate management (CREM) in Singapore. The author employed statistical data-driven analytical techniques to study the direct and indirect effects of performance factors on corporate real estate. The study pointed out that CRE is under-managed in Singapore. In addition, the study revealed that the CRE planning and the existence of CRE unit have direct impact on CRE performance.

McDonagh (2008) carried out a time series analysis of the development of CREAM practice in New Zealand. The author identified the substantial number of qualified CREM personnel and the development as substantial and continuous improvement in CREA practice but that the percentage of organisation with a separate real estate unit and the allocation of real estate costs remained stable overtime.

Kaluthanthri (2009) examined the CREM practices of the banking sector in Sri Lanka. The author administered questionnaires on commercial banks with a minimum of 50 branches. The study found that in general, CRE is undermanaged in the commercial banking sector in Sri Lanka and it is in passive mode. The study further found that three variables namely, CREAM organising structure, knowledge and skills of CREAM managers and employees, Role of CREAM in the bank are in passive mode while CREAM policies, function and activities are in selective mode with the fifth variable, CREAM practice being in active mode.

Oi (2010) investigated CREM of organisations in Japan. The study found that the importance of CRE management has been recently recognized and that some Japanese companies have integrated CRE management into their corporate strategy. The author categorized CRE management in Japan as cost reduction, workplace strategy, and portfolio optimization. The study also explained CRE statistics, CRE management guideline and manual, and case studies on Nissan and Japan Post.

In summary, a look at the studies reviewed in the foregoing section, will leave no one in doubt that there is evidence to suggest that there are studies that have focused on the importance of CREM in organisations whose business is not real estate. There is also evidence to show that the empirical studies focused on the practice of CREM in the advanced countries of the UK and USA. However, a critical examination of the results of the above studies missed a fundamental issue regarding addressing CREM in an emerging economy like Nigeria.

Many studies (Schaefers, 1999; Avis *et al.*, 1989; Joroff *et al.*, 1993; Kaluthanthri, 2009) have addressed the practice of CREM in countries that do not share similar economic and political characteristics with African countries like Nigeria. Meanwhile, as more corporate organisations aggressively open branches and acquire real estate assets, a major issue that confront both the managers of businesses and their shareholders is the issue of effective allocation of resources between all the company's assets. A study of CREM should also be of interest to them.

3. Methodology and data

The study population of this study was the corporate real estate executives of the recently capitalised 24 commercial banks in the country, who was reached through their respective banks. The list of companies that are listed with the Nigerian Stock Exchange indicates that many of the companies have their head offices located in Lagos state. This provided an opportunity to reach out to the target population. The focus on these organisations is because they are likely to occupy substantial corporate real estate which will provide sufficient insight into the practices of real estate management by these companies.

A questionnaire survey was developed to obtain data on the practice and activities of CREM in their organizations. The questionnaire was divided into four main sections covering: general information, property planning and real estate decision making and issues on corporate real estate assets management. There were 35 main questions in the survey but a lot of these had several sub questions resulting in about 52 possible data items for each respondent. The data collected included questions of fact, for example, "does your organisation have an organised real estate unit?" and also a question of opinion, many of which were measured on a five point Likert scale. For example, "how would you rank the importance of detailed and up-to date information on real estate to your organisation?" Please select the amount of time you personally spend on lease negotiation/administration.

The respondents were asked to answer all questions. The personal involvement of the researcher enhanced the possibility of direct discussions occasionally. A total of 24 questionnaires were distributed, out of which 15 were returned completed representing 62 percent response rate.

Questions included the status of the respondents in the organizations, gender, educational and professional qualifications of the respondents. Company profile included questions on the respondent's job title, the core business of the organisation, the number of employees in the firm and the operating environment.

Section 2 asked questions about real estate portfolio of the organisations. Respondents were asked to answer questions relating to the number of properties and proportion of properties owned/leased by the firm, location of the properties, value of owned and leased portions of the portfolio and preference to lease or own.

Section 3 of the questionnaire posed the questions about the organizations corporate real estate planning. Respondents were asked to indicate if their firms were actively involved in corporate real estate activities, the decision option, time spent on real estate activities and the strategies for acquiring real estate assets. This section also examined the analytical tool used for real estate decision-making, the method of allocating real estate cost, mode of providing space accommodation and the type of information available in the database and the firms' real estate strategy.

Section 4 asked questions about corporate real estate organisation. It asked questions relating to the existence of a CREM unit, the reporting structure, size of CREM units, types of responsibilities and level of centralisation/decentralisation of real estate decision.

The data obtained were analysed using descriptive statistics of percentages, arithmetic and weighted mean, while findings are displayed with the use of tables.

4. Data analysis and interpretation

Respondents background information

The research population were comprised of:

- Respondents surveyed were 61 percent Associate members of Nigerian Institution of Estate Surveyors and Valuers, 30 percent Probationers and 9 percent Fellows.
- All respondents were graduate members.

- Most (46 percent) of the respondents were HND/BSc holders in estate management, 31 percent were holders of MSc degrees while the qualifications of the remaining 15.3 percent were classified as others.
- All respondents have an average working experience of 12 years.

Characteristics of real estate units

Respondents job titles were property manager (70.0 percent), asset/facility manager (15.0) and project manager (15.0 percent). Responses on the status of CREM head revealed that the nomenclature of the heads were: unit manager/national manager (31.0 percent), team leader/supervisor (32.0 percent), property manager/facilities manager (37.0 percent). The size of real estate unit of the sampled firms ranged between 10 and 155 staff members. Further responses were that most (72.0 percent) of the CRE units reported to the CEO/MD while the remaining 28.8 percent reported to the financial controllers of the organisations.

Real estate portfolio profile

Number of buildings in respondents' portfolio were, respectively: < 50 (28.6 percent), between 51 and 100 (7.1 percent) and over 100 (65 percent). On average, the owned portion of the real estate portfolio was 7 while the remaining 27 percent are held on lease basis. Further responses also indicated that the value of owned portion of the real estate portfolio was on average N20 billion, while the proportion of annual rentals made by the firms were: < N100, 000 (25.6 percent), between N100,000 and N400,000 (22.7 percent) and > N400,000 (51.7 percent). In all, most (93.75 percent) of the respondents were solely responsible for the organisation's property portfolio while the remaining (6.25 percent) did not have sole management responsibility.

Amount of time spent on real estate activities

The respondents were asked to indicate the amount of time spent on real estate activities. The responses are contained in Table I.

Real estate activities	Majority of my time (%)	Average of my time (%)	No time spent (%)
Preparation of capital budgets	80	10	10
Preparation of maintenance/operational budgets	67	6.7	26.7
Buying/selling real estate assets	70	17	16.9
Undertaking financial viability studies	70	20	10
Planning/developing real estate strategy	66.7	23.3	10
General administration	63.3	13.7	23
Supervising engineering/construction	66.7	13.3	20
Lease negotiation/administration	10	10	80
Statutory compliance, e.g. building act/ health and safety	63.3	16.7	20
Maintenance supervision managing external service providers	23.7	13.3	63.7

Source: Author's Field Survey (2010)

Table I. Amount of time spent on real estate activities

Table I contains responses in respect of the amount of time the head of the real estate unit in the sample spend on a list of real estate activities. The study revealed varied and divergent responses from the respondents. 80 percent of the respondents spent most of their time on lease negotiation and administration. 10 percent of the respondents spent an average of their total time on lease administration while the remaining 10 percent of the respondents spent no time on this activity. This is despite the fact that this is the main traditional activity of a real estate manager.

A closely related activity that took most of the time of 63 percent of the respondents is maintenance supervision and the management of external service providers while other 23 percent of the respondents did not spend time on this activity. Generally, the study revealed that the CRE units did not partake a lot of the CRE activities which are in the literature traditional of the CRE unit. Responses in respect of other activities revealed that the firms did not spend anytime on many of such activities. The degree of "no time spent" in the activities are correspondingly indicated as follows: preparation of capital budgets (80 percent), preparation of maintenance/operational budgets (67 percent), buying/selling real estate assets (70 percent), undertaking financial viability studies (70 percent), planning/developing real estate strategy (66.7 percent), general administration (63.3 percent), supervising engineering/construction (66.7 percent), lease negotiation/administration (10 percent), statutory compliance, e.g. building act/health and safety (63.3 percent), maintenance supervision managing external service providers (23.7 percent).

The findings revealed a picture of professional CRE experts doing more of the core business functions of organisations at the expense of the CRE functions. The non-concentration on the professional real estate services is warranted by the requirements for all employees to meet measurable target of income generation and increasing the clientele base of the firm in addition to their primary real estate functions.

4.1 CREM strategy

In response to the questions, "please indicate the strategy(ies) adopted to meet the real estate needs of the organisations". The responses are contained in Table II.

The results are that the strategies adopted by the respondents organisations ranged between "owning and managed itself" (81.25 percent), "rented and managed itself" (63.0 percent) and "owned and management outsourced (25.0 percent)". Other strategies which few of the organisations practised included "rented, management outsourced" (12.5 percent) and "structuring sale – and – leaseback deal (18.95 percent)". In these circumstances, it is conceivable that the organisations preference for ownership is due to its value addition to the balance sheet while self management enhances the preservation

Real estate activities	Frequency	Percentage
Owned and managed itself	20	81.25
Owned, management outsourced	6	25.0
Rented and managed itself	15	63.0
Rented, management outsourced	3	12.5
Structuring sales and leaseback deal	5	18.75

Source: Author's Field Survey (2010)

Table II.
CREM strategy

of trade secret and technology of the organisations. The implication is that organisations in the country will likely increase their annual real estate holdings and partake actively at the purchase sector of the market.

4.2 Real estate decision(s) by operating unit

Table III contains the responses to the question: for your organisation, please select the decision(s) that can be made by operational unit/divisional managers who are directly involved in property management.

Majority (90 percent) of the respondents indicated that the real estate unit took absolute decisions on real estate lease negotiations while 70 percent took decisions on real estate maintenance. Responses on other activities namely real estate disposal, real estate purchase and real estate capital administration are 31.25, 60.0 and 50 percent respondents. The interesting result from the "none of the above column" implied that the fact that the financial decisions of each of the above is taken at the board level undermined the activities of the real estate unit. A vivid revelation is that CRE unit has not been fully integrated into the activities of the organisation with top management still treating it as a less important activity in the firm.

4.3 Auditing of corporate real estate assets

A common practice in the business practice as always indicated in the annual report analysis is for firms to include the value of their real estate assets. To this extent, the auditing of the CRE base was investigated (Table IV).

A total of 75 percent of the firms audited their real estate assets every six months while about 16.7 percent of them did it on an annual basis. The findings reiterate organisations rising awareness of the value of their CRE to the entire business organisations in line with the earlier findings of Schaefers (1999). The responses of the remaining 8.3 percent in the "others" column further reveals those organisations who still adopt the reactive management method of CRE. It can therefore be concluded that

Real estate activities	Frequency	Percentage
Real estate disposal	8	31.25
Real estate purchase	14	60.0
Real estate maintenance	17	70.0
Real estate capital expenditure	12	50.0
Real estate lease negotiations	22	90.0
None of the above	19	80.0

Source: Author's Field Survey (2010)

Table III.
Real estate decision(s) by operating unit

Real estate activities	Frequency	Average percentage
6 Monthly	18	75.0
Annually	4	16.70
Others	2	8.3

Source: Author's Field Survey (2010)

Table IV.
Auditing of corporate real estate assets

organisations in the country are gradually shifting towards the global adoption of property as a business tool to enhance their productivity.

Closely related to this is the revaluation of CRE assets. Revaluing here does not mean the written down/depreciation figure but the actual independent value placed on owned CRE assets (Wills, 2008). As indicated in Table V, about 75 percent of the companies revalued on the basis of the current market value, 31.2 percent adopted the historic purchase cost. 25 percent of the respondent organisations adopted the DRC method while the remaining 8.75 percent adopted the book value of each asset. The findings reveal the consciousness of the various firms to the importance of the current market value of the real estate assets in their balance sheet as a means of boosting the asset base of the organisation.

4.4 Revaluing leased CRE

In line with the above, Table VI contains the responses of the firms to the practice of revaluing the leased portion of the CREA.

Majority (93.75 percent) of the firms adopted the annual rental while 31.25 percent of them used the total financial commitment approach. The idea is to spread the real estate risk over a period of long time. Inspite of this, about 12 percent of the firms adopted the annual gross occupancy cost approach while the remaining 12.5 percent of the organisations used the weighted average lease term accounts. It could be conceived that the organisations take conscious steps not to lock up their entire business capital in CRE.

4.5 Mode of acquiring real estate

Table VII contains the respondents' responses to the question: how does your organisation acquire real estate? The available options allowed the choice of multi-answers. The results show a divergent practice between the respondents' organisations.

Majority of the firms (93.8 percent) opted for outright purchase of existing property as the most preferred option. Alternative options common among the respondents firms,

Real estate activities	Frequency	Average percentage
Historic purchase cost	8	31.25
Book value	5	18.75
Current market value	18	75.0
Depreciated replacement cost	6	25.0
Other		–

Source: Author's Field Survey (2010)

Table V. Auditing and revaluing owned CRE assets

Real estate activities	Frequency	Percentage
Annual rental	23	93.75
Annual gross occupancy cost	3	12.5
Total financial commitment (e.g. lease term × annual rent)	8	31.25
Weighted average lease term	3	12.5
Others	–	–

Source: Author's Field Survey (2010)

Table VI. Revaluing leased CRE portfolio in their order of importance included buying and developing land (75 percent); taking of long lease (56.3 percent) and taking of short lease (50 percent). The study also found that structuring sale and lease back deal is not a common mode of acquiring real estate among the respondent firms. This may be a reflection of preference for long-term undisturbed occupation which is found in ownership tenure and/or long lease.

4.6 Allocation of corporate real estate cost

How organisations allocate CRE cost is a recurring theme in the literature, with a number of studies presenting results on whether a cost centre or profit centre approach is preferable (McDonagh, 2002). Table VIII shows the respondents responses to the question: does your organisation treat property as a separate business cost or is it included as a general operating overhead?

The results show a consistent pattern with about 38.5 percent of organisations treating property related costs as overhead cost while 15.4 percent treated it separately but do not allocate them to individual property. The survey also revealed some (46.2 percent) respondents who were not directly allocating property costs at present. The justification for this is the gradual awareness of the importance of the cost of CRE in the entire business financing by Nigerian banks that are currently partnering with international organisations, from whom they are opened to the importance of CRE contribution to the firms' business activities.

4.7 Provision of space accommodation process

Table IX contains the responses in respect of the process of providing space accommodation in the organisations.

There was a wide variety of responses on the issue of the process adopted by the respondents' organisations to provide space accommodation whenever such is required. Only 23.1 percent of the respondents' organisation anticipated space needs by regular meetings of heads of operating units, the real estate/property unit and management.

Real estate activities	Frequency	Percentage
Buy existing property (ownership)	23	93.8
Buy land and develop	18	75.0
Taking long lease with buy-out option	11	43.8
Taking of long lease	14	56.3
Taking of short lease	12	50.0
Structuring sale-and-leaseback deal	8	31.3

Source: Author's Field Survey (2010)

Table VII. Mode of acquiring real estate

Real estate activities	Frequency	Percentage
Treated separately and allocated to each property	11	46.2
Treated separately but cannot be allocated to each property	4	15.4
Included in general operating overhead	9	38.5

Source: Author's Field Survey (2010)

Table VIII. Allocation of corporate real estate cost

This team reviewed and justified existing real estate cost as well as the operational andfinancial implications of alternative options; decisions arrived at are implemented by the real estate/property unit while in (25.1 percent) of the firms, the operating unit would specify what was required, the real estate/property unit would then arrange for it to be purchased, constructed, leased or otherwise applied. The operating unit would also be responsible for ensuring that the real estate costs were not excessive. Other less commonly adopted practices among the sampled organisations include that: 15.4 percent the operating unit will identify a need, then the real estate/property unit would examine options and prepare a solution believed to meet the need at a reasonable cost. The real estate/property unit may propose rearranging operations to meet the need within existing space or make other savings. If operating units reject these proposals, they will have to develop and justify their preferred alternative; 7.7 percent said the operating unit will identify a need, then the real estate/property unit would offer a market based solution charging a readily determined market rent. If there were specialised, "non market" operational requirements, these would be an additional cost to the operating unit. In some few other cases, the responses by 15.4 percent are that the operating unit will arrange the supply of the additional space/land itself while the remaining 7.7 percent that the operating unit will specify what was required, the real estate/property unit would then arrange for it to be purchased, constructed, leased or otherwise applied. The operating unit will need to justify the cost. The finding indicated the absence of uniform measure of providing space allocation and hence a practice that is still evolving.

4.8 Consideration for real estate request

Table X records the multiple factors that are considered by the CRE unit when real estate request is made by the operating unit. Depending on the nature of the request, the findings revealed multiple and divergent practices among the respondents firms.

Table IX.
Provision of space accommodation process

Real estate activities	Frequency	Percentage
Operating unit arrangement	4	15.4
Operating unit specify	2	7.7
Operating unit specify, real estate unit acquire	6	25.1
Operating unit identify, estate unit examine, arrange inspection and propose	4	15.4
Operating unit identify, estate unit offer market solution	2	7.7
Organisation needs anticipated by HOD	6	23.1

Source: Author's Field Survey (2010)

Table X.
Consideration for real estate request

Real estate activities	Frequency	Percentage
Immediate business needs	17	68.75
Needs of other units	12	50.0
Wider-regional issues	11	43.75
Consider national perspectives	6	25.0
National policy	9	37.5

Source: Author's Field Survey (2010)

The factor commonly considered is the immediate business needs. In addition to this, other factors in the order of importance is the needs of other units (50 percent), wider regional issues (43.75 percent), national policy (37.5 percent) and consideration of national policy (25.0 percent). The findings suggest that real estate request is often driven by the immediate business of the respective organisations and that the organisations seldom plan to have space ahead of needs.

Conclusion

The results of these surveys of corporate governance and real estate management of the banks in Nigeria has provided some valuable insights into the governance issues in Nigeria banks as it relates to their real estate assets management. It provides a useful resource both for bank executives and the professional body retraining real estate professionals for contemporary real estate practice.

Emerging from the research is the common revelation that most Nigerian banks have distinct and separate real estate units with responsibilities for real estate activities and services. The study revealed that a larger proportion of the real estate assets holdings of Nigerian banks are held on ownership basis. The organisations own real estate to improve their value in the balance sheet. However, in spite of the fact that Nigerian banks have substantial real estate holdings, employees of the real estate unit spend more time on the core business of the organisations than on real estate activities. While some of them have sole responsibility for real estate activities, others are gradually shifting attention to the importance of their real estate assets. The indication for this is that the organisations are gradually adopting some contemporary modes of real estate practices. The art of revaluing both the leased and owned portions of their real estate assets are gradually being practiced. The practice of treating real estate cost separately and allocating them to each property in line with the global practice of noting the cost elements of the real estate assets of organisations relative to the total assets is being adopted.

The implication of the foregoing is the need for corporate executives of banks in African countries like Nigeria to refocus the employees of the real estate units and accord them sole responsibility and control of the real estate activities so that they could deliver completely the benefits of CRE to organisation performance.

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