DOI: https://doi.org/10.52968/15062886
ISSN: ISSN: 2805-3346

RESEARCH ARTICLE

Land Banking Practices in the Lagos Real Estate Market Practices

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Received: 16 October 2024

Revised: 29 June 2025

Accepted: 27 July 2025

Published: 6 November 2025

Cite article as: Okonu, A. A., Omirin, M., Umeh, O. L., & Muraina, O. (2025). Land Banking Practices in the Lagos Real Estate Market Practices. *African Journal of Housing and Sustainable Development, 6*(1), pp. 63-76.

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ABSTRACT

Land banking, a practice among real estate developers that is gaining traction in Lagos, involves holding land for future development. However, it has been observed that the practice has several negative consequences in the real estate market. This study seeks to examine the effect of land-banking practices in the Lagos real estate market with a view to providing a guide on ways to regulate the practice. The study sampled 203 Estate Surveyors and Valuers, 63 Academics and 58 Land Officers using a simple random sampling technique. The data garnered was analysed using the Mean Item Score. The findings reveal a high prevalence of land banking among property developers, leading to significant negative impacts, including inflated land prices, artificial scarcity and increased market speculation. While 40% of respondents oppose land banking, opinions vary on its potential benefits when managed strategically. The study further identifies key regulatory measures to mitigate the adverse effects of land banking, such as implementing taxes on vacant land, establishing a transparent land register and enforcing landholding limitations under the Land Use Act of 1978. Additionally, the role of government in mass housing provision is emphasized as crucial for increasing the housing supply and improving accessibility. The recommendations aim to create a balanced regulatory framework that discourages speculative practices while promoting sustainable urban development.

Keywords: Land banking, Real estate market, Regulation, Lagos, Development

1.0 Introduction

The practice of assembling and preserving large parcels of land for future development is called land banking (Adams et al., 2008; Bao et al., 2012; Evans, 2004; MacLaran, 2003; Tu et al., 2008). Linse (2021) posits that land banks do not compete in the free market. A land bank will only process a property that is not attractive to free-market forces, generally because the property's liabilities are greater than its fair market value. To reduce a property's liabilities, thus attracting free-market attention, a land bank will generally deploy either of two strategies. First, a land bank, during the period of ownership, may physically rehabilitate the property by demolishing blighted buildings or clearing environmental containments, thus removing the physical liabilities that are unattractive to the free market. Second, the land bank may clear tax liens attached to the property, thus allowing the land bank to pass on a clean title, ensuring the new owner can avoid costly litigation (Linse, 2021). This practice, which started as a

municipal policy in the United States of America, has become a common phenomenon in the private sector in many countries, including Nigeria.

As Thontteh et al. (2020) observed, land banking is a growing practice among private real estate developers in Lagos, Nigeria. Oloyede (2021) argued that the long-term neglect of the housing sector by the Nigerian government has created an avenue for strictly profit-oriented real estate investors or developers to explore various sharp practices, including land banking. Land banks are increasingly spreading around the fringes of Lagos, where real estate developers acquire, hold, develop and sell land at extremely high rates. Despite the increase in land-banking practices in the Lagos real estate market, few studies have been conducted on the phenomenon. Hence, there is the need for more research. Accordingly, this study explores land-banking practices in the Lagos real estate market. By addressing the challenges posed by the phenomenon, this study contributes to ongoing discourse on real-estate market regulations in Lagos, providing actionable insights for policymakers and stakeholders to foster a more equitable and accessible housing market.

2.0 Effects of Land-Banking Practices on the Real Estate Market

Land-banking practices among real estate developers have various effects on the real estate market, which may affect the economy on a larger scale. Alexander (2008) describes land banking as a speculative activity. According to Gemeda et al. (2020), the practice has a detrimental impact on the land market's performance, creating scarcity and causing overpricing. Oyedeji (2022) posits that land speculation is a critical hindrance to land accessibility, economic development and growth. This is corroborated by Thontteh et al. (2018), who observe that increase in the demand for land due to a rise in the rate of urbanization is the major reason for speculation on land in peri-urban Lagos. Also, Oyedeji (2022) asserts that speculation on land is inimical to urban growth and development. Thus, it is clear that land banking results from a growing demand for land development products, the ripple effect of which is hostile to urban growth and development.

Land banking affects the efficiency of the land market by making urban land redundant and inaccessible to those who need it (Gemeda et al., 2021; Oyedeji, 2022). According to Oyedeji (2022), speculative activities on land affect the four (4) requirements of land accessibility, i.e. land affordability, ease of transaction, land availability, and tenure security. For Fatta (2014), land speculation through land banking has a negative effect on housing supply and demand, which results in land prices increasing astronomically, thus making land unaffordable. Mohd Razif et al. (2017) explain the relationship between housing demand and land prices. In their view, as housing demand increases, housing prices increase; thus, more developers would be willing to pay for land to meet up with housing supply. The authors further note that the activities of speculators create a vicious cycle in the real estate market, leading to the 2008 global economic meltdown and similar events.

To corroborate this, Sliupas et al. (2010), Yang et al. (2021) and Brzezicka (2021) observed that the activities of real estate speculators create a bubble in real estate prices that worsens affordability, creates mortgage payment default and impedes economic growth. Joshua et al. (2016) noted that land banking causes planning problems such as poor land subdivision, poor access roads, urban sprawl, incompatibility of land uses, emergence of closes (dead-end streets), improper setbacks, and dominance of residential land use over other uses. Clearly, then, land banking is detrimental to the real estate market and the economy at large. However, it is necessary to establish whether land banking replicates these effects in Lagos or whether there are more impacts than are generally recognised. Moreover, it is necessary to establish the positive effects, if any, so that necessary interventions can be identified that will achieve the required balance in the real estate market and encourage timely development.

2.1 Regulating Land Banking Practices

The literature shows that land-banking practices has mostly negative effects on the real estate market and the economy. According to Sliupas et al. (2010), countries wishing to reduce economic recession or prevent financial crisis must monitor and control the real estate market. Many countries have attempted

to curb the activities of speculators in the real estate sector by implementing various policies. In Nigeria, the Land Use Act of 1978 was enacted to check the activities of land speculators (Thontteh et al., 2018). However, the authors note the absence of clarity on how the Land Use Act could be implemented to check the excesses of Land Speculators or Bankers owing to the lack of sanctions on violators. On their part, Joshua et al. (2016) posit that the Land Use Act may have failed in regulating land speculation mainly because of weakness in enforcement. Similarly, in Brazil, a law enacted to curb the effect of land speculation in forest reserves has not been quite effective in so doing (Miranda et al., 2019). Gemeda et al. (2020) also reported that a similar law enacted in Ethiopia to curb the activities of land speculators has not been successful in regulating them.

In addition to legal enactments, Liu et al. (2013) posit that Britain, Singapore, Germany, and China employ policies relating to taxation, finance and indemnificatory housing in a bid to tackle or regulate speculation in the real estate market. The study further noted that Britain has had to impose or increase tax rates, e.g., stamp tax, heritage tax, capital value-added tax and return, tax to curb real estate speculation. Similarly, in Germany, real estate tax and share profit tax were imposed on purchasers and sellers of housing units. At the same time, buildings under lease are liable to pay personal income tax on the rent generated. In Singapore, real estate tax, inheritance tax and stamp duty that are as high as 16% have been imposed on sellers.

Liu et al. (2013) also examined how finance is used to curb real estate speculation in these countries. They pointed out that Britain had to increase mortgage interest rates to combat speculative real estate activities. In Germany and Singapore, the savings and loan-to-finance housing model at a very low interest rate was introduced to increase housing supply. Furthermore, Liu et al. (2013) discussed how these countries have enacted indemnificatory housing policies to increase housing supply and reduce the pressure in the housing market to discourage speculation. The German government did this by subsidizing rental housing, hence discouraging home ownership. In Britain, a "partial property right" was established that allows for the buyer to have half ownership while the government owns the remaining half through a partnership between government and the private sector. In Singapore, group housing scheme was established to house 80% of the population.

Mohd Razif et al. (2020) suggest setting of moratoria to real estate sale transactions after purchase, imposition of real estate capital gain tax and control of real estate prices by government to checkmate speculation. Gemeda et al. (2021) emphasized that property tax, which primarily generates revenue for the government at all levels, is quite a useful tool for checking growth patterns and curbing speculative activities on land. In Ireland, Flaherty et al. (2022) propose a site value tax to reduce the incentive of buying land for speculative rather than productive reasons since the tax is a cost of holding land. Similarly, in Germany, Roboger (2023) suggests site value tax as an instrument to incentivise investors to use their land efficiently and prevent speculation. Orekan (2022) identified Australia, the United States of America, China, Tanzania, and Ghana as some of the few countries that practise Site Value Tax (STV) to increase revenue generation and curb land speculation. The author further observed that STV can potentially prevent land speculation in Nigeria if implemented. It is worth noting that some of these policies already exist in Nigeria, their implementation being another matter. However, the focus of this study is the suitability and efficiency of the policies when implemented for the purpose of curbing land speculation.

3.0 Methods

This study conducted a survey on land-banking practices by developers in the Lagos real estate market. The study area was selected because of the high rate of land-banking practices, particularly in the periphery (Thontteh et al., 2020; Oloyede, 20221). The study data was obtained through a questionnaire that was administered to Estate Surveyors and Valuers, Land Bureau Officers, and Academics. The study respondents were selected based on their knowledge and experience in the real estate market. Although real estate developers are also directly involved in land banking, they were not selected because the study focused on ascertaining how their land-banking practices affect the Lagos real estate market and the possible ways to regulate

the practices. The study population was 430 registered estate surveying firms (NIESV Directory) in Lagos State, 75 academics of the four (4) tertiary institutions – University of Lagos (UNILAG), Lagos State University (LASU), Lagos State University of Science and Technology (LASUSTECH), and Yaba College of Technology (YABATECH) that offer Estate Management and Urban and Regional Planning in Lagos – and 58 land bureau officers. The sample size for Academics and Estate Surveyors and Valuers was obtained using Cochran's (1977) sample size formula, taking an acceptable margin of error (d) of 0.05, an alpha level of 0.05, a population proportion (P) of 0.5, and a total number of population (N). Only 58 Land Bureau Officers were sampled owing to the small population size. This is because when the population size is small, all the members of the population can be considered to increase the accuracy of the result (Umeh, 2018). The sample size for the 430 Estate Surveyors and Valuers in Lagos was 203. The sample size for the 75 Academics was 63. Simple random sampling, a probabilistic sampling technique, was used to select the respondents for questionnaire distribution.

The questionnaire for this research featured close-ended, Likert-scale questions used to obtain quantitative data on land-banking practices by real estate developers in the Lagos State real estate market. It was administered online on the Google Forms platform, as online questionnaires offer the capacity to obtain data from many individuals swiftly, in addition to aiding quantification and measurability, analysis and interpretation; such questionnaires also preserve respondents' anonymity and allow for the elimination of some interviewer biases (Saunders et al., 2023).

The data obtained was processed using the Statistical Packages for Social Science (SPSS) version 20.0. Data measured on a nominal scale was analysed using descriptive statistics such as frequency distribution and percentages. Mean Item Scores (MIS) were used to analyse data measured on an ordinal scale. The levels of importance of identified factors were determined by the magnitude of their mean scores, with the greatest mean representing the most important factor.

4.0 Findings and Discussion

This section presents the responses to issues centred on land-banking practices by developers in the real estate market in Lagos, Nigeria. Out of the 203 copies of the questionnaire administered to Estate Surveyors and Valuers, only 179 copies were retrieved. Out of the 63 copies of the questionnaire administered to Academics, 40 were retrieved. Out of the 58 copies of the questionnaire administered to Land Bureau Officers, 48 were retrieved. The results from the analysed data are presented and interpreted below.

4.1 Background Information of the Respondents

The background information of the respondents is presented in Tables 1, 2, and 3 as follows.

Table 1: Background Information of Estate Surveyors and Valuers

Years of Experience in the Real Estate Sector	**Frequency**	**Percentage**
0 - 5 years	8	4.47
6 -10 years	44	24.58
11 - 15 years	44	24.58
16 - 20 years	33	18.44
above 20 years	50	27.93
Total	**179**	**100**
Highest Educational Qualification		
HND	29	16.20
BSc/BA/BTech	38	21.23
MSc/MA/MTech	92	51.40

PhD	20	11.17
Total	**179**	**100**
Professional Cadre in NIESV		
Probationer	20	11.17
Associate below 10 years	108	60.34
Associate above 10 years	40	22.35
Fellow	11	6.15
Total	**179**	**100**

The data from Table 1 provides valuable insights into the background of Estate Surveyors and Valuers participating in the study. A significant portion of the respondents, 27.93%, had over 20 years of experience in the real estate sector, indicating a wealth of knowledge and expertise among the professionals surveyed. Additionally, nearly half of the respondents (49.16%) possess between 6 to 15 years of experience, suggesting that a considerable number of them were seasoned professionals who could offer informed perspectives on industry practices.

In terms of educational qualifications, the majority of respondents had advanced degrees, with 51.40% having completed a Master's degree. This high level of academic achievement reflects a strong emphasis on education within the profession. Meanwhile, the combined percentage of those with HND and Bachelor's degrees stood at 37.43%, indicating that while there were qualified professionals with foundational degrees, the trend tended to lean towards higher education.

Regarding their professional cadre within the Nigerian Institution of Estate Surveyors and Valuers (NIESV), the data reveals that 60.34% of respondents were Associates below 10 years. This suggests a robust presence of relatively new professionals in the field, a situation that can foster a dynamic environment for knowledge exchange and mentorship. Conversely, only 6.15% of respondents held the title of Fellow, indicating that while there were highly experienced professionals in the industry at the time of the study, they represented a small segment of the group.

Table 2: Background Information of Academics

Years of Experience as an Academic	**Frequency**	**Percentage**
0 - 5 Years	4	10
6-10 years	6	15
11-15 Years	14	35
16 - 20 Years	2	5
above 20 Years	14	35
Total	**40**	**100**
Highest Educational Qualification		
MSc/MA/MTech	18	45
PhD	22	55
Total	**40**	**100**
Position/Rank		
Assistant Lecturer/Lecturer III	4	10
Lecturer II	10	25
Lecturer I	12	30

Senior Lecturer	4	10
Associate Professor/Principal	6	15
Professor/Chief Lecturer	4	10
Total	**40**	**100**

The data presented in Table 2 offers an overview of the background information of Academics involved in the study. Among the 40 respondents, the distribution of years of experience as academics reveals that 35% had between 11 to 15 years of experience, while another 35% had over 20 years of experience. This indicates a strong presence of seasoned academics who can provide valuable insights into the subject matter. Conversely, only 10% of the respondents had 0 to 5 years of experience, suggesting the presence of only a few newcomers in the academic field.

In terms of educational qualifications, the majority of Academics held advanced degrees, with 55% possessing a PhD and 45% holding a Master's degree. This high level of academic achievement underscores the expertise of respondents and their capability to contribute meaningfully to discussions on land-banking practices and their implications for the real estate market.

The data shows a diverse range of academic ranks among the respondents regarding their positions or ranks. The largest group, 30%, belonged in the cadre of Lecturer I, followed by 25% as Lecturer II. This distribution indicates a mix of experience levels within the academic ranks, a situation that can enrich the perspectives shared in the study. Notably, 10% of respondents held the rank of Assistant Lecturer or Lecturer III, while 15% were Associate Professors or Principals, with another 10% being Professors or Chief Lecturers.

Table 3: Background Information of Land Bureau Officers

Years of Experience in the Ministry	**Frequency**	**Percentage**
0-5 Years	6	12.50
6-10 years	15	31.25
11-15 years	3	6.25
Above 20 Years	24	50.00
Total	**48**	**100**
Highest Educational Qualification		
HND	15	31.25
BSc/BA/BTech	15	31.25
MSc/MA/MTech	18	37.50
Total	**48**	**100**
Position/Rank of Respondent		
Land Officer	3	6.25
Senior Land Officer	15	31.25
Chief Land Officer	6	12.50
Assistant Director	12	25.00
Deputy Director	6	12.50
Principal Land Officer	6	12.50
Total	**48**	**100**

The data presented in Table 3 offers an overview of the background information of Land Bureau Officers involved in the study. Among the 48 respondents, the distribution of years of experience as academics reveals that 50% had over 20 years of experience, while 31.25 had between 6 and 10 years of experience. This indicates a strong presence of seasoned land officers who could provide valuable insights on the subject matter. Conversely, only 12.5% of the respondents had 0 to 5 years of experience, suggesting that the presence of only a few newcomers in the academic field.

In terms of educational qualifications, the majority, which is 37.5% of the Land Bureau Officers, held Master's degrees, 31.25% held Bachelor's degrees and the remaining 31.25% held the Higher National Diploma. This level of academic achievement underscores the capability of the respondents to contribute meaningfully to discussions on land-banking practices and their implications for the real estate market.

The data shows a diverse range of respondents regarding their positions or ranks. The largest group, 31.25%, were Senior Land Officers, followed by 25% Assistant Directors. This distribution indicates a mix of experience levels within the land officers, a situation suggesting that they were in a position to contribute meaningfully to the study. Notably, 6.25% of respondents held the rank of Land Officer, while 12.5% were Chief Land Officer, Deputy Director, and Principal Land Officer.

4.2 Prevalence of Land Banking Practice

The respondents were queried on the prevalence of land-banking practices among real estate developers in Lagos state. The result is presented in Table 4 and discussed as follows.

Table 4: Prevalence of Land Banking Among Property Developers in Lagos State

Prevalence	ESV	Academics	Land Officers	Average
Very Low	18	2		
Low	16	4	15	
Average	36	10	12	
High	73	14	15	
Very High	36	10	6	
MIS	**3.52**	**3.65**	**3.25**	**3.47**

The results in Table 4 provide insights into the perceived prevalence of land banking among property developers in Lagos, as reported by three distinct groups: Estate Surveyors and Valuers (ESV), Academics, and Land Officers. The frequency distribution reveals that the "High" prevalence category received the most responses across all groups, particularly among ESV, where 73 respondents identified land banking as highly prevalent. Additionally, 36 ESV respondents marked it as "Very High", further indicating a strong perception within this group that land banking is widely practised. While contributing fewer responses to the "High" and "Very High" categories, academics and land officers still showed an inclination toward moderate-to-high prevalence perceptions. This is supported by the Mean Item Scores (MIS) across the groups: Academics reported the highest MIS at 3.65, followed by ESV at 3.52 and Land Officers at 3.25. The overall average MIS of 3.47 suggests a generally high perception of the prevalence of land banking, with respondents' views leaning toward "High" rather than "Very High."

These findings indicate that land banking is viewed as a significant practice within the Lagos real estate market, especially among ESV respondents.

4.3 Effect of Land-Banking Practices on the Real Estate Market

Estate Surveyors and Valuers were asked about the effect of land-banking practices on the real estate market in Lagos. The results are presented in Table 5 and discussed as follows.

Table 5: Effect of Land-Banking Practices on the Real Estate Market

S/N	Effect of Land Banking	Mean Item Score	Rank
1	Miscellaneous (slows down infrastructural development, leads to land segmentation into uneconomic units and plots, speculation and market disruption, gives room to issues of land grabbing by 'Omo Onile', distortion of property values leading to an irregular market, inequality in land ownership)	3.90	1st
2	Land price surge/land market inflation	3.76	2nd
3	Leads to artificial land scarcity	3.25	3rd
4	Leads to unaffordable land prices	3.47	4th
5	Leads to a rise in housing price	3.38	5th
6	Results in unused or underutilisation of land	3.37	6th
7	Leads to urban sprawl	3.11	7th
8	Reduces housing supply	3.07	8th
9	The dominance of residential land use over other uses.	3.03	9th
10	Distortion of planning/zoning regulations	3.02	10th
11	Formation of closed-off streets i.e. roads that terminate abruptly without connecting to another street	2.97	11th
12	Increases housing demand	2.90	12th
13	Poor land subdivision	2.84	13th
14	Incompatibility of land uses	2.78	14th
15	Tenure security issues	2.69	15th
16	Creates difficulty in land transactions	2.69	15th
17	Poor access roads	2.49	17th

The findings in Table 5 reveal Estate Surveyors and Valuers' (ESV) perspectives on the various impacts of land-banking practices on the Lagos real estate market. The highest-ranked effect, with a Mean Item Score (MIS) of 3.90, is a broad category that includes slowed infrastructural development, market disruptions due to speculation, land segmentation into economically unviable units, and issues tied to local land grabbers known as "Omo Onile". This effect also encompasses market distortions that can lead to fluctuating property values and growing inequalities in land ownership. The high ranking suggests that ESVs view these disruptions as serious consequences of land banking, destabilizing both the market and the equitable distribution of land.

Land-price inflation was ranked second, with an MIS of 3.76, reflecting a widespread belief that land banking significantly drives up land prices. This effect is likely making property acquisition less accessible to average buyers, thereby exacerbating affordability issues. Other notable impacts include artificial land scarcity, ranked third with an MIS of 3.25, and unaffordable land prices in fourth place with an MIS of 3.47. Together, these findings imply that land banking is perceived as restricting land availability and pushing prices beyond the reach of many. The fifth-ranked effect, rising housing prices with an MIS of 3.38, further suggests that the impacts of land banking are not limited to raw land costs but extend to overall housing prices, thereby intensifying the city's affordability crisis.

At a slightly lower rank, underutilisation of land (MIS of 3.37) points to concerns about inefficiency, where land-banking practices leave land idle or inadequately developed. While still relevant, less prominent effects, such as urban sprawl (3.11), reduced housing supply (3.07) and the predominance of residential over other land uses (3.03), were seen as secondary impacts. Lower on the list, with MIS values just above 3.0, were concerns such as the distortion of zoning regulations

and the formation of closed-off streets that hinder connectivity. These rankings imply that while ESVs recognise these as issues, they may view them as less critical than the price and market stability effects of land banking.

Finally, the lowest-ranked effects, such as poor land subdivision (2.84), land use incompatibility (2.78), tenure security issues (2.69) and poor access roads (2.49), were considered less immediate concerns, although they remain relevant.

These rankings illustrate that ESVs perceive land banking as a practice with significant and wide-ranging consequences on the Lagos real estate market. Its top effects, including market disruption, price surges, and speculation, position land banking as a driver of market instability and rising property costs. The responses suggest that regulatory measures may be essential to mitigate the speculative tendencies of land banking in Lagos' peripheral areas, promote better land use and make the market more accessible and balanced for all.

4.4 Regulating Land-Banking Practice

The study also assessed how land-banking practices can be regulated, based on respondent perspectives across the spectrum. The result of the data obtained is presented in Tables 7 to 9 and discussed as follows.

Table 6: Should Land Banking Be Discouraged

Should Land Banking be Discouraged	Frequency	Percentage
Yes	72	40.22
No	55	30.73
Maybe	52	29.05
	179	100

The responses in Table 6 reveal varied perspectives among Estate Surveyors and Valuers (ESVs) on whether land banking should be discouraged in Lagos. A substantial 40.22% of respondents stated that land banking should be discouraged, suggesting that a significant portion of ESVs perceive the practice as potentially negatively impacting the real estate market. This group apparently viewed land banking as a factor contributing to affordability issues, market speculation, and land underutilisation, which could justify regulatory intervention to mitigate these effects.

However, a notable 30.73% of ESVs disagreed, believing that land banking should not be discouraged. This group seems to see certain benefits in land banking, such as the potential for long-term investment returns or its role in strategic landholding for future developments, indicating that some ESVs consider the practice as beneficial under particular conditions.

The remaining 29.05% of respondents were undecided, selecting "Maybe", a situation that suggests ambivalence or recognition of both the positive and negative aspects of land banking. This group apparently believes that while land banking can have adverse effects, it could also play a constructive role if managed or regulated appropriately.

Overall, these responses indicate that while there is a leaning towards discouraging land banking, the mixed views reflect a nuanced understanding within the professional community. It suggests that any regulatory approach may need to balance the potential drawbacks of land banking with its benefits, perhaps through targeted policies rather than outright discouragement.

Table 7: How Land Banking Can Be Discouraged

S/N	Solutions	Frequency	Percentage %
1	Imposing and implementing tax/levy on vacant land	41	57

2	Implementation of capital gains tax on banked land	38	52
3	Implementation of moratoria (time limit) on resale of a purchased land	41	57
4	Strict adherence and implementation of Section 5 (4-6) Land Use Act 1978 restricting individuals to owning a maximum of 0.5 hectares of underdeveloped land in urban areas and 5 hectares of land for agricultural purposes in rural areas	36	50
5	Institution of Land Register that records land ownership and land use to discourage secretly holding large tracts of land	41	57
6	Government subsidising housing to increase supply and reduce the pressure on the housing market	33	45
7	Involvement of government in mass housing provision to increase housing supply	41	57
8	Partial Property Rights which allow for a partnership between the government and buyers to co-own housing units.	22	31
9	Increased mortgage interest rate	9	12
10	Implement savings and loans for housing at low interest rate	33	45
11	The government takes over land banking and supplies land to builders	19	26
12	Land Consolidation by government	26	36
13	Development Control	41	57
14	Site Value Taxation	29	41

The responses in Table 7 highlight the solutions proposed by Estate Surveyors and Valuers (ESVs) who support discouraging land-banking practices in Lagos. Among the 72 respondents who were in favour of discouragement, several key strategies emerged, each aimed at reducing the negative impacts of land banking on land availability and affordability.

A majority of respondents (57%) supported implementing and enforcing taxes on vacant land, along with moratoria on land resale, where time limits would prevent immediate resale after purchase. Both measures are seen as direct ways to curb speculative landholding, especially by making it less financially attractive to keep land undeveloped. Similarly, 52% of respondents advocated a capital gains tax on banked land to dissuade landowners from holding onto property solely for speculative profit.

Another frequently suggested measure, with 50% support, is strict adherence to the Land Use Act of 1978, specifically sections that limit individuals to owning 0.5 hectares of underdeveloped land in urban areas and 5 hectares for agricultural purposes in rural areas. This approach, combined with establishing a comprehensive land register (57%), would enhance transparency and make it difficult to hold large amounts of undeveloped land in secret.

On the housing supply side, 57% of ESVs recommended government involvement in mass housing provision to reduce the pressure on the housing market, while 45% supported housing subsidies to increase supply and affordability. Some respondents (31%) suggested a unique approach of partial property rights, allowing government and buyers to co-own housing units, which could potentially make housing more accessible without requiring sole ownership.

Additional suggestions, such as site value taxation (41%) and development control (57%), emphasized the need for government oversight in ensuring efficient land use. Other ideas, including land consolidation (36%) and low-interest housing loans (45%), offered alternative financial approaches to make land development more feasible for a broader segment of the population.

Overall, these responses reflect a multifaceted approach that combines taxation, regulatory limits, transparency measures and government intervention to address the challenges posed by land banking. The high level of support for specific policies such as vacant land tax, resale moratoria

and adherence to the Land Use Act suggests that ESVs see these measures as critical to regulating land banking and fostering a more balanced and accessible real estate market in Lagos.

Table 8: Effectiveness of Regulatory Practices to Curb Land-Banking Practice in Lagos

S/N	Solutions	MIS (Academic)	MIS (Land Officers)	Average	Rank
1	Development Control	3.20	3.46	3.33	1st
2	Involvement of government in mass housing provision to increase housing supply	2.70	3.73	3.22	2nd
3	Land Consolidation by government	2.55	3.64	3.10	3rd
4	Implementation of capital gains tax on banked land	2.70	3.31	3.01	4th
5	Imposing and implementing tax/levy on vacant land	2.85	3.13	2.99	5th
6	Government subsidising housing to increase supply and reduce the pressure on the housing market	2.55	3.40	2.98	6th
7	Site Value Taxation	2.55	3.42	2.98	6th
8	Strict adherence and implementation of Section 5(4-6) Land Use Act 1978 restricting individuals to owning a maximum of 0.5 hectares of underdeveloped land in urban areas and 5 hectares of land for agricultural purposes in rural areas	2.70	3.19	2.94	8th
9	Partial Property Rights which allow for a partnership between the government and buyers to co-own housing units.	2.45	3.33	2.89	9th
10	Implementation of moratoria (time limit) on resale of a purchased land	2.65	2.79	2.72	10th
11	Implement savings and loans for housing at low interest rate	2.25	3.14	2.70	11th
12	Institution of Land Register that records land ownership and land use to discourage secretly holding large tracts of land	2.60	2.36	2.48	12th
13	The government takes over land banking and supplies land to builders	2.15	2.77	2.46	13th
14	Increased mortgage interest rate	2.35	2.55	2.45	14th

The data on views of the Academics and land officers in Table 8 highlight various regulatory measures and their perceived effectiveness in curbing land-banking practices in Lagos. The Mean Item Score (MIS) for each measure indicates that opinions vary between the two groups, but certain strategies were consistently deemed to be more effective.

Development control ranks highest, at an average MIS of 3.33, as both groups believed that strict regulation of land development could effectively discourage speculative landholding and encourage active land use. Land officers rated this measure slightly higher at 3.46, suggesting a strong consensus on the need for oversight in land-use practices to limit the adverse effects of land banking.

The second-highest ranking strategy is government involvement in mass housing provision, with an average MIS of 3.22. Land officers in particular rated this solution favourably (MIS of 3.73), implying that they viewed government-led housing initiatives as a critical way to increase housing supply and ease pressure on the real estate market, potentially making land banking less attractive by stabilising property demand.

Land consolidation by the government ranks third, averaging an MIS of 3.10. Land officers rated this solution highly at 3.64, suggesting they viewed consolidation as an effective means for managing fragmented plots and ensuring efficient land use. Academics, however, rated this lower, indicating a more moderate perception of its effectiveness.

Another key approach is the implementation of a capital gains tax on banked land, which was ranked fourth with an average MIS of 3.01. This taxation measure was seen as potentially discouraging speculative holding by increasing the costs associated with banking land. Although both groups viewed it favourably, land officers rated it higher, reflecting their stronger support for fiscal policies as regulatory tools.

Further down, taxes on vacant land (MIS of 2.99) and housing subsidies (MIS of 2.98) were rated similarly, with land officers giving these strategies higher scores. These measures were seen as ways to reduce land-banking incentives and make land use for development more financially appealing. Site value taxation also ranks closely, with an MIS of 2.98, reflecting moderate support for taxing land based on its potential value to encourage development.

Other measures, such as adherence to Section 5 of the Land Use Act of 1978, which limits landholding sizes, received an average MIS of 2.94. Partial property rights allowing shared ownership (MIS of 2.89) and moratoria on land resale (MIS of 2.72) received mixed support, suggesting that these strategies were viewed as less directly impactful on reducing land banking.

Lower-ranking strategies, including savings and loans for housing at low interest rates (MIS of 2.70) and the institution of a land register (MIS of 2.48), were perceived as less effective. Government takeover of land banking (MIS of 2.46) and increased mortgage interest rates (MIS of 2.45) received the least support, indicating that these approaches were seen as having minimal impact on curbing land banking.

In summary, Academics and land officers prioritised development control and government involvement in housing provision as the most effective strategies. There was also moderate support for fiscal policies, such as capital gains and vacant land taxes. However, strategies involving structural changes in landholding practices, such as land registers and government-controlled land banking, were viewed as less effective. These insights suggest that direct regulatory and fiscal measures were the most promising ways to address land banking in Lagos. However, measuring the disparity in the responses between the Academics and Land Officers is necessary, hence the t-test result presented below:

Table 9: The Significance of the Difference in Responses between Academics and Land Officers

t-Test: Paired Two Sample for Means		
	Variable 1	*Variable 2*
Mean	3.15808061	2.589285714
Variance	0.165140438	0.066991758
Observations	14	14
Pearson Correlation	0.357632901	
Hypothesised Mean Difference	0	
Df	13	
t Stat	5.372896891	
P(T< = t) one-tail	6.34515E-05	
t Critical one-tail	1.770933396	
P(T< = t) two-tail	0.000126903	
t Critical two-tail	2.160368656	

Given that the t Stat exceeds the critical values for both the one-tail and two-tail tests, and that the p-values are extremely low and below 0.05, it can be concluded that there is a statistically significant difference in the responses given by Land Officers and Academics. This implies that their views or perceptions about the variables in this study differed meaningfully.

5.0 Conclusion and Recommendations

This study has affirmed that land banking is widespread among property developers in Lagos and that it significantly impacts the real estate market. It is perceived to drive up land and housing prices, creating artificial scarcity and leading to unequal land ownership, all of which limit accessibility and affordability. Estate Surveyors and Valuers (ESVs) recognise these adverse effects, noting that the practice contributes to market instability and acts as a barrier to potential homeowners. While 40% of ESVs favour discouraging land banking, others are either undecided or see potential benefits if it is well-managed, such as strategic landholding for future development. This diverse view suggests that balanced regulation may be more effective than outright prohibition. Key regulatory measures recommended include imposing taxes on vacant and banked land to deter speculation, creating a land register for transparency and ensuring strict adherence to existing landholding limits. Development control and government-led housing initiatives were particularly supported for their potential to increase housing supply and reduce speculative landholding incentives.

To effectively address the impact of land banking on the Lagos real estate market, several key recommendations are proposed. The Lagos government should introduce taxes on vacant and underutilised land and a capital gains tax on banked land to discourage speculative holding and encourage active development. Strengthening development control regulations is essential to ensure that land is used according to zoning requirements, even as increased government involvement in mass housing provision can help ease demand pressure and improve accessibility for homeowners.

Establishing a comprehensive land register would enhance transparency and prevent land hoarding, supporting better monitoring and enforcement of landholding regulations. Additionally, enforcing the landholding limitations set by the Land Use Act of 1978 would help prevent excessive accumulation of undeveloped land. Exploring partial property rights could facilitate government and private investors' co-ownership, thus promoting effective land use and affordable housing options. Finally, low-interest savings and loan programmes for housing would enable more individuals to enter the property market without relying on speculation.

By implementing these recommendations, the Lagos State government can mitigate the adverse effects of land banking, promote affordable housing and create a more balanced and sustainable urban development framework.

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