



## **IMPACT OF ACCESSIBILITY ON CENTRAL MARKET, BAUCHI METROPOLIS SHOP RENTAL VALUES**

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**Abstract:** The cross - functional and cross of a commercial real estate to other land uses largely determines its value; ease of access is a crucial factor that determine the risks and booties of any investment. The purpose of this research is to determine how accessibility affects the retail space rental values. The goal of this study was to ascertain how much accessibility impacts a retail space's rental value. The following specific objectives were decided upon: to evaluate the rent payable in various market scenes relative to main thoroughfare. To determine whether rent varies and the relationship between distance and rental price. A stratified random sample approach was used. Analysis was done employing descriptive statistics and linear regression to determine the impact of various factors. The information showed that as distance increases, rent varies within the market. It was revealed that there is a strong positive linear relationship between distance to the market and rental value, and that as distance tends to increase, store premises rental prices decrease. Furthermore, the research suggested that market parking be established by the government. To encourage further investment in this area, the authorities could also offer suitable loans at affordable interest rates to investors in private retail real estate.

**Key Words:** Commercial Aseets, Rental Value, Accessibility, Bauchi, Nigeria.

### **1.0 INTRODUCTION**

Commercial real estate, especially stores in upscale cities. These sites provide the chance to optimize returns. It has been noted that homes near major thoroughfares tend to get higher rental prices (Mashiri, 2019). Because the right accessibility will enable convenient and economical mobility of people, goods, and services, the more expensive the value of an item of real estate, the greater the demand for properties with the highest possible degree of accessibility, and the more feasible it is to reconstruct these sites. It's also critical to remember that there is a limited quantity of land that may be used for a certain purpose; hence, there are fewer possible locations for urban areas than there is space for in the current transportation system (Henderson, 2014). Because of this, store layouts need to include accessibility, and sites need to be selected to optimize revenue. The ease with which clients along with other land uses can access commercial premises determines their worth. The residences with the greatest rental values are found on the most assessable roads, while the homes with the lowest rent values are found on those

with the fewest accessible and available roads (Rossi & Chintagun, 2016). The demand for a building's property determines its worth, which is heavily impacted by its location. Property in a prime location is worth more as a rental (Sakariyau, Ajibade, Muhammad, Hafsatu, Joab, & Yusuf, 2020). Everything else becoming equivalent, the higher the rental value of these investment properties, the closer they are to these generating resource base. Disparities in commercial property rental pricing have caused jamming in particular parts of the market. The goal of this study is to ascertain how much accessibility affects the rental values of commercial properties in Bauchi.

### **2. LITERATURE REVIEW**

#### **2.2 OVERVIEW OF COMMERCIAL PROPERTY INVESTMENT**

Commercial Properties frequently refers to structures, nevertheless it can also refer to profitable property and larger rental properties. The disbursement, taxation and laws that are applicable to the building, as well as office buildings, warehouses, business, and shopping centers, are all impacted by the estate's classification as a commercial

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property (Osazuwa & Ekenta, 2020). A sizeable portion of all worldwide real estate investments are made in commercial real estate. In the UK, commercial real estate is estimated to be worth £762 billion (Hassanali, 2019).

According to Hassanali (2019), property investment accounts for over 44% of the quasi possessions held by UK businesses, making up a sizeable portion of the cost-base of the industrial sectors and service. Commercial real estate's quality and nature also significantly affect the organizational and technical adaptability of the working environment, which in turn significantly affects efficiency in many service sectors. Property investment is a major source of collateral security for loans. According to Osazuwa and Ekenta (2020) Three-quarters of all financing in the UK comes from property investment. Hofman, & Aalbers (2019) recommended that in the UK, long-term institutional investors' investment portfolios include real estate to a significant extent. Office and retail assets are the main asset classes that institutional investors in Finland invest in (Ammann, 2019).

According to a study on top office returns in selected locations around the world conducted by Institute for Real Estate Research and Jones Lang LaSalle, the real profit on assets for office investment was associated with lesser risk in London and highest in Moscow. The Nigerian economy is still in its infancy, just like its property market. The Nigerian real estate business, in specific, has remained comparatively under-studied over the past 50 years as a result of the absence of a reliable and consistent database for real estate market (Onwuanyi, & Oyetunji, 2021). Majority of research on property market in Nigeria during this time has been concentrated on the housing transaction, little attention was paid on the province's commercial real estate industry in comparison studies.

The average returns on viable real estate in Nigeria are comparable to those available globally. Deals involving real estate investments are frequently associated with low yields on a global scale. These low returns have been found to indicate an increase in rental rates (Malpezzi, 2014). This expectation for revenue growth supports one of the key benefits of investing in commercial property income (rental) and capital growth (Baker, 2018). Since the 1960s, when the reverse-yield disparity first materialized as a result of the introduction of rising prices into the world's

real estate markets, rental growth has been a major anticipation of property speculators (Hassanali, 2019).

### **2.3 CONCEPT OF COMMERCIAL PROPERTY VALUE**

Rental value is the price of an asset at the moment of transaction it is decided to rent. On the other hand, "Rent" combined with "Value" is. There are many meanings associated with the word "rent." According to Hood (2001), rent is a month - to - month payment made to a homeowner in addition to a fee for the use of the property. In most cases, the rental prices of comparable existing homes in one residential neighborhood within a given city differ significantly from rental values of undistinguishable commercial properties in that same inhabited neighborhood.

The rental value of identical homes located in the same neighborhood also tends to vary for a number of undetected reasons. The institute also emphasized the complexity of the relationships that create value and the fact that values change as the value-generating factors do. Four interrelated economic factors—usefulness, lack, desire and actual acquiring power.

Supply factors include scarcity and utility, whilst demand attributes include desire and actual purchasing power. A good or service's utility is its capacity to meet a living being's need, want, or stipulation. Scarcity is the current under supply of an item in comparison to its demand. The buyer's excitement for a good to fulfill human wants is known as desire. The ability of an individual or organization to engage in a market, that is, to purchase goods and services, is referred to as effective spending power (Lysons, & Farrington, 2010).

### **2.4 COMMERCIAL PROPERTY VALUE DETERMINANTS**

Ease of access, the physical characteristics of neighborhood facilities and amenities, the social environment, home characteristics and the independent site are some of the factors that affect the decision to relocate (Mohit, Ibrahim & Rashid, 2010). In addition to the previously mentioned elements, they asserted in the study that location is among the significant determinant of property value. The location of a building or neighborhood is the relationship in terms of time between it and all other potential origins and destinations of people traveling to or



from it. De Bruyne and Van Hove (2013) affirm that a longer distance location with more alluring amenities will command a higher price than a shorter distance site with fewer alluring extras.

The commercial property market, according to Cvetkovich (2018), is intrinsically tied to society as a whole because commercial buildings are subject to a variety of macroeconomic, economic, political, social, and cultural forces. Cvetkovich (2018) noted that the forces of supply and demand will impact how the commercial real estate market develops in the future. The real estate market précises of the major property businesses contain a wealth of important information, such as planned projects, demand, vacancy rates, absorption volume as well as macroeconomic variables, legal, and tax considerations. These overviews are useful for real estate, especially the commercial real estate.

Both local Nigerian developers and multinational corporations, construction firms, and developers who wish to enter the Nigerian real estate market must consider each of these factors. The market for commercial real estate in Nigeria is seeing daily growth, especially when the property is located in a respectable and advantageous area. Additionally, investors will be drawn to properties with modern infrastructure and amenities, which will raise the demand for commercial real estate. Only observable shifts in rent trends—trends that are based on rental values—will be included in the observation. Such overviews can help real estate markets, especially this same commercial real estate market (Warren-Myers, 2012).

Sales and rents passing on properties will undoubtedly change because real estate is so variable. Such characteristics range from inborn to acquired (Xiao, & Webster, 2017). One of them is a high-rise office tower's close vicinity (Lim, & Heng, 2016). The above-mentioned elements are unquestionably the essential component which will make commercial real estate both physically and economically viable (Kashef, 2016).

**3.0 Research Methodology**

Methodologies to quantitative studies were used. Respondents received a questionnaire to complete and return. The sample size being studied in this research project is owners of store premises who currently own 885 stores. The sample size for this study was set at 95 participants in order to adequately represent the population. The shop properties in the study area are the focus of the investigation; however, because there are so many shops and they are dispersed throughout the market in various blocks, The method of stratified random sampling was employed to collect data for this investigation. Using simple or complex methods, samples are drawn from the population after it has been separated into homogeneous groups known as strata in a random stratified process. Zones A, B, and C are the three areas where the Shops are located. By doing this, it is ensured that the sample is representative of the entire population, or that it is guaranteed to be representative of the entire population. After rigorous data collection, SPSS Version 22 was used to assess the field data using descriptive, mean ranking, and multiple regression.

**3-0 Result and Discussions**

**Table 1 Dissemination of Questionnaire**

Questionnaire	Number	Percentage
Total number of questionnaires distributed	95	100
Total number of questionnaires retrieved	76	80

(Source: Field Survey, 2021)

**TABLE 2 Distances of Shops from the Major Roads**

Zones	Distance in Metre	Single Shops	Total
A	0-60	30	30
B	61-120	40	40
C	121-180	16	16
			76



(Source: Field Survey, 2021)

**Table 3 Rental Values of Single Shops in Zone A**

SHOPS	A	B	C	D
<b>RENTAL VALUES (000)</b>	<b>60</b>	<b>70</b>	<b>80</b>	<b>85</b>

(Source: Field Survey, 2021)

**Table 4 Rental Values of Single Shops in Zone B**

SHOPS	A	B	C	D
<b>RENTAL VALUES (000)</b>	<b>50</b>	<b>55</b>	<b>65</b>	<b>70</b>

(Source: Field Survey, 2021)

**Table 5 Rental Values of Single Shops in Zone C**

SHOPS	A	B	C	D
<b>RENTAL VALUES(000)</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>

(Source: Field Survey, 2021)

**TABLE 6 Average and Mean Rental Value in Single Shops in Zone A B and C**

Zone	Name of Shop	No	Average Range	Minimum Range	Maximum Range	Mean		Standard Deviation	Variance
						Statistic	Std. Error		
		10	(N)	(N)	(N)				
A	Single	20	25,000	150,000	150,000	8.40E4	1552.966	4574.683	2.111E7
B	Single	10	20,000	65,000	65,000	7.06E4	1232.909	3264.350	1.027E7
C	Single	11	25,000	60,000	65,000	5.83E4	1443.376	4360.127	1.875E7

The average mean and average rental value of stores in Zones A, B, and C are shown in Table 6. The difference in rental value can be explained by the distance, as indicated, between the retail site and the major road. The information indicates that the distance between the

residences and the main road had an impact on the amount of rent that had to be paid for the property. Consequently, a property located on an exceedingly accessible route will rent for more money.

**Table 7 Regression Result**

Mode	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std Error	R <sup>2</sup> Change	F Change
<b>1</b>	<b>0.521a</b>	<b>0.572</b>	<b>-0.457</b>	<b>1.207</b>	<b>0.272</b>	<b>0.373</b>

(Source: field Survey, 2023)

**Estimated ANOVA Result for Single Shops**

Model	Sum of Squares	Mean Square	F	SIG
<b>Regression</b>	<b>0.643</b>	<b>0.543</b>	<b>0.373</b>	<b>0.652a</b>
<b>Residual</b>	<b>1.647</b>			
<b>Total</b>	<b>3.00</b>			

(Source: field Survey, 2023)

**Predictors: Constant), Rental Values**

**Dependent Variable: Distance**



Variable	Unstandard Coefficient		Standard Coefficient	t-value	SIG
	Beta	Std Squares			
(constant)	6.122	4.763	0.521	1.285	0.421
Rental Values	4.055E5	0.000		.611	.651

a. Dependent Variable

R<sup>2</sup> 0.372

Adjusted R<sup>2</sup> = 0.557

F- Value is equal to 0.473

Significant level 0.551%

A linear regression was performed to more clearly demonstrate the relationship between the two variables. With an F-Value of 0.473 and a coefficient of determination (R<sup>2</sup>) of 0.372, the two variables showed a robust linear positive association.

#### 4.0 CONCLUSION

Noteworthy is the fact that, even with the effect of accessibility on commercial property rent rates instituted, one of the primary issues Bauchi's outlying districts are dealing with is the poor quality of roads, which has persisted in impeding accessibility. Regardless of the amount of available space, businesses seek to be located in easily accessible areas. This is due to the fact that certain stores are more difficult to get to and thus attract lower leasing prices. Comparable properties are rental valued differently in different zones within the research region. Their rental values are affected by the quality of the surroundings. Since the government bases the Land Use Charge on the value of the commercial real estate, working to upgrade the roads would benefit more than just the government.

#### 5.0 RECOMMENDATION

Accessibility raises a store's leasing value. In order to increase accessibility and usage generally, it is crucial that government constructs, renovates, and effectively maintains roads in these areas. This is so that people can more easily access useful resources and locations within a neighborhood and the entire city, in addition to making it easier to move around and help spread. The government should improve the property's aesthetic value in addition to creating parking spaces in the market.

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