

2015 REAL ESTATE REPORT & FORECAST FOR 2016

It's no longer news that Real Estate is one of the fastest growing and most lucrative sectors in Africa and anywhere else in the world. It currently contributes up to 8% of Nigeria's GDP, and looks to expand in the coming years.

How well did the real estate sector fare in the recently concluded year? What are the realistic expectations from this profitable sector of the economy in 2016? These questions will be answered in this report which takes the past, present and future into cognizance.

2015 AT A GLANCE

JANUARY:

The year began with some anxieties towards the 2015 elections which was initially scheduled to hold in February. Experts predicted that Nigeria's real estate industry may not perform well if the nation's fiscal policy and the regime of naira devaluation persisted. The high-end property market value crashed when in a desperate bid to raise funds ahead of the February general elections, politicians started selling their properties in major cities of the country.

Lagos recognized the strategic importance and potentials of building and construction sector as the third largest in terms of gross domestic product (GDP) ranking in the state, and gave a boost to the sector; the Governor (Babatunde Fashola) signed an executive order slashing rates applicable to land transactions in Lagos to as low as 3%.

In Abuja, The two chambers of the National Assembly passed into law a bill which sought the establishment of the Federal Capital Territory Internal Revenue Board. The bill empowered the Federal Capital Territory Administration to establish its own Internal Revenue Board which would have, among others, the legal powers to collect tax on property.

Due to the falling oil price, The federal government announced its plan double its value-added tax (VAT) and cancel government projects, a move which caused a bit of rancor across the nation.

In Ogun State, there were fears raised by residents about fraudsters hijacking the Homeowners' Charter program; an effort of the State Government to reduce the problems associated with land title documentation.

FEBRUARY:

The month of February began with Nigerite embarking on a widespread publicity to announce Dry Construction as a cost efficient alternative to wet construction.

The Federal Government made plans to raise the share capital of the Federal Mortgage Bank of Nigeria (FMBN) to N250 billion in order to enable it tackle the country's housing deficit.

The real estate sector was still feeling the bite of the hard economy, and Developers in Nigeria's high end property market were compelled to drop rates by up to 20 percent.

The 2015 elections which brought about so much anxiety was eventually postponed, and this drew concerns from agencies such as Lagos Chamber of Commerce and Industry (LCCI) who thought that investors needed to have an idea of the direction of the country's political and economic governance in order to manage policy and political risks of investments.

In another development, angry workers ambushed the President of NLC in Abuja. This was as a result of their disappointment at the leadership of the NLC over their inability to deliver the NLC Housing Scheme to them. The Vice President of the Nigeria Labour Congress, NLC, Issa Aremu later assured the aggrieved workers that their monies would be refunded with interest and an apology.

In the commercial city of Lagos, it was commerce as usual as the upgrading of The City Mall, Onikan, which had not been completed at the time, already had high profile companies taking tenancy at the Mall. Biggest among the tenants were Genesis Cinemas, a leading Nigerian cinema brand, and Playzone, a fast growing family entertainment brand in Nigeria.

Lafarge Africa Plc and Shelter Afrique, a Pan-African housing and development institution signed a Memorandum of Understanding to facilitate housing development on a large scale for low income earners in the country. The agreement, whose implementation was to commence with the development of identified sites in Abuja, is for an initial period of four years.

In a bid to reduce the housing deficit across the nation, the FG signed MoU with BASAP Ventures to create 15,000 affordable housing units across the country.

MARCH

March began with some refreshing news as a highly regarded investment company based in the United States of America, signed a memorandum of understanding with the Nigeria Mortgage Refinance Company (NMRC) for \$1 billion (about N200 billion) in mortgages. More good news emerged as the Federal Government showed a renewed interest in expanding the ownership of Federal Mortgage Bank of Nigeria (FMBN). A move which allows private sector intervention and fresh injection of funds into the housing financial system.

A documentary was published by Africa Independent Television, showing the amount of wealth and real estate investment owned by Former Lagos Governor, Asiwaju Bola Ahmed Tinubu. This raised some dust, and it was seen as a political move to play down the chances of his political party in the elections.

In Lagos, Former Governor Babatunde Fashola named the Sogunro housing Estate, Ogba, after late nationalist, Chief Anthony Enahoro. A move which drew applause from many circles.

The Naira lost its value against the Dollar, and in its resultant effect in the real estate sector, landlords and schools in various parts of the country began demanding payment in Dollars. The CBN was quick to rise up against this trend, but they didn't record much success.

The General Elections finally took place – not devoid of drama – but it was successful, bringing President Muhammadu Buhari into power.

APRIL

In one of the post-election promises, the Vice President, Yemi Osibajo promised Teachers across the nation a better housing scheme after the All Progressives Party is sworn-in in May. The promise is yet to be fulfilled till date.

Having concluded elections, a lot of individuals, groups and real estate bodies raised opinions about areas which the newly elected President should pay attention to. A general consensus of the real estate bodies bothered on the development of Housing and Infrastructure.

In Ogun, the documentation process to property owners was simplified via the issuance of electronic Certificate of Occupancy. The migration from paper C-of-O to the electronic format was to tackle counterfeiting of the document, eliminate fraud and ensure efficiency in land administration.

In Abuja, the Land Swap Policy introduced by the Goodluck Jonathan led government generated concerns among natives who thought the government was using it as a conduit pipe to allocate mass areas of Gbagyi land to the leaders of the government and their cronies.

Contractors handling Millennium Development Goals (MDGs) projects at the Federal Ministry of Lands, Housing and Urban Development staged a protest demanding the payment of the arrears of the 2012, 2013 and 2014 contract sums of completed projects across the country. In that light, there was a trade of blames between the then ministers of Finance, Ngozi Okonjo-Iweala and Minister for Land, Akon Eyakenyi, over who was at fault for the delay in payment.

MAY

The UPDC REIT declared up to N2.33bn reward to its shareholders.

In the wake of terrorism in the North Eastern part of the country, The Lagos State Government insured the Lekki-Ikoyi Link Bridge, roads and other important state-owned infrastructures for N133 billion to guard against terrorists attack and natural disasters.

The Abuja national secretariat of the Real Estate Developers of Nigeria (REDAN) hosted a team of World Bank officials to discuss Housing issues in the country.

The Nigerian Mortgage Refinancing Company and the Nigerian Insurers Association began works to integrate title insurance as a mandatory condition to get mortgage loans.

The South West arm of REDAN elected new Executives into office.

The Trade Union Congress (TUC) along with a private property firm, unveiled plans to develop about 100, 000 housing units for members of the union across the country. In the same vein, a deal was sealed between UNICEM and a microfinance bank for the building of 5,000 new housing units in the country. The outgoing Governor of Kano State, Rabiu Kwankwaso, also commissioned

108 housing units in Durumi District of the Federal Capital Territory (FCT), Abuja. These were all moves to reduce the housing deficit in the country.

Due to the inability of the Federal government to offset a debt of N500 billion owed the construction industry players, operatives started to downsize their workforce in order to survive.

Lagos State Government also announced plans to rebuild the Makoko area of the state by constructing a housing estate on the waterfront.

JUNE

The Lagos State Government signed three model city plans to guide physical development of different areas of the metropolis in the next 10 years. The areas are the Ikoyi/Victoria Island, Agege/IfakoIjaiye and Apapa model city plans.

Nigeria's National Assembly planned on building a world-class permanent site for legislative studies, located in the FCT, Abuja which will gulp N52.031billion and was to be completed around November 2015.

The contribution of Finance, business services and Real Estate to GDP increased to 15% from 6% in 2008, according to a report sourced from bdlive.co.za.

In housing, the newly appointed Inspector-General of Police (IG), Solomon Arase, mandated the Police Works Department of the Force to build 6000 units of modern houses for the rank and file personnel. Also, Nigeria's Customs Cooperatives signed MoU with Shelter Afrique to deliver 5000 housing units.

Newly elected Lagos state governor, Akinwumi Ambode revealed plans to consider adopting a 'rent-to-own' policy in resolving housing deficiency in the state. In the same month, the Lagos State Governor sacked the LSDPC boss, Taofeek Abiodun Oki. The Governor made more news as he declared a free toll at the second point on the Lekki- Epe Expressway.

A report by the National Bureau of Statistics revealed that Lagos, Abuja and Port-harcourt are the top real estate investment destinations, and account for as high as 65 percent of all activities in the asset class. Meanwhile, a report by Lamudi however showed that Lagos suffered a 40% rental property deficit.

According to the estimates of stakeholders in the real estate financing sector, it was revealed that more than 50% of Nigerians need social housing. It was also reported that about 85% of Nigerians still live in rented apartments and pay more than 40% of their annual income as rents.

The Federal Mortgage Bank of Nigeria revealed that only 60,000 out of the four million registered contributors to the National Housing Fund have been able to access mortgage loans. In another report meanwhile, the FMBN also unveiled an initiative to increase access to Home Renovation Loans.

Nigerite unveiled Kalsi Boards for Dry Construction.

In Rivers State, The Ministry of Housing began the recovery of all government residential and office houses illegally occupied.

Lafarge Africa signed a strategic partnership with the Federal Government Presidential Initiative to rebuild the troubled North-East region of the country which has witnessed enormous destruction from the activities of Boko Haram.

JULY

Nigeria real estate estimated purchasing power was valued at \$28 billion according to a report.

Shelter Africa once again pledged to support the construction of housing units for hundreds of civil and public servants in Ogun state government's employ with N2 billion.

The United States offered to help President Buhari track down Nigeria's stolen asset in billions of dollars and increase U.S. military assistance to fight Boko Haram militants.

Ogun state launched plans to compensate owners of building demolished by Government in the state. Plan to build shopping malls in the West and East senatorial districts of Ogun was also unveiled. The malls were intended to replicate the one constructed in the Central senatorial district of the state.

The Lagos Chapter of the NIESV inaugurated new executives.

The Shoppes Mall, Lekki was unveiled.

AUGUST

The Abuja Housing Fair took place, and Stakeholders in the built environment spoke about the need for a regulatory framework that will prescribe the prices at which houses should be sold in the country. They noted that the move would eliminate excessive profiteering by landlords and property developers. This is still in view.

In Ogun, The Managing Director of Ogun State Property and Investment Corporation OPIC, Babajide Odusolu, disclosed its plan to construct over 1000 housing units per annum for property buyers and investors as part of its urbanisation scheme.

Meanwhile, Akinwunmi Ambode, Governor of Lagos state revoked the allocation of over 25 plots of land by his predecessor, Babatunde Fashola. The Governor also terminated the concession granted by the Lagos State Development and Property Corporation (LSDPC) to Afriland Properties for the redevelopment of the Falomo Shopping Centre in Ikoyi. The Governor said the decision was carried out based on a recent discovery that the concession was grossly detrimental to the interests of the people. Subsequently, Afriland Properties Plc stated that the shopping mall was not leased to it for 50 years for N50 million as widely reported in the media.

The anti-graft laws which came into prominence after the emergence of Buhari as President impacted the property market. There was a massive offload of properties, especially in the high-end market. Also, some 'super rich' civil servants had to sell their choice houses and state-of-the-art automobiles in order to avoid losing the properties to the President Muhammadu Buhari's anti-graft crusade. This created some activity within the real estate sector.

In Cross River State, Governor of the State, Senator Ben Ayade, property developers from Ireland visited Calabar to concretise a partnership deal to build about 5,000 modular homes.

SEPTEMBER

Ekiti State Government disbursed a sum of N144 million as housing and vehicle loans to 712 teaching and non-teaching staff in the state teaching service.

The Buhari-led government began by asking newly appointed officials to declare their assets. Eye brows were raised on certain declarations while others passed without a notice. Prominent among them is the declarations of the President and his Vice, where Yemi Osibajo floored Buhari in terms of asset.

The Managing Director, Federal Mortgage Bank of Nigeria (FMBN), Mr. Gimba Ya'U Kumo, revealed the government's readiness to launch a home renovation loan to help contributors of National Housing Fund (NHF) improve their living conditions at affordable cost and its offshore mortgage scheme for Nigerians residing abroad.

The Lagos State Government also made known that new applicants for Certificate of Occupancy on properties would be issued the document within 90 days of payment.

In Lagos, The Permanent Secretary, Ministry of Housing, Mr. Olatunji Odunlami, revealed the earnest commencement of the Lagos State Government's rent-to-own policy under the Homeownership Mortgage Scheme.

Dangote Cement cut prices of cement in Nigeria. CEO of Dangote Cement, Onne van der Weijde, said in Lagos that the price cuts to its 3X cement brand by N6,000 (\$30.23) per metric tonne, translating to N300 reduction per 50kg bag.

In another development, Primary Mortgage Banks that are shareholders of the Nigeria Mortgage Refinance Company (NMRC) approved an increase of its share capital from N1 million to N18 billion.

InstinctWave announced Nigeria construction awards debut.

OCTOBER

With a view to ascertaining alleged infringements in the Land swap policy, House of Representatives ordered an investigation into implementation of the Policy initiated by former Minister of Federal Capital Territory, FCT, Bala Mohammed.

The Ogun State Government established 300 tertiary control points to boost survey across the State in an effort to upgrade and re-equip the Department of Survey in the State Bureau of Lands and Survey.

The Managing Director of Lekki Worldwide Investment Company, Mr. Tajudeen Disu, who was in charge of the Lekki Free Trade Zone was killed during a Land tussle.

Lafarge Africa Plc, a member of the LafargeHolcim Group, launched the Lagos State Chapter of its Housing Microfinance Academy, which is to provide capacity building to Microfinance Banks to enhance accessibility of housing credits for the low to middle income segments of the society.

The Borno State Government agreed to partner the Federal Housing Authority, FHA, to rebuild communities ravaged by Boko Haram insurgency.

Mr. Gimba Kumbo, Managing Director, Federal Mortgage Bank of Nigeria (FMBN), said 17 to 20 million housing units were needed to address the housing deficit in the country.

The Federal Mortgage Bank of Nigeria (FMBN) announced its plan to commence “ Rent-to-Own ” scheme to ease the housing challenges in the country.

Ambode unveiled his roadmap for Lagos at the Abesan Mini Stadium/Playground, Abesan Estate, Ipaja, Lagos where he expressed his plans to make grassroot members of the state an active part of governance.

Amnesty International opened office in Nigeria, targeting adequate housing and other sectors of the economy.

Popular Blogger, Linda Ikeji bought a mansion worth 450million Naira in Banana Island, Lagos.

The Imo State Government concluded arrangement with the Federal Mortgage Bank of Nigeria (FMBN) to build 2,000 housing units for its workers in the three senatorial zones under the Imo Model Scheme.

In a survey conducted by Lamudi, Nigeria was ranked fifth cheapest luxury property market in the emerging market with a value of \$967.03 million per square.

The Senate kicked against the N64 billion contract for the construction of a second runway at the Nnamdi Azikiwe International Airport, Abuja.

NOVEMBER

The Chairman of the Lagos State chapter of the Estate, Rent and Commission Agents Association of Nigeria (ERCAAN), Godwin Alenkhe revealed that Lagos has less than 500 licensed estate agents.

In a bid to increase Internally Generated Revenue, Osun State appealed to citizenry to co-operate with the state government in the payment of tenement rate and land use charge.

After a long wait, the president finally selected members of his cabinet and the immediate past Governor of Lagos state, Babatunde Fashola, was assigned the Minister of Power, Works and Housing.

As part of efforts in making houses affordable for Nigerians, the Federal Government commenced the construction of 150 units of two and three-bedroom flats in Akure, the Ondo State capital.

Lagos state government commenced the process of reallocating the over 2, 000 Ayobo allottees, under Alimosho Local Government Area of Lagos, whose homes were demolished between July and August 2007, by the immediate past administration in Lagos. The victims' homes had been

demolished over the pretext that the location where the property was situated is government acquisition landed property.

South African Real Estate Investment Trust (REIT), Hyprop Investments Limited (Hyprop) and Attacq Limited (Attacq), a JSE-listed real estate capital growth fund acquired The Ikeja City Mall. Hyprop acquired a 75% interest in Ikeja City Mall and Attacq has acquired the remaining 25%.

Mrs. Mercy Torkwase Iortyer became the first female president of Nigerian Institute of Quantity Surveyors.

Governor of Ogun State, Ibikunle Amosun presented N200bn Budget of which N26.567billion was allocated to Affordable Housing & Urban Renewal.

Mr. Tonye Oliver Braide became the president of the Nigerian Institute of Architects (NIA).

The Cross River State Governor, Ben Ayade, revealed plans for Henan Province of China to commence construction of \$10 Billion project in the state.

The Federal Government also revealed plans to set up a \$25 billion infrastructure fund to bridge the funding gap in infrastructure development in the country.

DECEMBER

Vice President Yemi Osinbajo revealed the Federal Government's plan to focus on implementation of Niger Delta Masterplan to drive development of the region.

The Nigerian Army said revealed plans to invest in the Obudu Ranch Resort and turn it into a profitable world-class facility.

The Minister of Power, Works and Housing, Babatunde Fashola, revealed the Federal Government's plan to re-introduce highway tolling to raise additional funds to finance road infrastructure and ensure efficient road maintenance.

The Lands Bureau in Lagos State created a dedicated Help- Desk for Applicants who have applied for Certificates of Occupancy, and whose applications were not concluded due to absence of essential documents.

Lagos state government closed down about 53 Churches, Mosques & Hotels over noise pollution.

The Lagos State Government approved the construction of Flyover Bridge for two of the State's high-density traffic zones, Ajah round about and Abule Egba junction.

The National Insurance Commission (NAICOM) and the Federal Mortgage Bank of Nigeria (FMBN) agreed to collaborate to insure all mortgages in the country.

FG Inaugurated Federal Integrated Staff Housing (FISH) Programme in Abuja to address workers housing challenge.

Lagos State Governor, Mr. Akinwunmi Ambode inaugurated Festival Mall at Amuwo Odofin in Lagos.

The Ogun Commissioner for Housing, Mrs. Oluwasegun Abiodun, revealed that the ministry proposed N3.74 billion as its capital expenditure for the 2016 fiscal year.

The Governor of Osun, Ogbeni Rauf Aregbesola paid compensation worth over N302 million to people whose property would be affected due to the ongoing road construction of Olaiya/Ita Olokan in Osogbo.

The CBN took steps to establish the naira by establishing forex controls. The also established a list of restricted items, which affected commercial spaces which also had an indirect effect on inventory levels.

REALTY POINT LIMITED in 2015

In March 2015, Realty Point Limited launched a new product in 2015; Roseberry Estate, Ibeju-Lekki. The product is the company's second in the environment, following Harbour Estate which had been previously launched in 2011. The Ibeju-Lekki location is one of the fastest growing in Lagos State as there is a lot of demand there.

Despite the slow economy in 2015 generally, the company managed to fare well regarding sales.

In the same vein, the company acquired the site for its first Mass Housing (Middle Income) units in Ogombo area of Ibeju-Lekki (More details about this to unfold later).

In April 2015, Realty Point Limited celebrated its 10th year anniversary in the business of Real Estate. It was a worthy celebration of customers, stakeholders and general members of staff who had been part of ten years of unblemished reputation in the industry.

In May, Realty Point Limited moved to her Head Office at 3, Olaide Benson Street, Onigbongbo, Maryland, Lagos. The former office was at Onigbagbo House, Mobolaji Bank Anthony Way, Ikeja, Lagos.

With the aim of giving potential customers opportunities to own a piece of Real Estate, we launched 'Bargain of the Day' – A promotion that allows customers buy a plot of land at highly discounted prices over the course of a month. This promo runs four times annually; Easter Edition, Summer Edition, Independence Edition and Yuletide Edition.

We refreshed our brand to reposition us in the market, by introducing a new logo with the mantra, 'We Deliver, You Win'. The former mantra, Sack Your Landlord is now a full fledged brand.

The first online real estate fiction series, The Brouhaha of Oga Martins was launched and it got massive reviews among readers. The company also organized an online essay competition tagged 'Sack Your Landlord Contest' done in celebration of the 10th year Anniversary. It is set to continue in 2016.

REAL ESTATE FORECAST IN 2016.

The devaluation of naira: The populace have called for it but the government doesn't want it. Because we are an import based economy, it would affect us and also have a resultant effect on activities in the real estate sector.

The Nigerian real estate is set to be valued at \$13.6b at the end of 2016 as opposed to \$9.1 in 2014. The sector is also expected to account for 7.6% of the GDP.

Building materials are expected to go up as against Cements and Blocks which got reduction in prices in 2015. Finishing materials that are majorly imported will rise due to dollar rise.

Investors gained confidence in Lagos market due to the transparency involved in land transactions. Lagos was ranked 3rd to South Africa and Kenya in transparency index. This is expected to continue in 2016.

Corporate occupiers came into Lagos, as evident in Ikoyi and Victoria Island where a lot of skyscrapers have been erected. It is however expected that by the end of 2016, there will be 10 skyscrapers between Lagos, Port-Harcourt and Abuja valued at over 500b naira.

In 2015, we also witnessed succession of use especially in places like Admiralty way where buildings that used to be residential have become taken over for commercial purposes. The Link

Bridge brought about this transformation and increased values of real estate in the area. 2016 bodes well for people looking to invest in that location.

Malls like The Circle mall, Festival Mall, Jahi Lake Mall came up in 2015. However, The Lekki Mall is planned to open in 2016 and it is set to be the largest mall in terms of land size. Shoprite is set to be anchor tenants there.

The direction of the current government is driven towards development of infrastructure as evident in Lagos, Ogun and some other parts of the state. The implication of this is that real estate value will rise.

The drive of the government towards curbing corruption is however stagnating the economy, but whilst it is a bite on the short run, it will improve investors' confidence in the middle and long run. The economy is expected to stabilize towards the end of the year.

Fashola's appointment as Minister of Power, Works, and Housing is also expected to drive activity in the real estate sector with his planned replication of the LAGOS HOMS Model across the country.

Notable projects which will increase the value of Real Estate in various areas of the country are already ongoing. The Lekki-Epe expressway and flyover will impact on properties after Ajah. The planned Ikorodu-Ijebu Ode expressway is also on and it will open up a lot of low to middle income housing development.

The Lagos-Calabar 12billion dollars project is expected to kick off in 2016. Abuja light rail project is also in the pipeline.

It is also possibly that the 4th Mainland Bridge project may also be back in the burner for 2016.

REALTY POINT LIMITED's forecast for 2016.

The Company plans to launch its first Middle Income Housing Scheme - Cedar Homes which consists of a total of 168 units (160 in Ogombo, Lekki in Lagos, and 8 in Jahi, Abuja).

Realty Point Limited also intends to touch on infrastructure and give a significant facelift to some of our existing projects.

The Launch of our Social Housing enterprise is also set to come to the fore this year, coming along with the launch of Cedar Homes.

Realty Point Limited's Radio Program is set to begin in February, 2016. Airing on Rhythm 93.7FM Network Belt and will be anchored by Debo Adejuna. The Radio Program comes up every Tuesday, between 7:30-7:45pm.

Thanks for reading.

Management,



Realty Point Limited

*3, Olaide Benson Street, Behind 7th Day Adventist Church,
Onigbongbo, Maryland,
Lagos.
08093930651
info@realtypointltd.com*

DISCLAIMER

Views and opinion expressed in this report are not entirely those of the author. Parts of this reports were sourced from news, media publications, and researches done by other entities. This report may contain certain content copyrighted by another entity or person. We claim no copyright to such content and cannot be held responsible for it. It is important to note that we strive to verify, but cannot warrant the accuracy of copyrights or completeness of the information in this report.