

Hilton in Niger expected to open in 2019

Image source: Hilton



JULY 2017

MONTHLY REAL ESTATE NEWSLETTER

JULY 2017



ECONOMIC DASHBOARD



JUNE INFLATION
16.10%



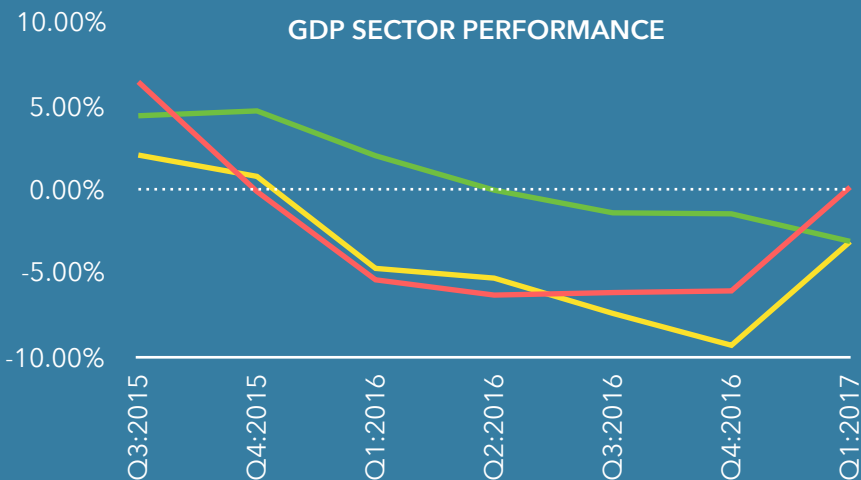
NIGERIAN STOCK EXCHANGE ALL SHARE INDEX
+8.23% IN JULY
+34% YEAR TO DATE



BRENT CRUDE
\$52.65
UP 9.87% IN JULY '17



RESERVES
\$30.84BN
UP 1.83% IN JULY '17



Naira per Sterling
₦465/£

Naira per Dollar
₦365/\$

Naira per Euro
₦432/€

FEATURED STORIES



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On estate intel

- AFREXIM Bank, Kings College Hospital London and Ministry of Health enter MoU to develop healthcare centre in Nigeria.

The centre will specialise in the treatment of cancer and sickle cell diseases. [\(estate intel\)](#)

- Flagship Infrastructure Debt Fund Lists on FMDQ OTC Exchange.

Chapel Hill Denham Management has registered and established the Nigeria Infrastructure Debt Fund (NDIF) ₦200bn Issuance Programme. [\(estate intel\)](#)

- Lagos Land Registry Commissions Thompson Reuters Suite to Improve Title Perfection Process.

New reforms put in place to re-position land administration for efficiency. [\(estate intel\)](#)

- Hilton Expects to Open First Internationally Branded Hotel in Niger by 2019

Hilton is set to welcome its first guests in Niger in 2019 after signing a management agreement with Niamey Hotel & Suites Niger Ltd. [\(estate intel\)](#)

From the web

- Opportunity to delete cumbersome Land Use Act from Constitution missed during Constitution Review. [\(NGR Senate\)](#)

- Nielsen report sees big shift in Nigerian shopping patterns due to tough market conditions. [\(HowWeMadeItInAfrica\)](#)

- NMRC To Issue Second Tranche Of Bond in Q3:2017. [\(Channels\)](#)

LISTED REAL ESTATE MARKET UPDATE

Similar to most periods, most of the real estate and real estate equities listed on the Nigerian Stock Exchange remained largely flat. UAC Property Development Company and Julius Berger both trended downwards closing the month -1.79% and -3.95% respectively.

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Sector	Companies	Closing Price	July Performance	Year to Date Performance
Property & Construction Companies	UAC Property Company of Nigeria	₦ 2.75	-1.79%	4.96%
	Julius Berger	₦ 36.00	-3.95%	-6.69%
	Roads Nigeria	₦ 6.60	0%	0%
	Arbico	₦ 4.79	0%	0%
	Smart Products Nigeria	₦ 0.54	0%	0%
REITs	UPDC REIT	₦ 10.00	0%	0%
	Union Homes REIT	₦ 45.22	0%	0%
	Skye Shelter Fund	₦ 100.00	0%	0%
Hotels	Ikeja Hotels	₦ 1.78	0%	0%
	Tourist Company of Nigeria	₦ 3.50	-3.84%	-0.28%
	Cap Hotels	₦ 3.31	-4.49%	-5.43%
	Transcorp Hotels	₦ 6.87	0%	37.95%

Bloomberg, ei Database.

SELECT DEVELOPMENT UPDATES

This month's development update focuses on Greystone Tower and Alliance Place in Victoria Island where construction is moving quickly. Other projects including the new Diamond Bank and BUA Group HQ saw significant progress.

Name: Cornerstone Headquarters Office Development;
Location: Chief Yesuf Abiodun Road, Victoria Island Annex/Oniru, Lagos;
Developers: Cap Phoenix Cornerstone – CAPIC of African Capital Alliance;
Size (Gross Lettable Area): 10,000sqm;
Use: Office;
Main Contractor: BCL Nigeria;
Architects: Delano Architects;
Project Manager: Comprehensive Project Management Services.



July 2017

Name: Greystone Tower;
Location: Idowu Taylor Street & Engineering Close, Victoria Island, Lagos;
Developer: Platform Petroleum Limited;
Size: Gross lettable area unavailable however development is 17 floors;
Use: Office with residential element;
Main Contractor: Dori Construction and Engineering;
Architects: Majoroh Partnership – Architects and
Project Managers: Majoroh Partnership.



July 2017



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PRIME LENDING RATES

According to data published by the banks as required by the CBN, GTBank has the lowest prime lending rate for real estate activities at 12% and Ecobank has the lowest prime lending rate for construction at 14%.

Institution	REAL ESTATE ACTIVITIES		CONSTRUCTION	
	Prime	Max	Prime	Max
Access Bank	16.00%	30.50%	16.00%	30.50%
Citi Bank	22.00%	28.00%	22.00%	28.00%
Coronation Bank	20.00%	26.00%	20.00%	26.00%
Diamond Bank	20.00%	28.00%	20.00%	30.00%
Ecobank	19.00%	28.00%	14.00%	24.00%
First Bank of Nigeria	20.00%	27.00%	19.00%	28.00%
FBN Merchant Bank	26.99%	26.99%	-	-
FCMB	17.50%	25.00%	17.50%	26.00%
Fidelity Bank	19.00%	36.00%	19.00%	36.00%
FSDH	21.00%	25.00%	0.00%	0.00%
Guaranty Trust Bank	12.00%	26.00%	16.00%	26.00%
Heritage Bank	27.00%	30.00%	27.00%	31.00%
Keystone Bank	19.00%	34.00%	19.00%	34.00%
Rand Merchant Bank	28.79%	28.79%	0.00%	0.00%
Standard Chartered Bank	18.00%	25.00%	18.00%	19.60%
Skye Bank	28.00%	34.00%	0.00%	0.00%
Stanbic IBTC Bank	19.00%	36.00%	18.00%	30.00%
Sterling Bank	21.00%	33.00%	21.00%	29.00%
Suntrust Bank	21.02%	27.00%	21.02%	-
United Bank for Africa	24.00%	29.00%	24.00%	29.00%
Union Bank	24.50%	24.50%	20.00%	31.00%
Unity Bank	24.00%	32.00%	24.00%	32.00%
Wema Bank	29.00%	30.00%	29.00%	30.00%
Zenith Bank	23.00%	34.50%	23.00%	34.50%
Average	21.66%	29.35%	16.98%	23.11%



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Green illustrates the lowest rate in a segment.

Red illustrates the highest rate in a segment.

FEATURED AFRICAN & GLOBAL STORIES

In the global real estate space 20 Fenchurch Street (Walkie Talkie) was sold for a record £1.3bn to a Chinese investor and within Africa Abraaj acquired Java House for an undisclosed sum.



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AFRICA

- ☰ Mara Delta changes name to Grit Real Estate Income Group Limited as part of reposition [\(Reuters\)](#)
- ☰ Foreign Executives need to get their feet dirty to succeed in Africa. [\(The Economist\)](#)
- ☰ Abraaj Zero in on African Retail Sector through Java House Acquisition. [\(estate intel\)](#)
- ☰ Afreximbank Grants \$200m Financing Facility To Arab Contractors. [\(Afrexim Bank\)](#)
- ☰ Two international private equity groups make strategic investments in African school groups. [\(Africa Capital Digest\)](#)

GLOBAL

- ☰ London's Walkie Talkie building sold for record-breaking £1.3bn. [\(Guardian UK\)](#)
- ☰ US Case Shiller House Price Index tracking major metro area home prices up 5.7% year-over-year, down from 5.8% in April. [\(CNBC\)](#)
- ☰ Allianz, Columbia Form \$1.3 Billion U.S. Real Estate Venture [\(Bloomberg\)](#)
- ☰ Asian investors continue to take advantage of weakening pound to scoop up assets as 83% of City of London property under offer by Chinese and Hong Kong. [\(Financial Times\)](#)
- ☰ London loses out to Frankfurt as banks and more firms move jobs to mainland Europe. [\(Bloomberg\)](#)

THE PAST, PRESENT & FUTURE OF NIGERIAN RETAIL

Boom & Bust



Over the lifetime of the formal Nigerian retail sector, retail space grew 38% annually on average, but grew fastest in the boom era (2009 – 2015) at 40% per annum.



As a result of weaker demand, developers had to reduce project sizes and approximately 11,942m² of space was lost.



Of the country's 27 modern retail centres, 63% were developed by indigenous investors while 34% were developed by foreign investors.



During the era of the Boom & 2nd tier city expansion, the total amount of retail space in the country grew by 199,600m² and the addition accounts for 64% of the country's retail space.

[DOWNLOAD](#)

NEW RESEARCH

- estate intel: Boom & Bust - The past, present and future of Nigerian retail
- Northcourt: H1:2017 Real Estate Market Outlook
- MCO Real Estate: Q2 Real Estate Market Update
- Nielsen: Navigating the New Normal in Nigeria
- DLA Piper & CBRE: Is the honeymoon over?

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