

Valuation accuracy in the residential property markets in Minna and Abuja, Nigeria

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Abstract

Purpose – The rising concern for the accuracy of residential valuations in Nigeria has created the need for key stakeholders in the residential property markets in the study areas to know the level of accuracy of valuations in order to make rational residential property transactions, amongst other purposes.

Design/methodology/approach – A blend of descriptive and causal designs was adopted for the study. Data were collected via structured questionnaire administered to 179 estate surveying and valuation (ESV) firms in the study areas using census sampling technique. Analytical techniques such as median percentage error (PE), mean and relative importance index (RII) analysis were employed in the analysis of data collected for the study.

Findings – The study found that valuation accuracy is greater in the residential property market in Abuja than in Minna, with inappropriate valuation methodology as the most significant cause of valuation inaccuracy.

Practical implications – The practical implication of this study is that a reliable databank should be established for the property market to provide credible transaction data for valuers to conduct accurate valuations in these cities. Strict enforcement of national and international valuation standards by the regulatory authorities as well as retraining of valuers on appropriate application of valuation approaches and methods are the recommended corrective measures.

Originality/value – No study has comparatively examined the accuracy of valuations in two extremely different residential property markets in the country using actual valuation and transaction prices.

Keywords - Valuation accuracy, Valuation error, Residential property market, Minna, Abuja

Paper type - Research paper

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