

## Assessing The Challenges Urbanization Poses to Real Estate Development and Investment in Bonny Island, Rivers State, Nigeria.

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**ABSTRACT:** Urbanization is a central driver of socio-economic transformation in Rivers State, particularly on Bonny Island, which hosts significant industrial, commercial, and residential activities. While urban growth stimulated demand for real estate development and investment, it also introduced substantial challenges that can impede project viability and profitability. Therefore, this study assessed the challenges posed by urbanization to real estate development and investment on Bonny Island, Rivers State, Nigeria. A descriptive survey research design with mixed-methods approach was adopted, using structured questionnaires were administered to 384 stakeholders, of which 269 valid responses were analyzed representing an 70% response rate. Descriptive analytical techniques (frequency and percentage) were employed to assess unique industrial and urban landscape of Bonny Island to identified the primary constraints limiting effective real estate development. The findings revealed that more than half (.68%) of the respondents identified factors such as inadequate finance, land tenure insecurity, infrastructure deficits, environmental and climate risks, industrialization impacts, governance weaknesses, and socio-economic pressures as the substantial challenges impeding real estate development and investment. The study emphasized the need for integrated urban planning, improved land administration, climate-resilient infrastructure, and strengthened regulatory frameworks to mitigate risks and optimize investment potential. The study contributed to academic understanding and practical policy by providing focused insights into the challenges affecting real estate development and investment in a rapidly urbanizing island context.

**Keywords:** Challenges, Urbanization, Real estate investment, Property development, Bonny Island.

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### I. INTRODUCTION

Urbanization remains one of the most significant drivers reshaping the socio-economic and physical landscapes of cities across developing nations. In Nigeria, the pace of urban expansion has accelerated in recent decades due to population growth, industrialization, and rural–urban migration (National Population Commission, 2023; Aderamo & Obembe, 2021). While urbanization stimulates economic activities and can create new investment opportunities, it equally poses substantial challenges for sustainable real estate development, including pressure on land resources, infrastructure deficits, rising construction costs, and complex land administration systems (UN-Habitat, 2020; World Bank, 2022).

In the Niger Delta region, the dynamics of urban growth are further complicated by oil and gas operations, environmental constraints, and evolving settlement patterns (Ejumudo, 2014). Bonny Island in Rivers State exemplifies a rapidly urbanizing locality influenced by industrial activities, particularly those associated with Nigeria LNG Limited and other multinational oil firms. The resulting population influx, land-use changes, and infrastructural pressure have intensified the demand for residential and commercial properties. However, despite these opportunities, the real estate sector on Bonny Island faces significant challenges that hinder orderly development and limit investor confidence. Issues such as land scarcity, inadequate urban planning frameworks, environmental risks, high development costs, and limited access to serviced land continue to constrain the sector's growth (Nwankwo & Ezenwa, 2022; Adewale, 2021).

Existing literature on Nigerian urbanization has predominantly focused on metropolitan centres such as Lagos and Port Harcourt (Iwuanyanwu & Nwosu, 2019). In contrast, there is insufficient scholarly attention on smaller but strategically important urbanizing areas like Bonny Island, where industrial-driven growth creates a unique set of development challenges. Understanding these challenges is crucial for guiding policymakers, urban planners, investors, and real estate practitioners toward informed decision-making and sustainable land management. This study critically assesses the challenges that urbanization poses to real estate development and investment in Bonny Island, Rivers State. By examining the structural, economic, environmental, and governance-related constraints shaping the local property market, the study contributes to the broader discourse on urban growth management and sustainable real estate development in Nigeria.

### 1.1 Aim/Purpose of the Study

The aim of this study is to critically assess the challenges associated with rapid urbanization affecting real estate development and investment in Bonny Island, Rivers State, Nigeria. While specific objectives are to:

- i. Identify the key challenges associated with rapid urbanization in Bonny Island Rivers State.
- ii. Examine how the constraints influence real estate development and investment in Bonny Island Rivers State.

## II. LITERATURE REVIEW

Urbanization in Nigeria has accelerated over the past few decades, driven by population growth, rural-urban migration, oil and gas development, and administrative reclassification of urban centers (Adelekan, 2016). While urbanization presents numerous opportunities for real estate development, it also introduces complex challenges that can hinder sustainable investment. In many developing countries, particularly in sub-Saharan Africa, rapid urban growth has outpaced the capacity of planning institutions, leading to unregulated development, land disputes, infrastructure strain, and environmental degradation (UN-Habitat, 2014). For regions like the Niger Delta: including Bonny Island; these urbanization challenges are compounded by unique socio-political, geographical, and environmental contexts that directly affect real estate markets (Ndukwu and Chukwu, 2021). The multifaceted challenges of urbanization on real estate investment will be reviewed, supported by regional and contextual examples, particularly in Bonny Island of the Niger Delta.

### 2.1 Urbanization Challenges Poses to Real Estate Development/Investment

Urbanization in Nigeria has been rapid and spatially uneven, largely driven by economic opportunities in coastal and energy-producing regions. Bonny Island, a coastal Local Government Area in Rivers State and host to major oil and gas facilities, has experienced accelerated urban growth due to industrialization, rural-urban migration, and concentration of economic activities. Population projections indicate significant growth in Bonny LGA, consistent with wider Niger Delta urbanization trends that exert increasing pressure on land, housing, and public services (Bonny Kingdom, 2020). Rising population levels have intensified housing demand and strained urban infrastructure, creating challenges for real estate development (Obafemi, 2019). Scholars observe that rapid urban expansion in Nigerian cities often outpaces planning capacity, resulting in informal settlements, housing shortages, and overstretched municipal services—conditions evident in Bonny’s urban fringe and industrial service zones (Nkpite & Oba, 2025).

A major constraint to real estate investment in Bonny is the persistence of customary land tenure systems and weak land delineation practices. Studies highlight that traditional land administration produces ambiguous boundaries, overlapping claims, and tenure insecurity, increasing transaction costs and discouraging formal property development (Allison & Kakulu, 2018). Broader Nigerian studies also identify systemic land administration challenges, including poor registry systems, fraudulent transactions, and delays in obtaining statutory titles, all of which heighten investment risk and reduce investor confidence (Nwokoro & Chukwueke, 2021; Aminigbo, 2025). Urbanization requires commensurate infrastructure development, yet Bonny Island faces deficits in road networks, electricity, potable water, drainage, and waste management. Inadequate and unreliable infrastructure increases construction costs, reduces property values, and lengthens investment payback periods (Rivers State Government, 2021; Jumbo, 2024). Limited physical connectivity: both within the island and to the mainland; alongside weak municipal service provision, has been repeatedly identified in planning documents as a major barrier to sustainable real estate development in Bonny.

Bonny’s low-lying coastal geography further exposes real estate investments to environmental risks such as flooding, shoreline erosion, and land degradation. Climate-related hazards threaten long-term property viability and deter potential investors (Aminigbo, 2025). Environmental assessments report shoreline retreat and increased tidal inundation, which damage existing infrastructure, raise mitigation and insurance costs, and alter land-use suitability (EAD/ESIA, 2021; Allison & Kakulu, 2018). Industrial activities present both opportunities and

challenges for Bonny's real estate sector. Oil and gas operations generate employment, population inflows, and demand for housing and services, stimulating property development. Conversely, industrial pollution, land degradation, and land-use conflicts may depress property values and complicate development decisions (Jumbo, 2024; Nkpote & Oba, 2025). Evidence suggests that proximity to industrial facilities influences residential property values and development patterns in complex ways.

Effective urban management in such a context requires updated planning instruments, enforceable zoning regulations, robust environmental impact assessment processes, and inter-agency coordination. However, weak governance, inconsistent enforcement, and regulatory complexity continue to hinder sustainable real estate investment in Bonny Island (Federal Ministry of Environment, 2021). Additionally, broader urbanization-related challenges in the Niger Delta: including public health risks, social infrastructure deficits, housing affordability problems, and social tensions; further affect neighborhood attractiveness and increase operational risks for developers (Obafemi, 2019; Nkpote & Oba, 2025).

Several studies have examined the impacts of urbanization on real estate development and investment in Nigeria and globally, highlighting both challenges and opportunities across housing, infrastructure, land administration, and investment dynamics. Allison and Kakulu (2018) identified administrative inefficiencies and tenure insecurity as major constraints to property development in Bonny. Aminigbo (2025) emphasized climate change-induced coastal risks in Rivers State, while Obafemi (2019) showed how rapid population growth intensifies housing affordability pressures in Port Harcourt. Aderamo and Obembe (2021) and Adewale (2021) linked urban growth to rising housing demand and infrastructure deficits, underscoring governance and planning challenges. Other studies noted urbanization-related issues such as informal settlements, environmental degradation, market dynamics, and policy frameworks influencing real estate investment (Ejumudo, 2014; Iwuanyanwu & Nwosu, 2019; Nwankwo & Ezenwa, 2022). Global reports by UN-Habitat (2020) and the World Bank (2022) further stressed the role of integrated planning and infrastructure in shaping real estate investment environments. While studies have explored urbanization in Nigerian cities broadly, few have focused on Bonny Island. Despite these contributions, there is limited research focuses specifically on Bonny Island, a distinctive urban-industrial hub with expanding oil and gas activities and growing population. Existing studies largely emphasize Port Harcourt, Rivers State, but fail to address the interplay between urbanization challenges and real estate investment in this context. This study addresses this gap by examining how urbanization generates real estate investment opportunities in Bonny Island, offering insights for investors, policymakers, and urban planners.

### III. METHODOLOGY

This study adopted a mixed-methods approach, combining qualitative and quantitative techniques to provide a comprehensive assessment. And the study was conducted in Bonny Island, located in Rivers State, Nigeria, is a coastal island in the Niger Delta with growing urbanization due to oil, gas, and industrial activities. A descriptive survey research design was employed for the study with data collected from stakeholders: real estate developers, investors, and key local authorities; surveys of property owners and residents to assess perceived challenges. Both quantitative and qualitative data were collected using purposive and stratified random sampling, 384 respondents were selected. Purposive sampling was used to select developers and authorities familiar with Bonny Island's urban and real estate landscape. While stratified random sampling focused on households and property investors across residential, commercial, and mixed-use developments. A total of 384 copies of questionnaires were distributed, out of these; 269 valid responses were retrieved, representing an 70% response rate. Data were collected using structured questionnaires based on a 5-point Likert scale (1 = Strongly Disagree; 5 = Strongly Agree). Open-ended questions complemented the quantitative data. Quantitative data were analyzed using descriptive statistics (frequency and percentages) to identify prevalent challenges. While qualitative data were analyzed through thematic content analysis to capture perceptions of regulatory, infrastructural, and environmental challenges.

### IV. RESULTS AND DISCUSSION

#### 4.1 Specific Challenges Related to Urbanization on Real Estate Investment

Table 1 assessed the frequency to identified specific challenges related to urbanization based on structured questionnaires administered to property developers, landowners, and government agencies. More than half (>68%) of the respondents clearly revealed that poor infrastructure, high land costs, and environmental risks are the most pressing urbanization-related challenges shaping real estate investment in Bonny Island.

**Table 1: Frequency of Specific Challenges Related to Urbanization**

Common Challenges	SD %	D %	N %	A %	SA %	Total	A/S A%
Land conflicts and disputes	6.7%	10.4%	12.6%	38.3%	32.0%	189	70.3%
Poor infrastructure (roads, electricity, drainage)	2.6%	5.6%	7.8%	35.7%	48.3%	226	84%
Delay in building permits and title registration	4.8%	11.5%	17.5%	38.7%	27.5%	178	66.2%
Inadequate urban planning and zoning enforcement	3.3%	9.7%	14.5%	41.6%	30.9%	195	72.5%
High cost of land acquisition	4.1%	8.2%	9.3%	32.7%	45.7%	211	78.4%
Environmental degradation and flooding	5.6%	7.4%	12.3%	35.3%	39.4%	201	74.7%
Limited access to development finance	7.1%	8.9%	15.2%	37.5%	31.2%	185	68.7%
Insecurity and social unrest	8.6%	10.8%	14.1%	35.7%	30.9%	184	68.4%

Source: Author's Field Survey, 2025.

The findings in Table 1 indicated that urbanization in Bonny Island has generated both opportunities and significant challenges for real estate investment, with the challenges being more pronounced and systemic. A large majority of respondents (84%) identified infrastructure deficits as the most critical constraint, reflecting a persistent mismatch between rapid population and investment growth and the provision of basic infrastructure. Areas located close to economic hubs attract higher levels of real estate investment due to perceived profitability; however, inadequate infrastructure in these locations increases development risk. Conversely, land farther from economic centers remains largely underutilized and dominated by low-density or agricultural uses, reflecting lower property values and limited investor interest. Institutional weaknesses in land governance were also evident, with 70% of respondents reporting high costs, conflicts, and delays in land documentation. These issues heighten transaction risks and discourage long-term investments. Given Bonny Island's limited land supply and constrained geography, competition for strategically located land has intensified, driving up prices. Developers seeking proximity to economic activities are therefore willing to pay premium prices for scarce plots, particularly for mixed-use and high-density developments. Environmental challenges, including flooding, coastal erosion, and insecurity, further introduce volatility into the real estate market by increasing insurance and maintenance costs and undermining investor confidence.

The findings further showed that these challenges are interconnected and compounded by Bonny Island's unique socio-political, geographical, and environmental context, which has outpaced the capacity of planning institutions. This has resulted in unregulated development, land disputes, infrastructure strain, and environmental degradation that directly affect real estate performance. Additionally, finance and planning gaps remain substantial, with 75% of respondents indicating that limited access to finance and weak zoning enforcement constrain sustainable urban growth. Financial institutions often require secure land titles, predictable cash flows, and reliable risk assessments; conditions that are difficult to meet in poorly planned urban environments. Ranking analysis revealed that infrastructure deficits, high land costs, and environmental risks are the most pressing urbanization-related challenges, each recording high Relative Importance Index (RII) values above 0.80. Moderate challenges, such as weak zoning enforcement and land disputes (RII 0.75–0.78), also require institutional reforms, while delays in permits and approvals, although ranked lowest (RII = 0.738), remain structural barriers that discourage both local and foreign investment. The study established that outdated urban master plans, weak enforcement of planning laws, and bureaucratic delays encourage informal development and create opportunities for corruption, thereby slowing formal land transactions.

Stakeholder perceptions of these challenges vary significantly. Property developers were more likely to identify infrastructure deficits as severe challenges compared to government agencies and landowners, reflecting their direct exposure to project delivery risks. Landowners emphasized land acquisition costs and disputes, while government agencies highlighted zoning and environmental risks. Sectoral differences were also observed: residential investors were most concerned about flooding and infrastructure, whereas commercial investors prioritized land costs and permit delays. Location-specific risks further influenced perceptions, with investors near oil and gas corridors ranking insecurity and social unrest higher, while those in central Bonny emphasized land scarcity. Overall, the findings demonstrate that real estate investment in Bonny Island is strongly constrained by infrastructure gaps, high land costs, environmental hazards, and weak institutional frameworks. Addressing these challenges through targeted infrastructure upgrades, land governance reforms, streamlined approval processes, and location-specific urban policies is essential for improving the investment climate and harnessing the benefits of urbanization sustainably.

To complement the quantitative findings, content analysis was conducted on open-ended responses from 20 stakeholders, including developers, landowners, community leaders, investors, utilities, and government agencies. All respondents identified infrastructure deficiencies: particularly poor road networks, unreliable

electricity, and inadequate drainage; as major constraints on real estate development. Developers emphasized that poor access roads increase material transport costs and delay construction, while landowners noted declining property values in poorly serviced areas. Land tenure conflicts and opaque ownership structures emerged as another critical challenge, highlighted by most landowners and developers. Multiple claims on single plots, informal land sales, and weak documentation were reported to cause prolonged litigation, discouraging genuine investors. Respondents also noted that rapid urbanization has fueled speculative land pricing, with investors and developers affected by escalating costs as landowners and speculators withhold serviced plots in anticipation of oil-related demand.

Environmental risks, particularly flooding and coastal erosion, were strongly emphasized across stakeholder groups. Respondents observed that seasonal flooding and shoreline changes reduce usable land, damage buildings, and increase maintenance and insurance costs, undermining long-term investment viability. Regulatory bottlenecks were also widely cited, with stakeholders reporting delays in permit approvals, inconsistent requirements, and weak zoning enforcement. These challenges were perceived as promoting haphazard development and increasing project uncertainty. Insecurity, social unrest, and community tensions related to oil-sector grievances were consistently identified as additional deterrents to investment. Youth protests, communal disputes, and multiple local levies were reported to disrupt construction activities and damage investor confidence. Finally, limited access to development finance was highlighted, particularly by developers and investors. High interest rates, stringent collateral requirements, and limited credit facilities were seen as significant barriers that stall projects and constrain both small- and large-scale real estate development in Bonny Island.

This study has established that real estate investment potential in Bonny Island is strongly constrained by infrastructure gaps, high land costs, and environmental hazards as top-ranked challenges. And the urbanization's impact on real estate investment in Bonny Island is shaped by contextual investor characteristics. Policy responses must therefore be tailored, addressing top-ranked issues: both systemic (infrastructure, flooding, zoning), and group-specific (landowner disputes, developer permits) constraints; to significantly improve the urban investment climate.

## V. CONCLUSION AND RECOMMENDATIONS

This study assessed the challenges urbanization poses to real estate development and investment in Bonny Island, Rivers State, Nigeria, within the context of rapid population growth, industrial expansion, and a fragile coastal environment. The findings demonstrated that although urbanization has stimulated demand for residential, commercial, and mixed-use developments, its associated challenges are deep-rooted, interconnected, and largely institutional in nature. Infrastructure deficits: particularly in road networks, electricity supply, drainage, and waste management; emerged as the most critical constraint, reflecting a persistent mismatch between urban growth and infrastructure provision. Weak land governance, characterized by tenure insecurity, customary land practices, high transaction costs, and delays in title registration, further undermines investor confidence and restricts formal real estate development. Environmental risks, notably flooding, coastal erosion, and land degradation, pose significant threats to property sustainability and long-term investment viability, especially given Bonny Island's low-lying coastal geography.

The study also revealed that ineffective urban planning, weak enforcement of zoning regulations, bureaucratic approval processes, limited access to finance, and insecurity exacerbate development risks and encourage informal and uncoordinated urban growth. These challenges vary across stakeholder groups and locations, indicating that investor experiences and perceptions are shaped by sectoral interests, land-use patterns, and exposure to environmental and social risks. Overall, the study concluded that urbanization in Bonny Island, if not strategically managed, constrains rather than supports sustainable real estate development and investment. Addressing these challenges requires coordinated infrastructure investment, reforms in land administration and urban governance, strengthened planning and regulatory frameworks, improved access to development finance, and targeted climate-resilient interventions. Such measures are essential to creating a stable, transparent, and resilient urban environment capable of harnessing urbanization as a catalyst for sustainable real estate growth in Bonny Island.

Based on the results, the following recommendations are proposed for investors, policymakers, and researchers:

- a. **Infrastructure Development:** Government and stakeholders should prioritize roads, drainage, electricity, and water supply to support property development.
- b. **Regulatory Reforms:** Streamline land acquisition processes and harmonize statutory and traditional land tenure systems.
- c. **Environmental Management:** Implement flood control, coastal erosion mitigation, and climate-resilient construction guidelines.

- d. **Financial Support:** Facilitate access to development finance for real estate investors to reduce barriers to entry.
- e. **Stakeholder Collaboration:** Encourage partnerships between developers, local authorities, and community leaders to promote sustainable and inclusive urban growth.

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