

Evaluation of the Short-Term Rental Housing Market in Nigeria

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Abstract

Previous studies on short-term rentals can be categorized into effect of short-term rentals on housing market, short-term rental regulation and effect of externalities like COVID-19. The previous studies did not evaluate the performance of short-term rental housing market with its implication on the housing market. This study filled this gap by evaluating short-term rental housing market in Lagos, Nigeria. The study population for the study are the property managers managing short-term rental housing in the study area. Data for the study were gathered using questionnaires. The gathered data were analyzed using descriptive statistics. Findings from the study revealed that block of flat with a RII of 0.905 is most used property for short-term rentage. Also, the average rental value per night for all the classes of properties has grown over the past five years. Swimming pool is the facility that occupants have the highest preference for with a RII of 0.886. Conversion of residential properties to short-term rental housing is the most prevalent source of supply of short-term rental with a RII of 0.862. Investors are mostly motivated by high liquidity of short-term rentals among other investment motivators with a RII of 0.867. Finding revealed that short-term rental housing market are not regulated or enlisted in the study area. The study emphasized need to regulate short-term rental housing market to curb its negative effect on the housing market.

Keywords: Evaluation, Short-term, rental, housing, market, Nigeria.

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Introduction

The important role of accommodation to tourists and other recreational property users ranges from physical comfort to social and psychological comfort (Chen, Huang and Cheng, 2009). These users made different choices to achieve desired level of comfort. These choices have to do with; travel destination, mode of travelling, and accommodation (Hedlund, 2013). All these choices play important and unique roles but the importance of accommodation cannot be overemphasized. There are different types of accommodation available to recreational property users ranging from; hotels, resort, holiday homes and short-term rental accommodations. Different factors are considered when picking one of these types of accommodation. Previous Studies have established that a major tourist accommodation selection factor is "home-like atmosphere" (Ingram, 2002; Gunasekaran and Anandkumar, 2012; Khoo-Lattimore, Prayag, and Cheah, 2015). The type of accommodation that fits the "home like atmosphere" description is short-term rental housing. Furukawa and Onuki (2019) described short-term rental

housing as furnished residential properties let out for a period shorter than the conventional residential property rental period. Short-term rental housing is usually let for a period of less than one month. The noticeable difference between short-term rental housing and another category of residential property is the short period of the lease.

In recent decades, there has been an increase in discussion on short-term letting housing, short-term rental housing, vacation accommodation, service apartments or peer to peer accommodation. The earliest discussions on this topic centered on comparative performance evaluation of hotels and short-term rental accommodations (Guttentag et.al, 2017; Thackway et al, 2022). The most recent discussions can be broadly categorized into two. The first categorization centered on examination of short-term rental housing operational regulations (Gurran and Phibbs, 2017; Yeon et al, 2022; Boto-Garcia, 2023). Studies in this regard have established that short-term rental housing has a positive impact on rental values and housing prices. The second discussion centered on examination of the impact of short-term rental accommodation supply on the housing market (Garcia-Lopez, 2020; Thackway et al, 2022). Studies in this regard established that increase in number of home owners converting their housing units to short-term rental housing units reduce housing supply and consequently lead to an increase in housing inaccessibility. Increase in housing inaccessibility as a result of increase in short-term rental housing stocks, necessitates the introduction of different regulations and policies on short-term rental housing in different countries. Conclusively, there is a connection between the two recent lines of thought on short-term rental housing.

In addition to these broad discussions, there are studies that examined the impact of some externalities on short-term rental housing market. A notable externality is COVID-19 pandemic. Different studies examined the impact of COVID-19 pandemic on short-term rental housing (Lu, 2021; Li, Han and Wu, 2023). Kowalczyk-Aniol, Kacprzak and Szfranska (2022) examined the impact of COVID-19 pandemic on short-term rental housing in central and eastern Europe. Sequera et al (2022) examined the impact of COVID-19 pandemic on short-term rental accommodation supply and demand in Spain. Guglielminetti, Loberto and Mistretta (2023) established that COVID-19 pandemic caused drastic reduction in supply and demand for short-term rental in Europe between 2020 and 2021. COVID-19 is a major externality that affect short-term rental housing market (Airbnb, 2018).

It can be inferred that the focus of these previous studies has been on the regulation of short-term housing, the impact of short-term housing on the housing market, and the impact of externalities on short-term housing. None of these previous studies examined the performance of the short-term housing market and its implications on the housing market. This makes it imperative to evaluate the short-term rental housing market with emphasis on its performance, to assess the nature of demand, supply, factors influencing demand, and the implication of the dynamics of these sub-housing markets on the housing market. Lagos Nigeria is a good test bed for this study due to the increasing demand and supply for short-term rental housing units, which makes the sub-property market vibrant. Short-term rental housing units are increasing in Lagos due to the increasing rate of urbanization (Northcourt, 2022). The benefit of evaluating the property market cannot be overemphasized (Oyedeki, 2020). It avails potential investors the opportunity to assess the viability and stability of the property market. This study aimed at evaluating short-term rental housing market in Lagos, Nigeria with the following specific objectives: to examine the types of properties used for short-term rental housing in the study area; to assess the occupancy rate of the various types of properties used for short-term rental housing in the study area; to assess trend in average rental

value of short-term rental housing in the study area (2018 – 2023); to assess preference for facilities in short-term rental housing in the study area; to examine the nature of supply of short-term rental housing in the study area; to assess factors influencing short-term rental supply in the study area; to assess the state of regulations of the short-term rental housing and to examine enlistment of short-term rentals housing units.

The Study Area

Lagos is the commercial capital of Nigeria and the Federal Capital Territory between 1960 and 1991. Lagos is a mega metropolitan city with a population of 9,013,534 (Census, 2006) and a current estimated population of 15,400,000. Most multinational, international and national companies have their head-offices in Lagos. Also, most bilateral organizations and diplomatic mission agencies have their offices in Lagos. Lagos is a highly urbanized city with an annual urban growth rate of 5.8% (Aliyu and Amadu, 2017). The annual population growth rate can be attributed to the enterprising nature of the mega city. The high population growth rate also reflects in the high rate of demand for housing in Lagos. Balla et al (2007), Makinde (2014) and Oyedele (2021) gave credence to the high housing demand and supply nature of Lagos. The commercial vibrancy of Lagos contributes to the high demand and supply of short-term rental housing. There is high influx of people both within and outside Nigeria into Lagos. Northcourt (2022) asserted that demand and supply for Short-term rental housing in Lagos is increasing geometrically and this can be attributed to high urbanization rate. The body buttressed further that Lagos metropolis is the only mega city in Nigeria with a well-structured short-term rental housing market, other cities in Nigeria have short-term rental housing in units. The increase in demand and supply of short-term rental housing units in the study area, necessitate the need for evaluating this class of housing market, especially when the evaluation has not been done before. Lagos has the most developed property market in Nigeria (Dungeri, 2011). Hence, findings from Lagos can be generalized all over Nigeria and knowledge from the findings will be useful in other emerging economies.

Literature Review

Short-Term Rental Housing Market

Short-term rental housing market is a sub-class of the residential property market. This is a market where interests in short-term rental housing units are being exchanged usually between a leaseholder and short-term leaseholder, a long-term leaseholder and short-term leaseholder or between a freeholder and a short-term leaseholder. The short duration of the lease differentiates this sub-class of the housing market from other categories in the housing market. The duration of the tenancy ranges from daily to weekly and monthly but usually less than six months. Koster, Ommeren and Volkhausen (2021) established that short-term rental housing market causes an imbalance in the housing market. The authors posited further that increase in demand for short-term rentals housing units leads to reduction in supply of housing units in the housing market and consequently lead to an increase in rental value. The study established further that two classes of short-term rental housing investors emerge in the short-term rentals housing market. The first category are the new investors that have the intention of benefiting from the high demand in short-term rental housing market. These categories of investors conceive an idea of short-term rental housing development, develop it and supply the short-term rentals housing units into the sub-housing market. The second category are the investors that convert their already developed housing units from other forms of housing units into short-term rentals housing units. These two classes of investors aimed at benefiting from the booming short-term rentals housing market. Conclusively, it can be inferred that there is a direct relationship

between short-term rental housing market and the housing market as established by (Garcia-Lopez, 2020; Thackway et al, 2022; Boto-Garcia, 2023).

The short-term rental housing market is dynamic like other categories of the housing market (Kondo and Miyamae, 2022). The rental value of short-term rental housing units can increase, decrease or be static depending on the determinant factors. A notable determinant factor that affected the short-term rental housing market is the COVID-19 pandemic. Sequera et. al (2022) established that demand and consequently rental value of short-term rental housing dropped in Spain during COVID-19 pandemic. This finding was also corroborated by Boto-Garcia (2022), Shen and Wilkoff (2022) and Guglielminetti, Loberto and Mistretta (2023). All these scholars established the negative effect of COVID-19 pandemic on the short-term rental housing market. Another notable factor are regulations or policies, short-term rental housing rental value is affected by regulations and policies. Zou (2019) asserted that introduction of regulatory policy in the short-term rental housing market can consequently reduce short-term rental housing supply and increase rental value. Short-term rentals housing regulations are usually introduced when an increase in supply of short-term rentals housing units is causing a decrease in housing supply (Gurran and Phibbs, 2017; Yeon et al, 2022).

The nature of supply of short-term rental housing is diverse. There are investors that develop short-term rental housing units from inception with the intention of supplying it into the sub-housing market (Wrede, 2022). In another instance, there are investors that convert residential properties into short-term rental housing units (Garcia-Lopez, 2020). Gunasekaran (2012) asserted that short-term rental housing units are supplied through conversion of a form of recreational property to short-term rental housing. It can be inferred from the scholar's assertion that some investors convert recreational properties like holiday homes, hotels, motels to short-term rental housing. Irrespective of the nature of the short-term rentals housing supply, there are common factors motivating investors to invest in short-term rental housing market. These factors are diverse and affect the housing market in general and this include; high rate on return on investment, high return of investment, less maintenance cost, capital growth and high liquidity.

Empirical Review

Different studies have been conducted on short-term rental housing. It is important to review these previous studies in order to find a place for this study in the body of knowledge. Kinuthia (2016) assessed the growth and performance of serviced apartments which he described as hybrid of apartments and hotels in Kilimani, Kenya. The study employed both quantitative and qualitative method of research. The study population are serviced apartments developers, property managers and agents. The study employed both primary and secondary sources of data. Gathered data were analyzed using descriptive statistics. Findings from the study revealed proliferation of serviced apartments in a highly fragmented sector. The study identified business travelers, expatriates, diplomats and corporate meeting groups as drivers of service apartments. The challenges of services apartments in the study area are: competition, financial constraints, health and insecurity concerns, changing guest's requirement, poor infrastructure and lack of awareness. The study concluded that service apartments market in the study area is still in developing state. The study failed to examine drivers of demand and the nature of supply of short-term rental housing.

Zhenpeng Zou (2019) examined the impact of Short-term rentals on housing prices in Washington DC. The scholar posited that as popularity of short-term rentals grows due to sharing platforms like Airbnb, the rate of it being subject of debate among policy makers, housing interest group and the tourism industry stakeholders also increase. The study employed web-scraped data from Airbnb

and property-level data from Washington DC to assess the net impact of short-term rentals on single-family property prices using hedonic model. Findings from the study revealed that presence of Airbnb in the study area, increases property prices. Consequently, the increase in property prices, will affect the low-income earners through increase rate of housing unaffordability. The scholar concluded that as a precaution against increase rate of housing unaffordability, it becomes necessary to regulate the operations of short-term rentals to stabilize the housing market. However, the study failed to suggest how to regulate short-term rentals housing market.

Koster, Ommeren and Volkhausen (2021) asserted that online short-term rental platform like Airbnb has grown which necessitate the introduction of a regulation tagged "Home sharing ordinances". The study assessed the impact of the regulation on the housing market in Los Angeles County. The study employed a panel regression-discontinuity design around the city's borders. Findings from the study revealed that home sharing ordinance reduced short-term rental listing by 50% and housing prices by 2%. Additionally, difference-in-differences estimates revealed that home sharing ordinances reduced rent by 2%. The study concluded that list of short-term rentals on Airbnb has large effect on property value in areas attractive to tourists. In contrary, Grisdale (2021) mapped Airbnb listing activity in city of Toronto from 2016 to 2017 with the aim of assessing the claim that short-term rental platform is the major displacement factor of local rental housing. The study was able to established that majority of Airbnb revenue are from mainly designated short-term rental housing units in the city. However, the study posited that online platforms like Airbnb provides incentives for landlords to profit from tourism market while still housing the locals. The study concluded that an expanding and digitalized short-term rentals housing market is a symptom of gentrification and socio-spatial polarization in contemporary cities.

Thackway et al (2022) assessed the impact of Airbnb on housing prices in Sydney, Australia. The study employed hedonic property valuation model for the prediction. Findings from the study revealed that the impact of Airbnb on housing prices is positive. It established further that a 1% increase in Airbnb density is associated with a 2% increase in property sales prices. However, the effect varies geographically due to the fragmented nature of Sydney housing market. The study employed GWR model to predict the spatial variation of the impact of Airbnb on the housing market. The findings established that Airbnb's influence on housing prices varies across the city. Kondo and Miyamae (2022) analyzed the impact of short-term rentals housing on rental housing market in Tokyo and Osaka Japan. The research hinged on rent gap theory as propounded by Neil Smith (1996). The study revealed that landlords in Osaka, a more depopulated with un-occupied housing have withdrawn their properties from the rental sub-sector of the housing market and those in Tokyo a more populated city with less unoccupied properties are ready to evict their tenants and shift to a more profiting touristic short-term rental. The study concluded that there is need for a tougher measure against withdrawer housing from the housing market to short-term housing market so as to prevent displacement.

Valentin (2020) examined the effect of regulations targeting Airbnb and other short-term rental suppliers in the urban center of New Orleans. The study revealed that the regulations reduced participation in short-term rental housing market as predicted. However, the study revealed that short-term rentals housing participation increased in the adjoining neighborhood. Furthermore, it was established that the new regulations reduced property values by 30% in the neighborhood with the strictest regulations. The implication of this is that homeowner's consider participation in the short-term rentals housing market when buying properties. Summarily, it can be inferred from the previous studies that increase in demand for

short-term rentals housing affects the housing market. This assertion is common in areas with developed online platforms for marketing short-term rentals. However, there is no established effect of demand for short-term rentals on the housing market in the emerging property market as established by Kinuthia (2016). This study aimed at filling this established gap in knowledge by evaluating the short-term rentals housing market in Lagos, Nigeria. This study aimed at evaluating the demand and supply variables of short-term rentals housing in Lagos, Nigeria so as to assess the performance of the short-term rentals housing market in the study area. This is the first attempt in the evaluation of short-term rentals housing market in Lagos, Nigeria.

Theoretical/Conceptual Framework

This study is hinged on supply side gentrification theory as explained by Smith and Williams (1986) and demand side gentrification theory as explained by Ley (1996) and Hamnett (2000). The supply side gentrification involves the urban centers cycle of investment-divestment and reinvestment. Smith and Williams (1986) explained further that gentrification is the reinvestment stage in the cycle and it entails exploitation of the rent gap in an urban area. The rent gap was created during the divestment stage of the cycle. This literally means generation of rental income lesser than the economic rental value happens during divestment. Divestment occurs during downturn of infrastructure and amenities. Re-investment in urban areas through provision of amenities lead to gentrification.

The demand side gentrification emphasizes the importance of more people wanting to live in an urban area. Ley (1996) theorizes further that a rise in creative class attracted to urban living and amenities lead to competition among the masses and exploitation by the suppliers. The exploitation makes living in the urban areas beyond the reach of the masses. Gentrification is fundamentally a process of class upgrading of an area to the extent of being beyond the reach of the poor. Increase in short-term rental housing is a symptom of gentrification and a form of exploitation by investors.

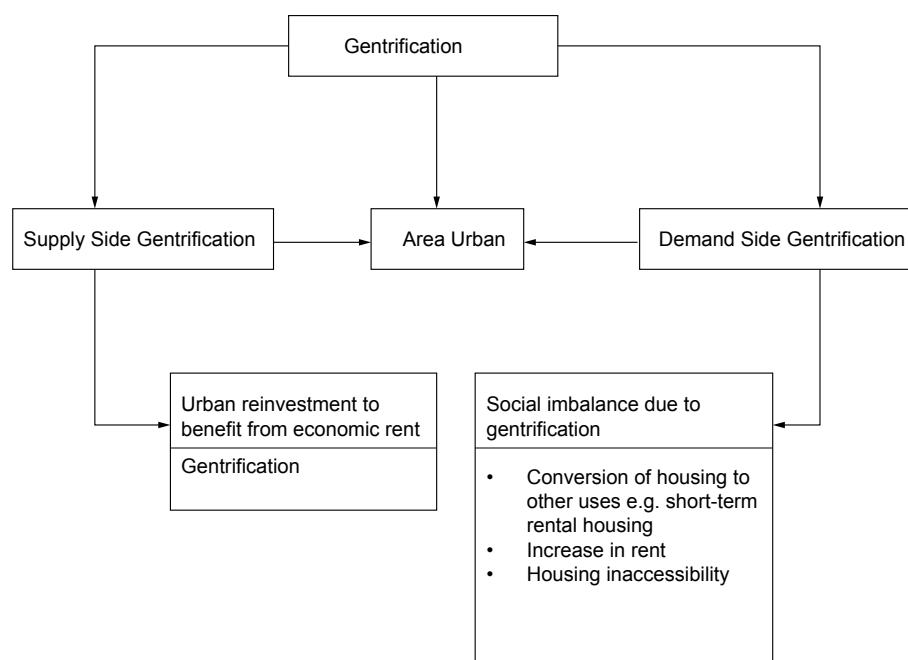


Figure 1: Eclectic Framework Depicting Gentrification Leading to Increase in Short-Term Rental Housing and Housing in Balance (Compiled By Author)

Figure 1 established that gentrification is the re-investment stage of urban development. At this stage, the city becomes more urbanized with high demand form amenities including housing. Private investors in these urban centers are more concerned about ventures with the highest return. The high rate of urbanization in a gentrified city will increase demand for short-term rental housing. The high demand rate for short-term rental housing will be accompanied by high rent and consequently high supply rate. Increase in supply for short-term rental housing will be accompanied by a decrease in housing supply as residential property investors will convert their residential property investments into short-term rental housing (Thackway et al, 2022). Also, new investors will prefer to invest in provision of short-term rental housing due to its associated high rental value (Yeon et al, 2022; Boto-Garcia, 2023).

Methodology

This study employed quantitative method of research. Quantitative method of research are used for numerical analysis and statistical, mathematical data gathered through questionnaires in a survey research (Soon and Tan, 2019). The study population are the Estate Surveyors and Valuers (Property Managers) managing short-term rentals housing units in Lagos Island and Lagos mainland parts of Lagos State, Nigeria. Pilot survey revealed that 45 property managers are managing short-term rentals housing units in the study area. The 45 identified Estate Surveyors and Valuers (Property Managers) managing short-term rentals housing units in the study area were sampled through questionnaires. Estate Surveyors and Valuers managing short-term rental housing were considered because of their knowledge of the property market and the strict regulation of their practice by Estate Surveyors and Valuers Registration Board of Nigeria (ESVABON). Data for the study was gathered using structured questionnaires administered to the respondents. Respondents in different demographic backgrounds that considered academic qualification, professional qualifications and years of professional experience were administered questionnaires. The questionnaire has seven sections. Section A, B, C, D, E, F, and G. Section A is on demographic details of the respondents, Section B is on types of residential properties and their occupancy rate, Section C asked question on trend of average rental value per night of short-term rentals housing, Section D dealt on preference for facilities in the Short-term rentals housing, Section E dealt on nature of short-term rentals housing investment. Section F asked questions on factors influencing short-term rentals housing investment and Section G asked questions on regulation and enlistment of short-term rentals housing. Five-point Likert-scale was adopted in section B, D, E and F. Gathered data were analyzed using descriptive statistics like: frequency tables, histogram, mean, relative importance index and rank. Relative importance index is a very useful data analysis tools in studies that involves performance analysis of property market (Oyedepi, 2020; Nwaogu, Egolum and Ewurum, 2021). Out of the 45 administered questionnaires, 42 questionnaires were retrieved and good for analysis.

Data Analysis and Discussion

Table I: Demographic Characteristics of Respondents

Characteristics	Frequency	Percentage
Professional Qualifications		
Graduate Member NIESV	07	16.667
Corporate Member NIESV	29	69.048
Fellow	06	14.286
Total	42	100
Academic Qualifications		
HND	05	11.905
Bachelor's Degree	25	59.524
MSc	12	28.571
Total	42	100
Years of Professional experience		
3-5 years	06	14.286
Over 5years	36	85.714
Total	42	100

Source: Field survey, 2023

The demographic details of the respondents provided include: Professional qualifications of the respondents. Table I revealed that 69.048% of the respondents are corporate member of Nigeria Institution of Estate Surveyors and Valuers (NIESV) which is the professional body of registered Estate Surveyors and Valuers who has the statutory mandate to manage properties in Nigeria. 14.286% are fellow of the professional body, that is the highest cadre of NIESV and 16.667 are graduate members presently undergoing Test of Professional Competency which is a statutory requirement to get registered as an Estate Surveyor and Valuer. The academic qualifications of the respondents revealed that 11.905% of the respondents holds a Higher National Diploma, 59.524% of the respondents holds a bachelor's degree and 28.571% of the respondents holds a MSc. Lastly, 85.714% of the respondents have been practicing for over 5years and 14.286% of the respondents have 3 to 5 years professional experience. It can be inferred from the demographic details that the respondents possess the required skills, education and experience to answer the questions in the administered questionnaires as established by Oyedele and Sodiya (2016) and Oyedele (2022).

Table II: Types of Properties Used as Short-Term Rentals Housing

Types of properties	Mostly Used	Used	Less Used	Rarely Used	Not Used	Mean	RII	Rank
Block of flat	24	16	02	0	0	4.524	0.905	1 st
Semi-detached house	22	12	06	02	0	4.286	0.857	2 nd
Detached House	22	12	06	02	0	4.286	0.857	2 nd
Terrace	18	13	08	03	0	4.095	0.819	3 rd
Bungalow	07	09	12	10	04	3.119	0.623	4 th

Source: Field Survey, 2023

It is imperative to examine the types of properties used as short-term rentals housing in the study areas, this will make it easy to assess the performance of each of these types of properties and their contributions to the short-term rentals housing market. Among the available types of housing in the study area are; detached house, semi-detached house, block of flat, Terrace and Bungalow. Table II revealed that block of flat is the most used property for short-term rentals

housing with a relative importance index (RII) of 0.905. This is followed by semi-detached and detached house which ranked second with a relative importance index (RII) of 0.857 and terrace with a RII 0.819. The fourth ranked property type that ranked least is bungalow with a RII of 0.623. This finding corroborates the finding of Soon and Tan (2019) who established the need to first assess property types when examining housing market performance. The rate of utilization of block of flat can be attributed to the demand for the class of property. This assertion shall be established by the assessment of the occupancy rate of the various types of residential properties.

Table III: Occupancy Rate of Properties

Types of properties	Mostly Used	Used	Less Used	Rarely Used	Not Used	Mean	RII	Rank
Block of flat	24	18	0	0	0	4.571	0.914	1 st
Semi-detached house	20	14	06	02	0	4.238	0.848	2 nd
Terrace	20	12	05	02	03	4.048	0.810	3 rd
Detached House	18	11	08	05	0	4.000	0.800	4 th
Bungalow	12	09	09	08	04	3.405	0.681	5 th

Source: Field Survey, 2023

Table III depicts occupancy rate of the various types of residential properties used for short-term rentals housing. The result revealed that block of flat has the highest occupancy rate with a relative importance index (RII) of 0.914. This finding corroborates finding in Table II that reported block of flat as the most used for short-term rental housing in the study area. It can be inferred from Table III that the high occupancy rate of block of flat is why short-term rental housing suppliers are using it most for the purpose. Semi-detached house ranked second with a RII of 0.848 and Terrace ranked third with a RII of 0.810. Detached house has the fourth occupancy rate with a RII of 0.800 and Bungalow has the least occupancy rate with a RII of 0.681. The poor occupancy rate of bungalow can be the cause of its low utilization rate for short-term rentals housing as reported in Table II. The high occupancy rate of block of flat can be attributed to its affordability among the various classes of properties.

Table IV: Trend of Average Rent Per Night of Short-Term Rental Housing in United State Dollars (\$)

Types of properties	2018	2019	2020	2021	2022	2023
Detached House	15.77	17.20	18.64	20.07	25.09	39.43
Semi-detached house	10.75	14.34	17.92	21.51	28.67	43.01
Block of flat	8.60	10.75	12.19	14.34	15.77	17.92
Terrace	10.75	14.34	17.92	21.51	25.09	32.26
Bungalow	7.17	10.75	12.19	14.34	17.92	21.51

Source: Field Survey, 2023

Table V: Average Growth Rate of Rent Per Night of Short-Term Rentals Housing

Types of properties	2018	2019	2020	2021	2022	2023
Detached House	-	8.33	7.69	7.14	20.00	36.36
Semi-detached house	-	25.00	20.00	16.67	25.00	33.33
Block of flat	-	20.00	11.76	15.00	9.09	12.00
Terrace	-	25.00	20.00	16.67	14.29	22.22
Bungalow	-	33.33	11.76	15.00	20.00	16.67

Table IV, and Figure 2 depict trend in average rental value per night of the various classes of properties used as short-rentals housing in the study area. Table IV shows a steady average rental growth from 2018 to 2023. However, the growth varies from one period to another and from one class of property to another. Detached house average rental value per night grows from 15.77 Dollars in 2018 to 39.43 Dollars in 2023, Semi-detached house average rental value per night grow from 10.75 Dollars in 2018 to 43.01 Dollars in 2023, Block of flat average rental value per night grow from 8.60 Dollars in 2018 to 17.92 Dollars in 2023, Terrace average rental value per night grow from 10.75 Dollars in 2018 to 32.26 Dollars in 2023 and Bungalow average rental value per night grow from 7.17 Dollars in 2018 to 21.51 Dollars in 2023. Overall, short-term rentals housing has the highest rental increase from 2018 to 2023 with a rental increase of 32.26 Dollars. Block of flat has the cheapest average rental value in 2023, the year of this study and this can be attributed to its high occupancy rates among the classes of properties used for short-term rentals housing. Also, the high occupancy rate of block of flat can be attributed to its high supply among classes of residential properties used for short-term rentals housing. This finding corroborates the established position that rental value in Lagos always experience steady growth as established by (Oloke, Olawale and Oni, 2017; Oyedepi, Majekodunmi and Morakinyo, 2022),

Table V depicts growth rate of average rental value of short-term rentals housing. Detached house experiences the highest growth rate between 2022 and 2023 with a growth rate of 36.36 %. Semi-detached house also experiences the highest growth rate between 2022 and 2023 with a growth rate of 33.33%. Block of flat experiences the highest growth rate between 2018 and 2019 with a growth rate of 20%. Terrace experiences the highest rental growth rate between 2018 and 2019 with a growth rate of 25%. Lastly, Bungalow experiences the highest growth rate between 2018 and 2019 with a growth rate of 33.33%. It can be inferred that the average growth rate per night for all the classes of residential properties used for short-term rentals housing dropped from 2019 to 2020, this can be attributed to COVID-19 pandemic. This finding corroborates the findings of (Oyedepi, 2020; Lu, 2021; Li, Han and Wu, 2023; Guglielminetti, Loberto and Mistretta, 2023) who established decrease in rental value of short-term rentals housing and other classes of residential properties during the COVID-19 pandemic.

Table VI: Preference for Facilities in Short-Term Rentals Housing

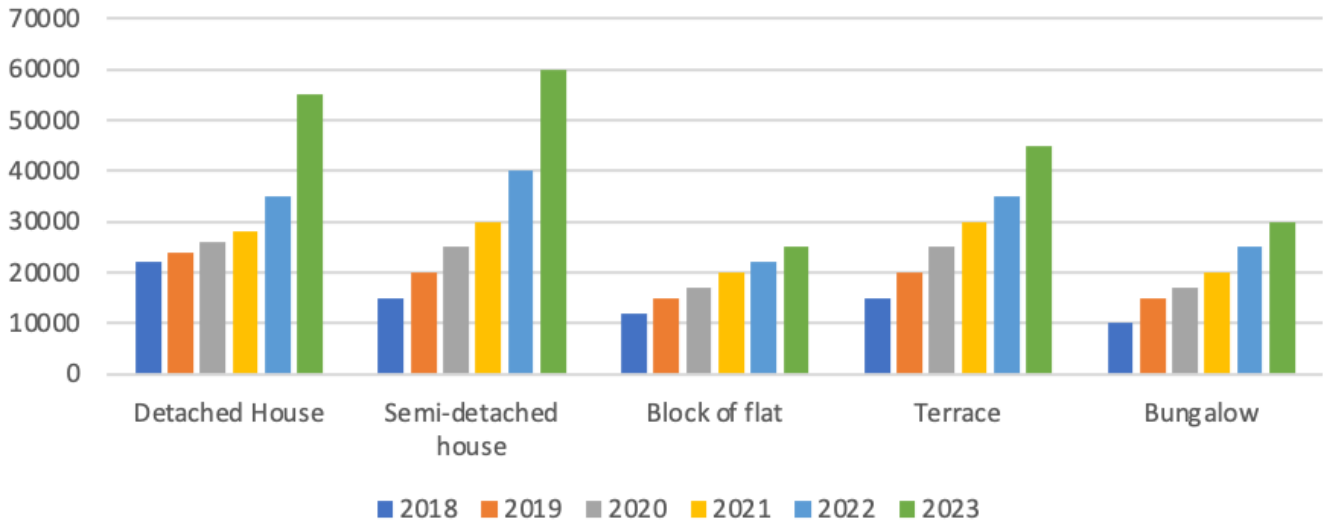
Facilities	High Preference	Preference	Less Preference	Rare Preference	No Preference	Mean	RII	Rank
Swimming Pool	24	13	04	01	0	4.429	0.886	1 st
Court Yard	20	10	06	06	0	4.048	0.810	3 rd
Inner Bar	09	11	08	07	07	3.190	0.638	4 th
Outdoor Bar	12	08	05	07	10	3.119	0.576	5 th
Indoor games	20	13	06	03	0	4.190	0.838	2 nd
Gym	06	08	05	21	02	2.881	0.576	5 th
Outdoor games	06	08	08	08	12	2.774	0.543	6 th

Source: Field Survey, 2023

Table VI depicts the facilities in the short-term rentals housing and the preference of users for the facilities. It was revealed that the consumers have the highest preference for swimming pool with a relative importance index (RII) of 0.886. This is followed by Indoor games with a RII of 0.838. The third facility that the users have preference for is court yard used for outdoor relaxation with a RII 0.810. Inner bar ranked fourth with a RII of 0.638 and outdoor bar and gym ranked fifth with a RII of 0.576 and Outdoor games ranked sixth with a RII of 0.543. These

facilities truly make short-term rentals housing home like atmosphere as posited by (Gunasekaran and Anandkumar, 2012; Khoo-Lattimore, Prayag, and Cheah, 2015). The users of short-term rentals are ready to pay premium for the examined facilities. This is the first attempt in the research on short-term rentals housing in

Fig 2: Trend of Average rent per night



examining preference for facilities. Table VII: Nature of Short-Term Rentals Housing Investment

Nature	Most Prevalent	Prevalent	Less Prevalent	Rarely Prevalent	Not Prevalent	Mean	RII	Rank
Converted from other forms of residential properties.	24	11	03	04	0	4.310	0.862	1 st
Converted from hotels.	22	11	05	04	0	4.214	0.843	2 nd
Purposely built.	18	13	10	01	0	4.143	0.829	3 rd
Converted from other forms of recreational properties.	16	13	11	02	0	4.024	0.805	4 th
Converted from hospitals.	10	08	08	07	09	3.071	0.614	5 th
Converted from commercial properties.	09	09	08	06	10	3.024	0.605	6 th
Converted from other classes of properties.	08	09	09	08	08	3.024	0.605	6 th

Source: Field Survey, 2023

Table VII depict the nature of investment in short-term rentals housing. Nature of how investors participate in the short-term rentals housing market was examined. Conversion of residential properties to short-term rentals ranked first with a relative importance index (RII) of 0.862. This finding corroborates the finding of Garcia-Lopez (2020). Regulation of the short-term rentals housing market through promulgation of laws and policies is done due to conversion of residential properties into short-term rental housing, which consequently lead to increase in rental value and reduction in housing supply (Gurran and Phibbs, 2017; Yeon et al, 2022). Conversion from hotel to short-term rentals housing ranked second with a RII of

0.843. This finding corroborates the finding of Gunasekaran (2012) who established conversion of hotels to short-term rentals housing. Purposely built sort-term rentals housing ranked third with a RII of 0.829. This finding corroborates the finding of (Wrede, 2022). Conversion from other forms of recreational properties to short-term rentals ranked fourth with a RII of 0.805, conversion from hospital ranked fifth with a RII of 0.614, conversion from commercial properties and conversion from other classes of properties ranked sixth with a RII of 0.605. Conversion of other classes of residential properties into short-term rentals housing will affect housing supply and consequently increase residential property rental value.

Table VIII: Factors Motivating Short-Term Rentals Housing Investment

Factors	Most Prominent	Prominent	Less Prominent	Rarely Prominent	Not Prominent	Mean	RII	Rank
High liquidity.	24	10	06	02	0	4.333	0.867	1 st
High rate of return of investment.	20	10	06	06	0	4.048	0.810	2 nd
Inflation proof.	15	13	12	01	01	3.952	0.790	3 rd
High rate of return on investment.	20	10	06	0	06	3.905	0.781	4 th
Capital Growth.	19	09	04	06	04	3.786	0.757	5 th
Low maintenance cost.	09	08	09	09	07	3.071	0.614	6 th

Source: Field Survey, 2023

Table VIII depicts factors motivating short-term rentals investors to invest in the sub-housing market. High liquidity ranked first with a relative importance index (RII) of 0.867. This is followed by high rate of return of investment with a RII of 0.810 and inflation proof with a RII of 0.790 and high rate of return on investment ranked fourth with RII of 0.781. Capital growth ranked fifth with a RII of 0.757 and low maintenance ranked sixth with a RII of 0.614. It can be inferred from the finding that it is easy to sell short-term rentals houses in the property market and this is the most prominent motivating factors influencing investors to invest in this sub-class of the housing market.

Table IX: Regulation of Short-Term Rentals Housing Market

Regulations	Frequency	Percentage
Regulated	0	0
Not-regulated	42	100
Total	42	100

Source: Field Survey, 2023

Table IX depicts regulation of short-term rentals housing market. The whole 42 respondents reveals that the short-term rentals housing market is not regulated. Non-regulation of the short-term rentals housing market is permitted due to the growing state of the sub-housing market. However, growth of the short-term rentals housing market will necessitate regulations on the long run as posited by (Valentin, 2020).

Table X: Types of Online Enlistment of Short-Term Rentals Housing in the Study Area

Enlistment	Frequency	Percentage
Airbnb	0	0
Booking.com	0	0
Others	0	0
No online enlistment	42	42
Total	42	100

Source: Field Survey, 2023

Table X depict enlistment of short-term rentals on online platforms. It was revealed that short-term rentals in the study area are not enlisted on online platforms like Airbnb. Koster, Ommeren and Volkhausen (2021) asserted that online platforms enhance growth of the short-term rentals housing market. The growing state of the short-term rentals housing market as posited in Table IX might be attributed to the non-enlistment of the short-term rentals housing units in the study area.

Conclusion

In summary, this study has evaluated short-term rentals housing market in Lagos, Nigeria. The result shows that short-term rentals housing market is growing in the study area. Block of flat is the most used type of residential property for short-term rentals in the study area. Also, block of flat has the highest occupancy rate among properties used for short-term rentals housing in the study area. Furthermore, the study revealed that the average rent per night of the various classes of properties used for short-term rentals increased steadily over a period of five years. Swimming pool is the facility that the users have the highest preference for in the short-term rental housing. The study established that conversion from other forms of residential properties to short-term rentals housing is the major source of short-term rentals housing investment. High liquidity is the major motivating factor for investing in short-term rentals housing. Short-term rental housing is not regulated or enlisted on any online platform in the study area.

The practical implication of converting residential properties to short-term rental housing is that it will reduce the quantity of housing supply in the housing market. Reduction in the quantity of housing supply as a result of conversion to short-term rentals housing will consequently lead to an increase in rental value of residential properties. Also, it will lead to decrease in housing accessibility and this will create a social problem of housing inaccessibility among the citizens. This necessitates the need for regulations of the short-term rentals housing as established by Valentin (2020). It is imperative to regulate the short-term rentals housing market in order to curb the negative effect of an uncontrolled short-term rental housing supply. This study has extended the body of knowledge by evaluating short-term rentals housing in an emerging economy.

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