

# Lagos Market Update

H1 2025

Lagos Market Update provides half year update on the real estate market performance of the commercial nerve centre and economic hub of Nigeria.

[knightfrank.com/research](https://knightfrank.com/research)



  
**AFRICAN  
PROPERTY  
AWARDS**  
REAL ESTATE  
**Roca**  
**LAUFEN**  
BEST PROPERTY AGENCY  
/ CONSULTANCY  
AFRICA  
Knight Frank Nigeria  
2024-2025

  
**AFRICAN  
PROPERTY  
AWARDS**  
REAL ESTATE  
**Roca**  
**LAUFEN**  
★★★★★  
BEST PROPERTY AGENCY  
/ CONSULTANCY  
NIGERIA  
Knight Frank Nigeria  
2024-2025

# Lagos Market Update

H1 2025



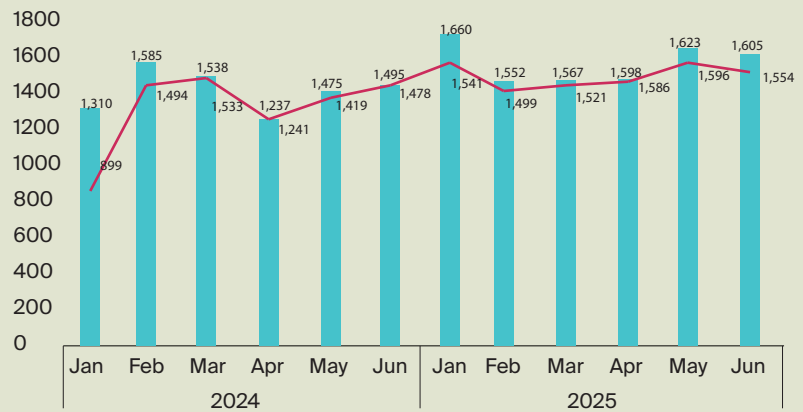
## Economic Update

Nigeria's economy felt like a car finally shifting into gear. Following overdue reforms and aggressive 2024 tightening (MPR up 750bps) to stabilize the naira and control inflation. H1 2025 offered glimmers of progress. The naira's appreciation to N1,539.24/\$ by end of June 2025 (from N1,661.12/\$ at end of 2024) and its stabilization within the N1,400–1,600/\$ band were tangible signs these reforms were gaining traction. This strengthening, driven by the rollout of the Electronic Foreign Exchange Matching System (EFEMS) and updated FX transaction codes, significantly reduced the need for drastic central bank intervention. Yet, just as this domestic footing seemed to strengthen, external shocks threatened to stall the hard-won traction

Headline inflation figures show a remarkable drop, from 34.8% in December 2024 to 22.97% by May 2025, however, a closer look reveals this isn't purely a result of cooling price pressures. The decline was heavily assisted by a statistical CPI rebasing. The CBN held rates at 27.5%, sustaining monetary pressure while finally pushing real interest rates into positive territory. On the flip side, the exercise delayed the release of official GDP data, though Stanbic estimates that the economy grew by 3.7% in H1 2025. These developments, amidst the persistent

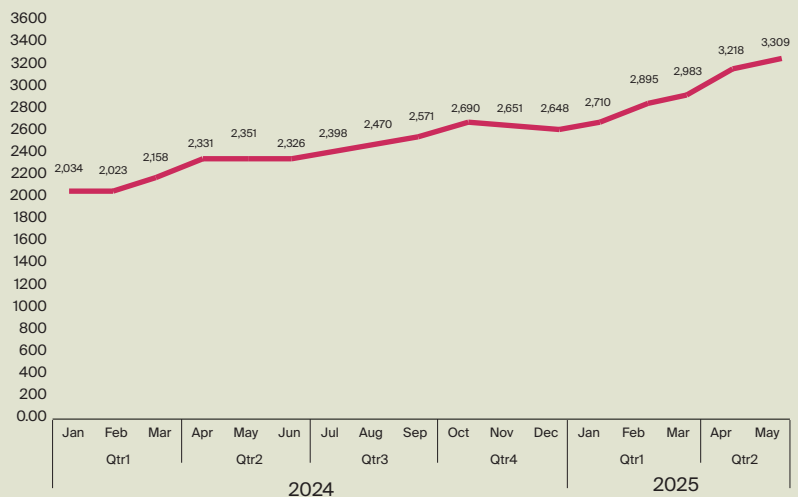
### Exchange Rate Stability in H1 : 2025

FX Parallel Market    FX CBN Rate



Source: CBN, Knight Frank Research

### Gold Rally



Source: Knight Frank

# 22.97%

Inflation fell to 22.97%, heavily assisted by statistical CPI rebasing.

threat of external headwinds, underscored the bold economic reforms, intended to reset the nation's economic trajectory.

Despite the policy wins, the delicate domestic recovery is now being tested by significant external pressures. Global oil markets experienced significant volatility in H1 2025. Prices faced downward pressure in May, with Brent dipping toward \$65 per barrel on concerns about global oversupply and softening demand, threatening Nigeria's revenue targets. This trend shifted in June following the escalation of conflict between Iran and Israel. Heightened fears of supply disruptions through critical chokepoints like the Strait of Hormuz triggered a sharp price rally. Brent crude surged, Bonny Light lifted to \$79 per barrel, a substantial increase from May lows.

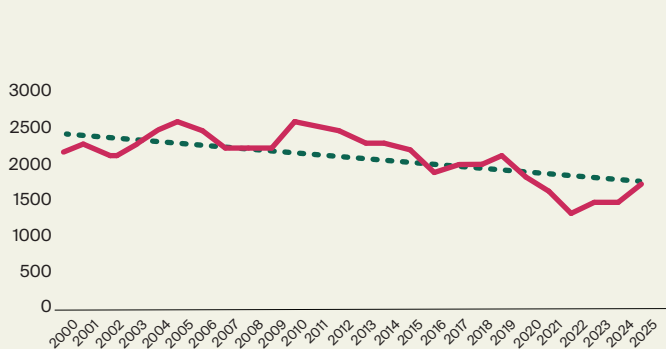
Yet even as prices rallied, output constraints continued to define the oil sector in H1 2025, averaging 1.6–1.7 mbpd, falling short of the 2.06 mbpd budget projection. At the same time, the global environment is becoming harder to predict. A new world order is taking shape, with both the political and economic landscape shifting in ways that are still unfolding. These unprecedented change have made markets more uncertain, as investors try to make sense of rising tensions, policy changes, and unexpected shocks. As a result, many have resorted to reducing risk by moving money into safer assets, a flight to safety that has driven strong interest in gold. The metal saw a solid rally in H1 2025, as worries over inflation, war, and currency weakness pushed investors toward more stable options. For Nigeria, this mix of global

uncertainty and safe-haven demand presents a tough balance. While higher oil prices offer some support, the broader global pressure adds strain to recovery efforts and could complicate the path ahead

## Key Insights

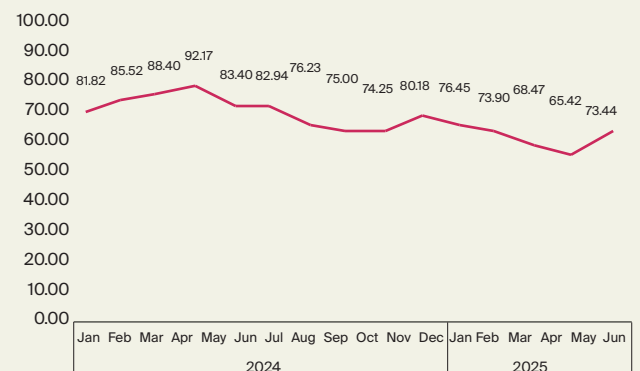
- Volatility in Oil Prices and Production concerns threaten underlying budget assumptions
- Inflation dropped significantly to 22.97% in May 2025 from 34.8% in December 2024 due to the CPI rebasing
- Naira appreciated from N1,661.12/\$ to N1,539.24/\$ following a series of central bank reforms, the naira found stability and appreciated against the dollar Matching System (EFEMS).

Oil Production in Nigeria (in '000 barrels per day)



Source: NUPRC

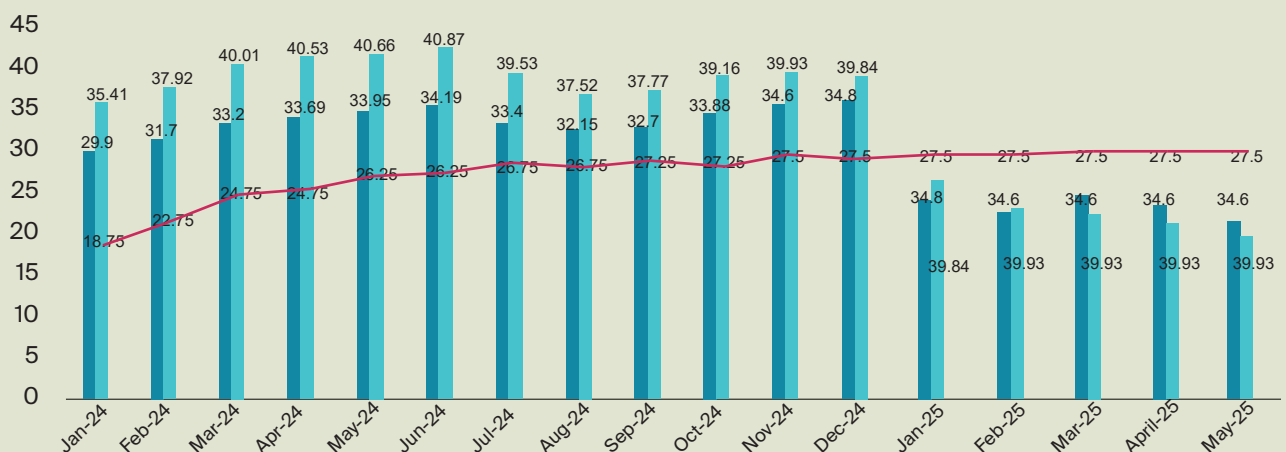
Avg. Monthly Crude Oil Price (\$)



Source: Knight Frank

Inflation & MPR (%)

■ Monetary Policy Rate ■ All Items Inflation ■ Food Inflation



Source: CBN, Knight Frank Research



## Residential Market Review

To rapidly boost housing supply, Lagos State is deploying PPPs across a governance spectrum, from enabling private developers to co-delivering targeted projects. This multi-scalar approach spans new towns (e.g. Ikoyi-Ibeju corridor), neighborhoods, and estate-level interventions like Megamound's 378-unit complex and LBIC's 64-unit maisonettes, blending direct partnership with ecosystem cultivation. Additionally, the Lagos State Government recently launched the construction of another PPP-based housing scheme in the Ibeju-Lekki Corridor.

Despite these efforts, the housing gap remains significant, increasing the need for alternative solutions for tenants. Soaring rental demands from landlords have led to a surge in rent defaults, pushing tenants to seek more affordable housing options. This

trend has resulted in a noticeable migration towards suburban and developing areas like Ikorodu and Ibeju-Lekki, where rental rates are considerably lower than in urban centres. This shift underscores a strategic adjustment in tenant priorities, with affordability now outweighing the traditional locational advantages of urban living.

Short-lets and studio apartments are increasingly transforming the Lagos property market. The growing demand for these options can be attributed to several factors. The rise of hybrid and remote work models has enabled young individuals to opt for more affordable housing solutions, leveraging these types of properties to manage housing costs.

Furthermore, the influx of both local and international tourists into the country has significantly contributed to the increased demand for short-let apartments. These combined factors have elevated the prominence of short-term rentals within the Lagos

residential market.

### Key Insights

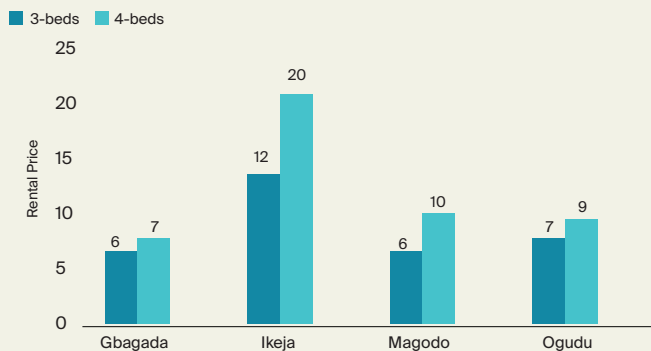
- Alongside enabling the private sector, the government, through agencies like the LBIC, is also co-delivering targeted developments of varying scales.

Tenants are seeking affordable alternatives away from core city centers due to rising rental rates.

- Increase in short-term rentals, driven by rising domestic tourism, is disrupting traditional rental dynamics.

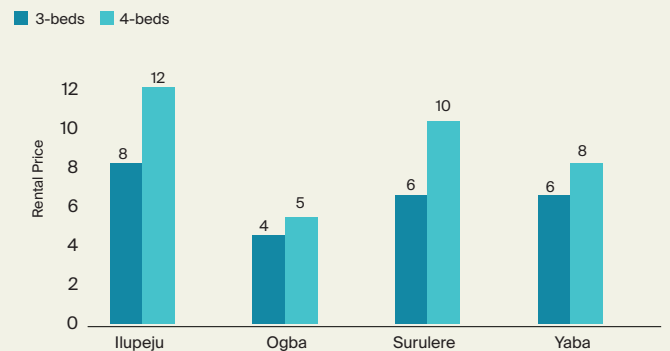
**Public private partnership is driving housing delivery of varying scales in Lagos State.**

Lagos Mainland: Select Areas - Rent Per Annum (N'M)



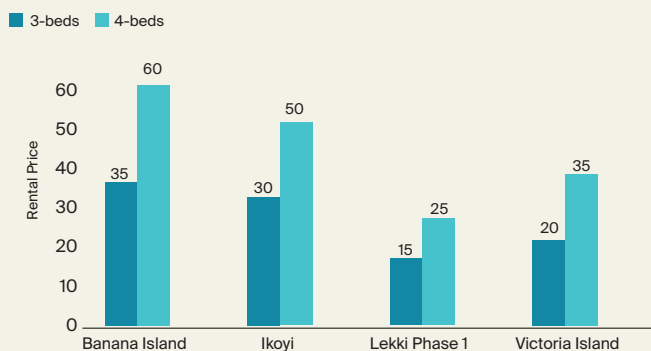
Source: Knight Frank

Lagos Mainland: Select Areas - Rent Per Annum (N'M)



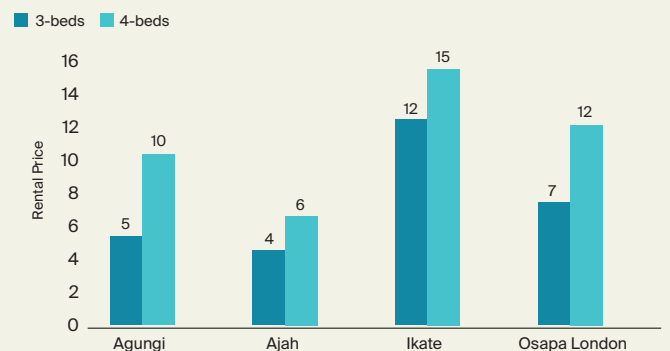
Source: Knight Frank

Lagos Island: Select Areas - Rent Per Annum (N'M)



Source: Knight Frank

Lagos Island: Select Areas - Rent Per Annum (N'M)



Source: Knight Frank



## Retail Market Review

Amidst a difficult economic climate and reduced purchasing power, Lagos' retail real estate market is finding stability and targeted growth by reshaping itself around evolving consumer preferences. Shoppers are increasingly prioritizing convenience and proximity, fueling demand for smaller, hyper-local shopping destinations rather than large regional malls. The shift has opened a crucial opportunity. Agile local players are now thriving in this space, outpacing international brands in meeting hyper-local needs. For example, Bokku! Mart, launched in September 2022, grew to over 70 branches within its first 18 months and now operates close to 150 outlets across Lagos, alongside peers like Addide and Primemart whose small-format stores thrive where larger chains have retrenched.

### Key Insights

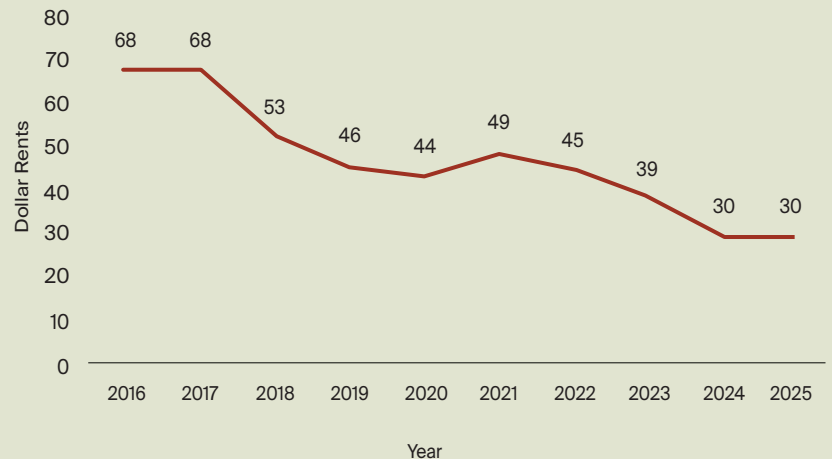
- Lagos retail sector is shifting to hyper-local stores as consumers prioritize convenience amid economic challenges.
- Small-format stores demonstrate resilience by thriving in a difficult economic environment through adaptation.
- Local retailers like Bokku! Mart are leading growth with rapid expansion, outpacing international brands.



## Office Market Review

The office market is showing resilience after a few challenging years. Occupancy rates in Grade A properties have climbed from 65% to 73%, showing a significant increase in the absorption of these premium office spaces. However, despite this rise in occupancy, average rental rates for Grade A office spaces in Ikoyi dropped by 3.5% year-on-year, decreasing from \$57 to \$55 per

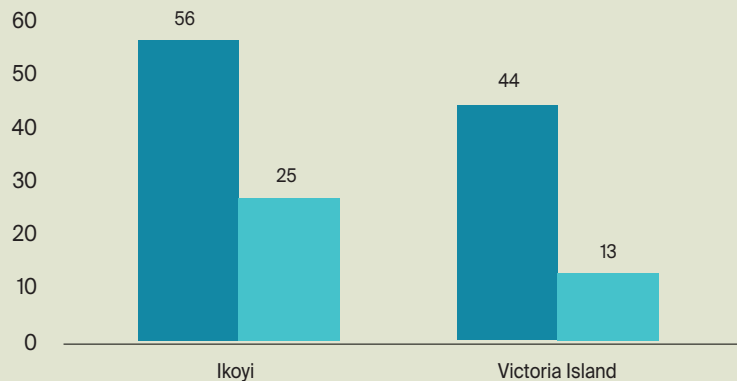
Average Retail Dollar Rents (\$/m<sup>2</sup>/mth)



Source: Knight Frank

Prime Ikoyi Office Rent (\$/sqm/month)

Grade A Grade B



Source: Knight Frank

### Prime Office Pipeline

Name	Location	Size (m <sup>2</sup> )	Completion Date
Ulesh Ikoyi	Ikoyi	16,390	2025
Dangote Industries HQ	Ikoyi	17,000	2026
BUA Office Development	Ikoyi	7,000	2025
RCO Court Tower	Victoria Island	8,000	2027
Harbour Point Towers	Victoria Island	20,000	2026
The Pantheon	Ikoyi	8,160	2025
Oasis Plaza	Ikoyi	3,000	2028
Roseworth	Ikoyi	1,680	2029
IoD House	Ikoyi	3,340	2025
The Rubicon	Ikoyi	9,361	2027

square metre per month. This clearly indicates a tenant-led market, where landlords favour higher occupancy over rent hikes.

Office activity has also picked up in key hubs. For example, Eko-Atlantic City is experiencing a significant surge in commercial activity, driven by its modern infrastructure. This includes excellent road networks, top-notch telecommunication facilities, reliable electricity and gas infrastructure, and a sustainable design that promotes a live-work-play ecosystem. These features have attracted leading businesses to establish their offices in the city.

In particular, MTN Nigeria and First Bank are relocating their headquarters in the city. MTN has already acquired a large plot of land, while First Bank has broken ground on its proposed 43-storey headquarters. This follows the recent

establishment of the United States Embassy's diplomatic facility in the city. These developments are set to transform the corporate landscape of the prime office market.

On the other hand, a continuing trend in the broader office market is witnessing landlords adopting innovative strategies to address the oversupply and sustained demand for office spaces. This includes repurposing vacant office buildings into residential, retail, or hospitality uses.

Furthermore, developers introducing new office projects are increasingly exploring mixed-use development styles. These offer experiential spaces by incorporating amenities such as retail shops, gyms, and bars. This approach helps developers diversify their income streams while catering to the growing preference for integrated work-life environments.

## Key Insights

- Improved occupancy in Lagos' Grade A offices demonstrates the market's resilience, driven by adaptive strategies from both landlords and tenants.
- Eko Atlantic has recently seen a surge in commercial office activity, with MTN, First Bank, Shell, and the U.S. Embassy consolidating their presence in the city.
- Landlords are rethinking offices amid oversupply, while developers pivot to mixed-use to meet experiential demand.



## Industrial Market Review

Industrial sector showed sustained expansion, and this is evident in the Purchasing Managers' Index (PMI), which has been above 50 basis points for the sixth consecutive month this year, according to the Central Bank of Nigeria.

This signifies expansion in economic activities, and increased business confidence. The industry sector's PMI stood at 51.4 in June 2025, indicating steady economic recovery, driven by an increase in manufacturing output.

This recovery is apparent in the manufacturing industry, where several

companies, including Unilever Nigeria Plc, BUA Foods Plc, Nestle Nigeria Plc, International Breweries Plc, and Cadbury Nigeria Plc, have reported year-on-year revenue increases of up to 50%. This positive trend can be attributed to decreasing inflation and the recent stability of the foreign exchange (FX) rate.

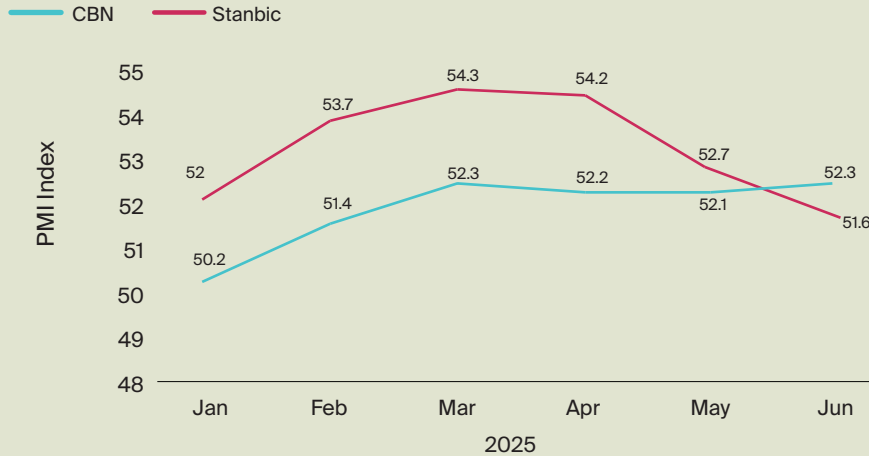


Further bolstering the local economy, the Federal Executive Council (FEC) recently approved the "Nigeria First" policy. This initiative aims to prioritize

local industries, reduce import dependency, and boost domestic production and patronage of goods. Directed specifically at government Ministries, Departments, and Agencies

(MDAs), the policy is expected to foster industrial growth, stimulate the local economy, and move the country towards greater self-reliance.

#### Stanbic - CBN PMI



Source: CBN, Stanbic

#### Key Insights

- The Purchasing Managers' Index (PMI) has been above 50 basis points for the sixth consecutive month indicating increased business confidence.
- Manufacturing industry is recovering due to declining inflation, and the FX rate stability.
- The "Nigeria First" policy was recently approved by the Federal Executive Council to foster industrial growth.

## Infrastructure Market Review

The first half of the year witnessed the commissioning and rehabilitation of major road projects. For instance, the 30-kilometer section I of the Lagos-Calabar Coastal Highway, which extends from Ahmadu Bello Way to Eleko Junction in Lagos State, was commissioned by the Federal Government on May 26, 2025. Upon completion, the 700-kilometer road is expected to contribute immensely to the state's economy, ease transportation, and create numerous job opportunities for Nigerians.

The 68km Green Line rail, expected to span Marina to the Lekki Free Trade Zone is one of the major infrastructures the Lagos State Government is planning to commence in 2025. The project was catered for within the state's budget of N1.052 trillion for infrastructural development, and it is expected to be completed within 5 years. This project will decongest Lagos highways, and improve mobility.

Furthermore, the Lagos State Government is set to commission the Opebi-Mende Bridge. The road measuring 4.52km is expected to serve the commuters along the Ikeja-Ojota axis and ease traffic congestion. Other

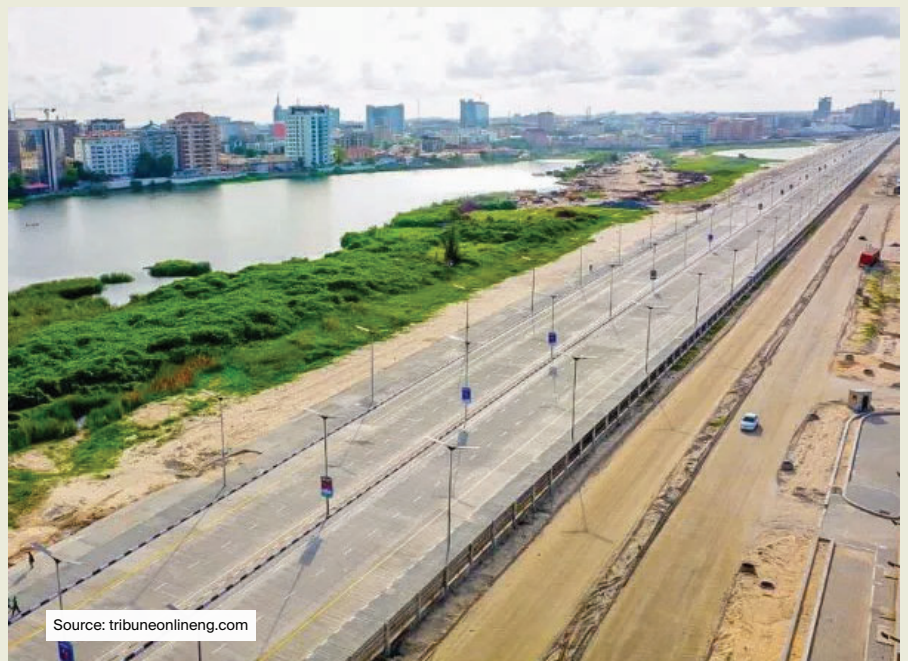
noticeable ongoing infrastructures include the 47.88km Eti-Osa Lekki-Epe Expressway, and major upgrade on the Lagos-Badagry Expressway.

Also, the approval of a \$652 million loan from China Exim Bank meant for the construction of the 50km 7th Axial Road, is a significant milestone achieved for the country's infrastructure development strategy. This road development will serve as a major link from the Lekki Deep Seaport, to the Dangote Petroleum

Refinery and its fertilizing plant. This road infrastructure is expected to aid industrial growth, and enhance logistical efficiency.

#### Key Insights

- 30-km section I of the Lagos-Calabar Coastal Highway was commissioned on May 26, 2025.
- Commencement of the 68km Green Line rail to take off in 2025.



Source: tribuneonline.ng.com

## Data Center Market Review

Lagos State is experiencing a continued surge in data centre development, with four facilities currently under construction, bringing the total number of data centres in Lagos to 18. This trend clearly highlights the state's expanding digital infrastructure.

On April 10, 2025, Rack Centre, a leading Tier III carrier and cloud-neutral facility, commissioned its new 12 MW data centre. This

significant addition is currently the only data centre located on the Lagos Mainland. It is set to offer high reliability and unbiased network and cloud access specifically to government parastatals in the surrounding area.

Further contributing to this expanding landscape, Open Access Data Centres, a subsidiary of WIOCC Group, has announced plans to expand its Lagos data centre to 24 MW by 2027. This ambitious project is expected to cost approximately \$240 million.

### Key Insights

- Four data centre facilities are under construction, expanding the digital infrastructure in Lagos.
- Open Access Data Centres has announced plans to expand its Lagos data centre to 24MW by 2027.
- Rack Centre commissioned a new 12 MW data centre on Lagos Mainland.

### Recent Publications



Lagos Market Update  
H2 2024



Lagos Market Update  
H1 2024



Lagos Market Update  
H2 2023



The Africa Report  
2024/25



We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

**Lanre Sonubi**  
Head, Marketing and Corporate Communications  
lanre.sonubi@ng.knightfrank.com  
+234 802 727 4129

**Yinka Omoniyi**  
Associate Partner, Capital Markets  
yinka.omoniya@ng.knightfrank.com  
+234 802 849 9473

**Daniel Fabi**  
Research Analyst  
daniel.fabi@ng.knightfrank.com  
+234 905 309 0145