

Role of actors in informal settlements real estate market

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Abstract

Literature suggests that majority of the urban housing in cities of many developing countries is provided in informal settlements through informal housing delivery systems. Due to their clandestine nature, their activities and modes of operation are often not well understood. This paper examines the role played by both the government agencies and other market actors in the functioning and regulation of informal real estate land markets, especially in Lagos, Nigeria. A survey was carried out with the use of questionnaires and interviews. The analysis of the data reveals that there is a thriving property market, which appears to have some form of social regulation. The role of each of the actors, varying from informants, buyers, sellers, financiers, witnesses and government, are discussed. The paper concludes that the thriving informal real estate market needs to be strengthened to effectively cater for the housing needs of urban residents. This paper contributes to discussions on informal real estate markets in developing countries by examining the structure and mechanisms that govern urban real estate markets in informal settlements through a case study of Ayobo community in Lagos, Nigeria, an area where empirical work has been sparse.

Keywords: Developing Countries; Informal Settlements; Land Market Actors, Nigeria; Real Estate Market.

Introduction

Informal settlements have often been described as the urban settlements, which evolve outside urban land development process and procedure. It has been alleged that informal settlements result from the failure of the public sector to provide conditions through which the poor may access shelter formally (Adam, 2014). Many urban poor are said to often opt for transactions in the traditional rural custom land management where customary land owned at the periphery of cities sell plots of land for housing. The plots are often laid out in a haphazard manner with little or no provision for communal facilities and lack government presence in form of basic infrastructural services. Nevertheless, their contributions to urban housing provision, especially for the poor have been increasingly acknowledged. For example, Sheuya (2007) noted that 70-95 percent of all new housing built in developing countries in the last 30-40 years is in informal settlements. The seeming illegality involved at the onset would have been expected to lead to the failure of the market. On the contrary, the fact that the informal settlement market has thrived, suggests that there is regulation of some sort, with actors being conversant with their roles and rights.

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Previous studies on actors in the informal real estate market have been carried out in Ethiopia (Adam, 2014) and Namibia (Mooya & Cloete, 2012). Not much study of the actors in the informal real estate land market in Nigeria however exists. Lagos, Nigeria presents an interesting context as it has been noted to be a fast-growing city with several slums, which serve as home to new migrants (Davis, 2006). Drawing from empirical data obtained from a survey of Ayobo, a large and rapidly consolidating informal settlement located at the outskirts of Lagos, Nigeria, this paper investigated the real estate market in informal settlements.

The next section of this paper presents a review of relevant literature carried out to identify and situate the paper within a wider context of previous studies. This is followed by a brief introduction of the area studied; the explanation of the methodological process adopted; and the presentation and discussion of the outcomes of the investigation respectively. The last part of the paper presents the concluding remarks. This paper makes empirical contribution to the current understanding of the activities of the real estate market in informal urban settlements of developing countries.

Review of Literature

Due to the increasing population and urbanization (Fekade, 2000), the formal real estate market has been unable to satisfy the housing needs of growing population in developing countries (Berner, 2000; Lemanski, 2009). In the case of Nigeria, demand gap of 44 million homes is forecasted by 2020. The formal real estate sector can only provide limited accommodation, rarely affordable to the poor (Jenkins & Smith, 2001; Kihato, 2010). It has been noted that the public sector no longer contributes to the provision of housing and land in many developing countries (Sheuya, 2007). Even when the houses are provided by the government, they are often not affordable to the low-income (Sangodeyi, 2013; Taylor, Banda-Thole & Mwanangombe, 2015). The private sector is increasingly being involved in the provision of housing. In fact, 90 percent of houses in Nigeria are said to be provided by private sector (Sangodeyi, 2013). However, the private sector also targets the high and middle income classes, with regular income and access to formal loans.

The World Bank in 2013 rated 34.1 percent of the urban population in Nigeria below the poverty line, living on below US\$60 per month. Some of those in this category have moved into urban areas in search of means of livelihood, which may sometimes not yield enough for house rents in the formal, regularized areas of the urban setting. Thus, the poor would seek to house themselves in areas where the cost of housing is low, which are often the informal settlements created around the urban areas (Taylor, Banda-Thole & Mwanangombe, 2015). This has led to the expansion of the informal settlements in many countries. The informal settlements have provided shelter for over 50 percent of the world's population (Tinsley, 1997). The figure was put between 50 and 70 percent (Berner, 2000), with the observation that 64 percent of the housing stocks in developing countries are unauthorized. The figure for Nigeria is said to be 70-80 percent (Singhry & Umar, 2013). It is not only poverty, however, that has pushed persons into informal settlements. There is also the issue of tenure insecurity, such as the arbitrary rent increases in formal settlements, forcing even the middle income and the rich to seek shelters in informal settlements, sometimes as landowners (Ubale, Martin & Wee, 2013).

A common definition of informal settlements often used in literature is the one that has been advanced by UN-HABITAT (2003, 2008). In this definition, informal settlement is described as either a group of housing units constructed on lands on which the owner has no legal right (squatter settlements), or an area where housing is not in compliance with planning and building regulations (unauthorised housing). Informal settlements are sometimes referred to as slums, squatter settlements, shanty towns or poor settlements (Davis 2006). Slums have been described as places marked by overcrowding, informal housing, insecurity of tenure and inadequate access to services and infrastructure. Davis (2006), however, noted that not all informal settlements were overcrowded and not all slum dwellers were poor. He argued that there appeared to be no clear distinction between formal settlements and informal settlements. What was formal in a place may be regarded as informal in other places. The definition of informal settlements may therefore be

expected to vary across regions and nations. A common factor is that informal settlements provide the opportunity for the urban poor and middle class to access quality housing at an attainable cost.

The difference between informal settlements and formal settlements is that formal settlements result from activities of official channels of recognized institutions, while informal settlements result from activities of individuals often without official development permits (Sulaiman, Baldry & Ruddock, 2005). In addition, while transactions in formal settlements follow legal practices, and buildings are according to standards, land-use and subdivision regulations, transactions in informal settlements are said to be illegal and buildings do not often conform to land-use and subdivision plans. Very often, informal settlement developments take place in areas where the government is yet to plan for, hitherto forest areas. While squatter settlements are predominant in centrally located urban lands, unauthorized developments often take place in urban peripheral (peri-urban) agricultural land. While informal settlements can be either in the urban areas or at the peripheral lands around urban areas, this study has mainly focused on the peripheral lands around urban areas.

In such peripheral lands in Nigeria, the ownership, by constitution, lies with the federal government. However, de-facto titles are often given by community heads, tribal leaders and other such ownership entities. According to some scholars (Amao, 2012; Munshifwa, 2013), vacant lands are often leased from families who claim to have rights to lands. Those who acquire the land often build using locally available materials, and rely on artisans for construction. Designs are also sometimes carried out by unlicensed persons, as their services are often deemed more affordable by those who acquire lands in peripheral areas. Owners of properties in peripheral lands do not often have access to mortgage or other subsidized finance and often build without official authorization. Settlers first occupy the land and then begin the struggle for official recognition to legalize and be recognized as normal. As such, basic services and infrastructure are not available at the beginning. Although tax may be evaded at the beginning, they are paid on application for regularization of land and building by relevant government agencies. In this study, an informal settlement is described as a settlement that develops outside the urban land development process and procedure.

Informal settlements located in the peripheral areas are referred to as Substandard Commercial Residential Subdivisions (SCRSs) characterized by planned layout, low service levels, high tenure security, non-conformity with planning regulations and self-help housing (UNCHS, 1996; Davis, 2006). The peripheral lands are often transition zones between fully urbanized land and rural agricultural lands (Kombe, 2005; Adam, 2014). The recognition of the customary land delivery system by parties involved in the transaction and the communities provides sufficient tenure security for the lands and buildings in these areas. Although these transactions are not legalized by government, they are often tolerated by the government and accepted by the social networks of communities. These informal settlements tend to have their own form of social ordering (Adams, 2014). They therefore exhibit relative stability and an order characterized by respect given by market participants to informal property rights (Munshifwa, 2013). The unwritten, socially shared rules that guide the informal real estate sector often emerge spontaneously. It is this type of informal settlement that this study investigates.

The real estate sector is governed by the real estate market. A market is described as a mode of organizing voluntary exchanges between independent individuals at arms-length (Mooya & Cloete, 2012). Ozhegov & Sidorovykh (2017) noted that the state of the market is essentially influenced by the behaviour of its agents. In real estate markets, prices are often driven by sellers' motivation, demographic variables, financial market constraints, policies, land supply, speculative bubbles and self-fulfilling beliefs (Dong, 2016; Zhang, Jia & Yang 2016; Chia, Li & Tang, 2017). The market is often divided into both the formal and the informal. The formal market is often guided by the market order, which is characterized by private competitive decisions, dominance of the influence of price mechanism and self-interest. There are however alternatives to this order, which are the network and the hierarchical orders. While the hierarchical order is coordinated by authorities, (sometimes the government), the network order is structured by relationships based on reciprocity, trust, and solidarity. The informal housing market has been identified by Landman & Napier (2010) as a major entry point for many households in developing countries to the housing market.

Although the establishment of informal real estate markets is often not sanctioned by the government, transactions are first carried out through the network order (Munshifwa, 2013). Social hierarchies are formed over time, which assist members of the settlement in forming relations with the local authorities and government, and carrying out regularization of tenure. Therefore, informal real estate markets may be said to be first coordinated by networks, and later social hierarchies. While some scholars see the informal urban real estate market, where properties like land and housing are exchanged between sellers and buyers, as a distinct market, others argue that it is merely a sub-market of the urban real estate market. Real estate in the context of this paper refers to property, which includes both land and buildings.

Scholars (Berner, 2000; Sangodeyi, 2013) agree that the informal real estate market has been successful in providing shelter for the populace of most countries. In addition, informal settlements are noted for strong social infrastructure, effective community leadership and as expression of self-help. Kihato (2010) identified two challenges with informal real estate markets. One of these is the inability of the market to respond quickly to the forces of demand on supply. Decisions to build do not depend on the forecast of needs but on the state of the economy, which determines the financial states of real estate investors. The second challenge is the inefficiencies of land administration and registration systems in most countries in Africa. This includes the high cost and the lengthy process of land and building regularization.

In informal real estate markets, transactions are assumed to be carried out with little or no judicial procedures. However, actors in the informal real estate market often survive using their own management system and initiative (Nkurunziza, 2007; Adam, 2014). These actors are the persons involved in the transaction in the real estate market. It was also suggested that transactions in informal settlements are largely uncoordinated and involve individuals such as small-scale entrepreneurs, local brokers, contractors, local officials, and sometimes court clerks (Munshifwa, 2013). Although, there are no formal rules, instead, there are social relations (Marx, 2007) and trust (Adam, 2014). Social rules are developed and understood by the actors involved. The persons involved have the knowledge of their rights and obligations, which are often communicated orally, through imitation or teaching. De-facto titles issued by community heads, tribal leaders and other ownership entities are trusted by buyers.

Within the informal real estate sector, there are two markets. One of the markets is the land market, that comprises of land transactions and transfers, which though not recognized as legal by the government, are socially accepted as legitimate (Kihato, 2010, Ubale, Martin & Wee, 2013). This is what has been described as the invisible real estate market (Davis, 2006). The other market is the development market (Munshifwa, 2013). This market involves the building of structures on acquired lands.

The land markets often involve transactions between land buyers and sellers. Lands are often purchased from landholding families or individuals who had earlier purchased the lands from families. Large parcels of undeveloped land are subdivided into uniform or near-uniform plots, often without regards for zoning laws or service provision standards. These lands are just subdivided with conventional street grids. Infrastructural development then takes place when the settlement is in place. To gain access to lands, buyers may rely on information from friends and family or gain access to the land through agents. On the purchase of lands, buyers are issued letters of agreement or certificate of title.

Since much of the land in Nigeria, as in other African countries, is held under customary tenure, traditional leaders are also actors in the informal real estate markets. These traditional rulers preside over land sale matters within their domains. There are suggestions in literature that land holding farmers in urban peripheral areas in most African countries sell the lands out of the fear that government may take their lands for urban expansion, with delayed and non-commensurate compensation, if compensation is paid at all (Adam, 2014). At times, there are developers who source for land and financial resources to provide houses at a profit. These developers are the ones who decide on what to build in line with the findings of their market surveys. The work of the developer may or may not be backed by the services of other professionals like architects and planners.

Real estate property owners often privately source the funds for acquisition of land and construction of houses. These sources of funds have been broadly categorized into own savings,

resources from family and friends and informal credit markets (Sheuya, 2007). Another way that landowners in informal settlements source for finance is through cooperative societies. Like-minded persons come together to form cooperatives to achieve common goals. These cooperatives are based on values of oneness, self-help, equity and solidarity. There are different types of cooperatives but the ones that persons join in order to serve different interests is usually the multi-purpose cooperative society. Persons in this cooperative save at regular interval. Their savings qualify them both to access loans and to earn dividends at the end of the business year. The loans are given to members without collateral. Instead, interested loan applicants are expected to provide a guarantor who is also a member of the cooperative and has savings commensurate with the amount being applied for. Such loans are made available in a week or two. The loans accessed can then be used to meet the needs of the applicant as expedient, to be paid back as convenient. Many persons use these loans to purchase land and build houses. There is also the land and housing cooperative with the sole purpose of pooling resources together to purchase lands and build houses. Members of such cooperatives can then access the properties by paying in instalments.

As mentioned earlier, persons who buy land in informal settlements go about regularizing their tenures after they have settled in. The regularization is carried out with the local planning authority set up by the government. The land and building owners apply for both building approval and Certificate of Occupancy. First, the requirements for application have to be fulfilled. These include submission of land survey plan, architectural drawings of the building, structural drawings for buildings exceeding one floor, and payment of necessary application fees. An on-site assessment of land and building is then carried out by the planning authority officials, after which the applicant is charged for the regularization, including a penalty fee for building without approval. It may therefore be said that the role of the government in the real estate market in informal settlements is mainly that of regularization of tenure. At this stage, it is often difficult to enforce zoning laws and land-use requirements, since the building structure would have already been constructed. Home-owners in informal settlements however appreciate this gesture of the government as they are able to legalise the ownership of their landed properties, while the government benefit from the shelters provided to reduce housing deficit in the countries involved.

The Study Area

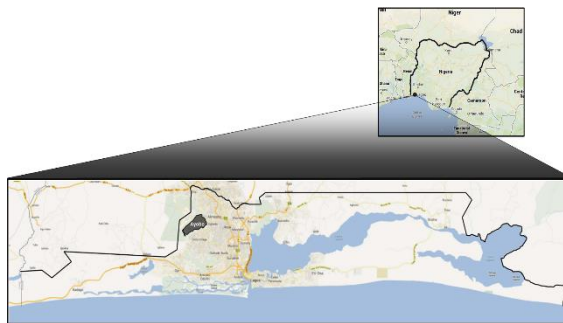


Figure 1: Map of Lagos, Showing Ayobo

This paper is based on data obtained from a study carried out in Ayobo, Lagos, Nigeria. Ayobo is one of the fastest growing informal settlements in Lagos (Figures 1 and 2). Due to its good terrain and availability of vacant/undeveloped plots, it has been observed as an attractive housing destination for poor households and, increasingly in recent times, middle-income households in land strapped Lagos. It is situated in Alimosho Local Government Area (LGA) the most populated LGA in Lagos State. Ayobo is on the outskirts of Lagos State, bordering on the Otta axis of neighbouring Ogun State. Previously used as agricultural land by the original Awori land owning families, its conversion to residential plots has been attributed to decline of farming activities in the area and the demand for residential land arising from the impact of overwhelming urbanisation experienced in Lagos State. Like similar settlements, government presence in terms of infrastructural provisions, is largely absent.

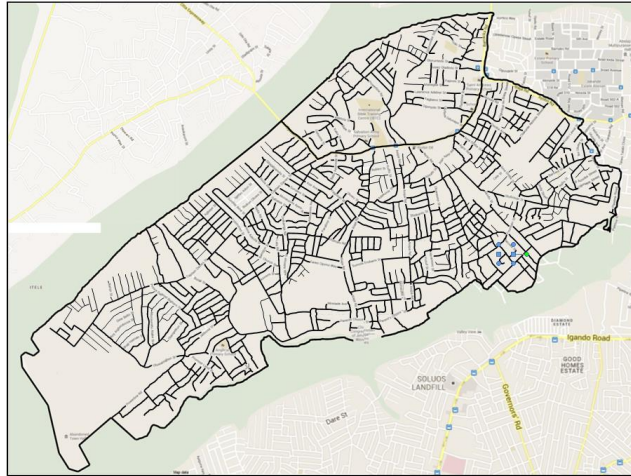


Figure 2: Map of Ayobo, Lagos

Research Methods

Data for this paper is obtained from a wider survey, which investigated the housing tenure status of residents in Ayobo, a major and representative informal settlement in Lagos State of Nigeria. Data was obtained through both primary and secondary sources. Secondary sources included review of relevant scholarly papers and government documents. Primary data were sourced through a questionnaire survey of residents represented by randomly selected household heads. An earlier survey of Ayobo, (Firstplus Planning Consultants, 2010) puts the residential buildings in Ayobo at 65 percent and the average household per building at 4.65. The number of buildings identified from the google image of the area was 3682. The number of residential buildings was thus computed as 2395, and the number of households as 11,138. The formula adopted by an earlier researcher (Adedayo, 2006) was used in calculating the sample size. This gave 1011 households, using a confidence level of 97 percent. However, 1200 questionnaires were distributed to make up for non-response.

The multi-stage stratified method was used in selecting the samples. First, the streets were identified. Every eighth house was then sampled. Where only one household inhabited the building, the household head was the chosen informant. In buildings where more than four households inhabited a building, two of the household heads were chosen as informants. The informants were asked to fill out questionnaires to identify persons that were involved in their accessing their current houses. Of the 1200 questionnaires administered, 1151 were retrieved. The questionnaires retrieved were sorted to identify the ones filled by owner-occupiers. This paper is restricted to the responses of 306 (30 percent) respondents who indicated being in the owner-occupier tenure. Other categories of respondents (renters- 62.2 percent, free-holders-1.6 percent and those who live in family houses- 6.2 percent) were not included in the discussions in this paper.

Quantitative data thus obtained was analyzed using version 17 of the Statistical Package for Social Studies (SPSS). Further analysis involved cross-tabulations to specifically segregate data on the socio-economic characteristics of buyers in the study area. In addition, selected government officials (at both the State and LGA levels), Community Development Association leaders and residents were interviewed. Themes emerging from the interviews were identified through content analysis.

Results and Discussion

Findings suggest that owner-occupiers in Ayobo are predominantly married men who are self-employed. They also possess mainly low to intermediately level of education with corresponding income levels. Majority of the respondents are within the active employment age range of 25-60

years. Table 1 presents salient features of the socio-economic characteristics of respondents. The fact that majority of the respondents were of the Yoruba ethnicity (82.5 percent) may also lend credence to the findings of earlier researchers that informal settlements are characterized by small homogeneous pockets, based on common ethnic and kinship backgrounds (Mooya & Cloete, 2012).

Table 1: Socio-Economic Characteristics of Respondents

Variable	Percentage (%)		
	Those Who Bought Land	Those Who Bought Building	Total
Gender			
Male	64.5	59.7	62.6
Female	35.5	40.3	37.4
Marital Status			
Married	80.0	82.1	79.7
Single	9.4	11.9	9.2
Widowed	7.9	4.5	8.9
Separated	1.5	0.0	1.2
Divorced	1.1	1.5	1.0
Ethnic Group			
Yoruba	85.7	70.1	82.5
Ibo	10.6	22.4	13.0
Hausa	0.7	4.5	1.5
Others	3.0	3.0	3.0
Age (years)			
>25	4.9	11.9	5.6
25-40	19.6	26.9	20.3
41-50	40.4	41.8	42.3
51-60	25.7	11.9	23.0
61-70	6.0	7.5	5.9
<70	3.4	0.0	3.0
Education			
None	5.3	4.5	6.6
Primary	24.1	24.2	22.3
Secondary	26.7	9.2	24.9
Intermediate	24.0	28.8	22.9
Tertiary	16.0	16.7	16.4
Post graduate	3.9	16.6	6.9
Employment			
Retired	26.4	19.4	22.0
Self-employed	51.7	40.3	51.5
Wage earners	11.7	23.9	14.8
Unemployed	6.4	6.0	7.5
Others	3.8	10.4	4.2
Income (Naira)			
None	1.2	0.0	1.0
>17,000	31.6	18.8	27.7
17,000-40,000	32.4	28.1	29.8
40,001-100,000	18.0	20.3	20.8
100,001-250,000	9.6	18.8	11.4
<250,000	7.2	14.0	9.3
Prior Residence			
Always lived in Ayobo	19.4	6.2	16.8
Moved from other parts of Ayobo	31.2	46.2	34.1
Moved from other parts of Lagos	37.3	32.3	36.3
Moved from other urban areas in the country	9.1	13.8	10.1
Moved from rural areas	3.0	1.5	2.7

Table 2 indicates a very active property market in the study area. Properties traded include undeveloped land, uncompleted buildings and completed buildings. Undeveloped land refers to virgin land, which has not been improved for the purpose of habitation. Sometimes the only form of enhancement is fencing or positioning of a few blocks at the corners of the plot. These corner pieces serve to demarcate the plot. Uncompleted buildings in this context are buildings, which are still under construction or abandoned without attaining the habitable state envisioned by the owner. Completed buildings on the other hand refer to those buildings, which have reached the level of habitability envisioned by their owners. It was observed that the quality considered “habitable” seemed to vary from person to person being influenced mainly by the socio-economic characteristics of the respondents as well as their housing aspirations. Those who intend to stay in their houses tended to have a higher level of interpretation of “habitable” than those who were building for rental or outright sale.

Being a consolidating settlement, the sale prices of the properties differed depending on the level of investment already made, type of building, quality of construction and the location of the plot within the settlement. Plots located in more consolidated sections of the settlement where some infrastructural services are in place, tend to command higher prices than those in more remote locations without access.

Table 2: *Type of property and mode of payment*

Variable	Percentage (%)
Property Types	
Virgin land	73.6
Complete house	20.8
Gift	3.8
Others	1.8
Method of Payment	
One down payment	59.2
Instalments	38.3
Others	2.5

Results presented in Table 2 show that land is the most traded form of property. One of the reasons for this is its initial entry price, which is usually low, compared to that of completed buildings. This result is similar to an earlier one (Mooya & Cloete, 2012) which found that 60.2 percent of the residents of an informal settlement in Namibia acquired the plots that they built on. About 30.1 percent of the respondents in the study of Mooya & Cloete got their houses by purchasing the house with the land, while 7.2 percent got the houses as gifts. It may therefore be suggested that the most common means of acquiring houses in informal settlements is by buying vacant plots, followed by buying completed houses. This supports findings from earlier studies, which asserted that self-build, is the predominant mode of housing acquisition in informal settlements. This is essentially critical for the poor since most sellers will require one down payment. In this study as shown in Table 2, over half (59.2%) of the respondents had made one down payment for their property. In addition, undeveloped land offers the buyer opportunity to develop it to suit his immediate and future needs. It is thus more amenable to incremental construction. It is however expected that with increased consolidation of the settlement, availability of undeveloped land will dwindle thereby tilting transactions towards the other property types. The transfer of property as inheritance is a trend, which is also expected to become more pronounced over time as the initial purchasers return to their native villages on retirement or pass away.

Property transactions in the study area like in other property markets take varying formats, which may not always proceed in a linear manner. The process is however streamlined for the purpose of this paper. For transaction to take place there must be a buyer and a seller. Usually these two parties are not aware of each other’s intentions. Consequently, information about their intentions will be shared with others who assist in scouting for opportunities, transmitting information between the parties and facilitating their meeting. When the buyer and seller meet, the site and/or building are/is inspected and negotiations take place. When agreement is reached, it is sealed with payment. When

payment is obtained, the sales agreement is signed in the presence of witnesses, who are often community leaders and persons known to the buyer. How long the process takes depends on the readiness and reasonableness of the parties. After this, the land is demarcated using bush poles, trees, tyres or corner pieces, in the absence of cadastral surveys.

Findings from this study suggest the importance of good information flow between actors in the transaction. For information to be useful, it has to be correct and communicated between users in a clear and timely manner. As seen from the study area and presented in Table 3, majority of the information flow between actors can best be described as informal. None of the residents has been settled in Ayobo by the government as in a previous study (Mooya & Cloete, 2012). They respondents got information about this site through other means. It can also be adduced that social networking amongst family and friends (kit and kin) does play a vital role in this type of information gathering and transmission/sharing (Mooya & Cloete, 2012). It was found that informants were majorly relatives and friends (68.3 percent) living in the study area or had other links to the study area through their own friends or relations. It would however be observed that 17.3 and 16.8 percent of the owner-occupiers got the information and land and building respectively, from agents, as against 28 percent of respondents in an earlier study which obtained information through this source (Adam, 2014). Further probing revealed that reliance on the informal networking was preferred by respondents for two reasons: reliability and cost-effectiveness. In addition, reliance on information from family and friends may be connected to the need to get information on the reputation of the potential seller (Adam, 2014). Usually cost of advertisement and agency charges are eliminated while market actors have less fear of falling into the hands of fraudsters. It was however, customary and socially acceptable for those so favored (especially the buyers) to show appreciation with gifts at the end of the entire transaction. Gifts are mainly symbolic and often consist of a bottle of hot drink or wine. The informants may also participate in the negotiations between interested parties.

The buyers are persons who have acquired properties. In this study, they are represented by owner-occupiers who either bought undeveloped land on which they built their houses or those who bought already constructed houses. It does not include those who acquired their houses as inheritance, gift or other means. Findings on the socio-economic characteristics of those who had indicated owner-occupier status is presented in Table 1. Further disaggregation of data (also presented in Table 1) shows that there is no significant difference between owners as a group and those who gained ownership through purchase of built houses or land on which houses were subsequently built. Nevertheless, it can be inferred that about two-thirds (62.1%) of those who bought built houses had at least intermediate educational attainment compared with 43.9% of those who bought land to build on. More persons that bought buildings (32.8%) also earned at least 100,000 Nigerian Naira (around 278USD), when compared with the 16.8% that bought land to build on, who indicated similar earnings. This may suggest that the educated earn higher income (comparable to middle income) which enables them to pay for buildings, which are generally more expensive than land. It could also be that they prefer this route to ownership in order to avoid lengthy construction periods and other hassles associated with construction.

The results may suggest that majority of the home-owners actually live on more than 60USD per month, with very few (1 percent) earning less than 17,000 Naira (more than 85USD) monthly. Although many of the respondents may be described as low-income, they cannot be regarded as the poor according to World Bank standard. It may therefore be inferred that while informal settlements may provide homes for the poor, it may not be as owner-occupiers. This is because a previous study (Adam, 2014), which considered all residents, including renters, in an informal settlement in Ethiopia; found that 89 percent of the respondents earn less than 56USD a month.

The results also show that about half (51.5 percent) of the owner-occupiers were self-employed. This is similar to the findings of Adam (2014) in Ethiopia, where it was found that 75 percent of the respondents were self-employed. Most of the respondents also moved in from other parts of Ayobo (46.2 percent) and Lagos (32.3 percent), with only 6.2 percent being born in that community. This result is similar also to the findings of an earlier study (Adam, 2014) and suggests that the driver of informal settlement may be urban-urban migration, rather than rural-urban migration. It also probably corroborates the assertion that persons move into informal

settlements to access land and housing as well as beat tenure insecurity, which is rife in urban centres (Ubale, Martin & Wee, 2013).

From Table 3, it can be seen that majority of the sellers (46 percent) are the landowning families who had previously used the study area as agricultural land. This figure is relatively less than that found by Adams (2014) in a study in Ethiopia, where 78 percent of the respondents bought land directly from families. Usually the family head, assisted by a few family elders, handle transactions on behalf of their families. Proceeds from the transactions are usually distributed equitably to all deserving family members. Sometimes the younger family members feel disenfranchised. Interviews revealed that these younger generations locally referred to as “*omo-niles*” resort to fraudulently posing as landowners and engaging in multiple sale of same land to different unsuspecting buyers. Their activities, it was gathered, have occasioned several land disputes in the area.

There is evidence of a secondary property market in the study area as some of the sellers include persons who are re-selling their properties. Further investigation revealed that some of these sellers in this category had purchased their properties with the intention of residing there. However, financial constraints arising from changing family circumstances like loss of employment and income, ill health and death of a spouse constrain them to sell. Others not so constrained offer their properties for sale due to job related mobility. Land speculation was also observed in the area. Consequently, some of the sellers were persons who had acquired several plots at very cheap prices and had held the properties while targeting value appreciation.

Table 3: Property provider and source of information

Variable	Percentage (%)
Property Providers	
Land owning families	46.2
Private land owners	21.3
Government	4.3
Inheritance	25.3
Gift	1.4
Payment in kind	0.7
Illegal occupation	0.4
Others	0.4
Source of Information for Land	
Friends	29.5
Family	38.8
Advertisement	10.1
Agents	17.3
Others	4.3
Source of Information for Complete House	
Friends	33.0
Family	21.7
Advertisement	3.6
Agents	16.7
Others	24.0
Source of Funds	
Personal savings	76.0
Bank	2.9
Family members	4.7
Friends	0.7
Employer	7.9
Credit and thrift cooperative society	7.5
Money lender	0.3

Financiers provide funds needed for transactions in the property market. Acquisition of a residential property is arguably the most capital-intensive investment a household (especially poor households) embark upon. In more developed countries with well- functioning mortgage systems, funding is usually accessed from mortgage institutions. The study sought to know how

respondents (in this case the buyers) sourced money to finance their property acquisition dreams. Unlike the trend in advanced countries, findings (Table 3) revealed that majority of the respondents financed the transactions from their personal savings. A few others relied on their employers and credit and thrift cooperative societies. Since many of the respondents were self-employed, it was likely that their businesses financed their property acquisition bids. Co-operative societies exist in many work places (both public and private) today. Membership of such societies therefore facilitate access to quick and customer-friendly loans without the encumbrances of bureaucracy, documentation and collateral.

It can be seen that the contribution of family and friends in this regard is negligible. This could be because they share similar socio-economic status. Of significance also is the insignificant contribution of banks and moneylenders. The usual distrust of poor borrowers by banks was identified as the main reason for the limited funding by banks. Other reasons proffered for the low patronage of banks to finance properties in the area include delays associated with bureaucratic processes, demand for collaterals and lack of flexibility. Money lenders on the other hand were shunned because of their exorbitant interest rate charges and lack of mercy in case of default by borrowers.

Usually transfer of property ownership from a seller to a buyer in urban areas, status of the settlement notwithstanding, was documented. The type of document depended on how much the actors were willing to invest and largely determined the level of tenure security. Documents varied from payment receipts to agreements and Certificate of Occupancy (C of O). As elaborated (Adam, 2014), the plot of land was demarcated and a letter of agreement for the transfer prepared and signed in the presence of witnesses, after an agreement had been reached by buyer and seller. Although the transaction was between the two main actors, seller and buyer, a significant feature of the documents evidencing it was the appendage of signatures by witnesses invited by the parties. Witnesses were usually trusted persons who can confirm that the transaction had taken place. Witnesses became very useful in cases of disputes as their testimonies weighed heavily on decisions taken. Initially, neighbours, friends and family could serve as witnesses. In recent times and more increasingly, lawyers are called in as witnesses and may, in addition, be required to prepare agreement documents.

The role of government and its agencies appeared insignificant in property transactions in informal settlements like Ayobo. This is a big contrast from what happens in the more formal parts of the urban area. The only identified role of government appears to be in the issuance of the C of Os. Although a C of O commands the highest level of tenure security, it is rarely pursued by residents because of the high cost, length of time and bureaucracy. From the study, only 16.5% of respondents reported having the C of O as their proof of ownership. The proportion appears high because of the influx of middle class households into the study area. When data is segregated however, percentage of respondents who have C of O is significantly lower.

Conclusion

This paper has examined the property market in an informal settlement located at Ayobo, Lagos, Nigeria, with focus on the role of market actors. It provides ample evidence to suggest an active property market in the informal settlement of Ayobo. Of significance also is the growing secondary sub market where original buyers are re-selling their properties. The findings provide clues in understanding role of actors in other informal settlements many of which are located in developing countries.

The fact that land is the most traded item and the observed incremental housing method of housing development suggests that persons who move into informal settlements probably attempt to access housing with low initial cost. Urban plans may therefore take this into consideration, with the design of organic communities that will develop over time. Architects may also begin to design for incremental development. This is because the incremental houses observed did not appear to be planned from the onset.

The results suggest that the informal settlement studied is a product of urban-urban migration. In fact, most persons moved in from other parts of Ayobo and Lagos. Most of the home owners

are however of the middle and high income. This probably challenges the belief that informal settlements, especially those characterized by unauthorized housing, located at urban peripheral areas, are homes for the poor only. This however needs to be further investigated. The results probably corroborate the fact that persons who access real estate properties in informal settlements may not have met the criteria for formal loan. This is in the light of the fact that they mostly sourced fund from personal savings. Very few persons were able to source funds from banks. The ways that the home owners, who were mostly self-employed were able to access finance mostly through personal savings may however be further investigated.

That most of the lands were also sold through land-owning families also corroborates the fact that these lands were not invaded. The recognition given by the government to the sales agreement suggests that the government may not be totally against the developments. The fact that a number of persons have also obtained their Certificates of Occupancy (C of O) further suggests that the settlement is permitted and may not be evacuated anytime soon.

Despite the findings of this study, it should be noted that this study has only been carried out in one informal settlement in the urban peripheral area of Lagos. The results may need to be confirmed in similar informal settlements in other areas of the country and in other countries.

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