



EFFECT OF LAND USE SUCCESSION AND REAL ESTATE TRANSACTIONS IN ILORIN METROPOLIS

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Abstract

The study evaluated the land use succession and real estate transactions in Ilorin Metropolis, Nigeria. It identifies and examined land use succession pattern in Ilorin Metropolis; identified and examined factors influencing land use change in the study area; and investigated the implications of land use succession on real estate transactions in the study area. Thus; with a view to providing information that will enhance real estate investment and transaction decisions. Both primary and secondary data were used for the study. Purposive sampling technique were utilized for the Kwara State town Planning and Development Authority, and the Kwara State Bureau of Lands while simple random sampling techniques were adopted for the landlords and tenants of all the identified 381 properties in the area of study and 19 Estate Surveying and Valuation firms. Data collected were analysed using frequency distribution, percentages, mean, standard deviation, trend analysis, factor analysis and relative importance index. The study revealed that residential – commercial land use succession is the most prevalent land use succession in the study area. The study also established that, the land ownership common in the study area was self – owned and that the nature of growth and development pattern of land use succession common in the study area was linear. The study concluded that major effect and implications of land use succession in the study area was traffic congestion, noise pollution, loss of business hours and particularly commercial property market product domineering respectively.

Introduction

Land use succession theorem has received a lot of excitement amongst policy makers, academia and real estate practitioners in developed countries; particularly, on how this trend affects the property market, including the values of real estate assets, as well as the market players and the local market economy (Zulkaidi, 1999). Virtually all human activities require land. From large scale industrial complex, the traditional market to the roadside cobbler's shop, all activities require land in varying dimensions (Agbola, 2004). On the surface of the land, beneath it and hanging above it are all traces of human activities which go a long way to say that land is perhaps the single most important element in development and mankind's most basic natural resource.

Development in many cities in Nigeria including Ilorin, Kwara State starts from the centre as the benefits of inner city locations attract several land uses towards the city centre. This has significantly influenced land use pattern in urban centres. There is a traumatic change in land use caused by several human activities competing for scarce land in urban cities. The person who is prepared to pay the highest sum for a site is likely to eventually occupy it. Such individual will be able to successfully edge out other potential users in the market (Aderamo, 2012). Since change in land use is a component of the real estate market, it is important to handle it carefully, because the effect of its failure could result into a macroeconomic catastrophe such as breakdown of the entire financial system of the nation, which could in turn lead to high levels of inflation and poverty. This is also supported by Clapp's economic theory when it suggests that as economic activities are expanding in the city, other areas close to the centre business districts (CBD) will be absorbed to accommodate the trend by broaden the property market, real estate transactions scope and opportunities (Clapp, 1993).

In Ilorin metropolis, a gradual change in urban land uses with its attendant influence on real estate investment decisions has been observed as the city continue to grow and expand. However, the pattern of the succession of land uses has not been properly documented. Furthermore, the magnitude of its impact on the values of real estate assets has not been investigated.

This knowledge however becomes necessary arising from the changing status of the metropolis and the continuous influx of people. The concern of this thesis therefore is to investigate the dynamics of land use succession and their implications on the property markets and real estate transactions in Ilorin, Kwara State. Moreso, most of the factors influencing this land use succession (LUS) as revealed in the literature have not been domesticated here in Nigeria and particularly in the study area. Similarly, it was observed from literature that there exist some implications of the land uses succession (LUS) particularly on property market and real estate transactions but the question of whether these implications are applicable to developing economies like Nigeria, particularly Ilorin, Kwara State is of great importance. Hence, this study seeks to find answers to the following questions:

- i. What are the land use pattern/trends in the study area?
- ii. What are the factors influencing land use succession (LUS) in the study area?
- iii. What are the implications of the succession (LUS) on the property market and real estate transactions in the study area?

Aim and Objectives of the Study

The aim of the study is to analyse land use succession (LUS) and real estate transactions in Ilorin metropolis with a view to providing information that will enhance real estate investment and transaction decisions.

The objectives of the study are to:

- a. identify and examine the land uses succession pattern/trend in the study area;
- b. examine the factors influencing land use change in the study area;
- c. Investigate the implications of land use succession (LUS) on the property market and real estate transactions in study area.

literature Review

Land Use Succession, Urban Land Value and Real Estate Transactions

In the area of urban land values, the concept of accessibility has been adopted by various scholars to structure the value of urban lands. These

efforts had their origins in the early works of von Thunen and Richardo (Herbert, 1982). The principle of Bid Rent functions was established by Hurd (1903), and this has been confirmed by later works (Ratcliffe, 1949; Alonso, 1964); among others. Land use succession apparently becomes visible; property market seems to be more vibrant and real estate transactions also became noticeable and profitable in the sphere of investment in the state. Residential properties located along major roads and businesses were the main target for commercial use. Urban economic theory postulates that commercial users would like to locate their business near good access roads. Commercial and residential land uses started competing for space. The reconnaissance survey and census of existing properties along Ibrahim Taiwo road reveals that exception of schools, churches and public land uses, there are 177 residential properties. Out of these figure, 167 have been converted to commercial uses such as banks office, fast food restaurants, supermarket; hair dressing salons, drug stores, offices, electronics stores, and business centres etc. Along Muritala Muhammed road there were 115 residential properties made up of tenement buildings, out of which 106 have been converted to commercial use. Similarly, In Wahab Folawiyo roads out of 78 building fronting the road 75 are currently being used for commercial activities like trading stores, offices and other commercial services.

The economic equilibrium theory has also been developed to provide explanations for the observed distribution of urban land uses (Alonso, 1964). This theory is an explanatory approach and makes use of equilibrium theory in economics. The organizing concept is the market mechanism and the sorting process it provides in the allocation of space to activities, both in quantity and locational aspects: to various users according to supply and demand relationship and at least-cost concept in an equilibrium system. The pattern of land use and real estate transactions are usually mutually determined. Value in the urban land is the resultant effect of economic or ground rent. In cities, economic rent is based on superiority of location only, the sole function of city land being to furnish an area on which to erect structures. Any utility could compete for any location within a city and all land goes to the highest bidder who, therefore,

obtains maximum convenience or economy in time and effort by being accessible (Olatubara, 2004). The utilization of land is ultimately determined by the relative efficiencies of various uses in various locations. Efficiency in use is measured by rent-paying ability, the ability of a use to extract a utility from a site. The process of adjustment in city structure to a most efficient land use pattern and subsequent successions is through the competition of uses from various locations. The uses that can extract the greatest returns from a given location will be the successful bidder. On the aggregate, there emerges an orderly pattern of land use spatially organized to perform most efficiently the economic functions that characterize urban land use pattern and urban life.

Barlow (1972) identified a nexus between land use and land economic theory. This according to him is because land economics is pre-occupied with relationship of human economy with land. Since land economy deals on use of human economy with issues such as natural resources and physical factors, other issues like biology, economy and segments that have effect, formed, and impact on the use of this resource are also relevant. As such, land economics is closely related to land use form, which identifies the land into ten-land use classifications. Seldin (1988) expatiates that the real estate market is dynamic and there is a time factor on when a property type is expected to be absorbed into different use due to high demand for a particular purpose. This point to the fact that, there is a time when a particular type of property would cease to be available in the market as more demand for it increases. In this regard, Seldin, (1988) contends that when land uses changes occurs from residential to commercial at an increasing rate, then the overall number of housing stock in that particular locality become limited.

Similarly, William Alonso's "Location and Land Use Changes" presented a monocentric urban economic model based on basic economic principles of utility and profit maximization. The urban form he derived from this strict economic approach is the classical monocentric city, where the nature of a city only varies with regard to distance to CBD. The reason that spatial variation exists only along this dimension is that, in his basic model locations differ only in their commuting time to CBD, which is assumed to

be a linear function of straight line distance. In addition, the most critical tradeoff taken into account in this model is between commuting cost and land cost. Therefore, land price and consequently land use, vary only along the radial axis.

Methodologically, however, Alonso's work proposed the concept of "bid rent" which forms the crux of modern urban economic analysis and underlies most formal microeconomic models of urban spatial structure (Mathew, 2006). Bid rent is the concept that captures the essence of the bidding model of land and real estate market/transactions. It is a tool used to establish spatial equilibrium, in which firms and households are indifferent to locational difference, and therefore have no incentive to move. In terms of land use, bid rent enables the comparison between very different land use types in their relative preference for land and is therefore a forceful tool explain why land is used differently. Moreover, there are limits and difficulties with the bid rent approach as presented by Alonso. Strong assumptions are needed for the model to work. This includes the assumption of "a featureless plain, on which all land is of equal quality, ready for use without further improvements.

Research Methodology

Quantitative research methods were used in this study. The responders were given a questionnaire to fill out and return. the total enumeration survey were carried out on all the identified elements of the study. The primary data required include: the record and detail information of land use succession that has took place and the stakeholders involved (either landlord or tenants) in the study area as well as type of land use succession that took place on their lands. Secondary data on land use pattern and level of succession on master plan compliance / distortions were collected from both the Kwara State Town Planning and Development Authority and Kwara State Bureau of Lands. The total population of properties in the affected areas where land use succession is prevalent in Ilorin metropolis and within the scope of the study is 381 properties (including converted and unconverted properties) cut across the three (3) identified business

districts in the metropolis and other stakeholders bringing the total study population to 403.

Result and Discussions

Table 1.0: Socio-Economic Characteristics of Estate Surveyors and Valuers

Socio-Economic Characteristics		
Position in the Firm	Frequency	Percentage
Principal Partner	8	42.1
Partner	3	15.8
Associate Partner	5	26.3
Head of Department	2	10.5
Senior Surveyor	1	5.3
Total	19	100.0
Sex		
Male	13	68.4
Female	6	31.6
Total	19	100.0
Professional Qualifications	Frequency	Percentage
ANIVS	12	63.2
FNIVS	3	15.8
Probationer	4	21.1
Total	19	100.0
Post qualification experience	Frequency	Percentage
1 – 5 years	2	10.5
6 – 10 years	9	47.4
11 – 15 years	3	15.8
16 – 20 years	3	15.8
Above 20 years	2	10.5
Total	19	100.0
Age of firms	Percentage	Frequency

1 – 5 years	1	5.3
6 – 10 years	1	5.3
11 – 15 years	4	21.1
16 – 20 years	9	47.4
Above 20 years	4	21.1
Total	19	100.0
Area of specialization	Frequency	Percentage
Valuation	6	31.6
Agency	5	26.3
Management	5	26.3
Property development	1	5.3
General practice	2	10.5
Total	19	100.0

Source: Author's field survey (2015)

Table 1.0 presents the position of Estate surveyor and Valuer of firms sampled for the study in the study area. The Estate surveying and Valuation firms examined for the study had 42.1% principal partner, 15.8% partner, 26.3% Associate partner, 10.5% Head of departments, and 5.3% Senior surveyor. The study further investigated the gender of the Estate surveyor and Valuers in the study area. Table 1.0 also shows that 68.4% of the respondents were male, while 31.6% of the respondents were female. To further reinforce the observation of the respondents, the study goes a step further to examined the age of respondents in the firms in the study area. Further investigation revealed the professional status of the respondents in the selected Estate Surveying and Valuation Firms in the study area. The information presented in Table 1.0 below shows that 63.2% of Estate Surveying and Valuation Firms respondents had ANIVS, 15.8% had FNIVS and 21.1% of them had probationer professional qualification. These results suggest that the views of the respondents could be of high reliability and adequacy. A further quiz in this section investigated the post qualification experience of the respondents (Estate Surveyor in the firms) who are registered members of the Nigerian Institution of Estate Surveyors and Valuers in the study area. The result in Table 1.0 indicated that 10.5%

of the Estate Surveying and Valuation firms respondents had 1 – 5 years of post-qualification experience in the field of Estate Surveying and Valuation, 47.4% had 6 – 10 years post qualification experience, 15.8% had 11 – 15 years of post-qualification experience, 15.8% and 10.5% had 16 – 20 years and above 20 years of post-qualification experience respectively. This attest to the fact that the Estate Surveying and Valuation Firms respondents have adequate professional experience to address the questions posed hence; this could guarantee high level of dependability on the result of the study.

The study further quizzed the age of the selected firms for the study in other strengthen the information relevant to the study. The result in Table 1.0 indicated that 5.3% of the Estate Surveying and Valuation Firms respondents age of firms were between 1 – 5 years, 5.3% were within 6 – 10 years, 21.1% were within 11 – 15 years, while the firms’ age of 47.4% and 21.1% were within 16 – 20 years and above 20 years respectively. The information in the Table above revealed that firms whose age is between 16 – 20 years of age were more than those below or above this age. This gives an impression that they will be able to provide the needed information for this study. Further investigation into the study revealed that all the sampled Estate Surveying and Valuation firms i.e. 100.0% had between 1 – 5 Estate Surveyors and registered surveyor respectively in their respective firms. The sampled firms’ area of specialization was also queried from the respondents. Table 1.0 evidently indicated that 31.6% of the Estate Surveying and Valuation firms area of specialization is valuation, 26.3% specialized in agency, 26.3% specialized in management, 5.3% specialized in property development and 10.5% specialized in general practice. The information presented in the Table below shows that those that specialized in Valuation were more than those that specialized in other areas Estate Surveying and Valuation practice in the study area.

Table 2.0: Land Use Succession Pattern in Ilorin Metropolis

Types of Land Use Succession	Name of Authority		Total
	Tplg. & Dev’t Authority	Bureau of Lands	
Residential – Commercial	2(66.7%)	1(33.3%)	3(100.0%)
Total	2(66.7%)	1(33.3%)	3(100.0%)

Land Use Succession			
CBD (NE) (e.g. Ibrahim Taiwo Road by General Hospital Roundabout)	2(100.0%)	0(0.0%)	2(100.0%)
CBD (SW) (e.g. Murital Moh'd way by Wahab Folawiyo Road)	0(0.0%)	1(100.0%)	1(100.0%)
Total	2(66.7%)	1(33.3%)	3(100.0%)
Nature of Conversion			
Additional Floors	1(100.0%)	0(0.0%)	1(100.0%)
Additional Structure on Plots	1(100.0%)	0(0.0%)	1(100.0%)
Internal Modification	0(0.0%)	1(100.0%)	1(100.0%)
Total	2(66.7%)	1(33.3%)	3(100.0%)

Source: Field Survey (2015)

Further analysis was conducted to know the type of development that is most prevalent in the city of the study area. The responses in this regard is presented in Table 2.0

Table 2.1: Type of Developments in the Study Area

Types of Development	Name of Authority		Total
	Tplg. & Dev't Authority	Bureau of Lands	
Shop	1(100.0%)	0(0.0%)	1(100.0%)
Commercial Complex	1(100.0%)	0(0.0%)	1(100.0%)
Office Space	0(0.0%)	1(100.0%)	1(100.0%)
Total	2(66.7%)	1(33.3%)	3(100.0%)

Source: Field Survey (2015)

The information presented in Table 5.3.1 revealed that 1(100.0%) of the respondents (Kwara State Town Planning and Development Authority) claimed that the development in the city of the study area was predominantly shops, 1(100.0%) claimed that the development in the study area was predominantly commercial complexes while 1(100.0%) of the respondents (Bureau of land) claimed that development in the study

area were predominantly office spaces. The study further investigated the increased commercial activities (office complexes that had taken place since January 2004. Analysis of the data shown that 66.7% of the respondents (Town planning and Development Authority) agreed that commercial activities in Ilorin Metropolis had increased since January 2004 while 33.3% of the respondents (Kwara State Bureau of lands) also agreed that commercial activities had increased since 2004 in Ilorin metropolis. The study further investigated how increased economic activities and real estate transaction contributed to the frequent land use succession in the study area.

Table 2.2: Frequency of Land Use Succession in the Study Area

Frequency of Land Use Succession	Name of Authority		Total
	Tplg. & Dev't Authority	Bureau of Lands	
Yes	1(50.0%)	1(50.0%)	2(100.0%)
No	1(100.0%)	0(0.0%)	1(100.0%)
Total	2(66.7%)	1(33.3%)	3(100.0%)

Source: Field Survey (2015)

Presented in Table 2.2 above shows the frequency of land use change as a result of increased economic activities and real estate transaction in the study area. Information presented in the table above revealed that 50.0% of the respondents (Kwara State TPDA) claimed that increased economic activities and real estate transaction contributed to the frequent land use succession in the study area while 1(100.0%) of the respondents (Kwara State TPDA) claimed that increased economic activities and real estate transaction did not contribute to the frequent land use succession in the study area.

Factors that influenced land use succession in the study area

For this study, ten (10) variables that could influence land use change were identified. It is believed that the level of agreement of Estate Surveyor and Valuer would indicate the level of influence of these variables (factors). It

also employed a five-point Likert Scale of *strongly agree (SA)*, *agree (A)*, *undecided (UD)*, *disagree (DA)* and *strongly disagree (SD)*. The analysis of the responses evolved into an index called ‘Estate Surveyor and Valuer’ Agreement Index’ (EAI). To obtain EAI, a weight value of 5, 4, 3, 2 and 1 were respectively attached to each rating above. The index for each aspect was arrived at by dividing the Summation of Weight Value (SWV) by the total number of responses. The SWV for each aspect is obtained through the addition of the product of the number of responses to each aspect and the respective weight value attached to each rating. This is expressed mathematically as:

$$SWV = \sum_{i=1}^5 X_i Y_i \dots\dots\dots \text{equ.}(1)$$

Where: SWV = summation of weight value,

X_i = number of ESV to rating i ;

Y_i = the weight assigned a value ($i = 1, 2, 3, 4, 5$). The higher the ELAI, the higher the tenant/landlord’ level of agreement index with the aspect under consideration. This is expressed mathematically as:

$$TAI = \frac{SWV}{\sum_{i=1}^5 i = X_i} \dots\dots\dots \text{equ.}(2)$$

The analysis established in Table 5.20 that 5 out of the 10 variables identified, had positive deviation around the \overline{EAI} these include increase in demand for commercial properties (+1.46), increase in commercial activities (+0.94), government policy on IGR (+0.57), optimizing return (+0.25), and meeting up with common economic reality (+0.04) with ELAI of The most agreed factor influencing land use change was increase in demand for commercial properties with the highest positive deviation around the \overline{EAI} . The factors that had positive deviation about the mean were considered the ones influencing land use change the most.

On the other hand, factors with negative deviation about the \overline{EAI} include need to upgrade property (-0.06), increase in population (-0.33), social benefit maximum comfort/prestige (-0.44), reduce operating cost due to aging (-0.69), and fashion and taste (-1.7). It revealed that amongst all the factors, fashion and taste had the least negative mean deviation with EAI of 1.68 that was far below the \overline{EAI} of 3.38.

Table 3.0: Estate Surveyor and Valuer' level of agreement index of factors influencing land use change in the study area

Factors Influencing land use change	Rating and Weight Value							Mean	Deviation
	SA (5)	A (4)	JA (3)	D (2)	SD (1)	SW V	PAI	$\overline{PLAI} - \overline{PLAI}$	
Increase in demand for commercial properties	80	12	-	-	-	92	4.84	+1.46	
Increase in commercial activities	60	8	12	2	-	82	4.32	+0.94	
Government policy on IGR	50	4	18	2	1	75	3.95	+0.57	
Optimizing investment return	40	12	9	6	2	69	3.63	+0.25	
Meeting up with current economic reality	35	12	9	6	3	65	3.42	+0.04	
Need to upgrade property	30	12	9	10	2	63	3.32	-0.06	
Increase in population	25	12	9	8	4	58	3.05	-0.33	
Social benefit/maximum/comfort/ prestige	20	12	9	10	5	56	2.94	-0.44	

Reduced operating cost due to aging	15	12	9	10	5	51	2.69	-0.69
Fashion and taste	-		12	16	4	32	1.68	-1.7
Total			$\Sigma PAI = 33.84$					

Source: Author's Field Survey, 2014

$$\overline{PAI} = 3.38$$

Table 4.0: Effect of Land Use Conversion on Land Use or Master Plan of the City

	Name of Authority		Total
	Tpl. Authority	Bureau of land	
Really affect it	2(100.0%)	0(0.0%)	2(100.0%)
Effect not significantly felt	0(0.0%)	1(100.0%)	1(100.0%)
Total	2(66.7%)	1(33.3%)	3(100.0%)

Source: Field Survey, 2015

Table 4.0 above shows that 100.0% of the respondents (Kwara State Town Planning and Development Authority) claimed that landuse conversion really had effect on landuse/master plan of the study area, while 100.0% of the respondents (Kwara State Bureau of land) claimed that land use conversion did not significantly affected it. Further questions were asked about the effect of land use change on development in the study area.

Table 4.1: Effect of Land Use Conversion on Real Estate Transactions in the study area

	Name of Authority		Total
	Tpl. Authority	Bureau of land	
Loss of residential stock in the market	1(100.0%)	0(0.0%)	1(100.0%)

Increase in capital/rental value of certain product in the market	1(100.0%)	0(0.0%)	1(100.0%)
Traffic congestion and loss of business hour	0(0.0%)	1(100.0%)	1(100.0%)
Total	2(66.7%)	1(33.3%)	1(100.0%)

Source: Field Survey, 2015

From Table 4.1 above 100.0% of the respondents (Kwara State Town Planning and Development Authority) were of the opinion that loss of residential stock in the market affected development in the study area, 100.0% opined that it had effect on capital/rental value of certain product in the market, while 100.0% of the respondents (Kwara State Bureau of Land) opined that land use succession had effect on traffic congestion and loss of business hour in the Metropolis of Ilorin. The study further examined the challenges that the respondents (Kwara State Town Planning and Development Authority) experienced when controlling/monitoring/regulating developments in areas where land use changes were taking place at an increasing rate.

CONCLUSION

The study examined land use succession and real estate transaction in Ilorin Metropolis. The study reveals that residential property cannot compete with commercial property in terms of return that is why it gives way to commercial uses. The situation is prevailing because, the study reveals that there are no strong existing legal frameworks to control land use change or conversion in Ilorin and Kwara State generally. The study calls for an urgent need to formulate policy on succession of property to other uses. This legal framework would enhance planning activities and the yearning revenue generation for the government in terms of taxes.

RECOMMENDATION

The way forward require a collective efforts on the part of the government (Kwara State Town Planning and Development Authority, Kwara State

Bureau of land) Estate Surveyors and Valuers in practice as well Landlords/Tenants. The following recommendations are made in respect of the researchers' perception of the necessary requirements for each. It is important to ensure that the law guiding land use is enforced on property/land owners in the Ilorin Metropolis, so as to avoid irregular and uncontrolled land use succession in the study area.

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