

THE PROCESS AND RELEVANCE OF ACCURATE MARKET SURVEY AND STANDARD REPORTING IN ESTATE MANAGEMENT

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Abstract

The study examines the relevance of market survey and standard reporting to the delivery of real estate services. It reviewed the Concept, Process and Techniques of carrying out market survey and standard reporting on same. The aspects and functions of Estate Management are also highlighted. The study further established that market survey can be used to measure customers' awareness, usage and satisfaction over time. Products can also be updated through pricing options and branding. Hence, valuable product feedback, as well as customers' response and loyalty, enhance buying habits. It recommends that polytechnics and universities academic curricula should be restructured to include adequate content on techniques of market data research and standard reporting. In addition, real estate professionals, ministries, departments and agencies of government should set up market survey and research units. In addition, data should be made available to those who genuinely desire to use them. It concludes that enhanced skills in market survey collection and standard reporting will improve services rendered by estate surveying and valuation firms, other professionals, government and their agencies.

Finally, effective management of land and landed property will lead to improved standard of living for the citizenry.

Key words: Market Survey, Standard Reporting, Real Estate, Accurate, Service Delivery.

1.0. INTRODUCTION

In Estate Management, market survey goes hand in hand with report writing. The findings of a market survey are utilized in preparing a technical report. Hemuka (2001) asserted that in the dynamic and ever-changing world of the 21st century, professionals in practice are bound to respond to and comply with the beat and rhythm of our changing business environment. The emergence of a new millennium and the turn of the 21st century came with a lot of changes in the way we do things all over the world. The old order has gradually given way to new systems and what we see today is a computer age dominated using modern tools like the internet, e-mail, fax and E-business. With these new tools, speed is gained, cost is reduced and efficiency is improved.

Professionals today face a more challenging experience in carrying out their functions. The quality of clientele is becoming so sophisticated in their demands and expectations that the professional needs to equip himself with tools and modern business requirements. To continue to remain relevant and not sidelined in the demands for his professional services, real estate professionals must systematically maintain, constantly improve and religiously broaden their knowledge and skills for the development of personal qualities necessary to meet the challenges of their profession and practice. Information technology has turned the world into a global village. There is need for continuous market research and sound reporting for real estate professionals to live up to new emerging standards and trends.

This study aimed to identify the relevance of market survey in Estate Management through the following objectives:

- (a) To review the concepts of market survey and standards report writing.
- (b) To identify the various sources of information in carrying out a market survey and preparing a standard report.
- (c) To identify the process and techniques of market survey and standard report writing.
- (d) To examine the importance of Market Survey and standard report writing to the real estate professional.

2.0 REVIEW OF LITERATURE ON BASIC CONCEPTS

2.1. MARKET SURVEY

A Market Survey is a research which is concerned with the examination or exploration of the market conditions and analysis of the information so obtained to help potential buyers and sellers to decide. It involves a systematic and objective search for and analysis of information relevant to the identification and solution of a problem in any field (Sambo and Dawan, 1997).

Real Estate investment decision making is essentially a matter of interpreting information about the real estate market in general, the subject parcel and the investor who must decide. The information must be collected and organized in a coherent manner. Investors and portfolio managers need market information at every stage in their decision making. Market research is also needed to facilitate operating management decisions. As a planning tool, market research can identify opportunities and budding problems. Most market research is descriptive in nature. Market research programmes are dictated

by the nature of the research problems (cf. Greer and Kolbe, 2003).

According to Smith and Corgel (1992), market studies and feasibility analysis are important for the efficient and profitable use of real estate. Market studies fall into two broad categories: general market study which determines the potential for a development in a large geographic area regarding any specific parcel of land, and site specific market study which pertains to only one site or tract of land. A site-specific market study usually relates to the value, proposed use, change in value and feasibility of a project at a given site.

2.2. TECHNICAL REPORT WRITING

Olayonwa (2007) posits that “technical report is a factual writing with a prime purpose to inform or to explain or to persuade the audience to take action concerning the subject matter of the report. He further opines that:

- (i) Technical report writing presents facts, opinions and ideas objectively to persuade the audience to accept and to act upon.
- (ii) The facts, ideas and opinions are normally presented in a formal language.
- (iii) It addresses an audience who might have requested for the report or are interested in the report.
- (iv) The audiences to which a technical report may be addressed are clients, superior officers, public officers, shareholders, prospective customers and any other interested group.
- (v) Technical report must be tailored to the needs and interest of an audience. To achieve this objective a report should be written in such a way to secure a reading, to be

understood, to be believed and to induce action from the audience.

- (vi) Technical report is used as a means of communication in science, technology, industry, government, profession and business.

Olusegun and Leramo (2006) identify the stages of report writing as (i) collection of material, (ii) selection of material for the report, (iii) writing the report, (iv) interpretation of the report, (v) presentation and structure of the report, and (vii) Revision.

They also emphasize that the information in a report can be identified as either a fact or the absolute truth or an opinion or the subjective or biased view. A standard report should also possess the qualities of being sequentially prepared, good language, clarity of facts and opinions, simplicity, correctness and completeness. Reports are formal or informal, informative or analytical. And examples of reports as obtained in practice are:

- (i) Preliminary report.
- (ii) Interim or temporary report.
- (iii) Inspection report.
- (iv) Progress report.
- (v) Operation report.
- (vi) Feasibility and viability report.
- (vii) Valuation report.
- (viii) Design report etc.

It is also common to refer to other works while writing a report or when carrying out the research. Such references are normally given as Bibliography.

In the Estate Management profession, technical reports may include: Estate Reports dealing with the condition of a property at the time of taking over the management or tenants occupation or schedule of dilapidation at the time of the latter's exit from the property. We also have Valuation Report for different purposes as well as Lawyer's brief usually prepared by Estate Surveyors for appearance before a Lands or Rent Tribunal in resolving Valuation disputes.

2.3. ASPECTS AND FUNCTIONS OF ESTATE MANAGEMENT

Estate Management is the Science and art of conducting and operating affairs bothering on land and landed property with the aim of securing optimum returns to the holders of interests in the property (Egolum, 2012). The professional in Estate Management is called an Estate Surveyor and Valuer. According to Udechukwu (2006), the Estate Surveyor and Valuer offers a number of professional services to both individuals and the society at large. These roles are as follows: -

- (i) Property management**, involving the management of investors' properties for commission in order to ensure viability and actualization of the investment motives.
- (ii) Valuation**, involving the determination of the worth of an asset or landed property such as property, plant, machinery, equipment, furniture, fittings, minerals etc., at a certain date for a specific purpose. The purpose for which valuation can be carried out include: sale and purchase, mortgage, rental, insurance, rating and taxation, compensation, balance sheet, going concern and redevelopment purposes.
- (iii) Feasibility and viability appraisal**, involving the determination of the practicability (feasibility) and the

worthwhileness (viability) before commencement of injection of funds into a project.

- (iv) **Estate Agency**, involving Estate brokerage either for the landlord or prospective tenants and for the seller or buyer with respect to leasing/renting and selling and buying of a landed property respectively.

Egolum (2012) identifies other aspects of Estate Management as follows:

- (i) Public Lands Administration.
- (ii) Land Use Planning and Management.
- (iii) Project Management.
- (iv) Property Deal Counselling.
- (v) Arranging Finance for Investments.
- (vi) Arbitration

3.0. CONCEPT OF MARKET SURVEY AND STANDARD REPORTING

3.1. OBJECTIVES OF MARKET SURVEY

The purpose of carrying out market survey is largely dependent on who is carrying out the survey and the type of information required. However, the objectives most applicable to the real estate sector are to: -

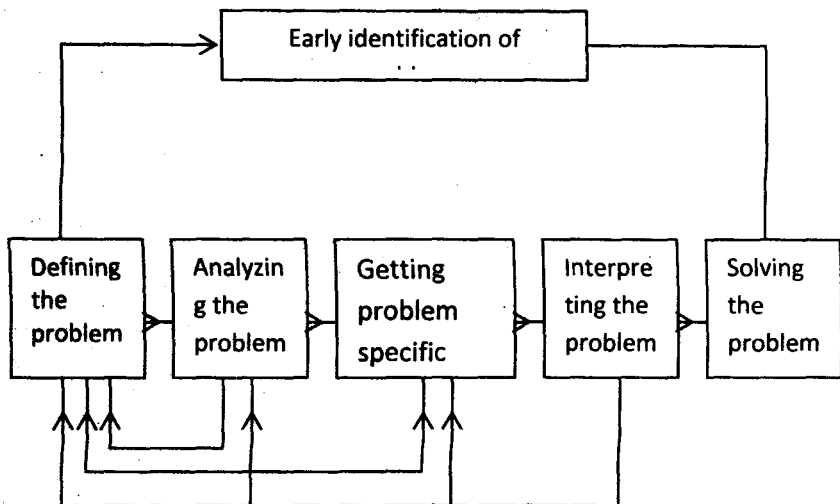
- (i) Identify the current trends and forces that influence the availability of real estate development, management and disposal.
- (ii) Identify current real estate needs, prices, demand and supply.
- (iii) To provide real estate market information.
- (iv) To measure the level of viability in investing in real estate.

3.2. PROCESS OF MARKET SURVEY

Skewe (1980) outlined a five-step application of scientific market survey process to include: -

- (i) Defining the problem.
- (ii) Analyzing the situation.
- (iii) Getting specific data.
- (iv) Interpreting the data.
- (v) Solving the problem.

Fig 1. The five steps of market survey.



Source: Adopted from McCarthy, E.J. & Perreault, WO (1980).

It can be seen from the above illustration that the first step in carrying out a market survey is finding out the actual problem and setting out objectives. Proper understanding of the problem at this stage is very important as a wrong assumption may not lead to any solution. Definition of the problem is a prerequisite to any investigative study or research project. For a site-specific

market study in which the use is predetermining, the problem involves finding answers to some fundamental questions. Once this need is recognized, the researcher sets forth a plan for examining the questions. The plan may take the form of a general proposal to a client or an actual plan of work that considers work items for subsequent steps.

Once the problem is formulated, the next step is to determine the type and sources. Part of the process of problem definition includes specifying the objectives of the specific research project that might be undertaken. Each project should have one or more objectives and in the process, should not be undertaken while these can be explicitly stated.

This is then followed by data collection. The collection of data seeks to probe in depth what users of real estate and other products think or how they behave or react under some conditions. Many techniques for collecting primary data are available, the choice of which depends on the nature of the problem and the amount of money and time at the researcher's disposal. The chosen technique should be properly designed to answer questions related to the defined problem. When the data is collected, it is essential to analyze it to deduce what it all means and to know whether the sample is representative or not.

The final stage is to write the report based on the findings for use in decision making. The report should present a summary of its highlights so that conclusion reached is quickly seen. The report should also mention any limitations that the study might have and any problems that were identified as data were collected (Cundiff and Still, 1980).

3.3. SOURCES OF ERROR IN MARKET SURVEY

In carrying out a market survey, thorough care must be taken to guard against the danger of errors as the exercise takes time, skill and knowledge. Errors are sources of uncertainty both in the estimates in the data and the inference about the results.

These errors include: -

- (i) Interviewer errors assigning from: - (a) poor identification of objectives, (b) unclear or wrong questions (c) improper sampling methods and (d) Measurement errors.
- (ii) Respondent errors.
- (iii) Statistical error.

Measurement errors are generated by the measurement process itself and represent the difference between the information generated and the information wanted by the researcher.

Statistical error occurs when a sample is not representative while respondent error arises from wrong answers from respondents. These errors are difficult to control and the researcher can do little about them, however interviewer error can be solved through careful planning and supervision.

3.4. QUALITIES OF A STANDARD REAL ESTATE REPORT

Any report, formal or otherwise is about communication. Real estate reports more than any other professional report, hinges on communication with the clients for whom it was made, the client's agents, professional advisers and others who might have lawful use of the report. According to Ifediora (2001), a standard real estate report must reflect the following: -

- (i) **The Audience to the report:** - Every real estate report is intended for an audience who can be an individual, a company, government or non-governmental organizations.
- (ii) **The Class of the report:** - A standard real estate report must reflect its class i.e. the oral report, the valuation report, the interim report, comprehensive report etc.
- (iii) **Presentation and Appraisal:** - The way a report is written, its organization and presentation as well as its overall content and appearance are all elements which will sum up to an eventual measure of its quality. Factors of good presentation and appearance include: - Good quality paper and cover design, neat binding, attractive typeface, paper arrangement and spacing.
- (iv) **Contents of a standard report:** certain quality elements are basic to any report. These include:
 - (a) The contents of a standard report must have direct bearing to the problem and the subject matter of the report.
 - (b) It must be an answer to questions posed and should state the problem, set forth the facts considered and the criteria and reasoning employed in developing and reaching the conclusions
 - (c) As a minimum a standard report must contain the following: (i) a sufficient description to identify the object say property being reported on and the effective date of reporting, and (ii) information contained and used in the report as stated must be consistent with and substantiate the report findings and conclusion.

3.5. COMPOSITION AND STYLE

The qualities of a standard real estate report are bound together by composition and style. A detailed content, paper format and presentation, thorough research and data analysis, logic of organisation and soundness of reasoning are the hallmark of a good report. These attributes are however, enhanced by good composition, excellence of style and clarity of expression. The material in the report must be set forth as succinctly as possible in order to achieve communication with the readers, while conserving his style. The report must be in a style that is impressionable of the writer. Good composition can be marred by grammatical errors and wrong spellings. A report to be standard must therefore be properly edited and proof read in order to avoid such presentable lapses. The report must also be precise and well composed

4.0. SOURCES OF INFORMATION FOR MARKET SURVEY AND STANDARD REPORTING

There are basically two main sources of information available for market survey, viz.: secondary and primary sources (Sambo and Dawan, 1997).

4.1. SECONDARY DATA

Where available, secondary data are almost certain to be less costly and less time consuming to collect than primary data. Most secondary data are seldom available in raw form from sources that gather them. They could be obtained from many sources such as: Government agencies, libraries, books, newspapers and magazines, business periodicals, Television programmes, etc.

4.2. PRIMARY DATA

In primary data collection, the approach is to tap information from sellers, buyers, manufacturers and users of land and building inputs. Primary data are gathered by the researcher precisely for the problem at hand. The primary source of data could be quite expensive to obtain, as such it should be well planned and supervised to eliminate unnecessary overhead cost. There are many techniques of gathering primary data. They include:

- (i) Questionnaire method which could be by personal interview, mail questionnaire, consumer panels and telephone interviews.
- (ii) Indirect interview or the focus group method.
- (iii) Observational methods.

5.0. IMPORTANCE OF MARKET SURVEY AND STANDARD REPORTING TO PROFESSIONALS IN THE REAL ESTATE SECTOR

The application of market survey data is quite extensive to the real estate sector. Market survey can be used to measure customer's awareness, usage and satisfaction over time. It can also be used to update product offerings or pricing options and branding. It gives an insight into customer's demographics. Using survey to collect information can give valuable insights into areas such as target markets, product feedback, customer responsiveness and loyalty, and understanding buying habits. Market research can help one to minimize losses in business.

Market survey information can serve as a basis for agreement of variation in final account and loss adjustment valuations, for determining suitable maintenance policy and for financial budgeting and cash flow forecasting. It can be used in presentation of approximate estimates for proposed schemes for

planning purposes, tendering purpose and for cash flow forecasting. Market survey data can be applied in economic assessment of the viability of projects and for giving direction to research into new innovations. It can be used to collect data on rents, yields, construction rates and other indices needed for valuation and management of property.

6.0. RECOMMENDATIONS AND CONCLUSION

The importance of market survey to real estate and other professions cannot be overemphasized. Generation of market survey data is through a systematic method and should be a continuous exercise. Real estate and other professions, individuals, government and other non-governmental bodies depend on market survey data for their decision making. Yet in most cases, the systematic method of carrying out the survey is not fully understood and practiced by most of these bodies. Our academic curriculum should be designed to inculcate adequate content on techniques of market data research and standard reporting. This will uphold the standard of education and breed graduates with a mind set for job creation. Real estate professionals should set up market survey research units in their firms and other units of engagement and government and other non-governmental institutions should follow suit. There is also need for exchange of data to make it available to those who genuinely desire it for their operations. People should be encouraged to willingly give out information available to them and avoid being over secretive. Enhanced skills in Market Survey collection and standard reporting will improve services rendered by real estate and other professionals, government and other units and lead to national development.

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