

CLIMATE SHOCKS AND REAL ESTATE INVESTMENT RISK IN DEVELOPING COUNTRIES: CASE STUDY OF NIGERIA

Muhammad Umar Faruk

University of Pécs, Faculty of Business and Economics, Rákóczi út 80, 7622 Pécs, Hungary,
ufarukmuhd84@gmail.com

ABSTRACT

Real estate sector is one of the most lucrative and fastest-growing investments in Nigeria, apart from the oil sector. It employed about 42% of the labour force and contributed significantly to the Gross Domestic Product (GDP) in the country. However, the sector has been experiencing disruption from the effect of climate shocks. Climate change has been widely acknowledged across the globe with devastating effects on various sectors of the economy. These shocks include among the flooding, erratic rainfall, storms, rising temperature, carbon emission, droughts e.t.c. this pose the question if the investment still viable in this area? The uncertainty with greater dispersion in real estate returns and limited economy life cycle due to climate shocks This study aims to examine the effect of climate shocks on the real estate investment risks with the view to understanding the implications that characterized the climate risks to real estate investment decision in the developing countries. This study will employ an integrated methodological approach combining GIS-based hazard mapping, inferential statistical analysis, system dynamic modeling, and qualitative stakeholder inquiry to detect, measure, and explain climate-driven investment relocation The study intends to collect data through secondary sources and compared the relationship and effect of these climate variables to the real estate investment risks.

Keywords: Climate variables, GDPreal estate, regression analysis, temperature, precipitations.