



## Q1 2020: Nigeria Commercial Property Monitor

# Expectations turn more cautious on the back of global pandemic

The Q1 2020 Nigeria Commercial Property Monitor results point to a noticeable fading in momentum as the ongoing Covid-19 pandemic grips the global economy.

The Occupier Sentiment Index fell to -7 in Q1, down from a figure of +11 in the Q4 returns. Driving this, tenant demand reportedly fell across each sector (office, industrial and retail), marking a sharp turnaround in relation to the positive trends cited back at the end of 2019.

Given the rapidly changing backdrop, rental growth projections for the year ahead were downwardly revised in each category compared to Q4. That said, expectations remain positive, to a greater or lesser degree, across the board. As shown in chart 8 overleaf, rents are envisaged rising by around 2% over the next year in all prime markets, while projections are a little flatter across secondary locations. The expectations for Lagos are more subdued than they are nationally (a full breakdown can be seen on page 3).

The Investment Sentiment Index fell into negative territory in Q1, coming in at -15 compared to a reading of +15 in Q4. Investment enquiries were more or less stagnant at the headline level, with growth in the retail sector being offset by a decline in investor demand for industrial properties. However, foreign investor enquiries fell sharply across each area of the market during the quarter.

Meanwhile, twelve-month capital value expectations were also downgraded for each sector relative to Q4. Even so, values are still seen rising modestly across most categories, led by the strongest anticipated pick-up in the prime office sector. At the other end of the scale, secondary industrial values are expected to stagnate in the year to come.

As shown in Chart 2, 44% of respondents feel the market is in some stage of a downturn currently. This is higher than the 28% share taking this view in Q4 of 2019.

Chart 1: RICS OSI and ISI

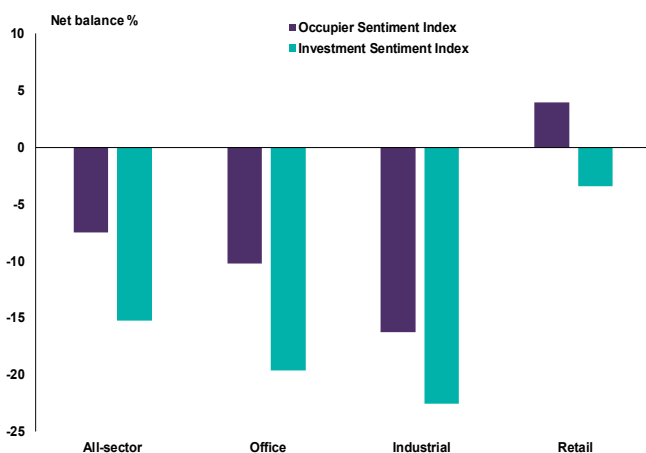


Chart 2: Property cycle

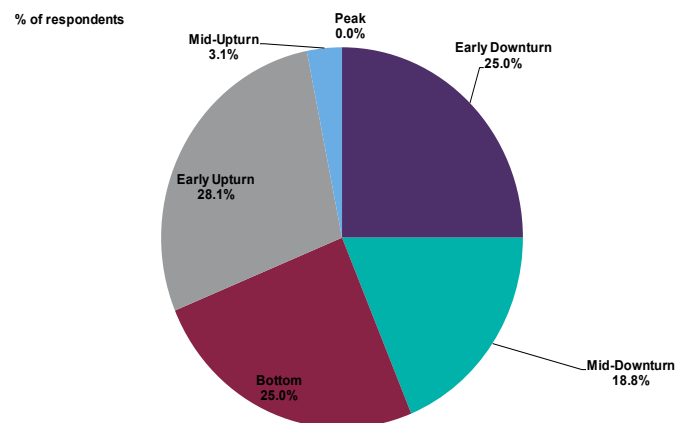


Chart 3: Occupier Market

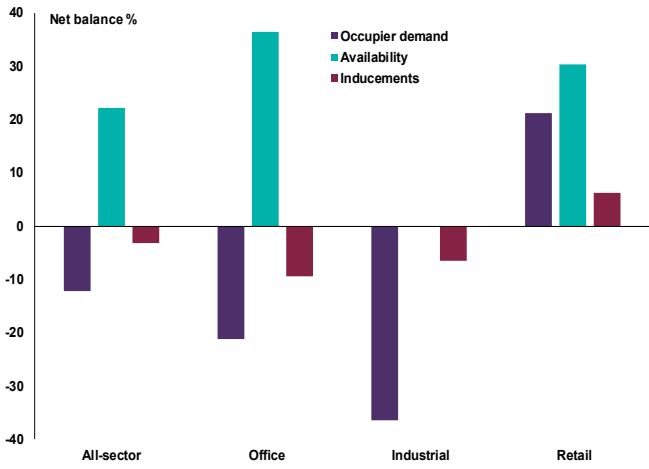


Chart 4: Investment Market



Chart 5: Credit Conditions

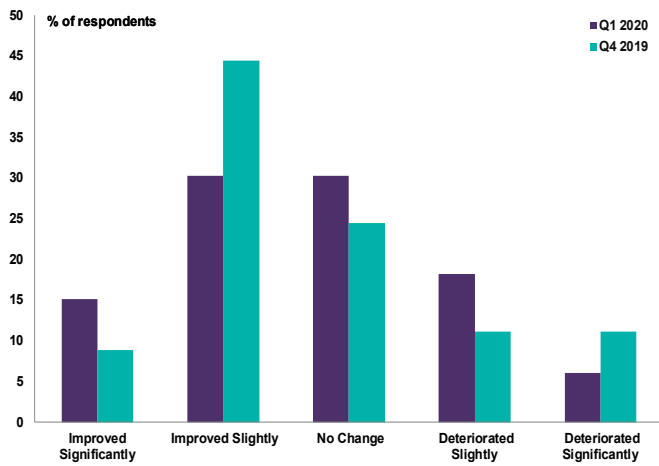


Chart 6: Valuations

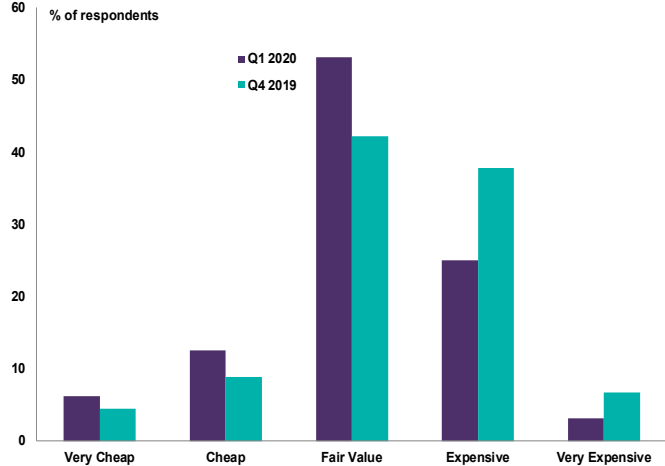


Chart 7: Twelve Month Capital Value Projections

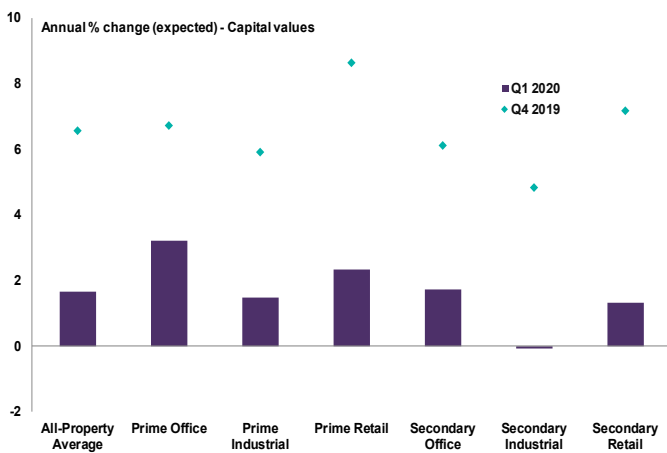
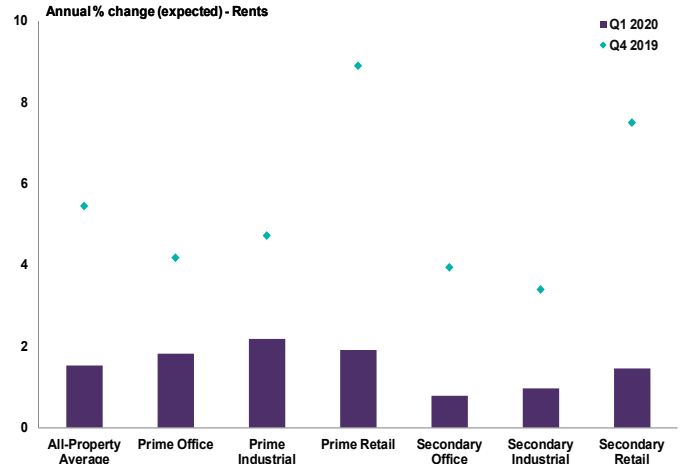


Chart 8: Twelve Month Rental Value Projections



## RICS Consensus 12-month Expectations

Rents							
	All Sector Average	Prime			Secondary		
		Office	Industrial	Retail	Office	Industrial	Retail
<b>MEA</b>	<b>-2.6%</b>	<b>-2.2%</b>	<b>-1.6%</b>	<b>-2.3%</b>	<b>-3.4%</b>	<b>-2.6%</b>	<b>-3.6%</b>
<b>Middle East</b>	<b>-4.5%</b>	<b>-4.4%</b>	<b>-3.3%</b>	<b>-4.7%</b>	<b>-4.9%</b>	<b>-3.9%</b>	<b>-5.6%</b>
<b>Bahrain</b>	<b>-3.7%</b>	<b>-4.3%</b>	<b>-2.5%</b>	<b>-2.5%</b>	<b>-3.6%</b>	<b>-4.3%</b>	<b>-4.8%</b>
<b>Oman</b>	<b>-6.7%</b>	<b>-6.0%</b>	<b>-6.3%</b>	<b>-9.0%</b>	<b>-4.8%</b>	<b>-5.8%</b>	<b>-8.5%</b>
<b>Qatar</b>	<b>-3.2%</b>	<b>-5.2%</b>	<b>-2.7%</b>	<b>-3.5%</b>	<b>-3.9%</b>	<b>-1.8%</b>	<b>-2.1%</b>
<b>Saudi Arabia</b>	<b>-0.7%</b>	<b>+0.7%</b>	<b>+2.1%</b>	<b>-0.5%</b>	<b>-2.3%</b>	<b>+0.2%</b>	<b>-4.3%</b>
Riyadh	-0.7%	+0.2%	+3.0%	+0.0%	-3.0%	+0.0%	-4.3%
<b>UAE</b>	<b>-5.4%</b>	<b>-4.4%</b>	<b>-4.7%</b>	<b>-5.4%</b>	<b>-5.3%</b>	<b>-5.6%</b>	<b>-7.1%</b>
Abu Dhabi	-4.2%	-5.0%	-3.8%	-4.6%	-2.8%	-3.5%	-5.7%
Dubai	-5.9%	-4.2%	-5.1%	-5.7%	-6.2%	-6.3%	-7.6%
<b>Africa</b>	<b>-0.4%</b>	<b>+0.4%</b>	<b>+0.4%</b>	<b>+0.6%</b>	<b>-1.6%</b>	<b>-1.2%</b>	<b>-1.2%</b>
<b>Kenya</b>	<b>-2.3%</b>	<b>-1.4%</b>	<b>-0.6%</b>	<b>-4.2%</b>	<b>-2.5%</b>	<b>-1.1%</b>	<b>-3.9%</b>
<b>Mauritius</b>	<b>-4.0%</b>	<b>-2.1%</b>	<b>-4.0%</b>	<b>-4.2%</b>	<b>-4.0%</b>	<b>-5.8%</b>	<b>-3.8%</b>
<b>Nigeria</b>	<b>+1.5%</b>	<b>+1.8%</b>	<b>+2.2%</b>	<b>+1.9%</b>	<b>+0.8%</b>	<b>+1.0%</b>	<b>+1.5%</b>
Lagos	-0.8%	-1.1%	+0.8%	+0.3%	-2.8%	-1.3%	-0.9%
<b>South Africa</b>	<b>-2.7%</b>	<b>-1.5%</b>	<b>-0.1%</b>	<b>-1.4%</b>	<b>-5.0%</b>	<b>-2.7%</b>	<b>-5.4%</b>
Johannesburg	-1.3%	+0.4%	+1.4%	+1.9%	-4.4%	-3.0%	-4.1%
<b>Uganda</b>	<b>+5.4%</b>	<b>+9.7%</b>	<b>+5.0%</b>	<b>+7.8%</b>	<b>+3.4%</b>	<b>+2.2%</b>	<b>+4.4%</b>
Capital Values							
<b>MEA</b>	<b>-1.7%</b>	<b>-0.5%</b>	<b>-0.7%</b>	<b>-1.4%</b>	<b>-2.4%</b>	<b>-2.3%</b>	<b>-2.9%</b>
<b>Middle East</b>	<b>-3.0%</b>	<b>-2.0%</b>	<b>-1.6%</b>	<b>-3.1%</b>	<b>-3.6%</b>	<b>-3.2%</b>	<b>-4.5%</b>
<b>Bahrain</b>	<b>-3.3%</b>	<b>-3.0%</b>	<b>-2.8%</b>	<b>-3.4%</b>	<b>-3.6%</b>	<b>-3.3%</b>	<b>-4.1%</b>
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<b>Qatar</b>	<b>-1.3%</b>	<b>-0.7%</b>	<b>-0.2%</b>	<b>-0.6%</b>	<b>-2.0%</b>	<b>-2.0%</b>	<b>-2.3%</b>
<b>Saudi Arabia</b>	<b>+2.1%</b>	<b>+3.3%</b>	<b>+4.3%</b>	<b>+1.4%</b>	<b>+1.8%</b>	<b>+3.1%</b>	<b>-1.3%</b>
Riyadh	+2.8%	+3.2%	+5.3%	+1.5%	+2.3%	+5.0%	-0.2%
<b>UAE</b>	<b>-3.7%</b>	<b>-2.6%</b>	<b>-2.7%</b>	<b>-3.7%</b>	<b>-3.9%</b>	<b>-4.4%</b>	<b>-5.1%</b>
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Dubai	-4.2%	-2.5%	-3.1%	-4.3%	-4.5%	-5.0%	-6.0%
<b>Africa</b>	<b>-0.2%</b>	<b>+1.3%</b>	<b>+0.3%</b>	<b>+0.7%</b>	<b>-1.0%</b>	<b>-1.3%</b>	<b>-1.0%</b>
<b>Kenya</b>	<b>-2.2%</b>	<b>+2.5%</b>	<b>-0.8%</b>	<b>-0.3%</b>	<b>-4.7%</b>	<b>-5.6%</b>	<b>-4.2%</b>
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<b>Nigeria</b>	<b>+1.7%</b>	<b>+3.2%</b>	<b>+1.5%</b>	<b>+2.3%</b>	<b>+1.7%</b>	<b>-0.1%</b>	<b>+1.3%</b>
Lagos	+0.1%	+1.1%	-0.4%	+1.3%	+0.1%	-1.4%	+0.1%
<b>South Africa</b>	<b>-2.3%</b>	<b>-1.3%</b>	<b>+0.0%</b>	<b>-2.4%</b>	<b>-3.8%</b>	<b>-2.2%</b>	<b>-4.1%</b>
Johannesburg	-2.0%	-1.3%	-0.5%	-1.6%	-3.4%	-1.9%	-3.2%
<b>Uganda</b>	<b>+5.5%</b>	<b>+7.5%</b>	<b>+1.3%</b>	<b>+7.8%</b>	<b>+5.9%</b>	<b>+5.6%</b>	<b>+5.0%</b>

# Information

## Global Commercial Property Monitor

RICS' Global Commercial Property Monitor is a quarterly guide to the trends in the commercial property investment and occupier markets. The report is available from the RICS website [www.rics.org/economics](http://www.rics.org/economics) along with other surveys covering the housing market, residential lettings, commercial property, construction activity and the rural land market.

## Methodology

Survey questionnaires were sent out on 11 March 2020 with responses received until 13 April 2020. Respondents were asked to compare conditions over the latest three months with the previous three months as well as their views as to the outlook. A total of 2604 company responses were received, with 592 from the UK. Responses for Ireland were collated in conjunction with the Society of Chartered Surveyors Ireland. Responses for Spain and Portugal were collated in conjunction with Iberian Property.

Responses have been amalgamated across the three real estate sub-sectors (offices, retail and industrial) at a country level, to form a net balance reading for the market as a whole.

Net balance = Proportion of respondents reporting a rise in a variable (e.g. occupier demand) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100.

A positive net balance reading indicates an overall increase while a negative reading indicates an overall decline. The RICS Occupier Sentiment Index (OSI) is constructed by taking an unweighted average of readings for three series relating to the occupier market measured on a net balance basis; occupier demand, the level of inducements and rent expectations. The RICS Investment Sentiment Index (ISI) is constructed by taking an unweighted average of readings for three series relating to the investment market measured on a net balance basis; investment enquiries, capital value expectations and the supply of properties for sale.

## Contact details

This publication has been produced by RICS. For all economic enquiries, including participation in the monitor please contact: [economics@rics.org](mailto:economics@rics.org)

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## Economics Team

### Tarrant Parsons

Economist  
+44(0)20 7695 1585  
[tparsons@rics.org](mailto:tparsons@rics.org)

### Sean Ellison

Senior Economist  
+65 68128179  
[sellison@rics.org](mailto:sellison@rics.org)

### Simon Rubinsohn

Chief Economist  
+44(0)20 7334 3774  
[srubinsohn@rics.org](mailto:srubinsohn@rics.org)

### Kisa Zehra

Economist  
+44(0) 7695 1675  
[kzehra@rics.org](mailto:kzehra@rics.org)

### Janet Guilfoyle

Market Surveys Administrator  
+44( 0)20 7334 3890  
[jguilfoyle@rics.org](mailto:jguilfoyle@rics.org)



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### Americas

---

Latin America  
ricsamericalatina@rics.org

North America  
ricsamericas@rics.org

### Asia Pacific

---

ASEAN  
ricsasean@rics.org

Greater China (Hong Kong)  
ricshk@rics.org

Greater China (Shanghai)  
ricschina@rics.org

Japan  
ricsjapan@rics.org

Oceania  
oceania@rics.org

South Asia  
ricsindia@rics.org

### EMEA

---

Africa  
ricsafrica@rics.org

Europe  
ricseurope@rics.org

Ireland  
ricsireland@rics.org

Middle East  
ricsmiddleeast@rics.org

United Kingdom RICS HQ  
contactrics@rics.org