THE CFG ADVISORY

The Contribution and Ranking of Real Estate to Nigeria's GDP (2000–2025)

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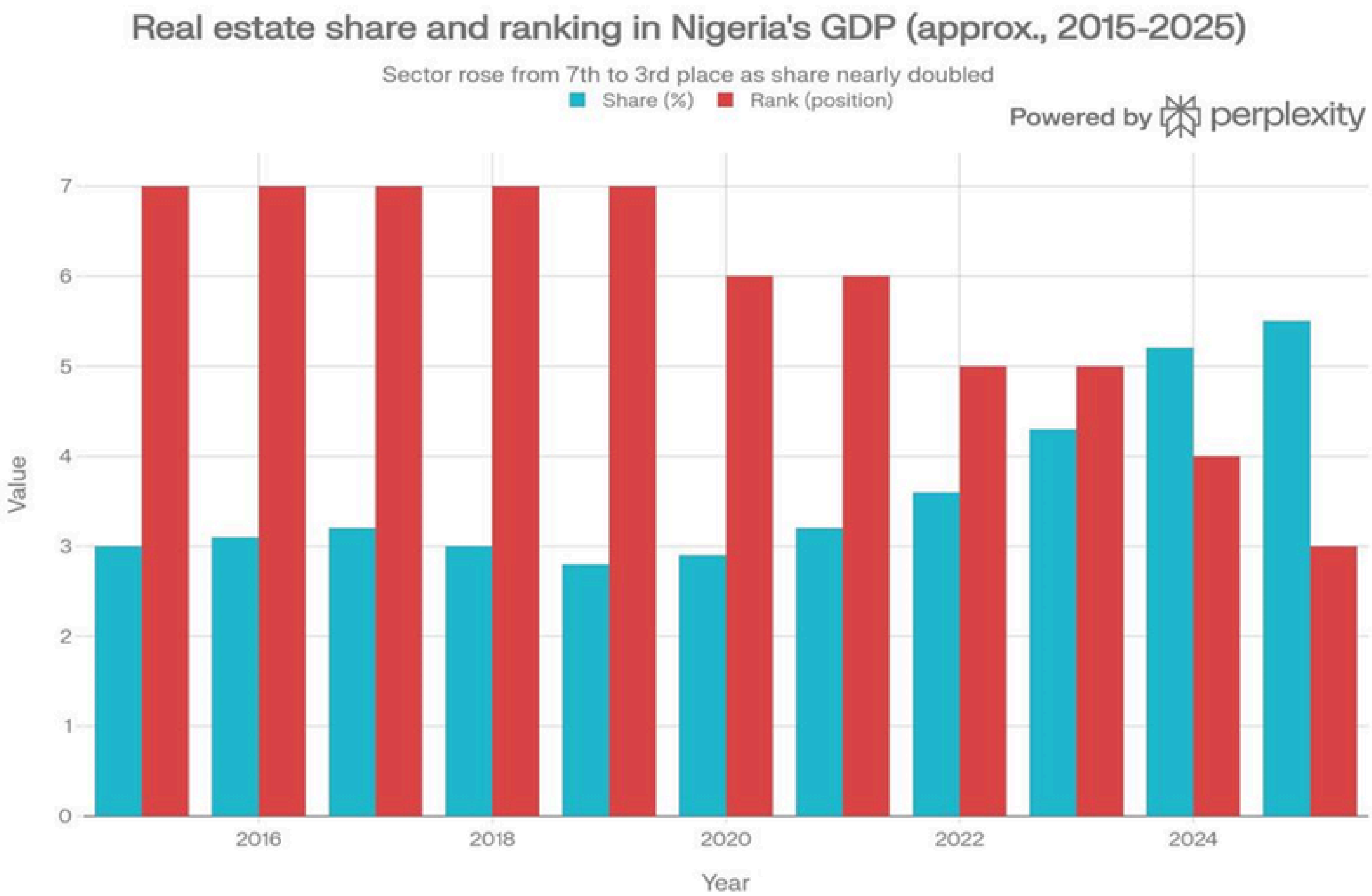
Executive Summary

Nigeria's real estate sector has undergone a remarkable transformation over the past 25 years, evolving from a modest contributor to become the nation's third-largest economic sector by 2025. Following the National Bureau of Statistics' (NBS) GDP rebasing exercise in 2025 (with base year 2019), the sector now contributes approximately 10.8% to nominal GDP, displacing crude oil and natural gas from their historical third-place position. In real terms, the sector's contribution stands at about 5.4% as of Q1 2024, rising to approximately 5.5–6.0% by 2025. This report examines the historical trends, growth drivers, structural shifts, and economic implications of real estate's ascent in Nigeria's GDP composition from 2000 to 2025.



Introduction

Real estate represents a critical pillar of economic development, encompassing residential, commercial, and industrial property development, construction activities, property services, and related financial intermediation. In Nigeria, the sector's importance extends beyond shelter provision to encompass significant employment generation, infrastructure development, and multiplier effects across manufacturing, nance, and professional services.

The period from 2000 to 2025 witnessed substantial structural changes in Nigeria's economy, including multiple GDP rebasing exercises, rapid urbanization, population growth, and deliberate economic diversification policies away from oil dependence. This report traces the real estate sector's contribution and ranking trajectory across this transformative quarter-century.

Historical Overview: 2000–2014

Early Period (2000–2009)

During the early 2000s, real estate's contribution to Nigeria's GDP was relatively modest, estimated at approximately 2–3% under the prevailing GDP base years (1990 and later 2003). The sector was characterized by:

- Limited formal market activity concentrated in Lagos, Abuja, and Port Harcourt
- Dominant informal housing construction and property transactions
- Minimal institutional investment and mortgage finance penetration
- Ranking between 8th and 10th among economic sectors by GDP share
- Oil and gas dominated the economy, with agriculture (primarily crop production) constituting the largest non-oil sector. Real estate was grouped with construction in most statistical classifications, making precise historical disaggregation challenging.

2010 GDP Rebasing and Reassessment (2010–2014)

The NBS conducted a major GDP rebasing in 2014 (with base year 2010), which substantially revised sectoral contributions. According to NBS data for 2010–2012, real estate's contribution fluctuated around 7% of GDP in nominal terms during this period. The sector generated:

- ₦5.1 trillion in 2010
- ₦5.8 trillion in 2011
- ₦6.4 trillion in 2012

This rebasing revealed a significant underestimation of service sectors, including real estate, in previous GDP calculations. The sector's ranking improved to approximately 6th–7th position among major economic activities.

Growth Acceleration: 2015–2019

Steady Expansion

Between 2015 and 2019, Nigeria's real estate sector experienced steady growth despite broader economic headwinds, including the 2016 recession. The sector's contribution to real GDP gradually increased from approximately 3.0% in 2015 to about 3.2% by 2017, before moderating slightly during the 2018–2019 period as oil price volatility and currency pressures affected purchasing power.

Key developments during this period included:

- Implementation of the Economic Recovery and Growth Plan
- (ERGP) emphasizing diversification
- Growth of mortgage institutions and expansion of the National Housing Fund
- Increased private equity and diaspora investment in residential and commercial projects
- Emergence of organized property development companies and REITs (Real Estate Investment Trusts)
- Expansion of mixed-use developments in major urban centres.

The sector maintained its 6th–7th ranking among GDP contributors throughout this period, behind crop production, trade, crude petroleum, telecommunications, and manufacturing.

The Rebasing Revolution: 2020–2025

Impact of COVID-19 and Recovery (2020–2021)

The COVID-19 pandemic initially disrupted construction and property transactions in 2020, with the sector's GDP share dipping to approximately 2.9%.
However, the sector demonstrated resilience, recovering to 3.2% by 2021 as demand for residential space increased due to remote work trends and continued urbanization pressures.

The 2025 GDP Rebasing: A Structural Revelation

The National Bureau of Statistics conducted a comprehensive GDP rebasing in 2025, updating the base year from 2010 to 2019. This exercise fundamentally transformed the understanding of the real estate sector's economic weight.

Pre-Rebasing vs. Post-Rebasing Comparison (2023 data)

Metric	Pre-Rebasing	Post-Rebasing
Nominal value (₦ trillion)	10.5	30.7
Share of nominal GDP (%)	6.20%	10.80%
Ranking among sectors	5th	3rd

Impact of 2025 GDP rebasing on real estate sector metrics shows that by 2024, post-rebasing figures showed real estate output reaching ₦41.3 trillion in nominal terms, solidifying its position as the third largest sector.

Current Position (2024–2025)

As of Q1 2024, the NBS reported that real estate contributed 5.20% to real GDP, with the sector officially ranking third behind crop production (17.58% of nominal GDP) and trade (17.42%). The sector displaced crude petroleum and natural gas, which fell to fifth position with approximately 4–5% of GDP.

By Q1 2025, the sector's performance accelerated further:

- Nominal contribution: ₦16.42 trillion (in Q1 alone), representing
- 17.4% of quarterly nominal GDP.
- Real contribution: 13.30% of quarterly real GDP.
- Quarterly growth: 18.08% nominal growth, up from 8.73% in the previous quarter.

Some estimates for Q2 2025 suggest the sector's share may have reached 12.8% of real GDP, though this figure requires verification against official NBS releases.

Growth Drivers and Structural Factors

Demographic and Urbanization Pressures

Nigeria's population exceeded 220 million by 2025, growing at approximately 2.6% annually. This demographic expansion, combined with rapid rural-to-urban migration, has created enormous housing demand. The national housing deficit is estimated at 28 million units, requiring approximately 700,000 new homes annually to bridge the gap.
Major urban centres—Lagos, Abuja, Port Harcourt, Kano, and Ibadan —have experienced particularly intense property demand, driving both residential and commercial real estate development.

Economic Diversification Policies

Government initiatives aimed at reducing oil dependency have systematically supported real estate growth:

- Economic Recovery and Growth Plan (ERGP) prioritizing infrastructure and housing
- National Housing Fund expansion and mortgage refinancing schemes
- Tax incentives for property developers
- Public-private partnership frameworks for mass housing projects
- Establishment of specialized mortgage institutions and regulatory frameworks.

Improved Data Capture and Formalization

The 2025 GDP rebasing incorporated better coverage of informal real estate activities, which constitute a substantial portion of Nigeria's property market. Improvements included:

- Enhanced surveying of informal property transactions
- Better valuation of rental housing services
- Inclusion of emerging sub-sectors (co-working spaces, student housing, short-term rentals)
- Recognition of digital real estate platforms and tech-enabled property finance.

Sectoral Multiplier Effects

Real estate development generates significant ripple effects across the economy:

- Construction materials demand (cement, steel, aluminium, paint, glass) supports manufacturing.
- Employment for contractors, artisans, engineers, architects, and labourers.
- Financial services demand (mortgages, property insurance, legal services.
- Infrastructure spillovers (roads, utilities, telecommunications)

The Cement Price Channel and Construction Cost Dynamics

Cement pricing represents a critical input cost factor influencing real estate sector dynamics. Recent trends have shown significant volatility:

- Between 2023 and early 2026, cement prices surged from approximately ₦3,500–₦4,500 per 50kg bag to peaks of ₦10,500– ₦14,000, driven by naira devaluation, energy costs, and inputs.
- In February 2024, following federal government intervention, major manufacturers (Dangote, BUA, Lafarge) agreed to target prices of ₦7,000–₦8,000 per bag to ease construction costs.
- As of early 2026, new tax regime pressures have renewed upward price pressures, with industry stakeholders expressing concern about impacts on the housing deficit.

Impact on Real Estate GDP Analysis:

While the post-2024 GDP surge is primarily a statistical rebasing effect (improved valuation methods, broader coverage, reclassification), sustained cement price reductions would strengthen the real-economy foundations of the sector's growth trajectory:

1. **Construction volume effects:** Lower cement costs improve project feasibility margins, potentially accelerating housing starts, particularly in affordable and mass-market segments where input costs are binding constraints.
2. **Housing affordability transmission:** Reduced construction costs can moderate sale prices and rental escalation, supporting demand-side growth and reducing the affordability crisis documented in industry reports.
3. **Infrastructure complementarity:** More cost-effective construction enables private developers to invest in on-site infrastructure (roads, drainage, utilities), improving project quality and residential satisfaction.

However, the GDP rebasing effect dominates short-term dynamics: the sector's nominal jump from ₦10.5 trillion (2023 pre-rebasing) to ₦30.7 trillion (2023 post-rebasing) and ₦41.3 trillion (2024) reflects methodological improvements rather than a cement-driven construction boom. Durable cement price moderation would appear in data as stronger volume growth in subsequent quarters, gradually reinforcing the sector's elevated GDP share through increased real activity rather than another discrete statistical jump.

Oil Sector Decline and Relative Repositioning

While real estate has grown in absolute terms, its rise to third position also reflects a relative decline in crude oil and gas contributions due to:

- Production challenges (theft, sabotage, underinvestment)
- Global energy transition pressures
- Price volatility and quota constraints
- Structural shift in global oil demand patterns

Ranking Evolution: A Quarter-Century Perspective

Period	Approximate Rank	GDP Share (%)
2000–2009	8th–10th	2.0–3.0%
2010–2014	6th–7th	6.0–7.0% (nominal, 2010 base)
2015–2019	6th–7th	3.0–3.5% (real)
2020–2022	6th–7th	2.9–3.6% (real)
2023 (pre-rebasing)	5th	6.2% (nominal)
2023 (post-rebasing)	3rd	10.8% (nominal)
2024–2025	3rd	5.4–6.0% (real); 10.8–12.8% (nominal)

Real estate sector ranking and GDP share evolution (2000–2025)

The sector's ascent from peripheral contributor to third-largest sector represents one of the most significant structural transformations in Nigeria's post-independence economic history.

Economic Implications and Policy Considerations

Positive Economic Impacts

1. **Employment generation:** Real estate and construction together employ millions directly and support extensive informal labour markets.
2. **Wealth creation:** Property appreciation facilitates household wealth accumulation and serves as collateral for business financing.
3. **Urban infrastructure:** Private real estate development often drives roads, utilities, and commercial amenities in underserved areas.
4. **Tax revenue:** Property taxes, stamp duties, and transaction fees provide a stable source of government revenue.
5. **Economic diversification:** Reduces overreliance on volatile oil revenues.

Challenges and Risks

1. **Affordability crisis:** Rapid property price appreciation has outpaced income growth, worsening housing affordability for low- and middle-income households.
2. **Speculative risks:** Concentrated investment in high-end properties may create price bubbles and misdirect capital from productive uses.
3. **Inadequate mortgage finance:** Mortgage penetration remains below 5% of GDP, limiting inclusive homeownership.
4. **Land tenure complexity:** Fragmented land ownership, multiple taxation, and title registration challenges constrain formal market development.
5. **Infrastructure deficits:** Many developments lack adequate utilities, transportation links, and social amenities.
6. **Regulatory gaps:** Inconsistent zoning enforcement, building codes, and consumer protection frameworks.

Policy Considerations

- Expand affordable housing finance through enhanced National
- Housing Fund capitalization and mortgage refinancing facilities
- Streamline land administration through the digitisation of land registries and harmonization of multiple taxes
- Enforce building codes and urban planning regulations to ensure sustainable development
- Incentivize development in secondary cities to reduce pressure on Lagos and Abuja
- Strengthen consumer protection frameworks for property buyers and renters
- Integrate real estate development with mass transit and utility infrastructure planning
- Support the construction industry through local content policies and skills development programs

Policy Note: Transmission Channels from Real Estate Growth to Broader Economic Outcomes

Employment Channel

Real estate's contribution to employment operates through multiple pathways:

- **Direct construction employment:** Estimated 2–3 million workers in formal construction, with an additional 5–7 million in informal building trades (masons, carpenters, plumbers, electricians)
- **Upstream manufacturing linkages:** Cement production, steel mills, aluminium extrusion, paint manufacturing, glass production, and building materials supply chains employ hundreds of thousands and generate demand for raw materials (limestone, gypsum, iron ore)
- **Downstream services:** Property management, facility maintenance, security services, cleaning, landscaping, and estate administration create ongoing employment beyond the construction phase.
- **Professional services:** Architects, engineers, quantity surveyors, lawyers, valuers, and real estate agents constitute a high-skilled employment segment with significant value added.

Policy lever: Skills development programs targeting construction trades, coupled with local content requirements for materials procurement, can maximize employment multipliers while improving productivity and building quality standards.

Credit and Financial Intermediation Channel

Real estate's financial sector linkages amplify its economic impact:

- **Mortgage finance expansion:** Despite low penetration (<5% of GDP), mortgage lending has grown from approximately ₦500 billion (2015) to over ₦3 trillion (2025), deepening financial intermediation.
- **Developer financing:** Construction loans, mezzanine financing, and project bonds channel institutional capital (pension funds, insurance companies) into productive investment.
- **Collateral value creation:** Property assets serve as collateral for business loans, enabling SME financing and entrepreneurship—estimated at 40–50% of commercial loan collateral.
- **Secondary market development:** Emergence of Real Estate Investment Trusts (REITs) and mortgage-backed securities broadens capital market depth and provides liquidity to long-term assets.

Policy lever: Strengthening primary mortgage institutions, establishing a functional secondary mortgage market, and implementing risk-sharing mechanisms (partial credit guarantees) can unlock credit growth while managing systemic risks. The National Housing Fund requires recapitalization and operational reforms to reach scale.

Land Administration and Tenure Security Channel

Efficient land markets are foundational to real estate sector performance:

- **Title registration efficiency:** Fragmented land registries, manual processes, and multiple overlapping claims create transaction costs estimated at 15–25% of property values and delay projects by 12–36 months.
- **Multiple taxation burden:** Developers face land use charges, development levies, infrastructure taxes, and capital gains taxes from multiple government tiers, reducing project viability and encouraging informality.
- **Planning and zoning clarity:** Inconsistent enforcement of master plans, arbitrary permit processes, and corruption in approvals constrain formal sector growth and misallocate land resources.
- **Compulsory acquisition risks:** Uncertainty around government land acquisition powers and inadequate compensation frameworks deter long-term investment.

Policy lever: Digitisation of land registries (blockchain-based title systems), harmonization of property taxes under a single collection authority, and establishment of transparent, time-bound approval processes would reduce transaction costs, formalize markets, and attract institutional capital. The Land Use Act of 1978 requires a comprehensive review to align with contemporary market realities.

Fiscal Revenue Channel

Real estate generates diverse government revenues:

- **Property taxes:** Annual tenement rates and land use charges provide stable, predictable revenue for state and local governments—currently underexploited with collection efficiency below 30%.
- **Transaction-based revenues:** Stamp duties, capital gains taxes, and registration fees on property transfers yield significant one-time revenues during market upturns.
- **Corporate taxes:** Developer property, real estate services and construction companies contribute to the corporate income tax base.
- **Import duties:** Building materials imports (tiles, sanitary ware, fixtures, specialized equipment) generate customs revenues, though local content policies aim to shift this toward domestic manufacturing.

Policy lever: Implementing comprehensive property tax reforms (including valuation updates, expanded coverage, improved collection enforcement through technology) could increase subnational revenues by ₦500 billion–₦1 trillion annually, reducing federal allocation dependence and funding urban infrastructure.

Infrastructure and Urbanization Channel

Real estate development drives and responds to infrastructure investment:

- **Private infrastructure provision:** Estate developers often provide roads, water, electricity, and waste management within project boundaries, partially compensating for public infrastructure deficits.
- **Land value capture:** Infrastructure investments (rail, highways, airports) increase proximate land values, enabling taxation mechanisms (betterment levies, tax increment financing) to fund further development.
- **Agglomeration economies:** Real estate concentration in urban cores supports density-dependent services (retail, entertainment, healthcare, education) and reduces per-capita infrastructure costs.
- **Urban sprawl risks:** Weak planning and inadequate mass transit encourage low-density peripheral development, increasing infrastructure costs and commuting times.

Policy lever: Integrated spatial planning linking mass transit corridors (Bus Rapid Transit, rail) with high-density mixed-use zoning, combined with value capture mechanisms, can guide efficient urbanization. Mandatory infrastructure bonds or development impact fees ensure developers contribute to trunk infrastructure.

Monetary Policy and Inflation Dynamics

Real estate intersects with monetary policy through multiple channels:

- **Interest rate sensitivity:** Construction and mortgage financing respond to Central Bank of Nigeria policy rates, with lending rates of 18–28% currently constraining affordability.
- **Inflation hedge:** Property assets serve as inflation stores of value, absorbing liquidity during high inflation episodes (2023–
- 2025 inflation averaged 25–30%)
- **Forex exposure:** Imported building materials and dollar-denominated construction contracts create currency risk, amplified during naira devaluation periods.
- **Financial stability risks:** Concentrated property lending by banks (15–20% of total loans) creates systemic risks if property bubbles burst, requiring macroprudential regulation.

Policy lever: Differential monetary policy tools—such as concessional rediscounting for affordable housing mortgages, loan-to-value ratio limits on high-end properties, and foreign exchange hedging facilities for essential construction inputs- can balance growth support with financial stability.

Conclusion

Nigeria's real estate sector has experienced a remarkable transformation from 2000 to 2025, evolving from a marginal economic contributor to the nation's third-largest sector by GDP. While the 2025 rebasing exercise revealed previously underestimated contributions, genuine growth drivers—including demographic pressures, urbanization, economic diversification policies, and improved formalization—underpin the sector's expansion.

The sector's ₦41.3 trillion contribution in 2024 (approximately 10.8% of nominal GDP) and continued strong performance into 2025 demonstrate its central role in Nigeria's post-oil economic trajectory. Real estate now rivals and surpasses traditional pillars like crude oil, signalling a fundamental reorientation of the Nigerian economy toward services and domestic demand-driven sectors.

Sustaining this growth trajectory while addressing affordability, infrastructure, and regulatory challenges will require coordinated policy action. If managed effectively, real estate can serve as an inclusive growth engine, generating employment, wealth, and urban development that benefits Nigerians across income levels. The sector's rise from approximately 2% of GDP at the turn of the millennium to over 10% today reflects both statistical improvements and genuine structural change and transformation that positions real estate as a significant contributor to Nigeria's economy

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