

The Significance of Problems Associated with the Management of Commercial Properties in Enugu Metropolis.

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Abstract: The principal objective of property management is to maintain a property in a state to command the greatest possible net return and to protect the owners capital investment at all times. Commercial properties are often relatively large and complex buildings which are multi-stored or high rise type. The complexity is viewed in terms of the bigness of the structure and diverse multiple occupants inform the need for specialized skill and training for effective and efficient service delivery. The absence of property management negatively affects the physical condition of commercial property due to poor maintenance. Therefore, it is important that the commercial properties are maintained in a sound condition to provide the greatest possible economic return. Effective property management is the only antidote necessary to generate maximum returns on property investment especially at this period of global economic crunch. The study adopted quantitative design. The population of the study are Estate Surveying and Valuation firms located in Enugu State. Hence the total population for the study is Forty-two (42). The study adopted simple random method while sample size is 38. The data was computed using factor analysis, variance, rotated component matrix and multiple regression analysis. The result confirms that poor usage of commercial properties is major problem confronting the management of commercial properties in Enugu which are not significant on commercial properties in Enugu. The implication is that problems associated with the management of commercial properties in Enugu does not have adversely affect the prospects attributed to such property investment.

Keywords: Commercial properties, Property Management, Poor Maintenance, Property Manager

I. INTRODUCTION

Management refers to the technique, practice of science of controlling or that skillful or resourceful use of materials and time etc. it is the administrating or controlling, directing the business affairs of an organization (Hanks, 2019). Management signifies the executive function of planning, organizing, coordinating, controlling and supervising any industrial or business project of activity with responsibility of results.

Property management is an act of intermediation between owners and occupies on issues affecting the parties arising from ownership and occupation of buildings. It is a conscious process of guiding and tailoring an investment in land into profitable venture. Its main concern is the optimization of the

owner's investment (Scarrett, 1995). The practice is however prone to a lot of problems which are capable of preventing or at best reducing the chances of realizing anticipated investment objective. In other words, the achievement or success of the art of nursing and directing an investment in landed property with a view to obtaining maximum return is a function of how well a property manager is able to effectively prevent and/or overcome seeming obstacles in the course of the discharge of its duties.

As different from commodity, the deliverable in property management is service. The property manager advises the client concerning the general client policy regarding cooperation and compensation and as to the best and appropriate choice of tenants for the building. He takes decision on the best term of lease arrangement and appropriate terms of renewal. In addition to being aware of pending or enacted changes in the zoning ordinance that might affect the market value or use of property being managed, he should be informed as rapidly and thoroughly as feasible about laws, proposed legislation, government regulations, public policies and current market conditions.

Property managers seem to be of more relevant in the current economic dispensation. The global collapse of the capital market with its attendants effects, which has not spared African countries like Nigeria, are seen to be compelling investors to redirect their investment ventures into real estate, especially with visible foreign and local investments in commercial properties. These are properties acquired for the purposes of yielding regular inflow of income to investors. Commercial properties are often relatively large and complex buildings some of which are multi-storeyed or high rise type. The complexity involved in terms of the bigness of the structure and diverse and multiple occupants informed the need for specialized skill and training for efficient and effective service delivery.

The principal objective of property management is to maintain a property in a state to command the greatest possible net return and to protect the owners capital investment at all tarries. One unique feature of commercial properties is that they are often relatively large and complex buildings. Some of which are multi-stored or high rise type. The complexity is viewed in terms of the bigness of the structure and diverse and

multiple occupants inform the need for specialized skill and training for effective and efficient service delivery. Considering the huge capital investment in their construction, it is prudent that their efficient management be of paramount importance.

Property management to a non-Professional Estate agent entails mere collection rent. Real property management goes beyond mere collection of rent. A property manager gets involved with managerial problem solving and decision making. He also performs several activities and tasks involving planning, organizing, directing and controlling with respect to the portfolio of real estate assets being managed on behalf of his clients.

This is important since one of the features of real property that distinguishes it from other investment media is its requirement to be managed. As a result of increasing pace of technological development or innovations resulting particularly in the construction of high rise and high technological structures in our cities, there is need for a trained manager who is able to cope effectively and efficiently with management problems arising from the latter.

The many and varied duties of a property manager require the skills of a business executive, decorator, salesperson, parking lot attendant, gardener, housekeeper, information center, accountant, banker, doctor, lawyer, social director, psychologist, marriage counselor, baby sitter, bookkeeper, rent collector, maintenance expert, security officer, keeper of the keys, telephone operator, messenger service, and complaint department. The manager must also be soft spoken, fast-moving, poised, quick-thinking, non-tiring, ever-available, mechanical minded, all-knowing and never-ailing. This "expert" knows how to visit without visiting, sell without selling, see without judging, hear without repeating and all without having time for an uninterrupted meal. The property manager has a dual responsibility to the owner or client who is interested in the highest return from the property; and to the tenants, who are interested in the best value for their money, including reasonable safety measures and compliance with fair housing laws.

In most cases, tenants are not always willing to pay rent and other bills attached to their occupation and those willing to pay are not doing so at the appropriate time which in turn affects the effective management of commercial properties.

Problems arise in letting arrangement where tenancy agreement failed to mention the responsibility of the tenant, its obligations and the procedure involved in the payment of rent. The inability of any of the parties to perform their agreement results in management problems which has the tendency to hinder smooth operations of property management activities. Depending on the magnitude of the problems, ineffective service delivery could bring about client dissatisfaction as well as prevent the achievement of the owners' investment objectives. The property manager could therefore be seen to be negligent and or incompetent if unable to achieve the objectives of income generation being the main

goal of an investment in commercial property. Multi-tenanted properties such as office blocks and shops present the greatest management challenge to the surveyor.

II. EMPIRICAL REVIEW

Olayinka, Funsho and Ayotunde (2014) carried out a study on examination of the problems associated with the management of commercial property in Ikeja. This study assesses the veracity of these problems in Ikeja property market and its impact on other factors such as locational, structural and neighbourhood characteristics. A total of 232 questionnaires were distributed to two study groups, the Estate Surveyors and Valuers and Ikeja residents. Response were presented and analyzed with tables, percentages and relative importance index. The study found amongst other things that travel distance and cost does not affect residential property value as others factors do. The study recommended that property investors should consider those attributes that significantly affect property values while government should endeavour to harness development potentials in the study area.

Omar and Waleed (2019) examined the impact of property management on the value of commercial properties in Saudi Arabia. The study uses field questionnaire and distributed to a sample of the study community consisting of 125 real estate management institutions and real estate office in Riyadh. The study indicate that property management contributes to raising the quality of the commercial properties and maintaining its market value. The study further stated that commercial properties managed by the property management system loses ten percent of its value after five years. On the other hand, the properties that are managed by the owner loses more than fifty percent of its real value after five years.

The paper proposes to strengthen cooperation between governmental and private institutions to establish a Real Estate Data Center (REDC) for the classification of commercial properties subject to the criteria of management, quality and economic cost. Ernest and Ebiwari (2019) investigates the impact of property maintenance on property rental values in Port Harcourt: A case study of D/line Housing. The population of the study consists of 119 firms of Estate Surveyors and Valuers practicing in Rivers State and 230 tenants occupying offices and shops in the study area. The study used purposive sampling techniques with sample size of 238 respondent. Data obtained were analyzed using percentage, mean, and chart. The finding showed that preventive maintenance practices are adopted in property maintenance to enhance its value. The study further revealed that lack of sufficient funds is the most prevalent factor that affects property maintenance. The study recommends that preventive maintenance practices should be adopted by property managers to ensure adequate preservation of the building and its elements to enhance its values. Some percentage of rent should be set aside annually to prevent lack of sufficient fund to carryout maintenance.

Odediran (2012) conducted a study on maintenance of commercial buildings; users practice in Nigeria. The study

examines maintenance practice among users of commercial properties in Nigeria. In assessing how often maintenance practice is being undertaken by occupiers, it shows that users maintained their properties daily by undertaking regular sweeping and mopping of the floor. The researcher further stated that economic factor prevents users from carrying out effective maintenance on buildings. The researcher therefore recommends that individual should embrace maintenance as a practice and government should engineer action towards more advocacy, policy and awareness on the maintenance as a practice for national sustainability.

Ankeli (2015) focus on housing condition and commercial property rental values in Ede, Nigeria where two sets of questionnaire were distributed to tenants and landlords of rented commercial properties and Estate Surveyors and Valuers. A total of 300 questionnaires were administered on the respondent using systematic random sampling techniques. The data collected were further analyzed with the aid of both descriptive and inferential analytical techniques. The researcher stated that properties with better conditions in terms of infrastructures and physical soundness command higher rental values that investment in commercial property development will in the next three years continue to enjoy and maintain an upward growth rate. In the recommendation it was suggested that there is need for property owner, developers and users to be educated on the need for the provision of basic infrastructure and sustainable maintenance culture.

He further recommended that government should make policies aimed at defining environmental housing quality standard and provide supervisory agency that will be responsible for the monitoring and implementation of housing standards.

Haw (2019) examined factors affecting commercial property value. The study revealed that economic factors, transport, land use, quality design requirements, energy efficiency amongst others have an impact on the price of commercial property. The paper noted that in order to do these, market changes will have an impact on the value of commercial properties and require further action to overcome and accommodate them.

This study therefore identified and examined the following impact factors: that the property management contributes to improving commercial property value; property management improve the state of maintenance of commercial property; property management helps tenants meet their needs with landlords; property management improve the conditions of commercial environment; property management contributes to maintaining commercial property prices; property management acts as a neutral broker between landlords and tenants; property management contributes to the preservation of the rights of property owners; property management affects real estate marketing effectively.

III. METHODOLOGY

The research approach adopted for this study was quantitative design. To cover the study area effectively, a field survey was utilized inform of a structured questionnaires for the major study population and anchored with semi-structured interviews for the secondary population and other relevant secondary data. The population of this study was Estate Surveying and Valuation firms located in Enugu State. This study examined the opinion of practicing Estate Surveyors and Valuer in Enugu state in respect of their experience on problems of commercial property management practice in Enugu. Hence the total population for the study is Forty-two (42) obtained from the directory of the Nigerian Institution of Estate Surveyors and Valuers NIESV, (2018). The study adopted simple random method which gives every member of the population equal chance of being selected. 38 sample size was adopted using Taro Yamani formula. The data will be computed with factor analysis, variance, rotated component matrix and multiple regression analysis and the computer aided Microsoft Special Package for social science (SPSS).

IV. RESULTS AND DISCUSSION

In this section, an analysis of the distribution and collection of questionnaire distributed were presented in the following Tables:

Table 1: Distribution and Return of Questionnaire Administered on Estate Surveying and Valuation firms.

Class of Respondent	Sample Size/Number Distributed	Number returned/retrieved	Number not returned or improperly filled	Percentage of total number distributed and returned/retrieved	Percentage not returned or improperly filled	Total
Estate Surveying and Valuation firms	38	30	8	79%	21%	100%

Table 1 shows questionnaire distribution and retrieval from Estate Surveying and Valuation firms in respect of their role in the problems of commercial property management practice in Enugu State. The population sample size which was the total number of questionnaire distributed was 38 out of which only 30 were returned/retrieved, representing 79% while 8 questionnaire distributed representing 21% that were not properly filled were not returned.

Table 2: Responses on Class of Commercial Properties Occupied by Tenant

S/N	Description	Frequency	Percentage
1	Office	14	46.7%
2	Shop	16	53.3%
	Total	30	100%

Table 2 reveals class of commercial properties occupied by tenant. 14 respondents representing 46.7% said offices are the class of commercial properties occupied in their area, while 16 respondents representing 53.3% said shops are the class of

commercial properties occupied in their area. From the table, it was shown that all classes of commercial properties are occupied in the study area.

Table 3: Responses on Quantity of Commercial Properties in Management Portfolio

S/N	Description	Frequency	Percentage
1	1- 10	2	6.7%
2	11 -20	14	46.7%
3	21-30	13	43.3%
4	31 and above	1	3.3%
	Total	30	100%

Table 3 shows that 2 respondents representing 6.7% said the quantity of commercial properties in their management portfolio are 1- 10 properties, 14 respondents representing 46.7% said the quantity of commercial properties in their management portfolio are 11- 20 properties, 13 respondents representing 43.3% said the quantity of commercial properties in their management portfolio are 21- 30 properties, while 1 respondents representing 3.3% said the quantity of commercial properties in their management portfolio are 31 and above. From the table, it was shown that majority of the quantity of commercial properties in their management portfolio are between 11-30 properties.

Table 4: Responses on the Age of Commercial Properties Managed

S/N	Description	Frequency	Percentage
1	1- 5 years	3	10%
2	6 -10 years	9	30%
3	11-15 years	10	33.3%
4	16 years and above	8	26.7%
	Total	30	100%

Table 4 shows that 3 respondents representing 10% opined that the age of commercial properties managed are between the range of 1- 5 years, 9 respondents representing 30% opined that the age of commercial properties managed are between the range of 6- 10 years, 10 respondents representing 33.3% opined that the age of commercial properties managed are between the range of 11- 15 years, while 8 respondents representing 26.7% opined that the age of commercial properties managed are between the range of 16 years and above. From the table, it was shown that majority of the age of commercial properties managed are between the range of 6years and above.

Table 8: Ranking of Problems of commercial property in Enugu

S/N	Description	(SA)	(A)	(U)	(D)	(SD)	N	FX	\bar{X}	Ranking
		X ₅	X ₄	X ₃	X ₂	X ₁				
1	Hidden fees	14	10	3	2	1	30	124	4.13	2
2	Rent below market rent	1	2	4	9	14	30	57	1.9	8
3	Mixed messages from the managing firm	0	0	8	10	12	30	56	1.87	9
4	Poor reporting or communication	1	3	6	7	13	30	62	2.07	6

Table 5: Responses on how Often Property Managers Visit their Management Properties

S/N	Description	Frequency	Percentage
1	Regularly	20	66.7%
2	Anytime	7	23.3%
3	Yearly	3	10%
	Total	30	100%

Table 5 reveals that 20 respondent representing 66.7% affirmed they visit their management properties regularly, 7 respondents representing 23.3% said they visit their management properties anytime, while 3 respondents representing 10% said they visit their management properties yearly. From the table, it was shown that most property managers visit their management properties regularly.

Table 6: Responses on How Commercial Properties are maintained

S/N	Description	Frequency	Percentage
1	Through the tenant	5	16.7%
2	Through Fund Generated	25	83.3%
	Total	30	100%

It was observed from Table 14 that 83.3% of the respondents said the commercial properties are maintained through fund generated, while the remaining 16.7% of the respondents said commercial properties are maintained through the tenant. This proves that fund generated from the management commercial properties are used to maintain the properties.

Table 7: Responses on the Condition of the Commercial Property Occupied

S/N	Description	Frequency	Percentage
1	Good	8	26.7%
2	Fair	16	53.3%
3	Bad	6	20%
	Total	30	100%

Table 7 reveals that 8 respondent representing 26.7% said the condition of the commercial properties Occupied are good, 16 respondents representing 53.3% said the condition of the commercial properties Occupied are fair, while 6 respondents representing 20% said the condition of the commercial properties Occupied are Bad. From the table, it was shown that most condition of the commercial properties Occupied are fair.

5	Expensive to let	1	2	7	8	12	30	62	2.07	5
6	High maintenance costs	13	9	5	2	1	30	121	4.03	4
7	Lack of routine inspection	1	2	5	9	13	30	59	1.97	7
8	Attitude to usage	14	10	2	2	2	30	122	4.07	3
9	Poor usage	18	10	2	0	0	30	136	4.53	1
	Total	1078	451		154	921			2.65	

As shown in Tables 8, poor usage of commercial properties was rated highest with a weighted mean score of 4.53 while mixed messages from the managing firms on the other hand was the least rated by the respondents having a weighted mean score of 1.87. This result confirms that poor usage of commercial properties is major problem confronting the management of commercial properties in Enugu.

Table 9: Summary of Analysis of Variance on the Problems of commercial property in Enugu

Source of variance	Sum of squares	Degree of freedom	Mean square	F – ratio
Between groups	53.56	4	13.39	0.5032
Within groups	1064.44	40	26.61	
Total	1118	44	25.41	

Hypothesis:

Null Hypothesis (H0): The problems associated with the management of commercial properties is not significant on commercial properties in Enugu.

Alternative Hypothesis (H1): The problems associated with the management of commercial properties is significant on commercial properties in Enugu.

Decision Rule: Accept the null hypothesis if the F – ratio value is less that the critical F – value at 0.05 level of significance, otherwise, reject the null hypothesis.

Decision, Conclusion and Reason: From the table, the critical (table) value of F at degree of freedom of 4 and 40 at 0.05 level of significance is 2.61. This shows that the critical F – value of 3.01 is greater than the calculated F – ratio of 0.5032 which proves that the problems associated with the management of commercial properties is not significant on commercial properties in Enugu.

V. SUMMARY OF FINDINGS, IMPLICATION AND CONCLUSION

Summary of Findings

The finding from the study confirmed that majority of the age of commercial properties managed by Estate Surveyors and Valuers are between the range of 6years and above. The finding also shown that most property managers visit their management properties regularly. Finding from the study shows that fund generated from the management commercial properties are used to maintain the properties. Finding from the study shows that most condition of commercial properties occupied are fair. The result of the finding also confirms that

poor usage of commercial properties is a major problem confronting the management of commercial properties in Enugu. The finding also shown that the problems associated with the management of commercial properties are not significant on commercial properties in Enugu.

Implication

The implication is that the problems associated with the management of commercial properties in Enugu does not have adverse effect on the prospects attributed to such property investment.

Conclusion

The management of commercial property is challenging and complex and as such requires an experience property manager to handle it, if not the objective of the owner would not be achieved. The challenges and inconsistencies observed in the management of commercial property could be addressed through some measures including release of funds for maintenance works on the property facilities, and education of property management staff on the current trends in property management, among others. It should also be noted that there is a need for the property owner to engage professional bodies like Estate managers who would advise the tenants on appropriate methods to use in the property. This could be done on a periodic contract basis, with signed and documented contract agreement, so as to ensure no bridge of contract. In addition, there is also the need to train the property managers on the current global practices on property management. This will ensure well-equipped and knowledgeable skills in property management. If the necessary and proper modalities are put in place, commercial properties will not only be well managed, but also generate the expected returns on investment.

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