



MIXTA
AFRICA

**PRACTICAL IMPLEMENTATION OF THE
HOUSING AND BUILT ENVIRONMENT
OBJECTIVES:
OPPORTUNITIES AND CHALLENGES FROM A
DEVELOPER’S PERSPECTIVE**

Presented at the Symposium to mark the 42nd AGM of Shelter Afrique in Abuja, Nigeria



Introduction

Nigeria's real estate development industry plays a crucial role in shaping the country's-built environment and impacting the quality of life for its citizens.

This presentation highlights the underlying objectives for the housing and built environment sector and explores the various opportunities and challenges faced by the industry from both the supply and the demand side as well as Mixta Africa's role in bridging some of these gaps.



Nigeria's 2023 Growth Sectors: Market Drivers for Real Estate and Construction



Drivers

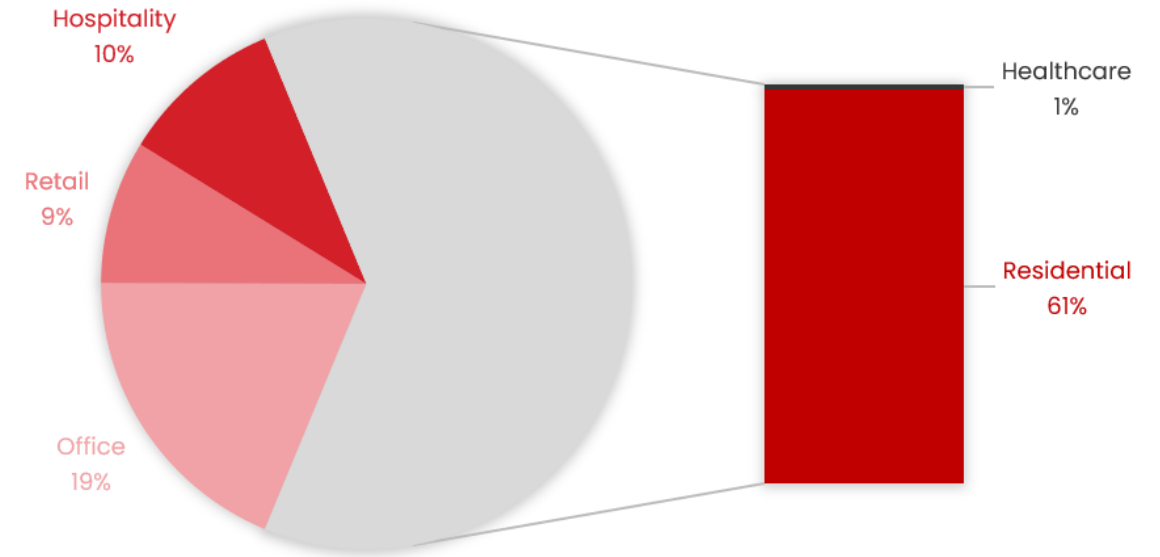
Real Estate and Construction:

- Urbanization and population growth
- Availability of appropriate buyer financing
- Long Tenors, affordable rates
- Enabling government policies and support

Nigeria housing market at a glance



Source: Authors' calculations using data from CBN (April 30th, 2023)



Source: Authors' calculations using data from Estate Intel and media reports (April 30th 2023)

- ❖ The market size of the real estate sector is estimated at N10.24 trillion via its contribution to the GDP (CBN's Q4,2022 Bulletin).
- ❖ Using Lagos State as the benchmark, the industry is split across the various segments as seen above with a residential market size of N1.45 trillion.

POLITICAL, SOCIAL, ECONOMIC STRATEGIES

To achieve affordable housing and urban development targets, practical policy and financing strategies need to be adopted in the built environment industry.

- Develop clear policy and implementation strategies to address issues such as access to financing access to land, and infrastructure development.
- Adopt innovative financing models such as public-private partnerships (PPPs), crowd-funding, and social impact bonds to manage inflationary pressures and logistical challenges.
- Embrace innovative policy by providing funding, tax incentives, and regulatory support for innovative technology companies.
- Develop effective urban renewal strategies to manage displacement by collaborating with humanitarian organization, community leaders, and government agencies to provide shelter, basic services and livelihood opportunities for displaced populations.

Collaboration among relevant stakeholders is essential to address the political, social, and economic factors that affect the industry's performance and delivery.



The following SDGs relate directly to the Real Estate sector:

SDG 11

- **Sustainable Cities and Communities:** This goal focuses on making cities and human settlements inclusive, safe, resilient, and sustainable, including access to adequate, safe, and affordable housing.

SDG 7

- **Affordable and Clean Energy:** This goal aims to ensure access to affordable, reliable, sustainable, and modern energy for all, which is crucial for the development of the real estate sector.

SDG 9

- **Industry, Innovation and Infrastructure:** This goal aims to build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

SDG 13

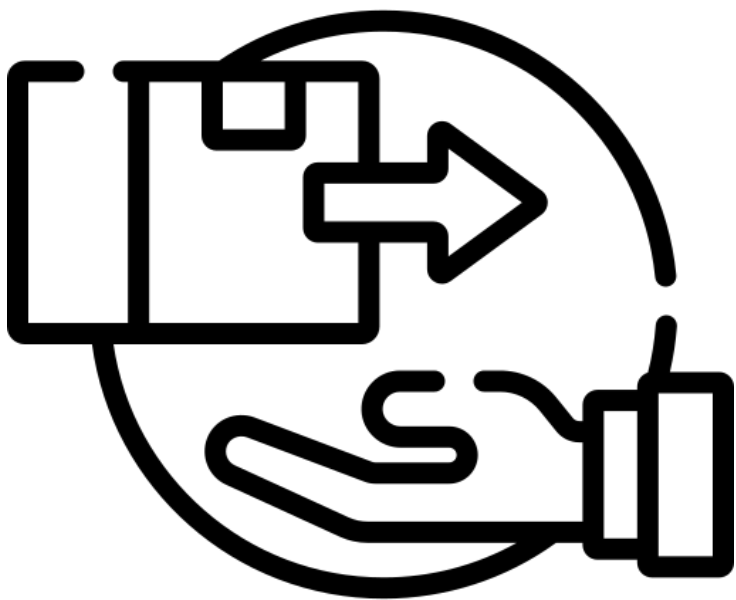
- **Climate Action:** This goal aims to take urgent action to combat climate change and its impacts, which is crucial for the real estate sector in terms of sustainability and resilience.

SDG 12

- **Responsible Consumption and Production:** This goal focuses on ensuring sustainable consumption and production patterns, which is relevant to the real estate sector in terms of materials used in construction and building design.

While these objectives are most laudable, delivering them in a sustainable and economically viable manner remains challenging to most African countries.





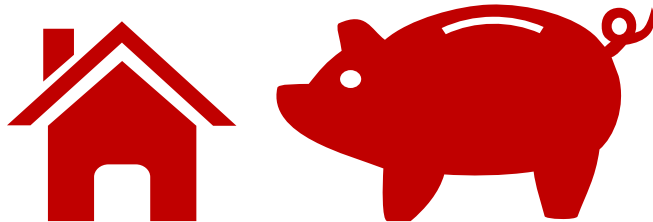
DEMAND SIDE

THE MAIN CHALLENGES FOR DEVELOPERS



High cost of the development of homes resulting from additional developer costs for provision of infrastructure

SUPPLY SIDE



Absence of credit for home buyers

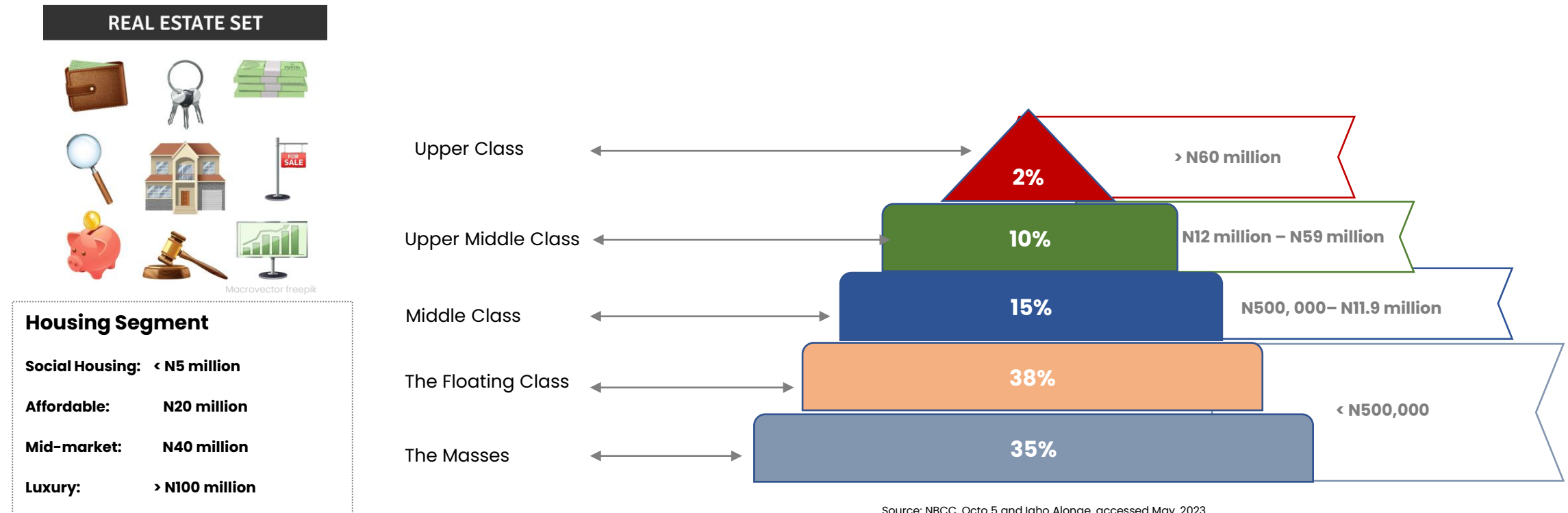
DEMAND SIDE

THE ABOVE FACTORS GIVE RISE TO SEVERAL OTHER SECONDARY CHALLENGES FOR DEVELOPERS

DEMAND-SIDE: CHALLENGES

The Affordability Crisis: High Entry Barriers for Prospective Home buyers:

- ❖ According to the Finance Correspondents Association of Nigeria (FICAN), Mortgage to GDP in Nigeria is approximately 0.50% and mortgages account for less than 1% of total banking assets.
- ❖ Only an estimated 28 million Nigerians can afford to spend N120,000 on monthly mortgage payments and are estimated to be only 46% of the working population.



DEMAND-SIDE: CHALLENGES

Access to appropriately priced and long-tenor mortgages remains central to solving the demand – side challenges. Development of a centralized database to drive efficiency across the sector will greatly assist:

The lack of a centralized database that facilitates mortgage processing as is done in more developed economies.

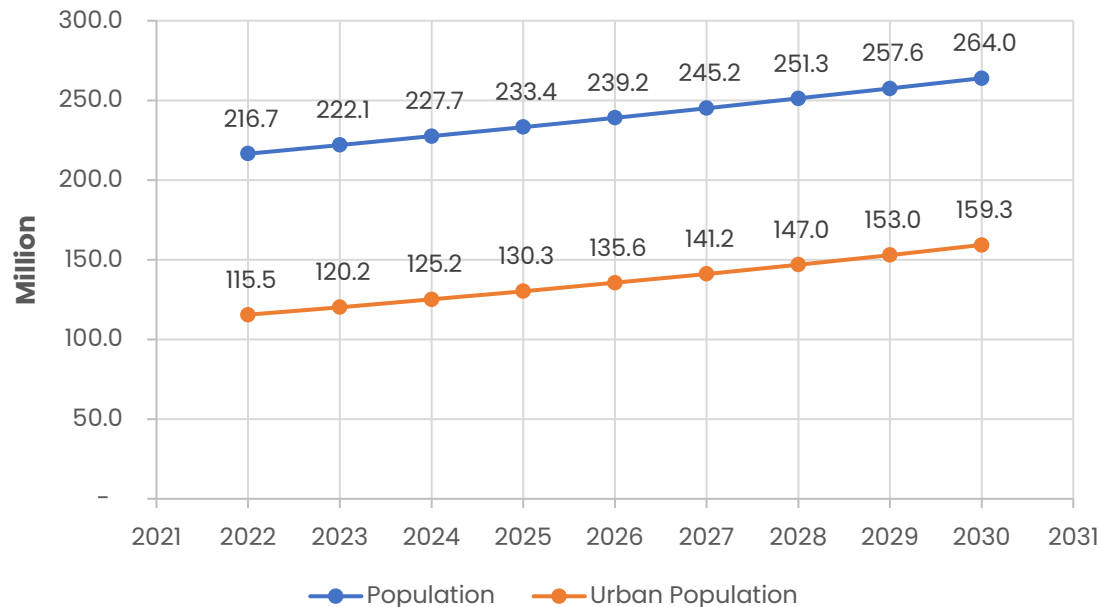
- Improve data collection: Comprehensive data on housing demand, supply, affordability, and market trends can be collected through surveys, census, and other relevant methods.
- Standardize data: Standardization of data collection methods, formats, and analysis techniques ensures the reliability of collected data.
- Use technology: Geographic Information Systems (GIS) can store, analyze and visualize housing and built environment industry data, aiding decision-making.
- Collaborate among stakeholders: Pooling resources and sharing data between stakeholders, including government agencies, private sector, and non-governmental organizations, improves data quality.
- Ensure data access: Make data available to stakeholders through online platforms, reports, and dashboards for use in decision-making.
- Regularly update data: Regular data updates ensure decision-makers have current and accurate data.
- Once these are in place, Financial Institutions must offer home loans affordable to most people –driven by major reforms in government policies



DEMAND-SIDE: OPPORTUNITIES

Population Growth, Urbanisation and the Housing Deficit:

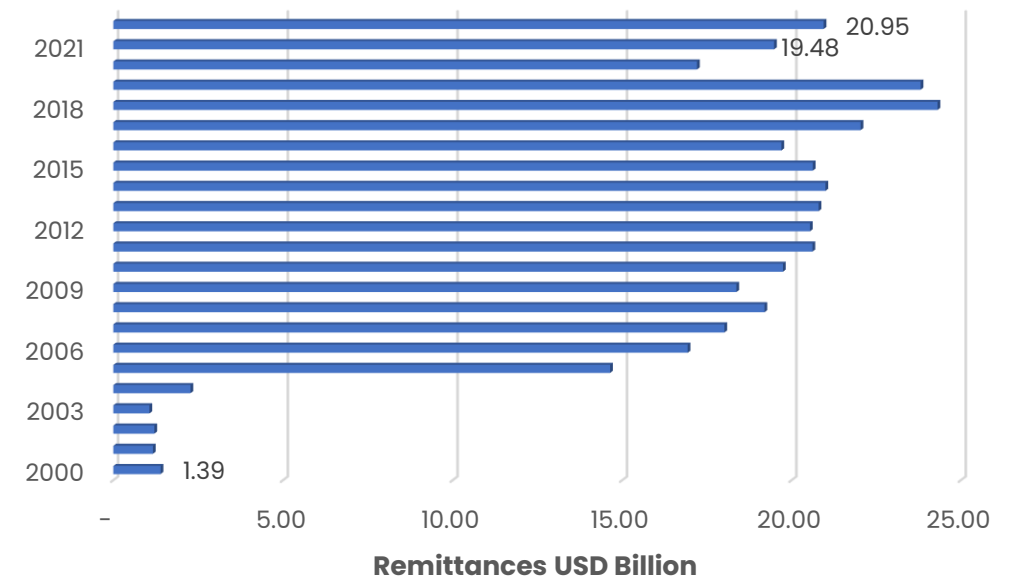
An average annual population growth of 2.5%, an urban growth rate of 4.1% and a housing deficit of 28 million + means we will always have an under-supply challenge not an oversupply



Source: Author's calculations using data from [UN Population Data](#), accessed November 2022

The Expanding Diaspora Market:

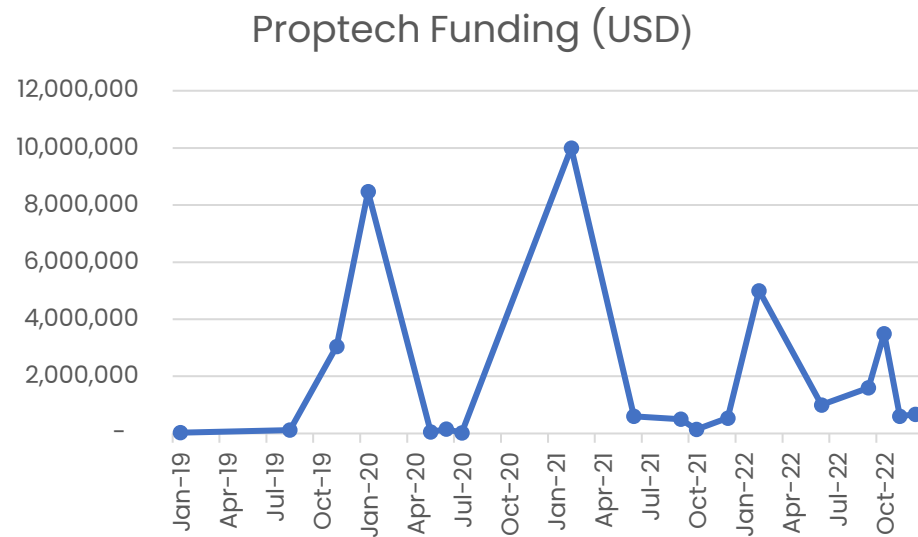
In 2022, the Nigeria Immigration Service (NIS) issued a total of 1,899,683 passports which was the highest in a single year, and in the last seven years



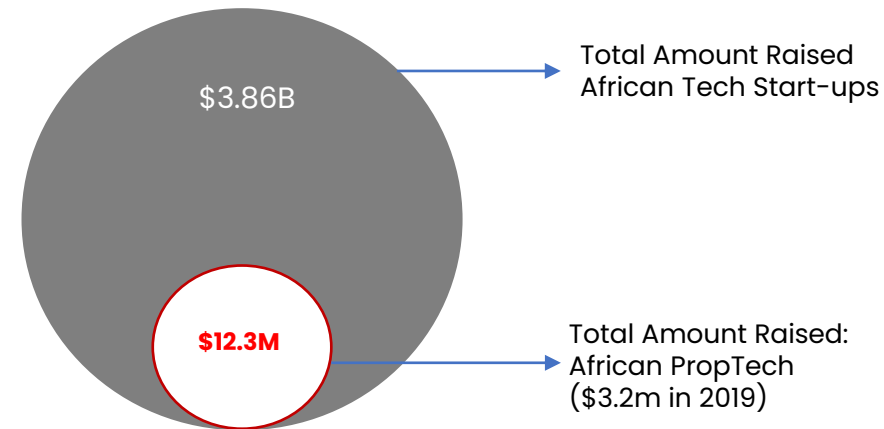
Source: Author's calculations using data from World Bank and The Central Bank Bulletin accessed December 2022

DEMAND-SIDE: OPPORTUNITIES

THE TECHNOLOGY REVOLUTION

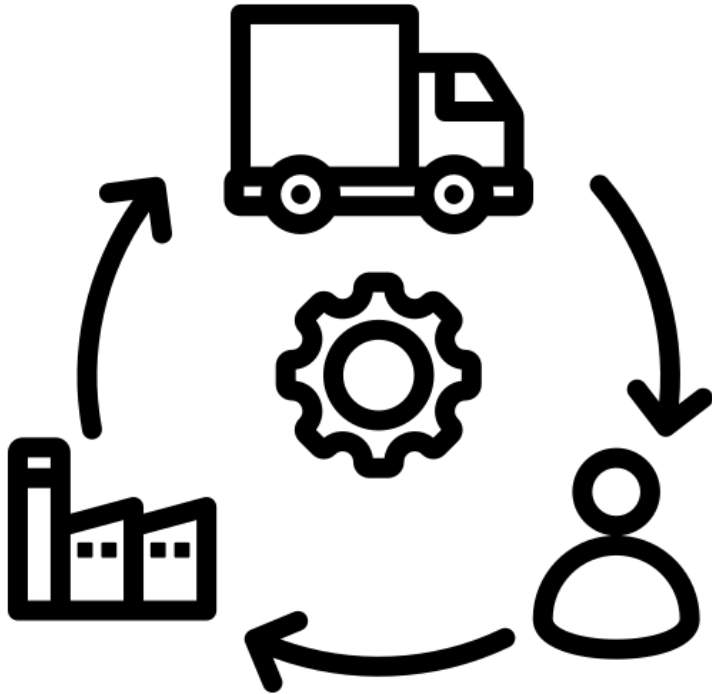


Source: [TechCabal](#) and [Startuplist Africa](#), accessed December, 2022



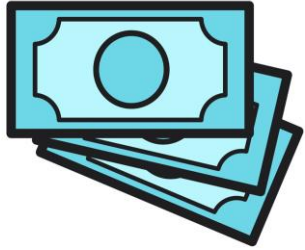
In Nigeria, Proptech is taking the center stage to facilitate transactions processing and to ease the real estate affordability crisis via offering real estate solutions ranging from:

- ❖ Property search tools
- ❖ Financing tools that allow for piecemeal payment solutions
- ❖ Rental marketplaces that facilitate the rentals and real estate and
- ❖ Real estate crowdfunding platforms serve as the engine behind a lot of the real estate investment and fractional ownership opportunities in the country



SUPPLY SIDE

SUPPLY-SIDE: CHALLENGES



Expensive and Tedious
regulatory processes



Infrastructure Deficit



High cost of homes due to
developers' cost for
adequate infrastructure



Limited Access to Long-
term funding/Cost of
funds/High borrowing rates



Growing need for sustainable
and environmentally-friendly
building practices, which
require significant investment
and expertise



Cost of production: high
costs of raw materials and
building materials

SUPPLY-SIDE OPPORTUNITIES

Climate Resilience/Green Funding Opportunities

- Nigeria has opportunities to access climate resilience and green funding through international organizations, such as the Green Climate Fund and the Climate Investment Funds.
- Private sector investments in green infrastructure and technologies, as well as public-private partnerships, can also support climate resilience and sustainable development in Nigeria.





MIXTA AFRICA'S ROLE IN BRIDGING THE GAP

SUSTAINABLE COMMUNITIES

- ❖ To achieve energy efficiency in buildings, the adoption of internationally recognized green building standards IFC's EDGE (Excellence in Design for Greater Efficiencies) certified principles, use efficient lighting systems, and install energy-efficient appliances, will ultimately result in lower prices and a reduced carbon footprint associated with their operation.
- ❖ Marula Park, a green development project for the affordable housing market in Lagos, Nigeria, is Mixta Africa's pilot project and comprises 984 residential units distributed among 29 ground-plus-three-story blocks of flats.



AFFORDABLE HOUSING

- ❖ By using low-cost building materials and adopting cost-effective building designs. We also leverage technology to reduce construction costs and increase efficiency.
- ❖ With support of Green Finance construction cost and in turn product prices are kept at a relatively affordable price without compromising the quality and standards and communities we develop.
- ❖ An example of an Innovative solution adopted by MIXTA is our 'rent to own scheme' – **Duo**, which provides potential homeowners with a creative financing option for the purchase of their property.



PROVISION OF INFRASTRUCTURE

- ❖ Mixta Africa bridges some of Nigeria's infrastructure gaps by ensuring its communities are connected to the main city infrastructure (i.e, roads, power, water treatment and supply, sewage treatment, waste management and drainages)



BUILDING FOR THE FUTURE

- ❖ The main thrust of MIXTA Africa's business model is centered on developing self-sustaining communities by providing real estate for not only residential purposes but also commercial and industrial activities.



CONCLUSION ~ IMPERATIVES TO AID THE ACHIEVEMENT OF HOUSING AND BUILT ENVIRONMENT OBJECTIVES

1. Improving access to finance for real estate developers and potential homeowners.
2. Enhancing infrastructure development, including water supply, power and waste management systems, to ensure a higher standard of living.
3. Implementing effective urban planning and zoning laws to create sustainable and livable communities.
4. Incorporating green or environmentally friendly best practices in real estate development to mitigate the effect of the built environment on climate change.
5. Promoting public-private partnerships to achieve affordable housing and urban development targets.
6. Utilizing emerging technologies to enhance the efficiency of the industry.





Thank You

