Impact of Covid-19 Pandemic on Valuation Process and Practice in Port Harcourt Metropolis

Kio, M. C. & Akujuru, V. A.

Department of Estate Management

Rivers State University, Port Harcourt, Nigeria

Abstract

This research examined the Impact of the COVID-19 pandemic on Valuation Process and Practice in Port Harcourt, owing to the restrictions during the pandemic. Survey design and census sampling technique was used for the 338 registered Estate Surveyors & Valuers in Rivers State. The instrument for data collection was a structured questionnaire named "Impact of Covid-19 Pandemic on Valuation Process and Practice in Port Harcourt'' (ICPVPPPH) with 25 questions. Cronbach Alpha reliability method was used for a measure of internal consistency. The survey questionnaire was validated by two lecturers and practitioners with a core specialty in valuation. Out of the 338 questionnaires, 300 were retrieved, reflecting about 89% of the response rate. The collected data was analyzed using frequency, percentage, and mean. The study reveals that the COVID-19 pandemic negatively impacted the valuation process and practice and the business performance of valuers in Port Harcourt, Rivers State. The study recommends that Estate surveyors & valuers wholly integrate technology in the valuation process such as virtual tours, digital documentation, and video conferencing during pandemics, which will help sustain the business performance of Estate Surveyors & Valuers.

Keywords: COVID-19 Pandemic, Estate Surveyors and Valuers, Valuation process, Valuation practice.

Introduction

The COVID-19 pandemic, a global health crisis that unfolded in early 2020, had a profound and far-reaching impact on economies worldwide. Beyond its immediate health consequences, the pandemic triggered significant disruptions to businesses, industries, and financial markets. One area that was particularly affected was the valuation process and practice. This research examined the ways the COVID-19 pandemic reshaped the Valuation Process and Practice. It explores how the COVID-19 pandemic challenged traditional valuation methodologies, introduced new uncertainties, and necessitated adaptations to accommodate the evolving economic conditions. By understanding the impact of the COVID-19 pandemic on the Valuation process and practice, valuable insights can be gained regarding the challenges and opportunities that emerged for businesses, investors, as well as Estate Surveyors and Valuers.

Valuation process and practice are important economic activities required for the actualization of Real Estate transactions. Valuation has been variously described as both the art and science of estimating the worth of an interest in property for various purposes (Ajayi, 2003). As it might seem that property valuation is a business like any other, in most parts of the World, property valuation is a regulated profession. It is a well-respected profession of public trust which can be practiced only by persons with professional qualifications. The uniqueness of the profession can be attributed not only to the limited scope of entry into the profession but also to the fact that it is set in a rigid framework of existing legal regulations. The practice of valuation is widely governed by legislation covering valuation methodology; the principles of valuation in the context of specific valuation purposes, the scope of the market data used, and even the rules of professional education and professional liability (Real Estate Management Act 1997; Regulation on Real Estate Valuation and Making a Valuation Report 2004). The existing organizational and legal conditions of the profession set out in detail the rules for the professional activity of Polish valuers, but they also set clear boundaries for the business independence of valuers (Kucharska-Stasiak 2009; Zrobek and Grzesik 2013; Konowalczuk 2017).

Statement of the Problem

The valuer, to carry out the valuation in a proper and compliant manner, is required to perform certain professional activities such as carrying out a site inspection of the property and to base the valuation on up-to-date market information (verification of price data and transaction terms in the notarial deed).

Restrictions introduced during the pandemic such as the freezing of public institutions that collect and provide information about the real estate market, and the lack of prepared solutions for the time of crisis with the limited use of digital technologies in companies and public institutions raise the question about the possibility of conducting professional activities under legal requirements and are a factor that prompted the present research problem.

Aim and Objectives

The study aims to examine the Impact of the Covid-19 Pandemic on the Valuation Process and Practice in Port Harcourt. Specifically the study sought to;

1. Determine the Valuation process and practice before and during the Covid-19 pandemic in Port Harcourt.
2. Ascertain how the COVID-19 pandemic positively affected the Valuation process and practice
3. Examine new measures that have been put in place/adopted in the Valuation practice since the pandemic began
4. Enumerate the difficulties associated with carrying out the core tasks of determining property values during the pandemic
5. Determine whether the pandemic has an impact on the business performance of valuers

Research Questions

In a bid to address this problem, the study answered the following questions:

1. What was the Valuation process and practice before the Covid-19 pandemic?
2. How did the COVID-19 pandemic positively affect the Valuation process and practice?
3. What new measures have been put in place/adopted in the Valuation practice since the pandemic c began?
4. What difficulties were associated with carrying out the core tasks of determining property values since the pandemic?
5. What is the impact of the pandemic on the business performance of valuers?

Methodology

The Study targeted practicing Estate Surveyors and Valuers and the regulatory bodies, particularly in Port Harcourt. Port Harcourt is in the South-South Region of the country and is Nigeria's oil and gas hub. Port Harcourt Metropolis has a population of 2,202,126.15 as projected from the 1991 census figure (830,991) and has recently witnessed tremendous infrastructural development. Port Harcourt is in Southern Nigeria within Latitude 4º 42' 00" to 4º 57' 03" North and Longitude 6º 53' 11" to 7º 8' 49" East, occupying an area of approximately 369 km^2. It is the capital of Rivers State, and it comprises two Local Government Areas (LGAs) of the state known as Obio/Akpor and Port Harcourt (Ogbozige and Toko, 2020). The philosophy adopted for this study was pragmatic constructivism because Covid-19 is a socially situated problem. A survey design was adopted for this study. Kpolovie (2014) noted that such a design allows an easy description and interpretation of people's opinions. Nwankwo (2013) also noted that it is a study in which a researcher collects data from a population and describes certain features of the sample as they are at the time of the study, which is of interest to the researcher without manipulating the independent variables of the study. It is pertinent to note that census sampling and the quantitative approach were adopted to examine the impact of the COVID-19 pandemic on the valuation process and practice in Port Harcourt, Rivers State. Data collected in the course of this research were from two main sources: Primary sources and secondary sources. The primary sources of data to get first-hand information on the impact of the COVID-19 pandemic on the valuation process and practice in Port Harcourt, using a structured questionnaire. Since in-depth study in this area is just evolving, the preliminary inquiry showed that there is relevant secondary data covering the valuation process and practice in the country. Data was collected on valuers' perception of the impact of the COVID-19 pandemic on the valuation process and practice, using questionnaires. In addition, secondary sources were consulted which include relevant published materials, and the Directory of the Nigerian Institution of Estate Surveyors and Valuers (2020) which was used to secure the list of all registered estate surveying and valuation firms with their locations in Port Harcourt.

The NIESV Directory gave the precise sample frame for the study. Other sources of secondary data for the study are journals, books, conference proceedings, and online peer-reviewed articles that were used to source information on the impact of the COVID-19 pandemic on valuation process and practice.

Results

Research Question 1: What was the Valuation process and practice before the Covid-19 pandemic?

Table 1: What was the Valuation process and practice before the Covid-19 pandemic? (N= 300)

S/N	Items	5 SA	4 A	3 U	2 D	1 SD	$\bar{x}$	Remark
1	The valuation process is systematic.	50.0%	30.0%	0%	13.3%	6.7%	4.03	Accepted
2	The valuation process is an orderly and concise sequence of activities before the Covid-19 pandemic.	52.3%	35.0%	0%	7.7%	5.0%	4.22	Accepted
3	Valuation assesses the market value.	40.0%	32.7%	6.7%	16.7%	4.0%	3.88	Accepted
4	Valuation practice does not involve accessing the property face-to-face.	33.3%	16.7%	1.7%	11.7%	36.6%	2.98	Rejected
5	Following the COVID-19 pandemic, it was difficult to access valid market data.	55.0%	30.3%	0%	9.0%	5.7%	4.20	Accepted
	Grand Mean						**3.90**	**Accepted**

Decision rule: Criterion Mean 3.0 and above was accepted, while below 3.00 was rejected
Source: Field Survey, 2024

Table 1 reveals the valuation process and practice before the COVID-19 pandemic in Port Harcourt, Rivers State. The table shows that the majority of the respondents 50.0% strongly agree that the valuation process was systematic before the pandemic, and 52.3% strongly agree that the valuation process was an orderly and concise sequence of activities before the COVID-19 pandemic. A splinter group of 40.0% agree that valuation assesses the market value, 36.6% strongly disagree that valuation practice does not involve accessing the property face to face, while 55.0% strongly agree that it was difficult to access valid market data following the COVID-19 pandemic in Port Harcourt, Rivers State.

Furthermore, the table reveals that the valuation process was systematic, valuation process is an orderly and concise sequence of activities before the Covid-19 pandemic, valuation assesses the market value, and that it was difficult to access valid market data following the COVID-19 pandemic Hence, four of the items were accepted because their criterion mean was above 3.00, while the fourth item (Valuation practice does not involve accessing the property face-to-face) was rejected because the criterion mean was below 3.00. The table also shows that the second item has the highest mean score of 4.22, while the fourth item has the lowest mean score of 2.98. However, a grand mean of 3.90 was also obtained which is greater than the 3.00 criterion mean, indicating that the COVID-19 pandemic had an impact on the valuation process and practice in Port Harcourt, Rivers State.

Research Question 2: How did the COVID-19 pandemic positively affect the Valuation process and practice?

Table 2: How did the COVID-19 pandemic positively affect the Valuation process and practice? (N = 300)

S/N	Items	5 SA	4 A	3 U	2 D	1 SD	$\bar{x}$	Remark
6	The pandemic brought about difficulty in obtaining Valuation brief.	52.3%	34.4%	0%	10.0%	3.3	4.23	Accepted

S/N	Items						$\overline{x}$	Remark
7	COVID-19 pandemic restricted visits to valuation sites	31.7%	58.3%	0%	6.7%	3.3%	4.08	Accepted
8	The lockdown made valuers lose some jobs during the pandemic.	54.3%	35.7%	0%	6.3%	3.7%	4.31	Accepted
9	Business has been the same without growth since the pandemic began.	33.7%	13.7%	3.0%	13.3%	36.3%	2.95	Rejected
10	The COVID-19 pandemic does not have a negative influence on the valuation and practices.	33.3%	16.7%	1.7%	11.7%	36.6%	2.98	Rejected
	Grand Mean						**3.71**	**Accepted**

Decision rule: Criterion Mean 3.0 and above was accepted, while below 3.00 was rejected
Source: Field Survey, 2024

Table 2 reveals the effect of the COVID-19 pandemic on valuation process and practice. The table shows that the majority of 52.3% strongly agree that the Pandemic brought additional stress on professional work, and 58.3% agree that the COVID-19 pandemic restricted visits to valuation sites. The majority of 54.3% strongly agree that the lockdown made valuers lose some jobs during the pandemic, 36.3% strongly disagree that business has been the same without growth since the pandemic began, while 36.6% strongly disagree that the Covid-19 pandemic does not have a negative influence on the valuation process and practice.

Furthermore, the table reveals that responses on whether the pandemic brought additional stress on professional work, COVID-19 pandemic restricted visits to valuation sites, and lockdown made valuers lose their jobs during the pandemic were accepted because their criterion mean was above 3.00, while responses on whether business has been same without growth since the pandemic began and whether COVID-19 pandemic does not have a negative influence on the valuation and practice were rejected because the criterion mean was below 3.00. The table also shows that the eighth item has the highest mean score of 4.31, while item nine has the lowest mean score of 2.95. However, a grand mean of 3.71 was also obtained which is greater than the 3.00 criterion mean, indicating that the COVID-19 pandemic has an effect on the valuation process and practice in Port Harcourt, Rivers State.

Table 3: What new measures have been put in place/adopted in the valuation practice since the pandemic began?
(N = 300)

S/N	Items	5 SA	4 A	3 U	2 D	1 SD	$\overline{x}$	Remark
11	Virtual inspections were relevant to achieving valuation during a pandemic.	53.3%	34.3%	0%	10.0%	2.3%	4.26	Accepted
12	The recommendations of the regulatory body (ESVARBON) during the coronavirus pandemic were sufficient.	34.0%	55.3%	0.7%	8.3%	1.7%	4.12	Accepted
13	Technological tools served as a measure of valuation practice during the pandemic.	56.7%	33.3%	0%	7.3%	2.7%	4.34	Accepted
14	RICS recommendations for preparing valuation reports serve as measures of valuation	36.7%	55.0%	1.7%	3.3%	3.3%	4.18	Accepted
15	Machine assisted in valuation during the COVID-19 pandemic.	49.7%	41.3%	0%	6.7%	2.3%	4.29	Accepted
	Grand Mean						**4.24**	**Accepted**

Decision rule: Criterion Mean 3.0 and above was accepted, while below 3.00 was rejected
Source: Field Survey, 2024

Table 3 reveals new measures adopted in the valuation practice during the pandemic. The table also shows that most of the respondents 53.3% strongly agreed that online valuation was relevant to achieving valuation process and practice during the pandemic, and 55.3% agreed that the recommendations of the regulatory body (ESVARBON) during the coronavirus pandemic were sufficient. The majority of 56.7% strongly agreed that technological tools served as a measure of valuation process and practice during the pandemic, the majority of 55% agreed that RICS recommendations for preparing valuation reports served as measures of valuation during the pandemic, while a majority of 49.7% strongly agree that machine-assisted in valuation practice during the Covid-19 pandemic.

Again, the table reveals that responses on whether the online valuation was relevant to achieving valuation practice during a pandemic, the recommendations of the regulatory body (ESVARBON) during a coronavirus pandemic were sufficient, technological tools serve as a measure of valuation practice during the pandemic, RICS recommendations for preparing valuation reports serve as measures to valuation and machine-assisted in valuation practice during the Covid-19 pandemic were accepted because their criterion mean was above 3.0. The table also shows that the thirteenth item has the highest mean score of 4.34, while the twelfth item has the lowest mean score of 4.12. However, a grand mean of 4.24 was also obtained which is greater than the 3.00 criterion mean, indicating that new measures were adopted for valuation practice during the pandemic in Port Harcourt.

Table 4: What difficulties were associated with carrying out the core tasks of determining property values since the pandemic? (N = 300)

S/N	Items	5 SA	4 A	3 U	2 D	1 SD	$\bar{x}$	Remark
16	The lockdown affected the valuation process and practice.	55.0%	31.7%	0%	10.0%	3.3%	4.28	Accepted
17	There were significant changes to the valuation report format due to the COVID-19 pandemic.	54.3%	35.7%	0%	6.3%	3.7%	4.31	Accepted
18	COVID-19 pandemic reduced access to valuation sites for multinationals	56.7%	35%	0%	6%	2.3%	4.38	Accepted
19	Many jobs were lost due to the COVID-19 pandemic.	52.7%	34.0%	0%	8.3%	5%	4.21	Accepted
20	Poor knowledge of new technologies and sophisticated machines affected the valuation.	48.3%	41.7%	3.3%	4.7%	2.0%	4.30	Accepted
	Grand Mean						**4.30**	**Accepted**

Decision rule: Criterion Mean 3.0 and above was accepted, while below 3.00 was rejected
Source: Field Survey, 2024

Table 4 reveals difficulties associated with carrying out the core tasks of determining property values during the COVID-19 pandemic. The table also shows that 55% strongly agree that the lockdown affected the valuation process and practice, and 54.3% strongly agree that there were significant changes in the valuation report format due to the COVID-19 pandemic. The majority (56.7%) strongly agree that the COVID-19 pandemic reduced access to valuation sites for multinationals, while 52.7% strongly agree that many jobs were lost due to the COVID-19 pandemic, 48.3% strongly agree that poor knowledge of new technologies and sophisticated machines affected valuation during Covid-19 pandemic.

Furthermore, the table reveals that responses on whether the lockdown affected valuation practice, there are significant changes to valuation report format due to the Covid-19 pandemic, COVID-19 pandemic reduced access to valuation sites for multinationals, many jobs were lost due to Covid-19 pandemic, and poor knowledge of new technologies and sophisticated machine affected valuation were accepted because their criterion mean was above 3.00.

The table also shows that the eighteenth item has the highest mean score of 4.38, while the sixteenth item has the lowest mean score of 4.21. However, a grand mean of 4.30 was also obtained which is greater than the 3.00 criterion mean, indicating some difficulties were associated with property valuation during the Covid-19 pandemic in Port Harcourt.

Table 5: What is the impact of the pandemic on the business performance of valuers?   **(N = 300)**

S/N	Items	5 SA	4 A	3 U	2 D	1 SD	$\bar{x}$	Remark
21	Many businesses were closed down due covid-19 pandemic.	50.3%	43.3%	0%	4%	2.4%	4.35	Accepted
22	Businesses bounced back immediately after the lockdown.	34.0%	55.3%	0.7%	8.3%	1.7%	4.12	Accepted
23	The COVID-19 pandemic reduced the business performance of valuers.	36.7%	55%	1.7%	3.3%	3.3%	4.18	Accepted
24	COVID-19 led to low capital flow in the business environment	34.3%	55%	0%	6.3%	4.3%	4.09	Accepted
25	COVID-19 affected real estate developers	58.3%	33.3%	0%	5.4%	3	4.37	Accepted
	Grand Mean						**4.02**	**Accepted**

Decision rule: Criterion Mean 3.0 and above was accepted, while below 3.00 was rejected
Source: Field Survey, 2024

Table 5 reveals the impact of the pandemic on the business performance of valuers. The table also shows that the majority of the respondents, 50.3% strongly agree that many businesses were closed down temporarily due covid-19 pandemic,55.3% agree that businesses bounced back immediately after the lockdown, 55% agree that the Covid-19 pandemic reduced the business performance of valuers, 55% strongly agree that Covid-19 led to low capital flow in the business environment, while 58.3% strongly agree that Covid-19 affected real estate developers.

Additionally, the table reveals that responses to whether many businesses were closed down due covid-19 pandemic, whether businesses bounced back immediately after the lockdown, COVID-19 pandemic reduced the business performance of valuers, whether COVID-19 led to low capital flow in the business environment and, whether COVID-19 affected real estate developers were accepted because their criterion mean was above 3.00. The table also shows that item twenty-fifth item has the highest mean score of 4.37, while the twenty-second item has the lowest mean score of 4.09. However, a grand mean of 4.02 was also obtained which is greater than the 3.00 criterion mean, indicating the impact of the Covid-19 pandemic on the business performance of Valuers in Port Harcourt.

The major findings of the study were that the COVID-19 pandemic negatively impacted on valuation process and practice and had a serious effect on the valuation process and practice in Port Harcourt, Rivers State. Some new measures were adopted for valuation practice during the pandemic in Port Harcourt, Rivers State. It had a negative impact on the business performance of Estate Surveyors and Valuers in Port Harcourt, Rivers State.

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161

Conclusion

The valuation process was systematic, orderly, and sequential before the COVID-19 pandemic. It involves accessing a property face to face, but the COVID-19 pandemic made it difficult to access such properties and ascertain valid market data. Some Estate Surveyors and Valuers embraced technology due to prior knowledge of its application in Valuation. The pandemic brought additional stress on the professional work of valuers who were not abreast with the application of technology in Valuation as there were restricted visits to sites. The lockdown made valuers lose their jobs during the pandemic, affecting business growth and negatively influencing valuation and practices. Online valuation was used to achieve valuation practice during the pandemic, hence technological tools and machines assisted in valuation practice during the Covid-19 pandemic. Again, professional bodies played a supervisory role by ensuring strict compliance with the standards to gain and maintain users' confidence in valuation services. There was a reduction in access to valuation sites as many jobs were shut down due to the COVID-19 pandemic. Poor knowledge of new technologies and sophisticated machine-affected valuation practices. The economic impact of the pandemic led to financial challenges for businesses and individuals, which in turn affected the demand for real estate and the ability of buyers to secure financing. Covid-19 had a serious impact on the valuation process and practice.

Recommendations

The following recommendations were made based on the findings of the research.

i. Estate surveyors & valuers should always comply with the regulations and procedures from regulatory bodies during pandemics as a way of curtailing the impact.

ii. Estate surveyors & valuers should consider the incorporation of technology for distant valuation processes. Virtual tours, digital documentation, and video conferencing can help in conducting valuations without the need for physical inspections, reducing the impact of travel restrictions and health concerns.

iii. Estate surveyors & valuers should review the new measures that were put in place/adopted for valuation practice during future pandemics for ease of work.

iv. Estate surveyors & valuers should address the difficulties that were associated with property valuation during the COVID-19 pandemic in Port Harcourt, Rivers State.

v. Estate surveyors & valuers should collaborate to find ways of mitigating the negative impact of the COVID-19 pandemic on the business performance of valuers as a test run for cubing future pandemics.

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162

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163