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**2021**  
**Nigeria**  
**Real Estate**  
**Market Outlook**

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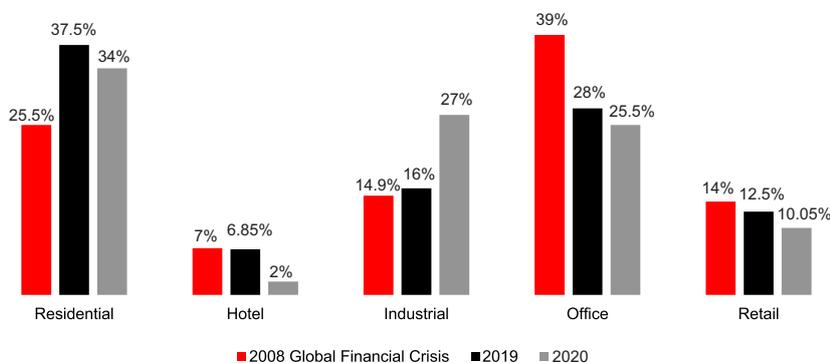
# Summary

## World at Home

2020 will be described as the year of unprecedented shifts and shocks. COVID-19 effects were evident in the economy and real estate markets world over. Crude oil prices hovered around \$42pb and employment numbers weakened. And while new business opportunities opened up, few firms are likely to

return to the organisational structures of 2019. For a frontier market dependent on oil revenues, this formed an unwieldy canvass for much of the year. The \$30Trn global commercial-property market was tested once more as occupiers required less space understanding that WFH may become the norm.

Global: Investment allocation by property use (%)



Source: IMF, World Bank, Northcourt

The nation moved from 6th to 3rd in 2019 on Absa's Financial Markets 2020 Index. One commonality across all funding reports is the rise and domination of Nigeria as an investment destination. Nigeria is the leading destination for startup venture capital investment on the continent. But the currency remains a sore point and manoeuvrings by the CBN, while well-meaning has done little to stem its.

Police brutality against Nigeria's young demographic vaulted the country to the international stage as the government sought to recover from poorly handling peaceful protests. This brought to the fore recurring issues in government transparency. The youth would return to making the most of the Nigeria economy, contributing to much of the businesses online. Transactions value increased from \$77Bn in Q2 to \$116Bn in Q3 2020.



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**Central business districts  
 are no longer the  
 undisputed destination  
 for new developments**  
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Big brand hospitality chains saw bookings drop by over 94% and are unlikely to see pre-COVID levels until Q3 2021 at the earliest. There has been no demand for student housing, a result of the universities' strike over funding agreements with the central government. It is hoped that the armistice between the regulators and the lecturers will be more permanent than in previous seasons. Central business districts are

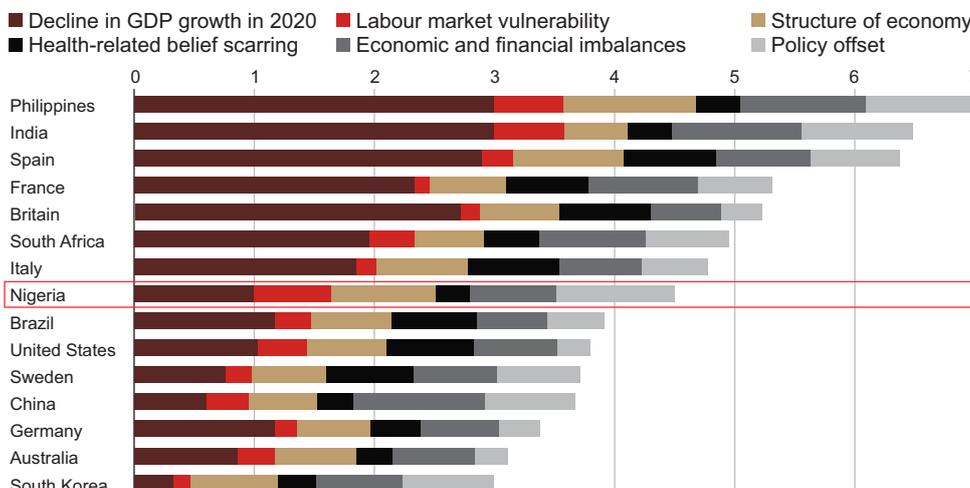
no longer the undisputed destination for new developments. Some suburbs are now under strong consideration as developers are choosing, as they did in the 2018 recession, to make more research driven decisions. Both retail and office landlords are changing to remain attractive. Real estate investment managers are embracing technology more intently to accurately forecast performance metrics.

In the latest global report on media cities by Savills, Lagos comes in at 20th being the centre of Nigeria's media industry and gaining popularity both through the Nigerian diaspora and streaming services. Nigeria's film industry has made much of the government funding it's received in recent years and is a key employer in the Nigerian economy.

**COVID-19 Vulnerability scores (10=Maximum)**

**Recovery Positions**

Long-covid-19 vulnerability scores, 10=maximum



Sources: Oxford Economics; Haver; IMF

Source: The Economist, Haver, IMF, Oxford Economics

Rack Centre will be expanding its data centre with a \$100M investment, creating a total net lettable space of 6,000sqm. Hyprop reached an agreement with an undisclosed buyer to sell its stake in the Ikeja City Mall for \$115M, good news overshadowed only by the fact that it bought said stake for \$155M in 2015. Enquiries for residential leases have been steady for much of the year, but more so for an extra room.

Tenants in 1-bed apartments are looking to add one more room and those in 2 beds are going for three – possibly to make room for WFH. Buyers appear more interested in 4-bedroom apartments, especially in the city centres. Most prospects now prefer locations that are either in secure gated communities, a safe distance from the highways or both.

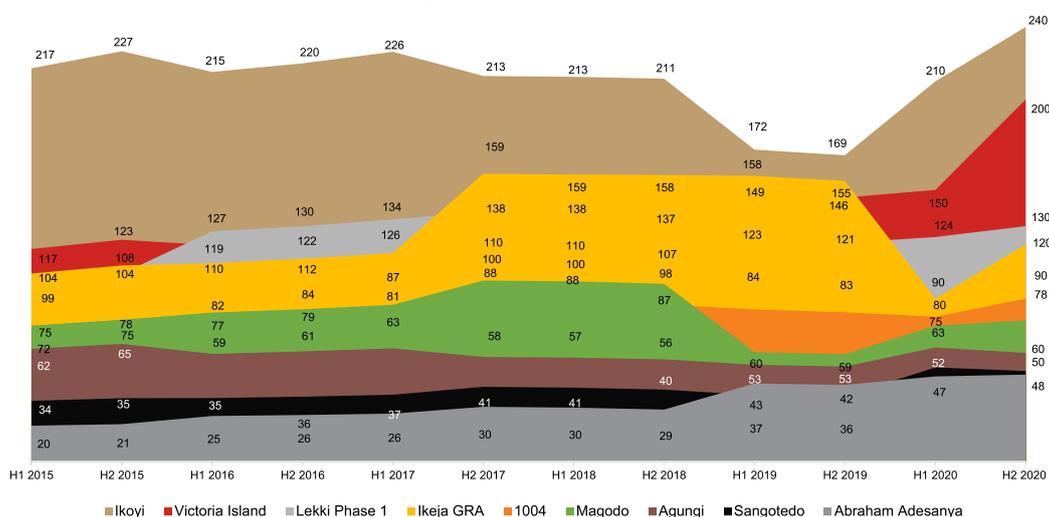


There is a general shift toward the local investor as a source of investment. Treasuries aren't offering attractive rates and well directed real estate investments are no longer as hard a sell. The demand for last mile industrial real estate is expected to grow, a result of the growth in online retail, logistics and pharma. Healthcare, neighbourhood retail and residential developments are posting respectable results, encouraged by the schisms in the global supply chain and the added motivations to look local first. But this forms something of a quandary for the execution of the recently ratified AFCFTA. As

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Enquiries for residential leases have been steady for much of the year, but more so for an extra room  
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the vaccines course their way through some parts of the world in 2021, (Mrs Okonjo Iweala, the incoming WTO head has assured that Nigeria will receive the vaccine), the expectation is that the economy will improve.

Select nodes in Lagos: Price of 4 Bed Apartment (N'M)



Source: Northcourt

“  
Single use developments have become a fading concept  
”

Demand for residential leases in secure gated communities will continue to grow along with locations a safe distance from major thoroughfares. The Grade office market will return much different than what it was before the pandemic – less occupied, not as pricey. We expect that data centres, cell towers, power

cabins and the like will continue benefiting from the heightened use of technology. Single use developments have become a fading concept. The projects that will weather the present, and increasingly, the future will be mixed-use, combining residential, retail, office and healthcare. We suspect that the future of real estate investment management will parallel the evolution of financial services where transparent data platforms were created to support trading assets in capital markets.

**Ayo Ibaru**  
COO / Director – Real Estate Research  
Lagos, Nigeria



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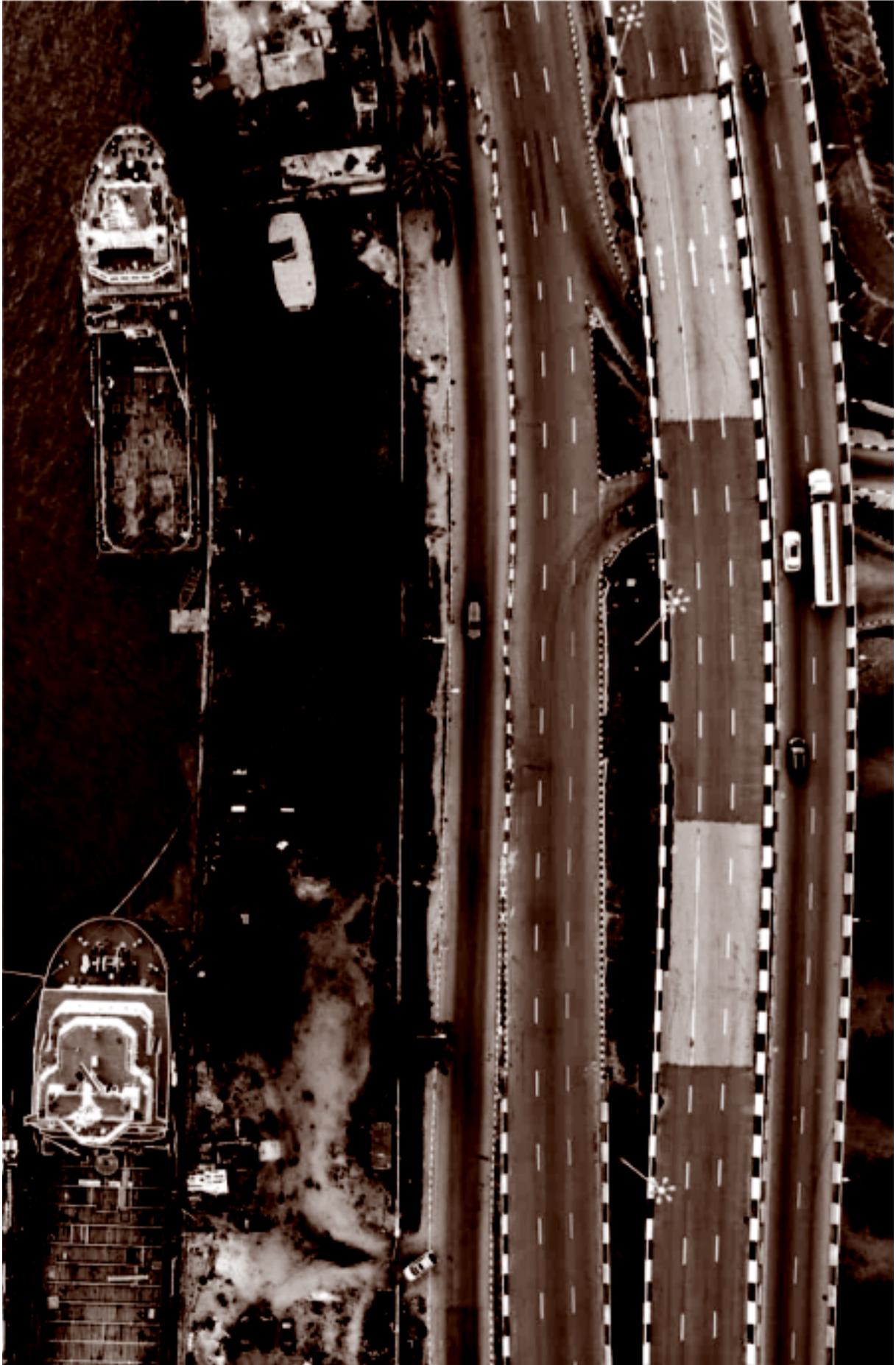
### Real Estate Summary

"Demand for logistics and last mile distribution centres are likely to remain strong investment opportunities for most of 2021"

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### 2021 Outlook

"2020; a year that has forced forward the conversations around market flexibility, collaboration, disruptive technologies and regulator efficiency"



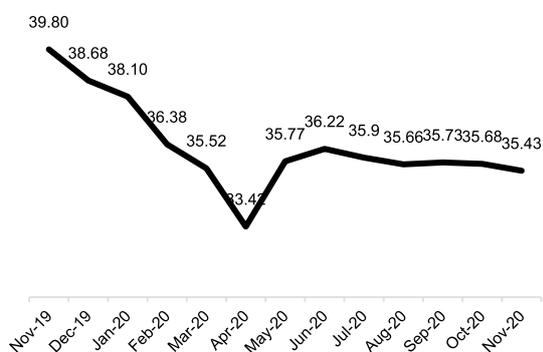


# The Nigeria Economy in 2020

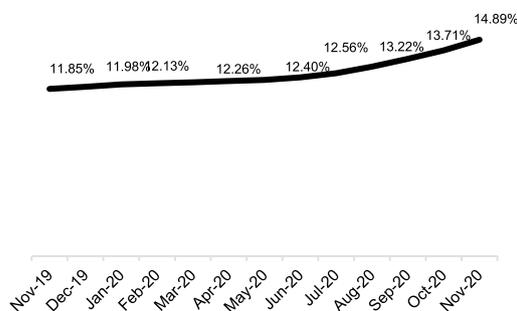
Low oil prices, reduced earnings and COVID-19 imperatives stifled trade put pressure on other income sources, and forced forward the diversification conversation. Between January and May, the US cut its Nigerian crude oil imports by 11M YoY. By Q2, production dropped to its lowest since 2016. The economy was under pressure for much of Q3 a result of

nationwide protests and their aftermath. The Biden victory in the US elections suggests that oil prices will rise and climate change will return to the international agenda. With the return to recessionary conditions in Q3, the economic outlook remains fragile. Researchers project 1.9% GDP growth in 2021.

Price of Crude Oil (\$/B)



Inflation (%)



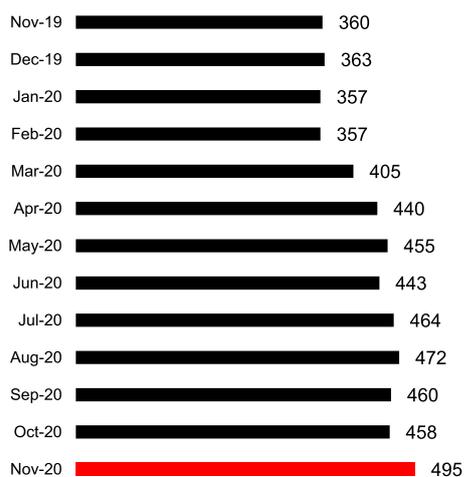
Source: Central Bank of Nigeria / National Bureau of Statistics

Energy exports account for an estimated 90% of total earnings and more than 50% of fiscal revenues. Growing expenditure, a weakened currency, COVID-19 health and socioeconomic trials are expected to reduce effectiveness of the ₦13Trn budget. Lower oil exports will deepen the current account deficit to between 4% of

GDP in the baseline scenario and 5% in a worst-case scenario, effectively wiping out any pre-COVID-19 projected surpluses. The expectation is that investors will focus on asset quality and management, valuations (which are currently cheap) and high dividend yields.



### Exchange Rate (₦=\$)



### External reserves (\$'Bn)



Source: Central Bank of Nigeria / National Bureau of Statistics



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Senate Building,  
Covenant University, Ota



Jetty for Nigerian Port Authority,  
CMS, Lagos



Completed part of construction of 75km  
Ogbomoso-Oko-Ilogbo-Osagbo Road,  
in Oyo/Osun States, Nigeria



Ongoing construction of the Art Hotel,  
Oniru, Victoria Island, Lagos

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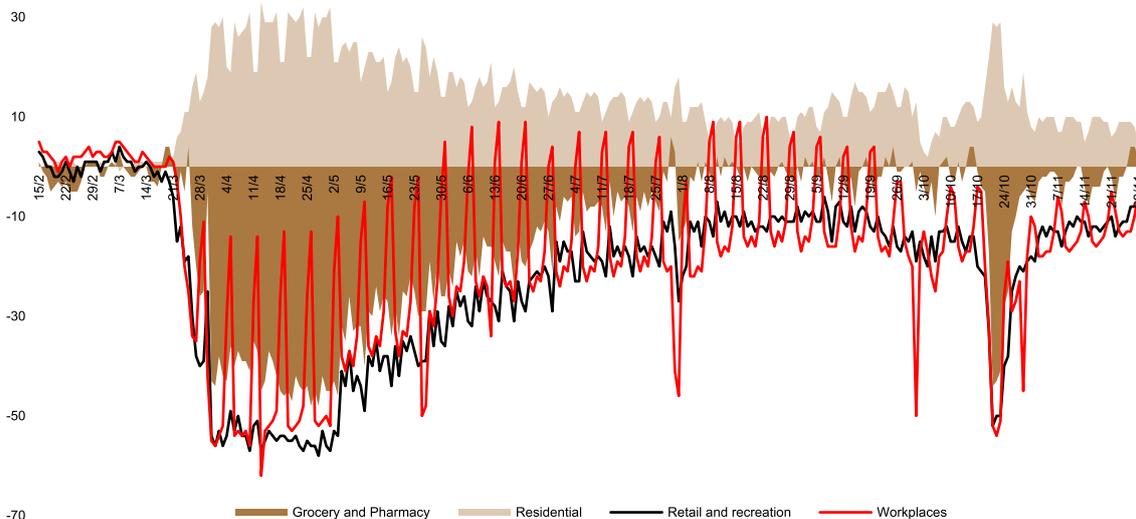
# Topical issues

## COVID-19

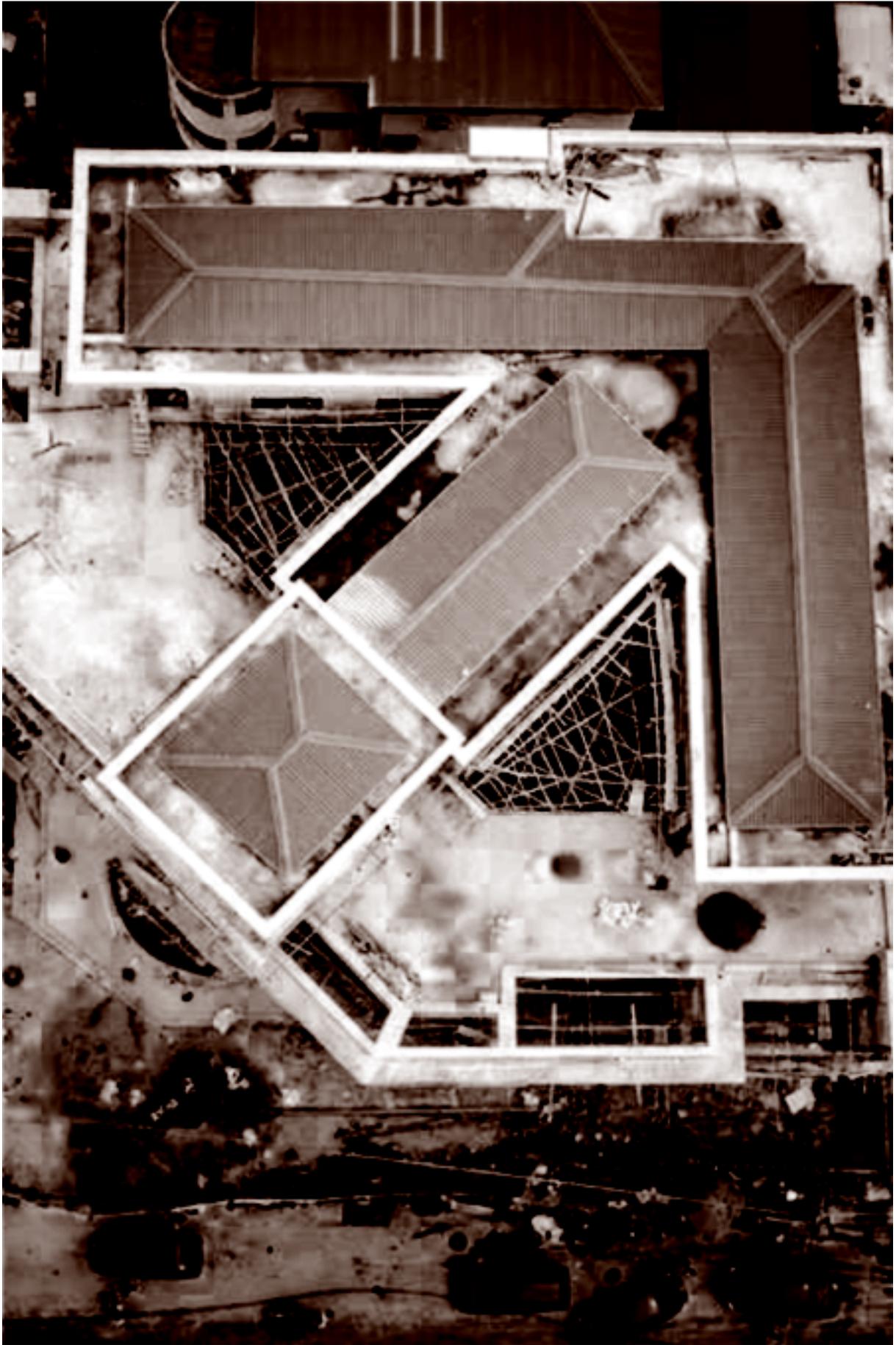
Researchers estimate that at least \$6.5Bn has gone into funding for a vaccine as of October 2020, more than any vaccine before. The impact of the pandemic on retail, hotel and leisure have been deep. While demand for residential real estate is relatively inelastic, it is likely to be the least affected in the current environment. The logistics market grew and the grade A office market is generally in decline, more dependent on individual tenants. While co-working, for example, will likely see a longer-term impact, e-commerce operators and logistics tenants

should prove resilient. Logistics startup, Kobo360 estimated that nearly 3,000 trucks were essentially stranded in Nigeria in April due to movement restrictions, translating to a 30% reduction in the goods moved across Africa. Google introduced a reporting tool to “provide insights into what has changed in response to policies aimed at combating COVID-19” by charting movement trends across property uses using data sourced from connectivity to Google Maps. The data points track deviation from the baseline established as the median of the corresponding day of the week, over the five-week period from January 3 to February 6, 2020.

Mobility trend for Nigeria: January to November 2020



Source: Google Mobility





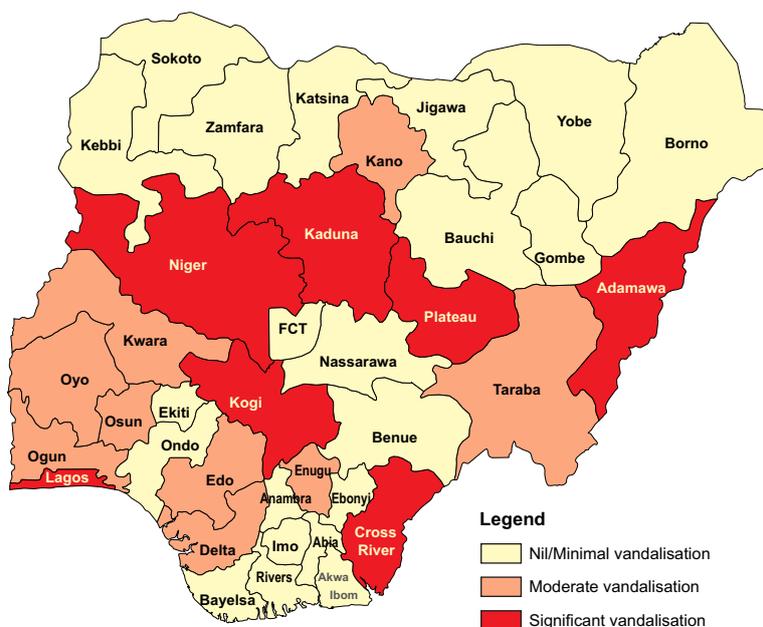
Residential mobility peaked on the 13th of April with an increase in movement and time spent in residential areas by 33% when compared with the baseline figure established at the start of the year as lockdowns were yet to take their full effect. Office mobility was negative for most of the year. COVID-19 movement restrictions and realised efficiencies from WFH meant that most workers spent more time out of the office translating to a -62% deviation from the start of the year. Retail mobility declined the most on the 28th of April by -58% as consumers moved from their purchase online.

### Post #ENDSARS Vandalisations

Young Nigerians took to the streets of the country's leading cities to peacefully protest police brutality and extra-judicial killings. The national average age is 18.1 years and 43.69%

are classified as youth, many of who are without jobs – and out of school due to the Academic Staff Union of Universities' (ASUU) strike. The central authorities promised to close the unit involved (The Special Anti-Robbery Squad) but this was unacceptable to the protesters. The Nigerian army would end the protests on the 20th of October. Shortly thereafter, hoodlums took to the streets to vandalise assets. Primero Transport Services (PTS) Limited, operators of the Bus Rapid Transit (BRT) would lose over ₦100M to vandalisations. Estimates put the cost of the protests to the Nigerian economy at ₦700Bn. Spar, Circle mall (Lekki), Adeniran Ogunsanya Mall, the Igbosere magistrate court and the Lagos Oriental hotel and several bank branches were vandalised. This situation repeated itself in many states as shown in the map:

**Nigeria's 36 States: Looting and Vandalisation Map**

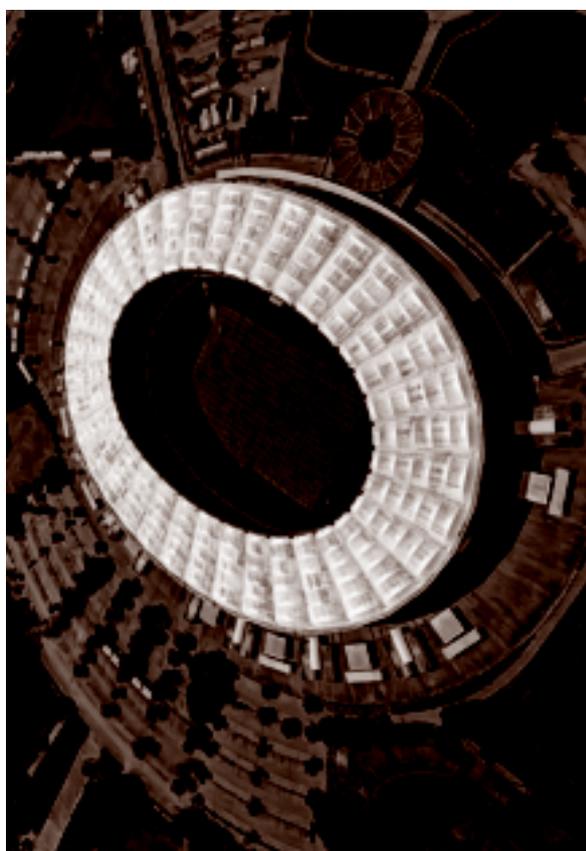


Source: Northcourt



In the short term, these disruptions will understandably create negative consumer sentiments. The extent of carnage will serve to guide the development market towards more security conscious expressions. As activity gradually returns, demand will support property prices as much as purchasing power will allow. Some buyers are adopting a wait-and-see approach. The impact of this new level of insecurity, coupled with the state of the economy has made investing in Nigeria's real estate market more dependent on seasoned advisory.

Data trends suggest that capital values in the luxury residential market could slip. Land investments will remain resilient. In the short term, capital flight may occur as investors liquidate real estate holdings and move to safer climes and there will also be a clear reduction in lease transactions. Higher security votes represent the logical and responsible thing to do under the circumstances while market players



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**Bullish investors are likely to pick up cheaper assets**  
”

will rebuild, most likely to higher safety standards. There will be higher insurance claims and some insurers may be unable to meet big-ticket claims. This turn of events will also lead to higher premiums. Bullish investors are likely to pick up cheaper assets.

In the mid-term, experts project a jump in demand for residences within gated estates that leverage the experience, expertise and network of estate management companies and residents' groups – at least from a security perspective. Residential drivers as stable power, serenity and good roads top the list of client considerations. The wanton destruction by the hoodlums and the absence of the police forces opened up opportunities for security startups. Also, there will be a rise in local investment in commercial real estate to fill the gaps left by foreign investors who have repatriated their capital. Local capital is needed in emerging markets like Nigeria to create sustainable growth in the commercial real estate market. This type of capital is more likely patient. Proptech will be the go-to option to mitigate the adverse effects of the far-reaching and expensive difficulties created by the vandalisations. Reconstruction and remodelling of public and private assets destroyed will ramp up development activity. Long term performance is dependent on the economic and political responses to the issues presented by the state of the economy and more specifically, by the protesters. There will be an increased emphasis on leisure and entertainment, sale of local goods; indoor sports, health, safety and security. There will be structural scars, regardless of how the stakeholders react going forward.



## Security

Insecurity has increased the cost of doing business, forcing the relocation of many firms to nearby jurisdictions. Besides the lives lost over the year, much infrastructure has been destroyed – and plans to restore, shelved. The aftermath of the #ENDSARS protests saw the destruction of assets over ₦2Trn in Lagos, Ogun, Cross River and Adamawa states to name a few. While state governors mull empowering local vigilante groups, the central government has sought partnerships with international bodies. The perceived sincerity of these efforts has long been under question as the challenges with security, especially in Northern Nigeria has persisted for quite a while. Many citizens have resorted to private arrangements.

Security has become a central issue and will be so for a while. A recent report by the Security Industry Authority suggests emerging trends and opportunities to bolster the current security framework; Predictive Data Analytics, Cloud Computing, Cybersecurity of Physical Security, Connectivity and the IoT of Everything, Touchless & Frictionless Solutions, Facial Recognition, Emphasis on Data Privacy, Service models and Artificial Intelligence which offer the promise of making security solutions more effective.

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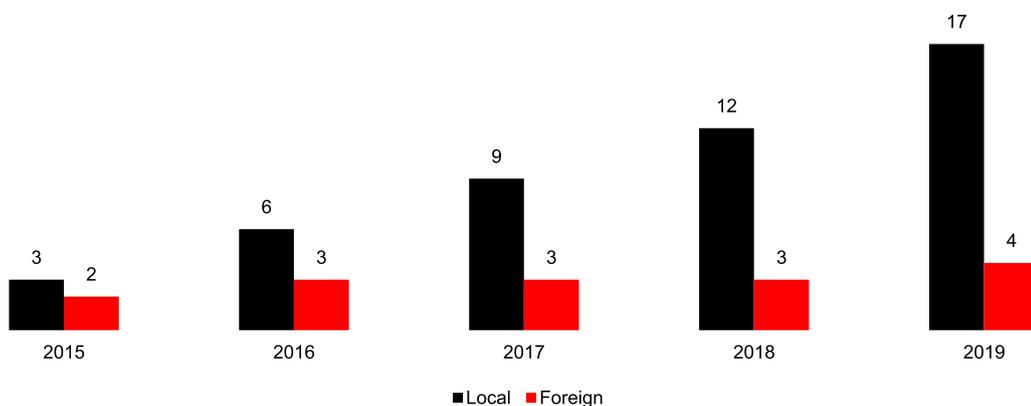
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### Ride hailing: Pressures rising

Since 2014, the ride-hailing industry has seen startups set up shop in Lagos, spreading to other key cities. Gokada, MAX.ng, and ORide employed 12,000 employees combined as of January 2020. They also raised a combined \$185M in 2019. By February, commercial motorcycles and tricycles were banned by the government for security reasons. A good idea by some accounts, save one important point – there were no alternatives provided, either for the now out of work riders, or for the end users looking to save 25 hours in traffic weekly. MAX.ng had completed over 1.8M trips since its inception in 2015. As with much of the framework regulating startups, technology and new business, the laws aren't doing a good enough job of catching up. Nigeria's e-hailing market is currently dominated by three platforms Bolt, GIGM and Uber and regulators will do well to support their contributions to the nation's transportation system.

Number of e-hailing platforms



Source: Cenfri



## AfCFTA

Nigeria completed the signing of the African Continental Free Trade Area (AfCFTA). There are some challenges. The average tariff in Nigeria is high when compared to the regional counterparts – Ghana and South Africa. Nigeria is in a comparatively disadvantaged position on the ease of doing business rating. Studies have suggested that the government may want to maintain a cautious approach and refrain from making further commitments. Nigeria's major export commodity is crude oil, which has a small in the continent.

As roads and maritime corridors are poor even by African standards, massive infrastructural and trade-related development initiatives may be the way to go. Exploiting the opportunities offered

by the agreement and emphasising the export of other products through research and development to avoid becoming a dumping ground is another way to go. Maritime infrastructure requires further investment for the movement of goods and people. International trade is supported by appropriate infrastructure. Nigeria is yet to fully attain this. One way forward is to speed up the completion of the ECOWAS road corridor and invest in maritime logistics. The government should explore the public-private-partnership options to deliver promptly in this direction. Related technology should be adopted as soon as possible. UNDP's conclusion that every dollar spent on infrastructure in low and middle-income countries, attracts a fourfold return is instructive.







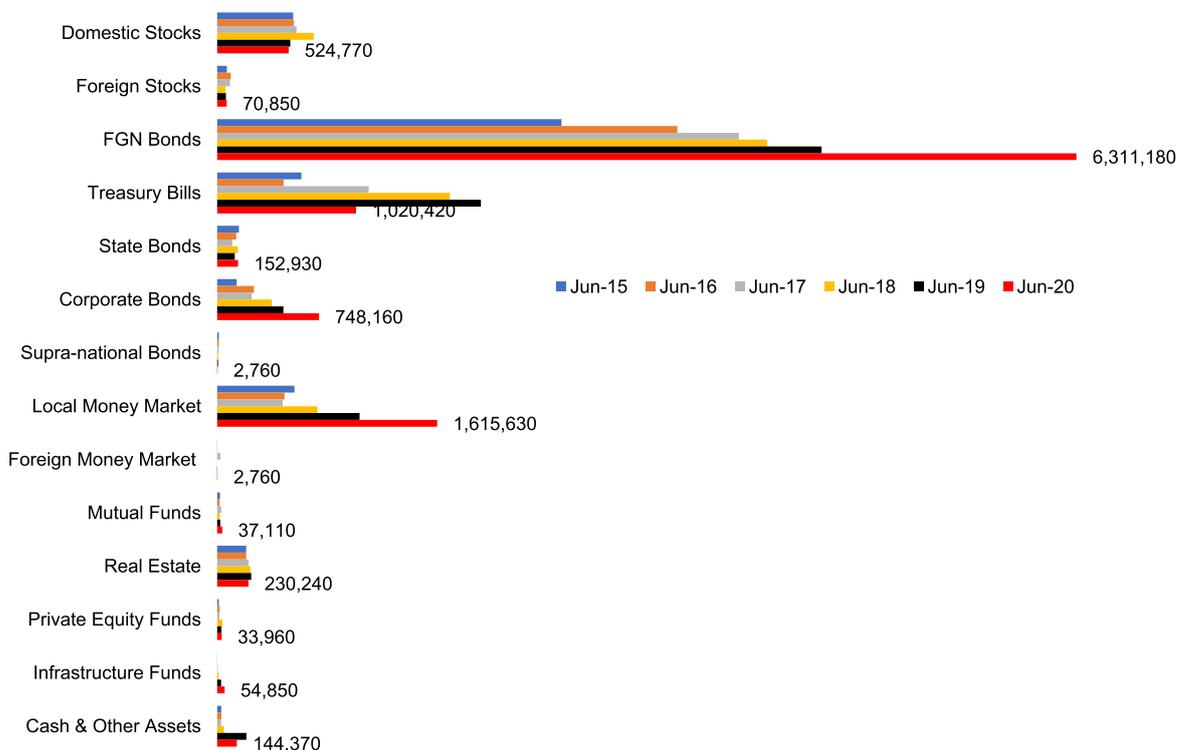
# Investment Markets

## Fixed Income and Money Markets

CWG Plc raked in ₦463.5M while the African Export-Import Bank posted a net income of \$217.06M in Q3 2020. AIICO Insurance posted

₦5.2Bn in profits while eTranzact International Plc recorded ₦72.6M loss in the same period. Chapel Hill Denham Advisory Limited launched a ₦20.25Bn Shariah compliant REIT with Lotus Financial Services Limited as Shariah Adviser.

**Nigerian Pension Fund Assets as at 31st June 2015 to 2020 (₦Bn)**



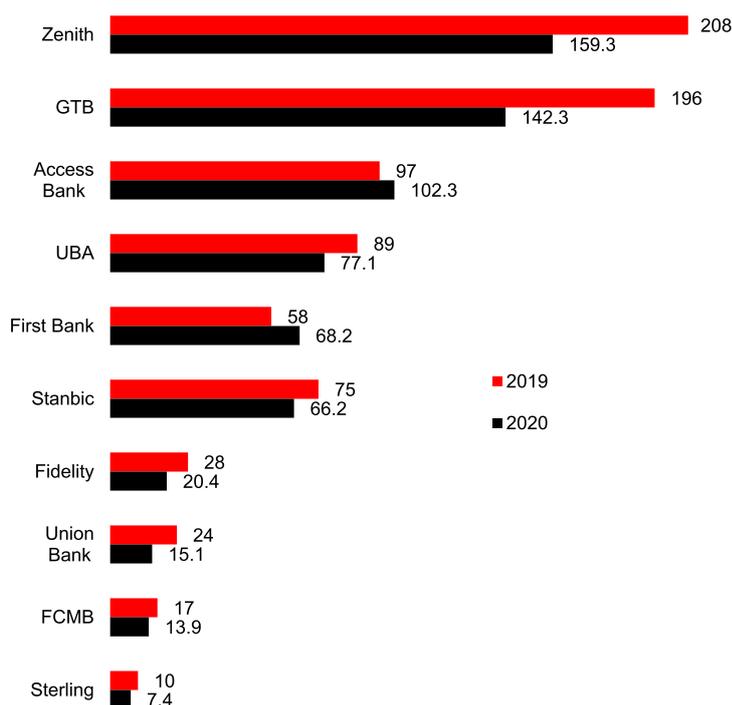
Source: PENCOM



Asset management firm, Cardinal Stone Partners Limited, debuted its ₦5Bn Commercial Paper issuance with a 148% subscription. The Series I 270-day instrument was issued at 7% yield. Total AUM in Nigeria's fund management market between 2015 and 2019 more than

doubled while CAGR in total AUM from 2015 to 2019 was 22%. 2020 saw a fall in T-bill rates, which when combined with the growth in the value of FGN Bonds may be a cause for concern. Dangote and Mixta Nigeria raised ₦50Bn and ₦11.01Bn respectively in Commercial Paper.

### Select Commercial Banks 9M PAT 2019 - 2020 (₦'M)



Source: Company Reports

### Equities

The equities market saw significant sell-offs this year after dollar shortages caused by the impact of COVID-19. Nigerian stocks rose early in May by 3.12% to record their biggest rise in three months after the government began a gradual easing of lockdown restrictions. This was around the same time. The Exchange moved from losing 14% YTD to rising for the seventh session to closing at an eight-week high 23,809.31 points. Stocks began rising again in October after the CBN reduced interest rates, and as local funds moved into equities due to low bond yields.

Nigerian stocks surged the most in more than five years in November.

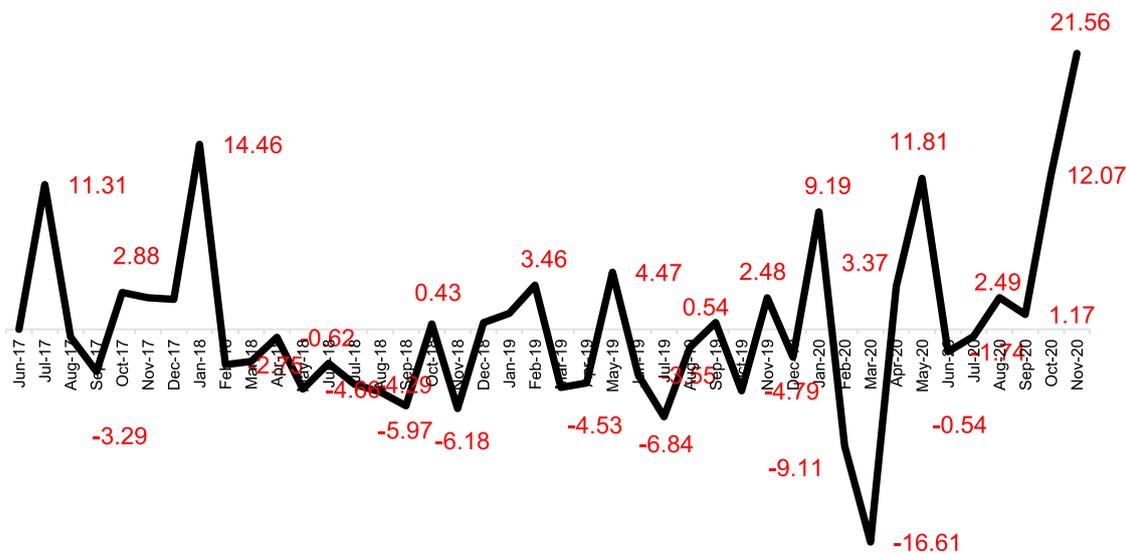
The NSE was declared the best performing globally Thursday the 10th of November out of 93 benchmarks tracked by financial services data platform, Bloomberg. The ASI rose by 6.2%, its highest move since April 2015 leading to an automatic 30-minute trading halt. This would be the first time since its introduction in 2016. This improvement in fortunes for the exchange has been supported by news of a COVID-19 vaccine, the U.S. presidential election results and monetary policy announcements by the CBN.



The exchange has received approval to become a publicly traded company by listing 2 billion ordinary shares of ₦0.50. It will change from being a not-for-profit mutual company of

stockbrokers to a profit-making entity owned by shareholders, called the Nigerian Exchange Group Plc.

**NSE ASI Returns (%)**



Source: NSE





# Real Estate Summary

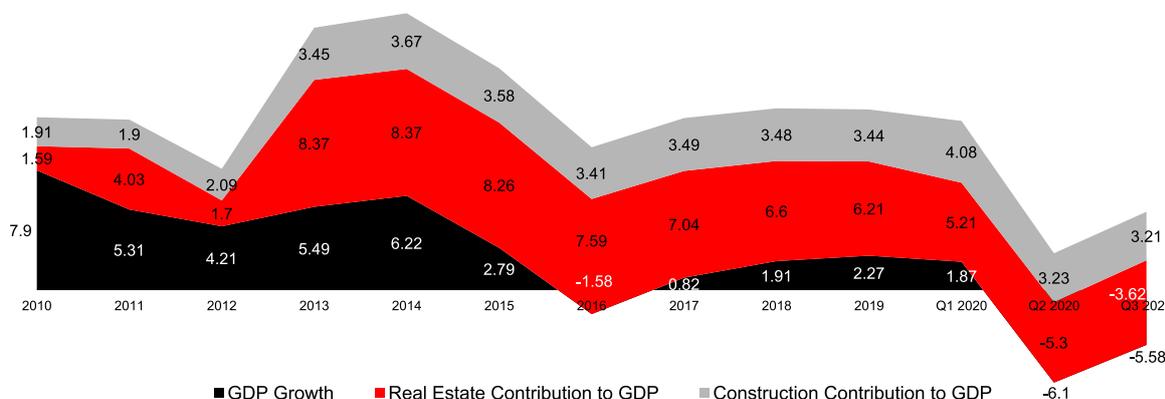
## Forced forward

The Nigeria real estate market has had to switch gears. Whether it's the movement of demand away from Grade A office, retail and big brand hospitality to the adoption of technology. While pushing the conversation on healthcare, infrastructure, security and mortgages, more changes have been attempted (and actioned) over the last 10 months than in the last 3 years. The nation's outdated infrastructure is once more in the spotlight. E-commerce, logistics and warehousing experienced significant growth as opportunities were uncovered. Property listing sites initially reported a decline in enquiries for residential property as COVID induced lifestyle changes demanded that consumers focus on groceries and pharmaceuticals. This would

change towards the end of the year as enquiries rose for leases in gated communities a distance from the main access roads. Looking ahead, the market for co-working spaces is likely to recover earlier than the market for grade A office.

Grade B+ and residential to office conversions with rentals under \$350psm seemed unaffected by the challenges affecting the demand for office space. Student accommodation & religious uses were also affected – the former a bit more than the latter due to the academic staff union's strike. Economic challenges suggest that meeting occupation obligations might be challenging. Projects are now more deliberate in their conception, emphasising rigorous data analyses. They are more likely to succeed.

**GDP Growth, Construction and Real Estate Contributions (%)**



Source: NBS



The year 2020 has reinforced the need to make property portfolios more resilient. Price shifts as a result of the pandemic have led to a focus on currency protection mechanisms. The pause on large retail developments will continue as they are unlikely to be infeasible from a return's perspective. Short let apartments have shown much resilience as they represent a sustained demand for flexible accommodation. As some retailers have exited the market, others are reassessing their footprint. Construction costs have increased due to challenges with the global supply chain. Most planned projects will likely be put on hold as the sector reconfigures into the form most fit for long-term viability. Increased demand for short stay apartments and flexible office space near major residential areas as occupiers come to terms with their new lifestyles. The Abuja Metropolitan Management Council (AMMC) has concluded plans to demolish over 25 estates along the Abuja airport road as the Federal Government plans to construct a centenary village.

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#### Land

Lockdown measures initially led to the closing of land administration services which complicated the consummation of land transactions. There was an increased risk of losing land and properties to fraud, which put pressure on the land administration office working at partial capacity. The loss of employment forced a partial exodus out of the cities, most especially to the eastern parts of Nigeria. This put some pressure on rural land. The Nigerian government secured \$72M from the World Bank to develop a land information system expected to improve efficiencies. The AfDB is to invest \$25Bn in Gabon, Mali, Nigeria, Senegal and Sudan.

#### Average Land Prices (₦/psm)

Location	2017	2018	2019	2020	2019-2020 % Change (₦)
Old Ikoyi	₦435,000	₦363,000	₦436,667	₦415,000	- 5
Lekki Phase 1	₦140,000	₦196,000	₦184,361	₦198,000	7
Victoria Island	₦312,000	₦300,000	₦351,912	₦330,000	- 6
Sangotedo	₦26,000	₦28,000	₦30,596	₦27,750	- 9
Agungi	₦84,000	₦95,000	₦108,757	₦105,364	- 3
Abraham Adesanya	₦34,000	₦24,000	₦36,000	₦38,690	7
Magodo	₦86,000	₦110,000	₦116,747	₦97,110	- 17
Ikeja GRA	₦260,000	₦261,000	₦262,945	₦295,829	13

Source: Northcourt

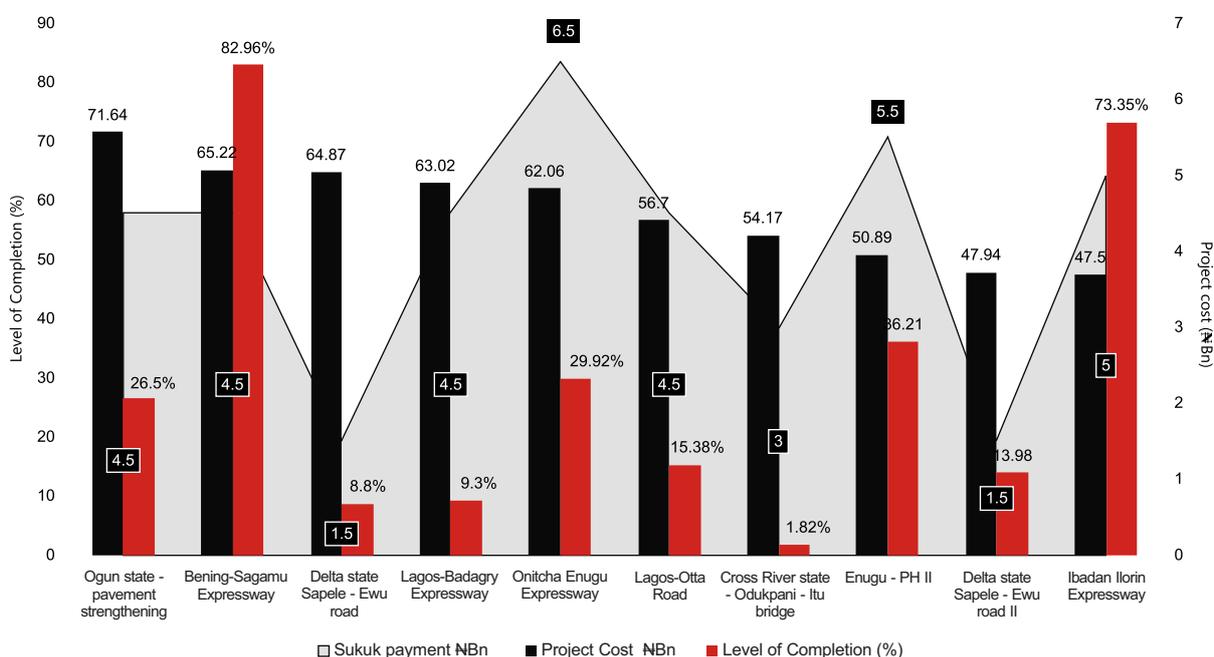


## Infrastructure

Globally, 4Bn tonnes of cement are produced every year, and because of the increase in urbanisation, this figure is expected to grow to 5Bn tonnes over the next 30 years. InfraCo Africa invested \$27M in InfraCredit, an institution set

up to finance infrastructure projects, joining the Nigeria Sovereign Investment Authority (NSIA) and Africa Finance Corporation. Nigeria's third Sukuk bond raised \$2.1Bn, an oversubscription of the target \$533M, by 446%, reflecting high prospects.

### 2020 Sukuk Supported Infrastructure: Top 10 by Project Cost & Completion rate (₦Bn / %)



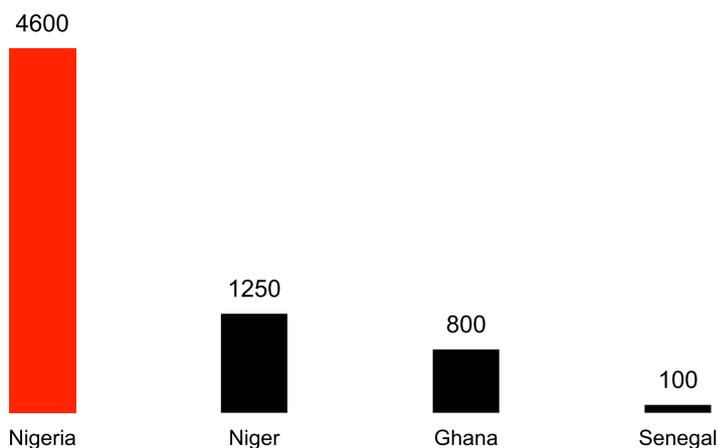
Source: RCC, CGC, Julius Berger, Arab Contractors, Setraco Nigeria, The Public Affairs Department of The Presidency

UBA Capital and Chapel Hill also launched similar Islamic finance products. The Sukuk bond will be deployed to 44 road projects. The first Sukuk bonds in Nigeria was issued in 2013 by the Osun state government and it raised \$45.9M. The

federal government floated its first Sukuk bond in 2017, raising \$325M to finance 25 road projects and followed this up with \$327M raise in December 2018.



### Average power outage per year (hours)

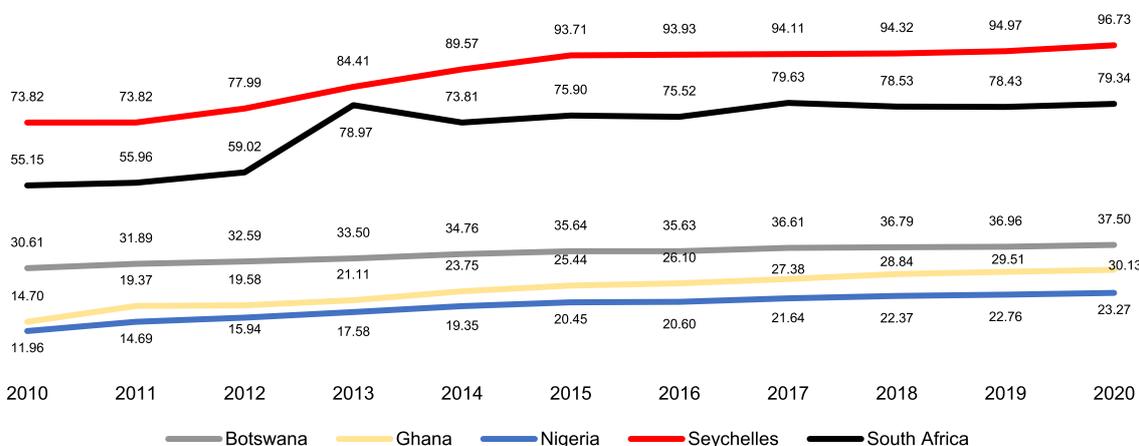


Source: World Bank

France's largest hydrocarbons group, Axens has partnered BUA Group on refinery technology

licensing. The new refinery, expected to be operational by 2024 will produce 200,000bpd.

### Trend: Africa Infrastructure Development Index (100=max)



Source: African Development Bank Group

The Federal Government secured \$6.15Bn to upgrade electricity infrastructure, apportioned as follows: \$2.3Bn to Siemens and \$1.6Bn to the Transmission Rehabilitation and Expansion

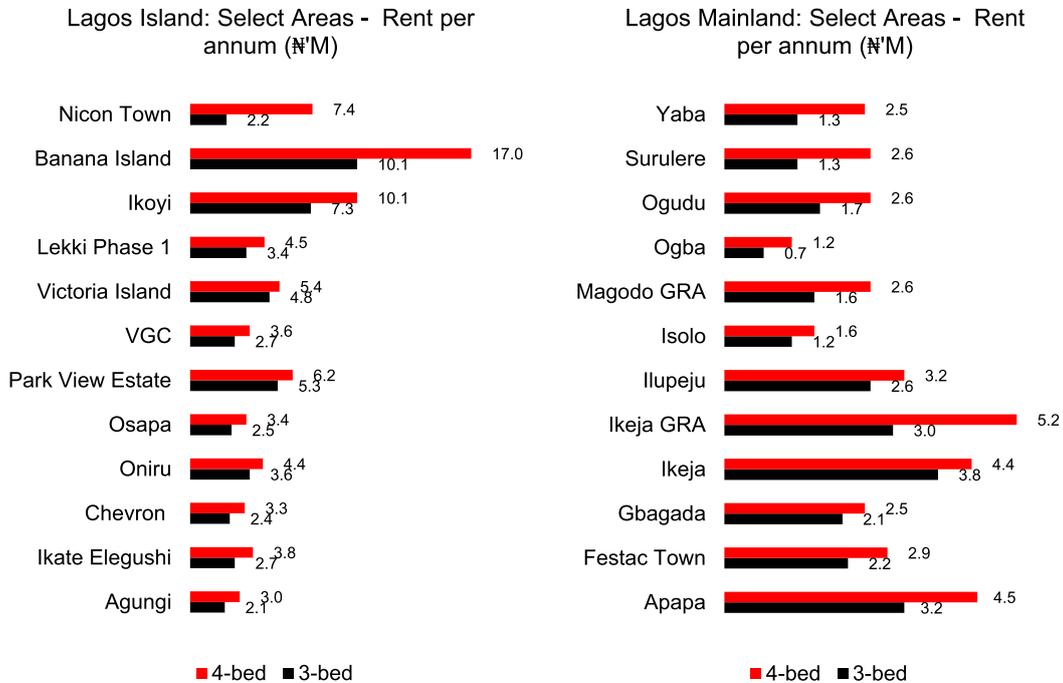
Programme. The expectation is to achieve the generation, transmission and distribution of 25,000MW of electricity by 2025.



## Residential

The preference for 1 bed and 2-bed flats topped the list of property types in demand within Lagos, Abuja and Port Harcourt. Security, stable

power, privacy and good roads were common must-haves. Research from the CAHF shows that only 10% of the estimated 25M urban households in Nigeria have incomes above \$3,000.

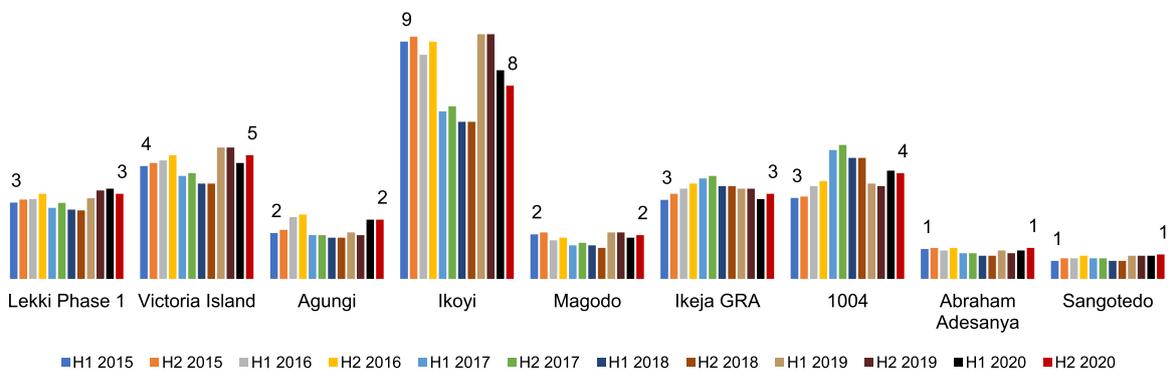


Source: Northcourt

On average, these households can only afford \$44,681 per unit. This, however, assumes a 25% interest rate mortgage and a 20-year loan term. The case for the central authority's sustained

commitment to affordable housing remains the linchpin as an estimated 13M households earn less than \$1,000 per month and the national housing deficit is well over 20M.

### Average per annum rental values for 3 bed apartments – Lagos (₦'M)



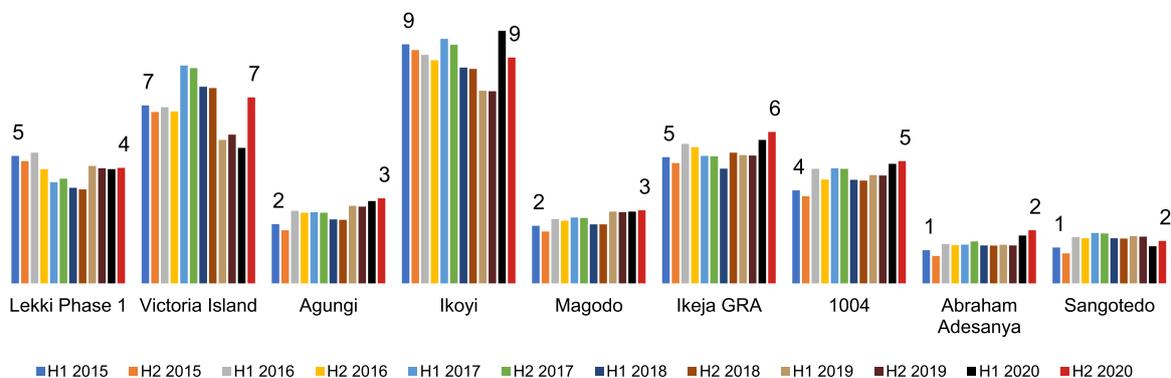
Source: Northcourt



Virtual showings, drone inspections and online project meetings were already trending before COVID-19. The lockdown accelerated adoption. COVID-19 has produced above-average

numbers of divorces, marriages, and births, creating demand for housing. Professionals now seek larger apartments that can accommodate a home office.

### Average per annum rental values for 4 bed apartments – Lagos (₦/M)



Source: Northcourt

The bias for homes in the suburbs, away from the major streets has increased. This is largely for security reasons. There's also a gradual shift toward garden-style communities as they offer

better living environments fit for social distancing with open spaces, lower density and greater air circulation unlike most high-rises with their closed hallways and elevators.

### Prices of Building Materials (₦)

Item	2017	2018	2019	2020
Cement (50kg)	2,650	2,650	2,650	2,630
Sandcrete block (9 Inches)	240	220	240	230
Aluminium Roofing Sheet (0.55mm)	3,350	1,650	3,000	2,800
Cables (6mm/coil)	32,000	30,000	32,000	27,000
Coloured Emulsion Paint	13,000	16,000	14,000	17,800
Glass Sheet (5mm)	18,000	22,000	23,000	21,000
Reinforcement (10mm)	220,000	220,000	210,000	275,000
Paving stone 60mm (Local)	2,000	1,950	2,000	4,500
Harvey roof tiles	7,800	4,500	3,500	6,300
White Emulsion (Dulux)	31,000	32,000	31,000	35,000
Twyford Complete set WC	25,000	24,000	27,000	25,000
Ariston water heater (Small)	27,000	25,000	24,000	27,000
13A Socket	900	1,200	800	700
Distribution board	48,000	38,000	48,000	44,500
Wall split unit AC (1.0 HP) Panasonic	125,000	125,000	126,600	175,600

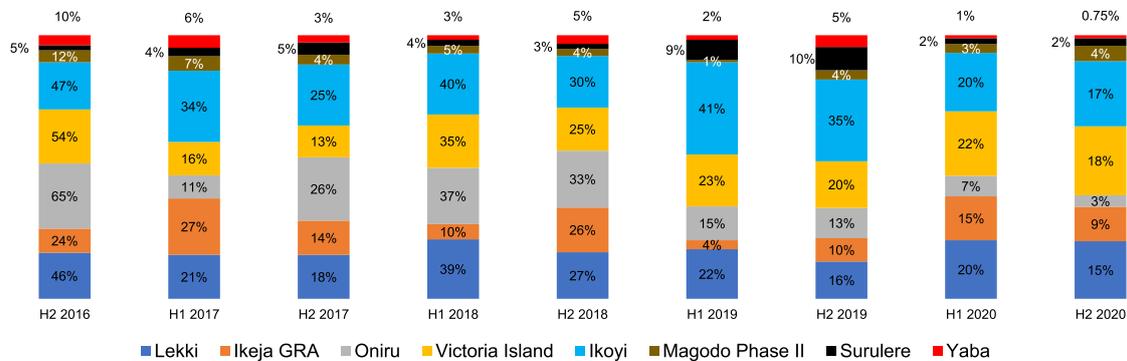
Source: Northcourt, Castles Magazine



In CBDs, there is a growth in demand for micro apartments - small studio apartments typically under 35sqm with a kitchen and bathroom. The

growth in demand for short stay apartments further spiked and is likely to increase.

### Trend: Residential Vacancy Rates - Lagos (%)

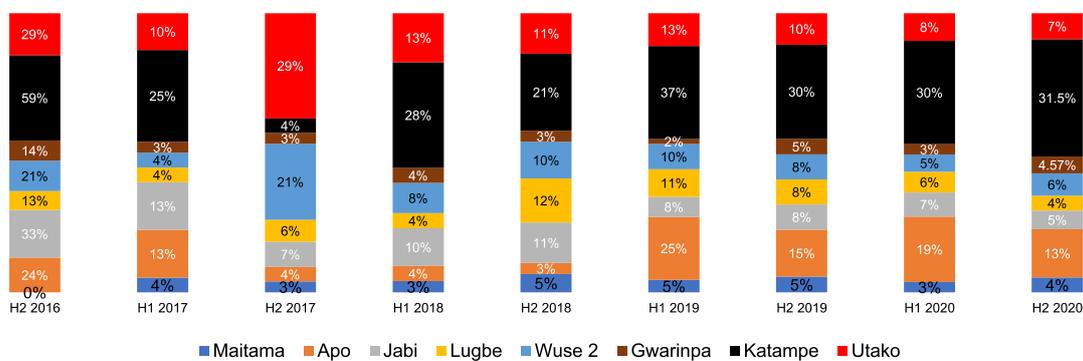


Source: Northcourt

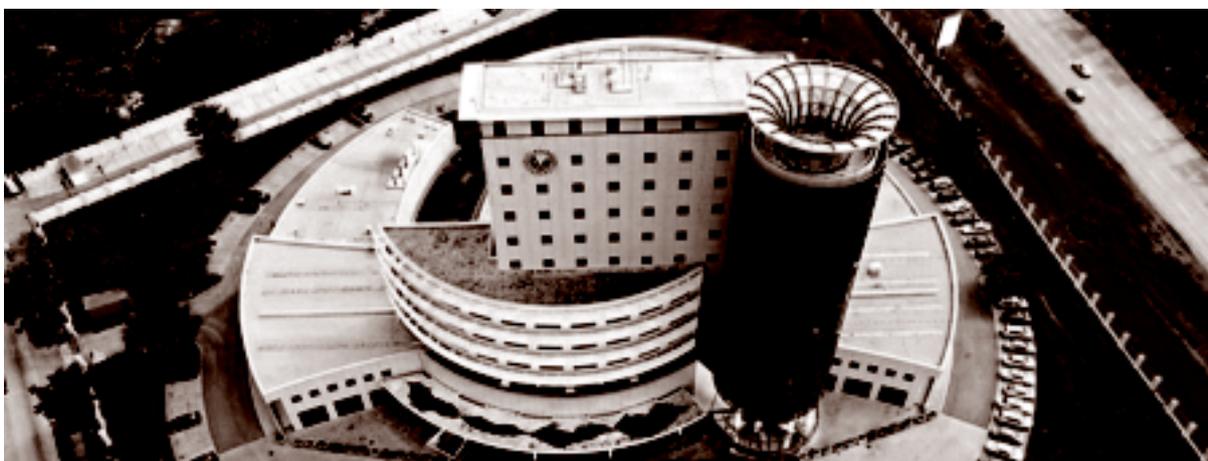
The desire for better organised (and moderately priced) rental housing has led to the growth of coliving in Lagos and Abuja. These arrangements are not expected to disappear anytime soon. The increasing rate of urbanisation and a growing

youth demographic, specific on their requirements for complete space autonomy, convenience and flexibility will continue to direct successful residential projects.

### Trend: Residential Vacancy Rates - Abuja (%)

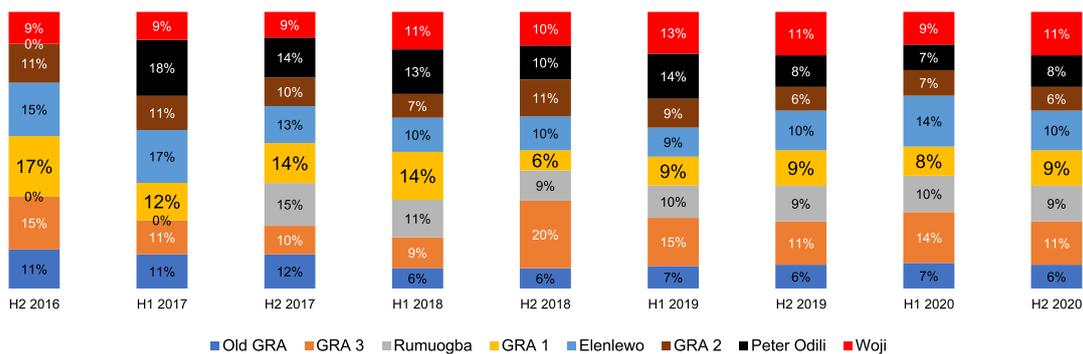


Source: Northcourt





### Trend: Residential Vacancy Rates - Port Harcourt (%)



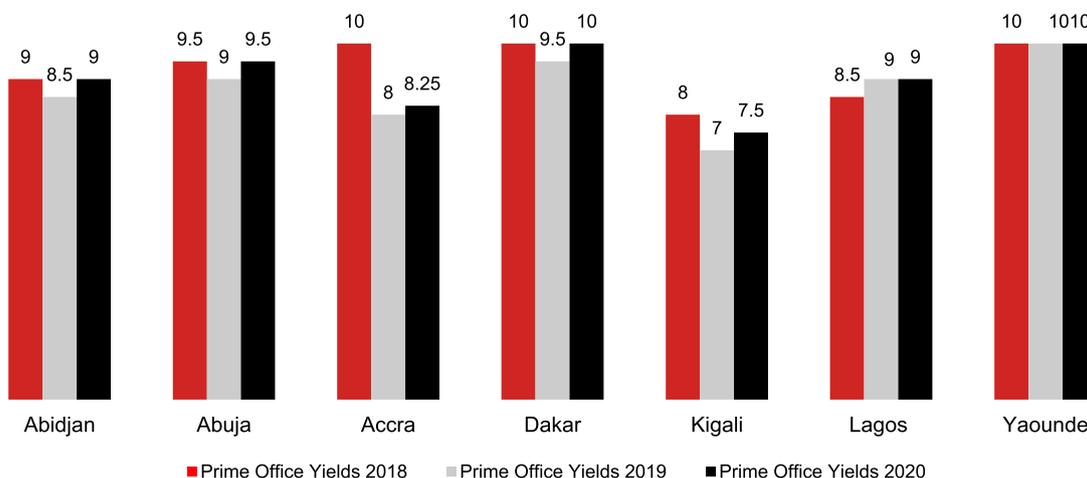
Source: Northcourt

### Office

Informal enterprise represents 92% of businesses in Nigeria. To reduce costs, businesses had begun cutting down on office floor space since the 2018 recession and was losing share to the then growing coworking space service providers. This trend is likely to be

interrupted given that some employers are finding that not all functions perform efficiently remotely. Few companies are expected to close their offices altogether even as the pandemic evolves. Others may need more space for their employees who come in to accommodate social distancing. Overall floor space may not increase as fewer individuals come into the office and

### Prime Office Yields - Selected Cities (%)



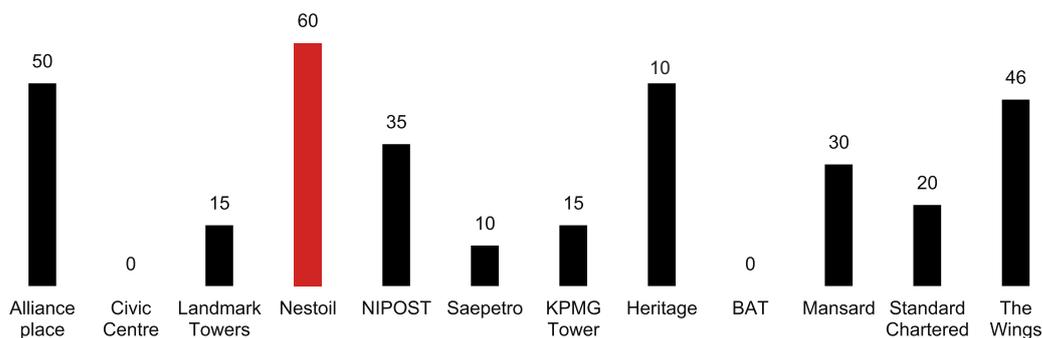
Source: Northcourt

The demand for private offices could also rise as employees may be reluctant to work in open plan arrangements. For some industries, however, WFH could become a more permanent feature. The larger open spaces associated with suburban office parks is perceived as a healthier

environment and also tend to be significantly less expensive. Companies now retain their core office space in central business districts while allowing nodal office structures and flexible WFH opportunities



### Grade A office vacancy rates (%)

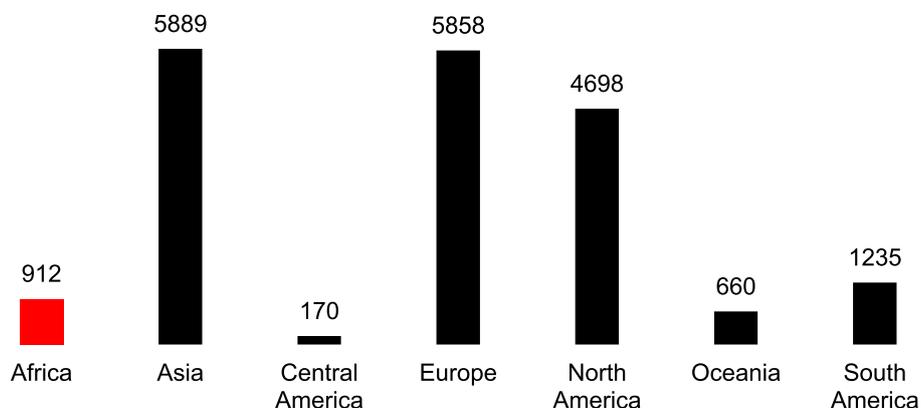


Source: Northcourt

Analysts suggest that demand could return as companies seek short-term leases for employees working remotely. Building designs that are not conducive to changing working preferences stemming from social distancing practices, could become obsolete. It will require investments

ranging from changing floor plans and redesigning common areas combined with increased janitorial hours, improved air filters, touchless lighting control, faucets, and automatic doors.

### Number of coworking service providers



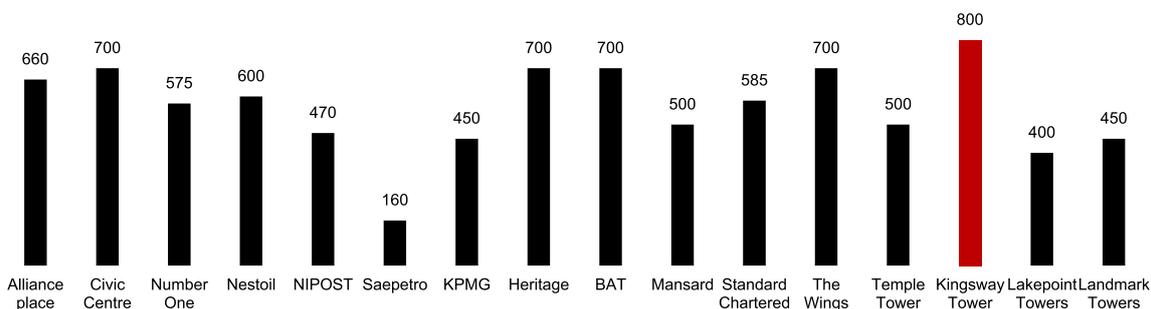
Source: Coworking resources, Coworker, Northcourt

There has also been an accelerated interest in smart building technologies, particularly those relating to building access control, HVAC system monitoring, and the ability to track density within spaces. Nimble coworking service providers could potentially emerge as post

COVID-19 industry leaders, recasting the category more in favour of member experience. Stiff environments where people work almost shoulder to shoulder in poorly lit spaces will no longer be attractive.



### Average Grade A office rent/sqm (\$)

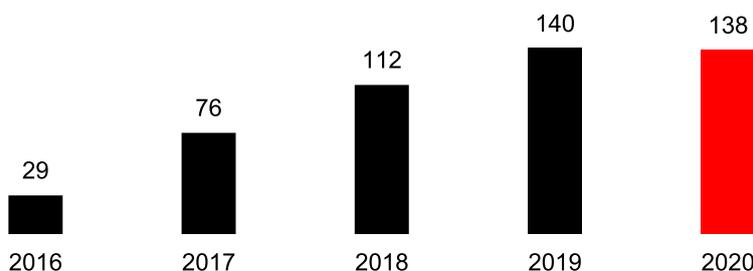


Source: Northcourt

There will be greater awareness of hygiene and hot-desking will more likely be considered a health risk. The opportunity to connect new

people and be productive in a professional environment will still be important.

### Co-working Spaces



Source: Northcourt

### Industrial

Positive industrial real estate fundamentals drove asset values to record highs. This was amplified by the COVID-19 pandemic, which hastened the trend to online retailing, intensifying the pressure on logistics frameworks. This shift is expected to continue well after the pandemic has subsided. With increased online sales, competition among online retailers as well as delivery times with additional emphasis on quick delivery are set to rise. The increasing need for inner city fulfilment centres, as well as portions of strip/big box spaces as fulfilment centres are all but guaranteed. The demand for inner city warehouses has increased.

This is especially so for last mile assets in central business districts. Investors have taken notice

and are competing for the limited number of available deals. The demand for last-mile logistics is expected to grow, driven by the transition of retailing from brick and mortar to online. However, making it all work seamlessly with under par infrastructure is challenging. The supply of standard buildings is restricted, and those that exist are unsuitable, creating a market for small to mid-size warehousing facilities. Grade A warehouses which provide an opportunity to mark rents to international benchmarks are particularly attractive. The question of where to locate a warehouse has historically been a trade-off between low cost but easily accessible facilities, road transport networks and final product destinations. However, as technology begins to influence how goods are distributed, operators' locational decisions may change.



### Ongoing Industrial Projects

Name	Country	Size (Sqm)
York Commercial Park	Zambia	20,000
Lords View Industrial Park	South Africa	964,600
Agbara Estate	Nigeria	4,500,000
Agility Distribution Park	Nigeria	500,000
PK24 Industrial Zone	Côte d'Ivoire	2,000,000
Lekki Free Zone	Nigeria	3,000,000
KenGen Industrial Park	Kenya	5,260,913
Tatu Industrial	Kenya	1,699,680
Coast Dryport	Tanzania	2,023,428
Pemba Industrial Park	Mozambique	89,031
Clairwood Logistics Park	South Africa	150,000
Dakar Free Zone	Senegal	78,913,700

Source: Northcourt

“  
Demand for logistics and last mile distribution centres are likely to remain strong investment opportunities for most of 2021  
”

Spain took over from India as Nigeria's top export destination in Q2 2020 with 14% of the total export trade as against 9.87% in Q1. Not too far behind is the Netherlands with 10.98%, up from 9.72% recorded in Q1 2020. While China and India received 9.93% and 8.81% respectively, South Africa got 7.76%. BUA Group Plc partnered France's Axens for a 200,000bpd refinery to convert oil and biomass to cleaner energy. Mikano International has developed Karamah City Industrial Park located on a 120,400sqm site in Ogun state. Asides

administrative offices and road infrastructure, each warehouse has a GLA of 7,200sqm. Key occupiers include Geely Automotive who owns rights in Volvo Car Group, Daimler AG Group and London taxis. Another driver for industrial space demand is an increase in inventory levels for safety stock inventory. Retailers will seek to have critical goods for shoppers in the event of another lockdown and they stockpile. Demand for logistics and last mile distribution centres are likely to remain strong investment opportunities for most of 2021. If just in case demand spikes, which requires a larger inventory over the long run, the demand for additional warehouse space will grow accordingly.

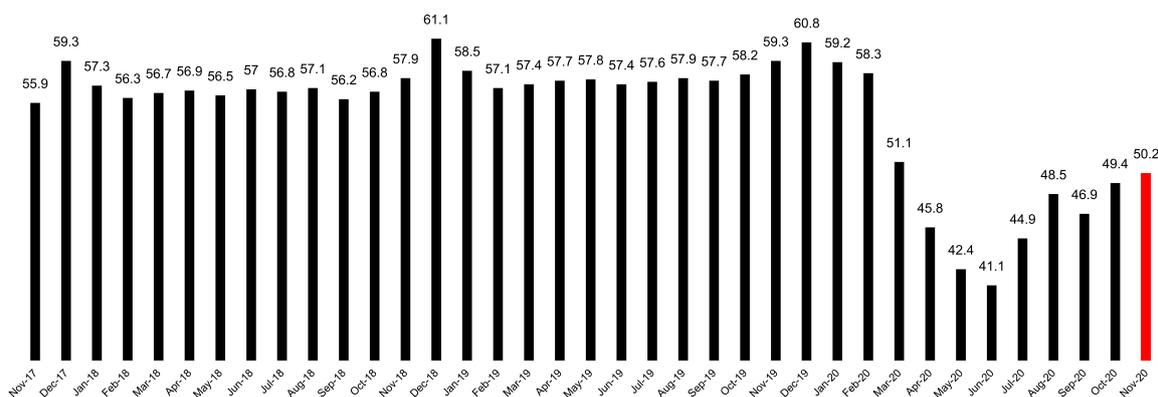
The list of e-commerce retailers is growing, encouraged by rising demand and the nation's growing unemployment. Analysts estimate that e-commerce retailers require as much as approximately three times the warehouse space to generate comparable revenues when compared with brick-and-mortar sales. To better manage purchase risk, companies are also



moving from stocking up at warehouses before shipping to customers following an order to buying products directly from a distributor only after receiving a customer order. The demand for groceries online, strengthened during

COVID-19, will likely increase. With many having more time to browse online at home, shopping habits ingrained over the past 10 months will likely endure.

### Purchasing Managers' Index



Source: CBN

Refrigerated storage and transportation constitute key subsectors of the global cold chain market. The current value of the sector is estimated at \$218Bn and is projected to reach \$320.2Bn by 2025. With the increase in online grocery shopping, the cold storage segment likely represents another opportunity for investors. Would-be service providers will however need to navigate the country's power challenges. Cool rooms while scarce can be purchased or leased in-country.

The 830-hectare Lagos Free Zone, Nigeria's first privately owned special economic zone in Nigeria, aims to host more than 100 businesses. Major humanitarian organisations who lease warehouse space include UNICEF, WHO and the WFP with specialist forward logistics capacities to support their partners. The WFP has established storage facilities for commodities and related equipment in hard-to-reach locations. There are over 30 mobile storage facilities, each over 8,500MT in Adamawa and Borno states. Pharmaceutical storage, while

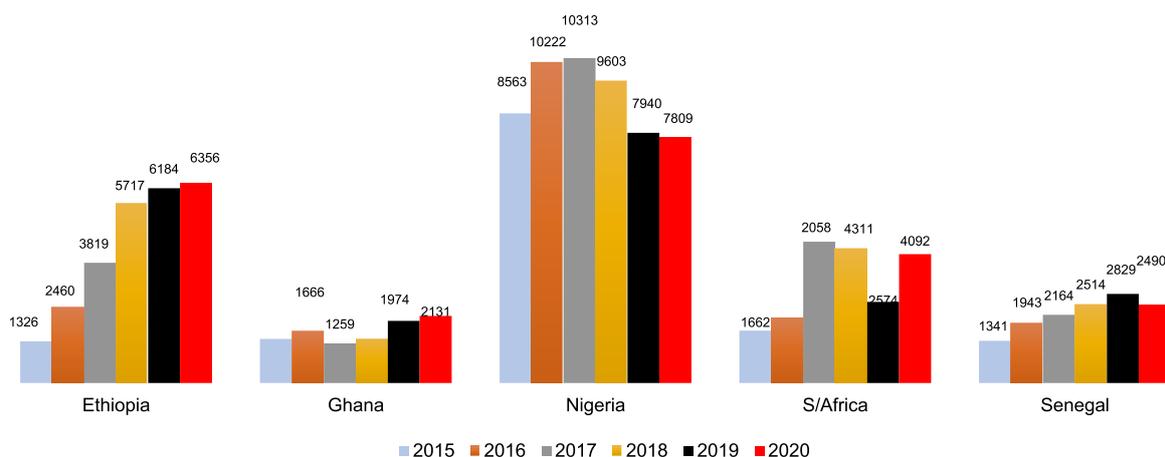
limited, is growing. An estimated 180,000sqm of industrial space is expected in 2021.

### Hospitality

Global hotel brands operating in Nigeria are unlikely to return to staffing levels and organisational structures of 2019. Managers are carefully assessing every aspect of how revenue is generated, and at what cost with a focus on the essential tasks. Much of the demand going forward will be from the local buyer. Like much of the real estate market, hotels are looking to do more by leveraging digital tools, special packages and commissions. COVID-19 has forced the end of an age and the building of a new order. Researchers suggest that hotels were paying 25-40% on commissions, transaction fees, loyalty costs and office management costs to acquire their revenue. Rate growth is more likely to slow for the large brands as was increasingly apparent in 2019. Conversion costs are also on the rise.



### Hotel development pipelines: Top 5 countries by number of rooms (SSA)



Source: W-Hospitality Group

The current situation puts the smaller hotels, guest houses and short stay conversions at a strong advantage. They have lower overheads and can afford to stay open for much longer. They are also up for consideration by a broader range of potential clients than they would have previously. This may be the situation for much of 2021 as larger hotels redefine their business models to reduce costs and create more innovative offerings.

The global airport operations market is estimated to be \$8.3Bn as of 2020 and is predicted to reach \$14.3Bn by 2025. CAGR is estimated at 11%. The effects of the pandemic suggest that these estimates will likely be reviewed downwards and the Nigerian

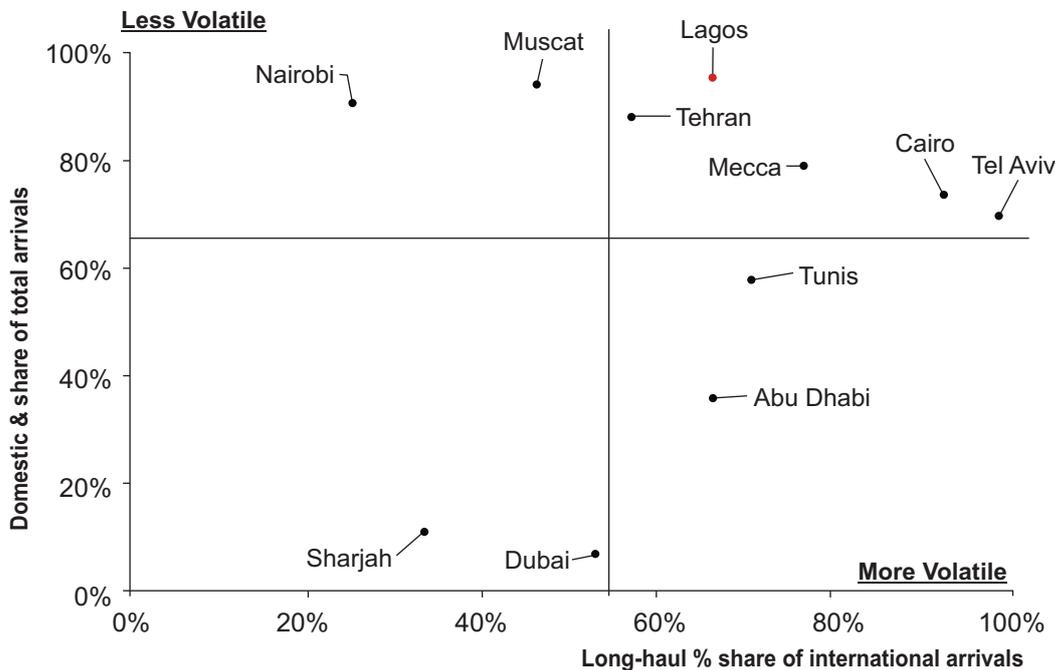
government is stepping in, disbursing N5Bn in bailouts – N4Bn to domestic airlines and N1Bn to other aviation related agencies. They have also temporarily suspended the planned international airports' concessions in Lagos, Abuja, Port Harcourt and Kano. The Enugu airport has also reopened.

Certain types of travel may never fully return to pre-pandemic levels. Much of business travel has transitioned to video conferencing and will most likely remain following the return of more frequent business travel. This will invariably lead to a reduction in demand for lodging. Many major conferences have moved online, another trend that will contribute to the reduction in demand for rooms and conference space.





### City reliance on domestic and long-haul arrivals, 2020

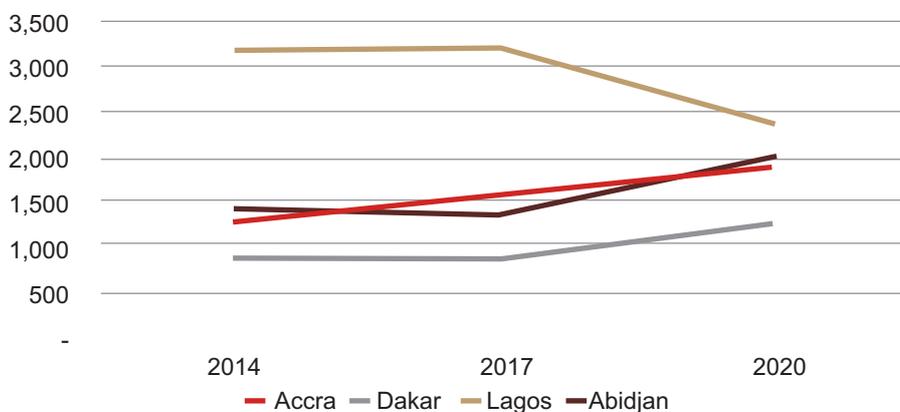


Source: Tourism Economics

Hotels have developed standards in line with government regulations to keep guests and employees safe – from increasing cleaning budgets and installing new equipment to allowing extra time to sanitize between guests. A 24-hour buffer between room occupation may

become the new industry standard. Cleanliness ratings are likely to become a new standard for hotels. These additional expenses, capital expenditures, and reduced occupied room percentages are expected to adversely affect both operational cash flow and available funds.

### Existing branded room supply



Source: W-Hospitality Group

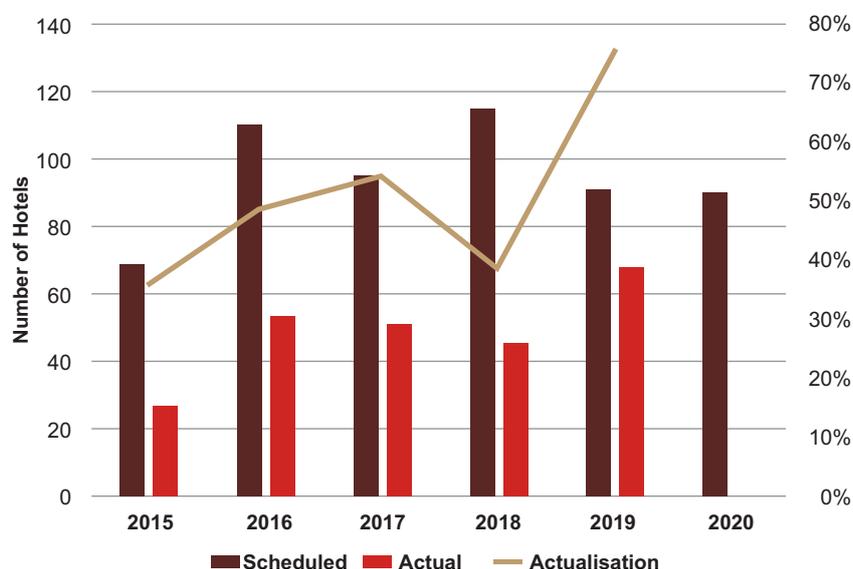


Over the years, Airbnb has put pressure on the hotel market. However, in May 2020, Airbnb let go 25% of its workforce due to the impacts of COVID-19 but recovered when bookings increased overall between May 17 and June 6. This is when compared with the same three-week period in 2019. Shares of Airbnb moved by as much as 120% during the long-awaited first day of trading, more than five times its last private market valuation of \$18Bn in April reaching \$103Bn by early December, higher

than Marriott International, Hilton Worldwide and Hyatt Hotels at \$43Bn, \$39Bn, and \$8Bn respectively.

Family bookings which account for a larger share were up 55% in reservations when compared to pre-pandemic levels. Many foreign holiday trips were replaced with local private parties. The shape of industry's recovery is still unknown but what is certain is that things have dramatically changed and will continue to evolve as the conditions surrounding the pandemic unfold.

### Scheduled v Actual Openings: Hotel Chain Development Pipelines in Africa 2020



Source: W-Hospitality Group

Radisson will be opening a new hotel at Abuja to complement two hotels currently under development in the city, Radisson Collection Abuja ASO Tower, scheduled to open in 2022 and Radisson Blu Abuja City Centre due to open in 2024.

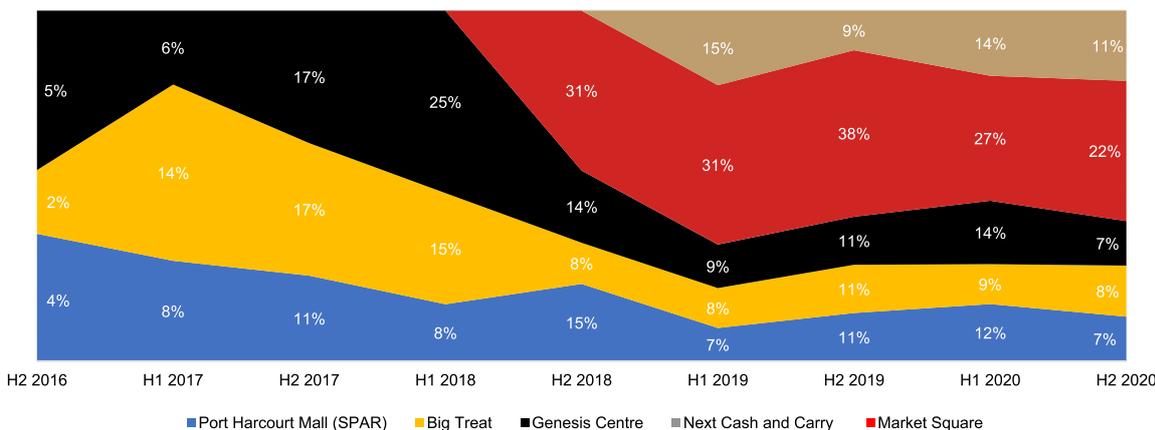
### Retail

While physical stores made difficult adjustments to the new season, online retailers blossomed, for a world at home is a world that shops online. In 2019 retail e-commerce sales had already

reached \$3.53Trn worldwide. They are now projected to nearly double to \$6.54Trn by 2022. COVID's transformative impact on retail in Nigeria stretches far beyond increasing eCommerce sales to causing a shift in human behaviour. More than ever, consumers are focused on value. Online sales have accelerated and this is only expected to increase as a wider range of shoppers change their buying habits. One of the major beneficiaries of this has been the delivery service which has thrived as a key element of omnichannel strategies used by retailers to better manage the reduction in footfall.



### Trend: Vacancy Rates for Malls in Port Harcourt (%)



Source: Northcourt

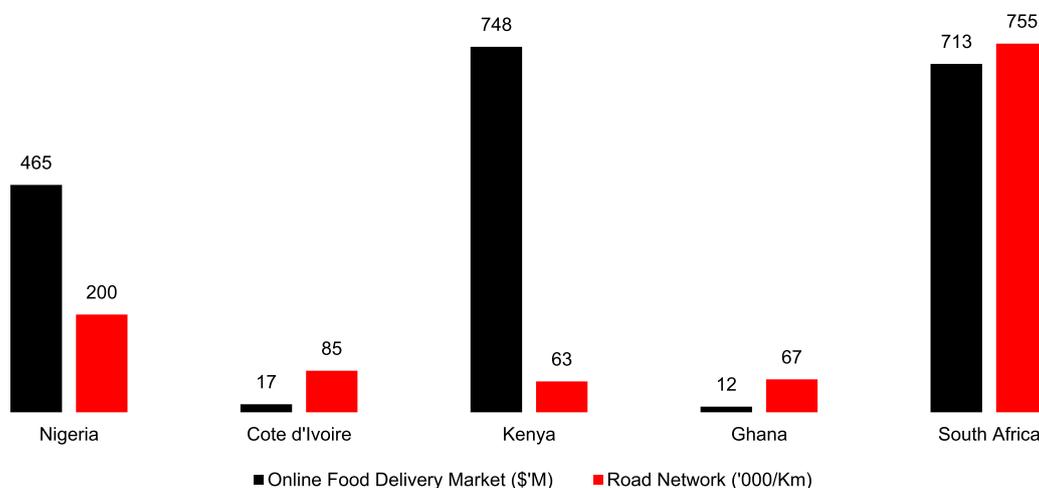
A decent amount of the population now shops online, as opposed to physical stores, and food delivery has seen a sharp increase in placed orders as restaurants have seen their numbers for in-store purchases fall. There is a growing preference for locally produced goods and services, if only due to the limited foreign

alternatives.

This has also led to the emergence of Dark kitchens, where food providers lease space customised to their needs and deliver the end product to the consumer over apps and logistics delivery services. Currently, apps & websites account for 6 out of every 10 meal orders. Advantages include low startup and operational costs, competitive pricing, a wider selection of chefs to ensure high meal quality and corporates and professionals (currently highest users). Estimates put the global value for dark kitchens at \$35Bn, projected to cross \$360Bn by 2030.

“ Estimates put the global value for dark kitchens at \$35Bn, projected to cross \$360Bn by 2030. ”

### Leading Online Food Delivery Markets (\$'M) / Road Network ('000/Km)



\*As of September 2020

Source: Research and Markets, Statista, World Food Programme, Northcourt



Barring the introduction of innovative offerings, there will be more home delivery and less physical shopping at large retail centres. The neighbourhood shopping centre and the small side shops will be the exception. There is also a decline in group-based activities, especially around large shopping centres and cinemas. Gaming could provide a solution to Grade A retail mall vacancies. A movie theatre may keep customers for up to three hours. A gaming tournament keeps the customer for 10 hours

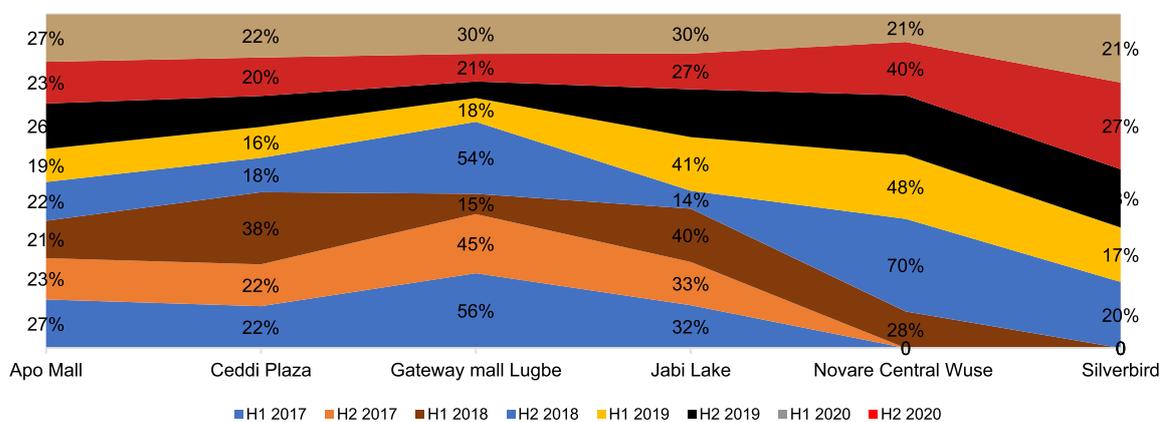
“

A movie theatre may keep customers for up to three hours. A gaming tournament keeps the customer for 10 hours over 2 days

”

over 2 days. Taking advantage of this in the Nigerian context may require the development of new revenue models.

**Trend: Vacancy Rates for Malls in Abuja (%)**



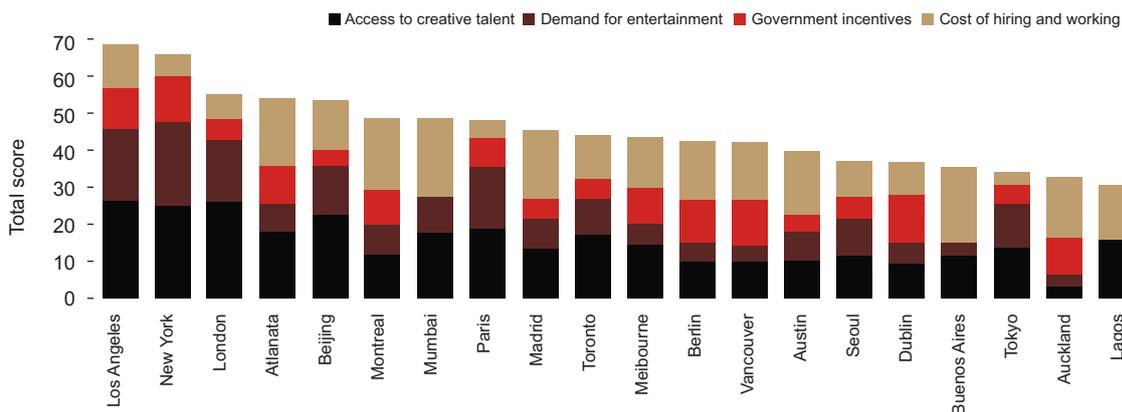
Source: Northcourt

As a result, off-price stores will likely have a backlog of merchandise from department stores that need to move their product. These have been appearing in underused parking lots at a few shopping centres. Recent research suggests that Global media cities are hubs of creativity where films, television, and music are produced,

edited, and consumed. Established centres and challenger locations offer unique opportunities. Traditional core locations still lead the industry. Going forward, however, a more globalised media industry will provide content for consumers and resilience against future uncertainty.



### Global Media Cities Index: 2020



Source: Savills

Lagos is the centre of the Nigerian media industry and Nollywood movies are expanding rapidly through streaming services. And while more government funding has been made available for domestic productions, there are no specific tax rebates. Nigeria's media industry is one of the larger employers. Media industries require real estate assets across all aspects of their business. Studios, sets and media offices constitute a significant driver for the success of media companies. The movie industry is shifting

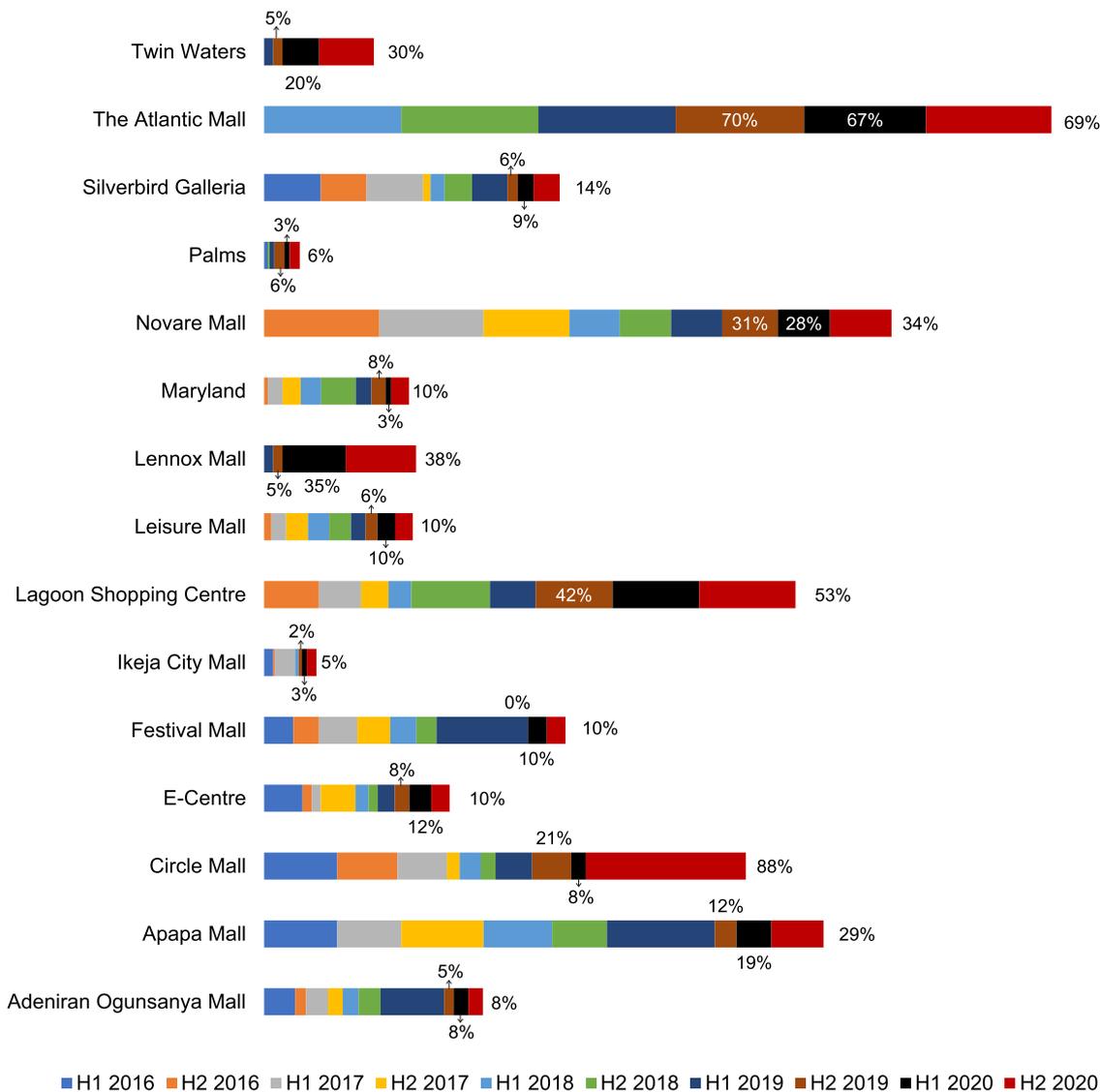
towards the ownership of soundstages and production centres, rather than leasing space. This has pushed demand for apartments in mid to high end residential nodes.

JSE-listed REIT, Hyprop Investments has announced the successful conclusion of an agreement for the sale of Ikeja City Mall. The mall is co-owned with Attacq Limited. The agreement was concluded with two new property funds that form part of the Actis Group.





### Retail Vacancy rates trend for Lagos (%)



Source: Northcourt

### Healthcare

Developing sustainable healthcare in West Africa will require over 750 new 200-bed hospitals by 2030. This will require an estimated \$39.5Bn

investment. West Africa has a population of over 401M. To maintain a standard level of healthcare, Nigeria will need over 300 hospitals with over 8,000 doctors – for a start.

### National Budget Capital Expenditure on Healthcare (₦Bn)



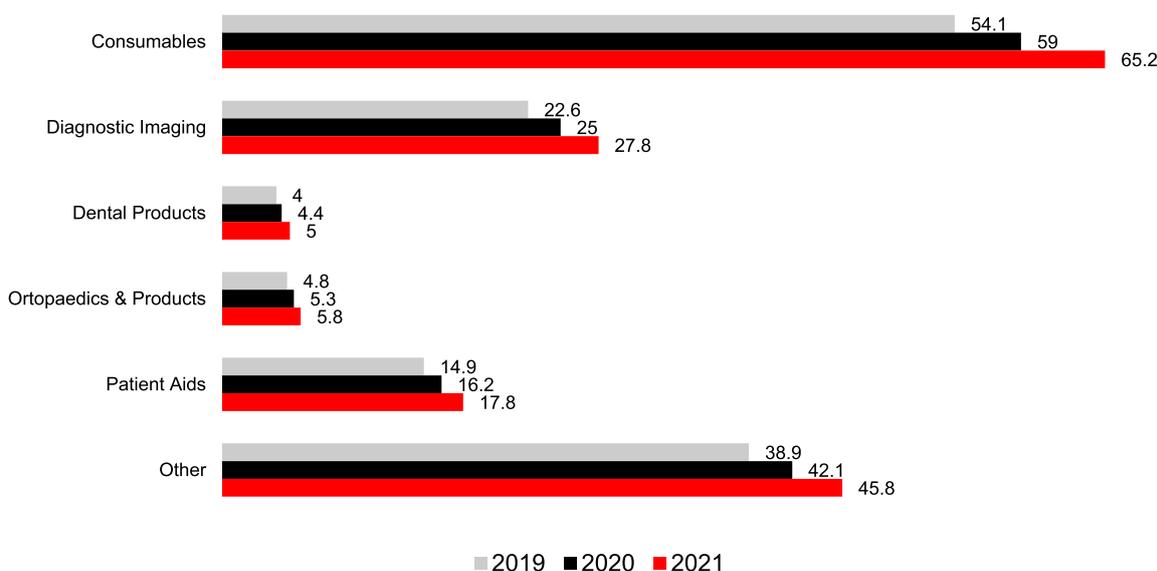
Source: Budget Office



The country's health sector has an estimated annual deficit of \$10Bn. Nigeria imported \$1.45Bn in pharmaceuticals in 2019. This is a 182% increase YoY. And the demand is growing, more so as the global supply chain will be stretched further still as the delivery of the COVID-19 vaccine takes priority. The demand for

healthcare in Nigeria has rarely ever been in doubt. Supply however has been lacking, requiring updated policies and innovative financing. The Nigerian government is having to prioritise healthcare projects. ₦132Bn has been allocated to healthcare under the 2021 Appropriation bill.

### 2019 - 2021: Medical Device Market Size by Product Area (\$'M)

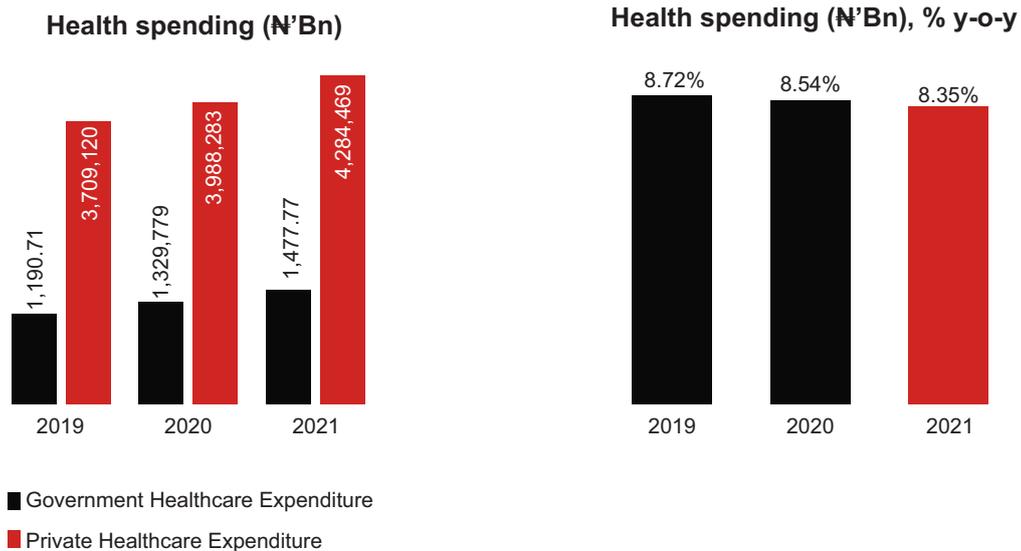


Source: Fitch Solutions

Over 30% of Nigerians who visited India in the last 12 years did so for medical treatment, spending over ₦50Bn. Leading areas in demand include primary healthcare, cardiology, nephrology, oncology and orthopaedics. COVID-19 has led to the release of ₦100Bn by the CBN in loans for building new hospitals and health facilities, advancing the conversation around a large number of health sector investment such as the 50-bed Lagos American Specialty Hospital for diagnostic services, the 50 Bed Lakeshore Cancer Center II and the Diamed Diagnostic

Center in Lagos, the 180-bed, 18,750.15sqm Lagos Medipark estimated to cost \$247.3M and the 165-bed Evercare hospital.

“  
 Leading areas in demand include primary healthcare, cardiology, nephrology, oncology and orthopaedics  
 ”



Source: Federal Ministry of Health

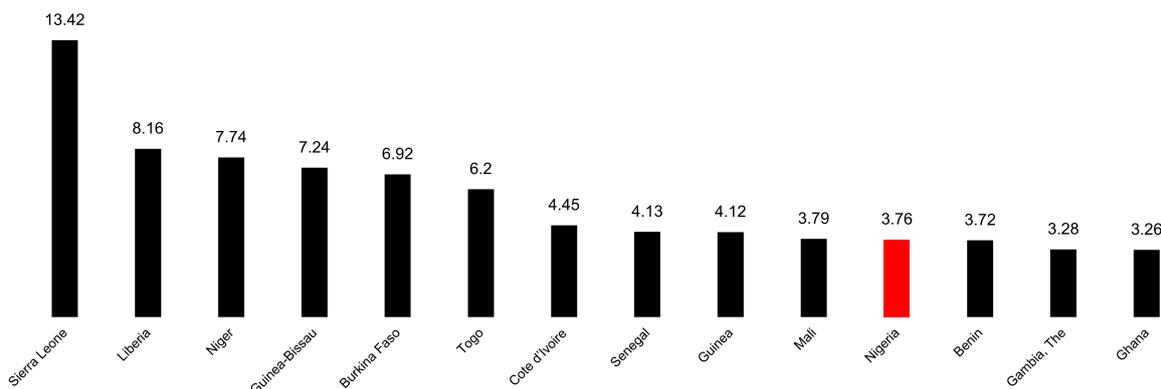
There were some developments in the Enugu state which include the completion of the State Medical Diagnostic Centre, the reconstruction of the Infectious Disease Hospital (formerly known as Colliery Hospital), a specialist Hospital for the

State University of Science and Technology Teaching Hospital. The Teaching Hospital of Borno State School of Health Sciences and some projects at the University of Maiduguri Teaching Hospital were also completed.





## Investment in Healthcare by % of GDP



Source: National Budget and Statistics Offices, Northcourt

### Student Housing

With the discovery of a new COVID strain in Nigeria (and South Africa), there are more unknowns related to managing the pandemic and its impact on the gathering of large groups. This also extends to purpose-built student accommodation (PBSA). But the trends supporting further investments are strong. Nigerians are known for prioritising education. and as the global economy continues its transition digitisation, tertiary education is increasingly important for employability in the modern economy. Private sector-led provider, Greenage Student Housing is developing a 248 room development at the University of Abuja. The project aims to utilise resource-efficient design to reduce water and energy use. Landlords are also offering concessions. Single room apartments in the Akoka area of Lagos

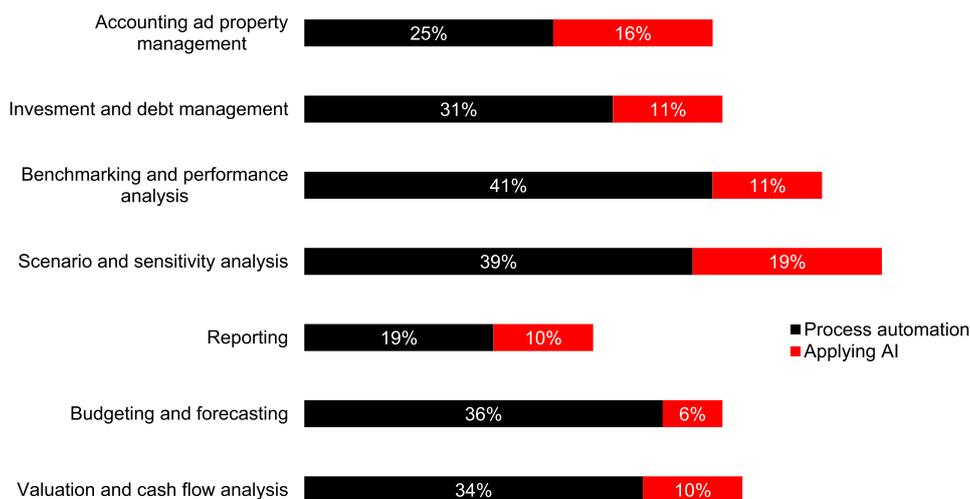
usually leased for ₦350,000pa on average are closing at ₦300,000. The Tertiary Education Trust Fund approved ₦12Bn to 12 institutions of higher learning to aid growth, infrastructure development and fund research.

### PropTech

It has become clear that the current IT infrastructure was not built to handle the nature of demand that a dispersed workforce will generate, the impacts of rapidly increasing data consumption from the property and facility management industry, data streaming and the use of multiple platforms created specifically to manage the online communications ecosystem. Zoom reports that employees held 20 times more meetings and content providers saw an uptick in demand.



## Looking ahead: Where CRE firms are automating processes and applying AI



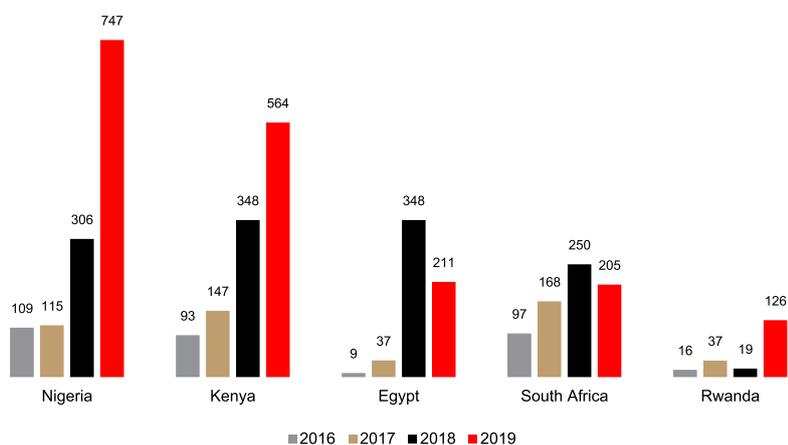
Source: Atlas Group

## Private Equity and Venture Capital

South Africa (\$112M), Nigeria (\$74M), Kenya (\$62M), and Egypt (\$51M) received the most funding in Q1. They also collectively received the

largest share of funding in 2019 with Nigeria raising \$ 747M in total, a growth of 144% on the previous year. This was followed by Kenya (\$564M) South Africa (\$205M) and Egypt (\$211M)

## Total Funding per Country (\$'M)



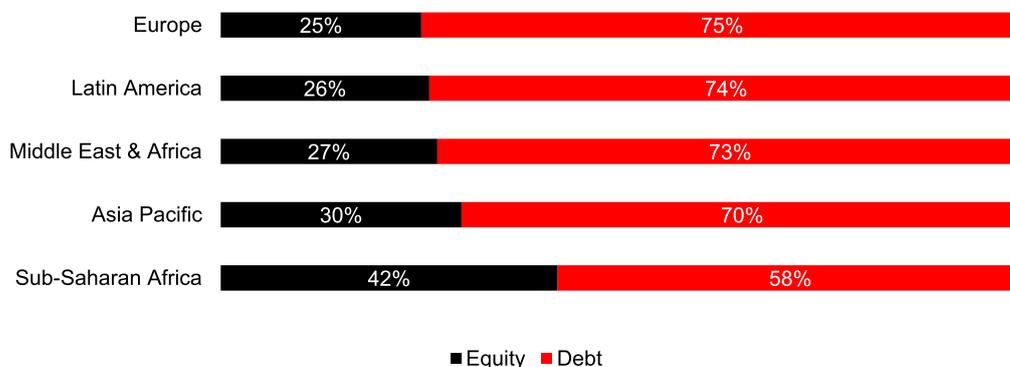
Source: Partech

While January and February sprang few surprises, March saw an 80% drop in funding, as the COVID-19 pandemic raised more than the familiar round of questions. The quarter saw Nigeria's Flutterwave raise \$35M, second only to

South Africa's Jumo (\$55M). Healthtech startups saw some of the largest funding rounds as 54gene and Helium Health raised \$15M and \$10M respectively.



### Total private infrastructure investment, by equity and debt (2010-2019)



Source: IJ Global & GIH

Banks will be impacted based on their business model, property investment portfolio, risk appetite and profitability levels. It seems likely that, very similar to the capital market crisis back into 2007/2008, it will take some time for banks to return to normalcy. GTB is restructuring to support its foray into fintech. Nigerian startup Kwaba which enables monthly rentals recently

raised funding from Ingressive Capital. The startup raised \$20,000 from LABS by ARM accelerator and \$10M from Ingressive Capital. Transport startup, Plentywaka announced the launch of WakaCab, a car-hailing service that will operate in Delta State raised \$300,000 from EMFATO, Microtraction, and Niche Capital.



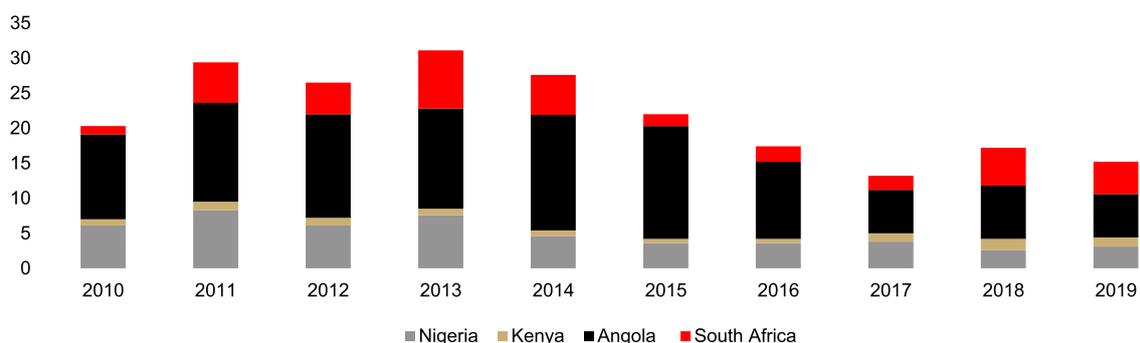


## 2021 Outlook

The country's foreign reserves have been under pressure due to dwindling oil earnings and reduced capital inflows from risk averse foreign investors. The decline in oil prices was largely driven by weakened demand, the global pandemic and oil price war between Russia and

Saudi Arabia. The external reserves moved from \$32 to 38Bn over the past 11 months. The supply of the vaccine and restructuring the creation and delivery of economic value is expected to revive the economy starting Q2. Trade is also expected to grow.

Trend: FDI (\$'Bn)



Source: National Budget Offices

Underpinning many market movements has been the realisation that landlord and tenant interests are more closely aligned than ever.



2020; a year that has forced forward the conversations around market flexibility, collaboration, disruptive technologies and regulator efficiency



Occupiers, faced with reductions in revenues that will extend into 2021 have reduced space demand and reached out to landlords for concessions. The best landlords have tried to be sympathetic. This has led to increased transparency on both sides, one of the good things to come out of 2020; a year that has forced forward the conversations around market flexibility, collaboration, disruptive technologies and regulator efficiency.



Adjustment in the investor market has led to a revision of mid and long-term strategies, transactional activity, development objectives and refinancing requirements. There are also conversations around managing the emerging cycle of lockdowns and releases and their effect on property values. Each of these revised considerations, together with the time horizon for the global deployment of vaccines and treatments, will inform forward-looking investment strategies and return expectations. The outlook for Grade A retail remains uninspiring, save swift changes to operational models reflective of reduced footfall. Logistics is on the ascendancy. There are some concerns around the future demand and use of office space.

Lower returns on treasuries and travel restrictions that reduced holiday travel contributed to the increase in funds available for investment in land. Some analysts argue that

2021 heralded predatory capitalism and governments may be tempted to attract investments to finance the recovery from the crisis without observing the necessary due diligence, some of which may result in the acquisition of land to the detriment of the underserved.

### Residential

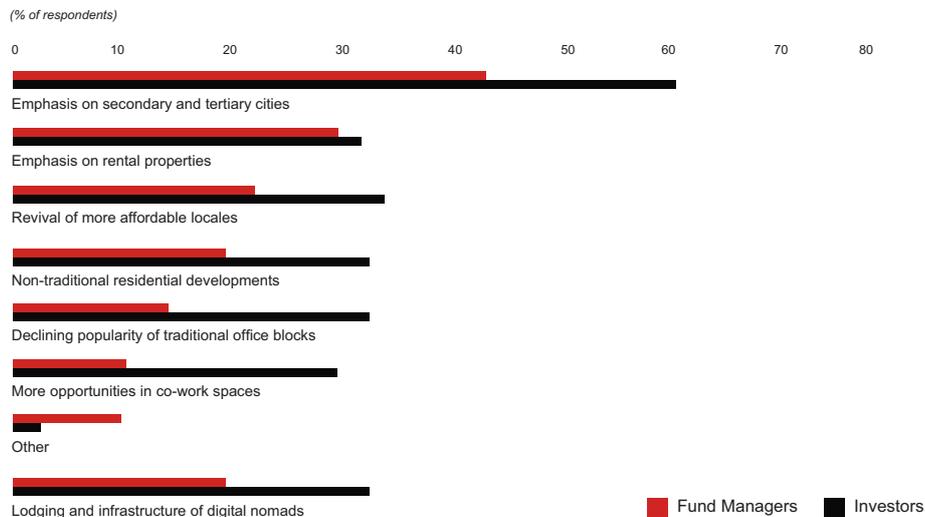
A major shift is required in the approach to the affordability question and the number of housing units delivered by all development actors across Nigeria. Harnessing non-government funds; say cooperatives and diaspora collectives may be the way to go. Accommodation units are produced yearly, some of which are vacant due to a lack of effective demand. The central authorities may be more impactful by easing the process of titling land, removing development constraints and

### Mixed Use Development Pipeline

Project	Floors	Size (sqm)	Location	Uses	Expected completion
Atlantic Resort	16	3.4ha	Lagos	Residential Hospitality Office Retail	Ongoing
Trinity Towers	14	13,000	Lagos	Retail Entertainment Office Healthcare	2021
Ogun House	5	900	Lagos	Office Residential	Oh hold
Sogenal Tower	15	9,100	Lagos	Office Residential	Ongoing
Dillon Twin Towers	14	-	Lagos	Residential Office Retail	2023
Purple Lekki	7	10,000	Lagos	Office Residential Retail Entertainment	Ongoing
World Trade Center	22	26,000	Abuja	Office Residential	Not Specified



## Developments expected to play a larger role in real estate investment decisions as a result of COVID-19

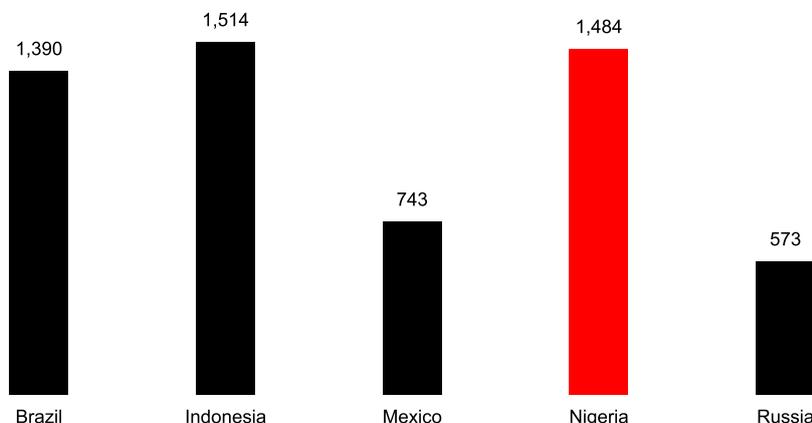


Source: SEI (2020) The Future of Real Estate Investing

It may take time for change to spread. There are structural constraints that have overstayed their welcome. Strategic asset management will be central to positive yields in 2021. Technology and disruptive service delivery models will be key. The structural changes accelerated by COVID-19 are likely to continue. The office market will lose some ground to residential, which is growing

due to the demand for 1 and 2 beds. Short stay is projected to expand, taking some market share from big brand hotels and luxury apartments. Retail is expected to be most active at the neighbourhood levels as Grade A service providers tweak their models. Healthcare is unlikely to slow down but will continue to require patient capital.

### Average annual house completions 2012-2025 ('000)



Source: Global Construction 2025





New housing opportunities will continue to be provided by existing landowners as they cater to the mid-market demand for small apartments. This is expected to grow as Nigeria's population approaches the 2030 estimate of 263M. Policies that facilitate housing development will return to the government's agenda for housing, access to land and investment in infrastructure for the development of large scale private housing investment. This should translate to a growth in housing construction and rental markets.

### Proptech

The pandemic highlighted the importance of technology and digital connectivity - and the deficiencies that still exist in many broadband networks. This demand for seamless connectivity is expected to continue into 2020 and significant investment in data centres will facilitate this.

“

Governments around the world have seized this opportunity to invest in tech enables services on the journey to becoming smart cities.

”

### Retail

One immediate impact of COVID-19 lockdowns was a spike in online shopping, further driven by border closures and international export/import restrictions which put pressure on all aspects of the supply chain. This was noticeable in the expansion of demand for products that were almost exclusively in-store shopping. Many consumers have moved online for essential goods, forcing supermarkets to upgrade their delivery capabilities. Consumers will continue to prioritise delivery and convenience with an eye out for good deals, ease of ordering and free or cheap delivery.

**Lagos Retail Development Pipeline**

Name	Location	Size (per sqm)	Delivery Date
Oasis Mall	Ikeja	6,000	Unspecified
Royal Gardens Mall	Lekki	30,000	
Victoria Mall	Victoria Island	5,788	
Westfield Mall	Lekki	2,787	
Admiralty Mall	Lekki	1,323	
Purple Lekki Mall	Lekki	10,000	Q4 2021
Ikoyi Plaza	Ikoyi	Unspecified	Q3 2021

Source: Northcourt

Dark kitchens are catching on, with kitchens used for back end order fulfilment designed for inner-city pickup or delivery. Physical retail isn't dead but we are seeing a gradual reallocation of space. Investors are interested in mixed-use projects with the flexibility to respond to market changes. Local stores will continue to play a larger role in the delivery of goods and services. Core real estate faces a weakened economy and investors are looking to acquire real estate at below-market prices.

### Office

COVID-19 triggered the sharpest economic slowdown in history. Companies are looking to save costs wherever possible in the short term, and underutilised real estate attracts immediate attention. In many cases, this will involve a contraction of expensive city centre office space. Innovation requires collaboration, and technology cannot replace live interaction. While there will be less demand for office space it is



unlikely that it will precipitously fall. Most service based companies will require employees to

come into the office at least twice a week. And some prefer to work out of an office.

### Office Pipeline

Name	Floors	Size (m <sup>2</sup> )	Location	Delivery Date
Africa Tower	26	-	Abuja	On Hold
Bloomsbury Waterfront	6	10,000	Victoria Island	On Hold
Corporate Towers II	34	-	Eko Atlantic	Not Specified
Crystal Tower	17	17,000	Victoria Island	2022
Dangote Head Office	18	-	Old Ikoyi	Ongoing
Famfa Oil Tower	20	55,000	Ikoyi	Ongoing
FIRS Head Office	17	81,000	Abuja	2021
GTB National Training Center	9	Not Specified	Abeokuta	Ongoing
Jenkin's Place	8	1,350	Victoria Island	On Hold
NDIC Head Office	-	-	Old Ikoyi	Ongoing
Number One	5	8,000	Victoria Island	Ongoing
The Waves	13	44,000	Victoria Island	On Hold

Source: Northcourt

“WFH has proved effective in most instances, and perhaps workers may only need to come in once a week, if at all”

Some companies were already geographically dispersed before the pandemic. To get together on group projects there would be conference calls. Now with Zoom, that can be done from home. Commercial real estate with rents above \$350psm may need more flexibility in lease terms to attract clients. Head offices with relatively structured occupancy held on more conventional lease terms are still relevant to the larger corporate portfolio – but no longer as central as they used to be. Companies now look

manage space according to their emerging needs. Hubs can then be modified to support WFH strategies. This is expected to reduce employee commute times and improve productivity. A hub & spoke model offers huge benefits in supporting flexible working, mitigates environmental impact and can be financially advantageous.

### Infrastructure

Researchers suggest that cities of the future will be built on six main pillars: smart mobility, smart environment, smart economy, competitiveness, smart people, smart living and smart governance. Many of the new opportunities will be unlocked by government initiatives that commit to public-private partnerships. While this could be a disincentive to some, it will be part of the attraction for others.



## Hospitality

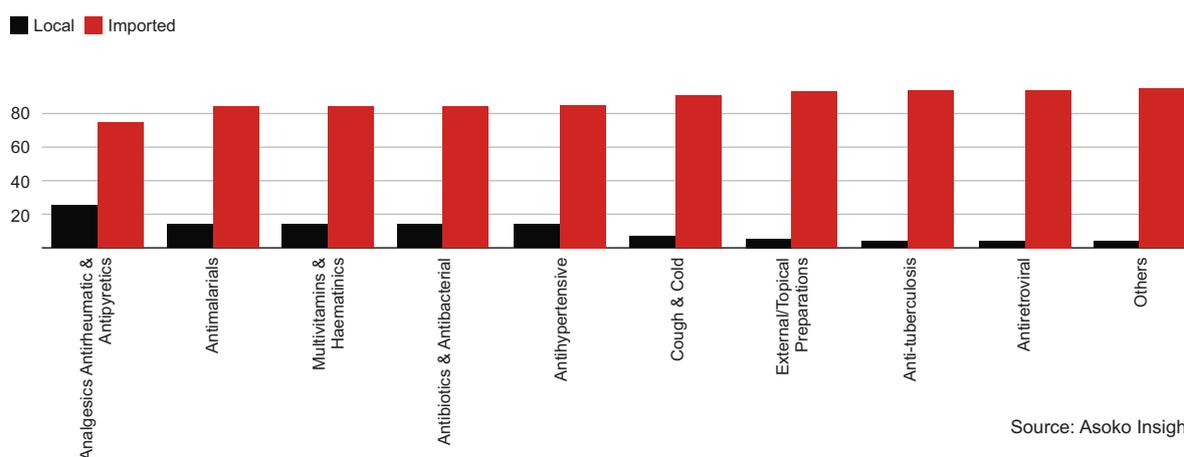
International travel restrictions and differences in policy measures have created conflict between countries. The initial competition to secure protective equipment has given way to debates over access to a vaccine, dampening international tourist visits and business travel. The revenue benefits of reduced transportation (and international flights) have been significant. The quality of some interactions via video conferencing hasn't been without its challenges.

facilities. Venture capital funding for medical research has increased substantially, with medical infrastructure and R&D spending now seen as relevant to national security. Demand for lab space is projected to increase. The rise of social infrastructure moved up the agenda and will see more opportunities for public-private investment in schools and hospitals. The need for medical facilities during health emergencies means that land must be quickly acquired by governments and humanitarian agencies. This could translate to the flouting of due process and adequate compensation.

## Healthcare

The pandemic has shifted national focus to raising the capacity of medical services and

**Demand met by local products vs. imports (%)**



Source: Asoko Insight

## Industrial

The efficiency of logistics and transportation routes will depend on fulfilment centres. Providers of warehousing (Grade A, Cooling and Medical) will attempt opening new spaces (2,000 to 5,000sqm) in more locations. They are likely to succeed. The consensus is that COVID-19 will not be the last disruptor in the supply global chain and Nigeria's leading cities will be looking to prepare.

sciences. Logistics startups will continue the good work of integrating local and regional hubs over inefficient infrastructure. Researchers at DWS suggest a gradual shift from last mile to last hour logistics. The way people shop has a huge bearing on the location decisions of logistics operators. Not only has this been driven by competitive pricing, but the convenience of online shopping is also a key component of this growth. A trend which survey evidence suggests will only intensify. Some retailers are already responding to the challenge of faster delivery.

COVID-19 drove investor commitment in investing in logistics, data centres and life



“  
Some retailers are already  
responding to the challenge  
of faster delivery  
”

They are reconfiguring supply chains and introducing more points of delivery.

Growing online sales, changing consumer preferences and technology will depend on urban logistics facilities. But not all urban locations are the same and where these facilities are located is important. While retailers and logistics operators are making progress on improving last mile fulfilment, researchers suggest a more permanent movement from last mile to last hour in the not too distant future. This will likely benefit locations predominantly serving major cities.

### Conclusion

Real estate markets work best when the economic engines are well oiled, running

smoothly and allowed to shift gears as required. The central authorities may be realising this and are showing some commitment to taking the right decisions. But there are the issues of oil prices, largely dictated by OPEC+, insecurity and general consumer confidence. There are would-be saviours however – online transacting, the spirit of Nigerian enterprise and the growing value and influence of remittances from the over 15M Nigerians in the diaspora. COVID-19 in all its disruption has accelerated the adoption of technology in Nigeria's real estate market and will continue to do so.

Residential real estate is likely to remain atop the standings for returns of all uses – if only closely followed by industrial. Retail will become more targeted to demand, incorporating unique entertainment features while Grade A office will have to keep its thinking hat on for much of the year. Mixed use is proving the way to go for big ticket projects within cities. Investing successfully in Nigeria's real estate market boils down to three groups of activities – access to capital to identify and finance the best projects, industry partnerships for timely access to opportunities and a clear understanding of processes and systems.





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