



The Impact of Infrastructural Facilities on Residential Property Development in Ota, Ogun State Nigeria

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Abstract: There has been growing financial investment interest in infrastructural facilities despite the security and economic situation in Nigeria. However some cities are growing faster than others. The current paper attempts to assess the impact of infrastructural facilities on residential property growth in Ota, Ogun State with a view to having a deeper knowledge of residential property development growth in the study area. To attain this, questionnaires were distributed to registered estate surveying and valuation firms in Ogun State. Also, personal in-depth interviews were conducted. Questionnaires were also administered to 89 randomly selected clients of the estate surveying and valuation firms' management portfolio in the study area with a 74% retrieval rate. Data gathered were analysed using frequency distribution tables and component bar charts. The study showed that the provisions of infrastructure like industries, educational institutions and roads were major contributors to property growth in the study area. The study recommends that the State government needs to monitor the proper maintenance of the provided facilities and invest more on infrastructure in the years ahead.

Keywords: Property growth, infrastructural facilities, land acquisition, Ota.

Introduction

Investments in infrastructural facilities do contribute immensely to the population growth of metropolitan cities of a nation. Good quality roads, railways, airport, educational institutions, security of life and properties and hospitals are essential for the smooth running of the economic sectors in a developing world. In many countries and for many years, economists, planners and surveyors have tried to provide answers to why economic growth is faster in some regions than others and why

some cities grow faster than others. With the availability of major investments in infrastructure of any city, there would be automatic population increase that would influence massive property development. It has been argued by Ogunba (1999) and Ighalo (1986) that rural-urban migration, rising purchasing power and demographic factors such as changes in the average family size are contributory factors to urban growth. Hence they recommended more infrastructural development with proper management of same in cities.

Ighalo (2002) observed that urbanisation has accelerated at much faster pace than the situation in advanced industrial countries during the period of the rapid industrial development in Nigeria. Urban expansion could be hinged to a lot of factors such as increasing opportunity for people, high level of industrialisation, availability of link roads, water and good means of transportation thus improving the economic growth of cities.

Economic growth has been viewed as healthy and desirable for communities because it often leads to additional jobs, increased income for residents, a broader tax base, and the enhancement of cultural amenities such as library and parks and when this occurs, property development will not be left out. It is based on this that Olujimi and Bello (2009) noted that the increasing demand for properties in the urban centres would continue to attract the interest of real estate developers. Shortage of land has led to sharp increases in the sale price per plot of developable land in Lagos State hence people have to move to Lagos suburbs and neighbouring towns like Ota. Ota can be referred to as one of the hotspot areas in Southwest Nigeria. The presence of educational institutions (two private universities and a private polytechnic), employment opportunities and availability of standard schools in this locality continue to be factors attracting families to the area. The

availability of land to the indigenes and non-indigenes has also created an advantage for many families to move to Ota. The influx of people to Ota has influenced a number of investors and property developers to invest in Ota thus making property business activities lucrative. This study therefore attempts to evaluate the effect of basic facilities and industrial developments on residential property development in Ota, identify the reasons why property investment is concentrated in the study area and the trend in property acquisition over a period of seven years.

2.0 Literature Review

Concept and Categorisation of Urban Infrastructure

Nubi (2002) describes infrastructure as the aggregates of all facilities that allow a city to function effectively. It is also seen as a wide range of economic and social facilities that help in creating an enabling environment for economic growth and quality of life. Neil (2004) also was of the opinion that infrastructure services have a bearing on economic growth. She explained further that adequate infrastructure reduces the cost of production which in turn affects the profitability level of output and employment, particularly in any small-scale business. Similarly Jerome (2006) shared the same view by stating that infrastructure refers to all basic inputs and requirements for the proper

functioning of the economy. Infrastructure is simply the engine that is needed for proper functioning of a city. It can be put in place by private or public involvement with the aim of facilitating the effective functioning of the society. Obuteru (2005) identified two categories of infrastructure namely physical and social infrastructure.

Urban Infrastructure and Growth

The concentration of industries in urban centres has promoted growth within cities. The industrial development has also contributed to diversified industrial structure which results to expansion in cities. The existence of industries in any urban centre will create employment opportunities thus making people to migrate from rural to such urban settings for employment opportunities. Urban areas are able to induce economic activities because they enjoy an advantage in the supply factors of production especially labour. With this, the market becomes broader as the supply of real property resources, more sub-division of function occurs and economics of scale emerges in the provision of basic public utilities and services. With the increase in supply of real property, more demand will be made on residential properties and the higher the demand for accommodation, the higher the property value. Olujimi and Bello (2009) noted that the increasing

demand for residential property in our urban centres would continue to attract the real estate investors because of continuing property rent increases. This is supported by land economy theory which suggests that the balance of demand and supply is at equilibrium if for every new household exercising effective demand, there is an available house either for letting or purchase at a price that permits demand to stabilise supply. It should therefore be expected that when the demand for housing increases, the price or rent for such houses goes up and ultimately this encourages investors to undertake new developments. In line with this, cities develop as a result of the economic functions which necessitate the gathering of people and activities in any given area. The lifestyle in the urban area changes from an agrarian society to modern industrial economy. This is due to development in transport facilities, expansion of inter-regional commerce and the increased significance of service activities.

Infrastructure like good road network, energy, water, hospitals, and educational facilities are drivers of economic growth. The quality of infrastructure available within any city has become increasingly important in attracting new investments. There is an ineffective administration structure to cater for the maintenance of our infrastructures at the urban centres, however, such problems could have

been easily solved if other stakeholders like private individuals, community-based organisations (CBO) and non-governmental organisations (NGO), apart from the government participate in the provision and management of urban infrastructure. It has thus become apparent that the provision and management of urban infrastructure cannot be left solely to government hence private sector participation is important.

3.0 Study Area

Ota, in Ado-Odo/Ota Local Government Council Area can be referred to as the “Local Government of Distinction”. It is the most populous, industrialised Local Government Council Area in the State and second most industrialised area in Nigeria. It came into existence in May 19, 1989 following the merging of Ota, part of the defunct Ifo/Ota Local Government with Ado-Odo/Igbese Areas of the Yewa South Local Government. The Local Government is the second largest in Ogun State with its headquarters at Ota. It is located within the tropical zone, lying between 60 47°N of the equator and 20 33°E and 30 18°E of the Greenwich Meridian.

The Local Government covers an area of 1,460 square kilometers and share boundaries with Lagos State and Yewa in the South, Ifo Government Local Council in the West and Ipokia Local Government Council in the North East.

From 2006 Census, Ado- Odo/Ota Local Government Council has an estimated population of 527,242 (Male 261,523 and Female 265,710) with towns, villages and settlements. It is an economically developing Local Government Council that has one of the largest concentrations of manufacturing industries. These industrial concerns are located at Agbara and Sango-Ota, all under Ado-Odo/Ota Local Government Council. No doubt, the Local Government Council's proximity to Lagos (the commercial nerve centre of the country) coupled with its favourable topography and of course, the friendly nature of the Aworis has contributed to the concentration of industries in the area. Ota in Ado/Odo Local Government Area, has a direct access road to the Republic of Benin.



Fig 1: Ado/ Odo Ota Local Government Area.

Source: Ogun State Ministry of Local Government & Chieftaincy Affairs.

4.0 Research Method:

Questionnaires were administered to eight registered estate surveying and valuation firms that have been in the professional practice over the period of 10 years. Also interviews were conducted among estate surveyors and valuers with many clients in Iyesi, Bells Drive, Nice Estate and Ogun State Low Cost Housing Estate in Ota. Questionnaires were randomly administered to 89 residents in these areas out of which 66 (sixty-six) questionnaires were retrieved. This represents 74% of the population. The residents were randomly selected from the various estate firms' management portfolio.

In-depth interviews were also conducted among the residents and the estate surveyors. The questionnaire to the estate surveyors was to have responses to issues relating to the rate of property purchase in Ota over the last seven (7) years, this period was chosen to be able to assess the trend of property growth few years after the establishment of the two private universities. The data obtained from the questionnaires were analysed using statistical package for social sciences (SPSS. 20) while data gathered were presented using frequency distribution tables and component bar charts.

5.0 Results and Discussion:

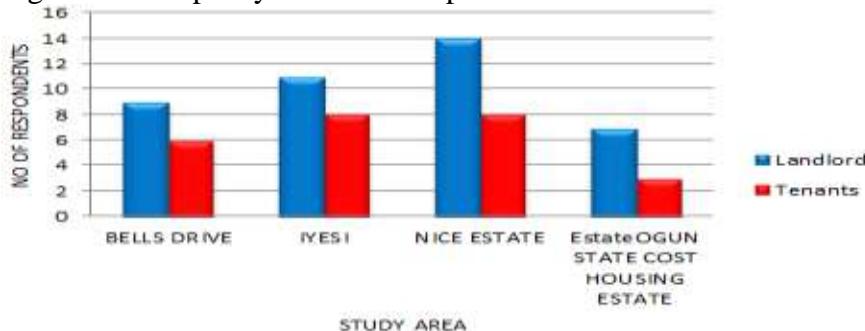
Table 1.Respondents

Respondents	No. of Respondents	Percentages
Estate Surveyors and Valuers	8	10.8
Residents	66	89.2
Total	74	100

Source: Field survey, 2014.

Data in Table 1 indicates that majority (89.2%) of the respondents are residents. The number of Estate Surveyors and Valuers is few because of the limited number of estate surveying and valuation firms available in the study area.

Figure 1: Occupancy Status of Respondents



From Fig 1, it is apparent that most (62.12%) of the respondents were landlords with Nice Estate having the highest number of respondents. This infers that landlords were more than tenants in these areas.

Facilities	Bells drive	Iyesi	Nice estate	Ogun State low-cost housing estate	Total
Water supply	2(28.60%)	1(14.3%)	2(28.60%)	2(28.60%)	7(10.61%)
Refuse disposal facility	2(28.60%)	3(42.8%)	1(12.5%)	1(12.5%)	7(10.00%)
Electricity	5(62.50%)	3(37.50%)			8(12.00%)
Schools (Nursery, Primary & secondary)	3(37.50%)	1(10.00%)	4(40.00%)	2(20.00%)	8(12.00%)
Tertiary institutions	3(30.00%)	2(20.00%)	2(20.00%)	3(30.00%)	10(15.00%)
Access roads	2(20.00%)	2(20.00%)	5(50.00%)	1(10.00%)	10(15.00%)
Industries	1(7.69%)	3(23.08%)	3(23.08%)	6(46.15%)	12(20.00%)
Recreation centres	2(50.00%)	2(50.00%)			4(6.00%)
Total	20	17	17	15	66

Table 2: Available Infrastructure

Source: Field Survey, 2014.

Table 2 represents the respondent's views on the availability of infrastructure in the study area. According to the respondents, there

are more industries (20.00%), Access roads (15.00%), Tertiary institutions (15.00%) than electricity (12.00%) schools

(12.00%), water supply (10.61%) and refuse disposal facility (10.00%) in the study area. Also, more respondents (19) maintain that the Bells drive has the highest concentration of infrastructures. With these infrastructures, it is expected that development will be concentrated in these areas and

cities will grow. As earlier discussed in the literature review, Nubi, (2002) stated that infrastructure allows cities to grow. It can also be inferred that facilities in these areas must have contributed to property development in the selected study areas.

Table 4: Benefits of Urban Infrastructures Available in the Study Areas

Benefits	Bells drive	Iyesi	Nice Estate	Ogun State Low Cost Housing Estate	Total
Improve land values	9(26.47%)	13(38.23%)	7(20.60%)	5(14.70%)	34(51.50%)
Improve quality of life	8(38.10%)	3(14.30%)	5(23.80%)	5(31.80%)	21(31.80%)
Neighbourhood security	4(36.36%)	2(18.18%)	2(18.18%)	3(27.27%)	11(16.70%)
TOTAL	21(%)	18(%)	14(%)	13	66

Source: Field Survey, 2014.

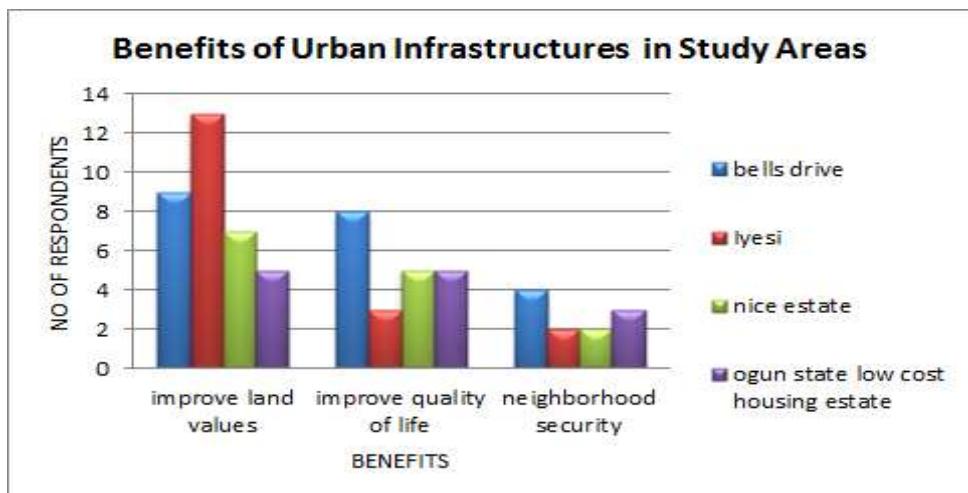


Table 4 shows that most of the respondents believe that urban infrastructures in the study area will improve land values (51.50%), improve quality of life (31.80%) and neighbourhood security (16.70%). It can be deduced from above the impact infrastructure has played in the development of properties in the selected areas of the study. It has contributed to the improvement on the land value and improved the quality of life of people in those areas, with these factors; it is likely that more people will want to acquire additional properties in Ota.

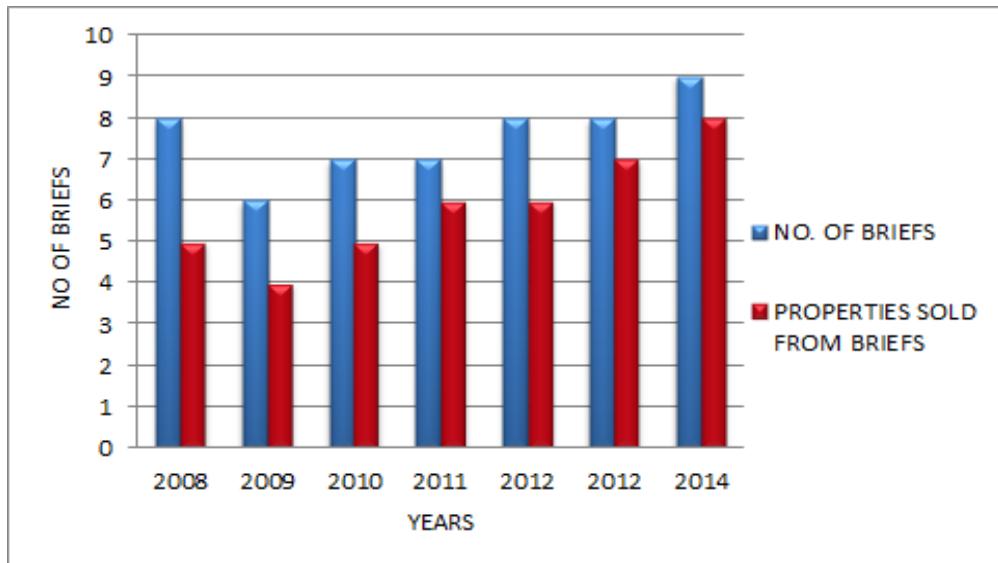


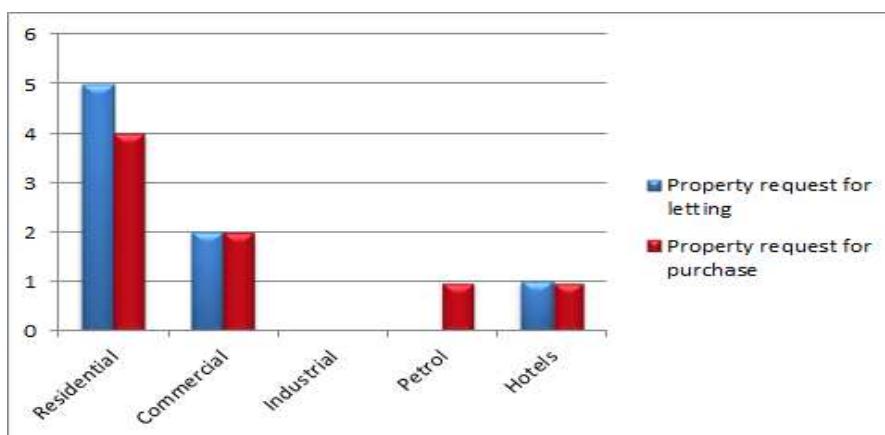
Figure 5: Number of briefs given on property "to sell" and Properties sold from briefs between 2008 -2014

Figure 5 above shows that apart from the first year, the number of properties sold from briefs given has increased over the years. As a result of the availability of infrastructures in the study area, there is the tendency for sales on properties to improve. More people will want to acquire, develop and reside in the study area.

Table 6 Frequently Request 'Let Out' and Purchase Property

Options	Property Request for Letting	Property Request for Purchase
Residential	5(62.5%)	4(50.0%)
Commercial	2(25.0%)	2(25.0%)
Industrial	-	-
Petrol		1(12.5%)
Hotels	1(12.5%)	1(12.5%)
TOTAL	8	8

Source: Field survey, 2014



From Table 6, it was revealed 62.5% and 50.0% of the respondent selected residential properties as frequently demanded for letting and as being purchased by people. This is followed by commercial with 25%.

Table 7: Reasons for Acquiring Property in The Study Area

Others Reasons for Acquiring Property in the Study Area		
Options	Ranking	percentage
Nearness to commercial city (Lagos)	28	42.40
Availability of land	7	10.60
Cost of labour	4	6.10
Good access and link roads	27	40.90
TOTAL	66	100

Source: Field survey, 2014

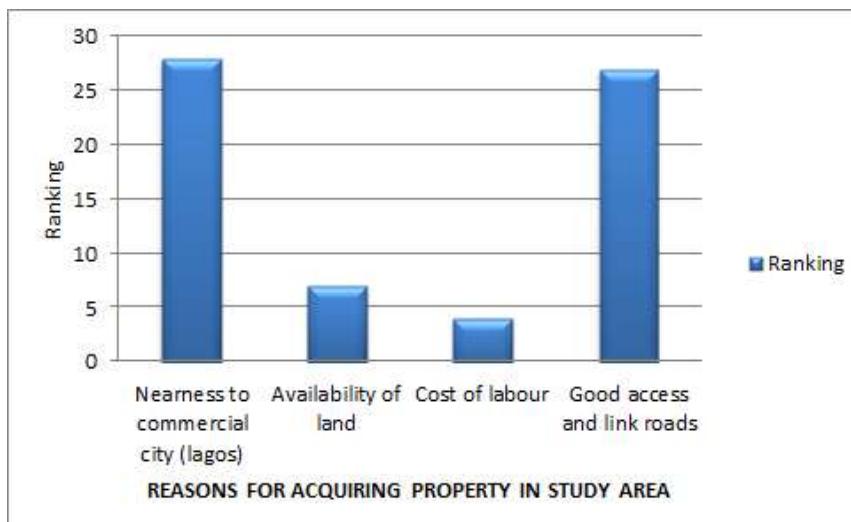


Table 7 shows that 28 (42.40%) selected nearness to Lagos; this is followed by good access and link road. 10.60% of the respondent chose availability of land as other reasons responsible for acquiring property in the study area. It can be concluded that nearness to the mega city (Lagos State) has an additional advantage on Ota and likewise the access road. These have prompted more people to acquire property and reside in Ota.

5.0 Discussion of findings,

Recommendation and

Conclusion:

Having carried out various analyses of data collected from the respondents in the selected study areas, the findings from the analysis revealed that the judgment of the surveyors based on property growth in the study area can be relied upon in arriving at a fair conclusion since 3(37.5%) of them have worked for more than 15 years and also most of the respondents, 62.12% are landlords while 37.9% are tenants.

Ota has many infrastructures that have influenced the decision of property owners and property developers. Infrastructures like water supply, power supply, schools, tertiary institutions, industries, link roads and refuse disposal facility were assessed to get the respondents view on the availability of infrastructure in the study area. The availability of industries, would lead to workers to acquire property that can

accommodate them and their families, by so doing property development will be on the increase.

Secondly, the availability of tertiary institutions (Two private Universities and One private Polytechnic) has also contributed to the improvement of property growth in the study area. It has created job opportunities for people of different classes which has prompted more people to settle in Ota by either renting or acquiring their own properties.

Link and access road to Lagos, Abeokuta and Shagamu serve as an eye opener to people in the neighbouring towns. The newly constructed ILO/AWELA road leading to Lagos, Papalanto road leading to Shagamu and Abeokuta have contributed to the influx of people to Ota. The major Idi-Iroko Road is an international route that connects with the Republic of Benin. This has made it easier for people from Republic of Benin to work and reside in the study area. In addition to all these, it can be implied from the analysis of the data that with more people settling in Ota, the instructions given to sell and let out properties to willing buyers and tenants have increased. Property investors would want to invest more in properties to be able to meet up with the demand of the people.

From the foregoing discussions the following recommendations were

suggested as measures to improve urban infrastructures so that more urban cities can be created in Nigeria;

The local government council still needs to be properly monitored by the State government and if possible at the federal level so as to be sure that the provision and maintenance of the necessary facilities expected of them is implemented. Facilities like drainage, roads and refuse disposal facility. If this happens, population increases and it will also affect property development.

Good quality infrastructure is a key ingredient for sustainable development. Government should invest in infrastructure for physical and economic development of a city. If this is implemented, more

areas will be urbanised and as earlier discussed, a researcher discussed that urban expansion could be hinged to factors like increasing opportunity for people, industrialisation, concentration of people, etc. When infrastructure works, productivity and labour increases which will also improve property development but when it does not work, economic renewal can be postponed or even halted.

Land policies should be such that they are regulated and structured to ensure that land rights and interests remain in a politically, socially and economically acceptable balance for the state to develop. Conclusively, government should endeavour to improve physical development such that it extends outside the metropolis of States.

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