

CHANGING DYNAMICS OF PROPERTY VALUE IN IBEJU-LEKKI AXIS OF LAGOS STATE BETWEEN 2003 AND 2015

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ABSTRACT

This study examined the changing dynamics and the trend of rental value of housing built-up in the Ibeju-Lekki axis of Lagos State from 2003–2015. The study relies on secondary data obtained from records at Ibeju-Lekki Government administrative office further. From the records, it was revealed that there were fifty-five (55), fifty-nine (59), and thirty-nine (39) housing built-up areas respectively on the high, medium, and low densities. There were 3,411, 1745, and 549 housing built-up buildings in the identified housing built-up areas. Secondary data were analyzed using trend analysis. Results showed that there is slight difference in the rate and dynamics of increase of the housing built-up properties value during pre-privatization and post-privatization era in the study area.

Keywords: Dynamics, Housing Built-Up, Properties, Value.

INTRODUCTION

Housing built-up property is a pertinent component of the real estate industry. Rental value of housing built-up is a basic primary factor that determines the social, economic, legal, and political activities of an individual in any society. Housing built-up property is of optimal importance to the quality of welfare of any nation. Systematic and objectivity in determining the value of the interest in housing built-up property which enhances its usefulness to sell or buy to a willing buyer and a willing seller in the property market, rating and tenement collection for taxation need of the government, bank security, and for insurance purposes are various instances where the value of the housing built-up property is of importance (Yalpir, 2014).

According to Emo, Oni, and Egolum (2013), the value of built-up property is influence by the imperfect nature of the property market. The housing built-up property market is defined as a market where interests in housing built-up property are allotted by forces of demand and supply. Adebayo (2006) opined that the presences of public utilities are a major factor that determines property value in the market. There are four major determinants of rental value of housing built-up these are the supply of housing built-up property in the property market, the accessibility to

funding, the demand for housing built-up property, and the confidence level of prospective property owners.

The impact of landfill on rental value; Hamilton and Biggie worked on the effect of air pollution on value and also in Nigeria the work of Bello and Ajayi (2010) and Wokekoro and Urusheyi (2014) among others established the impact of domestic waste on the property value of the housing built-up property.

Studies had revealed that location is a primary factor that influences real estate value (Tse & Love, 2000; Kauko, 2003; Islam, 2017). Location is the specific placements of housing built-up property that influence choice, Localized nature of housing built-up property influence its value, nearness to employment; shopping malls and dwelling surroundings dictate property value in the market. The location could be an urban, suburban, and rural settlement. The characteristics of housing built-up are a reflection of its surrounding.

Environmental features defined the value attached to a housing built-up, the quality and quantity of negative or positive externalities determine the value that is attached to a housing built-up property. The presence of environmental factors such as flood, air pollution, and natural disaster as earthquake influence value attached to the housing built-up property, the work of Ajibola et al. (2012); Bello and Ajayi (2010) among others asserted that environmental attributes influence rental value.

Internal factors are factors that are intrinsic to the property; these are factors that subject to activities within the housing built-up property to enhance or demerit its value. Design factor default in the design of housing built-up property may serve as a demerit to the property value in the market.

Nabi, Kamruzzaman, Khalil, and Khandokar, (2004) discussed features of high-class housing built-up properties in Dhaka city. They examined their plot sizes; floor spaces of the apartment; types of dwelling apartments, nature of rents and prices of such properties; and occupancy status. Ochodo, Ndeti, Moturi, and Otieno (2014) examined the environmental factors of such properties especially house design and found that the employed to design the walls of the buildings and other external affect the health of residents.

This study concentrates on the changing dynamics and the trend of rental value of housing built-up in the Ibeju-Lekki axis of Lagos state from 2003–2015. Also, there is a need to update the currency of this information in the literature on the changing dynamics of rental value of housing built-up.

METHODOLOGY

Secondary data were sourced and employed for this study. The study aimed at examining the changing dynamics and the trend of rental value of housing built-up areas in the Ibeju-Lekki axis of Lagos State from 2003–2015. The study dwells mostly on secondary data obtained from records at Ibeju-Lekki Government administrative office further. From the records, it was revealed that there were fifty-five (55), fifty-nine (59), and thirty-nine (39) housing built-up areas respectively on the high, medium, and low densities. There were 3,411, 1745, and 549 housing built-up buildings in the identified housing built-up areas. Trend analysis was employed for data analysis.

RESULTS

Trend analysis of rental value of housing build-up during pre-privatization period

Table 1 shows the rental value of housing built-up between the years 2003 and 2007. In 2003 and 2004, it was identified that 2 bedroom flat has a lease value of 200,000, while in 2005, it increases to 230,000 and become stable at 230,000 till 2007. The trend persisted for every other types of

property, 3 bedrooms flat were at 250,000 and increased 300,000 in 2005 to 2007. Similarly, 3 and 5 bedroom duplexes were at 650,000 and 800,000 in 2003 and soared to 850,000 and 1,000,000 respectively in 2005 to 2007, which implies that rental values during the pre-privatization period sustained two to three increments yearly. This indication conforms to the rent edict of Lagos state.

Table 1. Rental value of housing built-up areas during the pre-privatization periods (2003 to 2007)

Types of Housing	Value				
	Year 2003	Year 2004	Year 2005	Year 2006	Year 2007
2 bed flat	200,000	200,000	230,000	230,000	230,000
3 bed flat	250,000	250,000	300,000	300,000	300,000
Self-Contained	130,000	130,000	150,000	150,000	150,000
3 bed duplex	650,000	650,000	850,000	850,000	850,000
5 bed duplex	800,000	800,000	1,000,000	1,000,000	1,000,000
3 bed bungalow	250,000	250,000	350,000	350,000	350,000
5 bed bungalow	400,000	400,000	500,000	500,000	500,000
3 bed detached	650,000	650,000	800,000	800,000	800,000
5 bed detached	850,000	850,000	900,000	900,000	900,000
3 bed semi detached	500,000	500,000	550,000	550,000	550,000
5 bed semi detached	650,000	650,000	750,000	750,000	750,000

Author's survey (2020)

Trend analysis of the rental value of housing built-up areas during the post-privatization period

This section explains the trend of the rental value of housing built-up areas all through the post-privatization period in the study area. As shown in table 2, it was revealed that between 2008 and 2015, the rent of a 2 bed flat increased from 250,000 to 550,000, 250,000 to 300,000, 350,000 to 400,000, 400,000 to 500,000, and 500,000 to 550,000 in the years 2009, 2010, 2011, 2012, 2013, 2014, and 2015 respectively. Furthermore, it was revealed that 3bedrooms duplex increased from 1,500,000 to 3,000,000 between 2008 and 2015, which implies that there is evenness in the trend of rent increase over the years all through the post-privatization period. Therefore, the rent of housing attracts an increased value biannually in Ibeju-Lekki area of Lagos state.

Table 2. Rental value of housing built-up areas during the post-privatization period (2008 to 2015)

Types of Housing	Value							
	Year 2008	Year 2009	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015
2 bedroom flat	750,000	750,000	750,000	400,000	350,000	500,000	500,000	550,000
3 bedroom flat	850,000	800,000	950,000	500,000	600,000	800,000	800,000	800,000
Self-Contained	250,000	650,000	880,000	230,000	300,000	300,000	300,000	300,000

3 bedroom duplex	2,000,000	1,500,000	2,000,000	2,000,000	2,500,000	2,500,000	2,500,000	3,000,000
5 bedroom duplex	1,750,000	1,700,000	2,300,000	2,300,000	3,000,000	3,000,000	3,000,000	3,500,000
3 bedroom bungalow	1,200,000	1,500,000	1,250,000	1,250,000	950,000	1,400,000	2,100,000	1,700,000
5 bedroom bungalow	1,350,000	1,250,000	1,400,000	1,400,000	1,700,000	1,700,000	2,100,000	2,200,000
3 bedroom detached	2,000,000	2,000,000	2,300,000	2,500,000	2,500,000	3,000,000	2,500,000	4,000,000
5 bedroom detached	2,150,000	2,100,000	2,500,000	3,000,000	3,000,000	2,500,000	3,500,000	3,500,000
3 bedroom semi-detached	1,50,000	1,300,000	1,500,000	1,200,000	2,100,000	2,100,000	2,100,000	2,50,000
5 bedroom semi-detached	1,450,000	1,400,000	2,000,000	2,000,000	2,500,000	2,500,000	2,500,000	3,000,000

The findings imply that there is a slight difference in the dynamics of increase of value during the pre-privatization period and post-privatization period in the study area (See Figure 1). It was revealed in the that there is a consistent trend of percentage increase of rent in every two years in the housing built-up areas; this increase is in agreement with the rent edict of Lagos state which stated that the appraisal of rent for all housing classes should be achieved bi-annually, which implies that the landlord does not have the right to increase their rent yearly. The findings imply that there is a slight difference in the rate and dynamics of increase of the rental value of housing build-up during the pre-privatization period and post-privatization period in Ibeju axis of Lagos State.

CONCLUSION

This study established that housing built-up areas attract high rental values during the pre-privatization period thereby maintaining between two-yearly to three-yearly percentage increase; there is also an evenness in the trend at which the rent value increases YoY after the privatization period. It was revealed that in the data analysis that there is a consistent trend of percentage increase of rent in every two years in the housing built-up areas; this increase is in agreement with the rent edict of Lagos state which clearly stated that the review for all classes of housing should be achieved bi-annually, which implies that the landlord does not have the right to increase their rent yearly. The findings imply that there is a slight difference in the rate and dynamics of increase of the rental value of housing build-up before privatization period and post-privatization period in Ibeju axis of Lagos State. Privatization of public utilities in Ibeju axis of Lagos State has slight effect on the rental value of housing built-up areas.

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