

Key facts

Capital city: Abuja

Area: 923,768 km²

Population: 152.2 million

Population structure

0-14 years: 41.5%

15-64 years: 55.5%

65 years and over: 3.1%
(2010 est)**GDP PPP**

US\$378.15 billion (2010)

GDP per capita

US\$ 1,571 (2010)

US\$ 1,830 (2011*)

US\$ 2,108 (2012*)

US\$ 2,391 (2013*)

Real GDP growth

7.9% (2010)

7.1% (2011*)

7.0% (2012*)

6.5% (2013*)

GDP - composition by sector

Agriculture: 31.9%,

Industry: 32.9%,

Services: 35.2% (2010 est)

CPI inflation %

13.7% (2010)

12.5% (2011*)

10.0% (2012*)

8.8% (2013*)

Corruption index (rank)

2.4 (134)

(* forecast Oxford Economics)

Source: CIA, IMF,

Transparency International

2010 data

Nigeria is located in Western Africa. It borders the Gulf of Guinea and is positioned between Benin and Cameroon. The country consists of 36 states, further divided into 774 local government areas.

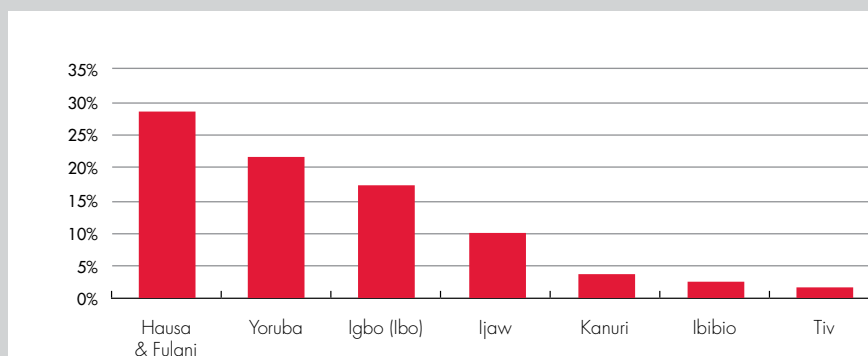
Abuja is the federal capital. The official language is English, but most Nigerians speak more than one language.

**POPULATION**

The country has a population of approximately 152 million of which the majority (55%) is between 15 and 64 years old, followed by 0-14 year olds at nearly 42%; 3% is 65 years or older.

Nigeria is Africa's most densely inhabited country. It is home to more than 250 ethnic groups. The table below indicates the most populous and politically influential:

Major Ethnic Groups in Nigeria



Source: CIA

POLITICS AND GOVERNANCE

Nigeria is a federal republic modelled after the United States of America. In 1999, Olusegun Obasanjo was democratically



elected president, ending almost three decades of military rule in the country, including the particularly brutal dictatorship of General Sani Abacha from 1993 to 1998. Obasanjo was re-elected in 2003 but in the 2007 general election – thought by observers to have been severely flawed – Umaru Yar'Adua of the People's Democratic Party came into power. When Yar'Adua died in 2010, Dr Goodluck Jonathan was sworn in as his replacement. Presidential, parliamentary and state elections took place in April this year and Jonathan was re-elected.

ECONOMIC STRUCTURE AND GROWTH

According to the World Bank, Nigeria ranks 32 in terms of GDP (PPP).

GDP, US\$ (Billion) & PPP exchange rate, nominal 2010

South Africa	523.55
Nigeria	378.15
Angola	117.74
Kenya	66.20
Tanzania	62.63
Uganda	43.22
Ghana	38.99
Côte d'Ivoire	37.58
Botswana	30.35
DRC	22.82
Mozambique	21.40
Zambia	20.04
Mauritius	17.15
Namibia	14.68
Malawi	13.09
Swaziland	6.11
Zimbabwe	4.73
Lesotho	3.16

PPP - Purchasing power parity

Source: Oxford Economics

Major sectors contributing to the country's GDP are agriculture (31.9%), industry (32.9%) and services (35.2%). The Nigerian economy needs diversification; currently, it is overly dependent on the oil sector, which provides approximately 95% of its foreign exchange income and 80% of budgetary revenues. Lack of infrastructure remains the main obstruction to growth.

In August 2010 the government announced plans to privatise the state-run electricity generation and distribution facilities, and the formation of public-private partnerships to improve the road infrastructure. The central bank governor has announced plans to overhaul the financial sector.

BUSINESS ENVIRONMENT

Nigeria was ranked 134 out of 183 economies in the 2010 World Bank *Doing Business* report. This low ranking is an indication of the challenges facing companies when doing business in the country. The main constraints included road infrastructure,

the lack of a stable electricity supply and an assortment of taxes. Corruption in the private sector remains problematic and a main discussion point is whether the state-run refinery should be privatised.

PROPERTY OWNERSHIP AND TAXATION

The Property Rights Index, which scores from 0 to 100, is a measure of the extent to which a country's laws protect private property rights, and the degree to which its government enforces those laws. The higher the score, the more desirable, and as a result the better protected property rights are. Nigeria has a score of 30. According to Standard Bank's Economics Africa snapshot, the index also assesses the likelihood that private property will be expropriated and analyses the independence of the judiciary, the existence of corruption within the judiciary, and the ability of individuals and businesses to enforce contracts.

According to the publication *Doing Business in Nigeria* by the World Bank and International Finance Corporation; 'There are

six states in Nigeria that have reformed property registration. One of the reasons why transferring a property title in Nigeria is cumbersome is because entrepreneurs have to pay multiple levies for the respective agency to receive payment confirmation. Various systems have been put in place to ensure that transfer takes place quicker and corruption is limited. On average, an entrepreneur would have to go through 12 procedures, wait 82 days, and pay 16% of the property value to have it registered in the Lands Registry. The average time and cost needed to transfer a property title makes Nigeria one of the most difficult places to register property worldwide. Reforms that strengthen property rights would also benefit the Nigerian economy, where secure property titles exist for just 3% of the country's land area.'

REAL ESTATE MARKET MATURITY

The Nigerian property market is not mature and in general the industry does not have a central body that tracks rental trends and stock levels in the various cities. There are lots of gaps that need to be filled in the area of real estate: investments, real estate finance, listings, up-to-date real estate data, accessibility to real estate market information, demand and supply structures, procedures, processes and standard practices for real estate professionals.

REAL ESTATE MARKET TRENDS

DEVELOPMENT

The development trends have been upwards and progressive as the return on investment (ROI) for real estate development projects is very high compared to other developed markets.

LEASING TURNOVER

Real estate activities in Nigeria have been predominantly centred on the leasing of property. Most tenants are leasing property in major nodes and this extends to residential, office and industrial occupiers.



Overall Demand for Space

City	Residential	Office	Industrial	Retail
Lagos	High	High	High	High
Abuja	High	High	Low	Average
Kano	Low	Low	Average	Low
Port Harcourt	High	Average	Average	Low

Market Indicators

	Retail*		Office		Industrial	
	Rent/m ² US\$	Vacancy (%)	Rent/m ² US\$	Vacancy (%)	Rent/m ² US\$	Vacancy (%)
Nigeria	40 – 65	10	45 – 75	20	4 – 6	50

* Retail rentals represent average gross values achieved in Broll managed centres, excluding Anchor tenants.

* Office rentals represent net values for A-grade space in the greater Lagos area.

	Market Conditions		Rental Trends			Development
	Present	Future (6 months)	Office	Industrial	Retail	
Nigeria	◀▶	▲	▲	◀▶	▲	▲

◀▶ Stable ▲ Increase ▼ Decrease

REAL ESTATE MARKET PRACTICES (OFFICES)

Basis of measurement/ Valuation method	Areas are quoted in square metres. The basis of measurement in Nigeria is mainly in square metres for commercial properties. However, square feet is applicable in certain instances of warehouse leasing.
Market transparency	The real estate market is not transparent.
Rent payment	Rentals are always paid in advance with a minimum term of two years. Rents are quoted net of all applicable taxes – WHT at 10% and VAT at 5%.
Rent escalation and rent review	Rentals are habitually increased at the discretion of the property owner in most cases. This has a ripple effect on the market, as owners of properties within that neighbourhood follow suit. The operating cost (service charge) also tends to be affected by this process. This usually happens on an annual basis, normally after the initial two-year term.
Tenant covenant	A rental deposit is paid, particularly in prime areas, as a 'caution' or deposit fee. It serves as a retainer for the settlement of damages incurred by the tenant that remain unsettled at the conclusion of the lease.
Service charge	The services are provided for by the landlord and paid for by the tenant. The cost is usually determined by the service provider as an operating cost and can average between 15% and 20% for A-grade offices.
Property taxes and other costs	Some, if not all, property taxes are borne by the landlord. However, a new trend has emerged where some of these taxes are now being shifted to the occupier.
Parking	Parking ratios are generally low with the majority of A-grade buildings offering 1 to 2 bays per 100m ² .
Agent's fees	Agency fees are usually one-off payments made by the tenants. It is statutorily a percentage of the total value of the deal and can average between 5% and 10%.
Incentives	This is a rare situation in Nigeria but some property owners are beginning to consider incentives to facilitate the transaction.
Lease length and terms	Lease terms in Nigeria are usually for a minimum of two years. There are, however, longer leases, ranging from three to 99 years.
Lease renewal	When the lease comes to an end.
Subleasing	Subleasing is generally allowed only with the landlord's prior written approval. However, landlords do not usually allow tenants to assign their lease. (This depends on the financial credibility of the sub-tenant.)
Legal fees	A legal fee of 5% of the net rental is often paid by the tenant to the landlord for the preparation of the lease agreement.
Repairing liability	The landlord undertakes to repair and maintain the structure and common parts. The tenant must bear the cost of leaving the premises in its original condition when occupied, fair wear and tear excluded.

Sources: Standard Bank, CIA, IMF, Transparency International, World Bank, Oxford Economics

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