
LAGOS CITY REPORT

H1 2024

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The Pantheon | Ikoyi

Economic Overview

223m

Population

▲ 2.39%
Growth in
2024

26.25%

Interest Rate

▲ 40% YTD
increase in
2024

₦18.28Tn

GDP Size

▲ 2.98% Q1
2024
Growth

33.95%

Inflation

▼ 13.55% YTD
increase in
2024

\$1: N1,481.14

Exchange Rate

▼ 62.06% YTD
increase in
2024

\$32.42M

External Reserves

▲ 0.32% YTD
increase in
2024

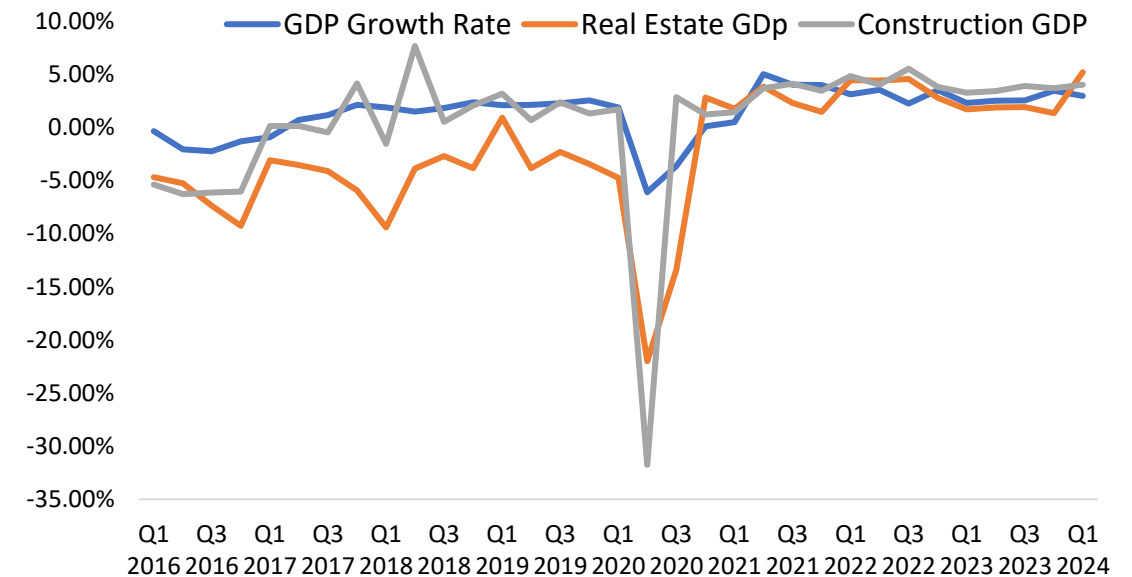
The start of 2024 has been a wild ride for Nigeria and its people. The new administration's bold economic reforms - including scrapping the fuel subsidy and floating the Naira - have shaken things up. Skyrocketing inflation, soaring interest rates, and currency fluctuations have forced everyone to rethink their financial strategies. But the government hasn't backed down. They're determined to steer the country towards long-term prosperity, even if the road ahead is bumpy. Can they restore confidence and stability in the Nigerian economy? The future is uncertain, but one thing's for sure - it's going to be an exciting journey!

Economic Highlights

Nigeria's economy is on a wild ride - growth surged in Q4 2023, only to come crashing back down in the first quarter of 2024. GDP expanded by a respectable 2.98% year-over-year, but that's a noticeable drop from the previous quarter's 3.46% surge. The real estate and construction sectors are still holding steady, contributing 5.20% and 4.01% of GDP respectively. But if the government doesn't get a handle on spending, insecurity, and production snags, the economy could be headed for trouble. The IMF is still optimistic, maintaining its 3.3% growth forecast for 2024.

The latest figures from the National Bureau of Statistics show a surge in foreign capital flowing into the country. In Q4 2023, total capital importation hit \$1.09 billion - a massive 66% jump from the previous quarter. Foreign Direct Investment (FDI) accounted for a healthy 16.9% of the total, clocking in at \$183.97 million. This is a promising sign that global investors are regaining confidence in Africa's largest economy even as big corporations like Microsoft and Diageo have announced exits. All eyes are on Nigeria's leaders as they navigate these turbulent economic waters.

Nigeria's GDP Growth Rate



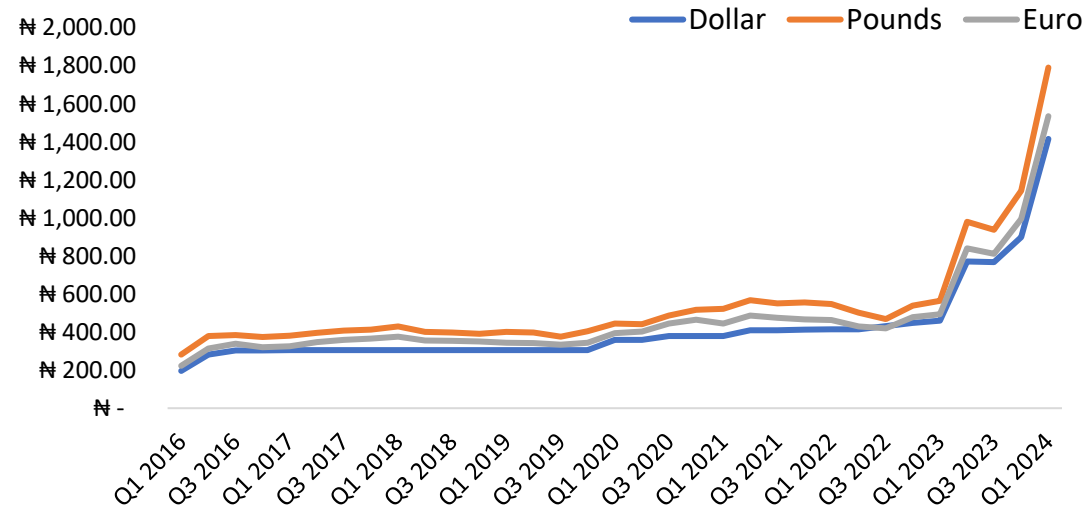
Source: NBS | 2024

Economic Overview

The currency fluctuation has been one of the most significant economic issues facing the country. During the first half of the year, the naira recorded a 66% decline against the US dollar, plummeting from an exchange rate of N899:\$1 at the start of the year to N1,481:\$1 by the end of the first half of the year.

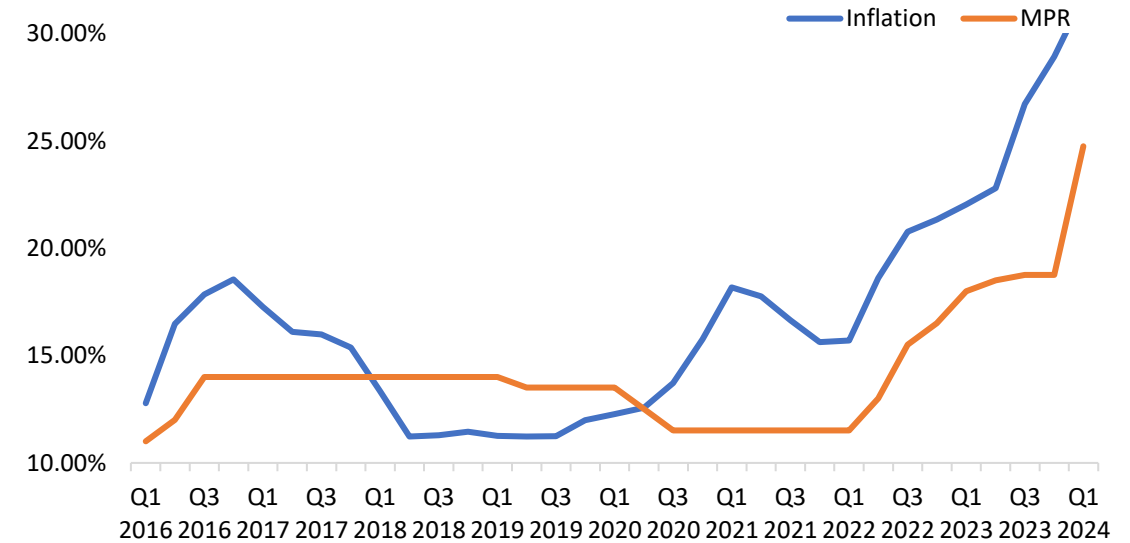
Despite this significant drop in the naira's value, Nigeria's external reserves opened the year at \$32,316,261,247 and closed at \$32,421,002,328 in June, representing a modest 0.32% year-to-date gain. This suggests that the central bank has been actively managing the currency's fluctuations, albeit with limited success in stabilizing the naira's exchange rate against major foreign currencies.

Nigeria's Exchange Rate



Source: CBN | 2024

Nigeria's Headline Inflation and Interest Rate



Source: NBS, CBN | 2024

In the first half of 2024, the Central Bank of Nigeria (CBN) Monetary Policy Committee (MPC) aggressively raised the benchmark interest rate by 40% - from 18.75% at the start of the year to 26.25% by June. This series of hikes aimed to curb soaring inflation, which reached a record high of 33.95% in May according to the NBS. The high inflation was amplified by a surge in food prices. Analysts expect the second half of the year to be a critical period for the country's economy. Policymakers are taking actions to turn the direction of the economy, including a \$2.25 billion financing support from the World Bank for conditional cash transfers. This support will help mitigate some of the welfare effects caused by the high inflation.

Prime Office

Ikoyi

The Prime Ikoyi office market encompasses approximately 119,599 square meters of gross leasable area, with additional space anticipated. Despite economic challenges, demand for prime office real estate in Ikoyi has notably increased, even as the delivery of new premium office space lagged in the first half of 2024.

ExxonMobil's relocation from Mobil House in Victoria Island to Karaa Place in Osborne Foreshore Estate contributed to the rising occupancy rate in Ikoyi. This move underscores a preference among oil and gas, technology, and finance firms for high-quality office buildings in Ikoyi over Victoria Island.

The occupancy rate for prime office space in Ikoyi rose by 11%, from 73% in the second half of 2023 to 84% in the first half of 2024. Prime office rents in Ikoyi decreased marginally by 2%, from \$637 per square meter annually in the second half of 2023 to an average of \$624 per square meter in the first half of 2024. Landlords continue to offer incentives to both existing and prospective tenants to maintain and attract occupancy.

Victoria Island

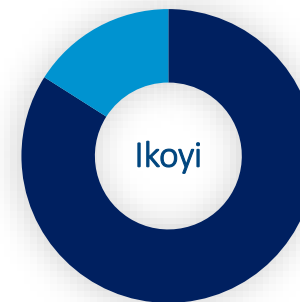
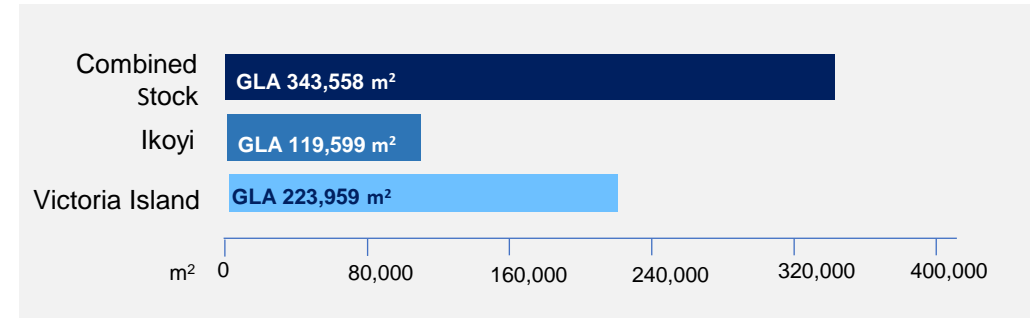
Victoria Island's prime office market boasts approximately 215,125 square meters of gross leasable area. The supply of top-tier office spaces has increased, with the completion of two major developments - 40 Adetokunbo Ademola offering 11,500 square meters, and the new Stanbic IBTC headquarters providing 7,544 square meters of prime office space.

However, the demand for lower-grade office spaces continues to outpace that of the prime offices, suggesting a potential shift in tenant preferences driven by cost considerations.

In the prime office market, the occupancy rate decreased by 4%, from 61% in the second half of 2023 to 58% in the first half of 2024. Despite this decline, annual rents have slightly increased by 2.05%, rising from \$531 per square meter in the second half of 2023 to \$542 per square meter in the first half of 2024.

The decreasing occupancy rate coupled with the slight increase in rents may signal a need for more strategic pricing and tenant-focused approaches to maintain the competitiveness of the prime office market in Victoria Island.

Prime Office Stock, Pricing & Occupancy

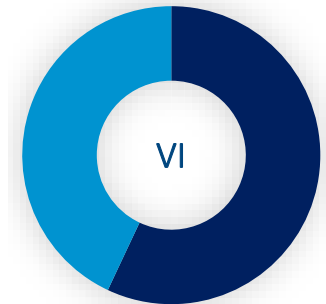


82% | Occupancy Status

18% | Vacancy Status

Average Rent Grade A - Ikoyi (per sq. m./Annum)

10 Buildings \$637



58% | Occupancy Status

32% | Vacancy Status

Average Rent Grade A - VI (per sq. m./Annum)

16 Buildings \$522

Source: Trollope Research, 2024

Prime Office - Pipeline

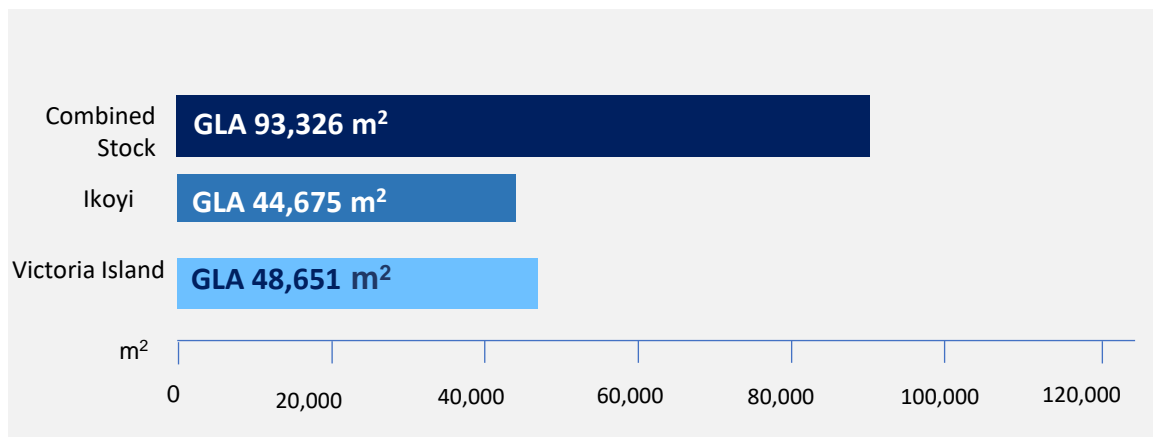
Ikoyi

The office space market in Ikoyi has experienced a slowdown in the first half of 2022. Despite this temporary delay, the delivery of an estimated 48,390 square meters of prime Grade A office space is expected. A notable project, The Pantheon, is rapidly approaching completion and will contribute to this increase in available office space.

Victoria Island

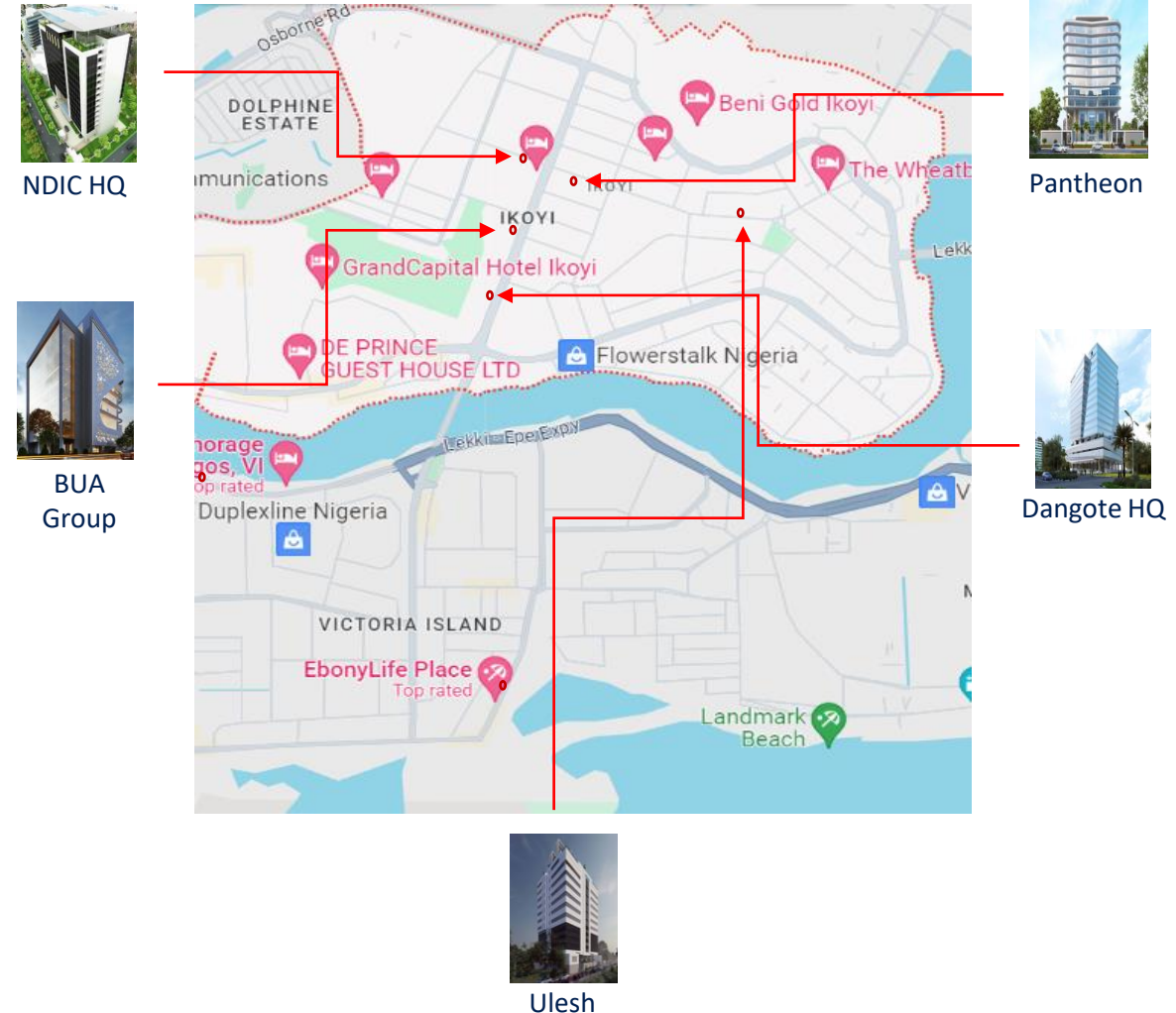
Victoria Island is poised to see a significant influx of new office space, with a total of 57,798 square meters of GLA (gross lettable area) expected to be delivered. While this expansion is a positive sign of the market's growth, the high volume of new supply may lead to a low absorption rate due to an oversaturation of the market.

Pipeline



Source: Troloppe Research, 2024

Pipeline Map



Prime Residential (Ikoyi & Victoria Island)

The prime residential market in Ikoyi has experienced a steady increase in development, driven by high occupancy and robust demand. The consistent supply reflects investor confidence but also raises questions about whether peak demand can continue to match the growing availability of luxury units. Anticipated delivery of over 1,700 units across sub-markets is set to further expand the luxury segment.

Notable developments, including Queen's Residence, The Avenue, and The Gentry, are nearing completion, with significant new construction along Glover Road and the Bourdillon-Gerrard stretch. Ikoyi has sustained an occupancy peak, with a 2% increase from 92% in H2 2023 to 94% in H1, 2024.

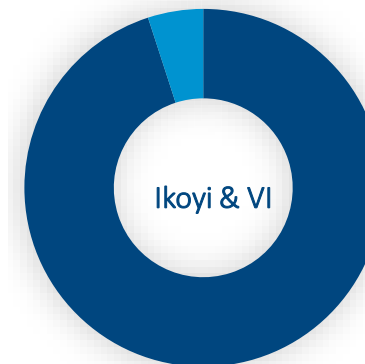
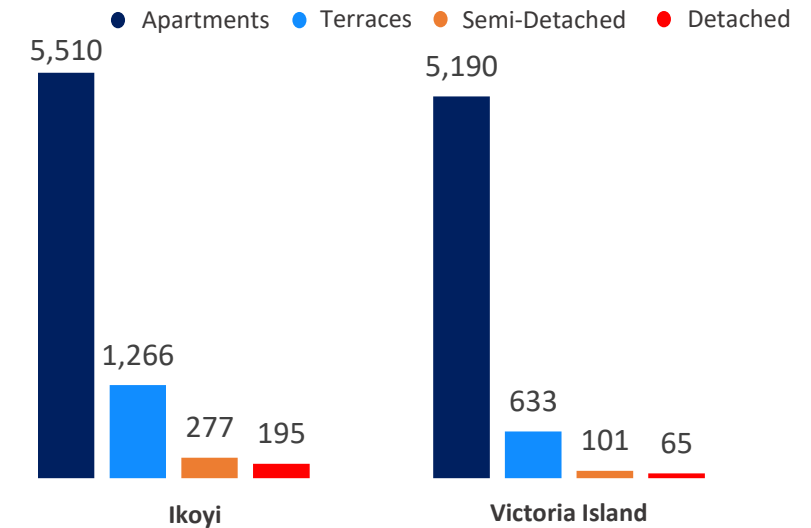
Increased demand drove a 32% rise in sale prices of premium 3-bedroom apartments, from (₦650,000,000) in H2 2023 to (₦860,000,000) in H1 2024. Developers show skepticism in fixing pricing due to sustained inflation. The rental market experienced a 16% increase in pricing over the same period.

Achieving a 98% occupancy rate in the first half of 2024 is a significant accomplishment for the sector. This marks a marginal increase from the already impressive 97% occupancy achieved in the second half of 2023, indicating a continued strong demand in the local real estate market. The sustained increase in demand, coupled with inflationary pressures, has led to a substantial surge in the sales prices of prime residential units.

The average price of a 3-bedroom luxury apartment has soared from N149,000,000 in the second half of 2023 to N303,000,000 in the first half of 2024. This price appreciation reflects the high desirability and limited availability of these sought-after properties.

The rental market has also experienced an 8% upswing. The combination of high occupancy rates, soaring sales prices, and rising rental rates paints a picture of a thriving real estate market with robust demand and limited supply. However, with a strong pipeline of units expected to be delivered over the second half of the year, this is likely to present both opportunities and challenges for investors and tenants alike.

Ikoyi & Victoria Island Residential Stock & Pricing



95% | Occupancy Status

5% | Vacancy Status

Average Annual Rent

Ikoyi & VI

2,332
Units

Apartments
\$15,000

Source: Trollope Research, 2024

Prime Residential – Pipeline



39 Bourdillon
38 Units



54 Glover
93 units



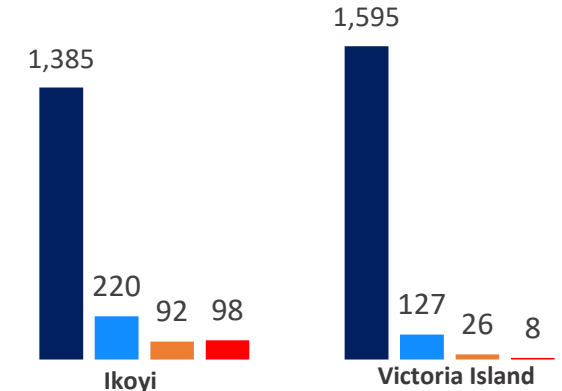
A&A Tower
98 Units



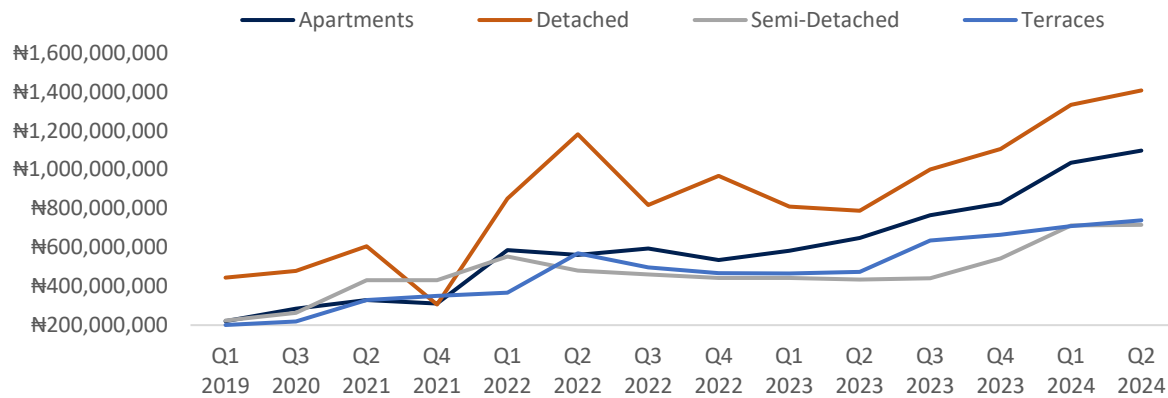
The Grand Panorama
74 Units

Pipeline Stock

● Apartments ● Terraces ● Semi-Detached ● Detached



Residential Sales Pricing



Source: Trollope Research, 2024

Top Developers





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