

RAC Lagos House Price Index

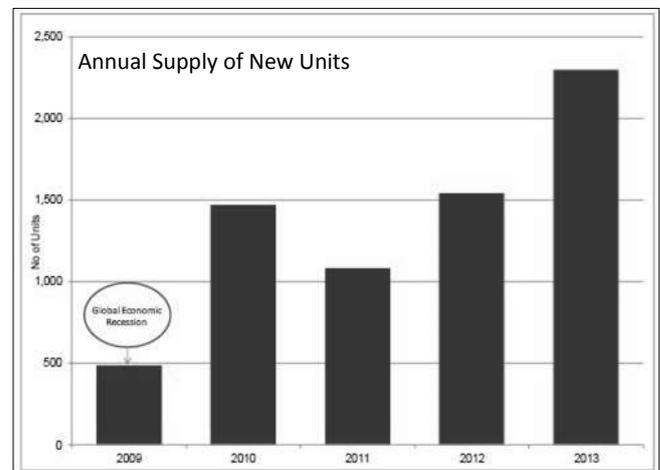
Residential Auctions Company ("RAC") is a real estate research firm based in Lagos, Nigeria. The company was established in 2010. RAC specializes in providing integrated research services and data on the local property market. They are committed to promoting real estate research by providing accurate data and information on the property market to all practitioners in the sector. RAC launched the 'RAC Lagos House Price Index' in 2011 which reported on the price movements based on average asking price of the Nigerian housing market. Earlier this month RAC released a report "Spotlight on Lagos Housing Development - 2014 Outlook" highlighting the factors that influence the supply of housing in the country.

Nigeria's economy has undergone a significant transformation within the last couple of months. Earlier this month Nigeria's statistics agency re-calculated the country's GDP and found that it was worth US\$500bn, 53 percent bigger than South Africa's economy. This gives Nigeria the title of Africa's largest economy, and will change the way the economy is perceived by potential investors. This also means that Nigeria now stands at 26th on a global scale. However, mortgage debt to GDP has been measured at about one percent. Clearly there are opportunities for real growth in Nigeria's mortgage market.

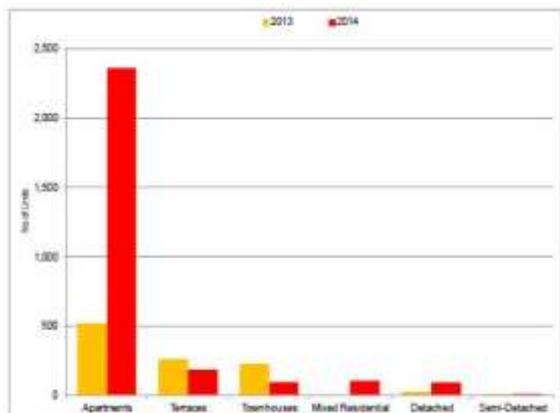
The Nigerian Mortgage Refinancing Company (NMRC) was established this year with the purpose of stabilizing the mortgage sector by reducing the cost of mortgages through providing banks with increased liquidity and longer loan terms.

However, Nigeria's supply of housing in the country has been poor and this is attributed to the rising costs of accessing housing finance. In the report, RAC has focused on the mortgage market from the perspective of prospective buyers. Public Private Partnerships have become popular for state housing delivery which has been credited to the recent increases supply. RAC has undertaken surveys into mortgage finance affordability by speaking to professionals who have a mortgage on their

properties. Buyers have been reluctant to buy a house because of the high interest rates, short borrowing periods (varying from 5 to 10 years), a lengthy and tedious application process, and other related factors. Nevertheless, the market has great potential for growth in housing development, mortgage and housing microfinance lending. From the survey, 40 percent of those that earn between US\$6 000 and US\$24 000 responded that owning a house is on top of their list of priorities. The market for low to middle income groups is ripe with potential, especially for first time buyers.



Over the past five years the supply of housing units has increased from 500 units in 2009 to 2 299 in 2013. This rise illustrates developers' commitment to enter the market and the keenness to fill the supply gap. Over 90 percent of new housing stock is supplied by the private sector, a total of 1 450 units were delivered in 2012. Other prominent housing developments worth mention that were delivered in 2013 include United Property Development Corporations (UPDC) Metro Gardens, Grandville Estate and Cameron Green. The Metro Gardens development includes a 54 mixed residential development all of which were sold before project completion.



Source: RAC Survey

Development Pipeline for 2013 and 2014

RAC estimates that the housing developments started in 2013 will be 80 percent completed in early 2014 and concurrently there are 2 851 planned new units of which over 80 percent will consists of apartments.

Public Private Partnerships have also played an important role in the market. For example, a public sector housing development for the Police Force, called 'Goodluck Jonathan Police Estate' and comprising 500 apartment units, is underway. The development consists of 500 apartment units. Delivery can be slow, however. In 2009, the Lagos State Government (LASG) and some private real estate developers agreed to deliver 15,000 units over five years. Six years later, less than 10 percent of this target has been achieved.

FINANCING HOUSING in Africa is a monthly publication of the African Union for Housing Finance for its members. Please submit material for inclusion to Kecia Rust, at kecia@housingfinanceafrica.org or Olga Koma at Olqa@housingfinanceafrica.org.



In the news

This month in African housing & finance

Southern African News

CFI Holdings Zimbabwe is in talks with potential funders to finance the development of low-cost housing units on its land. The land parcel, along the Harare-Masvingo Highway, can accommodate approximately 15 000 high density units. These talks are underway as the country's financial institutions are awaiting incentives from Treasury, defined in terms of the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim Asset). The Finance and Economic Development Department earlier announced that all financial institutions that offer mortgage finance will qualify for a tax exemption on mortgage finance. In terms of Zim Asset, the government of Zimbabwe also plans to construct 125 000 housing units by 2018, working towards its estimated backlog of 1,5 million units. [9 March 2014, [All Africa](#)]

The Namibian government is considering a draft Bill to control the country's mounting house prices. House prices have been on an increase since 2010, where the price for a three bedroom house was valued US\$65 000 and two years later, the same price was valued at US\$150 000. The Minister of Trade and Industry announced that the government was in the "process of amending real estate laws to entrench several clauses that will ensure that industrial land and prices of properties are controlled". [20 March 2014, [All Africa](#)]

East African News

The complex land market of Kenya has been cited as a barrier to incremental housing processes and the entry of housing microfinanciers to the market. According to a study "Kenya Housing Market Mapping and Value Chain Analysis" new housing microfinanciers first have to be vigilant of Kenya's cultural land intricacies. Because housing supply is insufficient to meet demand, a further challenge lies with speculators, who buy houses and then flip them for much higher prices. [12 March 2014, [The Star](#)]



North African News

King Mohammed VI has launched an integrated housing project in the urban commune of Gueznyaya (commonly known as Tangiers). The housing project will consist of 766 low income housing units. The project will cost US\$ 40.7 million, and will consist of 107 low income housing units and, 212 housing units for middle income persons. There have been a further 19 projects, comprising 34,793 low-cost housing units which were carried out as part of the program. In total, there will be a further 44 projects consisting of 62,660 low-cost housing units. [10 March 2014, [All Africa](#)]

West African News

The Novare Equity fund Partners will invest US\$250 million into Nigeria and other African countries' urban real estate sector, with money from their second property fund. The property fund known as Novare Africa Property Fund II comes after the closure of the Novare Africa Property Fund I. The South African based company sees Nigeria as a huge potential for great returns, with an economy expanding at round 7% a year. [31 March 2014, [Ventures-Africa](#)]

Member News

CBZ Holdings is in the process of developing a land bank worth US\$ 66.7 million in Zimbabwe. The land will be sold as serviced stands or low-cost houses. The company has received funding from Shelter Afrique, worth US\$16 million, for investment into low cost housing development. In addition, the bank's Cash Plus savings account is being used to mobilise funds channelled towards housing. So far Cash Plus saving had mobilised US\$20 million, of which a third was directed towards housing. Other banks will most likely follow suit, after the Ministry of Finance exempted income tax towards mortgage lending. [2 March 2014, [The Standard](#)]

The Housing Finance Company of Kenya has revealed the construction design of over 50 houses which are aimed at the middle and lower end of the market. Housing Finance reports that the "Makao homes- *modular homes*" can be delivered in time, within fixed costs and also with ensured quality. The designs that target the low income end of the market cost in the region of US\$18 000 and includes the

details on design, pricing, built-up area, construction period and proposed plot size. Customers of the Housing Finance Company will receive 100 percent financing. [19 March 2014, [Housing Finance](#)]

UPCOMING EVENTS

2 May 2014: DEADLINE for [World Habitat Awards 2014/15](#) entries. Innovative *housing projects* are invited to apply for the chance to gain recognition for their work.

26 May - 26 June: Developing Social Housing Projects 2014. For details email: ihs.study5@gmail.com

27 May- 28 May: [African Construction Expo](#). Johannesburg, South Africa.

28-29 May: 6th Global Housing Finance Conference #Housing4All. World Bank, Washington DC. For information: <http://go.worldbank.org/EVQYSPROWO>

NOTE: Pre-conference sessions are planned for **May 27**

2-14 June: International Housing Finance Program. The Wharton School at the University of Pennsylvania. For info: <http://housingfinance.wharton.upenn.edu/>

4 June 2014: [Shelter Afrique 33rd AGM and Symposium](#), Abijan, Ivory Coast

16 June – 18 June: City Development. Cape Town, South Africa. Contact Mavis Yong for details mavisy@marcusevanskl.com

20-25 July 2014: [Housing Finance Summer Academy 2014](#), Frankfurt, Germany

3-7 August: [International Union of Architects World Congress](#). Durban, South Africa.

11-12 September: [100th Anniversary of the International Union for Housing Finance](#); Munich in Germany

28 September - 01 October 2014: [Call for Papers, International Housing Conference, Exhibition & Housing Awards](#), Lord Charles Hotel, Somerset West, Cape Town, South Africa



Financing Housing in Africa

Issue 34: April 2014

19- 22 October: [Planning Africa 2014](#). Durban, South Africa.

Call for nominations or applications [for ICHUD and UMDT at IHS, The Netherlands](#)

We urge you to sign up for the [2014/15 World Habitat Awards](#). These awards recognise innovative, sustainable and scalable solutions to key housing challenges facing communities around the world.

Visit <http://www.auhf.co.za/events/> for event details

RECENT TWEETS



[@AUHF_Housing](#) : [#CBZHoldings](#) will invest US\$66.7 million into development of [#land](#) bank which will be sold as serviced stands or low-cost houses [#Zimbabwe](#)



[@AUHF_Housing](#) : Low & middle income earners in [#Nigeria](#) can now own houses for US\$9 000 thanks to the

[#FederalHousingAuthority](#)
<http://bit.ly/1hbGCqn>



[@AUHF_Housing](#): RT [@FinancialMail](#) SA's housing slump has not stopped new players from entering the market <http://ow.ly/uA8lj>

[@AUHF_Housing](#) : [#Nigeria](#)'s [#FG](#) has set aside US\$50.2 million for [#Housing](#)
<http://goo.gl/cTaVF0>



[@AUHF_Housing](#) : Social Security and Housing Finance Corporation & BP Investment Group have partnered to provide 400 houses & 110 apartments for [#Gambians](#)

AFRICAN UNION FOR HOUSING FINANCE

The AUHF is an association of now thirty-nine mortgage banks, building societies, housing corporations and other entities involved in the mobilization of finances for the development of shelter and housing on the African continent. The AUHF is a non-governmental association and has its presence in some sixteen countries across the continent of Africa. See www.auhf.co.za



Group: African Union for Housing Finance



[@AUHF_Housing](#)