



Key Trends in the Nigerian Real Estate Sector

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(ICAN)

OCTOBER 2024

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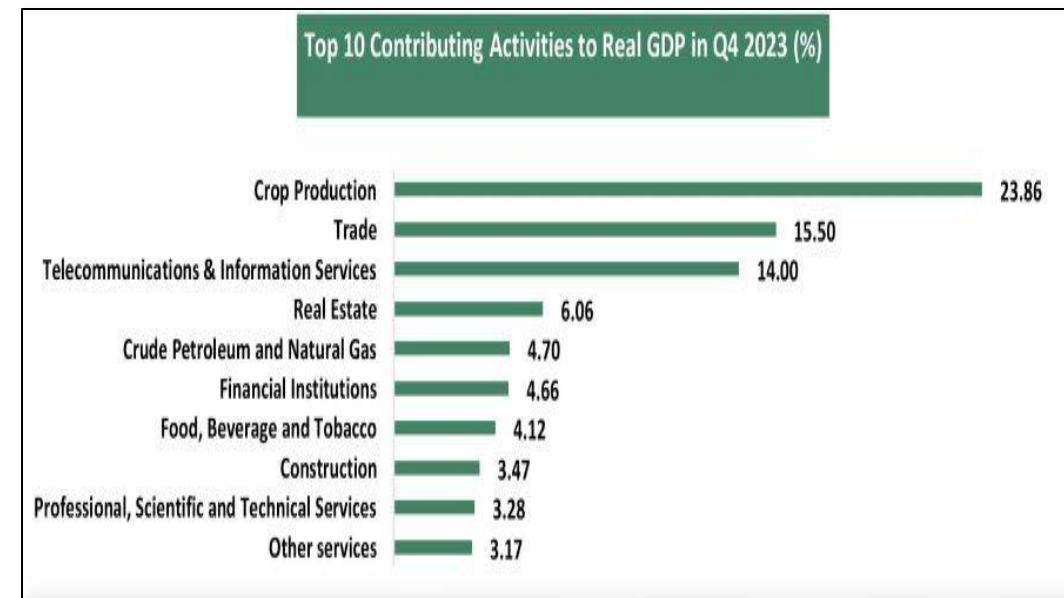
- AN OVERVIEW OF NIGERIA'S REAL ESTATE SECTOR
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The real estate sector is among Nigeria's top 10 non-oil sectors.

Nigeria's real estate sector is one of the most dynamic in Africa, contributing significantly to the country's GDP. The market is driven by rapid urbanization, population growth, and a burgeoning middle class.

Key cities such as Lagos, Abuja, and Port Harcourt are focal points for real estate development, with varying demand for residential, commercial, and industrial properties.

The sector has seen a mix of both challenges (regulatory hurdles, land issues) and opportunities (investment from both local and international sources).



The real estate sector's contribution to GDP has steadily increased over the years. With **6.06%** in **Q4 2023**, the sector is listed by the National Bureau of Statistics (NBS) as the fourth of top 10 activities and among the non-oil sector contributing to real/positive GDP.

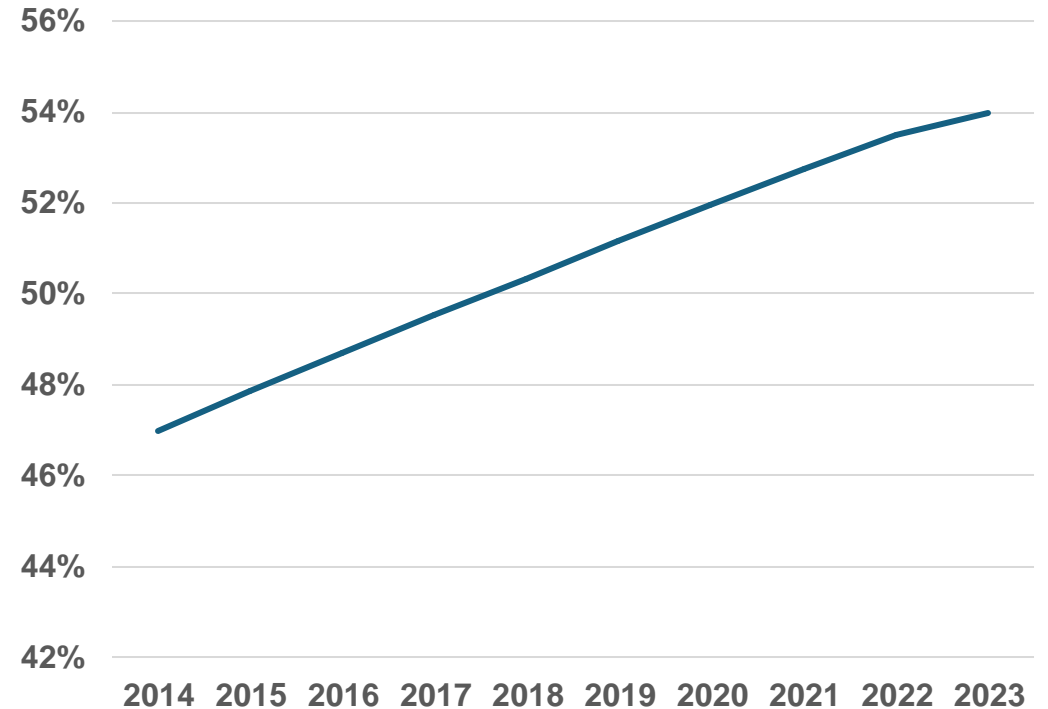
Source: National Bureau of Statistics (2023), Mixta Africa (2024), Statsmetrics (2024)

Urbanization has been a consistent driver of real estate growth.

Nigeria's population exceeds 200 million, with over 50% of the population living in urban areas. This trend is projected to increase as more people move to cities, creating a surge in demand for residential and commercial properties.

In cities like Lagos, Abuja, and Port Harcourt, the demand for residential housing, especially in gated communities, is increasing, while commercial spaces such as shopping malls and offices are also in demand.

Urbanization Rate in Nigeria (2014-2023)



Since 2018, more than 50% of Nigeria's population has been living in urban areas, a key driver for demand in the real estate sector.

Source: World Bank Group (2023), Statsmetrics (2024)

Regulatory bottlenecks appear to be easing slowly.



The Land Use Act of 1978 remains a significant legal framework for land administration in Nigeria. However, it has been criticized for creating bureaucratic delays and complexities in land acquisition and titling, which pose challenges for real estate development.

Recent government initiatives like the **National Housing Policy** aim to address housing deficits and increase affordable housing options.

The government has implemented several incentives to attract foreign investment into the real estate sector. These include tax breaks, pioneer status incentives, and the liberalization of investment through laws like the Nigerian Investment Promotion Commission (NIPC) Act, which allows 100% foreign ownership in real estate ventures. However, the regulatory environment still requires further streamlining to ensure transparency and efficiency.

Source: *The Trusted Advisors (2024), Federal Ministry of Work and Housing (2012), Nigerian Investment Promotion Commission (2021)*

While attractive to foreign investors, real estate remains expensive for local investors.

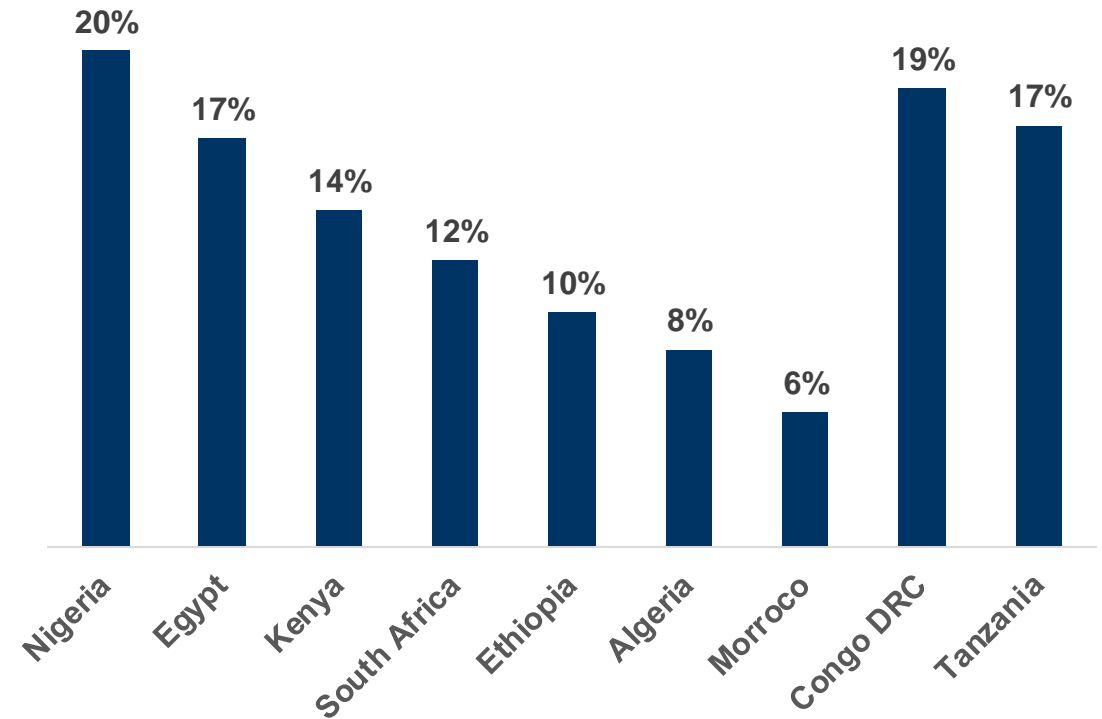


The mortgage system in Nigeria is still underdeveloped, with high interest rates and limited access. Only a small percentage of Nigerians can afford to finance homes through mortgages.



However, real estate in Nigeria is becoming more attractive to foreign investors as a stable investment class given the volatile economy. Real estate investment trusts (REITs) are also growing, offering opportunities for diversified investment.

Average Mortgage Rates for Nigeria vs Other African Markets



Source: Google Search, siao.ng, Nigerian Investment Promotion Commission (2021)

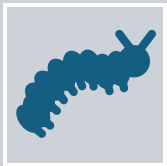
Nigerians continue to have a high demand for affordable residential housing.



There's a growing demand for affordable housing, driven by the urban population surge. However, supply lags due to high construction costs and land acquisition difficulties.



The rise of luxury apartments and gated communities in Lagos and Abuja reflects the preferences of high-income earners and expatriates.



Rental markets are flourishing, but ownership remains a challenge for low and middle-income households due to financing issues.



Source: Unsplash, Mixta Africa (2024), Statsmetrics (2024)

COVID-19 dramatically changed commercial real estate...



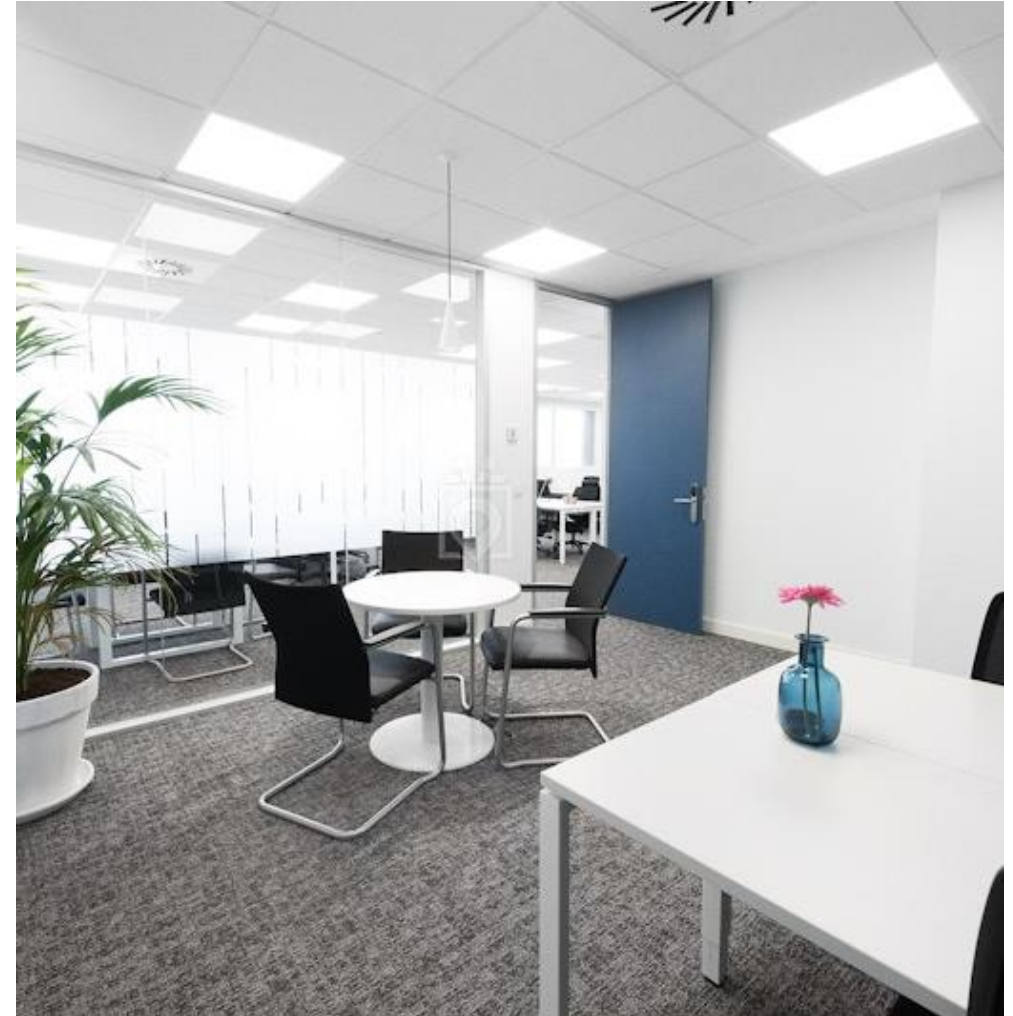
The demand for commercial spaces, especially in Lagos, is driven by corporate expansions, the rise of tech hubs, and international businesses entering Nigeria.



The rise of co-working spaces is another significant trend, catering to start-ups and freelance workers.



The COVID-19 pandemic has reshaped office space demand, with more companies opting for flexible workspaces and reducing their physical office footprints.



Source: Regus, siao.ng, Mixta Africa (2024), Statsmetrics (2024)

And technology is changing the very meaning of what counts as real estate...



The rise of PropTech (property technology) in Nigeria has transformed the real estate sector. Apps and online platforms like GatePass, PropertyPro, Jumia House, Fibre, and Hutbay are increasingly used for property searches, sales, renting and facility management.



Blockchain technology is being explored for property title management, aimed at reducing fraud and ensuring clear ownership records.



Smart buildings, energy-efficient technologies, and green buildings are gaining traction, especially in high-end residential and commercial developments.



Screenshots of GatePass, a mobile platform that connects estate managers with their residents to facilitate processes such as bill payments.

Source: GatePass company website, Africa Proptech Forum, Mixta Africa (2024)

Quick recap: the challenges of real estate in Nigeria.



Land ownership remains a complex issue due to the Land Use Act and the inefficiency of the land registration process.



High cost of construction and financing difficulties.



Infrastructural deficits, including unreliable electricity supply and poor road networks, increase development costs.



The sector faces environmental challenges such as flooding, particularly in coastal areas like Lagos, further complicating construction and housing delivery.



Quick recap: the opportunities in real estate in Nigeria.



The future of the Nigerian real estate sector is promising, with significant opportunities for growth in affordable housing, smart cities, and green building technologies.



Over the period of 2024-2029, the real estate market is expected to exhibit a compound annual growth rate (CAGR) of 7.10%, resulting in a market volume of US\$3.41tn by 2029.



Government reforms, if effectively implemented, could reduce regulatory hurdles and improve access to financing, driving more investment into the sector.



Urbanization trends will continue to spur demand for residential and commercial real estate, especially in key cities.



Source: Statista, siao.ng

Thank you!

(Q & A)