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Nigeria's Property Database Challenge: Towards A Contextual Solution: A Viewpoint

Ndubisi Onwuanyi¹

¹ Department of Estate Management, Faculty of Environmental Sciences, Chukwuemeka Odumegwu Ojukwu University, Uli, Nigeria; nd.onwuanyi@coou.edu.ng; Tel: +234803315943. Orcid 0000-0002-8250-3888

* Correspondence: nd.onwuanyi@coou.edu.ng;

Abstract

A fundamental requirement for the proper management of land is an effective and comprehensive database. This enables optimality in private and public investment decisions, inter alia. But Nigeria lacks this facility as most landholdings are unregistered and no system exists for the collection and management of property transactions data. The resultant poor data accessibility is disadvantageous to the many publics in constant need of accurate and valid data. Effective property databases are important features of developed economies and property markets where operational systems suit national circumstances and deliver expected results. Nigeria's system registers land at the state governmental level which is neither purely central nor local. This practice has not ensured comprehensive registration, causing transaction frauds and delays in investment decisions. Also, the absence of property transactions data hinders the function of valuers who are insistent on the establishment of a central database. This paper, a contribution to the property database debate as well as an attempt at a solution, argues that only a contextual system which accords with its lived experience can work for Nigeria, just like for other countries. Therefore, considering that Nigeria is a federal system which is widely criticised as recurrently malfunctioning, the establishment of a central property database may not be contextual, particularly given the existence of as many as three categories of property data: registration, market and industry data. This leads the paper to propose the transfer of land registration from state to local governments which should be empowered for the purpose, and also, for the collection and management of the two other categories of property data. These recommendations are justified by the status of land as a local resource. Also, because federalism is not a centralising concept, so its true nature should be reflected in a contextual and holistic solution to the property database challenge.

Keywords: Land registration; Local government; Nigeria; Property database; Transactions data

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1. Introduction

As a key and finite resource, land requires efficient management if it must produce optimal value. In the modern economy, a fundamental requirement for the proper management of land is a property database which is comprehensive and effective. One important aspect of land management as seen in developed economies and property markets, is that property ownership and transactions in property are systematically documented. The information is needed by many publics, aside from government institutions such as the government banker which performs an economic management function. Others who may have a need property data include property investors (local and foreign; individual and corporate), property investment advisers, financial institutions, researchers and the general public. Property data is an important tool of economic management and development. It is necessary input into many decisions made at both microeconomic and macroeconomic levels within the economy.

In Nigeria, there is a challenge of property data availability. The evidence lies in the fact that most of the landholdings in the country are unregistered and a system for the collection and collation of property transactions data is absent. This challenge of Nigeria's emergent property market involves costs at local and international levels. The implication of the former is that property ownership is difficult to prove as a consequence of which fraudulent transactions are enabled. Regarding the latter, the unavailability of data, this may hamper the work of valuers, thereby creating a challenge in the delivery of optimal investment advice to property investors. It also creates sub-optimalities in the decisions of investors. At the international scale, the cost is that of a poor market transparency which lowers Nigeria's global competitiveness (Jones Lang LaSalle, 2018). Cities Today (2018) highlights the importance of this issue by stating that three quarters of global direct investment is accounted for by highly transparent markets meaning that data-challenged markets would be less competitive. This makes the market less attractive to investors. Effective property data management, is therefore, in Nigeria's economic interest. This paper is a contribution to the property data management debate as well as an attempt at a solution.

2. The Perspective of Property Valuers on the Challenge

As mentioned, property data is a need of many publics. However, Nigeria's valuers and property researchers have been in the forefront of the call for a Nigerian property database. This is understandable given their function as assessors of property value for which purpose market transactions data is a *sine qua non*. As observed by the Royal Institution of Chartered Surveyors (2017:p.17 "*data plays a central role in the real estate sector and the valuation process*") The literature on the subject reveals that valuers commonly agree, but without adducing any reason(s) that a centralised data bank offers a solution to the country's challenge of market data. The recommendation of a centralised data bank has been repeatedly made over the years, from the first published studies (Ogunba & Ajayi, 1998; Olaleye, 2004) to the most recent (Olapade & Olaleye, 2018; Olapade *et al.*, 2019). The central database proposal can be seen as having two angles. First, the *systematic gathering* of transactions data; and second, the *systemic centralisation of access* to the gathered data. This would aid the valuation function by providing data for market analysis which is one of the five sources of valuation data, the others being the client; inspections; property analysis and the public (RICS, 2017: p.17).

However, this common preference for a centralised data has been disputed on two grounds by a recent study (Onwuanyi, 2020). The disputation is founded upon two grounds. First, transactions data alone do not fully define property data which includes two other genres, not usually taken into account. These are property ownership data and property industry data. Thus, a data bank for *transactions evidence* only cannot not solve the challenge of availability of *property data* as an

economic resource to valuers and other publics. This means that centralisation of access to transactions evidence, even if contextual, cannot deliver a holistic solution because it would be incomplete. Second, centralisation of data was not founded on any arguments as to its superiority over other possible data management configurations. Therefore, it seems that there was merely an assumption by the proposers that whatever is centralised would be adequate and justified by that very fact. In the place of the common proposal, (Onwuanyi, 2020) proposes a contextual, decentralised system. The argument is hinged upon the fact that the centralisation of economic activity has tended to create inefficiencies in Nigeria. Evidence of this comes from Nigeria's ex-president Olusegun Obasanjo's justification of the 2000 privatisation of federal government enterprises on the grounds of excessive bureaucratic control, gross incompetence, mismanagement, corruption and complacency (5CC Press, 2007). Property data being economic in nature, may also suffer the same fate if centralised.

3. Proposing a Solution

This paper proposes a solution which will be contextual, holistic, capable of easing data collection and accessibility and which is reflective of practice in the most developed economies and property markets of the world.

What constitutes a contextual system?

Since one size cannot fit all, a contextual system must be what is workable for the system in question. For example, the United Kingdom, the United States of America and Northern Ireland have non-centralised property registration unlike France and Finland. These can be regarded as contextual systems because they fit their environments. This is why they are effective and not problematical. In England and Scotland, property ownership data is accessible from the Lands Registry (Calhoun, 2001). Regarding property transactions data, the UK has the Inland Revenue Department and the Investment Property Databank (IPD) as data sources. The IPD gives monthly data on capital and income returns for retail, office and industry (JLL, 2016).

It must blend with the lived experience of Nigerians and Nigeria. The history of failed federal enterprises is replicated at the state government levels, without exception. This suggests that a serious economic undertaking such as data management may not be accorded the required attention by the bureaucracy. If data management is to be centralised and handled by government, there would be a need for an appropriate administrative machinery and funding which can drive the process and obtain satisfactory results. Therefore, it is necessary to examine the suitability of the present arrangements for effective data management. Nigeria is a federal system composed of 36 sub-national units and 774 local government jurisdictions (Constitution of the Federal Republic of Nigeria 1999 as amended-Part I of the First Schedule). The Federal Capital Territory is the 37th administrative unit. The local government system is the third tier of government, after the federal and state tiers. The system is funded by the monthly allotment of consolidated federally-received revenue amongst the three tiers of government in the following proportions: federal (52.68%, state (26.72%) and local (20.60%). The basis of this allotment is unexplained; it is not the outcome of negotiation, and therefore, it is difficult to justify on the rational grounds of need or responsibility. The funding arrangement has been severally criticised as inappropriate and unrealistic. For instance, Nwosu (2016) observes that *"There is too much power at the centre. The Federal Government has too much power, too much responsibility, too much money, too much to waste"*. *Prima facie*, there is adequate funding at the federal level, but there is also a challenge of capacity and competence which manifests as waste and inefficiency.

Many assessments of the federal civil service reveal deficits such as a large bureaucracy, a disregard for merit, recurrent political interference, inefficiency, rampant corruption, and excessive waste which collectively suggest under-performance (Abdullahi, 2013, Abuhare, 2015; Nwosu, 2016). The challenge exists at the second tier whose responsibility for comprehensive land registration is yet to

be achieved forty-four years after it was given. According to Igbuzor (2015), Nigerian public-sector performance has been weak despite increased public expenditure on its improvement. The increased expenditure has not translated into service quality and performance. Therefore, the way out of the problem is a comprehensive public administration reform to produce a public service that is efficient, effective, transparent and responsive. The public service processes that need reform are planning, policy-making, budgeting, human resource management and performance management. *“It is important to point out that the pattern of increasing expenditure and declining quality of service is probably worse at the subnational levels (state and local government). Therefore, the Public Administration Reform needed in Nigeria must be comprehensive covering all levels and tiers of government”* (Igbuzor, 2015).

What creates a holistic solution?

The system must be capable of providing one-stop access to data. Therefore, it should be capable of capturing and storing all the three categories of property data, namely, property ownership data (currently held in state land registries), property market transactions data (currently unavailable) and property industry data (also not currently available). If all property data can be stored in one place, access would be easier and faster.

Categories of property data

In Onwuanyi (2020), the three categories of property data are identified property registration data, property market transactions data and property industry data. Their compositions are shown in Table 1 which, for further elucidation, also re-classifies the three categories into the two broad categories of market data and non-market data.

Table 1: Market and Non-Market Property Data in Nigeria

<i>Categories</i>	<i>Property Data</i>	
<i>Market Data</i>	<i>Nature</i>	<i>Sources</i>
	-Transactions in property	-Property sales -Property buys -Property leases
<i>Non-Market Data</i>	-Property facts & ownership specifics; -Property investment input costs	-Land registration -Building industry(materials, labour, professional fees); -Self-builders' costs; -Development approval costs;
	-Market information: status, analytics, demand	-individuals, analysts, the media, researchers, organisations

Source: Adapted from Onwuanyi (2020)

The three categories of property data can be explained as follows. In the process of subdivision, land undergoes delineation, mapping and alienation. Through these stages, the first set of data on a land holding is produced or garnered. These data usually pertain to location, size and ownership. This is land ownership data. In building on land for the purpose of improving its usefulness, another set of data is created (i.e. property transaction data) which includes the value commanded by the property upon its sale at completion. Again, some other information is generated from the process by which property is developed or produced. This constitutes property industry data. Now, since land and property are fixed in location, the three sets of data (land ownership, property ownership and

property industry data) are necessarily generated in that very location. Thus, these data should be collectible in the same location. Land data is collected where the land lies; land is improved *in situ* and the development process takes place in the same location. Therefore, it should be possible to collect these three sets of data in the same geographical location. With adequate legislation and proper organisation, land ownership; property transaction; and property industry records pertaining to a locality can be gathered and held in the same place. By law, land purchasers can be compelled to register locally all land ownership and changes thereof. The same can pass for all property sales and lettings in the local jurisdiction. For property industry data, the local registration authority would be required to collect, record and update all pertinent data. Holistic access envisages the combined capturing of these classes of data in one location from which one-stop access can be made possible to end users.

4. The Necessity for Decentralisation

Centralisation is antithetical to federalism

As mentioned, the proponents of central data management make no real arguments in support of their position. Perhaps the idea never occurred to them and so they never considered the possibility of there being an option. There is an element of oddity in adopting a centralised data management system to serve a federal administrative structure. This is essentially antithetical. The inefficiency of Nigeria's federal system is attributable to its centralisation tendencies which has been variously described as having "*a centralising effect*" (Asobie, 1995); having "*too much power, too much responsibility, too much money, too much waste*" at the centre. (Nwosu, 2016); and an "*overcentralisation*" (Babalola, 2017).

Data should be kept safe from corruption

Data is a valuable resource which has been described as: "*the world's most valuable resource*" of the digital era (Economist, 2017: p.1). It is a decision-making tool which has the power to create value. This makes data "*profitable to produce, to possess and to use*" (Onwuanyi, 2020:p.18). Data is useful only if it is accurate and valid. As observed by the Royal Institution of Chartered Surveyors (2017) observes, property data has to be "*secure as the corruption of data is increasingly becoming an issue*". Property data is sensitive because of its economic value. It has implications for obtaining value in transactions within the economy. Property, after all, is a way holding money (Millington, 1982). There is always a risk of its being corrupted. If this happens great harm would result. Corruption could take place in the process of transmission from its local place of collection to a central bureaucracy. There should be less of a problem if doubts about the validity of property data are restricted to particular a locality or particular localities rather than constitute a systemic issue as would arise if data management was centralised. A greater problem would arise if data were to be corrupted at the central location where it is kept.

Land is an immobile resource

Landed property is a fixed resource. Every unit of property belongs to a *locale* which is also where it is put to use and generates data. In essence, this means that property data has local origins just like property markets. Centralising locally gathered data on locally existent property will involve a cost which can be avoided by keeping the data in the same environment where it was generated.

5. Why the Local Data Management is Better than Centralised Management

Local data management means making use of the 776 local governments in Nigeria for the collection and storage of property data on ownership, market transactions and industry issues. The case for local data management can perhaps be better appreciated if a comparison is made with the central database option. This is presented in Table 2. A central data bank would require that records separately collected from various locations in the country be sent to a central point. Those who need data would then be required to access it from that location.

Table 2: Comparison of Central and Local Property Database Options

	<i>Central Database</i>	<i>Local Database</i>
<i>Advantages</i>	-Data on property in various locations is accessible from one place. -Probability of a greater authenticity	-Data is accessed at the place of collection. -A lower likelihood of bureaucratic delays. -Error risk is minimised as data comes is directly received/locally treated. -Errors can be more easily/quickly corrected/information verified -High potential to be comprehensive/detailed -Relatively lower processing costs
<i>Disadvantages</i>	-A bureaucracy may develop. -Delays may occur in processing/gaining access -Processing/Access costs may be higher. -Equipment malfunction may create costly delays. -All eggs are in one basket. -A greater risk of errors through handling at various levels -Difficulty in confirming information directly/quickly	-Data on property in other locations cannot be accessed by users from one place. -Local challenges may affect authenticity.

Source: Author's Analysis, 2026

Data under the decentralised system is domiciled and accessible where it is collected. Again, there are advantages and disadvantages involved. These assessments reveal that the disadvantages of a central database are greater than the local option. Therefore, the local option has more advantages. It is now necessary to consider whether or not the local government system holds advantages for data management purposes. Indeed, some cogent arguments can be made in support of using the local governments system for data management.

Just as property has a local base, so also, do property markets and local governments. The grassroots presence of local governments means that they are better placed than the state and federal governments to monitor the local environment. This further suggests that they are better placed to collect and superintend a comprehensive record of ownership, transactions and related property matters within their jurisdictions. Each local government jurisdiction is a comparatively smaller territory to cover than state and federal territory. This suggests that there would be less likelihood of having gaps in data caused by the remoteness of towns and jurisdictions from the data gathering authority. It is logical and preferable that data should be directly available from where it is gathered, not passed on to another agency, bearing in mind the risk of having data corrupted in the course of its transfer from its place of collection to another for processing and storage.

The case for local government involvement is strengthened by the fact that they are traditionally

associated with the administration of landed property issues within their jurisdictions through the extant tenement rate laws enshrined in the Constitution of the Federal Republic of Nigeria 1999 (as amended). Local governments are important to Nigeria's development because governance needs to reach the grassroots. Urban local governments experience rapid urbanisation whilst their rural counterparts collectively harbour the majority of the country's population. Both need effective governance which the higher tiers of government find difficult to deliver as a result of distance. According to the World Bank (1999), *The growth of urban populations in both large and capital cities and smaller municipalities feeds demand for increased localisation of political power* (World Bank, 1999:p.125) This should come through more effective urban governance which *is the hardware which enables the urban software to function ... to enable the local government response to the needs of citizens*" (UN-Habitat, 2012: p.1). Local development support also means that *"When urban governments have the power and ability to enact a development agenda, they can help the citizens of their cities hook up with the global economy* (World Bank 1999: p.125).

As local decision-taking empowers local governments, so would empowered local governments promote decisions which reflect the local perspective. Local governance is instrumental to successful property investment because it provides the setting in which investors operate. If central state authorities receive credit for attracting property investment, so should the cities of destination because the income-earning potential of property investment is locally-derived. London's local authorities, for example, are undoubted contributors to its success as the world's leading gateway city for foreign real estate investment because they create an enabling environment by marketing themselves to foreign visitors (City of London, 2013).

Conclusion

As mentioned in the introduction section, this paper is a contribution to the property database debate as well as an attempt at a solution. It was also mentioned that the paper expands the proposition made by Onwuanyi (2020) on the property data challenge in Nigeria. Based upon the premise that the effectiveness of data management systems in developed economies and property markets are contextual, it was argued that Nigeria should follow suit. Accordingly, it was proposed that a contextual system for Nigeria should be decentralised, that is, locally based. In addition, it should be able to gather the three identified categories of property data. Again, it should be capable of providing one-stop access to the various users of data. It is believed that the proposal is realistic. However, the rejuvenation and empowerment of the local governments system is a *sine qua non*. The proposal has the advantages of rationality, simplicity and the capacity to make local governments more effective, become contributors to economic development, and also, generate additional revenue to meet local needs, thereby strengthening representative governance and its accountability to the people.

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