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Macroeconomic Policies and Housing Development in Lagos State, Nigeria

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Abstract

Housing is crucial for national development as a capital product in terms of both economy and welfare. Macroeconomic policies comprise of fiscal policy, monetary policy, and exchange rate policy. These policies affect taxes, tariff, interest rate, inflation rate, employment rate and purchasing power. This study examined the effects of macroeconomic policies on housing development in Lagos State, Nigeria. The macroeconomic factors affecting housing development were incorporated into the questionnaire administered to real estate developers in Lagos State. The methods of analysis adopted were descriptive, correlation and multiple regression. The findings revealed that increase in interest rate, inflation rate, exchange rate and tariff will increase cost of housing development by 10.6%, 8.5%, 13.5% and 16% respectively. In conclusion, the current macroeconomic policies should be reviewed for favourable housing development, national capital formation of employment generation, income production and economic growth in Nigeria.

Keywords: Cost; Development; Housing; Macroeconomics; Policy

Introduction

Housing is one of the basic physiological need of man. Hence, government policies must ensure that housing development is encouraged to meet this basic need. Macroeconomics is a branch of economics that studies how an overall economy in the markets, businesses, consumers and government interact. It also examines economy wide phenomena such as inflation, price levels, rate of economic growth, national income, Gross Domestic Product (GDP) and changes in unemployment. Rapid economic development has resulted in an increasing development and increased rural urban migration which in turns increase the demand for housing among urban areas in Nigeria. Consequently, the high prices of housing in some major cities and towns owing to increase in demand. Hence the need to increase the supply of housing development. The author observed that macroeconomic variables impact on rental and housing prices predominate previous studies (Khalid et al., 2012; Olowofeso & Oyetunji, 2016; Olatunji et al., 2017; Alkali et al., 2020). Whereas the impact on housing development which in turns affect the housing market and prices earns insufficient scientific attention. This study has filled the gap in respect of macroeconomic policies impact on housing development in Nigeria because only one previous study was accessible in the study area. Hence, it is purposeful to conduct the research that would reveal the impact of the macroeconomic factors on housing development in the study area.

Literature Review

Empirical studies on macroeconomic policies and property investment have shown long and short run interrelationship between the two (Nzalu, 2012; Gaspareniene, et al., 2016; Alkali, et al.;

2020). The quality and quantities of a country's housing stock is a measure of the country's economic growth and prosperity. Macroeconomic theories provide policy recommendations intended to improve the performance of the economy and to correct macroeconomics problems. The New Classical economics provided insight into the workings of macro-economy and explains how and why the level of Gross Domestic Product changes with direct implications for unemployment and inflation, interest rate, consumption, expenditures, price level, investment, level of aggregate production, saving and taxes (Ogar, et. al., 2019). However, the theory contends that people have rational expectations about consequences of government policies which then negates the impact of the policies. The close connection between politics, policies and macroeconomics means that the development of macroeconomics theories often depends as much as possible on prevailing political attitudes.

Olatunji, et al. (2017) noted that the real estate sector has become a focal point of government fiscal and monetary policies and have been used as yardstick for realising low level inflation, high level of employment, low level of unemployment and balance economic growth. This implies linkage between property development and macroeconomics. The studies on macroeconomic impact on housing prices provide the relevant factors that were adopted in this study therefore, their findings were examined.

Khalid, et al. (2012) reported that macroeconomic variables key indicators were economic output, unemployment, inflation, savings and investment which the stakeholders such as government, business owners and consumers closely monitor. Nzalu (2012) highlighted five common macroeconomics factors as rate of inflation, rate of interest, rate of unemployment, rate of growth in Gross Domestic Product and rate of foreign exchange. Olowofeso and Oyetunji (2016) assessed the impact of selected macroeconomics variables in the determinants of sustainable residential housing prices in Lagos. They adopted semi-log of regression equation model to determine the degree of relationship between the identified dependent and independent variables. The results showed a positive impact of interest rate and exchange rate in determining housing prices. The study concluded that variables such as employment and mortgage interest rate can affect both housing prices and construction of new housing. Gaspareniene, et al. (2016) assessed the impact of macroeconomic factors on housing price level in Lithuanian over a period of 2008 and 2015. The results revealed statistically significant interdependence between aggregate of the major macroeconomics factors and the average annual housing level over the research period. Also, interest rate and availability of bank loans were established as the factors that have the most significant impact on housing prices. Alkali, et al. (2020) examined the effect of macroeconomic variables on housing prices in Abuja, Nigeria from 2000-2007 using correlation analysis. The results concluded that interest rate, consumer price index and exchange rate have the major effects in determining the housing prices in Nigeria. Gaspareniene, et al. (2016) summarised the variables of macroeconomics which have significant impact on housing prices as presented in Table 1 below.

Table 1. Macroeconomic factors that have the impact on housing price level.

Author(s) (year)	Macroeconomic factors
Domingo and Fulleros (2005)	Interest rate, construction price, housing credit policy
Zalieckaitė et al. (2007)	Average wage rate, GDP, inflation rate, availability of bank credits
Hott and Monnin (2008)	Interest rate, GDP (GNI), construction price, consumer purchase power
Lee (2009)	Mortgage rates, interest rates, inflation, population’s income changes, construction costs, unemployment rate, equity prices
McCord et al. (2011)	Availability of mortgage, interest rate, income, liberalisation of finance markets
Goddard and Marcum (2012)	Inflation rate, interest rate, environmental pollution, availability of mortgages, currency exchange rate
Pomogajko and Voigtlander (2012)	GDP, convergence of business cycles, availability of credits
Lords LB Baltic Fund (2015)	The state of global and/or regional economics, tax rate, interest rate, availability of funding, inflation (deflation) rate, payment risk
Manganelli, 2014	GDP, interest rate, inflation rate, labour market indicators, tax rate
Oktay et al. (2014)	Inflation, public investment, interest rate, availability of housing loans, GDP (GNI), household income, employment rate
Post and Berkhout (2014)	GDP, employment rate, interest rate, inflation rate, average wage rate
Šečkutė (2014)	Interest rate, GDP, availability of bank credits, credit pay off terms
Ciarlone (2015)	Average wage rate, interest rates, risk-free interest rate, mortgage availability, employment rate, construction costs

Gaspareniene, et al. (2016)

From the Table 1 above, the macroeconomic variables that affect housing affordability and price level include construction costs, construction price, inflation rate, interest rate, current exchange rate, Gross Domestic Product (GDP), availability of credits, credit pay off terms, average wage rate, mortgage availability, consumer purchasing power and tax rate.

In this study Lagos, Nigeria was chosen for being one of the administrative, political, commercial and high density cities in Nigeria where demand for housing is always on the increase. Also, majority of the Real Estate Developers Association of Nigeria members are located in Lagos. The aim of this study is to examine the impact of selected macroeconomic variables on housing development in Lagos State, Nigeria. The available studies were tailored towards the impact of macroeconomic variables on rental and capital values with one accessible study focusing on housing development. This unsettled gap needs to be bridged in order to give policy makers the basis upon which to formulate and implement policies that will promote housing development in Nigeria.

Methods

The study employed primary and secondary data. The macroeconomic variables were derived from literatures of previous scientific studies related to this study and Central Bank of Nigeria publications. Primary data was gathered through structured questionnaire administered to Real Estate Developers' Association firms in Lagos State. There are 556 firms of registered Real Estate Developers Association of Nigeria (REDAN) in Lagos State (REDAN Directory 2023). Out of the 100 questionnaire distributed which constitute 18% of the population which is the same at 95% confidence level using sample size formula (Kothari, 2014) ninety was retrieved (90%) and admissible for the analysis. A 3-point, a 5-point Likert scales were used to gather responses on macroeconomic variables impact on housing development. In addition the prevailing published interest rate and inflation rate from National Bureau of Statistics (February 2023) were also incorporated into the data analysis. The building cost of three bedroom bungalow (moderately finished) without the cost of the land was provided by housing developers and used as dependent variable for the multiple regression. The admissibility of the building cost was verified by the estimate sourced from independent registered quantity surveyor whose submission was a range from N7.5 million to N9.1 million. The data was analysed using frequency table, percentages, mean, correlation and semi-log multiple regression.

$$\text{Ln Cost} = C + \beta_1 a + \beta_2 b + \beta_3 c + \beta_4 d + \varepsilon \qquad (1)$$

Where: Ln Cost – Semi Log Cost of Building
C - Constant
β_1 to β_4 Coefficients of the Macroeconomic variables
ε - Error
a, b, c, d – Microeconomic variables

Findings and Discussion

In this section the data collected for the study was analysed and the results discussed with a view to answering the research question and to achieve the objective of the study. The characteristics of the respondents were presented using descriptive statistics. The effect of the macroeconomics variables on housing development data was analysed using multiple regression with natural log of the cost of three bedroom bungalow excluding the cost of land acquisition as dependent variable while the macroeconomic variables were independent variables namely interest rate in percentage, favourable interest rate, inflation rate in percentage, inflation rate favourable, tariff favourable, exchange rate favourable, stable labour wage, state of the economy and mortgage availability.

Table 2: Characteristics of the respondent property developers

S/N	Variable	Frequency	Percentage
a.	**Experience**		
	Less than 5 years	9	10
	5-10 years	48	53.33
	10-15 years	15	16.67
	Over 15 years	18	20
	Total	90	100
b.	**Academic Education**		
	HND/B.Sc/B.Tech	69	76.67
	MSc./M.Tech	21	23.23
	Total	90	100
c.	**Rank**		
	Chief Executive Officer	30	33.33
	Managing Partner	30	33.33
	Project Manager	15	16.67
	Technical officer	15	16.67
	Total	90	100

The majority of the respondent property developers were chief executive officers and managing partners while project managers and technical officers were 16.67% each respectively. In respect of years of experience 10% have less than 5 years while 53.33% have 5 to 10 years of experience. The percentage of property developers with 10 to 15 years' experience in practice is 16.67% and 20% have over 15 years post qualification experience.76.67% have the requisite qualification in the first degree while 23.23% have master's degree. The relevant characteristics of respondents analysed support the fact that the respondent's property developers can be relied upon to provide reliable and useful information on the subject under reference.

Impact of macroeconomic variables on housing development

The respondents were asked to rate their level of agreement and perception with the eight variables of macroeconomics policy impact on housing development using a 5-point Likert scale. The usual variables were revealed in previous similar studies and supported by the results of scientific investigation conducted. The 'strongly agree', 'agree', 'undecided', 'disagree' and 'strongly disagree' rating was analysed to show the impact of macroeconomics variables on housing development. The inflation rate and interest on loan rate in percentages used were from National

Bureau of Statistics, Nigeria. The cost of three-bedroom bungalow excluding land value was also given by the respondents which was found to be within the range provided by an independent registered quantity surveyor.

Table 3: Descriptive Statistics of Macroeconomics Variables

	Mean	Std. Deviation	N
1.Log of cost of a 3- Bedroom Bungalow	6.92186E+000	2.552199E-002	90
2.Tariff Rate favourable	2.90	1.112	90
3.Economy favourable	2.30	.694	90
4.Mortgage Finance Available	2.67	1.171	90
5. Stable Labour wages	2.93	.776	90
6. Interest Rate favourable	2.57	1.181	90
7.Inflation Rate favourable	1.77	.425	90
8.Interest rate in %	3.51	.503	90
9.Inflation rate in %	1.70	.461	90
10.Exchange rate favourable	4.50	.503	90

In Table 3 above, the mean scores of the macroeconomics variables used for the study were presented. The mean scores indicated that the inflation rate is unfavourable as well as the interest rate and the economic situation while the mortgage finance is not readily available. The respondents also confirm selling and letting delay of developed housing which could be attributable to the state of economy. However, they are undecided in respect of tariff rate as well as whether labour wages are stable.

Cronbach's Alpha of reliability of the variables for the multiple regression analysed was .603. The relationship between the variables are majorly low and medium positive correlation except the relationship between favourable interest rate and mortgage finance availability as well as no letting delay and favourable economy that was very low negative correlation. The independent variables were not highly correlated with less than .700 except for interest rate in percentage and exchange rate of .978 hence, interest rate in percentage was excluded from the regression. Others were appropriate for the regression analysis. Multiple regression was used with a natural log of cost of building (LnCost) as dependent variable. The cost of land was excluded due to high degree of disparity of land value in Lagos State. Besides there is a direct relationship between the cost of building and chosen variables. The application of a regression log from previous studies is adjudged credible in determining the percentage impact of macroeconomic policies on housing development as in Eshet, et al., (2007).

Table 4: Coefficients[a] of the multiple regression

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Correlations Zero-order	Correlations Partial	Correlations Part	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1 (Constant)	6.908	.044		157.608	.000					
Interest Rate Fav.	.002	.003	.106	.777	.440	.006	.086	.081	.585	1.710
Inflation rate in %	-.007	.008	-.127	-.901	.370	-.203	-.100	-.094	.545	1.835
Inflation Rate Fav.	.005	.008	.085	.661	.511	.108	.073	.069	.663	1.509
Tariff Rate	.004	.003	.160	1.114	.268	.124	.123	.116	.526	1.899
Labour wages	-.001	.004	-.032	-.262	.794	-.031	-.029	-.027	.734	1.362
Exchange rate Fav.	.007	.007	.135	.945	.347	.230	.104	.098	.535	1.871
Economy Fav.	-.008	.004	-.227	-1.907	.060	-.141	-.207	-.199	.769	1.301
Mortgage Finance Ava.	-.003	.003	-.133	-.967	.337	-.011	-.107	-.101	.577	1.734

a. Dependent Variable: Log of Cost of Building 3 Bedroom Bungalow

Furthermore, the coefficients and residual statistics show that Tolerance is less than 1 and the variance inflation factor (VIF) is less than 2. The regression equation correlations for interest rate, inflation rate, tariff rate and exchange rate variables (zero order, partial and part) are positive and Mahalanobis (MAH) distance revealed no outlier. MAH distance values were less than the critical value of 26.13 for 8 independent variables and Cook's distance values for each case less than 1.Therefore, the data are reliable as there is no violation of multi-collinearity assumptions.

LnCOST = 6,908 + .106 INTEREST -.127 INFALTION% + .085 INFLATION

$$+ .160 \text{ TARIFF} - .032 \text{ LABOUR} + .135 \text{ EXCHANGE} - .227 \text{ ECONOMY}$$
$$- .133 \text{ MORTGAGE} + 2.506263\text{E-}002 \quad (2)$$

The R is .365 while R square is .133, thus implying that the independent variables explain cost of housing development in Lagos State by about 13%. This implies that are other relevant variables that were not captured in this study. This is a gap for further study. The regression model (2) reveals that increase in interest rate, inflation rate, exchange rate and tariff will increase cost of housing development by 10.6%, 8.5%, 13.5% and 16% respectively. The results confirmed Olowofeso and Oyetunji (2016) study that observed that macroeconomics variables have impact on cost of construction. The Analysis of Variance (ANOVA) in Table 5 indicates that the independent variables adopted in the regression analysis do not have significant effect on the dependent variable that is Cost of housing development (Sig. =.213).

Table 6: ANOVA[a] for multiple regression of respondents

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.007	8	.001	1.390	.213[b]
	Residual	.051	81	.001		
	Total	.058	89			

a. Dependent Variable: Log of Cost of Building 3 Bedroom Bungalow
b. Predictors: (Constant), Mortgage Finance Available, Exchange rate, Economy Favourable, Labour wages , Inflation Rate Favourable, Interest Rate Favourable, Inflation rate in %, Tariff Rate Favourable

Conclusion

This study has established that fluctuation in macroeconomic variables lead to corresponding change in the cost of the housing development. Therefore, there is need for the government through the relevant agencies such as Central Bank of Nigeria to work with financial institutions so as to review their lending rates to accommodating rate and proffer favourable macroeconomic variables such as exchange rate and control inflation rate to promote investment in the economy. Having established the fact that macroeconomic indicators have effect on the property development cost using regression model, there is a need for Nigerian Estate Surveyors and Valuers to acquaint themselves with the use of the model where macroeconomic variables are incorporated into land appraisal for a well robust market analysis and appropriate advice on property investment decision.

Note on Contributor

Titilayo A. Ukabam holds Bachelor and Master of Science in Estate Management from Obafemi Awolowo University, Ile-Ife, as well as a Master of Science in Construction Management and Ph.D in Estate Management from the University of Lagos, Lagos. A member of the Nigerian

Institution of Estate Surveyors and Valuers. Her research interests include land economics, valuation of contaminated property and land governance.

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The tragedy of anticommons and associated challenges with management of Commercial Properties in Ghana

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Abstract
The tragedy of anticommons is a property-owning structure where multiple owners hold the right to exclusion of a particular asset or resource; in effect when there exist too many decision makers (multiple co-owners/ landlords) in one property, it generally leads to underutilization and reduced revenues that might accrue in rent payments. For the asset to be optimally used, permission must be secured from all co-owners. Since, each owner has the right of exclusion; in effect any owner can veto the use of the asset. The problems inherent with anticommons presents itself in different ways which can create management challenges for a property manager. The different perception and appreciation of the multiple landlords about property management coupled with the intended economic profit they individually want to realize from their interest in the property can create conflicts in how they each believe the property should be managed to optimize profit. It can further compound the problems faced in the administration of professional management duties. This research uses a case study of a commercial property with multiple landlords (co-owners) in the Central Business District of Kumasi-Ghana. Analysis of data gathered by structured questionnaires for tenants and interviews with the property manager and landlords were used. The study revealed that problems faced by property managers included micromanagement by some of the landlords, poor or no scheduled maintenance practices and low level of professionalism by property manager. It is recommended that service and administrative charge should be discussed and agreed prior to the start of tenancy to eliminate misunderstanding between parties and promote payment to contribute to routine maintenance costs. It concludes that a property manager should be skillful in meeting specific investment objectives of co-owners to ensure that the property accrues optimal returns.

Keywords: Anticommons; Multiple Co-ownership; Commercial Property Management; Ghana

1 Introduction

Property management is essential to ensure value for money over the life-cycle of the estate. This includes to negotiate lettings, rent reviews and lease renewals, oversee physical maintenance, enforce lease covenants, assess the necessity of upgrading and merging interests, recognize opportunities for the development of potential, and to fulfill owner's legal and social duties to the community (Oyedele, 2013; Cheng, 1998; Naz et al., 2022). Property management to a non-professional only entails rent collection, maintenance activities and janitorial services but it goes beyond that and involves a variety of activities to be performed by the property manager in order to reach the ultimate aim of adding on to or maintaining property value (Nwaogu et al., 2022; Owusu-Acheaw, 2011).

Commercial property may have multiple tenants as well as multiple owners. In the case of properties held in multiple-ownership the co-ownership rights are structured as a system of tenants-in-common, whereby each co-owner holds undivided shares in the whole. Hence, there is no separate ownership of the property, but rather each co-owner has the right to possession of land and buildings in common with all other co-owners (Kent et al., 2002).

2. Nuances of multiple ownership of commercial properties

Managing properties that have multiple co-owners/co-landlords has its own challenges. To optimize the value of the asset requires owners to agree on several management decisions which in many cases is difficult to achieve (Hastings et al., 2006). Walters and Hastings (1998) assert that managing multi-landlord properties presents three unique challenges – illegal alteration and use of property; agreement on minimum standards of maintenance to be carried out; and redevelopment problems.

The institutional arrangement for properties that have multiple co-ownership often results in a system where an individual co-owner can veto an action in relation to the management of the property leading in most cases to under usage (Buchanan & Yong, 2000). In essence, this co-ownership structure can preclude others during the decision-making process. In order to optimize the use of the asset, all co-owners must be in agreement before any decision on maintenance, management, or redevelopment of the property can take place. If one owner does not wish to participate in a particular decision-making process the others going ahead to take the decision will cause disagreements.

This common feature of joint co-ownership is grounded in the theory of collective governance that has its pertinent challenges. Since no co-owner/ landlord has the right of exclusion, the strategy would be to use the property as optimally as possible to obtain expected returns. Heller (1998) in defining the tragedy of the "anticommons" posit within a property-owning structure where multiple owners hold the right to exclusion of a particular asset or resource, the resource may be wasted if co-owners fail to agree on a use. In effect when there exist too many decision makers (multiple co-owners/ landlords) in one property, it generally leads to underutilization and reduced revenues that might accrue in rent payments.

This phenomenon, although unique in many developing countries, is not reported in the extant literature. Hence, the study aims to examine challenges posed by the tragedy of the anti-commons in the management of commercial properties and to identify which management solutions can help mitigate the challenges identified. The next section provides some context into understanding the nature and characteristics of multiple ownership of commercial properties within a developing country's context.

3 Research Methodology

The study draws heavily on on-site observations and reports across the sub-region. It proceeds to utilize secondary data to advance the appreciation of issues to be discussed. Data for the study was derived from both primary and secondary sources – peer reviewed journal articles and periodicals. The primary data was gathered during field survey from respondents of the study. The survey data was gathered from tenants, landlords and the property manager using a case study approach. The case study approach is useful in obtaining in-depth appreciation of a phenomenon of interest in its natural real-life context and also allows for specific questions to be answered using evidence from multiple sources of the same unit (Creswell & Plano Clark, 2007; Yin, 2003). A descriptive research design was used to scrutinize the views of the respondents in relation to sequence of events and their justification. Both qualitative and quantitative approaches were used to support the existing literature in the study and the relevant contribution they make in unveiling profound information from respondents in their own language and environment. Thematic content analysis is used to analyse relevant secondary data.

At the time of the field study, 2 office spaces were vacant, and 3 tenants declined to be part of the survey hence 31 out of 36 tenants responded to the questionnaires, representing a response rate of 86%. 14 of the spaces in the building accommodate stores for general goods and merchandise, 7 spaces accommodate warehouses and the remaining 15 spaces accommodate offices (see figure 1).

The sample for this study was 35 respondents comprising 31 tenants in occupation, 3 landlords and 1 property manager of the multi-landlord commercial property.

Table 1. Sample Presentation of respondents

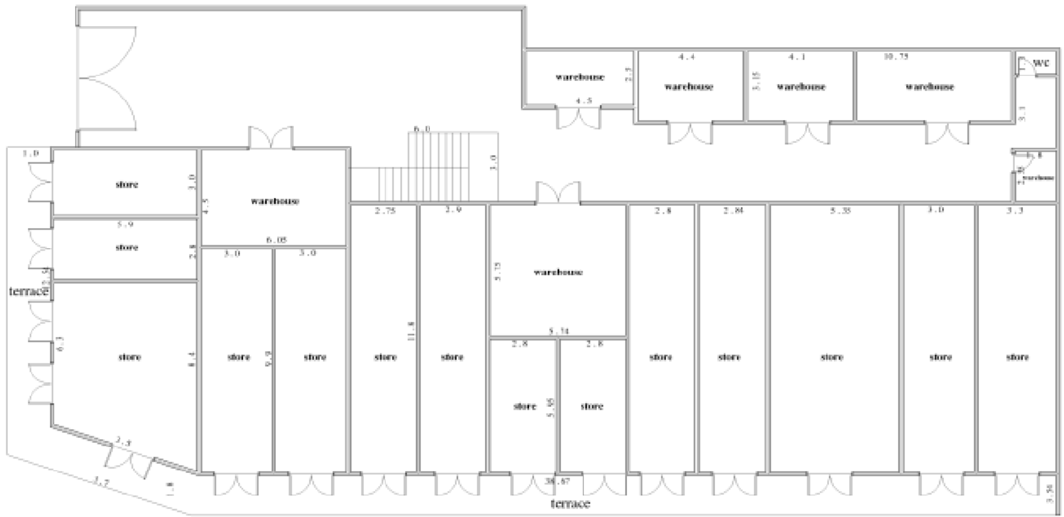
Type of Respondent	**Quantity**	**Percentage**
Co-Landlords	3	8.57%
Tenants	31	2.86%
Property Manager	1	88.75%

Source: Field Survey, February 2022

4 Case study: Commercial Property with Multi-Ownership in Kumasi

The case study is a commercial property in Adum, the Central Business District of Kumasi-Ghana. The property has three co-owners with the right to survivorship. They have rights of exclusion over the property. The property manager must secure permission from all three owners to implement a decision. Since each owner has the right of exclusion, any owner can veto the decisions of the property manager. This in essence leads to delays in agreeing to decisions that hinge on improving the property.

This phenomenon, although unique in many developing countries, is not reported in the extant literature. Multiple owners/landlords arise because of inheritance of property among several surviving children of a deceased principal owner, and this often poses some management challenges. Peculiar features that characterize these types of commercial property are that they are mostly not registered (do not have good title), might not have a common property manager, landlords are not usually in agreement on how rents are to be fixed, some landlords make capital investments in the property on the blind side of other co-landlords, certain management decisions take longer to make due to disagreements among multiple owners.



GROUND FLOOR PLAN

Figure 1: Floor Plans of the commercial property (not drawn to scale)

FIRST FLOOR PLAN

Source: Field Survey, February 2022

5 Findings and Discussion

Management challenges that were observed with the case property are presented here. The authors provide descriptive outcomes of observations and interviews and seek to provide a general trend that could be applicable to other properties of the same nature. By management, authors refer to securing the services of a professional property manager (and a team) and issues they would have to deal with on a regular basis. Commercial properties such as office blocks and shops present the greatest management challenge to the property manager especially in developing countries (Nwaogu et al., 2022). The responses gathered are presented using thematic content analysis (TCA). The next sections will discuss some common management challenges faced by property managers in the management of multi-tenanted commercial properties with multi co-owners/landlord.

5.1 Micromanagement of the property by some landlords

The choice of in-house or outsourcing of management functions to a property manager, usually results in protracted disagreements – as a result some maintenance issues are left unattended to for a long time which can frustrate the effective performance of a property manager's duties.

Information gathered from the Landlords and confirmed by the property manager was that two of the Co-Landlords lived in different regions of the country from the property location, but one lived in the same region and operated his business from one of the stores in the subject property. The problem of micromanagement is prevalent especially when one of the landlords also happen to occupy a space within the commercial property. Most private landlords tend to manage their properties themselves and often interfere with professional management if such services are in place. In the case study, information gathered from the property manager indicates that the landlords interfere with the management, repair and maintenance decisions of the property manager from time to time. There had been interference on three difference occasions by two of the Co-landlords.

When a proposed budget for corrective maintenance was sent to the landlords for approval, the maintenance works had been outsourced by one of the landlords to artisans at cheaper cost on the blind side of other co-landlords and the property manager. This often results in re-occurrence of the repair issues since there was no supervision to ensure proper and professional workmanship.

In another situation, one of the landlords had engaged the services of an accounting firm operating in one of the offices in the property for taxation purposes instead of the accounting firm recommended by the property manager before informing the property manager and other landlords for consent.

In the third instance, one of the Co-landlords had engaged the services of a debt-recovery company for recovery of rent arrears due him because they did not want to go through the judicial route.

5.2 Default in rent payment

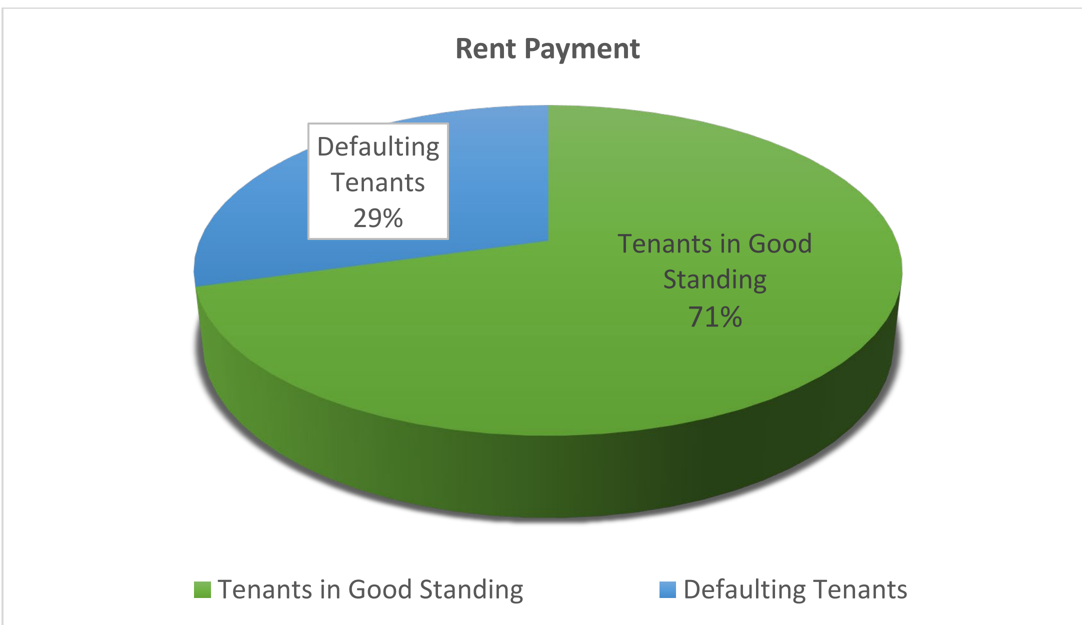
In many cases, some landlords are of the opinion that delay in rent payment is as a result of the non-proactiveness on the part of the property manager and the opinion of the three landlords were no different.

Information received from the property manager indicates that out of 34 tenants who occupy the property, ten (10) had rent arrears and were defaulting in payment of rent as of February 2022 (figure 2); even though the rent is supposed to be paid in advance at the end of each lease period. This was the case after rent demand notices had been issued at the beginning of the previous year and default reminders also served.

Information gathered from tenants also indicated that some of the landlords use the professional services of some tenants in the property but do not fully pay the agreed professional fee for such services, hence the deliberate default in payment of rent to the tune of the amount involved. With this scenario, the property manager is left with the herculean task of safeguarding owners' investment, protecting tenants' rights and ensuring that they are fully shielded from problems arising from stakeholders in the management portfolio (Dabara et al., 2012).

Another key reason for default is making wrong choices in tenant selection. Managing difficult tenants puts undue pressure on the property manager and management effectiveness. In developing countries data on tenants' profile and financial history is non-existent. In order to reduce high vacancy, rate the property managers have to rely on information provided by tenants themselves to make a decision. This was the case in the selected property hence poor tenant choice was being blamed on the property manager by two of the landlords.

Figure 2: Rent payment



Source: Field Survey, February 2022

5.3 Litigation and Court Representation of Landlord

Commercial property management can be highly litigious especially when there are disagreements with management on legal issues (Akogun, 2015). The basis of disagreement being mostly rent default, rent increments, maintenance issues, property conversion to other uses, illegal transfer of occupation rights (unauthorized sublets) and disturbance from other co-tenants. Disagreements may involve co-landlords, the property owner/landlord and adjoining landowners, landlord and tenants, among co-tenants, property manager and co-landlords, property manager and co-tenants, between co-tenants and adjoining landowners/ users, landlord/ co-landlords and statutory authorities, among others. In practice, property management services include representing the landlords before courts of competent jurisdiction and the process of writing statutory notices to attending court proceedings is not only time consuming but involves, monetary and non-pecuniary costs (Dabara et al., 2012). With multiple landlords the property manager may be faced with representing more than one landlord in multiple court case concurrently.

The property manager had represented multiple landlords in three litigation cases against co-tenants in court and a conflict about rent review at the Rent Control Authority. This can be time consuming and ultimately contributes to low productivity because the resources could be spent on other productive professional management assignments.

5.4 Poor Maintenance culture due to unavailability of funds

The objective of commercial property maintenance is to ensure that buildings retain their structural, functional and aesthetic conditions throughout their lifecycle and reduce unnecessary expenditure through factors such as building age, expectation of tenants, failure to execute maintenance at the right time, maintenance factors, political, outstanding maintenance charges, over budgeting and other factors that contribute immensely to high cost of maintenance (Ali et al., 2010; Uzoamaka & Emoh, 2018). The basic maintenance strategies include preventive, corrective and condition-based Maintenance. The practice of planned and periodic corrective and preventive maintenance should be adopted by professional property managers to ensure adequate preservation of the building and its elements to enhance its values (Nwaogu et al., 2022).

In the case study, information from the property manager indicated that proposed maintenance schedules were not adhered to or followed. The tenants also complained that routine maintenance activities were not done on time or simply not done at all. It must be noted that tenants do not pay any service charge as such no money is available when maintenance of the property needs to be carried out. In many cases, these maintenance activities are done at the discretion of the property manager. Disagreements by co-landlords on whether maintenance activity is critical or not normally leads to unnecessary delay of works. Property manager has to convince co-landlords that such works are critical for them allocate part of the rent to carry out maintenance activities.

5.5 Professionalism of property managers

The property manager has a dual responsibility: to the owners or landlords who are interested in the highest return from the property; and to the tenants, who are interested in the value-for-money, including reasonable safety measures and compliance with fair housing laws (Oladokun & Ojo, 2012). 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, the manager should be informed about laws, proposed legislation, government regulations, public policies and current market conditions (*ibid*).

In the case study, the co-landlords claim that various statutory payments such as rent tax, ground rent and property rates were not paid over a six-year period because the previous property manager had not prompted the landlords to make funds available for the payments. Subsequently payments were made with penalty for the years in default. This according to co-landlords amounted to professional negligence on the side of the property manager. Information gathered suggests that co-landlords are not prepared to make such payments, because these are not factored into rents that are agreed upon a new tenancy. As such they consider any extra statutory payments as a reduction in revenues due them and will not part with any extra amounts. Anecdotal evidence suggests that the bills for various statutory payments are usually sent to owners/ landlords for payment but due to no levy of service charge, they refuse to pay and incur any extra expenditure.

Advising on adequate insurance policy for the property, reviewing the sum insured at required intervals and ensuring that the premiums are paid regularly are also part of the duties of the property manager (Akogun, 2015). Information gathered from the landlords indicates that the property had not been insured and about 25.8% of tenants had insured their businesses against fire, burglary, and allied perils. Insurance seems to be a contentious issue as many owners and tenants will not take an insurance policy because they consider insured events not plausible/ occurring, that the periodic premiums are too expensive or that when an insured event occurs insurance companies are not prompt in making payments or refuse to make payments altogether. Past bitter experiences deter people from taking out an insurance policy. Insurance companies are aware of this apathy and are regularly providing new and innovative services to increase their market share and encourage people to take out a necessary policy. It must be noted that for commercial properties where the probability of an insured event occurring is high, insurance companies either exact exorbitant premiums or do not provide insurance at all – leaving landlords or tenants to their fate.

This section provided some challenges encountered in the management of multi-landlord/ multi-tenant commercial properties. These challenges can be generalized across several countries within Sub-Saharan Africa with similar market characteristics like Ghana. The next section provides the key findings as well as recommendations.

6 Conclusion

The study revealed that in relation to the case study, the tragedy of anticommons pose peculiar property management challenges including micromanagement by co-landlords; non-adherence to maintenance Schedule; Litigation and court representation; Rent defaults; and Professionalism of property manager. Based on the findings authors recommend the following:

Disputes can be amicably settled when parties agree to ADR mechanisms or an out of court settlement. This should be used as a first option to avoid prolonged court litigation and court proceedings.

In tenant selection, the property manager should perform due diligence on potential tenants to avoid letting out property to difficult tenants. Probing into the source of income for initial rent advance as well as the possibility of tenant's business flourishing should be factored into the decision-making process. Property managers should keep updated records and send out timely reminders to tenants to minimize defaults.

Preventive Maintenance schedule activities, service and administrative charge should be discussed and agreed with co-landlords and tenants to promote payment and elimination of misunderstanding between parties and ultimately ensure success. In order to ensure availability of funds for maintenance activities the property manager should plan ahead and factor all possible maintenance costs based on experience of previous years' expenditures.

To reduce interference by the co-landlords and possible micro-management, the property manager's contract should clearly outline the scope of management activities to be carried out. Also, property manager should periodically update and report to co-landlords on the management activities carried out. Transparency and honesty should be a manager's natural skill to gain the trust of co-landlords. This could potentially win over other co-owners/landlords who might not agree to appointing a property manager.

The property manager should be a member of a professional body and make a conscious effort to be abreast of international and local best practices that are associated with the profession. Attendance of regular Continuous Professional Development (CPD) activities and programmes should be a must if effective management must be ensured.

For future research, authors suggest a number of case studies in other similar markets like Ghana to confirm findings as presented in this research.

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