

**ISSUES AND CHALLENGES OF SERVICE CHARGE ADMINISTRATION IN  
COMMERCIAL PROPERTIES: A STUDY OF BANEX PLAZA, WUSE II, ABUJA**



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**November, 2025**

#### DECLARATION

I, Ogheneovo Joy Tony, do hereby declare that this project is undertaken by me in the Department of Estate management, Faculty of Environmental Sciences, University of Benin, Benin city, Edo state under the supervision of Dr. M. O. Komolafe .

The work embodied in this project has not been submitted by any candidate for the award of degree and is not concurrently being submitted for any other degree elsewhere.

## CERTIFICATION

We certify that this project titled ISSUES AND CHALLENGES OF SERVICE CHARGE ADMINISTRATION IN COMMERCIAL PROPERTIES ;A STUDY OF BANEX PLAZA WUSE II, ABUJA. was written and submitted by OGHENEOVO JOY TONY with Matriculation Number ENV2103384 to the Department of Estate management, Faculty of Environmental Sciences, University of Benin, Benin City. In partial fulfillment of the requirement for the award of Bachelor of Science (B.Sc.) in Estate Management.

## Dedication

This work is wholeheartedly dedicated to the Almighty God, the giver of wisdom, strength, and grace. His unfailing love, mercy, and guidance have been my source of inspiration and success throughout this academic journey.

## Acknowledgment

I am deeply grateful to the Almighty God for His divine guidance, protection, and blessings that made this research possible.

My sincere appreciation goes to my beloved parents, Mr. Anthony John and Mrs. Laretta Ogheneovo, for their endless love, prayers, and sacrifices that have shaped my path and strengthened my resolve. My heartfelt gratitude also goes to my supervisor, Dr. M. O. Komolafe, for his invaluable guidance, patience, and constructive contributions that greatly enriched this study.

I am truly thankful to Izu Nwa, for his constant support, encouragement, and understanding throughout this journey. I deeply appreciate my wonderful siblings Precious, Samuel, Paul, and Marvelous for their love, belief, and inspiration. Special thanks go to my dear friends Ruth, Faith Ayewa, EOJ, my shawty, and Kay for their unwavering support, care, and companionship that made this journey memorable. I also extend my gratitude to all lecturers in the Department of Estate Management for their dedication and contributions to my academic growth.

## Abstract

Issues and Challenges of Service Charge Administration in Commercial Properties: A Study of Banex Plaza, Wuse II, Abuja.

In the context of Nigeria's commercial property sector, this study investigates the inefficiencies and disputes in service charge administration at Banex Plaza, a commercial property in Wuse II, Abuja. The research objectives are to identify the plaza's operational characteristics, assess current administrative approaches to service charges, evaluate their effectiveness in meeting stakeholder needs, and explore the challenges faced by both tenants and property managers in this process. A mixed-methods approach was employed to ensure comprehensive analysis, collecting quantitative data via questionnaires administered to 162 tenants and qualitative insights from interviews with five estate surveyors and direct physical observations of the plaza's facilities.

The findings indicate that while Banex Plaza offers strong security services and reliable energy supply, it suffers from poor internet connectivity, unreliable elevator operation, and substandard cleaning quality. In addition, the service charge administration processes were found to lack transparency, timely reconciliation of accounts, and active tenant participation. Based on these findings, the study recommends implementing formal budgeting and accounting procedures for service charges, establishing transparent reconciliation mechanisms, enhancing communication channels between management and tenants, and developing standardized frameworks for service charge administration. These measures aim to improve efficiency, accountability, and tenant satisfaction in commercial property management.

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# CHAPTER ONE

## INTRODUCTION

### 1.0 Background to the Study

The growth and complexity of commercial real estate in Nigeria, particularly in urban centres such as Abuja, have necessitated more structured and professional approaches to property and facilities management. One of the most critical aspects of this management is the administration of service charges, which are financial contributions made by tenants or occupiers of a property toward the cost of maintaining and operating shared areas and services. These typically include cleaning, lighting, waste disposal, security maintenance of common facilities, and in some cases, contributions to sinking funds for long-term repairs (Ojok, 2018). Wuse II is a prestigious and dynamic district located in the northwestern part of Abuja, within Phase 1 of the Federal Capital Territory. Renowned as the city's commercial and entertainment heartbeat, Wuse II is characterized by its blend of luxury real estate, modern office complexes, and vibrant social scene. The district is well-connected by major roads such as Adetokunbo Ademola Crescent and Aminu Kano Crescent, which serve as its main arteries, making it easily accessible from other key areas like Maitama and the Central Business District. Wuse II is home to top attractions, including the National Open University's largest study center, City Park a popular recreational spot and a variety of upscale restaurants, bars, nightclubs, and hotels. Its reputation as a business and leisure hub attracts both investors and visitors, with property values remaining high due to its prime location, quality amenities, and bustling commercial activity.

In commercial properties such as shopping complexes, malls, and office blocks, service charges are essential for ensuring the proper upkeep of the property and creating an environment conducive to business operations. However, the administration of these charges has often been a subject of contention between landlords, property managers, and tenants. Problems such as lack of transparency, inequitable cost apportionment, poor accountability, non-performance by service providers, and tenant resistance to payment have been widely reported (Ogunba, 2015; Akinsomi

& Matope, 2020). Within Wuse II, Banex Plaza stands out as one of Abuja's most prominent commercial landmarks, often referred to as the city's "computer village." The plaza is strategically situated along Aminu Kano Crescent and consists of multiple interconnected buildings, commonly known as the old and new buildings. Banex Plaza houses an estimated 500 shops distributed across these buildings, with the old building hosting the earliest established shops and the new building accommodating more recent expansions. The majority of businesses in Banex Plaza specialize in the sale of smartphones, tablets, computers, and electronic accessories, making it the go-to destination for technology products in Abuja. In addition to retail, the plaza offers a wide range of allied services, including phone and computer repairs, software installation, and warranty-backed sales. Some shops diversify into office supplies, and a few provide food and personal care services. The plaza is known for its organized structure, strong security presence, reliable infrastructure, and ample parking, creating a safe and convenient environment for both shop owners and customers. Banex Plaza's vibrant atmosphere and comprehensive range of tech-related services have cemented its status as a central hub for business and innovation in Wuse II.

In Nigeria, these challenges are often exacerbated by weak regulatory oversight, informal property management practices, and the absence of standardised service charge frameworks, especially in privately-owned commercial developments. The Royal Institution of Chartered Surveyors (RICS, 2018) has emphasized the need for fairness, transparency, and professional standards in the management of service charges, principles that are frequently lacking in the local context. According to Ifediora and Olatunji (2019), many disputes in commercial properties can be traced to poor service charge administration, which undermines trust and can lead to underinvestment in property maintenance.

Banex Plaza, located in Wuse II, Abuja, is one of the most prominent commercial centres in the Federal Capital Territory, hosting a wide array of businesses ranging from electronics, telecommunications, fashion, to food services. Despite its prime location and economic importance, the plaza has, over time, witnessed several service-related challenges. Informal

observations have highlighted issues such as irregular waste disposal, inadequate security, poor maintenance of common facilities, and disagreements over service charge increases, all of which point to systemic lapses in service charge administration.

The significance of addressing these issues cannot be overstated, as poor service charge administration affects the value, attractiveness, and sustainability of commercial properties. It also has broader implications for urban real estate investment and business performance in city centres like Abuja. Therefore, a detailed investigation into the specific challenges and issues surrounding service charge administration at Banex Plaza is timely and relevant. This study aims to explore these challenges, identify the root causes, and suggest practical solutions that can enhance the efficiency, transparency, and effectiveness of service charge practices in similar commercial properties across Nigeria.

### **1.1 Statement of the Research Problem**

Effective service charge administration is central to the management and sustainability of commercial real estate assets, particularly in densely populated urban centres. Service charges are intended to cover the cost of maintaining shared areas and delivering essential services such as security, cleaning, waste management, lighting, water supply, and facility repairs. In commercial properties, where multiple tenants or occupiers rely on shared infrastructure, a properly managed service charge system is necessary to ensure operational efficiency, tenant satisfaction, and long-term property value.

However, in Nigeria, service charge administration has remained a contentious issue. Many commercial tenants express dissatisfaction with how charges are determined, allocated, and utilized. Frequent complaints include lack of transparency, inequitable cost-sharing, delayed or substandard services, and limited accountability by property managers. These issues often lead to disputes between landlords and tenants, delay in payments, non-compliance, and a general breakdown in trust. These problems are particularly significant in high-traffic, multi-occupant commercial centres like Banex Plaza, Wuse II, Abuja, where effective service delivery is critical

to business success.

Despite the significance of this issue, there is a noticeable dearth of empirical studies that examine service charge administration at the property-specific level, especially in Nigeria's commercial property market. Much of the existing literature has either focused broadly on property management or addressed service charge issues from a theoretical standpoint without engaging with the practical realities in specific locations. Moreover, there has been limited research that integrates the perspectives of both tenants and property managers, thereby failing to capture the full complexity of the problem.

Several studies illustrate these gaps. For instance, Ojok (2018) assessed the role of service charges in Nigerian cities but did not provide a property-level analysis, limiting the applicability of the findings. Akinsomi and Matope (2020) offered insights into service charge practices in Sub-Saharan Africa but focused on macro-regional trends with minimal practical input from Nigerian commercial hubs. Ifediora and Olatunji (2019), although valuable, concentrated on residential tenant satisfaction, thus not addressing the operational and financial dynamics of commercial service charge frameworks.

Similarly, Ogunba (2015) examined institutional deficiencies in Nigeria's property markets, but did not delve into their implications for service charge management at individual property level. The RICS (2018) guidelines, while robust, are drawn from international best practices and lack contextual adaptation to Nigerian commercial real estate environments. Amidu and Aluko (2006) focused more on lease administration than on service charge efficiency. Odum and Ibem (2014) explored building maintenance in public assets without linking maintenance failures to service charge practices. Aliyu and Bello (2018) studied commercial property management in Kano but did not highlight service charge mechanisms in detail, while Iroham, Oluwunmi, and Durodola (2017) examined shopping mall tenant satisfaction with emphasis on location and amenities rather than financial accountability or service charge transparency.

These studies, though useful, highlight a shared limitation: the absence of in-depth, location-

specific research that evaluates service charge administration in the context of a commercial centre like Banex Plaza. They fail to offer practical solutions grounded in the actual experience of stakeholders operating within such properties.

In order to address the highlighted challenges while filling the gaps in existing literature, there is need to provide answer to the following questions:

## **1.2 Research Questions**

1. What are the characteristics of Banex Hub?
2. What are the characteristics adopted to administer service charge in Wuse II Banex Plaza?
3. How effective are the adopted approaches in the management of the service charge in the study area?
4. What are the challenges being faced by the tenants and the property managers on service charge administration?

## **1.3 Aim and Objectives of The Study**

The aim of the study is to evaluate the administration of service charge in Wuse II Banex Plaza. This is with a view to providing information relevant for effective administration of service charge in multi tenanted shopping complexes.

The specific objectives of the study are to:

1. Identify the characteristics of Banex Hub
2. Examine the approaches adopted for service charge administration in Wuse II Banex Plaza
3. Evaluate the effectiveness of the adopted approaches in the management of shopping complexes and
4. Identify the challenges being faced on service charge administration in the study area.

## **1.4 Justification of The Study**

Service charge administration is a critical component of real estate management, especially in

commercial properties where multiple occupiers depend on shared facilities and services. In Nigeria's rapidly expanding urban centres like Abuja, the quality and effectiveness of service charge systems directly impact property performance, tenant satisfaction, and the long-term viability of commercial investments. However, there remains a noticeable lack of empirical studies that explore the challenges and operational realities of service charge administration at the level of specific commercial properties. This study is justified on the grounds that it seeks to fill this gap by providing a detailed, context-specific analysis of service charge practices in Banex Plaza, one of Abuja's busiest commercial complexes.

The study is also justified by the increasing number of complaints and disputes between property managers and tenants regarding service delivery and payment obligations. These disagreements often arise due to opaque billing systems, inadequate stakeholder engagement, and unequal cost allocation mechanisms. Despite these recurring issues, most existing research has offered generalized insights, with little attention paid to the practical, legal, and managerial factors influencing service charge administration in high-traffic commercial hubs. By focusing on transparency, fairness in cost-sharing, and service quality, this study aims to generate insights that can help real estate professionals, property managers, and investors adopt more efficient and equitable management practices.

Furthermore, the findings of this study will be relevant to policy makers, regulatory bodies, and professional associations such as the Nigerian Institution of Estate Surveyors and Valuers (NIESV), as they work to develop more robust guidelines for service charge management in the country. The research will also contribute to the academic literature by providing localized evidence that enhances understanding of the complexities involved in managing shared costs in commercial properties. Ultimately, the study seeks to support improved service delivery, reduced conflicts, and more sustainable relationships between landlords, tenants, and managing agents in commercial real estate settings in Nigeria.

## **1.5 Scope of the Study**

This study focuses on service charge administration in commercial properties, with a particular emphasis on Banex Plaza in Wuse II, Abuja. Other forms of properties (residential, institutional etc.) are not included in this study. This is because challenges on service charge administration are particularly paramount on multi-tenanted commercial properties. The focus is on Abuja, a metropolitan city and the reason for the choice of this city is because of the high rate of urbanization and consequent commercial activities. Also, the focus is on service charge administration as an aspect of property management. This is to address issues peculiar to this aspect of management which are pertinent to tenants' experience and realization of return.

## **1.6 The Study Area**

Abuja is Nigeria's purpose-built capital, centrally located within the Federal Capital Territory (FCT), and has experienced rapid population and economic growth since its declaration as capital in 1991. The Wuse II district, one of Abuja's most dynamic commercial and residential areas, hosts Banex Plaza, a multi-phase complex renowned for electronics, retail, and professional services. Banex Plaza combines over 870 en-suite shops across several wings with ample parking, around the clock operations, and a blend of local and international tenants, making it a microcosm of Abuja's broader commercial vitality.

Abuja lies roughly at latitude 9° 4' N and longitude 7° 29' E, situated on the Guinean savanna at an elevation of about 360 m above sea level. It occupies 1,476 km<sup>2</sup> within the Federal Capital Territory, some 480 km northeast of Lagos. Chukuku Hills and the monolithic Aso Rock (400 m) define its northern skyline, with the Three Arms Zone housing the Presidential Complex, National Assembly, and Supreme Court anchoring its central area. Abuja's planned-city layout comprises over fifty districts linked by expressways and light rail, offering a cooler, less humid climate than coastal Lagos.

### **Demographics & Economic Significance**

At the 2006 census, the Abuja Municipal Area Council recorded 776,298 residents in the core city; by 2022, estimates place the local-government population at 1.69 million, with an urban

agglomeration exceeding 3.7 million and a metro population of 4.0 million. As the seat of Nigeria's federal government and home to ECOWAS and OPEC regional headquarters, Abuja commands a sizeable share of national administrative and diplomatic functions. Although the FCT makes up only 0.5 % of Nigeria's landmass, it generates a disproportionately high portion of industrial, commercial, and service-sector output, supported by continuous inflows of government investment and private capital.

#### Wuse II District

Wuse, divided into Areas 1-4, is among Abuja's earliest developed districts, blending residential estates with retail, hospitality, and office developments. Wuse II, in particular, sits immediately east of the Central Business District and is bounded by the expressway linking Abuja to Kaduna. It emerged in the late 1980s as a planned mixed-use area, featuring hotels, banks, pharmacies, and shopping arcades. Its proximity to government offices in Garki and Maitama, combined with well-tarred roads and reliable power supply, has made Wuse II a magnet for both white-collar professionals and entrepreneurs. Daily pedestrian and vehicular footfall in Wuse II ranks among the highest in Abuja, reflecting its status as both a commuter hub and commercial nucleus.

#### Banex Plaza, Wuse II

Banex Plaza sits at Plot 741 Aminu Kano Crescent, Zone A7, Wuse II, Abuja, with operating hours typically from 7 a.m. to 10 p.m., Monday through Saturday. Established in the early 2000s, it comprises several annexes Plaza Main (Phases O, C), Vina Plaza, and Vom Plaza totaling over 870 en-suite retail units ranging from 12 m<sup>2</sup> to 24 m. Anchored by electronics and telecommunications outlets, it also hosts fashion boutiques, restaurants, repair centers, and banking kiosks. The complex provides both open-air and covered parking for hundreds of vehicles and maintains round-the-clock security and cleaning services. As of mid-2024, Banex Plaza underwent a brief military-enforced closure following security incidents, but it was officially reopened after negotiations between plaza management and the Nigerian Army, underscoring its strategic and economic importance within Wuse II.

Banex Plaza is a three-wing commercial complex located at Plot 741 Aminu Kano Crescent, Zone A7, Wuse II, Abuja. Developed in the early 2000s, the plaza comprises Plaza Main (including Wings O and C), Vina Plaza, and Vom Plaza, together hosting approximately 700 fully en-suite retail units spread across three storeys.

Shop modules at Banex Plaza are offered in standardized rectangular formats, with the smallest units measuring

12 m<sup>2</sup> (single shops) and the largest 24 m<sup>2</sup> (double shops) in Plaza C, while Plaza O and Plaza Main additionally provide 15 m<sup>2</sup>, 20 m<sup>2</sup>, and 25 m<sup>2</sup> options. Each unit features a glass-front façade secured by an internal sliding iron gate, and includes at least one private restroom. Units opening onto the Kaduna expressway enjoy higher foot traffic, whereas those facing the central aisles benefit from more sheltered pedestrian flow.

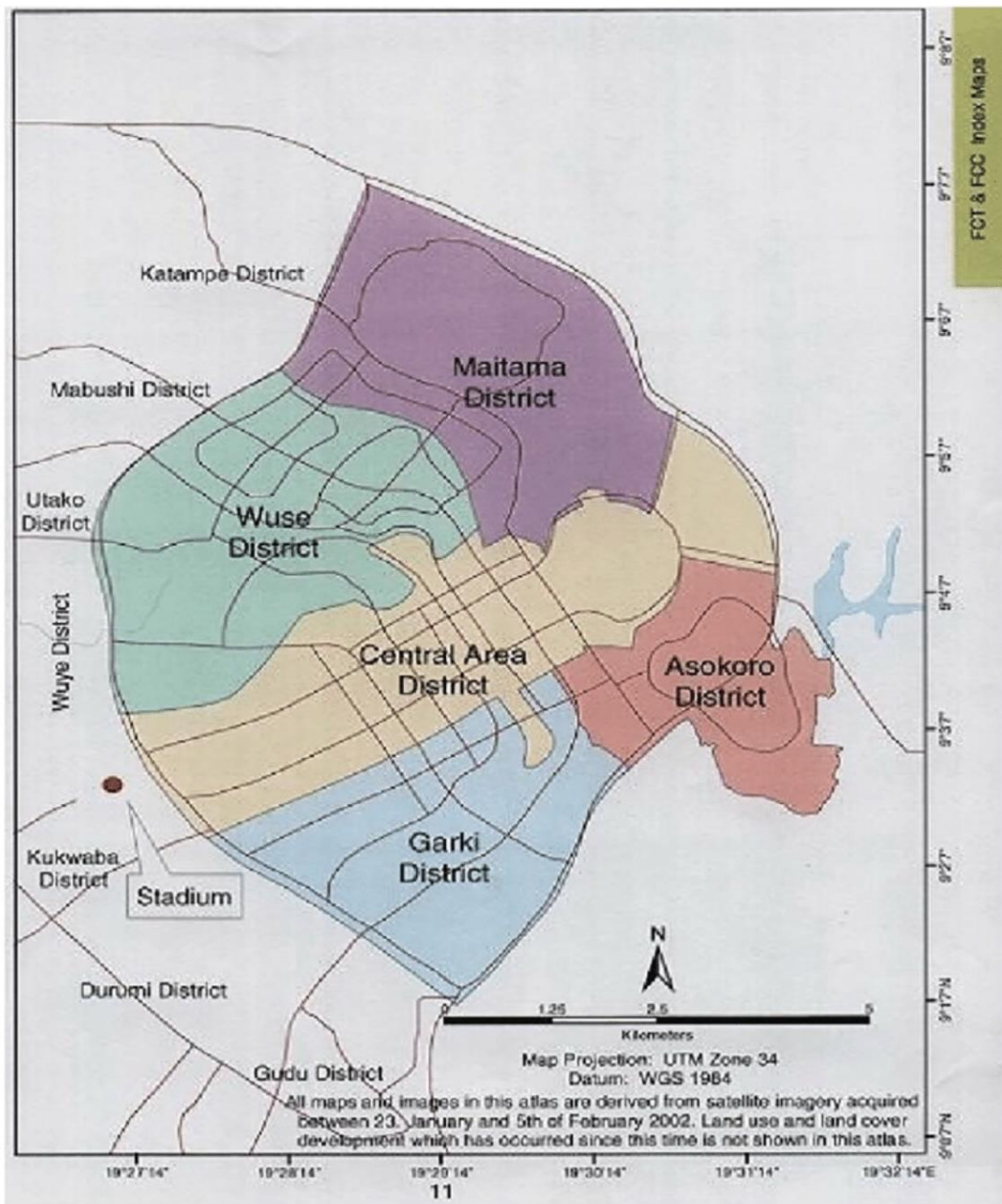
Annual rents at Banex Plaza start at ₦800,000 for a 15 m<sup>2</sup> unit, with larger spaces proportionally priced higher; an additional ₦120,000 per annum service-charge covers common-area cleaning, security, and basic maintenance. Parking is provided both in open-air bays and covered sections, accommodating over 100 vehicles around interlocked driveways and landscaped islands, though peak-period congestion remains a concern.

Electricity supply at Banex Plaza is irregular, reflecting broader grid challenges in Wuse II. Rather than a central generator or solar farm, each shop operates its own individual generator, leading to noise and air-pollution issues along the corridors whenever the Abuja Electricity Distribution Company (AEDC) supply fails which, according to plaza users, occurs more than half the time.

Architecturally, Banex Plaza emphasizes modular simplicity: its three-storey wings are laid out in rectangular blocks with wide, column-free corridors that facilitate shop visibility and customer circulation. There is no elevator service, so all upper-floor units are accessed via stairwells at the block corners; this design choice maximizes leasable area but may limit accessibility for some tenants.

Overall, Banex Plaza's size, shop-unit uniformity, strategic positioning within Abuja's commercial hub, and competitive rental rates have made it one of the city's premier destinations for electronics, fashion, banking kiosks, and quick-service food outlets despite ongoing challenges with shared infrastructure and grid reliability.





Map of Wuse II, Abuja

[www.researchgate.net](http://www.researchgate.net)

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Preamble**

This chapter aims to provide a comprehensive review of the existing literature on property management, specifically in the context of commercial properties and the administration of service charges. The review will explore the concept of property management, the management functions relevant to commercial properties, Additionally, the chapter will review essential infrastructure for commercial functioning and the various aspects of service charge administration, including collection and procurement. The focus will also be on the specific challenges related to service charge administration in Abuja. Finally, a critical review of previous studies will be conducted, highlighting the gaps in existing literature that this study seeks to address.

#### **2.2 The Concept of Property Management**

Property management has been described variously as the comprehensive oversight of real estate assets, encompassing physical maintenance, financial control, tenant relations, and strategic alignment with owner objectives. While sources emphasize different facets such as operational efficiency, lifecycle stewardship, or fiduciary accountability the most robust definitions share a focus on both the technical upkeep of buildings and the financial and legal mechanisms that underpin service-charge administration.

The Wikipedia entry defines property management as “the operation, control, maintenance, and oversight of real estate and physical property,” highlighting the dual need to care for and monitor assets throughout their useful life, whether residential, commercial, or land holdings. This broad framing situates property management alongside general business management, underscoring accountability for condition and performance.

According to the Royal Institution of Chartered Surveyors (RICS) Public Sector Asset Management Guidelines, property management “ensures that land and buildings matters are dealt with so that they operate efficiently and effectively,” describing it as the professional and technical work needed to keep property in desired condition, form, and location, with related activities including acquisition, disposal, valuation, and landlord tenant dealings conducted at “optimum and affordable cost”. This definition adds a strategic asset-management perspective, linking operational duties with long-term corporate objectives.

Investopedia frames property management as the oversight of residential, commercial, or industrial real estate by a third-party contractor, where managers handle day-to-day repairs, maintenance, security, tenant screening, lease administration, and compliance with regulations typically in exchange for a fee or percentage of rental income. This practitioner-oriented definition emphasizes service delivery and revenue generation.

In the context of strategic facilities management, property management is “the activity that ensures that land and buildings matters are dealt with so that they operate efficiently and effectively,” further including advice to decision-makers on optimizing property resources and whole-life costing. Here, property management bridges facility operations and high-level planning, stressing cost-effectiveness and professional guidance. For the purposes of a study on Issues and Challenges of Service-Charge Administration in Commercial Properties, the following working definition is adopted:

Property management is “the process of meeting owners’ objectives through the efficient operation of real estate, encompassing physical maintenance, financial control (including budgeting and reconciliation), tenant relations, and compliance with legal and regulatory frameworks.”

This definition is selected because it integrates the comprehensive oversight highlighted in the Wikipedia and Investopedia descriptions, the strategic, cost-effective focus of RICS, and the advisory dimension of facilities management. Crucially, by naming financial control and tenant relations alongside physical maintenance, it directly aligns with the multifaceted nature of service-

charge administration ensuring the research captures budgeting mechanisms, transparency practices, stakeholder engagement, and regulatory compliance in a commercial-property context.

## **2.3 Property Management Functions**

Effective property management begins with marketing and leasing: developing targeted strategies to attract qualified tenants and negotiating lease agreements that balance landlord returns with tenant needs. Property managers craft compelling listings across online portals and traditional channels, highlighting a property's unique features, location advantages, and service offerings to reduce vacancy periods and optimize rental income. Once prospects are identified, they conduct thorough tenant screening including credit checks, rental histories, and background verifications to minimize default risk and potential property damage. Securing the right tenants via clear, legally sound lease documents establishes the foundation for stable occupancy and predictable cash flow.

### **2.3.1 Rent Collection and Financial Management**

A central pillar of property management is rent collection and broader financial oversight. Managers implement systematic billing and reminder processes to ensure timely payments, handle any delinquencies or disputes, and maintain accurate ledgers of all receipts and expenses. Beyond rent, they prepare periodic financial reports monthly, quarterly, and annual to inform owners about income streams, operating costs, and budget variances, enabling data-driven decisions on pricing, capital improvements, or service-charge adjustment. Budgeting for maintenance and capital reserves, reconciling actuals against projections, and forecasting cash flows are all part of preserving a property's financial health and maximizing owner returns.

### **2.3.2 Maintenance, Repairs, and Facilities Operations**

Regular maintenance and prompt repairs protect asset value and tenant satisfaction. Property managers schedule routine inspections to identify emerging issues like HVAC inefficiencies, plumbing leaks, or structural wear before they escalate into costly emergencies. They coordinate with trusted vendors and contractors, negotiating service contracts, overseeing work quality, and

ensuring compliance with local building and safety codes. In emergency situations (e.g., power outages, water ingress), rapid response protocols minimize tenant disruption and liability. Effective facilities management thus combines preventive upkeep with agile problem resolution to sustain uninterrupted property operation.

### **2.3.3 Legal, Regulatory, and Risk Compliance**

Navigating the legal landscape is indispensable to property management. Managers ensure that all leases, notices, and operational practices adhere to zoning laws, health and safety regulations, fire codes, and jurisdiction-specific landlord–tenant statutes. When breaches occur such as lease violations or nonpayment they handle enforcement actions (e.g., eviction proceedings) through legally compliant processes to mitigate owner risk and maintain ethical standards. Insurance procurement and claims management further protect the property and stakeholders against accidents, natural disasters, or liability claims, underpinning a comprehensive risk-management framework.

### **2.3.4 Vendor and Contract Management**

Property management relies heavily on third-party service providers. Managers solicit bids, negotiate contracts, and establish performance metrics for vendors covering landscaping, janitorial services, security, and specialized maintenance. Ongoing vendor assessments via service-level agreements, periodic reviews, and tenant feedback ensure accountability and cost-effectiveness. By centralizing vendor relationships, property managers secure competitive pricing, streamlined communication, and consistent quality, freeing owners from the operational burden of multiple contractors.

### **2.3.5 Tenant Relations and Conflict Resolution**

Maintaining positive tenant relations drives long-term occupancy and reduces turnover costs. Property managers serve as the primary liaison for tenant inquiries, complaints, and service requests, fostering clear communication channels such as online portals or dedicated help desks to

track and resolve issues efficiently. When disputes arise over rent, maintenance responsibilities, or lease interpretations, managers mediate negotiations, clarify contractual terms, and, if necessary, engage legal counsel to reach amicable solutions that protect both owner interests and tenant rights.

### **2.3.6 Administration, Reporting, and Performance Monitoring**

Behind the scenes, robust administrative processes and reporting systems provide transparency and accountability. Property management involves record-keeping of leases, financial transactions, regulatory filings, insurance policies, and maintenance logs in centralized databases. Managers generate key performance indicators such as occupancy rates, net operating income, maintenance turnaround times, and tenant satisfaction scores and present these metrics in dashboards or regular board reports to keep owners apprised of property status and strategic opportunities.

## **2.4 Essential Infrastructures for Commercial Property Functions**

The smooth operation of commercial properties hinges significantly on the availability and effective management of basic facilities. These facilities are the physical and infrastructural components that ensure functionality, tenant satisfaction, and the overall sustainability of the property. Without them, commercial environments such as office buildings, retail complexes, and industrial parks would struggle to meet user needs or attract long-term tenants. Scholars and industry experts consistently stress the importance of integrating such facilities into property management strategies to support the economic and operational viability of commercial real estate assets (Loosemore & Hsin, 2001; Tay & Liow, 2006).

One of the most fundamental facilities is power supply infrastructure. Reliable and uninterrupted electricity is crucial for lighting, HVAC systems, elevators, security systems, and tenant operations, especially in business environments where even brief power outages can disrupt productivity and client satisfaction. As Ogunba (2004) points out, the lack of power reliability in developing regions forces commercial property owners to invest in backup systems such as

generators or solar panels. These systems, although expensive, become essential to guarantee continuity of operations.

Water supply and plumbing systems form another critical facility. They support basic sanitation, restrooms, HVAC operations, fire suppression systems, and other routine activities. According to Ojo (2003), the absence of clean and consistent water services can degrade tenant experiences and lead to maintenance issues such as mold, pipe corrosion, and structural damage. Therefore, well-maintained water systems directly influence the perceived quality and safety of the commercial property.

Closely linked is the importance of waste management systems. These include refuse collection areas, recycling facilities, and adequate disposal mechanisms. Properties without a structured waste management plan risk creating health hazards and diminishing the visual appeal of the premises. As emphasized by Egbu (1999), environmental quality plays a major role in determining tenant satisfaction and overall property value.

Security infrastructure is indispensable in ensuring safety and order within commercial premises. Security facilities may include surveillance cameras (CCTV), alarm systems, perimeter fencing, security personnel booths, access control systems, and emergency communication setups. Ayedun, Dabara, and Ajibola (2012) highlight that perceived security influences rental decisions and can either enhance or diminish the attractiveness of a property. In regions with high crime rates, inadequate security deters prospective tenants and invites vandalism or theft, especially in retail and industrial properties.

The provision of adequate parking space is another crucial consideration. Commercial tenants and their clients often prioritize ease of access and mobility within business premises. A property with insufficient or poorly maintained parking facilities faces constant traffic congestion and frustration among users, which can affect occupancy rates. Research by Oladapo (2006) underscores the direct

correlation between parking adequacy and tenant retention, particularly in central business districts where alternative parking is limited or costly.

In modern facilities, ICT infrastructure has become increasingly central to commercial operations. This includes internet connectivity, telephone lines, and cable television systems where relevant. According to Tan (2002), the digital transformation of workspaces requires landlords to offer high-speed internet and tech-ready environments to remain competitive. Properties without adequate ICT support are often considered outdated or unfit for modern business needs.

Fire safety systems such as alarms, fire extinguishers, sprinklers, smoke detectors, and clearly marked exits also fall under basic but critical facilities. These are essential not just for legal compliance but for protecting lives and assets during emergencies. As noted by Akinsomi et al. (2016), the absence of fire safety systems exposes property owners to liabilities, reputational damage, and regulatory sanctions. Fire drills, proper signage, and regular maintenance of these systems are essential aspects of responsible property management.

Ventilation and climate control systems (HVAC) are key for maintaining indoor air quality and thermal comfort. Poor ventilation can lead to tenant complaints, especially in sealed office environments, and may increase the risk of health issues like sick building syndrome. According to Chanter and Swallow (2007), well-designed HVAC systems contribute significantly to energy efficiency and workplace productivity.

Elevators and mobility aids, especially in multi-floor structures, are essential for accessibility and efficient movement. The absence or breakdown of such systems inconveniences tenants and can lead to increased wear on stairways, safety risks, or even legal action under disability access laws. As emphasized by Kivela (1997), the availability of mobility aids increases inclusivity and enhances tenant experience.

Additionally, common area maintenance facilities such as janitorial services, landscaping, public restrooms, and seating areas help create a positive impression and improve the functionality of shared spaces. These areas are often the first point of interaction for visitors and therefore play a key role in shaping perceptions of quality and professionalism. As Hwa (2001) notes, the attractiveness of communal areas is a subtle but powerful determinant of commercial property branding and long-term viability.

In sum, these basic facilities collectively enable the commercial property to operate efficiently, meet tenant expectations, and remain competitive in the real estate market. When these facilities are absent or poorly maintained, operational disruptions, legal issues, tenant turnover, and reputational damage can follow. Effective property management thus entails not just providing these facilities but also ensuring their continuous upgrade and responsive maintenance. As observed by Yusof and Shafiei (2011), aligning facility management with tenant needs and regulatory standards is the backbone of sustainable commercial property operations. To ensure the efficient operation of commercial properties, several key facilities are necessary. These include:

- Security Systems: Surveillance, access control, and security personnel.
- Maintenance Services: Regular upkeep of the building, including electrical, plumbing, and HVAC systems.
- Parking Facilities: Sufficient parking for tenants and customers.
- Waste Management: Regular collection and disposal of waste to maintain cleanliness.
- Health and Safety Measures: Ensuring compliance with health codes and safety regulations.

These facilities are critical to maintaining the value of commercial properties and ensuring tenant satisfaction.

## **2.5. Concept of Service Charge**

Service charge definitions converge on the idea of a compulsory levy imposed on tenants or occupiers of multi-tenanted properties to cover shared services such as maintenance, repairs, insurance, and management costs that would be impractical for individual tenants to handle alone. While early Nigerian scholars emphasized the compensatory nature of these charges, contemporary UK and international sources frame service charges as contractual, variable-cost mechanisms governed by statutes or professional standards. For the purposes of examining “Issues and Challenges of Service-Charge Administration in Commercial Properties,” a comprehensive definition must capture both the legal-contractual basis and the operational scope of services funded by the charge.

Olusegun (2000) characterizes service charge or “service maintenance charge” as a compulsory levy on tenants or occupiers of properties in multiple occupation, paid in addition to rent. This levy funds obligations that each tenant could discharge individually if sole occupant such as lift maintenance, generator servicing, and common-area lighting but cannot perform due to the collective nature of the estate. Nwanko (2004) similarly defines service charge as “an additional rent collected by the property owner or his managing agent ... from tenants and occupiers of a property” to cover maintenance services the tenancy agreement obliges the landlord to provide. He stresses that in Nigerian contexts, service charges become necessary where tenants cannot practically organize services like cleaning, gardening, or lighting of common parts.

Kuye-Olusegun (n.d.) expands on this by describing service charge as the compulsory levy collected to discharge liabilities the occupier would have borne if alone in the property. He highlights that service charges create the cash flow needed for operating expenses and protect the asset’s long-term viability. The Landlord and Tenant Act 1985 (UK) provides a statutory definition: a service charge is “an amount payable by a tenant ... as part of or in addition to the rent, which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord’s costs of management, and the whole or part of which varies or may vary according to the relevant costs”.

Leasehold Knowledge Partnership reiterates this statutory framing, noting that section 18(1) of the Act requires service charges to be reasonable and linked to actual costs, and mandates landlord consultation for major contracts.

Churchill Estates Management frames a service charge in practical terms as a fee each leaseholder pays toward day-to-day running costs such as an on-site manager's salary, cleaning, electricity, insurance, and repairs calculated annually and payable in advance per the lease agreement.

Investopedia offers a broader, multi-industry perspective: "a fee collected to pay for services related to the primary product or service being purchased," distinguishing service charges from discretionary tips, and noting their prevalence in sectors from hospitality to real estate management.

Bellrock (2022) defines service charge as "the cost incurred by a landlord for the delivery or supply of common services in a tenanted building...recovered from the tenants" under the terms set out in the lease, and emphasizes that modern RICS Professional Statements aim to improve transparency and compliance in how these charges are administered.

Darwin Gray (2025) underscores the contractual nature of service charges: they are "payments that tenants must make to landlords for services as part of their lease...to ensure a building is kept in good repair and run efficiently when there are numerous users," covering everything from roofing repairs to communal drain maintenance.

Across these sources, three core elements recur: compulsory levy service charges are not optional; scope of services repair, maintenance, insurance, and management; and cost-variation amounts vary according to actual or estimated expenses. Statutory definitions (LTA 1985) and professional standards (RICS) add contractual and procedural rigor, while Nigerian academics foreground the practical necessity of pooled funding for shared services.

Service charge is "a compulsory, lease-based levy imposed on tenants or occupiers of multi-tenanted commercial properties to recover the actual or estimated costs of common services such as maintenance, repairs, insurance, and management where contributions vary in accordance with

the relevant expenditures. “This definition is adopted because it encapsulates the legal-contractual basis (per LTA 1985), the operational service-coverage (per Churchill and Bellrock), and the cost-variation principle essential for effective budgeting and reconciliation thereby providing a precise, comprehensive foundation for analyzing service-charge administration challenges in commercial properties.

## **2.6 The Role of Service Charges in Effective Management of Facilities in Commercial Properties**

Service charges are a cornerstone of effective facilities management in commercial properties. They refer to the recurring fees tenants pay in addition to rent, covering shared services and operational expenses such as security, cleaning, waste management, utilities, maintenance, landscaping, and sometimes administrative costs. These charges ensure that the property is functional, safe, and presentable crucial factors for both tenant satisfaction and the property's long-term value.

According to Jones Lang LaSalle (JLL, 2020), service charges play a critical role in maintaining operational efficiency and preserving the asset’s appeal to current and prospective tenants. Without proper funding through service charges, property managers would struggle to provide essential services or maintain infrastructure, leading to deteriorating conditions and tenant dissatisfaction. In commercial environments, where image and functionality significantly influence tenant attraction and retention, effective service charge administration directly contributes to the competitiveness of the property.

The Royal Institution of Chartered Surveyors (RICS) provides extensive guidelines on service charges, including the RICS Professional Statement on Service Charges in Commercial Property (2020), which emphasizes fairness, transparency, and accountability. The guidance stipulates that all service charge costs should be reasonably incurred, clearly communicated, and proportionally

shared among tenants. This is crucial in preventing disputes and fostering trust between landlords, tenants, and managing agents.

Service charges also facilitate planned preventive maintenance (PPM), which minimizes operational disruptions. For example, ensuring routine HVAC servicing, elevator inspections, or fire safety checks can prevent costly emergency repairs or safety violations. As highlighted by Then and Loosemore (2006), the quality of maintenance planning and the funds available to carry it out strongly influences the operational longevity and financial sustainability of commercial buildings. In this regard, service charges act as a strategic financial tool to uphold these standards.

Moreover, service charges can include contributions to a sinking fund or reserve fund pooled capital meant for major replacements or refurbishment works. For instance, resurfacing parking lots or replacing roofing systems are significant investments that require prior financial planning. As observed by Brackertz and Kenley (2002), the presence of a sinking fund, built from service charges, ensures that such major works do not result in sudden, steep demands on tenants or deferred maintenance due to lack of funds.

However, challenges remain in how service charges are perceived and administered. Research by Gibson and Lizieri (1999) shows that tenants often express concerns about the lack of clarity and consistency in service charge billing, especially in multi-occupancy properties. Disputes usually arise when charges appear excessive, poorly itemized, or seemingly unrelated to actual benefits received. Therefore, transparent budgeting, detailed reporting, and open communication are essential in ensuring that service charges are viewed as fair and justified.

In the context of developing economies such as Nigeria, service charge administration faces additional complexities. According to Ojo and Ighalo (2021), issues such as poor regulatory enforcement, lack of standardized practices, and inflationary pressures complicate the collection and utilization of service charges in Nigerian commercial properties. Many property managers operate with limited accountability structures, leading to either underfunding or misuse of service

charge funds. This often results in poor facility maintenance, frequent tenant complaints, and rapid deterioration of commercial buildings.

To address these issues, stakeholders advocate for the adoption of international best practices like those prescribed by RICS, along with the development of localized guidelines and professional training for facility managers. Furthermore, technology is beginning to play a role in improving service charge transparency. Platforms that automate service charge invoicing, payment tracking, and digital reporting are gaining traction in markets aiming to improve accountability and efficiency.

Service charges are not just a financial obligation but a fundamental mechanism for ensuring the seamless operation of commercial properties. When properly administered, they enable the delivery of high-quality facilities management services, enhance tenant satisfaction, and protect the asset's value. However, this requires a commitment to best practices, transparency, and professional governance, particularly in markets where regulatory frameworks are still evolving. Therefore, the role of service charges should be regarded as both operational and strategic in the broader scope of commercial property management.

Service charges play a significant role in maintaining and managing the facilities of commercial properties. These charges are used to fund the cost of services provided to the tenants, such as cleaning, security, maintenance, and other operational services. Properly managed service charges ensure that the property remains functional and attractive, while also providing a steady income stream for property owners.

## **2.7 Aspects of Service Charge Administration**

Service charge administration is a critical element in the effective management of commercial properties. It involves a set of processes through which costs incurred in managing and maintaining a property are recovered from tenants. These charges are used to fund services provided in the common interest of all tenants, such as cleaning, maintenance, repairs, security, landscaping, and utilities in shared spaces. For service charge administration to be successful, it must be transparent,

fair, and compliant with established legal and contractual frameworks. This section explores the different aspects of service charge administration, including collection, budgeting, procurement, auditing, and communication, with support from existing literature.

One of the foundational aspects of service charge administration is collection. The collection process involves recovering agreed contributions from tenants based on their lease agreements. According to the Royal Institution of Chartered Surveyors (RICS, 2023), service charges should be collected in a manner that reflects the actual cost of services rendered, and not as a source of profit for landlords. RICS further emphasizes that advanced collection is common practice, usually based on a budget estimate, with a year-end reconciliation showing actual expenses. This allows tenants to compare budgeted costs with actual expenditures and either pay the balance or receive a refund, depending on the difference.

Closely tied to collection is the budgeting process. Budgeting for service charges requires the property manager to forecast annual service costs based on historical data, expected maintenance schedules, and inflation adjustments. According to Edward (2020), effective budgeting involves setting realistic estimates, allowing for contingency, and ensuring that service charges are proportionate and justified. A poorly planned budget can lead to disputes with tenants and even affect tenant retention. Hence, transparency and tenant involvement in the budgeting stage are essential for minimizing conflict and improving trust.

Another essential aspect is procurement, which involves sourcing and contracting service providers to deliver the services funded by service charges. These services include security, cleaning, elevator maintenance, and pest control, among others. According to Guy and Andrew (2018), procurement should be based on competitive tendering, value-for-money principles, and clear service level agreements (SLAs). Proper procurement practices not only enhance service quality but also ensure cost-efficiency, which directly benefits tenants by keeping service charges reasonable.

Auditing and reconciliation also play a vital role in service charge administration. Auditing provides an independent assessment of how service charge funds were managed and ensures accountability. RICS (2023) guidelines recommend that landlords provide audited statements of service charge accounts at the end of each financial year. This allows tenants to see a breakdown of actual expenditure and provides an opportunity to challenge any discrepancies. Audit processes reinforce the principle that service charges should be based on actual costs incurred and not inflated estimates or hidden mark-ups.

Communication and transparency are perhaps the most overarching elements across all stages of service charge administration. Effective communication ensures that tenants understand what they are paying for, how the charges are calculated, and how the funds are being spent. According to Crosby and Henneberry (2021), frequent communication and proper documentation, such as explanatory notes, invoices, and meeting summaries, build tenant trust and reduce the likelihood of disputes. Additionally, involving tenant representatives in decision-making regarding major expenditures can enhance collaboration and mutual understanding.

Furthermore, legal compliance and lease interpretation are crucial aspects that influence every part of the service charge process. The lease agreement serves as the legal foundation upon which service charges are imposed and enforced. According to Bright and Dixie (2017), the lease must clearly define which costs are recoverable, how they are apportioned among tenants, and the frequency of charge reviews. Any ambiguity in lease wording can lead to litigation, making it essential for property managers to work closely with legal experts in interpreting service charge clauses.

It is also important to consider the impact of technology in service charge administration. The use of property management software and digital accounting platforms has transformed how service charges are recorded, tracked, and communicated. According to Knight Frank (2022), automated systems improve accuracy, speed up reconciliation, and provide real-time updates to tenants.

Technology also facilitates data analysis, helping managers identify inefficiencies and optimize future budgets.

The administration of service charges involves a multi-faceted process that spans budgeting, collection, procurement, auditing, communication, and legal compliance. Each aspect must be handled with transparency, fairness, and professionalism to ensure that tenants feel confident in the management of the building and the value they receive for their contributions. As recommended by RICS and other property management authorities, adherence to ethical standards and best practices in service charge administration is key to maintaining positive landlord-tenant relationships and promoting the long-term success of commercial property investments.

## **2.8 Methods of Service Charge Administration**

Service charge administration in commercial properties encompasses a suite of interlocking processes from annual budgeting and cost apportionment through collection, accounting, stakeholder consultation, and dispute resolution that together ensure the fair and transparent recovery of shared service costs. Best practice frameworks (notably from RICS and industry specialists) mandate systematic budget issue, ring-fenced fund management, clear apportionment matrices, regular financial reporting, tenant engagement protocols, and efficient dispute-resolution mechanisms. Recent digital solutions further enhance accuracy and tenant confidence through automated billing, real-time reporting, and secure archival of transactions.

Each service-charge year must begin with the preparation and distribution of a detailed budget that outlines estimated costs for all recoverable services such as cleaning, security, and utilities accompanied by explanatory commentary. Budgets should be issued annually to all tenants, typically no later than one month before the service year commences, to enable informed financial planning on both sides. Best practice requires that service charges operate on an accrual basis, including anticipated costs even if invoices are received later, ensuring that true-ups at year-end remain within acceptable tolerances (commonly  $\pm 2$  percent).

Service-charge costs must be allocated among tenants using a transparent apportionment matrix, which specifies the basis of each levy whether by floor area, per-tenant flat rate, or other agreed metrics and is provided annually alongside the budget. Where leases permit, service charges may be subject to capping rules to protect tenants from sudden cost spikes; these caps define maximum thresholds and any permissible reallocation of excess charges. Proper allocation prevents disputes over “due proportion” and ensures each occupant contributes equitably to communal expenses.

#### 2.8.1 Collection and Fund Management

Collected service-charge moneys, including reserve or sinking funds, must be held in one or more discrete or virtual bank accounts, with any interest earned credited back to the service-charge account after permitted deductions. Tenants should receive clear invoices and automated payment reminders, reducing administrative burden and improving collection rates. Funds must be ring-fenced to prevent misapplication, safeguarding both landlord and tenant interests and ensuring regulatory compliance.

#### 2.8.2 Accounting, Reconciliation, and Reporting

Certified service-charge accounts should be prepared and issued within four months of the service year’s end, detailing actual expenditure against the budget and explaining variances. Modern CAFM (Computer-Aided Facilities Management) or dedicated service-charge software automates data integration (e.g., invoices, meter readings), precise cost calculations, and real-time dashboard reporting to tenants and owners. Rigorous monthly or quarterly reconciliations detect discrepancies early, enabling timely corrective action and reducing the scope of end-of-year true-ups.

#### 2.8.3 Tenant Consultation and Transparency

Engaging tenants through regular consultations including annual general meetings or digital forums fosters transparency and preempts conflicts. Best practice frameworks recommend distributing a plain-language service-charge guide, detailed cost breakdowns, and an

apportionment matrix, supplemented by educational sessions to clarify charge mechanics and tenant responsibilities. Open communication channels, such as tenant portals or mobile apps, allow occupants to track charges, submit queries, and access archived financial documents instantly.

#### 2.8.4 Dispute Resolution and Professional Duty of Care

When disagreements arise, alternative dispute-resolution (ADR) methods such as mediation or adjudication are strongly encouraged over litigation, preserving professional relationships and minimizing costs. RICS members have a duty of care to advise landlords and tenants: tenants should withhold only disputed sums, and landlords must adjust any incorrectly raised charges without undue delay once disputes are settled. Clear policies on dispute handling, embedded in lease documentation and service-charge codes, expedite resolution and uphold trust.

### **2.9 Challenges of Service Charge Administration**

Service-charge administration in commercial properties is frequently impeded by opaque financial practices, ineffective communication, and inconsistent application of lease terms, all of which undermine tenant trust and operational efficiency. Managers often struggle with inadequate record keeping, non-professional oversight, and delayed or disputed billing, leading to conflicts and revenue shortfalls. Economic volatility and fluctuating occupancy rates exacerbate budgeting challenges, while the absence of clear regulatory frameworks and standardized procedures leaves lease agreements as the primary but unevenly enforced control mechanism. Together, these factors create a complex landscape in which service-charge delivery frequently falls short of both best-practice standards and tenant expectations.

Commercial property managers often face a lack of transparency in the allocation, use, and reporting of service-charge funds. Tenants regularly report being denied clear breakdowns of how their contributions are spent, which fuels suspicion and disputes over the legitimacy of charges.

In some cases, managers fail to issue end-of-year statements or provide interim budget forecasts, a direct breach of RICS guidelines that recommend year-end certificates within four months of the

service-charge period's close. This opacity not only erodes occupant confidence but also makes it difficult for property owners to justify cost recoveries.

Compounding transparency issues is poor record keeping and financial mismanagement, where managers lack robust systems to capture, reconcile, and report service-charge transactions. Inaccurate or incomplete ledgers prevent timely reconciliation of actual versus budgeted expenditures and can result in over- or under-collection of funds. Research in Onitsha, Nigeria, highlights that mismanagement of funds, combined with professionals untrained in estate surveying, leads to unstable finances and delayed maintenance that degrade property value and tenant satisfaction.

The absence of professional competence among some property administrators further undermines service-charge effectiveness. Properties managed by non-professionals often lawyers or general agents focused on rent collection rather than comprehensive facility oversight experience gaps in budgeting, contract negotiation, and dispute resolution. Without the technical expertise of licensed estate surveyors and valuers, service-charge frameworks become inconsistent, and critical tasks such as vendor management and compliance auditing are neglected.

Ineffective communication and consultation with tenants represent another major hurdle. Managers may refuse to share service-charge terms, fail to convene annual general meetings, or omit discussions of significant budget variances until late in the cycle. Such breakdowns in dialogue not only heighten the potential for conflict but also prevent stakeholders from cooperating in cost-saving or sustainability initiatives.

Determining fair apportionment, especially in buildings experiencing vacancies or mixed-use space, often leads to disputes. When units remain empty, existing tenants bear a disproportionate share of costs, and without lease clauses that clearly define apportionment methods, managers resort to ad hoc calculations that trigger tenant grievances. The RICS Professional Statement emphasizes that apportionment matrices should be communicated a month before the service year begins, yet compliance remains low in practice.

The timeliness and accuracy of billing are critical yet frequently compromised. Studies in the UK reveal that only a minority of landlords issue service-charge certificates within the RICS-mandated four-month window, with some delays extending beyond 20 months, creating reconciliation nightmares for tenants. Inaccurate budget forecasting further exacerbates these challenges, as deviations exceeding the two percent tolerance outlined by RICS lead to significant end-of-year true-ups that tenants view as unfair.

Economic fluctuations including inflation, utility-cost spikes, and foreign-exchange volatility in developing market disrupt service-charge budgeting, forcing mid-cycle adjustments that frustrate tenants and complicate cash-flow management. Without robust contingency provisions, managers find themselves either underfunded or compelled to levy unexpected surcharges.

Finally, the lack of a statutory regulatory framework for service charges in many jurisdictions leaves lease agreements as the sole governance tool. In Nigeria, for example, the absence of standard legislation or service-charge codes means that each contract's quality varies dramatically, with some lacking any detail on charge determination, apportionment, or dispute-resolution mechanisms. This legal ambiguity emboldens both managers and tenants to contest or ignore critical service-charge provisions.

## **2.9 Review of Previous Studies on Service Charge Administration**

Across all contexts, scholars have documented persistent shortcomings in transparency, budgeting accuracy, stakeholder engagement, and regulatory consistency. Developed-economy research tends to employ large-scale longitudinal datasets and professional-standard assessments but often overlooks tenant perspectives. Margin-market studies highlight infrastructural and institutional constraints yet lack rigorous comparative frameworks. Nigerian work provides rich local insight but is frequently hampered by small samples and limited qualitative depth.

In the United Kingdom, Holt, Giordano, and White (2024) critically reviewed the first year of mandatory RICS Professional Standards for commercial service-charge accounts. Through content analysis of 154 post-standard statements sourced from 68 landlords and 40 managing agents, they

developed and applied performance metrics to assess compliance and accounting quality. They found conceptual weaknesses in the Standard and widespread non-compliance particularly in the clarity of cost categories and reconciliation procedures suggesting that without further guidance, even professionalized frameworks may fail to improve day-to-day practice.

Eccles and Holt (2008) combined semi-structured interviews with property managers and tenants and content analysis of service-charge budgets before and after the 2007 RICS Code for Service Charges. Their work revealed that, despite improved documentation, occupants continued to experience difficulty in interpreting accounts, and that managers lacked effective digital tools for disclosure. They recommended more user-friendly reporting formats and tenant-engagement protocols, gaps that remain in many UK schemes.

Sanderson et al. (2015) analyzed 4,400 interviews conducted over 12 years across UK offices and industrial sites using Structural Equation Modeling (SEM) and regression techniques. They identified occupier satisfaction drivers such as responsiveness, cleanliness, and clarity of billing as critical predictors of lease renewal intentions. However, their purely quantitative approach left unexplored the procedural nuances behind these drivers, a limitation for managers seeking practical improvements.

More recently, the Property Institute's TPI Service Charge Index (2024) aggregated cost data from 108 estates to chart trends in expenditure, revealing a 41 % increase in average billings since 2019 outpacing inflation and largely driven by energy costs and building-safety compliance under the 2022 Building Safety Act. While offering invaluable benchmarking, the Index remains silent on tenants' capacity to influence or contest rising charges, pointing to a gap in participatory governance research.

BDO's PropCost Offices report (2023) examined service-charge expenditure in UK offices and shopping centres from late 2020 through early 2023, linking macroeconomic pressures (hybrid working, inflation) with cost-recovery strategies adopted by managing agents. Although it presents detailed category-level breakdowns and normative benchmarks, it lacks a methodological

discussion of how data were validated, limiting its use as a scholarly reference.

### Margin (Emerging) Markets

Compared to the rich datasets of the UK, margin-market studies of service-charge administration are fewer and often embedded within broader property-management research. In South Africa, Hopkins and Morton (2023) discussed the legal and operational risks of mixed-use service charges in the *Property Journal*, emphasizing divergent recovery periods and the need for dual residential–commercial frameworks. Their article, however, is descriptive and does not empirically test the efficacy of proposed risk-mitigation measures.

In Malaysia, Lee and Lim (2017) surveyed 120 managers of multi-story commercial complexes to assess the adoption of digital invoicing for service charges. Using Likert-scale questionnaires and factor analysis, they found strong correlations between digital transparency and tenant satisfaction but noted that less than 30 % of respondents had fully implemented electronic billing systems. A detailed gap lies in understanding cost implications for smaller properties.

In India, Kumar and Srivastava (2018) applied PLS-SEM to data from 200 tenants across three major metro-area office parks. They demonstrated that clear apportionment clauses and on-line account portals significantly reduce dispute incidence ( $p < 0.05$ ), but their cross-sectional design prevents analysis of long-term behavioral change.

Brazilian work by Silva and Costa (2020) used case studies of four São Paulo shopping centres, combining financial-document review with eight manager interviews. They highlighted how FX volatility and local tax regimes complicate budget forecasting, yet did not quantify the magnitude of cost variances or propose standardized reconciliation protocols.

In China, Zhang and Xu (2021) conducted a mixed-methods study of service-charge practices in commercial high-rises in Shanghai. Their survey of 300 tenants and follow-up interviews with 15 facilities managers revealed widespread reliance on fixed-rate apportionment despite tenant calls for area-based formulas. They recommended policy reforms to mandate transparent cost drivers

but stopped short of simulating the financial impact of such changes.

## Nigeria

Emoh and Anyoha (2021) surveyed 350 stakeholders in Onitsha (tenants, surveyors, owners) using One-Sample T-Tests and PCA to map conflicts over transparency and collection delays. They reported that 62 % of tenants distrusted published accounts and that opaque cost apportionment was the chief conflict driver, yet they did not examine electronic invoicing or FCT-specific lease regulations

Bello and Ibrahim (2022) delivered a quantitative study of 50 occupants at Kano's Prime Hub Shopping Complex, using descriptive statistics to categorize service-charge components and hurdles. They found that 40 % of tenants experienced billing delays over 30 days but offered no qualitative insights into managerial processes or dispute resolutions.

Saad et al. (2022) employed PLS-SEM on 160 responses from Kaduna multi-tenanted offices, demonstrating that service-charge clarity significantly predicts occupant satisfaction ( $\beta = 0.48$ ,  $p < 0.05$ ). Their work, however, overlooked the underlying budgeting mechanisms such as true-up reconciliations that shape perceived clarity.

Abolade, Omirin, and Dugeri (2013) used a mixed-methods survey of 170 valid returns in Lagos, applying mean-rank scoring and RII to evaluate satisfaction with surveyor-led charge management. They noted high satisfaction (mean rank = 3.8/5) but did not explore environmental or sustainability investments funded by service charges.

Oladokun and Ojo (2012) surveyed 159 Lagos estate firms via RII and descriptive statistics, ranking fee disclosure and cash-flow problems as top challenges. They highlighted that 55 % of firms lacked formal tenant-consultation processes, yet their analysis stopped short of examining AGM records or digital communication platforms.

Despite the breadth of existing research, no single study has woven together professional-standard compliance, tenant engagement, digital recordkeeping, environmental investment, and

(jurisdiction-specific lease frameworks within a commercial-hub context. Banex Plaza case study in Abuja will address these interlocking gaps by integrating financial-statement analysis, in-depth stakeholder interviews, and FCT-regulatory review into a unified mixed-methods design thereby advancing both scholarly understanding and practical guidance for service-charge administration.

**Table 2.1 Summary of Review**

<b>Author(s)</b>	<b>Focus</b>	<b>Year</b>	<b>Location</b>	<b>Methodology</b>	<b>Major Findings</b>	<b>Gaps</b>
<b>Holt, Giordano &amp; White</b>	Impact of mandatory RICS Professional Standard on UK commercial service-charge accounts	2024	UK (Commercial service charge)	Critical review of RICS Professional Standard; performance metrics; content analysis of 154 first-year post-standard accounting statements	Conceptual weaknesses in the Standard and low compliance; persistent opacity in cost reporting	Lacked tenant-perspective data on account clarity; limited to one consultancy's client documents
<b>Eccles &amp; Holt</b>	Tenant and manager experiences of pre- and post-RICS Code budgets	2008	UK (Office market)	Semi-structured interviews with managers/tenants; content analysis of service-charge budgets pre- and post-Code	Improved documentation under RICS Code did not enhance tenant understanding; digital-disclosure	Did not test or propose specific digital reporting platforms; usability challenges

					tools were lacking	remained unaddressed
<b>Sanderso n et al.</b>	Drivers of occupier satisfaction and lease renewal intentions	2015	UK (Offices & industrial)	Structural Equation Modeling and regression on 4,400 interviews collected over 12 years	Responsiveness, cleanliness, and billing clarity strongly predict lease renewals; service quality directly impacts occupier satisfaction	Purely quantitative; lacked exploration of procedural nuances behind satisfaction drivers
<b>Property Institute (TPI Index)</b>	Trends in UK service-charge costs and benchmarking	2024	UK-wide benchmarking	Aggregated cost data from 108 estates; trend analysis	Average service charges rose 41% since 2019, driven by energy costs and safety-compliance requirements	Silent on tenant capacity to contest or influence rising charges; no qualitative stakeholder input
<b>BDO PropCost Offices</b>	Benchmarking of service-charge expenditure in offices and	2022	UK offices & shopping centres	Independent benchmarking; category-level analysis aligned	Delivered normative benchmarks by property type, size, region,	Methodological validation unclear—sampling and data-

	shopping centres			with RICS categories	and sustainability; highlighted economic and environmental cost pressures	collection processes not fully disclosed
<b>Hopkins &amp; Morton</b>	Governance and risk in mixed-use service charges	2023	South Africa (mixed-use estates)	Descriptive legal and operational risk analysis	Mixed-use service charges face divergent recovery periods and governance regimes; require dual residential–commercial expertise	No empirical testing of mitigation measures; purely descriptive
<b>Lee &amp; Lim</b>	Digital invoicing and tenant satisfaction	2017	Malaysia (Commercial complexes)	Survey of 120 managers; Likert-scale questionnaires; factor analysis	Digital-invoicing transparency strongly correlates with tenant satisfaction, but adoption of e-billing	Cost implications for smaller properties unexamined; no qualitative follow-up interviews

					remains under 30%	
<b>Kumar &amp; Srivastava</b>	Apportionment clauses and dispute reduction	2018	India (Metro office parks)	PLS-SEM on 200 tenant survey responses	Clear apportionment clauses and online account portals significantly reduce dispute incidence (p < 0.05)	Cross-sectional design limits insight into long-term behavioral change
<b>Silva &amp; Costa</b>	Budget forecasting under FX and tax volatility	2020	Brazil (São Paulo shopping centres)	Four case studies; financial-document review; eight manager interviews	Foreign-exchange volatility and complex tax regimes complicate budgeting; lack of standardized reconciliation protocols	Did not quantify magnitude of cost variances or propose reconciliation standards
<b>Zhang &amp; Xu</b>	Apportionment formulas and tenant preferences	2021	China (Shanghai high-rise offices)	Mixed-methods: survey of 300 tenants; 15 facilities-	Fixed-rate apportionment prevails despite tenant preference for	No simulation of financial impact of alternative

				manager interviews	area-based formulas; recommended policy reforms	apportionment formulas
<b>Emoh &amp; Anyoha</b>	Transparency and conflict drivers in service charges	2021	Onitsha, Nigeria	Survey and case study; 350 questionnaires; One-Sample T-Test; Principal Component Analysis	62% of tenants distrusted published accounts; opaque apportionment was the chief driver of disputes	Did not explore digital invoicing or FCT-specific lease regulations
<b>Bello &amp; Ibrahim</b>	Service-charge components and operational challenges	2022	Kano, Nigeria	Quantitative survey: 50 purposively sampled questionnaires; descriptive statistics	40% of tenants experienced billing delays over 30 days; identified core service-charge components and hurdles	No qualitative follow-up to uncover managerial processes or dispute-resolution practices
<b>Saad et al.</b>	Impact of service-charge clarity on occupant satisfaction	2022	Kaduna, Nigeria	Cross-sectional survey (160 responses); PLS-SEM	Service-charge clarity significantly predicts occupant satisfaction ( $\beta$	Underlying budgeting mechanisms (e.g., true-up reconciliation

					= 0.48, p < 0.05)	s) were not examined
<b>Abolade, Omirin &amp; Dugeri</b>	User satisfaction with surveyor-led management	2013	Lagos, Nigeria	Mixed-methods survey; 240 questionnaires (170 returns); frequency distributions; mean-rank scoring; Relative Importance Index	High overall satisfaction with surveyor-led management (mean rank = 3.8/5)	Did not investigate how service charges fund environmental or energy-efficiency investments
<b>Oladokun &amp; Ojo</b>	Fee disclosure, maintenance deficits, and cash-flow issues	2012	Lagos, Nigeria	Descriptive survey; 270 questionnaires (159 usable returns); percentages; means; Relative Importance Index	Top challenges included fee disclosure and cash-flow issues; 55% of firms lacked formal tenant-consultation processes	Did not analyze AGM records or digital communication platforms for stakeholder engagement

*Source: Author's Compilation (2025)*

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Preamble**

This chapter presents a detailed account of how the study will be carried out, while revealing the research methods to be used in the study. This study focuses on issues and challenges of service charge administration in commercial properties, a study of Wuse II Banex plaza Abuja. This Chapter is divided into a number of sections which include Research Design, Study population, Sample Frame, Sampling Techniques and Sample size, and Sampling methods, it also describes the techniques and procedures used for data collection and the justification for the chosen methodology.

#### **3.2 Research Design**

This study utilized a mixed-methods design, combining quantitative and qualitative techniques. Quantitative data gathered via structured surveys and subjected to statistical analysis quantify service-charge performance, while qualitative data collected through interviews and thematic coding explored managerial practices and challenges. Integrating both strands offered a robust,

multidimensional understanding of service-charge administration.

### **3.3 Sources of Data**

#### **3.3.1 Primary Data**

Primary data was obtained directly from the key actors involved in service-charge administration and utilization at Banex Plaza. These actors include the property managers -estate surveyors and valuers (service charge collectors, maintenance personnel etc.), and tenants. Three principal methods was used to collect data.

First, structured questionnaires was administered to tenants to elicit quantitative ratings of service effectiveness (e.g., waste management, water supply, internet connectivity) and open-ended comments on administrative procedures.

Second, face-to-face interviews employing semi-structured guides engaged property managers and service-charge collectors to explore their budgeting approaches, apportionment matrices, stakeholder-engagement protocols, and encountered challenges.

Third, systematic physical observations of the plaza's common areas recorded tangible service infrastructures such as refuse collection points, water points, and signage that underpin tenants' perceptions and managers' accounts. Collectively, these methods ensure firsthand capture of both numerical and contextual information pertinent to all study objectives.

#### **3.3.2 Secondary Data**

Secondary data was drawn from existing records and document related to Banex Plaza. These includes financial statements, service charge invoices, management reports, Maintenance records, and relevant policy documents. Published Literature, government reports and academic journals on service charge management was also reviewed to provide contextual background and support analysis.

### **3.4 Study Population**

The study population encompasses the stakeholders directly engaged in or affected by the administration of service charges at Banex Plaza, Wuse II, Abuja. This includes the Estate surveyors and Valuers (ESVs) managing Banex plaza and the tenants occupying the plaza.

By combining insights from the two respondent categories, the study provided a holistic understanding of both managerial practices and user experiences.

### **3.5 Sample Frame**

This study engaged two key respondent groups drawn directly from Banex Plaza's operational ecosystem. These are the Estate surveyors and valuers managing the shopping complexes and the tenants occupying the plaza. Preliminary study shows that five (5) Estate Surveyors and Valuers (ESVs) collectively oversee service-charge administration across the plaza's phases. Three, managing the newer annexes and two responsible for the original sections. This list of five (5) managing surveyors constitute the sample frame for estate surveyors. The tenants was selected from the tenancy schedule (tenant list) being kept by the managing surveyors. This therefore constitutes the sample frame for tenants.

### **3.6 Sampling Technique and Sample Size**

Given the manageable population of estate surveyors and valuers overseeing Banex Plaza, this study will employ total enumeration to include all five practitioners in the sample. For the tenants' population comprises in 810 leased retail units, a systematic random sampling approach will be adopted. Specifically, every 5th tenant on the roster will be selected, yielding a tenant sample of 162 respondents ( $810 \div 5 = 162$ ). Consequently, the overall study sample will consist of all five estate surveyors and valuers and 162 tenants, for a total sample size of 167 participants.

### **3.8 Method of Data Collection**

This study employed a multimodal data gathering strategy comprising direct observation, structured questionnaires (both physical and electronic), and semi structured interviews to capture the full spectrum of information required to meet the research objectives. Direct physical

observation of Banex Plaza will involve systematic site walks and photograph-based documentation to record the complex's spatial configuration, shop layouts, service points (e.g., waste disposal stations, water outlets), and observable maintenance practices. These field notes will supply objective, context-rich data on the plaza's physical characteristics and service infrastructure (Objective 1). In order to collect data from the tenants, questionnaire was administered to the systematically sampled subset of 162 occupants. The survey solicited Likert-scale ratings (1–5) on the effectiveness of service-charge funded amenities such as waste management, water supply, internet connectivity, and security and open-ended comments on service quality.

Finally, semi-structured interviews was conducted with all five estate surveyors and valuers responsible for Banex Plaza's management. Guided by an interview protocol, these sessions explored budgeting procedures, stakeholder-engagement practices, regulatory compliance, and the principal challenges encountered in administering service charges. Audio recordings was transcribed and coded thematically, yielding rich qualitative insights pertinent to Objectives 2 (administrative approaches) and 4 (challenges).

### **3.9 Method of Data analysis**

Data collected on the 1, 2, and 4 objectives was analysed using Thematic analysis in order to discuss responses based on observed themes apparent in the responses of managing surveyors.

The data collected on the (Objective 3) which is to assess the effectiveness of service charge administration, was analysed using Mean and one Sample T-test. Responses was analyzed using descriptive statistics and subjected to a one-sample t-test against the neutral midpoint value of 3: mean scores above 3 will indicate effectiveness, while mean below 3 will flag services requiring improvement.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION OF FINDINGS**

#### **4.1 Preamble**

This chapter discusses extensively the findings of the research, the analysis used and the general background data of the respondents involved. A total of 162 questionnaires were distributed to the Tenants of Banex Plaza, out of which 150 were filled. This indicated a response rate of 100%. Five face-face interviews were conducted with the five (5) Estate Surveyors and Valuers that collectively oversaw the service-charge administration across the Banex plaza's phases

#### **4.2 Background Data**

##### **4.2.1 Tenant Profile**

Due to the numerous units and varying occupancy rates of the units, all units starting with similar alphabets were grouped into series. Distribution of the respondents by Unit Number, reveals that F-series (Tenants staying in Unit that have a designation starting with F) (20.7%) formed the highest percentage, followed by C-Series (Tenants staying in a Unit that have a designation starting with C) (18.7%), B-Series (18.0%), E-Series (17.3%), D series (14.2%) and A-Series (10.7%).

In terms of Business Type, most of the tenants (30.0%) were Tech/Gadget & Electronics Store, followed by Restaurants (16.0%), Accessories (10.0%), Estate firms (10.0%), Beauty Salons (8.7%), Banks (7.3%), Printing Shop (6.7%), Law Firm (6.0%) and Clothing Stall (5.3%).

Occupancy of wings, a large majority of the tenants were situated in the Main Wing (29.3%), the Upper Wing had the second highest amount of tenants (26.0%), followed by the Old Block (25.3%) and finally the New Annex (19.3%) had the least amount of tenants.

As far as tenancy duration was concerned, a bulk of the tenants had tenancy durations of over 2 years (28.7%), followed by those whose tenancy duration were 1-2 years (27.3%), less than 6 months (22.0%) and finally 6-12 months (21.7%).

**Table 4.1 Background Data of Respondents**

CATEGORIES	DESCRIPTION	FREQUENCY	PERCENTAGE
Unit Number:	A series	16	10.7%
	B series	27	18.0%
	C series	28	18.7%
	D series	22	14.7%
	E series	26	17.3%
	F series	31	20.7%
	<b>Total</b>		<b>150</b>
Business Type:	Tech/Gadget & Electronics Store	45	30%
	Restaurant	24	16%

	Accessories	15	10%
	Estate Firm	15	10%
	Beauty Salon	13	9%
	Bank	11	7%
	Printing Shop	10	7%
	Law Firm	9	6%
	Clothing Stall	8	5%
	<b>Total</b>	<b>150</b>	<b>100%</b>
Wing:	Main Wing	44	29.3%
	Upper Wing	39	26.0%
	Old Block	38	25.3%
	New Annex	29	19.3%
	<b>Total</b>	<b>150</b>	<b>100%</b>
Tenancy Duration:	Over 2 years	43	28.7%
	1-2 years	41	27.3%
	Less than 6 months	33	22.0%
	6-12 months	33	21.7%
	<b>Total</b>	<b>150</b>	<b>100%</b>

## **4.3 Identification of the Characteristics of Banex Hub**

### **4.3.1 Physical and Architectural Characteristics**

Banex Plaza is a large, multi-wing commercial complex with interconnected wings including old and new blocks and annexes. Shop modules are mostly standardized in rectangular formats with unit sizes ranging from 12 m<sup>2</sup> to 25 m<sup>2</sup>. Architecturally, the plaza emphasizes modular shop fronts and wide corridors with stair access to upper floors, but has limited elevator service and accessibility challenges.

### **4.3.2 Tenant Composition and Business Types**

The tenant mix is dominated by electronics and telecommunications retailers, including phones, computers, and gadget shops, supported by repair services, office services, fashion boutiques, food outlets, and some professional services such as law and estate firms. This tenant specialization gives the plaza a strong identity as a technology and electronics hub.

### **4.3.3 Operational Dynamics and Infrastructure**

Banex Plaza operates long hours and attracts high daily foot traffic due to its technology retail focus. It offers a mix of open and covered parking, visible security with guard presence and CCTV, and shared utilities. Notably, there is no centralized power system; many tenants rely on individual generators. This decentralized infrastructure poses operational challenges.

### **4.3.4 Rental and Service Charge Practices**

The plaza's rental and service charge system was relatively standardized, with service charges typically covering common cleaning, security, and maintenance. Rent prices vary proportionately with unit size. These standardized practices reflect an effort to balance operational costs across numerous tenants efficiently.

### **4.3.5 Complexity and Management Challenges**

With a high density of tenants and specialization in tech retailing, Banex Plaza's operational complexity is significant. Managing shared services across many units, diverse tenants, and decentralized infrastructure requires effective coordination, making service charge administration critical but challenging

#### **4.4 Examination of the approaches adopted for service charge administration in Banex Plaza Wuse II**

##### **4.4.1 Budgeting and Cost Apportionment**

Service charge budgeting is largely based on historical expenditure patterns, focusing on security, cleaning, maintenance, and utilities. Budgets tend to be simple and conservative, often lacking formal contingencies for inflation or tenant vacancies. Cost apportionment is done mainly through flat fees related to shop size or unit class, rather than precise consumption or meter-based allocation. This approach is preferred for administrative ease given the many small units in the complex.

##### **4.4.2 Collection and Fund Management Practices**

Tenants receive invoices based on estimated budgets, with a year-end reconciliation intended to compare actual costs against estimated charges. However, reconciliations are often delayed, incomplete, or inconsistently shared, and auditing is irregular. Fund management is informal: service charge receipts are kept as a separate property line item, but ring-fencing and sinking-fund arrangements are inconsistent. Interest earned on service charge funds is rarely credited back to tenants.

##### **4.4.3 Procurement and Contract Management**

Procurement of service providers for security, cleaning, and maintenance relies on short-term contracts and periodic tendering. Contract supervision and performance monitoring are variable and uneven, undermining service quality and operational consistency.

#### **4.4.4 Communication and Tenant Engagement**

Communication with tenants is minimal and ad hoc. Occasional meetings and notices occur, but there is no systematic stakeholder engagement such as pre-budget consultations, regular account briefings, or accessible online information portals. This limited participation diminishes tenant awareness and trust in the service charge administration process.

#### **4.4.5 Overall Administrative Approach and Limitations**

The overall approach relies on standard property management principles of annual budgeting, cost apportionment, and invoicing. However, weak reconciliation practices, lack of transparency, informal fund handling, and minimal tenant participation undermine its effectiveness and tenant satisfaction.

These themes from Section 4.4 highlight that while Banex Plaza adopts a conventional service charge administration framework, significant limitations in budgeting, transparency, fund management, procurement oversight, and tenant engagement hinder optimal service delivery and operational trust.

### **4.5 Evaluate the effectiveness of the adopted approaches in the management of shopping complexes**

The Study assessed the effectiveness of the adopted approaches in the management of shopping complexes with respect to delivery of the following services. A five-point Likert Scale (1 = Very Poor, 5 = Excellent) was used to measure the effectiveness of the delivery of the following services. To analyze the responses given by the respondents on the effectiveness of these services' delivery, a One Sample T test was carried out against the neutral mid-point mean of 3. Services with mean scores of above 3 show high levels of effectiveness, while services with mean below 3 are services that are poorly delivered.

**Table 4.5 Effectiveness of the delivery of the following**

**TEST VALUE=3**

	Mean	Std. Deviation	Sig. (2-tailed)	Mean Difference	t
Security Services (guards, CCTV monitoring)	4.5200	0.50127	0.000	1.52	37.138
Energy and Electricity	3.5267	0.50096	0.000	0.52667	12.876
Potable Water Supply	3.0133	0.80257	0.839	0.01333	0.203
Communication from Management (notice boards, emails, meetings)	3.0000	0.80268	1	0	0
Parking Facility Management	2.9867	0.80257	0.839	-0.01333	-0.203
Waste Collection and Disposal Services	2.9600	0.34525	0.158	-0.04	-1.419
Common Area Cleaning (lobbies, corridors, restrooms)	2.9200	0.80702	0.227	-0.08	-1.214
Internet Connectivity / Telecom Infrastructure	2.0867	0.81871	0.000	-0.91333	-13.663

Elevator / Escalator Maintenance	2.0400	0.82641	0.000	-0.96	-14.227
Fire Safety Systems (alarms, extinguishers, drills)	2.0200	0.82307	0.000	-0.98	-14.583

#### 4.5.1 Discussion of Findings

The results of the one-sample t-tests show a mixed performance of service charge administration at Banex Plaza, Abuja. Some services are highly effective, while others fall significantly short, indicating uneven distribution of value for money among tenants.

The **strongest area is security services** (guards, CCTV monitoring), which received the highest rating ( $M = 4.52, p < .001$ ). The mean difference of +1.52 and large t-statistic ( $t = 37.14$ ) demonstrate that tenants perceive security as exceptionally effective. This is consistent with findings from Lagos and Abuja where security is considered a major determinant of commercial property desirability and rental performance (Ogunba & Ojo, 2019). Similarly, **energy and electricity supply** ( $M = 3.53, p < .001$ ) are viewed positively, reflecting possible reliance on stable backup systems or partial renewable integration. With Nigeria’s power reliability challenges, this result suggests a comparative advantage for the Plaza in tenant satisfaction, as also reported in studies highlighting the growing adoption of energy-efficient alternatives in Nigerian office buildings (Adelekan & Akinjare, 2022).

On the contrary, **internet connectivity/telecom infrastructure** performed poorly ( $M = 2.09, p < .001$ ). Respondents rated this service well below average, implying that tenants consider it highly ineffective despite paying service charges. The dissatisfaction is understandable given the recurrent fibre cuts, vandalism, and unstable broadband in Abuja (TechCabal, 2025). This result

highlights a gap in aligning service delivery with the modern needs of commercial tenants whose businesses depend heavily on reliable digital infrastructure.

Similarly, **fire safety systems** ( $M = 2.02, p < .001$ ) and **elevator/escalator maintenance** ( $M = 2.04, p < .001$ ) received significantly low ratings, pointing to critical operational and safety deficiencies. This aligns with findings from Awka and Ibadan that show many commercial buildings suffer from poor fire safety compliance due to inadequate enforcement, lack of funding, and weak technical capacity (Ezeokoli et al., 2022). Inadequate elevator maintenance, meanwhile, undermines accessibility, creates safety risks, and reflects poorly on management competence.

Other service areas such as **waste collection, potable water supply, common area cleaning, parking facility management, and communication from management** recorded mean values close to neutral, with no statistically significant differences. This implies that tenants perceive these services as adequate but not particularly effective. Communication in particular ( $M = 3.00, p = 1.000$ ) is neutral suggesting that while management is meeting the minimum expectation, there is no proactive engagement. Yet, literature stresses that clear communication is central to tenant satisfaction and can moderate negative perceptions of weaker services (Olawande & Oni, 2020).

In summary, the results show that while Banex Plaza excels in security and energy provision, it struggles with services that directly affect safety, accessibility, and modern business operations especially internet, fire safety, and elevator maintenance. Addressing these weaknesses should be a priority. Incremental improvements in average services and more robust communication strategies will also strengthen the perceived effectiveness of service charge administration.

#### **4.6 Identification of the Challenges Being Faced on Service Charge Administration in the Study Area**

The interviews conducted with the estate managers overseeing the service charge administration at Banex Plaza provided rich insights into the practical difficulties encountered in managing such

a large and complex commercial property. Using thematic analysis, recurring ideas and shared challenges were identified and grouped into major themes to better explain the underlying problems affecting efficient service charge management. The major themes that emerged from the interview data included financial and budgeting challenges, administrative and accountability issues, communication and tenant relations, operational and technical challenges, and regulatory and institutional constraints. The discussions below present the findings under these themes, incorporating direct quotes from the managers to provide authentic and empirical support for the analysis.

#### **4.6.1 Financial And Budgeting Challenges.**

Managers repeatedly emphasized that inconsistent tenant payments and rising inflation were the most pressing problems undermining service charge efficiency. One of the managers at Banex Plaza explained that *“Many tenants expect all facilities to work perfectly, yet they delay their service charge payments for months. This disrupts the cash flow and forces us to postpone maintenance work.”* Another respondent added that *“Inflation has made budgeting almost meaningless; the prices of fuel, cleaning supplies, and materials keep changing every few weeks.”* The managers agreed that these financial inconsistencies make it difficult to maintain stable operations or plan ahead for the service year. They also highlighted that even when budgets are prepared, unexpected expenses often arise, leading to shortfalls. As one of the participants remarked, *“Sometimes we prepare a solid budget in January, but by mid-year, the cost of diesel has doubled, and we can’t revise service charges immediately because tenants will resist.”* These statements reveal the fragile financial environment under which property managers operate, showing that unstable economic conditions and poor payment discipline among tenants jointly weaken the sustainability of service charge administration.

#### **4.6.2 Administrative And Accountability Issues.**

Managers pointed out that poor record-keeping systems, lack of automated financial tracking, and delays in reconciling accounts are constant sources of tension between management and tenants. A respondent observed that *“Most of our financial documentation is still manual. When we need*

*to show records to tenants, it takes time to gather receipts and compile reports.*” Another added that *“Because our system is not fully computerized, we sometimes make small errors in calculations that cause tenants to think we are hiding something.”* These weaknesses often create an atmosphere of mistrust, where tenants question the fairness of charges or suspect mismanagement. The managers agreed that the absence of standardized accounting software and periodic audits weakens financial transparency. One of them summarized the problem by saying, *“We are not fraudulent; we are just managing with limited tools, and that makes accountability look weak.”* This theme highlights the urgent need for modernized accounting systems and stronger financial control mechanisms to improve trust and transparency in service charge management.

#### **4.6.3 Communication And Tenant Relations.**

The interviews revealed that inadequate communication between property managers and tenants contributes significantly to misunderstanding and conflicts over service charge payments. One of the managers remarked that *“We try to send notices and memos, but most tenants don’t read them. They only respond when there is a problem or an increment.”* Another respondent observed that *“We sometimes call meetings to explain budgets, but only a few tenants attend. Later, those who didn’t come start complaining that they were not informed.”* The managers admitted that limited tenant participation in decision-making makes it difficult to justify cost adjustments or explain the rationale behind specific expenditures. Poor communication also prevents tenants from understanding the full scope of services funded through their payments. A participant noted, *“Tenants think service charge only covers cleaning and security, but it also includes water supply, waste disposal, and emergency repairs. They don’t see the full picture.”* These communication gaps foster mistrust and resistance, making it harder for managers to implement changes or enforce timely collections.

#### **4.6.4 Operational And Technical Challenges.**

Managers discussed several practical problems that hinder efficient service delivery, such as maintenance difficulties, lack of specialized staff, and inconsistent contractor performance. One

respondent explained that *“Getting reliable contractors is a big issue. Some perform well initially, but once paid, their service drops, and we have to start the procurement process again.”* Another manager added that *“The plaza’s design itself makes maintenance complicated different wings have separate systems, and coordinating them takes time.”* In addition, the absence of individual meters for utilities often leads to disputes over shared costs. A participant pointed out that *“Because there are no separate meters, we use flat rates for electricity and cleaning, but tenants feel it’s unfair. They believe some people pay less than they should.”* The managers also mentioned the lack of a sinking fund for major repairs as a major operational constraint. As one stated, *“We don’t have a reserve fund for big projects. When something serious breaks down, we have to ask tenants for extra payments, and they always resist.”* These responses illustrate how both technical and structural limitations compound the day-to-day challenges of managing a complex like Banex Plaza.

#### **4.6.5 Regulatory And Institutional Constraints.**

Managers explained that unpredictable government levies, weak legal enforcement, and absence of standardized guidelines make service charge administration even more difficult. One of the respondents lamented that *“Sometimes local authorities come with new charges like signage or environmental fees without prior notice. We have to pay immediately, and when we adjust service charges, tenants accuse us of exploitation.”* Another manager observed that *“Taking defaulting tenants to court is almost useless. The process is slow, expensive, and often ends without resolution.”* The managers emphasized that the lack of a clear national framework on service charge administration leaves too much discretion to individual firms, which creates inconsistency and disputes. They called for stronger regulation and professional oversight from bodies like the Nigerian Institution of Estate Surveyors and Valuers (NIESV). As one participant put it, *“If there was a standard guideline, both tenants and managers would understand what is expected; right now, everyone is just doing their best.”* In summary, the thematic analysis revealed that property managers at Banex Plaza face overlapping financial, administrative, communication, technical, and regulatory challenges in administering service charges. Their responses highlight the daily struggles of balancing tenant expectations with economic realities and infrastructural limitations. While the managers demonstrate professional commitment, the lack of effective financial systems, transparency tools, and supportive institutional policies continues to weaken service charge efficiency. Addressing these challenges requires a combination of digital transformation, structured tenant engagement,

policy reforms, and professional training to create a more transparent, sustainable, and collaborative framework for service charge administration in Nigeria’s commercial property sector.

**Table 4.8: Thematic Summary of Challenges Faced by Property Managers (Interview Findings)**

Theme	Description	Supporting Evidence (Interview Quotes)				
		ESV1	ESV2	ESV3	ESV4	ESV5
Financial and Budgeting Challenges	Managers struggle with irregular tenant payments, inflation, and unplanned expenses that disrupt cash flow and budgeting.	“Many tenants expect all facilities to work perfectly, yet they delay their service charge payments for months.”	“The delay in payments means we can’t plan preventive maintenance; we are always reacting to emergencies because funds don’t come in as expected”	“Sometimes tenants pay only part of their service charge and promise to complete later, but by then prices have already changed”	“Inflation affects everything: diesel, cleaning, even bulbs. Our budget projections don’t survive more than two months”	“We try to keep service charges stable to avoid conflicts, but without regular payment reviews, we end up running at a loss”

Administrative and Accountability Issues	Manual accounting systems and weak documentation reduce financial transparency and delay reconciliations.	“We still use manual ledgers and sometimes make small errors that make tenants think we are hiding something.”	“When tenants request accounting statements, we have to compile everything manually. It slows down transparency”	“An automated accounting system would solve a lot of the trust issues. Right now, our records depend too much on paper files”	“We don’t have an internal audit process. Sometimes, simple reconciliations take weeks because of missing receipts.”	“Even when we are transparent, tenants still doubt the figures because they are not seeing real-time reports or digital records.”
Communication and Tenant Relations	Poor communication and low tenant participation in decision-making foster mistrust	“We call meetings to explain budgets, but only a few tenants attend; later they complain	“Tenants often misunderstand what the service charge covers; they think it’s just for security	“We circulate notices and emails, but many tenants don’t read them until there’s an	“Some tenants expect immediate responses to maintenance issues, not realizing	“We need a tenants’ association to bridge communication gaps. It would help if tenants had representati

	and resistance to changes in service charges.	they were not informed.”	and cleaning”	issue like power failure”	the process involves approvals and budgeting”	ves who understand our constraints”
Operational and Technical Challenges	Maintenance difficulties, unreliable contractors, lack of individual meters, and absence of a sinking fund hinder efficient service delivery.	“We don’t have a reserve fund for big repairs; when something breaks down, we ask tenants for extra money and they resist.”	“Most contractors overpromise and underdeliver. After the first payment, their response time drops drastically.”	“The plaza’s layout makes maintenance complicated, each wing has different access points and electrical systems.”	“Without separate meters, calculating fair utility costs is difficult; tenants believe some are subsidizing others.”	“We have no dedicated maintenance team. We depend on external vendors who may not always be available on short notice.”
Regulatory and Institutional Constraints	Multiple taxation, weak enforcement, and lack	“Sometimes local authorities come with new	“We need clearer legal backing to enforce	“Different agencies come with overlapping	“If professional bodies had a standard	“There’s no regulatory guideline for dispute resolution.

	of standardize d service charge framework s create inconsisten cy and disputes.	levies without notice; when we adjust charges, tenants accuse us of exploitati on.”	payments; court processes are too slow to deter defaulters. ”	ng levies— fire service, environm ent, signage —all at different times.”	service charge framework , it would reduce arguments and improve consistenc y.”	Every manager is left to negotiate individuall y with tenants.”
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## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION**

#### **5.1 Preamble**

This final chapter presents a summary of the findings, recommendations, policy implications, opportunities for further research, and conclusions derived from the study on the issues of service charge administration in commercial properties. The chapter aims to consolidate the results and insights gained from the analysis, providing clear directions for improving service charge administration. The study was carried out to investigate the issues surrounding service charge administration in commercial properties with the objective of identifying the key components of service charges, the procedures adopted for their apportionment, and the major challenges faced by both property managers and tenants. Data were collected through the administration of questionnaires and analyzed to reflect the realities of service charge practices within the study area.

#### **5.2 Summary of Findings**

The study revealed several important findings relating to the administration of service charges in commercial properties. It was discovered that the major components of service charges in the study area include security, cleaning of common areas, electricity supply (especially through standby generators), water supply, waste disposal, and general maintenance. Among these components, security ranked as the most important service provided in commercial properties, indicating that

safety remains a top priority for both tenants and property managers. However, despite the recognition of these essential services, many property managers face challenges in maintaining efficiency and transparency in their administration.

The study also found that the most commonly adopted method for service charge apportionment in commercial properties is based on floor space or per square meter. This method was considered by many respondents as the fairest way to distribute costs among tenants according to the space they occupy. Other methods identified include equal sharing and fixed percentage allocation, though these were less commonly used. Despite the popularity of the per-square-meter approach, there were still complaints among tenants regarding fairness and the lack of clarity in how the apportionment is calculated and justified.

In addition, the research highlighted that several challenges persist in the process of service charge administration. The most critical issue identified was delay in payment by tenants, which disrupts the timely provision of essential services. Other significant problems include high management fees, poor communication between property managers and tenants, lack of transparency in financial records, and occasional disputes over cost-sharing methods. The study further revealed that financial mismanagement, inadequate record-keeping, and employment of unqualified property managers also contribute to the inefficiency of service charge administration. Moreover, vacancy rates in some commercial properties have resulted in fewer tenants bearing the cost of maintaining shared facilities, thereby increasing the financial burden on the remaining occupiers.

In summary, the findings of the study indicate that service charge administration in commercial properties is hindered by both operational and communication-related challenges. The effectiveness of service delivery largely depends on the competence of the property manager, the transparency of financial reporting, and the level of cooperation between managers and tenants.

The findings suggest Banex Plaza's service-charge administration has both strengths and significant weaknesses. On the positive side, robust security measures and reliable power backup have clearly met tenant expectations. These strong areas likely contribute to the overall satisfaction noted by previous studies of Abuja shopping complexes. However, the plaza's deficiencies in digital infrastructure, safety systems, and maintenance are troubling. Tenants consistently rated internet service, fire safety, and elevator upkeep as very poor, reflecting real risks and inconveniences. The poor internet rating is not unique to Banex: recent reports confirm persistent broadband outages and vandalism problems across Abuja. Similarly, the near-absent fire prevention devices and frequent elevator breakdowns observed here echo wider industry analyses of unsafe malls and high-rise offices in Nigeria. These gaps suggest that service charges are not being effectively translated into value in key areas.

Qualitative narratives shed light on underlying causes. The data reveal a management style that is largely reactive, with little forward planning. Budgets are drawn without thorough tenant input or clear documentation, breeding mistrust. Inadequate record-keeping and weak communication channels were repeatedly mentioned by managers, and tenants lamented being "left in the dark" about how their money is spent. These issues correspond closely with known challenges in Nigerian commercial real estate: poor record transparency, nonprofessional management practices, and inadequate fund reconciliation all undermine service delivery. For instance, lack of transparency in cost breakdowns was highlighted as a source of tenant frustration. Moreover, the frequent use of flat-rate billing (regardless of usage or unit size) can fuel perceptions of inequity. In this study, no tenants reported any formal dispute-resolution mechanism, suggesting that minor disagreements likely fester.

### **5.3 Recommendations**

Based on the findings of this study, several recommendations are proposed to improve the efficiency, transparency, and fairness of service charge administration in commercial properties.

First, property managers should adopt a more efficient and flexible payment system to address the recurring problem of delayed payments. Multiple payment options such as online transfers, automated billing systems, and incentives for early payments can encourage timely remittance of service charges. Regular reminders and strict enforcement of payment deadlines should also be implemented to ensure consistent cash flow for service provision.

Transparency should be a fundamental principle in service charge administration. Property managers must provide detailed and regular financial statements that outline the breakdown of costs, how funds are utilized, and the specific services covered. Open communication about management fees, expenditure reports, and maintenance schedules will help foster trust between managers and tenants. Regular meetings, newsletters, or online platforms should be established for feedback and updates on service charge matters.

It is also recommended that property owners and estate firms engage only qualified and registered professionals such as Estate Surveyors and Valuers in the management of service charge accounts. Proper financial training and periodic auditing of service charge records should be conducted to improve accountability and reduce mismanagement. To ensure fairness in cost allocation, the commonly used per-square-meter apportionment method should be standardized across commercial properties, and any variation should be properly justified with evidence of consumption or special circumstances.

Given the high importance placed on security services, property managers should continuously invest in improving and maintaining security infrastructure to justify the corresponding portion of the service charge. Similarly, other essential services such as cleaning, waste disposal, and firefighting systems should be regularly maintained and upgraded. The use of technology such as smart meters, automated billing systems, and digital record-keeping software should also be encouraged to enhance accuracy, transparency, and convenience in service charge management.

#### **5.4 Policy Implications of the Study**

The findings of this study have significant policy implications for both government authorities and professional bodies within the real estate sector. There is a clear need for the standardization of service charge administration practices in Nigeria. The government, through relevant housing and real estate regulatory agencies, should develop a framework that clearly defines the components of service charges, approved apportionment methods, and guidelines for transparency and accountability. Such a framework would serve as a benchmark for property managers and protect tenants from exploitation.

In addition, regulatory oversight should be strengthened to ensure compliance with best practices. The establishment of a monitoring and enforcement body to oversee service charge administration in commercial properties would ensure that property managers adhere to ethical and professional standards. Policies that make transparency compulsory through the regular publication of financial statements should be introduced to promote accountability.

Another policy implication is the need to enhance the professionalization of property management. Government agencies and professional bodies like the Nigerian Institution of Estate Surveyors and Valuers (NIESV) should ensure that only qualified individuals are permitted to administer service charge accounts. Periodic professional training and certification in financial management should be made mandatory for property managers.

Furthermore, the introduction of an effective dispute resolution mechanism for service charge disagreements would help reduce conflicts between landlords, property managers, and tenants. Such a mechanism could take the form of a mediation board or arbitration panel specialized in real estate disputes. Finally, policies that encourage energy efficiency and sustainability such as incentives for the use of renewable energy sources or water-saving systems should be promoted,

as they can help reduce long-term service charge costs while preserving environmental resources.

### **5.5 Opportunities for Further Research**

This study provides a foundation for future research on service charge administration in Nigeria. Future studies could conduct comparative analyses between different cities or regions to understand variations in service charge practices and identify regional best practices. Another possible research direction would be a longitudinal study examining how service charge administration evolves over time, particularly following the introduction of new regulations or technologies.

Further research could also focus on the tenant's perspective, exploring how tenants perceive fairness, transparency, and value for money in service charge administration. Additionally, future researchers could examine the role of technology such as digital platforms, smart building systems, and blockchain applications in improving transparency and efficiency in service charge management. Investigating the cost-benefit implications of different service components would also help property managers optimize resource allocation. Finally, studies that assess the integration of sustainability principles into service charge structures would provide valuable insights into promoting greener and more efficient commercial property management.

### **5.6 Conclusion**

This study has examined the issues of service charge administration in commercial properties, highlighting the major components, methods of apportionment, and challenges faced by estate surveyors, valuers, and tenants. The findings show that while service charge administration plays a vital role in maintaining the functionality of commercial buildings, it is often plagued by problems such as delayed payments, poor financial transparency, high management fees, and inadequate communication between managers and tenants. These challenges have hindered the smooth operation of commercial properties and, in some cases, led to disputes and dissatisfaction

among stakeholders.

The research concludes that improving service charge administration requires a combination of professional competence, financial transparency, and open communication. Ensuring that qualified property managers handle service charge accounts, supported by clear regulations and standardized procedures, will help restore trust and enhance efficiency. By implementing the recommendations and policy suggestions highlighted in this study, the administration of service charges in commercial properties can become more transparent, equitable, and sustainable. This will not only benefit property managers and tenants but will also contribute to the overall growth and professionalism of the real estate sector in Nigeria.

**QUESTIONNAIRE**  
**FACULTY OF ENVIRONMENTAL SCIENCE**  
**UNIVERSITY OF BENIN, BENIN CITY**  
**ISSUES AND CHALLENGES OF SERVICE CHARGE ADMINISTRATION IN**  
**COMMERCIAL PROPERTIES: A STUDY OF WUSE 2 BANEX PLAZA,**  
**ABUJA.**

**Dear Respondent,**

This questionnaire is designed for academic purposes. It is structured to find out issues and challenges of service charge administration in commercial properties: a study of wuse 2 banex plaza, Abuja, Please respond sincerely to the questions by ticking [V] where applicable. Your responses will be treated with a high level of confidentiality,

Thank you.

**Instructions:** Please tick (V) where applicable.

Section A: Tenant Profile

1. Business name/Unit number: \_\_\_\_\_

2. Length of tenancy at Banex Plaza:

- Less than 6 months ( )

• 6–12 months ( )

• 1–2 years ( )

• Over 2 years ( )

4. Type of commercial activity:

Retail ( )

Office. ( )

Food & Beverage ( )

Other: \_\_\_\_\_

### **Section B: Service Effectiveness Ratings**

How effective is the approach of service charge administration adopted in this complex with respect to delivery of the following services.

1 = Very Poor 2 = Poor 3 = Fair 4 = Good 5 = Excellent

5. Waste Collection and Disposal Services

1 2 3 4 5

6. Potable Water Supply (borehole/corporation)

1 2 3 4 5

7. Electricity Backup (generator/solar)

1 2 3 4 5

8. Internet Connectivity / Telecom Infrastructure

1 2 3 4 5

9. Common Area Cleaning (lobbies, corridors, restrooms)

1 2 3 4 5

10. Security Services (guards, CCTV monitoring)

1 2 3 4 5

11. Fire Safety Systems (alarms, extinguishers, drills)

1 2 3 4 5

12. Elevator / Escalator Maintenance

1 2 3 4 5

13. Parking Facility Management

1 2 3 4 5

14. Communication from Management (notice boards, emails, meetings)

1 2 3 4 5

**Section C: Challenges Faced by Property Managers in Service Charge Administration**

**Kindly state your level of agreement with the following challenges faced by Property Managers in Service Charge Administration using the following Likert Scale**

**1 = Strongly Disagree | 2 = Disagree | 3 = Neutral | 4 = Agree | 5 = Strongly Agree**

S/N	Challenges Faced by Property Managers in Service Charge Administration	1	2	3	4	5
1	Tenants demand detailed breakdown of service charges but resist paying when provided.					
2	Frequent tenant defaults and late payments disrupt cashflow.					

S/N	Challenges Faced by Property Managers in Service Charge Administration	1	2	3	4	5
3	Inflation and rising costs of utilities, labour, and materials make budgeting difficult.					
4	Managers face disputes over fair apportionment of charges among different tenants.					
5	Weak financial control systems make accountability for service charge funds challenging.					
6	Lease agreements often lack clear clauses on service charge administration.					
7	Mixed-use developments (shops, offices, residences) complicate service expectations.					
8	High vacancy rates reduce the revenue base, leaving managers with funding gaps.					
9	Lack of professional training or support for facility managers limits efficiency.					
10	Government interference and unexpected local levies disrupt financial planning.					
11	Managers encounter difficulties in ensuring quality and transparency in contractor procurement.					
12	Poor tenant communication makes it hard to justify increases in service charges.					
13	Managers constantly deal with high costs of providing security against theft/vandalism.					
14	Lack of a sinking fund forces managers to impose sudden levies for major repairs.					

S/N	Challenges Faced by Property Managers in Service Charge Administration	1	2	3	4	5
15	Disputes over shared utility billing and lack of individual meters create conflict.					
16	Risks of fraud and fund diversion put managers' credibility at stake.					
17	Managers struggle to enforce collections due to weak legal enforcement mechanisms.					
18	Weak or absent tenants' associations hinder collaborative decision-making.					
19	Some tenants show cultural resistance or reluctance to pay for shared services.					
20	Inconsistent record-keeping by managers weakens accountability to clients.					
21	Tenants often disagree with the service standards managers try to maintain.					
22	Cash inflows from charges rarely align with timing of expenditure obligations.					
23	Multiple taxation and government levies make charges harder to justify to tenants.					
24	Managers face backlash when recovering costs of exceptional or unforeseen works.					
25	Absence of cheap and quick dispute resolution mechanisms prolongs conflicts.					

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