Analysis of Tenant Selection Criteria in an Emerging Rental Market

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Keywords: tenant selection, criteria, real estate firm, profiles, ibadan.

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ANALYSISOFTENANTSELECTION CRITERIAINANEMERGING RENTALMARKET

Strictly as per the compliance and regulations of:

Analysis of Tenant Selection Criteria in an Emerging Rental Market

Gbadegesin Job Taiwo [α] & Oletubo.O.A. [σ]

Abstract- The aim of this paper is to investigate tenant selection criteria adopted by the registered real estate firms and the relationship between the criteria and the firms' years of experience in property management practice, core areas of professional practice and size of the firms with a view to determining the important criteria required of prospective tenant(s) to secure a rental apartment in the developing property market of Metropolitan Ibadan.The study adopts a questionnaire survey. The instruments (Tenant Assessment Checklists) were administered on a sample of estate surveying and valuation firms (registered real estate firms). Data collected were analysed using discriptive statistics, factor analysis, cluster analysis and chi-square. It is found that while the respondent property managers(agents) base their selection criteria on tenant reputation, tenant impact record, tenancy report and size of the need in rental housing, prospective tenant's proposal, affordability and the reputation are the factors considered in commercial leases. It is also found that while there is significant relationship between the firms' core areas of professional practice and the tenant selection criteria, there is no significant relationship between the firms' years of property management practice, size of the firms and tenant selection criteria adopted in rental housing market.

Keywords: *tenant selection, criteria, real estate firm, profiles, ibadan.*

I. Introduction

The high rate of urbanization, pooled effect of population upsurge and dwindling economy in Nigeria have necessitated the significance of rental properties in most cities. Younger and more mobile people in work are the main clients of the private rented sector. Many tenants choose to rent because it is convenient. It is often stated that private tenants have a broadly similar distribution of income to the population as a whole, with a somewhat higher share of middle and lower income groups and a markedly smaller share of those with the highest incomes (Ball, 2010). Based on the fact that the demand for rental housing overshoots the supply in the market, the lucrativeness of investing in it in virtually every city of Nigeria is justifiable.

It is important however to state that the success of investing in rental properties is determined partly by space consumers' (tenants') attributes. The cases of indiscrimate destruction of properties, breach of covenant and rental default are common in varied degrees and categories of lease. Gbadegesin and Ojo (2012) examine the menace of recalcitrant tenants in metropolitan Ibadan. It is found that the issue of

recalcitrance is common even among the law enforcement agents. The remedy to curbing difficult tenants commences at the beginning of lease. Currently, in the market, the aspect of tenant selection suffers heavy set-backs, blamed upon the discretional criteria attached to tenant selection and the over-reliance on the years of property management practice , core professional specialization and the real estate firms' capacity. Amidst several prospective competitive tenants, it is pertinent to select the appropriate tenant to occupy a vacancy without any element of bias. Choosing a tenant not at "arm's length" transaction is tantamount to a wrong selection. Ethnic sentiment could also result to bias selection and consequently affect the aim of the investment which usually manifests in form of rental default (Gbadegesin and Ojo, 2013).

In Nigeria property market, investors (Landlords) traditionally consider real estate firms' years of practice in property management, core areas of professional practice and the size of the firms before entrusting their interest on the firm for proper caretaking. This is necessary as it is generally believed that in the event of litigation, a client (Landlord) in contract would comfortably argue his or her position effectively and legally in the law court or before the arbitration as the case may be.

It is also important to posit that the basis of tenant selection in the metropolis can be attributed to certain attributes peculiar to the real estate companies. The result of the pilot surveyindicates that the bulk of the market fault is usually blamed on the profiles vis-a vis qualifications of the agents in Nigeria and hence generating these salient questions:

- What are the profiles of the registered estate surveying and valuation firms who statutorily engaged in real estate agency in the area?.
- What are the criteria for selecting tenants in the real estate industry?.
- Is there any significant relationship between the firms' years of practice in property management (agency) and the tenant selection criteria adopted?.
- Is there any significant relationship between the firms' core area of professional practice in real estate and the selection criteria adopted?.
- Is there any significant relationship between the firms' size in term of staff capacity and criteria adopted in tenant selection?

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Against the foregoing questions, the study examines the following issues:

1. The profiles of the registered property firms in the metropolis.
2. Tenant selection criteria adopted in the area.
3. Relationship between the selection criteria and the firms' years of experience in property management practice.
4. Relationship between the firms' core area of professional practice and the selection criteria.
5. Relationship between the firms' size and the the selection criteria adopted.

Hence, the last three objectives postulate the following hypotheses:

Hypothesis I: There is no significant relationship between the firm's year of experience in property management practice and tenant selection criteria adopted.

Hypothesis II: There is no significant relationship between the firms' core area of professional practice and tenant selection criteria adopted.

Hypothesis III: There is no significant relationship between the size of the real estate firms and the selection criteria adopted.

II. Tenant Selection Criteria In Nigeria

In Nigeria property market, there is no any legal instrument that outlines the criteria to adopt while selecting tenants in private rental market. Theoretically, scholars identify various methods or criteria that screen tenants. Oni (2011) opines that the main objective of investing in private rental property is to derive adequate returns which is only achievable through selection of suitable tenants. In the study, the author identifies some of the criteria commonly considered by estate surveyors and valuers (property managers) in Lagos metropolis which include income, advance rent payment, occupation/employment; job prospects, marital status, tribe, physical appearance, religion, sex and number of children. However, some of these criteria are not really applicable to most Nigerian property market for example, job prospects and physical appearance. It is rare at the first instance to grant an apartment to a space applicant without initial inquiry on his/her occupation. Also appearance assessment is not usually applicable.

In literature, affordability is one of the criteria considered while selecting tenants JCHSHU (2008) and Bello (2008) opine that rental affordability is a determinant factor of rental investment in most developing nations. This is partly related to the tenant reputation. In term oftenant income status, (Oni, 2010) refers to non-payment of rent as a fragrant breach of tenancy agreement. This is usually avoided through express demand for affordability evidence, criminality record/track record, police report and quality of reference/guarantorship. Criteria can also be based on the circumstances of the prospective tenant. Carter (1980) posits that lone parent (single parent) either by circumstance of death, divorce or separation, or low income status would be unable to afford rents for adequate accommodation in the private market and will lack financial resources to overcome barriers to entry that may exist (for example, bonds and rent in advance). Singling out lone parent families for particular attention in terms of housing access may be justified to the degree of the fact that they face special problems.

In the opinion of Sweet (1959), emphasis on planned or limited competition, protection, against undue competition from new tenants, and limitation of the introduction of new merchandise lines by existing tenants are also germane. According to the author, retailers who are too aggressive or unorthodox in their merchandising policies are not wanted. In other word, tenant selection is based on the history and proposal on the usage of the apartment or space requested for. However, this is particularly related to commercial lease as examined in Table V.

Other criteria considered include the public interest (impact), legal aspect and innovator which storically has been considered a disturbing element (Sweet, 1959). The type of tenant, in term of influence and prestige is also factor usually considered in selecting tenant (Brzowski, 2008; Ojo, 2003). This usually occurs in the form of age factor, community involvement record and potential impact to the building. Current tenancy status is one of the criteria identified by Saaty (1991). This constitutes family size, current occupancy/needs and duration of the current lease.

In summary, it implies from literature that tenant selection criteria have to do with either current tenancy status, impact, proposed use or reputation. Consequently, this study identifies these criteria and empirically examins the basis for adopting each of them in the process of tenant selection. It is further examined against the three important profiles of the firms namely; years of experience in property management practice- the task under which tenant selection responsibility takes place, core areas of professional practice, and size of the firms sampled.

III. Brief on the Study Area

Nigeria is one of the few countries in Africa which had many large pre-industrial cities before the colonial period. The largest concentration of such towns was in the south-western zone, which is by far the most urbanized area of its size in sub-Saharan Africa (NISER 1997). Ibadan is the largest indigenous city in West Africa and is located in the South Western part of Nigeria. It is the capital city of Oyo State and is located about 145 km north-east of Lagos, the former federal

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capital of Nigeria. . As the dominant urban centre in Oyo State, its administrative and commercial functions transcend beyond the city boundaries. Its population is 2,550,593 according to 2006 census results, including 11 local government areas. The population of central Ibadan, including five Local Government Areas, is 1 338 659 according to census results for 2006, covering an area of 128 km². Eleven Local Government Areas are grouped together to what is called the Ibadan region or Ibadan land .The growth rate of the population of about 2,550,593 is 5.3%. Economic activities undertaken by people in Ibadan include trading, public service employment, and agriculture in decreasing order of importance. The administrative and commercial importance of Ibadan has resulted in land being a key investment asset and a status symbol for the population. Ibadan houses the oyo state government secretariat, University & Research such as University of Ibadan: Agronomy & Extension and Rural DevelopmentDepartment, National Horticultural Research Institute, (NIHORT), Institute of Agricultural Research and Training, (IAR&T).Credit Institutions such as Nigeria Agricultural, Cooperative and Rural Development Bank & Nigeria Agricultural Insurance Corporation which are the reasons while international expatriates reside in the city. Non Government Organizations such as Justice Development & Peace Commission, Archdiocese of Ibadan, CENRAD and Farmer Development Union (FADU). A general higher price of building materials has also increased the property market in the 1990s. The building of the Ibadan-Lagos expressway has encouraged many Lagosian workers to live in Ibadan where accommodation was considered relatively cheaper. This new influx has had an important influence on Ibadan's property market as demand rises, giving estates agents and landlords opportunity to decide on rent. The general increase of the property market in the whole city led the urban poor to find rooms in the cheapest areas of Ibadan, the inner city and peripheral slums.

IV. Policy Implication for Public Rental and Social Housing System in Nigeria.

Housing is highly interconnected and interdependent system. When this system is weak or incomplete, access to safe, affordable, and suitable housing is compromised; this in turn negatively impacts other sectors in a community (MacCashin, 2000). Part of government intervention in housing is the proposition to launch social housing in Nigeria. Social housing is more of non-profit housing scheme than private style that offers a valuable service to communities across state. A number of compounding problems are presumed as threats to the sustainability of housing sector as indicated by Land and housing committee at the floor of national assembly (Akeju, 2007; Mousseau, 2008). Meanwhile, parts of the new agenda that do exist now are highly targeted towards households requiring complex supports. The era ofgovernment and non-profit housing providers therefore need to find new and innovative ways of maintaining the viability and sustainability of rental and social housing for all once the challenges in the market are resolved. The challenges such as tenant selection problem, real estate companies' deficiencies, rental default etc have significant impact on any rental market policy and social housing scheme. This research presents an ideal opportunity for the built environment to explore strategies that will help maintain the existing stock of housing units and ensure long-term sector sustainability.

A lack of affordable rental units will strain emergency shelters and other subsidized forms of housing, just as a lack of supportive housing options for the elderly and disabled will lead to greater demand for more costly long-term care facilities and hospital beds (Federation of Canadian Municipalities 2008). The implication is that markets with an adequate supply of affordable housing of different types, tenures, and price points are able to attract and retain a broad labour force and ensure economic well-being. Housing is a key determinant of well-being of not just individuals or households, but of communities and regions as well. An effective housing system can therefore address more than simply the need for affordable housing – it can directly address the health and well-being of individuals, their communities, and the economy (Pomeroy 2004). Against the foregoing reasons, this study hence is considered a policy framework for decision making on both public rental housing and proposed social housing due to the following stance:

Tenant relationships are an important concern for the owner and the property manager of any property. Tenants are the revenue source for the property and therefore are a key element in the financial success of the property. Tenant relationships start before the signing of the lease and continue after the lease is in effect. The pre-lease phase of tenant relationships consists of themarketing program initiated for the property, the tenant selection criteria and process, and the fair housing implications of the tenant selection process. Tenant relationships after the signing of the lease include rent collection procedures, security deposits policies, move-in and move-out policies, and tenant relationships during the term of the lease (Mousseau, 2008).

Housing policies and markets have implications for the level of public expenditure, the labour market, the quality of the physical and social infrastructure, the operation of financial markets and the financial and social well being of the population (housing consumers). In a scenario where social partners and government are attempting to formulate framework to guide the rental

housing and prospective social housing, the role that selection criteria and real estate agents play in shaping the task of effective tenancy management would be based on affordability. In the light of this, policy has to be reconsidered .For instance where public policy focuses excessively on encouraging owners to acquire accommodation in excess of their needs, tending to create a combination of "over housing" at one end of the system and "under housing" at the other households with incomes below the poverty line will be less likely to afford adequate housing at market prices without some state intervention. The state response to the need of the poor and those on lower incomes may itself exacerbate social exclusion in the way in which housing is structured and provided (MacCashin, 2000).

V. RESEARCH METHOD

The study adopts a questionnaire survey method. Structured questionnaires were administered on the intact sample of 62 practising estate surveyors'

and valuers' firms out of the registered 67 firms. Out of which 44 (72%) of the instruments were returned complete and valid for the study. This study is limited to the licensed agents in one of the single largest city in West Africa. It is a purposive study, targeted to all the registered/ licensed Estate Surveyors andValuers in the metropolis. The respondents are the statutorily recognized professionals saddled with responsibility to formally carry out the property management duties (tenant selection inclusive) in the property market. However, this does not overrule the fact that there are quacks (unregistered agents) in the market. In this study, the professional opinion is considered superior to that of non-professional. The demographics or profiles of the sampled firms is presented in Table I.

Table 1 : Descriptive Analysis of the Property Agents' and Firm's Demograpics

		Frequency	Percent
Gender	MALE	36	81.8
	FEMALE	8	18.2
	Total	44	100.0
Qualification	NATIONAL DIPLOMA	1	2.3
	HND	11	25.0
	BACHELOR DEGREE	19	43.2
	MASTER DEGREE	10	22.7
	OTHER (Ph.D)	2	4.5
	No Response	1	2.3
	Total	44	100.0
Professional Qualification	ANIVS	34	77.3
	FNIVS	8	18.2
	No Response	2	4.5
	Total	44	100.0
Years of experience	1-5 years	1	2.3
	6-10 yrs	21	47.7
	11-15 yrs	6	13.6
	16-20 yrs	3	6.8
	above 20 yrs	13	29.5
	Total	44	100.0
SIZE (Staff/employee)	1-5	34	77.3
	6-10	7	16.0
	11-15	1	2.3
	16-20	1	2.3
	above 20	1	2.3
	Total	44	100.0
Scope of Service	Property management/agency	11	25.0
	General real estate service	33	75.0
	Total	44	100.0
		Frequency	Percent

Gender	MALE	36	81.8
	FEMALE	8	18.2
Firm Status	HEADQUARTER	31	70.5
	BRANCH	10	22.7
	No response	3	6.8
	Total	44	100.0
Location	CBD	11	25.0
	ALONG MAJOR ROAD	29	65.9
	OTHERS	3	6.8
	No response	1	2.3

The discriptive analysis in Table I indicates the following items:

Gender, Academic and Professional Qualifications

36 (82%) of the respondent Estate Surveyors and Valuers were male who also possess the requisite academic qualifications of either Barchelor degree,19 (43%) or Higher National Diploma (HND), 11 (25%) and duely qualified in the field of real estate management with 34 (77%) Associate membership cadre and 8 (18%) fellow membership cadre.

Years of Experience and Professional Experience

It is also indicated that larger percentage, 17 (39%) possess 6-10 years of experience and 13 (30%) have above 20years of experience. Also majority of the respondent property agents are well familiar with real estate professional services with 11 (25%) majorly devote to property management(agency) while 33 (75%) generally practise in all areas of the profession. This implies that the respondents possess the requisite qualifications and experience that qualify them suitable to supply the data required in respect of this study.

Size of the Firms

Table I indicates that about 41(93.2%) have their staff capacity ranges within 1 to 10 staff and majority 31 (71.5%) of the firms situate their head offices at the study area.

VI. Empirical Analysis and Discussion

To identify the criteria for tenant selection in residential and commercial property market, several conditions which respondents indicated that they consider in tenant selection for residential leases as indicated in section B of the questionnaire were subjected to Principal Component Analysis (PCA) starting with the original data matrix and extracting principal factors after interacting of communalities. Each factor with an eigenvalue greater than 1 was then retained for rotation. The procedure yielded four factors as presented in Table II

Table 2 : Rotated Component Matrixa

Code	Items	Component			
		1	2	3	4
Q20	Police Report	.786	.463		
Q16	Financial Soundness/income status	.780			
Q21	Quality of reference/guarantorship	.654		.429	
Q18	Criminality History/Track Record	.571			.486
Q14	Community Impact use		.925		
Q15	Potential Value to the Building		.636	.485	
Q19	Compatibility with the neighbors		.616		.437
Q13	Current Tenancy report			.849	
Q17	Reason for the proposed tenancy			.667	
Q11	Tenancy trends			.666	
Q12	Current Occupancy Needs				.742
Q10	Matching family size to the apartment size				.677

a. *Rotation converged in 6 iterations.*

The componentss were then identified by locating the central theme that connects the listed items and the result is again presented in Table III.

Table 3 : Categorization of Components

S/N	Components	Items involved	Component identification
1	Component 1	B95, B97, B99, B100	Tenant's personalities Report
2	Component2	B92, B93, B94	Tenant's impact record
3	Component 3	B90, B96, B98	Tenancy report
4	Component 4	B89, B91, B 92	Size of the current need

It can therefore be concluded from the foregoing that the property managers (agents) base their tenancy selection in residential leases on four major criteria – tenant's personalities report, tenant's impact record, tenancy report and size of the current need. The responses were also subjected to hierarchical cluster analysis to determine the relative frequeency of the respondents prevalent considerations in tenant selection in residential leases. Four clusters were obtained and the result is presented in Table IV.

Table 4 : Relative Proportion of Usage of different Tenant Selection Approaches

Approaches	Frequency	Percentage
Tenant's personalities/ reputation	16	36.4
Tenant impact record	4	9.1
Tenancy report	22	50.0
Size of the current need	2	4.5
Total	**44**	**100.0**

Table IV shows the distribution of the respondents across the prevalent tenant selection approaches. It can be seen from Table IV that most of the respondents (50%) consider tenants' report as the major criteria they consider in the process of tenant selection, 36% considertenants' reputation while only 9.1% consider tenants' impact record and 4.5% consider the size of the current need. This implies that the property managers in the area are much more concerned on the reputation than issues that bother on tenancy report which consequently might be the cause of irregularities that emanate in the metropolitan rental market.

Furthermore, conditions commonly considered in tenant selection in commercial leases as indicated in section B of the questionnaire were also subjected to Principal Component Analysis (PCA) starting with the original data matrix and extracting principal factors after interacting of communalities. Each factor (component) with an eigenvalue greater than 1 was again retained for rotation. This procedure yielded only 3 factors (components) as presented in Table V

Table 5 : Rotated Component Matrix[a]

Code	Items	Component		
		1	2	3
Q23	Potential values to the properties	.830		
Q25	Proposed or planned use	.693		
Q22	Economic benefit of use	.665		
Q29	Actual needs of tenants	.617	.541	
Q26	Tenant paying history		.874	
Q24	Financial soundness		.817	
Q28	Quality of reference/guarantorship			.861
Q27	Police report			.851

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a.   Rotation converged in 5 iterations.

The Components were then identified by locating the central theme that connects the listed items and the result is again presented in Table VI.

Table 6 : Components Identification of Items

S/N	Components	Items involved	Component identification
1	Component 1	B103, B105, B106, B102	Proposal consideration
2	Component 2	B101, B104	Tenant's affordability
3	Component 3	B107, B108	Tenant's reputation/personalities

It can therefore be concluded from the foregoing that the property managers (agents) base their tenancy selection in commercial leases on three major criteria – proposal consideration, tenant's affordability and tenant's reputation. Also, the responses were subjected to hierarchical cluster analysis to determine the relative frequency of the respondents prevalent considerations in tenenat selection in commercial leases. Three clusters were obtained and the result is presented in Table VII

Table 7 : Cluster Analysis of the Commercial Tenant Selection Criteria

Approaches	Frequency	Percentage
Proposal consideration	32	72.7
Tenant's affordability	2	4.5
Tenant's reputation	10	22.7
Total	**44**	**100.0**

Table VII shows the distribution of the agents across the prevalent commercial tenant selection approaches. It can be seen from Table VII that most of the respondents (72.7%) consider proposal consideration as the prevalent criteria they consider in course of tenant selection, 22.7% consider as prevalent the tenant's reputation while only 4.5% consider tenant's affordability. This implies that the property managers in the area are much more concerned on the proposal of the prospective tenants amidst the competitive space applicants, which perhaps might be the cause of irregularities that emanate in the rental market.

In the foregoing analyses, factor analysis is used to uncover the latent structure (dimension) of a set of variables. It creates a set of factors to be treated as uncorrelated variables as one approach to handling multicollinearity in such procedures as multiple regression. Factor loadings also called component loadings in PCA, are the corvariables (rows) and factors (columns). The data was firstly tested for suitability of factor analysis to extract distinct and reliable factors (components). The value of the determinant obtained was approximately 0.006 which is greater than the 0.00001 value recommended by Fields (2005) beyond which Multicollinearity can be said to set in and in which factorial validity will no longer be suitable for exploring the data for reliable and distinct factors. Further, the KMO value obtained in the suitability test was 0.612.

Fields (2005) asserted that when the KMO value is close or equal to zero, the pattern of correlations are diffused and hence factor analysis would be inappropriate for exploring the data, but when it is close to or equal to 1 the patterns of correlation are relatively compact and factor analysis would yield a set of distinct and reliable factors. Kaiser (1974) recommended accepting values greater than 0.5 as acceptable. Since the KMO values is greater than 0.5, it is said to be acceptable. The value of Bartlett's Test of Sphericity (BTS) is 186.257 at $p < 0.05$. The significance values for BTS shows that the correlation matrix of the test was not identity matrices and hence from the foregoing it can be concluded that factorial validity would be appropriate for exploring the data and that the items are uniform enough to yield distinct factors.

Again, it is also important to state that Bartlett's test of sphericity should be significant. At a minimum, there must be more scenarios as done in this study (instrument attached-appendix). Concerning adequate sample size, Garson (2012), posits that there is no scientific answer to this question, and methodologists differ. It is part of the universal agreement that at least ten cases in the instrument, this study has been conditionally stated to be limited to the licensed agents in one of the single largest city in West Africa, which is appropriate with that assertion. It is a purposive sample targeted to all the registered/ licensed Estate Surveyors

and Valuers in the metropolis. The respondents are the statutorily recognized professionals to relation coefficients between theformally carry out the duties in the property market. However, this does not overrule the fact that there are quacks (unregistered agents) in the market. In this study, the professional opinion is superior to that of non-professional.

Having ascertained the suitability of the methodology, the data were subjected to factor analysis. It began with the original data matrix followed by using multiple correlations as the estimates of communalities, principal factors were extracted after interacting of communalities. Factors with eigenvalue greater than 1 were retained for rotation. The eigenvalue (characteristic roots) for a given factor, measures the

variance in all the variables which is accounted for by that factors Garson (2012). The ratio of eigenvalues is the ratio of explanatory importance of the factor with respect to the variables. If a factor has a low eigenvalue, then it is contributing little to the explanation of variances in the variables and may be ignored as redundant with more important factors.

To test the first hypothesis on the relationship between the real estate companies' years of property management practice and the selection criteria, the number of years of working experience of the property managers (agents) in property management was cross-tabulated with the criteria adopted by the firm during tenant selection. The chi-square statistics was also computed. The result is presented in Table VIII.

Table 8 : Relationship between Years of Experience in Property Management and Tenant Selection Criteria in Rental Housing

| EXPERIENCE | Criteria for Tenant Selection | | | | | df | χ^2 | p |
	Tenant's reputation	Tenant impact record	Tenant neport	Size of the current need	Total			
1-5 years	0	0	1	0	1			
6-10 yrs	7	2	11	1	21			
11-15 yrs	1	1	4	0	6	12	11.708	0.469
16-20 yrs	2	0	0	1	3			
above 20 yrs	6	1	6	0	13			
Total	16	**4**	22	2	44			

Table VIII shows the relationship between years of experience in property management, and criteria for tenant selection. It can be seen that the chi-square value obtained is 11.708 with p-value of 0.469. Since the p-value is greater than 0.05, it canbe concluded that there is no significant relationship between years of experience in property management, and their criteria

for tenant selection, such that any relationship observed can only be attributed to sampling error or mere chance. To test the second hypothesis, the company's area of professional practice was cross-tabulated with the criteria adopted by the companies during tenant selection. The chi-square statistics was also computed. The result is presented in Table IX

Table 9 : Relationship between Company's core Area of Professional Practice and Criteria for Tenant Selection in Rental Housing

| Firm's area of professional practice | Criteria for Tenants' Selection | | | | | df | χ^2 | P |
	Tenant's reputation	Tenant Impact record	Tenant report	Size of the current need	Total			
PROPERTY MANAGEMENT/AGENCY	8	0	3	0	11			
GENERAL REAL ESTATE SERVICES	8	4	19	2	33	8.848	3	0.031
Total	16	4	22	2	44			

Table IX shows the relationship between Company's core area of professional practice and the criteria for tenant selection. It can be seen that the chi-square value obtained is 8.848 with p-value of 0.031. Since the p-value is less than 0.05, it can be concluded that there is a significant relationship between company's area of professional practice and the criteria for tenant selection.

To test the third hypothesis, companys' size was cross tabulated with the criteria for selecting tenant. The chi-square statistics was also computed. The result is presented in Table X

Table 10 : Relationship between Company Size and Criteria for Tenants' Selection in Rental Housing

SIZE	Criteria for tenant's selection					df	χ^2	P
	Tenant's Reputation	Tenant Impact Record	Tenant Report	Size of the current Need	Total			
1-5	17	2	14	1	34			
6-10	3	2	1	1	7			
11-15	1	0	0	0	1	12	9.937	0.621
16-20	0	0	1	0	1			
ABOVE 20	1	0	0	0	1			
Total	22	4	16	2	44			

Table X shows that the chi-square value obtained is 9.937 at p = 0.621. Since the p-value is greater than 0.05, the hypothesis cannot be rejected but accepted. It can therefore be concluded that there is no significant relationship between company size and criteria for tenants' selection.

VII. Summary of Findings

This study examined the relationship between three major profiles of real estate companies' and tenant selection criteria adopted in selecting tenant to fill their vacancies in Ibadan private rental market. It commenced with the investigation on the criteria adopted for selecting tenants, followed by determining if there is significant relationship between the companies'' profiles and the selection criteria.

In this study, it is found that the property managers (agents) base their tenancy selection in residential leases on four major criteria – tenant's personalities report, tenant's impact record, tenancy report and size of the current need. When the responses were subjected to hierarchical cluster analysis to determine the relative frequency of the respondents prevalent considerations in tenant selection in residential leases, tenant reputation ranks first.In commercial leases, It is found that the property managers (agents) base their tenancy selection in commercial leases on three major criteria – proposal , tenant's affordability and tenant's reputation. Also, the responses were subjected to hierarchical cluster analysis to determine the relative frequency of the agents prevalent considerations in tenant selection in commercial leases and ranked proposal consideration top of others.

It is further revealed that while there is no significant relationship between years of experience in property management,companys' size and the criteria for tenant selection, such that any relationship observed can only be attributed to sampling error or mere chance, there is a significant relationship between companys' core area of professional practice and the criteria for tenant selection. It can therefore be concluded that attributes of real estate companies cannot be wholly attached to the irregularities that emanate in Nigeria rental market, since Ibadan represents a single largest city in sub-Saharan Africa.

VIII. Recommendation

The findings from the study suggest that a uniform criteria for selecting tenant to fill private rental properties can help to monitor the quality of prospective tenants seeking accommodation. The selection should not be only based on one criteria such as rental affordability but in conjunction with others. Each of the criteria cannot stand in isolation. The assessment and emphasis on all the criteria can help to block any loophole. Yet on the formulation of effective tenancy law that outlines the modality of rental market operation is necessary in the emerging property market.

There is also a need for extension of ethics and code of practice on the profiles of real estate company in order to match the attributes with professional duties performed. Further research is recommended to investigate the effect of the criteria adopted by the practicing property managers on the performance of rental market in the emerging market.

Finally, it is not an out-of-context of this study to posit that the proliferation of quack (non-professional agents) operate in Nigeria rental market is a major barrier to the goals of a sanitized rental market in Nigeria. Hence, the need for legal intervention in order to correct the already dented image of the profession in the area of property management/agency practice in the metropolis.

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DEPARTMENT OF ESTATE MANAGEMENT

QUESTIONNAIRES: This questionnaire is designed to collect information on the subjects of Tenant selection Criteria and Real Estate Company Pquestionnaire is strictly anonymous, and the information supplied is of great importance. Thanks. Gbadegesin and Oyewole.

SECTION A: Profiles/ Demographics:

1. Gender Status: (a) Male (b) Female
2. Academic Qualification:
3. (a)National Diploma (b) HND (c) Bachelor degree (d) Master degree (e) other

4. Professional Qualification:
    (a) ANIVS (b) FNIVS (c) RICS (d) FRICS (e) others (please specify)………..
5. Year of Property Management Experience:
    (a) Between 1-5 years (b) between 6-10 years (c) between 11-15 years
6. (d) Between 16-20years (e) above 20 years
7. (5.) Firm's area of professional practice (scope) (a) Property valuation (b) property management/agency (c) property development (d) general real estate services
8. Years of establishment of the firm at Ibadan: (a) Between 1-5 (b) between 6-10 (c) between 11-15

9. (d) Between 16-20 (e) above 20 years
10. Size of the firm in term of staff strength: (a) btw 1-5 (b) 6-10 (c) 11-15 (d) 16-20 (e) above 20
11. Firm Status: (a) Headquarter (b) Branch (c.) Others (please specify)
12. Location: (a) CBD (b) Along Major Road (c.) Others (please specify)

SECTION B: Nature o Tenant Selection Criteria:

Indicate the level of importance of the following criteria for selecting tenants to fill vacancies in both commercial and residential leases: Extremely important (5), Very important (4), Just important (3), Less important (2), Not important (1)

Appendix: Tenant Assessment Checklists

	Criteria for tenant selection in residential leases	1	2	3	4	5
10	Matching family size to the apartment size					
11	Tenancy trends of the prospective tenants					
12	Current occupancy and needs of the prospective tenants					
13	Current Tenancy Report of the space consumers					
14	Community Impact Record of the accommodation applicant					
15	Potential value of the usage to the building					
16	Financial soundness/ income of the tenant					
17	Reason for the new accommodation					
18	Criminality History/ Track Record of the tenants					
19	Compatibility with Neighbor					
20	Police Report of the prospective tenants					
21	Quality of the reference/ guarantorship of the tenants					

	Criteria for tenant selection in commercial leases	1	2	3	4	5
22	Economic benefit of use					
23	Potential value of the use to the properties					
24	Financial soundness/ income of the tenant					
25	Proposed or planned use					
26	Paying History of the consumer					
27	Police Report of the prospective space consumer					
28	Quality of the reference/ guarantorship of the prospective consumer					
29	Actual need of consumers					

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