

COMMERCIALIZATION OF REAL ESTATE INFRASTRUCTURE AS A TOOL FOR SUSTAINABLE ECONOMIC DEVELOPMENT IN NIGERIAN DWINDLING ECONOMY (A CASE STUDY OF AWKA CAPITAL)

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Abstract

The present economic challenges facing Nigeria economy, have continuously been reducing the strengths and qualities of every sector hence 'termed' Economy Recession or Dwindling Economy. Therefore recreating, revamping, and sustaining the economy, becomes paramount and requires urgent attention. However, the commercialization of real estate infrastructure will no doubt, be one of the promising approaches for recovering the economy. This paper reveals that commercialization of real estate infrastructure has the potency of regenerating other sectors of the economy that are in their collapsing/comatose stage at present. Simultaneously, public private partnership as a method for providing real estate infrastructure has proven to be the key that will unlock our economic growth as well as a viable tool for sustainable economic development. The terms and availability of needed framework; government policies and social re-orientation in a planned manner will definitely resurrect all the sectors of the economy in a progressive order. In some western nations, commercialization of some real estate infrastructure has been a veritable tool for boosting their economies for example Japan, USA, and China .

Keywords: Commercialization, Real Estate, Infrastructure, Tool, National, Transformation, Dwindling Economy.

Achieving success in any given economy that practises capitalist system or mixed economy during economic dwindling is usually through commercialisation (private ownership). Commercialisation is a process where the government permits individuals to run and manage public co-operations as co owners of such cooperation under certain terms and conditions. The idea of commercialization of real estate infrastructure will permit individual investors to invest capital in real estate infrastructure which the entire partnership drive will accelerate productivity, efficiency and effective management.

Over the years, researches revealed that commercialization of some government establishments have boosted the nation's economy. taking the telecommunication sector as a relative paradigm, the sector's latent input was at the falling estate until the then President Olusegun Obasanjo's administration privatized it. It was also discovered that within the ten years of its privatization, the telecommunication industry became one of the contributors of our gross domestic product (GDP). Today the telecommunication industry has come to stay because the facilities are bestowed on the hands of individuals, where the ownership and management is in the hands of the owners and as such are effectively managed.

Objective of this Paper

In this present paper, effort is directed to accomplish the following objectives:

1. To identify the present state of real estate infrastructure in awka as it relates to yardstick for measuring the strength of its' economy and a rationale for developmental indices.
2. To Examine the types of real estate infrastructure and economic process of providing it through commercialization, so as to enhance the spirit of effective management and at the same time engage competitive environment of private sector and government sector as their different out puts will always stir up the potentials in both sectors.
3. To reveal basic application that has the efficiency of solving human problem of infrastructure at the micro level, thereby reducing the level of over dependency on government at different levels and making the private sector one of the major stakeholders in the national economy (Emenike and Ezeudu, 2018).

Condition of Infrastructure in Nigeria

According to Afeikhena (2015) Africa lags considerably behind other regions of the developing world both in terms of infrastructure service quality and quantity on indices like density of road networks and paved roads, per capita capacity to generate electricity, and household access to electricity, water, and sanitation.

In Nigeria, the challenges of the absence of critical infrastructure continue to impact negatively on the cost of doing business, investment and capital inflows. Chima and Eheghe (2017) reported that the acting Director General, Infrastructure Concession

Regulatory Commission (ICRC), Mr. Chidi Izuwah, at the 2017 annual conference of the Finance Correspondents Association of Nigeria (FICAN) in Lagos, stressed the need to evolve creative options to generate long-term finance to tackle Nigeria's infrastructural challenges. This is due to the reason that about \$100 billion is required to provide quality infrastructure in Nigeria over the next six years. He mentioned some sectors that require huge investments to include housing and highways, ports, airports, dams, bridges and tunnels, water and telecommunication. According to him, the value of Nigeria's infrastructure at the moment, 2017, is about 35 per cent of Gross Domestic Product (GDP), which is a far cry when compared with 70 per cent for larger economies. He also maintained that Nigeria invested a mere \$664 per capita per annum in infrastructure between 2009 and 2013, or three per cent of GDP, when compared with an average of \$3,060 or five per cent of GDP in advanced countries. On access to electricity, he reported that less than 56 per cent of Nigerians have access to electricity compared to 80 per cent for developed countries translating to an average of 24 hours in a week. Only between 2,500 and 3,500 megawatts of the over 10,000 MW of Nigerian power sector generation capacity, is available for over 170 million people while South Africa generates 50,000 megawatts for her population of about 50 million.

Mr. Izuwa's presentation corresponded with the World Bank's Global Competitiveness Report 2015, as recorded by the Nigerian Investment Commission, which ranked Nigeria 8th in West Africa for Quality of overall infrastructure and gave the following not so impressive statistics on the ranking of individual infrastructural facilities in Nigeria thus:

* Quality of air transport infrastructure, 7th in West Africa and 1st for Available airline seat km/week;

* Quality of roads, 8th in West Africa and with a total road network of 193,200 km is the 27th longest in the world and 2nd in Africa. Up to 14.9% (28,900 km) of the total road network are currently paved while over 85% (164,220 km) are unpaved.

* Rail Line, with a total of 3,798 km of rail line (Standard gauge 293 km, narrow gauge 3,505 km), makes it the 47th longest in the world, and the longest in West Africa.

* Quality of Port Infrastructure, 7th in West Africa and her ports include: Lagos port, Tin Can Island port, Rivers port, Onne port, Delta port, and Calabar port.

World Bank 2014 Electricity Chart on Nigeria

Access to electricity (% of population):	55.6%
Access to electricity, urban (% of urban population):	83.6%
Access to electricity, rural (% of rural population):	34.4%
Electric power consumption per capita (KWh):	141.9(KWh)
Energy generation (MW/h):	3,144(KWh)
Peak generation (MW):	3,590.3(MW)
Peak demand forecast (MW):	12,800(MW)

It is evident from the above statistics that a little more than half of the population of Nigeria had access to electricity as of 2014 with a very huge shortfall of 9209.7MW, about 72% at peak demand. It is worrisome that a country aspiring to be numbered among the 20 largest economies in the world had only 28% percent access to electricity six years to the target date of the year 2020. Nigeria did not fare well in the West African Sub-Region in which it ranked 8th in the quality of infrastructure. This requires urgency in addressing the whooping gap as the demand is enormous but the supply side is seriously deficient, implying that we should go beyond the present system of providing electricity, improving on our roads, water supply and other infrastructural facilities in order to achieve our lofty dream by 2020.

Source: World Bank's Global Competitiveness Report (2015).

The World Bank estimates that one per cent of government funds spent on infrastructure leads to an equivalent of one per cent increase in gross domestic product, (GDP). This invariably means that there is a correlation between any meaningful inputs in infrastructure development and economic growth. Nigeria has a lot of daunting challenges and boundless opportunities and yet it is suffering. Can the management system be blamed in Nigeria for the poor infrastructure development as enunciated by Drucker (1979) that there is no underdeveloped economy rather we have an undermanaged economy? We are the cause of poor infrastructure provision in our country as stated in the Radio Nigeria Network Programme on Eid Fitris discussion of Saturday, September 10, 2016, that scarcity of things is our own creation and the evil of our hand since God gave us land, water, and other natural provisions in constant supply to sustain us. This has projected a bizarre image of Nigeria as a country with capital flight, capital sink and capital stagnancy, Gabriel (2014). Nigeria, as Africa's largest economy and a major player in the global economy ought to lay emphasis on sustainable infrastructure to boost further development.

The demand for infrastructure surpasses the supply and finance that will stimulate rapid provision is not always available. Infrastructural projects are supposed to meet the objectives, but in most cases, projects embarked upon are white elephant projects. Osa-Brown (2017) noted that infrastructure deficit in Nigeria is put at N200 trillion, even if the government were to fully cash back its N2.2 trillion capital expenditure in 2017, the government would need to spend the same amount for an average period of 91 years to close the infrastructure gap as it exists today even though the gap keeps widening as the country's population grows.

When the publicly supplied infrastructural services become insufficient or unavailable, individuals will have no option than to seek for various means of making improvisation, because productions, development and activities must go on. This turns an individual into 'miniature government', self-providing what public works could not efficiently supply. Onyike (2010) explained that the State plans, designs, builds, runs, maintains, and if necessary, replaces the facilities of infrastructure. Infrastructure could still be subsidized whereby the benefiting public pays part of the bills. This is the

traditional approach in the provision of infrastructure that has the disadvantage of being abused by the consumers as a result of the services being subsidised. The supply of infrastructural services ought to keep pace with the increase in demand; otherwise, the existing ones would be over-stretched and thereby amount to under performance. On the provision of infrastructure, Aldous (1972) argued that the society owes a great debt to the engineers and politicians who pushed through the proposals, unconsciously awakening unparalleled public concern regarding the future of towns.

Real Estate Infrastructure

Real estate infrastructure consist of those tangible and intangible factors that help in the smooth and efficient running of an estate with the objective of creating comfort, environmental orderliness aesthetics and profit maximization. Either rural or urban there are certain infrastructural facilities that help in promoting the property value of any given geo-politic-economical settings these factors are known as real estate infrastructure (Emeike, 2018).

Types of Real Estate Infrastructure

- i. Transport network
- ii. Sustainable power supply
- iii. Security network
- iv. Social amenities
- v. Housing policy

Transport Network

Several studies explained that the characteristics of local neighbourhood, transport system and environmental quality are vital in the determination of residential prices. For instance, Boucqi and Stratec (2011) undertook a study on the effect of rail transport infrastructure on prices in France and found out that infrastructural development leads to property gain. In Awka the construction of roads that lead to suburban or semi-urban areas like Isu-Anaocha, Mgbakwu, Okpuno have significantly attracted the interest of investors in the real estate sector, thereby showing up the real estate values in those areas. It lead to easy accessible transport network either road, railway sea port, or air port. For example the air port in asaba has increase the property value of it surrounding environs.

However, the development of a transport network can also lead to a reduction in property values especially, if it leads to easier accessibility to property near transport Network.

In the United Kingdom (UK), where John (1998) examined how new transport infrastructure influences property values in the South Yorkshire. The study revealed that anticipation of construction of a super tram led to the reduction of house prices

(sales or rent). This is possible because of expectation of the disruption during the building of the system.

However, on completion of the super tram, the negative effect on property prices has disappeared this also showed that the type of neighbourhood is a major influence on house prices.

Sustainable Power Supply

Electricity is one of the major real estate infrastructure which its availability will enhance attractiveness of investors/developers while its absence will scare away investors/developers.

Electricity supply involves the generation, transmissions and distribution of electric current to power poles and then to houses using the basic component like transmission lines, feeders, distribution cables, and transformers.

Today the modern technological researches have introduced other alternative for generating electricity. The innovations include the renewable energy (Solar), the nuclear energy, wind mill energy, thermal energy from domestic heat generation (in-house-heat) etc (Okeyika, 2018).

Security Network

The protection of lives and properties is not just the responsibility of the government but an abstract infrastructure that improves the wellbeing of real estate development. Over the years researches reveal that neighbourhood with good security network will always attract investors and increase property values since investors will choose to invest where there is adequate security.

Security is both the responsibility of the government and individuals, The government is responsible for security agencies both the military, and paramilitary settings For instance the Nigerian Army, Nigerian Police Force (NPF) Nigerian Civil Defence etc. at The individual or group of individuals usually organise the private security companies, vigilant groups (VG), installing of some electronic security gadgets (ESG) like CCTV, shadow detectors, metal detectors etc.

The position of security network infrastructure in the real estate sector cannot be over emphasized hence it is an important infrastructure that helps in keeping and protecting other forms or types of real estate infrastructure.

Social Amenities

Nubi (2003) describes infrastructure as the aggregate of all facilities that allows a city to function effectively. It is also seen as a wide range of economic and social facilities crucial to creating an enabling environment for economic growth and enhances quality of life. They include health, education, recreation, parks, markets and shopping malls, pipe borne water. In other words social infrastructure is a large scale public service or systems, that improve the well being of both rural and urban life.

Housing Policy

This is another abstract infrastructure that plays a pivotal role in real estate construction industry. Housing policy is a branch of public policy which focuses on housing. It is simply an agreed and acceptable course of actions in respect to housing issues in a particular state or nation.

It clearly defines administrative and legal framework for housing delivery. Housing policy creates platform for housing delivery according to Abiodun (1995) a housing policy is a set of guidelines provided by government, aimed at meeting the peoples housing needs through a set of appropriate strategies, which involve fiscal. Institutional, legal and regulatory framework. Grigoby et al. (1977) described housing policy as the accretive result of a multitude of laws, administrative regulation and practice for effective housing delivery.

Application Commercialization of Real Estate Infrastructure

This approach views the concept in which the commercialization is going to demonstrate the principle of highest and best use.

This application will likely be dynamic in nature since the locational, geographical, political and institutional factors are variational but that notwithstanding the application is stated as follows:

- 1. The commercialization of transportation network:** According to (Emenike, 2018), if roads leading small and medium scale estates are awarded to real estate infrastructural firms on the basis of finance build and managed under government regulatory framework, this innovation will create a big market in real estate infrastructure sector in which the effect will give a room for market competition and as well create employment opportunities.
- 2. Sustainable power supply:** Recent technological revolution and discoveries have created multiple alternatives for power supply. In the cause of this work we discovered a certain shopping complex was rendering electric power supplies to the complex at commensurate fees. in ideato, Imo State. If this idea is replicated in other sectors it will create sustainable power supply market and this competition will promote efficiency and reliability.
- 3. Security network:** Over a decade, security has been a challenge facing this country which has lead to the clamour for the enactment for the law that allows State Policing. This development will be effective if other forms of security are fully equipped and legalized through commercialization it will also boost the sector and curb crimes.
- 4. Social amenities:** This sector is gradually gaining ground in the area of commercialization in some parts of South East, South West, and South South, Drilling of pipe borne water on commercial bases is prevalent, the telecommunication sector is gradually stabilizing hence Nigeria has not less than six telecommunication firm and more are coming on board to the market. Ownership of market, shopping mall and

transportation terminal are now semi-commercialise, the private sector is gradually coming in, This creates employments, highest and best use of resources and good maintenances.

5. Housing policy: Wooing investors through framework that will attract investors to invest in real estate sector constitute part of housing policy according, to. Johnson and Udechukwu, (2009) the governmental considerations relate to the laws, regulations and property tax that affect properties in the market area and the administration and enforcement of the constraints, such as zoning laws, building code tax and housing and sanitary codes. If these regulations are properly harnessed it will revitalize the commercialization character of the real estate sector.

Conclusion and Recommendation

Commercialization of real estate infrastructure is the alternative of last resort in any given economy that is in a depressed state giving the following reasons:

Commercialization will always bring about the latent efficiency in every sector hence the sole objective is profit maximization as accountability is always placed in its priority scale.

The regulation by the government will no doubt eliminate carefree attitude of services rendered to the citizenry, not only that the competitive nature of the market will compel investors to always be in search of ways to improve services rendered to the citizenry

Commercialization of real estate infrastructure will be a silent tool for fighting corruption because the ownership and management hitherto in the hands of government with subsidies will reduce misappropriation of public funds, and on the part of the government they will be a watch dog against any malpractice in the commercialized concern.

The level of transparency in government will improve because the public or the citizenry will become the direct feedback to the government, concerning the level of service and the quality of service rendered.

The commercialization of real estate infrastructure will bring about the structure of growth as opined by (Hoyt, 1939) which states that city growth takes place along main transportation route along lines of least residence to form a star shape city, secondly, that growth along any particular axis of transportation usually consist of similar types of land use, not only that, it also improves location and space economy as asserted by Isard (1956), which lead pred (1966), and Hendrisek(2003), to conclude that location and infrastructure is a major determinant to property value.

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