

Nigeria Real Estate Market Review H1 2024

Summary

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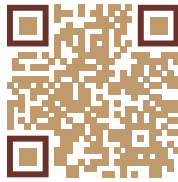
It's been a slog since the year began. The CBN introduced yet another raft of reforms to stabilise the economy by controlling inflation, enhancing revenue collection, reducing budgetary deficits, managing public debt and stabilising the exchange rate. Strengthening macroeconomic fundamentals will likely pave the way for economic growth which should close the gap between the best and worst-performing States. In many areas outside key cities, state capacity is low and infrastructure gaps constrain growth.

Saudi Aramco CEO Amin Nasser suggested a clean break from the current energy transition strategy adding that a shift towards investing in oil and gas efficiencies is a better way to go. High inflation rates (officially 33.95% in May) have led to a decline in consumer purchasing power, directly influencing the real estate market. Inflation has increased construction costs, challenging project viability and reducing new developments.

The real estate sector contributed 5.20% to Nigeria's GDP in Q1 2024, lower than the 5.31% contribution in Q1 2023. Poor economic performance has contributed to unfavourable business conditions and has led to a decline in FDI in Nigeria, limiting the availability of capital for real estate and construction projects. There have also been political gaffes. Population growth continues to drive the demand for residential real estate, particularly in mid-market areas. The supply of Grade B+ retail mall developments in Abuja grew. The growing demand for affordable housing and sustainable building practices has led to a continual mismatch between supply and demand.

The real estate market in Nigeria is projected to grow by 7.24% and reach a total estimated value of \$2.14Trn by the end of 2024. Residential Real Estate holds the largest share, with an estimated market volume of \$1.77Trn by EoY 2024. In its 2024 budget, the government allocated an additional ₦2.25Trn across 45 ministries committing to funding

Nigeria Police Force commits to
₦100Bn investment in housing



SCAN to view

capital infrastructure. Project monitoring will be key, intentions regardless. Payment startup success story, Flutterwave earns the top spot in Fast Company's Most Innovative Company for Europe, Middle East, and Africa 2024. The Federal government plans to deliver 50,000 houses under its Renewed Hope Cities agenda. Experts are divided on execution programs and how soon the target will be reached. State governments are - contributing land and mobilising local labour.

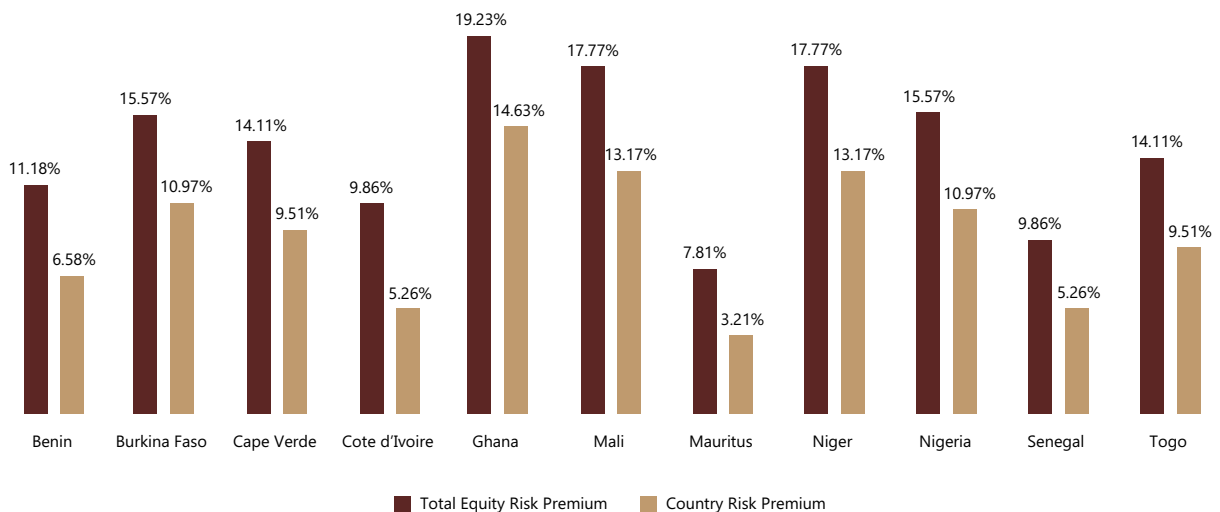
The Presidency commissioned an 181MW Geometric Power plant in Aba, Eastern Nigeria alongside a 188MW thermal plant. AfDB launched its plan to disburse \$540m for developing Special Agro-Industrial Processing Zones (SAPZs) in Nigeria, targeting rural transformation into economic hubs through commercial agriculture and food processing. Oyo, Kaduna, and Cross River will be the first to receive funding. The subsequent phase will cover 27 states.

Universal Music Group acquired a majority stake in Mavin Global, a leading homegrown record label. Reports suggest an estimated \$125m valuation. This acquisition places UMG at the forefront of the Nigerian Afrobeats scene. Neither UMG/Mavin have disclosed specific terms of the deal - the percentage of the stake acquired by UMG, any conditions attached to the deal, and the overall structure of the agreement. Still, this collaboration will likely improve the long-term promotion, distribution, and visibility of Nigeria's entertainment scene, driving demand for related assets. Microsoft shut down its African Development Centre based in Lagos. The reasons behind the decision include business environment challenges. The Nigeria centre was launched in 2022.

As of 2023, Nigeria's senior living communities encountered challenges, with a current elderly population of 19.2m expected to reach 30m by 2050. This report reviews the opportunities for developing senior healthcare centres and comprehensive support systems even as the stakeholders develop long-term care systems. AI continues to influence property markets in terms of operational efficiency, management and reporting.

Leaked data discussed by Washington, D.C. based Center for Advanced Defense Studies,

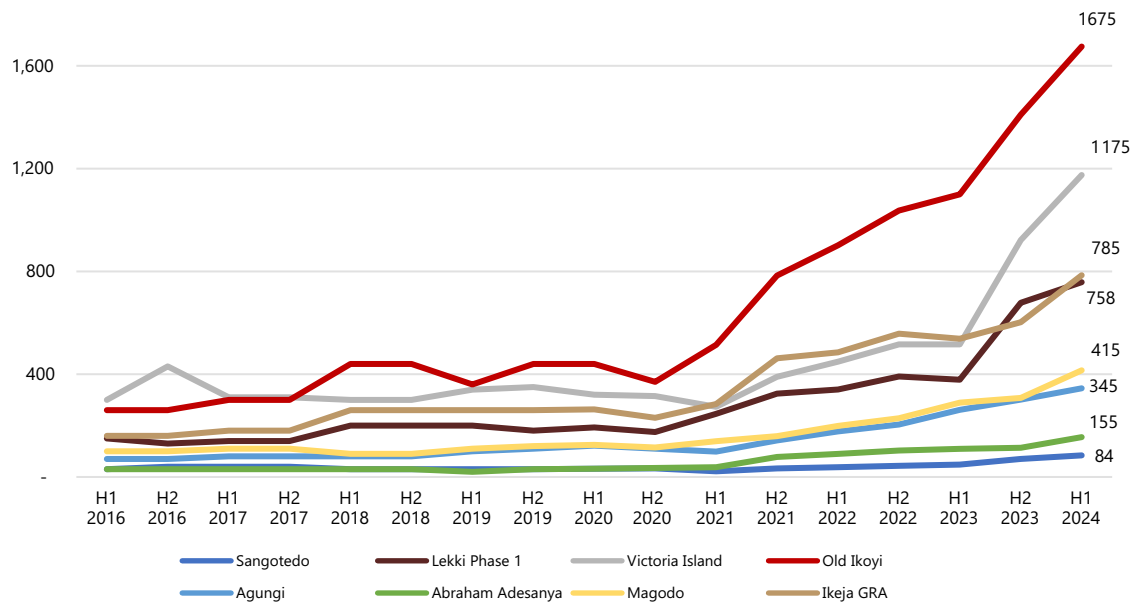
Country Risk Premiums



Source: Aswath Damodaran, NYU Stern



Lagos: Average land values in key nodes (N'000/Psm)



Source: Northcourt

Norwegian financial outlet E24 and the Organized Crime and Corruption Reporting Project offer a comprehensive look at the ownership and usage details of properties in Dubai, primarily from 2020 and 2022. With

nationals from most countries, the data suggests that real estate markets remain a consideration for money laundering thus reinforcing the need to accelerate transparency efforts.



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