



CHANGING MACROECONOMIC INDICATORS AND THE RENTAL VALUES OF RESIDENTIAL PROPERTIES IN EDE, NIGERIA

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There has been a growing concern in prefiguring the role of macroeconomic indicators in property market operations. This study investigated the performance of the residential property market in Ede, with a view to explore the influence of macroeconomic indicators on rental values. Thus, the study analysed residential properties' rentals in Ede; and assessed the relationship between macroeconomic indicators and residential properties' rentals. The study employed primary and secondary data for the period 2002 -2019. The primary data comprised annual rental values for five residential property types; obtained through structured questionnaires administered on landlords in the study area. The secondary data comprising macroeconomic indicators in Nigeria were sourced from the database of the National Bureau of Statistics and Central Bank of Nigeria. Descriptive and inferential statistics were employed in the data analysis. The results revealed a continuous increase in rentals of the five types of residential properties studied. Rental growth rates in the residential property market exhibited random fluctuations with a mean annual growth rates of 15.78%, 15.82%, 15.30%, 18.19% and 19.12% for tenement room, studio room, one-bedroom, two-bedroom and three-bedroom flats, respectively. However, the mean of annual rental growth rate across the considered residential property types was not significantly different at 0.05 level; $F(4, 80) = 0.307$ $p = .872$. Furthermore, there was a very strong positive relationship (0.984) between macroeconomic indicators and rental values of residential properties. Exchange rate and gross domestic product (GDP) had significant positive influences on rental values (p -value =.000 and 0.001, respectively, while the lending and inflation rates exhibited insignificant positive and negative influences, respectively on rental values. The implication of this study is the presence of feedback relationships between GDP and rental value and between exchange rates and rental values of residential properties which, suggests that these variables are determined contemporaneously.

Keywords: macroeconomic indicators, performance, real estate investment, rental growth, trend

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