Real Estate Investment as a Panacea for Economic Instability in Nigeria: Evidence from Northeastern States of Nigeria

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Abstract. Real estate investment is an emerging business in many countries of the world. Real estate investment was thoroughly investigated to come up with solution faced by the transaction of land and building. Real estate investment is strictly related to the housing price. It has been pointed out by many researchers that the housing price is affected by many factors, such as interest rate, land supply, government policies and inflation rate. The research highlighted most important aspects of the outcomes. An increase in international real estate capital flows could foster increasing demand for stronger institutions across a global real estate market. The method adopted in this research was quantitative through which 100 questionnaires were developed and distributed within the study area (Bauchi, Gombe, Adamawa and Yobe States). The simple percentage was used to analyzed the data collected. The research is exploratory in nature; hence, a non-probability purposive sampling technique was used for the study. The finding of the research vindicated that real estate investment has a significant role in sharpening the economy of the region, and also the findings revealed that real estate investment opportunity is huge. And again for suggested that housing provision cannot be realized only by private individual excerpts through government intervention. The study concludes that real estate investment, if explore it will create a reliable return to the investment owners, the benefits that can be derived from real estate investment, has been revealed by this study. The study also highlighted that private developers are key important for real estate investment in Nigeria. The conclusion drawn by this research shows that real estate investment has a capacity of transforming economic hardship in the country.

Keywords: real estate investment; land; speculator; developer; projects.

INTRODUCTION

Real estate investment is among the key investment that enables the investor to recover his investment as at when due [2, 8, 10, 24]. For any investment to flourish one has to make any aspect of the business feasibility and viability studies for proper dealings and carefulness from avoiding fraudulent business, real estate business has less harm if the owner or the buyer makes a proper investigation of the subject matter. An increase in international real estate capital flows could foster increasing demand for stronger institutions across global real estate market [2, 13, 28, 31, 37]. A number of article have argued that real estate investment has realized tremendous positive abnormal risk adjustment returns [13], return on real estate investment is certain as rent or prestige as indicated by [32]. Sale or lease of parcel of land by a speculator or prospective seller to willing buyer entails good returns to the seller and asset possession to the willing buyer. Another good aspect of investment on real estate is tenants selection [18, 29, 6, 40, 38, 7, 28, 31, 37].

However, real estate investment is strictly related to the housing price. It has been pointed out by many researchers that the housing price is affected by many factors, such as interest rate, land supply, government policies and inflation rate [4, 19]. A major part of this research is concentrated on the solution to economic hardship when investing in real estate, in order word economic viability of real estate investment. More again, recent urbanization of Nigerian cities also help in real estate returns through rent and sale of houses [34, 43]. While a great deal of attention is given to real estate investment policies worldwide concerned with such areas as forest management, coastal zone management, environmental sustainability and managing the urban environment, less attention is given to the infrastructures which facilitate the implementation of the associated policies and programs [5, 9, 11, 36]. While positively much is known about the economic and social implication of real estate investment among the populace of urban and cities centers in Nigeria [14]. Even though, the processes involved in marketing survey for prospective buyers are many, this may be through registered estate agents, real estate brokers or real estate neighbours.

Real Estate Investment Dimension

As indicated above that real estate investment has been condoned globally as an aspect of investment with very minimal risk [16, 17, 41]. Real estate investment create employment to citizen and beautified new cities [44]. The dimension postulated by real estate investment is regulated by law of supply and demand [26]. Housing provisioning is the key factor to determine how successful an economy is. Adoption of real estate investment by private organisations elevates the level of an economy, it has been recorded that real estate investment helps in promoting decent living in Nigeria [31, 32].

Real estate investment go hand in hand with stock market in providing shareholders with a lot of benefits and creation of entrepreneurship [4, 20]. The main method of conveying real estate investment has been through leasing, selling and mortgaging [27]. Leasing has safeguarded cities' regulation over type of land use and semi-urban and urban development, also in the forthcoming. Maintaining the planning regulations in the hands of professionals' town planners has tremendous advantage in sanitizing urbanization.

MATERIALS AND METHODS

Primary data was employ through structure questionnaire was used to fetch information. From 100 respondents who were private developer within Bauchi, Gombe, Adamawa and Yobe States. Simple percentage was used to analyzed the data collected. This research is exploratory in nature; hence, a non-probability purposive sampling technique was used for this study as is in line with the work of [12]. A total of 100 questionnaires (25 questionnaires for each State) were distributed to private developers in Bauchi, Gombe, Adamawa and Yobe States. Such States were chosen partly for convenience sake. The questions were a mixture of open ended and close ended questions (Figure 1).
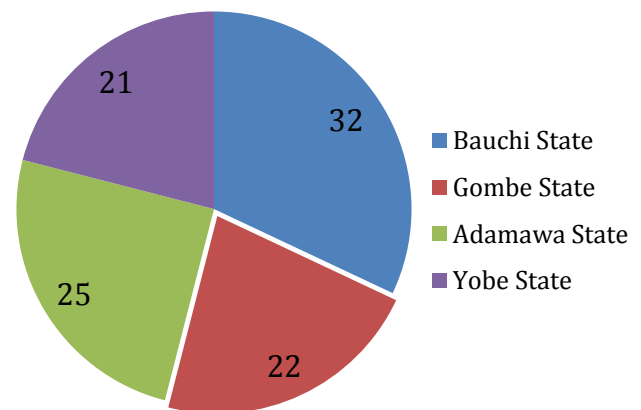

Figure 1 − Percentage of Questionnaire retrieved from Study Area

From the Figure 1 Bauchi states has the largest number of respondents with 32 %, then followed by Adamawa State with 25 %, followed by Gombe State with 22 % and the lowest was Yobe State with 21 %. These shows that private developer in Bauchi State are more of up and doing than other States in Study area.

Figure 2 above revealed none of States reached 50 % of their projects completion which shows that a striding efforts needs to be concerted so that housing should be adequate in the country. Only Adamawa State has the highest percentage of projects completion within the duration of this study, followed by Bauchi State with 30 %, Gombe State 18 % and Yobe State 12 %.
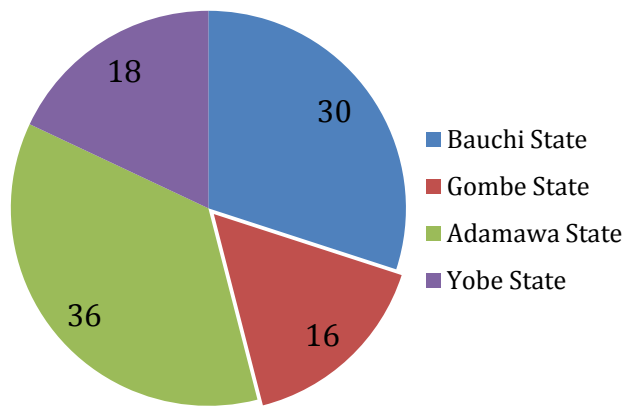
Figure 2 – Percentage of Properties developed within 2014-2016 in the study Area

RESULTS AND DISCUSSION

Findings of this research revealed that up till now there is low pace for projects completion in Nigeria due to numerous factors, this are in relation with the work of [23, 36]. It was understood that Nigerian property market was the best in the African sub-region but lack adequate records [42, 35]. As such, housing provision for all would be of great difficult as reiterated by [15]. Real estate investment in most of this States shows that viability of the business is not fast coming as indicated in Latvia by [22], the real estate investment owners in the study area are confronted with many problems such as, high price of building materials, tenants selection, government policies, fraudulent land transaction, etc. as revealed in [4, 25]. It was gathered in this research that real es-

tate investment in the study area contributes in housing provision as revealed in [35]. The percentage of the developed projects shows the viability of real estate investment in Nigeria as indicated by [1] and [33]. But study by [39] suggested that housing provision cannot be realized only by private individual excepts through government intervention. However, this assertion is against [3, 6, 30, 32]. Relatively, the outcomes of this research revealed that real estate investment has opportunity of providing employment to many unemployed youth this proclamation is in agreement with the work of [21].

CONCLUSION

This research study concludes that real estate investment if explore it will create reliable return to the investment owners, the benefits that can be derived from real estate investment has been revealed by this study. This study has shown that government policy should be enacted to create more viability to the business. The study also postulated that economy of a nation can be enhanced if property markets are well coordinated. It also concluded that building materials should be manufactured locally so that the cost would be minimize. The study also highlighted that private developers are key important for real estate investment in Nigeria. The conclusion drawn by this research shows that real estate investment has a capacity of transforming economic hardship in the country.

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APPENDICES

Figure A.1– Building sites in Bauchi

Figure A.2 – Building sites in Gombe

Figure A.3 – Building Sites Yola, Adamawa

Figure A.4 - Building Site in Damaturu, Yobe State