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**COURSE: RESEARCHER METHODOLOGY (EST 325)**

**QUIZ**

**TOPIC: EFFECT OF PROPERTY MANAGEMENT ON PROPERTY VALUE**

### **STATEMENT OF THE RESEARCH PROBLEM**

The relationship between transportation and urban property values has been the focus

of many studies (for example, Dewees, 1976; Damm et al, 1980; Wolf, 1992; Singh, 2005). Some of the earlier studies returned positive relationship between transport and

property values while others showed negative relationship. For instance, in a study on

the relationship between rail travel cost and residential property values, a replacement

of streetcar with subway increased site rent at a location that is perpendicular to the

facility within a one-third mile walk to the station (Dewees, 1976); and there was

positive influence of permanent transportation improvements on land values (Wolf,

1992). It was established that there was statistically significant relationship between

distance of a parcel of land to the nearest Metro station and land price (Damm,

Lerner-Lam, and Young, 1980), while there was evidence that residential property

prices decrease immediately around the transport investment or station value uplift

through changes in land values (Singh, 2005).

The urban areas all over the world offer a number of advantages in terms of

concentration of people followed by demand for commercial properties and

transportation. Ikeja is a classical example of a city that has developed rapidly since

1976 when it became the Lagos State capital. Construction of roads increased

substantially with the opening up of residential precincts that also benefitted from

increasing demand for lettable spaces in commercial properties. Many private companies, retail stores, commercial banks aggregate in the metropolis to take advantage of opportunities afforded by locations near the seat of governance thus attracting complimentary services. This led to high concentration of vehicular and pedestrian movements especially along the access roads.

The roads exhibit a number of nodes and linkages to form networks of both arterial and minor routes along which commercial properties locate. Commercial users displaced residential users, causing sites to be at highest and best uses with concomitant increases in the values of commercial properties. Accessibility within the road network is affected by the compact nature of various routes that sometimes impede volume of traffic. The road network is made up of nodal points and links that determine the degree of connectivity and accessibility in the network.

A number of factors affect values of properties. These factors may be intrinsic or extrinsic. The extrinsic factors include increase in demand for lettable space, location, condition of adjoining properties, nearness to park and leisure, local and national economic conditions. External factors are due to natural characteristics of the

property which affect the city where the property is located. Intrinsic factors arise from within the nature of the property itself and relate to the physical attributes, including size of room, state of repair, decoration, and facilities. Other attributes that

increase or decrease the amount that users are willing and able to pay in an open market transaction include physical characteristics of the structure, change in taste and

demand, effect of adjacent activities, economic activities, inflation, and changes in legislation. The demand for commercial properties itself is affected by changes in population, planning and development schemes, legislation, and availability of good road networks (Hendon, 1971; William, Davies, and Johnson, 1980; Richmond, 1982; Millington, 1982; Olayiwola, Adeleye and Oduwaye, 2006).

Earlier theorists (Burgess, 1925; Hoyt, 1939; Harris and Ullman, 1951; Lean

and Goodall, 1977) generally believe that sites adjacent to main transport routes have

relative advantages over those located some distance away, and other sites located at

route intersections possess relative advantage with greater advantages belonging to

sites located at focus of transport system. These advantages are determined in relation

to accessibility, which has different characteristics in relation to individual sites thus differentiating between sites in terms of accessibility advantages.

Many of the aforementioned studies emphasized the effects of the factors on values of properties generally with little consideration given to road network pattern and its effects on values of commercial properties. Possible relationships between road networks, location attribute, demand and supply, and accessibility and commercial property values have therefore elicited the interest of the researcher in this direction. The relationship cannot be determined without due consideration given

to the explanatory variables on one hand and commercial property values on the other.

The use of roads leads to a study of urban areas in relation to land uses, especially commercial properties. It is against this background that this study was conceived.

## **AIM OF THE STUDY**

The aim of the study is to determine the effect of property management on property value.

## **OBJECTIVES OF THE STUDY**

Analyze the arterial road network pattern in the study area;

1. Examine the spatial pattern and trend of demand, supply and values of commercial properties in the study area;
2. Determine the relationships between commercial property values and road network, in the presence or absence of other variables, in the study area;

3. Determine the contributions of individual explanatory variables to variability in

commercial property values in the study area;

4. Derive models for predicting variability in commercial property values in relation to the explanatory variables.

## **RESEARCH QUESTIONS**

1. What is the spatial pattern and trend of demand, supply and values of commercial properties in the study area?
2. What is the relationships between commercial property values and road network, in the presence or absence of other variables, in the study area?
3. What are the contributions of individual explanatory variables to variability in commercial property values in the study area?
4. What is the model for predicting variability in commercial property values in relation to the explanatory variables?