





INTRODUCTION

As we reflect on the real estate market in the month of July, a number of indicators including surging inflation, and the widening disparity in the value of the naira to the dollar, alongside the political uncertainties in the run-up to the 2023 general elections have halted activity in the Nigerian real estate market.

This in turn is having varying levels of impact on market participants.

In this report, we discuss these indices in detail, providing guidance on how market participants can adapt the tough economic condition to their advantage.

We would love to hear from you, kindly share your feedback with us via any of the emails on the back cover of this report.

ECONOMIC KEY FACTS

Total
Population
2022
211M

Total
GDP
2021
\$481 Billion

YoY GDP
Growth
Q1: 2022
3.11%



Nigeria's
macro-economy

GDP
Per Capita
2021
2,273

YoY Real Estate
Growth
Q1: 2022
10.84%

YoY Construction
Growth
Q1: 2022
7.81%

KEY ISSUES

3 key themes influencing the Nigerian real estate landscape in 2022

So far, 2022 has proven to be one of the most difficult economic years in the history of Nigeria. Inflation rate (which measures the average increase in the price of goods) in Nigeria has increased from 17.71 percent in April 2022 to 18.6 percent in June, which is the highest in 11 months according to the National Bureau of Statistics Consumer Price Index (NBS).

Similarly, construction costs have surged over 38% in 2022 according to industry experts. The retail price of cement in Nigeria which sold between N2,300 to about N2,600 per 50kg bag in 2020, currently sells at an average price of N4,000 to N4,200 as of July 2022.

With overall inflation levels steadily rising since the beginning of the year, the impact of these negative indices has been more pressing on Nigerians.



INFLATION RATE



•NAIRA DEVALUATION

The International Monetary Fund in its “Nigeria: Selected Issues Paper” calculated that since 1973, the value of the Nigerian Naira had declined by 10.6 percent annually. The performance of the naira against the dollar has dwindled, exchanging at over ₦650 in the black market.

This means that the value of the naira currency in the pocket of an average Nigerian has lost value in terms of what it can purchase both locally and in the global market.

•SURGING PROPERTY PRICES

The countdown to the 2023 general elections has also brought uncertainties to the market as significant players delay high-end investment decisions till after the election. This, among many other market-related nuances, has influenced a phenomenal increase in apartment prices across the country, most notably in Lagos and Abuja.

Asking prices on new residential leases have increased by over 20% across Lagos and over 15% across the Federal Capital Territory. The sales price of apartments in Lagos has surged over 24% in the past 12 months, according to industry experts, and we are beginning to ask questions. What does all this mean for the average Nigerian?

LET'S DIVE DEEPER

While real estate developers have pushed to consummate a number of sales and rental transactions in the past 6 months, these factors, among many others, have halted the overall market activity. For some segments of the market, the impact has been even tougher. For instance, while the surge in property prices means more revenue, especially for developers who were able to stock up on construction materials pre-COVID, it also means that new tenants and property buyers across Nigeria's top-tier cities have more financial obligations to bear than they would have a year ago.

For investors with offshore liquidity, this is a great time to buy property in Nigeria, but for buyers with naira liquidity, pricing may appear a bit uptight at the moment. Interestingly, we at FWC understand the current terrain, and how daunting the impact of negative cash flow can be on investors. This is why since our inception, we have strived to keep the price of our products within reach, with little or no price revision. You can browse through our website to find properties that meet your specifications and budget.



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