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JOURNAL HOMEPAGE



## An Assessment of the Effect of Property Management on Residential Property Values in Makurdi Metropolis, Benue State, Nigeria

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### ABSTRACT

The researchers carried out an assessment of the effect of property management on residential property values in Makurdi Metropolis, Benue State Nigeria. Survey research design was used while a sample of two hundred and eighty seven (287) respondents made up of property managers and landlords in the study area were used. The instrument of data collection is a structured questionnaire. The multiple linear regression analysis was used to estimate the effect of the independent variables of the study on the dependent variable. The hypotheses of the study were tested using the probability value of the regression estimates. The findings of the study shows that physical property maintenance has a positive and significant effect on residential property values in Makurdi Metropolis Benue State and this finding is in line with a priori expectation. The result of the second specific objectives of the study shows that debt and risk management has a negative on residential property values in the study area but the effect is not statistically significant ( $p > 0.05$ ) and not in line with the stated a priori expectation. Findings from the third objective of the study shows that variable of minimizing expenses has a positive and significant effect on residential property values in Makurdi Metropolis, Benue State, Nigeria. It was concluded that physical property maintenance and the variable of minimizing expenses are positive and significant determinants of residential property values in the study area. It was recommended among others that qualified professionals should be appointed to be in charge of property management through the enforcement of regulatory framework that will curtail the proliferation of unlicensed property managers by real estate investors.

**Keywords:** Residential, Property Managers, Debt, Risk, Property Maintenance, Benue, Nigeria.

### I INTRODUCTION

The motive for investing in real estate may be to boost personal ego, for speculative, precautionary and investment purposes. Speculative motive entails acquisition of real estate in anticipation of increase in price or

utility to be derived in the future. The consumer of real estate for this purpose is concerned with future highest net gains when the property is offered for sale or lease. A consumer of real estate for precautionary motive is concerned with acquisition of real estate at the lowest price

possible to cater for anticipated or unforeseen adverse situation. The investment motive is concerned with inflow of rental income, capital growth, outgoings, and net rental income on a regular basis. The investor is also concerned with security of the property.

Property management seeks to advise on the establishment of an appropriate framework within which to achieve the set out objectives of the property owner and particularly to have regard to the purpose for which the estate is held. This is examined under two (2) dimensions namely; i. to maintain the investments in the property and ii. to maintain the physical aspects of the property at a point of optimum efficiency and economy. The former covers administrative and executive functions in the fields of economics and finance and the latter covers technological functions towards maintenance of property. Inherent in this approach are the property management duties which include negotiating lettings on suitable terms, initiating and negotiating rent reviews and lease renewals, ensuring proper maintenance and seeing to it that the concerned parties do not contravene the terms and conditions of the lease contract. Additional duties would be; the marketing of space, advertising, and securing desirable tenants at the best rates obtainable; physical care of the premises and attendance to the tenants complaints; purchases of supplies and equipment and expenditures for repairs and; keeping proper accounts and rendering periodic reports. It is worth noting that though under normal circumstances, the overall objectives of property management would be maximization of income and capital by an investor or developer, there may often be property held for non-profit purposes (Haw, Janet, Lim, Ngoo, Nur and Mohd, 2019). The dimension of property management used in this article is the one

proposed by Chasse (2014) where property management is proxied by physical property maintenance, managing debt and risk and minimizing expenses. These are explained in the following paragraphs.

Physical property maintenance is, no doubt, an essential aspect of property management. Everyone knows the importance of maintenance for a property, but keeping up with it all can be challenging. Any property that lacks proper support will be subject to degradation due to continued use. In such a facility, dirt will accumulate, lawns will grow, the painting will fade or peel off, the plumbing will leak (Olayinka, Funsho and Ayotunde, 2013). The purpose of property maintenance is to avoid these kinds of degradation; it aims to keep your property in top-notch condition and keep your residents safe and satisfied.

Debt and risk management are realities in the real estate business. At times you might have some uncooperative tenants, or tenants can make poor decisions. Disasters can happen, and in some cases, revenue is lost. Although it is impossible to avoid debt and risks in property management, an excellent property manager can help you institute some best practices to minimize these challenges. According to Oladokun & Ojo (2011), a knowledgeable property manager uses a preventive maintenance approach to avoid waiting for problems that need repair and maintenance to crop up. The idea is that it is usually less expensive to replace or fix a problem early than to wait until it gets out of hand. Protecting your properties is an essential aspect of debt and risk management.

Minimizing of expenses can be linked to when property managers help in installing cost-saving

structure like running taps and installation of prepaid electricity meters which can accurately calculate the cost per consumption of electricity for tenants living in the house (Otty, Nwosu & Okoro (2021). Reducing water costs is done by calibrating toilets, installing, smart faucets, shower regulators, and aerators. All these techniques are intended to monitor and regulate the amount of water that each resident uses in these applications. To cut down on electricity, a property manager helps the owner change from conventional bulbs to LED bulbs. All these innovative technologies go a long way in bringing down the amount and cost of water and electricity used in your property.

*Property value* refers to the fair market value of a given piece of property, though the actual price of the property may be higher or lower. The determinants of property values can be grouped into many factors. Oyedele (2013), for instance, identifies four main factors that affect demand for properties namely; price, location, environmental attributes and macro attributes like inflation and interest rate.

### **Statement of Problem**

Shelter is a basic necessity in life. An individual can satisfy this need by either occupying his own (owner's occupier) property or leasing another person's property. In our traditional society, the need for shelter is mainly met through the first alternative that is owner occupation. With the emergency of urban centers', the situation has changed. Many people are no longer able to own property because of the difficulty in the acquisition of land and the high cost of building construction. Therefore, they are left with the alternative to lease other people's properties in order to satisfy their need for shelter. Consequently two (2) classes of urban resident have emerged, the landlord and the tenant

under this arrangement the tenant pays to the landlord a certain amount of money in consideration for his use of the landlord's house.

Property management therefore becomes imperative in order to prolong the lifespan of the properties being rented for either commercial or residential purposes. Management of residential properties, not only covers rent collection, repairs and maintenance but also other aspects of good management like managing debt, risk and cost reduction during management (Bello, 2000). The importance of management of residential properties has become so technical that the knowledge and services of competent property managers are required to perform the task. Unfortunately, many people that go into the property management business lack the requisite knowledge to effectively manage the various aspects that is required for the much needed benefit which the property owners anticipates (Oladokun & Ojo, 2011). Successful property management is a demanding activity which requires relevant understanding, ability and appropriate technical and organisational skills as well as resources to successfully maintain and improve property value through to its obsolescence. The poor knowledge in this area by the actors in the industry has led to the reduction in residential property values. This has led to loss of revenue, litigation between tenants and landlords and faster depreciation of properties especially in Makurdi Metropolis, Benue State, Nigeria. It is in the light of the above submission that the researchers are poised to examine how property management affect residential values in the study area.

### **Objectives of the Study**

The main objective of the study is to examine the effect of property management on residential property values in Makurdi Metropolis, Benue State Nigeria. The specific objectives are to:

- i. Determine the effect of physical property maintenance on residential property values in Makurdi Metropolis, Benue State, Nigeria
- ii. Assess the effect of debt and risk management on residential property values in Makurdi Metropolis, Benue State, Nigeria.
- iii. Examine the effect of minimizing expenses on residential property values in Makurdi Metropolis, Benue State, Nigeria.

### **Hypotheses of the Study**

- H<sub>01</sub>: Physical property maintenance has no significant effect on residential property values in Makurdi Metropolis, Benue State, Nigeria.
- H<sub>02</sub>: Debt and risk management has no significant effect on residential property values in Makurdi Metropolis, Benue State, Nigeria.
- H<sub>03</sub>: Minimizing expenses has no significant effect on residential property values in Makurdi Metropolis, Benue State, Nigeria.

## **II LITERATURE REVIEW**

### **Conceptual framework**

#### **Concept of Property Management**

Property management is the direction, supervision and controlling of an interest or interests in landed properties with the aim of obtaining optimum returns (Johnson, Davies & Shapiro 2005). Property management seeks to control property interest having regard to short and long term objectives of the estate owner and particularly to the purpose for which the interest is held, to negotiate rent reviews and lease renewals, to oversee physical maintenance and enforcement of lease covenants, to be mindful of the necessity of upgrading and merging interests where possible to recognize opportunities for the

development of potential and to fulfill the owner's legal and social duties to the community.

Property management is the management of existing structures erected on land with the aim of securing the optimum return which need not always be financial but may be in terms of social benefit, status e.t.c. It is also the general administration of landed property on behalf of the owners usually known as the clients by the property manager. Maintenance is the combination of all technical and associated administrative actions intended to retain an item in, or restore it to a state in which it can perform its required function

#### **Concept of Residential Property values**

Property value refers to the fair market value of a given piece of property, though the actual price of the property may be higher or lower. Property value takes into account the size and location of the property, as well as any improvements on the land (Udoka, 2013). People use property value when buying or selling property and when calculating property taxes. Property values reflect the probable price of a given property at a given time. The actual sale price of a given piece of property may be higher or lower than the appraised value, depending on what information the buyer and seller have, how badly one or the other wants to buy or sell the property and any extras the seller throws in to entice the buyer.

Location, size and improvements factor most prominently into property values. The improvements factor can be further broken up into important categories; for example, the type, size and condition of any buildings on a piece of property can dramatically affect the property's value. Professional appraisers working for different entities (real estate companies, tax-

collecting departments) use the sales history and trends of similar properties in nearby areas to estimate the value of a given property, as well as interviews and tax histories (Yusuff, 2016). Property values are important in real estate deals, and it is not uncommon for both the buyer and seller to go over the property tax history of a given property and hire independent professional appraisers. Property values also play an important role in areas with property tax, as owners are required to pay extra tax to local authorities depending on the estimated property value

### **Theoretical Framework**

#### **Contingency Management Theory**

The main concept behind the contingency management theory is that no one management approach suits every organization. There are several external and internal factors that will ultimately affect the chosen management approach. The contingency theory identifies three variables that are likely to influence an organization's structure: the size of an organization, technology being employed, and style of leadership. Fred Fiedler is the theorist behind the contingency management theory. Fiedler proposed that the traits of a leader were directly related to how effectively he led. According to Fiedler's theory, there's a set of leadership traits handy for every kind of situation. It means that a leader must be flexible enough to adapt to the changing environment. The contingency management theory can be summed up as follows:

There is no one specific technique for managing an organization. A leader should be quick to identify the particular management style suitable for a particular situation. The primary component of Fiedler's contingency theory is LPC – the least preferred co-worker scale. LPC

is used to assess how well oriented a manager is. This theory is very important to this study as the knowledge of the property manager is very important to bring about a successful management of the property. What to do and how to do it is a purely leadership issue which controls the success or otherwise of the value of residential property especially in the study area.

#### **Empirical Review**

Adamu and Ogu (2021) evaluated the Effect of Landlord and Tenant Relationship on Property Values in Makurdi Metropolis, Benue State, Nigeria. A sample of 158 respondents was used and information was obtained by the use of a structured questionnaire. The data obtained were analyzed using multiple regression analysis while the hypotheses of the study was tested using the probability value of the regression estimate. The result of the study indicates that rent default (RTD) and tenant eviction (TEV) both have negative effects on property values (PPV) in Makurdi Metropolis Benue State, Nigeria and the effects are statistically significant ( $p < 0.05$ ) and in line with a priori expectation. However, property damage has a positive effect on property values (PPV) in Makurdi Metropolis Benue State and the effect is not statistically significant ( $p > 0.05$ ) and not in line with a priori expectation. It was concluded that maintaining healthy landlord-tenant relationship in a residential property is a pre-requisite for societal advancement and growth. It was recommended among others that eviction can be avoided if communication is improved between the tenant and the landlord on any area of conflicts identified by both parties to the lease.

Ibrahim & Olatoye (2013) examined Tenant Eviction in Property Management Practice in Ilorin Metropolis, Nigeria his paper examines the causes and methods of tenant eviction in

property management practice in Ilorin metropolis, Nigeria with a view to suggesting measures aimed at reducing its incidence. The sixteen (16) registered estate surveyors and valuers in the study area were surveyed with a structured questionnaire. Data collected were analyzed using descriptive statistics. The study's result revealed that rent default which accounted for 57.66 percent of the reasons for evictions was the most important. The most significant method adopted for evicting tenants was quit notice.

Igwenagu, Emoh & Obineme (2018) carried out an examination of causes of tenancy disruption and its effects on property investment in Anambra State, Nigeria. The sample size was determined using simple random sampling technique. 396 questionnaires were administered by simple random sampling technique to respondents in three (3) major cities in Anambra State namely: Awka, Nnewi and Onitsha. Results obtained revealed that non-payment of rent, habitual late payment of rent and breach of contract are the most important circumstances that results in tenancy disruption in Anambra State while loss of income to the landlord/investor, void on properties and delayed mortgage loan repayment are the most important effects of tenancy disruption in the study area.

Kuma (2017) evaluates the satisfaction of residents with residential property management services in Kubwa, a residential neighbourhood in Abuja, Nigeria. To achieve this, the study measures the levels of satisfaction of residents with their dwelling units (buildings) and management service delivery. It also analyzed the relationship between residential satisfaction and residents' willingness to remain in their current dwellings over a period of time. Data

was collected mainly through a structured questionnaire survey distributed to 330 residents with a response rate of 68%. The analysis was made with the use of descriptive statistics, residential satisfaction index and linear regression technique. Findings revealed that residents are moderately satisfied with their overall residential dwellings which include buildings and management service components (63.2%). However, between the two residential components, they were highly satisfied with their buildings (76.2%) but expressed rather very low satisfaction with the quality of management services provided. It was also found that the residents' overall level of satisfaction did not influence significantly their decision to continue to stay in their residential dwellings ( $R^2=0.123$ ). The study recommends adoption of satisfaction evaluation as part of property management routine feedback; will enable the property managers to improve the quality of service delivery.

Owusu-Ansah (2012) examined the impact of housing characteristics on residential property values in Kumasi, Ghana, African Real Estate Society Conference in Accra, Ghana using a hedonic pricing model, over a six-year period. It is established from the analysis that: the number of rooms, floors, and property age; location of the property; availability of garage, fence wall and swimming pool; and land registration; all influence residential property values in urban Ghana, with the residential class where the property is located having the greatest impact. Employing the Chow Test, the results show that the implicit prices of the housing characteristics are constant over time, so it is justified to pool the data together. Over the six-year period, there has been about 49% increment in property values in Kumasi. The paper provides useful insights regarding the

determinants of residential property values in the housing market of urban Ghana – these are very relevant to market participants and professionals in the market. It has also questioned the use of the replacement cost method as the basis of property rating in Ghana since it ignores the value of land on which the property is situated.

Onyekwelu (2009) studied the management of multi-tenanted low-income residential properties in Nigeria, a case study of Enugu Metropolis, Nigeria. The research adopted case study and survey research methods. The study was based on Enugu metropolis. The survey approach used a 47 item questionnaire that collected participants' perception of management of multi-tenanted low-income residential properties. Stratified random sampling technique was used in participant selection because of the difference in the characteristics of the samples. A total of 545 respondents who were either tenants residing in multi-tenanted low-income residential properties, estate surveyors and valuers, and some property owners were randomly selected. Only 436 out of the 545 participants responded, representing 80% of the distributed questionnaire. Being a survey design that tested the correctness of the observed frequency of responses, percentage distribution was initially used to describe the pattern of responses of the participants while non parametric binomial test statistics was used to test the statistical significance of the observation.

Results of the study revealed that a significant number of the participants do not know what property management practices are and therefore it is not sought for or employed. Furthermore, a cross section of multi-tenanted low income yielding property owners prefers to

manage their properties themselves. They also want to use new materials for aesthetic purposes or in effort to reduce construction cost do not have thought for future maintenance. Lack of fair rent to cover maintenance cost and non periodic rent to arrest the effect of galloping inflation in the economy poses a lot of problem for the property manager. This was seen by the fact that most participants supported the management of multi-tenanted low income residential properties. The research concluded that property management is as important as property development as the lack of it eventually diminishes the national housing stock, apart from constituting a waste of scare economic resources

Omar & Waleed (2019) examine the impact of property management in maintaining the value of residential product in Saudi Arabia. The paper reviewed a comparison of two property models: the first is managed by the property management system, and the second is managed by the owner only. In addition, the field questionnaire was used and distributed to a sample of the study community consisting of 125 real estate management institutions and real estate office in Riyadh. The results of the analysis indicate that property management contributes to raising the quality of the residential product and maintaining its market value. The residential product which managed by the property management system loses 10% of its value after 5 years. On the other hand, the product that managed by the owner loses more than 50% of its real value after 5 years. The paper proposes to strengthen cooperation between governmental and private institutions to establish a Real Estate Data Center (REDC) for the classification of residential properties subject to the criteria of management, quality and economic cost.



Otty, *et al.*, (2021) analyzed the impact of property management on commercial property values in Awka, Anambra state Nigeria. The sample frame consists of 35 Registered Estate Surveyors and Valuers, 32 Landlords and 107 tenants in Awka, Anambra State Nigeria. Data were collected through the administration of a questionnaire. A total of 174 questionnaires were distributed to the respondents, out of which 161 were retrieved. Data obtained were analyzed using table, percentage and mean. Respondents were required to scale the impact factors base on five points Likert scale. From the analysis, property management contributes to improving commercial property value, Property management improve the state of maintenance of commercial property and property management improve the conditions of commercial property environment etc. ranked 1st, 2nd and 3rd respectively. The results of the analysis indicate that property management contributes to raising the quality of commercial property and maintaining its state and market value. The findings of the study further revealed that property management have significant impact on commercial property values. The study recommends that property owners should employed the services of property managers (Estate Surveyors and Valuers) in the management of their property to keep their property in highest market value

Ernest & Ebiwari (2019) investigates the impact of property maintenance on property rental values in Port Harcourt: A case study of D/line Housing. The population of the study consists of 119 firms of estate surveyors and valuers practicing in Rivers State and 230 tenants occupying blocks of 2 and 3 bedroom flats in the study area. The study used purposive sampling techniques with sample size of 238 respondent. Data obtained were analyzed using percentage,

mean, and chart. The finding showed that preventive maintenance practices are adopted in property maintenance to reduce expenses on maintenance and enhance its value. The study further revealed that lack of sufficient funds is the most prevalent factor that affects property maintenance. The study recommends that preventive maintenance practices should be adopted by property managers to ensure adequate preservation of the building and its elements to enhance its values. Some percentage of rent should be set aside annually to prevent lack of sufficient fund to carryout maintenance.

Ankeli *et al.*; (2015) focus on housing condition and residential property rental values in Ede, Nigeria. Two sets of questionnaire were distributed to tenants/ landlords of rented residential properties and estate surveyors and valuers. A total of 300 questionnaires were administered on the respondent using systematic Random sampling techniques. The data collected were further analyzed with the aid of both descriptive and inferential analytical techniques. The researcher stated that properties with better conditions in terms of infrastructures and physical soundness command higher rental values that investment in residential property development will in the next three years continue to enjoy and maintain an upward growth rate. In the recommendation it was suggested that there is need for property owner / developers and users to be educated on the need for the provision of basic infrastructure and sustainable maintenance culture. He further recommended that government should make policies aimed at defining environmental housing quality standard and provide supervisory agency that will be responsible for the monitoring and implementation of housing standards.

### III RESEARCH METHODOLOGY

#### Research Design

This study adopted the survey research design in examining the subject matter under study. It is a quantitative research method used for collecting data from a set of panel or respondent. Survey is important because it allow researchers to collect a large amount of data in a relatively short period.

#### Population of the Study

The populations used for this study comprise landlords and Estates Surveyors and Valuers in Makurdi Metropolis, Benue State Nigeria. There are about 37 registered estate and property managers in Makurdi Metropolis. The managers of each of these estate agencies were studied thus giving a population of 37 residential managers. 50 Landlords from High Level, Wurukum, Wadata, North Bank and Fiidi formed the population of this study. Thus, bringing the total population of landlords to two hundred and fifty (250). Hence, the total population used for the study is two hundred and eighty seven (287).

#### Sampling Technique

The researcher adopted judgmental sampling method which considers based on the expert knowledge of the researcher to make the most appropriate choice of the sample to be used in the study.

#### Sample Size

When the population of the study is not large, it can equally be taken as the sample of the study.

Hence, the sample size for the study is The sample size for the study is two hundred and eighty seven (287).

#### Methods of Data Collection

Data for this study was collected using structured questionnaire which is based on five point Likert scale. Due to the nature of the study, primary data was mainly used for obtaining the data for the study.

#### Validation of Instrument

Content and construct validity was used for this study. The content validity was carried out by experts contributions in terms of wording and rewording of the items in the questionnaire while construct validity was carried out using exploratory factor analysis as shown in Table 1.

**Table 1: Kaiser-Meyer-Olkin and Bartlett's test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.896
Bartlett's Test of Sphericity	Approx. Chi-Square	5.594
	df	6
	Sig.	.016

**Source:** Author's Computation using SPSS 23.0

As shown by the result of the exploratory factor analysis Kaiser-Meyer-Olkin (KMO) measure for the study's 4 variables items is 0.896 with Barlett's Test of Sphericity (BTS) value to be 6 at a level of significance  $p = 0.016$ . The KMO result in this analysis surpasses the threshold value of 0.50 as recommended in literature. Therefore, we are confident that our sample and data are adequate for this study.

**Table 2: Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.481	37.025	37.025	1.481	37.025	37.025	1.294	32.359	32.359
2	1.050	26.253	63.279	1.050	26.253	63.279	1.237	30.920	63.279
3	.939	23.468	86.746						
4	.530	13.254	100.000						

Extraction Method: Principal Component Analysis.

**Source:** Author's Computation using SPSS 23.0

The Total Variance Explained table shows how the variance is divided among the 4 possible factors. Two factors have eigenvalues (a measure of explained variance) greater than 1.0, which is a common criterion for a factor to be useful. When the Eigenvalue is less than 1.0 the factor explains less information than a single item would have explained. Table 2 shows that the Eigenvalues are 1.481 and 1.050 are all greater than 1. Component one gave a variance of 32.359 while Component 2 gave the variance of 30.920. As shown by Table 2 above on the rotated sum of squared loadings section, two components i.e component 1 and 2 accounts for 63.279% of the variance of the whole variables of the study. This shows that the variables have strong construct validity.

**Reliability of Instrument**

**Table 3: Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.861	.912	4

**Source:** Author's Computation using SPSS 23.0

Table 3 shows the reliability statistics which indicates that the Cronbach Alpha value is 0.861. Reliability Cronbach Alpha statistics of 0.70 is considered adequate and reliable for

social science research, hence the questionnaire for our study is reliable.

**Model Specification**

The model specification is given by the implicit and the explicit relationship that exists between the variables of the study in the function specified below:

$$RVA = f(\text{PPM, DRM, MME}) \quad [i]$$

Where,

- RVA = residential property values
- PPM = physical property maintenance
- DRM = debt and risk management
- PPD = minimizing expenses

The explicit form of the model can be stated as follows.

$$RVA = \beta_0 + \beta_1RTD + \beta_2TEV + \beta_3PPD + U_t \quad [ii]$$

Where,

- $\beta_0$  = Constant or intercept
- $U_t$  = Error terms

*A priori* expectation

Physical property maintenance, debt and risk management and minimizing expenses are expected to have a positive effect on residential values. There is no theoretical and empirical consensus on the sign and magnitude, but we expect a greater than 50 percent.

**Data Analysis Techniques**

In this study, the multiple regression analysis was be used to determine how variables of property management namely; physical property

maintenance, debt and risk management and minimizing affects residential values in the study area. The probability value of the estimate was used to test the 3 hypotheses for this study at 95 percent confidence level.

#### IV RESULTS AND DISCUSSION

##### Regression Analysis

The discussion of the result of the study starts with examination of diagnostics test such as that shown in figure 1 which looks at whether the data used in the study is normally distributed.

Testing the basic assumption of normality

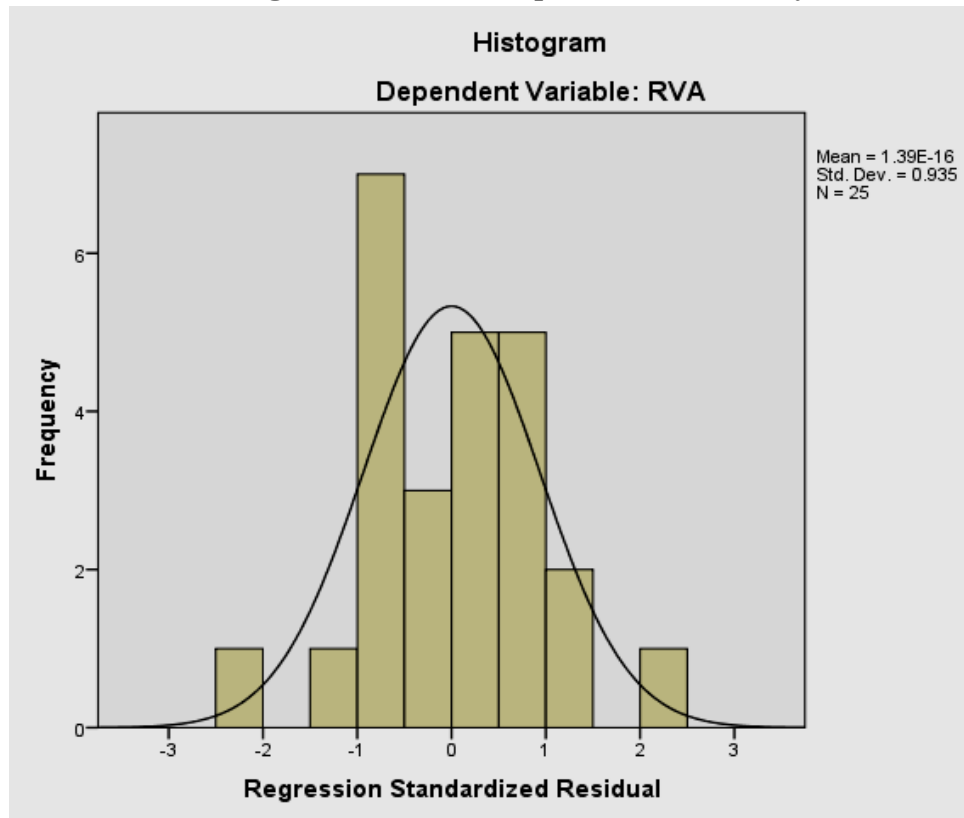


Figure 1: Regression standardized residual

Source: Author's Computation using SPSS 23.0

The plot of the residuals versus predicted dependent variable of residential values (RVA) shows that the distribution is normal. Thus

implying that there is no problems with the assumption that the regression residuals are not normally distributed.

Table 4: Statistical Significance of the model

ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	183.237	3	61.079	1.191	.034 <sup>b</sup>
	Residual	1076.763	21	51.274		
	Total	1260.000	24			

a. Dependent Variable: RVA

b. Predictors: (Constant), MME, DRM, PPM

Source: Author's Computation using SPSS 23.0

The model fitness for this study is given by the probability of the analysis of variance shown in Table 4. The result shows a probability value of

the estimate that is less than the benchmark value of five (5) percent significance level. This show that the robustness of the model.

**Table 5: Model summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891 <sup>a</sup>	.794	.692	7.16061

a. Predictors: (Constant), MME, DRM, PPM

b. Dependent Variable: RVA

**Source:** Author's Computation using SPSS 23.0

Table 5 shows the value of the coefficient of determination  $R^2$  as 0.794. This means the variations in the dependent variable of the model have been explained by the independent

variable by 79.4%. While 20.6% of the variation was due to error term not captured by the explanatory variables of the model.

**Table 6: Regression coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	17.277	8.659		1.995	.059		
	PPM	.489	.127	.385	3.850	.004	.906	1.104
	DRM	-.125	.195	-.135	-.641	.529	.911	1.097
	MME	.787	.321	.576	2.452	.012	.994	1.006

a. Dependent Variable: RVA

**Source:** Author's Computation using SPSS 23.0

### Results and discussion

The first specific objectives of the study examine the effect of physical property maintenance on residential property values in Makurdi Metropolis, Benue State, Nigeria. Regression result in Table 6 shows that physical property maintenance has a positive and significant effect on residential values in Makurdi Metropolis Benue State and this finding is in line with *a priori* expectation. Using the probability value of the estimate, we reject the null hypothesis and accept the alternative. This implies that physical property maintenance has a significant positive

effect on residential property values in Makurdi Metropolis, Benue State, Nigeria. This finding contradicts that of Adamu and Ogu (2021) who evaluated the Effect of Landlord and Tenant Relationship on Property Values in Makurdi Metropolis, Benue State, Nigeria and found that damage has a positive but insignificant effect on property values in Makurdi Metropolis Benue State, Nigeria.

However, Otty *et. al.*, (2021) who analyzed the impact of property management on commercial property values in Awka, Anambra state Nigeria found that property management improve the

state of maintenance of commercial property and property management improve the conditions of commercial property environment.

The second specific objectives of the study examine the effect of debt and risk management on residential property values in Makurdi Metropolis, Benue State, Nigeria. The result shows that debt and risk management has a negative on residential values in the study area but the effect is not statistically significant ( $p > 0.05$ ) and not in line with the stated *a priori* expectation. Using the criteria of the probability value of the estimate to test the hypothesis of the study, the result shows that we accept the null hypothesis as the probability value of the estimate is greater than the critical value of 0.05. Hence, we accept that debt and risk management has no significant effect on residential property values in Makurdi Metropolis, Benue State, Nigeria. This finding is in line with that of Ibrahim & Olatoye (2013) who examined Tenant Eviction in Property Management Practice in Ilorin Metropolis, Nigeria and found that default in payment of rent accounted for 57.66 percent of the reasons for evictions was the most important. Management of debt and risk such as in scheduled payment play a lot of critical role in property values.

Findings from the third objective of the study shows that variable of minimizing expenses has a positive and significant effect on residential property values in Makurdi Metropolis, Benue State, Nigeria. The finding is in line with *a priori* expectation. This means that a unit increase in variable of minimizing expenses will lead to a corresponding increase in residential values in Makurdi Metropolis, Benue State, Nigeria by a margin of 57.6 percent. The result of hypothesis three show that minimizing

expenses has a positive and significant effect on residential values in Makurdi Metropolis, Benue State, Nigeria. This finding is in line with that of Ernest and Ebiwari (2019) who investigated the impact of property maintenance on property rental values in Port Harcourt: A case study of D/line Housing and found that preventive maintenance practices are adopted in property maintenance to reduce expenses on maintenance and enhance its value.

## 5.0 CONCLUSION AND RECOMMENDATIONS

### Conclusion

The researcher examined how the three (3) proxies of property management namely; physical property maintenance, debt and risk management and the variable of minimizing expenses affects residential values in Makurdi Metropolis, Benue State, Nigeria. The literature shows that consumers of real estate for precautionary motive is concerned with acquisition of real estate at the lowest price possible to cater for anticipated or unforeseen adverse situation. The investment motive is concerned with inflow of rental income, capital growth, outgoings, and net rental income on a regular basis. This has necessitated the research in how property management affects residential values. The study found that physical property maintenance and the variable of minimizing expenses are the positive and significant determinants of residential values in Makurdi Metropolis, Benue State Nigeria while debt and risk management are negatively signed against *a priori* expectation.

### Recommendations

Based on the empirical findings of this study, the following recommendations are made:

- 1) Qualified professionals should be made in charge of property management. This is

because, the complex nature of property management cannot be left to the hands of quacks. This can be done by the enforcement of regulatory framework that will curtail the proliferation of unlicensed property managers by the government.

- 2) Debt and risk management should be handled by those with the right competency such as the lawyers in terms of collection of debt and rent management while professionals in the field should be engaged by the property owners to manage the risk associated with leasing of house for residential purposes.
- 3) Expenses can be minimized in when the property managers identify and address any issues or maintenance arising from the property in a timely manner. This will help to save huge amount of money which would have been spent if the situation goes bad.

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