

MACROECONOMIC FACTORS AND REAL ESTATE INVESTMENT IN NIGERIA

¹Ifebi Ogonna, ²Okeke Tabansi Callistus and ³Arc. Oluchi Ifedi

¹Department of Economics, Faculty of Social Science, Chukwuemeka Odumegwu Ojukwu University, Igbariam Campus, Nigeria

²Department of Economics, Nnamdi Azikiwe University, Awka,
email: okeket@unizik.edu.org

³Department of Architecture, Chukwuemeka Odumegwu Ojukwu University, Uli, Anambra State, Nigeria

Abstract

This study investigated the influence of macroeconomic factors on the real estate investment in Nigeria, using annual time series data from 1981 to 2017. The model of the study for analysis of its data was estimated with ordinary least squares (OLS) method. The variables of the study are real estate investment, inflation rate, rate of interest, exchange rate and money supply. The Johansen cointegration testing approach demonstrated a significant long-run relationship between these five variables. The main finding of the study is that macroeconomic variables have a strong influence on the real estate investment in Nigeria. The study also found that macroeconomic variables have significantly impacted on the real estate investment in Nigeria for the period of this study. Based on the findings of the findings, the study recommended that the government should adopt sound and stable macroeconomic policies to encourage positive growth in the real estate investment. Also, it is recommended that, a corrective measures to curb volatility in the macroeconomic variables should be adopted to avert its negative effect on the real estate investment.

Introduction

Globally, real estate investment has a leading role in the economic growth of any given economy. Real estate investment connotes the procurement, ownership, control, rental and sale of real estate for making of profit. (Cummings, 2010). Again, real estate investment due to its quality of providing returns on capital through income and other tangible benefits has been undertaken by the entrepreneurs (Baum & Crosby, 1988). According to Masika (2010), the role of real estate investment in creation of job opportunities, giving of shelter to individual households, improving income distribution and alleviation of poverty is paramount. Real estate investment requires huge capital outlay which is obtained from the conventional and contemporary sources. The financing of real the real estate investment become more problematic with the interplay of interest stringent repayment requirements, failure of past housing policies, rising cost of building materials, inadequate access to finance, and general economic situation combining to affect real estate investment in Nigeria (Oni, Emoh&Ijasan, 2011).

The activities of the real estate sector gives rise to the outcome of safe, comfortable, functional and affordable houses in a better setting within the neighbourhood, supported by regular rehabilitation of buildings for the day to day living activities of individuals or families within the community with equivalent reflection of socio-economic and cultural aspirations and preferences (UN- Habitat, 2009). There is a strong link network for encouraging economic growth in a stagnant economy and increasing the living standard of citizens. Thus a presupposed positive relationship exists between real estate investment and economic growth

as well as a country's level of development (Martin, 2005; Valadez, 2008, Igbinoba, 2011). This is a clear indication of the driving force of macroeconomic indicators on the real estate investment.

The variables that are crucial to the entire economy at any level which has impact on the larger population rather than few individuals are called "Macroeconomic factors". These variables which are closely studied by the policy makers, consumers and businessmen include output, inflation rate, unemployment rate, savings and investment are the economic key performance indicators in a given country (Khadilet *al*, 2012). According to Fisher (1993), a great deal in the field of macroeconomics is the interplay between different macroeconomic factors. The concern of the macroeconomic factors is the entire economy while that of the microeconomic factors is individual economic agents like consumers and businessmen in their various economic decisions.

The macroeconomic factors has influence on input and output prices in the economy during the short-run as well as on the rate of interest in the long-run. Also, the rates of interest influences the cost of capital which will invariably increase the value of real estate. The rate of unemployment influences personal income as well as the disposable income of the consumers which will be available for investment in real estate. Because this is a pertinent wellspring of internal equity capital, economic growth rate influences the local demand for national products, and the foreign exchange rate which influences the value of the domestic currency also affects the value of real estate investment as well as the demand for export (Juma, 2014). The activities in the real investment sector depend on the various impulses which lie on the financial as well as the economic condition of the country in question. A situation where the economic processes, activities and outputs of a country are influenced by the various macroeconomic variables is an instance (Winiewski, 2011).

Due to recession of 2016 and early 2017 as well as the attendant ensuing financial crisis in Nigeria, the real estate investment suffered a serious hit back which is evidenced in its contribution to the Gross domestic product in these years. For instance, the records from the country's Bureau of Statistics had shown a 0.77% increase in Nigeria's real GDP for the second quarters which was an improvement from the negative RGDP growth rate of -0.91% that is recorded in the first quarter of the same year. These observations RGDP growth rates in Nigeria were followed by more positive values of 1.40% and 1.92% for the third and fourth quarters respectively. However, the growth in Nigerian economy as shown above has been witnessed with a dwindling contribution of the real estate industry to the GDP. The sector closed 2017 with a -5.92% contribution to the country's GDP which is a significant drop from the -3.1% recorded in the first quarter. According to Shola (2018), the real estate analysts attributed the poor performance real estate industry to the restrictions placed on the availability of foreign exchange that influenced the construction industry, which is heavily import-based, and the unstable economic climate which has influenced the general desire to invest in the country's real estate sector. The primary cause of investment flop in real estate is due to the fact that investors move into a non-sustainable negative cash flow for a time period thereby subjecting to forceful reselling of the property at a loss (Lynn, 2007). Another reason for the flop of investment to the real estate sector which is known as flipping is sometimes linked to short term profit with less profit (Thalman, 2006).

The development of real estate investment in any economy has been influenced by numerous economic factors. These factors include; buying for speculation, excess demand for housing ownership, viewing residential estate as a safe shelter, band lending practices and low interest rate. Thus, the variables that influences the above mentioned factors like inflation, GDP, money

supply, international remittances are likely to affect the growth of real estate investment and other sectors in the country (Juma, 2014). The Nigerian real estate finance system has over the years remained largely under-developed and ill-equipped to mobilise and channel savings to the sector. This has hampered the rate of purchase, rental, construction and improvement in homes for the teeming population in Nigeria. This has worsen the challenge of real estate investment to meeting up with the housing needs of Nigerians (Igbinoba, 2011). The Federal Mortgage Bank of Nigeria in 2017 observed that meeting the affordable mass housing needs of Nigeria remains a major challenge, with estimated 17 million housing deficit in the country, which is anticipated to cost almost N60 trillion. A report from Nigeria National Bureau of Statistics showed that between 2016 and early 2017 that real estate sector contribution to GDP has been negative and on a decreasing rate. Also, the prices of real estate have been on the increase above the reach of an average Nigerians. According to Igbinoba (2011), a poorly performing real estate sector is a constraint to growth potentials of an economy. This can be more harmful to a developing country like Nigeria where the contribution of the sector is recorded to be -5.7% in the first quarters of 2017. Nigeria has seems to have one of the worst housing deficit condition in Africa due to her huge population size (Igbinoba, 2011). The main reason why significant proportion of the urban dwellers live in high density housing and environmental conditions is poverty which is a manifestation of lack of adequate housing in Nigeria and resulted in serious health hazard which is a threat to general productivity (Olotuah, 2009).

As a matter of fact, it is obvious that results from different researches have shown that various macroeconomic variables such as interest rate, inflation rate, unemployment rate, exchange rate and others influence the level of real investment in an economy. However, there has not been agreement on the nature of the relationship as well as the impact of these variables on the real estate investment in Nigeria. Thus, this study seeks to unveil the nature of relationship and impact of macroeconomic variables on the real estate investment in Nigeria spanning from 1986 to 2017 using quarterly time series data.

Statement of Problem

Real estate investors act as speculators in monitoring the rise and fall in the values of real estate in Nigeria with a sense of urgency to make a favourable investment in the sector. However, one would argue that as increasing values of real estate are definitely a motivating factor, changes in macroeconomic factors are also a factor to reckon with. These changes in macroeconomic factors are definitely less predictable than increasing value of the real estate and can move in different dimension as quick as possible. Thus, any minor shift in these factors can have a tremendous effect on financing estate investment and expected returns.

Numerous economic factors have been identified to influence the growth of real estate investment in developing countries. This growth in real estate investment could be measured in terms of the total costs of investing in real estate or the asking prices. Then, different factors are responsible for growth in this sense. For instance, the housing bubble is related with; extreme want for house ownership in an economy, speculative purchases other than shelter purpose, low rates of interest, seeing residential real estate as a safe haven, and bad lending practices. Therefore, the variables that influence the above factors like inflation, exchange rate, interest rate and money supply are bound to affect real estate investment and growth in the economy.

Objective of the Study

This study seeks to identify the influence of macroeconomic variables on the real estate investment in Nigeria from 1981–2017. However, the specific objectives which the study intends to achieve are;

- i. To identify the influence of macroeconomic variables on the real estate investment in Nigeria.
- ii. To ascertain the nature of relationship that exists between macroeconomic variables and Nigeria's real estate investment.

Statement of Hypotheses

To achieve our specific study objectives, the following null hypotheses were proposed;

- i. H₀₁: Macroeconomic variables have no influence on real estate investment in Nigeria.
- ii. H₀₂: Macroeconomic variables have no significant impact on real estate investment in Nigeria.

Theoretical Review

McKinnon and Shaw Theory

Increase in demand for investment for investment but not actual investment can occur, if real interest rates are kept below the market equilibrium. Low interest rates are insufficient to generate savings; it can even reduce savings especially if substitution effects dominate the income effect for households. Contrarily, low interest rates increases the expected profitability of investment projects by increasing the net present value of future earnings from the project. This theory rests on the assumptions that saving is an increasing function of real interest rate on deposits and real rate of growth in output, and that investment is a decreasing function of the real loan rate of interest and an increasing function of the growth rate (McKinnon & Shaw, 1973).

The above theory states that the nominal interest rate should be fixed administratively. It suggested that developing economies are fragmented; thus there is a greater likelihood of having investments that are less productive. Capital accumulation is discouraged by the fact for a high inflation rate, nominal interest rates are set too low and then real interest rates could be negative. As capital supply of banking sector is limited and banks have only specialized credit activities, people have to finance their investment projects by themselves or have to go to the informal sector where interest rates are often usurious (Juma, 2014).

Keynesian Theory

In the short run, particularly in the period of recession, total output is strongly influenced by total spending in the economy according to the view of Keynes (1936). He went further to argue that, aggregate demand does not necessarily equal to the productive capacity of the economy; rather, it is influenced by a host of elements and sometimes acts unpredictably by influencing production, inflation and employment. Repeatedly, the Keynesians argued that private sector decisions at times lead to inefficient macroeconomic outcomes which need active policy responses from the public sector, especially monetary policy actions by the central bank and fiscal policy actions by the government, so as to stabilise output over the business cycle. The policies here, focused on the needs in the short run and the process of immediate corrections to the economy through economic policies. Again, the government is regarded as the only reckoning force to overturn financial and economic downturns through fiscal and monetary policies, and providing aggregate demand to increase the level of output, facilitated through a stable financial system that can spur consistent economic stability. Finally, Keynes (1936) supported an alternative structure that includes direct government control of investment and opined that financial deepening can occur due to an expansion in government spending. Because higher interest rates decrease lower private investment, an increase in government spending promotes investments and decreases private investments simultaneously.

The financial theory of investment

The theory was developed by James Duesenbery. It is known as the cost of capital theory of investment. The accelerator theories ignore the role of cost of capital in investment decision by the firm. They assume that the market rate of interest represents the cost of capital to the firm which does not change with the amount of investment it makes. It means that unlimited funds are available to the firm at the market rate of interest. In other words, the supply of funds to the firm is very elastic. In reality, an unlimited supply of funds is not available to the firm in any time period at the market rate of interest. As more and more funds are required by it for investment spending, the cost of funds (rate of interest) rises. To finance investment spending, the firm may borrow in the market at whatever interest rate funds are available.

Determinants of Real Estate Investment

One of important criteria for investment decision is the matter of choosing sources, methods and possibilities increasing the value of investment in quote (Klimczak, 2010). Familiarity with sources of value as well as the variables which determine the value and effect on the attractiveness of a capital market segment in question, gives room for the capital owners to make effective and rational investment decisions. Matters relating to economic and physical properties of the estate that constitute its value are of great prominence for prospective investors on the real estate investment.

Inflation

There is inflation when the prices of commodities rise over time. Inflation cannot be measured by an increase in the cost of one commodity or even several commodities. Rather, it can be seen as the overall increase in the price level of the commodities in the country. Inflation is measured as an annual percentage rise in the prices. The available money in the hands of real estate investors loses value as inflation rises and this can negatively or positively affect real estate investment.

The effect of impact of inflation on the economy is diverse and can be positive or negative. But the more pronounced is the negative effect which involves a decrease in the total value of money as well as other monetary variables over time (Blanchard, 2000). Consequently, uncertainty about future inflation rates may hinder savings and investment, and when inflation levels increase rapidly, there may be decrease in real estate investment as investors begin to hoard out of anxiety that prices may rise in the near future (Kimani&Mutuku, 2013).

Exchange rate

Exchange rate is the value of one currency for the purpose of conversion to another (O'Sullivan&Sheffrin, 2003). It is the price of country's currency in relations to another currency. Therefore, exchange rate has two components, the domestic and the foreign currency, and can be quoted directly or indirectly. In a direct quotation, the price of a unit currency of currency is expressed in terms of the domestic currency (Mongeri, 2011). In an indirect quotation, the price of a unit of domestic currency is expressed in terms of the foreign currency. An exchange rate that does not have the domestic currency as one of the two currency component is known as a cross currency (Juma, 2014).

Exchange rate movements significantly affect the real estate investment due to its information content to the investors. If there are high volatility in the exchange rates, the exchange rate movement would rise, then the movements of the market return volatility would be high. Some researchers have concluded that there is a strong relationship between exchange rate volatility and interest rate volatility, while others have a contrary view (Otwoma, 2012). Most country's exchange rates are based on the US dollar and other currencies as the counter currency.

However, there are a few exceptions to the above assumption, currencies like the Euro and Common wealth currencies like the British pound, Australian dollar and New Zealand dollar (Monger, 2011).

Money Supply

Money supply is the total amount of monetary assets available in an economy at a particular point in time. Standard measures of money supply include monetary base, M1 and M2. Monetary base is the sum of currency in circulation, deposits held by banks and other depository institutions in their accounts at the Federal Reserve (Cummings, 2010).

Economists analysed the money supply and developed policies revolving around it by controlling interest rates and raising or decreasing the quantity of money flowing in the economy. Because of the money supply's impact on price level, inflation and the business cycle, public and private sector analysis is performed (Agenor & Alper, 2012).

Interest Rate

Interest rate has a major impact on the real estate investment. An investor's ability to invest in real estate can be greatly influenced by the changes in interest rate. This reason for this is that, as the interest rate decreases; the cost to obtain a mortgage for investment falls and this creates a higher demand for real estate property which leads to hike in prices. On the other hand, if the interest rate rises, the cost for obtaining a mortgage increases, thereby lowering demand and prices of real estate. However, when assessing the impact of interest on equity investment like real estate investment, other than on residential real estate; the relationship can be thought of as similar to a bond's relationship with interest rates. As the interest rates fall, the value of a bond rises due to its coupon which becomes more desirable, and when interest rates rises, the value of bonds falls. In the same vein, when the interest rate falls in the market, real estate investment's yield becomes more attractive and their values go up. As the interest rates rise, the expected return on the real estate investment becomes less attractive and this pushes their value down (Nguyen, 2011).

Empirical Review

The study of Apergis (2011) on housing prices and macroeconomic factors within the European Monetary Union analysed the dynamic effects of specific macroeconomic variables like housing loan rates, inflation and employment on the price of new houses sold in Greece. An error correction vector autoregressive model was used to identify the impact of macroeconomic variables on real housing prices. The findings of the study showed that the housing loan rate is the variable with the highest explanatory power over the variation of real housing prices, while inflation and employment were respectively ranked second and third.

A comparative study on macroeconomic effects on securitized real estate markets in Sweden and Switzerland was conducted by Rodenholm and Dominique (2013). The study identified the extent at which macroeconomic factors influence real estate stock prices before and after the outbreak of financial crisis in 2007. The findings showed that the macroeconomic effects on real estate stock prices differ among small economies and are inconsistent in a pre-crisis period. The factors which show some regularity in relation to the real estate markets are all share indices, term structure and real GDP per capita.

Renigier-Bilozor and Wisniewski (2012) studied the impact of macroeconomic factors on residential property and prices indices in Europe using Italy and Poland as a case study. Their study adopted quarterly time series data which constituted the material for empirical analysis. The findings of the study showed that the economic and financial situation of European countries affects residential property markets. Again, residential property markets are

connected despite the fact that they situated in different parts of Europe. Finally, it was found that the economic and financial crisis of countries has variable influence on prices of real estate. Using Slovenia as a case study, Golob, Bastic and Psunder (2012) analysed the impact factors of the real estate. The study found that economic growth, interest rates, construction quality, speed of real estate sales and accessibility of funding sources were significant factors in the real estate market. The researcher also included the expertise of investors, real estate owners, tenancy right holders, real estate users, administrators, managers, tenants, real estate agencies and companies, design and construction companies, as well as other individuals across Slovenia, with varying durations of work experience and varying education levels.

Muthee (2012) examined the relationship between economic growth and real estate prices in Kenya. The study identified that a relationship exists between the variables showing that a quarterly change in housing prices yields a quarterly change in GDP. The results from the analysis further indicated that property is a strong asset class which has been under exploited portfolios. It was also found that GDP growth, Inflation and unemployment show significant correlation with composite property returns.

Methodology

Theoretical Framework

There is a gap between the theory of investment and the models that have been specified for “developing economies” like the simple accelerator model, the liquidity theory and neoclassical flexible accelerator theory. This gap is because of the institutional and structural features of developing economies. The lack of well-developed financial markets, the greater role of the government in investment, the lack of reliable data on capital stock and other market imperfections characterize the economies of developing countries which restrain the application of theories of investment (Blejer & Khan, 1984). In recognition of the above, Martin and Wasow (1992) applied a variant of the flexible accelerator model in their study of Kenyan economy which laid much emphasis on the role of macroeconomic factors in explaining investment behaviour.

Model Specification

The long run steady state according to investment literature has it that;

$$K_t^* = \delta (Y_t^*) \dots \dots \dots 3.1$$

Where;

K_t^* = Private sector’s desired capital stock

Y_t^* = Expected output.

According to Gujarati (2007), gradual adjustment of actual to desired capital stock is obtained by using a local quadratic approximation to adjustment costs and the gradual change in actual stock is the investment function.

Thus, equation 3.1 can be represented thus;

$$I_t^* = \delta (\theta_t^*) \dots \dots \dots 3.2$$

Where;

I_t^* = Investment, and

θ_t^* = Variables that yields to Output which also influences investment decisions.

Transforming the model in 3.2 to suit the current study, we specify our mathematical model as;
 $REI = f(INT, INF, EXR, MS) \dots \dots \dots (3.3)$

Where;

REI = Real Estate Investment

INT = Interest Rate

INF= Inflation Rate

EXR = Exchange Rate

MS = Money Supply

Transforming equation (3.3) into an econometric model as;

$$\text{LogREI}_t = \beta_0 + \beta_1 \text{INT}_t + \beta_2 \text{INF}_t + \beta_3 \text{EXR}_t + \beta_4 \text{LogMS}_t + \mu_t \dots\dots\dots(3.4)$$

Where;

Log = Logarithm function

μ = Stochastic error term

t = Time period

β_0 : Intercept/constant term.

$\beta_1, \beta_2, \beta_3, \beta_4$, are the regression coefficients.

Data and Estimation Procedure

The study adopted quarterly time-series data sets for the period 1981-2017. The sources of data are the Central Bank of Nigeria Statistical Bulletin and National Bureau of Statistics. The study employs E-views 9.0 software for the tests and estimation of the model.

Augmented Dickey-Fuller (ADF) test will be employed to test for the presence or absence of unit root in the data as well as identifying their order of integration.

Cointegration test will also be conducted using Johansen Cointegration test to identify whether there are long run equilibrium relationship among the variables.

Ordinary least squares method (OLS) of the classical linear regression model is used to estimate the model of the study. The OLS was chosen for estimation because of the following reasons:

- i. The OLS is fairly easy to compute as compared to other econometrics methods,
- ii. The mechanism of the OLS is simple to comprehend and interpret,
- iii. Finally, the parameters estimated by the OLS method have some desirable optical properties. They are best, linearly and unbiased estimator (BLUE).

Analysis and Interpretation of Results

Unit Root Test

This test was carried out to determine whether our time series data have unit root or not, so as to avoid unreliable and spurious regression results. The most commonly and user friendly method of testing unit roots which is the Augmented Dickey Fuller (ADF) test shall be adopted in this study.

Table 4.1: ADF TEST RESULT

| Variables | Series | ADF t-Stat. | 5% Critical Values | Order of integration | REMARK |
|------------------------|----------------|-------------|--------------------|----------------------|--------------------------------|
| Real Estate Investment | LOG REI | -3.140754 | -1.952473 | I(1) | Stationary at first difference |
| Interest Rate | INT | -7.402895 | -1.950687 | I(1) | Stationary at first difference |
| Inflation | INFL | -2.971565 | -1.952910 | I(1) | Stationary at first difference |
| Exchange Rate | EXR | -6.634690 | -1.950687 | I(1) | Stationary at first difference |
| Money Supply | LOGMS | -3.195550 | -1.953381 | I(1) | Stationary at first difference |

Source: Author’s computation 2018 using E-view 9.0.

The Table 4.1 presents the results of Augmented Dickey Fuller test (ADF). The results from the above table showed that all the series (LOG REI, INT, INFL, EXR and LOGMS) have unit

roots. The implication is that all the variables were of I(1) order, this means that they all stationary at first difference. This led us to the test of presence or absence of co-integrating equations among the variables to identify whether long-run equilibrium relationships exist or not.

4.1 Cointegration Test

Table 4.2: Johansen Cointegration Test Result
Series: LOGREI INT INFL EXR LOGMS

| T6Null hypothesis | Trace statistic | 5% Critical Value | Prob** |
|-------------------|-----------------|-------------------|--------|
| None * | 82.56297 | 69.81889 | 0.0000 |
| At most 1 | 43.91105 | 47.85613 | 0.1119 |
| At most 2 | 25.25263 | 29.79707 | 0.1526 |
| At most 3 | 12.15714 | 15.49471 | 0.1495 |
| At most 4 | 3.277400 | 3.841466 | 0.0702 |

Source: Author’s computation 2018 using E-view 9.0.

The result of Johansen co-integration test in table 4.2 above showed that; only one (1) co-integrating equation exists at 5% significance level. The result suggests that real estate investment as long run equilibrium relationship with all the explanatory variables. The existence of co-integrating relationship among the variables rules out spurious correlations and applies that one direction of influence can be established among the variables.

Test of Hypotheses

Restatement of Null Hypothesis One

H₀₁: Macroeconomic variables have no influence on real estate investment in Nigeria.

Table 4.3: OLS Regression Result

| Dependent variable: LOGREI | | | | |
|---|-------------|------------|-------------|--------|
| Method: Ordinary Least Squares (OLS) | | | | |
| Period of study: 1981 – 2017 | | | | |
| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
| C | 511.0032 | 59.62161 | 8.570771 | 0.0000 |
| INT | 29.41844 | 4.977468 | 5.910322 | 0.0000 |
| INFL | 2.779651 | 1.426478 | 1.948612 | 0.0533 |
| EXR | 7.018338 | 0.543534 | 12.91243 | 0.0000 |
| LOGMS | 0.178648 | 0.006263 | 28.52304 | 0.0000 |

R-squared: 0.967657**F-statistic:** 1069.585

Durbin–Watson stat: 0.179200**Prob. (F-stat):** 0.000000

Source: Author’s computation 2018 using E-view 9.0.

Decision One

Given the R² value of 0.97 which shows that the explanatory variables (interest rate, inflation, exchange rate, money supply) explain about 97% variation in the dependent variable (Real estate investment), we reject the null hypothesis and accept the alternative. This implies that the macroeconomic variables represented in the have a strong influence on the real estate investment in Nigeria. Thus, fluctuations in the macroeconomic variables will always determine the level of investment in the real estate. To confirm the strong relationship between the real estate investment and macroeconomic variables in Nigeria, the prob.(F-stat) value of 0.000000 shows that the overall test is statistically significance at 5% level.

Restatement of Null Hypothesis Two

H₀₂: Macroeconomic variables have no significant impact on real estate investment in Nigeria.

Decision Two

The result in table 4.3 above shows that the prob. values of all the explanatory variables were less than 5%, thus, we reject the null hypothesis and accept the alternative that macroeconomic variables have significant impact on the real estate investment in Nigeria. The result further shows that the macroeconomic variables in Nigeria have a significant positive relationship with the real estate investment. Thus, adoption of economic policies that positively influence macroeconomic variables will also lead to a positive increase in the real estate investment growth.

Conclusion and Policy Recommendation

This study presents an empirical analysis of the impact of macroeconomic variables on the real estate investment in Nigeria. Quarterly time series data from 1981 to 2017 was used in the study. ADF unit root test was employed to test for the unit root in the series, while Johansen cointegration test was adopted to investigate the long-run equilibrium between the real estate investment and macroeconomic variables. The findings showed that; all the variables were stationary at first difference and that a long run relationship exist between the real estate investment and macroeconomic variables in Nigeria.

The result from the OLS regression analysis showed that; macroeconomic variables have a strong influence on the real estate investment in Nigeria. Also, it was observed that macroeconomic variables have positive and significant impact on the real estate investment. The implication of these results is that for sustainable growth in the real estate investment to take place, there is need for the adoption of sound and promising macroeconomic policies in the economy.

Based on these findings, it is recommended that the government should adopt sound and stable macroeconomic policies to encourage positive growth in the real estate investment. Also, a corrective measures to curb volatility in the macroeconomic variables should be adopted to avert its negative effect on the real estate investment.

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