

The Impact of Sustainable Management of Commercial Properties on Investment Returns in Orlu, Imo State

Emenike Kingsley Chikwuado¹ and Ezeudu Christian Uchenna²

¹HND, PGD MSc, PhD. in-view (Estate Management) PGD (Project And Facility Management) AIPMA, FNATE, COREN, GNIVS Lecturer, Department Of Estate Management, School Of Environmental Design And Technology Akanu - Ibiam Federal Polytechnic Uwana, Ebonyi State, Nigeria West Africa.

²BSc, M.Sc (EST Mgt.) PGD, MBA (Business Mgt), Ph.D (Est. Mgt), RSV. FNIVS, FIIA MNSE), Department of Estate Management and Valuation Federal Polytechnic Oko, Anambra State, Nigeria West Africa.



Abstract – Sustainable management in commercial properties is becoming an in thing aiding investors to recoup sum of capital invested in real property. This approach was derived from green building, since the world is in desperate search for methodology in exploring the environment without destroying it. The aim of this study is to examine the impact of sustainable management of commercial properties on investment return in Orlu, Imo State. And application of statistical tool correlation using Pearson r, T-test and analysis of variance techniques were employed to assess the significant difference in assumption that the impact flow from a particular direction. On the identified variables. However, the results revealed that the significant was trivial which means that the impact is depending on some variables in which the outcome is economic benefit, environmental safety and social orderliness which is the zenith one can achieve from sustainable property management.

Keywords – *Impact, Sustainable Management, Commercial Properties, Investment, Returns.*

I. INTRODUCTION

Ownership of real estate investment has various motives for its ownership, these ranges from investment, social status, residential, religious and institutional motives. In all, the dream of many individual, is to own real estate investment. Over the years property ownership has proven to be a reliable investment. In the face of economic downturn recession and other economic challenges, real investment still strives amongst other investment. However, the degree at which a commercial property will yield returns to a property investor is closely dependent on sustainable management [1]. and [2]. In modern practice of real estate management and valuation profession, sustainable management has gone beyond the scope of controlling, directing, and coordinating. It has metamorphosed into sustainable management such that property professionals

have to improvise re-invent and administer technicalities that will further enhance property values without hunting the environment. Similarly, the property market is becoming more sophisticated and dynamic owing to the fact that properties are now being design, modified and renovating to suite principle of highest and best use and affordability simultaneously. [3]. opined that the expectation of tenants has increase to a point that property management professionals can contribute value in a property by providing adequate facilities as a solution to business challenges [4]. suggested that, the success of property management depends on treating tenants as valuable customers. Determining the preferences of customers allows companies to provide customize products and superior services [5]. argued that the idea of sustainability does not entirely eliminate cost maximization rather, he insisted that

the logical correlation between building performance and value is that properties that are better maintained have, historically, achieve better market rents, values, and sale prices as the result of good management. [6]. observed that property can produce good return, if the property manager prevent and or overcome seeming obstacles in the course of discharging his duties hence sustainable and effective management. Sustainable management is the abstract capital that has the efficacy of retaining property value over the useful life span of an estate investment; furthermore, the level of urbanization is driving towards achieving a pleasant and eco friendly society at minimal cost. The implication of this desire means that, an estate surveyor and valuer should get their self equipped with the modern trend of sustainable management by understanding principle involve in green building, sustainable housing and its management applications. More so, sustainable management is an interdisciplinary field that updates the technical knowhow of an estate surveyor and valuer in combining different approaches to solving property management problem so as to meet best international standard of practice, and to deliver in line with project delivery variables which considers “Time” of both the property and investment returns, “Cost” of present and future benefit and “Quality” which will command demand and value simultaneously.

II. STATEMENT OF PROBLEM

Sustainable maintenance culture is one of the most encountered challenges in any estate life circle; from the decision making stage till the project completion stage is a short term stage, while maintenance to renovation stage is medium or long term stage [7]. The life span of any estate investment will be dependent on sustainable maintenance. In Orlu, Imo state buildings suffer a lot of deterioration, dilapidation and obsolescence. The state of properties has also resulted to short fall in estate investment returns not only that, it has also shifted the attraction of occupiers to properties that are newly built forgetting that poor management will also render the newly built properties obsolete over some period of time. Consequently, this challenge has contributed seriously to the state of urban development going by the fact that orlu is an ancient semi urban, or a nodal region according to [8].the level of development in the study area has being, below expectation. One of the indices for measuring development in any developing urban area is the quality of housing infrastructure as opined by [9]. The level of this menace has resulted to government shifting their attention to other neighboring area which has also added salt to the existing injury. Again, poor management attitude has render

available property vacant or compel the owners to rent their properties on less than full rental value (LFRV) basis. To compare with their counterpart like Owerri, Ihiala, Ekwulobia and Okigwe which are developing urban close to study area.

2.1 Aim of The Study

The aim of the study is to examine the impact of sustainable management of commercial properties on investment return in Orlu, Imo State.

2.2 Significance of study

we believe that this study will address the issue of poor management on commercial properties not only in the study area but to the state and country at large especially, areas with similar challenges; it will also educate all the parties concern on new trends in sustainable building which reduces cost of management to a accepted level and educate the relevant stake holders on new technicality of property management with modern sustainability approach.

2.3 Objective of the Study

In this study, effort is geared towards accomplishing the following objectives:

- ❖ To investigate the impact of sustainable management on commercial properties on investment return in Orlu.
- ❖ To identify the cause of poor management attitude in the study area.
- ❖ To expose the latent benefit of sustainable management, and its impact on estate investment returns
- ❖ To develop a feasible framework that will sustain and preserve investment returns on real property investments.

III. CONCEPTUAL FRAMEWORK

In developed and developing urban areas both are experiencing the rapid growth of urbanization and has resulted to series of environmental, psycho-cultural and socio-economical issues that need to be addressed. This problem emerges because of constant increasing in population, which has created the need for habitation or accommodation; this gave birth to real estate investment sector that notwithstanding the sector has suffered many challenges amongst scarcity of funds, statutory regulations and the cankerworm lack of sustainable management in the

real estate sector. Therefore, the need to abate the issue of poor sustainable management raises much more concern on impact of sustainable management of commercial properties on investment returns, Has stirred the quest for providing solution to the problem and challenges faced by the study area. Sustainable management is conceive in various approach ([10],[11],[12],[13]). and particularly in the context of : sustainable management issues. Social [14]. Environmental ([15],[16]). Economy [17]. This different approaches depends on interest [18]. there are many definition and opinion on sustainable management which reveals the competing experience in the field. [19]. asserted that the funder mental sustainable management of any development arrowed on tackling three major areas which ensure that people living today are entitled to justice and equal rights; environmental degradation must be alleviated or eliminated; and future generations must not be impoverished as a result of current actions. More so, contributing to the debate, [20]. opined that sustainable management is not only being in harmony; rather it should involve a process of change in which the exploitation of resources, the orientation of technological development, and institutional changes are made consistent with future as well as present needs.

3.1 Dimensions of sustainable management and principles

Due to the fact that synergy is sought of these different implications, it has been commonly accepted that sustainable management consist of three dimensions:

- Social solidarity
- Environmental responsibility and
- Economic efficiency

Sustainable management calls for a long-term structural strategy for the world's economic and social systems, which aims to reduce the burden on the environment and on natural resources to a permanently viable level, while still maintaining economic growth and social cohesion. Only development that manages to balance these three dimensions can be sustained in the long term. Conversely, ignoring one of the entire development processes.

Social solidarity: equality of opportunities for people, involving welfare, quality of management on property should liberate occupiers and fulfill human needs, thus accommodation, comfort and quality security. This dimension views sustainable management to be avenue property maintenance with effective management promotes relationship between the tenant estate surveyor and land lord.

Environmental responsibility: the ability to use the natural resources without undermining the equilibrium and integrity of ecosystem, reduce burden on the environment [21]. stressed the relevancy of meeting the present need without compromising the ability of future generations to meet their own needs. emphasis is given to the fact the present actions determine the future planet.

Economic efficiency: efficiency of economic and technological activities fosters investment and productivity. In property management economy examines cost effectiveness and returns on investment as the motive for sustainable property management is to preserve the physical condition and sustain the economic value of landed property and maintain a good relationship between men and their environment simultaneously. From the discussion above sustainable management of commercial properties works in a framework as detail below.

From the figure above, the concept employed by the authors agrees with the postulation of [22]. which state suggested that, the only route to achieve sustainable management is through integration of social, environment and economic concerns through the decision-making process.at the core of the key principle of sustainable investigating the economic benefit of sustainability in commercial real estate developments, development is the decision-making factor, a decision-making process that moves the principles towards development that is truly sustainable. The tripod on the other hand illustrates that sustainable management cannot stand in the absence of this three dimensions as stated above. And as such, the tripod of sustainable management in commercial properties aims at solving housing accommodation problems, at the same time serving as security to property investment without hurting the ecosystem.

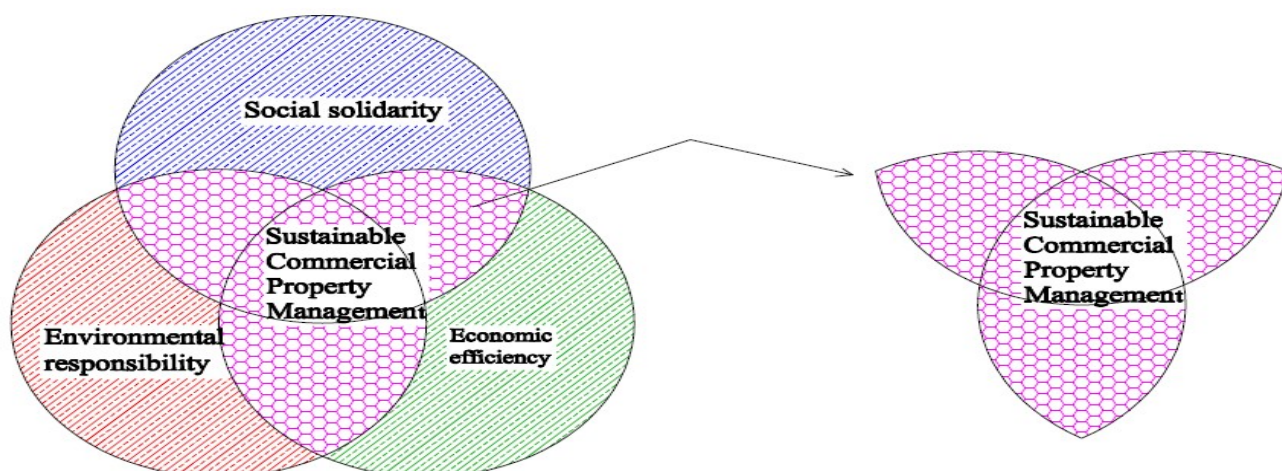


Figure 1.1 Rings Showing Tripod of Sustainable Commercial Property Management

Source: author

3.2 The Study Area

Orlu is the second largest city after Oweri in Imo state southeast geo-political zone in Nigeria, it is located on 6°N north Latitude and 7° E east longitude, and it occupies an area of about square miles. The developing urban is made up of thirty autonomous communities while places like Eziachi, Umuna, Owerre-ebeiri, Umuowa, Amike, Mgbee, Amifeke, Ihioma, Okporo etc, are gaining some economic advantage due to location of some institutions like imo state university teaching hospital, international market, building material market, school of health, polytechnic and private university amongst other facilities that makes the study area have urban characteristics. The economy and social structure of Orlu have been attracting immigrants from other part of the state or outside the state in search for greener pastures which in turn create a need for property transaction for difference purposes that need sustainable management. The type of properties in the study area basically residential properties (owner occupier) and some commercial properties like lock-up shops, block of flats and hostels other properties include banking halls filling stations washing parks open work-shops etc.

With the trend the population is growing in Orlu developing urban sustainable maintenance is the right direction to embark upon in order to preserve the latent value in real estate investment as well as preserving the aesthetic beauty of natural heritage like other part of the world example Moscow, china, London etc.

3.3 Relevant Stake Holders

For the purpose of this study to accomplished its' objective there is a paramount need that various parties involved in sustainable management of commercial properties are knowledgeable about sustainable management and this state holder vary based on their various interest. However, this stake holder ranges from the property owner, to the estate surveyor or facility manager, tenant, allied technical expatriates and government regulatory agency. This entire stake other has one role or the other to play in property maintenance [23].

IV. RESEARCH METHOD

The information for this study was collected from site visit, oral interview, and arbitration to lessor and lease, administration of questionnaire to stake holders directly involve which include estate surveyors land-lords and tenants as respondent for primary data while we consulted different text books, newsletter magazine, journal papers and conference proceedings etc. as secondary data source. 175 questionnaire was administered to 50 estate surveyor (29%), 55 land-lords (31%) and 70tenants (40%) occupying different type of property in the study area and 120 (69%) was returned and analyzed using a stratify random sampling.

This study was aimed at analysis of three groups of sample population, property owners, estate surveyors and tenants. As result, descriptive and inferential statistics which

include Pearson's r , was adopted in testing the degree of direction between two variables furthermore, ANOVA was used in analyzing significant discrepancy of the groups concerned in this study, and our hypothesis was tested with T-test.

4.1 Result and Discussion

The table below gives information about the respondent.

Table 4.1 Gender of the respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	16	66.7	66.7	66.7
	FEMALE	8	33.3	33.3	100.0
	Total	24	100.0	100.0	

The table shows that population of gender actively involved in property market either as land-lord, property

manager or tenant in the study area is predominantly men as shown by the table above.

Table 4.2 Category of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Land-lord	6	25.0	25.0	25.0
	Estate surveyor	1	3.2	3.2	3.2
	Tenant	15	62.5	62.5	100.0
	Total	24	100.0	100.0	

The table above reveals that out of six properties in the neighborhood only one property has a property manager which also may have resulted to poor management that has also affect investment return over the period. Again, tenants

level of response indicate that the state of sustainable management is a factor affecting them directly hence they are the end user of real property product.

Table 4.3 a one way Analysis of Variance of Data

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.388	2	.194	.990	.388
Within Groups	4.112	21	.196		
Total	4.500	23			

Table 5.3 above shows the variance of data analyzed. According to [24].opined that ANOVA also test for significant differences between two or more groups. As

shown the mean square values are computed by dividing the between and within groups sum of squares by their respective degrees of freedom (df), where $df=2$ and 21 ,

respectively. The F-value (.990) is computed by dividing the mean square between groups by the mean square within groups. A one way ANOVA revealed that there were

significant difference on sustainable management and the impact on investment return between the groups, $F(3.88)=0.99, P< 0.39$.

Table 4.4 Correlations of data

		Category of respondent	Are U Aware about Sustainable PPTY. MGT
Category of respondent	Pearson Correlation	1	.138
	Sig. (2-tailed)		.520
	N	24	24
How informed are you about Sustainable Property. Management	Pearson Correlation	.138	1
	Sig. (2-tailed)	.520	
	N	24	24

From our correlation matrix looking at the sig. values (p) listed above r value which $p>0.52$. Examining these, we see that two of the four correlations are not significant. The significant correlation are between respondent aware of sustainable property management and how informed are you about sustainable property management ($r = 1, p =0.52$),

and between category of respondent and how informed are you about sustainable property management ($r =0.138, p = .520$). Thus, our first conclusion concerns the no significant correlations. We can conclude that the state of awareness of the respondent is unrelated to the capacity at which return can increase on commercial property.

Table4.5 Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Does government have any resp. SPM	1.25	24	.442	.090
	does lack of SPM affect your PPTY	1.25	24	.442	.090

From the table we can see there is indeed no significant negative correlation between the score of does government have any responsibility on sustainable property management and does lack of sustainable property management affect

your property ($r = .111, p = 0.60$), indicating that government has little or no responsibility on investment return on property as a result of apply principles of sustainable property management.

Table 4.6 Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Does government have any resp. SPM & does lack of SPM affect your PPTY	24	.111	.605

The first column (table 4.7) shows that there is no significant difference between the two means (0.00), which is the numerator of the t-test formula. This is positive correlation because the mean of score (does the government have any responsibility on sustainable property management) a larger value is subtracted from the smaller value (does lack of sustainable property management affect your property) .

The second column presents the standard deviation of the difference scores (.590). the third column shows the standard error of the mean (.120), which is the denominator of the t-test formula. The 95%confidence interval presents the lower and upper limits of the mean difference (i.e. we can be 95% confident that the difference between the means falls somewhere between -.249 and .249)`

Table 4.7 Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Does government have any responsibility? SPM – does lack of SPM affect your Property	.000	.590	.120	-.249	.249	.000	23	1.000

The most important columns for our purpose are one presenting the obtained t-test value (0.00) and its probability, or significance (1.0) since the probability is above 0.5 we accept the null hypothesis of difference in disfavor of the alternative hypothesis that the difference is not real.

A paired-samples t-test revealed a no significant difference in government having any responsibility on sustainable property management, $t(23) = 0.00$, $p < 1.0$ this indicates that mean government having any responsibility on sustainable property management ($M = 1.25$) was in equilibrium with the (does lack of sustainable property management affect your property) ($m = 1.25$). The analysis provides evidence that impact of sustainable management in commercial property is little or no government responsibility, rather the professionals in the field of estate surveying and valuation should educate investors on the need to imbibe on this modern approach, as their effort will attract government intervention

V. CONCLUSIONS

The basic objective of this study is to investigate the impact of sustainable management on commercial properties on investment return in Orlu. Going by the perception that commercial properties do not yield expected return on investment, that notwithstanding the study area is a nodal

region and medium density populated which positioned the real property market to function effectively. Green building and sustainable property management are related in the sense that Green building is the practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building life-cycle from siting to design, construction, operation, maintenance, management, renovation and destruction and sustainable property management is a framework that employs green building strategy in sustaining and existing build to promote investment returns and longevity of the property simultaneously.

Evidence from the result revealed that the state of infrastructure in the study area constitute only about 20% while the poor attitude of property owners in the study area in respect to sustainable management in commercial property constituted 80% which has led to low investment returns on real property. It was also observed that government responsibility was ($\text{sig} = 0.6$) which show insignificant, it is the responsibility of government to build infrastructure such as road network, electricity and security. But not to manage in individual property. Secondly government is attracted to places with development potential than places that are in despair. At this point it's very important that the estate surveyors and valuers should rise on their feet, as their skill and competence in the area of

sustainable property management will preserve our national environment, boost our social heritage and increase our economy strength.

REFERENCES

- [1] Olushola, J., And Udechukwu, C.E., (2008). *Real Property Management* Treem Nigeria Ltd., Lagos
- [2] Udechukwu, C.E. (2006). *Introduction to Real Estate Management* Treem Nigeria Ltd., Lagos
- [3] Arumugam, S., Saravanan, A.s., Nitin, P. and Jiann, M.B. (2017). The Impact of Property Management Service on Tenants' Satisfaction with Industrial Building Journal of Asian France Economic and Business vol.4 No3. Page 57-73
- [4] Kaganova,O., and Nayyar-stone, R.(2000).Municipal Real Property Asset Management: an Overview of World Experience, Trend and Financial Implications. Journal of Real Estate Port Folio Management 6(4)307-326.
- [5] Georgia, W.M. (2012). Sustainable Management of Real Estate: is it Really Sustainability? Journal of Sustainable real Estate vol.4 No1
- [6] Scarlett,D.(1995). Property Asset Management, and FN SPON, London. Sister cities International Online Directory: Nigeria Africa retrieved oct. 12.
- [7] Iloba Judge (2009); Property Development No.1, Minogrph Department of Estate Management Federal Polytechnic Oko. Page 11-54.
- [8] Umeakuka, M. (2009). Principle and Techniques of Town and Country Planning II. A.Mimeograph Department of Estate Management, Federal Polytechnic Oko pg 20-27.
- [9] Emenike, K.C (2019). Alternative Measure In Providing Real Estate InfrastructureIn A. Awka,Unpublished M.Sc Thesis, Department Of Estate Management, UniversityUyo,Uyo.
- [10] Olaniyi, O., and Smith, A.,(2018). Achieving Sustainability in Commercial Building in Nigeria: FM Approach Journal of Civil, Construction and Environmental Engineering 3(1):1-4 Retrieved from: <http://www.sciencepublishinggroup.com/j/jccee>
- [11] Lam,E.W.M.,Chan, A.P.C.,and Chan,D.W.M. (2010).Benchmarking Success Of Building Maintenance Projects Facilities,28,NO 5/6,PP.290-305.
- [12] Odediran,S.,Opatuji,O.and Eghenure, F.,(2012).Maintenance of residential buildings:Users' Practices in Nigeria Journal of Emerging Trends in Economics and Management Science(JETEMS), 3,3 261-265.
- [13] Olarewaju, S.B.O and Anifowose, O.S (2015). Challenges of Building Maintenance in Nigeria: (a Case Study of Ekiti State). European Journal of Educational and Development Psychology, 3,2, 30-39
- [14] Ding, G.K.C (2008). Sustainable Construction: the Role of Environment Tools. A. Journal of Environmental Management. Vol 86, pp451-464.
- [15] Bruntland, H. (1987). Our Common Future. Report for the World Commission on Environment and Development. Newyork; Oxford University Press.
- [16] Onuoha,I.J,Aliagha,G.U. and Kalu, I.U (2017). Green and Sustainable Commercial A. Property Demand in Malaysia and Nigeria. Journal of Energy Technology and Policy, Vol. 7, no.9. Retrieved from: <http://www.iiete.org>
- [17] Valery,K.,Linda,k. and Natalija,L.(2016). Positive Influence Factors of Commercial A. Property Development: Case of Lithuania. Baltic Journal of Real Estate Economics and Construction Management 4,48-60.Retrieved from: <http://www.degruyter.com/view/j/bjreecm>
- [18] Worika, I.L.(2012).Environmental Law and Policy of Petroleum Development, Strategies and Mechanism for Sustainable Management in Africa, Gift-prints Associate: Benin City, Nigeria.
- [19] Ihuah, P.W. (2015). Conceptual Framework For The Sustainable Management Of Social (Public) Housing Estates In The Niger Delta Region Of Nigeria. Ph.D Dissertation Submitted to School of Built Environment University Salford, Salford U.K
- [20] Millward,N.,Bryson,A., and Forth,J. (2000). All Change at Work. Routlege:
- [21] United Nations (1987). Our Common Future- Brundland Report. Oxford University Press. P.204
- [22] Emas,R.(2015). The Concept of Sustainable Development: Definition and Principles. A. Florida International University.
- [23] Belo, M.A.,and Agbatekwe A.C.(2002).Project Management in Property Development A. The Nigerian Experience. Ibadan: University Press. Page 40-42
- [24] Daniel, A.(2014). Using SPSS to understand research Data and Analysis A. U.S.A. Valparaiso University Press.