



TENANTS' CHARACTERISTICS AND RENT DEFAULT TENDENCIES IN AKURE RESIDENTIAL PROPERTY MARKET

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The rate of rent default in rental properties is on the increase with its antecedent implications on real estate investment. This study investigates tenants' characteristics and their tendencies for rent default in Akure residential property market. Data on characteristics of 496 tenants were obtained from "acquaintance form" submitted to 19 firms of Estate Surveying and Valuation in Akure, Ondo State of Nigeria. Both descriptive and inferential statistical analyses were applied to arrive at the findings of the study. Binary Logistic regression modelling techniques revealed that prospective tenants' occupation, availability of guarantor, recommendation letter, marital status, household size, level of education, and tenant' tribe were found significant. The strongest predictor of rent default tendencies was household size, recording an odd ratio of 15.96. It was recommended among others that landlords and their agents should intensify efforts in minimizing rent default situation through tenants' screening devoid of sentiments.

Keywords: property market, rent default, tenancy, residential properties

INTRODUCTION

Policy-makers world-wide are concerned about solving housing problems of people especially in developing countries. The housing situation in Nigeria holds that despite various programmes and government policies, housing shortfall is estimated at between 12 – 16 million requiring a mortgage finance conservatively put at between 15 – 20 trillion Naira. Unlike home ownership

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situation in US which is 72%, 78% in UK, 60% in China 54% Korea, 92% Singapore, only about 10% of Nigerian are home owners (Soludo, 2007), turning the remaining 90% to rental market. Many of the renters are often faced with challenges of not meeting the property owners' requirements especially the obligation to pay economic rent among others.

Failure to pay rent and as when due is a major and the most frequently committed breach which rocks the landlord-tenants' relationship. This accounts for the cause of most eviction in Nigeria (Oni, 2011). In a bid to forestall this, rental property owners as well their agents engage in scrutiny of prospective tenants within a set criteria. As much as certain tenants' characteristics are historical, there is possibility of change in behaviour over a period of time in some aspects, thereby making it difficult to blindly rely on past records of prospective renters. Therefore, before a lease of a property is concluded, owner/agent must base decision to let out a property on sound judgment because eviction of tenants is not always as easy as thought (Oruwari and Opuene, 2006). Many cities in Nigeria, especially the state capitals are experiencing urbanization which in turn has mounted more pressure on rental housing. Olukolajo and Ojo (2016) identified rent related issues as a major contributor to conflicts between landlords and tenants.

Akure city residential property market has witnessed tremendous transformation since it became administrative capital of Ondo state, Nigeria in 1976, and rental values have witnessed steady upward growth over the years (Adebisi, Ezeokoli, Oletubo and Alade, 2015). With continued influx of people to Akure, more than 90% of residents patronize privately owned properties thereby heating up the demand side. Okoko (2004) observed that tenants residing in the core area neighbourhoods in Akure are constrained in their willingness to pay for good accommodation due to level of their income as well as number of wage-earning workers in the family. Default in rental obligation can hinder the property owner from achieving the investment objectives, leads to mortgage default, and delays in financing routine maintenance and repairs among others. Where a letting agent is involved, apart from deprivation of fees for services, the competence as a professional is at stake.

This paper is aimed at determining the impact which various tenants' characteristics have on their disposition to rent paying obligation in Akure residential property market. The remainder of the paper is organized as follows. Section 2 consists of a revision of literature on the subject of the discourse. Section 3 presents the data description and methodology, followed by the research results in section 4 results of empirical findings. The closing section (5) presents recommendation and conclusion.

LITERATURE REVIEW

Tenant selection criteria in rental property

Selection of a suitable prospective tenant in residential properties is a herculean task. The success or failure of the selection depends on the information available to the property owner or his agent. Rating a prospective

tenant over another is intuitively undertaken, without any recourse to scientific measure (Bello, 2008). Literatures abound on the various criteria used in tenant selection. Gbadegesin and Oletubo (2013) observed that Nigeria private rental property market has no legal instrument that outlines the criteria to adopt while selecting tenants. Oni (2011) studied criteria commonly considered by estate surveyors and valuers in Lagos property market; these include income, occupation/employment status, advance rent payment, marital status, job prospects, tribe, number of children (household size), physical appearance, sex, and religion. With reference to Ilorin metropolis, Gbadegesin and Oletubo (2013) observed that property managers base selection of prospective tenants for residential properties on four major criteria; these are - tenant's personalities report, tenant's impact record, tenancy report and size of the current need. According to Gbadegesin and Ojo (2013), introduction of ethnic sentiment to tenants' selection process can jeopardize the property investor's aim and lead to rental default. In spite tenant selection criteria, Oni (2010) observed that rate of rent default in Lagos metropolis remains on the high side. Rental default was found to be most common in residential rental housing than other class of properties (Sani & Gbadegesin, 2015)

Short, Seelig, Warren, Susilawati and Thompson (2008) posited that '(in)ability to pay' and or '(in)ability to care' for the rented property are the main markers of risks associated with tenant characteristics. In the study of six local areas across metropolitan and regional Queensland, New South Wales and South Australia, property managers typified most suitable tenant as being resourceful, reputable and capable, having adequate financial resources, possessing appropriate social capital (including appropriate references), demonstrating an ability to care for the rental property, and having an understanding of what is entailed in applying for tenancy in the private rental market. Besides, a prospective tenant is considered suitable if he has all relevant documents available at the time of allocation, offers to pay rent in advance, ready to meet special condition of tenancy, and presents himself appropriately.

Default in rent payment is a major risk threatening investment in rental properties, and it has been found to be most common reason for termination of lease (Aedes, 2010). Stenberg, van Doorn, and Gerull (2011) observed that 85% of evictions in Sweden are the result of rent arrears, while 34,000 households were in rent arrears in Amsterdam in 2009. Akogun and Ojo (2013) estimated that 60.17% of respondents Estate Surveyors and Valuers in Ilorin property market have had to eject tenants from residential properties owing to rent default. The problem of rent default could result from the fact that many workers in Nigeria are overburdened or constrained financially because they spend more than 40% of their income on housing (Daramola & Aina, 2004). Bello (2008) observed that corporate tenants are preferred to individual tenants among property managers in Nigeria because they rarely default in rent payment. However, difficult corporate tenants were found problematic to deal with when they default in rent payment; they have the

means to engage an experienced lawyer who in turn frustrates the ejection processes.

Rent default risk in rental property

The high rate of rent default in urban centers of Nigeria is a disincentive to massive investment in rental housing among prospective investors. All tenant screening and selection process undertaken by property owners and their agents is most times aimed at forestalling default in rent payment obligation among others. One of the most common risks to rental properties in Nigeria is the tenant's risk of which default in rent payment is paramount. Olukolajo (2012), observed that failure to pay rent and as when due constitute a major issue breeding conflict between landlord and their tenants in Lokoja residential property market. While landlords frowned at tenants' resistance to upward revision of rent and undue delay in payment; tenants on the other hand detest un-reasonable interval between rent revisions, non-consultative and high gap in rent revision.

Sani and Gbadegesin (2015) analyzed the causes of rental default in Kaduna metropolis. The study identified failure of landlords in their repair obligation of properties as chief among factors that contributes to tenant defaulting in rent payment. Other identified factors are a lack of flexibility in landlords' instruction and policy on rent collection, instability in tenants' income, lack of effective tenancy legislation and deficiency in tenancy management. The study further observed that almost all the tenants of urban rental housing become difficult when it is time to pay their rent.

Short, *et al* (2003) conceptualized residential tenancy stakeholders; their interests and risks. The main interest of professional property manager is to protect and maximize the interests of property owners (their clients) as well as their professional interests. Where this is not done, it may result to loss of income and litigation (for negligence in their duty to clients). Property owners seek to protect and maximize their own/family investment in the rental property market, and maintain right to control and use their property. Associated risks here include loss of income and infringement of lessors' rights. The interest of tenants as stakeholders is to obtain and maintain access to appropriate and affordable accommodation as well as maximize their rights before, during and after occupancy. Inherent risks are exclusion from rental housing and infringement of tenant rights. Last but not the least among stakeholders are tenant advocates. Their main interest is to protect and advocate the interests of tenants. Risks inherent in this duty include poor outcomes for tenant clients, not having capacity to respond, as well as disempowerment. The authors advised that each of the four groups of stakeholders should be considered within a tenancy risk management framework. With respect to industrial property in the Chicago metropolitan area, Clark and Pennington-Cross (2016) observed that landlords are subjected to more tenant risk when only a single tenant occupies the whole building.

In quest to find solution to rent default, Rexrode (2005) invented rent default insurance method which is meant to provide indemnification for a lessor

against possible rent default on the part of lessee. By this arrangement, landlord entering into a rental agreement with a tenant who does not satisfy predetermined credit considerations is provided with insurance cover. Cost of providing the covering is allocated to the tenant as a precondition for entering into said rental agreement. Short, *et al* (2003) opined that having access to reliable information about tenant applicants was essential if risk were to be assessed; by this, the ability to afford the asking rent, capacity to pay regularly without interruption, and the likelihood that they would not damage the property would be premised. From the property management perspective they recommended tenancy databases as a tool that can be used to reduce the risk of losses of income from an unsuccessful tenancy.

From the foregoing literature review, it is noticeable that risk of default in rent payment has been majorly forestalled by selection of tenants within certain criteria. However, the results of the selection criteria in terms of rent payment among the screened tenants have not been captured in the existing literature and studies. This study contributes to the body of knowledge in this regard.

DATA DESCRIPTION AND METHODOLOGY

The data set used in this study was obtained from practicing Estate Surveying and Valuation Firms in Akure Metropolis. Apart from determining the value of land and landed properties, Estate Surveyors and Valuers act as agent in the management of landed properties. Their functions in this respect include securing tenants for vacant apartments as well as managing existing leases. Most of these professionals by way of practice collect information (using “acquaintance form”) from prospective tenants seeking to rent/lease apartments offered for various uses (Oni, 2011). Information collected as guide in letting out vacant premises to prospective tenant include: gender, employment status, household size, education status, religion, letter of recommendation from previous landlord, marital status, tenancy history, etc. This information is processed before a decision to grant or decline lease of premises is made.

The study focused on tenants who got their rented apartments/properties through Estate Surveying and Valuation firms as letting agent. In Akure, there are 26 Estate Surveying and Valuation firms based on the records of the Nigerian Institution of Estate Surveyors and Valuers (NIESV) Ondo state branch. Data supplied by tenants who were granted lease of premises were obtained from the firms’ records. Only records of yearly tenants who have been in occupation of the demised property for at least four years were considered. It is expected that within the period of three years after the first year of tenancy, a tenants’ disposition to payment of rent and as when due would have been established, thereby classifying a tenant as rent defaulter or otherwise becomes easy based on promptness in rent payment obligation. Initial rent payment in Akure residential property market is generally one year in advance. Any tenants whose rent remained unpaid a calendar month after it fell due was considered a defaulter. Defining a rent defaulter in this way is in agreement with what is obtainable in practice among property

managers in Akure residential property market. The grace period before a tenant is considered defaulter varies from place to place. In Connecticut, a landlord may start legal proceedings if rent is not paid by midnight of the ninth day after the due date for yearly or month-to-month leases. In Sweden, failure to pay rent seven days after a monthly rent is due, the tenant formally loses the right to the contract (Stenberg, van Doorn, and Gerull, 2011).

Logistic regression analysis was employed in the analysis of data collected for this study using Statistical Package for Social Scientists (SPSS) version 21. This analysis was found relevant unlike ordinary least squares (OLS) regression and linear discriminant function analysis, which are considered unsuitable due to their strict statistical assumptions, to handle dichotomous outcomes (Peng, Lee, & Ingersoll, 2002). The simple logistic model has the form

$$\text{logit}(Y) = \text{natural log(odds)} = \ln\left(\frac{P_1}{1-P_1}\right) = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \dots + \beta_k X_{ki} \dots (1)$$

where:

i denotes the i-th observation in the sample

P is the probability of the outcome,

β_0 represents the intercept term,

X_1, X_2, \dots, X_k explanatory variable

$\beta_0, \beta_1, \dots, \beta_k$ are coefficients associated with each explanatory variable.

Table 1: Operationalization of variables

Variable	Description
Dependent Variable	
Rent default	Value 1 if the tenant is rent defaulter, 0 otherwise
Independent Variables	
Occupation status	Value 3 if self-employed, 2 if employed in corporate organization, 1 employed in civil service, and 0 if unemployed
Guarantor	Value 1 if the tenant has guarantor, 0 otherwise
Religion	Value 3 if the respondent is a traditionist, 2 if Moslem, 1 if Christian, 0 if no religion
Letter from previous landlord	Value 1 if available, 0 otherwise
Marital status	Value 1 if the tenant is in marriage, 0 otherwise
Tenancy History	Value 1 if fresh tenant (first time of leasing property), 0 otherwise
Size of household	Value 1 if more than 5 (Average household size in Nigeria), 0 if otherwise (within the average size)
Education	Value 3 if tenant has tertiary education, 2 if secondary, 1 if primary, 0 if no formal education
Age	Actual age of tenant at the inception of the lease
Ethnicity	Value 1 if tenant is of Yoruba origin, 0 otherwise
Gender	Value 1 if the respondent is male, 0 otherwise

The estimated coefficients here reflect the effect individual explanatory variables has on its log of odds $[\ln\{P/(1-P)\}]$. Where the coefficient is positive, the log of odds increases as the corresponding independent variable increases. If the log of odds $\{\ln\{P/(1-P)\}\}$ is positively related to an independent variable,

both odds $[P/(1-P)]$ and probability (P) of the outcome are also positively related to that variable and vice versa when negative. The factors hypothesized to influence rent payment obligation of tenants and the operationalization of these variables are listed in Table 1.

RESULTS AND DISCUSSION

Out of the 26 Estate Surveying and Valuation (ES&V) firms surveyed, only 19 (73.1%) provided access to the required data for this study. The totality of cases identified through their files and records found suitable for the analysis is 496 tenants who have spent at least four years in the demised premises/property.

Characteristics of Estate Surveying and Valuation firms

The background information of the Estate Surveying and Valuation firms from where data for this analysis were obtained are presented in Table 2.

Table 2: Background information on firms of Estate Surveyors and Valuers in the study

Firms' Characteristics	Frequency	Percentage	
Years of experience	1-5 years	2	10.53
	6- 10 years	9	47.37
	11-15 years	7	36.84
	16-20 years	1	5.26
Nature of profession: practice	Valuation for all purposes	19	100
	Agency and property Management	19	100
	Real estate development	2	10.53
	General real estate service	19	100
Firm's affiliation to professional bodies	Nigerian Institution of Estate Surveyors and Valuers (NIESV)	19	100
	Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON)	19	100
	Real Estate Development Association of Nigeria (REDAN)	2	10.53
	Royal Institute of Chartered Surveyors (RICS)	1	5.26
	Others	2	10.53

Source: Field Survey, 2017

Table 2 revealed that about 90% of the firms of Estate Surveyors and Valuers who provided the data used in this study have acquired field experiences in excess of 5 years. They provide services in all aspects of the profession - valuation for all purposes, agency and property management, and general real estate service. In addition, 10.53% are further engaged in real estate development activities. The professional affiliations of operators of these firms indicate that all of them are members of the Nigerian Institution of Estate Surveyors and Valuers (NIESV - the association of these professionals) as well as Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON – the government regulatory body of the profession). Beside these, 10.53% and 5.26% associate with Real Estate Development Association of Nigeria (REDAN) and Royal Institute of Chartered Surveyors (RICS) respectively. The overall implication is that the firms included in this study

have standard practice and have been in agency/property management activities for considerable number of years, thus information obtained from them were considered reliable.

Demographic characteristics of the tenants

Biographical data supplied by the tenants included in this survey is presented in Table 3. Except otherwise stated, the data relates to their status at the commencement of their tenancy.

Table 3: Tenants’ Biodata records at the commencement of tenancy

Tenants’ Characteristics		Frequency	Percentage
Gender	Male	468	94.4
	Female	28	5.6
	Total	496	100
Marital Status on Entry	In Marriage	461	92.9
	Not Married	35	7.1
	Total	496	100.0
Age of Tenant on Entry	21-30	39	7.9
	31-40	88	17.7
	41-50	213	42.9
	51-60	111	22.4
	61-70	30	6.0
	71-80	15	3.0
	Total	496	100.0
	Occupation Status on Entry	Not Employed/Retiree	17
Employed in Civil Service		350	70.6
Corporate Private Organisation		76	15.3
Self Employed		53	10.7
Total		496	100.0
Education Status on Entry	No formal education	29	5.8
	Primary	95	19.2
	Secondary	125	25.2
	Tertiary	247	49.8
Rent Payment Record	Total	496	100.0
	Rent Defaulter	141	28.4
	Non Rent Defaulter	355	71.6
	Total	496	100.0

Source: Field Survey, 2017

From Table 3, it is observable that the 94.4% of the residential properties renters are of male gender while the remaining (5.6%) are females. Their marital status indicates that 92.9 are married, an indication that landlords and or their agents have preference for the male gender and married in Akure residential rental market. This finding corroborates Sani and Gbadegesin (2015) that more males patronize urban rental housing than females and that majority of renters are married. The age structure of tenants at the commencement of their tenancy are 7.9% for ages 21-30, 17.7% for ages 31-40, 42.9% for ages 41-50, 22.4% for ages 51-60, 6% for ages 61 to 70, and 3% for ages 71-80. The tenant whose household size at the commencement of their tenancy is up to 5 persons (the average household size in Nigeria) is 6.4%; the remaining 93.6% have their households’ size above the average. Majority of the tenants (70.6%) are civil servants and

almost half (49.8) have tertiary education. Their rent payment status indicates that 28.4 are rent defaulters. The property market is mostly patronized by civil servants. However, 3.4% of renters (Unemployed/Retirees) are those whose rent payment obligation is likely shouldered by others such as children.

Logistic Regression model of rent default tendencies in Akure residential property market

Logistic Regression model of rent default tendencies in Akure residential property market

This section presents the result of binary logistic regression, significance and impact of each explanatory variable on the response variable is discussed.

Table 4: Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	147.958	11	.000
	Block	147.958	11	.000
	Model	147.958	11	.000

Source: Analysis of Survey data, 2017

Table 4 shows the model which includes all the predictors. In the table, the Omnibus Tests of Model Coefficients gives a Chi-Square value of 147.958, 11 *df* and significant at 0.01. The Omnibus test which is significant beyond 1% level of significance indicate that one can conclude that adding the predictors to the model significantly increased our ability to predict rent default tendencies among the tenants.

Table 5: Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	444.212 ^a	.258	.370

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

Source: Analysis of Survey data, 2017

Table 5 shows the Likelihood ratio test, Cox and Snell R^2 , and Nagelkerke R^2 . Likelihood ratio test is the most common assessment of overall model fit in logistic regression, which is simply the chi-square difference between the null model and the model containing the predictors. In the Model summary, the -2 Log Likelihood statistics is 444.212^a. This statistic measures how poorly the model predicts rent default; the smaller the statistic the better the model. The Cox and Snell R^2 indicate that 25.8% of the variation in the dependent variable - rent default tendency was explained by the explanatory variables. Also, Nagelkerke R^2 in the table is 0.370; denoting that 37% of the variability in the dependent variable - rent default tendencies was explained by the explanatory variables.

Table 6: Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	14.919	8	.061

Source: Analysis of Survey data, 2016

From Table 6, the chi-square value for Hosmer and Lemeshow Test gave 14.92 with a p value = 0.61. A non-significant chi-square indicates that the data fit the model well. Consequently, since P-value is greater than the level of significance $\alpha=0.05$, hence the numbers of rent defaulters are not significantly different from those predicted by the model and that the overall model fit is good.

Table 7: Contingency Table for Hosmer and Lemeshow Test

		Rent Default = Rent Defaulter		Rent Default = Non Rent Default		Total
		Observed	Expected	Observed	Expected	
Step 1	1	48	45.659	2	4.341	50
	2	21	26.402	29	23.598	50
	3	17	14.889	33	35.111	50
	4	13	12.420	37	37.580	50
	5	13	10.551	37	39.449	50
	6	4	8.552	46	41.448	50
	7	3	7.273	46	41.727	49
	8	10	6.892	42	45.108	52
	9	9	5.492	41	44.508	50
	10	3	2.871	42	42.129	45

The Contingency Table of Hosmer and Lemeshow Test (Table 7) shows the details of the test with observed and expected number of cases in each group. The test provides further checks on the fit for individual observations by inspection of various types of residuals (differences between observed and fitted values). The test shows predicted observed number of non- rent defaulter as 42 while the model predicted it as 42.13. The Closer these figures are, the better the model is.

Table 8: Classification Table^a

Observed		Predicted		Percentage Correct
		Rent Default	Non Rent Defaulter	
Step 1	Rent Defaulter	60	81	42.6
	Non Rent Defaulter	16	339	95.5
Overall Percentage				80.4

a. The cut value is .500

Source: Analysis of Survey data, 2017

The Classification table (Table 8) gives an overall percent of cases that are correctly predicted by the full model. Overall our predictions were correct 399(60+339) out of 496 times, for an overall success rate of 80.4%. This is an improvement over the initial 71.6 per cent prediction.

The estimated coefficients and standard errors of the estimates that are used in computing the Wald statistic and the odds ratio (Exp) are presented in Table 8. The significance of the Wald statistic indicates the importance of the predictor variable in the model

Table 9: Results of binary logistic regression analysis

Variables	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
							Lower	Upper
Step 1 ^a Occupation	.407	.197	4.254	1	.039*	1.502	1.020	2.211
Guarantor	-2.844	.478	35.464	1	.000*	.058	.023	.148
Religion	.201	.171	1.385	1	.239	1.222	.875	1.708
Landlord_Recom	.922	.389	5.625	1	.018*	2.514	1.174	5.385
Marital_Status	-4.802	1.112	18.653	1	.000*	.008	.001	.073
Tenancy_Hist	-1.918	1.502	1.631	1	.202	.147	.008	2.788
Household_Size	2.770	1.217	5.183	1	.023*	15.957	1.470	173.229
Education	-.466	.146	10.121	1	.001*	.628	.471	.836
Age	-.012	.011	1.206	1	.272	.988	.967	1.010
Tribe	1.128	.485	5.406	1	.020*	3.089	1.194	7.991
Gender	-.056	1.487	.001	1	.970	.945	.051	17.423
Constant	1.419	.821	2.987	1	.084	4.132		

*Significant Variable at $p < 0.05$

Source: Analysis of Survey data, 2017

The result of binary logistic regression with significance and impact of each explanatory variable on the response variable is presented in Table 8. The logistic regression in this study contained eleven independent variables. Seven of the independent variables made a unique statistically significant contribution to the model (Occupation, Guarantor, Recommendation Letter, Marital Status, Household size, Level of Education, and Tenant’ Tribe). The strongest predictor of rent default tendencies was household size, recording an odd ratio of 15.96. This indicated that tenants with tendency to default in rent payment are likely to be about 16 times more than those who may not default, controlling for all other factors in the model. Tenant’s Religion, History of Previous Tenancy, Age and Sex did not contribute significantly to the model.

Further from table 8, the *B* values (Coefficient) show the direction of the relationship between the dependent and each of the independent variable. This could be negative or positive values, denoting which factor(s) increase the likelihood of tenant defaulting in rent or decrease it. *B* values of six of the independent variables in the model are negative. This indicates that an increase in the independent variable score will result in a decreased probability of the case recording a score of 1 in the dependent variable. Thus, availability of guarantor having -2.844 *B* value, marital status of tenant ($B = -4.802$), history of tenancy ($B = -1.918$), education status ($B = -0.466$), age ($B = -0.012$) and gender ($B = -.056$) are less likely to result in rent default. Other independent variables having positive *B* value are: occupation status of tenants, tenant’s religion, availability of recommendation letter from previous landlord, household size, and tribe.

In placing findings of this study within existing similar studies, some of the factors found significant in predicting rent default tendencies are similar in some cases and different in others. For example, Sani and Gbadegehin (2015) found that unstable source of income is a major cause of rent default in Kaduna, Nigeria. Dabara, Ankeli, Omotehinshe and Aiyepada (2017) attributed rent default to unemployment/retrenchment of tenant in Osogbo, Nigeria. Salleh, Yosof, Johari and Talib (2014) observed that ethnicity ethnic group variable significantly influenced the ability to pay rent. In respect of household size, Chi and Laquatra (1998) and households with fewer children do not bear higher housing costs when compared to those with more children.

CONCLUSION AND RECOMMENDATION

Despite the various criteria used by property managers in screening prospective tenants at the inception of tenancy, rent default have not been totally eradicated in Akure residential property market. This study has highlighted the various information property manager rely on to screen prospective tenant as a means of forestalling rent default among others. However, the binary logistic regression results show among all information considered that, occupation status of the prospective tenant, ability to provide guarantor, recommendation letter from previous landlord, marital status, size of household, tenant's level of education, and tenant were found significant. Although availability of guarantor, marital status, and education level of screened tenants were significant, the result indicates that they are less likely to contribute to rent default among the surveyed tenants.

Since private sector developers in Nigeria account for 83 per cent of urban housing delivery (Federal Office of Statistics, 2003), there is need to encourage this sector especially with the increasing need to bridge the gap between housing need and housing supply. A major discouragement in this regard is uncertainty of rent return to private investors. The renters must be empowered financially to be able to pay economic rent. This can be achieved when government create an enabling environment to improve the economy. Also, the ability of the prospective tenant to pay for rented apartment must not be compromised on any ground by either the property owner or his agent (Estate Surveyors and Valuers). As agent to property owners, the Estate Surveyors and Valuers should intensify efforts in minimizing rent default situation; this can be achieved through tenants' selection devoid of sentiments. Government at all level may invest in social housing to assist renters who have difficulties in paying economic rent.

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