



# **THE ROLE OF HOSPITALITY IN REAL ESTATE DEVELOPMENT BOOSTING LOW-INCOME ECONOMIES**

**A PRESENTATION BY: BABAJIDE ODUSOLU, CEO**

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# NIGERIA - POPULATION AGE DEMOGRAPHICS

## TOTAL POPULATION



218,541,212 people (2022 Est.)



Age: 0 - 14 (41.7%)

91,131,685 Children Population

MEDIAN  
AGE

18.1 Years

Nigeria has one of the youngest populations in the world with a median age of 18.1

GROWTH  
RATE

FAST GROWING POPULATION

Annual growth rate 2.53 %

Nigeria has been projected to hit 300 million in population by 2035

ADULT  
POPULATION



Aged 26 and above (38.12%)

83,307,910 Adult Population

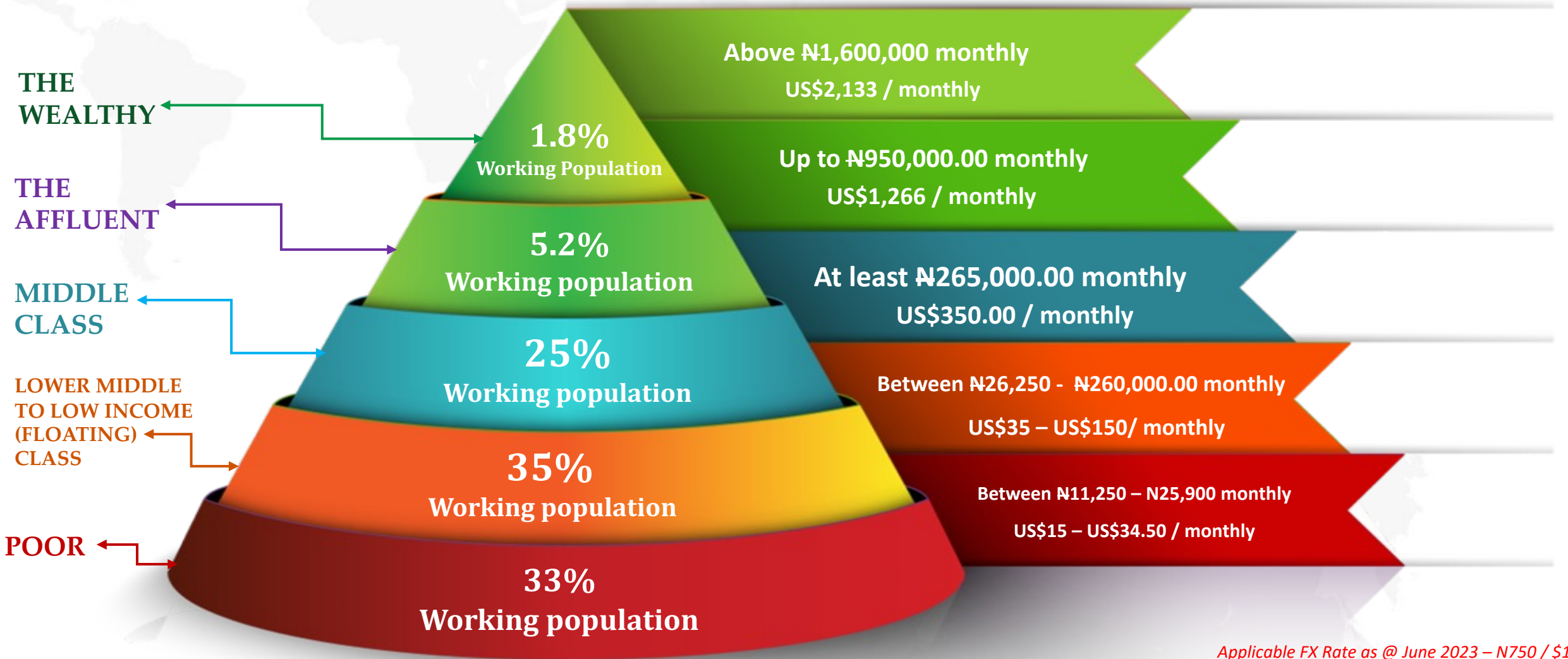


Age: 15-25 (20.18%)

44,101,616 Youth Population



# THE NIGERIAN DISPOSABLE INCOME PYRAMID<sup>©</sup>



Applicable FX Rate as @ June 2023 – ₦750 / \$1

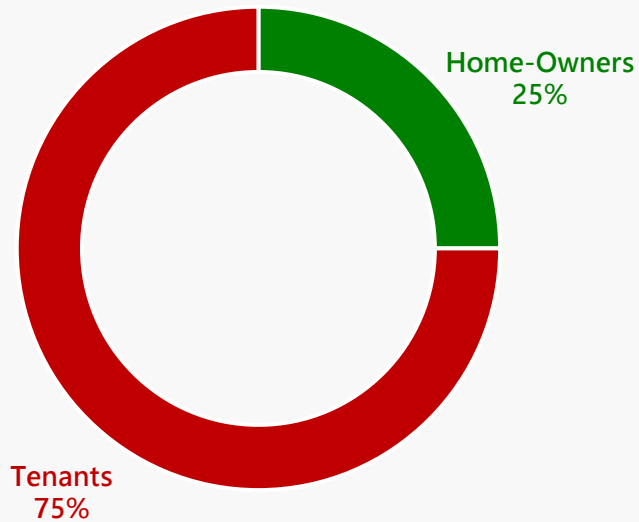
*Indicative Discretionary Income For The Nigerian Working Population refers to monthly cash availability for discretionary spend excluding core living (shelter, utilities & food) expenses*

# NIGERIA: CITIES AND DEMOGRAPHIC TRENDS

Majority of Nigerians live in sub-optimal rental homes.

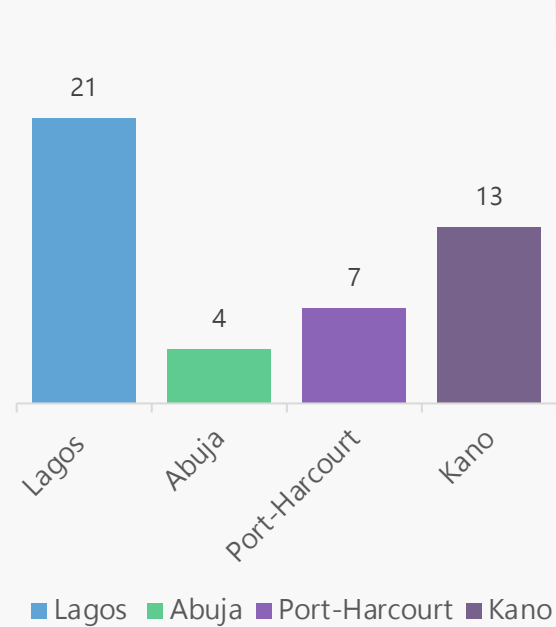
This is caused by a combination of limited supply; high acquisition costs and lack of payment flexibility or mortgages.

### Home Ownership Level In Major Cities

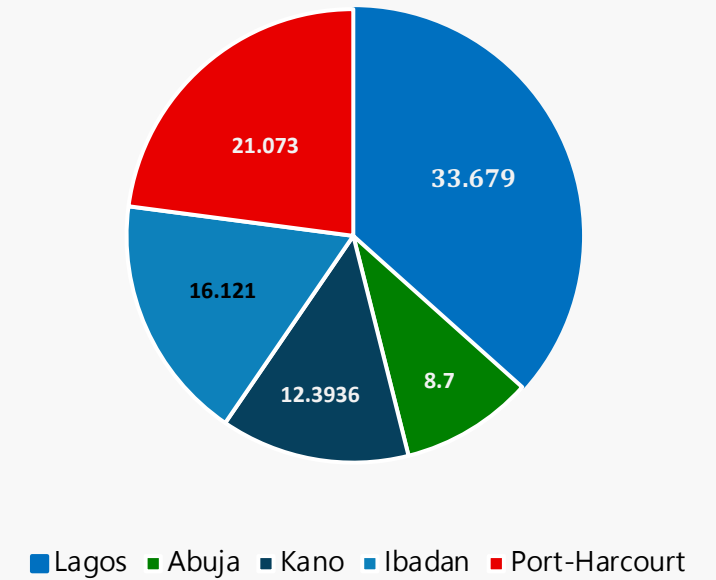


- 87% of commercial cities dwellers live in rented apartments and sub-optimal properties

### Major Commercial Cities In Nigeria



### City Economic Profile based on GDP in billions (\$)



- Nigeria's economy is 70% driven by the informal sector who depend on informal credit and flexible terms for acquisitions
- There is a glut of premium housing and under-supply of affordable housing and mass market commercial developments



# BROAD OVERVIEW OF HOSPITALITY OPPORTUNITIES

## Rapid Urbanization

- Urbanization rate is 50%, estimated to reach 62.7% by 2035
- Annual Population growth rate averages 2.53%
- Large AND increasing Youth & Children Population



**RECREATION / SPORTS  
PARKS**

## Large Middle Class

- Approximately 25% of working population (13.5m people)
- Projected to double within four years
- Estimated total household income of NGN 150.9 Billion (US\$195.9m) for 2022



**LEISURE RESORTS &  
PARKS**



**RESTAURANTS & BARS**

## Tourism and Hospitality Growth

- Contributed 5.1% to Nigeria's GDP in 2019
- Slowed to 3.6% of Nigeria's GDP in 2021 (\$16B) due to Covid-19 & recession.
- Contribution to GDP projected to grow at an average rate of 5.4 per cent between 2022 and 2032



**SHORT-LET  
APARTMENTS**

## Lifestyle Preferences

- Due to urban migration, pressure on available entertainment and hospitality avenues.
- Large demand for sports bars and leisure cafes
- Increasing demand for Sports Activity hubs & concessions



**HOTELS**

# HOSPITALITY / RECREATIONAL FACILITIES APPEAL WITHIN GATED COMMUNITIES

## PROPERTY VALUE APPRECIATION



Well-designed and maintained hospitality and recreational facilities within gated communities positively enhance property values increasing rate of returns to property owners

## TARGET MARKET APPEAL

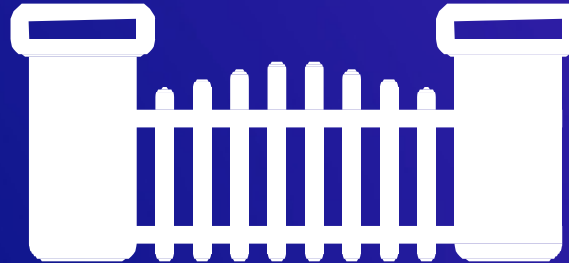
78% of millennials would rather spend their money on experiences. 77% of millennials say some of their best memories were made at events; 79% say that going to live events together helps them feel closer to the friends and family they attend with. Market **MUST** pivot to suit their needs



## CONVENIENCE AND EXCLUSIVITY



The appeal and pivot towards serviced commercial properties (apart-hotels and short lets) has increased along with growth in private member sports clubs and arcades.



## SECURITY AND PRIVACY

An estimated 17% of Nigeria's working population travel for business purposes while 21% travel for personal purposes. Security is a high concern and while desirable, access control is a major concern for hospitality within gated communities



## ENHANCED QUALITY OF LIFE



Global convergence of information, the urban migratory trends and the large youth population are triggering pent-up demand for community based hospitality centers.

## SECTORAL CONTRIBUTION TO GDP

Hospitality contributed 3.6% to Nigeria's GDP in 2021 (\$16 billion USD). The Travel & Tourism market projected to grow by 6.13% (2023-2027) resulting in a market volume of US\$3.74B in 2027.



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# GROWTH OF SHORTLET/APARTMENT HOTELS

Use of Short-let apartments in Nigeria spiked after the Covid-19 lockdown, a period when most hotels were out of business and were forced to close their doors to occupants.

In March 2021, data according to Statista put the average occupancy rate of Nigerian hotels at 47.5 per cent. In the same year, a survey across three of Nigeria's busiest cities shows the average occupancy rate for short let apartments increased from 54.6 per cent to 76.3 per cent in just three years.

Ikoyi, Victoria Island, Lekki Phase 1 and Ikeja are the top short let hubs in Lagos. However, Lekki Phase 1 is a stand-out performer maintaining considerably higher occupancy levels at 80% compared to the 60% and 70% levels recorded for Ikoyi and Victoria Island respectively.

According to recent data, short-term rental bookings in Nigeria have increased by more than 30% in the past year. This growth has been particularly strong in urban areas such as Lagos and Abuja, where demand for short-term rentals has been driven by both domestic and international travelers.

The short let market recorded 19.05%, 19.50% and 13.96% increases in prices in Lagos, Abuja and Port Harcourt respectively. In States like Oyo, Enugu and Kano, the percentage increase in prices was around 11.87%, 13.64% and 6.60% over the past calendar year.

The Lagos short let market has grown by 263% over the past 3 years. This growth was mainly underpinned by rising demand for both long-stay and short-stay apartments

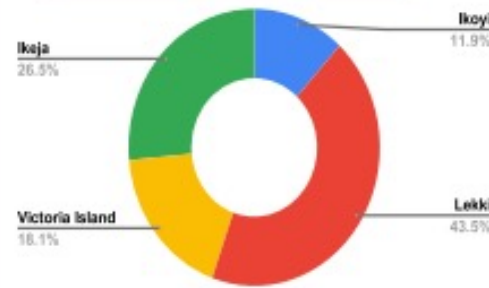
Short let operators have continued to enjoy return premiums of up to 200% due to the high daily rates compared to the annual rents in the mainstream residential sector

## STOCK SUMMARY

Active Rentals	3 year Active rental growth rate	Development Pipeline*	Outlook
<b>6,563 units</b>	<b>263%</b>	<b>1,975 units</b>	<b>NEUTRAL</b>

Source: Estate Intel, AirDNA

## TOP SHORTLET MARKETS



Source: Estate Intel, Google Maps

## KEY MARKETS DATA

Ikoyi	Lekki	Victoria Island
<b>Pipeline</b> <b>220 units</b> 11% of Total Pipeline	<b>Pipeline</b> <b>400 units</b> 20% of Total Pipeline	<b>Pipeline</b> <b>197 units</b> 10% of Total Pipeline
<b>Avg Rent</b> <b>₦70,000</b> 1 bed average rent	<b>Avg Rent</b> <b>₦50,000</b> 1 bed average rent	<b>Avg Rent</b> <b>₦60,000</b> 1 bed average rent
<b>Occ.</b> <b>60%</b> Average Occupancy	<b>Occ.</b> <b>80%</b> Average Occupancy	<b>Occ.</b> <b>70%</b> Average Occupancy





- Portfolio Diversification
- Arms-length Investments
- Guaranteed Rental Yields via Propkeys Program
- One Stop Property Management
- Enhanced Capital Returns





Thanks for Listening



# Q & A

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