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Research Paper

Analysis of the Factors Affecting the Letting Time and the Income Realizable From Commercial Properties in Ekiti State, Nigeria.

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Abstract
Due to the nature of real estate investment, a lot of time is involved between the time of completion and the time of the realisation of the investors dream when the investment becomes fully let or disposed out-rightly in the property market. Mainstream financial investments such as sharesand bonds are liquid hence do not suffer from such delays. There is uncertainty therefore in real estate investment as a result of inconvertibility and this becomes a major risk that stares the investor in the face. This research examinesfactors that can affect letting time (LT) of commercial developments in Ekiti State focusing on its effects on the income realisable by the investor which on the long run determines the pay-out period. The objective is to determine likely times it will take specific real estate developments to achieve full letting or outright disposal. Required data were collected using a questionnaire served on practicing Estate Surveyors and Valuers (Realtors). Frequency Distributions and Weighted Mean Scores were used to examine the differences in Realised Rents (RR) and Expected Rents (ER). Independent Sample T-Test were employed to identify the cause factors of the delays in letting time by deriving a relationship between the letting time and the letting price. The study revealed that such factors as Location, State of Repairs/Standard of finishing, Size of the property, Design Flexibility, Agents Prowess and Period of Completion are the major influencers of letting. It was also found out that different commercial properties have different letting times. Why it would take between 1–6 months to fully let a shopping mall, 1-3months for lock up shops, 1–9 months to fully let an office development, it would take up to 12 months to fully let a warehouse. The study recommends the need for commercial investors to seek after good locations and to be wary of quarks.

Keywords*; Commercial Properties, Real Estate Investment, Financial Investments, Letting Time, Expected Rent, Realised Rent.*

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I. Introduction

Real estate investment has the capacityto stand against inflation and to generate wealth. It is one of the very best means by which the economy of an individual, State or Nation can be advanced. Despite being an attractive business, it suffers from impediments which may delay or even deny investors from achieving the purposes of investment.

Real estate is peculiar in nature and is different from mainstream financial investments like shares, bonds and stocks. Why mainstream assets are readily convertible within few days, real estate may take months or years to transact in terms of full letting, occupation or outright sale. The fundamental characteristic of real estate differentiates one investmentfrom another in terms of the time involved to transact in this market thereby delaying the dream of the investor who – based on the advice of the Appraiser - already has in mind a pay-out period: according to Hordijk and Teuben (2008), this is liquidity risk.

Assets, according to Cheng, Lin and Liu (2013) are classified as either liquid or illiquid. Liquid assets are those that are in cash form or that are easily convertible into cash while illiquid assets are those that are not easily convertible hence may take months or years to let or to be sold in the property market. Real Estate therefore falls into the category of illiquid assets as it normally takes a long time for it to be converted in the manner of Anson, Fabozzi and Jones (2011).It is premised on the above therefore that this study assesses the factors that influences the transaction time of commercial property developments with a focus on Ado – Ekiti, the capital city of Ekiti State.

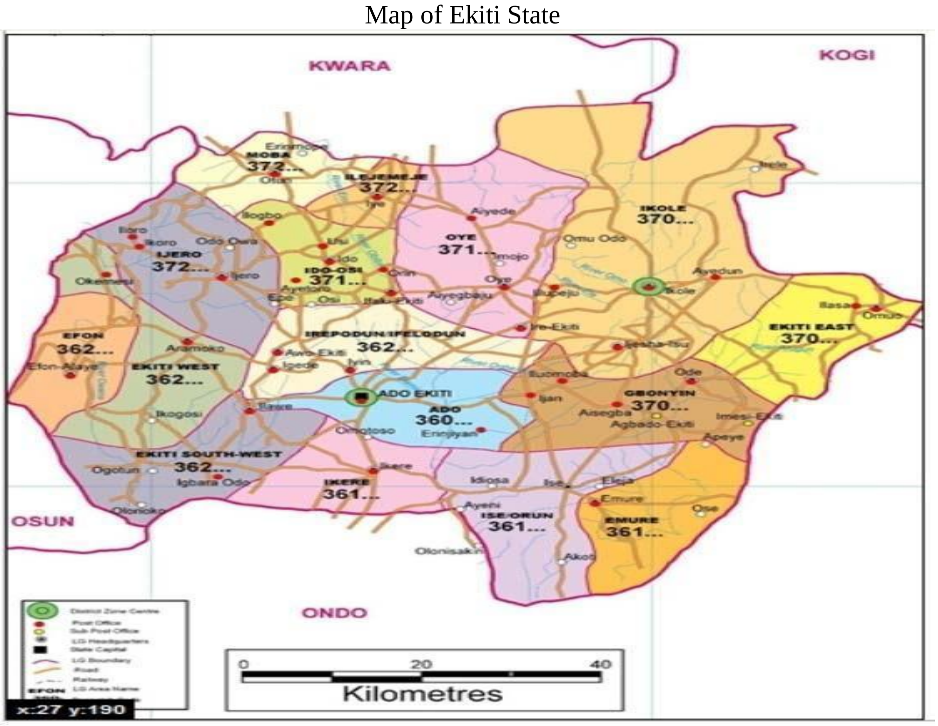
Commercial properties are such purpose-built developments that are used for business activities. Oladapo (2000) listed such as office buildings, medical centres, hotels, malls, retail stores, warehouses, and cinemas. The distinctive characteristics of commercial real estate from other developments are those of accessibility, large lot size, uniqueness (heterogeneity), complementarity (Bond, Crosby, Hwang, Key, Lizieri, Matysiak, McAllister and Ward 2004) and liquidity (Hordijk and Teuben, 2008). As a result of being purpose built for business purposes, it is expected that there must be a periodic return. The longer the delay in receiving these returns, the longer the time to recoup the invested capital (Wu & Zheng, 2008).

There is the need for investors to knowafore-hand what transaction time of their investments are and the factors that affect them. The knowledge of this will be very beneficial to the investor as the time to fully let the investment becomes handy. This work therefore assesses and analyse the likely time to achieve full letting of different commercial properties in Ekiti State with a view to identify any relationship between the letting time and the realised rent of such commercial investment.

The Study Area

Since time immemorial, Ado Ekiti has been the commercial and administrative headquarters of Ekiti people. This people are unique as they spread over a large area sharing boundaries with a lot of tribes in the South Western part of Nigeria. By the declaration of the Federal Government in 1995, Ado Ekiti was confirmed the State Capital of Ekiti State

Map of Ekiti State



Theoretical Background.

Transaction timein commercial properties are affected by such factors as Location, Type, Size, Terms and Tenancies,Neighbourhood/Environmental factors,Mortgage Interest Rates, Household Income, Property Price,Agents Prowess and Proximate Developments (Bond &Lizieri, 2004; Daly, Gronow, Jenkins and Plimmer, 2003;Chapman and Lombard 2006; Tan (2011) and Oladapo, 2002). Transaction time is a direct measure of the activeness of the property market overtime. The major motive of investing in any commercial property is to make profit and this can only be done through the reduction of the period to recoup the capital invested. Abridged financing is the main way of financing commercial property development (Nubi 2002, Bello 2003). The longer the Pay Back Period (PBP), the more the uncertainty of achieving the aim of investment on the part of the Investor and the more the agitation to foreclose by the Financier. This therefore leads to the interest shown in the time of completion and the expected time to recoup the invested capital. The delay in realising the market or capital value therefore becomes a problem as the actual market value as desired by the investor may never be achieved. Ball, Lizieriand MacGregor (1998); Fisher, Gatzlaff, Geltner and Haurin, (2003) opined that the difficulties in trading property add a timing risk to uncertainties surrounding the cash-flow and this can lead to problems in implementing an active portfolio management strategy. The market illiquidity as measured by the time the property takes on the market(TOM) determines the volatility of the market and the fear of the investor. This fear as expressed inOloyede (2004); Bello and Adewusi (2009) has continued to cause a gradual shift from investment in real estate to a more liquid financial asset investment.

Ametefe, Devaney, and Marcato (2015) defined time on market (TOM) as the date beginning from when a property is being advertised for sale or let and the time of outright disposal or full letting. This period according to Wu and Zheng 2008 varies in differentassets. The operation in this market is such that both the property seller as well as the property buyer search for each other until a transaction is completed; this may however last for a long time because of the imperfect nature of the market: TOM is therefore a waiting period before actual transaction is done, which is a derivative of the investment liquidity. Low liquidity according to Hoesli and MacGregor (2000) makes the market value of the investment to take longer time to realise and when eventually achieved, the original market price might have changed,this will therefore make the actual return to differ from the expected.

The real estate market is the market that deals with the transfer of real property rights rather than the land and buildings themselves. This is the differentiating factor from other markets where supply and demand determine the dynamics of the market. As opined inGiff, (1997), real estate market does not operate solely on competitive forces due to the characteristics of the market which makesliquidityto be paramount. In Antwi and Omirin (2004), it was stated that this market works best when there are many suppliers and consumers, free flow of information and easy entry and exit.

Due to the peculiar nature of real estate,it is distinguished from other forms of investments. Researchers such as Ring and Dasso (1977), Fraser (1993), Ajayi (1998), identified such characteristics as fixity of location, non-standardization of commodities, privacy of transactions, non-centralization of markets, absence of short selling, poor adjustment of market supply and demand, dual components,heterogeneity, absence of quoted current price and lack of knowledge of the transaction as being the major distinguishing characteristics which makes operations in the market complex and cumbersome.

Expected rent (ER) is the agreed money being expected from an investment payable by the legal tenant which comes as a percentage of the cost of the investment. It is the amountthat a real estate investor anticipatesfrom an investment property that has the potential to recoup the invested capital beyond which the investor earns profit. Realised rent (RR) on the other hand is the portion of the expected rent that is obtainedfrom the investment. The risk in real estate investment therefore is that the realised rent or actual return will differ from the expected return thereby making the market value to take longer time to realise(Wu and Zheng,2008).

The factors arising from letting transactions therefore has the capacity to influence the transaction time of commercial properties. The physical characteristics according to Guilkey et al (1989) are real property attributes that are perceived to have had significant explanatory power on liquidity. They are quality of finishes, age of the property, its location, property type (Fisher et al, 2003), age and condition(Miller, Amegav, Sulemana and Kwadwohe, 2014).

Also, efficient market performance according to Obe et al, (2007) determines the capacity of Financial Institutions to lend money and for landowners to invest.Antwi and Omirin (2004) established that markets work best when there are many suppliers and consumers, free flow of information and easy entry and exit. Efficient performance in the market therefore helps the market price of a transacted property to equate with its market worth.

Equity constraint talks about the willingness on the part of financial institutions to grant loan facilities. Very relevant here are the loan-to-value ratio which relies on sales data (Genesove and Mayer (1997) and Lamont and Stein, (1999).

Owner’s attributes/ Agents Prowess also can affect letting time. Owner’s motivation to sell/let and the prowess of the Agent in charge according to Crosby and McAllister (2005) goes a long way to affect the success of marketing the property hence its transaction time.The ownership characteristics is another factor in this line.Institutional real estate investors are less likelyto be as emotionally attached to their property as owner-occupier. Investors are more emotional in owner-occupied properties according to Clayton et al, (2005) because they serve as both an investment and consumption good.

Location has also been identified as one of the most important determinants of letting time. It is a high determinant of rent (Johnson et al, 2008), a determinant of whether to let or purchase (Daly et al., 2003) and access to market (Aluko, 2011).Prospective Tenants qualityhas also been identified as an important factor of the success of the performance of the let property in the market. Ability of the tenant to continually meet up with his rent is one of the considerations before a property is leased out.

II. Methodology

A survey research design using a well-constructed questionnaire where relevant questions were posed to Estate Surveying and Valuation Firms in Ado Ekiti was adopted. For adequate coverage, reference was made to the current list of The Nigerian Institution of Estate Surveyors and Valuers Directory (2020). Most Firms in the present Ekiti Statestill have their head offices in Ondo State; the combined list of members in the two states which totaled 26 was adopted. Questions were made to center on the number of leased commercial properties in their portfolio. Estate Firms are targeted in this study because they serve as Managing Agents in charge of these properties thereby performing the role of intermediaries between owners (investors) and prospective tenants. Based on the pre-research survey conducted, 141commercial properties were found listed in the portfolio of the 26 Estate Firms. Qualified Estate Surveyors from the status of an Associate upwards were made to administer the structured questionnaire which is divided into sections seeking information regarding individual property let out, expected rent, realized rent and their relationship with the letting time.

DataAnalysis, Discussion and Presentation of Findings

1. Response to Questionnaire Distribution

Thetable shows the response of Estate Surveying and Valuation Firms to the distributed questionnaire. The result was analysed and presented as shown in table 1.

Table 1: Questionnaires Administered and Retrieved.

Respondents	Number distributed	Number Retrieved	Percent (%)
Estate Surveying and Valuation Firms	26	23	88.46
Total	26	23	88.46

Source: field survey, 2022

Table 1 shows that 26 questionnaires were distributed to the sampled Firms of the practicing Estate Surveyors and Valuers in the study area, 23 were retrieved representing 88.46% which were used for further analysis.

2.The Likely Time to Achieve Full Letting of Commercial Properties.

Opinions of the respondent Surveyors on the likely time to achieve full letting of different types of commercial propertiesare presented in table 2 below:

Table 2: Average Time to Full Letting of Commercial Properties in Ekiti

Typesof comm. Ppt	Freq %	Period taken for the Property to be fully let							
		1-3 Mnths	4-6 Mnths	7-9 Mnths	10–12Mnths	Abv12Mnths	Mean	Std. Dev	Rank
Shopping mall	33(23.4)	128(90.8)	13(9.2)	-	-	-	1.0426	.20257	1st
Office space	23(16.3)	51(36.2)	70(49.6)	20(14.2)	-	-	1.6383	.48221	3rd
Lock-up shop	48(34.0)	75(53.2)	66(46.8)	-	-	-	1.4681	.50076	2nd
Ware house	25(17.7)	18(12.8)	63(44.7)	38(27)	20(15.5)	-	2.1844	.63923	5th
Others	12(8.5)	43(30.5)	98(69.5)	-	-	-	1.6950	.46203	4th

Source: field survey, 2022

The 141 commercial properties in the portfolio of the practicing Estate Surveying and Valuation firms were examined. As revealed in table 2, most of the commercial properties are lock-up shops representing 34%. Shopping malls represents 23.4%, warehouses representing 17.7% office spaceshas 16.3% while other commercial property developments present 8.5%. The research revealed that the commercial property with the shortest letting time is shopping Mall with almost all developments having full letting at the end of the 3rd month hence ranked 1stwith a mean letting time of 1.0426. Next and ranked second is Lock-up shops having full letting of between 1-6 months with a mean letting time of 1.4681. The period taken to be fully let for office spaces showed between 1 - 9 months with a mean letting time of 1.6383. The average letting period of warehouses on the other hand shows an extension up to 12months with a letting time of 2.1844. The weighted mean scores and ranking further indicates the number of months and the types of properties to be easily let. The research showed that shopping malls and lock up shops are the properties with relative average time processing periods spanning between 1-3 months which were ranked 1st and 2ndrespectivelywith office spaces coming 3rd with a period extending a little beyond 3months.

This findingagrees with those of Rossini (2005),Odebode (2008) and Adeola (2014) that noted mean time on the market for such properties to be within 53days, 72days, 203 days for undeveloped properties and 272 days for developed properties.

Table 3: Group Statistics of the Average Time to Full Letting of Commercial Properties in Ado Ekiti

	Shopping mall	Office space	Lock-up shop	Ware house	Others
Mean	1.0435	1.6522	1.4783	2.1739	1.6957
Median	1.0000	2.0000	1.0000	2.0000	2.0000
Mode	1.00	2.00	1.00	2.00	2.00
Std. Deviation	.20851	.48698	.51075	.65033	.47047
Variance	.043	.237	.261	.423	.221
Skewness	4.796	-.684	.093	-.177	-.911
Std. Error of Skewness	.481	.481	.481	.481	.481
Kurtosis	23.000	-1.687	-2.190	-.462	-1.291
Std. Error of Kurtosis	.935	.935	.935	.935	.935
Range	1.00	1.00	1.00	2.00	1.00
Minimum	1.00	1.00	1.00	1.00	1.00
Maximum	2.00	2.00	2.00	3.00	2.00

Source: field survey, 2022

The group statistics table shows that shopping malls have the least expected timing, then lock up shops, office space, other types of commercial properties and warehouses. The mode of the average letting times for shopping malls and lock up shops is between 1-3 months while4-6 months for properties such as office spaces, warehouses and other commercial properties. The findings of the research agree with the studies in Rossini, (2005), Odebode, (2008) and Adeola, (2014) that noted mean TOM for properties to be within 53days, 72days, 203 days for undeveloped properties and 272 days for developed properties.

Table 4: Differences in Expected and Realised Rental Values (N) from Different Commercial Properties.

	Groupings	Mean	Std. Deviation	Std. Error Mean
Shopping Mall	Expected	282608.6957	248362.22431	51787.10368
	Realized	271739.1304	248461.67025	51807.83959
Office Space	Expected	155434.7826	101931.16041	21254.11619
	Realized	138347.8261	85466.42546	17820.98163
Lock up shop	Expected	104104.3478	70265.67427	14651.40590
	Realized	94565.2174	66198.44552	13803.33008
Warehouse	Expected	1208695.6522	324965.79327	67760.05197
	Realized	982608.6957	254776.50440	53124.57353
Other commercial property	Expected	995652.1739	374442.93274	78076.74872
	Realized	817391.3043	287468.85035	59941.39889

Source: field survey, 2022

The result shows that the mean expected rental values for shopping malls was N282,608.6957 while the mean realized rental value was N271,739.1304. For office spaces, the mean expected rental value was N155,434.7826 while the mean realized rental value was N138,347.8261. The mean expected rental values for lock up shops was N104,104.3478 while the mean realized rental value was N95,565.2174. The mean expected rental values for warehouses wasN1,208,695.6522 while the mean realized rental value was N982,608.6957. It can be deduced that there existsa difference between the expected and realized rental values from all commercial properties in the property market here with the realized rental value slightly lower than the expected rental value

Table 5: Group Statistics for Expected and Realized Letting Values for Commercial Properties in Ekiti State

	Shopping Mall	Office Space	Lock up shop	Warehouse	Others
Mean	277173.9130	146891.3043	99334.7826	1095652.1739	906521.7391
Std. Deviation	245697.7641	93409.01176	67671.66227	310523.94557	342151.4764
Median	120000.0000	150000.0000	72000.0000	1200000.0000	800000.0000
Minimum	100000.00	5000.00	3500.00	450000.00	450000.00
Maximum	720000.00	350000.00	200000.00	1500000.00	1500000.00
Range	620000.00	345000.00	196500.00	1050000.00	1050000.00
Variance	60367391304.348	8725243478.261	4579453874.396	96425120772.947	117067632850.242
Kurtosis	-.379	.141	-1.253	-.831	-.907
Std. Error of Kurtosis	.688	.688	.688	.688	.688
Skewness	1.160	.374	.347	-.275	.484

Source: field survey, 2022

The table shows the results of the grouped statistics of the rents expected and realized from the sampled commercial properties. The result shows a mean of N277,173.9130; N146,891.3043; N99,334.7826; N1,095,652.1739 and N906,521.7391 from shopping malls, office spaces, lock up shops, warehouses and other types of commercial properties respectively. The standard deviation for shopping complexes is 245697.76 while that of office spaces is 93409.01176. The standard deviation of lock up shops and warehouses are 67671.66227 and 310523.94557. The median of the expected and realized letting values for different types of commercial properties in the study area showed that the median values for shopping malls, office spaces, lock-up shops, warehouses and others are N120,000:00; N150,000:00; N72,000:00; N1,200,000:00 and N800,000:00 respectively.

Further details of the minimum and maximum values for the expected and realized rents along with the range of the values which is the difference between the maximum and minimum values were shown. For shopping malls, the minimum value was N100,000 while the maximum value was N720,000 with a range of N620,000. The minimum value for office spaces was N5,000 while the maximum value was N350,000 creating a range value of N345,000. For lock-up shops, the minimum value was N3,500 while the maximum value was N200,000 with a range value of N196,500. For warehouses, the minimum and maximum values are N450,000 and N1,500,000 creating a range of N1,050,000. For other commercial property types, the minimum value is N450,000 while the maximum value is N1,500,000 and a range of N1,050,000. The results also depict a slight difference in the meanrental values and the realized rental values of commercial properties in this market.The results of the variance for the examined types of commercial properties are 60367391304.348 for shopping malls, 8725243478.261 for office spaces, 4579453874.396 for lock-up shops, 96425120772.947 for warehouses and 117067632850.242 for other types of commercial properties.The results of the kurtosis as presented in the table showed -0.379, 0.141. -1.253, -0.831 and -0.907 for shopping malls, office spaces, lock-up shops, warehouses and other types of commercial properties. The standard error of Kurtosis also showed values of 0.688 for all the types of commercial properties investigated. The skewness on the other hand showed values of 1.160, 0.374, 0.347, -0.275 and 0.484 for shopping malls, office spaces, lock-up shops, warehouses and other types of commercial properties respectively.

Table 6: Independent Sample T-Test for Differences between expected rents and the realized rents from commercial properties in the study area

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Shopping Mall	Equal variances assumed	.004	.948	.148	44	.883	10869.56522	73252.68835	-136761.52762	158500.65805
	Equal variances not assumed			.148	44.000	.883	10869.56522	73252.68835	-136761.52828	158500.65872
Office Space	Equal variances assumed	.582	.450	.616	44	.541	17086.95652	27736.70566	-38812.70069	72986.61374
	Equal variances not assumed			.616	42.702	.541	17086.95652	27736.70566	-38860.74734	73034.66039
Lock up shop	Equal variances assumed	.363	.550	.474	44	.638	9539.13043	20129.47133	-31029.15338	50107.41425
	Equal variances not assumed			.474	43.844	.638	9539.13043	20129.47133	-31033.21790	50111.47877
warehouse	Equal variances assumed	2.587	.115	2.626	44	.012	226086.95652	86102.52584	52558.71786	399615.19518
	Equal variances not assumed			2.626	41.629	.012	226086.95652	86102.52584	52279.16210	399894.75094
other commercial property	Equal variances assumed	1.973	.167	1.811	44	.077	178260.86957	98432.46411	-20116.72688	376638.46601

	Equal variances not assumed	1.811	41.247	.077	178260.86957	98432.46411	-20491.34193	377013.08106

Source: field survey

Table 6 shows the result of the Independent Sample T- Test of Difference in the mean values between expected rents and the realized rents from commercial properties in the study area. The research revealed that there are no statistical difference at 0.05 significant level in the mean values of expected rents and the realized rents from commercial properties in the study area except for warehouse with p = 0.012.

There are no significant differences between expected rents and the realized rents from shopping malls with a mean difference of 10869.56522 and p value of 0.883. The study also revealed that there are no significant differences between expected rents and the realized rents for office spaces with a mean difference of 17086.95652 and a p value of 0.541.

Furthermore, the study revealed that there are no significant differences between expected rents and the realized rents for lock-up shops with a mean difference of 9539.13043 and a p value of 0.638. The research however showed a significant difference between expected rents and the realized rents for warehouses with a mean difference of 226086.95652 and a p value of 0.012. For other commercial properties, the study also showed that there were no significant differences between the expected and realized with a mean difference of 178260.86957 and a p value of 0.077.

The findings negate the findings inHoesli and MacGregor (2000) who held the view that the actual return may differ from the expected since it takes longer time to realize an asset's market value.

Table 7: ANOVA Table[a,b,c,d,e]Differences between expected rents and the realized rents

			Sum of Squares	df	Mean Square	F	Sig.
Shopping Mall * Groupings	Between Groups	(Combined)	1358695652.174	1	1358695652.174	.022	.883
	Within Groups		2715173913043.479	44	61708498023.715		
	Total		2716532608695.652	45			
Office Space * Groupings	Between Groups	(Combined)	3357586956.522	1	3357586956.522	.380	.541
	Within Groups		389278369565.217	44	8847235671.937		
	Total		392635956521.739	45			
Lock up shop * Groupings	Between Groups	(Combined)	1046442608.696	1	1046442608.696	.225	.638
	Within Groups		205028981739.130	44	4659749584.980		
	Total		206075424347.826	45			
warehouse * Groupings	Between Groups	(Combined)	587826086956.523	1	587826086956.523	6.895	.012
	Within Groups		3751304347826.087	44	85256916996.047		
	Total		4339130434782.610	45			
other commercial property * Groupings	Between Groups	(Combined)	365434782608.696	1	365434782608.696	3.280	.077
	Within Groups		4902608695652.174	44	111422924901.186		
	Total		5268043478260.869	45			

Source: field survey, 2019

One-way ANOVA was further conducted to compare the differences between expected rents and the realized rents from commercial properties in the study area. The resultsshows that there are no statistical differences in values between expected rents and the realized rents from commercial properties in the study area except for warehouse; $F(1,44) = 6.895$, $P = .012$. There are no statistical differences in values between expected rents and the realized rents from shopping malls $F(1,44) = 0.022$, $P = 0.883$. Furthermore, there are no statistical differences in values between expected rents and the realized rents from office spaces $F(1,44) = 0.380$, $P = 0.541$. There are no statistical differences in values between expected rents and the realized rents from lock-up shops $F(1,44) = 0.225$, $P = 0.638$. The study however showed that there are statistical differences in values between expected rents and the realized rents from warehouses $F(1,44) = 6.895$, $P = 0.012$. The research also showed that there are no statistical differences in values between expected rents and the realized rents from other commercial properties types $F(1,44) = 3.280$, $P = 0.077$.The findings of this study negates the findings of Hoesli and MacGregor (2000) who held the view that the actual return may differ from the expected since it takes longer time to realize an asset's market value.

Table 8: Measure of Association in the Differences between Expected Rents (ER) and the Realised Rents (RR) from commercial properties in Ekiti Property Market

	Eta	Eta Squared
Shopping Mall * Groupings	.022	.001
Office Space * Groupings	.092	.009
Lock up shop * Groupings	.071	.005
warehouse * Groupings	.368	.135
other commercial property * Groupings	.263	.069

Source: field survey, 2022

Indicated are the magnitude of the differences in the values between expected rents and the realised rents. It is calculated as a proof that such differences could not have occurred by chance. The effect as revealed under Eta squaredfor difference in values between the expected rent and realized rent is not large. For shopping malls, it is just 0.01(1.0%), for office spaces 0.09(9%), lock up shops 0.05 (5%), warehouses 1.35(13.5%) while other commercial propertiesstand at 0.69(6.9%). This result indicates that the variances in values in the expected and realized rental values are explained by the time of letting. Thus, the values of the eta squared shows a very small contribution of the time of letting to the differences between the expected and realized rental values of the different types of commercial properties inEkiti State. The findings of this study somehownegate the findings of Hoesli and MacGregor (2000) who held the view that the actual return may differfrom the expected return since it takes longer time to realise an asset’s market value.

Table 9: Factors Influencing the Time to Fully Let Commercial Properties in Ekiti State

Factors Influencing the Time to Fully Let Commercial Properties	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Mean	Std. Deviation	Rank
Location	18(78.3)	2(8.7)	-	3(13.0)	-	4.5217	1.03877	1st
Good market performance	14(60.9)	6(26.1)	-	3(13.0)	-	4.3478	1.02730	2nd
State of Repairs of the property	14(60.9)	6(26.1)	3(13.0)	-	-	4.3478	1.02730	2nd
Size of plot	10(43.5)	10(43.5)	-	3(13.0)	-	4.1739	.98406	4th
Rooms in each property	9(39.1)	11(47.8)	-	3(13.0)	-	4.1304	.96786	5th
Owner's Motivation	6(26.1)	11(47.8)	3(13.0)	3(13.0)	-	3.8696	.96786	6th
Year the property was let	5(21.7)	13(56.5)	2(8.7)	3(13.0)	-	3.8696	.91970	6th
Property Firm/ Agent Prowess	7(30.4)	6(26.1)	7(30.4)	3(13.0)	-	3.7391	1.05388	8th
Zone/District located	5(21.7)	10(43.5)	5(21.7)	3(13.0)	-	3.7391	.96377	8th
Year the Property was built	3(13.0)	12(52.2)	4(17.4)	4(17.4)	-	3.6087	.94094	10th
Time Property Spent on Market	1(4.3)	15(65.2)	4(17.4)	3(13.0)	-	3.6087	.78272	10th
Year the Property was Listed	-	12(52.2)	8(34.8)	3(13.0)	-	3.3913	.72232	12th
Ownership Characteristics	1(4.3)	10(43.5)	7(30.4)	5(21.7)	-	3.3043	.87567	13th
Tenant's Quality	5(21.7)	3(13.0)	7(30.4)	8(34.8)	-	3.2174	1.16605	14th
Difference in Expected and Realised rent	3(13.0)	7(30.4)	5(21.7)	8(34.8)	-	3.2174	1.08530	14th
Season property was listed	2(8.7)	5(21.7)	10(43.5)	5(21.7)	1(4.3)	3.0870	.99604	16th
Distance from the Market	-	9(39.1)	6(26.1)	6(26.1)	2(8.7)	2.9565	1.02151	17th
Season property was let	-	5(21.7)	8(34.8)	10(43.5)	-	2.7826	.79524	18th

Source: field survey, 2022

This study revealed that the major influencing factors are location which was ranked 1st with a mean score of 4.5217, good market performance and state of repairs of the property which were both ranked 2ndwith a mean score of 4.3478,the size of the property ranked 4th with a mean score of 4.1739, total number of rooms in the property which ranked 5th with a mean score of 4.1304, owners’ motivation and the year the property was let which both ranked 6th with a mean score of 3.8696 and property Firm/ Agents prowess that ranked 8th with a mean score of 3.7391. The least considered factors were tenants quality and difference in expected and realised rent that both ranked 14th with a mean score of 3.2174, the season in which the property was listed for letting with a mean score of 3.0870 and was ranked 16th; distance from the market was ranked 17th with a mean score of 2.9565 and the season in which the property was let which was ranked 18th with a mean score of 2.7286.

The findings are in agreement with the studies of Antwi and Omirin (2004); Crosby and McAllister (2005); Johnson et al, (2008); Hui et al, (2010);Cirman, Pahor, and Verbi (2015) amongst others who noted several factors as influencing time on the market.

III. Conclusion

The study examined the factors influencing transaction time of commercial properties in Ado Ekiti with a view to determining investors’ market expectation and to help in reducing the transaction time of letting properties.The study was able to lay bare the likely time to achieve full letting of the different types of commercial properties in the city and through the weighted mean scores and ranking examined the likely time to achieve their full letting. The differences between the expected rents and rents realized, factors influencing the time to fully let the commercial properties as well as the relationship between letting time and the eventual letting price of commercial properties in the city were all researched into. From this work, it can be deduced that the eventual time of letting have little effect on the expected and realized rental values of different types of commercial properties in the State Capital.

On the front of the factors influencing the time to fully let commercial properties, the findings revealed that location is the most important factor with a mean score of 4.5217and was ranked 1st. This shows that location is very essential to letting and occupation and its importance cannot be over emphasised as a high determinant of rent or time of letting; in fact, it has a major impact on prospective tenant's or buyer's preference in letting or purchasing properties. The relative importance of other factors is as shown in the table.

The results from this study also shows that shopping malls have the least expected timing to be let followed by lock up shops, office space, other types of commercial properties and warehouses; this will in a long way interest investor who have the money and land and wants to be guided on which of the commercial properties to invest in. Of a great importancealso are such factors as good market performance and state of repairs of the property. Other relevant factors are as shown in the relevant table above.

IV. Recommendations

Based on the findings from this study, the following are therefore recommended:

- There should be an appropriate development of the property market to reduce the time on the market (TOM) and ensure adequate return on investment (ROI).
- Investors should carry out adequate appraisal and market analysis before dabbling into real estate investment.
- There must be transparency in the market to ensure adequate and faster letting of properties.
- The use of appropriate marketing and advertising strategies is also recommended to ensure reduction of time on the market.
- There is need for collaboration among actors and major participants in the property market: the government, private developers, house owners, financiers and Agents (Estate Surveyors and Valuers) in order to constantly update one another with happenings in this special market.

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