

# 2024 Nigeria Real Estate Market Outlook

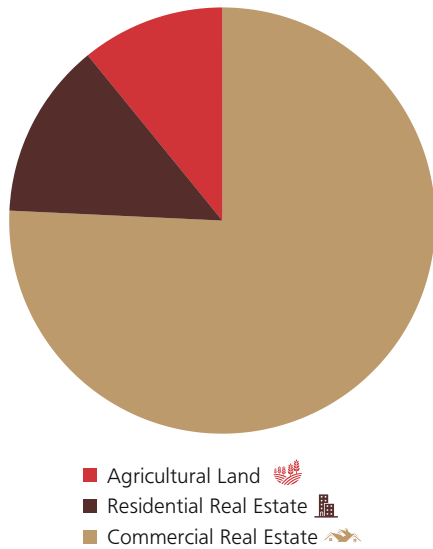
## Summary

### Airmanship

It is the 24th of August 2001 and the Canadian Air Transatlantic flight 236 with 306 passengers is 4 hours out from Toronto Pearson International Airport and heading to Lisbon Portela Airport in Portugal. Captain Robert Piché and First Officer Dirk de Jager discover a fuel leak and then hydraulic failure. With engine power fast ebbing, much panic from the passengers and quite a distance left, the pilots would somehow glide the plane for 18 minutes (estimated 139km) to a dimly lit Lajes Air Base on the island of Terceira, Portugal. All passengers survived and both pilots would go on to win one of the industry's highest honours – the 2022 Superior Airmanship Award. Airmanship is the consistent use of good judgment and well-developed skills to accomplish flight objectives. It will likely be a requirement for navigating the opportunities in Nigeria's real estate market in 2024. Data from Investment house – Morgan Stanley suggests that Nigeria's consumer market could see a 150% expansion from an estimated \$240bn in 2023 to \$603bn by 2030.

Some in-country experts agree - others do not. Nigeria's hospitality subclass - the film industry attracted strong global investment, and the broader African cinema and music industry, dominated by Nigerian productions, could reach a \$20bn valuation by 2030. Titles include Jagun Jagun, which earned an estimated \$1.4m; Orisa - ₦119m within a month of release and A Tribe Called Judah - ₦1bn in 3 weeks, all contributing to a growth in demand for commercial real estate. This growth is projected to continue at a 3% annual growth rate from 2023 to 2030, resulting in a prospective market volume of \$27m by 2033. There is demand for standard production centres, sets and locations – on a more permanent basis. Investors seeking portfolio stability will likely double down on properties in well-established prime locations with stable income and occupancy rates. Interest in high-quality assets will likely increase. Properties with good construction quality, reputable tenants, and stable income streams may attract investors looking for safer investments.

## Total value of global real estate (\$'Trn)



Source: Savills

The Royal Institution of Chartered Surveyors (RICS) introduced its Whole Life Carbon Assessment for the Built Environment (2nd edition) which will be effective in July 2024. It underscores climate considerations in development has been extended to cover all buildings and infrastructure projects, and includes new categorisations for infrastructure projects, a data quality methodology, and new reporting templates. AFREXIM Bank extended a \$1.35Bn facility to Lagos State and \$200m to Anambra State for housing and infrastructure development. The Federal Capital Territory Administration implemented a policy where property proof-of-ownership documents (C of O) are now issued for mass housing projects within its jurisdictions. The World Trade Centre, a prime office building in Abuja developed by The Churchgate Group, welcomed a new tenant, indigenous energy giant - Seplat Petroleum Development Company.

The international attractiveness of Nigeria's retail real estate market may likely be tested by the outcome of Novare's more recent challenges, and the investor's eventual account of the court system.

The institutional investor had earlier listed four Grade A retail properties for sale: The Lekki/Sangotedo Mall in Lagos (21,000 sqm);

Apo Mall in Abuja (8,000 sqm); Novare Central Mall (11,000 sqm) and Gateway Mall - both in Abuja (14,000 sqm). Its local partners are not having it. Grade A assets have recently become more available in the secondary market, notably a 15,000sqm, \$120m, 15-floor commercial building in Lagos and a pair of residential blocks priced between \$15m and \$18m.

The Hydro Power division of GE Vernova commissioned four 175MW hydropower turbines and generators at the Zungeru project, in Niger State. The project maxes out at 700MW. By design, it also contributes to flood control and facilitates irrigation initiatives. The African Development Bank Group approved a \$80m loan to fund the Ekiti Knowledge Zone project in Nigeria to foster digital innovation and entrepreneurship.

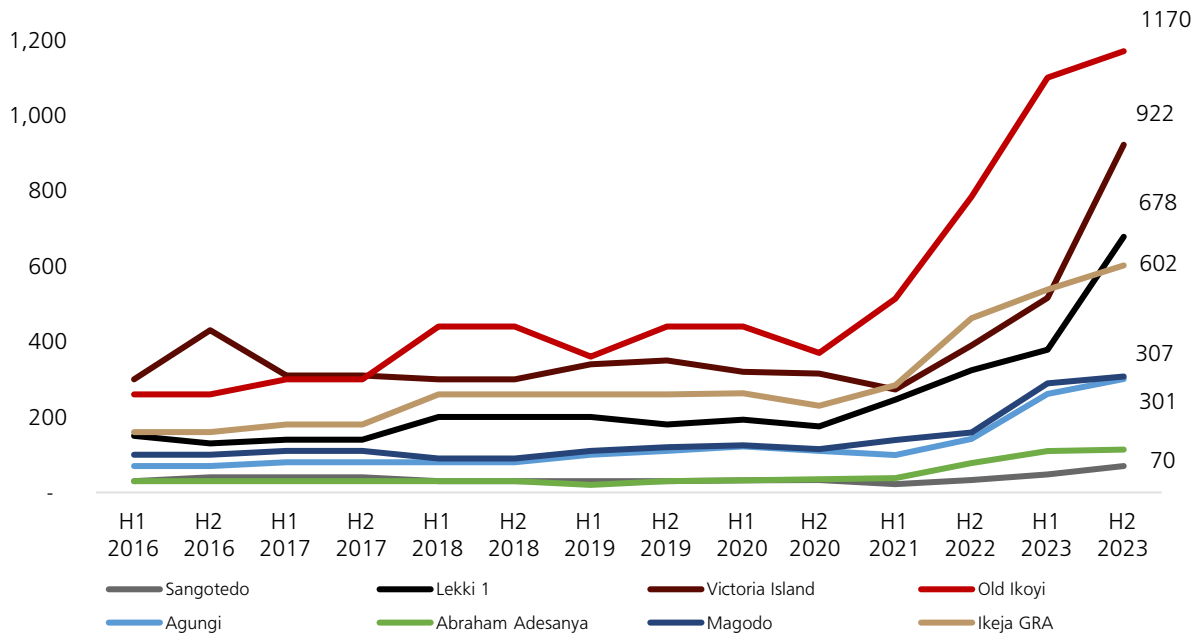


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A recent study from the Stockholm Environment Institute suggests that there is a growing global trend towards an increase in the reporting of climate risks, accompanied by a rise in the stringency of reporting regulations. The adoption of voluntary recommendations for developments and nice-to-haves alone will not suffice to bring about the necessary reforms. Instead, a shift towards mandatory requirements and stricter regulations will be imperative. The current discourse surrounding climate risk reporting raises the question of whether double materiality will be taken into account. Nigeria successfully overturned an \$11bn damages judgment related to a failed gas project, which it was originally obligated to pay to the British Virgin Islands company, Process & Industrial Developments (P&ID).



## Lagos: Land values in N'000psm



Source: Savills

Norwegian Investment Fund invested \$12m in Nigeria's Cocoa Processing ecosystem. FSD Africa Investments, in partnership with InfraCredit, put in £10m to unlock local currency funding for sustainable infrastructure development in Nigeria. Nigerians seeking foreign education spent \$340m between January and June in fees, logistics, processing and related costs, defining an opening for educational investment. Wigwe University is a \$500m, 400ha development in Rivers state that seeks to take advantage of this.

To improve market accessibility for local farmers and businesses while encouraging increased agricultural and food production, Heifer International partnered with ColdHubs to establish an off-grid 100-tonne solar-powered storage facility in Zaria, Kaduna State. The food inflation component has long been a contributor to high inflation, dousing consumer purchasing power and consequent investment in long-term assets.

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The Asset Management Corporation of Nigeria (AMCON) partnered with the Nigeria Institution of Estate Surveyors and Valuers (NIESV) to enhance the accuracy of asset valuations - an improvement from the agency's stance in 2018 blamed for the inability to dispose of seized assets. Across markets, there are pipeline projects that suggest confidence in Nigeria's real estate market and in discussing these, this outlook report will look into the new year's prospects and suggest opportunities for local and international partnerships.

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