

**ANALYSIS OF FACTORS INFLUENCING RESIDENTIAL PROPERTY VALUES
IN MAITAMA AND MARABA, FCT ABUJA, NIGERIA.**

BY

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**A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF ESTATE
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APRIL, 2024.

CERTIFICATION

This is to certify that this project work “Analysis of Factors Influencing Residential Property Values in Maitama and Maraba FCT Abuja, Nigeria” was carried out by **Ezumezu Rejoice Aunlika** in the Department of Estate Management under my supervision for the award of Bachelor of Science (B.Sc.) Degree. The work embodied in this project is original and has not been submitted in part or full for any other degree or diploma of this or any other university.

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STUDENT DECLARATION

I, **EZUMEZU REJOICE AUNLIKA** 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 **Prof. Peter Shakede Ogedengbe**. The work embodied in this project has not been submitted by any candidate for the award of a degree and is not concurrently being submitted for any other degree elsewhere.

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DATE

ENV1805761

DEDICATION

This work is dedicated to the Almighty God who saw me through in the good and bad times and also for his infinite mercy, guidance, provision, and direction throughout my stay at the University. This work is also dedicated to my mummy Mrs. Celestina Ndiri Ezumezu. I also dedicate this work to my siblings and my friends for their unending love, support, prayers, and encouragement.

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ABSTRACT

The study examines the factors influencing residential property values in Maitama and Maraba Abuja Nigeria, as the capital city has experienced rapid urbanization and population growth, leading to increased demand for housing and fluctuations in property values.

Using a mixed-methods approach, including quantitative analysis of property sales data and qualitative investigation through a questionnaire, this research aims to identify the key trends and drivers shaping residential property values in Abuja. Factors such as location, infrastructure development, socio-economic characteristics, and government policies will be explored to understand their impact on residential property values in the study area. The findings of this study are expected to provide valuable insights for policymakers, real estate developers, and investors in navigating the Abuja residential property market and making informed decisions.

The findings of the study have indicated that variables that mainly influence the value of residential property in the study area are: location, cost of construction; type of structure/quality of facilities; the average number of rooms; change in maintenance cost; title/size of the land; neighborhood attributes and characteristics; inflation impact; size and structural characteristics and state of supply in the property market. The study concludes that location remains paramount. Properties near essential amenities, business districts, and transportation hubs command premium prices. The state of the economy significantly influences property values. Economic stability fosters investor confidence and stimulates demand. Quality construction materials and finishes justify higher prices, emphasizing the importance of well-built homes.

CHAPTER ONE

BACKGROUND OF THE STUDY

1.1 Introduction

The residential property market in Nigeria has experienced significant growth and development in recent years, particularly in the Federal Capital Territory (FCT) of Abuja. As the political and administrative hub of the country, Abuja has attracted a considerable influx of residents and investors, leading to a surge in residential property values (Akanni, 2020). Residential property values are a critical indicator of the economic health and development of a region. Understanding the factors that influence these values is essential for stakeholders in the real estate industry, policymakers, and investors. By analyzing the trends and factors affecting residential property values in Abuja, this study aims to provide valuable insights that can inform decision-making and contribute to the development of effective strategies for sustainable growth (Egbenta, 2015). One of the key factors driving the growth of residential property values in Abuja is the rapid urbanization and population growth in Nigeria. According to the World Bank, Nigeria is one of the fastest-growing urbanizing countries in the world, with an annual urban population growth rate of 4.7% (World Bank, 2021). This urbanization trend has put considerable pressure on the housing sector, leading to increased demand for residential properties in major cities like Abuja.

According to Ogunba (2012) the significance of Abuja as the capital city of Nigeria further fuels the demand for residential properties. As the administrative and economic center of the country, Abuja attracts a diverse range of professionals, government officials, and business executives. The presence of government institutions, foreign embassies, and multinational corporations creates employment opportunities and fosters economic growth, making Abuja an attractive destination for both local and international investors. The location of a property is a crucial factor that influences its value. In Abuja, properties situated in prime

locations, such as the central business district, upscale residential areas, and neighborhoods close to amenities and transportation hubs, tend to command higher prices. These areas offer convenience, access to essential services, and a desirable lifestyle, making them highly sought after by buyers and investors.

The availability and accessibility of infrastructure and basic amenities also play a significant role in determining residential property values. Adequate road networks, reliable water supply, electricity, healthcare facilities, and educational institutions are essential for a comfortable living environment. Areas with well-developed infrastructure and amenities tend to attract higher property values as they offer a higher quality of life and convenience to residents (Ajayi, 2019).

Government policies and regulations have a substantial impact on residential property values in Abuja. The Nigerian government has implemented various policies and initiatives to promote affordable housing, regulate land acquisition and registration, and stimulate real estate development. These policies, such as the National Housing Fund, the Federal Mortgage Bank of Nigeria, and the Land Use Act, have influenced the dynamics of the residential property market in Abuja (CBN, 2021). Macroeconomic factors also contribute to the trends in residential property values. Inflation, interest rates, and economic stability can affect the purchasing power of buyers and investors. High inflation rates and unstable economic conditions may lead to a decrease in property values, while low inflation and a stable economy can support property value appreciation. Understanding these macroeconomic factors is crucial for predicting and analyzing property market trends in Abuja.

Olaleye (2021) opined that market dynamics and investor sentiment also influence residential property values. Factors such as market demand and supply, investor confidence, and speculation can lead to fluctuations in property values. For example, during periods of

high demand and limited supply, property values may experience rapid appreciation. Conversely, during periods of oversupply or economic downturns, property values may decline. Monitoring market dynamics and investor sentiment is essential for stakeholders in the residential property market.

1.2 Statement of Research Problem

Several authors have conducted studies on the trends and factors influencing residential property values in Abuja, Nigeria. However, there are significant gaps in the existing literature that need to be addressed to develop a comprehensive understanding of this topic.

Firstly, Olaleye (2021) focused on the determinants of residential property values in Abuja, emphasizing the importance of factors such as location, infrastructure, and amenities. While their study provides valuable insights, it primarily relies on quantitative analysis and fails to capture the nuanced and context-specific factors that influence property values in Abuja.

Secondly, Aluko (2015) explored the impact of government policies on property values in Nigeria, highlighting the role of regulations and housing finance initiatives. While their research sheds light on the influence of these factors, it overlooks the supply-side factors such as land availability, infrastructure development, and cultural dynamics that shape property values in Abuja.

To fill these gaps, this research aims to address the existing gaps in the literature on residential property values in Abuja, Nigeria. Previous studies conducted by Olaleye (2021) and Aluko (2015) have provided valuable insights into the determinants and impact of factors on property values. However, these studies have overlooked certain crucial aspects specific to Abuja. By focusing on the specific context of Abuja and adopting a comprehensive approach, this research will fill the identified gaps. It will delve into the nuanced and context-specific factors that influence property values in the region. This study will go beyond quantitative

analysis and incorporate qualitative research methods, such as in-depth interviews with key stakeholders in the residential property market.

1.3 Research Questions

To guide this research and address the identified gaps in the literature on residential property values in Abuja, the following research questions have been formulated:

1. What are the trends for residential properties in the study area?
2. What are the factors that influence residential property values?
3. What is the impact of the identified factors on property value?

1.4 Aim and Objectives

Aim:

This research examines the factors influencing residential property values in Abuja to provide valuable insights and guidance to real estate investors, and policymakers to make informed decisions that maximize returns on investment.

Objectives:

1. To investigate the trends for residential properties of the study area.
2. To identify the factors that influence residential property values.
3. To examine the impact of the identified facts on property value.

1.5 Scope of the Study

This study aims to examine the trends and factors that contribute to the fluctuations in residential property values in Nigeria, with a specific focus on the Federal Capital Territory (FCT) Abuja. The FCT is known for its rapidly growing real estate market and diverse population, making it an ideal case study to understand the dynamics of property value changes. By analyzing the historical data and current market conditions, this research will

identify the key factors that influence residential property values in Abuja and explore how these trends have evolved.

To achieve the objectives of this study, a comprehensive literature review will be conducted to identify the existing theories and empirical studies related to residential property values and their determinants. The review will help establish a theoretical framework for the research and provide insights into the factors that have been previously identified as significant contributors to property value fluctuations. Additionally, primary data will be collected through surveys and interviews with real estate experts, property owners, and potential buyers to gather firsthand information on their perceptions and experiences regarding property values in Abuja.

The research methodology will involve a combination of quantitative and qualitative approaches. The quantitative analysis will include statistical techniques to examine the relationships between property values and various factors such as location, amenities, infrastructure development, economic indicators, and demographic characteristics. The qualitative analysis will involve a thematic analysis of the interview and survey data to gain a deeper understanding of the subjective factors that influence property values.

1.6 Significance of the Study

This study holds significant importance for several stakeholders involved in the real estate sector in Nigeria, particularly in the Abuja region. By identifying and analyzing the trends and factors that influence residential property values, the findings of this study will provide valuable insights for real estate developers, investors, and homeowners. Real estate developers can use the results to make informed decisions regarding property development and investment opportunities in Abuja, ensuring their projects align with the market demand. Investors can benefit from a better understanding of the factors that impact property values,

enabling them to make strategic investment decisions and maximize their returns. Homeowners, on the other hand, can gain insights into the factors that increase or decrease their property's value, allowing them to make informed decisions about property improvements and potential sales.

Furthermore, the findings of this study will also have implications for policymakers and urban planners in Nigeria. Understanding the trends and factors influencing residential property values can aid policymakers in formulating effective housing policies and regulations that promote sustainable and inclusive urban development in Abuja. By addressing the identified factors that contribute to property value fluctuations, policymakers can work towards creating a conducive environment for the real estate market, attracting both local and foreign investments. Additionally, urban planners can use the insights gained from this study to prioritize infrastructure development and urban amenities that have a positive impact on residential property values, thereby enhancing the overall livability and attractiveness of Abuja.

1.7 Study Area

Maitama and Maraba Abuja, the capital city of Nigeria, serve as a fascinating study area for examining the trends and factors that influence residential property values. As one of the fastest-growing cities in Africa, Abuja has experienced rapid urbanization and population growth over the past few decades. This growth has had significant implications for the real estate market, making it an ideal location to understand the dynamics of property values. The unique geographical and socio-economic characteristics of Abuja contribute to its relevance in this study. Firstly, Abuja is home to a diverse population, including residents from different regions of Nigeria and international expatriates. This diversity creates a varied demand for residential properties, with preferences and requirements varying across different demographic segments. Investigating the factors that influence property values in Abuja will

provide insights into the specific needs and preferences of different population groups, enabling real estate developers and investors to tailor their offerings accordingly.

Abuja serves as the administrative and political center of Nigeria, hosting various government institutions, foreign embassies, and international organizations. The presence of these institutions not only drives the demand for housing but also affects property values. Understanding the influence of government policies, diplomatic presence, and international organizations on residential property values in Abuja is crucial for investors and policymakers alike. It enables them to anticipate and respond to changes in the market, ensuring sustainable and profitable real estate investments and effective policy formulation.

Abuja boasts a robust infrastructure network, including well-planned road networks, modern housing estates, recreational facilities, and a vibrant commercial sector. These amenities play a significant role in determining property values. Proximity to essential services, such as schools, hospitals, shopping centers, and transportation hubs, can significantly impact the desirability and value of residential properties. By studying Abuja's infrastructure development and its relationship with property values, this research can provide valuable insights for urban planners and policymakers in effectively allocating resources for enhancing the livability of the city.

In addition, Abuja's unique land allocation and development policies contribute to the relevance of this study. The Federal Capital Development Authority (FCDA) governs land allocation and urban planning in Abuja. Investigating the impact of land allocation policies, zoning regulations, and development guidelines on property values will help policymakers and real estate developers understand the dynamics of the real estate market in Abuja. It will enable them to identify opportunities for sustainable development, address any constraints, and ensure a balanced and inclusive housing market.

In conclusion, Abuja's status as the capital city of Nigeria and its rapid urbanization make it an ideal study area for investigating the trends and factors influencing residential property values. The city's diverse population, government presence, infrastructure development, and land allocation policies all contribute to the dynamics of the real estate market. By understanding these factors and their impact on property values, this study will provide valuable insights for various stakeholders, including real estate developers, investors, homeowners, policymakers, and urban planners. These insights can guide decision-making, inform policy formulation, and contribute to the sustainable development of Abuja's real estate market.

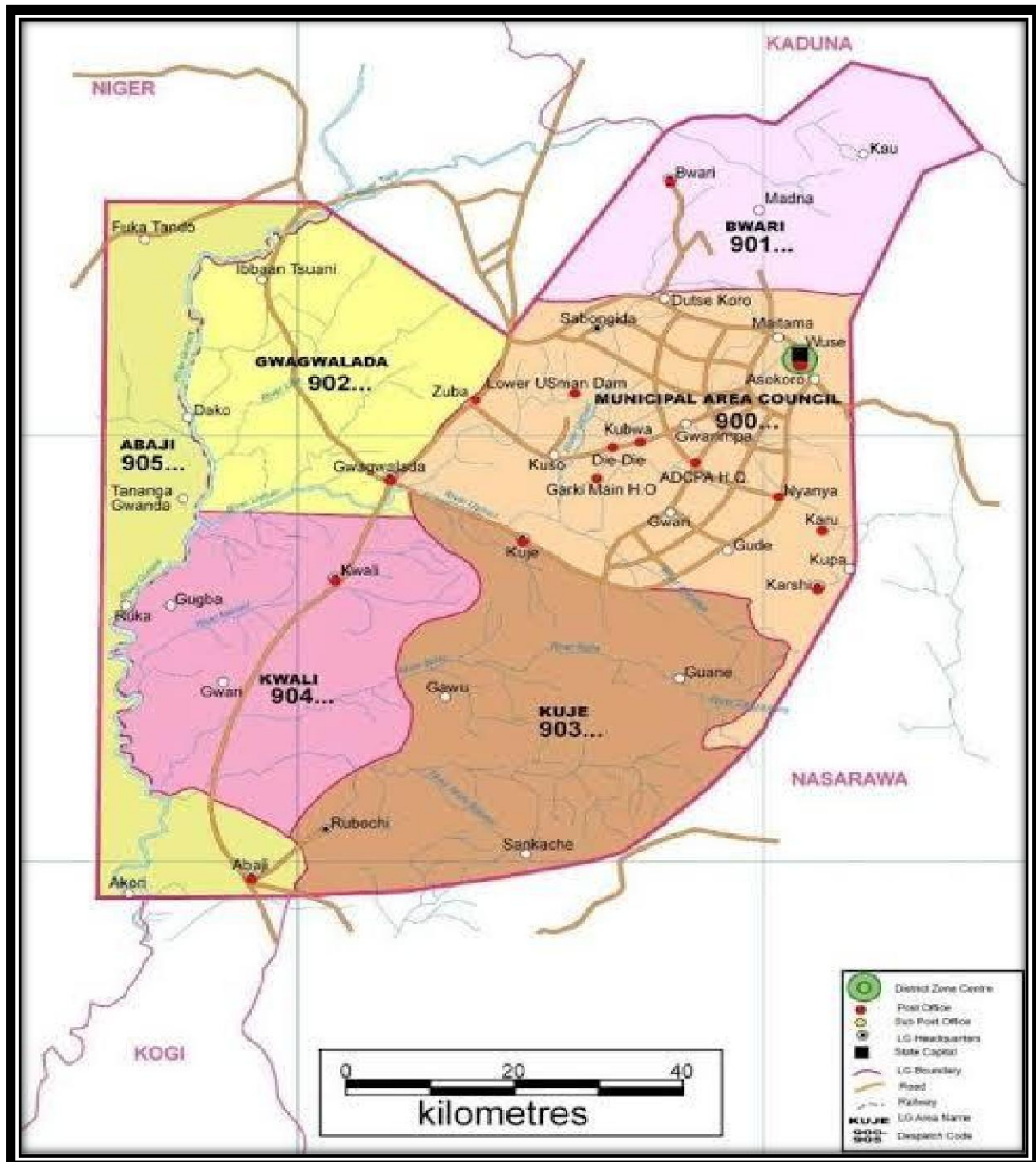
Abuja and its relevance to investigating the trends and factors influencing residential property values in Nigeria:

Economic Factors: Abuja is not only the political capital but also a major economic hub in Nigeria. The presence of government institutions, international organizations, and foreign embassies creates a demand for high-end residential properties. Understanding the economic factors that drive property values in Abuja, such as job opportunities, income levels, and investment potential, is crucial for analyzing the real estate market.

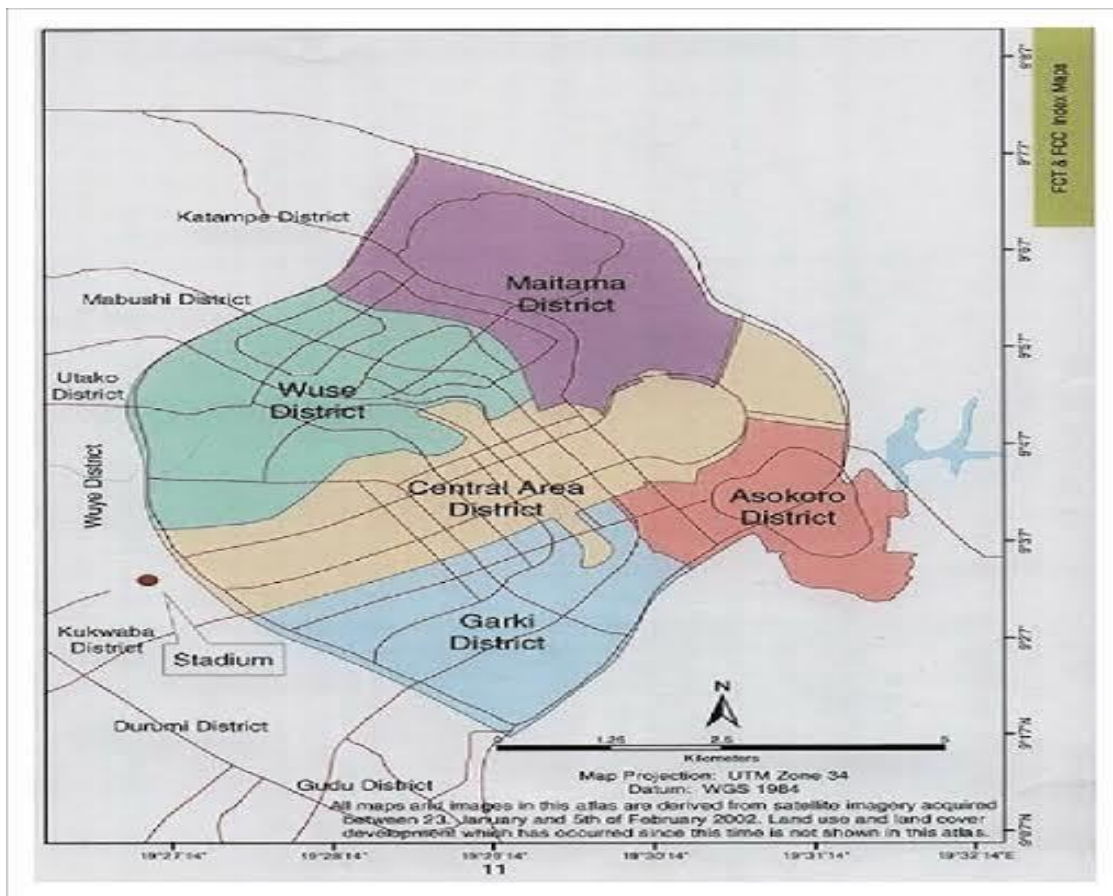
Infrastructure Development: Abuja has undergone significant infrastructure development in recent years. This includes the construction of modern roads, bridges, airports, and the expansion of public transportation systems. The availability and quality of infrastructure play a vital role in determining property values. Analyzing the relationship between infrastructure development and property values in Abuja can provide insights into the impact of public investment on the real estate market.

Housing Market Dynamics: Abuja's housing market has unique characteristics, including a mix of luxury properties, middle-income housing estates, and informal settlements.

Investigating the dynamics of the housing market, such as supply and demand trends, price fluctuations, and the impact of housing policies, can help stakeholders make informed decisions regarding property investments and market interventions.

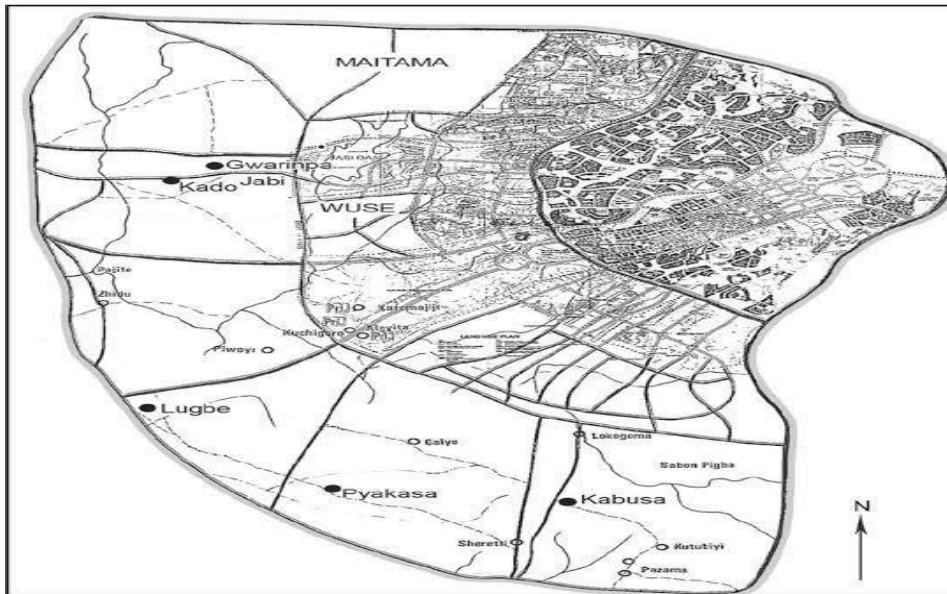


Map of Abuja (FCT)



Map of Study Area

Source: Abuja Geographic Information System (AGIS), 2023



Map of Study Area

Source: Abuja Geographic Information System (AGIS), 2023

CHAPTER TWO

LITERATURE REVIEW

2.1 Concept of Property Value

Property value is a function of environmental quality and determines the viability of property investment (Bourassa et al., 2007). When a household chooses a house or apartment, it is choosing much more than a dwelling but also a set of local public goods (Sullivan, 2012). Therefore, man's attitude towards the surrounding environment is not neutral but to search for locations that deliver a high quality of life. Those expectations particularly concern man's daily surroundings especially the residential areas. The decisions made in the real estate market are largely dependent on the quality of the environment (Cellmer et al., 2012).

Residential property has long been recognized as an important component in a household's overall wealth. According to a study in the US, residential properties represent roughly two-thirds of the household's overall assets (Davis & Heathcote, 2007). It is, therefore, one of the basic needs of man and it is the most important for the physical survival of man after the provision of food (Campbell et al., 2007). Residential property is an enclosed shelter where people live. In addition to it, local public facilities are also necessary to create a good living environment. Property is a multi-dimensional product and the number and nature of factors that influence its value are equally of different kinds (Paz, 2006).

Property and land values tend to increase in areas with expanding transportation networks, and increase less rapidly in areas without such improvements (Oloke et al., 2013). Real property has no value if it has no utility or is being effectively demanded. The utility derived is not from the brick and mortar alone but from some unique characteristics packaged in its location, neighborhood, and infrastructure which are equally desired by the consumers (Oloke et al., 2013).

According to Ge and Du (2007), property value is an essential aspect of property markets worldwide and is determined by a variety of factors and the determination of those factors is a significant part of property valuation. Various studies have examined factors affecting property values and have identified the following as environmental attributes such as structural characteristics (age, location, size) neighborhood characteristics, economic activity, population, and transport among other environmental attributes that dictate or affect property value in a particular neighborhood (Wilhelinsson, 2008; Yusof & Ismail, 2012; Samy, 2015).

Kamali et al. (2008) further grouped the variables determining property values into; environmental variables, neighborhood variables, accessibility (location) variables, and property variables. This study addresses the environmental attributes affecting residential property.

2.2 Types of Properties

2.2.1 Residential Properties

Residential properties include detached houses, semi-detached houses (duplexes, terrace buildings, etc.), apartment blocks of flats, condominiums, and tenement buildings. Housing is the largest use of land in urban areas. It is generally forced out of central areas by the expansion of business uses. Only high-income housing and local authority housing (in the UK etc.) are not forced out. House users have to balance accessibility requirements with those of amenities, properties primarily acquired for residence. It has the attribute of giving shelter, security, comfort, privacy, investment, and personal identity. There are different types of residential properties namely - tenement Buildings (Face-me-i-face you), blocks of flats, bungalows, duplexes (detached houses), semi-detached houses, and mansionettes.

Cheshire and Sheppard (2008), classified the form in which residential property can be owned into multi-tenanted, owner-occupied, and single-tenant property. Property value is

defined as the highest price in terms of money that a particular property will fetch in the open market under a free market condition (Fan, 2009).

In the words of Linneman (2011), property value is the amount of money that can be obtained for the interest on a property at a particular time from persons able and willing to purchase it. There are only two well-known forms of property value such as capital value and rental value.

2.2.2 Commercial Uses

Commercial property uses are composed of office buildings retail shops/complexes and banking halls. This follows the UK designation of what commercial properties are. In the USA, commercial property refers to all types of income-producing property and includes shops, offices industrial property, rented residential apartments, and hotels.

Shops can in turn be classified into three groups by goods sold. There are those selling specialty goods (such as jewelry, musical instruments, works of art, etc; shopping goods (such as furniture, carpets, cameras, radio, television, etc); and convenience goods such as groceries, fruit, and vegetables, newspapers, etc. the type of good sold influences shop location. Specialty and shopping goods are purchased infrequently and irregularly and account for a significant proportion of people's income. People are prepared to travel some distance to compare goods of this type. Offices are more flexible in location than shops because they are not as dependent on location. They tend to be located on higher floors relative to the shops since rental values are less than the ground floor. This is especially so where the offices wish to benefit from certain shop facilities such as business centers, cafes, etc. However, some offices wish to be located in separate central zones where there is less noise, less pollution and more open space for car parking.

2.2.3 Industrial Properties

Industrial premises are composed of single/double-bayed factories, warehouses, and industrial estates. Ancillary offices are included in this categorization.

Industrial users are interested in accessibility to transport routes, sources of raw materials, labor, and the market for the products. The actual location within the city will depend on the nature of the product, the scale of the market, and the stage of development of the firm. Where the market is small and localized (such as small printing), an inner-city location would be preferred. However, where the market is national or international, then consideration would be given to wider transport networks. Industrial activity would tend to move to the edge of urban areas to take advantage of the motorways and to obtain more space to facilitate a flow method of production.

2.2.4 Agricultural Properties

Agricultural properties are lands suitable to or used for the production of commodities intended either directly or indirectly for human consumption. IVSC, 2007 classifies such properties into seven groups as follows: crop farms (agricultural properties used for growing commodities that are typically planted and harvested within a twelve-month cycle); irrigated land (lands used to produce crops or forage for livestock, and which require the application of water other than that from natural rainfall); perennial plantings (crops grown from plantings that have a life extending beyond one year or one-crop cycle such as vineyards and orchards); livestock ranches/stations (agricultural properties used to raise and feed animals such as cows, sheep, pigs, goats, horses, or combinations thereof); dairy farms (agricultural properties used for the production of milk from cows, or other daily products); forestry/timberland (agricultural property used for the growing of non-orchard trees that are periodically harvested over extended growing periods of from 10 to 20 or more years); and special

purpose properties (agricultural properties that do not typically produce a crop but are used for the handling, processing, or storage of crops following harvest).

2.2.5 Specialized Properties

Specialized property Special purpose property or specially designed property is property that due to its specialized nature has its utility restricted to particular users or uses which does not normally come up on the market and whose value cannot therefore be readily assessed by ordinary methods of valuation, such as income capitalization. There are several such properties for which value depends on the trading potential of the business carried out on the premises. Such properties include hotels, public houses or beer parlors, cinemas, theaters, racecourses, ports, caravan sites, breweries, telecommunication, landfills, bars and restaurants casinos, golf courses, private hospitals & and clubs, and similar land uses where value depends primarily on the earning capacity of the business.

2.1 Concept of Value

Definitions of value are wide and varied depending on the concept of value being defined. There are concepts of social value, aesthetic value, market value, and environmental value among others. Our definition here will concentrate on the economic concept of value, that is, value in exchange or market value. In the property market, value is created and sustained by the interrelationship of four factors that are associated with any product, service, or commodity. These are utility, scarcity, desire, and purchasing power. Utility is the ability of a producer to satisfy a human want, need, or desire. Property must have utility to tenants, owner-investors, or owner-occupiers. Scarcity is the present or anticipated supply of an item relative to the demand for it. If demand is constant, scarcity makes it more valuable. Desire is a purchaser's wish for an item to satisfy human needs (in this case shelter). Effective purchasing power is the ability of an individual or group to participate in the market by

acquiring goods or services with cash or its equivalent. The demand for a good or service is created by its utility, influenced by its scarcity and desirability, and restrained by limits on purchasing power. The supply of a good or service is affected by its utility and desirability, and the availability is limited by scarcity and the purchasing power of consumers (Appraisal Institute, 2001).

These four factors create value through supply and demand in the property market. The price of property varies inversely with the supply of the property and directly with the demand. The market value or market price of a particular interest in the landed property is created by the interaction of supply and demand in the property market and may be seen as the amount of money that can be obtained for an interest at a particular time from persons able and willing to purchase it. A potential purchaser is a person who proposes to tie up a certain amount of capital in land or land and buildings, and there are three main angles from which he may view the transaction.

- i. For occupation - he will be concerned with the benefits, commercial or social, which he anticipates deriving from that occupation.
- ii. For investment - he may regard the property as an investment capable of yielding an annual return in the form of income.
- iii. For speculation - he may buy at one price now and hope to sell at a higher price at some time in the future and thus make a capital gain.

Value is a term that is used to describe three concepts contained in the above definitions. The first, as expressed above, is price, that is, the realized exchange price in the open market. Second is capital value (value in exchange), that is, the valuer 's estimate of the transaction price that would be achieved in the open market. Third is investment worth (value in use), that is, a particular investor 's perception of the amount he would be willing to pay for the

stream of income he expects would be receivable from a property. In a perfect market, all these three terms would equate.

The International Valuation Standards Committee (IVSC) provides an internationally accepted definition of value in exchange (market value). The IVSC is now applicable in 52 countries of the world including the UK, USA, and Nigeria. Nigeria has adopted the IVSC definition in its Standards and Guidance Notes (NIESV, 2006).

Market value is the estimated amount for which an asset should be exchanged on the date of appraisal between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion (IVSC, 2007).

In the US, the most prominent definition of Market Value is the one promulgated for use in federally regulated residential mortgage financing (a definition which is consistent with the definition of market value in the Appraisal Institute's Dictionary of Real Estate Appraisal (2002):

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus (Appraisal Institute, 2002).

In the UK, the RICS definition over the years has been on the following terms (the RICS now adopts the IVSC definition): The best price at which an interest in a property might reasonably be expected to be sold by private treaty at the date of valuation assuming:

A willing seller;

A reasonable period within which to negotiate the sale, taking into account the nature of the property and the state of the market;

Values will remain static throughout the period

The property will be freely exposed to the market;

No account is to be taken of an additional bid by a special purchaser.

Implicit in these definitions is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- i. buyer and seller are typically motivated;
- ii. both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest;
- iii. An arm's length transaction is one in which both seller and purchaser act completely independently of each other and have no connection or relationship to each other;
- iv. a reasonable time is allowed for exposure in the open market;
- v. payment is made in terms of cash or terms of financial arrangements comparable thereto; and
- vi. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

2.4 Determinants of Property Values

Demand for landed property is generally inelastic meaning that a change in supply does not easily generate a counterbalancing contraction or expansion in demand. The result of the inelasticity is that the resulting change in price is pronounced. The elasticity of demand depends on whether the commodity is a necessity and whether satisfactory substitutes exist. Generally speaking, landed property is a necessity, and often not many satisfactory substitutes exist.

Ogunba (2012), identified some factors that influenced property values, and they are discussed below;

2.4 1 Location/Accessibility:

Location (including accessibility) is perhaps the most important demand side determinant of property value, particularly for commercial uses. There are two variants of locational accessibility: general accessibility and special accessibility. How general accessibility (relative to markets, business districts, etc) affects property values is aptly captured in various rent theories propounded over the last two hundred years, which describe the relationship between accessibility, land uses, and land values. One of the first rent theorists was David Ricardo, according to whom the rent on the most productive agricultural land is based on its advantage over the least productive, the competition among farmers ensuring that the full advantage goes to the landlords in the form of rent.

Ricardo 's theory was further developed in 1826 by a German economist, Heinrich Von Thunen, who combined Ricardo 's early theory with the notion of transport costs. Von Thunen established a distance-cost relationship for different types of rural agricultural land around a central town (market). His model implies that rent at any location is equal to the value of its product minus production costs and transport costs. Assuming that transportation costs are constant for all activities, this will lead to a situation where activities with the highest production costs are located near the marketplace. Those with low production costs will be further.

Hurd (1903) applied von Thunen's theory to businesses in an urban area, suggesting that "since land value depends on economic rent, and rent on location and location on convenience, and convenience on nearness, the intermediate steps may be eliminated and we can say that land value depends on nearness." Haig (1926) emphasized the correlation

between rent and transport costs in determining land values. Transport costs were seen as the payment to overcome the 'friction of space'. He believed that the better the transport network, the less the friction. The theoretically perfect site for an activity is that which offers the desired degree of accessibility at the lowest costs of friction. He accordingly believed that the layout of a city is determined by the minimizing of costs of friction" (Haig 1926).

However, Haig's hypothesis concentrated only on the cost side of profit maximization. Losch (1954) was able to address both costs and revenues. He observed that some land uses (such as retail uses) can derive a revenue-generating advantage from certain sites, particularly those most accessible to customers. Therefore, the revenue-generating potential of a site must be weighed against the costs of friction for these land uses. Accordingly, the correct location of the individual enterprise lies where the net profit (determined by cost and revenue) is greatest" (Losch 1954).

Alonso (1960, 1964, 1967) added to the discussion by describing how the above principles manifest in terms of spatial variation in rent. He asserted that rents decline outward from the CBD to offset declining revenue-earning ability and higher costs such as transport. Rent gradients emerge consisting of a series of bid-rents for each land use where the steepest gradient prevails. This competitive bidding between perfectly informed land users within a market for the most accessible land allocates sites to their optimum use. As a direct result of different bid rents from various uses, a pattern of concentric rings of land use develops. Alonso therefore postulated that a series of rent gradients would emerge for each land use, consisting of a series of bid rents which would exactly compensate for falling revenue and higher operating costs. Each land use would have a rent gradient with the highest bids prevailing.

Accordingly, it is competitive bidding between perfectly informed developers and investors that would determine the pattern of rents throughout the urban area and this competitive bidding would allocate sites between users to ensure that the highest and best use is obtained. Thus, according to Alonso, since transport costs rise with distance from the market, rents generally tend to fall correspondingly, but different forms of land use (retail, service, industrial, housing, or agricultural) generate different bid-rent curves. For example, retailers will be willing to pay high rents for sites near the CBD where accessibility is of prime importance, but will be unwilling to pay much for sites more than about 500 m from the peak land-value intersection, because the distance shoppers are willing to walk is surprisingly short. The curve for industry starts lower—manufacturers cannot afford the high rents that retailers can—but drops away less sharply because pedestrian access is not such a key point. Bid-rent theory shows that each land user will outbid the others at certain points (as the curve for each stands above all the others on the graph). At that point, the successful, highest competing land use will predominate, and the theory posits a series of land-use rings around the CBD.

2.4.2 Micro and Macro Economic Climate:

How the micro (local) economic climate affects property demand and ultimately value can be examined through economic base theory. The theory divides urban economic activity into two categories: Basic (non-local) activities consisting of those industries producing goods and services for outside demand and Non-basic (local) activities consisting of industries producing goods and services for consumption by the inhabitants of the urban area only. Non-basic activities are those that perform merely a supportive function; those that exist because they are demanded by the factors of production associated with basic activities. Employment follows these two categorizations and there is a fairly stable relationship between basic and non-basic employment. The growth of basic activities is the dominant

cause of urban growth. Increased demand for basic activities leads to increased demand for labor. This attracts new labor to the urban area. The resulting rise in the level of income stimulates the growth of non-basic activities. Total employment increases in proportion to the ratio of basic to non-basic employment. Property values follow employment growth. The strength of the economic base is the reason that property values in Lagos, Port Harcourt, and Abuja are the highest in Nigeria.

At the macro level, factors such as inflation, high cost of funds, and recessions/structural adjustment policies are important influences on the cost of addition to property stock and the effectiveness of demand for property. This was seen in the 1980s when building costs increased sharply while there was a sharp increase in the cost of funds. In addition, investors' equity funds were devalued especially with the introduction of the Structural Adjustment Program (SAP) in 1986. This single policy of government (SAP) not only resulted in rapid inflation in construction costs, but in addition, the deregulation of interest rates resulted in astronomically high costs of capital.

2.4.3 Availability of Mortgage Facilities:

The ability of those with a desire to purchase/develop property to translate their desire into the actuality of purchasing it depends largely on the availability of mortgage credit. In Nigeria, the Federal Mortgage Bank was for many years the sole provider of mortgage credit on a long-term basis and at low interest rates. The government's attempt to rectify this in the 1990s with primary mortgage institutions and the Housing fund met little success in increasing the level of effective demand for mortgage facilities. Given the high cost of property construction/purchase, the result is that most prospective homeowners have had to remain renters of houses rather than homeowners. By contrast, the USA has had success in

the provision of mortgage facilities through the development of both primary and secondary mortgage institutions.

2.4.4 Property, Site and Neighbourhood Characteristics/Amenities:

Property characteristics affecting the intensity of demand (and ultimately affecting value) include property size, plot size, construction features, and significant amenities such as garages, toilets, and air conditioning. Also important are building features such as the functionality and spatial adequacy of the building: the size of rooms, number of floors, number of toilets, etc., aesthetic appeal and architectural design, security facilities such as fencing, burglary proofing, adequacy of electrical and plumbing installations, age of the building/obsolescence, adequacy of parking space, landscape, etc. The degree of physical, functional, and economic obsolescence of a building also affects the level of demand for it and ultimately affects its value. Physical deterioration reflects the —wear and tear over the years which might be combined with a lack of maintenancel (RICS, 2005). Generally, physical deterioration refers to deterioration in land, buildings, plants, and machinery due to age, wear and tear from continued use, the absence of a maintenance culture, ravages of weather, termite infestation, and vandalism. Functional/technological obsolescence reflects advances in technology which allow for a more efficient delivery of services and goods from a building of different designs and specifications. Economic obsolescence results from the impact of —changed economic conditions which affect the demand for goods and services and the profitability of business entitiesl (IVSC, 2007). It should not include internal factors which affect the profitability of the occupying business. It refers to reductions in property or plant and machinery value as a result of external changes in demand occasioned by population shifts, economic recessions, infiltration of undesirable uses in the neighborhood, changes in zoning controls, environmental pollution, diversion of traffic through road bye passes which reduce demand, and the negative pressure of heavy traffic. The site

characteristics are also an important influence on demand and value. The demand for sites is influenced by factors such as the drainage of the site, vehicular and pedestrian accessibility, traffic congestion, parking spaces, physical condition of site, appropriate proportion of building area to site area, the adherence to building line from the centerline of the road and setbacks of the buildings from the boundaries of the plot, provision of open spaces and light areas, whether or not to conserve buildings on site, provision of adequate space for loading or unloading of vehicles, car parking facilities and so on. Topographical features are also important. Rivers, mountains, plains, slopes, climate geology (subsoil), etc influence the location decisions of different activities. Relief variations affect the locational models in the rent theories of Von Thunen and Alonso. For example, the land use and land value pattern would be modified by a navigable river. This river would (because of its relatively low transportation costs over land transportation costs), have the effect of creating a land use/land value gradient parallel to its course. Topographical features are also important in defining how useful some sites are for particular uses. In seaports, for example, some natural site attributes are essential. A neighborhood can be defined as an area within which common characteristics of population and land use prevail. Neighborhood characteristics affecting value include the property class in the area, environmental conditions like atmospheric pollution and noise levels, socio-cultural factors like population density, demographic mix, availability of water supply, roads, mains electricity (the absence of mains electricity reduces the rent a prospective tenant would offer since he would then have to supply such electricity himself). The safety of the neighborhood (crime levels, security patrols) is also of prime importance. Likewise, is climate and nature of the soil in the neighborhood, especially for agricultural uses.

2.4.5 Social Forces:

These relate to population characteristics. The social composition of the population affects the demand for property. Property values are affected by population changes and the composition of the population in terms of age, gender, education, rate of household formulation/dissolution, lifestyle, etc.

2.4.6 Supply Factors:

The supply of landed property is generally inelastic concerning price changes. This means that a change in demand cannot be matched quickly and smoothly by an expansion in supply, with the result that price changes are pronounced. The following are factors affecting supply:

Natural Limitations: The overall supply of land is fixed. It is difficult to increase the supply of land except by reclamation of land from the very expensive sea. It is however possible in a sense to increase the supply vertically, as it were, since it may be possible to build tall skyscrapers rather than bungalows.

Competition:

The degree of actual or proposed competition is a major factor affecting the rate of addition to property stock. Prospective developers are scared off when the actual or proposed competition is considered formidable.

Governmental Interventions:

The most prominent governmental intervention affecting supply is through planning restrictions. Planning limitations accentuate the natural limitations on the supply of land and thereby increase rental and capital values. The major planning limitation is zoning, that is. the power to allocate land for particular uses, such as agricultural or residential uses, and the power to restrict changes in the use of buildings (e.g. before the use of a house can be changed to offices, or a warehouse to a factory, planning permission must be obtained and

this permission may not be given unless the change is by the provision of the development plan or the planning policy for the area). Planning authorities also have the power to restrict the intensity of use of land through height and density restrictions.

The government also intervenes through controls on price (rent control). In Nigeria, such interventions were commonplace in the late seventies. The attempt with rent controls was to make demand - especially demand for smaller or poorer types of residential accommodation - more effective, but this has had the negative effect of restricting the income that the investor derived from his property, and ultimately removing the profit incentive to invest in the provision of more property.

Government policy also influences the supply of new properties and property value through policies on taxation. In Nigeria, property-related taxes include tenement rates, capital gains tax, stamp duty, income tax/withholding tax (company or individual), value-added tax, governors consent fee, and registration fees. Where property taxes are high, the profit of property investors is reduced and the rate of addition to property stock reduces. Investors might also wish to transfer the tax to tenants which might lead to higher rental values.

Other Government interventions such as the Land Use Decree, the Housing Fund, the mortgage banks, and the Nigerian Building and Roads Research Institute are geared towards increasing the ability of prospective homeowners to build property. In Nigeria, these measures are not considered to have a very significant effect in ameliorating the supply problem.

Tenure:

The tenure, and lease terms and conditions of various properties vary, and this has a significant impact on value. Freehold values could vary depending on whether they are fee

simple, fee tail, or life estates in that order. Moreover, freehold interest would certainly have higher values than leasehold interests which are wasting assets. Leasehold interests themselves vary in value depending on the terms of the lease, for example, full repairing and insuring lease, fully inclusive terms, and internal repairing and insuring leases. Naturally, leases based on FRI terms would attract lower rents than those based on less stringent terms since tenant outgoings are higher in FRI terms. Leasehold interests also vary concerning the various lease durations. Restrictions on the use of land (in the form of easements, restrictive covenants, and licenses), where they exist, could also have an effect of reducing property value.

Time:

The price obtained for a property at one time may not be the same price obtained even a short time afterward, especially when the market is volatile.

Cost of Construction:

The cost of construction directly affects residential property values. When the cost of construction increases, developers need to recoup their expenses, leading to higher prices for newly built properties. This cost is then passed on to buyers, contributing to higher property values in the market.

Size and Structural Characteristics:

The size and structural characteristics of a residential property play a vital role in determining its value. Larger properties generally command higher values compared to smaller ones, assuming other factors remain constant. Additionally, properties with desirable structural features such as modern designs, high-quality construction, and functional layouts tend to have higher prices.

Household Income:

The income level of households in a particular area can impact residential property values. Higher household incomes generally correspond to higher purchasing power, allowing individuals to afford more expensive properties. Areas with higher average incomes often have higher property values compared to areas with lower average incomes.

Quality of Facilities:

The quality of facilities available in the vicinity of a residential property can influence its value. The presence of well-maintained parks, schools, hospitals, community centers, and other amenities can enhance the attractiveness of a neighborhood and contribute to higher property values. These facilities contribute to a higher quality of life for residents.

State of the Economy:

The overall state of the economy can impact residential property values. During periods of economic growth and stability, property values tend to rise. This is because people have increased purchasing power, job opportunities are abundant, and confidence in the real estate market is high. Conversely, during economic downturns, property values may decline as demand decreases and financial constraints arise.

Returns on Alternative Investment:

The potential returns on alternative investments, such as stocks and bonds, can also influence residential property values. When other investment options offer higher returns and lower risks, potential buyers may choose to invest their money elsewhere. This can lead to decreased demand for residential properties and, consequently, lower property values. On the other hand, if alternative investment options are less attractive, residential real estate may become a more appealing investment, driving up demand and increasing property values.

Interest Rates:

The prevailing interest rates in the market can have a significant impact on residential property values. When interest rates are low, borrowing costs decrease, making it more affordable for individuals to finance the purchase of a property. This can stimulate demand and potentially drive up property values. Conversely, when interest rates are high, borrowing becomes more expensive, leading to decreased demand and potentially lower property values.

Market Conditions:

The overall condition of the real estate market, including factors such as supply and demand dynamics, inventory levels, and pricing trends, can greatly influence residential property values. In a seller's market, where demand exceeds supply, property values tend to increase. Conversely, in a buyer's market, where supply exceeds demand, property values may decrease. Understanding the current market conditions is crucial for assessing property values accurately.

Environmental Factors:

Environmental factors, such as proximity to natural resources, scenic views, and environmental hazards, can influence residential property values. Properties with desirable environmental features, such as waterfront views or proximity to parks and nature reserves, may command higher values. On the other hand, properties located in areas prone to natural disasters, pollution, or other environmental risks may experience lower property values.

Historical and Cultural Significance:

The historical and cultural significance of a residential property or its surrounding area can impact its value. Properties with historical architecture, landmarks, or cultural

heritage may be considered more valuable due to their uniqueness and cultural importance. Preservation laws and regulations can also protect such properties, further influencing their values.

2.5 Review of Related Literature

Some authors have examined the trends in rental values of residential properties in both developed and under-developed countries of the world. Articles obtained from academic publications and similar research that are relevant to this study will be succinctly discussed and reviewed to provide vast knowledge on various concepts that will be important for understanding what the study entails. for example: Makama and Ishaya (2007) discussed the cyclical dynamics that took place in the Abuja property market from 1976 – to 2006; in terms of property type demand, availability, and rental values within those years and related them to present-day realities. Stochastic methods (time series), were used to analyze the data collected to forecast future patterns of the property markets. They concluded by identifying the major issues that affected the demand and supply of residential properties and their likely influence on the Abuja Property Markets. The research however concentrated only on the demand and supply factors but failed to look at other factors like neighborhood quality, tenant's choice of accommodation, etc.

Chukwu and Obodo (2016) examined the trends in rental values of residential properties in Enugu, Nigeria; using New-Heaven and Achara layouts. Their findings revealed that rental values of residential properties in the study area increased steadily in the past ten years (2005 – 2014) and that the rental values of residential properties in New Heaven were higher than those in the Achara layout from 2005 – 2009. The gap in the rent difference between the two layouts was reduced between 2010 – 2014 and this was found to have been attributed to the significant improvement in the infrastructural facilities in the

Achara layout. This research only centered on the availability of infrastructure which prompted this rental difference but failed to highlight other relevant causes of the trends.

Adeola & Olutope (2017) conducted a study in Nigeria that examined the relationship between public infrastructures and residential property rental values in Lagos. A questionnaire survey was used in collecting data for the study. The study population comprised of residential tenants across the low, medium, and high residential neighborhoods in the study area, as well as registered estate surveyors and valuers in Lagos state. Data obtained for the study were analyzed using both descriptive and inferential statistical tools such as frequencies, percentages, mean scores, correlations, and regression analysis. The study revealed that infrastructure provision in the study areas attracted tenants in their numbers which invariably increases demand consequently increasing the rental values of properties in the study areas. Iroham, Oluwunmi, Simon, and Akerele, (2014) assessed the trend in rental values of commercial properties along Onyemekun road, Akure Nigeria. In their work, they compared trends in rental values of purpose-built offices, converted offices, and shopping complexes in the study area. The work discovered that purpose-built office spaces commanded the highest rent and the highest rate of rent increase. They thought that in a bid to lead investors aright on the best decision of the type of property to invest their hard-earned income in, a study was conducted to assess the trends in rental values of the properties between 2006 and 2011 to discover the property with the highest trend. This research only focused on properties with the highest rent but failed to look at what triggered the sharp increase.

Kalu, Awa, Nwanekezie, Paul, and Anih (2020) did a study to analyze the trend of residential and commercial real estate investment performances in South East, Nigeria with the view to generating forecasting models for future rents and capital values of different

classes of properties in the study area. The survey method was used in carrying out the study. Questionnaires were drawn to collect the annual rents and capital values data; a regression analysis model was used to determine the trend characteristics of the property rents, capital values, and returns as well as to generate the forecasting model.

Daniel et al (2018) carried out a study on the assessment of the trend of residential properties proximate to Federal Polytechnic Ede, Nigeria to provide information for real estate investment decisions. The study found that there was a significant increase in the rental values of residential properties in the neighborhoods around the institution. This study however could not take into account the tenant's choice of choosing this accommodation nor do they take into consideration the neighborhood characteristics that might have brought about the trend.

Ankeli et al (2016) examined the impact of housing infrastructure on the trend of rental values of residential properties in the Oshogbo metropolis of Nigeria. The study revealed that properties with better conditions in terms of infrastructures and physical soundness command higher rental value trends in the study area.

Ivy and Ernest (2013) researched the factors determining residential rental values in the Accra Metropolitan Area of Ghana. They specifically explored the effect of location and property characteristics on rental values using data collected for three contrasting neighborhoods in Accra. They sampled 100 households proportionately among the areas studied. Both open-ended and close-ended questionnaires as well as oral interviews were used for data collection. Data on the monthly rental value and characteristics of the respective apartment (number of bedrooms, availability of bathrooms and toilets facilities, water and electricity supply) were obtained and analyzed using two-way contingency to cross-tabulate variables to investigate the relationship between the variable and property

characteristics. The findings of the study revealed that the effect of location characteristics on residential property rental values is significant statistically. This study is however limited to the effect of location and property characteristics on rental values.

Singh and Komal (2009) carried out a study on the prospects and problems of real estate in India. Their study was focused on the trends of commercial real estate investment rental values. Cities like Delhi, Mumbai, and Gurgaon experienced a 20-25% soar in their rental values because of the demand for independent houses by major corporate sectors who rent such houses for their senior executives. Evidence of periodic rental increase was found in sampled commercial lease agreements which specified a 15% increase in the real estate rents every three years. This study could only concentrate on commercial properties with an emphasis on single-family residential dwellings that caused a noticeable increase in their rents.

Simon and Oliver (2011) examined four alternative rental forecasting models in the context of the London office market. The forecasting ability of an Auto-Regressive Integrated Moving Averages (ARIMA) model, a Bayesian Vector Auto Regression approach, an OLS-based single equation model, and a simultaneous equation model were compared and contrasted. The models were estimated using the CB Hillier Parker London Office index over the period 1977- 1996, with out-of-sample testing undertaken on the following three years of data. Diagnostic testing was also conducted on the alternative models. The findings revealed that the Bayesian Vector Auto regression model produces the best forecasts, while the ARIMA model failed to pick up on the large uptake in rental values during the testing period.

Over the years every researcher has based their findings only on the trends in rental values of these properties without taking into consideration the property type, the type of accommodation available, and tenants' choice of accommodation as reasons behind these

trends and fluctuations. Given this, the research seeks to provide answers to this gap, the potential cause of these rental movements, and their implications on the residential property market.

2.6 Summary of Literature Reviewed

S/N	Authors	Research	Findings	Research Gap
1	Makama, J and Ishaya, Y (2007)	Cyclical dynamics in FCT Abuja property market from 1976 - 2006	They identified the major issues that affected the demand and supply of residential properties and their likely influence on the Abuja property market.	The research concentrated only on the demand and supply factors but failed to look at other factors like neighborhood quality, and tenant's choice of accommodation.
2	Chukwu, F and Obodo, A (2016)	Trends in rental values of residential properties in Enugu Nigeria using New-Haven and Achara Layouts.	Their finding revealed that rental values of residential properties in New Haven were higher than those in the Achara layout from 2005-2009. The gap in the rent difference between the two layouts was reduced between 2010-2014 and this was found to have contributed by the significant improvement in the infrastructural facilities in Achara Layouts.	The research only centered on the availability of infrastructure which prompted this rental difference but failed to highlight every other relevant cause of the trends.
3	Adeola, D.F and Olutope, S.M (2017)	The relationship between public infrastructures and residential property rental values in Lagos Nigeria.	The study revealed that infrastructure provision in the study areas attracted tenants in their study areas attracted tenants in their	The study was carried out in Lagos and it dealt with the relationship between public infrastructures

			numbers which invariably increases demand consequently increasing the rental values of properties.	and residential property rental values.
4	Iroham, Y., Oluwunmi, L., Simon, E., and Akerele, P. (2014)	Assessed the trend in rental values of commercial properties along Onyemekun Road, Akure Nigeria. They compared trends in rental values of purpose-built offices, converted offices, and shopping complexes in the study area.	The work discovered that purpose-built office spaces commanded the highest rent and the highest rate of rent increase.	The research only focused on properties with the highest rent but failed to look at what triggered the sharp increase.
5	Kalu, A., Awa, Nwanekezie, P., Paul and Anih, C. (2020)	Analyzing the trend of residential and commercial real estate investment performances in South East Nigeria with the view to generate a forecasting model for future rents and capital values of different properties.	Residential or commercial property can generate a lot of capital depending on the area.	They determined the trend characteristics of the property rents, capital values, and returns as well as generated the forecasting model.
6	Daniel, A., & Flint-Hartle, S. (2020)	Trends of residential properties proximate to Federal Polytechnic Ede Nigeria to provide information for real estate investment decisions.	The study found that there was a significant increase in the rental values of residential properties in the neighborhoods around the institution.	It dealt with trends in residential properties in Federal Polytechnic Ede
7	Olaleye, A.S. (2021)	The determinants of residential property values in Abuja,	Emphasized the importance of factors such as location, infrastructure, and amenities.	While their study provides valuable insights, it primarily relies on quantitative analysis and fails to capture the nuanced and context-specific factors that influence property values in Abuja
8	Aluko, B.T. (2015)	The impact of government policies on	Highlighted the role of regulations and	While their research sheds

		property values in Nigeria	housing finance initiatives.	light on the influence of these factors, it overlooks the supply-side factors such as land availability, infrastructure development, and cultural dynamics that shape property values in Abuja.
9	Simon and Oliver (2011)	Examine the four alternative rental forecasting models in the context of the London office market.	Their findings revealed that the Bayesian Vector Auto regression model produces the best forecasts, while the ARIMA model failed to pick up on the large uptake in rental values during the testing period.	Their research was based in London and it was to figure out the best alternative rental forecasting model.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Preamble

This chapter deals with the research methodology of the dissertation. In more detail, in this part, the research design, the research method, the research population and size, the methods of data collection, the selection of the sample, the research sample technique, and the sources of data for the project are discussed.

3.2 Research Design

The research method for this study will be quantitative as it mainly involves categorical data which seeks estate surveyors' responses in an attempt to examine property values. A well-structured questionnaire will be used to collect data from respondents, as it

allows drawing a statistical inference to be made from the study through the sample of the population.

3.3 Research Population

The population of this study is the firms of Estate Surveyors and Valuers in the study area. The research deals with the factors that influence property value, hence, data on this can only be obtained by Estate Surveyors and Valuers in the study area.

3.4 Sampling Frame

The sampling frame for this research is 226 firms of Estate Surveying and Valuation in the study area (NIESV Directory, 2024).

3.5 Sampling Size

The sampling size of this research is 144 Estate Surveying and Valuation firms, this was obtained from the sample frame using the Yaro Yamane's formula of 1967.

3.6 Data Collection

There are two types of data sources; primary and secondary sources. Primary data is a type of data that has never existed before and it is obtained directly by the researcher on the field; hence it was not previously published. Primary data is collected for a specific purpose, i.e. they are critically analyzed to find answers to research question(s). Secondary data, on the other hand, refers to a type of data that has been previously published in journals, magazines, newspapers, books, online portals, and other sources. Hence, this research will adopt both the primary and secondary data sources.

The distribution of questionnaires and interviews of respondents will be the method used to collect data for this study. Questionnaires will be distributed and completed by Estate Surveyors and Valuers in the study area, while the secondary data collection methods will be

from journals, textbooks, online portals, and literature reviews of other related topics.

3.7 Data Analysis/Technique

A simple random sampling technique is adopted to select the sample size. This is because it gives an equal chance for samples/respondents to take part in research. The criteria chosen for selecting the sample will be ballots which involve listing out of entire population of a research and attaching a number to each of the samples listed. Then, selection involves picking random samples from a box of samples thoroughly mixed to make up the required sample size.

Descriptive and Inferential analysis are used for simplicity and clarity. Data will be analyzed using Frequency tables, Means, Percentages, and Relative Importance Index (RII). This will be achieved with the aid of SPSS. Relative Importance Index (RII) **The** Relative importance index was employed for the inferential statistics as appropriate. This was used to rank the factors related to the study.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Preamble

This research focused on the factors influencing residential property values in Nigeria. The population for the research is the firms of the estate surveyors and valuers in Abuja, Nigeria. Abuja offers a variety of property types, including detached duplexes, semi-detached duplexes, detached bungalows, semi-detached bungalows, terraced bungalows, and terraced duplexes.

Some popular residential areas in Abuja include Asokoro District, Gwarinpa, Maitama District, Wuse, Maraba and Jabi.

The study adopted a random sampling technique. A sample size of 144 out of 226

sampling frames was used. Several firms that have existed for over 10 years were used to determine the sample size. The source of the study population is the Nigerian Institution of Estate Surveyors and Valuers directory [2023].

Table 4.1: Sampling frame and size

Target population	Total population	Sample size
Estate surveying firms	226	144

Source: Directories of the Nigerian Institutions of Estate Surveyors and Valuers (2024)

Table 4.1 shows the target population and sample size of the study area. Questionnaires were administered to respondents at the location to elicit information about the trends and factors influencing property values. 144 questionnaires were distributed, and 90 of them were retrieved, which amounts to a 63% retrieval rate which shows that it is reliable.

Table 4.2: Year of Establishment of Valuation Firms

Age	Frequency	Percent	Cumulative Percent
Between 1 - 5	25	27.8	27.8
Between 6 - 10	40	44.5	72.2
Between 11 - 15	15	16.7	88.9
Above 20	10	11.1	100
Total	90	100	

Source: Field survey and analysis [2024]

Table 4.2 presented above provides valuable insights into the professional landscape of estate surveyors and valuers within the study area. Notably, a substantial majority of these professionals have accumulated significant experience, having practiced for 5 years or more. This extensive year in the field suggests that they possess a deep understanding of the dynamics governing the residential property market in Abuja. The implications of this finding are the reliability of their responses is likely to be high due to their practical exposure. Having dealt with various property transactions, market fluctuations, and client interactions over the years, these seasoned professionals can offer informed insights. Their contextual understanding of Abuja's property market allows them to understand the complexities associated with investment trends, and regulatory changes.

Table 4.3: Professional Qualifications

Qualifications	Frequency	Percent	Cumulative Percent
ANIVS-10	39	43.3	43.3
ANIVS+10	34	37.8	81.1
FNIVS	17	18.9	100
Total	90	100	

Source: Field survey and analysis [2024]

The findings from Table 4.4 reveal that all respondents in the study area hold ESVARBON membership, signifying their status as registered estate surveyors and valuers. This qualification carries several important implications for their responses. Firstly, it indicates their expertise in property valuation, market dynamics, and regulatory compliance. As ESVARBON members, they adhere to industry standards and ethical guidelines, ensuring the reliability of their insights. Secondly, their membership fosters a sense of professional accountability, encouraging accurate and transparent answers. However, researchers should exercise critical judgment, recognizing that even qualified valuers may have limitations.

Table 4.4: Rental Growth Rate for 2-Bedroom and 3-Bedroom Flats in Maitama

Year	2-Bedroom	3-Bedroom	Rental Growth Rate for 2-Bedroom	Rental Growth Rate for 3-Bedroom
2014	1,500,000	1,800,000	0.00	0.00
2015	1,500,000	2,000,000	0.00	11.11
2016	2,000,000	2,500,000	33.33	25.00
2017	2,000,000	2,700,000	0.00	8.00
2018	2,500,000	3,000,000	25.00	11.11
2019	2,500,000	3,000,000	0.00	0.00
2020	2,500,000	3,500,000	0.00	16.67
2021	2,500,000	3,500,000	0.00	0.00
2022	3,000,000	3,800,000	20.00	8.57
2023	4,000,000	4,500,000	33.33	18.42

Source: Authors Field work, 2023

Rental Growth Rate for 2-Bedroom and 3-Bedroom Flats in Maraba

Source: Authors Field work, 2024

Year	Rental Growth		Rental Growth	
	2-Bedroom	3-Bedroom	Rate for 2-Bedroom	Rate for 3-Bedroom
2014	800,000	1,000,000	0.00	0.00
2015	800,000	1,000,000	0.00	0.00
2016	1,000,000	1,200,000	20.00	20.00
2017	1,000,000	1,200,000	0.00	0.00
2018	1,000,000	1,200,000	20.00	0.00
2019	1,500,000	1,700,000	50.00	42.00
2020	1,500,000	1,800,000	0.00	7.25
2021	1,600,000	1,800,000	7.50	0.00
2022	1,800,000	2,000,000	12.50	12.50
2023	1,800,000	2,000,000	12.50	12.50

Table 4.4 presents the annual rental growth rate of two-bedroom and three-bedroom residential accommodations in the Maitama neighborhood. From the research carried out it has been discovered that these classes of property are the most common and sought after in the study area. It also revealed that two-bedroom rental values performed better than the rents of three-bedroom across the two districts. However, the three-bedroom property exhibited a volatile rental growth rate with a great increase and a wider growth margin noticeable. This confirms that household size is a big factor that affects tenant's choice of accommodation and that Maitama because of its high economic nature will attract a lot of people. The rental performance of two- bedrooms also indicated a reasonable but consistent growth rate especially between the periods of 2017 to 2019 maintaining a steady flow period; hence, an indication that investment in residential property could be a very nice option in the study area.

Table 4.5: Current Demand for Residential Properties

Option	Frequency	Percent	Cumulative Percent
Very high	28	31.1	31.1
High	45	50.0	81.1
Moderate	11	12.2	93.3
Low	6	6.7	100
Total	90	100	

Source: Field survey and analysis [2024]

The data presented in Table 4.5 sheds light on the current demand for residential properties within the study area. Notably, the table reveals a significant increase in demand, which directly impacts property values. The surge in demand for residential properties aligns with the fundamental economic principle known as the law of demand. According to this law, when demand rises, prices tend to follow suit. In other words, the higher the demand for a commodity (in this case, residential properties), the higher its market price. As more buyers seek housing in the study area, the limited supply of residential properties drives up their value.

The increased demand signifies a robust real estate market in the case study location. Buyers' preferences, lifestyle changes, population growth, and economic factors contribute to this heightened demand. Developers and investors recognize this trend, leading to intensified property development and investment activities. High demand often attracts real estate investors seeking capital appreciation. Investors anticipate that property values will continue to rise due to sustained demand, making residential real estate an attractive investment option. Consequently, the study area becomes a hotspot for property investment, further fueling the demand-supply dynamics.

Table 4.6: Changes in the Demand for Residential Properties.

Options	Frequency	Percent	Cumulative Percent
Increase significantly	61	67.8	67.8
Increased slightly	24	26.6	94.4
Remain static	5	5.6	100
Decreased	0	0	
Total	100	100	

Source: Field survey and analysis [2024]

The data from Table 4.6 shows a noteworthy shift in the demand trend for residential properties within the study area. The surge in demand directly impacts property values. As more prospective buyers seek residential properties, competition intensifies. Sellers capitalize on this heightened demand by pricing their properties more competitively. The rapid increase in demand may outpace the supply of available residential units. Developers and builders need to respond swiftly to meet this demand, but construction timelines and land availability can pose challenges. The scarcity of available properties can further drive up prices, creating a supply-demand imbalance. Investors recognize the potential for capital appreciation in a high-demand market. While rising property values benefit sellers and investors, affordability becomes a critical issue for homebuyers.

Table 4.7: Factors Influencing Residential Property Values

Factors	N	Mean	Rank
Location and accessibility	90	3.00	1 st
Cost of construction	90	2.82	2 nd
State of the economy	90	2.76	3 rd
Interest rate	90	2.72	4 th
Quality of the facilities	90	2.52	5 th
Neighborhood Characteristics	90	2.39	6 th
Size of the property	90	2.17	7 th
Demand factors	90	2.11	8 th
Tenure	90	2.06	9 th
Supply factors	90	1.91	10 th

Source:**Field survey and analysis [2024]**

The high property values observed in the study area can be attributed to several key factors, as highlighted by the data; the study area boasts a prime location with desirable features. Proximity to essential amenities (schools, hospitals, shopping centers), transportation hubs, and employment centers significantly enhance property values. Accessibility to major roads, public transport, and connectivity to neighboring areas further contributes to the attractiveness of the location. The cost of constructing residential properties directly influences their market value. High-quality construction materials, skilled labor, and modern architectural designs contribute to elevated construction costs. Buyers are willing to pay a premium for well-built homes that offer durability, safety, and aesthetic appeal.

Economic stability and growth positively correlate with property values. During prosperous periods, demand increases, investor confidence rises, and property prices follow suit. While not emphasized in the table, tenure factors (such as leasehold versus freehold) play a role.

Properties with secure tenure (freehold ownership) tend to command higher values due to reduced risk and long-term ownership rights. The availability of housing supply affects property values.

Limited supply relative to demand can drive up prices. Factors like land scarcity, zoning regulations, and housing development policies impact supply.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Preamble

This chapter presents the discussions of the findings of the study, conclusion, and recommendation. This procedure adopted is that the three research questions were discussed about the findings made on them.

5.2 Summary of Findings

The findings of the study have indicated that variables that mainly influence the value of residential property in the study area are: location, cost of construction; type of structure/quality of facilities; the average number of rooms; change in maintenance cost; title/size of the land; neighborhood attributes and characteristics; inflation impact; size and structural characteristics and state of supply in the property market.

1. Residential property values in Abuja are influenced by several key factors. First, location and accessibility play a crucial role. Properties situated in prime locations with easy access to amenities, transportation, and commercial centers tend to have higher values. Accessibility to major roads, schools, hospitals, and shopping centers attracts potential buyers and drives up property prices. Another significant factor is the cost of construction. High-quality construction materials, skilled labor, and modern architectural designs contribute to the overall value of residential properties. Well-constructed homes are more appealing to buyers and investors, leading to increased demand and higher prices. Additionally, the state of the economy impacts property values. During economic booms, property values tend to rise due to increased consumer confidence, job growth, and investment. Conversely, economic downturns can lead to decreased demand and lower property values. Other factors such as security, availability of basic infrastructure (water, electricity, sewage), and proximity to green spaces also influence property

values. Investors and homebuyers consider these aspects when evaluating residential properties.

2. The high demand for residential properties in Abuja contributes to their elevated values. According to the first law of demand, as the price of a good (in this case, residential properties) decreases, the quantity demanded increases. Conversely, when prices rise, demand decreases. In Abuja, the growing population, urbanization, and migration from rural areas have led to increased demand for housing. As more people seek homes, property values rise due to scarcity and competition.

3. Estate surveyors and valuers in Abuja play a critical role in guiding investors. Their years of experience and expertise allow them to assess property values accurately. They consider various factors, including market trends, location, property condition, and economic indicators. Their knowledge helps investors make informed decisions, ensuring that they invest in properties with growth potential.

4. Among the factors influencing property values in Abuja, location and accessibility remain paramount. Properties close to business districts, government offices, and essential services command higher prices. Additionally, the cost of construction directly affects property values. Quality construction materials, modern amenities, and efficient designs contribute to higher valuations. Lastly, the state of the economy impacts property values cyclically, reflecting overall market conditions.

5. While occupancy rate and household income play a role, they have a relatively lower impact on property values. Occupancy rate refers to the percentage of occupied properties in a given area. While it affects rental income, it doesn't significantly sway property values. Household income influences affordability but doesn't directly determine property prices.

5.3 Conclusion

Abuja's real estate market thrives due to a combination of strategic factors. Stakeholders should adopt a forward-thinking approach, considering long-term sustainability and ethical practices. By aligning actions with these findings, they can contribute to a thriving and enduring property market. The market demonstrates resilience, with consistently high property values. The sustained demand for residential properties reflects the city's attractiveness to buyers, investors, and residents. As urbanization continues and economic opportunities expand, the upward trajectory of property values is likely to persist.

Location remains paramount. Properties near essential amenities, business districts, and transportation hubs command premium prices. The state of the economy significantly influences property values. Economic stability fosters investor confidence and stimulates demand. Quality construction materials and finishes justify higher prices, emphasizing the importance of well-built homes.

5.4 Recommendations

Based on the research findings, here are ten recommendations for stakeholders involved in the Nigerian real estate market, particularly in Abuja:

1. Government and Regulatory Bodies:

Urban Planning and Infrastructure: Invest in sustainable infrastructure development to accommodate population growth and enhance property values. Prioritize roads, utilities, and public spaces.

Policy Stability: Provide consistent regulatory frameworks for real estate development. Clear guidelines foster investor confidence and attract long-term investments.

2. Investors:

Diversification: Beyond residential properties, explore commercial real estate, land, or

mixed-use developments. Diversifying portfolios mitigates risk and ensures stability.

Long-Term Vision: Consider long-term appreciation rather than short-term gains. Patient investment strategies yield better results.

3. Estate Surveyors and Valuers:

Continuous Learning: Stay updated on market trends, and regulatory changes. Attend workshops and professional development programs.

Ethical Practices: Uphold transparency, honesty, and professional standards. Professionalism builds trust with clients.

4. Developers and Builders:

Quality Over Quantity: Prioritize well-constructed properties over rapid development. Quality materials and finishes enhance long-term value.

Sustainable Design: Incorporate eco-friendly features. Energy-efficient buildings attract environmentally conscious buyers.

5. Homeowners

Maintenance: Regular upkeep preserves property condition and value. Address repairs promptly.

Community Engagement: Active participation in community development positively impacts property values. Support neighborhood initiatives.

5.5 Suggestions for Further Studies

While this study provides valuable insights, there are several avenues for further research:

1. Conduct a longitudinal study to track changes in residential property values in Abuja over an extended period, allowing for a deeper analysis of trends and patterns over time. This would provide insights into how property values evolve in response to various factors such as economic conditions, policy changes, and urban development.

2. Explore the spatial distribution of residential property values within Abuja to identify hotspots, trends, and disparities across different neighborhoods, districts, or housing markets. Spatial analysis techniques such as Geographic Information Systems (GIS) can be used to map property values and analyze spatial relationships with factors such as proximity to amenities, infrastructure, and socioeconomic characteristics.
3. Supplement quantitative analysis with qualitative research methods such as interviews, focus groups, or case studies to gain a deeper understanding of factors influencing residential property values from the perspectives of stakeholders such as residents, developers, policymakers, and real estate professionals.
4. Compare trends and factors influencing residential property values in Abuja with other cities or regions within Nigeria or internationally. Identify similarities, differences, and lessons learned from other contexts to inform strategies for sustainable urban development, housing affordability, and property value enhancement in Abuja.

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APPENDIX

UNIVERSITY OF BENIN

FACULTY OF ENVIRONMENTAL SCIENCES

DEPARTMENT OF ESTATE MANAGEMENT

QUESTIONNAIRE ON INVESTIGATING THE TRENDS AND FACTORS

INFLUENCING RESIDENTIAL PROPERTY VALUES IN NIGERIA

Dear Respondent,

I am an undergraduate student of the above Department and Institution, researching on Analyzing Factors Influencing Residential Property Values in Maitama and Marba FCT Abuja, Nigeria as part of the requirement for the award of a B.Sc. Degree in Estate Management. I shall be grateful if you assist me by answering the questions below prudently. The exercise is purely academic and does not intend to expose the respondent in any form. All information supplied would be treated with utmost confidence.

Thanks for your candid cooperation.

Yours faithfully,

EZUMEZU, Rejoice A.

Please specify by filling in and ticking the correct information.

1. Name of Firm? _____
2. What is the year of Establishment of your firm? (a) 1-5 [] (b) 6-10 [] (c) 11-15 []
(d) 16-20 [] (e) Above 20 []
3. What is the professional qualification of the respondent? (a) ANIVS [] (b) FNIVS
[] (c) RSV [] (d) Others, please specify _____
4. What is the year of experience of the respondent? (a) 1-5 [] (b) 6-10 [] (c) 11-15 []
(d) 16-20 [] (e) Above 20 []
5. How would you rate the current demand for residential properties in your area? (a)
Very high [] (b) High [] (c) Moderate [] (d) Low []
6. Have you noticed any changes in the demand for residential properties over the past
year? (a) Yes, it has increased significantly [] (b) Yes, it has increased slightly [] (c) No, it
has remained stable [] (d) No, it has decreased []
7. In your opinion, which factor do you think has the greatest influence on the value of
residential properties? (a) Location/accessibility [] (b) Demand [] (c) Income []
(d) Returns on other alternative investment [] (e) Others, please specify

8. Please rate the importance of the following factors influencing the value of residential properties in Abuja. 1 = Not important, 2 = Low Importance, 3 = Undecided, 4 = Important, 5 = Very Important

S/N	Factors	Very Important	Important	Undecided	Low Importance	Not Important
1	Cost of construction					
2	Location and accessibility					
3	State of the Economy					
4	House Income					
5	Interest rate					
6	Neighbourhood characteristics					
7	Competition					
8	Demand factors					
9	Supply factors					
10	Tenure					
11	Returns on alternative investment					
12	Size of the property					
13	Quality of the facilities					

9. How do you think the identified factors affect the value of residential properties? (a) They have a significant positive impact on property value [] (b) They have a moderate positive on property value [] (c) They have a minimal impact on property value [] (d) They hurt property value []