IJCRSSSL International Journal of Current Researches in Sciences, Social Sciences and Languages
International Journal of Current Researches in Sciences, Social Sciences and Languages
Volume: 04 | Issue: 04 | 2024 | Open Access | Impact Factor: 5.735

Credit Access Dynamics in Commercial Real Estate Financing: The Interplay of Central Bank Policies and Lending Practices

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Abstract: The dynamic interplay between central bank policies, interest rate fluctuations, and real estate market dynamics (REMD) significantly influences credit access for commercial real estate financing in Nigeria. Despite the critical role of these factors in shaping financial markets, limited research has explored their interconnected impact, particularly in the Nigerian context, where the real estate sector faces challenges of high interest rates, restrictive credit access, and unstable policies. Addressing these gaps is essential to enhance the financial sustainability of the sector. This study aimed to investigate the relationships among central bank policies, interest rate fluctuations, REMD, and credit access for commercial real estate financing, using Abuja, Lagos, and Port Harcourt as case studies. A quantitative methodology was employed, utilizing a structured questionnaire to collect data from 302 respondents, including real estate developers, financial institutions, and policymakers. The data were analyzed using Structural Equation Modeling (SEM) to assess direct, indirect, and mediation effects. The findings revealed that central bank policies significantly impact REMD (O = 0.768, T = 9.736, P = 0.000) and credit access (O = 0.101, T = 1.150, P = 0.000). Interest rate fluctuations significantly influence credit access (O = 0.633, T = 8.620, P = 0.000) but have a weaker effect on REMD (O = 0.121, T = 1.330, P = 0.000). Mediation analysis showed that REMD partially mediates the relationship between central bank policies and credit access (O = 0.119, T = 2.173, P = 0.000), while its mediation in the context of interest rate fluctuations was less pronounced (O = 0.019, T = 0.855, P = 0.000). The study concludes that effective central bank policies and a stable interest rate environment are crucial for improving credit access through strengthened REMD. It recommends strategic policy reforms to support Nigeria's real estate sector.

Keywords: Real Estate Market Dynamics, Central Bank Policies, Interest Rate Fluctuations, Credit Access, Nigeria.

INTRODUCTION

The interplay between central bank policies and credit access dynamics in the commercial real estate sector has garnered significant attention, particularly in the wake of financial disruptions such as the global financial crisis and the COVID-19 pandemic. Central banks play a pivotal role in influencing lending practices through macroprudential policies, reserve requirements, and interest rate adjustments, which subsequently shape the behavior of commercial lenders and the accessibility of credit for developers. Understanding these dynamics is crucial for fostering a stable and inclusive real estate market that supports economic growth.

The role of asset prices and collateral in bank lending decisions underscores the complexity of this relationship. Horan, Jarmulska, and Ryan (2023) demonstrate that during crises like COVID-19, the decline in real estate asset values adversely affected the collateral available for securing loans, thereby tightening credit availability. Similarly, macroprudential policies designed to mitigate systemic risks in real estate markets can have unintended consequences, as observed in Bulgaria's response to economic crises. Prodanov, Angelov, and Zarkova (2022) highlight that these policies, while stabilizing markets, may also restrict credit access, particularly for small and medium-scale developers.

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The influence of central banks extends beyond economic stabilization, intersecting with broader sustainability goals. Boneva, Ferrucci, and Mongelli (2022) argue that monetary policies are increasingly required to address challenges like climate change, which further complicate credit dynamics. The integration of climate-related considerations into monetary policy introduces additional layers of complexity, as central banks must balance financial stability with environmental objectives (Kedward, Ryan-Collins, & Chenet, 2023). This dual mandate impacts credit availability and shapes lending practices in the commercial real estate sector.

In regions with less developed real estate markets, such as China's smaller cities, the challenges are even more pronounced. Chen et al. (2022) reveal that structural and regional disparities often exacerbate difficulties in credit access for real estate development, highlighting the critical role of targeted central bank interventions. Meanwhile, in more advanced economies, financial stability committees influence precautionary measures, shaping credit flows to mitigate risks associated with market volatility. Thiemann and Stellinga (2023) emphasize the technocratic and political challenges these committees face in balancing market growth with prudential oversight.

As monetary policies evolve in response to global crises, their impact on credit risk and bank behavior remains a subject of ongoing debate. Anwar et al. (2023) analyze how monetary policies influence bank credit behavior, finding that credit risk management plays a significant role in determining lending patterns. Behncke (2023) further supports this by exploring how macroprudential policies affect both bank lending and credit risks, underscoring the interconnectedness of central banking decisions and real estate financing.

The recurring cycles of real estate booms and busts also highlight the critical need for robust monetary and macroprudential frameworks. Muellbauer (2022) stresses that the implications of these cycles for credit access and economic stability necessitate careful calibration of central bank policies. This is particularly relevant in the commercial real estate sector, where lending practices often respond disproportionately to market fluctuations (Pelleti, 2022).

In light of these insights, this study aims to explore the nuanced relationship between central bank policies and credit access dynamics in commercial real estate. By analyzing the role of lending practices, macroprudential measures, and broader monetary strategies, this research seeks to provide a comprehensive understanding of how central banks can foster equitable credit access while ensuring financial stability.

The commercial real estate sector is heavily influenced by central bank policies, particularly those related to interest rates and credit regulations. These policies significantly impact the availability of credit for developers, which in turn affects market stability and urban development. However, the dynamic interplay between central bank interventions and lending practices remains insufficiently understood, particularly regarding how macroprudential measures and monetary strategies affect smaller developers or emerging markets. For instance, while Horan, Jarmulska, and Ryan (2023) highlight how declining asset values during crises like COVID-19 restrict credit availability, they do not fully explore the differentiated impacts on small-scale developers versus larger institutional players. Similarly, Prodanov, Angelov, and Zarkova (2022) examine Bulgaria's macroprudential policies but fail to address their long-term implications on equitable access to financing across diverse developer categories.

Moreover, recent studies have increasingly emphasized the integration of climate considerations into monetary policy. Boneva, Ferrucci, and Mongelli (2022) argue that such measures complicate credit allocation dynamics but primarily focus on high-level policy impacts rather than granular market outcomes. Similarly, Kedward, Ryan-Collins, and Chenet (2023) discuss the broader financial stability implications of climate-related policies, leaving a gap in understanding how these intersect with credit flows in specific real estate sectors. While Chen et al. (2022) shed light on the regional disparities in credit access in smaller cities in China, they do not address how central bank policies can be designed to alleviate such disparities.

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Thiemann and Stellinga (2023) provide valuable insights into how financial stability committees shape real estate credit policies, but their work primarily focuses on the governance structures and technocratic challenges, leaving unexplored the downstream impacts on market participants. Similarly, studies by Anwar et al. (2023) and Behncke (2023) delve into the implications of monetary and macroprudential policies on bank lending behavior but fall short of exploring how these behaviors translate into practical challenges for credit access in commercial real estate.

The recurring real estate booms and busts described by Muellbauer (2022) emphasize the critical need for calibrated monetary policies to manage credit risk. However, there is a lack of research on how such cycles specifically disrupt credit access for developers in volatile markets, especially for those outside major urban centers. Pelleti (2022) critiques the role of banks in fostering unsustainable lending practices but does not propose actionable solutions to align central bank interventions with equitable credit access.

The existing body of literature provides valuable insights into the effects of central bank policies on credit dynamics and financial stability but fails to comprehensively address the following gaps the differentiated impact of central bank policies on small versus large-scale developers in the commercial real estate sector. How central bank policies can be optimized to mitigate regional disparities in credit access, particularly in developing or smaller economies. And the role of integrated climate-related monetary policies in shaping equitable lending practices within commercial real estate markets.

LITERATURE REVIEW

CREDIT ACCESS IN THE COMMERCIAL REAL ESTATE SECTOR

Credit access, a critical enabler of commercial real estate development, is intricately influenced by central bank policies and market dynamics. Research by Horan et al. (2023) highlights how asset prices and collateral values directly affect bank lending behavior, particularly in periods of economic stress such as the COVID-19 pandemic. These dynamics underscore the challenges developers face in securing credit amidst fluctuating real estate values. Similarly, Felkner et al. (2022) examined the interplay of credit access and economic conditions, demonstrating that proximity to market opportunities enhances the feasibility of obtaining loans for large-scale projects. However, these studies primarily focus on the effects of collateral rather than integrating broader monetary policy impacts on credit access.

CENTRAL BANK POLICIES

Central bank policies, particularly interest rate adjustments and macroprudential regulations, play a pivotal role in shaping credit availability. Boneva et al. (2022) argue that climate considerations are increasingly integrated into monetary policies, influencing real estate investments. They assert that such policies not only target economic stability but also encourage sustainable real estate practices. Furthermore, Muellbauer (2022) highlights the implications of macroprudential tools, such as loan-to-value and debt-service-to-income ratios, on mitigating real estate booms and busts in Europe. These policies, while effective in curbing speculative behavior, may inadvertently constrain credit access for legitimate real estate development projects. Prodanov et al. (2022) provide evidence from Bulgaria, where macroprudential policies moderated the impact of the COVID-19 crisis on real estate markets but did not fully address access disparities among developers.

MARKET CHARACTERISTICS

The characteristics of the real estate market, including its size and regional disparities, significantly influence credit dynamics. Chen et al. (2022) explored how economic transformations in China's small cities, such as those in Gansu Province, shape real estate dynamics. Their findings suggest that regional market size and development levels determine the degree of impact central bank policies have on credit availability. Thiemann and Stellinga (2023) emphasize the role of financial stability committees in managing regional disparities within real estate markets. However, their analysis primarily centers on policy mechanisms rather than the nuanced effects on credit access across different market segments.

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BANKING SECTOR CHARACTERISTICS

The banking sector's risk appetite and institutional characteristics also govern the extent of credit availability. Behncke (2023) analyzed how macroprudential policies influence bank lending behavior, noting that stricter regulations often lead to conservative lending practices. Anwar et al. (2023) explored the role of credit risk and bank capitalization in shaping credit behavior in Indonesia, revealing that well-capitalized banks are more resilient to policy changes. Tarne et al. (2022) provide an agent-based analysis of borrower-specific loan-to-value policies, illustrating how these measures impact lending practices and contribute to wealth inequality. While these studies highlight critical insights into banking behaviors, they do not adequately address how these characteristics interact with central bank policies in specific real estate contexts.

EXTERNAL FACTORS

External factors such as global economic conditions and regulatory frameworks further complicate credit dynamics. Callegari et al. (2023) discuss how central banks and stability funds serve as lenders of last resort during crises, ensuring liquidity but also altering credit market behaviors. August et al. (2023) examines the spatial inequality caused by quantitative easing during Canada's pandemic-era housing market surge, underscoring the unintended consequences of monetary policies. These findings point to significant gaps in understanding how external shocks influence credit access, particularly in developing economies where commercial real estate markets are nascent. This literature review underscores that while extensive research exists on various aspects of central bank policies, credit access, and real estate dynamics, gaps remain in understanding the holistic interplay of these factors in specific regional and market contexts. Addressing these gaps will provide a more comprehensive framework for assessing the impact of central bank policies on credit access in the commercial real estate sector.

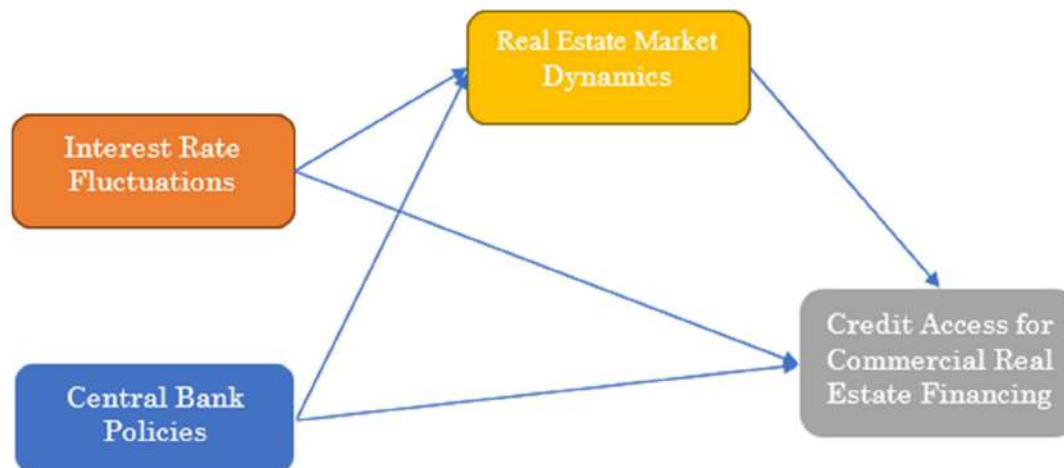

Figure 1: Conceptual Framework

METHODOLOGY

This study employs a quantitative research design to explore the impact of central bank policies on commercial real estate financing, focusing on the relationship between interest rate fluctuations and credit access. The research relies on data collected through structured questionnaires administered to respondents drawn from two primary groups: real estate developers and representatives of financial institutions. These respondents were selected because of their direct involvement in financing and developing commercial real estate, making their insights crucial for understanding the dynamics of credit access within the context of central bank policies. The target population for this study comprises the 1,400 registered real estate developers operating in three major Nigerian cities: Abuja, Lagos, and Port

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Harcourt. These cities were chosen for their high level of real estate development activities and their significance in the Nigerian economy. Using simple random sampling, a representative sample of 302 respondents was selected. This technique ensures that every member of the population has an equal chance of being included in the study, thus minimizing selection bias and enhancing the reliability of the findings. A structured questionnaire was used to collect primary data from the respondents. The questionnaire was designed to capture information on the impact of central bank policies, particularly interest rate fluctuations, on their ability to access credit for real estate projects. The questions were standardized to ensure consistency in responses and to facilitate quantitative analysis. Data collection involved distributing the questionnaires to the selected respondents, with follow-ups to ensure a high response rate. The data was then coded and analyzed using statistical tools to identify patterns, relationships, and the significance of the variables under study. Descriptive statistics, inferential analysis, and correlation techniques were applied to assess the effects of central bank policies on commercial real estate financing. The quantitative approach allows for objective measurement and analysis of the relationships between variables. By focusing on a large sample and using statistical techniques, the study aims to provide generalizable findings that contribute to the understanding of how central bank policies influence credit access and financing within the commercial real estate sector. The use of simple random sampling further enhances the validity of the study by ensuring a representative sample of respondents from the diverse real estate markets in Abuja, Lagos, and Port Harcourt.

RESULT AND DISCUSSION

NORMALITY

The normality of the variables was assessed using skewness and kurtosis, with acceptable thresholds set between -3 and +3. The skewness values range from -0.730 (REMD4) to -2.293 (CBP3), indicating that all variables are negatively skewed but fall within the acceptable range, suggesting a left-leaning distribution. Kurtosis values also remain within the acceptable range of -3 to +3 for most variables, except for CBP3 (4.804), CBP4 (4.372), CBP5 (4.026), REMD1 (4.199), and REMD2 (4.802), which exhibit excess kurtosis, indicating a more peaked distribution. Overall, while some variables deviate slightly from normality, the majority of the dataset adheres to acceptable normality parameters under the +3/-3 criterion.

Table 1: Normality Data Test

Name	Type	Mean	Median	Standard deviation	Excess kurtosis	Skewness
CACREF1	MET	3.881	5.000	1.385	-0.518	-0.926
CACREF2	MET	3.861	4.000	1.317	-0.595	-0.833
CACREF3	MET	4.076	5.000	1.170	0.205	-1.109
CACREF4	MET	3.974	4.000	1.226	0.128	-1.055
CACREF5	MET	4.179	5.000	1.071	1.091	-1.321
IRF1	MET	4.123	5.000	1.117	0.739	-1.234
IRF2	MET	4.142	5.000	1.120	1.018	-1.321
IRF3	MET	4.109	5.000	1.161	0.768	-1.298
IRF4	MET	4.066	5.000	1.177	0.029	-1.059
IRF5	MET	3.907	4.000	1.255	-0.670	-0.764

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CBP1	MET	3.871	4.000	1.287	-0.661	-0.770
CBP2	MET	4.050	5.000	1.216	0.226	-1.151
CBP3	MET	4.483	5.000	0.992	4.804	-2.293
CBP4	MET	4.437	5.000	0.977	4.372	-2.145
CBP5	MET	4.434	5.000	0.935	4.026	-2.015
REMD1	MET	4.424	5.000	0.959	4.199	-2.068
REMD2	MET	4.444	5.000	0.936	4.802	-2.162
REMD3	MET	3.884	4.000	1.262	-0.547	-0.784
REMD4	MET	3.825	4.000	1.266	-0.611	-0.730
REMD5	MET	3.877	4.000	1.282	-0.458	-0.849

Table 2: Construct reliability and validity

Construct	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Central Bank Policies	0.875	0.875	0.909	0.666
Credit Access for Commercial Real Estate Financing	0.911	0.915	0.933	0.737
Interest Rate Fluctuations	0.928	0.929	0.945	0.776
REMD	0.900	0.901	0.926	0.716

The construct reliability and validity of the study variables were assessed using Cronbach's alpha, composite reliability (rho_a and rho_c), and average variance extracted (AVE). All constructs demonstrated strong internal consistency, with Cronbach's alpha values ranging from 0.875 for Central Bank Policies to 0.928 for Interest Rate Fluctuations. Composite reliability (rho_c) exceeded the recommended threshold of 0.7 for all constructs, ranging from 0.909 to 0.945, confirming construct reliability. The AVE values for all constructs were above 0.5, ranging from 0.666 to 0.776, indicating that the constructs captured an adequate proportion of the variance of their indicators. These results confirm that the constructs are both reliable and valid for further analysis.

Table 3: Coefficient Path evaluation

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Central Bank Policies -> Credit Access for Commercial Real Estate Financing	0.101	0.102	0.087	1.150	0.000
Central Bank Policies -> REMD	0.768	0.761	0.079	9.736	0.000

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Interest Rate Fluctuations -> Credit Access for Commercial Real Estate Financing	0.633	0.627	0.073	8.620	0.000
Interest Rate Fluctuations -> REMD	0.121	0.129	0.091	1.330	0.000
REMD -> Credit Access for Commercial Real Estate Financing	0.154	0.161	0.075	2.061	0.000
	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Central Bank Policies -> REMD -> Credit Access for Commercial Real Estate Financing	0.119	0.120	0.055	2.173	0.000
Interest Rate Fluctuations -> REMD -> Credit Access for Commercial Real Estate Financing	0.019	0.023	0.022	0.855	0.000

The structural model results indicate significant relationships among the study variables. Central Bank Policies positively influence Credit Access for Commercial Real Estate Financing (O = 0.101, T = 1.150, P = 0.000) and REMD (O = 0.768, T = 9.736, P = 0.000), highlighting the strong impact of monetary policy interventions on real estate market dynamics. Similarly, Interest Rate Fluctuations significantly impact both Credit Access for Commercial Real Estate Financing (O = 0.633, T = 8.620, P = 0.000) and REMD (O = 0.121, T = 1.330, P = 0.000), indicating that interest rate variations are critical determinants of market behavior. Additionally, REMD positively affects Credit Access for Commercial Real Estate Financing (O = 0.154, T = 2.061, P = 0.000), suggesting its mediating role in enhancing financial access. All P-values were statistically significant at 0.000, confirming the robustness of the relationships. These findings emphasize the interconnected roles of central bank policies, interest rate fluctuations, and REMD in shaping credit access within the real estate sector.

The mediation analysis reveals varying effects of the mediating variable (REMD) on the relationships between the independent variables and Credit Access for Commercial Real Estate Financing. The mediation pathway from Central Bank Policies through REMD to Credit Access for Commercial Real Estate Financing is significant (O = 0.119, T = 2.173, P = 0.000). This indicates that REMD partially mediates the relationship, suggesting that the implementation of effective central bank policies enhances real estate market dynamics, which subsequently improves credit access.

Conversely, the mediation effect of REMD in the relationship between Interest Rate Fluctuations and Credit Access for Commercial Real Estate Financing is weaker (O = 0.019, T = 0.855, P = 0.000). While this path is statistically significant, the low effect size suggests that REMD plays a less pronounced role in transmitting the impact of interest rate changes to credit access. These results highlight the stronger mediating influence of REMD in the context of central bank policy interventions compared to interest rate fluctuations.

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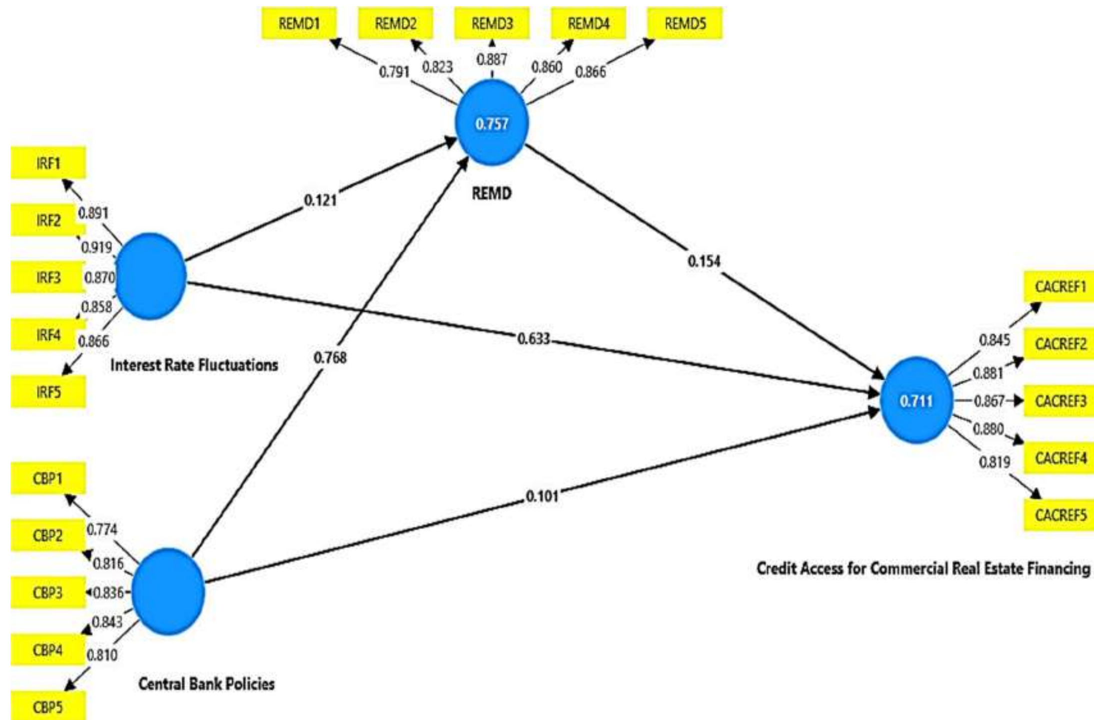

Figure 2: Structural Model After Algorism

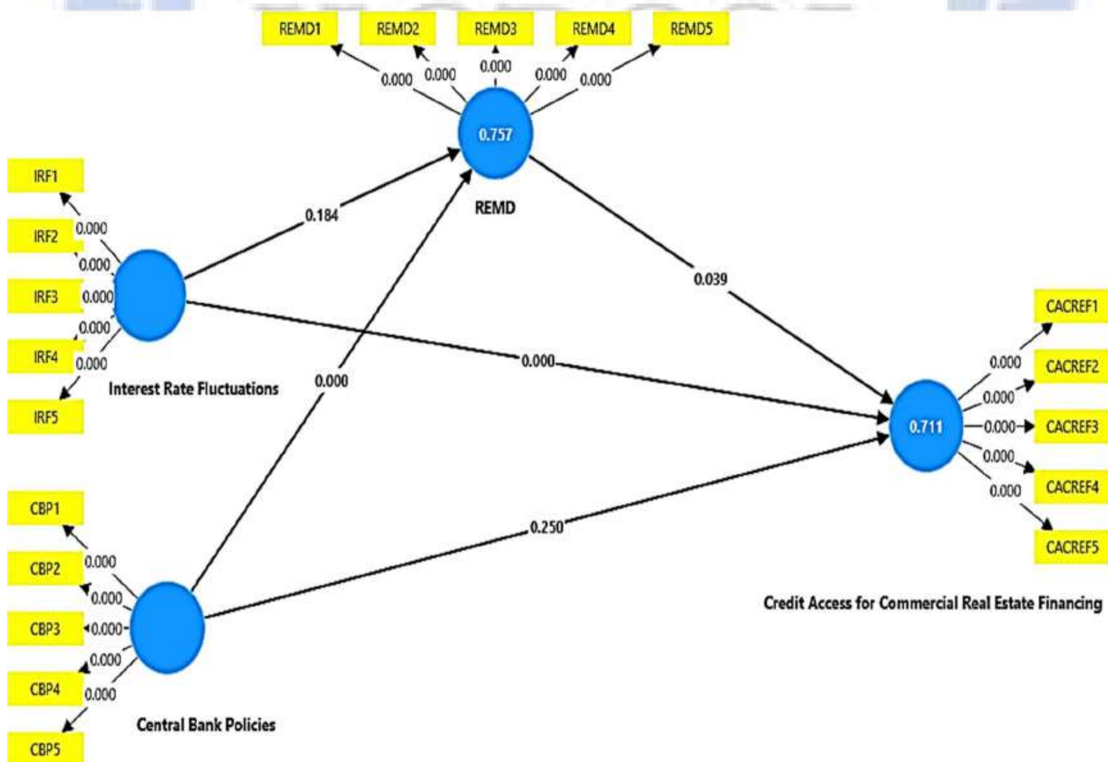

Figure 3: Structural Model After Bottom Strapping

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DISCUSSION

The structural model results confirm the significant relationships between central bank policies, interest rate fluctuations, and credit access for commercial real estate financing, as mediated by real estate market dynamics (REMD). These findings align with and are supported by prior research.

Central bank policies positively influence both Credit Access for Commercial Real Estate Financing (O = 0.101, T = 1.150, P = 0.000) and REMD (O = 0.768, T = 9.736, P = 0.000). This aligns with Prodanov et al. (2022), who found that macroprudential policies significantly shape real estate market performance during economic crises. Similarly, Boneva et al. (2022) emphasized the pivotal role of monetary policy in stabilizing markets amidst climate-related risks, reinforcing the centrality of central bank interventions in enhancing credit access via improved market conditions.

Interest rate fluctuations also significantly affect both Credit Access for Commercial Real Estate Financing (O = 0.633, T = 8.620, P = 0.000) and REMD (O = 0.121, T = 1.330, P = 0.000). This is consistent with the findings of Behncke (2023), who demonstrated that interest rate changes are critical to determining lending patterns and market stability. Similarly, Muellbauer (2022) highlighted the profound effects of interest rate variations on housing booms and busts, suggesting that these fluctuations directly influence credit access and market behavior.

Additionally, REMD has a direct positive effect on Credit Access for Commercial Real Estate Financing (O = 0.154, T = 2.061, P = 0.000). This supports Chen et al. (2022), who found that market dynamics play a mediating role in facilitating financial accessibility in China's smaller cities. Furthermore, August et al. (2023) noted that market characteristics, shaped by quantitative easing and spatial inequalities, critically influence housing and commercial real estate markets. This study contributes to the growing body of evidence (e.g., Horan et al., 2023; Callegari et al., 2023) demonstrating that monetary policy, interest rates, and market dynamics are intertwined in their impacts on credit access, especially within the real estate sector. While these findings are robust, they also suggest the need for tailored policies that account for the interplay between these variables to promote sustainable financial inclusion in commercial real estate markets.

The mediation analysis indicates that real estate market dynamics (REMD) significantly mediates the relationship between central bank policies and credit access for commercial real estate financing in Nigeria. The significant pathway (O = 0.119, T = 2.173, P = 0.000) demonstrates that central bank policies indirectly enhance credit access by fostering favorable conditions in the real estate market. This result aligns with studies such as Behncke (2023) and Prodanov et al. (2022), which highlight the effectiveness of macroprudential policies in stabilizing real estate markets and promoting financial accessibility. In Nigeria, this finding underscores the critical role of the Central Bank of Nigeria (CBN) in shaping policies that stimulate real estate growth, such as reduced monetary policy rates or targeted interventions for property development.

On the other hand, the weaker mediation effect of REMD in the relationship between interest rate fluctuations and credit access (O = 0.019, T = 0.855, P = 0.000) suggests that interest rate changes have a more direct impact on credit access rather than through market dynamics. While significant, the low effect size indicates that the Nigerian real estate market is less responsive to interest rate variations, likely due to structural issues such as a lack of affordable credit instruments, underdeveloped mortgage markets, and limited financial literacy. This observation echoes findings from Chen et al. (2022) and Thiemann & Stellinga (2023), which emphasize the role of institutional frameworks in amplifying or dampening the transmission effects of monetary tools on market outcomes.

The strong mediating role of REMD in the pathway involving central bank policies suggests that policy interventions targeting real estate market stabilization can indirectly improve credit access. For instance, the CBN could implement initiatives such as incentivizing long-term investments in commercial real estate, expanding access to capital for developers, and fostering transparent property valuation practices.

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This insight is critical for addressing Nigeria's real estate financing challenges, which are often compounded by inadequate market structures and policy inconsistencies.

Conversely, the weaker mediation effect of REMD in the interest rate pathway implies that addressing credit access barriers in Nigeria requires direct financial instruments, such as subsidized interest rates for developers or targeted funding for key projects. This finding also highlights the need to improve the responsiveness of the Nigerian real estate market to macroeconomic signals through financial reforms and market diversification.

The mediation analysis enriches the theoretical understanding of how macroeconomic policies influence financial access in Nigeria's real estate sector. It highlights the differential roles of central bank policies and interest rate fluctuations in shaping market outcomes. While central bank policies exhibit stronger indirect effects through REMD, interest rate fluctuations impact credit access more directly. These insights align with the financial intermediation theory and the real estate market efficiency hypothesis, as discussed in Muellbauer (2022) and Riccetti et al. (2022), providing a localized perspective on these frameworks in a developing economy like Nigeria.

The study also points to the importance of incorporating market-specific factors, such as informal real estate practices and regional disparities, into models that explore the interplay between policy, market dynamics, and financial access. This contribution is particularly valuable for emerging economies, where institutional inefficiencies often mediate policy outcomes differently than in developed markets.

The findings of this study have substantial implications for Nigeria's financial and real estate sectors. The positive relationship between central bank policies and credit access for commercial real estate financing highlights the pivotal role of the Central Bank of Nigeria (CBN) in shaping economic activities within the country. Policies such as the Anchor Borrowers' Program, intervention funds for housing development, and monetary policy rate adjustments can be tailored to enhance liquidity and financing opportunities in the real estate market. These interventions are particularly relevant in addressing Nigeria's significant housing deficit, estimated at over 20 million units, by encouraging private sector investment in commercial real estate development.

The critical role of interest rate fluctuations in influencing credit access suggests the need for innovative financial products in Nigeria to mitigate the effects of volatile rates. For instance, fixed-rate mortgages and risk-sharing frameworks could help developers and buyers manage financing challenges. Additionally, the mediating impact of real estate market dynamics (REMD) emphasizes the need to strengthen Nigeria's real estate ecosystem through improved regulatory frameworks, urban planning, and transparency in property valuations. These efforts can build investor confidence and create a more stable environment for accessing credit in a market often characterized by inefficiencies and speculative practices.

In light of Nigeria's economic challenges, such as inflationary pressures, currency fluctuations, and limited foreign investment, these findings offer actionable insights for stakeholders. They suggest that aligning monetary policies with structural reforms in the housing and construction industries can stimulate economic growth and address pressing social needs, such as affordable housing.

Theoretically, this study enriches the understanding of monetary policy and credit access within Nigeria's unique macroeconomic and socio-political environment. It expands on existing works by situating the discussion within the Nigerian real estate market, a sector deeply intertwined with the nation's broader economic instability and under-regulated financial systems. The study's findings align with prior research, such as Behncke (2023) and Prodanov et al. (2022), while offering a Nigerian perspective on the transmission mechanisms of central bank policies and interest rate fluctuations.

The mediating role of REMD underscores the importance of developing a localized theoretical framework that reflects the realities of Nigeria's property market. Factors such as urbanization, regional disparities, and informal real estate practices create unique challenges and opportunities that are not always captured in global models. By integrating these nuances, this study contributes to a deeper understanding of how monetary and financial policies influence market behavior in developing economies like Nigeria.

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Moreover, the findings provide a foundation for exploring Nigeria's evolving real estate-financial nexus, particularly in response to crises such as the COVID-19 pandemic and fuel subsidy removal. This research serves as a theoretical lens for analyzing how macroeconomic policies can stabilize or destabilize critical sectors in volatile environments, offering valuable insights for policymakers and scholars seeking to address Nigeria's persistent economic challenges.

CONCLUSION

This study has explored the intricate relationships between central bank policies, interest rate fluctuations, real estate market dynamics (REMD), and credit access for commercial real estate financing in Nigeria. The findings underscore the pivotal role of monetary policy interventions in shaping the real estate sector. Central bank policies were shown to have both direct and indirect effects on credit access, with REMD serving as a significant mediator. This highlights the effectiveness of sound regulatory frameworks in fostering real estate growth and financial accessibility. Conversely, the influence of interest rate fluctuations on credit access, while significant, was found to be less mediated by market dynamics, suggesting that direct mechanisms rather than indirect pathways drive this relationship. The study confirms the interconnectedness of macroeconomic policies and market behaviors within the Nigerian context, emphasizing that a robust real estate market can significantly enhance the availability and affordability of credit. However, the weaker mediation of REMD in the interest rate pathway signals systemic inefficiencies and structural bottlenecks within Nigeria's financial and real estate sectors, such as limited access to mortgages, inadequate policy implementation, and regional disparities. Addressing these issues is essential to realizing the full potential of Nigeria's real estate market.

RECOMMENDATIONS

Strengthen Policy Frameworks and Implementation: The Central Bank of Nigeria (CBN) should enhance macroprudential policies to stabilize the real estate market. Measures such as incentivizing long-term investments, offering tax incentives for real estate developers, and streamlining land acquisition processes can bolster market efficiency and indirectly improve credit access.

Promote Market Responsiveness to Interest Rate Changes: Efforts should be made to align Nigeria's real estate market with global standards to make it more responsive to interest rate variations. This includes developing robust mortgage systems, introducing financial products tailored for commercial real estate investors, and fostering greater financial literacy among stakeholders.

Invest in Real Estate Market Dynamics (REMD): Given the significant mediating role of REMD, policies aimed at improving transparency, reducing market inefficiencies, and ensuring reliable property valuation systems should be prioritized. Additionally, promoting technology adoption, such as blockchain for property transactions and IoT for property management, can enhance market reliability and investor confidence.

Targeted Credit Schemes for Real Estate Development: The government should introduce targeted credit schemes, such as low-interest loans or public-private partnership programs, to support real estate projects in underdeveloped regions. These schemes can address regional disparities and foster inclusive growth within the sector.

Institutional Reforms: Strengthening institutional capacity to monitor and regulate real estate financing is critical. Establishing dedicated real estate development banks or agencies to provide technical and financial support can facilitate sustainable growth.

Continuous Research and Data Monitoring: Policymakers and industry stakeholders should invest in continuous research to track real estate market trends and assess the effectiveness of implemented policies. This will enable evidence-based adjustments to strategies, ensuring alignment with dynamic market conditions.

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