UNDERSTANDING HOUSEHOLD INCOMES: NIGERIA

Reall | A HOME FOR HUMAN POTENTIAL

Reall is an innovator and investor in affordable housing in Africa and Asia. Specifically targeting the urban bottom 40% of the income pyramid (UB40), we develop, refine and share innovative housing models that unlock the political will, capital investment and end-user finance needed to create conditions for low-income households to secure homes.

Effectively measuring household incomes is notoriously challenging. This fact sheet uses household expenditure as a proxy for income, a common approach that is generally seen as more accurate for countries with large informal sectors. However, this approach can result in an underestimate of actual incomes in the case of upper income households.

Using the Nigeria Living Standards Survey (NLSS) 2018/19, supplemented with data from the Demographic and Health Survey (DHS) 2018, this brief uses public sector data on household consumption to help inform decision making in key locations within urban Nigeria (see Methodology for further information).
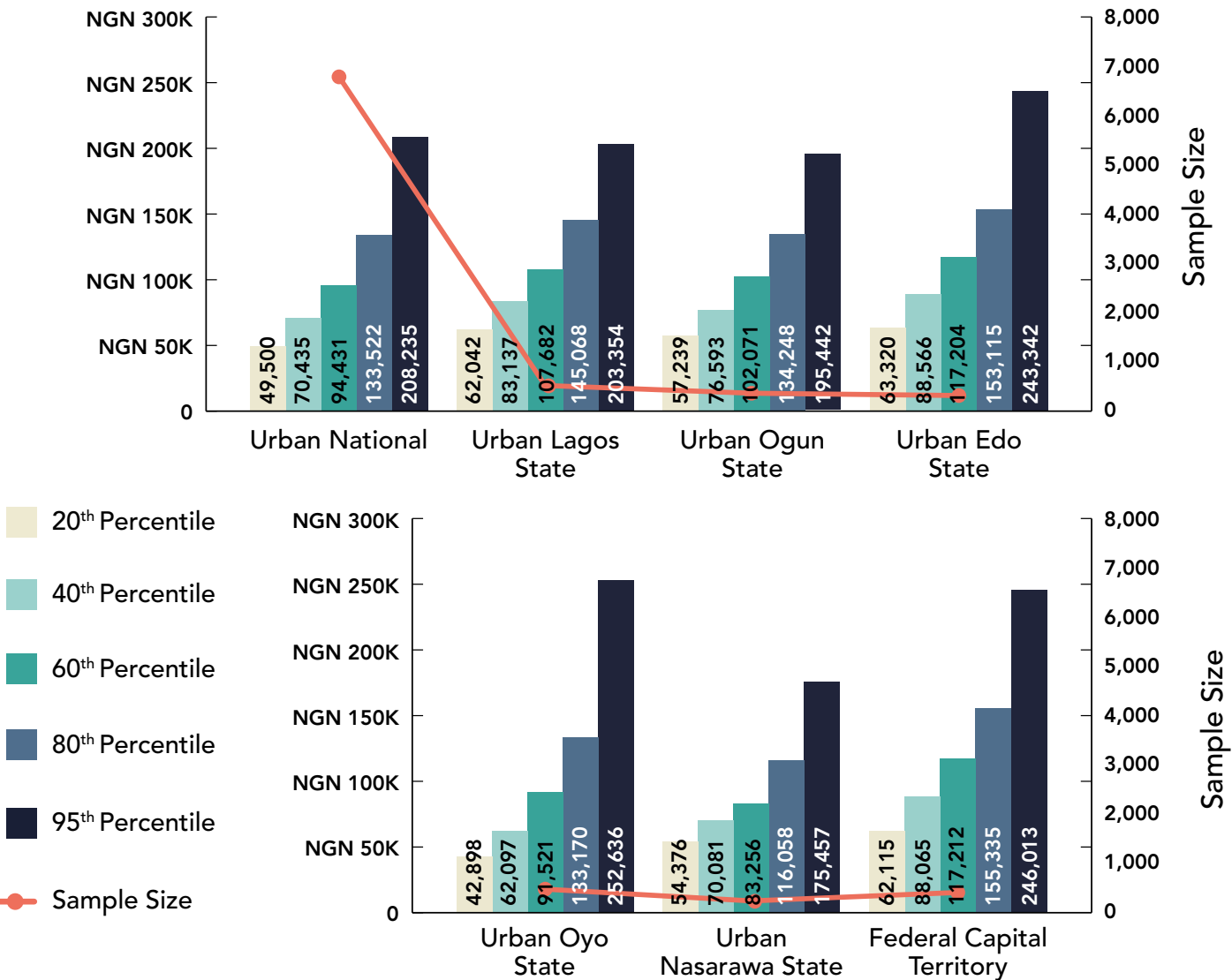
URBAN NATIONAL AND PROVINCES

The labour market in Nigeria experiences high engagement from both men and women, though men remain more likely to be in work across all wealth quintiles.[1] As a result, the mean household in urban Nigeria has two income earners (further detailed below).

Published NLSS data labels each household in terms of state and local government area, meaning that the data below can be confidently relied upon to reflect the relevant states, with appropriate sample sizes.

Using consumption as a proxy for income means that data is particularly sensitive to household sizes, and unsurprisingly across all states, household sizes and number of earners per household increases the further up the income scale you go, ranging from an urban national average of 2.7 for the 1st-20th percentiles to 5.3 for the 61st-80th percentiles. Similarly, number of earners per household generally increases the further up the income pyramid, ranging from 1.5 for the 1st-20th percentiles, to 2.3 for the 61st-80th percentiles. In both cases though, these national urban figures mask significant differences across states. Of particular note, household sizes in Lagos State average at just 2.7 for the UB40, compared with 4.6 for the Federal Capital Territory, with figures for number of earners per household at 1.6 and 2.1 respectively.

As a result, at a national urban level UB40 households earn a maximum of NGN 70,435 (USD 194)[2] per month, rising to NGN 133,522 (USD 368) for the 80th percentile. At a state level there are significant variations at the 40th percentile (NGN 62,097-88,065 or US$171-242).
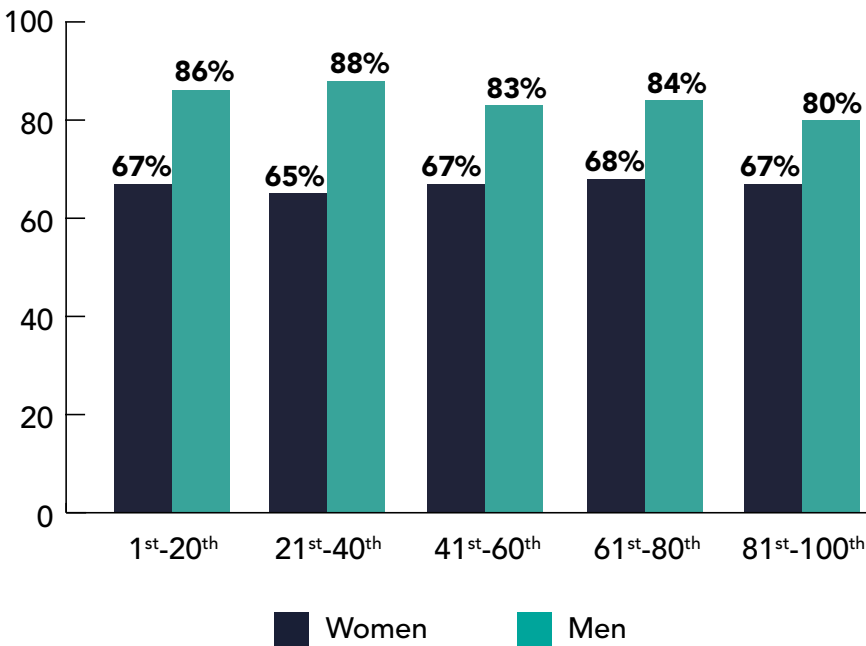
Maximum household monthly income by quintile, and sample sizes

Proportion of national urban women and men currently working, by wealth quintile

40th percentile household monthly income in USD

Region	Urban National	Urban Lagos State	Urban Ogun State	Urban Edo State	Urban Oyo State	Urban Nasarawa State	Urban Federal Capital Territory
40th Percentile (USD) ($1 = NGN 362.47 on 28/09/19)	USD 194	USD 229	USD 211	USD 244	USD 171	USD 193	USD 242

Mean household size and No. of income earners by income quintile

20th Percentile
40th Percentile
60th Percentile
80th Percentile
95th Percentile
Mean household size
No. of income earners

1 Data is split into 'quintiles' or fifths of total population, with the 1st-20th Percentiles referring to the bottom quintile or the poorest households. Within the DHS, households are grouped into 'wealth quintiles' based on assets rather than income. This is discussed further in the methodology section of this brief.

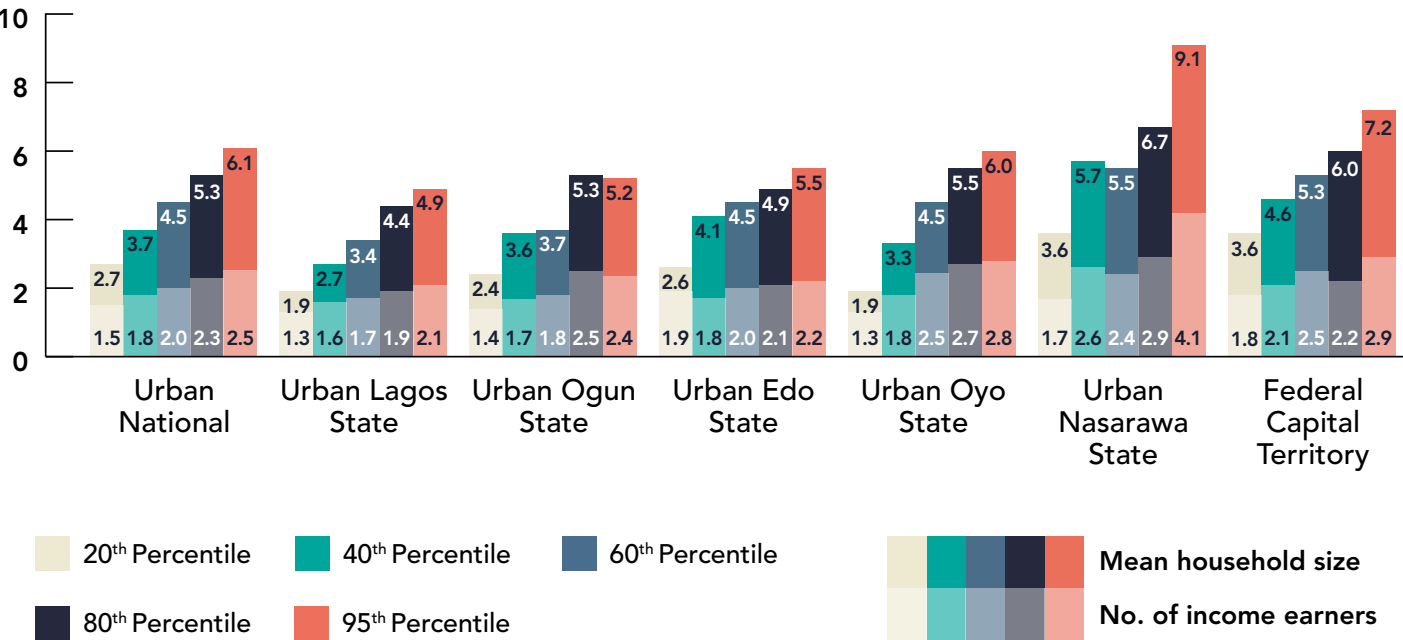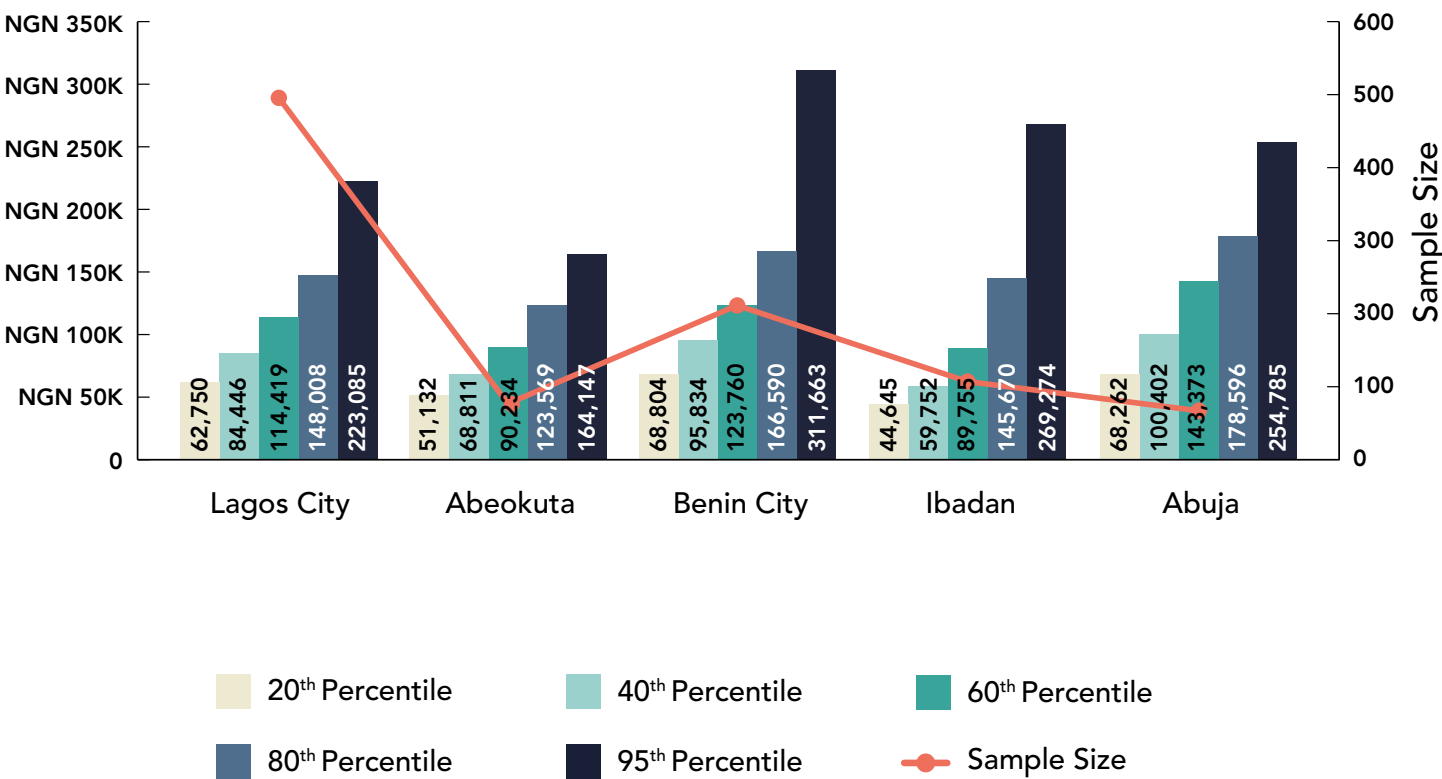2 Exchange rate is USD 1 = NGN 362.47 and based on 28/09/2019, the final day of data collection.

CITIES

City data is not directly available through the raw data, but Local Government Areas (LGAs) are generally a good proxy, with larger cities generally corresponding to a small number of LGAs. As sample sizes are generally small (with exception to Lagos City), caution is advised when utilising these figures.

Monthly incomes for selected cities are generally similar to the wider state, with figures for the 40th percentile ranging from NGN 59,752 (USD 164) in Ibadan, to NGN 100,402 (USD 277) in Abuja. Unsurprisingly, and similarly to state level, incomes at the 80th percentile in Abuja are higher than anywhere else (NGN 178,596 or USD 493), though not by a large margin.

Generally household sizes are similar at city and state level, with mean household sizes ranging from 3.5 in Lagos City, to 5.4 in Abuja. This is also true for number of earners per household, where mean numbers range from 1.7 in Lagos City, to 2.2 in Ibadan.
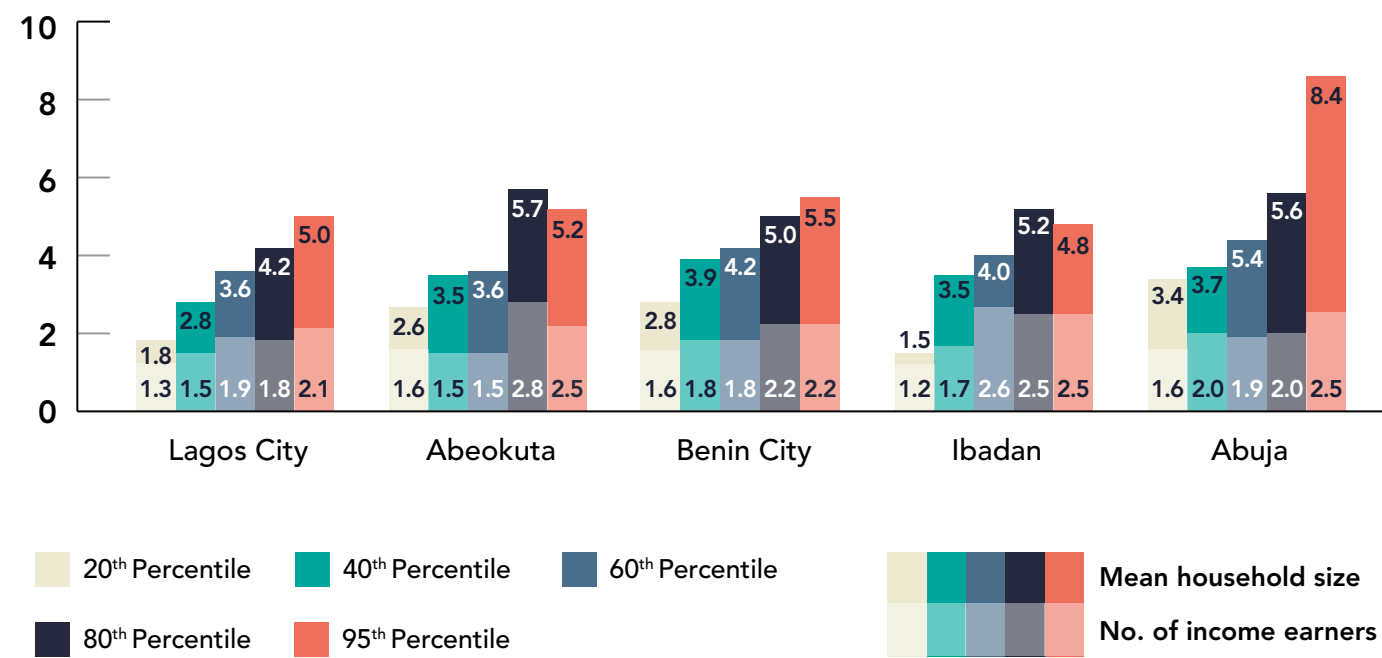
▌ Maximum household monthly income by quintile, and sample sizes

▌ 40th percentile household monthly income in USD

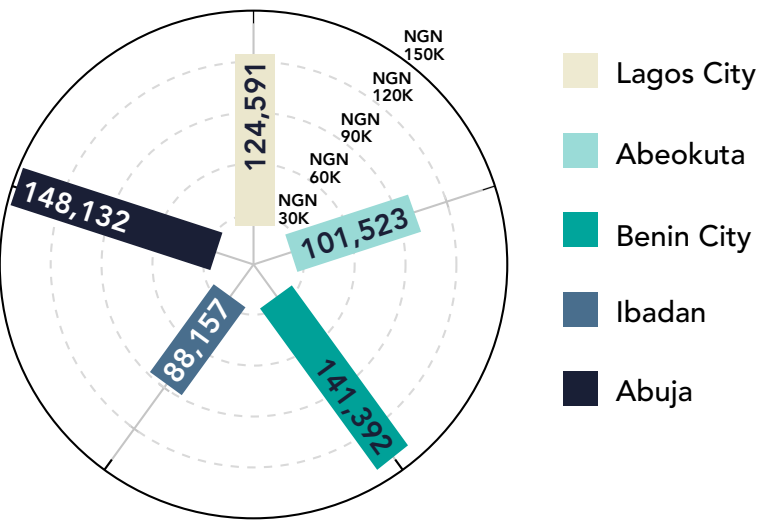| Region	Lagos City	Abeokuta	Benin City	Ibadan	Abuja
40th Percentile (USD) *($1 = NGN 362.47 on 28/09/19)*	USD 232	USD 189	USD 264	USD 164	USD 277

▌ Mean household size and No. of income earners by income quintile

ADJUSTING FOR 2022

Income data presented here represents 2019, and needs adjusting to accurately reflect 2022. Taking the same approach across all income groups is problematic as inflation impacts households differently depending on their wealth and consumption patterns, particularly as a result of the COVID pandemic. However, the Consumer Prices Index is likely the simplest way to model this. Nigeria has seen CPI increase by 11.40% in 2019, 13.25% in 2020, and 16.95% in 2021, resulting in an overall increase of 47.54%.[3] The table to the right shows the impact of this on the 40th percentile for selected cities, inflating 2019 data to represent 2022.

▌ Maximum household monthly income for the 40th percentile (2022 projected)

3 https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG

METHODOLOGY

The Nigeria Living Standards Survey (NLSS) and Demographic and Health Survey (DHS) are produced by the Nigeria Bureau of Statistics (NBS), with DHS following an international standard and approach led by USAID.

DHS are standardised and nationally representative household surveys that provide data for a wide range of monitoring and impact evaluation indicators in the areas of population, health, and nutrition. Anonymised raw data is freely available for download and analysis, and using the DHS Wealth Index, users can isolate urban households by wealth quintile, providing rich data on the Bottom 40% of the income pyramid. In Nigeria, samples of 40,427 households, 41,821 females (aged 15-49) and 13,311 males (aged 15-59) were used. Data can be downloaded from the DHS website[4] and is coded in household, female and male files. This brief used the female and male files to produce data on proportion of men and women currently working, filtering on wealth[5] and currently working.[6]

NLSS is also a nationally representative household survey focused on presenting income and consumption expenditure data, with the current round covering 22,110 households. The full published report and tables provide a broad overview of the landscape, with the raw data freely available for more detailed analysis.[7] Data is split into separate data files for different sections of the survey, meaning that a certain amount of data engineering is required to create a single dataset for analysis.

Key sections of the NLSS survey used for this work are 'totcons', which provides aggregated consumption data per household, and 'sect4a1_labour', which provides data on number of income earners per household.

Reall's analysis of this data and wider work on incomes and affordability is continuing to be built on, and is subject to change. Please check Reall's website for the latest version of these briefs and aligned work.

4   https://www.dhsprogram.com/methodology/survey/survey-display-528.cfm
5   'Household wealth index in quintiles for urban/rural' – V190a and MV190a
6   'Currently working' – V714 and MV714
7   Data dictionary, reports and raw data accessible at https://microdata.worldbank.org/index.php/catalog/3827/

FURTHER INFORMATION

This brief forms part of a collection of fact sheets looking at household income and wider data on the urban bottom 40% of the income pyramid, which can be found at **reall.net.** The data builds on the Market Shaping Indicators programme, an initiative created by Reall and the **Centre for Affordable Housing Finance in Africa (CAHF)**, collating housing market data for individual countries and making it available to all. Reall and CAHF partnered with **71point4** to compile data for African countries, which can be further explored at **reall.net/msi.**

Select cities are published in this brief based on Reall's current focus and activities. However, this work can be undertaken for other cities too. To discuss this data further, please contact the Global Policy and Influence team at **info@reall.net.**

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