



THE EFFECT OF INSURGENCY AND SOCIAL UNREST ON THE RENTAL VALUE OF COMMERCIAL PROPERTIES IN ONITSHA AND ASABA.

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ABSTRACT

The most important thing in any human endeavor is safety of life and then property, any activity that poses threat to lives and property of people is a direct attack on the development of such city. Onitsha which is the commercial hub of Anambra state has been suffering set back in the commercial activity which is carried out in the metropolis due to the high level of insurgency occasioned by the sit-at-home order often made in the south east region of Nigeria. The interest of this paper is to assess the effect of insurgency and social unrest on the rental value of commercial properties in Onitsha and Asaba. Questionnaire was

Introduction

No nation, state or metropolis can boast of development in the face of a high level of insecurity in the society. The far-reaching effects of insecurity are evident in most communities in Nigeria. Most of the communities are less developed and can be unsafe for the inhabitants. This can trigger so many reactions from the society, including rural-urban or urban-rural migration mainly to safer cities or states in a country. The topic of insecurity has become a major discussion in any societal gathering in Nigerian society, with a good focus on some eastern parts of the country such as Onitsha, the commercial hub of Anambra State. Main Market in Onitsha, Anambra State, Southeast Nigeria, is the major markets that have carved up Onitsha into bustling fields of hustles. A recent New York Times report estimates the annual volume of business transactions in the Onitsha markets at \$5 billion. Onitsha and Asaba had been pivotal in the commercial success of Nollywood, Nigeria's multi-billion dollar movie industry. This sprawling regional business hub stands to lose all to the current creeping insecurity. There have been killings and attacks that target police personnel. The military have also not been spared by the attackers. Responding to this high rise of insecurity in the named metropolis, the traditional institution in Onitsha led by Igwe Alfred Achebe, the Obi of Onitsha, set up a local vigilante group to confront the situation. The foundation of this insecurity has been insurgency—two groups of separatist movements campaigning for the self-determination of Biafra from Nigeria, the Indigenous People of Biafra (IPOB) and Movement for



distributed to 15 real estate companies in Onitsha which was returned. The opinion of the respondents was presented with the use of tables and analysed using simple percentage. The study found that the insurgency in Onitsha has directly improved the commercial activity in Asaba because businesses are moving from Onitsha to Asaba as a result of the sit-at-home order. The study went further to concludes that Going by the first law of demand and supply; the higher the demand of a commodity, the higher the price of that commodity. It simply means that if this sit-at-home order continues to a foreseeable future, the rental value of commercial properties will reduce in Onitsha while it will increases in Asaba due to reduction and increase in the demand of commercial properties in Onitsha and Asaba respectively

Keywords: *Insurgency, Social Unrest, Rental Value, Commercial Properties, Onitsha.*

Actualization of the Sovereign State of Biafra (MASSOB), are in contention over control of the town. The IPOB group is dominant in most parts of the metropolis (Onitsha), but MASSOB is fully in control of Okpoko, a district of Onitsha.

It is common knowledge that the menace of insecurity will bring about multiple effects. One of these effects will be the large movement of people from affected areas to other areas. This kind of migration poses so many challenges; however, this study looks at its effect on the rental value of commercial properties in the named metropolis.

The effect of these migrations on rental values is a two-way thing, depending on how resourceful the migrants are. For skilled and resourceful migrants, there is a likelihood of giving up decent commercial properties, where well-meaning businesses are carried out, in the quest for safety and security. This may leave behind a remnant of non-skilled and less resourceful labor who can barely afford the rental value such commercial properties command at the time. This could be just an instance; this study aims at unravel any of such other cases and their obvious and latent implications. On the other hand, it is very easy for business owners in the metropolis to gradually stay out of business. The customers who are supposed to patronize the business are more concerned in gaining security, and so, they either stay indoors most often or migrate to other places. Since businesses need people to thrive, there is every tendency that they are closed now until further notice. This is bad market for such commercial properties where this businesses happen.

Asaba, the capital of Delta state which shares common boundary with Onitsha across the river Niger will definitely partake in the effects of the activities insurgency either positively or negatively.

In this course of study, we will find out if there are situations or not where the rental value of commercial properties decrease or remain relatively unchanged in the face of insurgency and insecurity, especially in Onitsha and Asaba.

Literature Review

The Background to Insurgency and Social Unrest in Onitsha:

The Nigerian Civil War (6 July 1967 – 15 January 1970; also known as the Nigerian-Biafran War or the Biafran War) was a civil war fought between the government of Nigeria and the Republic



of Biafra, a secessionist state which had declared its independence from Nigeria in 1967. Nigeria was led by General Yakubu Gowon, while Biafra was led by Lt. Colonel Odumegwu Ojukwu. Biafra represented the nationalist aspirations of the Igbo ethnic group, whose leadership felt they could no longer coexist with the federal government dominated by the interests of the Hausa-Fulanis of northern Nigeria. The conflict resulted from political, economic, ethnic, cultural and religious tensions which preceded Britain's formal decolonization of Nigeria from 1960 to 1963. Immediate causes of the war in 1966 included ethno-religious violence and anti-Igbo pogroms in Northern Nigeria, a military coup, a counter-coup and persecution of Igbo living in Northern Nigeria. Control over the lucrative oil production in the Niger Delta also played a vital strategic role.

Within a year, the Federal Government troops surrounded Biafra, captured coastal oil facilities and the city of Port Harcourt. A blockade was imposed as a deliberate policy during the ensuing stalemate which led to mass starvation. During the two and half years of the war, there were about 100,000 overall military casualties, while between 500,000 and 2 million Biafran civilians died of starvation. Apparently, Biafra lost to Nigeria. (Wikipedia, 2022).

Biafra was more or less wiped off the map until its resurrection by the contemporary Movement for the Actualization of the Sovereign State of Biafra (MASSOB). Chinua Achebe's last book, *There Was a Country: A Personal History of Biafra*, has also rekindled discussion of the war. In 2012, the Indigenous People of Biafra (IPOB) separatist movement was founded, led by Nnamdi Kanu. In 2021, tensions between IPOB and the Nigerian government escalated into the violent Orlu Crisis, with IPOB declaring that the "second Nigeria/Biafra war" had begun. The separatists vowed that this time, Biafra would win. (Wikipedia, 2022).

Such ethnic militia, which is a feature of self-help (for whatever reason they are constituted) has generated a trend of terror and insecurity, resulting in flight of humans in areas of its prevalence. There are such other movements such as The Movement for the Emancipation of Niger Delta, Oodua People's Forum, Arewa Consultative Forum, etc. They have in one way or the other made acute the insecurity problem, alongside the Movement for the Actualization of the Sovereign State of Biafra and the Indigenous People of Biafra. The result is flight from some areas of intensive insecurity such as Port Harcourt, Aba, Onitsha and so on to areas of relative non-ethnicity such as Abuja. The result of such security-induced movements is averse to economic and social development of the nation. These have the capacity to tell heavily on the rental value of commercial properties in places where they are prevalent.

Review of Insurgency Situation in Nigeria

Oduboya and Adeyemi (2017) carried out a study to identify the factors affecting the rental values of accommodation in Nigeria. The study explored the influence socioeconomic factors such as income, household size, accommodation, transportation network, distance between house residence and work place, location and locality but not insurgency or social crisis on the rental value of accommodation and not commercial properties in Lagos metropolis. Data were sourced through a well-developed questionnaire, which was administered to 200 real estate professionals in Lagos Metropolis (Only 82 and 80 were collected from Lagos Mainland and Island respectively). Results indicated that income and location were found to significantly affect the rental value of accommodation in Lagos Island. The study suggests that government, real estate planners, property owners and stakeholders should socioeconomic factors into consideration before determining and reviewing the rental value of properties.



Orekan (2014) carried out a study to determine the effects of the ongoing crisis on the rental and market value of properties when compared to previous years in Kano state. In attaining this aim, questionnaires were administered to all the estate surveying and valuation firms. The indications are that properties are losing their values in Kano State. It is recommended that government should beef-up security in this area so as to give property owners the confidence to remain and continue to invest in property development.

According to Daily Trust report, the insurgency witnessed in Yobe state which became intensified in 2011 not only led to loss of lives but destruction of public buildings and facilities including private structures and assets belonging to thousands of individuals. At the peak of Boko Haram insurgency, “speculators” smartly pushed and bought up the properties of terrified residents, and patiently waited for the situation to normalise. “At that time, it was the only risk free strategy that one can adopt to save and accrue his capital, because almost all our businesses have been affected by Boko Haram insurgency,” said one of the real estate businessmen. However, with the return of fleeing residents who disposed their property at give away price and influx of people to Damaturu, individuals who invested in property have started renting them out to the returnees.

According to Blueprint (2021), the emergence of insurgency and frequent kidnapping in Kaduna state have further crippled the property market, especially in areas like Kujuma, Chukun, Ganiogora, etc. The situation also affected the entertainment industry like cinemas, hotels, and clubs, as they were made to close down business for months. Property owners within the aforementioned areas are forced to vacate their commercial properties for safety reasons.

Trends in the Rental Value of Commercial Properties (Factors that Affect Rental Values of Commercial Properties):

Real estate trend is a generic term used to describe any consistent pattern or change in the general direction of the real estate industry, which must be based on fact and, over the course of time, causing a statistically noticeable pattern of change. This phenomenon can be a result of the economy, which can be affected by insurgency, social unrest, or insecurity, a change in mortgage rates, consumer speculations, or other fundamental and non-fundamental reasons. A trend can be downward or upward, horizontal or vertical depending on the series of related changes that is identified and projected into a plausible future. When such trends are based on rental values then the observation will be confined to any evident changes in rent patterns.

Rents passing on commercial properties are bound to be influence variedly due to the heterogeneity of real estate. These factors may include:

- Closeness to high-rise buildings
- accessibility
- Location
- Size
- Structural characteristics
- Proximity to rail and park provision of balconies
- Proximity to open space etc.

From these backdrops these requisite factors have to be continually evident for properties to keep commanding attractive rents that will generate an impressive trend/pattern from the stance of investors over a given period of time. Rising rents have been described as an



attraction for rental real estate development as prospect of rental growth is also an important viability consideration. In addition rental growth rates combined with occupancy levels are being regarded as major long run determinants of property income. Changes in rent invariably affect every type of real estate although in varying degrees. It appears that these changes are more evident in commercial properties (Iroham, 2014). This perhaps is due to the fact that these properties are majorly built for business transactions and as the name implies could easily be prone to varying economic warp. Commercial property which could come in form of office space, malls, retail stores, shopping centers, banks amongst others has an important role in real estate markets, and its importance can be related to three different factors (Iroham, 2014):

- First, as a factor of production, commercial property provides the space to house the activities of business and industry.
- Second, as a financial asset, commercial property constitutes a significant part within asset markets.
- Third, as an investment medium, it provides revenues to its holders based on value.

These characteristics make commercial property attractive for investors. Three types of commercial properties including purpose built office space, converted office space and shopping complex are evident in the study area, Onitsha and Asaba. As a fast growing arena for commercial activities, investors are no longer faced with the decision on which of the types of property to invest their hard earned income alone but also the probable trouble they would run into if the prevailing insurgency and social unrest are not well-managed. The investor asks questions to understand how much the situation will affect his property on the long run. This study is thereby geared towards leading investors aright on the best decision of investment.

Methodology

This study made use of survey research design. Check and Schutt (2012) defined survey research as the collection of information from a sample of individuals through their responses to questions. Questionnaire was distributed to 15 real estate companies in Onitsha which were returned. The opinion of the respondents were presented with the use of tables and analysed using simple percentage.

Data Presentation and Analysis

In this session, the data obtained from the respondents using questionnaire were analysed. Table 1

1. what type of commercial Property does your business occupy				
Answer Choices			Response Percent	Response Total
1	Warehouse		7.14%	1
2	Shop		35.71%	5
3	Office		57.14%	8
			answered	14
			skipped	1



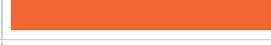
From table 1, it is observed that the predominant type of commercial property in the study area are offices, followed by shops and then warehouse.

Table 2

2. Have there been cases of social unrest that affected your business				
Answer Choices			Response Percent	Response Total
1	Yes		85.71%	12
2	No		14.29%	2
			answered	14
			skipped	1

From table 2; 85.71% of the respondents agreed that the cases of social unrest in Onitsha has affected their business directly or indirectly. While 14.29% states that their business has not been affected by any form of social unrest. This shows that a good number of real estate business and of course other businesses has been affected by the social unrest in Onitsha.

Table 3

3. To what extent has the sit-at-home order affected your business				
Answer Choices			Response Percent	Response Total
1	Very high		14.29%	2
2	High		57.14%	8
3	Neutral		21.43%	3
4	Low		7.14%	1
5	Very Low		0.00%	0
			answered	14
			skipped	1

From table3; 14.29% of the respondents holds that the effect of the sit-at-home order on their business is very high, 57.14% claims it is high, 21.43% appears to be neutral while 7.14% says it is low. This shows that the Monday sit-at-home has a negative economic effect on the business activity in Onitsha.

Table 4



4. Kindly evaluate this statement; the properties of the violators of the sit-at-home order have been destroyed				
Answer Choices			Response Percent	Response Total
1	Strongly agree		14.29%	2
2	Agree		64.29%	9
3	Neutral		21.43%	3
4	Disagree		0.00%	0
5	Strongly disagree		0.00%	0
			answered	14
			skipped	1

From table 4, 14.29% of the respondents strongly agreed that the properties of the violators of the sit-at-home order have been destroyed, 64.29% agreed that the properties of the violators of the sit-at-home order have been destroyed while 21.43% stands neutral. This shows that the executors of this sit-at-home order often destroys the properties and business of whoever violates the sit-at-home order in Onitsha.

Tables

5. Kindly evaluate this statement; some violators of the sit-at-home order have lost their lives				
Answer Choices			Response Percent	Response Total
1	Strongly agree		23.08%	3
2	Agree		69.23%	9
3	Neutral		7.69%	1
4	Disagree		0.00%	0
5	Strongly disagree		0.00%	0
			answered	13
			skipped	2

From table 5; 23.08% of the respondents strongly agreed that some of the violators of the sit-at-home order had lost their lives to the insurgency, 69.23% agreed that the violators of the order had lost their lives while 7.69% stands neutral.



Table 6

6. The effect of the insurgency on rental values of commercial Properties in Onitsha						
Answer Choices	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Response Total
Lack of rent due to Void	13.33% 2	26.67% 4	40.00% 6	20.00% 3	0.00% 0	15
Tenants inability to pay rent	13.33% 2	60.00% 9	26.67% 4	0.00% 0	0.00% 0	15
Reduction in rental value of commercial properties	13.33% 2	20.00% 3	20.00% 3	40.00% 6	6.67% 1	15
Reduction of commercial activities	46.67% 7	46.67% 7	0.00% 0	6.67% 1	0.00% 0	15
					answered	15
					skipped	0

From table 6; it is observed that lack of rent due to void and reduction in rental value of commercial properties do not appear to be effects of insurgency on rental values of commercial properties in Onitsha while tenants inability to pay rent and reduction of commercial activities are seen as serious effects of insurgency and social unrest on rental values of commercial properties in Onitsha.

Table 7

7. The insurgency in Onitsha affects positively the commercial activities in Asaba				
Answer Choices			Response Percent	Response Total
1	Strongly agree		33.33%	5
2	Agree		46.67%	7
3	Neither agree nor disagree		13.33%	2
4	Disagree		6.67%	1
5	Strongly disagree		0.00%	0



7. The insurgency in Onitsha affects positively the commercial activities in Asaba

	answered	15
	skipped	0

From table 7; 33.33% strongly agree that the insurgency in Onitsha affects positively the commercial activities in Asaba, 46.67% agreed to that the insurgency in Onitsha affects positively the commercial activities in Asaba, 6.6% disagrees while 13.33% stands neutral.

Table 8

8. The insurgency in Onitsha has improved the rental value of Commercial Properties in Asaba

Answer Choices			Response Percent	Response Total
1	Strongly agree		20.00%	3
2	Agree		33.33%	5
3	Neither agree nor disagree		20.00%	3
4	Disagree		6.67%	1
5	Strongly disagree		20.00%	3
			answered	15
			skipped	0

From table 8; 20% of the respondents strongly agrees that the insurgency in Onitsha has improved the rental value of commercial properties in Asaba, 33.33% agreed, 6.67% disagreed, 20% strongly disagreed while 20% stand neutral.

Summary of Findings and Conclusion

Summary of Findings

From the analysis the following findings were discovered; that the sit-at-home has constituted insurgency in Onitsha which has affected negatively the commercial activities in the study area. Many violators of the sit-at-home order had either lost their lives or properties to the insurgency. Tenants of commercial properties now find it difficult to pay their rent as at when due because of the reduction of commercial activities during the sit-at-home in Onitsha. Also the insurgency in Onitsha has directly improved the commercial activity in Asaba because businesses are moving from Onitsha to Asaba as a result of the sit-at-home order. This is because Asaba is closed to Onitsha and many business men who do not want to risk their lives and property can choose to do their commercial transactions in Asaba while the sit-at-home order is executed in Onitsha.



Conclusion

The insurgency in Onitsha has caused a lot of havoc to the lives and properties of the people living and doing business in the city. This has affected negatively the commercial activity which takes place in the city and has reduced the ability of the tenants of commercial property to pay their rent as at when due, this will later reduce the rental value of commercial property in Onitsha because if people continue to move from Onitsha to Asaba, gradually, the demand of commercial properties in Onitsha will be reducing while it increases in Asaba. Going by the first law of demand and supply; the higher the demand of a commodity, the higher the price of that commodity. It simply means that if this sit-at-home order continues to a foreseeable future, the rental value of commercial properties will reduce in Onitsha while it increases in Asaba.

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