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A Comparative Analysis of Return on Residential and Commercial Real Estate Investment in Enugu Urban Area from (2015 – 2024)

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Abstract **Original Research Article**

This research work conducts a comparative analysis of returns on residential and commercial real estate investment in Enugu urban Area. Three objectives were used in this work and they are; to determine the returns on residential and commercial real estate in Enugu Urban Area from 2015-2024 respectively, to compare the returns on investment from both types of real estate in Enugu Urban Area. The research design and methodology used on this work is the survey research method which deals with studying small, large population or universe by selecting and studying samples. The landlords, Estate surveyors and valuers, Real Estate developers formed the population of study. A sample size of 1462 was chosen using the stratified random sampling techniques, questionnaire distributed randomly to collect data after which 1278 were returned representing 87%. The sample were presented and analyzed using statistical tables, bar charts representation. Analysis of variance (ANOVA) was used to test the hypothesis and it was seen that there is a significant difference between the returns on investment in residential and commercial real estate in Enugu Urban Area. Using the ROI formula it was observed that there has been a steady increase in returns of residential and commercial properties in Enugu from 2015 to 2024. However, the rate of increase in commercial properties was higher than that of residential properties within 2015-2024. The residential and commercial real estate performed well with positive mean rental return through the period but commercial real estate returns better with a mean rental return of #2,621,296 from residential real estate which has a mean return of #2,155,557. Recommendations made from the findings of this work is that there should be orientations and sensitization programs involving the entire building team with a view of having an organized environment for investment to flow commensurately, review of building policies like, building codes, zoning ordinances etc to suit current challenges faced in the building industry, there should be policies that will support uniformity of designs, use of finishes & fittings in a particular area to enable easy definition of property which will in turn yield appropriate return. Transparency in the services of development control agencies, reduction of high cost of import duty to reduce high cost of building materials and encourage regular maintenance of existing properties which will encourage growth in return. Finally; government should assist through their monetary and fiscal policies to enhance the building industries, since the development of residential real estate drives the development of commercial real Estate.

Keywords: Comparative real estate investment, residential property returns, commercial property returns, return on investment (ROI), Enugu Urban Area.

1.0 Background of the study

The origin of Enugu is traced from the early discovery of coal in great quantity in 1909 by a team of British miners led by Mr. Kitson (Abiodun, 2015). According to ENSG 2019, Mr. W. J. Leck a British mining engineer is known to being the first permanent inhabitant of Enugu. He was an under manager and later the Colliery manager and lived between 1914 and 1942, when he finally retired. He and his British colleagues made their first home in temporal bush housing, positioned at the top of the ridge at the present hill top site. It was during this 1914 that the earliest settlers in Enugu began to migrate, due to the discovery of coal; hence, need for a residential settlement for the coal miners was necessitated. This shelter need led to the development of Enugu in 1915 (Cordela & Walter, 2021). The mining of coal in the Enugu Ngwo area brought about the development of a native location of the northern side of Obwetti stream known as Alfred Camp with bush houses for the labourers in 1915. Due to the large commercial quantity of coal discovered, more labourers and houses was needed, this resulted to the construction of the southside of the Obwetti stream, which was later known as Coal Camp.

As the developmental improvement of the town area began to boom, influx of trading firms such as John Holt, Kingsway stores and the Bank of Africa, Ogbete market were noticed. Administrative machinery began in earnest as other development effort were being made. By 1923, railways which had earlier made an impact to the new city, began building a native quarter of its staff at northern ogui called China Town (Enugu State Government, 2019). The ogui district beganthe planning battle with the authorities over its farmland. This lasted from 1923 – 1925. This desired need for expansion led to the formation of the residential district now called Asata and Ogui. They became more populous due to the sitting of roads and water within the zone, with high concentration of commercial activities that followed (Cordela & Walter, 2021). Zik Avenue is the center of Uwani where high rate of commercial activities exist including Okpara Avenue and one of the adequately hit streets in Enugu in the 50s. In 1947; Uwani layout was acquired and building improvement began noticeable by 1949, between 1950 and 51, over 100 houses had been done. The Township advisory council began the actual planning and plottingto house the influx of population migrating to the city. By this, Uwani became the center point of the new city. The sitting was between Coal camp and Ogui/Asata areas. By 1964 Enugu House of Assembly was opened and premier lodge “today’s Government House” all build in Independence Layout followed by New Haven bounded in the north by Abakaliki road. Fire stations on the corner of Ogui and chime with undated business activities in the area. The period of late 1950 and early 1960 saw the mapping out of Achara Layout which borders on the eastern side of Uwani and attracts larger area than Uwani in aesthetics and population (Cordela & Walter, 2021). Residential district (Layouts) sprang up to absorb the rapid growth in population and there appear to be more emphasis on returns from properties in Nigeria (Kalu, 2005 in Dialla et al, 2019) by investors; Therefore the study of real estate investment returns whether residential or commercial is very important, especially at this time when focus is on investment performance analysis in many part of the world; Hence, the study compares returns on commercial and residential real estate in Enugu urban area.

2.0 Statement of the problem

The comparative analysis of returns on residential and commercial real estate investment is stimulated by urban growth, economic changes and growth in infrastructure (Akpaenyi and Igwe , 2025). Residential and commercial properties involve high cost of development challenging investors to maintain high returns on investments (Okafor, 2016). In a bid to secure this returns poor management issues crypts in due to unprofessional maintenance problems and further worsened by weak enforcement of land use regulations, which impacts the sustainability of development. This has resulted to rapid conversion of residential spaces into commercial centers (Egbenta, 2017).

Investors often commit capital without

understanding which sector offers better performance, leading to sub optimal returns, high risk or increased volatility. Key issues includes inconsistent rental growth, high management intensity in residential and higher vacancy risk/economic sensitivity in commercial properties. Investors lack adequate knowledge of the relative performance of residential and commercial sectors. There is need to determine whether commercial property consistently out performs residential property in terms of capital appreciation and rental income. The challenge lies in evaluating the risk adjusted return, as residential property can sometimes be riskier due to tenant issues while commercial property are more prone to sector – specific economic risk. Inconsistent growths rates in rental income over time make it difficult to forcast future returns accurately. Also, a lack of reliable, standardized and timely data on property performance hampers objective comparison.

Thus this paper is interested in comparing the returns on commercial and residential real estate investment in Enugu Urban Area.

3.0 Aim and objectives of the study

The aim of this research is to compare the returns on residential and commercial real estate investments in Enugu Urban Area with a view to achieve the…

To achieve this aim, this study intends to pursue the following lines of objectives:

a. To determine the returns on residential real estate investment in Enugu Urban Area from 2015 – 2024.

b. To determine the returns on commercial real estate investment in Enugu Urban Area from 2015 – 2024.

c. To compare the returns on residential and commercial real estate investment in Enugu Urban Area from 2015 – 2024.

4.0 Hypothesis formulation

For proper investigation, the following hypothesis will be tested:

H_O - There is no significant difference in the returns on residential and commercial properties in Enugu Urban Area.

H_1 - There is significant difference in the returns on residential and commercial properties in Enugu Urban Area.

5.0 Scope of the study

The study is delimited to Enugu Urban Areas, which include Enugu South Local Government Areas with specific interest in Centenary Area (Low density – high income area), Achara layout (Medium density – medium income area) and Garriki (High density – Low income area). Enugu North Local Government Area with specific interest in Independence layout (Low density – high income area), New Haven (Medium density – medium income area) and Coal Camp (High density – low income area). Enugu East Local Government Area with specific interest in Thinkers Corner (Low density – High income area)., Trans Ekulu (Medium density – medium income area) and Abakpa (High density – low income area). The residential accommodation covered includes, blocks of flats, bungalows and duplexes. The commercial accommodation covered includes, offices, retail stores and warehouses. The study covers the period between 2015-2024 (10 years' period).

6.0 Research Design

This research work adopted the survey research design and methodology. Survey research is used to answer questions that have been raised, to solve problem that have been posed or observed to assess needs and set goals, to determine whether or not specific objectives have been met, to establish baselines against which future comparisons can be made, to analyse trend across time, and generally, to describe what exist in what amount and in what context (Isaac and Micheal, 2017). Obodoh, (2015) further describes survey research design as the systematic gathering of information from respondent for the purpose of understanding and or predicting some aspect of the behaviour of the population of interest. As the study demands a thorough investigation, adequate survey studies were carried out for better understanding of this topic.

7.0 Review of Related Literature

The earlier studies carried out in the area of returns analysis on residential and commercial real estate are discussed in this section. These studies according to Udoudoh, (2016}, are necessary to enable investors and entrepreneurs understands the flow of returns in real estate investment, which involves the creation of new income yielding assets from land and it's resources based on capital analysis of expected cost and benefits within a given period. They also provide data for researchers and help the government in policy decisions.

(Nissi, et al 2019), compared the returns analysis of residential property investment in Enugu urban, Enugu state, Nigeria. In their work they compared the performance analysis of 3 bedroom blocks of flats {on 3 floors) in Achara layout, New Haven, Ogui New Layout and Ogui Road. The work discovered that New Haven had the highest return for residential property investment within the study period. Also (Udobi, et al 2018), carried out a comparative analysis of returns on residential and commercial properties in Onitsha, Anambra state Nigeria. This work was necessitated as a result of the observation that most investors are putting considerable sum of money into property investment in the study area annually. The study shows that while both residential and commercial property out performed residential properties in terms of rate of return. However, the risk associated with investment in commercial property is higher than that of residential property investment in the study area.

Again, Matthew, (2013), examined the performance of residential and retail commercial property investment in Ilorin, Nigeria. The work showed that in Ilorin commercial property investment performed better than residential property during the period of measurement. The result clearly identified commercial property as a more attractive form of investment option; in terms of means annual return, risk adjusted return, income growth and capital appreciation, commercial property performed better. In terms of risk, the result revealed that both residential and commercial property investment are somewhat risky in the study area. However, the residential property with the co-efficient of variation of 0.74 is riskier than commercial property with coefficient of variation of 0.46.

In Africa, Botswana; Kampanba and Nnang, (2016) did a comparative work on the performance of investment in real estate to that of share. With the aim of guiding investors in the country on the best investment to venture into, Statistical and descriptive research method was used while the survey approach was used for data collection. Samples were selected from the available population and a non-probability sampling technique was adopted in choosing respondents of the study. The finding from the study reveals that property (real estate) offered better returns than shares. However, it was considered to be riskier within the period of study. The work analyzed the comparative performance of different types of property but failed to determine the risk that is usually inherent with each types of property.

In the foreign scene, Miles and Miccue (1982) Webb and Sirmans (1982) in Matthew (2013), and NCREIF (1984). In the study conducted in US, Miles and Miccue (1982) examined the rates of returns and different types of properties held by sixteen Real Estate Investment Trust (REITs) over the period of 1972 - 1978. The study which employed regression equation estimate found that residential property performed better. Than retail during the period of study. Although, the study was a good attempt at analyzing the comparative performance of different property ‘types; it failed to examine the risks associated with each of the property sectors. Another US study by Webb and Sirmans, (1982) bridged the gap left by Miles and Miccue ,(1982) by analyzing the return risk on different types of real estate property over the period of 1966 ~1976. The study employed real estate data from the American Council of Life Insurance and estimated the American Council of Life Insurance and estimated the investment yields of specific property types for fifteen companies. The result - of the study showed retail property performed better than residential property. In terms of returns. However, the empirical result indicated that retail property was riskier than residential property.

National Council of Real Estate Fiduciaries (1984) in Oluwole, (2013) employed the index of income producing properties generated by the Frank Russel Company to determine the return on different types of real estate property. The outcome of the study which considers the performance within 1978 — 1983 showed that residential property outperformed retail property in terms of returns. The result also indicated that residential property was riskier than retail property.

Lorenz and Truck, (2008) in Oluwole, (2013) in an European study investigated the risk and return performance in European markets. The authors who conducted a comparative study of different property types across France, Germany, Ireland, Netherland and UK found that retail property performed better than residential property in France and Germany while the residential property out performed retail in Netherlands.

This study should however, compare the returns on investment in residential and commercial real estate in Enugu urban, Enugu state, Nigeria.

From the review of related literature analyzed in this research work regarding returns on investment on residéntial and commercial real estate. Among which Nissi, et al 2017), their work compared returns analysis of residential property investment in Enugu urban, Enugu state Nigeria. (Udobi, et al2016), carried out a comparative analysis of returns on residential and commercial properties in Onitsha, Anambra state, Nigeria. Also, Matthew, (2013) examined the performance of residential and retail commercial property investment in Ilorin, Kwara State, Nigeria.

None of these available indigenous studies has analyzed the comparative analyses of returns on investment between residential and commercial real estate in Enugu urban for ten years' period (2015 - 2024), which was specified to Enugu North Local Government Area involving Centenary Area, Achara Layout, Garriki and Enugu East Local Government Area involving Thinkers Corners, Trans Ekulu and Abakpa ali in Enugu Urban respectively. Hence, this research work tends to fill the gap in knowledge considered in the area of study.

8.0 Residential and commercial real estate selected for study

As regards the residential and commercial real estate in independence layout, Coal Camp New Haven, Centenary Area, Achara layout, Garriki, Thinkers Corner, Trans – Ekulu and Abakpa a summary detail of 162 sample residential and commercial real estate where selected using stratified random sampling which deals with dividing the residential properties in the areas into 3 strata and commercial properties into 3 and a total of 3 residential and commercial properties were selected from each strata in the areas making it a total of 81 residential and 81 commercial real estate in independence layout, Coal Camp, New Haven, Centenary Area, Achara layout, Gariki, Thinkers Corner, Trans – Ekulu and Abakpa.

9.0 Determination of Rental Returns on Residential and Commercial Real Estate Investment in Enugu Urban Area from 2015 – 2024

9.1 Residential Real Estate

In oreder to determine the rental returns from residential properties in Enugu Urban, the study first selected three areas from Enugu North (Independence Layout, New Haven and Coal Camp), Enugu South (Centenary Area, Achara Layout and Garriki), Enugu East (Thinkers Corner, Trans-ekulu and Abakpa) respectively. In each of the area selected, the study now divided each areas into 3 strata (zones). Within each stratum 3 residential properties were selected through simple random sampling technique. Thus a total of 81 residential properties were used. The three properties were selected from block of 3-bedroom flat, bungalow and duplex. The annual rental returns of the properties within each stratum were gotten from 2015 – 2024. Thereafter, the average annual rental returns of all categories of properties for all the strata was then determined. The result is presented in table 1

Table 1: Average Annual Rental Returns of Residential Real Estate in Enugu Urban from 2015 – 2024

Types of properties	2015 ₦	2016 ₦	2017 ₦	2018 ₦	2019 ₦	2020 ₦	2021 ₦	2022 ₦	2023 ₦	2024 ₦
Block of 3 bedroom flat	368,519	368,519	368,519	385,185	485,185	509,259	537,037	620,370	722,222	729,630
Bungalow	490,740	490,740	490,740	577,778	657,407	677,778	718,519	820,370	894,444	916,617
duplex	637,037	637,037	637,037	690,741	829,630	851,852	916,667	1,016,667	1,161,111	1,168,519

All the residential accommodation returns showed a continuous increase in rental returns. For further understanding the data on table 1 is presented in figure 1 below.

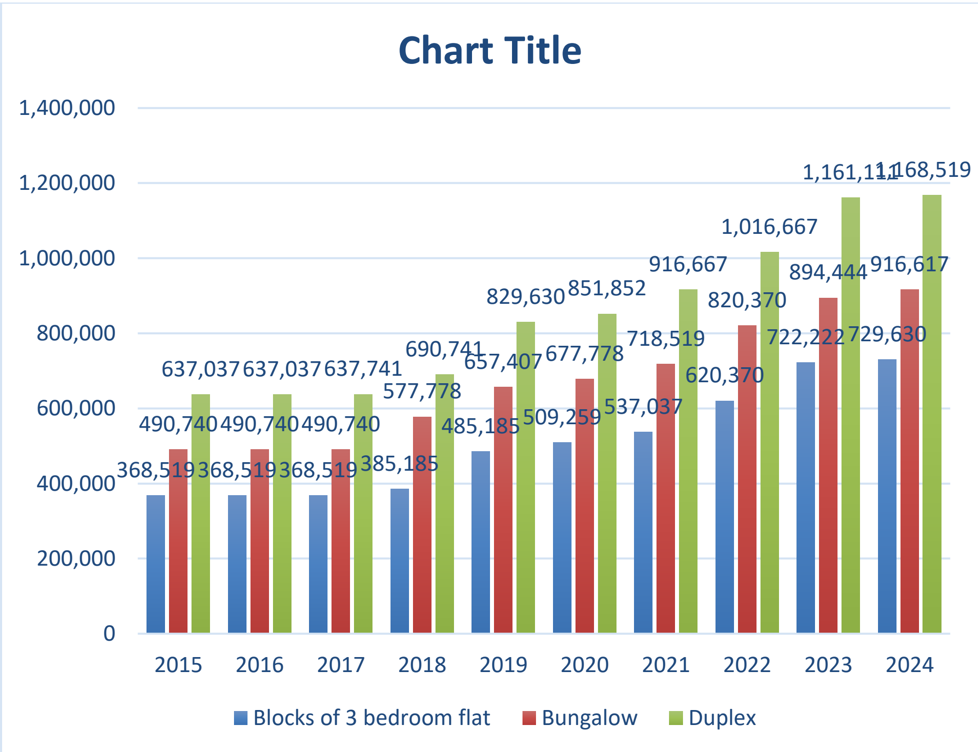

Figure 1: Multiple Bar chart showing the average rental returns of residential real estate in Enugu Urban Area.

9.2 commercial Real Estate

Here, also 3 major urban area of Enugu were selected Enugu North, South and East and 3 areas selected from each, in each selected they were divided into 3 strata. Within each stratum 3 commercial properties were selected making it a total of 81 selected as was done in residential properties above. The 3 commercial properties selected were Retail store, Office property and Warehouse. The annual rental returns of the commercial properties within each stratum were gotten from 2015 – 2024. Thereafter, the average annual rental returns of all categories of properties for all the strata was then determined. The result is presented in Table 2 below.

Table 2: Average Annual Rental Returns of Commercial Real Estate in Enugu Urban from 2015 – 2024

Types of properties	2015 ₦	2016 ₦	2017 ₦	2018 ₦	2019 ₦	2020 ₦	2021 ₦	2022 ₦	2023 ₦	2024 ₦
Block of 3 bedroom flat	**483,333**	**483,333**	**483,333**	**577,778**	**629,630**	**644,445**	**742,592**	**790,741**	**851,852**	**911,111**
Bungalow	**624,074**	**624,074**	**624,074**	**731,481**	**764,815**	**787,037**	**890,741**	**935,185**	**1,051,852**	**1,101,852**
duplex	**770,370**	**770,370**	**770,370**	**906,000**	**955,555**	**994,445**	**1,112,963**	**1,187,037**	**1,287,037**	**1,351,852**

The properties returns shows a continuous increase in as much as the increase but higher than that of residential properties. It is further explained in figure 2 below:

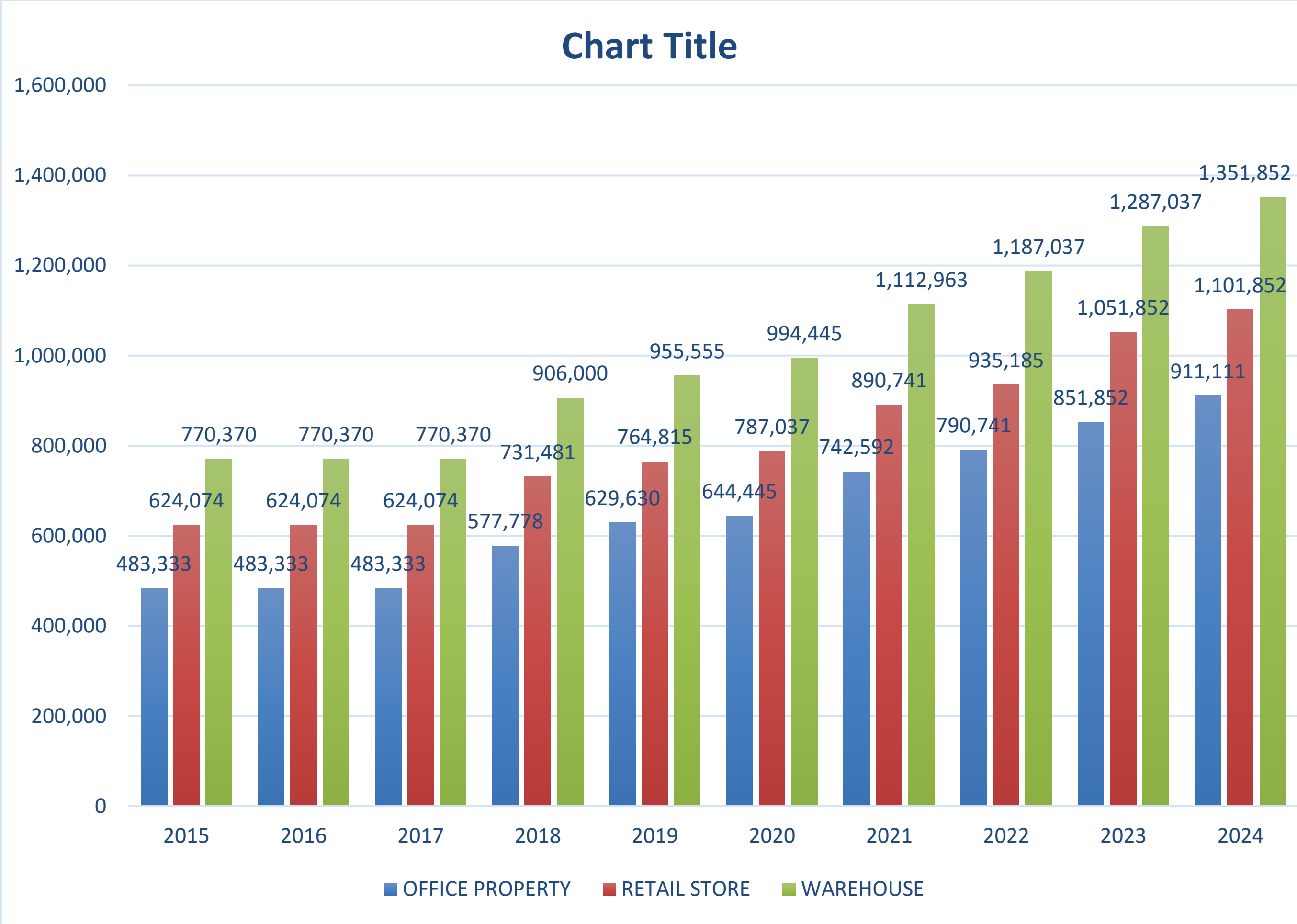

Figure 2: Multiple Bar Chart Showing the average rental returns of commercial real estate in Enugu state.

10.0 Comparison of the returns on investment (ROI) from Residential and Commercial Properties in Enugu Urban from 2015 to 2024 using ROI formula

The Return on Investment from Residential Properties such as Block of 3 - bedroom flat, Bungalow, Duplex and Commercial Properties such as Retail Store, Office Property and Warehouse was compared. The comparison was done using the ROI formula which is given as average rent all over average capital value. The result is presented in the table below.

Table 3 Return on Investment of Residential and Commercial Real Estate in Enugu Urban Area from 2015 – 2024 using (ROI) formula

Types of property	Type of property	Return on Investment Formula = Average Rent / Average Capital Value
		% % % % % % % % % %

		2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Residential	Block Of 3 Bedroom Flat	3.0	3.0	3.0	3.17	4	4.2	4.4	5.1	5.9	6
	Bungalow	2.2	2.2	2.2	2.6	2.9	3	3.2	3.6	4	4.1
	Duplex	2.1	2.1	2.1	2.3	2.8	2.9	3.1	3.4	3.9	4
Commercial	Retail Store	23	23	23	27	30	31	35	37	40	43
	Office Property	30	30	30	35	37	38	43	45	50	53
	Warehouse	4.2	4.2	4.2	5	5.2	5.4	6.1	6.5	7	7.4

In the return on investment analysis as presented in the table above, the residential properties from year 2015 to 2017 returned 3.0% from block of 3-bedroom flat with an average capital value of 12,167,370, in year 2018 3.17%, year 2019 is 4%, year 2020 is 4.2%, year 2021 is 4.4%, year 2022 is 5.1%, year 2023 is 5.9%, while year 2024 is 6%.

For bungalow; the return on investment is at 2.2% from 2015 – 2017 with an average capital value of 22,537,000. Year 2018 ROI is 2.6%, year 2019 it is 2.9%, year 2020 it is 3%, year 2021 it is 3.2%, year 2022 it is 3.6%, year 2023 it is 4%, year 2024 it is 4.1%.

For duplex; the return on investment is at 2.1% from 2015 – 2017, with an average capital value of 29,851,850, in year 2018 the ROI is 2.3%, year 2019 it is 2.8%, year 2020 it is 2.9%, year 2021 it is 3.1%, year 2022 it is 3.4%, year 2023 it is 3.9% while year 2024 it is 4%.

For commercial real estate, the return on investment from retail store (14 – 20 sqm) within 2015 – 2017 is 23% with an average capital value of 2,111,110. In year 2018 the ROI is 27%, year 2019 is 30%, year 2020 is 31%, year 2021 is 35%, year 2022 is 37%, year 2023 is 40%, year 2024 is 43%.

For office property (14 – 20 sqm), the returns on investment ROI from 2015 – 2017 is 30% with an average capital value of 2,085,979, in the year 2018 it is 35%, year 2019 is 37%, year 2020 is 38%, year 2021 is 43%, year 2022 is 45%, year 2023 is 50%, year 2024 is 53%.

For warehousing; the return on investment from 2015 – 2017 is at 4.2% with an average capital value of 18,259,250. In the year 2018 is 5%, year 2019 is 5.2%, year 2020 is 5.4%, year 2021 is 6.1%, year 2022 6.5%, year 2023 is 7%, year 2024 is 7.4%. the table shows that as rent increases during the year, returns on investment increased, this was observed in all the types of properties.

11.0 Test of Hypothesis

Section 4.0 of this work discussed hypothesis formulation. The hypotheis tends to test if the difference in returns of Residential properties and Commercial properties is significant. A one-way analysis of variance (ANOVA) test was conducted with information on the result from tables 1 and 2. The result is presented in tables 3 and 4 below.

Table 4: Descriptive

Type of property	Maximum ₦	Minimum ₦	Mean ₦	Mean %
Blocks of 3 bedroom flat	729,630	368,519	549,075	25.5
Bungalow	916,667	490,740	703,704	32.65
Duplex	1,168,519	637,037	902,778	41.88
Total	**2,814,816**	**1,496,296**	**2,155,557**	**100**
Office Property	911,111	483,333	697,222	25.91
Retail Store	1,101,852	624,074	862,963	32.92
Warehouse	1,351,852	770,370	1,061,111	40.48
Total	**3,364,815**	**1,877,777**	**2,621,296**	**100**

Table 5: ANOVA Result

CASES	RESIDENTIAL		CASES	COMMERCIAL	
	X^1 ₦	$(X_1)^2$ ₦		X_2 ₦	$(X_2)^2$ ₦
Block of 3 Bedroom Flat	549,075	301,483,355,625	Office Property	697,222	486,118,517,284
Bungalow	703,704	495,199,319,616	Retail Store	862,963	744,705,139,369
Duplex	902,778	815,008,117,284	Warehouse	1,061,111	1,125,956,554,321
Total	**2,155,557**	**1,611,690,792,525**	**Total**	**2,621,296**	**2,356,780,210,974**

12.0 Discussion of Findings

- Using the ROI formula, it was observed that the return on investment for block of 3-bedroom flat was 3.0% in 2015 while in 2024 it was 6% with an average capital value of ₦12,167,370. For bungalow its average capital value was ₦22,537,000 with an ROI of 2.2% in 2015 and 4.1% in 2024. For duplex its average capital value was ₦29,851,850 with an ROI of 2.1% in 2015 and 4% in 2024. The results shows that as rent increases the ROI increases; However, retail store (14 – 20 sqm) its average capital value is at ₦2,111,110 with an ROI of 23% in 2015 and 43% in 2024, for office property (14 – 20 sqm) its average capital value is at ₦2,085,979 with an ROI of 30% in 2015 and 53% in 2024, for warehouse (50 – 100 sqm) its average capital value is at ₦18,259,250 with an ROI 4.2% in 2015 and 7.4% in 2024. Also the results show that as rent increases the ROI increases, meanwhile, comparing the ROI of block of 3-bedroom flat bungalow and duplex, it's obvious that the ROI from commercial real estate is higher than that of residential real estate. Furthermore, the average capital outlay (values), which is the amount invested in commercial real estate are ₦2,111,110, ₦2,085,979 and ₦18,259,250 for retail store, office property and warehouse respectively while ₦12,167,370, ₦22,537,000 and ₦29,851,850 for block of 3-bedroom flat, bungalow and duplex respectively. This shows that less is invested in commercial with higher returns.

- Also from the one-way ANOVA, we can see that there is a statisticalally significant difference between groups amongs the types of properties in commercial and residential. The calculated F- value is much higher than the critical value.
- It was observed that returns from commercial property from 2015-2024 was higher than that of returns from residential property from 2015-2024 with much different based on the fact that the returns on commercial real estate are basically from shops (retails store), office of a maximum of 3.6m by 3.6m to 5m by 5m (rare) size of shops in the study area. Except for warehouse that in rare cases covers a full size of a standard 3-bedroom block of flats, when they are built into an existing block of flat, which at the same time attracts higher returns as seen in the work carried. The point is that the space used in developing shop and office are comparatively smaller to the space used in developing residential properties, when you compare the returns from this shops or offices in relation to the massive space for a well comfortable residential outlet. It varies in large extent. The space consumed in residential development can be used in developing more commercial outlets. It was also observed that residential and commercial properties seem to be higher in terms of rental income in Independence Layout with the annual rental returns from 2015 at 500, 000 for 3- bedroom flat, 700,000 for bungalow and 900, 000 for duplex, towards 2024 it increased to 1,200,000 for 3-bedroom block of flat, 1,500,000 for bungalow and 1,800,000 for Duplex. In Thinkers Corner for 2015 was 500,000,700,000 and 800,000 for block of 3-bedroom flat, bungalow and Duplex respectively while by 2024. It rised to 1,000,000, 1,200,000 and 1,400,000 for 3-bedroom flat, bungalow and Duplex respectively. In commercial properties from year 2015, office property, retail store and warehouse rented at 700,000, 900,000 and 1,000,000 respectively but in 2024 it rised to 1,500,000, 1,800, 000 and 2,000,000 for office property, retail store and warehouse respectively in Independence layout.
- In Centenary City, year 2015 recorded 400,000, 600, 000, and 800, 000 as rents for blocks of 3-bedroom flat, bungalow and Duplex respectively but in 2024. It rised to 1,000, 000, 1,200,000 and 1,500,000 which is 50% increase due to the inflationary nature of Nigeria economy. Its commercial outlet in 2015 recorded 600,000, 800,000, 1,000,000 for office property, retail store and warehouse respectively. While in 2024 it was 1,200,000, 1,500,000 and 1,800,000 respectively, it still shows 45% - 50% increase. This increase is also seen, centenary City and Thinkers corner, followed by New Haven, Trans Ekulu and Achara Layout followed by Abakpa, Coal Camp and Garriki that are high density areas. Another important finding the area of heterogeneity of real estate. This pose a serious problem as fashion, taste and design keep on changing. No two properties are the same, there are no regulation or regulated designs especially from 2021 till date a lot of irrational development of properties both commercial and residential are noticed in the area. Developers just wake up and began to build, no development control, no design control, building codes are not considered, therefore determining returns according to organized standard becomes difficult. It was observed in a similar location you can have varying prices of rents which is determined by the volume and nature of finishing and utilities

made available in a property, there are no unified provisions or set standards on building finishes, it is now a game of choice or competition. Come and show your strength or how rich or wealthy you are, that is why in the same street one can see two properties having a wide range of disparity on rents. The society are controlling themselves and this is worsening by the day.

However, their returns varies, based on the rental incomes and rate of growth of the rent, but on land sizes, commercial real estate is more profitable, in that the land size required to develop a retail store and office property is less than for 3 bedroom blocks of flat and 3 bedroom bungalow, likewise duplex. The returns accruing from the commercial real estate will be more when compared to that of residential real estate.

- Also pertaining to returns, it was observed that most of the properties sampled for this study are old existing properties, many of the tenants or occupants are now sitting tenants and are enjoying the benefits therein, when compared to current market rental value of a building developed today. There are wide range of gap in rental payment, this is further strengthened by the high cost of building materials with the inflationary condition of the economy of the country. Sitting tenants are being pressured by landlords by way of rental return increase, this go ahead to create chaos among tenants and landlords. Tenants do demand for refurbishment and redevelopment to commensurate with rent increase but this seem to be impossible because of the high cost of maintenance and building materials, this now create room for tenants to park into newly developed houses and causing the old one to keep deteriorating through void. Most property owners are forced to keep rent low in order to retain their tenants and this affects the maintenance of the property.

  More so, it was observed that the investment in residential and commercial real estate are both viable but should be properly organized, as residential properties increases, its increase drives a corresponding demand for commercial outlet, but their development need are not properly spelt out ab-initio, causing invasion and succession in New Haven, Garriki, Achara layout, Coal Camp, Abakpa etc. mixed uses takes place in these areas and has a resultant effect on the actual full rental return that supposed to be accruing from this properties and the pollution inherent in it.

Finally, there is a great indication that in future, the determination of returns will be very difficult because of the un-organized society that exist around us which is strengthened by high cost of living, high cost of building materials, quacks in the development control systems in the state, through corruption. Urgent attention need to be paid into our society, in order to create a good environment where investment in real estate can thrive.

13.0 Recommendations

The following measures are recommended in view of the research findings:

- There should be orientation and sensitization of the building team in real estate, which will involve all the professional that make great impact on real estate development. This forum will create room for minds to be robbed together on the better need of organizing our society. Government and Non- governmental organization or bodies will be involved to strengthen the force.
- Our polices on building development, building codes etc. should be reviewed and upgraded or amended to suit current situation prevailing in our society, many are out of date, they no longer suit the existing challenges and cannot make fashionable input at all.
- Apart from the massive industrial complex owned by Chinese Company Good well ceramics Tiles manufacturing, wash hand basins, W/C etc. and Cement by Dangote and other groups within our states and country Nigeria. The majority of the building materials used are imported, even the materials used in the industry available here are still imported. There is need to create room for more usage of our own local materials for development of real estate to

reduce the cost therein Governments should provide the resources and technical knowhow for this vision to be possible. They can further sponsor our youths into this foreign country for them to gain the knowledge and come back and establish our state and country.

- Enlightenment program should be conducted regularly, to sensitize the public on the need for transparency in office and less greed on services, this will in turn assist government workers to render their services with a patriotic mindset. Development control authorities should desist from corruption and follow the blue print designed for a particular area, to prevent demolition in future, all this create havoc and stunts expected returns on investment.
- There should be uniformity of design, finishes and fittings, according to specified areas. This will go a long way in assisting property developers to know what is required of them and enable them to invest wisely in anticipation of a reasonable, commensurate return on investment. Building codes and standards should be followed to curb irrational development of commercial properties.
- Quacks in the building industry at large should be sieved out aggressively. Government can further assist in these area by making jobs available for the unemployed youths. It has been observed that many unemployed citizens use real estate business as an alternative to survive, thereby causing havoc in the system.

14.0 Conclusion

This study has analyzed comparatively the returns from residential and commercial real estate investment in Enugu urban area from 2015-2024. The study has shown that in Enugu Commercial Real Estate investment returns is somewhat better in comparison to residential during the study period, but the difference is minimal. The mean annual return for office property, retail store and warehouse are # 697,222, #862,963, and #1,061,111 respectively when compared to the mean annual return for block of 3 bedroom flat, bungalow and Duplex which are #549,075, #703,704 and #902,778 respectively.

The result clearly identified commercial property as a more attractive type of investment choice, when you consider the mean annual return and average annual return. The result shows that both residential and commercial property investment are risky in the study area; However, the commercial property with the mean annual return of #2,621,296 is more viable than residential property with the mean annual return of #2,155,557. Therefore, while both residential and commercial property investment performed well or returns well with positive mean returns throughout the period. It is imperative to note that if proper supervision is not carried on the development of this properties, they may be situations where the supply of commercial properties might exceed its demands, creating room for void with a resultant scarcity of residential property, causing housing shortage, which will in turn frustrate the expected return from an investment venture. Finally, it is advised emphatically that government should assist investors in real estate, through changes in monetary and fiscal policies to enhance real estate development; hence, the development of residential real estate, drives the demand for commercial real estate.

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