



# MORTGAGE

## D I G E S T

### Foreword to our 8th Edition

Dear Readers,

It is my pleasure to welcome you to the 8th Edition of our NMRC Mortgage Digest. In line with our policy of keeping the public informed about our activities, we have highlighted in this issue our strategic stakeholder engagements that are designed to consolidate ongoing reforms in the Nigerian mortgage market. Noteworthy is the focus on tapping the Diaspora Housing Demand.

As part of this edition, we will be sharing our insights gathered at the international conference on Affordable Housing in Malaysia. After having successfully collaborated with stakeholders to develop Uniform Underwriting Standards for the Diaspora, we joined other industry partners in the United States of America (USA) and the United Kingdom (UK) to engage and encourage Nigerians living abroad to take advantage of the new development.

The Nigeria Diaspora represents a huge and effective housing demand that with the right incentives can help to propel sustained growth of the housing market in the country through inflows of foreign capital. You may recall that we already have Uniform Underwriting standards for both the formal and informal sectors that Primary Mortgage Banks (PMBs) currently use to process loans in the

country for refinancing.

We also joined industry players to witness the historic unveiling of the National Real Estate Data Collation and Management Programme (NRE-DC-MP). The NMRC is proud to have collaborated with the program and provided our award-winning Housing Market System as the platform to host the Data from the programme.

The launch of the programme has enabled the Nigerian Housing industry to record a critical foundational step towards building a robust, credible and reliable database that can be used to plan, build efficiencies in the housing value chain and grow the sector. Also included in the publication are important trends in the housing market.

Happy reading



**Kehinde Ogundimu**

MD/CEO

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## NMRC joins Industry players to host Diaspora Mortgage Conference

The Nigeria Mortgage Refinance Company Plc (NMRC) joined other key stakeholders in the real estate and housing finance sector to host international diaspora mortgages and Real Estate Expo conference/exhibition, which took place in the month of May 2019 in Houston Texas USA and London United Kingdom.

The focus was on home ownership and property Investment in Nigeria Made Easy for Nigerians in the United States of America and United Kingdom. The CEO Mr Kehinde Ogundimu at the American

Version of the event spoke on the achievements of NMRC and its contributions towards the Nigeria housing finance market in Nigeria.

Mr Ogundimu also x-rayed the benefits and safety in owning property through mortgages by partnering with NMRC and its member Banks. While Mr. Taofeeq Olatinwo. Head ICT and Business Process Operation represented the MD/CEO of NMRC at the United Kingdom conference.

Mr Olatinwo presented one of NMRC key success story, the housing market information portal

and how the app will guide them to apply for safe and credible mortgage from diaspora.

The event provided a platform for NMRC to leverage on the available opportunity to refinance diaspora mortgages through the primary mortgage banks.

*"...NMRC to host International Diaspora Mortgages & Property Investment Conference/Exhibition in London."*



# Nigeria Mortgage Refinance Company at KADINVEST 4.0

The Nigeria Mortgage Refinance Company Plc (NMRC) joined local and international players at the Kaduna Economic and Investment Summit that held from April 3rd-4th 2019. The event tagged KADINVEST 4.0 had as its theme “Expanding Investment Frontiers”.

NMRC’s participation in this year’s edition was focused on NMRC’s role in helping Kaduna State achieve its current “Ease of Doing Business” ranking as Nigeria’s number one location for Investment conferred on the State by the World Bank.

NMRC featured prominently as part of the panel that deliberated on the topic “making affordable housing a reality” alongside key stakeholders like Family Homes Fund, Federal Mortgage Bank and Federal Housing Authority.

In his contribution, the Head ICT & Business Process Operations for NMRC in the person of Mr. Taofeek Olatinwo who represented the

MD/CEO Mr Kehinde Ogundimu, highlighted NMRC’s intervention and ongoing contributions in Kaduna State.

NMRC’s contributions as stated by Mr Olatinwo included the passage of the Mortgage Foreclosure Act, Set up of a Blended interest rate Affordable Mortgage Fund and an ongoing partnership with Kaduna geographic Information System (KADGIS).

These landmark partnership engagement between NMRC and KADGIS includes the use of NMRC’s Mortgage Market System that is backed by Blockchain technology to improve and make Kaduna State’s Housing market more accessible with the aim of driving housing development and mortgage affordability.

The passage of the Model Mortgage Foreclosure act has positioned Kaduna State as one of the early beneficiaries of housing and mortgage interventions being

promoted by the Central Bank of Nigeria in partnership with NMRC.

The interventions that will be promoted in Kaduna State includes the Nigeria Mortgage Guarantee Company (NMGC) and CBN’s Mortgage Interest Drawback Fund (MIDF) both of which will facilitate affordable housing acquisition and mortgage penetration.

*“NMRC featured prominently as part of the panel that deliberated on the topic “making affordable housing a reality” alongside key stakeholders like Family Homes Fund, Federal Mortgage Bank and Federal Housing Authority”*





## NMRC Commences Mortgage Literacy Campaign

The Nigeria Mortgage Refinance Company (NMRC) kick start mortgage literacy campaign by partnering Maxima media company to create industry awareness and increase mortgage uptakes.

The campaign is aimed at sensitizing the public about mortgage, using specific channels that ensures the target audience are reached and can be converted

through further marketing activities from member participating mortgage lending institutions.

The ongoing campaign is digitally lead on NMRC's social media handles and supporting traditional media. Media Channels include; Instagram, Twitter, Facebook, LinkedIn.

## REDAN Unveils NRE-DCMP Initiative



**REDAN**  
REAL ESTATE DEVELOPERS ASSOCIATION OF NIGERIA

Nigeria Mortgage Refinance Company joined other market stakeholders to unveil the National Real Estate Data Collation and Management Programme (NRE-DCMP).

The initiative was launched at the Third Building Expo 2019 in Abuja.

The programme intends to provide a robust database for the Nigerian real estate and housing sector and allay the conflicting view bewildering the true state of the industry.

The initiative is specifically designed to create a data repository on real estate and housing development across different value chains for use by policy makers, investors and the Nigeria public.

NMRC's Housing Market Information Portal (HMIP) will host the data and provide the dashboard and executive reports for decision making.

The guest speaker at the launch, Mr. Hakeem Oguniran stated that funding is a major factor confronting the housing sector in Nigeria. He said, housing is a critical index in human and economic developments in any economy because it helps to creates job in the real estate industry. However, the opportunities in the housing sector is huge but the market has not been able to deliver housing because it is a multiplex problem that would take the collaboration of private sector and the federal government to address.

## OPIC completes MTR Garden in Isheri



Ogun State Property Investment Company (OPIC) has completed the first phase of its residential apartment, MTR Gardens Isheri.

The completed first phase has 25 blocks of 150 units of three bedrooms and 36 units two bedrooms.

The delivering of this project would help in reducing the housing shortfall in the Ogun State.

Construction commenced on this premium property in 2015 to boost the property value in Isheri. the housing challenges that has ravaged property values in Isheri and its environment.

## NMRC's MMFL to be Adopted by 5 More States

The MMFL or Model Mortgage Foreclosure Law is a housing policy initiative of the NMRC to promote the creation of state mortgage boards as a single window clearance mechanism to facilitate accessible and affordable mortgages in Nigeria.

Five additional States namely Ogun, Osun, Kebbi, Plateau and Edo states are at various stages of passing NMRC's MMFL.

## NMRC & FSS2020 Mortgage Market Forum

NMRC engaged with stakeholders from FSS 2020 and Other Financial Institutions Supervision Department of CBN at the first mortgage market forum of 2019 to deliberate on industry initiatives.

Discussions at the forum centred on "using electronic mortgage asset registry system to develop the mortgage sector in Nigeria".

The forum critically deliberated on challenges facing the NHF system and devised measures like the development of a new Application and a USSD code that would make the National Housing Fund more accessible and Transparent as well as the likely introduction of a Mortgage Interest Draw-Back fund.

## Growth in Refinance Trend

Deposit Money Banks (DMBs) in Nigeria have intensified competition to acquire retail and corporate customers following a strategic focus around loan refinancing.

DMBs as part of the growing refinance trend are making reasonable efforts at acquiring the loan liabilities of target prospects from other banks, with an offer for discounted interest rates. Expectedly, banks making the bold move are majorly those that are reasonably liquid to take such risks for an enhanced customer base.

They cut across the tier 1 and tier 2 lenders.

## NMRC & GIZ CSR Collaboration

In a bid to expand the reach and effectiveness of NMRC's Corporate Social Responsibility Programmes, the company is currently reviewing plans to collaborate with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) through its Skills Development for Youth Employment in Nigeria (SKYE Programme) aimed at promoting training and development of vocational skills that will improve income generating capabilities and employment opportunities of Youths across different geopolitical zones in Nigeria

## NAICOM Increases Capital Base for Insurance Companies

The National Insurance Commission (NAICOM) has announced an increase in the minimum paid up share capital of insurance and reinsurance companies in Nigeria, giving them June 30, 2020 deadline for compliance.

NAICOM, the insurance industry regulator, increased the paid-up share capital of life companies from ₦ 2 billion to ₦ 8 billion, general business from ₦ 3 billion to ₦ 10 billion, composite to ₦ 18 billion and Reinsurance to ₦ 20 billion.

## FG approves Gonto as Acting FHA MD

Mr Umar Gonto, a legal practitioner has been appointed as the acting Managing Director/Chief Executive of the Federal Housing Authority (FHA).

The appointment followed the expiration of the term of Prof. Mohammed Al-Amin-led management on May 6. Before the appointment, Umar was the General Manager Legal/Secretary to the Board of FHA. .

## CBN & Stakeholders to Bridge Housing Deficit

Plans are underway to allow pension contributors access 25 of savings in Retirement Savings Accounts (RSA) for mortgage finance.

While this provision is already in the guidelines for the country's pension scheme, the regulator is now working on the implementation by dialoguing with the CBN, NMRC, FMBN, MBAN and other relevant stakeholders. Intending beneficiaries are expected to make formal applications to their respective PFAs for access a maximum of 25% of RSA balance as equity contribution for a mortgage loan

*"Deposit Money Banks (DMBs) have intensified competition to acquire retail and corporate customers with offers of discounted interest rates.*

*DMBs are part of the fast growing refinance trends in Nigeria..."*

## Container housing in Nigeria Cities

The issue of affordability in the housing sector is still a daunting task but the acceptance of container technology is progressively taking shape for residential and commercial segments of the real estate market.

Tempo Housing Nigeria (THN) is one of the companies driving the container housing in Nigeria, THN specialize in the design and manufacturing of structures using standard ISO shipping containers. THN is leveraging on decade technology pioneered in the Netherland to provide solution for housing crisis in Nigeria.

We have developed quite several projects across the nation in which most projects have been done in Lagos. Other locations are Oyo, Ogun, Kano Gombe, Kaduna, Anambra, Enugu, Edo, Delta states. Some of the projects are apartments, office complexes, church extensions, bank branches, school projects, hospital projects.

The innovation is fast being deployed to create Nigeria's tailored made solution to the housing

problem based on its unique potential of quick to build, portability, environmentally friendly, affordability and most importantly ease to maintain.

Allied Market Research recent report shows that the global container homes market is expected to grow at a compound annual growth rate (CAGR) of 6.5 per cent from 2018 to 2025, driven by reduced construction time, cost effectiveness, ease of installation and relocation and growing awareness towards developing green building concept for resource efficiency.

The duplex/bungalow segment would continue to dominate the market in the future, while apartments segment is expected to grow at the fastest rate during the forecast period. According to the report, the global container homes market generated \$ 44.76 billion in 2017 and is anticipated to earn \$73.07 billion by 2025, growing at a CAGR of 6.5 per cent during the forecast period.

Source: The Guardian Property

## Real Estate and Social Media



Social media has been deployed by real estate agents and properties markers as a powerful marketing tool used to offer a robust platform to reach buyers in the real estate industry.

Unlike before, the prints and electronic media were the only channels used. Statistics show that over 60 per cent of those looking for homes now use the internet to search for properties against the age long culture of first looking for an estate agent to perform that role.

Also, with the technology driven age homebuyers are doing more than Googling but using related hashtags and social media feeds for property searches and transactions.

Social media have assumed towering roles serving as channels for property advertisement far more than the conventional media.

Experts say, YouTube has become the second largest search engine in the world used to explore houses and communities when considering property destinations.

Furthermore, real estate firms partner specialized videography companies in interior, exterior and drone footage of staged homes, helping sellers engage potential buyers via video uploaded before they commit to a walk through.

Marketing professionals claim that video content has the best return on investment since 2015 even as 93 per cent of marketers use video for online marketing, sales or communication.



## FG issues 2,400 Cs-of-O, 1,417 land transaction consents

The Federal Government on Monday gave an update on the number of certificates of occupancy which it had issued, as well as the consents to land transactions which it had so far granted.

The Minister of Power, Works and Housing, Babatunde Fashola, said, "We have cleared the backlog of

unsigned consents to land transactions and issuance of certificates of occupancy. "As at 13th April 2019, we have issued 1,417 consents to land transactions and 2,400 certificates of occupancy. Some of the beneficiaries have paid for their properties as far back as the 1990s but did not get title."

## EchoStone Breaks Ground In Green Affordable Housing With IFC's Edge Certification

International provider of affordable housing solutions, EchoStone, has earned EDGE certification ("Excellence in Design for Greater Efficiencies") for 251 residential properties in its Peridot Parkland Estate. The certification, presented in Lagos by EDGE certifier thinkstep-SGS, marks the first residential housing development to be certified in Nigeria.

An innovation of International Finance Corporation (IFC), EDGE is an online platform, a green building standard, and a certification system for over 140 countries. EDGE was created in response to the need for a measurable solution to prove the financial case for building green and help jumpstart the proliferation

of green buildings.

EDGE empowers building professionals to quickly and easily determine the most cost-effective ways to build green based on occupant behavior, building type, and the local climate.

Following their inaugural projects in Badagry, Alimosho, and Ikorodu, EchoStone plans to build an additional 100,000 units across Nigeria over the next five years.

By leveraging proprietary technologies, processes, and sustainable measure EchoStone plans to produce up to 182,000 EDGE certified houses in Nigeria by 2023.

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The appointment followed the expiration of the term of Prof. Mohammed Al-Amin-led management on May 6. Before the appointment, Umar was the General Manager Legal/Secretary to the Board of FHA.

## FGN Securities Gulp 73.09% of Pension Assets

Investments in Federal Government's Securities has taken up 73.09% or ₦ 6.20tn of ₦ 8.64tn pension assets as at December 2018.

Data from PenCom shows that 73.09% of the pension funds were invested in FGN securities by PFA's. Investments in FGN securities include:

- ₦ 4.53tn in Bonds (52.49%);
- ₦ 1.67tn in Treasury Bills (19.37%);
- ₦ 11.57Bn in Mortgage Bonds (NMRC & FMBN), (0.13%);
- ₦ 86.54Bn in Sukuk (1.00%)
- ₦ 7.23Bn in Green bonds (0.08%),
- ₦ 138.71Bn (1.61%) in State Government's Securities;
- Corporate Bonds ₦ 461.16Bn (5.34%);
- Infrastructure Bonds ₦ 7.52Bn (0.09%);
- Supra National Bonds ₦ 6.91Bn (0.08%);
- Commercial papers ₦ 82.81Bn (0.96%);
- Banks ₦ 626.33Bn (7.25%).



## Bankers' Committee targets N2trn pension funds for mortgage financing

The Bankers' Committee has expressed willingness to partner the National Pension Commission (PenCom) to tap into the 25 percent of ₦2 trillion pension funds PenCom is willing to release to contributors as collateral for mortgages. The Bankers' Committee is the umbrella body for officials of the Central Bank of Nigeria (CBN) and



Managing Directors of deposit money banks (DMBs).

There are over ₦9 trillion pension asset and twenty-five percent of that amounts to over ₦2 trillion. Speaking during a press briefing recently in Abuja, the MD FSDH Merchant Bank, Hamda Ambah, said the committee also resolved that banks should support the pension industry to release up to 25 per cent of the ₦9tn pension fund assets for the contributors of the fund to use as equity injection towards owing houses.

She said, "25 percent of ₦9tn is worth over ₦2tn and this fund can be used to stimulate demand for mortgage loans in our economy." "It was agreed that the Central Bank would talk to fellow regulators and also work with government of various states to make the process of land transfer and titling a lot easier so that many more people across the nation can access mortgage financing thereby stimulate demand in our economy." The committee also said the decision of President Muhammadu Buhari to retain the apex bank

governor was good for financial stability and economic growth. It said the move would also help to ensure the continuity of the export stimulation programme of the CBN. On the creative industry intervention fund, the committee said it is set to commence the disbursement of funds under the Creative Industry Financing Initiative.

## CBN Raises Capital Requirements for Primary Mortgage Banks

According to an exposure draft of the revised PMB guidelines released by the CBN recently the capital requirements of Primary Mortgage Banks (PMBs) will increase by 73%.

According to CBN the revised guidelines will improve capital, risk management, internal control, and corporate governance as well as strengthen and complement on going reforms in the mortgage sub sector. Total assets of PMBs stood at ₦384.37Bn in 2018 down from ₦388.58Bn in 2017 due largely to losses from loan impairments while shareholders' funds also shrank to ₦109.74 Bn in 2018 from ₦132.35 Bn in 2017 indicative of a 17.1% decrease on account of operating losses.

The recapitalization requirements of the sub sector show that operators of national PMBs are required to shore up their capital base to ₦8Bn from ₦5Bn (an increase of 60% and regional or state operators are expected to increase their financial base by 100% to ₦5Bn from ₦2.5Bn (CBN's recapitalization for PMB's was last carried out in November 2011).

## Government agencies plan pilot housing schemes in eight states.



In order to improve access to affordable housing for low income earners in Nigeria, a tripartite agreement has been reached between Association of Housing Corporation of Nigeria (AHCN), Federal Housing Authority (FHA), the Federal Mortgage Bank of Nigeria (FMBN) and Family Homes Fund (FHF),.

The agreement will see the jump-starting of the housing scheme in eight states.

The following are the eight pilot states, namely Lagos, Enugu, Akwa Ibom, Niger, Kaduna, Imo and Yobe.

The target buyers are mainly NHF subscribers as each of the housing units is expected to be between ₦5million and ₦10million.

Under the agreement, Family Homes Fund is to provide construction finance for the project, FMBN will support subscribers with NHF loan especially civil servants while association members will handle the development of the houses.

The first phase will consist of 500 units.

State developers are to play a major role during the first phase of the project, Niger State Housing Corporation, Ondo State Development and Property Corporation and Imo State Housing Corporation and LSDPC.

## President Buhari declined assent to the New National Housing Fund (NHF) Bill



The 8th National Assembly, passed a reviewed National housing Fund (Establishment) Bill 2018, on February 2019.

The purpose of the new bill is to repeal the National Housing Fund Act of 1992 and create more sources of funding for the housing sector in Nigeria. The NHF bill imposes 2.5 percent contribution from workers monthly salaries and 2.5 percent levy on locally manufactured and imported cement.

However, the president has declined assent to the National Housing Fund Bill.

Breakdown of the revised law:

- 2.5 percent levy on cement, locally manufactured or imported
- 2.5 percent contribution of monthly income by employees earning the national minimum wage and above in public and private sectors to be deducted and remitted monthly by all employers.
- 2.5 percent contribution of monthly income by self-employed persons earning the equivalent of the national minimum wage and above.

- Banks, insurance companies and pension fund administration shall invest a minimum of 10 percent of their profits before tax into the fund at an interest rate not exceeding 1 percent above rate payable in current accounts by banks.

- Sanctions for non-compliance include a fine of up to ₦100 million for corporates and ₦10 million for individuals, cancellation of operating licenses of banks, insurance companies and PFAs for violations.

- Withdrawal by contributors who have attained the age of 60 years or 35 years of services to be at interest rate of 2 percent per annum.

## Infinity Mortgage Bank Grows Loan Book to ₦3.8bn

Infinity Trust Mortgage Bank Plc announced that its loan portfolio increased by 201 per cent to ₦3.80 billion in 2018, compared to the ₦3.10 billion it realised in the preceding year. The bank also reported a profit before tax (PBT) of

₦366.7 million, indicating the 13th consistent year of profit reporting.

Its gross earnings increased by 14 per cent to ₦1.005 billion, from ₦833.6 million in 2017, making it the first time the bank would cross the billion-naira mark.

Speaking at the 2018 Annual General Meeting (AGM), Chairman of the company, Dr. Adeyinka Bibilari, said total operating expenses also increased by 10 per cent to ₦577 million in the period under review, compared to ₦523 million in 2017.

According to him, the harsh operating environment notwithstanding, strategies in terms of the aggressive mobilisation of customer deposits paid off with deposits growing by 110 per cent to ₦2.467 billion from ₦1.176 billion in 2017.

Total assets also grew ₦10.351 billion from ₦8.134 billion in 2017, indicating an increase of 27 per cent while shareholders' funds grew from by 3.75 per cent from ₦5.753 billion to ₦5.969 billion in 2018.

This is as shareholders of the bank also approved dividend of 3 kobo per share which was proposed by the company.

The company's Managing Director/Chief Executive, Dr. Olabanjo Obaleye, said with the dividend declared, the mortgage institution had paid dividend for the fifth year running as a listed company and for the 13th consecutive time since 2006.

*"The purpose of the new bill is to repeal the National Housing Fund Act of 1992 and create more sources of funding for the housing sector in Nigeria."*

## Ghana to Construct 10,000 affordable housing units

The government of Ghana has signed a Public- Private Partnership agreement with Solin, a Hungarian private company to construct 10,000 affordable housing units across the country.

Solin will finance and build the affordable housing under the agreement. They are also in the process of establishing its own factory in Ghana and when this is achieved,

Solin will be able to construct over 2000 housing unit annual in the country since the materials are produced locally.

Once the construction is completed, the government will absorb the housing units which will then be presented to the citizens at flexible and affordable terms.

Ghanaians will be able to own the houses at an affordable price through the mortgages that will be created by the government

Furthermore, Ghana has established a US \$190m mortgage and housing finance with a seed of US \$19m every fiscal year for the next 5 years in order to address the country's housing deficit.

Source: Construction Review Online



## Rwanda Green City Project



Rwanda sets to build Africa first ever green city, located on 620 hectares of land in outskirts of Kigali to provide sustainable infrastructure and housing for low-income earners in the Country.

The project is estimated to cost \$5 billion, and the construction work will start in January 2020, according to the government. The project will involve the construction of a set of 410 houses and spread over 13 hectares.

The first phase of the project, entrusted to the British Company Horizon Group, will involve the construction of the houses. Affordable ecological housing which is the second phase of the project will be built on 125 hectares of land for the poorest populations. The last phase will integrate commercial and office building to attract innovative green companies.

The project is financially backed by German Development Cooperation, through the KfW Development Bank.

Rwanda is the third greenest city in the world and the United Nations declared Kigali, Rwanda capital, as the most beautiful city in Africa.

Source: The Nerve Africa

## Kenya's 100,000 Affordable Housing Project

A multibillion-shilling housing deal was signed by President Uhuru of Kenya to construct 100,000 homes for the poor in the Country.

The agreement between the State department for Housing, United Nations Office for Projects Service (Unops) and Sustainable Housing Solutions (SHS) was signed during the ongoing UN Habitat Assembly.

During the signing, President Uhuru said the project is a major boost to the Affordable Housing Programme (AHP), which seeks to address the critical need for proper shelter across the country.

Unops Executive Director Grete Faremo said the construction of the landmark large-scale affordable housing project is set to begin in earnest, with show homes now in development in Nairobi.

Dr Allan Zimbler, Chairman of SHS, said the partnership is another step in attempting to build a better world by addressing the need for affordable and sustainable housing in Kenya.

We are proud to be working with Unops and the Kenyan government in our innovative technologies and global partnerships to provide 100,000 houses for Kenyan citizens, while at the same time offering significant employment opportunities, he said

As part of the agreement, the Kenya government will play a facilitative role by committing to provide bulk off site infrastructure including roads, water and sewer systems to the site.

Source: The North Africa Post

# MACRO-ECONOMIC HIGHLIGHTS

## CBN retains lending rate at 13.5% amid inflation, slow growth

The Central Bank of Nigeria (has kept all its monetary policy tools steady, including the benchmark interest rate at 13.5% after a surprise 0.5% point cut in March 2019.

The apex bank also retained all the other parameters around the Monetary Policy Rate (namely the asymmetric corridor of +200/- 500 basis points as well as the cash reserve and liquidity ratios at 22.5% and 30%.

## FGN Issues ₦15Bn Green Bond

The FGN Plans a 2nd Green Bond issuance of ₦ 15Bn following the successful debut Green Bond Issuance of ₦10.69Bn in December 2017.

The issuance further demonstrates the FGN's commitment to the reduction of greenhouse gas emissions by 20% (unconditionally) by 2030 as outlined under the Paris Agreement signed in September 2016.

Through the Offer, the FGN seeks to raise ₦15billion to finance projects with green credentials.

## CBN Introduces Guidelines for Non-Interest Financial Institutions

The Central Bank of Nigeria (CBN) introduced guidelines on the management of investment accounts for Non-Interest Financial Institutions (NIFI) in Nigeria.

The regulatory body said the objectives of the guidelines was to provide the minimum standard to

be met by NIFIs operating in Nigeria before they could recognize Profit Sharing Investment Account Holders deposits as risk absorbent and deduct same from the computation of Risk Weighted Assets.

## Why Nigerian capital market fails to drive economic growth

Capital market shareholders have identified low patronage, unfavourable operating environment, lack of incentives, fewer product offerings and inconsistent government policies as factors inhibiting the growth of the nation's capital market and by extension its contributions to the economy.

## FGN's Bonds oversubscribed by ₦171 bn

The Federal Government's bond for the month of May 2019 worth ₦100 bn was oversubscribed by over ₦171.11 bn.

Recent trends in the FGN bonds also showed that investors had preference for long term bonds.

## IGR Hits 21% Growth in 2018

The National Bureau of Statistics (NBS) released the Internally Generated Revenue report for 2018 with the 36 states and the Federal Capital Territory generating a total amount of ₦1.16tn. NBS noted that the ₦1.16tn represented an increase of ₦231.53bn over the ₦936.47 bn recorded in 2017.

The NBS stated that the IGR was generated from five main revenue sources: Pay-As-You Earn, direct assessment, road taxes, Ministries, Departments and Agencies, and

other revenue. The IGR excludes the monthly allocation that they received from the Federation Accounts Allocation Committee.

## DMO Offers ₦60Bn Bonds for Subscription

The Debt Management Office (DMO) offered N60 bn bonds for subscription in the Federal Government bond auction for April 2019. The DMO said in a circular that the ₦60 Bn bonds consisted of a re-opening of ₦40 bn five-year bond at a rate of 12.75% and two new issues of a ₦40bn 10-year bond and ₦20bn 30-year bond

## CBN Cautions Nigeria on impending Global Economic Crisis

The Central of Nigeria (CBN) through its Governor has noted that Nigeria needs to prepare for the next global economic crisis.

The Central Bank of Nigeria had earlier warned that the high rate of unemployment may push the country into economic crisis if not managed as quickly as possible

## FGN Insist Nigeria's Borrowing to GDP Still Low

The federal government has reaffirmed its position that in spite of the growing apprehension over the nation's mounting debt profile, Nigeria's borrowing still remains low at 19 to Gross Domestic Product (GDP) when compared to Ghana, Brazil, South Africa, Egypt and Angola.

The Minister of Finance, Mrs. Zainab Ahmed, said at 19 to GDP, the borrowing is below the threshold permitted by the Fiscal Responsibility Act.

## CBN rules out terminating foreign exchange restriction policy

The Central Bank of Nigeria (CBN) restated its commitment to sustain its policy on foreign exchange prohibition to raise domestic capacity, protect growing companies and create employment.

The CBN reiterated the need to diversify the revenue base of the Federal Government and reduce dependence on direct proceeds from crude oil sales.

## Nigeria' improved Trade figures

Nigeria recorded significant improvement in external trade as the value of Total Trade (Imports +Exports) increased by 39% from ₦23.2 trillion in 2017 to ₦32.3 trillion in 2018 according to data from the National Bureau of Statistics (NBS).

Growth in Total Trade was driven by Exports which increased by 40.5% in 2018 to ₦19.1 trillion, accounting for 59% of total trade in the period. Imports, on the other hand, grew by 37.7% and was valued at ₦13.2 trillion in 2018.

The improved performance of Exports Vis à vis Imports led to significant growth in Nigeria's Trade

Balance, which stood at N5.9 trillion, the highest since the recession in 2016.

## FGN seeks concessional loans to tame debt service costst

According to the Debt Management Office, Nigeria recorded one of the best performing Eurobonds in emerging markets this year. However, the country plans to prioritize borrowing from concessional lenders such as the World Bank and African Development Bank as it looks to rein in interest payments.

The DMO further noted that it would explore all issuance options in 2019 including issuance of Eurobonds.

## CBN to raise ₦ 1 trillion from treasury bills Q 2

The Central Bank of Nigeria (CBN) plans to raise a total of ₦1.006 trillion from the debt market in the second quarter of 2019.

This was disclosed by the bank in a data on the Nigerian treasury bills issue programme for second quarter 2019 on its website.

According to the data, the CBN will raise ₦503.16 billion from rollover programmes with a maturity period ranging from one to three years.

## FGN unveils 4th Action plan for Ease of Doing Business

The Presidential Enabling Business Environment Council (PEBEC) has commenced the fourth 60-day National Action Plan (NAP4.0) on Ease of Doing Business (EoDB) in furtherance of the federal government's reforms plan aimed at improving the enabling environment for doing business in Nigeria through systemic interventions.

The PEBEC Secretariat, noted that the action plan will reduce challenges being faced by businesses, particularly Small and Medium Enterprises (SMEs).

## CBN predicts boost in credit with moveable Collateral

The Central Bank of Nigeria (CBN) stated that the inherent risks in granting loans to Micro Small and Medium Enterprises (MSMEs) by banks is now reduced tremendously through the introduction of the National Collateral Registry (NCR). MSME's will now be able not only to access credit but also access such at reasonable rates. The registration of financial institutions with the National Collateral Registry (NCR) will go a long way in bridging the funding shortfall in MSME's in Nigeria estimated to be ₦48 trillion



# Happiness is being in your own Home

...we make it Happen



# FINANCIAL & HOUSING MARKETS HIGHLIGHTS

## INTEREST RATES

Current Open Buy-Back (OBB) and overnight rates closed at 4% and 5% respectively.

The money market has remained stable in recent times as liquidity levels have significantly reduced volatility.

Treasury Bill discounts moved south during the period especially on the long end compared to March 2019 levels.

Stop rates for the latest Treasury Bills auction were:

91 days	182 days	364 days
10.00%	11.95%	12.20%

The Central Bank continued its OMO interventions to mop up excess liquidity albeit at a reduced pace, although pricing at the long end of the auctions has increased during the quarter as the apex bank struggles to balance exchange rate, inflation and growth considerations.

The Monetary Policy Committee left its key rate and other monetary parameters unchanged; we do not expect major changes at the next MPC meeting in July 2019, with the Committee expected to hold key rates at current levels.

This view is supported by the stickiness of inflation and the potential for currency pressures that may arise from any accommodative stance.

## INFLATION

Inflation figures trended upward with April 2019 headline CPI rising by about 12 basis points to close at 11.37% compared to 11.25% as at March. Month on month numbers increased from 0.79% in March

2019 to 0.94% in April 2019.

In terms of subcomponents food inflation witnessed an increase of 13.70% compared to 13.45% for the month of March 2019, while core inflation declined slightly to 9.30% from 9.50%. We expect inflation numbers to trend upwards in the coming months albeit at slow pace.

## FX MARKET

The intensity of FX supply by the CBN over the period has continued to support stability at most segments of the market including the parallel market; current rates as at June 7, 2019 now stand at \$/361.

The exchange rate however remained stable at the CBN interbank market trading around a band of \$/N305 -\$/N315.

At the Investors and Exporters FX window bids ranged between \$/359.50- \$/360.5.

Foreign reserves continue to witness accretion, standing at \$45.14bn as at June 6, 2019, we expect the reserves to remain stable in the coming barring any significant drop in oil prices.

## OIL PRICES

Concerns over rising US inventories led to steep decline in oil prices over the period; with prices falling to 2018 levels.

The market has however calmed in recent days after Saudi Arabia said it would work with Russia and other members of the OPEC coalition to prevent a slump in prices.

## OTHER MACRO INDICATORS

Q1 2019 numbers indicated a growth of 2.01%, compared to 2.38

per cent in the fourth quarter of 2018; However, compared to the first quarter of 2018, the Q1 2019 growth rate represented an increase of 0.12 per cent points.

The Manufacturing Purchasing Managers' Index (PMI) in the month of May stood at 57.8 index points, indicating expansion in the manufacturing sector for the twenty-sixth consecutive month.

The index grew at a faster rate when compared to the index in the previous month. Thirteen of the 14 subsectors surveyed reported growth in the review month.

## FGN BONDS OVERSUBSCRIBED BY N171 BN

The Federal Government's bond for the month of May 2019 worth N 100 Billion was oversubscribed by over ₦ 171 11 billion. Recent trends in the FGN bonds also showed that investors had preference for long term bonds

## FGN ISSUES ₦ 15BN GREEN BOND

The FGN Plans a 2nd Green Bond issuance of ₦ 15Bn following the successful debut Green Bond Issuance of ₦10.69Bn in December 2017. The issuance further demonstrates the FGN's commitment to the reduction of greenhouse gas emissions by 20 % (unconditionally) by 2030 as outlined under the Paris Agreement signed in September 2016. Through the Offer, the FGN seeks to raise ₦15billion to finance projects with green credentials.



The housing sector is anticipating a better performance from a sluggish market that occurred in 2018. Experts in the housing industry, are of the opinion that more investors would channel their investment into the real estate because of the uncertainty in the capital market. Several investors will choose to pull out their investment in shares to invest in real estate which is steadier than any other investment.

The uncertainty in the capital market has made investors to channel their investment to a reliable and secure sector. Real estate market is highly stable compare to other investment, individuals with a lot of money would want to invest in the housing sector in 2019 because of the economic uncertainty.

Home prices for single family units (1,2 and 3 bedrooms) remained high in major city centres like Lagos, Abuja and Portharcourt due to pricing, supply constraints and cost of building materials. While demand remains low for 4-5 bed

homes ranging between ₦75 and ₦150 million.

Analyst continue to project a continued demand for affordable homes going into Q1 and Q2 2019 on the back of election activities and government spending.

According to National Bureau of Statistics (NBS), Q4:2018 reports on the economy, Gross Domestic Product grew 2.4% at the end of the fourth quarter of 2018 compared to 1.81% in third quarter of 2018, thus reflecting 0.59% increase in terms of growth.

The construction sector accelerated slightly to 9.76% from its third quarter performance of 7.66% though still in positive territory the sector saw a growth position of 2.1 in the fourth quarter of 2018.

The Real Estate sector dipped further into the negative territory at -3.9% compared to the earlier recording of -2.68% the sector had in third quarter 2018.

While other sectors of the Nigerian economy are looking up, real estate is still in negative growth territory, this is despite government's effort to revamp the economy and promote development in all sectors.

According to data from the National Bureau of Statistics (NBS), factors such as paucity of funds, harsh business operating environment, low purchasing power, forex repatriation issues, anti-corruption campaign, high interest rates, high costs of land and housing units, and absence of infrastructure were adduced for the sectors negative growth as analysts continue to clamour for structured government intervention for the housing sector.

*"The construction sector accelerated slightly to 9.76% from its third quarter performance of 7.66%..."*

# NBS Real Estate Market Highlights for Q1 2018 – Q1 2019



**NATIONAL BUREAU OF STATISTICS**

In nominal terms, Real Estate Services in the first quarter of 2019 grew by 10.27%, higher than the growth rate reported for the same period in 2018 by 18.65% points and by 6.50% points when compared to the preceding quarter. Quarter on quarter, the sector growth rate was -26.02%. The contribution to nominal GDP in Q1 2019 stood at 5.80%, as against 5.88% recorded in the first quarter of 2018 and 7.07% in the fourth quarter of 2018.

In real terms, GDP growth for real estate services stood at 0.93%, which was 10.33% points higher than growth recorded in the first quarter of 2018 and 4.78% points higher than recorded in Q4 2018.

Quarter on quarter, the sector grew by -27.11% quarter 2019, and contributed 5.58% to real GDP in Q1 2019. The recorded contribution in 2019 was, however, lower than contribution recorded in the preceding, as well as the corresponding, quarters of 2018.

*"...real estate services in the first quarter of 2019 grew by 10.27%, higher than the growth rate reported for the same time period in 2018."*

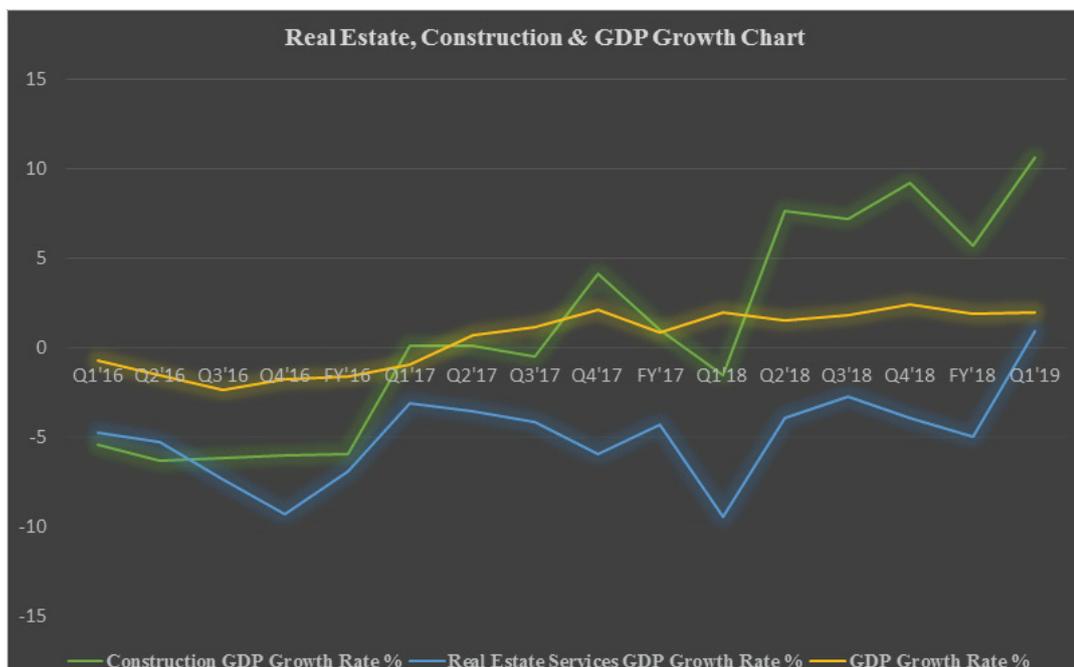
# Construction Sector

The construction sector grew by 66.99% in nominal terms (year on year) in the first quarter of 2019, an increase of 58.02% points compared to the rate recorded in the same quarter of 2018.

This was also higher when compared to the rate recorded in the preceding quarter. On a quarter on quarter basis, nominal growth was recorded at 4.13% contribution a year earlier, and the 5.03% contributed in the fourth quarter of 2018.

The real growth rate of the construction sector in the first quarter of 2019 stood at 3.18% (year on year), or 4.71% points higher than the rate recorded a year earlier. Relative to the preceding quarter, there was an increase of 1.13% points. Quarter on quarter, the sector grew by 1.36% in real terms.

By contribution, the construction sector accounted for 4.09% of real GDP in the first quarter of 2019, higher than its contribution of 4.04% in the same quarter of 2018 and the 3.48% contribution recorded in the preceding quarter.



**Note:** Construction, Real Estate and GDP Growth rates were derived courtesy of National Bureau of Statistics published data as part of its reports covering the period of Q1 2016 - Q1 2019.

# Constructing and Financing AFFORDABLE HOUSING across ASIA

2 - 3 April 2019

Sasana Kijang, Bank Negara Malaysia

#AffordableHousingAsia2019

Solutions for Safe, Adequate, Affordable Housing for All

## NMRC Participates at Affordable Housing Conference in Malaysia

The Nigeria Mortgage Refinance company joined global Stakeholders as participants at the Cagamas and World bank sponsored Affordable Housing Conference in Malaysia from April 2nd - 3rd 2019. The NMRC was represented by the MD/CEO Mr Kehinde Ogundimu who joined stakeholders to deliberate on the Role of Mortgage Refinance Corporation in connecting capital markets and Affordable Housing delivery.

It was noted at the conference that Countries around the world had established Mortgage Refinance Companies (MRCs) to help mobilise longer term financing from the capital market (predominantly the fixed income market) to help fund affordable housing.

The organisers also noted that for the affordable housing sector, it would be beneficial to homeowners to obtain fixed rate mortgages from financial institutions as this would elude the homeowners from any

risk in interest rate volatility, hence allowing homeowners to be in control of their monthly commitments and afford their homes. Homeowners will be protected from sudden and potentially significant increases in monthly mortgage payments if benchmark interest rates rises. In order for financial institutions to hedge the long-term fixed rates exposures, they can obtain fixed rate funding or sell those fixed rate loans to Mortgage Refinance Corporations.

One of the conference case studies was focused on the Korea Housing Finance Market and Cagamas in Malaysia. In Korea, in the case of affordable housing, financial institutions offered the housing loans at fixed rates and are compelled to sell the fixed rate housing loans to the Korean Housing Finance for securitisation.

In essence, the risk arising from interest rate and liquidity mismatch are removed from the banking

system. Korea Housing Finance has also issued social covered bonds to fund affordable housing targeting at discerning sustainability inclined investors. In Malaysia, Cagamas provides mortgage guarantee to assist first time house buyers to buy their first home. The NMRC as part of its market strategy is already in working on operationalising a mortgage guarantee scheme and the commencement of mortgage securitisation in line with the Central Bank of Nigeria's soon to be launched mortgage securitisation framework. The event organisers as part of their suggestions to participants also noted that, MRCs could tap the capital market to fund Rent-To-Own or Shared Equity schemes, not just in the form of conventional bonds and sukuk but also securitisation, covered bonds and sukuk, sustainability bonds and residential property REITS, mortgage REITS or even crowdfunding.

## UP COMING HOUSING INDUSTRY EVENTS



Venue: International Conference Center, Abuja

Date: 23rd - 26th July 2019



Venue: Sheraton Abuja Hotel

Date: 25th – 28th October 2019



NMRC Annual General Meeting

Venue: Eko Hotel Lagos

Date: 10th July 2019



Nigeria Mortgage Refinance Company

# Nigeria Mortgage Refinance Company

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