

# The Estate Surveyor and Valuer

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This is the second edition of the journal to be published by the current Board. We wish to appreciate and acknowledge the encouragement and support received so far from several quarters, notably- The National Council of NIESV, our Editorial Advisers, reviewers and contributing authors. Based on our mandate, we set as our main goal-the production of a world class journal that would compare with any professional journal globally in every respect. Our philosophy also remains that of making the journal to serve as a platform for cross-fertilisation of ideas between the academia and practitioners while encouraging collaborative research efforts between the two groups and thereby promoting scholarship and high level professionalism in the field of Estate Surveying and Valuation.

In pursuance of our goal and philosophy as enumerated above, a number of innovative measures were adopted, details of which are contained in our maiden editorial and features of which are also contained in our maiden edition. We intend to continue to improve on these set measures in the pursuit of our main goal and philosophy. It was stressed in our maiden editorial that the achievement of the main goal requires the support of all and sundry which we also hereby solicit.

A major issue which needs to be addressed is that of getting high quality publishable papers. We envisage a situation whereby at any given time we should have a large pool of well researched publishable papers that can support the production of two or three editions in quick succession. In this respect, we would like to specially appeal to our colleagues in academia and those in practice that have flair for writing to please support the Board in addressing the issue.

We wish to state with all humility that publication in the journal should now attract desired rating for promotion to any level in our tertiary institutions in view of its current features and review process. In order to further sensitize our colleagues in tertiary institutions, the Board has sent five complimentary copies each of our maiden edition to the departmental libraries of all real estate schools in Nigeria. To our colleagues in practice, publication in the journal would also enable them to share their practical experiences with the larger society both locally and internationally. We are working assiduously towards a world-class professional journal, which we can all be proud of. Finally, the Board will welcome any suggestion(s), which could assist in the achievement of our avowed goal.



Objectively, the new look of the Estate Surveyor and Valuer Journal portrays it as a serious professional periodical fairly comparable to anyone globally. One can only urge our Editorial Board not to relent its efforts in moving the journal to the next level of publishing more articles capable of stirring members into imbibing universal best practices. Meanwhile taking the opportunity of this edition of the journal, let me reiterate a challenge to which I have been sensitizing our members since I assumed the "servant leadership" of the Institution almost two years ago. The challenge is for our consulting members to move from their present pedestrian scope of practice to a more demanding but rewarding level.

At some fora, I have borrowed the classification of activities in the oil industry to illustrate the intended challenging areas of real estate industry service. The oil industry has two major sectors, namely the down-stream and up-stream sectors, while the former refers to the economic activities relating to the retail and distribution of refined petroleum products which are less complex and less technologically demanding, the latter activities relate to exploration and production of crude oil. Of course the financial reward is much higher in proportion to the inherent higher risk than in the down-stream activities.

The preponderance of activities of most of our members over the years can be described as falling within the down-stream sector of the real estate industry and such services largely comprise estate agency, valuation and property management. While these services are, no doubt, important, we need to operate in much more involved areas of the industry. Property development is a major activity in the up-stream sector and because of its multiplier effects, we need to be seriously interested in it as a profession. Intuitively, one reckons that there must be a positive correlation between the size of stock of marketable real estate in a mixed economy like ours and the quantum of opportunities for professional services of valuation, agency and management. Thus, the more the stock is incrementally sustained and buoyed by property development activities, the more briefs are expected to be generated for these down-stream services. To date, few of us are involved in any significant property development activity. Indeed, to realize that our members are not all that involved in the conception and development of the varieties of estates daily springing up along the Lekki - Ajah corridor in Lagos or Gwarinpa - Airport axis in Abuja is to confirm that we are yet to appreciate the enormous potentials of property development.

Facilities Management can also be described as an up-stream activity within the context of professional property management services. As practised contemporarily, facilities management relate more to management of substantial owner-occupied, commercial or specialized developments with management services far exceeding the functions of collection of rents and administration of service charges to which most members are accustomed. It should be of grave concern to our profession that certain properties which are within the technical competence of our members to manage are being administered by less endowed professionals. Our members should indeed be eager to render competent facilities management services for such real estate landmarks as Muson Centre in Lagos, **Yar'Adua Memorial Centre in Abuja**, Sports and Trade Fair Complexes in various locations in the country.

These edifices remind us of the latest and mother of them all the Tinapa Integrated Business and Leisure Resort in Calabar. This is a massive commercial real estate development consisting of international standard wholesale emporia and mega shopping and products distribution complexes

supported by business tourism and entertainment facilities. It is very doubtful if any of our members or member firms is participating in the marketing and management of this novel property. The business and leisure resort in Calabar should be a welcome challenge for our members particularly in **Cross River, Akwa Ibom** and neighbouring branches to seek both down and up-stream professional roles in the successful operation of the new development.

Still on the need to raise the level of our services, the attention of the profession is here being drawn to the Lagos Mega City Project. We recall that the Presidential Committee for The Redevelopment of The Lagos Megacity Region was set up in December 2005 by the Federal Government with the concurrence of the Governors of Lagos and Ogun States with Professor **Akin Mabogunje** as the chairman. The Presidential Committee having since submitted its report, the implementation of the project will commence any time from now.

The region represents the continuous built-up area comprising some 153,450 hectares of land (2000 estimate) and covering much of the local governments of Lagos State and four adjoining local governments of Ogun State. The redevelopment project is essentially to transform the region to a world-class city through dramatic improvements of its transportation and other infrastructural facilities and social amenities. More importantly, about 28(no) activity centres have been identified within the region which are to be redesigned by government in collaboration with private sector organisations. The planning and redesign are to provide space for new activities such as offices, supermarkets, convenience stores, small-scale industrial establishments, restaurants, entertainment and other urban amenities. The pertinent point is that members should be conversant with this project, brace and package themselves for wide-ranging legitimate professional services. We should not be contented with compensation assessment only. We should strive to be actively involved in the identified activity centres of the project and be ready to provide both down and up-stream services including project conception, packaging and promotion of desired developments.

In conclusion, for our profession to significantly move from the current pedestrian level of service provision, both the Institution and members should take some proactive steps. First the former as a controlling body should create an enabling environment by critically examining existing practice rules and regulations and factoring in contemporary approaches to modern business organisations including the re-visitation of pseudo business names. Members should stop paying lip services to the principles of modern corporate governance and embrace, among other things, structures allowing for pooling of expertise. These, of course, are in addition to the desire to seek and widen professional knowledge contents on the part of members.



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# AN EMPIRICAL STUDY OF THE LAGOS STATE RENT EDICT OF 1997

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## ABSTRACT

*Before 1997, incidences of arbitrary rent increases, unlawful ejection of tenants, lengthy and un-ending litigations between landlords and tenants were rampant in Lagos State, Nigeria. This necessitated the intervention of Lagos State Government through promulgation of Rent Control and Recovery of Residential Premises Edict in 1997. This paper examines the provisions of the edict and illustrates an approach for calculating statutory rent. In doing so, two floor plans of hypothetical flats were used. Parametric technique was also used to test the hypothesis that there is no significant difference between the open market and statutory rents in the study area. The study finds that rent control has no effect on open market values of residential property in the study area and recommends that the edict be repealed.*

**Key Words:** rent control, residential property, statutory rent, open market rent, property market, government intervention.

## Introduction

Cities and housing have developed hand-in-hand since the earliest large human settlements. The same forces that draw inhabitants to congregate in large urban areas also lead to sometimes insupportable levels of demand for residential properties. Lagos is the commercial, financial and maritime nerve-center of Nigeria. It is the economic capital and major port of Africa's most populous nation that has attracted immigrants from all over Nigeria and beyond, as well as commercial entrepreneurs and industries from Africa, Europe, Asia and the Americas. The attraction has brought with it increasing demand for residential properties.

In elementary economics, the higher the demand for a good or service the higher is the price that such good or service will command in a competitive market. This is the case in Lagos, where immigrants have been attracted with concomitant geometric increase in demand for residential properties that has only met with supply of housing units that only increases at arithmetic rate. Landlords capitalized on this by increasing rent arbitrarily and demanding advanced rent of two and up to three years from sitting tenants. Tenants that default in meeting the terms of their tenancies including advance rent payments were ejected without requisite statutory notices. Tenants were therefore at the mercy of landlords.

The problem thus dictated the intervention of the Military Administrator of Lagos State through the promulgation of the Rent Control and Recovery of Residential Premises Edict of 1997. The edict divides Lagos State into zones and fixes rent according to type and categories of residential properties. It also appoints Valuers as members of various tribunals set

up in each Local Government Area to determine standard rents of the affected properties.

This paper therefore aims at examining the provisions of the rent edict and uses hypothetical three-bedroom floor plans to illustrate the process of calculating statutory rents based on the provisions of the edict. The paper has nine sections with this section being the introduction. The next section looks at relevant literature on rent control, followed by description of the study area before an explanation of relevant provisions of the edict in following. The method adopted in the study is explained in the next section, while analysis of data, testing of hypothesis, conclusion and recommendation follow in turns.

## Literature Review

Rent control is the standard ceiling placed on rent that a landlord can charge, allowing landlord to set rent freely when letting to new tenant but subject to the tenant's right not to accept such rent but preventing the landlord from raising the rent or ejecting a sitting tenant. Many different forms of rent control exist but the stylized version is widely used. The version does not allow the eviction of a sitting tenant, it limits the amount to which a landlord may increase the rent on a sitting tenant (Basu and Emerson, 2003).

A binding rent-control system by definition constrains the rent on residential units below the level it would have reached in the absence of controls. In contrast, an inter-tenancy decontrol mechanism generates rent on a vacated unit higher than it would have been in the absence of controls. This happens because rent on an uncontrolled substitute will be higher under a rent-control regime than in a free market (Fallis and Smith



1984). The higher rent occurs because rent control reduces the overall supply of rental housing (it reduces new housing construction, it accelerates deterioration and depreciation and it encourages conversions and demolition), and increases rental demand by holding the rent on the controlled units below the level that it would otherwise have been (which enables more households to afford these units). Since the proportion of vacated units at any time is small, any excess demand is concentrated on units that become available, ratcheting rents up. The result is thus a two-tier rent system in which new tenants (and tenants in newly built units) pay rent that is substantially higher than both the rent of sitting tenants and the rent that would have existed in the absence of controls.

When compared with other government-mandated price controls, rent control is the law placing maximum rent that landlords may collect from tenants and it is usually set below that which would have otherwise prevailed (Block and Olsen, 1981) and, it is a collection of laws regulating how much a landlord can raise or must reduce the rent limiting the reasons for eviction, so that the landlord does not get around a rent limit by evicting the tenant (Carlson, 2006).

In United States of America, rent control functions as price ceiling with laws or ordinances setting rent on residential property. It was first adopted in response to World War II-era shortages of residential accommodation and remained in effect in cities like New York, Washington D.C., San Francisco, Santa Monica, Berkeley, West Hollywood California with large tenant populations and a number of small towns in New Jersey (*wikipedia online, 2007a*). Similarly, in Delhi, Section 6 of the *Delhi Rent Control Act, 1958* allowed a maximum of 10% rent hike every three years. This Act makes it virtually impossible to evict a tenant and was subsequently superseded by *Delhi Rent Act* of 1995, which is slightly more flexible (Basu and Emerson, 2003).

A different form of rent control exists in Canada. Inter-tenancy rent decontrol (known as vacancy decontrol in Ontario) forms the headstone of the Ontario rent-control system. The transition from a relatively rigid rent-control regime to inter-tenancy decontrol created distortions in the rental market. The most significant of this is the creation of two-tier rent system with rent on decontrolled units above the rent that would have existed in the absence of controls. As an inter-tenancy system matures, maturation diminishes these distortions and re-control provisions provide protection for long duration tenants. Alternative options for terminating inter-tenancy decontrol while retaining rent control entail significant economic costs compared to a mature decontrol regime (Smith, 2003). Current rent-control system in Ontario is embodied in *Tenant Protection Act*. Under this, increases in rent without quasi-judicial hearing are subject to maximum annual percentage based upon increase in rental building operating costs. The relationship between permitted rent increases and increases in costs with specification of other provisions of control regime define the degree

of stringency in the system. The provisions include the treatments of capital expenditures, extraordinary cost changes (including financing costs), new construction, exit or decontrol provisions and related regulations such as restrictions on conversions, demolitions, standards for maintenance and security of tenure.

Before the Tenant Protection Act was introduced in Ontario there were stringent rent control regimes in North America (Amott, 1995; 116). The rent-increase formula allowed annual rent increases to keep up with inflation only for inflation rates below 4.45 percent, although inflation often exceeded this percentage. Inter-tenancy rent decontrol creates a two-tier system: one tier with fully controlled rents for sitting tenants whose rent has not been subject to inter-tenancy decontrol; and a second tier with higher rents for new tenants and tenants in newly constructed units. The differential in the rent between the two tiers depends upon tightness of rental market. In the case of Ontario, the length of time rent-control regime existed prior to the introduction of inter-tenancy decontrol.

In Africa, rent controls were influenced by the First and Second World Wars as an attempt to deal with the problem of high rents. In the case of Ghana, and in Egypt, it has been used as means of curbing inflationary prices of housing stock thereby making it more affordable to lower and middle income persons (McCall, 1988). In Botswana, the *Rent Control Act* commenced in 1977 to ensure security of tenure for the tenant and protect the landlord's interest while also ensuring that reasonable rents are charged (Frimpong, 1989).

According to Tucker (1991), rent control is an intervention through measures put in place by government on the pretext of protecting the urban dwellers from being pushed off the open market in the course of securing accommodations. This is accomplished by putting ceiling on maximum rent payable on all classes of residential properties. The measures include checking incessant and arbitrary increases in rent and fixing of standard rent.

There are three conditions that rent control must satisfy. First, the control must fix rent terms of private contracts to the exclusion of laws which regulate the distribution of income among contracting parties. Second, the control must involve no appropriation of proceeds to or from the government, taxation and subsidization are excluded. Third, fixing of price must not be associated with direct government sales, purchases, or manipulation of resources in order to maintain regulated rent, this stipulation excludes price support (Cheung, 1974).

For this paper, rent control is a limit imposed by government on how high a rent can be charged on a particular property. It is imposed by placing a ceiling on the amount that can be charged and usually at a figure below the open market price. The ceiling indicates the standard rent stipulated in the edict or fixed by order of a Tribunal. Contrary to controlled rent is open market rent. Open market is characterized by willingness and



ability of landlords and tenants and in it is the most probable rent at which a property will exchange in a free market, expressed in terms of cash or equivalent. The assumption is that there are knowledgeable, willing and able landlords and tenants, unencumbered by undue pressure, with parties in the letting transaction acting in his own best interest, while allowing reasonable time for exposure in a free and open market (NIESV, 1985). Also, Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion (*International Valuation Standards*).

### The Study Area

The study area is described along its demographic, geographical, social and economic characteristics. Lagos State covers an area of approximately 3,345 square kilometers and located on four principal islands and adjacent parts of the Nigerian mainland. The islands are connected to each other and to the mainland by bridges and landfills. Major sections of the Lagos metropolis include the old city now serving as the commercial district, on western Lagos Island; Ikoyi Island (situated just east of Lagos Island and joined to it by a landfill); Apapa, the chief port district, located on the mainland; residential Victoria Island; and industrialized Iddo Island with important mainland suburbs, while Ebute Meta, Yaba, Surulere, Ajegunle, Shomolu, Agege, Mushin and Ikeja were incorporated as part of the city in 1967 (*Microsoft Encarta, 2006*).

Demographically, Lagos State by size is the smallest state in Nigeria but with the second highest population which is over five percent of the national estimate. According to 1991 national census, the State has a population of 5,725,116 out of a national estimate of 88,992,220. Lagos metropolis is Africa's second fastest growing urban centre after Cairo, and it is a focal point for regional, national and international trade. In the built-up urban areas of the metropolis, the average density is 20,000 persons per square kilometre. Estimates of its population vary considerably but generally range from 10 to 15.5 million people, thus becoming the second largest city in Africa after Cairo. It is located at 6°34'60"N, 3°19'59"E along the West African coast,

Lagos refers most often to the urban area, called "Metropolitan Lagos" and includes the islands of the former municipality of Lagos and the mainland suburbs, all forming part of Lagos State. It is the most populous conurbation in Nigeria; comprising number of cities, large towns and urban areas that through growth and expansion have physically merged to form one continuous built up area (*wikipedia online, 2008*). Lagos has grown from a small Yoruba settlement, undergoing periods of domination by two European powers, to become the commercial and population centre of Nigeria. It is the former capital city of Nigeria and was replaced by Abuja but still remains commercial centre of

Nigeria. The city officially lost its status as the capital city of Nigeria on 12<sup>th</sup> December, 1991. According to recent UN study (1999), the city of Lagos is expected to hit the 24.5 million population mark and thus be among the ten most populous cities in the world by the year 2015. The 2005 census which figures were released in January 2007 shows that Lagos has a population of 9, 013, 534. Based on the 2005 figures, Lagos State accounts for approximately 7% of total national figure of One Hundred and Thirty-one Million, Five Hundred and Fifty-six Thousand, Five Hundred and Eight (131,556,508) (*wikipedia online, 2007b*).

The choice of the study area is based on many factors. Lagos State is a socially heterogeneous city with tribes and nationals from within and outside Nigeria aggregating in Lagos metropolis. This makes demand for residential properties increase on daily basis as migration into the state increases. Apart from this reasons, Lagos has been selected due to the fact that it is the economic, social, commercial, industrial and political nerve centre of Nigeria and by extension the nerve-centre of West Africa sub-region. Lagos represents the melting pot of various races, and of economic activities with high net-worth manufacturing, commercial entities, high grade residential precincts, highly productive industrial concerns that have congregated to take advantage of the nearness to sea and international air ports, and rail systems, and also served with networks of trunk roads. The degree of urbanization exemplified by the study area justifies that deduction and recommendations made in respect of thereof will be applicable to other states in Nigeria.

### The Provisions of Lagos State Rent Edict of 1997

The edict applies to residential accommodation with annual rental value that, as at 1996, was not more than ₦250, 000 and classifies the types and categories of residential accommodation. Lagos State is zoned into areas with standard rents fixed for each zone.

The edict prescribes standard rents payable with allowance for upwards reviews every three years on the order of the Military Administrator (now the civilian Governor) of Lagos State. Such standard rent would be reviewed every three years at a rate not exceeding 20% of the standard rent prescribed in respect of each type of residential accommodation. The standard rent is expected to supersede any rent between the landlord and the tenant. Furthermore, the edict states that it would be unlawful for landlord or his agent to demand or receive rent in excess of six months' rent from incoming tenant for categories T1 and T2 and twelve months in respect of accommodation in categories T3 to T8. Similarly, it would be unlawful for an incoming tenant or his agent to offer to pay standard rent in excess of six months in respect of accommodation in categories T1 T2 and twelve months in respect of accommodation in categories T3 T8. Table 1 shows the classes and types of residential accommodation covered by the edict.



**Table 1: Classification of Residential Accommodation under the Rent Edict**

Class of property	T1	T2	T3	T4	T5	T6	T7	T8
Type of accommodation	Single bedroom	Room and parlour	Single bedroom flat	2-bedroom flat	3-bedroom flat	2-bedroom house	3-bedroom semi-detached house	3-bedroom detached house

**Source:** Lagos State Rent Control and Recovery of Residential Edict, 1997

It is unlawful for a landlord or his agent to demand or receive standard rent in excess of three months rents in respect of any form of accommodation from a sitting tenant. It is also unlawful for a sitting tenant to offer or pay rent in excess of three months in respect of any accommodation. In both cases, any person who receives or pays rent in excess of what is prescribed in the edict would be guilty of an offence and shall become liable to a fine of ₦50, 000 or six months imprisonment.

The edict expressly provides that landlord must issue rent payment receipt to the tenant, failure of which such landlord would be guilty of an offence and become liable to a fine of ₦2, 500 or one month imprisonment. It also categorizes residential accommodation in relation to materials of construction into Categories A, B, C, Standard Flat, and Standard House as detailed in Table 2.

**Table 2: Categories of Residential Accommodation under the Lagos State Rent Edict**

Category	Description	Accommodation Details
<b>A</b>	Buildings constructed of sandcrete blocks, bricks or mud plastered and painted internally and externally	Rooms with floor area not less than 11.2m <sup>2</sup> (or 12' x 10'); plus 14m <sup>2</sup> (3.7m x 3.7m or 12' x 12') parlour; kitchen not being shared by more than 6 rooms; bathroom with pipe-borne water not shared by more than 6 rooms; flush toilet not shared by more than 6 rooms; minimum floor finish is cement screed; water and electricity supply are from the mains.
<b>B</b>	Buildings constructed of bricks or mud plastered with cement	Standard rooms with dimensional area less than 11.2m <sup>2</sup> (3.7m x 3.0m or 12' x 10'); plus parlour having a dimensional area not less than 14m <sup>2</sup> (3.7m x 3.7m or 12' x 12'); kitchen, not shared by more than 8 rooms; bathroom with pipe-borne water but not shared by more than 8 rooms; cement screeded floor; water and electricity from the mains.
<b>C</b>	Buildings constructed of mud, bamboo, planks or corrugated iron sheets	Standard rooms with dimensional area not less than 11.2m <sup>2</sup> (3.7m x 3.0m or 12' x 10'); parlour with dimensional area not less than 14m <sup>2</sup> (3.7m x 3.7m or 12' x 12'); external kitchen; external pit toilet; external bathroom; screeded floor; at least internal wall surfaces plastered; electricity supply from the mains.
Standard Flat	A self-contained family residential accommodation, which should have amenities exclusively for the use of the tenant.	A living room of not less than 14m <sup>2</sup> (3.7m x 3.7m or 12' x 12'); plus standard rooms with dimensional area not less than 11.2m <sup>2</sup> (3.7m x 3.0m or 12' x 10'); a kitchen; water closet flush toilet; bathroom; mains electricity supply; terrazzo floor finishing at the Living/Dining room and kitchen; p.v.c. floor finishing at the bedrooms.
Standard House	Buildings on two floors for occupation by a single family, with sitting on the ground floor and bedrooms on the upper floor.	Living/dining with room; standard rooms with dimensional area not less than 11.2m <sup>2</sup> ; kitchen; store; water closet flush toilet on ground and first floors; bathroom; mains water and electricity supply; terrazzo flooring at the Living/dining room, kitchen, toilet and bathroom and stairway; p.v.c. flooring at the bedrooms

**Source:** Lagos State Rent Control and Recovery of Residential Edict, 1997



Apart from listing categories of accommodation, communities in Lagos State affected by the provisions of the edict are grouped into eleven zones as shown in Table 3.

**Table 3: Zoning of Communities Affected by Provisions of the Edict**

Zone	Communities
A	Lagos Island including Olowogbowo, Isale Eko, Epetedo, Sangross, Obalende, Onikan, Araromi Faji Area, Oke-Suna, Anikantamo, Lafiaji, Oke-Popo area, Agarawu area, Oko-Awo, Tinubu, Brazillian Quarters, Obadina, Ita-Eleiye area, Apongbon, Idumota, Ercko, Oto, Ido, Surulere, Ebute Meta West, Apapa, Fcstac (Medium Density)
B	Lawanson, Tejuoso, Ojuelegba, Mabo area, Yaba, Sabo, Onike, Iwaya, Akoka, Igbobi, Jibowu, Fadeyi, Onipanu, Palm grove, old Ilupeju, Obanikoro, Aguda, Surulere, Apakun, Papa Ajao, Oyadiran Estate, Festac (High Density), Ikate, Obale-Odan, Obele-Oniwahala, Games Village, Opebi LSDPC Housing Estate, Satellite Town, Agidingbi New Development, Onigbongbo Village, Ojodu Pilot Estate, and Gowon Estate.
C	Ikeja Division excluding places listed in other zones but including Oregon, Ojota, Ketu, Oworonsoki, Ijeshatedo, Kirikiri, Bariga, Somolu, Oshodi, Isolo, Egbe, Ikotun, Akowonjo, Egbeda, Idimu, Iyana-Ipaja, Agege, Orile-Agege, Iju, Ifako, Ijaye, Moshalashi, Otubu, Pero, Asade, Mushin, Panade, Mangoro, Onipetesi, Dopemu, Cement, Sanngo, Oko-Oba, Matori, Challenge, Cappa, Olorunsogo, Idi-oro, Idi-Araba, Ilasamaja, Agidingbi, Papa Ashafa, Oke-Koto, Aguda-Tuntun, Ojodu Akiode, Isheri, Alakuko, Agbado, Ladilak, Abule-Okuta, Ifako-Gbagada, Ogudu Village, Alapere, Kollinton, Onigbongbo, Adekunle Village, Ogba, Ikate, Osapa, Shagari Estate, Magodo Village, Shangisha Village, Itire, Iba Low Cost Housing Estate, Abaranje New Developments, Abule Nla, Abule Ijesha, Abule-Oja, Itire, Bolade, Ajisehiri, Ladipo, Sogunle, Alasia, Okota, Ishaga, Mafoluku, Ewu-tuntun, Coker Village, Iponri Low Cost Housing Estate, Amuwo-Odofin Low Cost Housing Estate, Ojokoro/Ijaiye Low Cost Housing Estate, Ogba Phase I, Omole Village.
D	Ilaje Village, Ajegunle, Badiya, Ijora-Olaleye Village, Amukoko, Ilasan, Ikota, Ajah, Addo, Orile-Iganmu, Oke-Odo, Iba, Ijanikin, Ikare, Mile 2, Irede, Imore, Ibeshe, Ibaso, Ijegun-Egba, Onireke Village, Ojo-Alaba, Maza-maza, Ilaashe, Ojo, Okoko/maiko, Ajangbadi, Mebamu, Ishasi, Ojo-Igbede, Otto-Ijanikin, Amuwo, Agboju, Oluti, Shasha, Aboru, Bolorunpelu, Baruwa, Abule Egba, Igando, Abaranje, Ijegun Village, Ipaja, Abule-Okiki, Surulere Tuntun, Isheri-Olofin, Ayobo, Makoko, Old Alaba, Ejigbo, Iponri, Abesan Low Cost Housing Estate, Sangotedo, Ikota Resettlement Scheme, Owode, Thomas Laniyan Estate, Ajegunle via Owode-Onirin, Badore, Okun-Ajah, Abesan
E	Ikorodu, Ipakodo, Odo-Giyan, Owutu and Igbogbo
F	Ikorodu Division excluding Districts listed in Zone E but including Majidun, Abule-Okuta, Ijede, Isiu, Ewu-Elepe, Imota, Egbin and Agbowo, Agbowo-Ikosi, and Oruba in Epe Division
G	Epe township
H	Other towns and villages in Epe Division including Lekki and other towns and villages in Ibeju-Lekki Local Government Area
K	Badagry township, Ajara, Topo
M	Other towns and villages in Badagry Division up to Seme (Nigeria-Republic of Benin Border)
N	Mende, Anthony Village, Idi-Iroko Village, New Ilupeju, Ogba Phase II, Omole Scheme, Magodo Scheme, Gbagada Phases I & II, Bamishile/Opebi Scheme, Wemabod Estate, Alaka Estate, Alaka Extension, Amuwo-Odofin Scheme, Medina Estate, Atunrase Estate, Shonibare Estate, FESTAC (Medium Density), Danny Estate, LSDPC Estate on Carter Street Ebute Metta, Adekunle Village (New Development)

Source: Lagos State Rent Control and Recovery of Residential Edict, 1997

Furthermore, the edict stipulates standard rents payable according to zones and types of residential properties. Rents in Zone N are the highest while lowest rents are fixed for Zone H as shown in Table 4.

**Table 4: Standard Rent Table showing Types, Categories and Rental Values (in Naira per month)**

Zone	Single Bedroom (Category A) T1A	Single Bedroom (Category B) T1B	Single Bedroom (Category C) T1C	Room and Parlour (Category A) T2A	Room and Parlour (Category B) T2B	Room and Parlour (Category C) T2C	Single Bedroom flat T3	Two Bedroom flat T4	Three Bedroom flat T5	Two Bedroom House T6	Three Bedroom Semi-Detached House T7	Three Bedroom Detached House T8
A	650	585	525	1,350	1,215	1,090	1,750	2,600	3,750	5,250	8,750	10,500
B	480	430	390	960	865	780	1,250	2,800	3,750	4,375	5,800	7,000
C	400	360	325	880	790	710	1,125	1,875	3,000	3,375	4,500	4,875
D	320	290	260	720	650	585	825	1,500	2,250	2,625	3,750	4,125
E	280	250	225	560	505	455	750	1,500	1,875	2,650	3,000	3,350
F	120	110	100	240	215	195	280	320	400	480	600	640
G	160	145	130	320	290	260	360	400	480	560	640	720
H	65	60	55	130	115	105	160	225	265	320	400	440
K	320	290	260	720	650	585	1,000	1,200	1,440	2,000	2,400	2,800
M	95	85	75	190	170	155	280	360	440	560	640	720
N	480	430	390	960	865	780	1,875	3,000	4,500	7,000	8,750	10,500

Source: Lagos State Rent Control and Recovery of Residential Edict, 1997

As the edict stipulates, a standard flat must have the following amenities exclusively for the use of the tenant: a Living/Dining room of not less than 14m<sup>2</sup>, standard rooms having dimensional area not less than 11.2m<sup>2</sup>, a Kitchen, Water Closet flush toilet, Bath or shower room, electricity supply from National Grid, Water supply from the mains or other good source, terrazzo flooring in the Living/Dining room and Kitchen,

and p.v.c. tiles in bedroom.

Where a flat in Zones A-M has a Boys Quarters, a room there would attract additional rent and a tenement flat having a garage in high density area would attract additional rent. In case of a flat lacking any of the standard amenities, allowance is made in the standard rent amenities that are lacking. Specifically, where a flat



lacks any of the amenities specified an amount equivalent to 5% of the standard rent would be discounted for the amenity that is lacking; and where a flat has more than three-bedrooms each additional bedroom would attract not more than additional 20% of the standard rent prescribed for a three-bedroom flat. Also, where a flat in Zones A M has garage attached to it the flat would attract additional rent of equivalent amount for a room in the zone in which the flat is located. Where a room is more or less than 11.2m<sup>2</sup>, an increase or decrease as the case may be of 60% of the unit rate per square metre of the standard rent would be allowed for each square metre increase or decrease.

### Research Methodology

In attaining the stated aim and objectives an exploratory study was carried out on the edict. In this respect, provisions in the edict were studied for an understanding of basic meaning and interpretation that are devoid of legal jargons.

The rents stipulated in the edict according to zones were compared with the open market rents obtained from a survey of Estate Surveyors and from property pages of newspapers and magazines in Lagos metropolis. Data on the open market rent were obtained from one hundred and twenty out of three hundred and twenty-five registered firms of Estate Surveyors and Valuers in Lagos metropolis. Questionnaires were administered in Apapa, Lagos Island, Lagos mainland, and Ikeja which are four administrative divisions within the Lagos metropolis to obtain prevailing open market rental values of the properties covered by the edict. Averages of the rents obtained from the firms were determined for each type of accommodation units.

For purpose of analysis in this study, statutory rents in 1997 were reviewed at maximum rate of 20% every three years as stipulated by the edict considering the statutory and open market rents as at 2007 when the study was carried out. Illustrating the approach for calculating the statutory rent, floor plans of two hypothetical three-bedroom flats assumed to be located in Zone N were purposively used for illustration. The process for calculating statutory rent as illustrated is equally applicable to other zones and type of accommodation in the study area. One of the floor plans has accommodation details larger than standard space, the other plan has space smaller than standard stipulated in the edict.

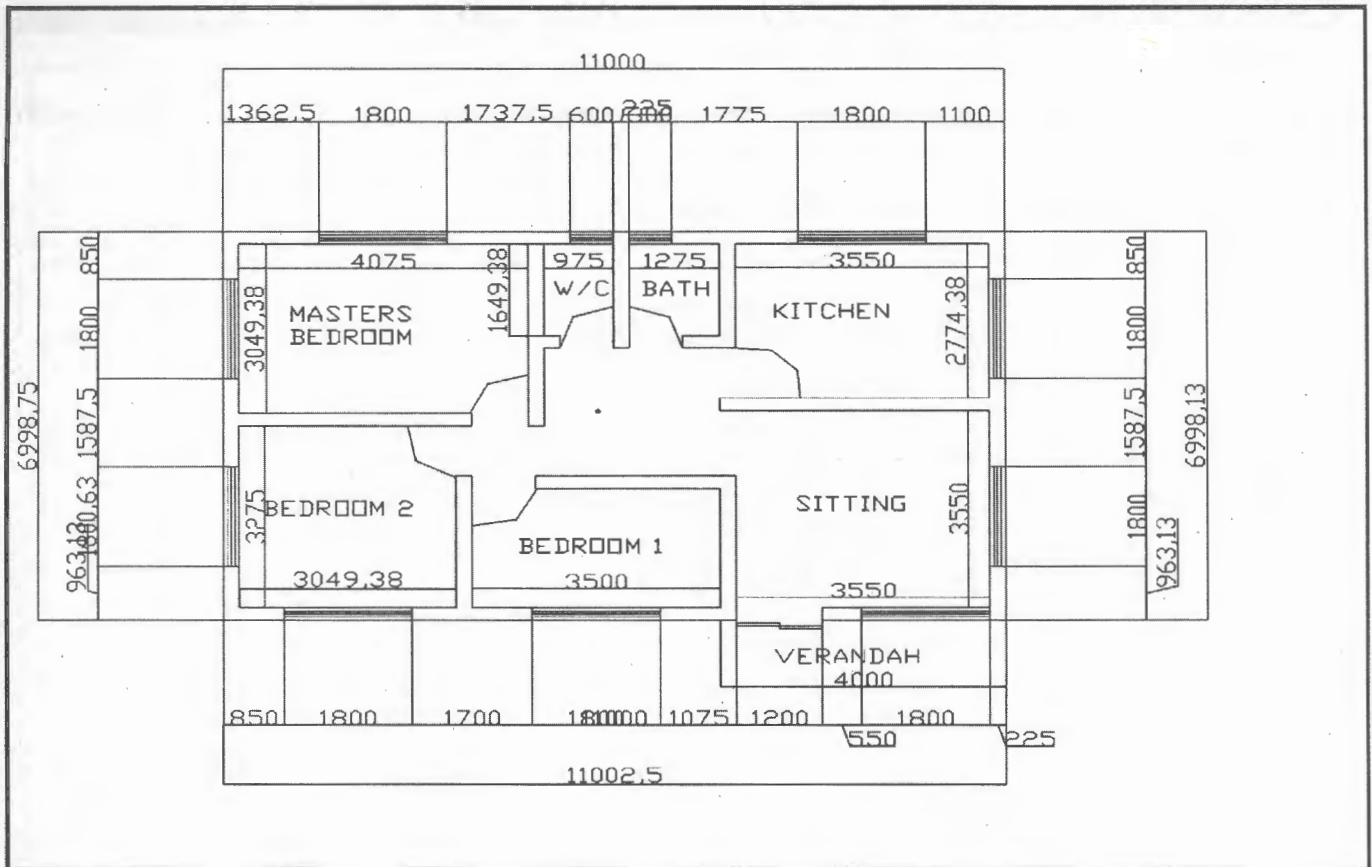
*A priori* hypothesis was also tested. The hypothesis is that, over the long run, there is no significant difference between the open market and statutory rents in all the

zones of Lagos State. In doing so, the multiple sample comparisons of the independent means and analysis of variance (ANOVA) of the within and in-between variables were adopted. The procedure compared data in two columns of data files and constructed statistical tests to determine the relationship between the open market and statutory rents. The F-test in the ANOVA determined whether there were significant differences amongst the means by decomposing variance of the data into two components, namely, a between-group and within-group components at 95% level of confidence. A P-value of the F-test that was less than 0.05 indicated statistically significant difference between the means of the independent variables.

### Analysis and Discussion

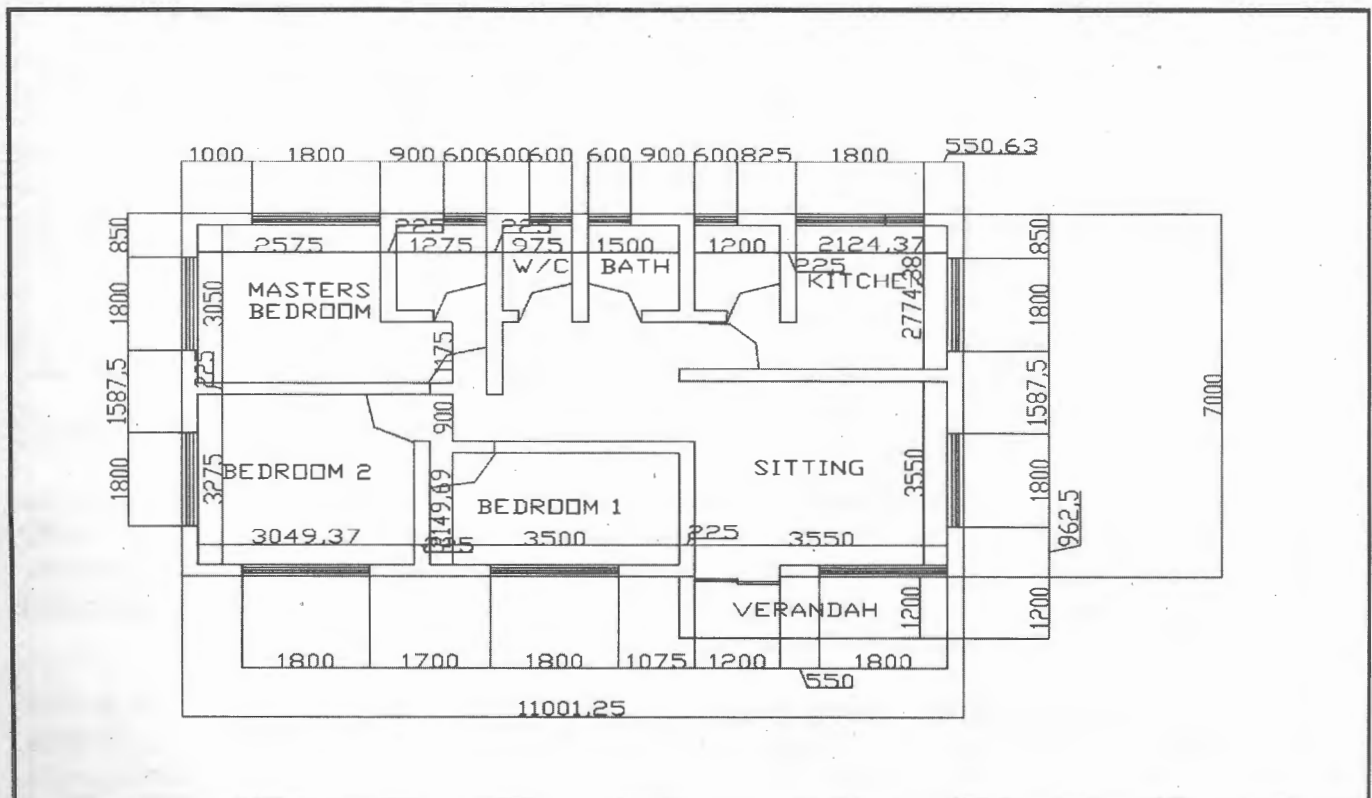
The approach for determination of standard rent under edict will best be appreciated using hypothetical floor plans in Figs. 1 and 2. Fig.1 is a sketch plan of a three-bedroom flat with floor dimensions above those stipulated by the edict while Fig. 2 has dimensions less than standard stipulated in the edict as shown below.





**Fig.1: Floor Plan of Hypothetical Three-Bedroom Flat (with accommodation dimensions above statutory requirement)**

Fig. 2 is a sketch floor plan of a hypothetical three-bedroom flat with dimensions below those stipulated by the edict.



**Fig.2: Floor Plan of Hypothetical Three-Bedroom Flat (with accommodation dimensions below statutory requirement)**

Using Fig.1, the calculation of statutory rent of hypothetical three-bedroom flat with accommodation space that is more than the standard stipulated is detailed in Table 5.

As detailed in Table 5, total allowance for extra floor space in the hypothetical flat is N3, 309.66 per month. Consequently, the standard rent for the flat assumed to have been considered in Zone N is N7, 809.66.

**Table 5: Calculation of Rent of Hypothetical 3-Bedroom Flat (with space above standard size)**

S/N	Amenities	Statutory (Standard) Dimensions (A)	Actual Dimension of Hypothetical flat. (B)	Difference between actual and expected (B-A)	Allowance for extra floor space @ 60% of unit rate/m <sup>2</sup> of standard rent: (B-A) x N57.72/m <sup>2</sup> <b>N per month</b>
1.	Master's Bedroom	11.2m <sup>2</sup>	29.77m <sup>2</sup>	18.57 m <sup>2</sup>	1, 071.86
2	Bedroom I	11.2m <sup>2</sup>	20.84m <sup>2</sup>	9.64 m <sup>2</sup>	556.42
3	Bedroom II	11.2m <sup>2</sup>	20.84m <sup>2</sup>	9.64 m <sup>2</sup>	556.42
4	Living Room/Dining	14.0m <sup>2</sup>	33.49 m <sup>2</sup>	19.49 m <sup>2</sup>	1, 124.96
5	Kitchen	-	-	-	-
6	WC Cubicle	-	-	-	-
7	Bath	-	-	-	-
8	Electricity	-	-	-	-
9	Water supply	-	-	-	-
				<b>TOTAL</b>	<b>N3, 309.66</b>

This amount is made up of N4, 500 as the monthly statutory rent for the standard space and N3, 309.66 per month for extra space above the standard in the edict. In comparison, the standard rent for typical three-bedroom flat with floor space below standard size is determined as shown in Table 6.

S/N	Amenities	Statutory (Standard) Dimensions (A)	Actual Dimension of Hypothetical flat (B)	Difference between actual and expected (B-A)	Allowance for extra floor space @ 60% of unit rate/m <sup>2</sup> of standard rent: (B - A) x N57.72/m <sup>2</sup>
1	Master's Bedroom	11.20 m <sup>2</sup>	11.22 m <sup>2</sup>	+ 0.02 m <sup>2</sup>	1.15
2	Bedroom I	11.20 m <sup>2</sup>	9.30 m <sup>2</sup>	- 1.90 m <sup>2</sup>	(109.67)
3	Bedroom II	11.20 m <sup>2</sup>	10.22 m <sup>2</sup>	- 0.98 m <sup>2</sup>	(56.57)
4	Sitting Room	14.00 m <sup>2</sup>	15.65 m <sup>2</sup>	+ 1.65 m <sup>2</sup>	95.24
5	Kitchen	-	-	-	-
6	WC Cubicle	-	-	-	-
7	Bath	-	-	-	-
8	Electricity	-	-	-	-
9	Water supply	-	-	-	-
				<b>TOTAL</b>	<b>N (69.85)</b>

In case of the hypothetical three-bedroom flat with floor space below statutory requirement, total allowance for the floor space is N(69.85). This means that a deduction would be made from the standard rent for the sum of N69.85, consequently, the standard rent for the flat assumed to have been considered in Zone N is N4, 500 less N69.85, that is, the monthly rent payable in respect of the hypothetical three-bedroom flat in Zone N having floor space that is less than statutory requirement is N4, 430.15 per month.

Comparing statutory rents fixed for 1997 with prevailing open market rents, the average rents for T1A T1C and T2A T2C are projected from 1997 to 2006 at twenty percent (20%) increase every three years as stipulated by the edict. Year 2007 is the year of the analysis, the analysis therefore covers a ten-year period and indicates statutory rents as at 1997 projected to years 2000, 2003, and 2006 as shown in Table 7.



Table 7: Statutory and Open Market Rents According to Zones and Accommodation Type (in Naira/month)

Zone	Statutory Rent (per month) (Projected from 1997 at 20% every three years, adjusted to nearest Naira)								
	Type	T1A-T1C (average)N	T2A-T2C (average) N	T3 N	T4 N	T5 N	T6 N	T7 N	T8 N
A	1997	587	1,828	1,750	2,600	3,750	5,250	8,750	10,500
	2000	704	2,193	2,100	3,120	4,500	6,300	10,500	12,600
	2003	845	2,632	2,520	3,744	5,400	7,560	12,600	15,120
	<i>2006/2007</i>	<i>1,014</i>	<i>3,158</i>	<i>3,024</i>	<i>4,493</i>	<i>6,480</i>	<i>9,072</i>	<i>15,120</i>	<i>18,144</i>
	<b>2007 (Open Market Rent)</b>	<b>5,000</b>	<b>12,000</b>	<b>18,000</b>	<b>20,000</b>	<b>25,000</b>	<b>28,000</b>	<b>35,000</b>	<b>40,000</b>
B	1997	433	1,302	1,250	2,800	3,750	4,375	5,800	7,000
	2000	520	1,562	1,500	3,360	4,500	5,250	6,960	8,400
	2003	624	1,875	1,800	4,032	5,400	6,300	8,352	10,080
	<i>2006/2007</i>	<i>749</i>	<i>2,250</i>	<i>2,160</i>	<i>4,839</i>	<i>6,480</i>	<i>7,560</i>	<i>10,023</i>	<i>12,096</i>
	<b>2007 (Open Market Rent)</b>	<b>3,000</b>	<b>5,000</b>	<b>6,000</b>	<b>25,000</b>	<b>30,000</b>	<b>35,000</b>	<b>42,000</b>	<b>50,000</b>
C	1997	362	794	1,125	1,875	3,000	3,375	4,500	4,875
	2000	434	952	1,350	2,250	3,600	4,050	5,400	5,850
	2003	521	1,143	1,620	2,700	4,350	4,860	6,480	7,020
	<i>2006/2007</i>	<i>625</i>	<i>1,371</i>	<i>1,944</i>	<i>3,240</i>	<i>5,184</i>	<i>5,832</i>	<i>7,776</i>	<i>8,424</i>
	<b>2007 (Open Market Rent)</b>	<b>3,000</b>	<b>6,000</b>	<b>7,500</b>	<b>12,000</b>	<b>15,000</b>	<b>20,000</b>	<b>50,000</b>	<b>60,000</b>
D	1997	290	652	825	1,500	2,250	2,625	3,750	4,125
	2000	348	783	990	1,800	2,700	3,150	4,500	4,950
	2003	418	940	1,188	2,160	3,240	3,780	5,400	5,940
	<i>2006/2007</i>	<i>502</i>	<i>1,128</i>	<i>1,426</i>	<i>2,592</i>	<i>3,888</i>	<i>4,536</i>	<i>6,480</i>	<i>7,128</i>
	<b>2007 (Open Market Rent)</b>	<b>2,500</b>	<b>5,000</b>	<b>7,200</b>	<b>8,500</b>	<b>10,000</b>	<b>12,000</b>	<b>13,000</b>	<b>15,000</b>
E	1997	252	507	750	1,500	1,875	2,650	3,000	3,350
	2000	303	609	900	1,800	2,250	3,180	3,600	4,020
	2003	364	731	1,080	2,160	2,700	3,816	4,320	4,824
	<i>2006/2007</i>	<i>437</i>	<i>877</i>	<i>1,296</i>	<i>2,592</i>	<i>3,240</i>	<i>4,580</i>	<i>5,184</i>	<i>5,789</i>
	<b>2007 (Open Market Rent)</b>	<b>1,500</b>	<b>3,000</b>	<b>4,500</b>	<b>6,000</b>	<b>7,500</b>	<b>10,000</b>	<b>12,000</b>	<b>15,000</b>
F	1997	110	217	280	320	400	480	600	640
	2000	132	261	336	384	480	576	720	768
	2003	159	314	404	461	576	692	864	922
	<i>2006/2007</i>	<i>191</i>	<i>377</i>	<i>485</i>	<i>554</i>	<i>692</i>	<i>831</i>	<i>1,037</i>	<i>1,107</i>
	<b>2007 (Open Market Rent)</b>	<b>1,000</b>	<b>2,000</b>	<b>3,500</b>	<b>4,800</b>	<b>6,500</b>	<b>8,750</b>	<b>9,500</b>	<b>10,800</b>
G	1997	145	290	360	400	480	560	640	720
	2000	174	348	432	480	576	672	768	864
	2003	209	418	519	576	692	807	922	1,037
	<i>2006/2007</i>	<i>251</i>	<i>502</i>	<i>623</i>	<i>692</i>	<i>831</i>	<i>969</i>	<i>1,106</i>	<i>1,245</i>
	<b>2007 (Open Market Rent)</b>	<b>800</b>	<b>1,500</b>	<b>3,000</b>	<b>4,500</b>	<b>6,000</b>	<b>8,000</b>	<b>9,500</b>	<b>10,500</b>
H	1997	60	117	160	225	265	320	400	440
	2000	72	141	192	270	318	384	480	528
	2003	87	170	231	324	382	461	576	634
	<i>2006/2007</i>	<i>105</i>	<i>204</i>	<i>278</i>	<i>389</i>	<i>459</i>	<i>554</i>	<i>692</i>	<i>761</i>
	<b>2007 (Open Market Rent)</b>	<b>1,200</b>	<b>2,500</b>	<b>3,500</b>	<b>4,800</b>	<b>6,500</b>	<b>7,800</b>	<b>9,000</b>	<b>10,800</b>
K	1997	290	652	1,000	1,200	1,440	2,000	2,400	2,800
	2000	348	783	1,200	1,440	1,728	2,400	2,880	3,360
	2003	418	940	1,440	1,728	2,074	2,880	3,456	4,032
	<i>2006/2007</i>	<i>502</i>	<i>1,128</i>	<i>1,728</i>	<i>2,074</i>	<i>2,489</i>	<i>3,456</i>	<i>4,148</i>	<i>4,839</i>
	<b>2007 (Open Market Rent)</b>	<b>1,500</b>	<b>3,000</b>	<b>3,600</b>	<b>4,800</b>	<b>6,000</b>	<b>7,500</b>	<b>8,000</b>	<b>9,500</b>
M	1997	85	172	280	360	440	560	640	720
	2000	102	207	336	432	528	672	768	864
	2003	123	249	404	519	634	807	922	1,037
	<i>2006/2007</i>	<i>148</i>	<i>299</i>	<i>485</i>	<i>623</i>	<i>761</i>	<i>969</i>	<i>1,107</i>	<i>1,245</i>
	<b>2007 (Open Market Rent)</b>	<b>800</b>	<b>1,500</b>	<b>3,600</b>	<b>4,800</b>	<b>6,000</b>	<b>7,500</b>	<b>9,000</b>	<b>12,000</b>
N	1997	434	869	1,875	3,000	4,500	7,000	8,750	10,500
	2000	521	1,043	2,250	3,600	5,400	8,400	10,500	12,600
	2003	626	1,252	2,700	4,320	6,480	10,080	12,600	15,120
	<i>2006/2007</i>	<i>752</i>	<i>1,503</i>	<i>3,240</i>	<i>5,184</i>	<i>7,776</i>	<i>12,096</i>	<i>15,120</i>	<i>18,144</i>
	<b>2007 (Open Market Rent)</b>	<b>3,500</b>	<b>6,000</b>	<b>7,500</b>	<b>18,000</b>	<b>25,000</b>	<b>40,000</b>	<b>60,000</b>	<b>100,000</b>

N. B. The open market and statutory rent prevailing in the year of analysis are indicated in bold and italics



### Testing of the Hypothesis

In testing the hypothesis that over the long run there is no significant difference between the open market and statutory rents in all zones of Lagos State, the multiple-samples comparison and analysis of variance techniques were adopted for analysis of the within and in-between variables. Data in two columns of data file were compared using statistical tests to compare the samples. The F-test in the ANOVA reveals whether there are significant differences amongst the means of open market and statutory rents decomposing the variance of the data into two components of between-group and within-group components, set at alpha level of 0.05. The result of the analysis is summarized in Table 8.

**Table 8: Summary of Analysis of Independent Variables**

Zone	Result of Analysis	Remarks
A	The open market rents range from ₦5,000 to ₦40,000 per month and statutory rents from ₦1,014 to ₦18,144 per month; The F-ratio which is a ratio of the between-group estimate to the within-group estimate equals 10.8893; P-value of 0.0053 indicated from the analysis is less than 0.05	There is a statistically significant difference between the means of the two variables at 95.0% confidence level.
B	The multiple-sample comparison shows that the open market rent in Zone B range from ₦3,000 to ₦50,000 per month while the statutory rents range from ₦749 and ₦12,096 per month. The F-ratio equals 7.9161 indicating the ratio of the between-group estimate to the within-group estimate; P-value being 0.0138 is less than 0.05	There is a statistically significant difference between the means of open market rents and statutory rents at 95.0% confidence level.
C	The multiple-sample comparison indicates that the open market rent ranges from ₦3,000 to ₦6,000 per month while the statutory rent ranges from ₦625 to ₦8,424 per month; The F-ratio in this case equals 5.07302; P-value is 0.0409. This indicates that the P-value is less than 0.05	There is statistically significant difference between the means of the open market and statutory rents in at 95.0% confidence level.
D	The open market rents in the zone range from ₦1,500 to ₦15,000 per month while statutory rents range from ₦437 to ₦5,789; The F-ratio equals 10.8857; The P-value is 0.0053. P-value of the F-test is less than 0.05.	There is a statistically significant difference between the means of the open market and statutory rents at 95.0% confidence level.
E	The open market rents in the zone range from ₦1,500 to ₦15,000 per month while statutory rents range from ₦437 to ₦5,789; The F-ratio is 6.14613; The P-value is 0.0265, P-value of the F-test is less than 0.05	There is a statistically significant difference between the means of the open market and statutory rents at 95.0% confidence level.
F	The open market rents range from ₦1,000 to ₦10,800 per annum while statutory rents range from ₦191 to ₦1,107 per month. The F-ratio in this case equals 16.3794 and P-value is 0.0012 indicating that the P-value of the F-test is less than 0.05	There is a statistically significant difference between the means of the open market and statutory rents at the 95.0% confidence level.
G	The open market rents range from ₦800 to ₦10,500 per month, and statutory rents range from ₦251 to ₦1,245 per month. The F-ratio is 13.205 and P-value of 0.0027.	Since the P-value of F-test is less than 0.05, there is a statistically significant difference between the means of the open market and statutory rents at 95.0% confidence level.
H	The open market rents range from ₦1,200 from ₦10,800 per month and statutory rents from ₦105 and ₦761 per month. The F-ratio equals 20.3002 while the P-value is 0.0005, and since the P-value of the F-test is less than 0.05	There is a statistically significant difference between the means of the open market and statutory rents at the 95.0% confidence level.
K	The open market rents range from ₦1,500 to ₦9,500 per month while the statutory rents range from ₦502 to ₦4,839. The F-ratio, in this case equals 7.06716 while P-value is 0.0187.	Since the P-value of the F-test is less than 0.05 there is a statistically significant difference between the means of the two variables at the 95.0% confidence level.
M	The open market rents range from ₦800 to ₦12,000 per annum while the statutory rents range from ₦148 to ₦1,245 per annum. The F-ratio equals 13.4515 and P-value is 0.0025	The P-value of the F-test is less than 0.05. This indicates that there is a statistically significant difference between the means of the open market and statutory rents at the 95.0% confidence level.
N	The open market rents range from ₦3,500 to ₦100,000 per month while statutory rents range from ₦752 to ₦18,144. The F-ratio is 26.3854 while P-value equals 0.000322535	P-value of the F-test is less than 0.05 indicating that there is a statistically significant difference between the means of the open market and statutory rents at the 95.0% confidence level.



The analysis in Table 8 has revealed that the P-value for each zone is less than 0.05 thereby rejecting the null hypothesis that there is no significant difference between the controlled and open market rents in the study area thus accepting the alternative hypothesis. In other words, the analysis confirms that there is significant difference between the statutory and open market rental values of residential premises covered by the edict.

Further analysis of the P-values by comparison across all zones to determine the levels of deviation from set level of confidence reveals the details in Table 9

**Table 9: Details of P-values and Percentage on Alpha Level**

Zone	P-value	% difference from 0.05
A	0.0053	89.4
B	0.0138	72.4
C	0.0409	18.2
D	0.0053	89.4
E	0.0265	47.0
F	0.0012	97.6
G	0.0027	94.6
H	0.0005	99.0
K	0.0187	62.6
M	0.0025	95.0
N	0.00032	99.4

Table 9 clearly reveals that the P-values differ across the zones. It indicates that Zone N has the highest percentage deviation from set alpha level of 0.05, while the lowest deviation is indicated for Zone C. The implication is that the difference between open market and statutory rents across the zones is widest in Zone N and least in Zone C.

**Summary and Concluding Remarks**

The differences in statutory and open market rents are not equal across zones in the study area, varying with The overall finding of the study is that there is significant difference between the means of open market and statutory rents across zones in the study area. The statutory rent fixed on residential properties in the study area has no impact on the amount paid and received as rents. There is wide disparity between the open market rents and statutory rents in all the zones as the analysis has shown, this confirms that landlords and tenants are not observing the provisions of the edict as it relates to payments and receipts of statutory rents.

The study finds that the annual statutory rent stipulated by the edict increased at average of eighty-three percent (83%) on rent paid at the immediate past review. Using 1997 as base year, the projected rents that increased every three years translate to about fifty-eight percent (58%) in 2007. In other words, the statutory rents only increased by 58% at the end of the tenth year. This will definitely be a disincentive to investors in residential premises with rental values below N250, 000 as stipulated by the edict in view of rising cost of maintenance and inflation which is at 17% per annum apart from tenement rates and other outgoings.

The study also finds that the edict has deliberately left out high income residential communities covering only areas commonly occupied by low income-earners,

urban poor and blighted areas of Lagos. Rents are varied relative to locations with communities at outlying precincts of Lagos metropolis such as Epe, Badagry, Ikorodu, and other rural communities demarcated into Zones E, F, G, H, K, and M command low rental values while communities within the Lagos metropolis are zoned into Zones A, B, C, D, and N with higher statutory rent fixed.

**Conclusion and Recommendations**

The Lagos State government definitely had good intention of protecting low income earners and dwellers of the areas with high rental values in the metropolitan Lagos; the method of fixing such rents is arbitrary and questionable. The rents for communities were probably fixed intuitively by civil servants that drafted the edict rather than estate surveyors and valuers who have been trained to advice on fair rental value. It appears set to protect the residents of rural and outlying locations of the Lagos metropolis from arbitrary rent increases but the approach will be a disincentive to developers of the type of accommodation units affected by the edict. The percentage increase will not be remunerative enough to cover the annual increase in cost of repairs, maintenance, tenement rates, and other outgoings.

Restricting the landlord to ridiculously low statutory rents will rather affect the low income earners and urban poor that the edict aimed to protect. The landlords would always find ways to 'cut corners' and avoid falling into the trap of the law by resorting to black market letting by which the rent collected from tenants are falsified on receipt issued by the landlord. In the long run it may not be attractive to invest in low rental properties.

Surely, the maxim that one cannot give what one does not have and one cannot control the price of what is not within one's total control should apply. The Lagos State Government really cannot control the price of what it is

not producing otherwise the incidence of black market by which tenants pay exorbitant rents and landlords issue receipts for lower statutory rents will continue to prevail. The residents of Lagos State that the edict originally sets to protect will be exposed to greater evils and will become worse off.

Rather than control rent, it will be expedient for government to provide enabling environment for the urban poor to own personal houses at truly low cost by empowering them to have access to finance without cut-throat requirements, stringent collateral and equity contributions. It is trite that the more truly the low cost housing units the lower the rental values of residential properties, over the long run.

Suffice to ask further questions. Has the edict really protected the low income earners, urban poor and residents of rural and blighted communities in Lagos State? Are the statutory rents fair and remunerative enough for investors in the low income residential premises? In view of the rent edict, will it be worthwhile to invest in such properties? Are the provisions in the edict effective in controlling rents in the study area? The answer to these questions is "No". The study has shown that there are significant differences amongst the statutory and open market rents in all the zones and categories of residential properties affected by the edict. Consequently, it is not reasonable to allow the edict prevails and it is therefore high time it was repealed. Rather than control the rent of residential properties Lagos State government in collaboration with the other tiers should give enabling environment that will truly encourage urban residents own personal houses thereby reducing the open market rent on the long run.

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