Troloppe
Property Services

LAGOS CITY REPORT

H2 2024

Outline

Economic Overview

229m	27.5%	₦18.29Tn	33.88%	$1: 1535	$40.20B
Population	Interest Rate	GDP Size	Inflation	Exchange Rate	External Reserves
▲ 2.39% Growth in 2024	▲ 46.67% YTD increase in 2024	▲ 3.46% Q3 2024 Growth	▼ 13.31% YTD increase in 2024	▼ 40.9% YTD depletion in 2024	▲ 24.2% YTD increase in 2024

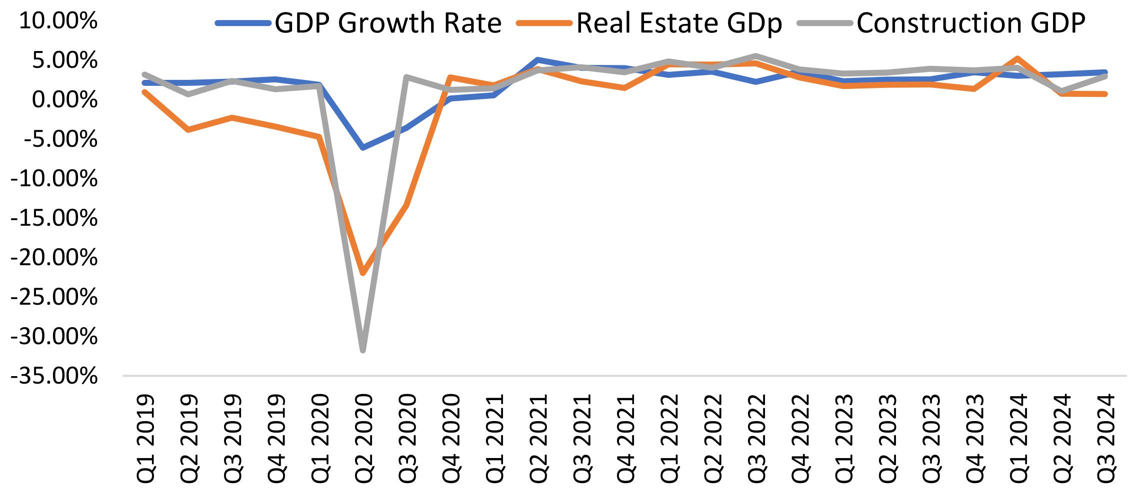
The first half of 2024 was challenging for Nigeria, adjusting to the significant reforms introduced in the previous year. However, the year's second half showed signs of stability and growth. Oil production picked up momentum, outperforming the first half, external reserves have also increased, and the exchange rate seems to be nearing a settling point, indicating that the economy is on track. Inflation remains high, recording a new high in December but the CBN remains strict with the monetary policy, effectively trying to curb the increasing inflation.

Economic Highlights

Nigeria's economy seems to be on the way to recovery - The country's GDP grew by 3.46% year-on-year in Q3 2024, the most since Q4 2023 and improving from 3.19% in the previous quarter. The real estate sector's real GDP grew by 0.68%, making up 5.43% of the national output, slightly higher than the 5.20% contribution in the previous quarter. The construction sector continued to show recovery, with a 2.91% real GDP growth, a contribution of 3.35% to the total national Q3 2024 GDP. The IMF still retains its 3.2% growth forecast for 2025.

The optimism surrounding the economy's recovery has not fully transferred into investor confidence, particularly in the second half of the year. The latest figures from the National Bureau of Statistics show a decline in foreign capital flowing into the country. In Q3 2024, total capital importation into Nigeria reached $1,252.66 million, up from $654.65 million recorded in Q3 2023, indicating an increase of 91.35%. Capital imports fell by 51.90% in Q2 2024 compared to the previous quarter, from $2,604.50 million. Foreign Direct Investment, accounted for only 8.29% of the total capital importation, with Lagos remaining the top destination accounting for 51.92 percent of the total capital imported.

Nigeria's GDP Growth Rate



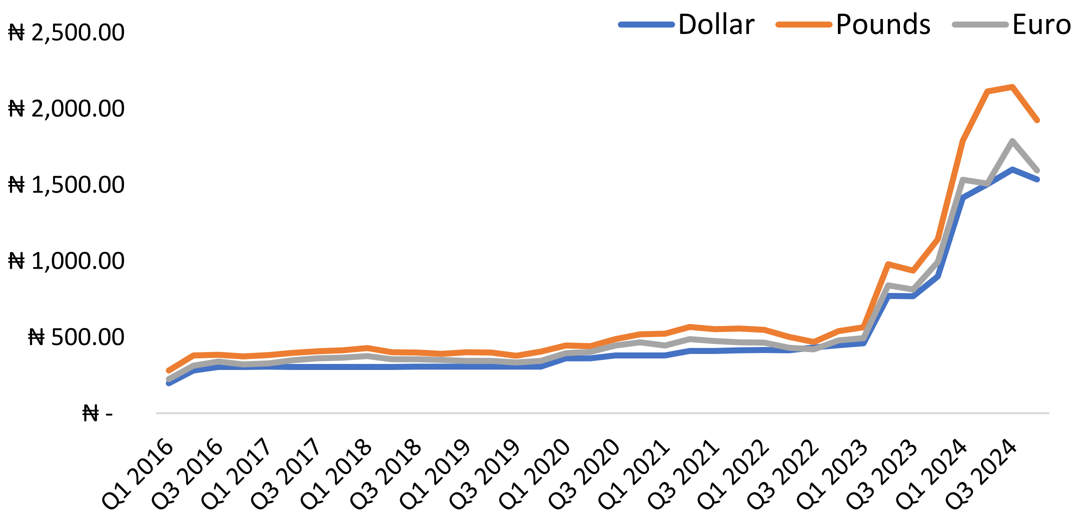
Source: NBS | 2024

Economic Overview

The currency fluctuation remains one of the country's most significant economic issues. The naira continued a wild ride in 2024, trying to find a settling point. It recorded a 40.9% YTD decline against the US dollar in 2024, plummeting from an exchange rate of ₦988:$1 at the start of the year to ₦1,535:$1 by the end of 2024.

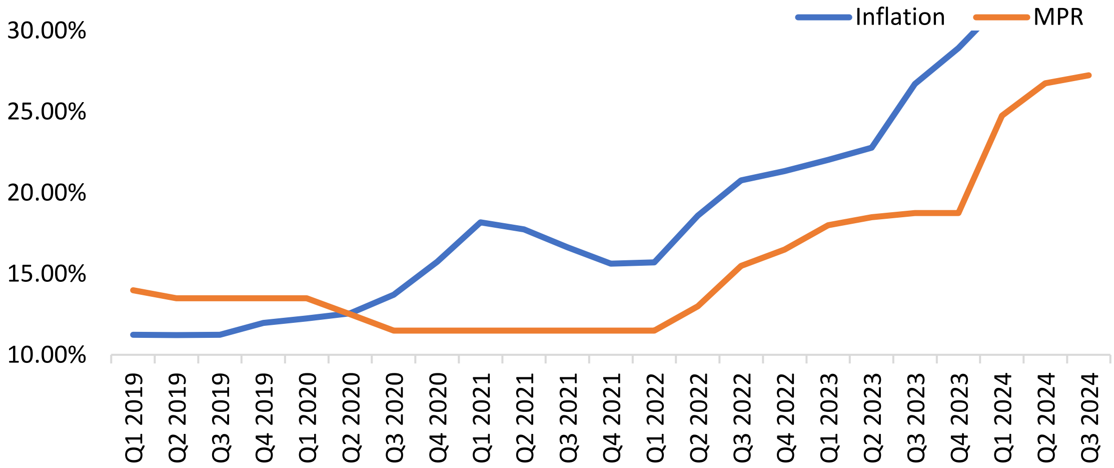
Despite the fluctuations in the exchange rate, Nigeria's external reserves opened the year at $32.3 billion and closed at $42 billion in December, representing a 24**%** year-to-date gain. This suggests that the central bank has been actively managing the currency's fluctuations, albeit with limited 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. They have since raised the monetary policy rate to 27.5% in the year's second half, delivering 8.75% hikes in 2024. This series of hikes aimed to curb surging inflation, which reached a fourth consecutive high of 34.80% in December, following a decline to 32.15% in August, according to the NBS. The high inflation was amplified by a surge in food prices. Analysts maintain an optimistic stance for the economy in 2025.

Prime Office

Ikoyi

The prime Ikoyi office market is experiencing a decline in the delivery of new additions. This decline has however translated to an increase in absorption of the available supply. The overall prime office market supply is circa 176,000 sqm, with an estimated 48,390 sqm in the development pipeline. Notable pipeline developments including The Pantheon and Ulesh are expected to be delivered in the first half of 2025.

The prime office market's demand is driven by the oil & gas, financial services, and technology industries. The occupancy rate for Grade A & B office space in Ikoyi rose by 7% from 84% in the first half of 2024 to 91% in the second half of 2024, with Grade B developments recording the highest occupancy rate. This is a good outlook for a market that has experienced volatility especially with notable multinationals exiting and downsizing due to the economic instability.

Grade A office rents in Ikoyi decreased marginally by 2.21%, from $680 per square meter annually in the first half of 2024 to a median of $665 per square meter in the second half of 2024. The office rent continues to be driven by landlords' incentives to maintain and attract occupancy.

Victoria Island

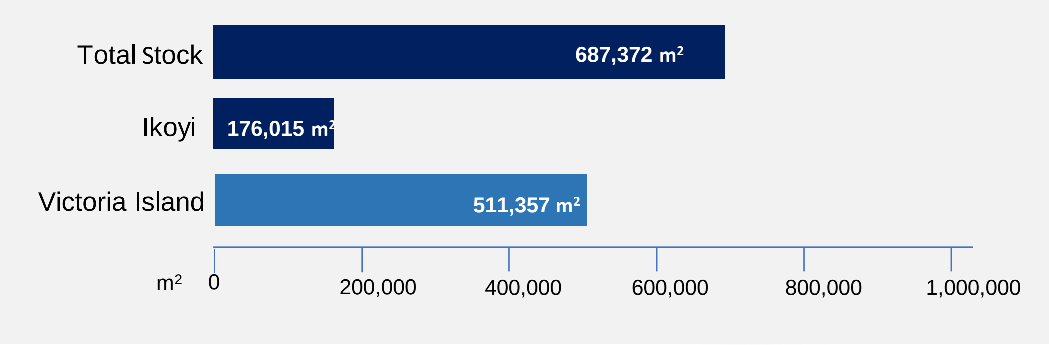
Victoria Island office market has remained resolute despite uncertainties that have characterized the overall office market over the past few quarters. The prime office market has a total gross lettable size of 500,559 sqm, with an additional 49,950 sqm in pipeline. The Victoria Island office market demand is primarily driven by the oil & gas, and financial services industries.

Occupier demand continues to shift towards grade B & C office spaces with these segments recording the highest occupancy rates.

The occupancy rate for Grade A & B office spaces in Victoria Island improved marginally by 3% from 71% in the first half of the year to 74% in H2 2024, which could be attributed to declining rent and landlords providing incentives to keep their occupancy levels competitive.

Grade A office rents declined by 10%, from $500 per sqm in H1 2024 to $450 per sqm in H2 2024. This indicates growing pricing pressures on landlords as tenants negotiate lower lease rates or relocate to more affordable office locations.

Prime Office Stock, Pricing & Occupancy

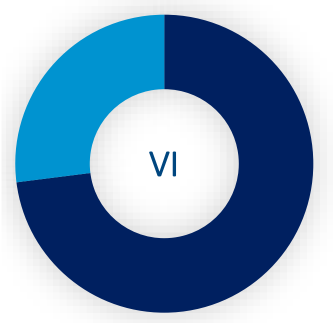


91% | Occupancy Status

9% | Vacancy Status

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

10 Buildings $665



74% | Occupancy Status

26% | Vacancy Status

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

16 Buildings $450

Source: Troloppe Research, 2024

Prime Office - Ikeja

The Ikeja office market continues to thrive as a key commercial hub, with demand for premium office spaces remaining at its highest levels in recent years. Its strategic location—offering proximity to the local and international airports, Alausa Central Business District (CBD), major transport nodes, and industrial zones—remains a critical driver of demand and supply.

As older office stock becomes obsolete, the market has responded with a steady influx of contemporary and flexible office developments across key areas, including Alausa, Ikorodu Road, Opebi, Ikeja GRA, and surrounding areas. The total office stock in Ikeja stands at 138,201 sqm, with no new Grade A developments introduced in recent years. However, recent additions such as Coral Center and Haven Tower by Misa have provided much-needed prime office spaces, which have either been fully occupied or are set for rapid absorption.

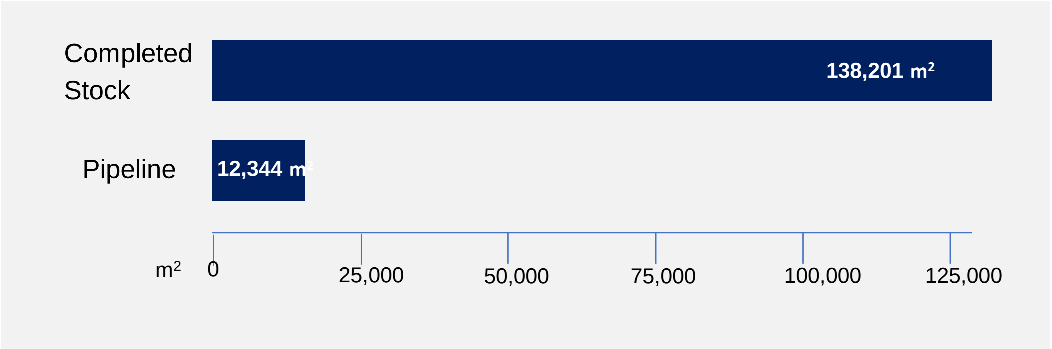
The recent acquisition of Deloitte House, a 2,000+ square meter office space on Ikorodu Road, by a private developer adds to the office market's strong outlook and investor confidence. The development maintains a 100% occupancy rate, demonstrating sustained demand in the sector.

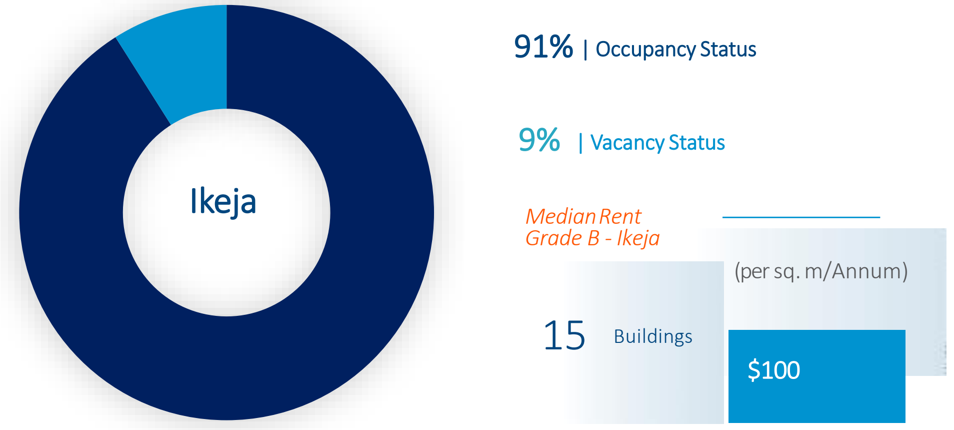
In H2 2024, the office occupancy rate stands at an impressive 91%, reflecting robust demand primarily driven by financial services, technology, manufacturing, and travel industries. The presence of major fintech companies, including Opay and Palmpay, further reinforces this demand.

Prime office rents have remained competitive, with Grade B developments averaging $100 per sqm, positioning Ikeja as an attractive affordable alternative to the more expensive Island prime office markets while offering excellent accessibility and connectivity.

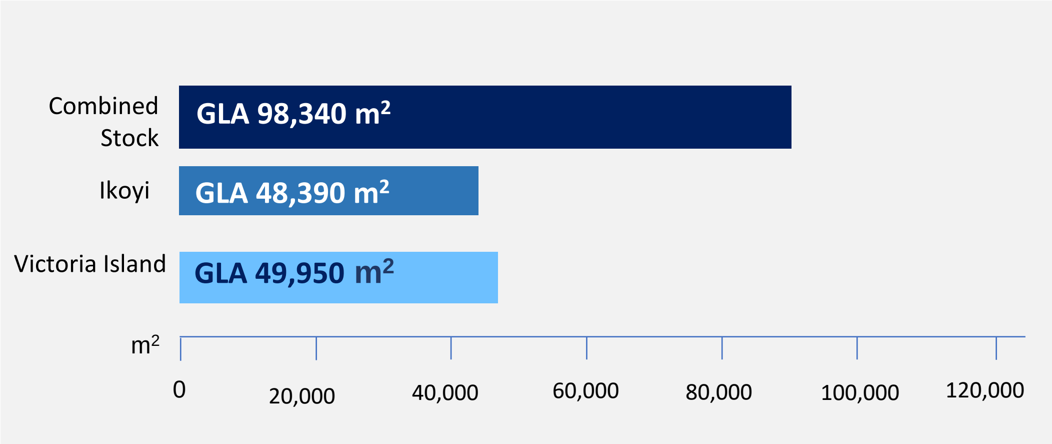
The market is set to receive a significant boost with the introduction of The Phoenix, a highly anticipated 8,000 sqm Grade A office development located on Mobolaji Bank Anthony Way, Ikeja, slated for completion in Q1 2025, further enhancing Ikeja's commercial appeal.

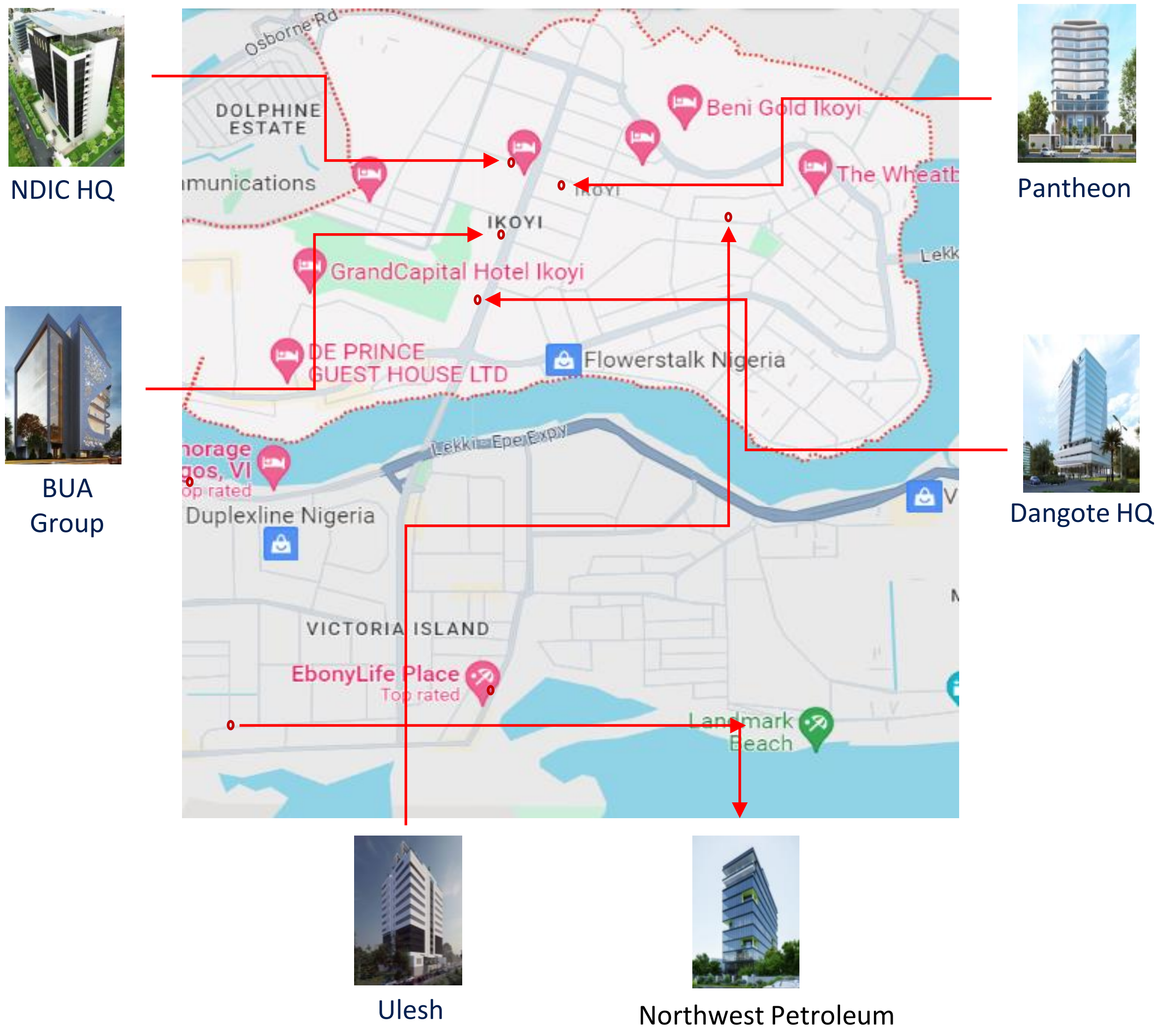
Prime Office Stock, Pricing & Occupancy





Prime Office Pipelines





Top Developers

Source: Troloppe Research, 2024

Prime Residential (Ikoyi & Victoria Island)

The prime residential market in Ikoyi continues its steady increase in development rate, driven by high occupancy and consistent demand. While there are questions about the sustainability of demand matching the supply of luxury units, the high supply reflects investors' confidence despite the economic turbulence.

Currently, the Ikoyi market boasts over 7,000 luxury residential units, with an additional 1,900 units expected to be delivered across various sub-markets These new developments continue to attract significant interest, with most units selling out in the primary market before completion. Ikoyi has sustained an occupancy peak, with a 1% increase from 94% in H1 2024 to 95% in H2 2024, with demand from HNIs, and diaspora buyers for the ultra-luxury apartments.

Increased demand coupled with developers selling in USD drove a 25% rise in sale prices of premium 3-bedroom apartments, from ₦680,000,000 in H1 2024 to ₦850,000,000 in H2 2024. The rental market experienced a 12.5% increase in pricing over the same period.

Several high-profile developments, including Mandilas Tower and Peace Tower commenced construction, contributing to the heightened construction activity observed along key corridors such as the Bourdillon-Gerrard axis.

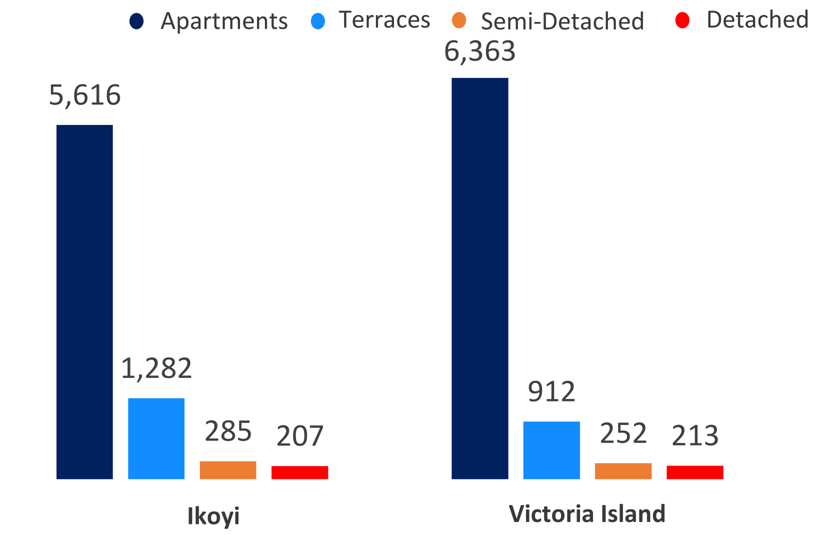
The Victoria Island prime residential market benefits significantly from its close proximity to commercial hubs, which serves as a key driver of demand. However, the market experienced a slowdown in development deliveries, with projects initially anticipated for completion in 2024 now deferred to 2025. The VI market boasts 7,000+ units across all submarkets, with new additions in 2024 including Oak Residences and The nexus of iconic Towers. The market expects the delivery of 1,700+ pipeline developments in the next 3 years.

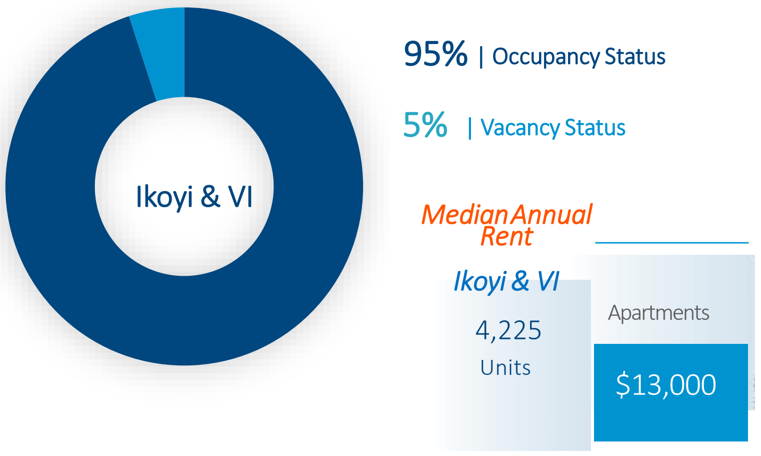
The occupancy rate remains at a peak of 98% occupancy rate as in the first half of 2024. The sustained increase in demand, coupled with inflationary pressures, has led to a substantial surge in the sales prices of prime residential units.

The median price of a 3-bedroom luxury apartment moved from ₦350,000,000 in the first half of 2024 to ₦480,000,000 in the second half of 2024 reflecting over 30% increment in 2024. The rental market has also experienced a similar increment.

The Eko Atlantic submarket continues to draw leading developers as infrastructure development progresses. The submarket has the highest percentage of pipeline developments in Victoria Island with Arkland being a major player.

Ikoyi & Victoria Island Residential Stock & Pricing





Source: Troloppe Research, 2024

Prime Residential – Ikeja

The residential market in Ikeja GRA is characterized by high demand primarily driven by the area's strategic proximity to key locations such as the Local and International Airports, Alausa Central Business District (CBD), major industrial estates, and inter-state road transport networks. In recent years, the supply of premium residential developments in Ikeja GRA has been relatively limited. However, new projects such as The Address Homes Harold Shodipo and Damilare Baker Residence, delivered in 2024, have added to the market's appeal. The market currently boasts over 1,200 residential units, with an additional 300+ units in the pipeline. Prominent developers shaping the market include Brainsworth Ltd, Foreshore Waters, and Banksome Property.

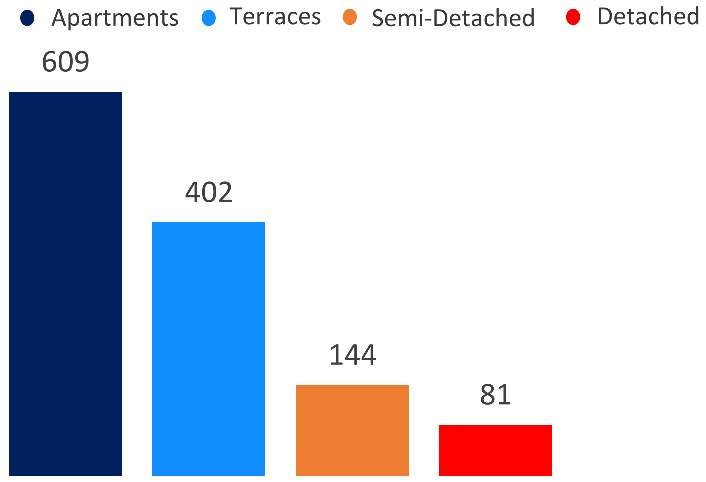
The occupancy rate in Ikeja GRA remains robust at 92%, unchanged since H1 2024, reflecting the continued strong demand, particularly for prime developments, which are rapidly absorbed upon on delivery.

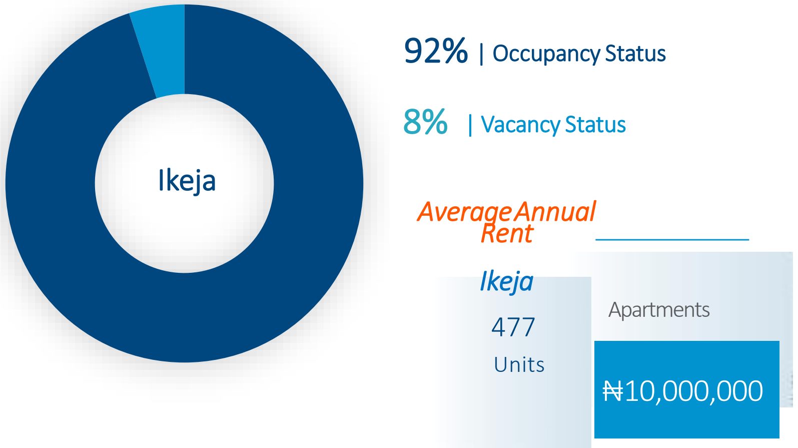
The average pricing of different building types have risen over the period driven by a strong demand and high inflation rates. On average detached houses are priced at ₦650million, terraces at ₦370million and Apartments at ₦190 million, signaling a low demand and absorption rate for apartments except for premium built developments.

Shonibare Estate has remained a closed community over the years attracting expats and high-income individuals who favor the mainland and the high security it provides. The estate has a 92% occupancy rate, due to its accessibility and security. The average rent of a 3-bedroom apartment is ₦10million.

The estate has 50+ units in the pipeline, with developers favoring detached houses over other building types.

Ikeja Residential Stock & Pricing





Source: Troloppe Research, 2024

Prime Residential Pipelines

39 Bourdillon
38 Units

Mandilas Tower
58 Units

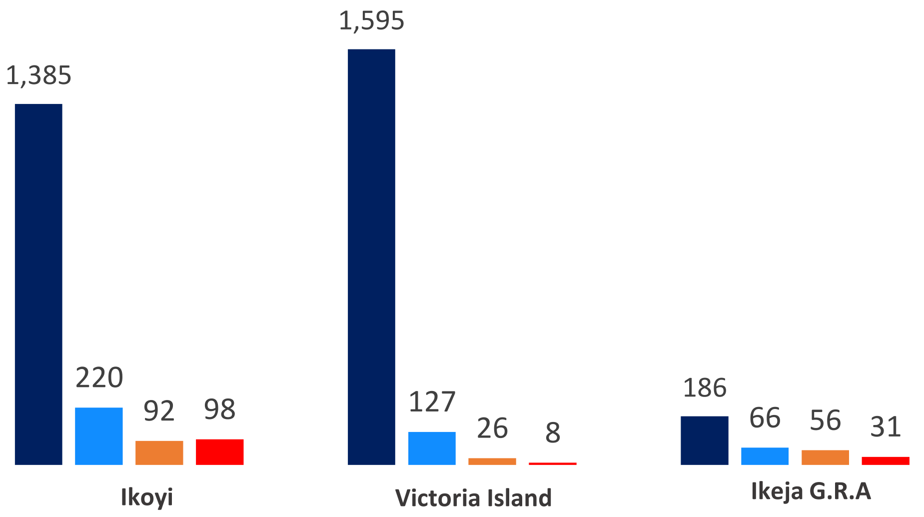
A&A Tower
98 Units

Grand Panorama
75 Units

Quantum Luxury Towers
50 Units

G2
20 Units

Stock



Top Developers

ARKLAND
PROPERTIES & INVESTMENTS CO LTD

KAIZEN
PROPERTIES

CCECC

Source: Troloppe Research, 2024

Detail | Delivery | Distinction

Troloppe is a leading multidisciplinary property services company, privately held and incorporated in Nigeria, providing bespoke solutions across a range of real estate services to owners, occupiers and investors.

16th Floor Elephant House
214 Broad street Marina Lagos

T: +234 020 1632 0887
T: +234 020 1632 0888

E: info@troloppe.com, research@troloppe.com
W: www.troloppe.com