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## **Socio-Economic Factors Affecting Accessibility to Land for Real Property Investment in Obio/Akpor L.G.A, Nigeria**

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**Abstract** The non-consideration of relevant socio-economic parameters affecting accessibility to land by real property appraisers and analysts has been identified as the major reason for the challenges confronting real property investment in Rivers State and Obio/Akpor Local Government Area inclusive. Significantly, this phenomenon has led to wastage of scarce resources and creation of an apathetic environment. Premised on this foregoing, this study examines the socio-economic factors that affect accessibility to land, in the determination of qualitative and quantitative real property investment in Obio/Akpor L.G.A., Nigeria. Data analysis was descriptive statistics and Relative Importance Index (RII). The result showed that high and unnecessary costs was the most ranked (RII = 0.9432), while restriction of landowners (RII = 0.9158) was the least ranked. The study recommended that government should establish a framework that ensures simplified and relatively cheaper statutory fees on land transactions so as to prevent conflict of professional undertakings and undue extortion.

**Keywords** Socio-economic, Accessibility to land, Real Property, Investment.

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### **Introduction**

Land is a basic natural resource, and perhaps affects every aspect of a peoples live, their food, clothing and shelter. Land is fundamental for development as it has cultural and social values. The importance of land gives rise to conflicting claims. The government therefore, gives serious attention to land development and management.

The success of real property investment in Obio/Akpor Local Government Area and in any other part of the nation depends on an effective and efficient access to land. According to Ekenta (2014), real property investment itself is by far the most popular mode of investment in Nigeria and corporate Nigerian investors prefer to invest in real property. Real property investment by both private and public investors is very essential and invaluable, especially in promoting sound and sustainable economy [1].

In the words of Omirin (2002) much attention has been devoted to housing problem but not enough attention is paid to the constraints of accessibility to land which in fact constitutes serious obstacles to real estate investment and housing provision [2]. In a similar vein, Aluko and Amidu (2006) opined that accessibility to land and security of right for the urban poor are fundamental to any strategy for poverty reduction. Besides, despite all efforts to facilitate equitable access to land at reasonable cost, accessibility to land has still remained a mirage [3].

### **Objectives of the Study**

The main objective of the paper is to highlight the socio-economic variables that affect accessibility to land in Rivers State with a view to proffering lasting solutions to obstacles arising as a result of inaccessibility to land for real estate investment in the study area.



The specific objectives are;

- (i) To rank the socio-economic variables that affect accessibility to land in the study area.
- (ii) To identify through review the cumulative effect of the variables that impact on real estate investment.
- (iii) To make useful recommendation that will improve accessibility to land.

## **Literature Review**

### **The Meaning of Land:**

In the words of Dale and McLaughlin (1990), land encompasses all those things directly associated with the surface of the earth, including those areas covered by water. By their assertion, land includes a myriad of physical and abstract attributes from the rights to light or to build upon the land to ground water as well as minerals and rights to use and exploit them [4].

According to Igwe-Kalu (2011) the word land is so commonly used in everyday life that its meaning is either taken for granted or has been lost in the mesh of its different connotations and or implications [5]. By this the notion that land conveys different meaning to different people, professional and skills. He summarized the attributes of land as follows;

- Free gifts from God
- A platform for all human activities
- Its supply is essentially fixed

Supporting the above definitions, land includes the surface of the earth and the sky above and everything to the centre of the earth [6]. Gaddy and Hart (1993) summed up the definition in a more simplified but comprehensive form as the total solid crust of the earth surface, including those features permanently attached by nature such as forest, hills, valley and water up to the sky (air spaces) and also the subsoil extending to the centre of the earth and including all the resources found therein [7].

### **Accessibility to Land**

Accessibility to land comprises of availability of usable land, affordability of such land, ease of transaction with that land and security of the owner's right [2].

Secure access to land is central to establishing a structure for economic incentive for real estate investment in Nigeria. According to (UNCHS, 1999), accessibility to land and security of rights are important catalysts in stabilizing community, improving shelter condition, reducing social exclusive and improving access to urban service. Omirin (2002) opined that, accessibility to land comprises of available usable land, affordability, the convenience with which the cost of the land can be paid without undue financial strain, security of tenure – assurance against eviction, claims and ease of transaction. Accessibility to land is significant for growth and poverty reduction in any society Omirin maintained that the negative effect of inadequate and inequitable access to land in Nigeria are manifest in inefficient use of land resources, inequitable distribution of wealth, worsened housing condition, environmental degradation, poverty aggravation and regional imbalance in economic development [2].

### **Socio-Economic Variables that affect Accessibility to Land**

Based on the researcher's experience the underlisted were identified as the major socio-economic variables;

### **Security of Land Tenure and Title**

Land tenure security refers to people's ability to control and manage a parcel of land, use it and dispose of its produce and engage in transactions including transfers, at the peoples comfort, [8]. Many observers have noted that land tenure security cannot be considered as a simple matter of legal or illegal formal or informal status; it is therefore a relative concept and a matter of perception as well as law. Palmer (1998) points out, absolute, it can never be measured directly because it cannot be defined objectively. To a large extent, security is what people define it to be. Security of title is a strong prerequisite for adequate provision of real property investment, because it is on land that real properties are built [9].

### **Alienation of Land Owners:**

The core meaning of the concept of alienation has been identified with a dissociative state or a sense of separation in relation to some other element in his or her environment [10-11]. Hirschfield and Field (2000) saw alienation as representing the extent to which a person is disengaged from the world [12]. Since the most basic understanding of alienation involves a separation or estrangement and given the varying targets of this separation, alienation of land owners is the estrangement or disconnection from ownership in landed property. While supporting the above assertion Udia (2010), believes that one of the problems of land acquisition in



Nigeria, is that it has set up confrontation and stigmatization between the acquiring authorities and land owners [13].

#### **Land Title Transfer;**

According to Adegoke (2005), title transfer describes the reserve of potential buyers for an investment and the speed and ease with which they may be transacted [14]. According to the provisions of the Land Use Act, (Ubi 2005) was of the view that for a title to qualify as an instrument, the title must have the quality or capability of transferring an interest in land from one person to the other [15].

The fundamental incident of land ownership in Nigeria today is that the radical title and the management of all the land that is in the territory of each state has been transferred and vested in the State Government by virtue of the Land Use Act. Consequently, former land owners can no longer have an absolute title of fee simple estate but only a kind of interest in a diminutive form called a "Right of Occupancy", which he can only alienate with the consent of the Governor or Local Government Chairman, in case of land in the rural area of the state. Under the Act, anybody who wants to mortgage, assign, sublease, etc a property in which he has a certificate of occupancy must obtain Governor's consent, otherwise, the transaction is null and void, (Adegoke 2005). Most often securing this consent have proved difficult and costly and invariably hamper the effective operation of real property investment [14].

#### **High and Unnecessary Cost**

Aribigbola (2007), observed that typical cost to be met on formal land allocation includes fees for certificate of occupancy, registration fee, survey fee and stamp duty among others [16]. Wanjohi (2007) observed that in government land allocation, the principle of "first come first served" is supposed to be observed, but the procedure is bureaucratic and riddled with corruption [17]. Acquiring land through formal system may be too costly for the poor due to the array of professional undertakings that formal land acquisition entails [18]. In his own opinion Fakade (2000) noted that formal land transaction is riddled with policy ambiguity, procedural complexity and prohibitive cost involved in obtaining title which legalizes ownership of urban land [19].

#### **Restriction of Land Owners:**

By the provisions of the Land Use Act, it follows that a non-Nigerian can not apply for a right of occupancy. Indeed, it has been held in *Ogunola vs Eiyekole* that the words "any person" wherever used in the Act means "any Nigerian" and does not include non-Nigerians. These have frustrated easier access to land for real property investment in Nigeria, especially as it affects prospective non-Nigerians ready to invest in real properties.

#### **Land Disputes and Conflicts**

According to Wehrmann (2005), land conflict refers to misuse, restriction or dispute over property rights to land [20]. As pointed out by Hettne (2002), conflicts create states of turbulence in the environments and in particular, in the minds of people. It is important to deal with land disputes and conflicts in a constructive manner, instead of ignoring them or simply trying to stop them [21].

#### **Real Property**

Real property is defined as land, buildings and other improvements thereon and the legal rights relating to the asset – land [22]. However, this definition is somewhat confusing as there is always a distinction between real property and real estate, though both terms are sometimes used interchangeably in real estate profession literature and practice [23]. Real property is defined as only the interests, benefits, and rights inherent in the ownership of real estate, while real estate is defined as only the physical land and the improvements thereon [23]. This distinction clarify that real property cannot be both land and rights and that is the reason why most appraiser's are concerned in the interests subsisting in the property than the property per se. Real property in any of its investment sector has the characteristics which are distinguishable form other investments, and to this, Kalu (2001) identified the characteristics to include; heterogeneity, risk and indivisibility. Others are: high cost of transfer; holding cost; income and capital growth; imperfect knowledge; perpetuity; and leverage or gearing [24].

#### **Investment:**

The word "investment" represents different things to various people. Kalu (2001) defined investment as the placing of capital at risk in return for a reward or the giving up of a capital sum in exchange for benefits to be received in future in the form of regular income flow and/or capital appreciation [24]. This definition presupposes that even though an investor usually undertakes risks, he would refuse to take a risk merely for the sake of it. His attitude to risk taking is usually born out of good judgment and adequate knowledge of



surrounding situations. This invariably raises the fact that investment is clearly different from speculations, which involves buying and selling with the expectation of realizing quick profits arising from sharp price fluctuations over a short time.

According to Bodie, Kane and Marcus (1998), the attribute of investment is that you sacrifice something of value now expecting to benefit from the sacrifice later [25].

From the foregoing, Ekenta, (2014) opined that an investment can then be said to be the utilization of money or other valuable resources in such a way as to guarantee a regular flow over a period of time or the appreciation and/or the recouping of a specified lump sum on a future date in consideration for the utilized resources and risk taken [1].

### Research Methodology

Survey research design was applied which involves the administration of questionnaires to the target population so as to extract necessary information for the study. The target population for the primary data is the population of property owners in the study area. All the questionnaires were distributed randomly in all the 45 communities in Obio/Akpor Local Government Area, which amount to 450 questionnaires in total; out of which 365 (81.1%) was retrieved and used for the study analysis. The presentation and analysis of data utilized the descriptive frequency and percentage measures as well as the Statistical Package for Social Science (SPSS). Further, the Relative Importance Index (RII) was utilized in ranking these socio-economic variables based on the importance attached to each by the respondents. According to Lim and Alum (1995), RII is calculated by the formula [26];

$$RII = (4n_4 + 3n_3 + 2n_2 + n_1)/4N$$

Where;

$n_4$	=	Strongly Agree (SA);
$n_3$	=	Agree (A);
$n_2$	=	Disagree (D);
$n_1$	=	Strongly Disagree (SD);
$N$	=	Number of respondents

### The Study Area

Obio/Akpor Local Government Area is geographically located within the Niger Delta Region of Nigeria, with its administrative headquarter at Rumuodomaya. It has a land mass of approximately 311.71 square kilometers and shares boundaries with Emohua, Ikwerre, Etche, Oyigbo, Eleme, Okrika and Port Harcourt Local Government Areas of Rivers State.

Obio/Akpor Local Government Area is constituted mainly by the people of Ikwerre ethnic nationality. Specifically there are four (4) prominent Ikwerre Kingdom that constitute the Local Government Area, which are; Akpor, Apará, Evo and Rumueme Kingdom. It also has an average of 2.82% growth rate which puts the population of the Local Government Area at 2004 to be 500,000 people (National Bureau of Statistics, 2004). It is located between latitude  $4^{\circ} 45^1$  E and  $4^{\circ} 60^1$  E and longitude  $6^{\circ} 50^1$  E and  $8^{\circ} 00^1$  E.

The study area enjoys tropical hot monsoon climate due to its latitudinal position. The tropical monsoon climate is characterized by heavy rainfall from April 2000 to October between 2000 to 2,500mm with high temperature all the year round and relatively constant humidity. The relief is generally lowland which has an average of elevation between 20 and 30m above sea level. The vegetation found in the study area includes, raffia psalms, thick mangrove forest and high rain forest. The soil is usually sandy or sandy loam underlain by a layer impervious pan and is always leached due to the heavy rainfall experienced in this area.

The study area is well drained with both fresh and salt water. The salt water is caused by the intrusion of sea water inland thereby making the water slightly salty. Due to continuous heavy rainfall and river flows the study area experiences severe flooding almost every year.

### Results and Discussions

**Table 1:** Identified Variables Affecting Accessibility to Land in OBALGA.

Variables	1	2	3	4	R11 value	Rank
High and Unnecessary	2	12	53	298	0.9432	1 <sup>st</sup>
Security of Land Title	4	24	27	310	0.9404	2 <sup>nd</sup>
Land Title Transfer	0	28	36	301	0.9370	3 <sup>rd</sup>
Land Dispute & Conflict	3	41	14	307	0.9281	4 <sup>th</sup>
Alienation of Land Owners	1	33	41	290	0.9247	5 <sup>th</sup>
Restriction of land owners	1	36	48	280	0.9158	6 <sup>th</sup>



The results in Table 1 indicate and confirm that the identified and significant factors that affect accessibility to land are security of Land Tenure and Title, Alienation of Land Owners, Land Title Transfer, High and Unnecessary Cost, Restriction and Land Disputes and Conflicts. It further confirms that High and unnecessary cost was the most adverse factor that affects accessibility to land and ranked 1<sup>st</sup> (RII value = 0.9432) amongst the identified variables. Security of Land Tenure and Title was also identified as another essential factor, and was ranked 2<sup>nd</sup> (RII value = 0.9404), while Restriction of land owners was ranked the least with (RII value = 0.9158).

The findings therefore confirm to the study circumstance that the above identified variables are possible policy targets to be tackled to enhance accessibility to land for real estate investment in the study area.

### Conclusion and Recommendation

This study has shown that accessibility to land in the study area can contribute a lot to encourage real property investment; which in turn will promote socio-economic activities of the nation.

Based on the research findings and conclusions, the following recommendations are hereby made;

- (i) Removal of the requirement of governor's consent on land transactions from Nigeria's land policy.
- (ii) Government should establish a framework that ensures simplified and relatively cheaper statutory fees on land transactions so as to prevent conflict of professional undertakings and undue extortion.
- (iii) Government should not see real property investment as a means to generate revenue; rather it should be seen as a way of improving the general economy through the provision of enabling policies and environment for real property investment.

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