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RESEARCH ARTICLE

FINANCIAL GEARING AND ITS EFFECT ON REIT COST OF CAPITAL: EVIDENCE FROM NIGERIA

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***Abstract*:** This study investigated the capital structure choices of Nigerian Real Estate Investment Trusts (NREITs) from 2010-2022, focusing on their debt-equity ratios, return on assets, and return on equity. Three NREITs were analyzed using descriptive and inferential statistics, employing regression analysis and Levene's t-test. Findings showed that NREITs deviated from the pecking order theory regarding capital structure. No substantial correlations existed between debt-equity ratio, shareholder equity, and returns. The tradeoff theory explained NREITs' capitalization best. Firm-level solvency ratios indicated sustainable performance. Despite financial leverage having minimal effect on NREIT returns, this study offers valuable guidance for managers and policymakers concerning optimal capital structures and value generation. Further research should consider macroeconomic factors and various REIT sectors.

Keywords: *Capital structure decisions, Debt-equity ratio, Real Estate Investment Trusts (REITs), Return on assets, Return on equity.*

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INTRODUCTION

Real Estate Investment Trusts (REITs) are investment companies that own, operate or finance income-generating real estate properties with a primary objective of distributing most of their taxable income to shareholders as dividends. The unique feature of REITs is their ability to leverage their operations through debt financing, which enhances their returns to investors while maintaining a stable cash flow stream. This financial structure, known as gearing or leveraging, plays a crucial role in determining the cost of capital for REITs.

Real Estate Investment Trusts (REITs) have emerged as a popular investment vehicle for real estate investors in many developed economies, offering liquidity, diversification benefits, and tax advantages. However, the adoption of REIT structures has been relatively slow in emerging markets like Nigeria due to various challenges such as regulatory uncertainties, limited capital markets development, and high-interest rates (Nebo *et. al.,* 2023; Omokhomion, 2023).

One critical factor that influences the attractiveness of investing in REITs is their cost of capital (Carstens and Freybote, 2020; Eichholtz *et. al.*, 2019). This represents the minimum rate of return that an investment must yield to make it attractive to potential investors. It reflects the opportunity cost of foregone investments and the risk associated with the investment. In the context of REITs, understanding the determinants of cost of capital is crucial for both investors and policymakers seeking to promote the growth of the sector.

Financial gearing, also known as leverage, plays a significant role in determining the cost of capital for REITs (Abdul Rahim *et. al.*, 2021; Madaza and Sebehela, 2021). It refers to the use of borrowed funds to finance investments. Several studies have investigated the relationship between financial gearing and the cost of capital for REITs in developed markets such as the United States, Europe, and Asia. For instance, while financial gearing can enhance

returns during favorable market conditions, Wong & Reddy (2018) aver that it increases financial risks, particularly interest rate volatility and refinancing risks. However, there is limited research focusing on this issue in emerging economies like Nigeria. Therefore, understanding how financial gearing affects the cost of capital for Nigerian REITs is essential for stakeholders involved in the industry.

Nigeria's real estate sector has been growing rapidly over the past decade due to increasing urbanization, population growth, and government initiatives aimed at attracting foreign investments (Jiboye *et. al.,* 2020). In response to these market conditions, the Securities and Exchange Commission (SEC) of Nigeria introduced the REIT regime in 2008 to encourage domestic and international investments in the country's real estate sector.

As of now, only three REIT companies, Union Homes, Sky Shelter Fund, and UPDC REIT, are listed on the Nigerian Stock Exchange. Given the nascent stage of the Nigerian REIT industry, understanding the factors influencing their cost of capital becomes even more critical for both local and foreign investors.

This study aims to contribute to the literature by examining the relationship between financial gearing and the cost of capital for REITs listed on the Nigerian Exchange Limited (NGX). We hypothesize that there exists an inverse relationship between financial gearing and the cost of equity capital for Nigerian REITs. This is driven by our expectation that higher levels of debt financing will lead to lower costs of equity capital due to the tax shield benefit derived from interest payments.

Conversely, we anticipate a positive relationship between financial gearing and the cost of debt capital, reflecting increased credit risk associated with higher debt levels. Our analysis employs a regression model to estimate the cost of capital components based on data obtained from annual reports of listed Nigerian REITs over the period 2010–2022. This paper's findings could inform policy decisions aimed at promoting the growth of the Nigerian REIT sector while managing related risks effectively.

Objectives of the Study

- To ascertain the relationship between debt-equity ratio and return on assets of N-REITs.
- To determine the relationship between shareholder equity and return on equity of N-REITs.

Justification of the Study

Housing deficit in Nigeria is a pressing issue, with concerns raised by policymakers, academics, and stakeholders (Ewurum et al., 2020). Macroeconomic factors such as inflation and weak mortgage institutions exacerbate the problem, making it challenging for individuals to invest directly in real estate.

Indirect real estate investments, specifically Real Estate Investment Trusts (REITs), present a promising solution for large-scale real estate development. With over 18 million housing units needed to bridge the gap based on World Bank statistics (2019), understanding the determinants of REIT returns, particularly financial gearing, is crucial.

Financial gearing significantly impacts stock returns due to its implications for investment capitalization, diversification, expansion funding, and attractiveness to external investors. Previous research suggests that optimal financial gearing can lead to enhanced sector growth and improved corporate sustainability. However, the applicability of financial gearing theories-tradeoff, market timing, and pecking order-to NREITs remains unexplored.

Most existing literature focuses on general stocks rather than REITs, necessitating this study. Additionally, debates surrounding the relationship between financial gearing and returns add importance to our investigation. Therefore, this study examines the viability of applying trade-off, market timing, and pecking order financial gearing approaches to predict NREIT stock returns.

THEORETICAL FRAMEWORK

The body of research dedicated to exploring the concept of financial gearing has largely built upon the foundational work of Modigliani and Miller (1958). Their seminal study proposes that the capital structure

employed by a firm does not impact its returns in an ideal market devoid of transaction costs, taxation, bankruptcy expenses, and with readily available and accessible information.

Interestingly, despite subsequent studies challenging this hypothesis, the sheer abundance of research has not discredited it entirely. Instead, a state of contention has emerged, resulting in empirical disagreements regarding the presence and nature of any association. Nonetheless, it is precisely this contention that renders the study a compelling endeavor. Therefore, this section aims to examine the aforementioned theory, offering a solid foundation for investigating its implications on real estate investment trusts in Nigeria.

Capital Structure Theory (M-M Theory)

The proposition put forth by Modigliani and Miller (1958) has given rise to what is commonly referred to as the M-M Theory in literature. This theory posits that the value of a firm is independent of its capital structure.

To fully grasp the implications of this theory, let us expand upon its assumptions:

- Regardless of whether a firm is predominantly equity-financed, debt-financed, or a combination of both, its overall value remains constant.
- The weighted average cost of capital remains unaffected across different capital structure levels.
- Instead, firm value is determined by factors such as returns, as well as idiosyncratic and systematic risks.

Under these assumptions, the financing model adopted by a firm does not impact its returns. However, the issue of financing models and capital structure continues to be a topic of significant debate in empirical economics, primarily due to numerous studies that challenge the assumptions of the M-M Theory, yielding conflicting results (Lucas *et. al.*, 2021; Mbonu *et. al.,* 2021; Mota *et. al.,* 2017; Onuorah *et. al.,* 2016; Trinh *et. al.,* 2017; Vo, 2017; Yinusa *et. al.,*, 2017).

Among various explanations put forth in existing research, the primary reason for challenging the M-M Theory is the non-existence of perfect markets. Indeed, it is rare to find a market devoid of taxation, transaction costs, bankruptcy expenses, and other similar factors, even though some markets in developed economies exhibit adequate availability and accessibility of information. This study aligns with the argument by investigating the validity of the M-M Theory within the specific context of real estate investment trusts in an emerging market, such as Nigeria.

Empirical Review

To align with the objectives of the study, a comprehensive review of empirical research available in indexed journal databases was conducted to examine the relationship between the variables of interest. Since the influential work of Bhabdari (1988), a significant body of literature has emerged that examines the association between the variables under investigation. However, despite the substantial volume of research, the nature of this relationship remains ambiguous. This lack of clarity can be attributed to various factors such as geographical location, industry dynamics, methodological differences, and other unique variations.

Given the diverse and sometimes conflicting outcomes of these studies, this research seeks to explore the existing empirical works on the subject matter. By doing so, it aims to establish a framework for measuring and understanding the issue as it specifically pertains to real estate investment trusts in Nigeria. To facilitate a clear presentation of the arguments, the relevant studies will be organized and summarized in Tables 1 and 2, in line with the objectives of this study.

Table 1: Empirical works on debt-equity ratio and return on assets

Author (Year)	Aim	Area	Methodology	Findings, Conclusion	Research Gap
Rünger *et. al.* (2019)	Determine the effect of debt-equity ratio on	Listed construction companies in Indonesia	Purposive sampling Multiple	No significant effect	Inadequate coverage of the relationship as it concerns NREITs

	return on assets		Linear Regression T-test F-Test Partial Regression		
Yusuf *et. al.* (2021)	Relationship between capital structure and profitability	Conglomerate, consumer goods, and financial services firms quoted in Nigeria Stock Exchange	*Ex post facto* Correlation Regression (2000 to 2011)	Not significant	Inadequate coverage of the relationship as it concerns NREITs
Ullah and Shah (2014)	Impact of financial leverage on abnormal stock returns	Stocks listed on the Karachi Stock Exchange, Pakistan	Fixed Effects Regression (2005 to 2014)	Positive effect	Inadequate coverage of the relationship as it concerns NREITs
Nwude *et. al.* (2018)	Influence of financing mix on the performance of commercial banks, and the causal link between debt-equity ratio.	Nigeria	Correlation Pooled OLS Regression Fixed Effect Panel Analysis Random Effect Panel Analysis Granger Causality Test Restricted F-Test Hausman Test	Significant negative effect Equity is preferred because it had significant positive effect on returns	Inadequate coverage of the relationship as it concerns NREITs
Kartikasari and Merianti (2016)	Effect of leverage and the size of a company to its profitability.	Listed manufacturing companies in Indonesia	Panel Data Regression Analysis (2009 to 2014)	Significant positive effect Higher debt preferred	Inadequate coverage of the relationship as it concerns NREITs
Maula *et. al.* (2019)	Effect of Return on Assets, Leverage, Size, and Capital Intensity to tax avoidance.	48 real estate firms listed in the Indonesian stock market	Multiple regression (2013 to 2017)	Significant effect	Inadequate coverage of the relationship as it concerns NREITs

Nassar (2016)	Impact of capital structure on the financial firm performance	Listed industrial companies in Turkey	Regression (2005 to 2012)	Negative significant relationship	Inadequate coverage of the relationship as it concerns NREITs
Uremmadu and Onuegbu (2019)	Impact of capital structure on corporate performance	Nigeria	Ordinary Least Square Regression	Negative insignificant impact	Inadequate coverage of the relationship as it concerns NREITs
Woldemariam (2016)	Impact of capital structure on financial performance	Commercial banks in Ethiopia	Regression (2011 to 2015)	Significant negative impact	Inadequate coverage of the relationship as it concerns NREITs
Murniati (2016)	Effect of capital structure proxy for debt to asset ratio (DAR) and the debt to equity ratio (DER), company size and profitability are proxied by return on assets (ROA), return on equity (ROE) and net profit margin (NPM) to the stock price	Listed food and beverage companies in Indonesia	Purposive sampling Multiple regression (2011 to 2014)	Significant positive effect	Inadequate coverage of the relationship as it concerns NREITs
Salamat et al. (2016)	Relationship between capital structure and stock return	Industrial firms listed in the Amman Stock Exchange, Jordan	Panel data regression (2007 to 2014)	Significant negative effect	Inadequate coverage of the relationship as it concerns NREITs
Putri and Rahyuda (2020)	Effect of capital structure with the Debt to Equity Ratio proxy, sales growth with Sales Growth proxy and profitability with Return on Asset proxy on firm value with direct	Listed industrial companies in Indonesia	Multiple Regression (2013 to 2018)	Significant negative effect	Inadequate coverage of the relationship as it concerns NREITs

	and indirect Price Book Value proxy using Return on Asset as a variable intervening.				
Nasimi (2016)	Effect of capital structure on firm profitability.	Firms listed on the FTSE-100 index of the London Stock Exchange.	Multiple regression (2005 to 2014)	Negative significant impact	Inadequate coverage of the relationship as it concerns NREITs
Mahdaleta *et. al.* (2016)	Effect of capital structure and profitability on corporate value by company size as the moderating variable	46 manufacturing companies listed on Indonesia Stock Exchange	Multiple linear regression (2012 to 2014)	Significant negative effect	Inadequate coverage of the relationship as it concerns NREITs
Pointer *et. al.* (2019)	Predictors of ROA and ROE for banks and insurance firms listed on the Vietnamese stock market.	Vietnam	OLS regression	Significant negative effect	Inadequate coverage of the relationship as it concerns NREITs

Table 1 presents a compilation of empirical studies that explore the relationship between the debt-equity ratio and the return on assets of listed firms across various industries on a global scale. The findings from Table 1 suggest a prevailing negative association between the debt-equity ratio and the return on assets. This observation raises the question of whether this negative relationship holds true for real estate investment trusts (REITs) in Nigeria. If not, it prompts an inquiry into the actual situation concerning the REIT market in the country. Objective two of this study is dedicated to investigating this query in a consistent manner.

Moving on to Table 2, it provides an examination of empirical literature that specifically focuses on the relationship between shareholder equity and return on equity.

Table 2: Studies examining associations between shareholder equity and return on equity

Author (Year)	Aim	Area	Methodology	Findings and Conclusion	Research Gap
Singh and Bagga (2019)	Effect of capital structure on the profitability	50 firms listed on the Indian stock exchange	Correlation Multiple panel data regression (2008 to 2017)	Significant positive impact Supports the Pecking-order hypothesis	Inadequate coverage of the relationship as it concerns NREITs
Zafar et al. (2016)	Consequence of capital structure on execution of Pakistani banks.	25 banks listed in the Pakistani stock exchange	*Ex post facto* Multiple Regression	Positive relationship Supports Pecking-order model	Inadequate coverage of the relationship as it concerns NREITs

Gayathridevi (2017)	Relationship between capital structure and shareholders' returns	Listed automobile firms in India	Regression (1999 to 2014)	Significant and positive impact	Inadequate coverage of the relationship as it concerns NREITs
Ayuba *et. al.* (2019)	Effects of Financial Performance, capital Structure and Firm Size on Firms' Value	27 quoted insurance companies in Nigeria	*Ex post facto* Tobin's Q Regression (2012 to 2017)	No significant effect Supports MM Theory Recommends use of short-term debt capitalization	Inadequate coverage of the relationship as it concerns NREITs
Noor and Imar (2018)	Influence of capital with Capital Adequacy Ratio (CAR) indicator, liquidity with Loan to Deposit Ratio (LDR) and profitability indicators with Return on Equity (ROE) to Share Price	PT Bank Danamon Indonesia	*Ex post facto* Multiple linear regression (2011 to 2016)	No significant effect	Inadequate coverage of the relationship as it concerns NREITs
Malik *et. al.* (2016)	Trade-off between liquidity and profitability in private sector banks of Pakistan.	Pakistan	*Ex post facto* OLS regression (2009 to 2013)	Relationship not significant	Inadequate coverage of the relationship as it concerns NREITs
Kharatyan *et. al.* (2017)	Determinants of return on equity	90 largest nonfinancial firms on NASDAQ-100	OLS DuPont Model	Relationship not significant	Inadequate coverage of the relationship as it concerns NREITs
Bunea *et. al.* (2019)	Financial indicators that strongly affect the return on equity (ROE)	Romanian energy sector	Linear regression model	Significant relationship	Inadequate coverage of the relationship as it concerns NREITs
Kharatyan *et. al.* (2016)	Determinants of return on equity	NASDAQ-100	OLS	Not significant	Inadequate coverage of the relationship as it concerns NREITs

Table 2 provides empirical findings related to the third objective of the study, which focuses on the impact of shareholder equity on the return on equity of listed firms across various industries globally. The results indicate a mixed outcome in terms of the relationship, with some findings being significant and others not. However, it is worth noting that when the relationship is found to be significant, it tends to be positive.

The significance of these results in the context of real estate investment trusts (REITs) in Nigeria is a key inquiry addressed by this study in accordance with objective three. Upon reviewing the existing literature, particularly the empirical review section, a significant gap was identified.

Many of the studies on this topic did not specifically examine REITs, and even in cases where REITs were included, there was a limited representation of Nigerian REITs (NREITs). This scarcity of research poses a challenge for conducting an empirical review on the constructs of financial gearing and REIT returns, as there is a lack of substantial research available to the researcher.

The study finds this scarcity concerning, especially considering the growing housing deficit in the country and the financial constraints hindering direct real estate investments in Nigeria. Additionally, it is discouraging that the Nigerian REIT market,

which was established in 2008, lags behind its South African counterpart in terms of market capitalization, share volume, global recognition, and the number of firms. To address this gap in the literature, the study aims to conduct a microanalysis of the problem specifically pertaining to real estate investment trusts in Nigeria.

METHODOLOGY

The study adopts an Ex-post facto research design, which is an observational study approach where the researcher analyzes existing data or records to investigate the relationship between variables after they have occurred (Goodman-Scott *et. al.,* 2022; Rafiu, 2019). In this particular study, the existing data utilized consists of the financial statements of Nigerian real estate investment trusts (NREITs) from 2010 to 2022. The variables of interest will be extracted from these documents for further analysis.

The selection of this research design is based on the availability of secondary data, which allows for the examination of the relationship between independent and dependent variables over an extended period, akin to panel data analysis (Hyndman *et. al.*, 2019; Itani *et. al.*, 2020). This approach enhances the validity of the study by preventing any manipulation of variables by the researcher. Consequently, the data is considered reliable, leading to credible results.

The study collected data from secondary sources, specifically from real estate investment trusts (NREITs) in Nigeria. This approach aligns with the chosen ex-post facto research design, which relies on published data from annual reports and financial statements of listed companies, including REITs (Goodman-Scott *et. al.,* 2022; Hyndman *et. al.,* 2019; Itani *et. al.,* 2020; Rafiu *et. al.* 2019).

To provide a comprehensive understanding of the relationship among the variables of interest, panel data was utilized. This panel data encompassed information on short-term and long-term liabilities, total assets, shareholder equity, return on assets, return on equity, and earnings per share of NREITs over a 12-year period from 2010 to 2022. By examining this data, the study aims to present a holistic picture of the relationship among these variables, in line with the arguments put forth by Mohammad et al. (2020), Okoro (2017), and Yahaya *et. al.* (2019).

The population of this study consists of three real estate investment trusts (REITs) in Nigeria: Union Homes, UPDC, and Sky Shelter Fund. These three REITs were selected based on certain criteria, including being the only registered REITs listed on the Nigerian Stock Exchange and recognized by the Securities and Exchange Commission throughout the study period (SEC, 2022). The unit of analysis for this study will be the year-end financial statements of these three NREITs.

In terms of sampling, the study employed a holistic sampling approach. This approach was chosen due to the availability and manageability of the data, making it unnecessary to determine a sample size using a specific formula.

Model Specification

In specifying the models, the study utilizes acronyms to represent the study variables and their corresponding proxies. These acronyms are as follows:

Independent Variable

FG= Financial Gearing

Independent Variable Proxies

DE_R=Debt-Equity Ratio
E_S=Shareholder Equity
S_F=Firm-level Solvency

Dependent Variable

Rets=REIT Returns

Dependent Variable Proxies

ROA=Return on Assets
ROE=Return on Equity
CS=Corporate Sustainability

Model Development

In order to develop the model in line with the research hypotheses, the study adopts Ordinary Least Square (OLS) regression analysis, as suggested by Mohammad et al. (2020), Okoro (2017), and Yahaya et al. (2019). The regression model is represented by Equations 1 to 3.

Equation 1 represents the aggregated model, which provides a consolidated analysis of the variables:

$$ret=f(FG) \quad (1)$$

Equations 2 and 3 further broaden the research model in line with the research hypotheses.

H_1: There is a significant relationship between debt-equity ratio and return on assets of N-REITs. This is expressed as follows:

$$ROA = \beta_0 + \beta_1 DE_{Rt1...12} + \varepsilon \quad (2)$$

H_2: There is a significant impact of shareholder equity on return on equity of N-REITs. This is expressed as follows:

$$ROE = \beta_0 + \beta_2 L_{Pt1...12} + \varepsilon \quad (3)$$

Where:
β0 is the y intercept
β1, β2 represent the slope of regression
ε is the error term

Model Validation

To validate the model, a test of statistical significance was conducted using the F-test and t-tests at a confidence level of 0.95. The F-test assessed the overall validity of the regression model by examining its statistical significance. On the other hand, the t-test determined the statistical significance of the coefficients in the study.

Where both the F-test and t-tests yield p-values less than 0.05 ($p<0.05$), it will confirm the robustness of the model. This indicates that the relationships between the variables are statistically significant and strengthens the validity of the findings.

Analysis of data employed Ordinary Least Squares Regression Analysis, to ascertain how every unit change in financial gearing would predict a significant change in returns of NREITs. Succinctly, OLS will be used to determine the nature of quantitative relationship between the independent variable and dependent variable of the study using their estimated coefficients.

The decision rule for the study was where the *p-value* in any of the results is less than 0.5 ($p<.05$), we reject the null hypothesis, while accepting the alternate hypothesis; and *vice versa*.

RESULTS

For the objective on the relationship between the debt-equity ratio and the return on assets of the Nigerian Real Estate Investment Trusts (N-REITs), the study conducted a regression analysis and derived inferences from the adjusted R-squared value. The results of this analysis, along with the test of associations between capital structure indices and performance indices of the N-REITs, are presented in Table 3. This table provides insights into the associations between the different capital structure and performance indices for the period under review.

Table 3: Performance measure by ROA

		SFS	UH	UPDC
	T-stat	6.045262	0.834316	-1.240191
ADJ.R^2	P-value	0.292405	-0.281649	-2.555260

The findings presented in Table 3 indicate that there is no significant relationship between the debt-equity ratio and the return on assets (ROA) for the N-REITs under study. The results differ among the various companies analyzed. However, at a 99% confidence level, the coefficients of the debt-equity ratio are positive and statistically significant for SFS. This suggests that an increase in the financial gearing of SFS is associated with an increase in ROA.

On the other hand, this relationship is not statistically significant for the three companies, indicating that the null hypothesis should not be rejected. Therefore, the relationship between the debt-equity ratio and the return on assets of the N-REITs is not deemed significant ($p > 0.01$). Consequently, the financial gearing employed by the N-REITs did not have a significant influence on their return on assets.

For the objective on the relationship between shareholder equity and return on equity of N-REITs, the responses were condensed and aggregated for statistical analysis using regression analysis, and inferences were

obtained from the respective adjusted R-squared. Table 4 shows the results of the test of associations between capital structure indices and performance indices of N-REITs for the period under review.

Table 4: Performance measure by ROE

IV		SFS	UH	UPDC
	T-stat	5.247790	0.953263	-1.240191
ADJ.R^2		0.542157	-0.281690	-2.555260

The findings presented in Table 4 shed light on the relationship between financial gearing, as measured by shareholder equity, and firm performance, as measured by return on equity (ROE). However, it is crucial to note that the R-squared value, which is slightly very low for SFS and UH and negative for UPDC, indicates that there is no significant relationship between the returns of the REITs, as measured by ROE, and shareholder equity.

In summary, the findings suggest that increasing the financing architecture of SFS may have a positive impact on its ROE, albeit not significantly. Conversely, decreasing the financing architecture may lead to an improvement in the performance of UPDC, again not significantly.

FINDINGS, CONCLUSION, AND RECOMMENDATIONS

- Relationship between debt-equity ratio and return on assets of N-REITs was not significant ($p>.1$).
- Shareholder equity does not have significant relationship with return on equity of N-REITs ($p>.1$).

In conclusion, the study finds that the impact of financial gearing on the returns of real estate investment trusts in Nigeria was not statistically significant. These findings align with the Modigliani-Miller Capital Structure Theory, which posits that returns are not influenced by the specific mix of capital employed to finance investments. This further supports the notion that the financial gearing of real estate investment trusts does not significantly affect their overall returns.

Based on the findings that there was no significant relationship between the debt-equity ratio and return on assets, it can be inferred that real estate investment trusts (NREITs) need not be overly concerned about the impact of leverage on profitability. Instead, they can consider debt financing based on other strategic and market factors that may be more relevant to their specific circumstances.

Similarly, as the study indicates that shareholder equity did not significantly impact return on equity for NREITs, it suggests that profitability in this sector may be influenced by other operational and market drivers beyond equity financing. Therefore, it is recommended that NREITs focus on enhancing returns through efficient operations and effective portfolio management, rather than solely relying on equity-focused strategies. By doing so, NREITs can maximize their profitability and achieve sustainable growth in the real estate market.

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