Pros & Cons of Joint Venture Property Development Between Landowner & Developer in Lekki Phase 1 : A Christian Perspective

By: M. Kolawole Diya

What is a JV?

- Landowner provides land
- Developer provides capital & expertise
- Both parties share profits

Pros: Better Land Use

- Avoid selling land cheaply
- Maximize land value through development

Pros: Shared Risk

- Developer handles most financial costs
- Risks and rewards are shared

Pros: Access to Expertise

- Professional construction & management
- Knowledge of regulations and approvals

Pros: Higher Profit Potential

- More income than selling land outright
- Earnings from units or sales

Pros: Wealth Creation

- Long-term and generational wealth
- Benefits families and communities

Pros: Community Development

- Creates jobs
- Improves infrastructure and housing

Cons: Loss of Control

- Limited decision-making power
- Possible disagreements

Cons: Bad Partnerships

- Risk of exploitation
- Poor agreements can cause issues

Cons: Trust Issues

- Mismanagement or dishonesty
- Hidden costs

Cons: Legal Problems

- Poor documentation
- Land ownership disputes

Cons: Profit Disputes

- Arguments over sharing
- One party may feel cheated

Cons: Developer Risk

- Project abandonment
- Poor construction quality

Cons: Delayed Returns

- Returns take 2–5 years
- Market conditions may affect sales

Cons: Hidden Costs

- Inflated expenses
- Reduced actual profit

Key Success Factors

- Clear agreements
- Due diligence
- Verify developer track record
- Legal documentation
- Exit clauses
- Hire professionals

Christian Perspective

- Honesty and fairness
- Good stewardship
- Avoid greed and exploitation

Conclusion

- High profit potential
- Requires trust and proper structure
- Due diligence is critical