

REAL ESTATE GLOBAL CHAT PRESENTATIONS

REAL ESTATE IN NIGERIA

BY

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MEET THE SPEAKER



ADELE ADENIJI, is the Principal Partner of Adeniji Adele & Associates, a professional to the core, a rare breed, highly educated, very resilient person who never believe that nothing is impossible with God. An erudite Chartered Estate Surveyor & Valuer with passion for integrity and a giver to a worthy course.

Mr. Adele Adeniji had his tertiary qualification in Estate Management and his MBA Marketing/Management at the prestigious University of Ibadan, he also went Lagos Business School to attend Management Courses. His thirst for education did not stop at that, he was at Harvard Business School, Massachusetts, USA (2008 & 2009), for Advance Real Estate Management Course and Harvard University, Graduate School of Design Massachusetts, USA (2010) For Challenges of Leadership Program.

Mr. Adele Adeniji has attended many conferences on Planning and Strategic Management, Investment Analysis Appraiser, Property Management as well as Estate Agency both at home and abroad, he is also a Fellow of the Nigerian Institution of Estate Surveyors and Valuers, the current President of International Real Estate Federation (FIABCI) Nigeria Chapter, as well as Member of many National and International Professional Bodies amongst which are: Fellow, Nigerian Institution of Estate Surveyors & Valuers (NIEVS), Nigeria Institute of Management (NIM), President, International Real Estate Federation (FIABCI), Nigeria Chapter, Present Vice President of FIABCI International Membership Committee

International Appraisal Institute (USA), Associate Member of International Facility Managers, African Real Estate Society (AFRES), Institute of Directors, Nigeria Chapter (IoD), National Association of Certified Registered Property Managers (USA), International Facility Management Association (IFMA), Nigeria – South Africa Chamber of Commerce, Alumnus, University of Ibadan, Alumnus Harvard Business School, American Society of Appraisers, Immediate Past President, Jericho Businessmen Club and many more.

ANATOMY OF REAL ESTATE TRANSACTIONS IN NIGERIA

Anatomy of Real Estate Transaction encompasses all the Real Estate Services other than buying and selling of properties. But for the purpose of this WEBINAR, I will only dwell only on **BUYING & SELLING** which is the **AGENCY** aspect of Real Estate Service.

1. FINDING A PROFESSIONAL AGENT TO ASSIST IN THE PROPERTY SEARCH

- Question: Is there a licensing body?
- Answer: Yes, we have licensing body in Nigeria that regulates real estate activities in the country.
- Question: Is licensing required?
- Answer: Licensing is required for someone to be able to anchor some real estate transactions, but not all the real estate transactions that requires someone being a license officer before you can participate in it.
- Question: Is there a professional real estate association?
- Answer: Yes, we have professional real estate association in Nigeria, which is Nigerian Institution of Estates Surveyors and Valuers, regulated by Estate Surveyors and Valuers Registration Boards of Nigeria. The above are the recognized association and regulatory body by the Federal Government of Nigeria. But we have some other Associations like Association of Estate Agents in Nigeria, Estate, Rent and Commission Agents Association of Nigeria e.t.c. Meanwhile, there are some international bodies like **RICS, FIABCI & So on.**

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2. FINDING OR LISTING THE PROPERTY - IS THERE AN “MLS” OR CENTRAL SEARCH ENGINE?

- Answer: We have some couples of Multi Listing and the main one Nigeria Multiple Listing Services (MLS-NIGERIA.COM), while most people also use google to search for properties. Other MLS websites are Nigeria Property Pro, Nigeria Private Properties, Castles, Tolet.com e.t.c

3. MAKING THE OFFER

- Answer: Making of offer for any real estate transaction is always between the representatives of both the Vendors and the Vendees, which may be Registered Estate Surveyor and Valuer, Lawyer, Notary e.t.c

4. PARTIES TO THE TRANSACTION

- Answer: In Nigeria, the parties to real estate transactions can be both professionals and non-professionals. The reason for this is that the Real Estate Market in Nigeria is not properly regulated, so it is free for all to participate at some levels. But the functions of some Professionals are stated below:

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- **NOTARY:** It is a public official appointed by a state government to help deter fraud who must witness the signing of important documents and verify the identity of the signer(s), their willingness to sign the documents and their awareness of the content of the document or transaction
- **ATTORNEY:** The attorney will advise you with suggestions on ways to solve any problems before entering into a legally binding obligation. Generally speaking, the contract is prepared by the attorney for the seller and signed by the buyer and seller at his office. However, many real estate contracts are entered into via mail or email wherein the contract is first signed by the Buyer and then the Seller. At the time of contract, the Buyer will then deposit the agreed down payment with the Seller's attorney in escrow until closing.
- **LENDER:** It is important to search for a lender who is willing to act as a financial counselor. He/she should be able and willing to analyze your financial situation and offer you a mortgage tailored to your particular needs, keeping in mind interest rates, cash requirements and monthly payments. This is not common in Nigeria Real Estate Market except among the corporate entity.
- **TITLE COMPANY:** Title companies play several key roles in common real estate transactions. Title companies generally act as the combined agent of the insurance company, the buyer, the seller, and any other parties related to a real estate transaction, such as mortgage lenders. The title company reviews title, issues insurance policies, facilitates closings, and files and records paperwork.

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5. FINANCING (RESTRICTIONS, LTV REQUIREMENTS, NON-RESIDENT BUYER ISSUES, LOAN APPLICATION PROCESS, TYPES OF LOANS, MISCELLANEOUS ISSUES TO BE AWARE OF)

- Lack of financial aids from the government in Nigeria for real estate allocation is one of the major problems in the country, which made it to be difficult for most individual to be home owners in the country. The private financial institutions that give out loans for purchasing of properties do charge for high interest rate, which do chase people that are not really financially buoyant to go for any of it. Initially, the Federal Mortgage Bank of Nigeria was working perfectly, where government workers gain access to loans for obtaining properties at 2.5% of their monthly salaries. But due to lack of proper management of the Bank, things are not working properly as before, while people find it difficult to access loan from the bank.

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RESTRICTIONS

- i. Low level of awareness of the services rendered by the institutions
- ii. Bureaucracy in the granting and disbursement of mortgage loans to the borrowers
- iii. Misunderstanding of the banking terms by the depositors and the public due to the used of technical and professional terms which are not understood by a layman.
- iv. The problem of incompetent, unprofessional and unqualified staff.
- v. Problem of repayment of loans by the borrowers.
- vi. Divestment of funds meant for housing schemes by beneficiaries and corrupt staff of the institutions.
- vii. The unavailability of funds for long term loans required for real estate investment.

TYPES OF LOANS

1. Equity Capital 2. Loan Capital 3. Mortgage Funding 4. Debenture 5. Contractor Financing

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6. TIMING OF THE PURCHASE/CLOSING PROCESS

There is no specific time limit for any real estate transaction in Nigeria. The time limit for purchase/closing of any real estate transaction depends on the level of bargaining between the owner and the buyer of the property. As you know by now, lots can happen in between those two big milestones. **Here's a general overview of the steps to closing:**

- Home inspection
- Negotiate the offer and establish contingencies
- Review and title search
- Preparation of Agreement and Signing of Agreement
- Payment
- Handing over of keys

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7. LEGAL & REGULATORY ISSUES THAT MAY AFFECT NON-RESIDENT/NON-CITIZEN BUYERS

- Since the provision of Land Use Act of 1978, which invested the ownership of land in each State to the State government, to be held in trust and administered for the benefit and use of every Nigerian Citizen within the State, excluding the foreigners.
- But Lagos State Government gives provision for Non-Nigerians that are interested in having land to obtain approval from the State Government in writing, where the interest is from a period of more than three years, but limited to 25years with an option of renewal.

8. Current legal & regulatory environment, political climate, and whether there may be issues that will impact real estate investing (i.e., rent regulation, taxes, pending/proposed legislation, etc)

- The last pronouncement by Federal Government on the issue of STAMP DUTY is another thing that has directly increase rent payable by tenant as a whole. Though Lagos State has also review the Land Use Charge, which it is believe that it will also enhance ease of real estate business. Lastly, the ongoing deliberation on INSURANCE OF ALL PROPERTIES (i.e A storey and above) is another thing to look at his effect in Real Estate Economy. Meanwhile, there are also non-statutory fees that property owners do pay to miscreants/Area Boys before they can developed their sites.

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9. REAL ESTATE OWNERSHIP & COST IMPLICATIONS (OPERATING COSTS SUCH AS INSURANCE PREMIUMS, PROPERTY TAXES, INCOME TAX FILINGS, ETC)

- *Sole Ownership*
- *Joint Tenancy e.t.c*

10. COMMISSION AND REFERRAL FEES.

- **How do we collect:** The commission can either be shared according to type of Agency involved or as agreed upon by all parties involved. The referral or finder fees can also be paid as explained earlier. Payment of commissions are stated in the “Scale of Professional Charges” of ESVARBON for professionals. Commission on letting is paid by the lessee, which is 10% of the rent paid and it is shared among the agents involve in the transaction. Meanwhile, the commission on sales is paid by both the buyer and seller to their respective agents, which is 5%. But in some cases, the seller might decide not to pay commission, so the one paid by the buyer will be shared among the agents involved in the transaction.

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- **Methods of payment:** Commissions are paid through cheques, bank drafts or fund transfer.
- **Type of agreements we can use:** The agreement used for letting or lease transaction is called “Tenancy Agreement or Lease Agreement”, while sales contract has different types of agreement depending on the type of sales, which are “Deed of Assignment, Deed of Conveyance” e.t.c. But the common thing in all sales transactions is that there is a transfer form that both the buyer and seller will fill as part of transfer instrument, which is “Form 1C”.

11. AVAILABILITY OF GOLDEN VISA PROGRAMS?

- No, but there is a Visa on Arrival Program for purpose of Ease of Doing Business

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12. ROLE OF THE CERTIFIED INTERNATIONAL PROPERTY SPECIALIST AND HOW CIPS CAN HELP US GROW OUR BUSINESS


- Some international property specialist bodies have helped in exposing the abnormalities in real estate practices in Nigeria and some came up with some programs that can open the eyes of professionals to those abnormalities and how to abolish them. One of the programs is the “Annual Property Score Card” program that FIABCI International (Nigeria Chapter) do organized annually to checkmate the activities of real estate business in Nigeria and this has helped in identifying some loopholes in real estate business in Nigeria. Another program is the “FIREC Program” also organized by FIABCI Nigeria, where they trained professionals in Built Industry on how to operate their real estate businesses without blemish. RICS and other international bodies are also helping in shaping real estate market in Nigeria. CIPS can also come on board and have a partnership with Professional Bodies in the country on the knowledge, research, network and tools to globalize and expand real estate business.

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13. Comparing the real estate market in Nigeria to other countries.

- With the intervention of some International Property Specialists in Nigeria Real Estate Market, I will say that our Real Estate Market is taking shape and with time, we will get to international market level. But Nigeria is one of the best countries in Nigeria to invest in Real Estate, because the rate of return is high and the risk level is minimal.

For Professional advice on investment in Real Estate in Lagos and any other States in Nigeria, you can contact the speaker:


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FIABCI-NIGERIA
INTERNATIONAL REAL ESTATE FEDERATION



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IMAGE LIBRARY

RESIDENTIAL HIGHRISE BUILDING

MIXED DEVELOPED AREA IN IKOYI

SINGLE UNIT RESIDENTIAL VILLA

PICTURES OF SOME NEW DEVELOPMENTS IN LAGOS



OLD OSHODI ROAD



NEW OSHODI ROAD



OSHODI TRANSPORT INTERCHANGE



OLD AIRPORT ROAD



NEW AIRPORT ROAD

AREAS WHERE NEW REAL ESTATE DEVELOPMENTS ARE SPRINGING UP IN LAGOS STATE

- EKO ATLANTIC CITY
- BANANA ISLAND
- OLD IKOYI
- ILUBIRIN
- ALARO CITY
- ORANGE ISLAND
- LEKKI TRADE FREE ZONE
- ONIRU



EKO ATLANTIC CITY, V.I



NESTLE TOWER V.I



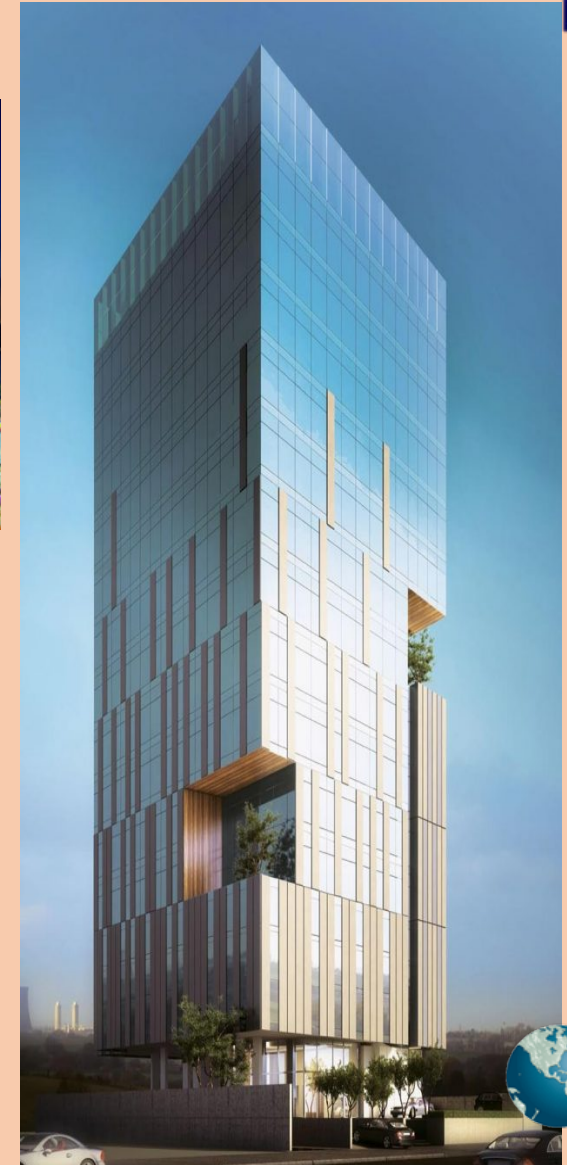
BANANA ISLAND, IKOYI



EKO HOTEL VICTORIA ISLAND



PALMS MALL LAGOS





COMMERCIAL TOWERS IN IKOYI





RESIDENTIAL APARTMENTS IN IKOYI AND V.I





HIGHRISE BUILDINGS

