



## **HOUSING CONDITION AND RESIDENTIAL PROPERTY RENTAL VALUES IN EDE NIGERIA**

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Housing as one of the most important basic needs of human beings has become a universal problem; this situation is more pronounced in developing nations like Nigeria. As cities and towns continue to grow in population and expand in physical terms, the conditions of housing in urban areas have continued to evoke considerable concern. Hence the aim of this study is to examine housing condition and residential property rental values in selected areas of Ede Metropolis with a view to developing a framework that will showcase trend of residential property rental values in Ede. Questionnaire survey was carried out for the study in order to elicit for information from the respondents (Estate Surveyors and Valuers, Landlords and Household heads of rented apartments). Ede Metropolis was divided into four residential zones. A total of 300 questionnaires were administered on the respondents using systematic random sampling techniques, however only 204 questionnaire were correctly filled and returned for analysis, representing 68% response rate. The collated data were further analyzed with the aid of both descriptive and inferential analytical techniques. The study among other things revealed that, properties with better conditions in terms of infrastructures and physical soundness command higher rental values. It recommends the need for house or property owners and users to be educated on the need for sustainable maintenance culture and the provision of basic infrastructure. The study therefore concludes that Government should make policies aimed at defining environmental and housing quality standard and provide supervisory agency that will be responsible for monitoring housing standards.

**Keywords:** Housing, Housing condition, Residential properties, Rental values.

### **Introduction**

The condition of urban housing is a significant parameter for assessing the status of an urban area. The ability of an urban setting to meet up with the need of its inhabitants depends largely on the availability,

adequacy and effectiveness of infrastructural facilities including the condition of its housing. Hence housing is said to include the totality of the surroundings and infrastructural facilities that offer human comfort, improve the quality of human health and productivity as well as enable them to sustain their psycho-social or psycho-pathological balance in the environment where they find themselves. Oyenuga (2006) observed that housing comprises immediate accommodation, environment and facilities like roads, water, electricity and a host of other facilities that make living comfortable to the dwellers. While Olutayo (2007) sees housing as an object that has life of its own as people live in it and determine the nature, form and the use(s) to which houses can be put into, hence it is regarded as part of human institutional frameworks. It can therefore be concluded that the significance of housing condition in measuring the level of urban development cannot be over-emphasised. The quality and coverage of infrastructure services have a major impact on living standards and economic growth, yet it is estimated that two billion of the world's poor people lack access to adequate sanitation, two billion lack access to electricity, one billion lack access to clean water and over 100 million people worldwide are homeless while more than a billion live in shelters that are not only inadequate but are also detrimental to health. (Bamigboye & Segun, 2005, United Nations, 2002). Urban infrastructure, apart from being a major pointer of environmental quality, is a critical agent for the socio-economic development of an urban area, it plays an important and indispensable role in the economic, social and environmental aspects of life of an urban setting (Ajibola, Awodiran and Salu-Kosoko, 2013; Okusipe, 1999). Where these services and infrastructures are adequately provided and prudently managed, it most often serve as a magnet to other productive and profitable land uses which fast track development and in turn lead to increase property rental values. According to Ajibola et al, (2013) the uses of these infrastructural facilities compete less with productive uses through better rent offers. This competition for locations with good urban infrastructure usually results in an increase in land and housing values, either sales or rentals (Harvey, 1993).

## **Literature Review**

### **Concept of Housing and Rental Market**

Housing include the totality of the surroundings and infrastructural facilities that offer human comfort, improve the quality of human health and productivity as well as enable them to sustain their psycho-social or psycho-pathological balance in the environment where they find themselves. Agbola, (2007) considered housing as a multi-dimensional bundle of services and a bundle of contradictions and paradoxes. Hence the roles of housing in the context of urban development are crucial, as it help to provide accommodation and protection for both human and material resources. as one of the key factors affecting the longterm growth of a nation, any action targetted at improving the housing condition is considered an action in the right direction. The linkages between housing and property rental are varied and complex. Housing quality does not only affect quality of life of the inhabitants and rental values but also creates many direct and indirect externalities.

Rent varies in meaning depending on the type of rent being considered. Rent is the regular periodic payment made for the use of a good. For the purpose of this study, residential house rent is the rent paid for the use of land and structure thereon only for the purpose of inhabitation.

The rental housing market is characterized as imperfect and inefficient, because the product is long-lasting, fixed on a given site, heterogeneous, and controlled by extensive governmental regulation. Since each rental housing market is confined to a given area, characteristics of a market in one area are not necessarily an accurate representation of other markets (Kee and Walt 1995).

One of the complex and challenging task facing both practitioners and intellectuals in the real estate profession in the country today is the determination of rental value of residential properties as it involves

the collection and analysis of comprehensive and accurate data on the property characteristics, neighborhood characteristics, landlord and tenant characteristics and the market conditions which most often are not readily available. This has made the recent dramatic rise in the Nigeria housing property market prices to become an issue of national discuss as most states are now reawaking their long abandoned rent control edict/ tenancy laws.

Agbola and Kassim (2007), in their analysis of theoretical issues in housing, asserted that the effect of rent control include: the reduction in the quality and quantity of housing, diversion of new investment, spillover effect, it distroy property market and causes shortage and diminutions in quality of products. They suggested a thorough understanding of theories/ models that influences human disposition in their choice of urban housing such as the human's exchange theory, dramaturgical model, labeling theory and the conflict theory which is also necessary in guiding landlords and tenants in their rent fixing and payment bid.

### **Property Rental Values Determinants**

Millington (2005) sees property value as the money obtainable from a person(s) willing and able to purchase property when it is offered for sale by a willing seller, allowing for reasonable time for negotiation and with the full knowledge of the nature and uses which the property is capable of being put. But Ge and Du (2007) in Ajibola et al, (2013) considered property rental values as an essential aspect of property markets worldwide and determined by a variety of factors and the determination of those factors is a significant part of property valuation. Therefore, the usefulness and uniqueness of real property lies in its ability to command effective demand, satisfaction of wants, relative scarcity and its heterogeneous characteristics. Olusegun, (2003), concluded that it is the collective desire of man to hold and to use property that gives rise to value.

Again, it is Important to note that previous studies conducted on property values lay much credence to location as a major property value determinant (Burgess,1925, Hoyt,1939, Pred,1966 and Isard,1956 Hendrikse, 2003). Despite the importance of location in relation to proximity to place of work, worship, market, there are other factors that when provided in a residential property would continue to attract prospective tenants and therefore increase property values or help in attracting the most favorable rentals in an urban area which the previous studies failed to address, our findings in this study have proved right.

Kee and Walt (1996) in an attempt to estimate rental value of residential properties using Abductive Learning Networks (ALN), an artificial intelligence condemned the use of regression analysis as a model for assessing property rental values as the technique is parametric and requires the user to specify the functional form of the solution, that is if one does not know or cannot guess the correct underlying form of the functional relationship, the regression approach will result in an inaccurate models, however, their work identified four property value determinants to include: Building Characteristics; Landlord Characteristics; Tenant Characteristics; Neighborhood Characteristics. Hence this study adopted trend analysis. A more recent study of Kamali, Hojjat and Rajabi (2008) in Ajibola et al, (2013) grouped the variables determining property values into; environmental variables, neighborhood variables, accessibility (location) variables and property variables.

The factors mostly considered in the Nigerian property market as property value determinants apart from location include; institutional factors, social factors, technological factors, and economic factors (Kalu, 2001, Oyebanji 2003 and Olusegun, 2003). From the above, it can be said that little or no attention has been given to the effects of housing condition on property values. This work is therefore structured to investigate and fill this gap. Hence, in the course of this investigation, it becomes pertinent to provide answers to the following questions; what are the various types of residential property in Ede? What is the condition of these properties? What is the level of satisfaction of the respodents in relation to housing condition and the rental paid for the residential property? What is the trend of residential property rental

values in Ede from 2004 to 2013 in relation to housing condition in Ede? These are the questions, which this study intends to provide answers.

## Materials and Methods

Data collected for this study were from two main sources; primary sources and secondary sources. The primary data were obtained from the field surveys conducted through the administration of two sets of questionnaires. The first set of questionnaire was designed for the tenants/landlords of rented residential properties. The questions contained in the questionnaire are among others investigate the type of property, location of the property, available infrastructure and their conditions (housing condition), rent paid, income status and the household size of the tenants and the willingness of the tenants to pay increased rent whenever there is improvement in the level of the housing condition. The second set of questionnaire was designed for the practicing Estate Surveyors who are involved property management in Ede. The questionnaire contained questions that elicit their views on residential property rental values in Ede and the likely influence that improvement in the condition of housing might have on the values of the residential property. For the administration of questionnaires on the practicing Estate Surveyors, 4 copies of the questionnaire were administered on the four practicing Estate Surveyors who have their presence in Ede and the four copies of questionnaires were retrieved in a useable form. Ede Metropolis was divided into four residential zones for the purpose of this study- Bode Area, Agbale Area, Okegada and Agip Areas. In all, a total of 300 questionnaires were administered on the respondents using systematic random sampling techniques, however only 51 of these questionnaires were correctly filled and returned for analysis from Bode and Agbale zones while 40 and 62 were returned from Okegada and Agip respectively totaling 204 questionnaires, representing 68% response rate. Data from secondary sources, such as journal materials, other published materials were used for the literature aspect of the study. The collated data were further analyzed with the aid of both descriptive and inferential analytical techniques.

## Results and Discussion

**Residential Property Types in Ede:** The basic types of residential properties in Ede are the “Face to Face”, Semi-Detached flat and Detached flat. The “Face-to-Face” residential property are usually design and build in form of a bungalow or a storey building with the rooms arranged on two opposite rolls (each room facing each other), separated with a long passage. Facilities such as toilet, kitchen and bathroom are shared by tenants. The Semi-Detached flats are 2 flats combined on the same plot. It could be in bungalow or a storey building. The Detached flat is a single flat inclusively built on a site and usually a bungalow building. It is important to note that the Semi- Detached and Detached flats used are three bedroom flats.

Table 1 present the types of properties in Agbale, Bode, Okegada and Agip zones of Ede metropolis.

Table 1: Types of Residential Property by Zones (% in Parenthesis) Zones

<b>Zones</b>					
<b>Types</b>	<b>Agbale</b>	<b>Bode</b>	<b>Okegada</b>	<b>Agip</b>	<b>Total</b>
Face-to-face	25 (49.0)	35 (68.6)	04 (10.0)	10 (16.1)	74 (36.3)
Semi-detached flat	15 (29.4)	14 (27.5)	20 (50.0)	32 (51.6)	81 (39.7)
Detached flat	11 (21.6)	02 (3.9)	16 (40.0)	20 (32.3)	49 (24.0)
Total	51 (25.0)	51 (25.0)	40 (20.0)	62 (30.4)	204 (100)

Source: Author's Field Survey, 2014

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Table 1 above shows that 49% and 68% of the sampled residential property in Agbale and Bode zones are “Face-to-Face” type while Okegada and Agip have few of Face – to – Face residential property type but higher concentration of semi- detached and detached housing with 50% , 51% and 40%, 32% respectively. The proximity of the polytechnic to Agbale and Bode areas could have been responsible for the high concentration of Face – to – Face residential buildings in the zone as it is the property type that is commonly used for students off campus hostel.

### **Components of Housing Conditions Available in the Residential Property in Ede**

The housing condition components are the those facilities and infrastructural whose availability in a building enhances its worth and improve the general condition of the property and the comfort of the inhabitants; these among other variables include electricity, water supply, access road, burglary proof, refuse disposal facility, toilet kitchen, drainage system, wall-fence, watchday-security services and watchnight-security services, location and other neighbourhood and environmental variables . The provisions of these variables varies from area or zone to zone and from one housing unit to the other.

Our findings revealed that all the 204 sampled residential property in four zones in Ede are connected with electricity. However, water supply as presented in Table 2 below is not based on the water supply from the public mains alone but on the provision of functional water supply either through hand-dug well or boreholes. In all about 72.5% of the residential property are provided with good water supply sources as where these hand-dug well and boreholes are located within the house compound influences the level of safety of such water.

It is expected that every residential property should be provided with access road that ensure safe and free movement of goods and services. Our findings shows that most of the residential properties in Bode zone are accessible by motorable road, that is, 82.4% of the residential property are accessible by motorable road, while the remaining 17.6% are not. However, the residential property in Agbale, Okegada and Agip are provided with accessible roads.

Olujimi and Bello (2009) asserted that the installation of burglary proof in residential property serves as means of ensuring security of property in such building. Though this opinion was not shared by everybody as some see it as a hindrance in the event of emergency. Our study revealed that 17.6% and 37.1% of the respondents interviewed in Bode and Agip disagreed with the opinion of Olujimi and Bello, (2009). See Table 2 below.

The collection and disposal of refuse in Ede is generally poor. Residential areas are not provided with any form of refuse dump or collection points. From Table 2 below only 29.4%, 19.6%, 12.5% and 11.3% residential properties in Agbale, Bode, Okegada and Agip have private refuse collection points. The Osun State Waste Management Board and local health must pay more attention to this area.

Toilet facility as basic requirement for any functional residential property is lacking in some of the properties sampled. Toilet facility as used in this work means a toilet that is functional Overall. Out of the 204 houses sampled only 182 houses representing 82.2% have a functional toilet in Ede. It is necessary to note that all the residential property in Ede are provided with kitchen facilities as in Table 2. Although, few of the residential property in Agbale and Bode still lack this facility thereby making the tenants to cook their food in an unhygienic environment. Only 18.1% of the total urban housing sampled in Ede were provided with adequate drainages. The provision of wall-fence round the residential property is to guide against unwanted interruption and ensure security and safety of property in the residential buildings, hence about 61.1% of the residential buildings are provided with wall-fence. Landlord attitude was never considered to be a factor but location which is one of environmental variables is a strong factor considered by all the respondents.



Table 2 below show the various components that determine the condition of housing in the four zones of Agbale, Bode, Okegada and Agip all in Ede Metropolis.

Table 2: Components of Housing Conditions Available in Residential Property by Zones in Ede (% in parenthesis)/

Components	Zones				Total
	Agbale	Housing Condition Bode	Okegada	Agip	
Electricity	51 (100.0)	51 (100.0)	40 (100.0)	62 (100.0)	204(100.0)
Water supply	45 (88.2)	38 (75.0)	35 (88.0)	30 (48.4)	148 (72.5)
Access road	51 (100.0)	42 (82.4)	40 (100.0)	62 (100.0)	945 (76.3)
Burglary proof	51 (100.0)	42 (82.4)	40 (100.0)	39 (62.9)	172 (73.7)
Refuse disposal	15 (29.4)	10 (19.6)	05 (12.5)	07 (11.3)	37 (18.1)
Toilet	49 (96.1)	38 (75.0)	40 (100.0)	55 (88.7)	182 (89.2)
Kitchen	50 (98.0)	45 (88.2)	40 (100.0)	62 (100.0)	170 (89.5)
Drainage System	10 (19.6)	15 (29.4)	05 (12.5)	07 (11.3)	37 (18.1)
Fenced round	45 (88.2)	06 (11.8)	35 (88.0)	39 (62.9)	125 (61.3)
Landlord Attitude	02 (03.9)	03 (05.9)	0 (0.0)	0 (0.0)	05 (02.5)
Location	51 (100.0)	51 (100.0)	40 (100.0)	62 (100.0)	204 (100.0)

Source: Author's Field Survey, 2014

### Tenant's Level of Satisfaction with Housing Condition

The satisfaction level of tenants with the condition of housing in Ede was examined under three group viz- satisfied, not satisfied and indifferent. The indifference is a situation where respondent is undecided as to the indicated grouping. Table 3 shows that 100.0% of the respondents were satisfied with the electricity supply into their buildings. This is connected with the recent transformation in the power sector in the country. This is followed by water supply, for which 86.0% of the respondents were satisfied with the water supply in their houses. About 100% of the respondents were not satisfied with the refuse disposal system and the condition of the drainages abutting their rented residential property. However, 98%, 96% and 98% of tenants were correspondingly satisfied with the access road, burglary proof installed and kitchen provided in their residential property. Despite the high level of dissatisfaction expressed by the respondents in the area of available drainage system and refuse disposal system in the residential buildings they occupied, about 40% of the respondents have lived in their present residential buildings for between 5 to 10 years, 30% of the respondents had lived in their residential buildings for between 2 and 5 years ago, while the remaining 30% have occupied their buildings for over 10years. Table 3 below present a clear picture of the level of tenants' satisfaction of the residential properties in the four selected zones of Ede Metropolis.

Table 3: Tenants Satisfaction Levels with Residential Housing Conditions

Components	Levels of Satisfaction			Total
	Satisfied	Not satisfied	Indifferent	
Electricity	204 (100.0)	0 (0.0)	0 (0.0)	204 (100)
Water Supply	175 (86.0)	20 (10.0)	9 (4.0)	204 (100)
Access Road	200 (98.0)	0 (0.0)	4 (2.0)	204 (100)

Burglary Proof	195 (96.0)	0 (0.0)	9 (4.0)	204 (100)
Refuse Disposal	0 (0.0)	204 (100.0)	0 (0.0)	204 (100)
Toilet	175 (86.0)	9 (04.0)	20 (10.0)	204 (100)
Kitchen	200 (98.0)	4 (2.0)	0 (0.0)	204 (100)
Drainage System	0 (0.0)	204 (100.0)	0 (0.0)	204 (100)
Fenced	175 (86.0)	9 (4.0)	20 (10.0)	204 (100)
Landlord Attitude	203 (99.5)	1 (0.5)	0 (0.0)	204 (100)
<b>Location</b>	<b>195 (96.0)</b>	<b>9 (4.0)</b>	<b>0 (0.0)</b>	<b>204 (100)</b>

Source: Author’s Field Survey, 2014

Table 4 show the trend in the average annual rental of Face to Face, Semi Detached and Detached three bedroom bungalows in Ede Metropolis.

**Table 4. Trends in Property Rental Values (Average Annual Rent) in Ede from 2004-2013**

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Face to Face</b>	1,000	1,000	2,200	2200	2,500	6,000	6,500	12,000	12,000	20,000
<b>Semi detached</b>	12,000	12,000	18,000	18,000	42,000	42,000	60,000	60,000	90,000	120,000
<b>Detached</b>	12,000	12,000	30,000	30,000	42,000	60,000	80,000	80,000	120,000	140,000

Source: Author’s Field Survey, 2014

The average annual rental values for each categories of residential property were arrived at through the analysis of the various respondents’ responses. The Table reveal a dramatic increase for all categories of residential properties in the zones between 2010 and 2013. It is also obvious that rental growth for residential Face to Face properties took a dramatic change from 2009. Figure 1 present the trend analysis of the annual rental values of all the categories of residential properties under study between 2004 and 2013.

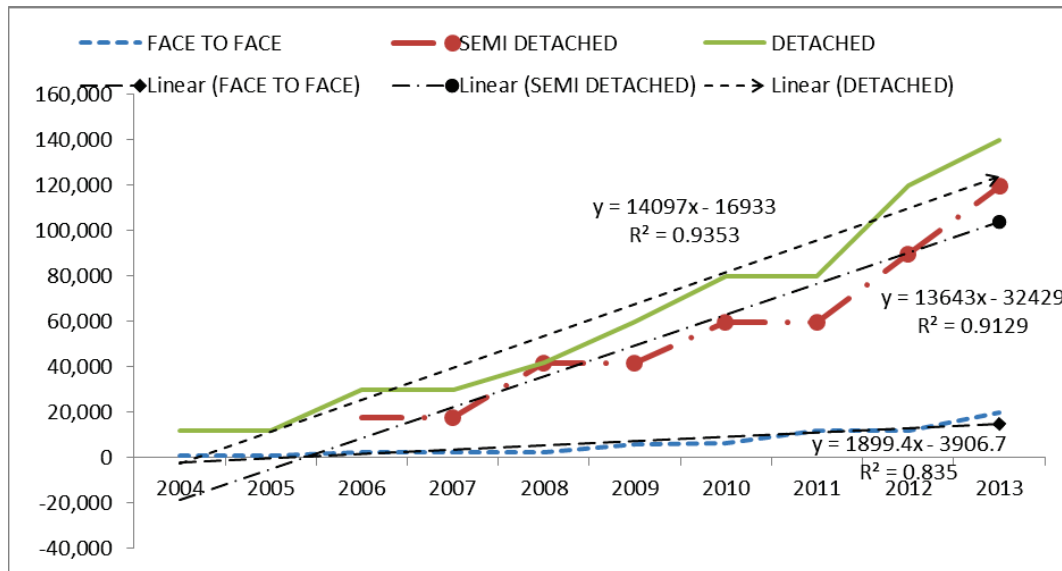


Figure 1: Trend Analysis of Average Annual Rental Values in Ede.

All the property types shows a consistent upward trendlines from 2004 to 2013. The observable margin in the rental growth rate of Face to Face on the one side and Semi Detached/ Detached bungalows are wide, the growth rate between Semi Detached and Detached bungalows is marginal. The analysis indicates that investment in detached and semi detached properties could be a wise and a better option than investing in Face to Face residential properties. Again forecast of rental values of residential properties in the areas under study for the next three years from 2013 was made. The analysis revealed a continuous growth in the rental values of all the properties types understudy for the next three years with detached bungalows exhibiting a more betterrental growth rate throughout the prediction period. The level of accuracy of the forecast and reliability of the trend as determined by the  $R^2$  value for all the property types is as follows: For Face to Face property, the levels of reliability and accuracy of the forecast is 83.5%, for Semi Detached is 91.2% while that of Detached Bungalow is 93.5%. it could be inferred from above analysis that the rental values of all the property types understudy is likely to maintain a consistent growth rate over the period and the growth rate is likely to be maintained over the next three years as shown in from the predictive trendlines.

### **Summary of Findings, Implication and Conclusion**

The study has examined the housing condition and property rental values of residential property in Ede. it among other things revealed that, properties with better conditions in terms of infrastructures and physical soundness command higher rental values, that investment in residential property development will in the next three years continue to enjoy and maintain an upward growth rate. Again that 100% of the tenants were not satisfied with the drainage system and waste disposal facilities in their areas, hence there is need for property developers to provide and improve on the quality of the infrastructure.

It recommends the need for property owners/developers and users to be educated on the need for the provision of basic infrastructure and sustainable maintenance culture. The study therefore concludes that Government should make policies aimed at defining environmental and housing quality standard and provide supervisory agency that will be responsible for the monitoring and implementation of housing standards.

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