2022
Nigeria Real Estate Market Outlook
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2,3,4 Bedroom Apartments Available

1,2,3,4 Bedroom Apartments Available

Studio Apartments Available (Sold Out)
*Available only on selective basis

4-Bed Semi-Detached Maisonettes
4-Bed Penthouse Maisonettes

Initial Deposit Starting From
N12million

Payment Period up to 36 months*
(terms apply)

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A Pre-Election Year

All markets have continued to adjust to the pandemic - but each market has had to adjust in its own way and the real estate market is no exception. Over the next 20 years, analysts expect that the value of global investable real estate will grow by an average of 5.2% annually to exceed $85Tn. The investment rationale for owning real estate remains attractive, macroeconomic shocks and political forebodings regardless. The world's largest black population heads to the polls in 2023. The pandemic, in its various iterations (the latest being Omicron as of the time of writing), delivered more blows to the economy, ensuring that the Q3 foreign trade balance recorded negative N3Tn. Weakening non-oil revenues, while slightly recovering by Q4 of 2021 nag the present government. To shore up accounts, the government took to raise record sums in the bond market – N2.6Tn by some estimates. The President signed the Petroleum Information Bill in a bid to improve energy governance. Still, the perception of corruption remains a source of concern.

Grand announcements of government led expenditures on social projects are expected in 2022 as the authorities rediscover the sensitivities of the average citizen. Millennials and Generation Z now influence spending in excess of $600Bn globally and are increasingly savvy in real estate investing, a fact not lost on brokers in Nigeria's real estate market. Property agents report growth in tenant requirements for apartments in cities – out with the swimming pool and in with an income generating short stay apartment. And this population is on the increase. Data from the United Nations suggest that Abuja will be the fastest growing city in Africa, exceeding 6% growth by 2025. Lokoja ranks fourth on the list with a projected 5.93% growth. This will make the demand for infrastructure and housing even more apparent. Commercial capital, Lagos didn't make the top 5.

Prices in leading cities for land and residential apartments have moved up. Studios, 1 and 2 beds are now a staple of the average portfolio. Second-tier cities have not been too far behind with developers launching small sized gated communities. Warehouses have become even more critical to the functioning of the Nigerian economy. Flexible terms and smaller space requirements have come to characterise the Grade A office market.

The Edo state government signed up the Persianas Group, developers of the Palms Grade A mall in Lagos to develop a retail centre in Benin city and made significant progress with the German government on the return of 7,000 artefacts taken from the
Benin Kingdom. Luxury lifestyle brand - Montblanc opened its first standalone boutique in Nigeria

Development Partners International (DPI), a private equity firm focused on Africa, sold a portion of its stake in fast food chain, Food Concepts - the parent company of Chicken Republic, for an undisclosed amount. The Federal Executive Council approved $17.47Bn for the purchase of office block - Kanti Towers, Victoria Island, Lagos by the Nigeria Maritime Administration and Safety Agency as its new headquarters. Digital infrastructure company, Equinix announced its intention to acquire Nigeria's data centre and connectivity giant, MainOne for $320M. Local investors across residential, retail, healthcare especially have demonstrated a growing, almost strident confidence in the Nigeria real estate market. Ketron Investments bought out retailers - Shoprite and Purple raised a N5bn Sukuk Bonds Issue, achieving 100% subscription.

The migration to e-commerce and remote working is expected to last long after the pandemic has passed, altering the frequency and use of workplaces while enabling digital shopping. We expect demand for warehouses, distribution centres, and other properties that allow e-commerce will continue to rise. In places where white-collar occupations are increasing the quickest, we are also seeing an uptick in the demand for office space. Erstwhile local developers are proving more sophisticated, holding their own when compared with their African counterparts.

We will however discuss the elephant in the room, the collapse of the 21-floor luxury residential building in the Ikoyi, Lagos area.

Ayo Ibaru
COO/Director - Real Estate Research
Lagos, Nigeria

"Flexible terms and smaller space requirements have come to characterise the Grade A office market"
SUMMARY
“Flexible terms and smaller space requirements have come to characterise the Grade A office market”

THE NIGERIA ECONOMY IN 2021
“The Nigerian government, above all, has pursued policies of economic liberalisation and strategic alliances with foreign firms”

TOPICAL ISSUES
How did 21 floors collapse?

INVESTMENT MARKET
“2021 is a record year for bond sales - over ₦2.6Trn sold with most of the funding coming from domestic investors”

REAL ESTATE SUMMARY
“Abuja has seen demand for residential assets increase because of its position as one of the more secure locations in the country”

2022 OUTLOOK
“Pharmaceuticals, food and drink, groceries and telecommunications accessories are projected to be the likely winners”
Nigeria produces the most oil on the African continent, the downside of which is an enduring tardiness with its diversification plans. The United Kingdom, the Netherlands, and France are among the major countries investing in Nigeria. Nigeria receives about 27% of overall European investment. Due to its large domestic market (Africa's most populous country) and the continent's highest GDP, the country draws big-scale investments. The Nigerian government, above all, has pursued policies of economic liberalisation and strategic alliances with foreign firms.

**THE NIGERIA ECONOMY IN 2021**

Although the pandemic hampered oil and petroleum production and consumption for much of 2021, the nation is forging ahead with four received proposals totalling more than $30Bn, including $10Bn offers from the Shell Petroleum Development Company of Nigeria (SPDC), the NNPC and Chevron Nigeria, as well as a $200M project from Eko Petroleum and Refining Company. There are 15 projects in the pipeline estimated at $72.6Bn, with another NNPC initiative accounting for half of that. Another 21 businesses are working on separate projects totalling $52.6Bn, with Dangote Refining and Midis Energy Services coming in at $12Bn each; and SPDC and NNPC with $4.3Bn at the top of the list.

The immediate goal of the PIB is to eliminate all regressive fuel and energy subsidies, with adequate compensation for the underserved. A market-based and transparent pricing structure will be implemented in early 2022, as outlined in
the 2021 Petroleum Industry Act. Pundits suggest that because previous attempts to remove fuel subsidies in Nigeria have failed, it is critical to developing consensus and public trust in protecting the poor and saving resources.

### Inflation (%)

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<tbody>
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<td>Values</td>
<td>12.36%</td>
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<td>17.17%</td>
<td>17.75%</td>
<td>18.12%</td>
<td>15.75%</td>
<td>17.07%</td>
<td>15.09%</td>
<td>14.40%</td>
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### External Reserves ($)

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<th>Feb-20</th>
<th>Mar-20</th>
<th>Apr-20</th>
<th>May-20</th>
<th>Jun-20</th>
<th>Jul-20</th>
<th>Aug-20</th>
<th>Sep-20</th>
<th>Oct-20</th>
<th>Nov-20</th>
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<tbody>
<tr>
<td>Values</td>
<td>34.76</td>
<td>34.94</td>
<td>33.42</td>
<td>33.66</td>
<td>35.36</td>
<td>35.23</td>
<td>35.66</td>
<td>36.22</td>
<td>36.22</td>
<td>36.22</td>
<td>36.22</td>
</tr>
</tbody>
</table>

Source NBS

The removal of the official exchange rate is a positive move, but the prolonged reliance on administrative procedures to handle FX shortages creates uncertainty and raises the danger of a major and abrupt change in the exchange rate. Analysts recommended moving to a single rate as soon as possible, taking advantage of the current global conditions, potentially increasing the current account, and steadily growing oil prices. To contribute positively to investor confidence, exchange rate adjustment should be accompanied by clear communications about future exchange rate policy, plans to manage inflation, and structural policies to facilitate new investment to maintain competitiveness.

“The Nigerian government, above all, has pursued policies of economic liberalisation and strategic alliances with foreign firms.”
Over the 20 years has taken the Nigerian government to sign the Petroleum Industry Bill, Nigeria has lost at least $50Bn in investments prior to the signing. Under the Bill, The NNPC is to be fully commercialised into a limited business within six months. The bill establishes a legal, governance, regulatory, and budgetary framework for the petroleum industry. Nigeria is Africa's largest oil exporter, accounting for more than 90% of the country's foreign exchange and 70% of government revenue. The government intends to raise the country's oil reserves to 40Bn barrels from the current 37Bn barrels, as well as production to 4M barrels per day from the current 2.5Mbdp.

The PIB is anticipated to be a balance between the interests of the CBN and portfolio investors and is unlikely to result in a significant gain in revenue. It intends to commercialise the petroleum sector's governance framework by clearly separating regulatory and commercial organisations to enhance sector efficiency and transparency. Additionally, it establishes the Nigerian Petroleum sector's institutional architecture. The Act's fiscal portion establishes the framework for increasing investment in the petroleum industry while also producing money for the Government.

The law aims to address the administrative difficulties encountered by industry parties. As such, the administrative portion of the PIB seeks to enhance governmental institutions, promote transparency and promote sustainable development in Nigeria's oil and gas sector. The host community section provides for the establishment of host community development trusts to foster long-term prosperity, promote peace and foster positive relationships between licensees, lessees, and the communities. Settlors are also required to donate 3% of their prior year's actual operating expenses to a fund administered by the Trust for the communities' socioeconomic development. Once more, the county has put forth yet another bold legislation. Enforcement once again remains a cause for concern.

**MTN VS COMMERCIAL BANKS (PART 2)**

The CBN granted MTN Nigeria and Airtel Africa Payment Service Bank (PSB) licences in principle. The decision to give PSB licences to the two largest telecoms operators in Nigeria is following the bank's mission of expanding financial inclusion and the development of the payment system through a secured technology-driven
Equinix announced its intention to acquire West African data centre and connectivity solutions provider - MainOne who has operations in Nigeria, Ghana and Côte d'Ivoire. The $320M transaction is expected to close in Q1 2022, subject to regulatory approvals. MainOne's digital infrastructure assets include three operational data centres, with an additional facility under construction due to start operations in Q1 2022. Upon completion, these facilities will provide more than 64,000sq. ft. of space to Equinix, as well as 570,000 sq. feet of land for future expansion. MainOne also owns a subsea network connecting Portugal to Nigeria and a 1,200km terrestrial fibre network in Nigeria. When finalised, this acquisition would extend Equinix into West Africa, offering enterprises based inside and outside of Africa access to one of the world's fastest-growing marketplaces. MainOne also provides access to significant internet exchanges to key worldwide networks such as Amazon, Microsoft, Apple, Google, and Facebook; over 800 B2B customers, including large multinational technology organisations, social media companies, global telecoms operators, financial service providers, and cloud service providers.

**THE MAINONE ACQUISITION**

The primary goal of establishing PSBs was to improve financial inclusion by expanding access to deposit products and payment/remittance services to small businesses, low-income households, and other financially excluded entities through high-volume, low-value transactions in a secure, technology-driven environment. They will also form direct partnerships with card system operators, although these cards will not be suitable for foreign currency transactions. They are required to install ATMs in some of these locations, as well as Point of Sale devices, and will be able to conduct business through banking agents.

**CHINA COMES TOWN**

The Chinese government announced that it would deliver 1Bn doses of COVID-19 vaccines to Africa, 40% of which would be manufactured on the continent in partnership with African manufacturers. This was one of the major announcements at the Forum on China–Africa Cooperation (FOCAC) conference. The conference, which aims to align Chinese and African interests holds once every three years. Other announcements included a pledge to increase Chinese importation of African products, Chinese participation in African poverty reduction programmes, a green development programme, a capacity building programme, and a digital innovation programme, all of which are outlined in the Dakar Action Plan (2022-2024), the China-Africa Cooperation Vision 2035, the Sino-African Declaration on Climate Change. China’s financial pledge reduced from $60Bn in 2018 to $40Bn (This amount however excludes the monetary value of the vaccines, which when calculated at $33.33 a shot evens out the figure). There was little said
Chinese banks are considering establishing operations in Nigeria which provides an opportunity to lead, potentially as the continent’s financial centre. Some however argue that Nigeria does not currently present an attractive investment opportunity due to its volatility and government missteps.

Other programmes announced include a comprehensive COVID-19 vaccine rollout programme, which includes 1,500 medical staff; $300Bn in total African imports, contributing $10Bn in trade financing. While the nation will be stepping back from mammoth projects, it will implement digital economy projects for Africa, establish satellite remote sensing cooperation centres for China and Africa, and promote the creation of joint laboratories, partner institutions, and scientific and technical innovation cooperation bases.

China chose Nigeria as the first African country to be designated as a strategic partner. Bilateral commerce has increased from $1.9Bn in 2013 to almost $20Bn in 2019. Nigeria is also a key destination for Chinese manufacturing enterprises, with clusters in Lagos and Ogun and Edo states. Still, there are allegations suggesting mistreatment of their Nigerian employees, who are exposed to harsh conditions. This theme is consistent with reports from other African nations.

Chinese banks are considering establishing operations in Nigeria which provides an opportunity to lead, potentially as the continent’s financial centre. Some however argue that Nigeria does not currently present an attractive investment opportunity due to its volatility and government missteps.

"China chose Nigeria as the first African country to be designated as a strategic partner"

**SPENDING PATTERNS OF A PRE-ELECTION YEAR**

The proposed ₦16.4Trn budget for 2022 has a ₦6.25Trn deficit - around 3.39% of GDP. This is slightly higher than the 3% cap established by the Fiscal Responsibility Act 2007 (FRA). The deficit is expected to be funded through borrowing, privatisation earnings and proceeds from project loans. The largest expense category is non-debt recurrent spending at ₦6.83Trn, 60% of which is allocated to personnel expenses, pensions: gratuities and overheads at ₦4.11Trn. The budget assumes a benchmark crude oil price of $57pb, up from 2021’s $40 per barrel, oil production of 1.88Mbpd, an exchange rate of ₦410.15 to the dollar, a target inflation rate of 13% and a 4.2% GDP growth rate.

Here’s where things get interesting. The official exchange rate of ₦410.15 to $1 is impractical seeing that the unofficial market rate is ₦570 per dollar and rising. The benchmark rate may not hold for much of 2022. Target inflation and GDP growth goals also appear unrealistic, given this year’s average inflation rate of 17% and current GDP growth of approximately 2%.

70% of the budget is recurrent, while 30% is expected to be capital meaning that once again, the nation is investing less in her future than her present. For context, 1M public employees and their dependents are covered by recurrent expenditures while 210M citizens are covered by capital expenditures. Former presidents are entitled to ₦2.3Bn. This is separate from the ₦1Bn is set aside for severance benefits for retired government and parastatal heads. The ₦2.4Trn defence budget is justifiable considering the country’s security situation.
But the drivers of insecurity - increased poverty and high unemployment, remain. Asides infrastructure, which is expected to cost ₦1.45Trn, education and health got ₦1.29Bn and ₦820Bn respectively, or 0.8% and 5% of the budget. Paltry by any reasonable standards.

Per 2021 budget implementation records, H1 revenue for 2021 was ₦2.31Trn, 69.64% of the projected ₦3.31Trn. This was the 6th consecutive earnings miss. The IMF projects that Nigeria’s economy will grow by 2.6% in 2021, driven by a recovery in non-oil sectors (as seen in the H1 2021 implementation figures) and higher oil prices. Growth will inch up slightly to 2.7% in 2022 and likely remain at this level over the medium term, allowing GDP per capita to stabilize at current levels.

**COVID19: THE AGE OF OMICRON**

On November 26, 2021, WHO’s Technical Advisory Group on Virus Evolution recognised SARS-CoV2 variant B.1.1.529 as a variation of concern (VOC). Omicron is the name given to this variation which was first reported two days earlier and infections have spiked in recent weeks in South Africa. Omicron features an extraordinary amount of mutations, some of which may extend the pandemic's trajectory.

Dutch health authorities announced that they found the variant going back 11 days before the first cases were identified in southern Africa. Leaving aside the debate about its origin and distribution, leading western countries have put travel bans on African countries. The latest, and most concerning to Nigerians, is the one imposed on Nigerians by the UK, and Canada.
A lack of concrete cube test results for each stage of construction meant that engineering firm, Prowess engineering could no longer guarantee the building’s integrity and subsequently pulled out of the project. Again, original approvals for the structure were for 8 floors. This would later be changed to 15 and finally, 21 throwing the initial calculations supporting the building’s structural integrity out of whack. The steep decline in the currency’s exchange value also meant that building materials would have become more expensive as the project progressed, nothing to be unexpected for constructing in Nigeria. The question then remains – what compromises were made? Since the collapse, the two high-rise buildings adjacent to the collapsed 21-story skyscraper have not been ordered demolished. While there have been other building collapses in Nigeria over the years, one in an exclusive neighbourhood as Ikoyi, which would normally be home to the highest-end buildings, might represent a turning point in the sector. This report suggests 3 possible outcomes.

First, changes in the regulation of construction and real estate industry which could play out in stricter regulations enforced for property development for a short period - and then business continues as usual in the long run. A variant of this case for stricter regulatory compliance will be self-imposed enforcement by construction and real estate professionals. This is what may foster longer lasting change. There might also be a review of practice qualifications for construction and real estate professionals by the various regulatory associations with stricter regulation and enforcement.

Second, there will be changes in demand in the local real estate market. Location, price, and finish have traditionally trumped quality and even size in real estate demand. However, with this recent occurrence, there will most certainly be a shift in demand for quality. However, due to economic realities, low-grade real estate items will continue to be in high demand.

Third, we expect changes in supply in the local real estate market. The collapse will raise questions about both new and existing real estate assets. In the short term, structural integrity tests will become commonplace and structural integrity will be given more emphasis in general. The winners will be the construction businesses and developers already known for high-quality, who will be able to charge more for the quality assurance they provide.
Nigeria's $4Bn bond issuance was 400% oversubscribed but generally considered expensive. Still, debt servicing in the context of rising interest rates may be a severe issue for the incoming administration in 2023. The Federal Government also raised N360Bn in Sukuk bonds for the rehabilitation of the Ibadan-Ilorin, Kano-Maiduguri and Enugu-Port Harcourt roads, amongst others. Telecoms operator, MTN Nigeria issued its N89.99Bn Series II 10-year fixed-rate bond due in 2031. Coleman Wires and Cables, the largest cable manufacturer in West Africa signed a N50Bn bond with the Securities and Exchange Commission (SEC). Dangote Cement successfully issued its N50Bn Series 1 fixed rate senior unsecured bonds under its new N300Bn multi-instrument issuance programme.

**Saving for a rainy day**
Nigeria Pension Fund Assets as of 31st June 2016 – 2021 (N'M)

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7,814,187

Source: PENCOM
The Lagos Free Zone Company also successfully issued a ₦10.5Bn corporate infrastructure bond as part of its ₦50Bn debt issuance programme. Commodities market participant, AFEX, announced the launch of The Food Security Fund, a new $100M 10-year bond (FSF). The funding will help to improve Africa’s food security and produce three million metric tonnes (MT) of food on the continent each year. A major chunk of the funds will be used to build warehouses. AFEX’s fund would also support the financing of 250,000 hectares of land for commercial and smallholder farming, beginning with 30,000 hectares in Kano, Kaduna, Oyo, Ogun, Cross River, and the FCT and expanding to markets throughout East and West Africa.
EQUITIES

As of H1 2021, 10 stockbroking firms received a total of $541Bn in fees and commission charges derived from share volumes moved. Data obtained from the Nigerian Exchange Group Limited (NGX) for the first half of 2021 revealed that 39.34Bn units worth $541.21Bn were traded. Analysts report that sales proceeds from GTBank and Zenith Bank found their way into dual listings by SEPLAT and Airtel, being more liquid. Analysts suggest that there is little to no new money coming in from foreign investment houses. Pension Fund Administrators have pretty much stayed on the sidelines, choosing rather to move their funds into commercial paper and fixed income instruments. 2021 is a record year for bond sales - over N2.6Trn sold with most of the funding coming from domestic investors. Historically, Nigeria’s equities market has been driven by foreign investors. But this had begun to change since the lockdown effects of 2020. An estimated 71% of investments are now domestic and this reproportioning is projected to continue in 2022. The FX environment suggests that new money may not come in. The deficit budget suggests more borrowing is likely and the authorities will shop for more funds, heading into 2022. Still, analysts are unanimous - without foreign money, the market will struggle.

No new money
NSE-ASI Returns (%)

2021 is a record year for bond sales - over N2.6Trn sold with most of the funding coming from domestic investors.
Local investors are stepping into the gaps hitherto filled by foreign capital. UAC Nigeria completed the unbundling of its equity stake in UPDC REIT by fully distributing its shares to its stockholders. Purple Urban Limited, completed its N5Bn Sukuk Bond private placement. The Sukuk Bonds were issued to fund 94 out of 112 housing units in its urban residential development comprising mostly 4-bedroom semi-detached maisonettes and penthouses, as well as 2, 3- and 4-bedroom flats right off Freedom Way in Lekki Phase 1, Lagos. The bond was 100% subscribed. Local market participants, from Persianas and Ketron Investments to Purple have led the way in mobilising local investment in Nigeria’s real estate market.

Abuja has seen demand for residential assets increase because of its position as one of the more secure locations in the country

Security continues to be a priority in the residential real estate market. This has fuelled demand for gated communities. Abuja has seen demand for residential assets increase because of its position as one of the more secure locations in the country. This demand has further driven the rapid redevelopment of retail, hospitality and residential assets. Residents report a pace of commercial activity similar to Lagos in areas as Wuse, Gwarimpa, Jabi, Wuye, Garki Area 1, Life camp, Kubwa and Katampe nodes.

Analysts report a 25 - 30% YoY price growth in gated communities with a few going as high as 70 - 80% driven by concerns around future lockdowns and the added protection from vandalisations. This may exacerbate the current challenges in the high-end markets where landlords struggle to fill up space, retrofitting assets to better accommodate short stay occupiers. But management is increasingly challenging. Then there are management processes required to ensure that sustained tenancy payments are guaranteed. These require funding and as real estate professionals make more of a case for funding well-conceptualised projects, Eurobonds and private equity are showing themselves as viable alternatives.
As part of its revenue drive, the Lagos State government reviewed fees for property regularisation from 25% to over 100% in some cases. Governor’s consent fee is fixed at 8% of the assessed value with Capital Gains Tax and Stamp Duty at 2% apiece. Registration fees are now 3%. The government also commissioned a 480-unit housing project in the Ikorodu division which consists of 40 blocks of one, two, and three-bedroom apartments, each with a fully equipped kitchen, storage, and guest restrooms. Parking, a water treatment plant, overhead water tanks and seven transformers are also provided.

The COP26 conference on climate change reviewed promises made by governments around the world to tackle the global $16Trn real estate contribution to climate risk. Buildings account for an estimated 30% of worldwide greenhouse gas emissions and 40% of energy use. Constantly improving environmental sustainability, an example being the adoption of PropTech, sustainable design software or responsible sourcing of raw materials, building automation and energy management systems are critical to moving the sustainability conversation forward.

At the cost of $1Bn, Dangote Cement 6M MTPA plant in Okpella, Edo State, was completed and the firm teamed with
Madugu Cement and Sinoma International Engineering Company Limited to build a 5MMT cement facility in the Kembu and Kwali districts of Gombe state. This suggests that the benefits of investment in industrial real estate may be expected in 2022. The North East Development Commission delivered over 1,000 completed houses to the Borno state government to resettle more than 500 Internally Displaced Persons.

The Federal Government has also commenced compensating Benue state communities affected by the Abuja-Keffi-Makurdi highway project.

As the nation moves into a pre-election year and we expect more liquidity in the real estate market as is typical with the political gerrymandering and its impact on the market. This also means that flight to safety relocations are likely to begin in Q2 of 2021.

The Construction industry faces regulatory scrutiny as real estate markets adjust
GDP Growth figures for Nigeria’s economy, construction and real estate industries

Land prices grew in almost all nodes considered. Leading locations as Ikoyi traded well over the ₦500,000psm mark with plots in Banana Island reaching ₦1Mpsm, where available. Land in gated communities attract a premium for the security benefits that they provide. Prices in second tier cities as Benin, Abeokuta and Ibadan are also projected to spike over the next few years. Prime new town locations attracted more investment, much of which was local – Eko Atlantic (Oxygen and Periwinkle residencies) and Orange Island, Lagos. Other new towns

“Land in gated communities attract a premium for the security benefits that they provide”

include Shoreline estate, Alaro city and Isimi Lagos. Seamless land transactions are a priority of the central government as regulators partner with the private sector to remove impediments. And as the nation moves closer to the 2023 election cycle, land prices are projected to grow.
**Lagos Average Land prices**

<table>
<thead>
<tr>
<th>Location</th>
<th>2017 Average</th>
<th>2018 Average</th>
<th>2019 Average</th>
<th>2020 Average</th>
<th>2021 Average</th>
<th>2019-2020 % Change (₦)</th>
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</thead>
<tbody>
<tr>
<td>Old Ikoyi</td>
<td>₦435,000</td>
<td>₦363,000</td>
<td>₦436,667</td>
<td>₦415,000</td>
<td>₦550,000</td>
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<td>Lekki Phase 1</td>
<td>₦140,000</td>
<td>₦196,000</td>
<td>₦184,361</td>
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<td>Victoria Island</td>
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</table>

Source: Northcourt

**INFRASTRUCTURE**

The most recent Africa Infrastructure Development Index (2020) placed Nigeria 24th on its ranking of African nations. Estimates suggest that Nigeria’s infrastructure deficit will require $158bn annually over the next five years. And in 2021, the Nigerian government may have attempted an appropriate response. The 2021 appropriation bill allotted $4.37Trn for capital expenditures, or 32.2% of the overall budget with progress on its transportation, power and energy, housing and agricultural projects in all six geopolitical zones. 24 states have offered approximately 2,000ha of titled land under the federal government’s social housing initiative.

The Lagos-Ibadan railway project was also inaugurated and the central government has allocated $280M to the $1.2Bn Kaduna-Kano rail project. In total, the Lagos-Ibadan expressway, 2nd Niger bridge, and Abuja-Kaduna-Zaria-Kano highway have all received $1Bn. The 14Km Ijebu Ode-Epe Expressway has been rebuilt. To fund three flagship projects, the Federal Government established the Presidential Infrastructure Development Fund (PIDF). Egbin Power Plc is concluding plans to invest $2Bn in a plant expansion. This is in addition to $1Bn already invested after the plant was privatised back in 2013.

Discontinuing projects from previous administrations has been one of the many leakages in Nigeria’s infrastructure framework. Work continued on the $62.7Bn Kano-Gwarzo-Dayi federal highway project and completion is expected in December 2022. The 83Km highway will include three bridges from Kano to Diya in Katsina State. The FEC authorised a contract with Dangote Industries for the construction of five highways totalling 274.9Km and costing ₦309.9Bn. It also approved $11.17Bn to build a standard-gauge coastal railway between Lagos and Calabar and the construction of two electricity substations in Jigawa and Akwa Ibom states at ₦6.2Bn and ₦2.31Bn, respectively.
On the contested Mambilla HEP project in Taraba state, Sunrise Power Transmission Company of Nigeria Ltd (SPTCL) has agreed to waive a $500M penalty imposed on the FG over multiple defaults of a $200M settlement agreement. SPTCL was awarded the contract for the 3,050MW Mambilla HEP Project in 2003. In October 2017, the company sued the Nigerian government for $2.35Bn at the ICC International Court of Arbitration, after the FG replaced the firm with a Chinese consortium. To resolve the situation, the FG agreed to pay SPTCL $200M within 14 days after signing the agreement on January 21, 2020. There was however a penalty if the agreement was not met – and when the agreed time elapsed, the penalty clause amounting to about $500M came into effect.

The NNPC bought a 20% minority stake in the Dangote refinery for $2.76Bn and partnered with the China Machinery Engineering Corporation and General Electric to supply 50MW of electricity to Borno State. Leading manufacturer, Mangal Industries partnered with the China National Materials Group for the development of a 3MMT pa cement factory and a $600M 50MW captive power plant in Kogi state by 2024. To enhance its data centre capacity and simplify the development of fibre optic cable across Africa, the IFC partnered with Liquid Intelligent Technologies and will be investing $250M in its data centre growth plans in Nigeria, Egypt, Kenya, and South Africa. The firm is also expanding into healthcare real estate, student housing, and cloud storage infrastructure.
Africa Data Centres is constructing a facility that will include 6 data halls with 6000m² of white space, 3 data centres in Lagos, in the Eko Atlantic City Special Economic Zone, and interconnection to all Africa Data Centres' sites across the continent once completed. Critical HVAC, power, and building systems are handled and monitored 24 hours a day, seven days a week. The Lagos facility is a big step forward in Africa Data Centres' long-term plan to digitise the continent. The data centre would serve as the West African hub for Africa Data Centres. Because Rack Centre, West Africa's leading data centre colocation provider, has completed the doubling of its IT load capacity to 1.5 MW at its Lagos site, providing an additional 600sqm of data centre white space to cloud providers and enterprise customers.

With over 40 Internet Service Providers and a broad Cloud marketplace, the facility offers a comprehensive carrier neutral ecosystem. It serves the rising need for proven dependable hosting, flexible interconnection, and enabling organisations to advance their digital transformation as a critical Tier III Constructed Facility Certified hosting location for the Internet Exchange Point of Nigeria. The expansion is the first stage of a process to add 13MW of IT load capacity available for operation in 2022 at the same site in Lagos, Nigeria, with a 100% uptime track record since inception.

As a result of the collaboration between cloud providers and businesses, these data centres have become ecosystem marketplaces – and, more crucially, the foundation for the country's digital and economic development. Another important factor driving demand for local data centre infrastructure is the need to keep African data in Africa.
RESIDENTIAL

Gated estates have continued to solidify their position as the leading residential development model. The high fences, restricted entry and exit points make for much needed security assurances in Nigeria’s leading cities, socially as tensions warm leading up to the elections.

Cities within cities
Average 3-Bed Rent in Lagos Gated Communities - ₦'M per annum

![Average 3-Bed Rent in Lagos Gated Communities](chart)

Source: Northcourt

Studies show that there are three main subsets: lifestyle communities are gated communities that emphasise recreation and provide a safe and secure location for golf courses and retirement villages. Prestige Communities place a premium on social prestige over lifestyle. The desire for image, privacy, and control are key objectives. Security communities are gated communities that prioritise security over social status and lifestyle. Estimates put the total number of estates at the Lekki-Epe Lagos corridor at 82 having 13,239 residences.

But the housing challenges persist – and are on the increase going by demographic indices. The federal government intends to create a national housing bond to assist housing developers in obtaining finance through public-private partnerships. So far, 7,315 applications have been received for 5,000 national housing units on offer by the FG.

All the way up
Growth in capital prices for 4 Bedroom apartments in Lagos (₦'M)

![Growth in capital prices for 4 Bedroom apartments in Lagos](chart)

Source: Northcourt

Gated estates are typically made up of high-value residences and are intended for the affluent. Golf courses, community centres, and sports facilities are common amenities in gated estates. These further justify the market prices charged per housing unit or land plot. Investors require more from real estate projects and are looking to increase the sustainability features in their portfolios.
In a bid to resolve the housing challenges, a few developers have adopted a build first and ask questions later approach. This naturally led to regulatory contraventions. As such, the Lagos State Building Control Agency had to seal a few residential and commercial buildings on the Lekki Phase 1 axis for illegal extension of development.

Noise pollution in residential areas, especially in emerging markets is caused by unstructured informal sector activities such as road traffic, religious activities, power generation and ubiquitous conflicting space uses. Studies on the impact of noise on residential property values in eastern Nigerian cities conclude that residential units plagued by noise pollution have a 3.1% lower rental value than those not so affected. Neighbourhoods with high noise pollution may be rated as undesirable residential locations for long term property investment due to property value loss. As such, reducing noise pollution in residential areas benefits both the asset, its owners and occupiers. Some studies show that single-family houses in loud areas sold at a discount of up to 30% when compared to more quiet houses.

Money well spent
Average 4-bed sale prices in Lagos gated communities - ₦M

![Price chart]

Source: Northcourt

Placing a value on peace and quiet
Effects of noise pollution on residential property values in Enugu state

![Graph]

Source: Idu, Uchegbu, Ubani, and Akalemeaku (2021)
As a way forward, analysts suggest a noise tax on local government areas which would then be used to provide social services for the underserved communities. Others suggest that individuals may be willing to pay for a noise policy that prevents occupiers from going over a decibel level. This may already be factored into the house prices in high-end locations. There is a case for noise barrier walls that boost home prices by 15.24% within a 300m radius. Others argue that real estate prices decreased by 0.4% per dBA for low noise locations and 9.6% for high noise areas.

**The speed of sound**

Average noise levels for residential apartments in Enugu nodes (dBA)

![Graph showing average noise levels for residential apartments in Enugu nodes (dBA)](Source: Idu, Ucheogu, Ubani, and Akalemaaku (2021))

Border towns have also seen a value growth. Researchers conclude that growth in property values in the Joke-Ayo town, Lagos state have led to the growth in Akeja community, Ogun state. This is attributable to a variation in the number of houses counted within a 1Km radius of each town. Joke-Ayo is a growing sub-urban precinct with mean rental values suggesting that residential rentals assets grew over the six-year period. Still, despite the proximity of the two border communities, the differences in rental value across the types of residential properties in the two communities show that different sets of factors have a much greater impact on rental values in Joke-Ayo than on similar properties in Akeja. The data implies that migration from Lagos to the border areas is a significant factor influencing the rental value of residential properties in the Akeja area.

**How does Lagos state influence the house prices of Ogun state?**

Average residential rental values in Joke-Ayo, Lagos & Akeja, Ogun state communities (₦’000)

![Graph showing average residential rental values in Joke-Ayo, Lagos & Akeja, Ogun state communities (₦’000)](Source: Journal of South African Business Research)
Leasing, outside Lagos
Average lease prices in select states (₦000)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<tbody>
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</tbody>
</table>

Source: Northcourt

A review of the relationship between residential property rental values in both border towns shows a discrepancy in the amount of infrastructure development, neighbourhood density, housing quality, administrative quality and level of economic development.

Where the heart is
Lagos vacancy rates (%)

Source: Northcourt

2022 Nigeria Real Estate Market Outlook
This further contributes to the disparity in rental values as well as the pattern of rental growth which indicates the potential of the Ogun state towns that border Lagos State's property market. The Borno state government in partnership with Family Homes Funds Limited commissioned 300 semi-detached two-bedroom housing units developed for low-income earners.

Researchers conclude that growth in property values in the Joke-Ayo town, Lagos state have led to the growth in Akeja community, Ogun state.

As the capital becomes more commercial
Abuja vacancy rates (%)

Source: Northcourt

2022 Nigeria Real Estate Market Outlook
### Changes in the Garden city

Residential Vacancy Rates for Port Harcourt (%)

![Vacancy Rate Chart]

**Source:** Northcourt

### Brick by brick

Building Materials Prices (₦)

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
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<td>126,600</td>
<td>175,600</td>
<td>230,000</td>
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</table>

**Source:** Castles, Northcourt
OFFICE

PwC announced that 40,000 of its employees in the United States will be able to work online and live anywhere they want – indefinitely, making it one of the largest employers to embrace permanent remote work. While employers have varied approaches, with IT companies preferring a more flexible approach and financial institutions preferring more traditional working arrangements it is likely that office sharing arrangements are more likely than a demand for new office space.

With a staggered return to the office, over 30% of workers on average will require space reconfiguration to accommodate declining demand. One of the most significant lessons acquired during the pandemic is the value of more adaptable, flexible, and sharable spaces. It seems apparent that remote working, the acceleration of online purchasing, as well as other pandemic-era behaviours, will persist, at least in part, affecting land uses and location. There has also been a shift in locations as workers can choose to work from anywhere in the world. Time will tell if migration and space use patterns persist.

“The continued decline in demand for grade A office space has accelerated the demand trend for B+ offices and residential conversions”

Property owners and managers must be adaptable to changes in the desired use and placement of space driven by demand.

The continued decline in demand for grade A office space has accelerated the demand trend for B+ offices and residential conversions. As every organisation entered the pandemic with distinct strengths and vulnerabilities, there is no pre-packaged blueprint strategy for recovery. In the short term, weaker organisations will try to revert to pre-pandemic paradigms. Others may copy the decisions made by those who most closely resemble them. More attuned organisations will make the right adjustments.
One of the most significant lessons acquired during the pandemic is the value of more adaptable, flexible, and sharable spaces.

It may also be useful to use a linear scale which may have permanently remote employees on one end and permanently office-based employees on the other. From an investment perspective, the office isn't dead – however, its percentage of many investment portfolios continues to fall.

As each variant of the COVID virus shows up, companies continue to revise work methods learning from the mostly successful trial of mass remote working during lockdowns in 2020.

While some employers insist on a complete return to the office, others prefer hybrid or even entirely remote employment. Companies are maintaining social distancing, reversing a decade-long trend of pursuing greater space efficiency. Individual company preferences will ultimately differ based on location, nature of work, ability to share desks, and corporate finances.
COWORKING

Despite the pandemic, coworking spaces have proven to be durable, as the industry adjusts and caters to the new remote work trend. Some, in partnership corporate clients will be expanding. A few corporations were already implementing coworking and other flexible workspace options into their corporate real estate strategy prior to the outbreak. This will accelerate. Companies that use hybrid work arrangements will increasingly rely on coworking facilities. Employers also face a difficult problem in attracting people back to work, or at the very least out of their homes as the lockdowns bring the necessity of such activities into question. Leading startup accelerator and coworking space services provider, Ventures Platform's moved to its 2,000sqm hub is located in Wuse II, Abuja, and can house more than 200 individuals.

Analysts suggest that while workers seek a workplace that isn't their home, demand for near-to-home suburban office locations is increasing. Many employees are still willing to go to work. They simply aren't as willing to commute as they formerly were. This is why, by moving the office closer to its employees, suburban office locations and coworking spaces will become crucial. As more landlords adjust to the flexible lease environment, coworking operators will face more competition in 2022. Rather than partnering with coworking spaces, many landlords and real estate investment firms are increasingly seeing the possibility to build their own flexible space options that eliminate the middlemen. At a time when demand from traditional corporate clients in city centres is declining, landlords are providing flexible offices.
INDUSTRIAL

In 2020, global industrial sales fell slightly to $178.2Bn, mostly due to an 11.7% decline in the US to $108.9Bn. EMEA investments rose 17% to $48Bn. Despite strong market fundamentals, growing competition will drive existing and new investments to emerging markets and lower-quality buildings in core cities. The sector is facing challenges as the nature of data centres and their locations evolve. But mechanisms that make it easier for real estate investors to enter the sector are popping up, too, according to one large data centre investor. Occupier demand for industrial space has risen every quarter since Q3 2020 – from renovations, conversations or in some instances, new builds.

Production complications
Purchasing Managers' Index 2017 - 2021

Container volumes have climbed by an average of 23% yearly over the last five years, according to data from Nigeria's largest container terminal, APM Terminals Apapa, Lagos. Since 2006, the company has handled 8.13M TEUs of containers, and more than 650,000 TEUs are expected in 2020 and 2021 with the majority being imports. With approximately 200M empty containers moving across the world for international trade via ships, some ports have become overburdened by the imbalance of shipping containers, as a result of a shortage of exports and port access issues in many nations. These containers also pose sustainability risks, resulting in CO2 emissions. Empty containers are at the heart of some of Nigeria's biggest port challenges, including space constraints as a result of seaport concessions, mismanagement of empty containers by shipping companies and terminals, non-refund of container deposits, and a lack of adequate container holding bays by shipping companies. A few solutions may be on the horizon, one being the 4FOLD foldable container designed by Dutch firm, Holland Container Innovations (HCI) which takes up only 25% of its original size in storage. Nigerian ports are not only constrained by space, but also by difficulties such as process harmonisation, governance and operator non-compliance. Local arm of Danish shipper, Maersk had 12,000 containers held in holding bays across the country, with little chance of returning to their required destinations in China. Between Q1 and Q3 2021, the company lost 3,000 containers (each valued between $7,000 and $14,000).
During the Q3 of 2021, economic activity in Sub-Saharan Africa slowed as a wave of the COVID-19 Delta variant caused increased lockdown measures, a decrease in demand, and general supply chain disruptions. The region also experienced supply chain disruptions, which not only slowed production but also resulted in even higher prices and output charges.

However, when tougher lockdown rules appeared to be successful in limiting the spread of the virus, the relaxing of controls resulted in a minor recovery in demand near the end of the quarter, boosting business confidence to its highest level in 19 months in September. When compared to other leading countries in SSA, Nigeria drove much of the upturn as demand for goods and services remained robust and all broad sectors experienced development.

Nigeria also had the fastest increase in manufacturing-driven employment and increased output charges. Businesses in Sub-Saharan Africa have also reported difficulties processing new orders due to a lack of raw materials. Metal components such as steel and aluminium, as well as timber, packaging, and electricals, were among the items listed in short supply in 2021, with all of them experiencing record global supply shortages. The Nigerian Ports Authority (NPA) intends to create a fully digital ecosystem at all of Nigeria's port locations by 2025. The goal is to encourage smart port transformation, with an emphasis on paperless, time and cost-effective port operations.

“Nigerian ports are not only constrained by space, but also by difficulties such as process harmonisation, governance and operator non-compliance”
The medical supply chain is hampered by the absence of medical grade warehousing, poor inventory management, ineffective distribution networks, and insufficient funding. Primary health-care facilities frequently lack basic medications, and the majority of medical devices sent to the continent by the international community go unused due to a lack of infrastructure constraints, such as intermittent internet access and unreliable electricity in rural areas.

And the inefficiencies persist. Unconsolidated medical distribution across the continent, combined with exclusivity agreements between distributors and suppliers, makes breaking into the Nigeria market as a new private distributor difficult. Nigeria, for example, has over 205,000 drug retail outlets, with major pharmaceutical companies covering only a small section of the supply chains. Warehousing developers are concluding plans to upgrade existing warehouses and will be introducing space in excess of 150,000sqm into the Nigeria real estate market in 2022.
The hospitality sector faces a few challenges. Globalisation is slowing, as supply networks become more localised, increasing labour costs. The recent pandemic, combined with geopolitical circumstances, has demonstrated the critical need of maintaining supply chains closer to home for some national businesses. Nigeria’s hospitality industry is adjusting to pandemic imposed changes. As a result of rising food and commodity prices, wage costs, and labour shortages, we anticipate that prices will increase directly.

Hotel projects by Tiloc Nigeria Limited, De Santiago Milan Hotel & Suites Limited (Both in Lagos) Wintess Garden (Hotels and Suites) Limited - Anambra state were granted Pioneer Status Incentives; 5 year tax exemptions for new investments into Nigeria’s economy. These developments are estimated at ₦2.5Bn, ₦1.4Bn and ₦1.1Bn respectively.

The pandemic has altered business travel. Online meeting platforms has made travel less central by allowing remote work.
We anticipate more extended travels in the future with leisure surpassing business.

There are numerous reasons to be hopeful for the future. Hotel development is a long-term project, and we know there will be a time when demand rises again, necessitating the construction of new hotels. The presence of international chains and pipeline projects in Nigeria typically have a positive impact on the hospitality industry as a whole.

Flags and banners
2021 - 2022 Africa Hotel Development Pipelines: Top 10 brands

<table>
<thead>
<tr>
<th>Brand</th>
<th>Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accor</td>
<td>6,075</td>
</tr>
<tr>
<td>Bon Hotels</td>
<td>1,435</td>
</tr>
<tr>
<td>Hilton</td>
<td>3,864</td>
</tr>
<tr>
<td>Hyatt</td>
<td>1,133</td>
</tr>
<tr>
<td>IHG</td>
<td>1,730</td>
</tr>
<tr>
<td>Marriott International</td>
<td>3,819</td>
</tr>
<tr>
<td>Meliá</td>
<td>1,954</td>
</tr>
<tr>
<td>Radisson</td>
<td>4,998</td>
</tr>
<tr>
<td>Swiss International</td>
<td>1,181</td>
</tr>
<tr>
<td>Wyndham</td>
<td>933</td>
</tr>
</tbody>
</table>

Source: W-Hospitality Group
RETAIL

Market corrections are the order of the day in the retail real estate market. Local retailers are taking up positions, going as far as buying out international investors as local investment, egged on by local demand, is searching for dollar investment a less attractive proposition. The Edo State Government entered an agreement with Persianas Nigeria Limited for the development and construction of a modern shopping centre in Benin City. Restaurant group Eat n’ Go Limited, leading franchisee for the Domino’s Pizza, Cold Stone Creamery, and Pinkberry Gourmet Frozen Yoghurt announced that it has invested over $5M in Ogun state by constructing warehouses, commissaries, and other outlets.

Global luxury business lifestyle brand, Montblanc has expanded its presence into the Nigerian market, opening its first West African boutique store in the Lekki axis of the state.

### Food, clothing and shelf space
Vacancy rates for grade A malls in Lagos (%)

<table>
<thead>
<tr>
<th>Mall</th>
<th>Vacancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ikeja City Mall</td>
<td>1%</td>
</tr>
<tr>
<td>E-Centre</td>
<td>12%</td>
</tr>
<tr>
<td>Festival Mall</td>
<td>23%</td>
</tr>
<tr>
<td>Circle Mall</td>
<td>100%</td>
</tr>
<tr>
<td>The Palms</td>
<td>3%</td>
</tr>
<tr>
<td>Lagoon Shopping Centre</td>
<td>63%</td>
</tr>
<tr>
<td>Maryland Mall</td>
<td>2%</td>
</tr>
<tr>
<td>Apapa Mall</td>
<td>26%</td>
</tr>
<tr>
<td>Leisure Mall</td>
<td>14%</td>
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<tr>
<td>Adeniran Ogunsanya Mall</td>
<td>19%</td>
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<tr>
<td>Novare Mall</td>
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<tr>
<td>Silverbird Galleria</td>
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<tr>
<td>Atlantic Mall</td>
<td>39%</td>
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<tr>
<td>Lennox Mall</td>
<td>19%</td>
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<tr>
<td>Twin Waters</td>
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</tr>
</tbody>
</table>

Source: Northcourt

A more open trade regime is needed to promote the growth potential brought by the African Continental Free Trade Agreement (AfCFTA). The authorities are committed to implementing the agreement and are working to enhance trade facilitation through the increased use of technology.
Nigeria’s trade regime continues to be protectionist and restrictive with key items prohibited from FX access for imports, including necessities and food items, high tariff and non-tariff barriers, and difficult trade logistics. Building on current efforts to improve port infrastructure and reduce the burden of customs administration, it may be wise to reduce barriers to trade and reliance on import substitution.

Local retailers move into position
Number of stores nationwide

<table>
<thead>
<tr>
<th>Store Name</th>
<th>Number of Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addike</td>
<td>4</td>
</tr>
<tr>
<td>Blenco</td>
<td>9</td>
</tr>
<tr>
<td>Everyday Supermarket</td>
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</tr>
<tr>
<td>FoodCo</td>
<td>4</td>
</tr>
<tr>
<td>Hubmart</td>
<td>5</td>
</tr>
<tr>
<td>Jara Stores</td>
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</tr>
<tr>
<td>Jendol</td>
<td>14</td>
</tr>
<tr>
<td>Justite</td>
<td>19</td>
</tr>
<tr>
<td>Market Square</td>
<td>25</td>
</tr>
<tr>
<td>Prince Ebeano</td>
<td>5</td>
</tr>
<tr>
<td>Shoprite</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: Northcourt
Massmart is selling all of its Game store outlets in West and East Africa as the parent company, Walmart assesses its African portfolio. As with its counterpart - Shoprite Holdings’ excursions into Nigeria have been hampered by currency volatility and limiting customer demand, making it difficult to operate economically on a continent that was once hailed as the next big growth market for retailers.

Ecommerce has continued to spur the growing class of real estate created because consumers can now order good quality food from their phones. It is not entirely a net gain for the real estate industry as it is still hard to quantify. Inevitably, orders fulfilled by dark kitchens may begin to cannibalise business from traditional restaurants, especially as logistics efficiencies improve. But the sector is set for rapid growth as Euromonitor has predicted it could become a $1Trn industry by 2030 globally.

But the rising operating costs force restaurants to find new efficiencies. Globally, the National Restaurant Association, estimate that 91% of restaurants paid more for food this year, 84% paid more for labour and 63% paid more for real estate. As the already-thin margins of their industry grew thinner, restaurant owners pivoted to stay profitable. Before the pandemic, online ordering was a secondary source of revenue. During the pandemic, it was the only source of revenue as lockdowns meant that only critical services providers could move. As it settles into its future role — somewhere between those previous two —

"A more open trade regime is needed to promote the growth potential brought by the African Continental Free Trade Agreement (AfCFTA)

several important trends are emerging. Weekends have long been the main days for online ordering. That's still the case, but the gap between weekends and weekdays reduced in 2021. Online ordering has become a routine part of everyday life.

Source: Northcourt
HEALTHCARE

In August 2021, Nigeria, like much of the rest of Sub-Saharan Africa (SSA), experienced a third wave of the pandemic. Proactive measures taken by the authorities, including a robust infection surveillance system and a national strategy for vaccine procurement and implementation, have helped keep infection rates and mortality lower than in many other countries. HealthPlus has launched its first-ever ePharmacy, which will provide Nigerians with faster access to the greatest pharmaceutical treatment available in the country. The ePharmacy seeks to create a user-friendly, all-inclusive online experience that allows users to receive expert health care services from any device. In collaboration with healthcare providers such as MeCure, HealthPlus ePharmacy provides a holistic experience for health care services such as telemedicine and laboratory testing. The Duchess International Hospital, a purpose-built 100-bed, hospital facility in Ikeja GRA, Lagos opened, delivering primary, secondary, and tertiary healthcare services across a range of specialised and sub-speciality fields.

Where the heart is
National Healthcare Budget - Capex (₦Bn)

An efficient hospital emergency response in the face of the COVID-19 pandemic should be able to maintain all necessary health services, extend hospital facilities and resources to accommodate a surge of severe and critical COVID-19 cases, and offer a safe and inspiring environment for employees. A large proportion of hospitals cut non-essential health services. There were substantial gaps in logistics and supplies, and few had strategies for critical care of COVID-19 patients. Many hospitals questioned said they didn't have or didn't have enough key goods to respond aggressively to COVID-19. Many hospitals claimed that they lacked a sufficient supply of full PPE and surgical masks for their employees.
The doctor will see you now
Compliance with WHO COVID-19 readiness checklist among select hospitals in Nigeria (%)

Full names of hospitals:
Usman Danfodio University Teaching Hospital (UDTH), Sokoto. Delta State University Teaching Hospital, Delta (DELSUTH). Federal Medical Centre Abeokuta, Ogun State (FMCA). Aminu Kano Teaching Hospital, Kano (AKTH). Niger Delta University Teaching Hospital, Bayelsa (NDUTH). Central Hospital, Warri, Delta (CHW). Abubakar Tafawa Balewa University Teaching Hospital, Bauchi (ATBUTH). University of Port Harcourt Teaching Hospital, Rivers (UPTH). University of Abuja Teaching Hospital, FCT (UATH). Federal Medical Centre Ilmin Kebbi (FMCIKB). General Hospital Gusau, Zamfara (GHG). Ahmed Sani Yariman Bakura Specialist Hospital, Zamfara (ASYBSH). University College Hospital Ibadan, Oyo (UCH). University of Maiduguri Teaching Hospital, Borno (UMTH). University of Nigeria Teaching Hospital, Enugu (UNTH). Alex Ekwueme Fed. University Teaching Hospital, Ebonyi (AEDFUTH). Irrua Specialist Teaching Hospital, Edo (ISTH). Enugu State University Teaching Hospital, Enugu (ESUTH). Federal Medical Centre Yenagoa, Bayelsa (FMCY). General Hospital, Minna, Niger State.

Source: 2021 Ogoina et al

The Duchess International Hospital, a purpose-built 100-bed, hospital facility in Ikeja GRA, Lagos opened, delivering primary, secondary, and tertiary healthcare services across a range of specialised and sub-speciality fields.
The pandemic resulted in certain improvements in hospital infrastructure, particularly among those that constructed isolation units and purchased ventilators. The WHO examined the readiness status of 48 African nations to respond to COVID-19 at the start of the pandemic, finding that 16.7% had acceptable readiness, 68.8% had moderate readiness, and 14.6% had limited readiness. Nigeria was adjudged to be moderately prepared. Nigeria's medical system was not effectively prepared for the COVID-19 pandemic, with disparities between institutions and a general lack of readiness in terms of surge capacity, critical care, human resources, staff welfare, and crucial item availability for COVID-19 response. While progress is being made, long-term solutions are needed to address issues such as the management of severe and critical cases in health care facilities, the construction of well-equipped ICUs in all states of the federation, the provision of adequate PPEs for HCWs, and attention to staff welfare and safety.

With increased food insecurity and an increase in already-high levels of poverty, the pandemic's economic and social effects have become more apparent. There has been significant progress in the procurement of vaccines. However, due to a lack of vaccine supplies, distribution bottlenecks, and high vaccination reluctance, only about 3% of the eligible population has been fully immunised. Work on a 14-bed clinic that will be added to the Nigerian president's Statehouse in Abuja began in November. The 2,700sqm, $50M project will be finished by the end of 2022 and will have two surgical rooms, a laboratory, a pharmacy, and an x-ray unit. This project is considered inflated as N1.9Bn was spent between 2019 and 2021.
STUDENT HOUSING

The demand for PBSA (Purpose Built Student Accommodation) remains large. And the private sector may be waking up to the opportunity for investment. There are currently 170 universities in the country - 43 federal universities, 48 state universities, 79 private universities, 17 federal and 26 state-owned polytechnics, 17 federal and 26 state-owned polytechnics. According to estimates, the overall number of students enrolled in Nigeria's tertiary education system exceeds 2M, with roughly 750,000 slots available each year. The projected annual growth rate is 12%. The expansion of off-campus private student housing in Nigeria is due to this increase in enrolment in higher education and insufficient student housing in educational institutions. Studentification - the process by which specific neighbourhoods become dominated by student residential occupation is starting to show up in Nigeria, with some ramifications for the neighbouring community. Business patronage, noise pollution and shoplifting are among them. Added to these are the results from a recent survey suggesting that capital (79.10%), lack of long-term funding (75.10%), corruption (72.60%), insecurity (49.40%), and resistance to change (55.70%) are among the challenges facing public-private partnerships attempting to execute hostel accommodations projects.

Private equity-backed fund, Greenage Development Managers raised capital for its hostel projects by implementing the EDGE sustainability framework. They've established a $150M sustainable housing fund to support the construction of 100,000 bed spaces around the country over the next ten years. Greenage typically obtains funding through strategic partnerships to build, run, and maintain the hostels at a low cost to students.
Interested tertiary institutions offer land, and Greenage obtains funding through strategic partnerships to build, operate, and maintain the hostels at low costs to the students. The cost of the first phase is put at $50M. At the Veritas University, a Catholic university in Abuja, the firm broke ground for the creation of a 500 - 1,000 room hostel. Studies further suggest that investing in a self-contained unit is the least risky, followed by a one-bedroom flat and a three-bedroom flat. The majority of students would prefer a room with a private toilet, bath, and kitchenette. Self-contained apartments have the greatest profitability rating, followed by one-bedroom flats and single rooms, according to the study.

Family Homes Funds Limited (FHFL) and the Agence Française de Développement (AFD) will be collaborating on a detailed study ahead of a significant investment in student accommodation across the country through the Rental Housing Fund (RHF). Family Homes Fund plans to increase the availability of affordable accommodation for students by developing 20,000 beds over the next five years as part of the agreement. Pan-African education group, Honoris United Universities acquired Nile university for an undisclosed amount. The group has universities in Tunisia, Morocco, Mauritius, South Africa, Zimbabwe, and Zambia, and is mainly owned by private equity group Actis. Nile University has approximately 3,500 students who pay an average of ₦2.4M annually in tuition fees. Honoris plans to expand the university's 113Ha campus and grow its student pool to 10,000 in six years. Guaranty Trust Bank completed its eight-story training facility with 105-ensuite residential rooms, six lecture halls, two fully equipped libraries, an amphitheatre and a banking hall.

**PROPTECH**

This year, the world's first digital NFT - Mars House, sold for $500,000. No-Fee Tokens (NFTs) are digital commodities or assets that are unique and non-interchangeable units of data stored on a blockchain. NFTs are typically associated with reproducible digital files such as photos, videos, and audio. In effect, NFTs allow you own a piece of the Internet. Open sea and Rariable are two popular NFT markets for creating, buying, and selling digital assets. NFTs gain value by being scarce. Unlike fungible cryptocurrencies like bitcoin and Ethereum, NFTs are one-of-a-kind and indivisible. The market for NFTs continues to grow as entry is made easier and more transparent. The underlying real estate assets allow investors to receive annual income or capital gains. Decentraland currently offers over 90,000 virtual parcels of land and is a growing market for investors interested in digital land.

A confluence of increased demand for data analytics, the belief that more efficient offices or energy systems could tempt workers back to the office, and the desire to save money while bolstering sustainability credentials resulted in investment in proptech which saw an unprecedented $9.5Bn investment. Nigerian proptech startups attracted international interest to record levels. This is due to the appealing nature of investing in Africa's technology
environment. Edenlife, a proptech firm that delivers meals, laundry, and cleaning services to busy professionals, launched in 2019 after raising $600,000 pre-seed money. The firm secured $1.4M in venture funding in October 2021 to expand its market share. Rent Small Small, a Nigerian property technology startup reorganising the Nigerian home renting market, has been accepted into the Techstars Toronto Accelerator Program. The startup has offered over 12,000 monthly stays in 18 sites across Lagos State. A $250,000 investment from leading proptech

"NFTs gain value by being scarce. Unlike fungible cryptocurrencies like bitcoin and Ethereum, NFTs are one-of-a-kind and indivisible"

Platform Capital invested $100,000 in Yahshud property. The startup aims to lower the barriers to entry into real estate by allowing retail investors to add real estate to their portfolio to address Africa’s housing needs. Sesō Global, a Nigerian proptech firm, has raised a US$600,000 pre-seed fundraising round to better allow property developers, agents, and governments to manage their transactions on a secure blockchain database. Metro Africa Xpress raised $31M in series B funding to expand into Egypt and Ghana and Treepz, a mobility platform focused on digitising Africa’s transportation sector, closed a $2.8M seed round.

PRIVATE EQUITY/VENTURE CAPITAL

As of Q3 2021, research houses concluded that Nigeria was the most funded market for the year, with Kenya and Egypt following closely behind. Over 60% of total equity funding for African businesses was provided by these three. Fintech, Agritech, enterprise, off grid-technology (energy and resources), healthtech, and e-commerce are the six technology verticals mentioned. The industry received about $100M in investment flows, accounting for almost 76% of overall equity capital in Africa. High borrowing rates, a lack of collateral, insufficient records, and a lack of financial innovation hampered venture capital investments in Nigeria’s real estate markets. Private equity ventures’ choice of partners, regulatory restrictions, and post-implementation challenges remain significant success factors.

In most submarkets, the pandemic has continued to disrupt investment performance, with uneven outcomes. Some sub-markets, on the other hand, have weathered the storm and attracted investment. Increased demand for internet infrastructure drew investment in the telecoms sector. The Emerging Africa Infrastructure Fund (EAIF) invested $50M into an $800M bond issued by HIS – a
leading Nigerian telecommunications tower company. The EAIF and the International Finance Corporation were the bond issue's anchor investors.

The African Development Bank has authorised a $60M loan to the Family Homes Funds and the Federal Ministry of Finance, Budget, and National Planning for the Homes Loan Assistance Program. Standard Bank Group also completed a $111M green loan refinancing for two Actis assets: Heritage Place in Lagos and Jabi Lake Mall in Abuja, at $58M and $53M, respectively.
ECONOMY

The IMF projects that Nigeria's economy will grow by 2.7% in 2022 and remain at this level over the medium term, allowing GDP per capita to stabilize at current levels, notwithstanding long-standing structural problems and elevated uncertainties. Growth in the value of real estate stock in both absolute and relative terms is an important consideration for global real estate investors. An understanding of market scale and growth potential helps inform investment decision making and portfolio construction. Analysts estimate that at the end of 2021, the global value of real estate investable stock will be over $34Trn, and expect this to grow to $85.1Trn over the next 20 years. Core cities are set to grow and will remain dominant features of the investment landscape – most notably, Lagos where growth is expected in most submarkets except for Grade A office which will continue to correct.

RESIDENTIAL

The residential real estate market will continue along most of the lines established at the start of the year. Fewer rooms in city centres will be in demand and 4 to 5 bedrooms settle into the WFH de facto position. Short stay apartments still have critical acclaim – commercial success however will increasingly depend on location, management quality, COVID-19 compliance (a core requirement for internationals). Developers will attempt to adopt the highest standards for their projects. Economic challenges will determine for how long. Still, a pre-election year will usher in heavy spending on assets in the real estate market. Some deals will close for sums well above the asking (and market) prices. Yet a few will close for undisclosed amounts.

HOSPITALITY

Working remotely is now routine for many employees and is predicted to become a permanent trend. Due to the pandemic, an unprecedented number of high-profile organisations have indicated that they will embrace a hybrid or flexible approach. The percentage of permanent remote workers was predicted to increase by 2022. This means that leisure visitors and residents seeking a change of scenery are using hospitality establishments as temporary offices. This is an opportunity for hotels and restaurants to capitalise on and alter their offerings to fit the needs and wishes of this rising sector.
The COVID pandemic has unquestionably made preventative medicine and self-care trendy. The wellness business is flourishing, and hotels, especially those with established spas, are positioned to benefit. Health diagnostic technology and bespoke treatment plans offered by specialists who conduct personal or group sessions are fast becoming in demand. Management systems are increasingly used to monitor and maximise income, customer relationships, property, channels, and reputation. The separation of operations and real estate assets allows hotels to focus on their primary business, enhancing efficiency. This will become more of the case in 2022.

Sustainability concerns are impacting decisions made at the hospitality management level, as a natural extension of decreasing food waste and eliminating superfluous paper use. Simple decisions like selecting towel rails to place during renovations have huge consequences when done in bulk.
Simple eco-friendly changes include replacing small toiletries with larger, locally sourced dispensers, adopting organic bed sheets and using smart lamps to save electricity. The 2020 and 2021 lockdowns have boosted staycations. Despite the reopening of international travel, many consider it too expensive for a big family trip or too complicated for weekend getaways.

INDUSTRIAL

For years to come, logistics following COVID-19 will upset commercial real estate paradigms. Disruption in commercial real estate capital allocation is likely, with industrial property receiving more money and retail receiving less. There will be a decreased emphasis on physical storefronts and a greater reliance on contemporary eCommerce warehouses that are increasingly automated and require less labour. The demand is strong – but supply to the quality required remains lacking. The pandemic has established that warehousing and logistics will be critical to the future of trade within Nigeria’s borders, at least.

As the countries reconfigured is manufacturing framework to increase output, expectations are that the submarket will welcome small to mid-sized services providers.

RETAIL

Analysts suggest that the drivers of urban dwellers’ eating habits are their lifestyle and rising work rates as the world recovers from the effects of the lockdown and related COVID-19 restrictions (Local and international). Family outings have grown more important as COVID-19 has highlighted the place of local alternatives to international experiences. Speed and quality of service, food quality and timely delivery were recognised as significant decision drivers by QSR customers.

Pharmaceuticals, food and drink, groceries and telecommunications accessories are projected to be the likely winners

Eating out
Select eateries - Number of locations, nationwide

<table>
<thead>
<tr>
<th>Eateries</th>
<th>Number of Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bukka Hut</td>
<td>17</td>
</tr>
<tr>
<td>Chicken Republic</td>
<td>69</td>
</tr>
<tr>
<td>Dominos</td>
<td>23</td>
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<tr>
<td>KFC</td>
<td>49</td>
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<tr>
<td>Kilimanjaro</td>
<td>6</td>
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<tr>
<td>Mama Cass</td>
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<tr>
<td>Sweet Sensation</td>
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<tr>
<td>Tantalizers</td>
<td>14</td>
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<tr>
<td>Tastee</td>
<td>18</td>
</tr>
<tr>
<td>The Place</td>
<td></td>
</tr>
</tbody>
</table>

Source: Northcourt
Local retailers will be more present in the coming seasons as they look to maximise the opportunities provided by the pandemic and the exit of international players. Key leases have already been signed and quite a few deals will be concluded by Q1 2021 – when the 8-floor Ikoyi Plaza, a retail centre is expected to open in Q1 2021.

The centre will take 450 cars, virtual offices, a theatre, lounges, games arcade and supermarkets. Pharmaceuticals, food and drink, groceries and telecommunications accessories are projected to be the likely winners. Nigeria's organised fast food business is estimated at N250Bn.

COWORKING

In 2022 coworking area operators are going to see growing opposition from landlords who plan to cut their losses on their office investments. Since the call for a conventional workplace isn't as it was prior to the pandemic, many landlords are remodelling residential and other commercial uses with low demand into flexible workspaces. This offers current coworking operators even greater motives to introduce differentiation factors.

In 2022 large companies will consider moving into coworking areas. Because of this that operators inquisitive about this target market have all probabilities to draw it via way of means of getting ready impossible to resist gives such as private serviced places of work, customizable shared workspaces, flexible places of work that develop with the company. We may see more of not just hybrid coworking areas – but also "drop-in" areas where work is discussed and executed over short spells in hotels and restaurants.

PROPTECH

The proptech engine has moved into high gear as technology will continue to affect the future of Nigerian real estate. Following Lagos State's announcement to launch its monthly tenancy system, more proptech startups offering flexible rental payments are anticipated to witness increased demand and investment. Demand for efficiency data, data management, and networking would continue to drive data centre investment in 2022. With investors focusing on monitoring and optimising property assets, Proptech companies will continue to be important and garner more investment. Last mile logistics startups helping merchants adjust to post-pandemic changes would continue to benefit in 2022.

As talks about sustainability grow, more proptech solutions will be created to address sustainability and manage property carbon footprint. FDI and domestic investment in proptech will certainly expand in the coming year.

HEALTHCARE

WHO estimates that the demand for medical professionals is 237,000. Supply is approximately 35,000. Nigerian Medical Association estimates that over 50% of Nigeria's $1.5Bn spend on medical tourism goes to India. The pandemic has helped to highlight the need for large spending in healthcare, as evidenced by the budget's exceptional allocations for 2022.

Privately owned primary healthcare centres and the availability of advanced technology such as magnetic resonance imaging (MRI), computed tomography scan (CT), digital x-ray, mammography, ultrasound scans,
radiation therapy, and other advanced devices are all possibilities. Test kits for malaria parasites, drug abuse, HIV/AIDS, and tuberculosis, in particular, would do well in Nigeria. Medical consumables such as syringes, needles, sutures, staples, packing, tubing, catheters, medical gloves, gowns, and masks continue to be sourced primarily from China. Because the government lacks the resources to carry out its healthcare ambitions, the private sector is emerging as a critical role in improving Nigeria's healthcare situation. To entice private sector engagement in health projects, the government is utilising the PPP model.

The COVID-19 pandemic has revealed telemedicine's potential. An increase in new subscription levels has been recorded by e-health service providers. The government, which had paid little attention to telemedicine before the pandemic, has begun to include it in its public health intervention programmes. E-health experts predict a continued increase in demand for telemedicine services, which they believe can be sustained by continued user involvement and education on the value of telemedicine.

"Nigerian Medical Association estimates that over 50% of Nigeria's $1.5Bn spend on medical tourism goes to India"

Drugs
Select pharmacies, number of locations

<table>
<thead>
<tr>
<th>Pharmacy</th>
<th>Number of Locations</th>
</tr>
</thead>
<tbody>
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<td>Alpha Pharmacy</td>
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<tr>
<td>Bydow Pharmacy</td>
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<tr>
<td>Healthplus</td>
<td>60</td>
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<tr>
<td>Medplus</td>
<td>75</td>
</tr>
<tr>
<td>Nett pharmacy</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: Northcourt

INFRASCTURE

Nigeria's infrastructure deficit continues to limit economic potential. While the IMF and ADB have estimated that closing the infrastructure gap will cost $3Trn, the National Integrated Infrastructure Master Plan (NIIMP) estimates $2.3Trn over the next 23 years (2020-2043) with energy and transportation sectors taking $759Bn and $575Bn respectively. This will require significant private sector participation to succeed in time and within budget. The Federal Executive Council approved ₦621.2Bn for the rebuilding of 21 federal roads by the Nigerian National Petroleum Corporation (NNPC).
The roads less travelled
Estimated Total Roads per Person (Kilometres per million persons)

Source: Frederick S. Pardee Center for International Futures
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<table>
<thead>
<tr>
<th>Real Estate Research &amp; Advisory</th>
<th>Real Estate Facility &amp; Property Management</th>
<th>Real Estate Brokerage &amp; Valuation</th>
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