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Foreign Direct Investment in Nigeria's Commercial Real Estate Market: A SWOT Analysis

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Abstract: *The study should be considered a 'look before you leap analysis' of strategically realigning for sustainable competitive advantage in the commercial real estate market of a developing economy. Foreign Direct Investors are constantly on the lookout for promising markets around the world with an observed obvious preference for countries with optimum risk-adjusted returns, high business confidence and investment attractiveness. In making strategic choices, an agglomeration of quantitative and qualitative market analysis tools such as the TOWS matrix, SWOT analysis and Critical Success Factor (CSF) Models suffices. The application of these tools provide a substantial level of empirical insight to foreign investors but any notion that such has been conducted on FDI in Nigeria's commercial real estate market is erroneous, as they can be scarcely found in extant literature. Data from UNCTAD, IMF, National Bureau of Statistics presented an all-encompassing argument on FDI in the country, but lacked specific and comprehensive data on unique sectors such as commercial real estate which has been lagging behind in attracting FDI, despite its huge potentials. Therefore, to appraise the SWOT of FDI in the commercial real estate sector in Nigeria, internal and external factor evaluation matrix was conducted on primary and secondary data collected from 19 foreign controlled commercial properties in Lagos and Abuja. The study found that FDI in Nigeria's Commercial Real Estate Market (NCremFDI) had an IFEM weighted rating of 2.969 and an EFEM weighted rating of 2.7937. The results provide evidence that the strengths and opportunities of NCremFDI outweigh the weaknesses and threats, while the internal factors also outweigh the external factors in the environment. Thus, the strengths and opportunities for FDI dominated the Nigerian commercial property market. Recommendations were made to government and resident investors on strategies for maximizing the strengths and opportunities, and minimizing the weaknesses and threats.*

Keywords: *FDI, SWOT Analysis, Nigerian Commercial Real Estate, Strategic Management*

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I. Introduction

Developing economies such as Nigeria have identified sustained improvement of their current account balance as a precursor for sustainable economic development, transformation and growth. One of the key models for achieving this is an improvement in the Foreign Direct Investment (FDI) stock in the wake of the globalization of investment markets, which has provided a great platform for universal investments in diverse investment vehicles across different sectors and geographical locations. FDI is the creation and control of long term investment by a resident entity in a foreign country [1]. As a result, investors are constantly on the lookout for promising markets around the world with an observed obvious preference for countries with optimum risk-adjusted returns, high business confidence and investment attractiveness.

This is the challenge facing developing economies if their FDI goals are to be attained. To overcome this challenge, many of these nations have embarked on trade and investment policy frameworks in a bid to boost their FDI attractiveness index rating. South Africa adopted a new investment policy framework in July 2010 with the aim of strengthening the country's investment environment through a strategy that guarantees openness and security to foreign investment and investors [2]. Likewise, in 1995, the Nigerian Investment Promotion Commission Act freed up all restrictions on FDI thereby allowing for 100% control by foreign entities within all sectors with the exception of the petroleum sector. The NIPC mandate provides for uniform regulations for both domestic and foreign investors, such as corporate tax which is pegged at 30% at present, and freeing up business registration bureaucracies. While these policies look good in the eye, evidence suggests that they are not enough to attract investors who believe that the *proof is in the pudding.*

Examining evidence from the UNCTAD World Investment Report [3], the World Bank Doing Business Report (2018) and Index of Corruption Perceptions (2018) by Transparency International shows that despite the attractive policies, the NIPC's ability to attract new investment has been limited, as a result of lack of strong political and policy support, and unresolved socio-economic challenges to investment and business in Nigeria [4]. Thus, given the unreliability of these investment promotion jingles of developing countries, investors go further in arriving at investment decisions through an agglomeration of serious quantitative and qualitative market analysis which encompasses various geographical, sectorial and business characteristics.

While embracing this analytical approach to decision-making by conducting a Strength, Weakness, Opportunity, Threat (SWOT) analysis of FDI in commercial real estate in Nigeria, the study immediately contends that statistics such as the UNCTAD, World Bank and Transparency International Data present an all-encompassing argument on FDI in the country, but lack specific and comprehensive data on crucial sectors such as commercial real estate. This could mislead and confuse investors with respect to real estate investment, which is relatively unique. Unique traits such as huge capital requirement, appraisal smoothing, inflation-hedging, planning-restrictions, illiquidity, pricing and imperfect marketability ensure that one must be careful about directly comparing measured real estate returns with those on other assets [5] [6]. These arguments call for microanalysis to determine the strengths, weaknesses, opportunities and threats to FDI in the sector.

Notwithstanding the huge attractiveness of real estate investment, and despite the fact that the sector lags behind oil and gas, manufacturing, banking and communications sectors in attracting FDI to Nigeria, many indexed empirical discourse on FDI and real estate [7] [8] [9] [10] [7] [8] [9] [11] have focused on other perspectives such as determinants, performance, financing and impact on economy. The importance of these indigenous studies cannot be overemphasized, but it is very obvious that they expose a lacuna in literature with respect to the strategic planning modelling of FDI in commercial real estate investment in the country.

Strategic planning relies on the competence of investment analytical tools such as the Threat, Opportunity, Weakness, Strength (TOWS) matrix, SWOT analysis, Critical Success Factor (CSF) Models, Ansoff Matrix amongst others to guide investor decision-making [12]. Specifically, SWOT Analysis is a strategic planning and strategic management tool utilized by organizations in making strategic choices [13]. In consistence, the study presents new insights to potential foreign direct investors through a SWOT analysis of FDI in Nigeria's commercial real estate market with a view to exposing the strengths, weaknesses, opportunities and threats to existing FDIs in the sector.

1.1 Objectives of the Study

1. To examine the strengths of FDI in Nigeria's commercial real estate market.
2. To examine the weaknesses of FDI in Nigeria's commercial real estate market.
3. To examine the opportunities of FDI in Nigeria's commercial real estate market.
4. To examine the threats of FDI in Nigeria's commercial real estate market.

II. Review of Related Literature

2.1 Theoretical Foundation of the Study

The study was anchored on the internationalization theory and the imperfect market theory. Firstly, the Internalization theory which was established by Buckley and Casson (1976), Rugman (1981) and Hennart (1982) states that cost benefit analysis of significant factors in the country receiving FDI is a determinant of an organization's ability to invest in that country. In consistence with the argument of this study on the need for both a quantitative and qualitative analysis, the Internalization theory asserts that investment decision is a function of both the expected returns and also on country-specific factors such as political stability, demand for products, barriers to entry, cost of production, capital and economies of scale. This informs the SWOT analysis of FDI in Nigeria's commercial real estate market.

Secondly, the Imperfect Market Theory supports the essence of the study with its appreciation that available resources for production not only vary from country to country, but are hardly transferrable. International investment is thus encouraged as investors reach out to countries with specific attributes lacking in their primary country. The theory thus submits that this lack of resource mobility which is a fabric of market imperfection provides a reason for firms to seek for foreign opportunities in different countries due to comparative advantages such as labour, knowledge, security, technology and management. The study thus argues that given the imperfectness of global markets, an analysis of specific markets is crucial for any successful consideration of foreign investment.

2.2 Conceptual Issues

The variety of authoritative positions on what foreign direct investment means implies that there is no generally accepted definition of the concept. Lending credence, [14] avers that FDI definitions have transformed with time, location and purpose, citing different purposes such as international trade, globalization and balance of payments. What seems to be generally accepted is that FDI, along with Foreign Institutional Investment (FII) [15] and Foreign Portfolio Investment (FPI) is a subset of foreign investment [16]. FPI is the exercise of a controlling stake in different sectors by a resident organization within a foreign host country [16], while FII obtains where the controlling stake is less than 10% [15].

Attempts have been made to distinguish these terms from FDI. Foreign Direct Investment refers to investment capital that is brought into a reporting economy. This definition begs the question – what then happens to this investment capital? Providing a more conclusive insight, [17] define FDI as an investment involving a long-term relationship and reflecting a lasting interest and control by a resident entity in an economy other than that of the foreign direct investor. Providing similar insight, Organization for Economic Cooperation and Development (OECD) [18] opine that FDI is a category of investment that reflects the objective of establishing a lasting interest by a resident enterprise in an economy other than that of the direct investor.

While both [17] and [18] positions share the "lasting interest" common theme with IMF Balance of Payments Manual 5, the study aligns more towards the position of [17] due to the following reasons:

a. The use of control by UNCTAD is critical for FDI in Nigeria due to the Land Use Act (1978) which vests ownership of all lands in Nigeria in the government. By the provisions of this act, FDI in commercial real estate in Nigeria as evident in the NIPC Act (1995) is limited to the control of the business, while the ownership of the estate is vested in the government. Therefore, the foreign direct investor may own the business but does not necessarily own the real estate by virtue of the highest land title in Nigeria (the Certificate of Occupation) which guarantees occupation rights of 99 years.
b. Specifically, Nigeria and extensively Africa is not a member of OECD. This simple fact does not negate the influence of OECD's position on FDI but it is better to deal with more relevant definitions of the concept from Africa and Nigeria's perspective.

So in a bid to clarify what control really means here in light of [15] position on FII, [17] asserts that FDI control refers to an "equity capital stake of 10% or more of the ordinary shares or voting power for an incorporated enterprise, or its equivalent for an unincorporated enterprise". This is fundamental to the review on FDI in Nigeria in consistence with the provisions of the Nigeria Land Use Act (1978). So, for the purpose of this review, the study defines FDI as the creation and control of long term investment by a resident entity in a foreign economy. The study examines this phenomenon in the Nigerian context.

2.3 Foreign Direct Investment in Nigeria

Like most developing countries in Africa, Nigeria participates actively in the global competition for FDI with the USA, China, United Kingdom, the Netherlands and France among the main investors in Nigeria [4]. FDI in Nigeria is mainly manifested in the oil and gas, manufacturing, banking and communications sectors, with real estate amongst the trailing sectors. FDI inflows to Nigeria stood at $3.5 billion in 2017, showing a decline of about 21%, with a contribution of 7.2% to the Gross Fixed Capital Formation (GFCF), but has since increased by $435.6 million in the second quarter of 2018 [19]. This is illustrated in Fig. 1:

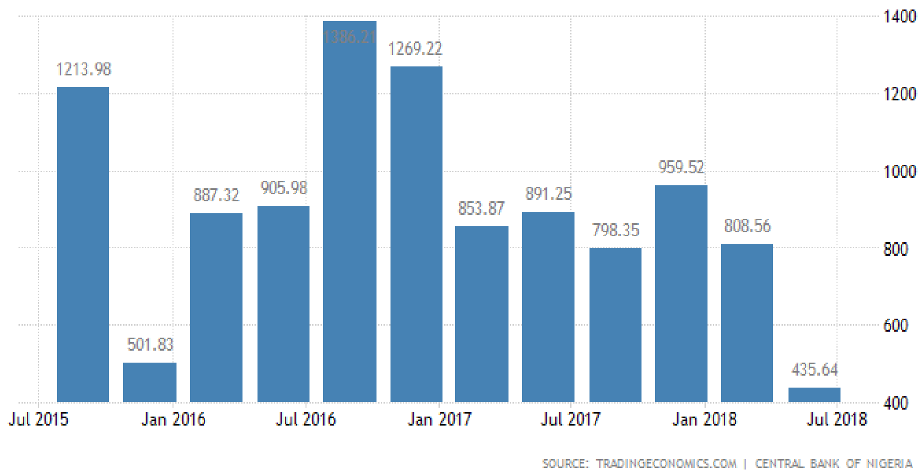

Figure 1: Nigeria FDI Historical Data

Source: Trading Economics (2018). Retrieved from https://tradingeconomics.com/nigeria/foreign-direct-investment on December 4, 2018.

Putting it into perspective, in 2017, Nigeria attracted 31% of FDI in West Africa and 6% in Africa. The estimated total FDI stock in the country stands at $97.6 billion with a 24.4% contribution to the country's GDP, 53% of FDI in West Africa and 11.3% of FDI in Africa (UNCTAD, 2018). [4] is optimistic about these statistics and alludes them to a partially privatized economy, an advantageous taxation system, significant natural resources and a low cost of labour.

However, relatively, Nigeria has not performed as well. Ernest & Young 2018 report shows that while Nigeria may be a regional superpower in FDI stock in West Africa, the region has not fared well generally in the continent as it ranks 3rd in FDI projects in Africa. Fig. 2 is an illustration of this fact:

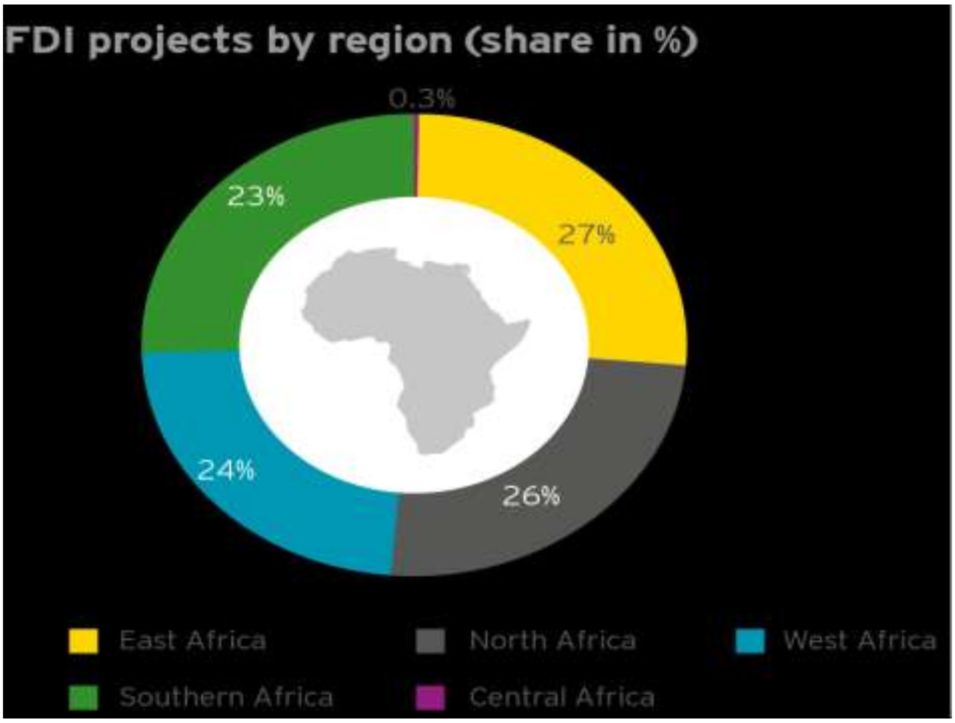

Figure 2: FDI Projects by Region in Africa

Source: Ernest and Young (2018). FDI attractiveness programme: Africa. UK: EY Press

Figure 2 shows that West Africa ranks behind East Africa and North Africa in FDI projects in Africa. On the other hand, Nigeria ranks 21 in the FDI attractiveness index behind Rwanda which is, by far, Africa's most successful country in terms of attracting FDI as is illustrated in Fig. 3:

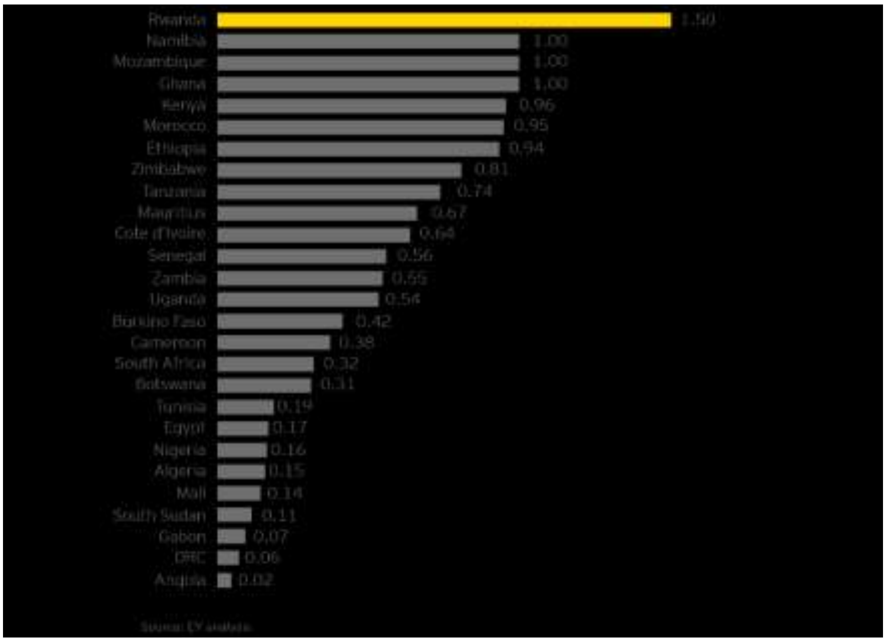

Figure 3: FDI Attractiveness Index – Africa

Source: Ernest and Young (2018). FDI attractiveness programme: Africa. UK: EY Press

Figure 3 illustrates that Rwanda is the most attractive nation for FDI with their receipt of 1.5 FDI projects for every US$1 billion of GDP. Measured on the same criteria, South Africa receives only 0.32 projects, attracting only 20% of what Rwanda does, while Nigeria trails by a greater margin, receiving only 0.16 projects respectively. This is in addition to Nigeria's low ranking in the Ease of Doing Business index at 146 among 190 economies in 2018, a deterioration from 145 in 2017 [19]. While these statistics vary with respect to the analyzing organization, with Africa Investment Index for 2018 showing Morocco as the most attractive nation for FDI, incidentally, they unite in their statistics that Nigeria is not in the top 5 most attractive nations for FDI in Africa in 2018.

[4] puts this grim reading down to widespread corruption, political instability, lack of transparency and poor quality of infrastructure. Yet, the gap persists on the fact that these statistics do not in any way illustrate the strengths, weaknesses, opportunities and threats of FDI in the commercial real estate market in Nigeria. The study presents an overview of Nigeria's commercial real estate market.

2.4 The Nigerian Commercial Real Estate Market

Africa's economy is growing and rapidly so. Nigeria occupies a key place in this exponential growth as the biggest economy in the continent. As the most populous country in Africa, the seventh most populous country in the world offers a strategic market for all manner of foreign investments. One of such markets is the real estate industry. In recent years the real estate industry in Nigeria has been among the world's fastest growing, and Knight Frank's 2015 Africa Report claims that property searches from outside Nigeria have increase from under 30% to well over 45% of all searches on Knight Frank website. This suggests a wave of serious interest from international real estate portfolio observers in the Nigerian property market.

As is expected, there is renewed confidence in the industry, particularly from local investors, high demand from a young aspiring population, rapid urbanization and increased rural-urban migration. Yet, a pessimistic perspective suggests that the impact of this development could be negative due to mounting pressure on infrastructure with government struggling to keep up with the demand pressure. It is not difficult to agree with this view given the rising cost of real estate investment in Nigeria as investors bear the burden of not just providing real estate but necessary infrastructure and basic amenities such as roads, street lights, water, security etc.

Despite these challenges which is a prevalence in other developing countries, the Nigerian real estate industry is filled with promise. [20] reports that in the first quarter of 2018, the real estate sector in Nigeria experienced a significant growth to retain its position as the 5th biggest contributor to the GDP of Africa's largest economy. It is pertinent to put this in context; the National Bureau of Statistics reports that the real estate industry in Nigeria contributed 5.87% to the country's nominal GDP in the first quarter of 2018. This statistic represents a negative growth rate given that the sector recorded 7.67% in the preceding quarter and 7% in the corresponding quarter of the preceding year.

The irony of these statistics is that the negative growth rate is recorded in the midst of a very strong demand for real estate with over 17 million deficit in the residential market, and the fast rate of population growth. Statistics as this is as a result of fraudsters, infrastructure deficit, speculative pricing and stringent land policies. Such land policies encourage long term lease of properties instead of outright and absolute freehold interest with an *infinitum* term, and its unpredictability and susceptibility to hijack by corrupt elements in government is another issue worthy of consideration. This act is seen by most real estate stakeholders as the primary constraint on the growth of the sector, as red tape around acquisition significantly slows down projects and increases costs. These make the Nigerian property market into a matrix of opportunity and unique challenges, which only optimistic investors would be able to successfully convert into viable, long-term profits.

What are the implications for the commercial real estate market, as businesses and society cannot operate without the services of commercial properties, including the provision of shops, offices, and factories [21]? Real estate investment advisory firm, MCORE reports that in the first quarter of 2018, commercial real estate investment has suffered from low occupancies due to poor non-oil sector growth despite positive economic indicators such as exchange rate stability, growing reserves and falling inflation. This is manifested in the overhang of new space coupled with low demand in a weak economy [22]. [23] account that despite the prevailing situation, the outlook for the Nigerian commercial real estate market remains stable, very tepid with consistent growth tied to the performance of the macro-economy.

This outlook rests on the expectation that occupier demand will continue to be dominated by the oil and gas sector given oil market realities, in addition to contribution by manufacturing and tech sectors. Landlords are expected to sustain current strategies to drive occupancy levels as the market remains a tenants' market [22]. This may be attributed to the commercial real estate industry being one of the key beneficiaries of FDI into the real estate sector with a rise in the spate of shopping mall developments across the country. New entrants to the market include Kingsway Tower (GLA: 13,317 sqm), Alliance Place (6,670 sqm), Madina Tower (8,300 sqm) and Cornerstone Tower (12,000sqm) amongst others - indicating an additional 64,000 sqm onto the market [22].

In light of these developments in the industry, there is no better time than now to investigate the strengths, weaknesses, opportunities and threats to FDI in Nigeria's commercial real estate market.

2.5 *SWOT Analysis as a Strategic Planning Tool*

No one is naïve to the extent of thinking that an investor considers the devotion of capital to a foreign economy on the basis of extending his patriotism or sentiments to the foreign country. Instead, FDI is borne out of the need for organizations to create and sustain competitive advantage. To achieve this, investors engage in strategic planning to ensure efficient allocation of resources in order to achieve goals [13]. The success of this endeavor rests on effective strategic management which constitutes vision and mission articulation, definition of concrete goals, and external and internal analysis, also called SWOT Analysis [13]. The focus of the study is on this fourth phase of strategic management – SWOT Analysis.

SWOT analysis is the evaluation of an organization's internal strengths and weaknesses, and the external opportunities and threats in its operating environment [24]. The essence of such analysis is to guide the investor in making a choice that ensures the sustainability of his business. In agreement, [13] affirms that strategic choice is associated with vision, mission, objectives and the external and internal analysis of the organization. The objective of a SWOT analysis is to apply the knowledge an organization has about its internal and external environments towards the formulation of its strategy accordingly [24].

The study therefore posits that a SWOT analysis of FDI in Nigeria's commercial real estate market is necessary for foreign direct investors in making the strategic choice of whether to invest in the market or not. SWOT analysis breaks down the internal resources which form the strengths and weaknesses of an organization and the external environment which is indicative of the opportunities and threats in the market. Internal resources are capabilities, core competencies, and competitive advantages inherent to the organization; while the external environment identifies competitors' resources, the industry environment, regulatory framework, and the general environment [25].

The internal analysis examines the sources of competitive advantage and manages them strategically to sustain competitive advantage. These resources are tangible (real estate, machinery, raw materials) and intangible (financing, technology, supply chain, human capital, trademarks and patents, clientele and goodwill) [24]. The level of efficiency in managing these competences is a predictor of their constitution as a strength or weakness for the organization.

Likewise, as organizations do not operate in a vacuum, an external appraisal of the business environment is critical. Organizations achieve this through the conduct of environmental scanning of variables beyond an organization's control in a bid to strategically align their competences to ensure survival and sustainability. By this act, opportunities and threats to the organization are identified for necessary action. For instance, opportunity for the real estate investor could be in the form of e-marketing as a result of the rise of social media and influx of tablets and smart phones in the market; while threat may be as a result of insecurity.

[24] argue that environmental scanning takes into consideration 3 sub analysis categorized into competitor analysis (conditions that are likely to affect future market shares, revenues, and profits), industry appraisal (this could be done with Porter's framework) and environment analysis (using PEST analysis). Providing a recap, [13] aver that strengths are represented by competitive advantage over competitors, weaknesses are factors that place the organization at relative disadvantage, while opportunities are external elements that may be beneficial to the business, and threats are those elements that pose challenges for sustainable business growth.

The study designed a template for a SWOT analysis of FDI in the commercial real estate market in Nigeria with reference to SWOT analysis literature [26] [24] [27] [13], and data [4] [19]; to guide the articulation of the observed strengths, weaknesses, opportunities and threats. The identification of these factors is a precursor to the intensive and extensive development of strategies for building on the strengths, elimination of the weaknesses, exploitation of the opportunities and counteracting against the threats. With this, the study should be considered a *look before you leap analysis* of not just investing but strategically realigning for sustainable competitive advantage in the commercial real estate market in Nigeria.

2.6 *Empirical Review*

Many indexed empirical discourse on FDI and real estate in the Nigerian context have focused on determinants of FDI in real estate [7] [28], real estate FDI financing [8], FDI and exchange rate [9], barriers to entry [29]. Other studies have examined FDI performance in real estate from risk analysis perspectives [10], economic development/growth perspectives [10]. The overall conclusion that could be drawn from the empirical review of these works is that the application of strategic management techniques as a determinant of strategic choice to invest in the Nigerian commercial real estate market from an FDI perspective is not established in literature.

Evidently, there seems to be minimal evidence of any study on the application of strategic planning techniques to the appraisal of FDI in commercial real estate investment in Nigeria, in a bid to influence strategic choice; hence, the need to fill this knowledge gap by conducting a SWOT analysis of FDI in the Nigerian commercial real estate sector. Any notion that investors are armed with robust strategic management techniques for FDI in Nigeria's commercial real estate market is erroneous as can be scarcely found in literature. Consequently, the study presents new insights to potential foreign direct investors through a SWOT analysis of FDI in Nigeria's commercial real estate market with a view to exposing the strengths, weaknesses, opportunities and threats to existing FDIs in the sector.

III. Methodology

The study employed descriptive research design. Data were collected from primary and secondary sources. To collect data from primary sources, the study made use of a structured SWOT questionnaire, while secondary data were sourced from aggregate statistical reports of National Bureau of Statistics, International Monetary Fund, UNCTAD, Trading Economics, records of property and facility management firms, and Santander Trade. The population of the study comprised 19 foreign controlled commercial properties across the major foreign commercial real estate investment hotspot of Lagos and Abuja, Nigeria, as shown in the Appendices. Holistic sampling was employed by the study and the sample frame was property managers of the properties under study given their proximity to records of the strengths, weaknesses, opportunities and threats to the FDIs under their management.

The research instrument was a structured questionnaire which was administered by 53 research assistants to managers of commercial properties controlled by resident investors. The researchers employed their students as research assistants. The questionnaire had four sections measuring the strengths, weaknesses, opportunities and threats of FDI in commercial real estate in Nigeria. The strengths, weaknesses, opportunities and threats were identified through in-depth review of related literature and empirical observations by the researchers. The respondents were required to tick any of the applicable SWOT columns. The SWOT analysis employed Internal Factor Evaluation Matrix (IFEM) and External Factor Evaluation Matrix (EFEM) to indicate the internal and external factors of FDI in commercial real estate in Nigeria.

These factors were then tabulated in Microsoft Excel and weights assigned for the calculation of final score as follows:

a. Each internal strength and weakness was assigned a weight ranging from 0.1 (low significance) to 1 (very significant). The more effective the factor, the higher the assigned weight. The sum of all weights of all internal factors should equal 1;

b. Each factor was rated between 1 and 4. Rating assigned whether the factor represented major weakness (rating =1), minor weakness (rating =2), minor strength (rating =3) and major strength (rating =4);

c. To calculate weighed rate of each factor, its weight was multiplied by its rate;

d. Finally, total weighted rate of IFEM was calculated by summing weighted rate of each factor;

e. If this score was less than 2.5, it meant that the strengths were less than weaknesses; if it was more than 2.5 strengths were more than weaknesses [30].

All these five steps were reiterated to determine the total weighted rate of EFEM. It is noted that rating for EFEM was assigned whether the factor represented major threat (rating =1), minor threat (rating =2), minor opportunity (rating =3) and major opportunity (rating =4). If this score was below 2.5, it meant that the opportunities were less than threats; if it was more than 2.5, opportunities were more than threats [30].

IV. Analysis and Results

Based on the results of the survey, IFEM and EFEM were conducted to determine significant factors. The matrix utilized data from primary and secondary sources. Primary data emanated from the property managers while secondary data (with source quoted) was obtained from global and national scale statistical reports.

4.1 Internal Factor Evaluation Matrix

This matrix examined and weighted the strength and weakness factors as shown in Table I:

Table I: IFEM

	Weight (1)	**Rating**	**Weighted Rate**
Strengths		(4)	
Capital formation is strengthened by the importation of capital mostly in dollars	0.07	4	0.28

Knowledge transfer from more advanced economies ensure a more strategic approach to management	0.068	3	0.204
This is manifested in positive service differentiation as local organizations strive to benchmark modern practices	0.061	3	0.183
Organizational structure and hierarchy was adjudged professional	0.042	3	0.126
Use of contemporary construction practices	0.05	3	0.15
High frequency of e-marketing	0.069	4	0.276
Adoption of cutting edge technologies	0.084	4	0.336
Presence of a service quality unit	0.061	4	0.244
Introduction of new ways of achieving organizational goals	0.03	3	0.09
Equal opportunities with local competitors with elements of high level investor protection	0.02	3	0.06
Enjoy capabilities of attracting most qualified human capital in the market	0.086	3	0.258
Professional facility management outsourcing	0.054	4	0.216
Sound industrial relations with effective work-life balance programmes	0.063	4	0.252
Brand equity was not significant due to poor brand marketing and low transparency as many people could not match the investments with their resident shareholders	0.011	3	0.033
Weaknesses		(2)	
Supply chain was proxied with the industrial production index where Nigeria recorded a deficit of -11 index points in 2018 (Trading Economics, 2018). Being one of the lowest in Africa, supply of construction materials was a problem for the organizations due to dependence on importation	0.086	2	0.172
Same factors for brand equity apply here, in addition to low corporate social responsibility adherence ensure that goodwill for these organizations remains relatively unsatisfactory	0.031	1	0.031
Low sponsorship of research and development endeavours	0.044	1	0.044
Gaining market share was a weakness due to the high-end nature of the property class favoured by FDIs in a country where the purchasing power parity is 30% of global average – signifying low effective demand (NBS, 2018)	0.07	2	0.014
Total	1		2.969

Source: Field Survey (2018)

Table I shows that the weight assigned to the strengths of FDI ranges from 0.011 to 0.086, with brand equity the least significant strength while capability to attract the best human capital in the market the most significant strength. Evidence from Table I also shows that the range of the weight assigned to the weaknesses of FDI in commercial real estate was from 0.031 and 0.086, confirming that level of goodwill is the least significant weakness while supply chain was the most significant weakness. The total weighted rate of IFEM of FDI in commercial real estate market in Nigeria is 2.969.

4.2 *External Factor Evaluation Matrix*

This matrix examined and weighted the opportunity and threat factors as shown in Table II. This section made use of mostly secondary data obtained from relevant market reports.

Table II: EFEM

	Weight (1)	**Rating**	**Weighted Rate**
Opportunities		(4)	
Nigeria's Foreign Exchange reserves at 41992 million dollars in 2018 is in the top 10 in Africa 9/10 (Trading Economics, 2018)	0.0533	3	0.1599
Labour availability and cost proxied by population (190m) and high skilled wage of N57,200 (less than $160) monthly (NBS, 2018)	0.0610	4	0.244
Supply	0.0333	3	0.0999
Demand	0.0467	4	0.1868
New Entrants	0.0267	3	0.0801
Market Size – Top in Africa (All Africa Index, 2018)	0.0600	4	0.2400
Information was indexed by transaction transparency by Santander Trade (2018) showing a high index of 7.0 similar to that of the United States. This compares favourably with global statistics (5.0 for Sub-Saharan Africa, 5.0 for Germany)	0.0600	3	0.1800
Business confidence index was used to measure the economic environment and Nigeria recorded index points of 23.20 in	0.0466	4	0.1864

2018, ranking in the top 10 in Africa (Trading Economics, 2018)			
GDP was also used as indicator for the economic environment and with Africa's highest GDP of $376 billion in 2018, Nigeria's economic environment is deemed attractive for FDI (NBS, 2018)	0.0533	4	0.2132
Tax compared favourably with benchmark global corporate tax rate of 30% (NBS, 2018)	0.0467	4	0.1868
Sociocultural (Ethnicity) factor was identified as an opportunity by the property managers who cited their principals' interest in workforce diversity as a potential strength of the organization	0.0546	3	0.1638
Demographic (urbanization, youths, purchasing power) – top in Africa (All Africa Index, 2018)	0.0483	4	0.1932
Threats		(2)	
Interest rate was the economic indicator employed by the study to measure finance, and in Nigeria this stands at 14% at present, making it one of the highest in Africa (Trading Economics, 2018)	0.0466	2	0.0932
The corruption perception index was used to examine the political environment. Nigeria has a corruption index of 27 with a corruption perception ranking of 148 out of 180 countries (Transparency International, 2017).	0.0530	2	0.106
The legal environment is littered with lingering cases and a corruption perception index of 148 out of 180 nations (Transparency International, 2017) is not helpful	0.0366	2	0.0732
For security, the study employed the global terrorism index rating and the United Nations policing ratio of 1 officer to 450 persons (UN, 2009) as proxy. Nigeria ranks as the 3rd least safe country in the world (Vision of Humanity, 2017) with a high terrorism index of 9.44 (Trading Economics, 2018), and a policing ration of 1:600 (Nigeria Inspector General of Police in Agency Report, 2017)	0.0629	2	0.1258
Nigeria has an infrastructure deficit which is mostly revealed in the power, transportation sectors and poor supply of basic amenities. Property managers cite this as a threat to running costs	0.0534	1	0.0534
Nigeria's competitiveness index is 47.53% and thus ranks 115 out of 140 countries in the World Economic Forum Global Competitiveness Report (2018)	0.0547	1	0.0547
Technology was proxied with the industrial production index where Nigeria records a deficit of -11 index points in 2018 (Trading Economics, 2018). This is one of the lowest in Africa	0.0513	1	0.0513
To measure the regulatory environment, the study employed the ease of doing business index as a proxy. Again, Nigeria performed poorly with a ranking of 146 out of 190 countries (Trading Economics, 2018).	0.0510	2	0.102
Total	1		2.7937

Source: Field Survey (2018)

Table II shows that the weight assigned to the opportunities of FDI ranges from 0.0267 to 0.0610, with new entrants the least significant opportunity while availability and cost of high skilled labour the most significant opportunity. Evidence from Table II also shows that the range of the weight assigned to the threats of FDI in commercial real estate investment in Nigeria was from 0.0366 and 0.0629, confirming that the legal environment is the least significant threat while security indicated by a high terrorism index and policing ratio of 1:600 was the most significant threat to FDI in commercial real estate investment in Nigeria. The total weighted rate of EFEM of FDI in commercial real estate market in Nigeria is 2.7937.

4.3 *Discussion*

Agglomeration of the internal and external Factors constitutes the SWOT matrix [30]. From the analysis in Table I, it was found that FDI in Nigeria's Commercial Real Estate Market (NCrem) had a weakness of 0.231 while NCremFDI had a strength of 0.769. With an IFEM weighted rating of 2.969, the study has established that NCremFDI had significantly more strengths than weaknesses. Correspondingly, analysis in Table II illustrates that NCremFDI had an opportunity weighting of 0.5905 and a threat weighting of 0.4095. also, with an EFEM weighted rating of 2.7937, the study has established that NCremFDI had more opportunities than threats.

V. Conclusion and Recommendations

The study employed the SWOT matrix to critically analyze the strengths, weaknesses, opportunities and threats of foreign direct investment in Nigeria's commercial real estate market (NCremFDI). Based on the findings, the study concluded that FDI in Nigeria's commercial real estate market is sustainable with prospects of enhanced performance and growth. The results confirm this assertion with evidence which suggests that the strengths and opportunities of NCremFDI outweigh the weaknesses and threats. Likewise, evidence shows that the internal factors of the organization outweighs the external factors in the environment; this shows that the resident organizations can use their strength to not just overcome their weaknesses but also positively influence the external factors by converting the threats into opportunities. Thus, the strengths and opportunities for FDI dominated the Nigerian commercial property market, and foreign direct investors are encouraged to invest in Nigeria's commercial property market.

In a bid to attain organizational goal through strategic planning and management, the study recommended as follows:

For Foreign Investors

i. Overcome the major weaknesses (such as supply chain) by utilizing the opportunity provided by Nigeria's foreign reserves in the importation of building materials that are not locally available.
ii. FDI could leverage their superior capital strength enabled by the weak local currency to overcome the security threat by benchmarking the security operations of other resident entities who have been found to provide and fund their own security apparatus. The market size provides opportunity of increased returns despite the security cost as a result of preference for more secure business environment.

For Government

iii. Government is advised to adopt public-private partnership with FDIs in embracing the opportunity provided by the demographic statistics in the country by investing in capacity utilization in the industry. By this government is encouraged to give tax reliefs as certificate of participation.
iv. Government should ensure highest level of security to residents and tourists through investment in the police and similar law enforcement agencies to attain parity with global best standard.

DISCLOSURE OF CONFLICT OF INTEREST

The authors hereby declare that they have no conflict of interest with respect to this study. *Please find attached the Disclosure of Conflict of Interest document, thanks.*

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APPENDICES

Population Distribution of Foreign Controlled Commercial Properties in the Study Area

Foreign Controlled Commercial Property	Area	Foreign Direct Investor
Church Gate Towers	Abuja	Church Gate Group
Luxury Hotel	Abuja	Church Gate Group
Church Gate Towers	Lagos	Church Gate Group
Landmark Towers	Lagos	Landmark Group
World Trade Center	Abuja	First Intercontinental/Church Gate Group
Sheraton Hotels	Abuja	Starwood
Sheraton Hotels	Lagos	Starwood
Le Meridian	Lagos	Starwood
Le Meridian	Abuja	Starwood
Lekki Peninsula Mall	Lagos	Novare Private Partners
Osapa Convenience Centre	Lagos	RMB Westport
Ikeja City Mall	Lagos	RMB Westport
Ceddi Plaza	Abuja	Ceddi Corporations/Cluttons International
Capital Mall	Abuja	Church Gate Group
Jabi Lake Mall	Abuja	Actis Duval
Festival Mall	Lagos	UAC Properties
Circle Mall	Lagos	RMB Westport
Palms Mall	Lagos	Actis Capital
Palms Mall	Abuja	Actis Capital

Source: Field Survey (2018)

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