

## **ABSTRACT**

A well-managed estate valuation model would bring about an effective reliable, efficient and accurate valuation mechanism. It also helps restore the confidentiality of property owners. This research with particular reference to estate valuation in the context of Akwa Ibom State Property and Investment Company aims at identifying how various classes of properties are valued, thus, developing a computerised model that will eliminate the problems that faced in the valuation process. It also seeks to proffer solutions to the manual method used by the establishment in valuating properties with the aid of computers thereby reducing operational bottleneck. Based on this note we decided to develop an Estate Valuation Modelling system, knowing that this will virtually eliminate myriads of problems associated with the existing manual system of operation in the establishment. The programming language used in the development of this system is JAVA 8.0

## **Chapter one**

### **INTRODUCTION**

#### **1.0. Preliminaries**

Estate surveying and valuation in Nigeria dates back to the beginning of creation. At creation the first estate was established by God in the Garden of Eden, Adam and Eve were put in charge of it. Thus, Adam and Eve were the first estate surveyors and valuers known to man. However, the evolution of estates surveying and valuation as a distinct and recognised profession brought about the ever increasing challenge of record keeping, booking, accounting and statistical data analyzes.

Thus, to this end, we are concerned in developing a computerized based system that will be used in the estate valuation practice to eliminate the challenges posed by the present manual method used in the estate profession.

#### **1.1. Theoretical background**

For an object to have value it must be scarce related to the demand. In other words it has to be limited in supply related to the demand. If an object is in its ample supply and there is little or no demand for it then in the economic sense the object has no value. For there to be an increase in the value of an object there must be an increase in the demand or

a corresponding decrease in the supply. Thus, valuation is the art, science and practices of determining the value of all the description of property and of all the interest therein. The managing and developing of estates and other business concerned with the management of landed property.

Valuation entails securing of the optimal use of land and its associated resources to meet social and economic needs. Determining the structure and condition of buildings and their services and advising on their maintenance, alteration and improvement. Valuation entails determining the economic use of land resources by means of financial appraisal for building of industries.

The need for an effective, accurate and efficient valuation method is what every estate firm looks for. The increasing state of data, record generation and the implication of such are becoming more evident as challenges are becoming elaborate with frequent technological innovations.

Estate valuation is the process of valuing real property. The value usually sought is the property market value. Selling (whether by auction or otherwise) and buying or letting (as agent) of real and personal property and that of the interest therein. Valuation is a problem solving process in which the influence of sociological, economic, government and physical forces are analysed in relation to the property. Having an effective valuation calculation system is one of the major challenges facing most of our estate valuation firms, yet most of the firms freely admit they have difficulties handling adequately.

The recent development of course has much emphasis to place on the computerised method of estate valuation. These can be accomplished through some discrete skills that can be learnt by people in the estate management profession.

In valuation, no matter how complex or simple the question, the solution requires the interpretation in terms of money, on the influence of economic, sociological, physical and government forces on the specified property.

The scientific solution to valuation problems is crystallised in an automated valuation process.

A change in these valuable tool will require a conscious departure from the traditional practice, especially the use of a computerised method in lieu of the manual method, has

valuation is the art of estimating the value for a specific purpose of a particular interest in a property at a particular moment in time taking into account all the features of the property and also considering all the underlying economic factors of the market, including the range of alternative investment.

It is obvious that the valuation process should be reviewed periodically, and if expectations are significantly different from the previous estimates, the valuation charges for the current and the future should be adjusted, based on the standard valuation values for the stipulated period.

By studying and outlining the various techniques that can be used for valuing properties and investigating the extent to which they are used in Nigeria, investors and practitioners can gain a better understanding and have a set goal on which based a more convincing judgement on investment action.

With computerised method of estate valuation in place, estate surveying and valuation firms however will not be such a system as a channel for strengthening the contributions to be made. However, valuation should be seen as a service rendered by the estate valuers called the stewards or the Agents that acts on behalf of the owners or the investors. Thus, the valuers should be men of honour trusted in different fiduciary relationships, thereby explaining the sobriquet attached to the profession of estate valuation.

## **1.2. Statement of problem**

As economic of the world globalize and capital becomes more mobile, valuation gains momentum in privatisation, joint ventures, mergers and acquisition, restructuring to create values. The purpose is to computerise the estate valuation methods, assess the risk face by professionals in the valuation field, estimating the market price subject to series of assumption, with whatsoever the future occurrence will be, to alleviate the poor practices and explore the good ones.

In the course of this project the researcher is not only concerned with anticipating what the future occurrence and attempting the desirable ones more likely and the undesirable ones less likely.

## **1.3. Objective of the study**

The main aim of this study is to introduce to the estate valuers and other relevant

organisation saddled with valuating of properties, how valuation technique used affects property value and seeks to establish a computerised approach for Nigerians in the estate management fields including other relevant authorities.

However, the computerised valuation modelling system would bring about efficiency, reliability and effectiveness in the valuation system which will replace the manual method presently used. This proposed system would help eliminate the problems associated with the manual method used in the establishment. This will also provide remedies, recommendations and practical guides on how to make the process an effective tool to determine the functionality of properties.

This study seeks to determine how properties are valued, determine the valuation techniques used in property valuation in Nigeria and ascertain the risk involved in the valuation process and the level of awareness of clients regarding approaches used in valuing their properties.

#### **1.4. Significance of the study**

This research work will be of an immense significance to organisations embodied with estate management, in that, it aims at developing a model, an effective, reliable computerised method of reaching a value for valued properties, expected to help in property management.

It intends to advance the organisation technology on how to computerised valuation process and show how different valuation techniques affect properties value. This study will also help firms to ascertain the degree of functionality of properties.

To other professional bodies and students this research work will serve as a reference material, people in related field, who might conduct research into related field, will find this research work useful.

The recommendation and some suggested solutions to the problems stated would enhance the management of valuation firms to review some aspect of valuation systems that may affect them.

#### **1.5. Organisation of research**

This research work is organised into five chapters with each chapter having its own distinct function; each chapter is subdivided into sections.

Chapter one deals with the general framework of the study giving insight into the main

motivation, statement of problem as relate to this study, the research objectives, the study expectations, organisation of the study and definition of state.

Chapter two contains the outline of the study and the literature review of some of the related studies carried out on property valuation in Nigeria and other countries. This chapter intends to fully investigate what estate valuation are, effect of the environmental factors on property value. It also recommends ways of improving valuation practices.

Chapter three mainly focuses on the design of the study with the purpose of the study being analysed.

Chapter four deals mainly with the system implementation, it contains the system flowchart, analysis of the modules and the choice of programming language.

Chapter five provides the limitation of the study, the summary, recommendation and the conclusion of the study.

## **1.6. Scope of the Study**

Valuation is an embracing topic in the determinant of the value and functionality of a property. For the purpose of this research work, the researcher shall be limited to estate valuation in the context of Akwa Ibom State Property and Investment Company (APIOC). Reference shall be made to selected documents in the establishment.

## **1.7. Definition of terms**

The definitions here are contextual and adopted for the purpose of this study.

i. **Valuation:** Estimation of the capital or rental value of land or buildings at a particular point in time.

ii. **Agent:** One who acts for or in a place of another (the principal) by authority from him, one entrusted with the business of another.

iii. **Value:** The price at which an asset would trade in a competitive setting.

iv. **Appraisal:** A judgement or assessment of the value of something.

v. **Perpetuity:** A disposition of property which attempts to make it inalienable beyond certain limit fixed.

vi. **Discount rate or Capitalisation:** The rate expressed in percentage form at which a future income flow is turned to present value. It shows the difference between the net income of a property and the capital value.

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