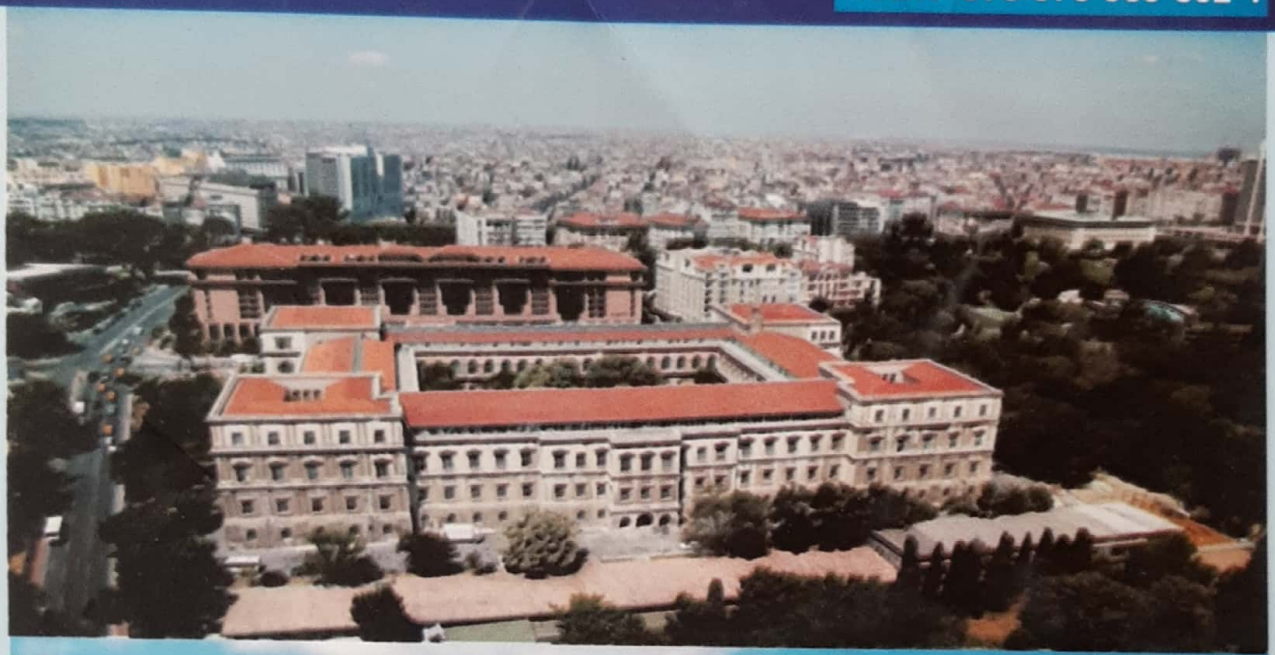
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IFE PLANNING JOURNAL
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TABLE OF CONTENTS

Page

Correlates of Crime Incidents and Patronage of Public Road Transport in Lagos Metropolis 1
- Bashir Olufemi Odufuwa

Delivering Urban Environmental Services under Pluralistic Urban Governance System: An Example of Nigeria 12
- Oluwole Daramola

Impact of Microfinance Bank Loans on Poverty Reduction in Oriade Local Government Area of Osun State, Nigeria 22
- Joseph Oludare Faseun and Adebayo Adewunmi Emmanuel

Build-Operate-Transfer (BOT) Mechanism as a Private Finance Initiative for Procuring Student Housing in Public Tertiary Institutions: Perceptual Analysis 34
- Job Taiwo Gbadegesin and Bioye Tajudeen Aluko

Socio-Cultural Implications of Unfettered Housing Markets in Nigeria 44
- Afolabi Aribigbola and Afolabi Festus Fatusin

An Assessment of Water Supply Situation in Akure, Ondo State, Nigeria 58
- Samson Ajibola Adeyinka, Omotayo Ben Olugbamila and Akintayo Oluwagbemiga Ojo

Appraisal of Residential Land Value Determinants in Ibadan South-East Local Government, Nigeria 72
- A.I. Bako, R.B. Ibrahim, W.M. Raheem and O.R. Olawoyin

Effects of Rural Out-Migration on Food Crop Production in the Rural Local Government Area of Akinyele, Ibadan, Oyo State 82
- Ayobami A. Popoola and Olaniyi Idris Akande

Exploring Environmental Effects of Wetlands Encroachment in African Traditional Cities: A Case of Ile-Ife, Nigeria 98
- P.O.Olawuni, O.H. Okunola, M. Soumah, O.P. Daramola and O.A. Olojede

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APPRAISAL OF RESIDENTIAL LAND VALUE DETERMINANTS IN IBADAN SOUTH-EAST LOCAL GOVERNMENT, NIGERIA

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ABSTRACT

This study evaluates residential land values in Ibadan South East Local Government. It examines relationship between the determinants of residential land value and the existing value of land in the study area. The study used primary data which were obtained through random sampling techniques of 446 households in the three residential densities of the study area. Descriptive statistics in form of frequencies and percentages were used to assess land value characteristics, while correlation analysis was used to examine residential land value determinants in order to determine their strength of association. Findings from the correlation analysis revealed that the variables that have highest relationship with residential land value are closeness to infrastructure and availability of parking space (r=0.992). This was followed closely by neighbourhood status and size of the plot (r=0.991). Easy accessibility and distance from place of work (r=0.983) are also noted to be of high significance in the determinant of residential land value. They were also found to be significant at 99 percent confidence level. Result also show that nearness to CBD and selling price for one plot of land have correlation coefficient(r) of 0.998. This implies that there is very high positive correlation between nearness to CBD and selling price (value) of one plot of land. It is also observed that there is significant relationship between nearness to CBD and price of one plot of land P<0.05= 0.000. The study recommends among others the need for planners to consider the determinants of land values in planning for optimum use of land.

Keywords: Residential, Land Value, Determinants, Selling Price

1. Introduction

Cities are of enormous political, social, cultural and economic importance in various countries in which they are located. Land value is one of the major determinants of the morphology of these cities (Olayiwola, et al., 2005). Despite the concentration of social, economic, recreational and administrative facilities which developing nations could boast of, the observation is that most cities (particularly in Nigeria) have not been able to fulfill the aspirations of urban dwellers.

Through political changes and the process of urbanization, these cities have continued to grow at a rate faster than the capacities of the initially installed facilities. Thus, the dynamics of the Nigerian city growth have been accompanied by enormous deficiencies in basic facilities such as potable water, electricity, health facilities and sewage management, among other municipal and community facilities. As increased urbanization exerts pressure on urban facilities, most Nigerian cities seem to lose their original pre-colonial dignity, social cohesion and administrative efficiency (Vagale, 1969, Agbola and Agbola, 1997).

The growth of the economy generates physical development of which residential area is critical. This most often results in increase in values of land due to increase in demand for land

(Akhma 2004; Alonso 1964). In other words, the market forces of demand for land, and the demand and supply for housing, are basic factors influencing variations in the values of land in urban areas. Abiodun (1999) elucidates this point further and argued that the rapid increase of urban population in Nigeria had brought with it many problems associated with the difficulties of providing basic infrastructure. The studies of Onibokun(1990) revealed that perhaps the most outstanding of all these problems is that of providing adequate facilities for the population. In support of this claim, Abiodun (1999) stressed the importance of the quality of residence. According to him, housing reflects the culture, social and economic values of a society, as it is the best and historical evidence in a country. It stimulates the growth of the national economy.

This assertion has been confirmed through the work of Egunjobi (1999) in which the study demonstrated that the philosophical and practical attention developed in the area of urban studies is a clear indication of the importance of housing in the way it affects our life. The way housing is structured in cities are capable of affecting and indeed do affect our lives both positively and negatively.

In Nigeria, considerable amount of works have been done by scholars in various disciplines to explain the determinants, structures and effect of residential land values in Nigeria urban areas. Oduwaye (2001) examined residential land use and land values in metropolitan Lagos. The findings revealed that there is a significant relationship between quality of residential neighbourhoods and socio-economic characteristics of respondents and that the prices of residential apartments are cheapest and highest in high and low density neighbourhoods respectively. Apart from the fact that Oduwaye's study is on mega city, it basically studied residential land value and its determinants. Olaore (1981) researched into values of land and rent of shelter in Kaduna where only the rent which may not necessarily be the income flow of properties was analyzed. Some of the residential land value determinants as identified by Olayiwola et al., (2005; 2006) include nearness to the Central Business District, neighbourhood status, closeness to infrastructure facilities and availability of parking space among others. Some of them are used in this study.

It could be observed that past studies on land value and land use were very few and in isolated form. None of the literature has comprehensively focused on the residential land value pattern and the functioning of the urban land market which is necessary for sustainable land use planning and city development in contemporary times.

Therefore, the current study is relevant to understanding urban land use and property market dynamics in context of developing world by empirical determination of the residential land values. The focus on empirical analysis of land value determinants would afford a richer understanding of the residential land markets and their effects on value and management. This would go a long way to guide policy direction of government, institutions and individuals, and the present study would therefore make contribution along that line.

2. Material and Methods

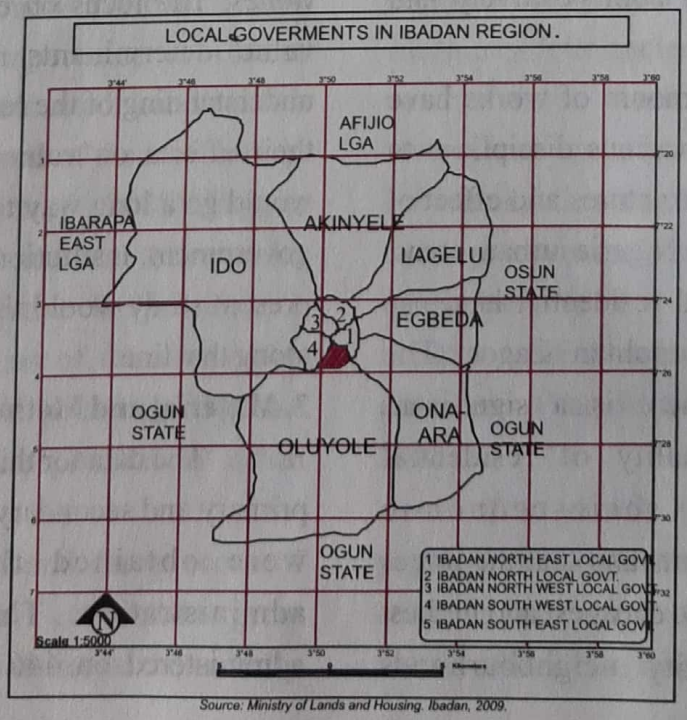
The data for this study were gathered from primary and secondary sources. The primary data were obtained through questionnaire administration. The questionnaires were administered on 446 household heads selected

from 36 residential neighbourhoods in Ibadan South East Local Government Area. The residential neighbourhoods used for the questionnaire administration were derived by classifying them into three categories. These were high, medium and low-density residential neighbourhoods. Also, the total number of buildings in all the neighbourhoods was used for the survey.

The respondents to the questionnaire administered are the household heads. The sampling units are the housing units in the residential neighborhoods. In all, a total of 446 housing units were selected out of 36,123 numbers of buildings in the study area as obtained from (Oyo State Valuation Office, 2015). This is about 1.24% of the total number of buildings. Descriptive statistics used for the data analysis consists of cross tabulation and was used to describe the land value characteristics in terms of selling price for plot of land for different categories of residential apartments. Correlation matrix was used to examine the relationships between factors influencing residential land value in the study area.

3. The Study Area

Ibadan, one of the fastest growing cities in Nigeria, is located in Oyo State in the south-west geo-political zone of Nigeria. The state is bounded on the North by Kwara State, on the South by Ogun State, on the West by Osun State, and on the East by the Republic of Benin. The city of Ibadan is located approximately between longitude $3^{\circ}8^{1}$ and $4^{\circ}2^{1}$ East of the Greenwich Meridian and between latitude $7^{\circ}1^{1}$ and $7^{\circ}3^{1}$ North of the Equator at a distance of some 145Kilometresfrom Lagos. The physical setting of the city consists of ridges of hills that run approximately in NorthwestSoutheast direction. The largest of these ridges lies in the central part of the city and contains such peaks as Mapo, Mokola and Aremo. These hills range in elevation from 160 to 275 metres above sea level and thus afford the visitor a panoramic view of the city. Ibadan has 11 local government areas of which six are located at the peri-urban areas, while the remaining five, Ibadan South-East inclusive, are in the municipal area.



Source: Ministry of Lands and Housing. Ibadan, 2009.

Figure 1: Map of Ibadan Region Discussion showing Ibadan South-East LG

4. Findings The focus of this section is the presentation of analysis of land value determinants for residential development in Ibadan South-East Local Government, Nigeria. It would afford a richer understanding of the residential land markets and their effects on value and management.

4.1. Land Value Dynamics in Ibadan South-East Local Government

Under this subsection, the study attempted an exposition of the dynamism of land value in the study area. Some of the issues raised here include: monetary value of the commodity in terms of selling price of the land. The dynamics of the land examined include: a plot of land, half plot of land, fragment of land less than half, 3 bedroom flat, a room apartment among others.

Table1: Selling Price for a Plot of Land

Residential Density	Selling price for a Plot of Land (in percentage)										Total	
	Below N2 Million Naira		2 Million-4Million Naira		4Million-6Million Naira		6Million-8Million Naira		8Million-110Million Naira			
	F	%	F	%	F	%	F	%	F	%	F	%
High	251	89.6	28	10.0	1	0.4	0	0.0	0	0.0	280	100
Medium	59	65.6	20	22.2	5	5.6	5	5.6	1	1.1	90	100
Low	16	29.6	36	66.7	0	0.0	0	0.0	2	3.7	54	100
Total	326	76.9	84	19.8	6	1.4	5	1.2	3	0.7	424	100

$X^2 = 138.301$, df = 8, $P<0.05 = 0.000$

Source: Authors' Fieldwork, 2015

Concerning the selling price for a plot of land in the study area, respondents gave diverse opinions as contained in Table1. Findings revealed that 76.9% of respondents stated that a plot of land is sold below 2 million naira, 19.8% of respondents also accounted for the fact that plot of land is sold between 2 million and 4 million naira while 1.4%, 1.2% and 0.7% of respondents reported that a plot of land worth 4 million to 6 million naira, 6 million to 8 million naira and 8 million naira and above respectively. It can be deduced from this findings that, a plot of land is mostly being sold below 2 million naira in the study area. This is particularly noticed in high residential density of the area.

Moreover, a plot of land is mostly sold for between 2 million and 4 million naira in medium and low residential densities of the study area according to the view of most of the respondents. The chi-square statistics also reported this difference in the selling price for a plot of land across the densities in the study area and it is given as: $X^2 = 138.301$, df = 8, $P<0.05 = 0.000$

Table2: Selling price for ½ Plot of Land

Residential Density	Selling price for ½ Plot of Land (in percentage)								Total	
	Below 1Million Naira		2Million-3Million Naira		3Million-4Million Naira		4Million-5Million Naira			
	F	%	F	%	F	%	F	%	F	%
High	279	99.6	1	0.4	0	0.0	0	0.0	280	100
Medium	78	87.6	5	5.6	5	5.6	1	1.1	89	100
Low	43	84.3	6	11.8	0	0.0	2	3.9	51	100
Total	400	95.2	12	2.9	5	1.2	3	0.7	420	100

$X^2 = 52.560$, df = 6, $P<0.05 = 0.000$

Source: Authors' Fieldwork, 2015

Table 2 also poses respondents' views on the selling price for ½ a plot of land in the study area. According to the table, 95.2% of respondents said ½ a plot is sold below 1million naira, 2.9% of respondents maintained that ½ a plot sells for 2-3 million naira, while 1.2% and 0.7% of respondents disclosed that it is sold between 3 million to 4million and 4 million to 5 million naira respectively. It can therefore be inferred from this findings that ½ a plot of land is sold below 1 million naira in the study area.

The chi-square statistics reported for this analysis shows that there is significant difference in the distribution of respondents in the selling price for ½ a plot of land across the densities in the study area and it is given as: $X^2 = 52.560$, df = 6, $P<0.05 = 0.000$.

Table 3: Selling price for Fragment of Land less than half

Residential Density	Fragment of Land less than half (in percentage)				Total	
	Less than 2 Million Naira		6 Million Naira- 8 Million Naira			
	F	%	F	%	F	%
High	43	95.6	2	4.4	45	100
Medium	22	100	0	0.0	22	100
Total	65	97.0	2	3.0	67	100

$X^2 = 1.008$, df = 2, $P>0.05 = 0.315$

Source: Authors' Fieldwork, 2015

A fragment of land less than half (½) is being sold below 2 million naira as given by 97.0% of respondents in the study area. This is contained in Table3. Meanwhile, the remaining 3.0% of respondents highlighted the fact that a fragment of land less than half is being sold between 6 million and 8 million naira respectively. Therefore, majority of the respondents noted that a fragment of land less than half is sold below 2 million naira in the study area. This implies that most of land that is less than half a plot worth no more than 2 million naira in the study area. As noted in the Table 3, low residential density did not report any incidence for price of fragment of land that is less than half. The reason for this has also been presented in the previous Table.

The chi-square statistics reported for this analysis shows that there is significant difference in the distribution of respondents in the selling price for fragment of land that is less than half across the densities in the study area and it is given as: $X^2 = 1.008$, df = 2, $P>0.05 = 0.315$.

Table 4: Selling Price for a 3 Bedroom Flat

Residential Density	Selling price for a 3 Bedroom Flat (in percentage)										Total	
	Below 2 Million Naira		2 Million-4 Million Naira		4 Million-6 Million Naira		6 Million-8 Million Naira		8 Million Naira and above			
	F	%	F	%	F	%	F	%	F	%	F	%
High	70	49.3	48	33.8	15	10.6	3	2.1	6	4.2	142	100
Medium	23	25.8	21	23.6	11	12.4	17	19.1	17	19.1	89	100
Low	0	0.0	18	33.3	9	16.7	2	46.3	2	3.7	54	100
Total	93	32.6	87	30.5	35	12.3	25	15.8	25	8.8	285	100

$X^2 = 99.211$, df = 8, $P<0.05 = 0.000$

Source: Authors' Fieldwork, 2015

Selling price for three bedroom apartments is another vital issue examined and discussed in this study as contained in Table 4. Accordingly, 32.6% of respondents mentioned that it is being sold for an amount below 2 million naira, 30.5% disclosed that 3 bedroom is sold for 2 million to 4 million naira while 12.3%, 15.8% and 8.8% of respondents are of the view that three bedroom flat is being sold for 4 million to 6 million naira, 6 million to 8 million naira, and above 8 million naira respectively in the study area. It can therefore be inferred from this that a three bedroom flat is sold mostly below 2 million naira in the study area. It can also be observed that the highest selling price for 3 bedroom apartment is between 6 million and 8 million naira in the low density areas.

The chi-square statistics for this analysis shows that there is significant difference in the distribution of respondents in the rental fee for 3 bedroom flat across the densities in the study area and it is given as: $X^2 = 41.618$, df = 8, $P<0.05 = 0.000$.

Table 5: Selling price for a Room Apartment

Residential Density	Room Apartment (in percentage)						Total	
	Below N20,000		N20,000-N40,000		N80,000 and above			
	F	%	F	%	F	%	F	%
High	0	0.0	0	0.0	90	100	90	100
Medium	9	20.0	1	2.2	35	77.8	45	100
Low	0	0.0	0	0.0	14	100	14	0.00
Total	9	6.0	1	0.7	139	93.3	149	100

$X^2 = 24.774$, df = 4, $P<0.05 = 0.000$

Source: Authors' Fieldwork, 2015

Selling price for a room apartment is another issue examined in this research and the responses of the people is contained in Table 5. According to the table, 6.0% of respondents confirms that a room apartment is sold below N20,000, while 0.7% and 93.3% of respondents maintained that selling price for a room apartment ranges from N20,000 to N40,000 and N80,000 and above respectively. It can however be deduced that a room apartment is sold mostly from N80,000 and above in the study area.

The chi-square statistics for this analysis shows that there is significant difference in the distribution of respondents in the selling price for a room apartment across the densities in the study area and it is given as: $X^2 = 24.774$, df = 4, $P<0.05 = 0.000$

Table 6: Selling price for a Room size Shop

Residential Density	Room size Shop (in percentage)						Total	
	Below N20,000		N60,000-N80,000		N81,000 and above			
	F	%	F	%	F	%	F	%
High	18	10.8	20	12.0	128	77.1	166	100
Medium	11	61.1	0	0.0	7	38.9	18	100
Low	0	0.0	0	0.0	0	0.0	0.0	0.0
Total	29	15.8	20	10.9	135	73.4	184	100

$X^2 = 31.437$, df = 2, $P<0.05 = 0.000$

Source: Authors' Fieldwork, 2015

Selling price for a room size shop was also examined in this research and the response of the people is presented in Table6. According to the table, 15.8% of respondents confirms that a room apartment is sold below N20,000, while 10.9% and 73.4% of respondents maintained that selling price for a room size shop ranges from N60,000-N80,000 and; N81,000 and above respectively. It can however be deduced that a room size shop is sold mostly from N81,000 and above in the study area.

The chi-square statistics for this analysis shows that there is a significant difference in the distribution of respondents in the selling price for a room size shop across the densities in the study area and it is given as: $X^2 = 31.437$, df = 2, $P<0.05 = 0.000$

4.2. Determinant factors of Residential Land Value in the Study Area

There is no denying the fact that land has tendencies of becoming high or low in value. Many factors might be attributed to its increase or otherwise in value. This section presents some of the identified factors found to have influence land value in Ibadan South East Local Government. The variables of residential land value determinants as identified by Olayiwola et al., (2005; 2006) were used for this study.

Respondents' opinion were sought to know which of the variables are most significant in the determinant of residential land value. The result of this in descriptive analysis is presented in Table 7. To further establish the degree of associations among the variables of residential land value determinant, the data in Table 7 were subjected to Pearson correlation analysis. The intention here is to generate a correlation matrix, so that the study will be able to know which of these variables do have strong influence in the determinant of residential land value. It could be noted however, that the data are suitable for the parametric tests because they exists in ratio level of measurement.

Table 7: Correlation Matrix of Variables of Residential Land Value Determinants

	X_1	X_2	X_3	X_4	X_5	X_6	X_7	X_8	X_9	X_{10}	X_{11}	X_{12}	X_{13}	X_{14}	X_{15}	X_{16}
X_1	1.00															
X_2	-.671	1.00														
X_3	.510	-.704	1.00													
X_4	.976	-.814	.572	1.00												
X_5	-.797	.982	-.720	-.905	1.00											
X_6	.711	-.997	.670	.846	-.988	1.00										
X_7	.762	-.242	.591	.643	-.403	.260	1.00									
X_8	.783	-.158	.422	.642	-.335	.190	.978	1.00								
X_9	.678	-.106	.515	.537	-.272	.123	.990	.976	1.00							
X_{10}	-.578	.992	-.732	-.736	.953	-.979	-.175	-.070	-.040	1.00						
X_{11}	.656	.018	.341	.489	-.162	.011	.957	.983	.981	.099	1.00					
X_{12}	.656	-.161	.614	.532	-.314	.170	.987	.945	.991	-.110	.947	1.00				
X_{13}	-.301	.828	-.879	-.456	.761	-.785	-.160	.018	-.056	.886	.132	-.169	1.00			
X_{14}	.702	-.473	.864	.656	-.581	.466	.916	.815	.876	-.448	.768	.925	-.529	1.00		
X_{15}	.180	-.589	-.134	.343	-.504	.608	-.497	-.455	-.601	-.576	-.600	-.613	-.254	-.409	1.00	
X_{16}	.948	-.775	.756	.955	-.876	.793	.792	.746	.699	-.715	.618	.719	-.557	.849	.096	1.00

Source: Authors' computation, 2015

X_1- Nearness to the central business district
X_2- Closeness to infrastructure facilities
X_3- Improved environmental quality
X_4- Improvement of Transport facilities
X_5- Tax levy on land
X_6- Nature or topography of land
X_7- Zoning regulation
X_8- Easy accessibility
X_9- Neighbourhood status
X_{10}- Availability of parking space
X_{11}- Distance from place of work
X_{12}- Size of the plot
X_{13}- Traffic density
X_{14}- Nice view of the city space
X_{15}- Noise level
X_{16}- Level of street activity

A Pearson correlation coefficient was used on the 16 variables to find out whether there was any significant relationship between the factors determining rent value of residential land in the study area. The results are shown in Table 7 and can be observed that variable of nearness to Central Business District (CBD) was identified to have very high positive correlation with many other variables to determine the residential land value in the study area. Accordingly, it is observed that nearness to CBD and variable of accessibility have correlation coefficient (r) of 0.783. Other variables that have very high positive correlation with nearness to CBD includes street activity (0.948), zoning regulation (0.762), topography (shape of land) (0.711) and nice view of city space (0.702). It could be noted however, that the relationship of the variables mentioned above is significant at about 95 percent confidence level.

Furthermore, other variables that command attention include those of closeness to infrastructure and tax levy (0.982), closeness to infrastructure and availability of parking space (0.992); easy accessibility and distance from place of work (0.983); as well as neighbourhood status and size of the plot (0.991). These variables have very high positive correlation between each other. They were also found to be significant at 99 percent confidence level.

It can be inferred from the above analysis that the variables that have highest relationship to determine residential land value are closeness to infrastructure and availability of parking space. This was followed closely with neighborhood status and size of the plot. This is in agreement with (Diaz et al, 1996), who opined that easy accessibility and distance from place of work is also noted to be of high significance in the determinant of residential land value.

The implication of this is that as residential land is getting closer to infrastructural facilities and availability of parking space, then it will bring about higher rent value. Likewise, if the residential land is situated where there is easy accessibility and short distance from place of work; the tendency of that land to have high rent value is absolutely high. It can however, be concluded that the entire variables of residential land value determinants highlighted in this analysis are of very important and of major factors determining land value in the study area.

The beauty of this analysis is that, it means where there is improvement in infrastructural facilities there is expected to be improvement in economic activities, usually in form of increase in sale and rent prices of residential land use properties. Thus, it can be concluded that these factors can be used to describe the spatial variation of residential land value in Ibadan South-East Local Government.

4.3. Relationship between the Determinants of Residential Land value and the existing Value of Land in the Study area.

In this subsection attempt is made to examine relationship between value of land (in term of selling price) and determinants of land value. Some of the variables used for determinants of land use include: nearness to CBD, closeness to infrastructure, zoning regulation among others, while variable used for value of land consist of the selling price for 1 plot and less than half plot of land among others. Correlation analysis was used to examine their relationship and the results are contained in Table 8.

Table8: Correlation analysis of Residential Land value determinants and selling price

Selling price for:		Nearness to CBD	Closeness to infrastructure	Improved environmental quality	Zoning regulation	Distance from place of work
1 plot	R	0.998	-0.999	0.995	0.917	-0.957
	p-value	0.000	0.000	0.000	0.000	0.000
	N	36		36	36	36
Half plot	R	0.998	-0.999	0.994	0.917	-0.957
	p-value	0.000	0.000	0.000	0.000	0.000
	N	36	36	36	36	36
Less than half plot	R	0.861	-0.863	0.862	0.784	-0.814
	p-value	0.000	0.000	0.000	0.000	0.000
	N	27	27	27	27	27
3 bedroom apartment	R	-0.998	0.999	-0.995	-0.918	0.957
	p-value	0.000	0.000	0.000	0.000	0.000
	N	36	36	36	36	36
1 room apartment	R	-0.999	1.000	-0.998	-0.927	0.952
	p-value	0.000	0.000	0.000	0.000	0.000
	N	36	36	36	36	36

R = Pearson Correlation, N = number, p-value = Sig. (2-tailed)
Source: Authors' computation, 2015

Table 8 shows correlation analysis of residential land value determinants and selling price. Accordingly, the relationship that first caught attention is that of nearness to CBD and selling price for one plot of land with correlation coefficient(r) of 0.998. This implies that there is very high positive correlation between nearness to CBD and selling price (value) of one plot of land. It is also observed that there is significant relationship between nearness to CBD and price of one plot of land $P<0.05=0.000$. It can therefore be inferred from the analysis that as variable of nearness to CBD increases, one plot of land also increases. It means that the more the plot of land gets nearer to CBD, the higher its value in terms of selling price.

It is also observed from Table 8 that selling price for half plot of land exhibits similar trend with that of one plot of land in the sense that its relationship with nearness to CBD is very high with correlation coefficient(r) of 0.998 at $P<0.05=0.000$. However, selling price for less than half a plot of land is observed to have highest relationship with improved environmental quality with correlation coefficient (r) of 0.862 at $P<0.05=0.000$. The implication of this is that, the significant improvement in the environmental quality outrightly informs the demand and thereby resulted in the high price placed on piece of land less than half a plot.

The residential land value determinant that has highest relationship with selling price of 3 bedroom and 1 room apartment is closeness to infrastructure as shown in Table8. It is observed that selling price for 3 bedroom apartment and closeness to infrastructure has correlation coefficient(r) of 0.999 at $P<0.05 = 0.000$. This implies that there is very high positive correlation between closeness to infrastructure and selling price of 3 bedroom apartment. The relationship between them is also significant. Similarly, closeness to infrastructure and selling price for 1 room apartment also has correlation coefficient(r) of 1.000 and P-value of 0.000. It can generally be inferred from this finding that closeness to infrastructural facilities usually determines the

higher value in terms of money that 3 bedroom and 1 bedroom apartment shall be put for sale.

5. Policy Issue and Conclusion

This paper has analyzed the major factor influencing residential land values in Ibadan South-East Local Government. The factors specifically analyzed are accessibility, technical infrastructure rent, quality of neighbourhood, transport improvement and government regulations. This has been done with respect to the different residential neighbourhood during which reasons for the observed views were established.

It can however, be concluded that factors that have highest relationship to determine residential land value are closeness to infrastructure and availability of parking space. This was followed closely with neighborhood status and size of the plot. Further, residential land determinant factors were also found to have influence on the selling price of land in the study area.

The focus of the suggestions of this paper is based on the major areas of the factors influencing residential land values in metropolitan Ibadan. Therefore the suggestions are focused on how to improve the level of accessibility to and within residential land use areas: provision of technical infrastructure and how to enhance the ability of the resident of city to pay or purchase residential apartments.

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IFE PLANNING JOURNAL
Volume 5 Number 1 March, 2016

TABLE OF CONTENTS

Page

Correlates of Crime Incidents and Patronage of Public Road Transport in Lagos Metropolis
- Bashir Olufemi Odufuwa..... 1

Delivering Urban Environmental Services under Pluralistic Urban Governance System: An Example of Nigeria
- Oluwole Daramola 12

Impact of Microfinance Bank Loans on Poverty Reduction in Oriade Local Government Area of Osun State, Nigeria
- Joseph Oludare Faseun and Adebayo Adewunmi Emmanuel..... 22

Build-Operate-Transfer (BOT) Mechanism as a Private Finance Initiative for Procuring Student Housing in Public Tertiary Institutions: Perceptual Analysis
- Job Taiwo Gbadegesin and Bioye Tajudeen Aluko..... 34

Socio-Cultural Implications of Unfettered Housing Markets in Nigeria
- Afolabi Aribigbola and Afolabi Festus Fatusin..... 44

An Assessment of Water Supply Situation in Akure, Ondo State, Nigeria
- Samson Ajibola Adeyinka, Omotayo Ben Olugbamila and Akintayo Oluwagbemiga Ojo..... 58

Appraisal of Residential Land Value Determinants in Ibadan South-East Local Government, Nigeria
- A.I. Bako, R.B. Ibrahim, W.M. Raheem and O.R. Olawoyin..... 72

Effects of Rural Out-Migration on Food Crop Production in the Rural Local Government Area of Akinyele, Ibadan, Oyo State
- Ayobami A. Popoola and Olaniyi Idris Akande..... 82

Exploring Environmental Effects of Wetlands Encroachment in African Traditional Cities: A Case of Ile-Ife, Nigeria
- P.O.Olawuni, O.H. Okunola, M. Soumah, O.P. Daramola and O.A. Olojede..... 98

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