

The Impact of Facilities on Rental Values of Residential Properties in Port Harcourt City Local Government Area of Rivers State

Okorogba, M. J.

Department of Estate Management,
Rivers State University, Port Harcourt.

&

Akujuru, V. A.

Department of Estate Management,
Rivers State University, Port Harcourt.

Abstract

This study aims at ascertaining the Impact of Facilities on Rental Values of Residential Properties in Port Harcourt City Local Government Area of Rivers State, using residential properties located within Peter Odili Road, Port Harcourt City. The study adopted survey research design. The population of this study comprised of 338 Estate Surveyors and Valuers in Rivers State, 100 landlords and 100 tenants, making a total of 538 respondents. Census sampling techniques was used for the study. Three research questions guided the study. A structured instrument titled impact of facility on rental values of residential properties questionnaire (IFORVORPQ) was used for data collection. Out of the 538 questionnaires distributed, 484 were returned, reflecting a 90% rate. The reliability of the instrument was determined through test re-test method. Mean and standard deviation were used to analyse the research questions. The findings revealed that water supply, power supply, refuse disposal, security, house cleaning, internet facilities, drainage channel, kitchen facilities and furniture were provided in most of the residential properties in Port Harcourt City L.G.A. More so, the level of satisfaction derived from the facilities provided within the residential properties was high and the provision of the facilities had impacts on rental values of residential properties in Port Harcourt City L.G.A of Rivers State. Based on the findings, it was recommended among others that Property owners, managers and government should prioritize the inclusion of modern facilities in residential properties during the development process, Property developers (landlords), property managers and Government Housing Agencies should regularly assess, carry out routine check to ensure good conditions of the facilities in their residential properties.

Keywords: Facilities, Housing, Rent, Value, Residential Properties

Introduction

Residential properties have continued to attract real estate developers' interest because of the increasing demand especially in the urban centres (Adebayo, 2016). In Nigeria today, housing issues are diverse and very much complex to comprehend, and it is more acute in the urban areas because of large and high influx of people from rural to the urban centres. This urbanization process has resulted in over-crowding of the urban centres, lack of homes or development of sub-standard housing as well as slum and squatter developments. According to Samson (2013), the ever growing population in the country and the resultant cumulative housing deficit has today left the country with between 16-17 million housing units' deficit. Because of this rise in population that has led to a rapid urbanization, scarcity of resources, lack of equity capital and unfavourable loan plans, many cannot provide for themselves personal accommodations for dwelling, hence, they resort to rented houses for accommodation. The issue becomes the ability of both tenants and prospective tenants who are in demand of these properties for rental purpose to afford the rent because of the constant increase in rental value (Otegbulu, 2020).

According to Black (1999), housing prices shows the renter's view of particular attributes of the property. To Aluko (2011), there exists, several factors that determine rental value of residential properties. The determinants of individual property rental value include location, state of repair, time, accommodation details and facilities. These factors affect properties, causing either "increase" or "decrease" in rental values. Adebayo (2016) affirmed that facility is one of the factors that causes property value to increase or decrease. Nubi (2020) averred that facilities are very essential in residential properties contributing to the wellbeing of the users or occupants as well as allowing a building to function effectively.

In the study of Black (1999), the finding shows that houses with good facilities are far more expensive than similar houses that are deficient in these attributes. To Mallo and Anigbogu (2009), housing facilities affect rent charged on residential properties but there are inequalities in the living conditions of residents across neighbourhoods due to differences in availability of these facilities. They concluded that houses in the low density areas are of greater value than those in high density areas because of the overall quality of housing infrastructure and availability of adequate housing facilities per household size. Olujimi and Bello (2009) showed the effects of infrastructural facilities on the rental values of residential properties in Akure and revealed that facilities contributed 30.5 percent in the determination of rental values of residential buildings. It was noted that these facilities such as water supply, electricity, security, house cleaning, toilet facilities, kitchen facilities amongst others are important; tenants are willing to pay more for houses with security facilities since they value the safety and security of their lives and property more than the aesthetic quality of the properties.

Statement of problems

In the recent past, because of the growing population and the rise in demand for residential properties, property owners and managers have formed the habit of establishing how much rent their property should command. This is mostly done by adjusting rent to reflect a comparable market value of similar properties without taking proper cognizance, the facilities provided and the impacts of such facilities on the rental values of such property. Also, the issue of how to take into consideration the provision of facilities in determining rental values by Estate Surveyors and Valuers is still of concern. These however, have led to many properties commanding lesser or higher rent than they should command in the market, culminating in a misleading rental data within the location. The implication is that whatever purpose the rental data will be used for, including Valuation and forecasting, will be misleading. Hence, the need to investigate and assess the impact of facilities on rental values in Port Harcourt. The outcome of this investigation will aid Valuers when carrying out rental valuation to understanding the impact of and to apply the value of those facilities in rental value determination.

Purpose of the Study

The purpose of this study is to:

1. Identify the facilities available in residential properties within Port Harcourt City Local Government Area of Rivers State.
2. Examine the level of satisfaction of tenants/users with the facilities in residential properties within Port Harcourt City Local Government Area.
3. Ascertain the impact of the facilities on rental values of residential properties in Port Harcourt City Local Government Area of Rivers State.

Research Questions

The following research questions were answered:

1. What are the facilities provided in residential properties in Port Harcourt City Local Government Area of Rivers State?
2. What is the level of satisfaction derived from the facilities provided within the residential properties in Port Harcourt City Local Government Area of Rivers State?
3. What are the impacts of the facilities on rental values of residential properties in Port Harcourt City Local Government Area of Rivers State?

Methodology

The research design adopted in this study is the descriptive Survey Design. The area of the study is Rivers State, Port-Harcourt. The population for the study consist of 538 respondents encompassing of 100 landlords, 100 tenants and 338 practicing Estate Surveyors and Valuers in Rivers State. Census sampling techniques was used for the study since the population is sizable; therefore, the entire 538 respondents were used as the sample for the study. An instrument titled: impact of facility on rental values of residential properties questionnaire (IFORVORPQ) was used to gather primary data for the study.

The Questionnaire was structured using the Likert scale as a means of obtaining objective contribution on the subject investigated. To determine the content and face validity of the questionnaire, copies were submitted to one expert in measurement and evaluation and two others in the Department of Estate Management, Rivers State University. Their comments were used to effect corrections on the final copy before administration to the respondents. The reliability of the instrument was estimated using the Cronbach Alpha reliability method for a measure of internal consistency. The sample for determination of the Cronbach Alpha was 20 respondents. Cronbach Alpha statistics was used to determine the reliability co-efficient of the instrument with the aid of Social Package for Social Science (SPSS) which yielded reliability co-efficient of 0.80, thereby making the instrument reliable for data collection. Data collected through survey instrument was analysed with Statistical Package for Social Science (SPSS). Mean and percentage were used to answer the research questions. In analysing the data obtained from the questionnaire, the frequencies of response for each questionnaire items were calculated. The scores of responses were converted to frequency counts and the mean scores were computed based on the values assigned to the five responses shown in the following forms: Strongly Agree(SA) - 5, Agree (A) -4, Uncertain (U) -3 Disagree (D) - 2 and Strongly Disagree (SD)-1 Highly Satisfied (HS) -5, Satisfied (S) -4, Undecided (U) -3, Dissatisfied (D) -2 and Highly Dissatisfied (HD) -1 Very Good (VG) -5, Good (G) -4, Undecided (U) -3, Poor (P) -2 and Very Poor (VP) -1

$$\frac{5 + 4 + 3 + 2 + 1}{5} = 3.00.$$

Therefore, the 3.00 was referred to as criterion mean (mean cut-off point; decision point; to accept or reject an item).

Results

Research Question One: What are the facilities provided in residential properties in Port Harcourt City Local Government Area of Rivers State?

Table 4.2.1: Facilities Provided in Residential Properties in Port Harcourt City LGA of Rivers State (N =484)

S/N	Facilities Provided	Category	Yes	No
1	Water supply		290	194
2	Power supply		280	204
3	Refuse disposal		300	184
4	House cleaning		114	370
5	Internet services		64	420
6	Security		285	199
7	Toilet facilities		420	64
8	Drainage channel		134	350
9	Kitchen facilities		114	370
10	Furniture		24	460

Source: Researcher's Field Survey, 2024

Table 1 shows the responses on the facilities provided in residential properties in Port Harcourt City Local Government Area of Rivers State. The study reveals that 290 agreed on the provision of water supply, while 194 disagreed. 280 agreed on provision of power supply, while 204 disagreed. 300 said yes to the provision of refuse disposal, while 184 said no. 114 said yes to the provision of housekeeping and kitchen facilities while 370 said no. 64 agreed on provision of internet facilities while, 420 disagreed. 285 agreed on the provision security, while 199 disagreed. 420 agreed on the provision of toilet facilities, while 64 disagreed. 134 agreed on the provision of drainage channel, while 350 disagreed. 114 agreed on provision of furniture, while 370 disagreed. 24 agreed on provision of furniture, while 460 disagreed. Therefore, this indicates that water supply, power supply, refuse disposal, security and toilet facilities were provided in the residential buildings in Port Harcourt City L.G.A, while housekeeping, internet facilities, drainage channel, kitchen facilities and furniture were not provided by the landlords of the residential properties before the occupants' resume using the properties in Port Harcourt City L.G.A of Rivers State.

Research Question 2: What is the level of satisfaction derived from the facilities provided within the residential properties in Port Harcourt City Local Government Area?

Table 2: Level of Satisfaction Derived from Facilities Provided within the Residential Properties in Port Harcourt City (N = 484)

S/N	Items	5 HS	4 S	3 I	2 D	1 HD	\bar{x}	Ranking	Remark
1	Water supply	264 (1320)	185 (740)	- (0)	20 (40)	15 (15)	4.37	1 st	Accepted
2	Power supply	245 (1225)	205 (820)	- (0)	24 (48)	10 (10)	4.35	2 nd	Accepted
3	Toilet facilities	248 (1240)	183 (732)	- (0)	30 (60)	23 (23)	4.25	3 rd	Accepted
4	House cleaning	230 (1150)	194 (776)	10 (30)	37 (74)	13 (13)	4.22	4 th	Accepted
5	Security	225 (1125)	190 (760)	- (0)	49 (98)	20 (20)	4.14	5 th	Accepted
6	Refuse disposal	224 (1120)	168 (672)	15 (45)	30 (60)	47 (47)	4.02	6 th	Accepted
7	Kitchen facilities	199 (995)	175 (700)	- (0)	90 (180)	20 (20)	3.92	7 th	Accepted
8	Internet service	199 (995)	165 (660)	- (0)	79 (158)	41 (41)	3.83	8 th	Accepted
9	Drainage channel	200 (1000)	89 (356)	- (0)	128 (256)	67 (67)	3.57	9 th	Accepted
10	Furniture	10 (50)	14 (56)	- (0)	354 (708)	106 (106)	1.90	10 th	Accepted
Grand							4.07	Accepted	

Decision rule: Criterion Mean 3.00 and above was accepted, while below 3.00 was rejected

Source: Researcher's Field Survey, 2024

Table 2 reveals the level of satisfaction derived from the facilities provided within the residential properties in Port Harcourt City L.G.A. The table shows that majority of 264 agree that satisfaction derived from water supply is highly satisfactory, majority of 245 agree that that satisfaction derived from power supply is highly satisfactory, majority of 224 agree that satisfaction derived from refuse disposal is highly satisfactory. Majority of 230 agree that satisfaction derived from housekeeping is high, majority of 199 agree that satisfaction derived from internet facilities is high, majority of 225 agree that satisfaction derived from security is highly satisfactory, majority of 248 agree that satisfaction derived from toilet facilities is highly satisfactory, majority of 200 agree that satisfaction derived from drainage channel is highly satisfactory, majority of 199 agree on high satisfaction derived from kitchen facilities, while majority of 228 agree on high satisfaction derived from furniture in the residential properties of Port Harcourt City L.G.A.

Again, the table reveals that all the items were accepted because their criterion mean was above 3.00. The table also shows that item (1) has the highest mean score of 4.37, while item (8) has the lowest mean score of 3.57. However, a grand mean of 4.07 was also gotten which is greater than 3.00 criterion mean, indicating that the level of satisfaction derived from the facilities provided within the residential properties is highly satisfactory in Port Harcourt City Local Government Area.

Research Question3: What are the impacts of the facilities on rental values of residential properties in Port Harcourt City Local Government Area of Rivers State?

Table 3: Responses on Impacts of Facilities on Rental Values of Residential Properties in Port Harcourt City (N = 484)

S/N	Items	5 SA	4 A	3 U	2 D	1 SD	\bar{x}	Remark
1	Water supply	230 (1150)	200 (800)	- (0)	40 (80)	14 (14)	4.22	Accepted
2	Power supply	240 (1200)	170 (680)	- (0)	35 (70)	39 (39)	4.11	Accepted
3	Refuse disposal	227 (1135)	170 (680)	17 (51)	30 (60)	40 (40)	4.06	Accepted
4	House cleaning	215 (1075)	150 (600)	- (0)	70 (140)	49 (49)	3.85	Accepted
5	Internet service	200 (1000)	140 (560)	25 (75)	63 (126)	56 (56)	3.75	Accepted
6	Security	225 (1125)	190 (760)	- (0)	49 (98)	20 (20)	4.14	Accepted
7	Toilet facilities	220 (1100)	185 (740)	- (0)	43 (86)	36 (36)	4.05	Accepted
8	Drainage channel	195 (975)	164 (656)	- (0)	80 (160)	45 (45)	3.79	Accepted
9	Kitchen facilities	205 (1025)	109 (436)	- (0)	90 (180)	80 (80)	3.56	Accepted
10	Furniture	10 (50)	14 (56)	- (0)	354 (708)	106 (106)	1.90	Rejected
Grand Mean							3.74	Accepted

Decision rule: Criterion Mean 3.00 and above was accepted, while below 3.00 was rejected

Source: Researcher's Field Survey, 2024

Table 3 reveals impacts of the facilities on rental values of residential properties in Port Harcourt City L.G.A. The table shows that majority of 230 strongly agree on the impact of water supply on the rental value, majority of 240 strongly agree on the impact of power supply on the rental value, majority of 227 strongly agree on impact of refuse disposal. Majority of 215 agree on the impact of housekeeping, majority of 200 agree on the impact of internet facilities, majority of 225 impact security, majority of 220 agree on impact of toilet facilities, majority of 195 agree on impact of drainage channel, majority of 205 strongly agree on impact of kitchen facilities, majority of 196 agree on impact of furniture, majority of 220 strongly agree that new facilities were added that were not provided initially at the commencement of the tenancy, majority of 199 agree that provision of new facilities lead to increase in rental values of residential properties.

Again, the table reveals that items 1 to 9 were accepted because their criterion mean was above 3.00 while item 10 was rejected because the criterion mean is below 3.00. The table also shows that item (1) has the highest mean score of 4.22, while item (10) has the lowest mean score of 1.90. However, a grand mean of 3.74 was also gotten which is greater than 3.00 criterion mean, indicating that provision of facilities has impacts on rental values of residential properties in Port Harcourt City Local Government Area of Rivers State.

Findings

1. Water, power, refuse disposal, security, toilet facilities housekeeping, internet facilities, drainage channel, kitchen facilities and furniture were provided in most of the residential properties initially before the occupants resume the usage of the properties in Port Harcourt City L.G.A of Rivers State.
2. The level of satisfaction derived from the facilities provided within the residential properties was high in Port Harcourt City L.G.A.
3. The provision of the facilities had impacts on rental values of residential properties in Port Harcourt City L.G.A of Rivers State.

Discussion

The findings from research question one revealed that water supply, power supply, refuse disposal, security and toilet facilities were provided in the residential building in Port Harcourt City L.G.A, while housekeeping, internet facilities, drainage channel, kitchen facilities and furniture were not provided by the landlords/managers of the residential properties in Port Harcourt City L.G.A of Rivers State. This finding is in agreement with the studies of Litchfield (2020) who revealed that areas with basic facilities such as electricity, public water supply attract high property values. This is probably because these facilities are the basic necessity of life. Odediran et al. (2013) also revealed that the facilities available in residential buildings include water, power, and toilet facilities among others in their own study, which have great impact on the dwellers of the building. This is probably because adequate water supply enhances comfort for daily activities such as cooking, cleaning and bathing, etc. Reliable power supply is essential for operating electrical appliances and devices, which are critical for both personal and professional productivity. It also supports entertainment, communication and other activities, thereby improving overall quality of life. Proper toilet facilities ensure privacy and dignity, which are essential for mental well-being. Hammer et al. (2020) also collaborated that provision of good and adequate infrastructure is central to property values. Infrastructure includes physical structures, facilities or utilities that are put in place by private or public involvement which is aimed at facilitating the effective functioning of the properties, such as electricity, pipe-borne water, drainage, waste disposal, roads, sewage and telecommunications.

The findings from research question two revealed that the level of satisfaction derived from the facilities provided within the residential properties was high in Port Harcourt City L.G A. This finding is in line with the studies of Kuye (2018) who recorded that the level of satisfaction derived from facilities within residential properties significantly impacts rental values. Properties with superior facilities that enhance tenant satisfaction are likely to command higher rents, reduce vacancy rates, and appreciate in value over time. Adebayo (2016) revealed that the satisfaction derived from essential facilities like water, electricity, refuse disposal, security, toilet facilities and furniture significantly impacts both rental values and the well-being of occupants. Properties that provide these facilities to a high standard commands higher rent, and contribute positively to the health, comfort, and overall quality of life of their residents. Nubi (2020) also collaborated that a well-maintained facility that meet or exceed tenant expectations positively influence rental values. High satisfaction levels from well-provided facilities lead to longer lease agreements and lower vacancy rates, ensuring stable rental income. A secure environment, reliable utilities, and comfortable living conditions reduce stress and anxiety, contributing to better mental health. Similarly, comfortable and aesthetically pleasing furnishings enhance the living experience, contributing to physical comfort and emotional satisfaction.

The findings of research question 3 revealed that the provision of the facilities has impacts on rental values of residential properties in Port Harcourt City, L.G.A of Rivers State. This finding is in harmony with the studies of Deeyah et al. (2019) who found significant impact of facilities on the rental value which is consistent with the present study. Odunnaik et al. (2023) also revealed that availability of facilities had great influence on the rental values of the properties in the estate and there has been an annual increase rent as a result of the facilities.

Olujimi (2010) also supported that the quality and availability of facilities in residential properties have a direct impact on rental values. Properties that offer reliable water and power supply, modern and sanitary toilet facilities, robust security, and additional amenities tend to command higher rents. Conversely, properties with poor facilities may struggle to attract tenants, resulting in lower rental values. Investing in and maintaining high-quality facilities are crucial for maximizing rental income and ensuring tenant satisfaction.

Conclusion and Recommendation

The study, the impact of facilities on rental values of residential properties in Port Harcourt City L.G.A of Rivers State has yielded significant insights. The presence of essential facilities such as reliable water supply, consistent electricity, security, toilet facilities, kitchen facilities, house cleaning, internet and furniture significantly impact on rental values. Properties equipped with facilities command higher rental values due to the enhanced quality of life they offer. This underscores the importance of the facilities in determining rental values.

Recommendations

1. Property owners, managers and government should prioritize the inclusion of modern facilities in residential properties during the development process. Investments in reliable water supply systems, uninterrupted electricity, effective waste management, advanced security measures, kitchen facilities, toilet facilities, internet service amongst others will not only elevate living standards but also justify higher rental values.
2. Property developers (landlords), property managers and Government Housing Agencies should regularly assess, carry out routine check to ensure good conditions of the facilities in their residential properties. Preventative maintenance can be adopted to ensure that tenants enjoy uninterrupted services.
3. Property Developers (Landlords), property managers and Government Housing Agencies should prioritize maintaining and improving these facilities in residential properties to enhance tenant satisfaction and property value.
4. Property owners and real estate investors should keep a close watch on rental value trends to make informed decisions. Regular market analysis can help identify emerging patterns and anticipate future changes in rental values.

References

- Adebayo, M. A. (2016). The state of urban infrastructure and its effects on property values in Lagos, Nigeria. *Journal of Land Use and Development Studies* (2), 1.
- Aluko O. (2011). The Effects of location and neighbourhood attributes on housing values in metropolitan Lagos, *Ethiopian Journal of Environmental Studies and Management* (4)
- Black, M. A. (2016). The State of Urban Infrastructure and its Effects on Property Values in Lagos, Nigeria. *Journal of Land Use and Development Studies* (2), 1.
- Dugeri, T. T. (2011). *An Evaluation of Nigerian Property Market Maturity*, Unpublished Thesis, Department of Estate Management, University of Lagos, Akoka, Nigeria.
- Hammer, E. E., & Eze, E. (2020). Cost management strategies and the performance of firms in Nigeria: A study of selected manufacturing companies. *Nigerian Journal of Economics and Business Studies*, 9(4), 5567. <https://doi.org/10.1016/j.njeb.2019.03.00>
- Litchfield, T. E. (2020). Cost management practices and firm performance: A study of selected manufacturing companies in Nigeria. *Journal of Business and Management*, 21(1), 39-49.

- Mallo C. N. & Anigbugu C. T. (2009). Towards Solving Urban Environmental Problems in Nigeria for Sustainable Development: Issues and Challenges: Environment Guard, *Journal of the School of Environmental Design and Technology*, Federal Polytechnic Nekede, Owerri, Nigeria, 1 (3), 133-150.
- Nubi, T.O (2020). *Procuring, Managing and Financing Urban Infrastructure: Towards an Integrated Approach* Land Management and Property Tax Reform in Nigeria, In `Omirin Department of Estate Management, University of Lagos, Akoka.
- Odediran, B. C. (2017). Poor cost management and its impact on the financial performance of manufacturing firms in Nigeria. *International Journal of Business and Finance Management Research*, 5(3), 45-55.
- Otegbulu, A (2020). *Housing the Urban Poor in New Towns: An Integrated Appraisal*. A Paper Presented at the 25th Annual National Conference of the Nigerian Institution of Estate Surveyors and Valuers, Owerri, Imo State.
- Samson A. O A (2013). Housing policy and the housing of Nigerians: Rhetorics, Realities and the Myth of Benevolent Government. *Journal of the Nigerian Institution of Estate Surveyors and Valuers*. 38 (1), 34-54