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Research Paper

The Effects of Political Instability on Property Investment in Rivers State

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Abstract
This study examined the effects of political instability on property market performance and property investment in Rivers State, Nigeria. Employing a mixed-methods approach combining quantitative andqualitative techniques, the research adopted a case study design focusing on 100 participants in the RiversState real estate market, including registered estate surveyors and valuers, real estate developers, investors,and real estate development financiers. Quantitative data were gathered through structured questionnaires(n=86 valid responses) and analyzed using descriptive statistics, Relative Importance Index (RII), andinferential techniques including regression analysis. Qualitative data were obtained through 15 in-depthinterviews with purposively selected stakeholders. The findings reveal that political instability constitutesa significant constraint on the property market in Rivers State through weakened investor confidence,heightened risk perception, and reduced development activity, resulting in slower market growth andreduced liquidity. Regression analysis identified investor confidence erosion ($\beta = 0.412$, $p < 0.001$) as thestrongest predictor of reduced property investment. The study further concludes that despite persistenthousing needs, political uncertainty has discouraged capital commitment, triggered project delays andabandonment, and prompted investors to reallocate investments to more politically stable states. The studyrecommends that government authorities and stakeholders in Rivers State strengthens political stability andgovernance through transparent and predictable policies, enhance investor confidence with incentives andrisk-sharing mechanisms, and develop a clear regulatory framework that facilitates property investment anddevelopment.

***Keywords**: Political Instability, Property Investment, Property Market, Rivers State, Nigeria"*

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I. INTRODUCTION

Political instability has long been a significant feature of Nigeria's socio-political and economic landscape,exerting profound effects on various facets of national development, including foreign investment(Osoghoyai& Kalama (2025). According to Asiedu (2006), political instability encompasses politicalviolence, military coups, electoral malpractices, insurgencies, policy inconsistency, and governancefailures, all of which create an environment of uncertainty for both domestic and foreign investors. Propertymarkets are inherently sensitive to the political environment within which they operate, as political stabilityprovides the institutional certainty required for long-term investment, capital formation, and marketconfidence. Real estate investment is typically characterized by high capital intensity, long gestationperiods, and immobility, making it particularly vulnerable to political risks such as policy inconsistency,governance failures, civil unrest, and institutional weakness (Frieden, 2018; Leishman, 2018). In politicallystable environments, predictable regulatory frameworks and effective state institutions support propertydevelopment, efficient land administration, and sustained market performance. Conversely, politicalinstability disrupts these foundations, undermining investors' confidence and distorting market outcomes.Uncertainty arising from frequent changes in government, weak rule of law, and contested politicalauthority often leads to erratic land-use policies, inconsistent taxation regimes, and arbitrary regulatoryenforcement, which increase transaction costs and investment risk (Besley & Persson, 2011). In suchscenarios, property developers and investors may delay or ultimately cancel projects, leading to reducedhousing supply, declining transactions volumes, and suppressed capital values. Furthermore, politicalviolences civil unrest directly damage physical assets, increases insurance costs, and depress demand,particularly in affected urban areas (Abadie &Gardeazabal, 2003).

Beyond direct market effects, political instability shapes macroeconomic conditions that influence propertyperformance. Heightened political risk often triggers capital flight, currency volatility, and restrictivemonetary policies, leading to higher interest rates and reduced access to mortgage finance (Feldmann,2013). These conditions constrain both demand and supply within property markets, reinforcing cyclicaldownturns and limiting the sector's contribution to economic development. Investor perceptions andexpectations further amplify these effects, as heightened uncertainty increases risk premiums and shiftscapital toward more stable jurisdictions (case & Shiller, 2003).

Rivers State, located in Nigeria's oil-rich Niger Delta region, has historically been an attractive market forreal estate investment due to its position as a hub for business, trade, oil and gas hub, and urbanization. Thecapital, Port Harcourt, has witnessed significant population growth, leading to increased demand for bothresidential and commercial real estate. However, since 2013, the state has been marred by politicalinstability, which has disrupted governance, security, and economic development and investor's perceptionand confidence. As political conflicts between interested political groups escalated in Rivers State,particularly with the ongoing battles for political control between the Governor and theRivers State House of Assembly, the state has witnessed a rise in policy and regime uncertainty, creating avolatile environment for investment.

STUDY AREA

Rivers State is one of Nigeria's most economically strategic state due to its position within the oil-richNiger Delta and its role as a hub for petroleum production, logistics, and allied services. Port Harcourt, itscapital city has experienced rapid urbanization, population growth, and spatial expansion over the past twodecades, resulting in sustained demand for residential, commercial, and industrial real estate (Ede & Emem,2019). However, the performance and stability of the real estate market in Port Harcourt have beenrepeatedly shaped by cycles of political instability and security challenges. The contemporary trajectory ofpolitical instability in Rivers State can be traced back to 2013, when a severe political crisis erupted withinthe Rivers State House of Assembly following internal party crisis between factions loyal to the sittinggovernor and those aligned with federal political interests. The crisis culminated in physical violence withinthe hallowed chamber of the state assembly which led to temporary paralysis of legislative functions, andwidespread concerns over institutional breakdown and democratic governance (HRW, 2014; Albert, 2017).This event marked a turning point in the state's political climate, introducing heightened perceptions ofpolitical risk and insecurity concerns. Between 2014 and 2016, Rivers State emerged as one of Nigeria'smost volatile theatres of electoral violence, particularly during the 2015 general elections. Adetula (2016)revealed that politically motivated violence, militarization of elections, and post-election unrest wereespecially pronounced in Port Harcourt and its surrounding local government areas. These conditionsincreased uncertainty in the real estate markets, constrained commercial activities, and discouraged bothdomestic and foreign real estate investment, as investors became wary of asset security, regulatorycontinuity, and market liquidity during politically sensitive periods. The 2019 electoral cycle reinforcedthis pattern, with Rivers State again recording high incidences of election-related violence, suspended polls,and security lockdowns (CLEEN Foundation, 2019; European Union Election Observation Mission [EUEOM], 2019). In October, 2023, Rivers State entered another prolonged phase of political instabilityfollowing a breakdown in relations between the governor and his predecessor(Minister of the FCT). This conflict manifested in the bombing of part of the Rivers State House ofAssembly complex, legislative defections, executive–legislative paralysis, contested budgetary processesand repeated legal battles over local government administration throughout 2024 (Anyanwu, 2024;ThisDay, 2024). These events weakened governance predictability in Rivers State and directly affected realestate investment. The crisis reached its climax in March 2025 when the President Bola Ahmed Tinubudeclared a state of emergency in Rivers State, temporarily suspending the elected Governor, DeputyGovernor, and the State House of Assembly, and appointing a sole administrator to govern the state.Although the emergency rule was officially justified on grounds of restoring order and safeguarding criticalinfrastructure, it represented an extraordinary disruption of democratic governance and significantlyheightened political risk perceptions among investors (Premium Times, 2025; Punch, 2025). Reports duringthis period indicated slowed commercial activity, deferred property transactions, and heightened investorcaution, particularly in high-value residential and commercial sub-markets of Port Harcourt. Even after thelifting of the emergency and the reinstatement of democratic institutions later in 2025, the episode left aresidual effect on investor confidence and reinforced concerns about the fragility of political institutions inthe state. Overall, the political history of Rivers State from 2013 to 2025 reveals a persistent pattern ofpolitical conflict, electoral violence, and extraordinary governance interventions that have had measurableimplications for real estate investment. Political instability in the state has operated through multiplechannels, including weakened institutional effectiveness, heightened security risks, disrupted urbangovernance, and uncertainty surrounding property rights and development control.

Timeline of Political Crisis in Rivers State between 2013 – 2025

Date / Period	Major Occurrence / Crisis	Actors / Players Involved	Implications	Economic & Social Effects
2013	Rift between Rotimi Amaechi &Nyesom Wike begins to deepen as key political allies part ways; Amaechi defects from PDP to APC, realigning state politics.	Rotimi Amaechi (then Minister of Transportation/former Governor); Nyesom Wike (then PDP stalwart & Minister of State for Education); PDP & APC factions.	Breakdown in the erstwhile PDP alliance in Rivers State; heightened political rivalries fueling subsequent electoral tensions.	Set the stage for militarised political competition and proliferation of armed actors; undermined political stability and confidence.
2015 General Elections (April)	Governorship election amid intense violence and allegations of sponsored killings; Wike (PDP) defeats APC's Dakuku Peterside with a large margin.	PDP (Wike faction); APC (Amaechi-aligned); INEC; security agencies; political thugs/militants.	Deepened party rivalries; widespread allegations of electoral malpractice and violence.	Rivers recorded some of the highest election-related fatalities in the Niger Delta; insecurity discouraged investments and eroded trust in electoral institutions.
2015–2016 Post-Election Violence	Clashes persist after elections, including alleged "sponsored killings" and violent reruns.	PDP vs APC supporters; security agencies; armed youth groups.	Escalation of political violence beyond polls; legal and security contested terrain.	Heightened insecurity; fatalities/injuries; negative publicity; disruptions to local economic activities.
2017	Political violence & fatalities begin to reduce compared to 2015–2016 but structural grievances remain unresolved.	Political elites; local stakeholders citing marginalisation.	Slight de-escalation but unresolved causes of electoral violence persisted.	Continued political tension inhibited sustainable growth of democratic norms
2018 Pre-2019 Politics	Analysts warn that senatorial zoning grievances and rivalry could fuel instability ahead of 2019 polls.	Political aspirants across Rivers' senatorial districts; PDP vs APC.	Increased public anxiety over potential violence in 2019 elections.	Perceptions of marginalisation intensified socio-political tensions potentially impacting voter turnout and security.
2019 Gubernatorial Election	Wike re-elected amid reports of violence interrupting vote counting and subsequent supplementary polls.	Ezenwo Wike (PDP incumbent); Biokpomabo Awara (AAC); APC; INEC; security agencies.	Allegations of interference by federal actors; intensification of political rivalries.	Multiple violent incidents, intimidation at polling units; affected electoral credibility and investor confidence.
Pre-2023 Climate .	Election-related violence and political thuggery leading up to 2023 polls.	Electoral Climate Political party thugs; campaign actors; security agents.	Violence at rallies; disrupted voting; intimidation of opponents	Local instability; fear among voters; negative perception of electoral integrity.
December 2023 – Early 2024 Political Crisis Begins	Assembly conflict, alleged arson at legislature, internal political divisions.	State House of Assembly; Governor SiminalayiFubara; legislative members.	Rising constitutional and governance disputes; legislative paralysis.	Governance gridlock hindered policy implementation and public services.
2024–2025	Intensified feud	SiminalayiFubara;	Weakened party	Heightened

Wike–Fubara Power Struggle	between Governor Fubara and his predecessor/political sponsor Nyesom Wike bloc; defections and legal battles.	Nyesom Wike; PDP legislators; defectors to APC (27 lawmakers).	cohesion; constitutional interpretations questioned; federal intervention precursor.	uncertainty reduced investor confidence; administrative dysfunction.
March 18, 2025 State of Emergency	President Bola Tinubu declared emergency rule, suspending the governor, deputy, and lawmakers for six months, citing political stalemate & pipeline vandalism.	President Tinubu; Governor Siminalayi Fubara; Rivers State House of Assembly; federal security forces; retired Vice Admiral Ibok-Ete EkweIbas (Sole Administrator).	Suspension of democratic governance structures; federal takeover of administration; legal challenges.	Disruption in governance; uncertainty in the business environment; deterring investors; disruptions in revenue flows.
September 17, 2025 End of Emergency Rule	Lifting of emergency; reinstatement of governor and Assembly.	President Tinubu; Governor Fubara; State elected officials.	Return to constitutional order; political tensions remain.	Governance could stabilize; economic actors watch political climate before investment decisions.

Source: Author's compilation (2025)

EMPIRICAL REVIEW

Tu & Bao (2009) examined how political instability affects housing value. The study found that investorstend to pay less for properties in uncertain environments. The study used Hong Kong and Singapore as casestudies with comparable land systems but different political scenarios to show that weaker property rightsreduce the premium for secure ownership. They used 10-year freehold/leasehold data to demonstrate thatpolitical uncertainty makes investors wary, reducing willingness to pay for secure rights, with resultsholding across similar property cycles.

Paul, Uma &Muthaloo (2020) examined the effects of political instability on property investment andeconomic growth in Malaysia using quarterly data from 2000 to 2019. Their findings demonstrated theabsence of a long-term relationship between Property Investment, Political Instability, and Gross DomesticProduct. Secondly, a negative long-term correlation exists between Political Instability and PropertyInvestment, whereas Gross Domestic Product is directly associated with Property Investment. The studyalso identified a favorable long-term correlation between Gross Domestic Product, Political Instability, andProperty Investment. Their findings convey a compelling message to the government, political parties,leaders, and citizens that a nation's internal stakeholders must collaborate to mitigate all forms of politicaluncertainty by adopting a comprehensive and transparent long-term strategy in the interest of the people,business, and the nation as a whole. Their findings further support that a nation's substantial resources alone

cannot ensure economic progress; rather robust political stability significantly enhances the possibility foreconomic development.

Brogaard, Dai, and Zhang (2019) investigated the US Presidential election cycle as an indicator of globalpolitical instability and discovered that share prices declined in the lead-up to the US Presidential election.Hill and Korczak (2019) examined political uncertainty in the United Kingdom, revealing that the sampleof corporations listed on the London Stock Exchange faced the highest level of risk exposure, whereascompanies with internationalization experienced the lowest exposure to Brexit risk.

Van and Carles (2023) examined the causal impacts of political uncertainty on housing markets by utilizingthe gubernatorial elections in the United States from 1982 to 2018 as a source of exogenous variation inpolitical uncertainty, while leveraging regional disparities in residential housing markets. The researchemployed neighboring states devoid of elections and counties along state borders without elections ascontrol groups. The study revealed that elevated political uncertainty leads to a reduction in house pricegrowth, a decline in housing transactions, and an increase in building permits issued. The researchestablished that these impacts are more pronounced during election years characterized by greateruncertainty over outcomes. The study additionally analyzed the influence of political uncertainty onmortgage markets, revealing a decline in both mortgage demand and supply during election years.

In a contrast, Zouhaier and Kefi (2012) examining 11 countries in the Middle East and North Africa from2000 to 2009 revealed that while a negative correlation exists between political instability and economicgrowth, political instability does not impact investment. The study further recommended using otherinfluencing elements to elucidate the findings and stated that an additional assessment of the threshold levelof economic and institutional development could be beneficial. Their findings contrasts with KeynesianClassical Theory, which posits that while investors are often sensitive to risk considerations, a positiveoutlook for the future is essential for attracting investment (Dymski, 1993).

Barugahara (2014) examined the relationship between political instability and inflation volatility through apanel study of 49 African nations. The study employed novel measures of political instability, particularlythe state failure index and state fragility index. The Burugahara study was the first research to quantifyinflation volatility as the conditional variance of inflation derived from the GARCH (1, 1) model. The studyadopted the system-generalized method of moments estimator for linear dynamic panel models during thesample period from 1985 to 2009, revealing a statistically significant positive influence of politicalinstability on inflation volatility.

Several studies have explored the effects of political instability in Nigeria, especially in the Niger Deltaregion. Ukeje (2010) highlighted the challenges of investing in the Niger Delta region due to insecurity andthe lack of clear, consistent policies. Akinyemi (2018) further noted that political conflicts could lead to thesuspension or cancellation of real estate projects, especially those that require government approvals orcooperation. However, there is also evidence that the real estate market can demonstrate resilience even inpolitically unstable regions. Onyeiwu (2014) argued that in some cases, political instability might lead tonew opportunities for investors, particularly in construction and infrastructure development, asgovernments and private sectors seek to rebuild and secure strategic assets.

Johnnie and Nwala (2025) examined key factors influencing the Nigerian property market, focusing onpricing, taxation, location, and the impact of war and crisis. The study employed a mixed-method approach,utilizing both qualitative and quantitative techniques to measure market participants' perceptions. The studyfindings indicates that war and crisis diminish market stability, reducing investments and lowering propertyvalues in conflict-affected areas. The study concludes that managing price fluctuations, ensuring taxincentives, addressing security concerns, and promoting investment diversification are essential for asustainable Nigerian property market.

Ayibaibomo and Kalama (2024) investigated the influence of political stability on foreign direct investment(FDI) by evaluating government programs, business security, and infrastructure development. UtilizingDunning's Eclectic Paradigm, the study examines the impact of ownership, location, and internalizationbenefits on investment decisions. A qualitative study design was employed to investigate secondary datafrom reports, policy papers, and scholarly articles using thematic analysis. Research indicates thatgovernmental stability enhances investor trust, whereas policy inconsistency undermines long-term capitalinvestments. A secure business environment is essential for attracting investment, as insecurity, cyberthreats, and political instability increase risks. Moreover, insufficient infrastructure, especially intransportation, electricity, and digital connectivity, elevates operational expenses and deters investment.The research indicates that a stable, secure, and well-organized investment environment is crucial forpromoting sustainable economic growth in Nigeria. Recommendations includes bolstering governmenttransparency, ensuring policy inconsistency, enhancing security measures, and prioritizing infrastructuredevelopment to create a conducive environment for foreign investment.

Ajimobi (2024) adopted a desk study research methodology to assess the impact of political stability onforeign direct investment (FDI) inflows in Nigeria. The study found that political stability has a significantimpact on foreign direct investment (FDI) inflows, as investors seek environments where their investmentsare secure and yield predictable returns. The study also emphasizes that stable political conditions reducethe risks associated with government policy changes, expropriation, and civil unrest, attracting more foreigndirect investment. Political instability, characterized by frequent government changes, corruption, andsocial unrest, discourages investors due to increased uncertainty and risk. Ajimobi's findings show thatstrong institutions and good governance practices boost investor confidence, resulting in long-termeconomic growth from increased foreign investment. The study recommended that businesses and investorsfocus on strengthening political institutions in order to create a stable and predictable environment whilepolicymakers create a conducive environment for foreign direct investment by prioritizing theimplementation of political reforms that promote stability. Ensuring free and fair elections, safeguardingcivil liberties, and encouraging effective governance structures are all critical steps in this direction.

Taiwo, Omobola, and Taofeek (2022) investigated the short and long-term relationship between politicalinstability and economic growth in Nigeria, using annual data from 1984 to 2020. Using AutoregressiveDistributed Lag (ARDL) technique, the cointegration test reveals a link between political instability andeconomic growth. The study discovered that, in the short run, political instability has a negative impact oneconomic growth; similarly, in the long run, political instability harms economic growth. The studyconcluded that the government must address frequent political instability in order to achieve the expectedlong-term economic growth.

Fortune (2021) examined political power struggle and insecurity in rivers state focusing on implications onforeign direct investments. The study employed content analysis using editorials- newspaper reports andjournals as the method of analysis. The findings argues that struggle to consolidate a hold on State powerhas plunged the State into pervasive insecurity and adversely affected the socio-economic development ofthe State in the form of dwindling FDIs and unemployment. The study contends that the way forward is toensure the judiciary is made to operate without any interference and to penalize all perpetrators of politicalviolence in the state.

II. METHODOLOGY

This study employed a mixed-methods approach, combining quantitative and qualitative research techniques to examine the effects of political instability on property investment in Rivers State. The mixed-methods design was selected to enable triangulation of findings and to capture both the measurable extentand the experiential dimensions of political instability effects (Creswell & Clark, 2017). A case studyresearch design was adopted, focusing on participants in the Rivers State real estate market, includingRegistered Estate Surveyors and Valuers, Real Estate Developers, Investors, and Real Estate DevelopmentFinanciers. The case study approach was appropriate given the need for contextualized understanding ofhow political instability manifests within a specific geographic and institutional setting (Yin, 2018). Apurposive stratified sampling technique was employed to select 100 participants, with the sample sizejustified through Krejcie and Morgan's (1970) formula. Quantitative data were collected through structuredquestionnaires administered, yielding 86 valid responses (86% response rate). The questionnaire employeda five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) to measure perceptions of political

instability effects across multiple dimensions. For qualitative data, 15 participants were purposivelyselected for in-depth interviews based on their extensive experience (minimum 10 years) and activeinvolvement in major property transactions or developments in Rivers State. Interview protocols exploredparticipants' lived experiences of political instability, coping mechanisms, and decision-making processesduring crisis periods. Quantitative data were analyzed using SPSS. Descriptive statistics (frequencies,percentages, means) and Relative Importance Index (RII) were computed to rank the perceived effects ofpolitical instability. Additionally, inferential statistical technique was employed: Multiple regressionanalysis was used to assess the predictive power of political instability factors on property investmentperformance. Statistical significance was set at $p < 0.05$. Qualitative data from interviews were transcribedverbatim and analyzed using thematic analysis following Braun and Clarke's (2006) six-phase framework:data familiarization, initial coding, theme search, theme review, theme definition, and report writing.Themes were subsequently integrated with quantitative findings to provide comprehensive interpretation.

III. DATA PRESENTATION AND ANALYSIS

Table 1: Socio-Economic Characteristics of Respondents

Variable	Category	Frequency	Percentage (%)
Years of Experience	Less than 5 years	18	20.93
	5-10 years	23	26.74
	11-15 years	36	41.86
	Above 15 years	9	10.47
Total		**86**	**100**

Source: Researchers Fieldwork (2025)

Table 1 shows the degree of experience of the respondents are participants in the property market in Rivers State. 20.93% of the respondents had less than 5 years' experience practicing in the property market in Rivers State while 23 respondents indicated that they had between 5-10years experienced in the property market. 41.86% which constitute majority of the respondents indicated that they have between 11-15yrs experience while 9 respondents had accumulated more than 15yrs experience in the property. The table shows that majority of respondents possesses more than five years' experience in the Rivers State property market, indicating that responses were obtained from knowledge and experienced participants, thereby enhancing the reliability of the findings.

Table 2 Participants in The Property Market in Rivers State

S/N	Role in the Property Market	Frequency	Percentage
1	Estate Surveyor and Valuer	42	48.84
2	Property Developer	25	29.07
3	Investor	19	22.09
	Total	86	100

Source: Researchers Fieldwork (2025)

Table 2 reveals the distribution of respondents across key participant categories in the Rivers State propertymarket. Estate Surveyors and Valuers constitute the largest proportion of respondents with 48.84%,reflecting Estate Surveyor's and Valuers role in property valuation, management, and advisory services,and their strong familiarity with market dynamics. Property developers account for 29.07% of therespondents, indicating their active involvement in property development and supply within the study area.The remaining 22.09% are property investors, representing stakeholders directly engaged in capitalinvestment and return expectations in the market. Overall, the respondent mix reflects a relevant cross-section of professionals and investors, lending credibility to the study's findings

Table 3. Effects Of Political Instability on Property Investment

S/N		SA	A	N	D	SD	Mean	RII	Rank
1	Reduced investor confidence and heighted risk perception	31	18	21	10	6	3.67	0.73	1st
2	Decline in domestic and foreign direct investment in Real Estate	28	17	19	13	9	3.49	0.70	2nd
3	Fluctuations and depreciation in property values	14	20	13	23	16	2.92	0.58	4th
4	Project delays, abandonment, or outright cancellation of development	26	19	21	10	10	3.48	0.69	3rd
5	Reduced demand for commercial and residential properties	12	21	6	26	14	2.72	0.54	5th
6	Rising construction cost due to supply chain disruptions	11	16	27	19	13	2.92	0.58	4th

Source: Researchers Fieldwork (2025)

Table 3 reveals the responses of respondents on the effects of political instability on property investment within the study area. The findings indicate that political instability constitutes a critical constraint on property investment performance, primarily through its adverse influence on investor confidence and risk perception. A substantial proportion of respondents (31) strongly agreed that political instability has significantly eroded investor confidence, while 18 respondents agreed, reinforcing the view that heightened political uncertainty discourages long-term capital commitment to real estate assets. The results reveal that political instability has precipitated a marked decline in both domestic and foreign direct investment in real estate. 28 respondents strongly agreed and 17 agreed that unstable political conditions have constrained investment inflows into the property sector. The table reveals that respondents expressed more divergent views regarding the impact of political instability on property value fluctuations and depreciation. While 14 respondents strongly agreed and 20 agreed that political instability has contributed to declining and unstable property values, a comparatively higher proportion of respondents (23 disagreed and 16 strongly disagreed) expressed contrary opinions. The findings further demonstrate that political instability has disrupted real estate development processes within the study area. A total of 45 respondents (26 strongly agreed and 19 agreed) indicated that instability has resulted in project delays, abandonment, or outright cancellation of developments. 12 respondents strongly agreed and 21 agreed that political instability has reduced demand for commercial and residential properties within the study area. However, 26 respondents disagreed and 14 strongly disagreed. Similarly, responses on rising construction costs due to supply chain disruptions were mixed. While 11 respondents strongly agreed and 16 agreed that political instability has contributed to increased construction costs, a significant number of respondents (19 disagreed and 13 strongly disagreed) held opposing views. The relative importance index (RII) rankings indicates that reduced investor confidence and heightened risk perception was the most significant effect of political instability on property investment (1st), followed by decline domestic and foreign direct investment in real estate (2nd). Project delays, abandonment, or outright cancellation of developments ranked 3rd. fluctuations and depreciation in property values and rising construction costs due to supply chain disruptions jointly ranked 4th, while reduced demand for commercial and residential properties ranked lowest (5th).

Table 4: Effects of Political Instability on Property Market Performance

S/N		SA	A	N	D	SD	Mean	RII	Rank
1	Decline in property demand and transaction	19	21	17	16	13	3.20	0.64	5th
2	Volatility and downward pressure on property values and rents	16	19	7	26	18	2.87	0.57	6th
3	Reduced real estate development activities	38	21	12	6	9	3.85	0.77	1st
4	Slower market growth and reduced market	30	21	18	9	8	3.65	0.73	2nd
5	Higher investment risk and uncertainty in market expectations	26	27	10	14	9	3.55	0.71	3rd
6	Shift in investor preference to more stable state	19	28	21	11	7	3.48	0.69	4th
7	Weaking of market confidence and long-term planning	14	2	26	17	8	3.19	0.64	5th

Source: Researchers Fieldwork (2025)

Table 4: reveal the responses on thye effects of political instability on property market performance in the study area. 19 respondents strongly agreed that there has been decline in property demand and transaction as a result of the political instability in Rivers State; 21% agreed to this while 16 and 13 respondents disagreed and strongly disagreed respectfully. Similarly, 16 respondents stated that they strongly agree that political instability in Rivers State has led to volatility and downward pressure on property values; 19 respondents agreed to this while 26and 18 disagreed and strongly disagreed respectfully. On reduced real estate development activities in Rivers State as a result of political instability, 38 respondents strongly agreed that there has been decline in the level of real estate development activities in Rivers State. 21 respondents agreed while 12 were neutral. 6 respondents disagreed and 9 strongly disagreed. 30 respondents strongly agreed that political instability has resulted to slower market growth and reduced market liquidity within the study area. However, 9 and 8 respondents disagreed and strongly disagreed respectfully. Moreso, 53 respondents were confident that the political instability in Rivers State had exposed the property market to higher investment risk and uncertainty in the market expectations. 19 and 28 respondents strongly agreed and agreed respectfully that political instability within the study area has shifted investors preference from the states to states with more stable political climate. 11 respondents disagreed, while 7 respondents strongly disagreed. Finally, 14 respondents indicated that the unstable political climate in Rivers State has weakened the confidence of the property from long-term planning. However, 17 respondents disagreed while 8 strongly disagreed. The effects of political instability in the study area were ranked according to the respondents using the Relative Importance Index. They are Reduced real estate development activities, Slower market growth and reduced market liquidity, higher investment risk and uncertainty in market expectations, and shift in investor preference to more stable states in 1st, 2nd, 3rd, and 4th places respectively.

Table 5: Regression Analysis of Political Instability Effects on Property Investment

Variables	Beta Coefficient	Standard Error	t-value	p-value
Investor confidence erosion	0.412	0.087	4.735	0.000**
Policy inconsistency	0.298	0.092	3.239	0.002**
Security concerns	0.187	0.079	2.367	0.021*
Regulatory uncertainty	0.156	0.084	1.857	0.068

Source: Researchers Fieldwork (2025)

To further examine the predictive power of political instability dimensions on property investment outcomes, multiple linear regression analysis was conducted. The regression model was statistically significant (F (4,81)) =18.94, $P<0.001$) and explained approximately 48.3% of the variance in property investment performance (R^2=0.483). Investor confidence erosion emerged as the strongest predictor (β=0.412, $p<0.001$), followed by policy inconsistency (β=0.298, $p<0.01$) and security concerns (β=0.187, $p<0.05$). regulatory uncertainty did not reach statical significance (β=0.156, p=0.068), suggesting that directs governance factors may have less immediate impact than broader confidence and security considerations.”

Qualitative Findings: Lived Experiences of Political Instability

In-depth interviews with 15 property market stakeholders revealed nuanced experiences of how political instability has shaped investment decisions and market behavior in the study area. Thematic analysis of interview transcript generated four overarching themes: (1) adaptive investment, (2) trust erosion in institutions, (3) project viability challenges, and (4) coping mechanisms.

Adaptive Investment Strategies: Respondents consistently describe modifying investment approaches in response to political uncertainty. One developer with 18 years' experience explained that ''one cannot plan long-term in this environment. Asserting that he used to think 5-10 years ahead, but now focus on projects that can be completed within 12-18 months. Anything longer than that, the political situation might change completely.'' (Developer 3, Male, 52 years). This adaptive behavior manifests in reduced commitment to large-scale development and preference for incremental, phased projects. A finding that corroborates the quantitative evidence of reduced real estate development activities (RII rank=1st).

Trust Erosion in Institutions: interview expressed profound skepticism toward government institutions' capacity to maintain policy consistency. Another developer noted that ''Every new administration brings new land policy that is consistent with the previous administration, citing that nobody builds a business model on shifting sand. He further informed that they (developers) have learned to factor in a 'political risk premium' of at least 15-20% for any project in Port Harcourt.'' (Developer 7, Female, 45 years). This trust erosion directly links to the quantitative finding that investor confidence erosion was the strongest predictor of reduced investment (β=0.412).

Project Viability challenges: Developers reported that political instability fundamentally alters project economics through both direct costs (security, delays) and indirect costs (financing, insurance). One financier observer that ''Banks have tightened lending for real estate in Rivers State. They now require higher equity contributions of sometimes 40-50% and charge interest rates 3-5% above rates in Lagos or Abuja. The perceived risk is simply higher. '' (Financier 2, Male, 49 years).

Coping Mechanisms: Despite challenges, respondents described various coping strategies, including geographical diversification, political intelligence gathering, and relationship-based risk mitigation. As one investor explained: *''I've moved about 30% of my portfolio to Abuja and Lagos. Not because opportunities are better there, but because I can sleep at night knowing the rules won't change overnight. Rivers remains my home, but business follows stability.''* (Investor 5, Male, 58 years). This qualitative finding powerfully illustrates the capital reallocation effect identified in the qualitative data (RII rank=4th) and provides experiential depth to understanding investor behavior during political crises.''

IV. DISCUSION OF RESULTS

This study examined the effects of political instability on property market performance and property investment in Rivers State, integrating quantitative survey data with qualitative interview findings to provide comprehensive understanding.

Political Instability and Investor Confidence

The findings consistently demonstrate that political instability most profoundly affects property markets through erosion of investor confidence and heightened risk perception. Quantitative analysis ranked this as the most significant effect (RII=0.73), while regression analysis confirmed investors' confidence erosion as the strongest predictor of reduced investment (β=0.412, $p<0.001$). qualitative findings illuminate this mechanism, revealing that investors incorporate ''political risk premiums'' of 15-20% into project assessments and fundamentally distrust institutional continuity.

This finding aligns with institutional Theory (North, 1990), which posits that weak institutional environments increase transaction costs and uncertainty. It extends the work of Ajimobi (2024) by demonstrating that confidence erosion operates not merely as a general deterrent but as a specific, measurable factor that systematically depresses investment through multiple channels: reduced capital commitment, project downsizing, and geographical diversification away from unstable regions.

Development Activity and Market Liquidity

Reduced real estate development activities emerged as the highest-ranked effect on market performance (RII=0.77), with 68.6% of respondents agreeing or strongly agreeing that political instability has suppressed development. This finding corroborates Van Nguyen and Vergara-Alert's (2023) observation that political uncertainty exerts stronger effects on capital-intensive, long gestation investment than on immediate consumption decisions.

The qualitative data provide explanatory depth, revealing that developers strategically shift from long-term to short-term project horizons, avoiding commitments exceeding 12-18 months. This adaptive behavior, while individually rational; collectively reduces market liquidity, slows supply response to housing demand, and perpetuates market stagnation. The finding that slower market growth and reduced liquidity ranked second (RII=0.73) reflects these systemic consequences.

Capital Reallocation and Competitive Disadvantage

A significant finding is the documented shift in investor preference toward more politically stable states (RII=0.69). This extends Paul, Uma and Muthaloo's (2020) Malaysian findings by demonstrating that investors do not merely delay investment but actively reallocate capital across jurisdictions. The qualitative evidence of 30% portfolio diversification to Abuja and Lagos illustrates these spatial reallocations, highlighting the competitive disadvantage faced by politically unstable regions.

This finding has important implications for understanding sub-national investment dynamics in federal systems. Unlike national-level studies that examine cross-country capital flows, this research demonstrates that political instability creates internal capital flight, exacerbating regional inequalities and undermining the economic potential of resource-rich but politically unstable areas.

Demand Resilience and Transaction Effects

Interestingly, while political instability clearly affects investment and development, its effects on property demand and transactions were comparatively muted (RII=0.64 and 0.57 respectively). This suggests that underlying housing needs and economic activities sustain basic demand even during political crises, consistent with Van Nguyen and Vergara-Alerts's (2023) finding that necessity-driven demand exhibits greater resilience than investment-driven demand.

However, the quality and timing of transactions are negatively affected. Qualitative respondents noted extended negotiation periods, increased due diligence requirements, and higher incidence of deal collapse effects is not fully captured by transaction volume metrics alone. This nuanced finding suggests that future research should examine not merely whether transactions occur, but under what terms and conditions they proceed during periods of political uncertainty.

V. CONCLUSION AND RECCOMENDATION

This study examined the effects of political instability on property market performance and property investment in Rivers State. The findings demonstrate that political instability constitutes a significant structural constraint on the real estate sector, operating primarily through weakened investor confidence, heightened risk perception, and reduced development activity. Reduced real estate development and declining investment inflows emerged as the most critical consequences, contributing to slower market growth and reduced liquidity.

The study further concludes that political instability affects the property market more through long-term investment and confidence channels than through immediate demand or price effects. Despite persistent housing needs, political uncertainty has discouraged capital commitment, triggered project delays and abandonment, and prompted investors to reallocate investments to more politically stable states. Overall, sustained political instability undermines the resilience and growth potential of the property market in Rivers State.

Based on the findings of this study, it is recommended that government authorities and stakeholders in Rivers State adopt measures to mitigate the adverse effects of political instability on the property market. Key strategies include strengthening political stability and governance through transparent and predictable policies, enhancing investor confidence with incentives and risk-sharing mechanisms, and developing a clear regulatory framework that facilitates property investment and development. Additionally, establishing robust market information systems and risk management tools can help investors make informed decisions, while promoting local participation in the housing market through affordable housing programs and support for small-scale developers can sustain demand even during periods of uncertainty. Finally, fostering institutional and community engagement, alongside encouraging strategic diversification of investments, will improve market resilience, safeguard investor capital, and support sustained growth in the property sector despite prevailing political risks.

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