

LAGOS RESIDENTIAL MARKET UPDATE

A Monthly Publication - September 2022



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Introduction

Welcome to September!

First let's reflect on the August and the mixed bag Real estate/Construction industry witnessed.

On the dark side, inflation figures for Nigeria keep worsening and as we approach the election year, the heat of perceived economic volatility continues to mount. Additionally, Lagos also saw a new wave of building collapse at the beginning of September, leaving at least 4 people dead, and many injured.

On the brighter side, the Real Estate market is on the verge of a global facelift, an indication of hope for coming quarters as young Nigerian entrepreneurs' leverages tech-based solutions. With this, and the resilience of developers and other industry players, all might not be lost despite the economic outlook.

Take your time to read and share your thoughts with us by engaging via our social media pages.

Once again, welcome! Let's get into it...

MACRO-ECONOMIC FACT BOX

2022 population: 206m
2021 Total GDP: 4.1% \$481billion
YoY GDP Growth Q1:2022:
GDP Per Capita 2021:
MoM Inflation June 2022: 19.64%
YoY Real Estate Growth Q1:22
YoY Construction Growth Q1:22
Economic Outlook: Negative

¹ Nigerian Bureau of Statistics

² Consumer Price Index (CPI) measures the average increase in the price of goods



Topical Issues

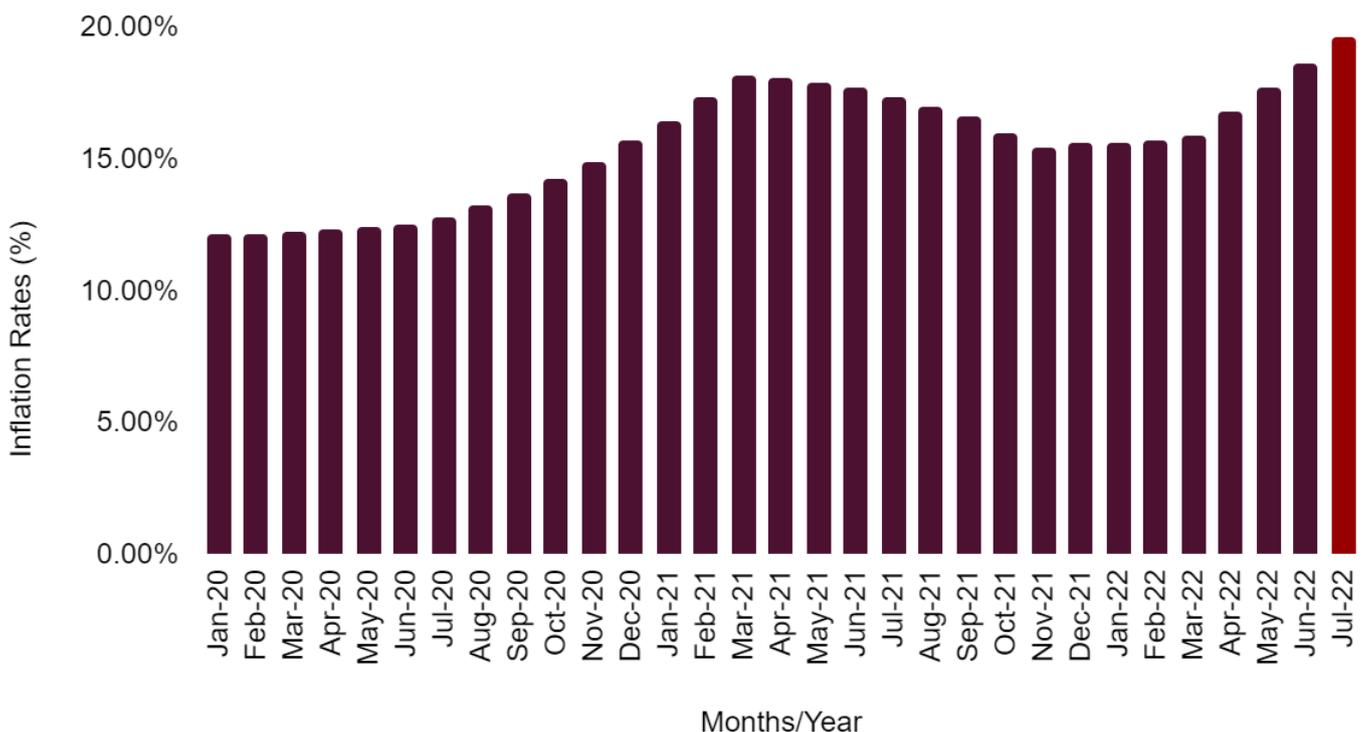
HEDGING YOUR RISKS WITH REAL ESTATE INVESTMENT IN THE CURRENT ECONOMIC CLIMATE

In the past 5 years Nigeria's inflation rate has reached record levels, going from 18.6% in June 2022 to 19.64% in July according to the NBS CPI. Indeed 2022 has proven to be one of Nigeria's most challenging economic years.

As inflation continues to erode the value of assets, it has become critical for Nigerians, especially young people to explore alternative ways to store their wealth. Historically, real estate hedges against inflation because property values have a tendency to rise steadily over time.

Despite the economic challenges, state governments are doubling down to deliver on public infrastructure before the much-anticipated 2023 elections. In Lagos, the Opebi alternative road, Massey's Children Hospital and the Timberville projects are a few.

Nigeria's Inflation Rate





Spotlight On Timberville Agbowa



In 2019, the Lagos State Government conceived the Timberville project, which was intended to serve the relocation of the Okobaba sawmill in Ebute Metta to Agbowa. This, according to the State government, was initiated to find a lasting solution to the environmental concerns posed by the activities of the sawmill in Ebute-Metta, Lagos.

Last month, the Lagos State Governor, Babajide Sanwo-Olu visited the ongoing Timberville Agbowa project. The project involves building 160 unit 2-bedroom bungalows with the accompanying external works that is being sponsored by the Lagos State government and executed by First World Communities.

Oko-Baba provides up to 80% of the wood work demand in Lagos and this project is critical in enhancing the standard of living of the residents and the wood work industry in Lagos State.





The Spate Of Building Collapse In Lagos Has Become Alarming



On the 4th of September, a seven-story building in Victoria Island, Lagos, that is located along Abiodun Abila Oniru Street collapsed leaving 4 people dead. Since 2021, there have been very tragic incidences of building collapse in Lagos including the collapse of the 21-story skyscraper in Ikoyi, in November 2021, followed by the collapse of a 3-story building in Ebute-Metta earlier this year.

According to the Building Collapse Prevention Guild, Lagos State has so far had the most building collapses in Nigeria, with an estimated 315 failures occurring between July 1974 and July 2022, averaging approximately 5 building collapses each year.

Poor construction, non-demolition of dilapidated structures, and general carelessness on the part of developers have been the chief reasons for the increased rate of building collapse in the state. Again, this shows the need for regulation and strict compliance with building regulations in Lagos State. Beyond financial returns, ensuring the integrity of our projects remains a top priority, and cannot be compromised for any reason. The Agbowo project, among many others, is a testament to this.



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