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**Affordable housing in Nigeria:
Market shaping indicators**

A HOME
FOR
HUMAN
POTENTIAL

Reall

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Centre for Affordable
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Affordable housing in Nigeria: Market shaping indicators

See CAHF's yearbook at:
https://housingfinanceafrica.org/resources/yearbook/
View Reall's Data Dashboard at: **https://www.reall.net/dashboard**

Centre for Affordable Housing Finance in Africa

Reall — A HOME FOR HUMAN POTENTIAL

[1] This report is an extension of the profile for Nigeria prepared for CAHF's 2020 Housing Finance in Africa Yearbook. Dr Roland Igbinoba was the original author of the profile. David Chiwetu has extended the report further, providing additional detail.

NIGERIA

Affordable housing in Nigeria: Market shaping indicators

1 Introduction

The Centre for Affordable Housing Finance in Africa has been operating as an independent think tank in South Africa since May 2014, pursuing its mission of making Africa's housing finance markets work.[2] Supported by the French and UK governments, as well as other funders and partners, CAHF's work extends across the continent. CAHF brings information to the market place to enable stakeholders in the public and private sector to make policy and investment decisions in favour of improved access to affordable housing. CAHF's emphasis is on the role that finance plays in realising this, and champions market intelligence—data, market analytics and research—to stimulate investor interest and to support better policy. CAHF is highly networked and engages with stakeholders at the local, national, regional, continental and global levels to support the realisation of investment towards affordable housing in Africa.

CAHF monitors the progress and performance of African housing markets, and publishes this in its flagship publication, the Housing Finance Yearbook, every November[3]. The production of the Yearbook is an intensive effort and draws on the participation of local, in-country consultants, who track and present the current state of their local housing markets in short profiles, one for each of the continent's 54 countries. As part of our overall Housing Finance Data Agenda for Africa, presented by Reall under the Market Shaping Indicators name[4], CAHF partnered with Reall[5] to develop extended reports for six countries, reflecting the fruits of more focused data gathering[6].

Supported by the UK and Swedish governments, Reall is a market innovator and impact investor in affordable housing for the bottom 40 percent of the income pyramid in Africa and Asia. Headquartered in the UK and possessing over 30 years' experience in the sector, Reall's priority focus is in Kenya, Nigeria, Uganda, India and Pakistan, with a wider footprint that includes Ghana, Mozambique, the Philippines, and Zimbabwe. Reall and its network of in-country partners specialize in affordable housing and end-user financing solutions, while also tackling systemic political, regulatory, and financial barriers through strategic brokering interventions. By evidencing the cross-cutting developmental impact of housing (contributing to 16 of 17 SDGs) and demonstrating the commercially viable investable opportunity, Reall leverages private sector actors and resources to transform markets and accelerate delivery at scale.

The driving principle behind the Data Agenda is that market intelligence and data is fundamental market infrastructure for the housing finance sector. A key constraint undermining private sector participation and good policy engagement in affordable housing finance is the availability of data and market intelligence to facilitate risk-taking and decision-making. By providing market intelligence that makes the case for investment in underserved markets, we can support a better policy environment and increased private sector activity in affordable housing markets. In this way, we catalyse scale interventions.

This report highlights the progress and performance of Nigeria's affordable housing market in 2020. One of Reall's priority countries, Nigeria is also a country in which CAHF has engaged substantially, together with local partner Nigeria Mortgage Refinance Company. This report extends the original profile for Nigeria with data collected through the Data Agenda/Market Shaping Indicators process, and the experiences of Reall in working with Millard Fuller Foundation The original text, as published in the 2020 Yearbook: Housing Finance in Africa, was written by Dr.Roland Igbinoba.[7] David Chiwetu has extended the report to include additional information.

THIS REPORT HIGHLIGHTS THE PROGRESS AND PERFORMANCE OF NIGERIA'S AFFORDABLE HOUSING MARKET IN 2020

[2] See CAHF's website: https//www.housingfinanceafrica.org
[3] See http://housingfinanceafrica.org/resources/yearbook/
[4] The Data Agenda for Africa is a joint initiative of CAHF and its partners 71point4 and Reall. For more detail, see http://housingfinanceafrica.org/projects/a-housing-finance-data-agenda-for-africa/ and https://www.reall.net/dashboard/msi
[5] See Reall's website: https://www.reall.net/
The Data Agenda for Africa is a joint initiative of CAHF and its partners 71point4 and Reall. For more detail, see http://housingfinanceafrica.org/projects/a-housing-finance-data-agenda-for-africa/
  See https://housingfinanceafrica.org/authors/roland-igbinoba/
[6] The Data Agenda for Africa is a joint initiative of CAHF and its partners 71point4 and Reall. For more detail, see http://housingfinanceafrica.org/projects/a-housing-finance-data-agenda-for-africa/
[7] See https://housingfinanceafrica.org/authors/roland-igbinoba/

MFF's Reall-funded affordable housing project in Abuja

NIGERIA
Affordable housing in Nigeria: Market shaping indicators

2 CAHF in Nigeria

CAHF has been active in Nigeria since 2010, when it published a study on Nigeria's Housing Sector, in collaboration with Enhancing Financial Innovation and Access (EFInA).[8] More recently, CAHF's main partner in Nigeria has been the Nigeria Mortgage Refinance Company. The collaboration is framed by an MoU between the two organisations, signed in 2019. Together, we have developed and published a study on the Housing Economic Value Chain analysis for Nigeria, which includes a Housing Cost Benchmarking analysis.[9] CAHF has also supported the NMRC in their approach to data collection, and the two organisations have collaborated in pursuing the Data Agenda for Africa. This is likely to be the focus of continued engagements with the NMRC as both organisations seek to promote the availably of market data to support investment in affordable housing in Nigeria.

3 Reall in Nigeria[10]

A priority country, Reall has been operating in Nigeria since 2014, in partnership with the Millard Fuller Foundation (MFF). MFF have delivered a 628-home project in Nasarawa state in the fast-growing neighbourhood of Masaka where housing demand is high for commuters in to neighbouring FCT and the capital Abuja and employees of Nasarawa state government.

Reall funded the first phase of this project known as Grand Luvu 1 consisting of 212 houses targeting the bottom 40% of earners. In 2018, following the completion of the construction of the houses at the Grand Luvu site, the government-backed Family Homes Fund (FHF) bulk-purchased 182 completed units from MFF, and commissioned an additional 400 units to sell to low-income families. This purchase of the homes enabled MFF to re-pay their original loan to Reall.

In April 2020, Reall funded the second stage of MFF's smaller Camp Luvu estate development, also in Masaka. 32 houses have been constructed for the bottom 40% to be sold on payment plan terms and cash basis. More recently in September 2020, Reall approved funding for the third phase of the Grand Luvu project comprising 240 houses and supporting infrastructure. The area sits adjacent to Grand Luvu 1 and will provide housing for a further 1,200 people when completed.

Reall is developing a pipeline of new partners and projects in Nigeria which embraces a wider range of typologies and delivery models and incorporates new types of collaborators. This emerging pipeline is focused on commercial low-income housing developers and negotiations with government-backed mortgage providers and commercial banks on end-user finance.

Reall further amplifies the impact of these housing investments through strategic 'non-build' interventions to address systemic market bottlenecks. In Nigeria, Reall is committed to:

- Expand end-user housing finance solutions to 2 million previously excluded low-income and informally employed borrowers by 2025, primarily through the testing and rollout of innovative alternative credit scoring systems and tools. This work is currently being supported by the UK Government's Foreign, Commonwealth and Development Office (FCDO) IMPACT Programme.

- Address critical governance, policy, standards and regulatory barriers that impede the market, achieving positive change for 1 million people by 2025.

- Resolve data voids and evidence gaps that have inhibited more effective solutions for affordable housing and people on low incomes, enabling stakeholders to make inclusive policy and investment decisions.

- Build capacity for low-carbon building, renewable energy and green finance in the affordable housing space – influencing catalytic change in the construction and energy sectors.

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[8] Pison Housing Company (2010). Overview of the Housing Finance Sector In Nigeria. https://housingfinanceafrica.org/documents/overview-of-the-housing-finance-sector-in-nigeria/

[9] Gardner,D.Lockwood,K and Pienaar.J (2020). Assessing Nigeria's Affordable Housing Market. http://housingfinanceafrica.org/documents/assessing-nigerias-affordable-housing-market/

[10] Reall (2020). Reall in Nigeria Dashboard. https://www.reall.net/data-dashboard/nigeria

NIGERIA

Affordable housing in Nigeria: Market shaping indicators

BOX 1 - Millard Fuller Foundation (MFF)

The Fuller Center for Housing is a non-profit, all-embracing Christian housing ministry dedicated to eliminating housing poverty worldwide. The Fuller Centre formed a partnership with the Millard Fuller Foundation (MFF), a faith driven organization promoting collaborative and innovative partnerships in pursuit of sustainable delivery of affordable housing for all.

Besides the Fuller Center for Housing, MFF has partnered with Reall, Family Homes Funds, Selavip and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in delivering housing. In 2019, the Millard Fuller Foundation delivered the cheapest newly built house by a private developer in all of Africa, at a final sales price of just $8 040. This was achieved through careful project management, cost optimisation and focusing on core quality, while buyers can add finishes and additional features incrementally. The Grand Luvu 1 project incorporates two core typologies: a studio shell unit expandable to 1 bedroom flat, and a 1 bedroom shell unit expandable to 2 bedroom flat.

The Camp Luvu 1 project comprises 24 two bedroom 58 square metre units and 6 one bedroom 42 square metre units. The project also comprises two energy efficient two bedroom units.. In 2020, MFF received funding from Reall to deliver 240 new homes in the Greater Abuja area of Nigeria within 14 weeks (Grand Luvu 3). The project has created hundreds of direct jobs and indirect employment opportunities, with an estimated weekly average employment figure of 421 personnel.

COLLABORATIVE AND INNOVATIVE PARTNERSHIPS IN PURSUIT OF SUSTAINABLE DELIVERY OF AFFORDABLE HOUSING FOR ALL

4 Overview – Nigeria's housing sector in 2020

The disruptive impact of COVID-19 is broad, extensive and pervades the entire economic value-chain in Nigeria. This was worsened in the first quarter of 2020 by the crash in oil prices to its lowest levels in decades. The combination of the reduced forex earnings through the oil sector, pressure to service external debt and the continued pandemic environment has contributed to the challenge of housing in Nigeria.

The widening gap between the housing demand and supply is caused by a multiplicity of factors including land acquisition, high cost of building materials, scarcity of accessible affordable housing finance and lack of proper land regulation and policy. The Nigerian government in its efforts to ameliorate the negative impact of the pandemic and oil crisis, revised the Economic Sustainability Plan (ESP) to provide appropriate and sustainable solutions for the country. Family Homes Fund (FHF) has recently been appointed by the CBN to manage the execution of the social housing component of the ESP that is expected to produce 300,000 additional units each year.

Over the last twelve months, there has been a general consensus towards improving the sharing of data within the sector. Following the partnership engineered by the Real Estate Developers Association of Nigeria (REDAN) with both government and private sector players including the Federal Mortgage Bank of Nigeria (FMBN), Nigeria Mortgage Refinance Company (NMRC), Central Bank of Nigeria (CBN), National Bureau of Statistics (NBS), Nigeria Population Commission (NPopC), Pison Housing Company, Value Chain Mortgage Affordability Platform (VC-MAP) and many others. The Housing Market Information Portal (HMIP) has been designated as a primary data repository for the sector, hosted by the NMRC.

THERE HAS BEEN A GENERAL CONSENSUS TOWARDS IMPROVING THE SHARING OF DATA WITHIN THE SECTOR

NIGERIA

Affordable housing in Nigeria: Market shaping indicators

5 Macro-economic context

In April 2020, as part of the country's plan to ameliorate the effect of the pandemic, the International Monetary Fund (IMF) approved a ₦1 313.2 billion (US$3.4 billion) emergency facility to the Central Bank of Nigeria to help mitigate the impact of COVID-19.[11] A World Bank report in December 2020 projects Nigeria's gross domestic product (GDP) contracted by about 4 percent in 2020 and will grow modestly by 1.1 percent in 2021.[12]

Table 1: Enabling and economic environment related indicators

Indicator	Value	Year	Source
Gini Coefficient	35	2018	World Bank
HDI Country ranking	161 of 189	2019	United Nations Development Programme
Ease of doing business index rank: Global	131 of 190	2020	World Bank
Corruption perceptions index rank: Global - National	149 0f 180	2020	Transparency International
% of individuals over 24 that have not worked in the past 12 months - B40	29%	2018	Demographic & Health Survey; World Bank
% of population below national poverty line - National	46%	2017	World Bank

Nigeria's biggest revenue earner, the oil sector, recorded a 6.63 percent (year-on-year) contraction in Q2 2020, indicating a decrease of 13.80 percentage points relative to the rate recorded in the corresponding quarter of 2019.[13] The downfall of the global crude oil price immensely contributed to the decline in economic growth of the country. In the second quarter of 2020, unemployment rate was reported to be 27.1 percent compared to 23.1 percent reported in 2019.[14] Also, the underemployment rate rose from 20.1 percent in Q3, 2018 to 28.6 percent in Q2 2020.[15]

According to the National Bureau of Statistics, almost 83 million people live below the country's poverty line of ₦137,430 ($381.75) per year.[16] The World Bank notes that advancing reforms that enhance Nigeria's economic resilience will contribute to the improvement of Nigeria's growth prospects.[17] Developers have argued that increased government investment into housing construction would significantly stimulate the economy and create more employment opportunities.[18]

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[11] International Monetary Fund (2020). IMF Executive Board Approves US$ 3.4 Billion in Emergency Support to Nigeria to address the COVID-19 Pandemic. 28 April 2020. https://www.imf.org/en/News/Articles/2020/04/28/pr20191-nigeria-imf-executive-board-approves-emergency-support-to-address-covid-19 (Accessed 1 September 2020).

[12] World Bank (2020). Rising to the Challenge: Nigeria's COVID Response. https://openknowledge.worldbank.org/bitstream/handle/10986/34921/Rising-to-the-Challenge-Nigerias-COVID-Response.pdf?sequence=1&isAllowed=y (Accessed 11 March 2021).

[13] Ukpe, W. (2020). Nigeria might fall into recession - Budget Office | Nairametrics. 28 August 2020 https://nairametrics.com/2020/08/28/nigeria-might-fall-into-recession-budget-office/ (Accessed 29 August 2020).

[14] Oyekanmi, S. Nigeria's unemployment rate jumps to 27.1% as at 2020 Q2 | Nairametrics. 14 August 2020 https://nairametrics.com/2020/08/14/breaking-nigeria-unemployment-rate-jumps-to-27-1/ (Accessed 29 August 2020).

[15] Ibid.

[16] Nigeria National Bureau of Statistics. https://nigerianstat.gov.ng/download/1092 https://www.worldbank.org/en/programs/lsms/brief/nigeria-releases-new-report-on-poverty-and-inequality-in-country

[17] World Bank (2020). Rising to the Challenge: Nigeria's COVID Response. https://openknowledge.worldbank.org/bitstream/handle/10986/34921/Rising-to-the-Challenge-Nigerias-COVID-Response.pdf?sequence=1&isAllowed=y (Accessed 11 March 2021).

[18] Nda-Isaiah, J. (2020). Recession: Use Massive Housing Construction To Stimulate Economy, REDAN Tells Govt. https://leadership.ng/recession-use-massive-housing-construction-to-stimulate-economy-redan-tells-govt/

NIGERIA

Affordable housing in Nigeria: Market shaping indicators

6 Demographic context

In 2019, Nigeria's total population exceeded 200 million people, and for the first time more Nigerians lived in urban areas than in rural areas. With an estimated population growth rate of 2.56 percent, the country's population is projected to increase to 263 million in 2030 and 401 million in 2050.[19] The proportion of the population that is expected to be urbanised will increase to 59 percent by 2030 and 72 percent by 2050. According to the Nigeria National Bureau of Statistics, the country has a young population with more than 54 percent of all males and more than 51 percent of all females being younger than 20 years of age.

Table 2: Demand related indicators:

Indicator	Value	Year	Source
Population size – Lago	13,463 000	2018	United Nations
Population growth rate - National	2.56%	2018	World Bank
Number of households - National	41 746 424	2019	C-GIDD
Number of urban households - B40	9 252 609	2019	C-GIDD
Average urban household size - National	5.06	2019	Nigeria National Bureau of Statistics
Average urban household size - B40	4.79	2018	Demographic &Health Survey

UN-Habitat estimates that 58.8 percent of the urban population is living in slums signifying huge demand for affordable and adequate housing with basic infrastructure in urban areas. The challenge of housing in Nigeria is largely evident in the absorptive capacity of the market which is majorly influenced by the affordability of mortgages and housing units.

UN-HABITAT ESTIMATES THAT 58.8 PERCENT OF THE URBAN POPULATION IS LIVING IN SLUMS

NIGERIA

Affordable housing in Nigeria: Market shaping indicators

The Land Use Decree known as Decree 6 of 1978 promulgated 42 years ago by the General Olusegun Obasanjo's regime, is still active. The law vests all land to each State Governor, which is hindering most Nigerians ability to acquire land.[20] The formality of the title system hinders land registration as every process and transaction requires consent from the State Governor.[21]

Although there is an extant law regulating the practice of real estate in Lagos state, currently there are over thirty thousand unregulated practitioners. These include developers and mostly estate agents responsible for lettings. The law regulating the practice was published in the State Gazette No 58, Vol 40 of 7th August 2007 as Law No 25 of 2007. The unregulated activities and rampant fraudulent practices in the state, especially within the low-income bracket, has questioned the capacity of the government to live up to its social contract of protecting the citizens and their properties. Many state governments including Lagos and Oyo states have made bold steps towards reviewing and regulating real estate transactions in Nigeria.

The widening gap between the housing demand and supply is caused by a multiplicity of factors including land acquisition, high cost of building materials, scarcity of accessible affordable housing finance and lack of proper land regulation and policy. In 2020, Nigeria's score in the World Bank's Ease of Doing Business report increased from 52.9 percent in 2019 to 56.9 percent. This ranks the country at 131 out of 190, an improvement from 146th position in 2019. Notably, there was greater improvement in dealing with construction permits, as the country ranks 55 in 2020 compared to 149 in 2019. However, Nigeria currently ranks 15th in getting credit, moving three steps downward from 2019's rank. The country is still lagging in registering properties, with a rank of 183 out of 190. Nigeria came in last position amongst comparator economies like Kenya, South Africa and Uganda.

According to the World Bank, the process that takes the longest to complete is submitting an application to obtain Governor's consent to the assignment at the Bureau for Land Management. Under the subnational ranking for states, it required 11 procedures with at least 47 days to register property in Kano, while property registration takes approximately 105 days with 12 procedures in Lagos. In 2018 and 2020, MFF found that obtaining development permits similarly was the longest permit related procedure.

Table 3: Land assembly, title and infrastructure-related indicators:

Indicator	Value	Year	Source
Number of procedures to register residential property – Partner	9	2019	Millard Fuller Foundation
Name of residential property registration procedure that takes the longest to complete - National	Submit application to obtain Governor's consent to the assignment at the Bureau for Land Management	2020	World Bank
Transport as a % of household expenditure - National	6.4 %	2019	Nigeria National Bureau of Statistics
Percent of households without access to basic sanitation services - National	29%	2017	World Bank
Percent of households without access to basic sanitation services (B40)	55%	2018	Demographic & Health Survey
Percent of households without access to basic electricity (National)	83%	2018	World Bank
Percent of households without access to basic sanitation services (B40)	83%	2018	Demographic & Health Survey
Percent of households without access to basic electricity (National)	44%	2017	World Bank
Percent of households without access to basic electricity (B40)	84%	2018	Demographic & Health Survey

[20] Akomolede, K. (2018). The land use decree, 40 years on. 11 April 2018. The Guardian Nigeria News.https://guardian.ng/opinion/the-land-use-decree-40-years-on/ (Accessed: 30 August 2020).
[21] Centre for Affordable Housing Finance Africa (2019). Nigeria Country Profile . http://housingfinanceafrica.org/countries/nigeria/ (Accessed 30 August 2020).

NIGERIA

7 Land & infrastructure

According to the 2020 World Bank Doing Business report, Nigeria ranks 171 out of 190 countries in getting electricity, and electricity access is seen as one of the major constraints for the private sector. It is estimated overall that 44 percent of households are without access to basic electricity, compared to 84 percent of the households in the Urban Bottom 40 of the income pyramid (**Table 3**). The Demographic Health Survey (DHS) estimates that 83 percent of the households in the Urban Bottom 40 are living without access to basic sanitation services and 55 percent without access to basic drinking water services (**Table 3**). According to the Africa Infrastructure Country Diagnostic, addressing Nigeria's infrastructure challenges will require sustained expenditure of almost US$14.2 billion per year.[22]

There are various initiatives underway to strengthen the regulatory environment. The Nigerian Mortgage Refinance Company (NMRC) is vocally advocating for the Model Mortgage Foreclosure Law (MMFL). The law is aimed at eliminating the barrier of foreclosure disincentives for investors. To date, six states have signed the law and another six are currently in the pipeline.

Lagos state has created the Lagos State Real Estate Regulatory Agency (LASRERA) for the regulation and improved documentation of real estate activities, Oyo state has launched a digitized Certificate of Occupancy issuance platform called the Oyo State Home Owners Charter (OYHOC) scheme. LASRERA has created a web portal for issuance and renewal of licenses and will maintain a register of licensed estate agents, and collate data on property transactions. The vision of the state is to provide an investment friendly and transparent housing sector that safeguards the interests of all stakeholders. One way to do this is to seamlessly generate data points that help planning and policy decisions. The back-end dashboard of the LASRERA portal has big data that covers all tenancies in the state, upcoming housing projects, and sales/ lease transactions.

OYHOC makes the processing and collection of Certificates of Occupancy faster, easier and affordable. The improved OYHOC will generate Certificates of Occupancy that ease authenticity of confirmation. In addition, the scheme facilitates property documentation on a government digital database for ease of confirmation and transfer, thus making the use of properties as collateral for any financial transactions easier. The processing and collection of Certificates of Occupancy would take only 60 days under the OYHOC scheme. The application form would cost only ₦6 000 (US$15.50) which would be paid using recharge cards customized with OYHOC. Meanwhile Oyo state government will bear the price of survey and planning permission. The government will also pay for other relevant documents for subscribers under OYHOC scheme.[23]

THERE ARE VARIOUS INITIATIVES UNDERWAY TO STRENGTHEN THE REGULATORY ENVIRONMENT

[22] Foster.V and Pushak.N (2011). Nigeria's Infrastructure: A Continental Perspective. https://ppiaf.org/documents/3154/download (Accessed 21 February 2021)

[23] Gbadamosi. B. (2020). Oyo Launches Digitized C of O. 3 May 2020. Oyo State Government. https://oyostate.gov.ng/oyo-launches-digitized-c-of-o/ (Accessed 30 August 2020).

8 Housing construction & investment

Nigeria's housing deficit continues to grow and is currently estimated at 17 million. Nigeria's housing backlog continues to pose health challenges to many individuals as 60 to 79 percent of urban Nigerians are slum dwellers.[24] This makes them vulnerable to transmission of communicable diseases. According to World Health Organization, human-to-human transmission of the COVID-19 virus is largely occurring in families and secondary transmission rate of COVID-19 is higher in clusters of large households.[25]

8.1 Construction financing

To deal with the chronic issue of access to affordable housing in the country, the Federal Government created the Family Homes Fund (FHF) in 2018 to provide accessible financing for affordable housing projects that align closely with the aspiration of the UN Sustainable Development Goals to foster sustainable cities and communities. As part of the transaction structure, FHF is the loan obligor and will work with the private sector with funding of ₦200 Billion (US$519 million) from the Central Bank of Nigeria (CBN) at a subsidised lending rate of not more than 5 percent per annum. The tenor of the funding is three years and it will be guaranteed by the Federal Ministry of Finance. This transaction presents a significant opportunity for local manufacturing and building materials entrepreneurs and professionals to enter the housing sector and provide a more cost effective supply of materials and finishings that are typically imported, and which contribute to the high cost of construction. It is expected that the planned 300,000 houses provided for under the ESP would be delivered by FHF and spread across the 36 states in the country with the ability to generate 1.5 million jobs by 2025.[26] FHF has partnered with Dangote Cement, which has committed to supplying cement across Family Homes sites at heavily discounted prices.[27]

Another significant route to improving the state of housing supply in the country is the Lagos State Rent to Own approach which began in 2016. At takeoff of the scheme, Lagos State had 4 355 completed housing units. Out of this number, the state has granted affordable housing for 1 230 beneficiaries.[28] Many private sector participants are also working to bridge the housing supply gap, especially in the low income segment. An example is the Millard Fuller Foundation (MFF) which provides an opportunity for low income earners to purchase their houses through a variety of convenient payment options. In 2020, the price of the cheapest newly built dwelling by a formal developer was estimated to be ₦2.8 million (US$8 040) in an urban area, and was delivered by MFF.[29]

There is a strong preference in Nigeria for using cement in all building construction which is a further driver of cost increases in the past year. Due to a combination of supply disruptions and other factors, cement prices have fluctuated between ₦2250 and ₦4500 per 50kg bag in various parts of the country.[30]

[24] Bah, E. M. et al. (2018) Housing Market Dynamics in Africa, Housing Market Dynamics in Africa. https://www.researchgate.net/publication/323718399_Housing_Market_Dynamics_in_Africa Pg. 218.

[25] World Health Organisation (2020). Report of the WHO-China Joint Mission on Coronavirus Disease 2019 (COVID-19), The WHO-China Joint Mission on Coronavirus Disease 2019. https://www.who.int/docs/default-source/coronaviruse/who-china-joint-mission-on-covid-19-final-report.pdf. Pg. 16–24

[26] Nairametrics. Nigeria might fall into recession - Budget Office | Nairametrics. https://nairametrics.com/2020/08/28/nigeria-might-fall-into-recession-budget-office/ (Accessed 29 August 2020).

[27] Africa Housing News (2021). 300,000 Housing Project: Family Homes Seals Cement Deal with Dangote. https://africahousingnews.com/2021/03/04/300000-housing-project-family-homes-seals-cement-deal-with-dangote/ (Accessed 11 March 2021)

[28] Uroko, C. (2020) How Rent-to-Own scheme is changing Lagos residents housing story. 9 July 2020. Businessday NG. https://businessday.ng/real-estate/article/how-rent-to-own-scheme-is-changing-lagos-residents-housing-story/ (Accessed 31 August 2020).

[29] Okunowo, Y.(2019). At $8,040, Millard Fuller Foundation is providing affordable homes for low-income earners - Real Estate Market Research and Data Nigeria and Africa . 1 November 2019. Estate Intel. https://estateintel.com/at-8040-millard-fuller-foundation-is-providing-affordable-homes-for-low-income-earners/ (Accessed 18 August 2020).

[30] All Africa (2020). Nigeria: Cement Price Hike Unsettles Contractors, Masses https://allafrica.com/stories/202012210359.html (Accessed 21 December 2020)

NIGERIA

Affordable housing in Nigeria: Market shaping indicators

Table 4: *Housing construction and investment related indicators:*

Indicator	Value	Year	Source
Size of cheapest, newly built dwelling by a formal developer or contractor in an urban area in square meters - Urban	32	2020	Millard Fuller Foundation
Number of people per sleeping room in formal dwellings - Urban	2.11	2018	Demographic & Health Survey
Number of people per sleeping room in formal dwellings - B40	1.68	2018	Demographic & Health Survey
Number of people per sleeping room in informal dwellings - B40	2.55	2018	Demographic & Health Survey
Percentage of population living in slums, informal settlements, or inadequate dwellings - Urban	58.8%	2018	United Nations Human Settlements Programme
Number of households living in dwellings built using durable building materials (walls and roof) - National	2 129 609	2018	Demographic & Health Survey, C-GIDD

The pandemic in no small measure affected the supply of housing as the construction sector was not considered essential during initial lockdowns in 2020. In its most recent response to COVID-19, the CBN articulated the need to boost the housing sector through some deliberate interventions as contained in the CBN's Governor address – 'Turning COVID-19 Tragedy into an Opportunity for a New Nigeria'.[31] Analysts believe that these interventions will help in boosting the housing supply segment of the market. Some of the interventions include provision of ₦1 trillion in loans to boost local manufacturing and production across critical sectors; enabling the rapid recovery of the economy by focusing on sectors that will generate massive employment and economic empowerment throughout the country; focusing on four main areas, namely light manufacturing, affordable housing, renewable energy, and cutting-edge research.[32]

INTERVENTIONS ARE ENABLING THE RAPID RECOVERY OF THE ECONOMY

[31] Godwin Emefiele (2020). Turning the Covid-19 tragedy into a new opportunity for Nigeria. Central Bank of Nigeria. https://www.cbn.gov.ng/Out/2020/ CCD/EDITED--Turning%20Covid%20Tragedy%20into%20Opportunity%20for%20New%20Nigeriat--OpEd%20by%20Gov%20Godwin%20Emefiele-- Tue14April2020%201.pdf pg. 20 – 22 (Accessed 20 September 2020)
[32] Ibid. pg. 20 – 22

9 Sales, transfer and rental

Housing affordability in the Nigerian context for most of the populace is almost impossible without the deliberate, concerted and sustainable involvement of government. Registered mortgage providers have increased from 34 in 2019 to 35 in 2020, with 22 commercial banks and 7 microfinance banks, improving financial capability in housing sector.[33] A few commercial banks such as First Bank, UBA, Union Bank, Stanbic IBTC and Access Bank continue to provide home loans that also cover repairs and renovations to Nigerians. The interest rate is fixed for the whole period of the loan. Repayment is usually made by monthly installments and is available through online platforms.[34]

9.1 End user financing

A survey by EFInA (2018) found that there is a need for a strategy targeted towards the non-banked population to increase uptake of mobile money. Of the estimated 99.6 million Nigerian adult population, it was found that 59.4 million people neither have mobile money or a banking account.[35] The Central Bank of Nigeria (CBN) has over the years issued several guidelines and regulations which impacts several features of the FinTech industry. In January 2021, the CBN unveiled the Framework for Regulatory Sandbox Operations which strives to ensure more flexible ways of engaging with operators in the payment solutions/fintech space. [36]

In 2019, the mortgage portfolio was at 0.17 percent of GDP with the total outstanding number and value estimated to be 32 260 and ₦269.68 billion (US$749.1 million) respectively. Outside of the government subsidised loan framework, market rate mortgages range from 17 percent to 25 percent per annum. Maximum loan repayment tenors are 10 to 20 years, with lenders demanding a 30 to 50 percent equity contribution.[37] In its efforts to reduce loan delinquencies because of the pandemic, the CBN created policy measures that will boost repayments and provide more liquidity, improving access to finance. Some of these measures include extensions of moratoriums by one year for all principal repayment of CBN facilities; interest rate reduction for one year from 9 percent to 5 percent; creation of a ₦50 Billion (US$129.9 million) targeted facilities for SMEs; credit support to the healthcare industry; regulatory forbearance; and strengthening of the loan deposit ratio for banks.[38]

The Federal Mortgage Bank of Nigeria (FMBN) is the most affordable housing finance provider in the country, as a government subsidized window for loans up to ₦15 million (US$38 836). FMBN's housing loans are available to contributors to the National Housing Fund (NHF) Scheme, a social savings scheme designed to mobilize long-term funds from Nigerian workers, banks, insurance companies and the government to increase access to affordable housing finance. FMBN gives concessionary loans to the Primary Mortgage Banks (PMBs) at a 4 percent interest rate, while the mortgage banks provide loans to qualified workers that contribute to the NHF scheme at 6 percent per annum with payment tenors of up to 30 years.[39]

FMBN's loans are zero equity contribution for loans under ₦5 million (US$12 945) while only 10 percent equity is required for loans ranging from ₦5 million to ₦15 million (US$38 836). Subscribers can only apply after contributing 2.5 percent of basic monthly salaries for six months. As part of FMBN's response to COVID-19, the bank has promised to focus a considerable amount of its portfolio to engender affordable housing in the informal sector. To be able to do this, the bank is relying on the Bank Verification Number (BVN) technology (a unique identifier system created by the Central Bank of Nigeria) to guarantee repayments.[40]

[33] Finance Writer (2020). List of Mortgage Banks in Nigeria [2020 Updated]. 17 March 2020. LoanSpot. https://www.loanspot.ng/list-of-mortgage-lenders-in-nigeria/ (Accessed 5 August 2020).

[34] StartCredits. Home loans in Nigeria - StartCredits. 28 June 2020. https://startcredits.com/home-loans-in-nigeria/ (Accessed 29 August 2020).

[35] EFInA (2018). Enhancing Access to Financial Services in Nigeria-Key Findings. https://www.efina.org.ng/wp-content/uploads/2019/01/A2F-2018-Key-Findings-11_01_19.pdf (Accessed 11 March 2021).

[36] Central Bank of Nigeria (2021). Framework For Regulatory Sandbox Operations. https://www.cbn.gov.ng/Out/2021/CCD/FRAMEWORK%20FOR%20REGULATORY%20SANDBOX%20OPERATIONS.pdf

[37] Terhemen, I. (2020). Understanding FMBN's Mortgage Loan Products. 22 May 2020. ThisDayLive. https://www.thisdaylive.com/index.php/2020/05/27/understanding-fmbns-mortgage-loan-products/ (Accessed 4 August 2020).

[38] Central Bank of Nigeria. https://www.cbn.gov.ng/Out/2020/FPRD/CBN%20POLICY%20MEASURES%20IN%20RESPONSE%20TO%20COVID-19%20OUTBREAK%20AND%20SPILLOVERS.pdf (Accessed 21 September 2020)

[39] Terhemen, I. (2020). Understanding FMBN's Mortgage Loan Products. 22 May 2020. ThisDayLive. https://www.thisdaylive.com/index.php/2020/05/27/understanding-fmbns-mortgage-loan-products/ (Accessed 4 August 2020).

[40] Uroko, C. (2020) FMBN and NHF loans in time of coronavirus. 17 May 2020. Businessday NG. https://businessday.ng/real-estate/article/fmbn-and-nhf-loans-in-time-of-coronavirus/ (Accessed 29 August 2020).

NIGERIA

Affordable housing in Nigeria: Market shaping indicators

Table 5: *Sales, transfer and rental related indicators:*

Indicator	Value	Year	Source
Finance			
Does a mortgage refinancing company exist? - National	Yes	2020	Nigeria Mortgage Refinancing Company
Does a foreclosure policy exist? – National	Yes	2020	Model Mortgage Foreclosure Law
Number of Mortgage Providers	57	2020	Central Bank of Nigeria
Value of residential mortgages outstanding in local currency units – National	269 683 863 000	2020	Central Bank of Nigeria
Number of residential mortgages outstanding - National	32 260	2019	CBN; NMRC
Value of residential mortgages outstanding as % of GDP - National	0.17 %	2020	CBN; NMRC
Maximum residential mortgage term - National	20	2019	Buildcon Global
Number of end-user finance loans disbursed or mobilised for purchases of dwellings – Partner	39	2019	Reall PMD
Percent of the adult population that borrowed formally - National	3%	2018	EFINA
Ownership/ Rental			
Percent of households that own their dwelling – National	62%	2019	World Bank; Nigeria National Bureau of Statistics
Percent of households that own their dwelling – B40	31%	2018	Demographic & Health Survey
Percent of households that rent their dwelling - Urban	49 %	2019	Nigeria National Bureau of Statistics; World Bank
Affordabilty			
Price of the cheapest, newly built dwelling by a formal developer or contractor in local currency units – Urban	NGN 2 800 000	2020	Millard Fuller Foundation
Maximum dwelling price affordable to B40 households based on market mortgage finance terms - B40	NGN 1 946 280	2019	C-GIDD; CBN; CAHF; NMRC; DHS

In 2020, the price of cheapest newly built dwelling by Reall partner MFF was estimated to be ₦2.8 million (US$8 040) in an urban area.[41] It is estimated that the maximum house price affordable to the households in the bottom 40% would be NGN 1 946 280 assuming a 20 percent down payment - if finance could be secured from a financial institution, and an available product could be found to purchase. Typical price per square meter of residential dwellings was reported to be ₦600 000 (US$1 553.5)[42] while annual rental price per square meter was ₦14 000 (US$36.2) in high density urban settings.[43]

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[41] Okunowo, Y.(2019). At $8,040, Millard Fuller Foundation is providing affordable homes for low-income earners - Real Estate Market Research and Data Nigeria and Africa . 1 November 2019. Estate Intel. https://estateintel.com/at-8040-millard-fuller-foundation-is-providing-affordable-homes-for-low-income-earners/ (Accessed 18 August 2020).

[42] Nigeria Property Center (2020). For Sale: Beautiful and Classic Apartments, Lekky County, Ikota, Lekki, Lagos l 1 Beds, 2 Baths (Ref: 708797). https://nigeriapropertycentre.com/for-sale/flats-apartments/mini-flats/lagos/lekki/ikota/708797-beautiful-and-classic-apartments (Accessed 21 August 2020).

[43] Nigeria Property Center. For Rent: Spacious One Bedroom Ensuite Shared Apartment, Road 6b Lekki Scheme 2 Abraham Adesanya, Lekki Phase 2, Lekki, Lagos. https://nigeriapropertycentre.com/for-rent/houses/semi-detached duplexes/lagos/lekki/lekki-phase-2/677754-spacious-one-bedroom-ensuite-shared-apartment (Accessed 18 August 2020).

NIGERIA

Affordable housing in Nigeria: Market shaping indicators

9.2 Property markets

A review of the Roland Igbinoba House Price Index (RI Index) shows that the movement of house prices in the second quarter of 2020 was more erratic than in the first quarter of the same year (Q1 2020) and the same quarter in the previous year (Q2 2019).[44] Price changes were more in the negative, contrary to what was observed in the first quarter. Average house prices fell in Port Harcourt and Kaduna but were more resilient in Lagos and Abuja. The general poor performance of average house prices in the second quarter of 2020 is largely related to the pandemic's impact on economic activities in the country. The challenge of housing affordability has created and enabled a whole new sub sector – Property Technology (PropTech). Proptech start-ups are exploiting the use of technology to create a sharing and collaborative economy to create affordability. For example, companies such as Landlords Technology, Spleet, Rent Small Small, Muster, and Fibre are creating studio and one room rental apartments for young and upwardly mobile individuals and allowing them to pay monthly using technology platforms.

10 Maintenance & management

With an increasing demand for adequate and affordable housing in Nigeria's main urban areas, there have been calls to explore urban regeneration or slum upgrading initiatives that address the urban infrastructure and services challenge. According to the Nigerian National Bureau of Statistics, households only allocated about 5 percent to dwelling improvements in Nigeria and this is largely attributed to the lack of access to affordable credit. Various proponents argue that skills development and training of local construction and building artisans will improve the overall construction and maintenance of housing in urban areas.[45]

Table 6: Maintenance and management related indicators:

Indicator	Value	Year	Source
Improvements to dwellings as a % of household expenditure – National	5.0%	2019	Nigeria National Bureau of Statistics
Percentage of households without access to basic waste collection services – National	60%	2016	Nigeria National Bureau of Statistics
Number of microfinance providers - National	1013	2018	Central Bank of Nigeria

In March 2021, the Central Bank of Nigeria (CBN) announced the second tranche of the Targeted Credit Facility Scheme which is a COVID-19 relief package that intends to support micro-, small and medium-sized enterprises (MSMEs) and households.[46] Additionally, the Development Bank of Nigeria (DBN) has disbursed the first tranche of the ₦1billion to the LivingTrust Mortgage Bank to disburse to Micro Small and Medium Entrepreneurs (MSMEs).[47] Despite the various interventions in the microfinance sector, there are calls for addressing bottlenecks that hamper cooperative housing. Measures proposed by various stakeholders include, but are not limited to, setting up institutional support systems for registered housing cooperatives, enhancing access to land documentation and the need for affordable finance across the value chain.[48]

[44] Roland Igbinoba House Price Index (RI Index) Q2 2020
[45] Nigeria Tribune. (2019). Nigerian Artisans Seek Roles In Building Projects.
https://tribuneonlineng.com/nigerian-artisans-seek-roles-in-building-projects/ (Accessed 2 December 2020)
[46] Adegboyega, A. (2021). Application for CBN COVID-19 stimulus package for households, businesses reopens. https://www.premiumtimesng.com/news/top-news/447801-application-for-cbn-covid-19-stimulus-package-for-households-businesses-reopens.html (Accessed 11 March 2021)>
[47] NairaMetrics (2021). DBN gives first tranche of N1 billion MSMEs fund to LivingTrust Mortgage Bank. https://nairametrics.com/2021/03/12/dbn-gives-first-tranche-of-n1-billion-msmes-fund-to-livingtrust-mortgage-bank/ (Accessed 15 March 2021).
[48] Gbonegun (2020). Why cooperative housing is failing to reduce deficits in Nigeria. Why cooperative housing is failing to reduce deficits in Nigeria

11 State of housing data

Over the last twelve months, there has been a general consensus towards improving the sharing of data within the sector. Following the partnership engineered by the Real Estate Developers Association of Nigeria (REDAN) with both government and private sector players including the Federal Mortgage Bank of Nigeria, National Mortgage Refinance Company, Central Bank of Nigeria, National Bureau of Statistics, Nigeria Population Commission, Pison Housing Company, Value Chain Mortgage Affordability Platform (VC-MAP) and a host of others, the Housing Market Information Portal (HMIP) has been designated to be data repository for the sector. The NMRC developed and hosts the HMIP which is a decision-making tool that supports the growth of affordable housing and housing finance markets in Nigeria. It is hoped that with the synergy created through HMIP, sector participants will continue to see the need to engage, share and disseminate data that will be relevant for the growth and development of the housing sector. For example, a review of publicly available data showed that to effectively track formal housing supply it would be useful for public and private housing stakeholders to collectively publish the indicator on 'the number of houses completed' annually. The review also found that disaggregating macroeconomic and financial sector data would help stakeholders understand and analyse the economic impact of the housing sector. Continued engagement by local stakeholders will aid efforts of the HMIP in providing the requisite market information to market players and investors who hitherto are always in the dark as it concerns data in the market.

11.1 Policy and regulatory framework governing data for housing

A review of Nigeria's housing data landscape matched legislation and regulations with the specific market players to which they apply, identifying 11 pieces of legislation and regulations that apply to developers/builders, banks, funders and other lenders, the estate agency sector and government.

- There are four pieces of legislation that are most relevant to government sector players. These include the Statistics Act of 2007, Land Use Act of 1978, Federal Lands Registry Act of 1992 and the Nigerian Urban and Regional Planning Act of 1992. Overall, Part VI Section 27 of the Statistics Act of 2007 encourages the collection and public dissemination of data for the 'public good'. The Nigerian Urban and Regional Planning Act of 1992 encourages local governments to collect data with regards to land usage in their district. The types of data that will be collected can be found in Part I of the Act.

- There are 5 pieces of legislation that are most relevant to banks, funders and other lenders. These include the Federal Mortgage Bank of Nigeria Act of 1993, Asset Management Corporation of Nigeria Act of 2010, Investments and Securities Act of 2007, Banks and Other Financial Institutions Act of 1991 (As amended) & Central Bank of Nigeria Act of 2007. In terms of dissemination requirements, the CBN may prepare and publish consolidated statements aggregating the statements furnished for each category of banks. This and other dissemination requirements by the banks themselves are outlined in Part I (Sections 26 and 27) of the BOFIA.

- There are two pieces of legislation that are relevant to developers and builders. These include Builders (Registration, etc.) Act of 1989 and Estate Surveyors and Valuers (Registration, etc.) Act of 1975. There are no significant data dissemination requirements for the regulation and registration of contractors, architects and quantity surveyors.

12 Looking forward

The improved ranking of Nigeria in the World Bank Doing Business indicators for 2020 signals progress towards a good investment climate for the country. Sustaining and improving this ranking post pandemic will breed trust for both local and foreign investors. The CBN recently announced its plan to inject approximately ₦500 billion (US$1.3 billion) into the housing sector. Part of this investment is to support existing institutions such as the Federal Mortgage Bank of Nigeria (FMBN) to scale their operations for greater impact.

Following the pandemic, the Federal government recently announced the Economic Sustainability Plan (ESP). The ESP's major thrust is to ensure that Nigeria is self-sustainable in the production and consumption of goods. The expected outcome is to create millions of new jobs through encouraging local production, services, innovation, and the use of local materials.[49] The ESP has a bold and audacious plan to deliver up to 300,000 homes on an annual basis. This will not only provide job opportunities for young career professionals and artisans, but it will create investment opportunities for entrepreneurs and tech startups who can leverage the local production supply and value chain. The ESP is also geared towards supporting the informal sector by creating easy access for business and company name registration.

THE ESP HAS A BOLD AND AUDACIOUS PLAN TO DELIVER UP TO 300,000 HOMES ON AN ANNUAL BASIS

[49] Ailemen, A. (2020). FG begins implementation of ESP. 7 July 2020. BusinessDay Newspapers https://businessday.ng/business-economy/article/fg-begins-implementation-of-esp/ (Accessed 31 August 2020)

NIGERIA

Affordable housing in Nigeria: Market shaping indicators

Further reading:

Central Bank of Nigeria **https://www.cbn.gov.ng/**

Demographic Health Survey Programme **https://dhsprogram.com/**

Family Homes Funds **https://fhfl.com.ng/**

Haggai Mortgage Bank **https://haggaibank.com/**

Millard Fuller Foundation **https://fullercenter.org/nigeria/**

Mortgage Banking Association of Nigeria **http://mban.org.ng/**

National Bureau of Statistics **https://www.nigerianstat.gov.ng/**

Nigeria Mortgage Refinance Company **https://nmrc.com.ng/**

Real Estate Developers Association of Nigeria **https://redanonline.org.ng/**

Reall Data Dashboard – Market Shaping Indicators **https://www.reall.net/dashboard/msi**

Reall Data Dashboard – Reall in Nigeria **https://www.reall.net/data-dashboard/nigeria**

Transparency International **https://www.transparency.org/en/cpi/2020/index/nzl**

World Bank Ease of Doing Business **https://www.doingbusiness.org/en/rankings**

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