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# Does Slum Affect Rental Values? Experiences from Selected Nghbourhoods in Port Harcourt Metropolis?

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***Abstract***
*Rapid urbanization and urban expansion have been phenomenal in Port Harcourt metropolis due mainly to rural-urban migration, ill-conceived policies, rapid and uncontrolled urbanization, acute poverty, inappropriate urban planning and weak institutional capacity resulting in slum development with attendant negative effect on rental values. This research examined the effect of slum on value of residential properties in Port Harcourt metropolis with a view to determining if rent varies in planned and unplanned neighbourhoods. The study adopted mix method research approach with 399 heads of households as respondents. The data generated were analyzed using descriptive statistics. The finding of the study indicates that rental values of housing units vary between planned and unplanned neighbourhoods in Port Harcourt metropolis and is attributed to the negative effect of slum development. Findings also reveal that slums play pivotal role in the sustenance of the city such as provision of accommodation for new migrants (17.2%), promotion of group association (15%), source of unskilled and semi-skilled labor (16.5%), and source of income for slum landlords (18.6%). With spatial planning at a very low ebb in Port Harcourt, settlements within and around the city grow amorphously without any pattern and lacking necessary basic social amenities such as potable drinking water, access road, drainage system and set back. There is need to open up investment in housing provision by encouraging private investors to embark on direct construction of decent, but affordable high density residential housing units - as a way of reducing slum formation in the metropolis.*

***Keywords****: Slum, rental value, housing, Properties, urban growth, accommodation*

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## I. Introduction

One of the characteristic features of most cities especially in the developing nations of the world is the presence of slum. In these climes, slum development is precipitated by rural-urban migration, ill-conceived policies, rapid and uncontrolled urbanization, acute poverty, inappropriate urban planning and weak institutional capacity amongst others (Singh & Raj, 2014). Slum manifest when majority of the dwelling units in a given area exhibit certain features such as inadequate drinking water supply, inadequate sanitation, location near or around hazardous sites, evidence of temporary and or dilapidated structures, overcrowding and insecurity of tenure. Slum development, growth and attendant challenges are issues of concern in developing countries (Eneh, 2021). Irrespective of these features attributed to slum, they are still – integral part of urban society and make significant contribution to its economy through input from the labor market and informal production activities. The reality is that with unpreceded growth in urban space, the development of slum appears inevitable as about 900 million persons in the world live in slum (Friesen, Taubenböck, Wurm & Pelz, 2019). It has also been projected that an estimated two billion of the world's population is expected to live in slum in the year 2030 (UN-Habitat, 2003; Kraas & Schlacke, 2016).

Although the distribution of slums is inequitable the world over, Nigeria has a reasonable number of its citizens living in slums. According to UN-Habitat (2010), Nigeria is amongst the three countries in the developing economics with the highest slum growth rate. Anecdotal evidence indicates that most slums in Nigeria are found at the periphery of commercial centers experiencing rapid urbanization without adequate provision and maintenance of housing and infrastructure and are mostly inhabited by low income dwellers.

Omole, (2010) opined that the presence of slum increases crime rate thereby affecting the value of residential property. Port Harcourt is home for hydrocarbon industries and a major economic hub in Nigeria. The presence of industries and social amenities and job opportunities exercises centrifugal influence pulling people into the area in search of better living. Unfortunately, insufficient accommodation in the area breeds

situations where migrants resort to urban fringes for accommodation with attendant effect on rental value. High concentration of migrants in the fringes without corresponding supply of amenities precipitates a situation where the available amenities are over stretched, overcrowding and squalid environment that further reduces rental value. This study examined the effects of slum development on rents of residential properties with a view to examining if rent varies in planned and un-planned areas in Port Harcourt metropolis

## II. Study Area

The geographical scope of this study is Port Harcourt metropolis comprising of Port Harcourt city and Obio/Akpor Local Government Areas (LGAs). Port Harcourt metropolis is situated on Latitude $4^0$45'N – $4^0$55'N and Longitude $6^0$55'E – $7^0$5'E. It has an estimated land area of 664 square kilometers. The study area is bounded on the North by Ikwerre/Etche LGAs, on the South by Degema/Okirika LGAs and Bight of Bonny and on the West by Emohua LGA (figure 1).

The locational attribute of the study area is a lowland area which predisposes it to constant environmental and health consequences on the residents of the area (Wachukwu, Obinna &Weje, 2020) it lies on flat plain, with a network of rivers and tributaries. Rainfall is generally seasonal, variable, as well as heavy. Generally, rain occurs on the average every month of the year, but with varying duration. The state is characterized by high rainfall which decreases from south to north. Total annual rainfall decreases from about 4,700 mm (185 in) on the coast, to about 1,700 mm (67 in) in the extreme north. The land surface of Rivers State can be divided into three zones: freshwater swamps, mangrove swamps, and coastal sand ridges. The freshwater zone extends northwards from the mangrove swamps. This land surface is generally less than 20m above sea level.

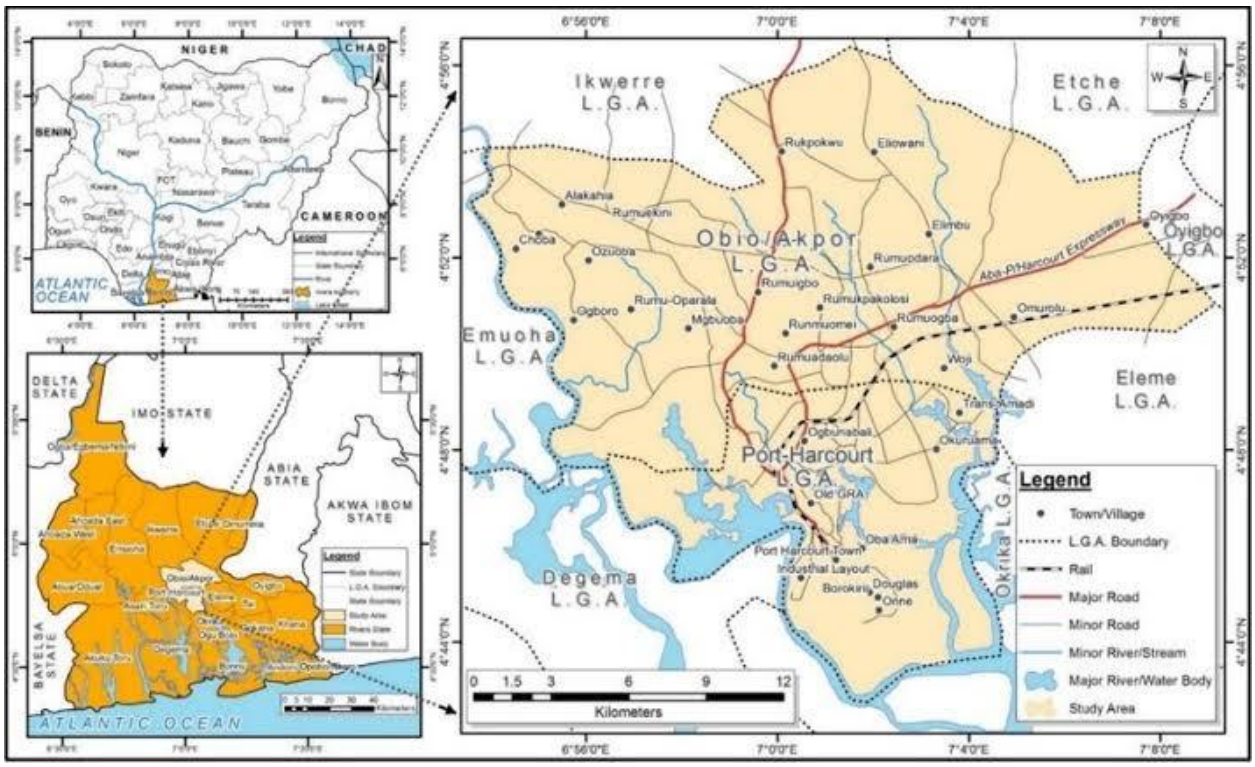


**Figure 1: Port Harcourt Metropolis**

## III. Conceptual Overview

### 3.1 Concept of Slum

The term slum can be described as an area characterized by deteriorating/deteriorated properties, densely occupied people of low status whose way of life, standard of conduct are often at variance with those people on higher socio-economic levels. Slum areas are characterized by poor sanitation and in most of these areas there is blighted, dirty, stinking and stagnant water along the streets and in the drains (UN-Habitat, 2003).

Slums may also be described as a group of buildings or an area characterized by overcrowding, deterioration, insanitary conditions, or absence of basic and essential facilities like potable water, drainage system, schools, health facilities, recreational grounds, post office, among others. No matter how slum is conceptualized, the term slum is used to describe residential area lacking substandard housing, poorly serviced and/or overcrowded, and therefore unhealthy, unsafe, and socially undesirable. Slums generate spontaneously

and are in some cases, a direct result of the prevalence of poverty experienced by the inhabitants of cities (Olotuah, 2006). Slums, which is regarded as an element of urban decay, also results from congestion in overcrowded cities where poor immigrants seek to settle for just any available accommodation irrespective of quality.

### 3.2 **Concepts of Rent and Rental Values**

Since the era of classical economics, rent has been repeatedly a controversial subject. Rent is a periodic payment for the use of property. Rent is used mainly for land or land and improvement, but it could be used in respect of other chattels such as plant, machinery and equipment. Rents from property arise not from the considerations of investment which operate on different sets of conditionality and parameters. It is the costs paid to the owners of scarce resources (Keiichiro, 2016).

Rental value is a term that is used to describe the monetary amount that would be paid for a piece of property that is similar in nature to another property. The comparison allows for factors such as both properties offering similar amounts of square footage for both the structures on the property and the lot on which the structures were located, and the similarity in locations for both properties used in the comparison (Tamtum, 1998).

The various forms of rent include economic rent and contract rent. Contract rent refers to the actual payments tenants make for their use of the property while economic rent is the payment made to a factor of production which is in excess of that which is needed to keep it employed in its current use or its transfer earning. For Haig (1926), rent appears as the change which the owner of a relatively accessible site can impose because of the reduction in transport cost which the use of his site makes possible.

## IV. Literature Review

There quite a plethora of studies in the subject area from diverse scholars including urban managers. For example, Ubani, Usip and Neeka (2021) examined the impacts and determinants of urban slum redevelopment/transformation in Port Harcourt metropolis, Rivers State, and observed that urbanization has brought several negative impacts such as the development of slum housing environment and the attendant decay that comes with it. Wizor and Obafemi (2019) studied the effects of urbanization on housing the urban poor in Port Harcourt City. Their findings revealed that income level of residents and the rental values of slum properties are the major determinants of housing choice and quality of urban housing in the area. Pat-Mbano and Similarly, Nwadiaro (2012) examined the negative effects of slum environment on the residents of Port Harcourt and advocated the need for government and city planners to provide affordable land and low-cost housing schemes targeted at enhancing the ability of slum dwellers to own their houses or rent decent houses. Baadom, West and Needam (2019) set out to study the effects of slum on urban governance in Port Harcourt. Their findings revealed that urban slum remains one of the predominant challenging problems confronting urban governance in Port Harcourt metropolis and other cities in developing nations. Maduawuchi and Amadi-Oparaeli, (2021) writing on urban slum and cultism in Port Harcourt noted that the presence of slums creates the needed impetus for cultism to thrive and recommended for upgrade of slum areas for the benefit of low-income earners. Many of the studies (for example, Pat-Mbano & Nwadiaro, 2012; Baadom, West & Needam 2019; Ubani, Usip & Neeka, 2021) on slum in Port Harcourt concentrated on issues of slum and criminality, slum and urban governance among others. There appears to be no study on the effect of slum on values of residential properties in Port Harcourt metropolis. This was the identified gap that the present study sought to fill.

## V. Methods and Materials

The research approach adopted for this study was the Mixed Method Research (MMR) as it combines both quantitative and qualitative approaches. The descriptive cross sectional survey research design was used since there was no manipulation of the variables under study (Oladipo, Owei, Dr Obinna, & Weje 2020). The data for this study was gathered from two sources; primary and secondary sources. The multi-stage sampling technique was used. The study area was divided into the two LGAs that make up the metropolis (Port Harcourt and Obio/Apkor LGAs). Each LGA was further divided into planned and non-planned neighborhoods. The yardstick used in classifying areas as planned or unplanned included settlements with or without one or all of the following features: basic social amenities provision, sanitation and waste management facility, adequate portable drinking water supply, housing overcrowding and insecurity of tenure, evidence of temporary and dilapidated structure, compliance to setback standards, access road and drainage system, poor housing quality and high occupancy ratio.

Two neighborhoods each from the planned and unplanned neigbourhoods were there after selected randomly from each LGA making a total of eight neighbourhoods studied. All the streets in the sampled neighbourhoods were identified and listed while households served as unit of inquiry. For questionnaire

administration, heads of households were randomly selected and questionnaire proportionally distributed (table 1).

The population of the eight (8) neighbourhoods selected for the study was projected using the population exponential formula from 1991 (120,596 persons) to 2022 (797,665 persons). The sample size for this study was gotten by employing the Taro Yamane formula with a 0.05% level of precision and this gave a sample size of 399. Descriptive statistics (frequencies and percentages) were used for data analysis and results presented using tables, charts.

**Table 1: Sample size of the study**

| S/N | LGA. | **Sample** Neighbourhood | **Household size** | **No. of Questionnaire** |
|---|---|---|---|---|
| | **Port Harcourt LGA** | | | |
| **Unplanned Neighbourhood** | | | | |
| 1. | | Bundu-Ama | 17,932 | 53 |
| 2. | | Nembe waterside | 78,698 | 236 |
| **Planned Neighbourhood** | | | | |
| 3. | | Port Harcourt Township | 13636 | 41 |
| 4. | | Orije old GRA | 7,146 | 22 |
| **Obio/Akpor LGA** | | | | |
| **Unplanned Neighbourhood** | | Iwofe | 676 | 2 |
| 5. | | Mgbuoshimini Oroazi Rumueme | 12142 | 36 |
| Planned Neighbourhood | | | | |
| 6. | | Agip Estate Rumueme | 505 | 2 |
| 7. | | Rumubekwe Estate | 2211 | 7 |
| **Total** | | | **132,946** | **399** |

**Source: Authors field work (2022)**

## VI. Results and Discussion

### 6.1 Demographic Characteristics of Respondents

Out of the 399 questionnaires distributed, 361 (90.5%) were retrieve and formed the basis for this analysis. The demographic characteristics show that 63.9% of the respondents were males while 36.1% were females. The age distribution of respondents as shown in table 2 indicates that 17.7% were in the age bracket of 45 – 54, while those within the ages of 55-64 years and 35 – 44 years make up approximately 24.4% and 16.6% respectively. Respondents of 65 and above years of age make up only about 20.5% of the respondents. However, those respondents between the ages of 25-34 years and 15 – 24 years make up 11.9% and 18.9% respectively (see table 3). This reveals that greater percentage of the respondents belong to the active population.

Table 2: Age Distribution of Respondents

| S/N | Age | F | % |
|---|---|---|---|
| 1. | 15 – 24 years | 32 | 8.9 |
| 2. | 25 – 34 years | 43 | 11.9 |
| 3. | 35 – 44 years | 60 | 16.6 |
| 4. | 45 – 54 years | 64 | 17.7 |
| 5 | 55 – 64 years | 88 | 24.4 |
| 6. | 65 + years | 74 | 20.5 |
| | Total | 361 | 100 |

Source: Authors' field survey, 2022

The information on the academic status of the people interviewed shows that they cut across all levels as presented in Table 3. From the table, 21.6% had education up to master degree level and above, 18.8% of the respondents are education up to bachelor degree levels. Furthermore, 10.8% of the respondents had secondary school education, 10.5% had basic education while 18.3% had no basic education (see table 4). This implies that the majority of the respondents are highly educated and knowledgeable.

**Table 3: Academic Status of the Respondents**

| S/N | Level of Education | F | % |
|---|---|---|---|
| 1. | Basic | 38 | 10.5 |
| 2. | Secondary | 39 | 10.8 |
| 3. | Bachelor degree | 68 | 8.8 |
| 4. | Master and above | 78 | 27.6 |
| 5. | Other professional training | 72 | 19.9 |
| 6. | No Basic education | 66 | 18.3 |
| | **Total** | **361** | **100** |

Source: Researcher's field survey, 2022

Table 4, revealed that 21.1% of the sampled respondents have permanent employment, 22.7% are unemployed, 17.7% are self-employed while 16.1% have temporary employment and 22.4% represent others (the retired).

**Table 4: Distributed of Employment Status of Respondents**

| S/N | Employment Status/Type | F | % |
|---|---|---|---|
| 1. | Permanently employed | 76 | 21.1 |
| 2. | Temporary employed | 58 | 16.1 |
| 3. | Unemployed | 82 | 22.7 |
| 4. | Self employed | 64 | 17.7 |
| 5. | Others (retired, etc.) | 81 | 22.4 |
| | Total | 361 | 100 |

Source: Researcher's field survey, 2022

The occupational characteristics of the respondents reveals that 16.9% are either civil or public servants, 15% are corporate workers, 11.4% are traders while 11.1% are artisans 17.5% are business men/women, 8.3% are drivers while 6.4% are farmers. The nuptial status data of the sampled respondents showed that 41.3% are married, 25.9% are widows/widowers, 22.0% are single while 10.8% are divorcees. This implies that majority of the respondents are married.

On factors responsible for slum formation, findings revealed that uncontrollable urbanization is one of the causes of slum formation as 20.2% of the total respondents sampled for this study affirmed. Other factors that results in slum development (Table 5) are: high level of poverty among the residence 20.5%, rural urban migration 21.6%, unemployment 18.0% and poor land use planning 19.7%.

**Table 5 : Distribution of responses on causes of slum formation in the study area.**

| S/N | Causes of Slum Formation | Frequency | % |
|---|---|---|---|
| 1. | Uncontrollable urbanization | 73 | 20.2 |
| 2. | High level of poverty | 74 | 20.5 |
| 3. | High level of rural-urban migration | 78 | 21.6 |
| 4. | Unemployment among the people | 65 | 18.0 |
| 5. | Diseconomy created by land use and land acquisition | 71 | 19.6 |
| | Total | 361 | 100 |

Source: Researcher's field survey, 2022

Also, the study further examined the role that slum settlements play in the overall existence of the area (table 6) to include: provision of accommodation for new migrants (17.2%), promotion of group association (15%), source of unskilled and semi-skilled labor (16.5%), refuge or hideout for criminals (17.7%) and source of income for slum landlords (18.6%).

**Table 6: Distribution of Responses on the role of Slum Settlement**

| S/N | Options | Frequency | % |
|---|---|---|---|
| 1. | Provide accommodation for new migrants | 62 | 17.2 |
| 2. | Provide accommodation for urban poor | 55 | 15.5 |
| 3. | Promote group association | 54 | 15.0 |
| 4. | It's a source of unskilled and semi-skilled labor | 58 | 16.1 |
| 5. | Provide refuge or hideout for criminals | 64 | 17.7 |
| 6. | It's a source of income for slum landlords | 68 | 18.8 |

| | | | |
|---|---|---|---|
| | Total | 361 | 100 |

Source: Researcher's field survey, 2022

### 6.2 Rental Values of Residential Properties in the Planned and unplanned Neighbourhoods in Port Harcourt

The study went further to investigate if there are variations in rental values of residential properties in the planned and unplanned settlements in the study. From table 7, a single room in the unplanned area goes for between N30,000 to N60,000 and N50,000 to N80,000 in planned areas in Port Harcourt metropolis. For self-contain apartment, it goes for N70,000 to N100,000 in the unplanned areas and N140,000 to N170,000 in the planned areas.

Furthermore, a one-bedroom flat in the unplanned areas goes for between N100, 000 to N180,000 while in the planned areas, it is between N250,000 to N350,000. for a two bed room flat in the planned area goes for between N350,000 to N500,000 and N170,000 to N220,000 in unplanned areas.

**Table 7: Rental Values of Residential Properties in Unplanned and Planned Areas**

| S/N | Types of Residential Property | Amount in Unplanned Area (N) | Amount in Planned Areas (N) |
|---|---|---|---|
| 1 | One room | ₦30,000 to ₦60,000 | ₦50,000 to ₦80,000 |
| 2 | Self-contain | ₦70,000 to ₦100,000 | ₦140,000 to ₦170,000 |
| 3 | One bed room flat | ₦100,00 to-₦180,000 | ₦250,000 to ₦350,000 |
| 4 | Two bed room flat | ₦170,000 to 220,000 | ₦350,000 to ₦500,000 |

**Source:** Researcher's field survey, 2022

When asked if slum negatively affects the value of residential properties in their area, 20.2% of the respondents are of the view that the presence of slum leads to low rental values of the residential properties (table 9). Another 21.9%, are of the view that the presence of slum leads to environmental pollution and degradation. Others opined that it leads to overcrowding and structural decay of residential environment (21.6%), provide hideout for crimes and criminality and moral decadences (21.3%), and provides an avenue for unfriendly waste disposal and management (15%).

| S/N | Options | Frequency | % |
|---|---|---|---|
| 1. | Leads to low rental values of the residential properties | 73 | 20.2 |
| 2. | Leads to environmental pollution and degradation | 79 | 21.9 |
| 3. | Increases the index of housing overcrowdings and structural decay | 78 | 21.6 |
| 4. | Provide hideout avenue for crime and criminality and more decadences | 77 | 21.3 |
| 5. | Leads to unfriendly waste generation, disposal and management methods | 54 | 15.0 |
| | Total | 361 | 100 |

Source: Researcher's field survey, 2022

## VII. Conclusion

With increasing population growth, residents in Port Harcourt Metropolis face tumultuous experience meeting their housing needs. Inadequate housing provision from both public and private sources in Port Harcourt metropolis precipitates situations where those who cannot afford decent housing resort to 'make-shift' housing in unplanned neighbourhoods found within the urban fringes. The presence of makeshift development creates slum conditions such as squalid and unsanitary environment that further lower the value of properties in the area concerned.

The result of the present study show that the value of residential properties varies in planned and unplanned neighbourhoods in Port Harcourt metropolis all of which are attributable to the impact of slum or slum-like development. This is evident in the fact that the demand for housing is composite in nature and supports the view of housing as a bundle of services. Housing consumption (demand) are made in consideration

of all other ancillary bundle of services thatd are derivable from the consumption of housing good including the serenity of the environment.

There is need to open up investment in housing provision by encouraging private investors to embark on direct construction of decent low residential housing unit/property types in the area. Urban renewal/improvement strategy is needed to upgrade the already run down areas as a way to improve neighborhood conditions, boost residential rental value and quality of life of residence in Port Harcourt metropolis.

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