

# Tenant Risk in the Residential Rental Market in Osogbo, Nigeria: Issues, Implications, and Mitigating Strategies

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DOI: <https://doi.org/10.5281/zenodo.10461608>

Published Date: 05-January-2024

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**Abstract:** For landlords to achieve their financial goals concerning property investment, they need to pay attention to tenant risk. This study focuses on the residential rental market in Osogbo, Nigeria, and aims to identify the factors that contribute to tenant risk in this area. The goal is to develop strategies that can help mitigate these risks. The study obtained primary data through a structured questionnaire, which was administered to 32 professional property management firms (firms of estate surveying and valuation) in Osogbo, the study area. Out of the 32 questionnaires, 24 (75%) were returned and considered valid for analysis. Descriptive statistics (Mean Score) was used to analyse the data, and the study found that irresponsiveness to maintenance by tenant; indisposition to subsequent rent payment; neglect of repairs; gross violation of estate rules; default in payment of rates and taxes; and non – payment of service charge among others, are categories of tenant risks experienced in the study area. Moreover, the study established that lack of job or loss of job; economic instability; improper selection of tenant; and death of the tenant who pays rent/bereavement among others, are significant factors of tenant risk. The study revealed that tenant risk has significant implications for all stakeholders involved. Landlords suffer financial losses, tenants risk eviction, and property managers' professional competence may be questioned, leading to the possible withdrawal of management properties by landlords. This can be a substantial setback for property managers, especially those who depend solely on property management fees. The study recommends thorough screening of tenants and periodic evaluations of the tenancy agreement to ensure compliance by both parties, which are significant strategies for mitigating tenant risk in the residential rental market.

**Keywords:** Nigeria, Osogbo, rental market, residential property, tenant risk.

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## 1. INTRODUCTION

Residential properties are crucial to society as they have physical, economic, and social implications that affect the quality of life and dignity of the occupants (Jinadu, 2007). Olujimi and Bello (2009) state that residential properties are primarily developed for owner occupancy or investment through renting. According to UN-Habitat (2011), renting is a crucial option for meeting the various property demands of urban dwellers, especially in African cities. The residential rental market in Africa is experiencing immense growth due to urbanization and the high cost of property development, which makes property ownership unattainable for many, particularly the urban poor this has sparked a demand for rental properties, which is expected to continue as urban populations increase (Olajide, 2007). In Nigeria, the residential rental market in the urban centres is highly patronized, and this is due to the persisting migration of rural dwellers to the urban centres in search of better lives. The market caters not only to low-income households but also to middle-income households and new urban residents of all income levels. These residents are required to uphold the terms of their tenancies or leases to ensure the integrity of the rental agreements.

The huge capital requirements for the development of residential properties and the investor's motive to maximize returns necessitated its holistic management to harness the potential rental incomes that it is capable of yielding to those who invested in it. However, several tenant-related risks hinder and jeopardize the investors' goals. Oni (2010b) observed that investors suffer greatly, and if care is not taken, they may spend all or larger chunks of returns from their rental properties in arresting the nightmare of recalcitrant tenants. Tenant risk in the rental sector of the real estate market is a multifaceted area of concern for landlords and property owners who rent out their properties (Mwangi, 1997; Ogutu, 2013; Dabara, Ankeli, Omotehinshe, Aiyepada, & Agidi).

The management of residential property is a challenging field, as a result of tenant risk. Landlords and property managers face a range of uncertainties when selecting tenants, from late payments and property damage to legal disputes. Tenant risk refers to the potential financial and operational risks that may arise when leasing a property to a tenant. These risks according to Olatundun and Bello (2023) can take many forms ranging from non-payment of rent to cumulative maintenance problems and other issues that may crop up during the lease term. Oni (2010b) opined that there is a risk in tenant selection since most tenants who eagerly meet the property manager's selection criteria often become recalcitrant to the terms and conditions of tenancies as soon as they assume possession of the rental property, rendering the entire selection process meaningless. Moreover, Ogutu (2013), Akogun and Ojo (2013), and Olatundun and Bello (2023) observed a concerning trend of late rent payments and noncompliance with lease terms in Nigeria, which pose a risk to real estate investment goals.

With the growing demand for residential properties, it's more important than ever for landlords to develop effective strategies for identifying, assessing, and managing tenant risk. Doing so is crucial for landlords who seek to protect their investments, foster positive landlord-tenant relationships, and ensure the long-term stability and profitability of their residential property portfolios. To ensure stable and profitable rental property investment, landlords must carefully assess the likelihood of various risks and take steps to mitigate them. Mitigating tenant risk is critical for landlords who want to protect their investments and maintain a healthy cash flow. However, this study will outline the issues in tenant risk, its implications, and the mitigating strategies towards maximization of rental income.

## 2. LITERATURE REVIEW

Many residential property investors aim to maximize their returns by ensuring that they have good and reliable tenants. To achieve this, these investors usually set criteria when selecting tenants for their rental apartments. However, despite their efforts, some tenants who meet the selection criteria can become recalcitrant and pose a risk of financial loss, putting the landlords/investors in sufferance. Risk in this context refers to the chance or probability that the investor will not receive the expected or required rate of return on their investment, as stated by Gorski, Parkitna, & Urbanska (2021). Tenant risk in the rental property market encompasses default in rent and other statutory charges, poor maintenance, subletting, non-conformity to use, and more. In the residential rental market and residential property management practice, one of the major challenges is the growing concern about tenant failure in rent payments (Olatundun & Bello, 2023). Instances of delayed or missed payments not only affect the landlord's cash flow but also bring financial uncertainty.

Oni (2010a) assessed the risk of default in rent among tenants from the perspective of Estate Surveyors and Valuers in Lagos, Nigeria, and adopted descriptive statistics (percentages) to analyze the default rate. The study established that more than ninety percent (90%) of the Estate Surveyors and Valuers firms had experienced tenants occasionally falling into arrears for six months and more. Ogutu (2013) examined the extent of rent arrears in the Kibera decanting site in Nairobi, Kenya, and used descriptive statistics (percentages). The study observed that over seventy-two percent (72%) of tenants are indebted to rent. Akogun and Ojo (2012) studied tenants' eviction in the Ilorin metropolitan area of Nigeria and adopted descriptive statistics. The study observed that the rent default rate among tenants is alarming and accounts for a significant portion of evictions in Ilorin, approximately fifty-eight percent (58%).

Similarly, Sani and Gbadegsin (2015) studied the rate of default in rent among tenants in the Kaduna metropolis from the perspective of property managers. Data for the study were analyzed with descriptive statistics, and it was observed that approximately fifty-four percent (54%) of respondents had experienced rent arrears from tenants, which is in tandem with the findings of Oni (2010a); Akogun & Ojo (2012); Ogutu (2013). Moreover, Olatundun and Bello (2023) explored the frequency and duration of rent arrears among tenants in the Osogbo residential property market, utilizing a percentage-based approach. The study revealed a concerning trend of high rates of rental delinquency, with an average duration of up to six (6) months. This poses a potential risk to the investment objectives of landlords and property owners.

Kemiki, Ayoola, Ojetunde, Ogunbajo, and Kuma (2018); Sani and Gbadegesin (2015); Dabara, Ojo and Okorie (2012); and Oni (2010b) stated that property managers have no business in managing properties if they cannot collect the full rent when due. It was further stated that the major problem encountered by tenants in property management is a delay in payment of rent and service charges. Most tenants unnecessarily delay payment of their rent, citing untenable excuses. This can cause a huge problem if landlords rely on rental income for loan repayment or other expenses. This poses a significant risk to mortgage repayment or other financial commitments of landlords or property owners.

Furthermore, an increasingly pressing challenge in the residential rental market and property management practice is the risk of tenant neglect towards property maintenance (Fuanekwu & Eniola, 2016; Effiong & Wokekoro, 2018). This risk encompasses situations where tenants may fail to properly maintain the property, which can lead to potential damages, diminished property value, and elevated maintenance costs. In addition to negatively impacting the property's appearance and functionality, inadequate upkeep also presents financial risks for landlords. Fuanekwu and Eniola (2016) examined the impact of poor maintenance on the full utilization of residential properties in Nassarawa and used mean ratings. It was found that poor maintenance impacted negatively on the full utilization of residential properties in the study area which poses a risk to real estate investment goals.

Effiong and Wokekoro (2018) investigated the impact of maintenance on the rental values of properties in Port Harcourt. The study used descriptive statistics (mean, percentages, and charts) to analyze the responses from the respondents, and it revealed that the rental values of well-maintained properties are higher than poorly-maintained ones. The study concludes that property managers should ensure that rental properties are adequately maintained by both tenants and landlords. Similarly, a non-empirical study was carried out by Akomolafe (2020) on the analytical approach to the effects of building maintenance and management on the lifespan of a building. The study noted that effective and efficient maintenance structures elongate building lives. When rental properties (buildings) are not maintained appropriately, they might complete their lifecycle within a short period, which poses a risk to real estate investment returns (Olatundun & Bello, 2023). These studies reviewed above, identify only rent default and poor maintenance as tenant risks in the residential rental market. However, this study aims to explore more variables of tenant risk (categories/types).

Tenant risks are diverse and complex, and only a few, that is, rent default and poor maintenance are captured as potential tenant risks by the above studies. These risks are influenced by some factors as established by the studies of Dabara et al., (2017), Kemiki et al. (2018), Thambu, (2019), and Olatundun & Bello (2023). Dabara et al., (2017) carried out research that analyzed the factors leading to the risk of default in rent payments by residential tenants in Osogbo, Nigeria. The study utilized multiple regression analysis and revealed that the most significant factor was joblessness or job displacement/dismissal, while the least significant factor was unreasonable rent increases. Kemiki et al., (2018) conducted a study in Minna, Nigeria, investigating the factors contributing to the risk of rent default. Utilizing the Kendall coefficient concordance and chi-square, the study revealed that significant factors included the weakened state of the nation's economy, regular rent reviews, inadequate building conditions, and improper budgeting. Thambu (2019) conducted a study on the factors that could potentially impact the likelihood of tenants failing to pay their rent on time in Nairobi County, Kenya. The study utilized both regression and analysis of variance techniques. The study reported that economic situations, high rates of unemployment, void leasehold agreements, deplorable housing conditions, unreasonable rent increases, and poor routine inspection schedules are the significant factors. Olatundun and Bello (2023) conducted a study to identify the factors that may lead landlords to experience the risk of delinquency in rent payments from tenants. The researcher used both the Mean Item Score and the Mann-Whitney U Test of difference to analyze the data. It was established that lack of job or job loss, poor maintenance practices, bereavement, and rent adjustments made without consulting tenants among others are the important factors. These studies by Dabara et al., (2017), Kemiki et al. (2018), Thambu, (2019), and Olatundun & Bello (2023) were not focused on tenant risk, but rather on rent defaults and delinquency, which is a component of tenant risk, especially in residential properties.

Prior studies have delved into the connection between landlords and tenants, yet a thorough examination of tenant risk has been notably lacking. Current literature tends to focus on isolated factors without presenting a comprehensive perspective, thereby permitting the opportunity for a more in-depth exploration of the multifarious aspects of such risks. Therefore, this study aims to fill the existing void in understanding tenant risk by providing a comprehensive analysis of the factors that shape this complex landscape in the residential rental market in Osogbo, Nigeria and serve as a pivotal in guiding landlords and property managers in developing strategies to manage tenant risk effectively. By identifying and understanding the category/types of tenant risk and key influencing factors, landlords and property managers can make informed decisions to create a more resilient and secure rental income and environment.

### 3. THE STUDY AREA

Osogbo is a city located on Latitude 9.7°N and Longitude 4.5°E, in the southwestern region of Nigeria. The city gained the capital status of Osun State in 1991 after it was carved out of the old Oyo State. Osogbo territorial landmass is approximately 14 square kilometres, which accounts for about 0.015% of Nigeria's total land area. Climatically, Osogbo is situated at an altitude of 500 meters (800 feet) above sea level and is traversed by the Osun River and its affluents. The city has two Local Governments, namely Osogbo and Olorunda. Being the most sophisticated city in Osun State, Osogbo has a high influx of people, private investments, and government functionaries. The city's population continues to increase, which has triggered a persistent demand for accommodation needs. The public and private sectors develop various accommodation units in response to the demand which makes Osogbo's property market attractive for competitive real estate practice. The estate surveying and valuation firms render property management functions involve tasks such as tenants' recruitment, establishing the rental prices, receiving rent payments, and maintenance and repairs of properties among others, which carries potential risk.

### 4. METHODOLOGY

The study's data was obtained through a structured questionnaire that was administered using total remuneration as a metric. The study was limited to professional firms of Estate Surveying and Valuation only. The parameters set to determine the professional firms of estate surveying and valuation are set out by the Estate Surveyors and Valuers Decree No. 24 of 1975, which specifies that any person who has acquired knowledge in the field of Estate Management and who has registered with the Nigerian Institution of Estate Surveyors and Valuers (NIESV) and the Estate Surveyors and Valuers Registration Board of Nigeria (ESAVRBON) is considered a professional. A total of 32 questionnaires were administered to the 32 estate surveying and valuation firms in the study area, out of which 24 (75%) were returned and good for analysis. The questionnaire focused on tenant risk and tenant risk factors on 5-point and 2-point Likert scales. Each response was assigned a scale value, and a Weighted Mean Score (WMS) was used to rank them to determine the level of risk.

### 5. DATA ANALYSIS AND RESULTS

**Table 1: Background Information of Respondents' and Demographic Characteristics of Firms'**

Items	Category	Frequency	Total (F)	Percentage	Total (%)
Educational Qualification	HND/B.Sc	19		79.2	
	M.Sc	05		20.8	
	Others	-	<b>24</b>	-	<b>100.0</b>
Professional qualification	Probationer/Graduate	06		25.0	
	Associate	18		75.0	
	Fellow	-	<b>24</b>	-	<b>100.0</b>
Status of the respondents	Estate surveyors	18		75.0	
	Managers	06		25.0	
	Others	-	<b>24</b>	-	<b>100.0</b>
Firm's year of existence	1-5	3		12.5	
	6-10	16		66.7	
	11-15	2		08.3	
	16-20	2		08.3	
	20 and above	1	<b>24</b>	04.2	<b>100.0</b>
Status of the respondents' firm	Branch office	10		41.7	
	Head office	14	<b>24</b>	58.3	<b>100.0</b>
The firm's operation or activity	Engages in the management of investment properties	24	<b>24</b>	100.0	<b>100.0</b>

Source: Author's field survey (2023)

Table 1 shows the background information of the respondents and the demographic characteristics of firms in the study area. The minimum qualification for the majority of the respondents (79.2%) is a Bachelor of Science (BSc) degree/Higher National Diploma (HND), while only a few (20.8%) have additional degrees. 75% of the respondents are professionally

affiliated with the Nigerian Institution of Estate Surveyors and Valuers (NIESV) in the Associate's cadre, while the remaining 25% are probationer's/graduate's cadre. Most of the respondents (75%) are not in managerial positions but they are registered Estate Surveyors who engage in property management for their firms, while the remaining 25% occupy managerial positions. All the respondents (100%) are key staff and can be relied upon for accurate data for the study. The majority of the firms have been in operation for over five years, and any data obtained from them would be an accurate reflection of tenant risk in the study area. 58.3% and 41.7% of the firms are head offices and branch offices respectively, with all firms (100%) involved in investment property management.

**Table 2: Categories of Tenant Risk in in Residential Rental Market**

Items	Absolute Frequency					Total	MIS	Ranking
	SA 5	A 4	UD 3	D 2	SD 1			
Risk of default in the payment of rent	21	3	0	0	0	24	0.9750	1 <sup>st</sup>
Risk of poor maintenance by the tenant	21	3	0	0	0	24	0.9750	1 <sup>st</sup>
Risk of neglect of repairs by the tenant	17	7	0	0	0	24	0.9417	3 <sup>rd</sup>
Risk of gross violation of estate rules	16	8	0	0	0	24	0.9333	4 <sup>th</sup>
Risk of default in the payment of rate and taxes	15	9	0	0	0	24	0.9250	5 <sup>th</sup>
Risk of default in the payment of service charge	13	11	0	0	0	24	0.9083	6 <sup>th</sup>
Risk of subletting without landlord's consent	12	12	0	0	0	24	0.9000	7 <sup>th</sup>
Risk of overstretching the facilities and services	14	8	2	0	0	24	0.8500	8 <sup>th</sup>
Risk of neglect of insurance cover	14	8	2	0	0	24	0.8500	8 <sup>th</sup>
Risk of non – non-conformity to use	13	6	5	0	0	24	0.7417	10 <sup>th</sup>

Strongly Agree (SA); Agree (A); Undecided (UD); Disagree (D); Strongly Disagree (SD)

Source: Author's field survey (2023)

Table 2 shows the categories of tenant risk in the residential rental market in the study area using a 5-point Likert Scale, which includes strongly agree, agree, undecided, disagree, and strongly disagree. Each of the responses was assigned a corresponding scale value, and the Mean Interval Score (MIS) was used to rank the responses in order of precedence. The leading risk factors were found to be defaulting in rent payment and poor maintenance, which ranked 1st, with an MIS of 0.9750. In addition, neglect of repairs, a gross violation of estate rules, and default in payment of service charges ranked 3rd, 4th, and 5th respectively, with MIS values of 0.9417, 0.9333, and 0.9250. The least ranked risk factor was non-conformity to use, which appeared as the 10th item on the table, with an MIS of 0.7417.

**Table 3: Tenant Risk Factors in Residential Rental Market:**

Items	Absolute Frequency		Mean	Remarks
	Agree (2)	Disagree (1)		
Language barrier	2	22	1.08	Disagree
Unemployment/Loss of employment	24	0	2.00	Agree
Economic instability	20	4	1.83	Agree
Improper selection of tenant	24	0	2.00	Agree
Political intolerance and incompatibility	1	23	1.04	Disagree
Death of the tenant who pays rent/Bereavement	21	3	1.86	Agree
Landlord's irresponsiveness to repairs and maintenance	19	5	1.79	Agree
Poor implementation of the lease agreement	23	1	1.96	Agree
Rent review without proper consultation and value addition	15	9	1.63	Agree
Security threat	8	16	1.33	Disagree
Unfavourable government policies	14	10	1.58	Agree
Negligence of property manager on routine inspection	24	0	2.00	Agree
Religious intolerance and incompatibility	2	22	1.08	Disagree

Source: Author's Field Survey (2023)

Table 3 shows the tenant risk factors in the residential rental market. The respondents were required to rate 13 different factors that could potentially influence tenant risks in the residential rental market in the study area using a 2-point Likert Scale, where 2 indicated agreement and 1 indicated disagreement. Any factor with a score above the mean criterion of 1.5 was considered to be influential to tenant risk, while any factor below the mean criterion was not considered to be influential. Based on the responses, it was concluded that unemployment or loss of employment, economic instability, improper tenant selection, and tenant death or bereavement all have a significant influence on tenant risk, with mean scores of 2.00, 1.83, 2.00, and 1.86, respectively. Other factors that were identified as significant by the respondents include the landlord's failure to address repairs and maintenance issues, poor implementation of lease agreements, rent review without consultation or value addition, unfavourable government policies, and property managers' negligence in routine inspections, with mean scores of 1.79, 1.96, 1.63, 1.58, and 2.00, respectively. However, the respondents disagreed that language barriers, political intolerance and incompatibility, security threats, and religious intolerance and incompatibility have any influence on tenant risk in the study area, with mean scores of 1.08, 1.04, 1.33, and 1.08, respectively.

**Table 4: Implications of Tenant Risk**

Items	Absolute Frequency		Mean	Remarks
	Agree (1)	Disagree (3)		
The landlord's income from the property depreciates as a result of the recalcitrance of the tenant	20	4	1.83	Agree
The landlord's income from the property becomes insecure as a result of its irregularity	24	2	2.00	Agree
The landlord's capital invested in the property becomes insecure as a result of irresponsiveness to insurance cover and maintenance that are germane towards protecting the property from unforeseen events	23	1	1.96	Agree
The landlord will not be able to meet with statutory and other obligatory charges on the property as a result of tenant indisposition to rent payment	24	0	2.00	Agree
Loss of confidence in the landlord by the tenant	4	20	1.17	Disagree
Tenant's tenure becomes insecure and exposed to eviction	24	0	2.00	Agree
The expected useful life of the property was reduced as a result of poor repairs and maintenance by both the landlord and tenant	24	0	2.00	Agree
Loss of confidence in the property manager by the landlord	16	8	1.69	Agree

Source: Author's Field Survey (2023)

Table 4 shows the implications of tenant risk. The respondents were requested to rate 8 implications on a 2-point Likert Scale, where 2 represents agreement and 1 represents disagreement. If an item scores higher than the criterion Mean of 1.50, it is considered an implication of tenant risk. On the other hand, if it scored below 1.50, it is not an implication of tenant risk. All the items in the table above were agreed upon by the respondents, except for item 5, which represents the loss of confidence in the landlord by the tenant, with a mean score of 1.17, below the criterion mean of 1.50. Therefore, items that scored above the criterion mean of 1.50 indicate the implications of tenant risk. These implications include a depreciation in the landlord's income from the property due to the tenant's unwillingness to pay; the insecurity of the landlord's income from the property due to its irregularity; the insecurity of the landlord's capital invested in the property due to neglect towards insurance and maintenance that are critical in protecting the property from unforeseen events; and the inability of the landlord to meet obligatory charges on the property as a result of the tenant's failure to pay rent. Furthermore, the implications include the insecurity of the tenant's tenure that exposes them to eviction, the reduction in the expected useful life of the property due to poor repairs and maintenance by both the landlord and tenant and the loss of confidence in the property manager by the landlord.

**Table 5: Strategies for Mitigating Tenant Risk in the Rental Market**

Items	Absolute Frequency		Mean	Remarks
	Significant (2)	Insignificant (1)		
Effective routine management inspection	24	0	2.00	Significant
Ensures that both the landlord and tenant keep to the sanity of the tenancy agreement	24	0	2.00	Significant
Evaluation of the tenancy agreement from time to time to ascertain the level of compliance by both parties	24	0	2.00	Significant
Thorough screening of tenants at the selection stage	24	0	2.00	Significant
Ensuring that there is a cordial relationship between landlord and tenant	16	8	1.67	Significant
Ensuring that there is tenant-tenant relationship amongst subsisting tenants	7	17	1.30	Insignificant
<b>Aggregate mean</b>			<b>1.83</b>	

Source: Author's Field Survey (2023)

In Table 5, respondents were asked to score 6 items that indicate the strategies for mitigating tenant risk in the residential rental market on a 2-point Likert Scale. The scale ranged from 2, indicating significant, to 1, indicating insignificant. An item is considered significant if it scores above the criterion mean of 1.50; otherwise, it is insignificant. According to the respondents, effective routine inspection, strict adherence to the tenancy agreement, tenancy agreement evaluation, thorough screening of prospective tenants, and cultivating a cordial landlord-tenant relationship are significant in mitigating tenant risk since they all scored above the criterion mean of 1.50. Conversely, the respondents considered the promotion of tenant-tenant relationship among existing tenants to be insignificant in mitigating tenant risk, since it scored below the 1.50 criterion mean. The aggregate mean score is 1.83, which is above the criterion mean of 1.50. Thus, the respondents concurred that the strategies are crucial in mitigating the risks associated with tenants in investment properties.

## 6. DISCUSSION OF FINDINGS

The study considered tenant-associated risk in the residential rental market in Osogbo, Osun State, Nigeria. The study established that irresponsiveness to maintenance by landlord and tenant; indisposition to subsequent rent payment; neglect of repairs; gross violation of estate rules; default in payment of rates and taxes; and non-payment of service charges are categories of tenant risks associated with residential properties in the study area. Others are subletting without the landlord's consent, overstretching of facilities and services, neglect of insurance coverage, and non-conformity to use.

Moreover, the study identified the factors that are responsible for tenant risks. These factors are lack of job or loss of job; economic instability; improper selection of tenant; and death of the tenant who pays rent/bereavement. Others are the landlord's irresponsiveness to repairs and maintenance; poor implementation of the lease agreement; rent review without proper consultation and value addition; unfavourable government policies; and negligence of the property manager on routine inspection. It is in tandem with the result of Olatundun and Bello (2023) that the risk that affects the possibility of tenants defaulting on rent payments is a concern in the Nigerian residential property market, especially in Osogbo. The risks include lack of job or job loss, poor maintenance practices, bereavement, and rent adjustments made without consulting tenants among others. Likewise, it is in line with the position of Thambu (2019) that the risk of default in rent payments can be influenced by various factors such as economic situations, high rates of unemployment, void leasehold agreements, deplorable housing conditions, unreasonable rent increases, and poor routine inspection schedule. In addition, it corroborates the results of Kemiki et al., (2018) that the weakened state of the nation's economy, regular rent reviews, inadequate building conditions, and improper budgeting are crucial factors for the tenants failing to pay rent when due. Also, it is in agreement with the result of Dabara et al. (2017) that joblessness or job displacement/dismissal is a significant factor in the risk of failure in rent payments. Withal, it conforms with the opinion of Oni (2010) that there is risk in tenant selection since most tenants who eagerly meet the property manager's selection criteria often become recalcitrant to the

terms and conditions of tenancies as soon as they assume possession of the rental property, rendering the entire selection process meaningless. Also, it validates the results of Fuanekwu and Eniola (2016), Effiong and Wokekoro (2018), and Akomolafe (2020) that poorly maintained residential properties pose a risk to real estate investment returns.

Furthermore, the study established that tenant risk has grave implications for the landlord, tenant, property manager and investment properties. The implications for the landlord are that: the landlord's income depreciates and also becomes insecure as a result of its irregularity. The landlord's capital invested in the property becomes insecure as a result of responsiveness to insurance cover and maintenance that are germane towards protecting the property from unforeseen events. Moreover, the landlord will be constrained to meet statutory and other obligatory charges on the property as a result of tenant indisposition to rent payment. The implication for the tenant is that his/her tenure becomes insecure and exposed to eviction while the implication for the property manager is that he loses the confidence that the landlord reposes in him. Moreover, on the investment properties, the study noted that the implication is that the expected useful life of the property reduces as a result of poor repairs and maintenance by both landlord and tenant.

## 7. CONCLUSION AND RECOMMENDATIONS

Landlords in the residential rental market in Osogbo encounter different kinds of risks from their tenants, such as irresponsiveness to maintenance by tenants, indisposition to subsequent rent payment, neglect of repairs, a gross violation of estate rules, default in payment of rates and taxes, non-payment of service charge, subletting without landlord's consent, overstretching of facilities and services, neglect of insurance cover, and non – conformity to use. These risks are influenced by factors such as lack of job/loss of job, economic instability, improper selection of tenant, death of the tenant who pays rent/bereavement, landlord's irresponsiveness to repairs and maintenance, poor implementation of the lease agreement, rent review without proper consultation and value addition, unfavourable government policies and negligence of property manager on routine inspection. The study ascertained that tenant risk, especially among residential tenants is diverse and complex, and it becomes increasingly apparent that a comprehensive and holistic approach to risk management is paramount. To this end, landlords and property managers should engage in rigorous tenant screening and property assessments that can help identify and address potential risk factors before they escalate. In addition, embracing professionalism and staying abreast of the residential rental market trends emerges as a strategic imperative, providing the landlords or managing agents the necessary strategies to mitigate tenant risk towards the actualization of investment objectives. By adopting these measures, landlords cannot only safeguard their investments but also foster positive tenant relationships, contributing to the overall stability and success of their investments in the dynamic world of residential property management.

## 8. STUDY LIMITATIONS AND AREA FOR FURTHER RESEARCH

The study specifically examined the residential property market in Osogbo, an emerging capital city in Nigeria. However, due to the limited number of estate surveying and valuation firms providing property management functions in the city, the results may not be entirely comprehensive. Including other major cities in Nigeria, such as Lagos, Abeokuta, Abuja, Port-Harcourt, Kaduna, and Kano, where numerous estate surveying and valuation firms exist, would have provided a better basis for generalization. Considering these findings and limitations, it is highly recommended that further research be conducted on other classes of property as well as other major Nigerian cities with larger sample sizes. This will lead to a better understanding of tenant risk and ultimately pave the way for improved outcomes.

## ACKNOWLEDGMENT

The author acknowledges the research efforts of the co-authors in defining objectives, conducting a literature search, collection of data, vetting and curing the data, and proofreading. Their contributions have added substantial value and quality to this work.

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