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Investment Strategies for Building Residential Properties Portfolio in an Oil Dominated Economy

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Abstract

This study investigates investment strategies for building resilient residential property portfolios in oil-dependent economies, focusing specifically on Nigeria. Given the inherent volatility of oil prices and their significant impact on economic conditions, it is essential for investors seeking long-term value to understand the unique risks and opportunities present in these markets. Employing a quantitative research method and a descriptive survey design, the study collected data from estate surveyors and valuers in Port Harcourt, Nigeria. A total of 106 valid responses were analyzed from a sample of 181 participants, who were purposively selected from an initial target of 343 respondents. The findings indicate that oil price volatility is widely regarded as harmful to residential property investments, particularly affecting rental income. Nearly 70% of respondents reported having a good or very good understanding of oil price volatility, and an equal percentage believed that its impact on the real estate market is detrimental. Furthermore, the study identifies popular investment strategies, with buy-and-hold and rental properties being the most favored due to their perceived stability and long-term potential. In contrast, strategies like Real Estate Investment Trusts (REITs) and diversified investments were less popular, reflecting a limited confidence in their effectiveness. To mitigate the risks associated with oil price fluctuations, the study recommends that investors diversify their property portfolios and focus on more resilient sectors. Additionally, investors should monitor oil price trends closely and capitalize on short-term opportunities. Policymakers are encouraged to implement measures to stabilize the real estate market, ensuring the sustainability of residential property investments in oil-dependent economies.

Keywords: *Investment Strategies, Residential Properties Portfolio, Oil Dominated Economy*

1.0 Introduction

Real estate investment has long been regarded as one of the most significant means of wealth creation and asset diversification, particularly in economies with volatile financial markets. Residential properties, in particular, are seen as stable investment options due to their relatively lower risk compared to commercial and industrial real estate (Zietz, Sirmans, & Friday, 2003). However, the strategies for building a successful residential property investment portfolio require careful consideration, especially in economies heavily dependent on single-resource industries, such as oil.

In oil-dominated economies, where fluctuations in oil prices can significantly affect national income, inflation, and foreign exchange rates, real estate investments face unique challenges and opportunities. The volatility inherent in such economies can impact housing demand, property prices, and investor confidence (Barrell, Holland, & Hurst, 2019). For instance, during periods of high oil prices, the influx of wealth can stimulate property development and increase real estate values. Conversely, when oil prices fall, the resultant economic instability may reduce investment in residential properties, increase vacancy rates, and lower property values (Osmundsen, Asche, & Tveterås, 2018).

Real estate investments are indispensable process for anyone or nation, to achieve rapid economic growth with its numerous benefits. The real estate investment instrument guarantees economic safety including the empowerment of its users to maximize their income in an oil dominated economy. However, it is vital to appropriately select better strategy that would be flexible and adequate for each real estate investors, otherwise they may end up losing capital from the investment as a result of wrong decisions.

In Nigeria and many other parts of Africa and the world, the pattern of real estate investment has changed, with major organizations and institutional investors dominating the market. This trend has led to increased awareness among investors, who are now considering property investment as a significant part of their total assets. As a result, there is a greater demand for professional expertise from practitioners. With the growing complexity and risk in the property market, the main concern is how investors can diversify within the real estate sector to achieve the best return and risk performance for both investors and stakeholders. Diversification as theory has become an essential tool in investment strategy as it helps to minimize risk in an investment portfolio as it relates to the subject of discuss in an oil dominated economy and other spectrum of business activities. Diversification means to minimize the risk by not putting all eggs in the same basket and in finance these baskets can be seen as different assets, such as stocks, bond or real estate (Markowitz, 1952).

Seiler, Webb and Myer (1999) assert that the different ways of diversifying within the real estate exists because the real estate concept is heterogeneous; that it varies by size, property type, location and economic consideration and proximity to a metropolis. However, Maier (2009) and Gatzlaff (1995) argue that there are other investment strategies and factors besides diversification that impact on investment decision of an investor and how it can add value to the overall investment. As real estate market is characterized by inefficient market, the many characterized market factors include illiquidity, few buyers and sellers, difficulty of obtaining information, and incorrect pricing of properties as the market will affect the investor and properties vary in value to these investors due to their individual preference and needs (Maiser, 2009; Gatzlaff, 1995).

However, it shows that the Nigerian property market has not only been unable to keep pace with trends with other developed countries, in the area of property portfolio diversification, but has also maintained a non-responsive outlook to the new challenges (Olaleye, 2011). The inability of the market to accept a wide range of quantitative techniques in portfolio diversification and management, generally has led to slow acceptance of quantitative techniques (Olaleye, 2000, 2005). Moreover, there is compelling evidences that quantitative technique is naïve most times, and do not lead to the best portfolio selection as well as failing to provide best protection against the prevailing risk in any property market (Cheng and Liang, 2000; Olaleye and Aluko, 2007). Additionally, portfolio diversification study is still at its infancy stage in Nigeria and such, there are very few studies that have existed in this area (Olaleye, 2011).

Nigeria, an oil-dependent country, offers a relevant case study for examining the dynamics of real estate investments in such economies. The Nigerian real estate sector has historically been linked to the performance of its oil industry, with booms in property investment typically coinciding with high oil revenues (Ogunba, 2016). This cyclical relationship underscores the importance of devising effective investment strategies that can withstand the economic turbulence associated with oil price volatility. Investors must not only focus on location and property selection but also incorporate macroeconomic indicators, such as oil price trends and government policies, into their decision-making process (Akinbogun, Oyebanji, & Awonusi, 2021).

In light of these factors, understanding and assessing the strategies for developing residential property investment portfolios in oil-dominated economies is crucial. By focusing on both the unique risks and opportunities in such markets, investors can create resilient portfolios capable of delivering long-term value despite economic fluctuations. This research will provide a way of closing the gap in the lapses observed, by giving a new direction for residential properties investment portfolio in an oil dominated economy in Nigeria.

2.0 Literature Review

2.1 Real Estate in Oil-Dominated Economies

Real estate markets in oil-dominated economies exhibit unique characteristics shaped by the influence of oil wealth, economic dependency on fossil fuels, and the volatility of oil prices. Oil-dominated economies, often classified as resource-rich countries, derive a significant portion of their gross domestic product (GDP), government revenue, and foreign exchange earnings from the oil sector. This dependency creates a distinct economic landscape with several implications for the real estate market. Oil price fluctuations can lead to economic booms and busts. During periods of high oil prices, increased government spending and foreign investment can stimulate demand for real estate, resulting in rapid property appreciation. Conversely, falling oil prices can lead to economic contraction, reduced public spending, and decreased demand for real estate (Ogunba, 2016). Oil wealth often drives urbanization as populations migrate to cities in search of better opportunities. This rapid urbanization necessitates the development of infrastructure, housing, and commercial spaces, creating investment opportunities in residential and commercial real estate sectors (Adeleke, 2018).

The National Bureau of Statistics (NBS) reported that the real estate sector in Nigeria experienced a further 7.37% contraction in the third quarter of 2016, following negative growth of -4.69% in the first quarter and -5.27% in the second quarter of the same year. This indicates that the country's economic downturn significantly impacted the real estate industry, possibly leading it to its worst state in decades. The prolonged drop in oil prices, decreasing household income, shortage of dollars, and devaluation of the naira have all contributed to reduced demand for both residential and commercial real estate. The troubled oil sector, which historically drove demand for real estate directly or indirectly, saw a decline in demand due to the more than 50% decrease in oil prices in 2016. Before Nigeria's economic challenges, the real estate industry was the fastest-growing sector of the economy, surpassing overall GDP growth in 2013 with a growth rate of 8.7%, which was 1.3% higher than the GDP growth of 7.4% (NBS, 2016). In many oil-rich countries, governments heavily invest in real estate development as part of their economic diversification strategies. Such initiatives can improve infrastructure, boost tourism, and enhance housing availability, thus contributing to overall growth in the real estate market (World Bank, 2020).

2.2 Challenges Facing Real Estate Markets

While oil wealth can create opportunities in the real estate sector, it also presents several challenges that investors must navigate. These includes:

i. Market Volatility: The dependency on oil prices introduces volatility into the real estate market. Investors may face significant risks during periods of economic downturns, leading to property devaluation and increased vacancy rates (Ayatollahi, 2020).
ii. Inflation and Cost of Living: Oil booms often lead to inflation, impacting the affordability of housing for residents. Rising costs can push low- and middle-income families out of the housing market, exacerbating social inequality and creating housing shortages (Ghanem, 2019).
iii. Environmental Concerns: Oil extraction and production can have detrimental environmental impacts, including land degradation and pollution. Real estate development in these areas may face regulatory challenges and community opposition, complicating investment strategies (Alfaro, 2018).

2.3 Investment Opportunities in the real estate sector offered by oil-dominated economies

Despite these challenges, Khan, 2020 (Yasuda & Uddin, 2022) identified various investment opportunities in the real estate sector offered by oil-dominated economies. They are:

i. Affordable Housing Initiatives: As governments recognize the need for affordable housing, there are opportunities for private investors to partner in developing low-cost housing projects. This not only addresses social needs but can also yield attractive returns.
ii. Mixed-Use Developments: Investors can capitalize on urbanization trends by developing mixed-use properties that combine residential, commercial, and recreational spaces. These developments often attract higher demand and can create vibrant communities (Khan, 2020).
iii. Tourism and Hospitality Sector: Oil wealth can bolster tourism infrastructure, providing opportunities for real estate investments in hotels, resorts, and other hospitality ventures. Such developments can diversify income streams and reduce reliance on the oil sector (Yasuda & Uddin, 2022).
iv. Sustainable Development: As global attention shifts towards sustainability, there is increasing demand for eco-friendly and energy-efficient properties. Investors can leverage this trend by developing green buildings and promoting sustainable practices within the real estate sector (Hossain & Rafi, 2021).

Real estate investment in oil-dominated economies is shaped by a complex interplay of economic opportunities and challenges. While oil wealth can drive urbanization, infrastructure development, and government investment, it also introduces volatility, inflation, and environmental concerns. Investors must navigate these dynamics to identify promising opportunities while mitigating risks.

2.4 Residential Real Estate Investment

Investment involves sacrificing immediate consumption for future benefits, which may not necessarily be financial. However, if the benefit is financial, it can be in the form of income or capital appreciation. According to Kalu (2007, 2009) and Ajayi (1998), investment is the current commitment of money or other resources with the expectation of earning future benefits. Greer and Farrell (1984) stated that investment involves sacrificing something valuable now with the expectation of benefiting from that sacrifice later. Kalu (2001) suggested that investment can be achieved in three ways.

i. By generating a flow of income.
ii. By generating a return of capital.
iii. By producing a psychic income, a positive feeling induced by investment ownership.

The return on investment is determined by income, capital return, and psychic income (Baum and Crosby, 1988). Real estate investors willingly give up current purchasing power in the hope of future economic gain (Ekenta, 2010). When evaluating investment proposals, it's important to compare the sacrifice made with the expected benefits and to consider the level of certainty surrounding those expectations (Kalu, 2001). Adjusting for time and uncertainty allows for a comparison of competing alternatives.

The real property investment market offers a lot of alternative investment opportunities in different sectors (Ekenta, 2010). Hence, an effort will be made to look at alternative opportunities offered by residential property investment in the real property investment market. Ekenta (2010) defined residential properties as properties that are suitable for living in. and the residential properties consist of:

i. Tenement houses
ii. Block of flats
iii. Detached bungalows
iv. Semi- Detached bungalows
v. Detached houses
vi. Semi- Detached house (Duplex)
vii. Maissonnettes

2.5 Real Estate Investment Strategies

Real estate is a unique kind of investment. The Real Estate Investment strategies can be described as procedures, rules and policies that guides investors in constructing an efficient real estate portfolio. This means therefore that investor's risk-return tradeoff is determined by real estate investment strategy adopted. Therefore, an investor should plan his investment strategy well before making any real estate investment decisions (Jones, 2009). Fama & French (1992) further argues that investment strategies adopted at market levels, organizational or industry levels should guide inventors in selecting and constructing most efficient investment portfolios. Real estate investment strategy is the decision made by the investors or the top-level management concerning the amount of funds that can be utilized or deployed in real estate investment opportunities (Shilling, 2003). Most common form of real estate investment strategies includes the buy and hold strategy, development strategies and own and operate strategies. Others include flipping strategy commonly known as 'buy low sell high'.

Investment strategies play a pivotal role in determining the return on investment (ROI) in real estate, especially within residential portfolios. An effective investment strategy can significantly influence financial performance and risk management. The following sub-section reviews the existing literature on various investment strategies employed in the residential real estate market.

2.5.1 Buy and Hold Strategy

The buy-and-hold strategy involves purchasing properties with the intent to hold them over a long term, benefiting from both property appreciation and rental income. This strategy is prevalent among real estate investors due to its potential for stable cash flow and capital appreciation over time. According to Gyourko (2018), this approach allows investors to capitalize on the long-term growth of property values and to generate passive income through rental payments. Investors who adopt this strategy often experience lower volatility in returns, making it a less risky investment choice. Additionally, the buy-and-hold strategy can offer tax advantages, as rental income may be offset by depreciation (Brueggeman & Fisher, 2020).

2.5.2 Fix and Flip Strategy

The fix-and-flip strategy involves purchasing undervalued properties, renovating them, and selling them for a profit. This strategy can yield high returns in a relatively short period, but it also carries substantial risks. Research by D'Arcy and Kearns (2019) indicates that while this strategy can provide significant profits, it requires a thorough understanding of the market and renovation costs. The authors argue that successful execution of a fix-and-flip strategy hinges on accurate property valuation and efficient project management to avoid cost overruns. The volatility of real estate markets can also impact the success of this strategy, making it essential for investors to be cautious in fluctuating markets.

2.5.3 Rental Properties Strategy

Investing in rental properties is another common strategy where investors purchase residential units to lease them out to tenants. This approach can provide a consistent income stream and the potential for property appreciation. Miller et al. (2021) emphasize that the success of rental property investments relies heavily on location, property management, and tenant relations. Investors who effectively manage their properties and maintain positive relationships with tenants can enhance their ROI through stable occupancy rates and timely rental payments. Additionally, the authors highlight that rental properties can serve as a hedge against inflation, as rental income often increases with rising prices.

2.5.4 Real Estate Investment Trusts (REITs)

Real Estate Investment Trusts (REITs) allow investors to invest in a diversified portfolio of real estate assets without directly owning the properties. This strategy is particularly appealing to investors seeking liquidity and diversification. According to Liu and Lee (2022), investing in REITs offers the advantage of exposure to real estate markets with lower capital requirements compared to direct property investments. REITs typically pay dividends, providing investors with regular income, which can be reinvested for further returns. However, the authors caution that the performance of REITs can be influenced by broader market conditions, making it essential for investors to stay informed about market trends.

2.5.5 Diversified Investment Strategy

A diversified investment strategy involves spreading investments across different types of properties and geographical locations to mitigate risk. This approach is particularly beneficial in reducing exposure to market volatility and economic downturns. Research by Wong et al. (2023) indicates that diversification can enhance ROI by balancing higher-risk investments with more stable, lower-risk properties. The authors advocate for a well-rounded portfolio that includes various asset types, such as residential, commercial, and industrial properties, to optimize returns while minimizing risk.

3.0 Research Methodology

This study employed a quantitative research method, which is commonly used for testing theories through data collection and analysis. The study's focus was to explore investment strategies for building residential property portfolios in oil-dominated economies, using a descriptive survey research design. This design allowed the researcher to obtain precise information about current investment strategies, summarizing responses from a large sample of estate surveyors and valuers. A total of 343 respondents were targeted, with 181 participants purposively selected for the study.

Data were collected through questionnaires. The primary data came from estate professionals in Port Harcourt, Nigeria, while secondary data were drawn from documented research and real estate literature. The questionnaire featured both open and closed-ended questions, using a Likert scale to gauge participants' responses regarding investment strategies. This method was justified as it provided quantitative data that were reliable and objective. The sampling technique involved non-probability sampling, focusing on estate surveyors with various levels of experience, ensuring a comprehensive understanding of investment strategies in the region. In total, 106 valid responses were retrieved and analyzed, allowing the researcher to draw conclusions on how strategies influence residential property investments in an oil-dependent economy.

In this study, questionnaire data was edited, coded, and entered into a computer spreadsheet. The data was then analyzed using SPSS version 20, producing descriptive statistics such as means, frequencies, and percentages for each variable. The results were presented in tables and figures to clearly illustrate the study's findings.

4.0 Results and Findings

4.1 Demographic Information

The dataset presents demographic information on respondents' highest level of education, professional status, work experience, and properties currently owned. This analysis focuses on the distribution of each category and its implications for the group. Regarding the Highest Level of Education, results in Table 4.2 show that the largest proportion of respondents hold a Bachelor's degree (34.9%), followed closely by those with a Master's degree 34 respondents (32.1%). This suggests that most of the respondents are well-educated, with a high concentration in undergraduate and graduate-level qualifications. Only a small percentage hold a Doctorate (2.8%) or High School Diploma (30.2%), indicating a relatively educated sample group. This confirms that the respondents are highly educated, with most holding a Bachelor's or Master's degree. Only a few have a high school diploma or doctorate. The largest group consists of Associates with more than 10 years of experience (43.4%), followed by Associates with less than 10 years of experience (32.1%). This indicates that a significant portion of the respondents are experienced professionals, particularly those with more than a decade of experience in their fields. The Fellows make up 17.0%, and Graduates represent 7.5% of the sample, indicating a mix of junior and senior professionals. Professional experience is generally high, with over 75% of respondents being associated with 10 or more years of experience. This suggests that the group is composed of experienced professionals, especially in the property sector.

Table 4.2: Demographic Information

Options	Number	Frequency
Highest level of education:		
High school diploma	32	30.2%
Bachelor's degree	37	34.9%
Master's degree	34	32.1%
Doctorate	3	2.8%
Total	**106**	**100.0%**
Professional Status:		
Fellows	18	17.0%
Associate above 10 Years	46	43.4%
Associate below 10 Years	34	32.1%

Graduate	8	7.5%
Total	**106**	**100.0%**
Work Experiences:		
Less than 5 years	9	8.5%
6-10 years	16	15.1%
11-15 years	41	38.7%
16-20 years	33	31.1%
Above 20 years	7	6.6%
Total	**106**	**100.0%**
Properties currently own:		
1-2 Properties	3	2.8%
3-5 Properties	11	10.4%
6-10 Properties	27	25.5%
More than 10	65	61.3%
Total	**106**	**100.0%**

Source: Author's Field Survey, 2021

On work experience, the data shows that the majority of respondents have 11-15 years of work experience (38.7%) or 16-20 years of experience (31.1%). This suggests that most respondents are mid-career professionals with substantial experience. The percentages of those with less than 5 years (8.5%) and more than 20 years (6.6%) of experience are notably smaller, showing fewer early-career or very senior professionals. Most respondents have significant work experience, primarily between 11-20 years, further highlighting the expertise and maturity of this group. When asked about properties currently owned, a significant majority of respondents own more than 10 properties (61.3%), indicating they are heavily involved in property investment and development. A smaller portion owns 6-10 properties (25.5%), while a very small percentage owns 1-2 properties (2.8%) or 3-5 properties (10.4%). This demonstrates that most respondents are seasoned property investors, with a substantial portfolio of real estate holdings. A large majority of respondents are extensive property owners, with over 60% owning more than 10 properties, indicating they are heavily invested in real estate.

4.2 Impact of Oil Price Volatility on Residential Property Investments in Oil-Dependent Economies

This section analyses the impact of oil price volatility on residential property investments in oil-dependent economies and indicates how real estate professionals closely monitor economic conditions that are influenced by fluctuations in oil prices. The dataset explores respondents' understanding of oil price volatility, its perceived impact on the real estate market, and which aspects of residential property investment are most affected by oil price fluctuations. Below is a breakdown of the findings and their implications. The following subsections present the results.

4.2.1 Understanding of Oil Price Volatility and its Impact on the Economy

The data in figure 4.1 shows that a majority of respondents believe they have a solid understanding of oil price volatility, with 40.6% rating their understanding as "Very Good" and 29.2% as "Good". This suggests that nearly 70% of the respondents are confident in their knowledge of how oil price volatility impacts the economy. A smaller portion, 20%, rates their understanding as either "Poor" or "Very Poor," indicating that there is a minority who may have limited knowledge in this area. This finding implies that the majority of respondents have a good to very good understanding of oil price volatility and its economic impact, indicating a relatively informed sample group.

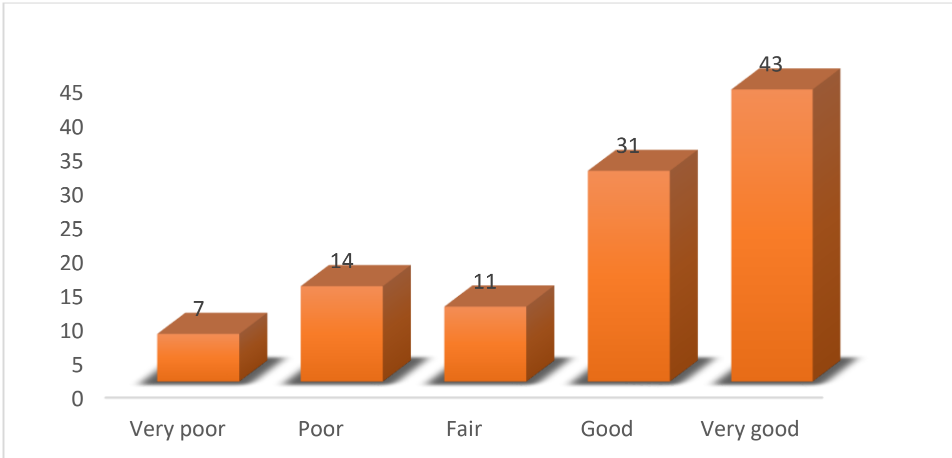

Figure 4.1: Understanding of Oil Price Volatility and its Impact on the Economy

Source: Author's Field Survey, 2021

4.2.2 Perceived Impact of Oil Price Volatility on the Real Estate Market

Figure 4.2 indicate that a significant majority (around 70%) of respondents believe that oil price volatility has a negative impact on the real estate market, with 43.4% viewing it as somewhat negative and 26.4% seeing a strongly negative effect. This suggests that oil price fluctuations are largely perceived as harmful to real estate in the region. A smaller group (about 24.5%) believes that oil price volatility has a positive impact on the real estate market, indicating some variation in perceptions possibly based on individual experience or regional factors. Most respondents perceive oil price volatility to have a negative impact on the real estate market, highlighting concerns over how fluctuations in oil prices may affect the sector.

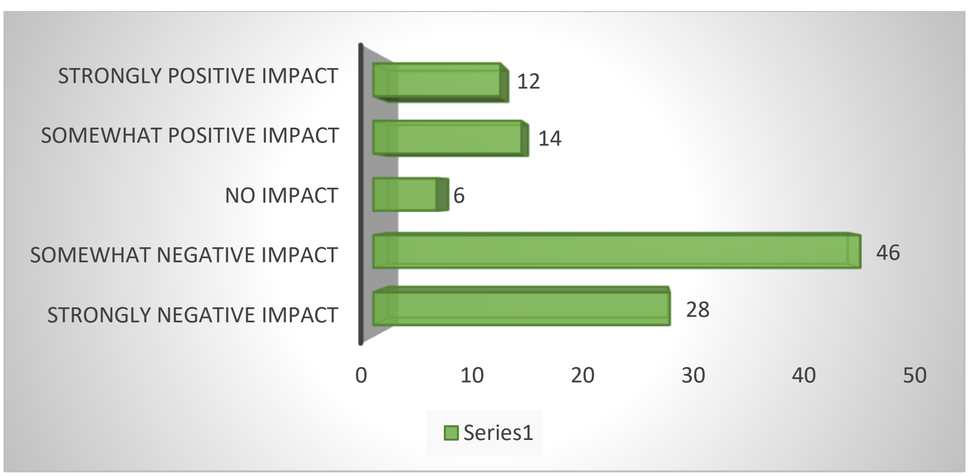

Figure 4.2: Perceived Impact of Oil Price Volatility on the Real Estate Market

Source: Author's Field Survey, 2021

4.2.3 Aspects of Residential Property Investment Most Affected by Oil Price Volatility

Figure 4.3 reveal that the most commonly identified aspect of residential property investment affected by oil price volatility is rental income, with 43.4% of respondents selecting this option. This implies that fluctuations in oil prices have a direct influence on rental income, possibly due to changes in tenants' disposable income or shifts in demand for rental properties. Demand for rental properties is also impacted, as indicated by 22.6% of respondents. Meanwhile, capital values (17.0%) and financing availability (9.4%) are seen as moderately affected, while property maintenance costs (7.5%) appear to be the least impacted by oil price changes. Rental income and demand for rental properties are seen as the most affected aspects of residential property investment, emphasizing the vulnerability of these areas to economic changes driven by oil prices. Capital values and financing availability also play important roles but are less directly affected, according to the respondents.

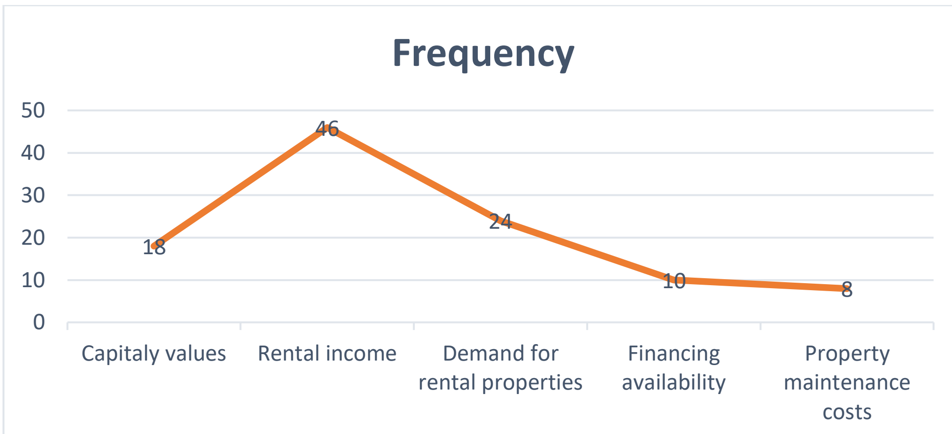

Figure 4.3: Residential Property Investment Most Affected by Oil Price Volatility

Source: Author's Field Survey, 2021

4.3 Investment Strategy for Residential Properties

The table provides an overview of different investment strategies for residential properties, with respondents' preferences categorized into Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), and Strongly Disagree (SD). The analysis focuses on the Mean and Relative Importance Index (RII) to assess the overall significance of each investment strategy.

Table 4.12: Investment strategy for Residential Properties

Investment strategy for residential properties	SA	A	N	D	SD	Sum	Mean	RII
Buy-and-hold strategy	40	36	11	12	7	408	3.85	0.77
Fix-and-flip strategy	33	35	17	11	10	388	3.66	0.73
Diversified investment strategy	13	15	17	33	28	270	2.55	0.51
Real estate investment trusts (REITs)	11	12	19	33	31	257	2.42	0.48
Rental properties strategy	43	34	12	9	8	413	3.90	0.78

Source: Author's Field Survey, 2021

Results in table 4.12 Above indicates that the buy-and-hold strategy has a high mean score of 3.85 and an RII of 0.77, indicating it is a popular strategy among respondents. Most respondents either strongly agree or agree with this approach, suggesting it is viewed as a long-term, stable investment option. The fix-and-flip strategy is moderately popular, with a mean score of 3.66 and an RII of 0.73. This suggests a considerable portion of respondents find it viable, though it is likely viewed as a more short-term or riskier investment compared to buy-and-hold. The diversified investment strategy has a mean score of 2.55 and a low RII of 0.51, indicating lower support. The high number of respondents disagreeing or strongly disagreeing with this strategy suggests it is not widely favored in the context of residential property investment. Real Estate Investment Trusts (REITs) have a mean score of 2.42 and an RII of 0.48, which is among the lowest in the table. The majority of respondents disagree with the REITs strategy, possibly due to a lack of familiarity or confidence in REITs in the residential market. The rental properties strategy is the most favored option, with the highest mean score of 3.90 and an RII of 0.78. A large portion of respondents either strongly agree or agree with this strategy, highlighting its popularity as a consistent source of rental income. Findings indicate that the rental Properties Strategy and Buy-and-Hold Strategy are the most favored, both having high mean scores (3.90 and 3.85, respectively) and strong RII values (0.78 and 0.77). The Fix-and-Flip Strategy follows with moderate popularity (Mean: 3.66, RII: 0.73), indicating it is a secondary but still viable strategy. Diversified Investment Strategy and REITs are the least popular strategies, with mean scores below 3.0 and RII values below 0.60, suggesting they are less preferred for residential property investment.

5.0 Discussion of Findings

The study reveals that a majority of respondents believe they have a good understanding of oil price volatility and its broader economic implications. Nearly 70% of respondents rate their understanding as "Very Good," while 29.2% classify it as "Good" in figure 4.1. This indicates that respondents, likely professionals or stakeholders in the real estate market, are well aware of how oil price fluctuations can influence economic activities. However, 20% of respondents rated their understanding as "Poor" or "Very Poor," indicating a knowledge gap within a minority of the population. This informed understanding suggests that most participants in the real estate market within oil-dependent economies are aware of the macroeconomic factors that oil price volatility represents, which is critical for making informed decisions in property investments.

Figure 4.2 reveal that the real estate market is widely perceived to be negatively impacted by oil price volatility, with nearly 70% of respondents deeming it harmful. The majority of respondents (43.4%) perceive the impact as "Somewhat Negative," while 26.4% perceive it as "Strongly Negative." This is likely due to the cyclical nature of oil prices in oil-dependent economies, which directly affect consumer spending, investment, and economic stability all of which have a ripple effect on the real estate sector. The 24.5% of respondents who perceive a positive impact from oil price volatility introduce an important nuance to the findings. This minority view could stem from experiences where rising oil prices led to short-term economic booms, driving up property demand and values.

The findings from figure 4.3 reveals that rental income is the most vulnerable aspect of residential property investment to oil price volatility, according to a survey with 43.4% of respondents identified this factor. This suggest that fluctuations in oil prices directly impact tenants' disposable income, affecting their ability to pay rent.

The findings suggest that real estate investors in oil-dependent economies must be particularly vigilant in monitoring oil price trends, as these fluctuations have a substantial influence on several critical aspects of residential property investment, particularly rental income and property demand. The strong negative perception of oil price volatility on the real estate market highlights the need for risk mitigation strategies, such as diversifying investments or focusing on more resilient property sectors. Additionally, the minority view that sees oil price volatility as having a positive effect presents opportunities for investors who are able to capitalize on the boom phases of oil price cycles.

This study provides critical insights into investor preferences and the perceived effectiveness of various strategies. The buy-and-hold strategy and the rental properties strategy emerged as the most favored investment approaches, with mean scores of 3.85 and 3.90, and Relative Importance Index (RII) values of 0.77 and 0.78, respectively. These high scores indicate that investors perceive these strategies as stable and long-term investment options. The popularity of these strategies aligns with traditional real estate investment principles, which often emphasize long-term capital appreciation and steady rental income as reliable methods for securing returns on investment (ROI). The findings have important implications for both investors and policymakers. Investors should be aware that while certain strategies such as buy-and-hold and rental properties are popular and perceived as stable, they must also consider the broader economic environment and other factors that may affect property values.

6.0 Conclusion and Recommendations

The study emphasizes the significant impact of oil price volatility on residential property investments in oil-dependent economies. A majority of respondents demonstrate a strong understanding of how oil price fluctuations affect the economy, with nearly 70% rating their knowledge as good or very good. Furthermore, the research indicates that oil price volatility is widely viewed as detrimental to the real estate market, with about 70% of respondents considering it harmful. This negative effect is particularly noticeable in rental income, identified as the most affected aspect of residential property investments. The findings highlight the vulnerability of the real estate sector in oil-dependent economies to economic disruptions caused by fluctuating oil prices.

Additionally, the study reveals favored investment strategies within this context. The buy-and-hold and rental property strategies rank as the most popular, showing high mean scores and Relative Importance Index (RII) values, which indicate their perceived stability and long-term potential. In contrast, strategies such as Real Estate Investment Trusts (REITs) and diversified investments are less favored, reflecting limited confidence in these approaches among investors in oil-dependent economies. The study recommends that investors diversify their property portfolios to mitigate the risks associated with oil price volatility. They should focus on resilient sectors, such as rental properties, to secure consistent income. Additionally, it is important for investors to monitor oil price trends and seek short-term opportunities, like increasing property sales during periods of peak demand. Furthermore, the study suggests that policymakers in oil-dependent economies implement measures to stabilize the real estate market and ensure the sustainability of residential property investents.

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