

An architectural rendering of a modern urban development featuring several tall, curved skyscrapers with glass facades and balconies. The buildings are set against a blue sky with scattered clouds. In the foreground, there is a wide, multi-lane road with green landscaping and trees. The overall scene depicts a vibrant, high-rise commercial or residential district.

INVESTING IN NIGERIA

OVERVIEW

Nigeria is a West Africa country and Africa's Second economic powerhouse with multinational state inhabited by more than 250 ethnic groups speaking 500 distinct languages. It has a gross domestic product of over US\$252.7bn and it is the largest population in Africa (estimated at over 232 million) and over 50% of that population are in their youth.



OVERVIEW cont.

Nigeria continues to represent a large consumer market for investors and traders. A very young country with nearly two-thirds of its population under the age of 25, it offers abundant natural resources and a low-cost labor pool, and enjoys mostly duty-free trade with other member countries of the Economic Community of West African States (ECOWAS).



OVERVIEW cont.

The economy of Nigeria is largely driven by the oil and gas sector, which accounts for the majority of the country's export revenue. It also has significant yield in crop exportation in the agricultural sector, and such exportable crops includes Sesame seeds, cashew nuts, groundnut, palm oil, cassava, fermented cocoa beans and superior quality raw cocoa beans, and so on.



POTENTIAL SECTOR

Real Estate Investment

Oil and Gas

Mining

Transportation

Construction

Info & Communication
Technology Services

Manufacturing

Power

Agriculture

Real Estate Investments

Investing in Real Estate in Nigeria has proven to be one of the most profitable investment opportunities over time. It involves the purchase, ownership, management, rental and /or sale of real estate to meet the need of the current housing deficit in the country.

“A policy research paper published by the World Bank in 2021 estimated that Nigeria's adequate housing deficit was 15.56 million units in 2019 and is projected to reach 20 million units by 2030 (Behr et al., 2021).” To successfully sail through this, however, you must possess sufficient capital. Real Estate Investments will be categorized into 3 which are Residential, Commercial and Industrial Real Estate Investments.





Types of Real Estate Investments

Residential Real Estate Investments: This form of investment is intended for shelter purposes as shelter ranks 3rd in the ladder of human needs after food and water. Homelessness is a psychological health disaster, considering the giving statistics of which 25% of Nigerians are home owners as at year 2022 which means 75% of the population are still in need of affordable home hence it has made the country a worthwhile investment destination for local and foreign investors.

Commercial Real Estate Investments: This form of investment is intended exclusively for business purposes. Here, the investor may either build for absolute sale and appoint a facility manager to manage the building or lease it for annual returns from the business owners. Categories of commercial real estate investment include; Ultra-modern (shopping malls, office buildings, event centres, hospitality, recreation centres, restaurants and fast-food outlets, Cinemas, resorts e.tc.)

Industrial Real Estate Investments: This form of investment is intended to accommodate industrial activities from raw to finished products including production, manufacturing, assembly, warehousing, research, storage and distribution of goods. There is need for adequate investment in this area as people now use their home as warehouses for return purposes.

Mining Sector

Nigeria is endowed with enormous natural resources with the Mining & Quarrying sector contributing 4.47% to the overall GDP in 2023. It has the potential of driving the nation's economic growth by diversifying the national economy and minimizing over-dependence on Oil and Gas as primary sources of revenue as well as encouraging social development through different instrumental routes, significantly changing and uplifting communities where it operates. Its mineral resources, includes bitumen, gold, iron ore, limestone, tin, coal, zinc, columbite, glass-sand, granite etc.

The sector is self-assured for a revolution that offers significant opportunities for financial investors and capital allocators. By investing in advanced technologies across the sector, investors can capitalize on the growing demand for minerals and the shift towards sustainable mining practices.



CONSTRUCTION

The construction industry is considered by some economists as a leading driver of economic development in a country. This is essentially due to the fact that almost all other sectors of the economy in one way or another depend solely on the products and services of the construction industry in order to carry out their operations.

Nigeria's economic infrastructure even though relatively more developed than what is available in most other African countries, it still remains inadequate for her economic aspiration. There would be need to expand roads and railways, build more hospitals, schools and low-cost housing. Beyond expanding of infrastructures, there is also the need to rehabilitate and maintain already existing facilities.

The industry plays significant role in the economy, and the activities of the industry are also vital to the achievement of national socio-economic advance goals of providing shelter, infrastructure and employment.



Manufacturing

The current population of Nigeria suggests a massive potential workforce, as well as a consumer base. For a manufacturer, this is an ideal scenario: not only do you have potential customers, but you also have potential employees.

The nascent sector is dominated by the production of cement and building materials, food and beverages, tobacco, chemicals and fertilizers, automobiles, wood and textiles. Out of all only 3 subsectors (food & beverage, cement, and textile) account for 77% of manufacturing output generating the greatest value which has led the Nigerian government the eagerness to expand the manufacturing capability in the country, and to that end, they are offering incentives for manufacturers that are able to locally source their raw materials, for example, agro-allied manufacturers processing foodstuffs such as fruit juices and vegetable oils. Any manufacturing industry that provides multiplier effect solutions for the economy is also in demand. Examples include machine tools, flat sheet metal, and spare parts manufacturing.



Agriculture

This is another vital sector in Nigeria that employs a large percentage of the population, particularly in rural areas and it is one of the country's main foreign exchange earners. There is so much money to be made in investing in Agriculture if you go big into it. The Agricultural sector is raising a new set of millionaires from farming in the country and the trend will continue as government at all levels continue to drive agriculture as a way of diversifying the economy.

Subsectors that are open to investment include produce farming such as Rice, Maize, Cassava, Beans, Plantain, Pineapple, Cocoa, Yams, and various fruits and vegetables.

Livestock production such as poultry, pig, and snail as well as fish farming will continue to thrive. If you don't like farming but want the money that comes from it, you may adopt the indirect model by investing in organizations that have the expertise and are engaged in large-scale farming.

These companies use your money to carry out all the processes and pay you returns on your investment periodically and at the end on maturity.



OIL AND GAS

Nigeria remains Africa's largest producer of Crude Oil with about 37.50 billion barrels of reserves ranking it 10th in the world and 2nd in Africa in reserve with a production capacity of approximately 2.19 million barrels per day. The oil sector is a major component of the country's economy, significantly impacting its GDP and export earnings.

The Nigerian oil and gas industry have huge investment prospects due to the natural resources available, the geographical location of the country and a legal framework that is effective for foreign investors. It is critical for a foreign investor to be aware of the legal realities that regulate the Nigeria environment so as to avoid violation of the legal systems of the country. **Foreign investment in Nigeria's oil and gas sector remains viable and attractive** as prospective investors offer themselves with the open door. In these sectors, investment opportunities exist in the upstream, midstream and downstream and these are encouraged through improved fiscal incentives.



TRANSPORTATION

Transportation is the ability to move goods and people from one place to another efficiently and effectively. It is also essential for economic growth by creating opportunities for businesses to expand their markets, workers to access employment opportunities, and for individuals to access goods and services.

This sector is another area where numerous investment opportunities abound, especially in the marine and railway sub-sectors. For instance, in the marine sub-sector there exist investment opportunities in Liner Services, Cabotage, Ship Acquisition and Ship Building Fund, Lifting of Crude Oil and Gas.



Information and Communication Technology Services

One of the most popular trading philosophies today is the ICT methodology. Nigeria is one of the fastest-growing internet users in the world. According to Statista, a global statistics company, as of January 2024, Nigeria registered 103 million internet users, which corresponded to about half of the total population. This figure is projected to grow to 117.83 million internet users by the 2027.

The government of Nigeria recognizes ICT as the enabler for developing other critical sectors including education, healthcare, agriculture, manufacturing etc. In its drive to diversify the economy from oil and gas, the government is encouraging partnerships between local ICT companies and foreign investors.

ICT as an input and as a catalyst has contributed positively to socio-economic development of Nigeria and West African countries. Extension of ICT services to rural areas has generated economic and social benefits which include social change, connectivity, decentralization and accessibility (Mody, 1995). This new economy does not require someone to be in a specific location to provide the service needed, rather they can be located anywhere in the world.



POWER SECTOR

The performance of this sector, which is under purview of the Federal Ministry of Power and Steel, has been below expectation for reason ranging from obsolete equipment to lack of funds. However, it holds great prospects for investors.

Improving power distribution efficiency in Nigeria requires a multi-faceted approach encompassing infrastructure upgrades, technology adoption, demand-side management, renewable energy integration, and combating losses.

Government is deregulating the power sector by allowing full private sector participation in power generation, transmission and distribution so as to make for the shortfall in supply.



CAN FOREIGNERS INVEST

Nigeria Foreign Direct Investment (FDI) increased by 1.2 USD bn in Mar 2023, compared with an increase of 752.7 USD mn in the previous quarter.

The 1999 Nigeria constitution gives equal rights and treatment to foreigners and nationals alike. The foreign investor has a right to life, a right to respect for the dignity of his person, he or she has right to personal liberty, right to fair hearing, right to private and family life, right to freedom of thought, right to freedom of conscience and religion, right to freedom of expression and the press, right to freedom of movement and the right to acquire and own moveable and immovable property in Nigeria.



CAN INVESTORS TAKE FUNDS OUT

Nigeria has a liberal “free entry, free exit” approach to the movement of foreign investment funds into and out of its economy. Subject to payment of all relevant taxes, overseas investors are guaranteed unrestricted repatriation of their investment capital and proceeds, in any convertible currency, if that capital was brought into Nigeria under a Certificate of Capital Importation (a CCI).



THE MORTGAGE INDUSTRY

The mortgage sector is one of the key sectors of our economy with immense potential waiting to be harnessed or translated into economic gain. This potential has not been realized over the years due to lack of cheap long-term funds, feeble and unproductive statutory proof and documentation processes and the structure of housing delivery.

Although the financial system of Nigeria has grown appreciably, the mortgage subsector has remained evolutionary for quite some time and still struggles to find space in a rather unwholesomely hostile environment of limited systemic exposure. Available data show that the mortgage market in Nigeria has been consistently underperforming with a contribution of about 1.13% to the nation's GDP in 2019.



Nigeria is a middle-income, mixed economy and emerging market with expanding manufacturing, financial, communications, technology, and entertainment sectors.

The life expectancy in Nigeria is 56.05 years in 2023, and the literacy rate is 77.62%. The capital city is Abuja, and the largest city is Lagos.

Despite its challenges, Nigeria is a country with great potential. It has a young population, a large and diverse economy, and a rich cultural heritage. Nigeria is a country to watch in the years to come.



WOULD I ADVISE PEOPLE TO INVEST IN NIGERIA

Africa's economy is growing rapidly and Nigeria occupies a key place in this exponential growth. As the most populous country in Africa, the sixth most populous country in the world, reading available statistics on the growing rate of foreign investments in Nigeria and the future of the Nigerian economy, it is safe to say that it is an attractive consumer market for investors and traders, offering abundant natural resources, disposes of a huge human capital, a low-cost labour pool, with trained and qualified professionals readily available at competitive costs in the employment market. It is also not out of place to conclude that Nigeria is a strategic market for all manner of foreign investments.





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