**CONSUMERS' PERCEPTION AND CHALLENGES IN PURCHASING PROPERTIES IN NIGERIA**

# CHAPTER ONE

# INTRODUCTION

## 1.1 Introduction

The Nigerian real estate market has experienced substantial growth, driven by urbanization, population expansion, and rising demand for residential and commercial properties. Despite this growth, purchasing property in Nigeria remains challenging due to issues such as legal complexities, opaque transaction processes, high costs, and fraudulent activities, all of which undermine consumer trust and market efficiency (Olaniyan & Adegoroye 2024). The legal framework governing property transactions is often cumbersome and unclear, leading to prolonged purchase timelines and disputes, while fraudulent practices, including forged documents and multiple sales of the same property, further erode consumer confidence (Iheme 2021). Additionally, the high cost of property transactions, compounded by taxes, legal fees, and agent commissions, creates barriers to homeownership. Understanding consumer perceptions of these challenges is essential to fostering a more transparent and reliable real estate market, which, in turn, can boost investor confidence and contribute to Nigeria's economic growth. This research investigates consumer perceptions and the obstacles encountered in purchasing properties in Nigeria, offering actionable recommendations to improve market transparency and efficiency.

## 1.2 Problem Statement

Purchasing property in Nigeria is notoriously complex, characterized by a myriad of challenges that significantly affect consumer confidence and decision-making. Among the most pressing issues are legal uncertainties, which arise due to inconsistent land ownership laws, and bureaucratic hurdles, which slow down the transaction process (Iheme 2021). Additionally, high transaction costs, including taxes, legal fees, and commissions, create substantial financial burdens for buyers (Qian et al. 2013). Perhaps most critically, fraudulent practices, such as the sale of properties with unclear or falsified titles, have led to widespread distrust in the market.

These obstacles contribute to a broader problem of market opacity, where property buyers are often unable to access reliable information about property prices, ownership history, or legal standing. As a result, consumers face significant risks when attempting to navigate the property market, which in turn dampens both domestic and foreign investment in real estate.

The impact of these challenges extends beyond individual buyers, as they also affect the overall transparency and efficiency of the Nigerian real estate market. For Nigeria to harness the full potential of its booming real estate sector, it is essential to address these systemic issues. This research seeks to explore how these challenges shape consumer perceptions, with the aim of offering practical solutions that can foster a more trustworthy and transparent market environment.

This study is crucial for identifying the specific pain points in property acquisition and providing insights into how developers, investors, and policymakers can address these challenges to enhance consumer confidence and improve market dynamics.

## 1.3 Research Aim and Objectives

The aim of this research is to investigate the perceptions and challenges that consumers face when purchasing properties in Nigeria, focusing on how these challenges influence their decision-making processes. This research will provide actionable insights to improve transparency and market efficiency.

Objectives:

1. To identify key factors that shape consumer perceptions of the Nigerian real estate market, including price, location, and legal concerns.
2. To explore the specific challenges consumers face when purchasing properties, such as legal and transactional barriers, fraud, and transparency issues.
3. To examine the impact of market transparency on consumer trust and investment decisions.
4. To offer strategic recommendations for developers, investors, and policymakers to mitigate challenges and enhance consumer confidence.

## 1.4 Research Questions

To fulfill the aim and objectives, the research will answer the following questions:

1. What are the key factors that influence consumer perceptions of the Nigerian real estate market?
2. What challenges do consumers face when purchasing properties in Nigeria?
3. How does market transparency impact consumer trust and confidence in the real estate market?
4. What strategies can be adopted by stakeholders to address these challenges and improve transparency?

## 1.5 Methods and Theories

This research adopts a pragmatic research philosophy, utilizing a mixed-methods approach that combines qualitative interviews with a comprehensive review of relevant literature and previous studies. The study design is guided by the Research Onion framework (Dissanayake, 2023), ensuring a structured and systematic approach. Primary data will be gathered through semi-structured interviews with recent property buyers, aiming to capture their experiences and the challenges encountered during the property purchase process. Secondary data will consist of insights from academic literature and previous research to provide context and enhance the analysis. These methods and theoretical underpinnings will be elaborated in detail in Chapter three. Understanding the complexities of consumer behavior in the property market requires a multidimensional approach. This study employs three key theoretical frameworks to analyze the factors influencing consumer decisions. Perception Theory provides insights into how consumers evaluate properties based on critical factors such as price, location, and legal concerns. Behavioral Economics highlights the impact of cognitive biases on decision-making, shedding light on the psychological drivers behind property purchases. Finally, Market Transparency and Trust explores the role of transparent practices in shaping consumer confidence and trust within the real estate market. These frameworks will be discussed in detail in the subsequent chapter (Chapter 2) to provide a comprehensive understanding of their relevance to the study. The interview data will be analyzed using thematic analysis to identify key patterns and themes (Naeem et al. 2023) related to consumer perceptions and challenges in the Nigerian real estate market.

## 1.5 Significance of the Study

This research holds critical significance for multiple stakeholders, contributing to both practical and academic understanding of the challenges faced in Nigeria's real estate market. For real estate developers, the study provides valuable insights into how consumers perceive the property acquisition process. By understanding consumer concerns such as legal complexities, high transaction costs, and market transparency issues, developers can tailor their offerings to better meet buyer expectations. This will not only improve customer satisfaction but also enhance loyalty, as buyers are more likely to engage with developers they trust. The findings will empower developers to make strategic adjustments to their products and services, ensuring they align with evolving consumer needs and market demands.

Also, this research offers crucial knowledge about the risks and challenges that consumers face when purchasing properties. By examining issues such as fraudulent practices, transaction delays, and inadequate access to reliable information, investors can develop more effective risk management strategies. The study’s insights will help investors make more informed decisions regarding where to allocate resources, ultimately improving the security and profitability of their investments in the Nigerian real estate sector. Additionally, understanding consumer trust and transparency concerns will allow investors to gauge market stability, which is essential for long-term planning and returns.

In addition, the study plays a vital role in highlighting areas where the Nigerian real estate regulatory framework requires reform. Policymakers can use the findings to enhance market transparency by introducing stricter regulations to combat fraud and improve the legal procedures surrounding property transactions. Moreover, the research offers evidence-based recommendations for reducing the financial barriers buyers face, such as high transaction costs, thus making property ownership more accessible. These policy changes can lead to a more reliable and equitable real estate market, fostering greater consumer confidence and attracting both local and international investors.

Furthermore, the study contributes to the broader literature on consumer behavior, market transparency, and real estate dynamics in emerging markets. By focusing on Nigeria, the research adds to a relatively underexplored area, offering a detailed understanding of how market inefficiencies affect consumer perceptions. The application of behavioral economics and perception theory within the real estate sector introduces new perspectives on how psychological factors influence decision-making in high-risk markets. This interdisciplinary approach enriches academic discussions and provides a foundation for future research into consumer trust, transparency, and market stability in developing countries.

The study not only addresses practical challenges in the Nigerian real estate sector but also advances academic knowledge, offering a comprehensive view of the systemic issues that affect consumer confidence, market efficiency, and investment potential.

## 1.6 Structure of the Dissertation

This dissertation is organized into five chapters, each contributing to a systematic exploration of the research topic.

**Chapter 1: Introduction**

The introductory chapter provides a comprehensive overview of the research, establishing the context and significance of the study. It presents the problem statement, research aim, objectives, and the rationale for investigating the challenges and perceptions of consumers in the Nigerian real estate market. This chapter also outlines the relevance of the study to stakeholders and its potential contributions to the field.

**Chapter 2: Literature Review**

This chapter delves into the theoretical and empirical foundations of the research. It reviews key theories such as Perception Theory and Behavioral Economics, highlighting their relevance in understanding consumer behavior and market dynamics. Additionally, it examines existing literature on real estate challenges, particularly in emerging economies, focusing on issues like market transparency, regulatory inefficiencies, and fraud. The chapter establishes a critical framework that underpins the analysis of the study’s findings.

**Chapter 3: Methodology**

Chapter Three details the methodological approach adopted in the study. It describes the research design, including qualitative methods such as interviews and focus groups, and explains the theoretical framework guiding the research, specifically the Research Onion model. The chapter also discusses the rationale for the chosen methods, data collection procedures, and ethical considerations to ensure the credibility and reliability of the findings.

**Chapter 4: Results and Discussion**

This chapter presents the findings from the data analysis and integrates them with the theoretical and empirical insights from the literature review. It explores the themes that emerged from the data, addressing the research objectives and providing a critical discussion of the results. The chapter highlights the implications of the findings for the Nigerian real estate market and consumer decision-making, offering a nuanced understanding of the challenges and perceptions identified.

**Chapter 5: Conclusion and Recommendation**

The final chapter synthesizes the findings and provides a comprehensive conclusion to the study. It revisits the research objectives and summarizes the key insights gained. Additionally, it outlines practical recommendations aimed at improving transparency and consumer confidence in the Nigerian real estate market. The chapter also acknowledges the study’s limitations and suggests directions for future research to build upon the findings and address gaps in the existing literature.