

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

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.

In recent times, the development of cities and its infrastructural needs around the world is achieved by joint efforts of both the government and private individual efforts and initiatives. Nigeria operates a three tier system of government; the federal government, State government and local government, all required to provide affordable and comfortable housing and infrastructure to the people. The delivery of basic utilities and services especially housing, is partly the responsibility of the government, which has been handicapped by

financial constraints, political instability and many other issues (Ademiluyi and Raji, 2008).

In developing nations like as Nigeria, poor housing delivery has been attributed to insufficient mechanisms and systems for land allocation, funding, mortgage institutions and infrastructure (Bala and Bustani 2008; Encarta, 2007). One major part of urban problem with respect to housing is the poor state of the infrastructures (Ajanleko, 2001; Ajayi and Omole, 2012). Giddings (2007) observed that one of the most serious policy constraints to scaling up investments in housing and urban infrastructure in Africa is that in most countries in the region the sector is not accorded the priority it should command in national planning strategies and therefore receives short shrift in attracting budgetary resources. Ajibola *et al.*, (2013) identified that where urban infrastructure is adequately provided and efficiently managed, productive and profitable land uses are usually attracted towards such area. Thus, the study intends to assess the impact of inadequate infrastructure delivery on real estate development in Nigeria.

## **1.2 Statement of the Problem**

As urban areas in developing countries continue to experience rapidly growing population, there are signs that despite the important role infrastructure plays in physical and socio-economic development of individuals and communities, and the efforts made in tackling the situation, the problem is escalating (Ibem, 2009). According to Umoh (2012), insufficient infrastructure is one of the major problems facing the housing scheme. According to Abdullahi and Aziz (2010), there are many estates in districts allocated for housing scheme for more than ten years without the provision of infrastructure.

Code Wit News (2013), reported a dispute between a private estate developer and residents of Jubilation Bethel Estate, Lokogoma, the residents complained about no provision of access roads, drainages, electricity and street lights by the developers. The estate falls under the districts allocated for housing scheme. The quality and coverage of infrastructure services have a major impact on living standards and economic growth, yet it is estimated that two billion of the world's poor people lack access to adequate sanitation, two billion lack access to electricity, one billion lack access to clean water (United Nations, 2002). This is to say that infrastructure is a basic necessity in any community as it contributes to the wellbeing of the inhabitants yet the provision is limited.

The remarkable rise in population, number and size of cities over the past few years have manifested in the acute shortage of dwelling units which resulted in overcrowding, high rents, poor urban living conditions, and low infrastructure services and indeed high crime rates (Ajayi and Omole, 2012). The reality in many urban areas in Africa is that there is poor delivery of infrastructure necessary for housing, this is due to insufficient

finance and capacity to deliver, coupled with greater responsibilities and mandates for municipalities, and the increasing demands of rapid urbanization (Kihato, 2012). UN-HABITAT estimates that worldwide close to three billion people will need access to housing and basic infrastructure services over the next 25 years. This will require 35.1 million housing units per year or 96,150 per day or 4,000 per hour in order to meet the demand for housing and basic infrastructure over the next 25 years. This statistics calls for concern due to the importance housing and infrastructure play in our day to day lives.

### **1.3 Research Objectives**

The general objective of this study is to assess the impact of inadequate infrastructure delivery on real estate development in Nigeria. Specifically, the objectives are:

- i) To examine the prevalence of inadequate infrastructure delivery on real estate development in Nigeria
- ii) To understand factors responsible for inadequate infrastructure provision in Nigeria
- iii) To determine various categories of infrastructures available in Nigeria
- iv) To investigate factors affecting the provision of housing and infrastructure by real estate developers

### **1.4 Research Questions**

The following are some of the questions which this study intends to answer:

- i) What is the prevalence of inadequate infrastructure delivery on real estate development in Nigeria?
- ii) What are the factors responsible for inadequate infrastructure provision in Nigeria?
- iii) What are the various categories of infrastructures available in Nigeria?
- iv) What are the factors affecting the provision of housing and infrastructure by real estate developers?

### **1.5 Research Hypotheses**

The following are the research hypotheses to be tested in this study:

- i) There is no significant relationship between the provision of housing and real estate development in Nigeria
- ii) There is a significant correlation between adequate infrastructural development and real estate development in Nigeria

### **1.6 Significance of the Study**

According to Pritika and Piyush (2012) adequate provision of housing and basic infrastructure plays a vital role in providing an enabling environment for the overall development and urbanization and all municipal attempts to provide better housing and basic infrastructure for its residents through policies and enabling conditions. This study will therefore be beneficial to government, real estate developers as well as stakeholders in opening their eyes to the significant contributions of adequate infrastructural provision on

national development as it will raise people's standard of living. It will also serve as a foundation upon which further research can be conducted.

### **1.7 Scope of the Study**

The purpose of this study is to assess the impact of inadequate infrastructure delivery on real estate development in Nigeria. This research will focus on those who are based in Lagos as a result of their large concentration there. This is because it will be easier to access a wider pool of respondents over a given area due to their possible high concentration.

### **1.8 Limitations of the Study**

It is expected that some respondents, especially the registered real estate developers, will not complete and return the survey questionnaires used in the study. However, it is anticipated that firms with at least many real estate developers will be more willing to fill the questionnaires than those with one, since the questionnaires can be given to one of them. Time may be another limitation considering the potential population of real estate developers, the administration of the research study may experience inadequate time to satisfactorily conduct the study.

## **IMPACT OF INADEQUATE INFRASTRUCTURE DELIVERY ON REAL ESTATE DEVELOPMENT**

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