

FACTORS AFFECTING REAL ESTATE LEASE OR OWN DECISION OF CORPORATE ORGANIZATIONS IN SOUTH-SOUTH NIGERIA

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ABSTRACT

Purpose: Corporate organizations are often faced with a complex decision either to lease or own the real estate or property used for their operations. The Nigerian real estate market is characterized by a blend of both leasing and ownership, with organizations carefully considering the benefits and drawbacks of each option. This study identified the factors affecting real estate lease or own decision of corporate organizations in South-south Nigeria.

Design/methodology/approach: The study population was drawn from real estate professionals who manage major restaurants and petrol fuelling stations in the capital cities of Akwa Ibom, Cross River and Rivers States. These states are selected due to their status as major economic hubs in the region. A sample size of 100 was randomly selected and a survey was conducted using a structured questionnaire. Data were analysed using percentages and means scores.

Findings: Retention of control was identified as the most important factors in lease or own decision of corporate organizations. Other important factors include local town planning laws/regulations, location and organization's preference. Facility in area of declining real estate value, tax considerations and avoidance of property management responsibilities were perceived to be least significant in the real estate lease or own decision of corporate organizations.

Research limitations/Implications: This study has reported the results of investigation on two selected corporate organizations with penchant for leasing real estate facilities for their operations. Therefore, caution should be taken when generalizing the results for other corporate organizations that may have a different perception about leasing.

Practical implications: It was concluded that a wide range of factors significantly affected real estate lease or own decision of corporate organizations. The implication is that the lease or own decision for real estates of corporate organizations require a careful combination of several internal and external factors.

Originality/value: The study revealed the preference of selected corporate organizations in petrol fuelling stations and restaurants in South-South Nigeria to lease or own real estate.

Keywords: Corporate organizations, Lease, Own, Real estate, South-south, Nigeria.

1. INTRODUCTION

Corporate real estate (CRE) management is a vital aspect of organizational strategy worldwide. With globalization and the increasing complexity of business operations, companies view their real estate assets not merely as physical spaces but as strategic tools that can drive operational efficiency, innovation, and financial performance. Globally, CRE constitutes a significant portion of corporate assets, typically ranging from 10-15%

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of a corporation's total assets, underscoring its importance in financial planning and risk management (Coldwell Banker Richard Ellis (CBRE) Group, 2020).

In recent years, there has been a discernible shift towards leasing rather than owning corporate real estate. This trend is driven by several factors, including the need for operational flexibility, financial considerations, and the evolving nature of work environments. Leasing allows companies to adapt more quickly to market changes, expand or downsize without the constraints of property ownership, and manage cash flows more effectively by avoiding large capital expenditures associated with property purchases (Jones Lang LaSalle (JLL) Incorporated, 2021). Furthermore, the rise of the gig economy, remote working trends, and the increasing importance of technology and innovation hubs have reshaped the CRE landscape, prompting organizations to opt for flexible lease arrangements over traditional ownership models (Deloitte, 2022).

However, the decision to lease or own is complex and multifaceted. Factors such as property market conditions, interest rates, tax implications, and the strategic goals of the organization play crucial roles. In developed markets, companies often perform detailed financial analyses and scenario planning to determine the optimal strategy. For example, in markets with high property values and low interest rates, owning may provide long-term financial benefits, while in volatile markets, leasing might offer greater stability and adaptability (Cushman and Wakefield, 2019).

In Nigeria, the corporate real estate sector is undergoing significant transformation driven by economic reforms, rapid urbanization, and a growing middle class. The Nigerian real estate market is characterized by a blend of both leasing and ownership, with organizations carefully considering the benefits and drawbacks of each option. Historically, property ownership in Nigeria has been associated with stability, long-term investment, and a hedge against inflation. However, the dynamic economic landscape and the increasing need for operational flexibility are shifting this paradigm towards leasing.

The Nigerian government has made several attempts to stimulate the real estate market through reforms in land administration and property rights. These reforms aim to simplify the process of property acquisition, reduce bureaucratic bottlenecks, and enhance transparency in the real estate sector (Akinbogun, 2019). Despite these efforts, challenges such as inadequate infrastructure, fluctuating property values, and high transaction costs continue to impede the growth of the real estate market. Moreover, the high cost of financing and limited access to credit are significant barriers to property ownership for many organizations.

Leasing, on the other hand, offers several advantages in the Nigerian context. It provides companies with the flexibility to scale operations up or down based on market conditions and business needs. Additionally, leasing helps organizations manage their capital more efficiently by reducing the need for large upfront investments. This is particularly important in an environment where access to affordable financing is limited (Fagbemi, 2022). However, the decision to lease or own is not merely financial; it also involves strategic considerations related to control, customization, and long-term business goals.

The South-South region of Nigeria is rich in natural resources, particularly oil and gas, which has attracted substantial corporate investments and has driven economic activities in the area. The presence of multinational corporations, particularly in the oil and gas sector, has led to increased demand for corporate real estate in urban centres within the region. While the presence of the oil industry has driven up property values in certain areas, environmental degradation and pollution have adversely affected property values in other parts of the region (Obinna, 2021). In areas with well-developed infrastructure, owning property may be more advantageous due to the potential for appreciation in property values and the ability to leverage the infrastructure for business operations. Conversely, in areas with less developed infrastructure, leasing may offer greater flexibility and lower risk (Adewunmi, 2020). Companies might also opt for

leasing to avoid the long-term liabilities associated with environmental degradation (Nwokoro and Chima, 2022). Overall, the decision to lease or own corporate real estate in the South-South region of Nigeria may be influenced by region-specific factors.

1.1. Objectives of the Study

This research therefore identified the factors affecting lease/own decision of real estate in two selected classes of corporate organizations in South-South Nigeria. This research focus on the real estate transactions of major restaurants (eateries) and petrol servicing stations in three states the South-South geopolitical zone, which include Akwa Ibom State, Cross River State, and Rivers State). These states were selected due to their status as major economic hubs in the region. The two classes of corporate organization were selected since the operators of such businesses often have the propensity to lease rather than own the real estate facility used for their operation.

2. LITERATURE REVIEW

2.1 Corporate Real Estate (CRE)

Real estate is defined as property in the form of land and buildings. It can be owned and possessed by both individuals and corporate organizations. It is an asset of strategic importance, representing a significant proportion of total assets and is the second most expensive cost after labour. It is the fifth corporate resource besides Capital, People, Technology and Information (Luokko, 2004).

When real estate is owned and or possessed by corporate organizations it is called Corporate Real Estate. Thus, Corporate Real Estate (CRE) according to Zeckhauser and Silverman (1983) is “the land and buildings owned by companies not primarily in the real estate business”. According to Brown *et al.* (1993) the concept applies to “properties that are either owned or leased by firms to achieve corporate objectives”. Joroff *et al.* (1993) sees Corporate Real Estate as the ‘fifth resource’ of business corporations/organizations, after the traditional resources of People, Technology, information and capital. Corporate Real Estate (CRE) according to Brueggeman and Fisher (2001) refers to “the use of real estate as part of business operations and associated activities”. Liow and Nappi-Choulet (2007) opined that Corporate Real Estate (CRE) is “the land and buildings owned by companies not primarily in the real estate business”.

Krumm *et al.* (2000) described CRE as real estate held or used by a business enterprise or organization for its own operational purposes. Oluwoye *et al.* (2001) also attempted to define CRE as “real estate owned by a corporation, real property, physical facilities, or the buildings and land held by large organizations, both public and private.” Edwards and Ellison (2004) depicted CRE as property held as an operational asset that serves to support the activities of the business occupying the property, while Liow and Nappi-Choulet (2007) defined it as “the land and buildings owned by companies not primarily in the real estate business.”

Ali *et al.* (2009) argues that the most appropriate definition of CRE is as a functional unit in an organization, which is responsible for the real estate asset holdings and their activities, and supports the organization to achieve its business objectives. According to Ali *et al.* (2009), the term CRE applies to properties that are either owned or leased by firms to achieve corporate objectives. The definition of CRE has been broadened from the basic definition given by Zeckhauser and Silverman (1983) definition to include the investment portion and the more recent the definition by Krumm *et al.* (2000) which included the management component. This highlights the evolution over the years of the changing roles that CRE has played within various organizations across various economic sectors in the world. In this research corporate real estate is seen as land and buildings held by eateries and fuel service stations in the study area.

2.2 Corporate Real Estate Management (CREM)

Krumm (1999) defines CREM as the management of corporate accommodation in order to obtain maximum added value for the business. Krumm *et al.* (2000) complete this definition by describing that CREM is “the management of a corporation’s real estate portfolio by aligning the portfolio and services to the needs of the core business (processes), in order to obtain maximum added value for the businesses and to contribute to the overall performance of the corporation”. According to Bon (1994), Corporate Real Estate Management (CREM) “concerns the management of buildings and parcel of land at the disposal of private and public organizations that are not primarily in the real estate business”. The management of CRE is known as corporate real estate management (CREM) and was defined by Brown *et al.* (1993) as “the optimum use of all real estate assets utilized by a corporation in pursuit of its primary business mission”. CREM contributions to the firm are translated through various activities including property acquisition and development, property management, financial analysis and miscellaneous activities such as leasing, development packaging, and brokerage (Gale and Case, 1989). It is apparent that the management of CRE involves broader aspects of real estate management ranging from routine day-to-day property management to higher-level activities of long-term CRE strategic planning and asset management. CREM according to Njumbwen (2017), is concerned with the management of a corporation’s real estate (land and buildings) and the interest thereof be it for public or private organizations, whose core business is not in real estate business, with the view to obtain maximum added-value for the businesses and to contribute optimally to the overall performance of the corporation”. In the case of Corporate Real Estate Management (CREM) in Nigerian universities, Corporate Real Estate Management (CREM) has been defined by Njumbwen, (2017), as the management of a university’s real estate (land and buildings) and the interest thereof be it for public or private universities, whose core business is not in real estate business, with the view to obtain maximum added-value for the university and to contribute optimally to the overall performance of the university.

In recent years, property has come to be seen as a facilitator of an organization’s operations, and more importantly a company’s business objectives. In line with this new role, increasing attention has been given to the management of property owned by corporations. One of the earliest attempts to define CREM was in the early 1990’s when Nourse (1990), referred to CREM as “the management of real estate assets for use in business other than real estate.” This basic definition was refined by Brown *et al.* (1993) who defined it as “the optimum use of all real estate assets utilized by a corporation in pursuit of its primary business mission.”

According to Bon (1994), CREM “concerns the management of buildings and parcel(s) of land at the disposal of private and public organizations that are not primarily in the real estate business.” Bon *et al.* (1998) proposed that CREM refers to “the management of property that is incidentally held, owned, or leased by an organization to support its corporate mission.” Corporate Real Estate Management (CREM), whilst Dewulf *et al.* (2000) defines it as “the management of a corporation’s real estate portfolio by aligning the portfolio and services to the needs of the core business processes, in order to obtain maximum added value for the businesses and to contribute optimally to the overall performance of the corporation.” Krumm *et al.* (2000) further defined it as the functional practice, department, or profession that is concerned with the planning, acquisition, management, and administration of real estate on behalf of a company. Furthermore, Lindholm (2006) argues that it “concerns every real estate and facility-related issue in public and private organization, whose core business is not in the real estate business”.

According to Ilsjan (2006), CREM “deals with the management of a corporation’s (enterprise’s) real estate portfolio, in both, private and public sector organizations.” Thus, CREM typically only comprises the real estate management activities of non-real estate companies.” From the definitions mentioned, CREM could be referred to as “the strategic

management of real estate held by a corporation/organization, be it public or private, in pursuit of its primary business mission

2.3 Factors to be considered when making the lease or buy decision

According to Ullah and Sepasgozar (2020) and Voit Real Estate Services (2023), there are a number of factors that affect an organization decision to lease or buy an asset. Most financial literatures in previous studies have concentrated primarily on the tax related incentives to lease or buy. Smith and Wakeman (1985) argue that taxes are important in identifying the identity of the lessor and the lessee but are less important in identifying specific assets to be leased. They suggest that tax determinant of leasing is more effective if the lessor and the lessee have different marginal tax rate which could in effect reduces total tax bill and be reflected in form of lower lease payment. Tax benefit is a factor in the financial analysis of an own/lease decision, but not as much as is generally believed. This is an area that can get enormously complex when viewed from an international perspective. Tax considerations may be important in the choice between debts and leasing. Leasing provides the option of 'selling' tax allowances to a lessor, in exchange for lower rental payments. Most empirical work has failed to provide evidence consistent with theory, until the recent study by Graham *et al.* (1998). The authors suggest that this failure reflects the fact that corporate tax status is endogenous to financing decisions. Using a forward-looking estimate of before-financing corporate marginal tax rates, they document a negative relation between operating leases and tax rates, and a positive relation between debt levels and tax rates. They argue that their results provide unambiguous evidence supporting the hypothesis that low tax rate firms lease more, and have lower debt levels, than high tax rate firms. On the other hand, Smith and Wakeman (1985) identified other non-tax incentives for leasing and implied that leasing is more likely if: (1) the value of the asset is less sensitive to use and maintenance decision; (2) the asset is not specialized to the firm; (3) the expected period of use to the asset is short relative to the useful life of the asset; (4) management compensation contracts contains provisions specifying payoffs as a function of return on 23 invested capital; (5) the lessor has market power and comparative advantage in asset disposal; (6) there is the need for specialization and reduction in risk-bearing. According to Golan (1999) most corporations frame their decisions around flexibility, control and financial merit. Some factors considered during lease or own decision of organizations include:

i. Dynamics of the local real estate market

According to Voit Real Estate Services (2023), the uncertain market conditions and the unpredictability of the economy has further complicated the decision to lease or own real estate. A highly specialized property that suit company's requirement may not actually be available for leasing but could only be obtained by purchase. When a Greenfield location is contemplated, the presence of company could add more value to the location that ownership is to be considered in other to benefit from increase in land values. Additionally, if market risk affects residual value of property which forms greater percentage of corporate assets, the tendency is to lease. Conversely, if the assets at risk forms small percentage of corporate asset as in large diversified corporations, the tendency is to own.

ii. Overall context of the company

Barkham and Park (2011) observed that corporate strategy is a key factor in determining the lease or buy decision for corporate real estate. Well established companies with stable environment, long-term market and predictable demand, tend to own their properties. Competition has however made such companies scarce. Those who wish to control their physical environment tend to own, as well as purchase the surrounding land to control development. However, ownership leads to management responsibilities which corporations may wish to avoid, but may be necessary if property's value is sensitive to maintenance.

iii. Financial position of company

Leasing would be preferable where the cost of capital is lower for the leasing firm than for company. Alternatively, where the user firm has a lower cost of capital and can source debt at lower rate than the leasing firm, conventionally it would be profitable to own to access the lower opportunity cost. Nourse (1990) contends that leasing provides off-balance sheet financing (100% financing) and need not reduce the firm's borrowing capacity. Additionally, tax considerations would indicate whether the depreciation and interest deductions under ownership are more valuable than lease deductions.

iv. Poor liquidity and cash flow problems

Finally, poor liquidity and cash flow problems have been found to be an important influence in the decision to lease (Drury and Braund 1990, Adedeji and Stapleton, 1996); the collateral of the asset increases the availability of lease finance in situations where unsecured debt would be too risky. Further, Brueggeman and Fisher (2001) argues that acquiring real estate for own use almost provide the same benefit as investing in real estate. The owner saves the lease payment instead of receiving them. The opportunity cost of ownership ought to be considered since corporations could earn higher return from its core business than investing in real estate.

2.4 Empirical Review of Previous Related Studies

Rono (2009) examined the factors influencing pension managers' investment decisions in Kenya. Three representatives from each of the twelve registered fund managers completed the study questionnaire. The questionnaire was administered through the drop and pick later method. Data was analysed using SPSS (Statistical Package for Social Sciences) and summarized using descriptive statistics such as mean, standard deviation, frequencies, percentages. The study found out that returns, investment risks and trends in interest rates were the most important factors affecting pension managers' investment decisions. Decision-making preferences, investment portfolio, past performance and legal framework were rated as less important. Consistency and sustainable long-term returns, prevailing economic, inflation and political situations were also important qualitative factors in decision making for pension fund investment.

Obamuyi (2013) focused on a study to determine the most influencing factors on investment decision of individual investors and to explore the relationship between these factors and investor's socio-economic characteristics in Nigerian Capital Market. Study used convenient sampling method to select 297 investors and data was collected through structured questionnaire. Results of the study identified the following factors as most influencing factors: past performance of the company's stock, expected stock split/ capital increases/bonus, dividend policy, expected corporate earnings and get rich quick. Also, the study found out that the socio-economic characteristics of investors: age, gender, marital status and educational qualification significantly influenced on investment decisions. Sean and Hong (2014) listed location, neighbourhood, structural and financial factors as factors that can contribute to property investment decisions in Malaysia. In their study, they used random sampling by distributing 200 questionnaires to respondents that do transaction in property buying for the past three years and only 105 survey forms were retrieved.

Natasha and Hassan (2015) examined factors that influencing property investment decisions among Employees in Felcra Bhd. In their study, the variables are selected from the theory that related to the investment decisions. There are four independent variables that studied in this research they are financial knowledge, geographical attributes, risk awareness and the possible return. The study adopted explanatory research design and method used is internet-based questionnaire. This study uses the convenience sampling to data distribution. Questionnaire consists of 25 questions of five variables that scaled using the Likert scale (1- Strongly Disagree to 5-Strongly Agree) and 6 questions on respondent's characteristics. The sample size of this study is 250 workers and only 212

respondents were used. The study used multiple regression via SPSS v.21 to analyse the data. The study found out that the financial knowledge of the Felcra workers gives the highest impact on their decisions to make property investments. While, risk awareness shows the lowest factors that can give impact on the property investment decisions. The study also found out that all independent variables discussed have significant and positive impact on property investment decisions.

Moreover, Sirya (2017) studied factors influencing real estate company's investment decisions in commercial properties in Nairobi county. The study focused on determining what specific factors control investment in real estate in Nairobi County. The study used secondary method with the aid of questionnaires, descriptive Statistics and regression model to give result. Analysis of data collected from forty-nine real estate companies operating in Nairobi County and Kenya Central Bank was done using SPSS version 20. Research result showed that increasing in interest rate affected investment decisions in commercial properties in Nairobi. Inflation factor was found to be associated with real estate companies' investment decision in Nairobi County, however, coefficient result showed that it was not significant factor. Foreign investment, entry of multinationals companies in Nairobi, infrastructure development was found to be influencing decisions by real estate companies in Nairobi

Abiola (2018) examined factors influencing land ownership and real estate investment decisions in Ile-Ife, Nigeria. The research was conducted to find out the factors that contribute to the decision making in land ownership and real estate investment in Ife. Information gathered was through the use of questionnaire in the study area. The use of frequency tables, charts and ANOVA was adopted in analysing the questionnaire. The study findings established that investment decisions of investors in the study area are influenced by certain identified factors. The most important principal factors are land affordability, land accessibility, ease to land acquisition, land security, profit motive and political stability in the study area.

Ogungbemi and Olanrewaju (2018) carried out a study on analysis of constraints to real property investment in Nigeria. The study covers individual investors and practicing firms of the Nigerian Institutes of Estate Surveyors and Valuers in the country using convenient sampling method to obtain information from the respondents. Well-structured questionnaire was designed to elicit information on critical constraints to the way investors invest now in property in the country. Mean item score and regression analysis were the statistical tools used to isolate the critical factors. At the end of the regression analysis five out of fifteen factors isolated to be important at the mean item stage were found to be critical to property investment decisions by the investors. These are high cost of building materials, ownership issues, Omoonile factor, scarcity of development funds, liquidity and ease of getting the property registered with the government. The study recommends that legal system should be institutionalized to checkmate the activities of the Omoonile and also the investment climate and market environment be made conducive. Government should ease up the process and procedures involved in properties registration in the country.

Gürkan (2019) examined factors affecting investors' buying decision in real estate market in Northern Cyprus. In their study, the proposed method of data obtainment is a semi-structured interview and the data obtained from total of twenty interviews to generate the analysis. The results reveal how factors affect property investors' purchasing decisions. The result of their research also provides a rich source of information that can be used by the construction developers to acquire how factors affect potential buyers investment decision and by the other researchers to conduct further researches.

Fateye *et al.* (2020) carried out a study on analysis of the driving factors of property investment in the Peri-Urban property market of Ogun State, Nigeria. The study used primary data and the relevant information was collected through a structured questionnaire instrument. The study employed convenience sampling techniques. A total of 150 questionnaires were administered to members of Nigeria Institution of Estate

Surveyors and Valuers (NIESV) and Real Estate Developers Association of Nigeria (REDAN). Eighty-two (82) and seventy-four (74) questionnaire were retrieved from NIESV and the REDAN respectively. The study deployed descriptive statistics such as simple frequency distribution and mean standard deviation model to analyse the data. The study found that in the suburb, the property types such as residential and commercial were identified to be the most often developed investment property types and major businesses occur in buying and selling of investment property among the trading activities in the market. The prominent driving forces were land availability and affordability, economic gain/market potential, proximity to urban centres, population growth and strategic locational features. This result signals the need for potential real estate investors to consider the driving forces as underlying factors for informed decision when thinking of investing in the peri-urban property market.

Ngoc *et al.* (2022) conducted a research on the relevance of factors affecting real estate investment decisions for post pandemic time in Vietnam. The article used a mix of qualitative and quantitative methods. Specifically, the research results show that the main factors include: institutions and laws, economic factors, cultural and community, other markets, and investment opportunity. Finally, the authors propose reasonable policies to make the real estate market develop sustainably in the future, questioning at the same time the relevance of those factors also for the post pandemic time.

3. METHODOLOGY

The descriptive cross-sectional study design is considered most appropriate to collect the opinion of major restaurants (eateries) and petrol fuelling stations on the lease versus own decisions they have taken concerning their real estate transactions. The core participants were real estate professionals who manage properties used for these major restaurants (eateries) and petrol service stations in three states (Akwa Ibom, Cross River and Rivers) in the South-South region of Nigeria. These states were selected since they are the key economic hub within the region, and only the major petrol fuelling stations and restaurants (eateries) operating in the capital cities of these states were included in the study. For the purpose of this study, the major restaurants and petrol stations are the ones with national and regional spread. A total population of 133 was obtained for the study and the distribution is as shown in Table 1.

Table 1: Distribution of Major restaurants and Petrol Fuelling Stations in the study area

	Akwa Ibom	Cross River	Rivers	Total
Restaurants (eateries)	9	8	17	34
Petrol fuelling stations	24	27	48	99
Total	33	35	65	133

The size of the sample was obtained by utilizing Taro Yamane's formula (see Equation 1). According to the formula developed by Taro Yamane, the proportion of a population's sample that should be taken in order to achieve a degree of confidence of 95% and 0.05.

$$n = \frac{N}{1 + N(e^2)} \quad \dots \text{Equation 1}$$

Where, N is the population size and e is the level of precision.

The combined number of major restaurants (eateries) and petrol fuelling stations in the three states of Akwa Ibom, Cross River and Rivers was 133, giving total population size of 133 for the study. On applying the Taro Yamane's equation, the sample size was given as approximately 100.

The respondents were required to provide their perceptions on the enquiries raised in the questionnaire on a 5-point Likert type scale (1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; 5 = strongly agree). The researcher validated the questionnaires by earlier administering 30 copies of the test questionnaires to some real estate professionals managing properties for the similar organizations. This enabled the researcher to identify the strengths and weaknesses as well as errors inherent in the questionnaire and make amends before sending out to the actual target population. Cronbach Alpha test score of 0.82 was obtained for the instrument. This is an acceptable value as it exceeds 0.7 which is the recommended threshold value. Percentages and mean scores were computed using the Statistical Package for Social Sciences (SPSS) version 25.

4. PRESENTATION AND DISCUSSION OF RESULTS

4.1 Socio-economic Characteristics of Respondents

One hundred copies of questionnaire were distributed to the respondents which comprise premises managers of eateries and petrol service stations, and real estate professionals in the study area. The researcher followed up with the organizations to ensure that all copies of questionnaire were well completed and returned, thereby recording a 100% response rate. Table 2 provides details of the questionnaire retrieved from each state in the study area.

Table 2: Completed questionnaire retrieved from each state in the study area

	Akwa Ibom	Cross River	Rivers	Total
Restaurants (eateries)	7	6	13	34
Petrol fuelling stations	18	20	36	99
Total	25	26	49	133

Socio-demographic details of a total of the 100 study participants shown in Table 3 indicate that the majority of participants were male (85%), and those aged between 31 and 35 years old (48%) were the majority age group among respondents. Also, half (50%) of participants were married, and over a great majority of participants (48%) attained HND/BSc degree in education. A greater number of participants (57%) were on contractual appointment, and a good number of study participants had 3 to 5 on-the-job years of work experience (40%). A greater number of participants (28%) were of the opinion that their organization has been in operation for 5 to 8 years (28%).

Table 3: Socio-demographic Characteristics of respondents

Variables	Category	Frequency (%)
Sex	Male	85 (85)
	Female	15 (15)
Age	Below 30	11 (11)
	31-35	48 (48)
	36-40	30 (30)
	41+	11 (11)
Marital Status	Single	28 (28)
	Married	50 (50)
	Divorced	17 (17)
	Separated	3 (3)
	Widowed	2 (2)

Variables	Category	Frequency (%)
Educational level	Secondary	16 (16)
	OND	32 (32)
	HND/BSc	48 (48)
	Postgraduate	4 (4)
Type of Employee	Permanent	57 (57)
	Contract	43 (43)
Years of Experience	< 3	30 (30)
	3-5	40 (40)
	6-8	16 (16)
	9-11	9 (9)
	11+	5 (5)
Organization's years of operation	0-2	8 (8)
	3-4	12 (12)
	5-6	27 (27)
	7-8	28 (28)
	9 +	25 (25)

4.2 Factors affecting Organization's Lease or Own Decision for Real Estate

Table 4 presents the mean scores and ranking of factors affecting corporate organizations decision to either lease or own real estate. From the result, it is evident that retention of control, with a mean score of 4.48 on a 5-point scale, is the highest ranked factor that affects corporate organization's decision to lease or own real estates. Other factors that rank high include: local town planning laws/regulations (means score = 4.44), location (mean score = 4.28) and organization's preference (mean score = 3.99).

Table 4: Factors affecting Organization's Lease or Own Decision for Real Estate

Factors affecting Lease/Own Decision	Mean	Rank
Retention of control	4.48	1
Local town planning laws/regulations	4.44	2
Location	4.28	3
Organization's Preference	3.99	4
Company's credit rating	3.92	11
Initial capital outlay	3.68	12
Flexibility	3.53	5
Projected period of use by company	3.41	6
Company's current cash flow	3.38	7
Market volatility and risks	3.28	8
Need for customized or special purpose buildings	3.15	9
Consideration of long-term costs	3.02	10
Ease of Mobility	2.97	13
Lack of suitable property to buy	2.88	14
Lack of suitable property to lease	2.83	15
Access to capital market	2.81	16
Responsibility of maintenance on landlord	2.76	17
Facility in area of declining real estate value	2.44	18
Tax considerations	2.25	19
Avoidance of property management responsibilities	2.07	20

Company's current cash flow (mean score = 3.38), market volatility and risks (mean score = 3.28), need for customized or special purpose buildings (mean score = 3.15), and consideration of long-term costs (mean score = 3.02) have moderate ranking on corporate organization's decision to lease or own real estates. The presence of the facility in area of declining real estate value, tax considerations and the avoidance of property management responsibilities, with respective mean scores of 2.44, 2.25 and 2.07 on a 5-point scale, ranked least as factors affecting corporate organization's decision to lease or own real estates.

4.3 Significance of Factors affecting Organization's Lease or Own Decision for Real Estate

The perception of the respondents on the significant factors affecting corporate organization lease or own decision were categorized into high perception (mean score 3.5-5.00), moderate perception (mean score 2.5-3.49) and low perception (mean score 1.00-2.49). Based on these categorizations, the results in Table 5 shows that 8 factors were perceived to be highly significant, 9 factors were perceived to be moderately significant while 3 factors were perceived to be less significant.

4.4 Discussion of Findings

The data analysis shows the determining factors in the decision to lease or buy real estate. Majority of respondents appeared to have high perception that retention of control can be the most important factor for lease. Also, respondents have high perception of local town planning laws, location, preference and company's credit rating. This finding is in line with the conclusion of a research conducted among real estate workers in Korea, which found that the development of cities is strongly determined by the development of property markets as an important element attracting people to a given location (Renigier-Bilozor, 2017). Also, according, to Kotler (2011), credit ratings in nations and urban areas positions them on the capacity to attract certain groups of human and physical capital and at the same time discourage other groups (such as low-income families, the homeless, or criminal types).

Table 5: Significance of factors affecting Lease or Own Decision for Real Estate

Factors affecting Lease/Own Decision	Mean	Decision
Retention of control	4.48	High Perception
Local town planning laws/regulations	4.44	High Perception
Location	4.28	High Perception
Organization's Preference	3.99	High Perception
Company's credit rating	3.92	High Perception
Initial capital outlay	3.68	High Perception
Flexibility	3.53	High Perception
Projected period of use by company	3.41	Moderate Perception
Company's current cash flow	3.38	Moderate Perception
Market volatility and risks	3.28	Moderate Perception
Need for customized or special purpose buildings	3.15	Moderate Perception
Consideration of long-term costs	3.02	Moderate Perception
Ease of Mobility	2.97	Moderate Perception
Lack of suitable property to buy	2.88	Moderate Perception
Lack of suitable property to lease	2.83	Moderate Perception
Access to capital market	2.81	Moderate Perception
Responsibility of maintenance on landlord	2.76	Moderate Perception
Facility in area of declining real estate value	2.44	Low Perception
Tax considerations	2.25	Low Perception
Avoidance of property management responsibilities	2.07	Low Perception

Studies among real estate projects sponsored by the Institute of Business Administration, Jahangirnagar University, Savar, Dhaka, Bangladesh, have revealed similar findings of high perception of location, and credit rating as the most important factor for lease (Ikhtiar, 2021). According to this study, findings demonstrate that location and credit rating has the potential to influence the decision to lease in real estate markets. On the other hand, majority of the participants had low perception of other factors determining lease decision in real estate. For example, they had low perception of facility in area of declining real estate value, tax consideration and avoidance of property management responsibility.

Underscoring the evaluation of the significance of the factors determining the decision to lease or buy real estate, retention of control over the real estate, local town planning regulations, location of the real estate and credit rating had higher mean values of 4.48, 4.44, 4.28 and 3.92 respectively. These higher mean values are consistent with the works of Renigier-Bilozor (2017) and Kotler (2011), where location and credit rating weighed above the weighted average. On the other hand, tax consideration and avoidance of property management responsibilities had lower mean values of 2.25 and 2.07 respectively.

Furthermore, still looking at the significance of the factors determining the decision to own real estates, the need to have control over a space, location, and local town planning laws had higher mean values of 4.48, 4.32 and 4.44 respectively. These higher mean values are consistent with the works of Ugwu (2018), where the factors such as control of space, urban location and land acquisition laws affects land acquisition in Nigeria.

5. CONCLUSION AND RECOMMENDATIONS

The result of this study indicate that retention of control is the most important factor affecting lease versus own decision for real estates of major petrol stations and restaurants in South-South, Nigeria. Study participants also have high perception of location, local town planning laws and company's credit rating as significant factors determining lease or own decision on real estates. Based on the findings of the study, it was concluded that in addition to the desire to retain control, a wide range of other factors significantly affect the lease versus own decision of corporate organizations on real estates. This paper has reported the outcome of a study on two selected corporate organizations with penchant for leasing real estate facilities for their operations. Therefore, caution should be taken when generalizing the results for other corporate organizations that may have a different perception about leasing. It is recommended that corporate organizations should not base their lease or own decision for real estates on a single factor but should consider a several potential factors.

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