

Lagos rents have increased by as much as 120 per cent in two years, significantly outpacing wage growth of between seven and nine per cent, according to a new report by GTI Investment Group.

The report, titled “Beyond Rent: Mapping Lagos’ Housing-Led Capital Expansion,” was unveiled at a Lagos forum on housing and capital development. GTI’s Head of Research and Strategy, Abiodun Ogunniyi, told attendees the housing funding gap is nearly three times the size of Lagos State’s entire N2.337 trillion capital budget for 2026.

The report, based on more than 3,200 rental listings across 15 zones in Lagos, also revealed that the state’s property price-to-income ratio had risen to 19.2 times, the figure is higher than the ratios recorded in Cairo at 18.4, Nairobi at 11.5, Cape Town at 5.4 and Durban at 4.2.

GTI noted that any ratio above five is typically classified as severely unaffordable, and estimated over 70 per cent of Lagos households can no longer realistically afford to buy a home. Much of the price surge, the report said, stems from infrastructure and location value rather than rising incomes. According to the report, much of the increase in property prices was driven by infrastructure and location premiums rather than corresponding growth in household incomes.

Speaking at the forum, Director of the Centre for Housing and Sustainable Development, University of Lagos, Prof. Timothy Nubi, described Nigeria’s housing challenge as primarily a capital problem rather than a shortage of buildings.

“We do not have a housing crisis; we have a capital architecture problem. Design the system and the city will build itself,” Nubi said.

He noted that real estate currently contributed only about 0.5 per cent to Nigeria’s Gross Domestic Product, compared with between 18 and 20 per cent in the United States and United Kingdom. He also identified the pension industry, whose assets have exceeded N31 trillion, as a largely untapped source of housing finance.

The GTI report stated that regulators permit up to 30 per cent of pension assets to be invested in instruments such as Real Estate Investment Trusts, mortgages and asset-backed securities, but actual exposure to real estate stood at about five per cent.

Nubi illustrated the affordability crisis with the case of a 46-year-old University of Lagos lecturer with 10 years of service who was offered a two-bedroom apartment in Badagry for N28 million despite earning less than N250,000 monthly. He warned that increasing demand would further intensify pressure on Lagos' housing market, with the state's population projected to rise from about 20 million to 40 million over the next 25 years. He called for reforms in land administration, mortgage financing and infrastructure delivery to address the growing affordability challenge.

The Permanent Secretary, Lagos State Ministry of Housing, Abdulhafiz Toriola, said the government could not meet the state's housing needs alone and called for increased private-sector participation. He said government should provide land and infrastructure, streamline approval processes and introduce investment incentives to attract more private capital into the housing sector. He noted that the Lagos State Real Estate Regulatory Authority had contributed to improving the investment environment but stressed the need for faster land-title processing and stronger public-private partnerships.

GTI proposed a four-part capital reform framework comprising micro-title regularisation, an infrastructure value capture authority, land equity trusts and a rental-equity REIT. The report estimated that the proposed measures could close between 45 and 65 per cent of the housing funding gap. It also identified 10 entry points for retail investors, including cooperative societies and NGX-listed REITs, with some requiring initial investments of as little as N5,000.

The forum brought together developers, investors, regulators and financial institutions, with speakers emphasising the need to improve access to long-term capital to enable Lagos to address its growing housing affordability gap.