

Spotlight on Lagos Housing Development – Eko Atlantic City

This edition of our spotlight on Lagos housing development series will be focusing on the Eko Atlantic City project which is without doubt a behemoth and the most ambitious real estate development project to be undertaken not just on the shores of Nigeria but Africa as a whole and one that will soon transform the Lagos skyline similar to what is obtainable in other large cities.

Our key focus on this new city that will soon berth are the residential developments that are already in the pipeline by real estate developers with infrastructural works at advanced stages, so far over 28 kilometres of roads have been completed to stone base level and 25 kilometres have been block paved. The promoters of the project are gradually living up to their promise of a congestion-free city, which will be devoid of on-street parking and traffic congestion.

The concept for this new haven started back in 2003 when the Lagos State Government under the leadership of Erstwhile Governor Bola Ahmed Tinubu sought a permanent solution to protect Bar Beach off Victoria Island from the effects of severe coastal erosion, and to safeguard Victoria Island from the threat of imminent flooding. Between 2003 and 2005, a feasibility study was undertaken with international experts to solve the problem once and for all. Plans for a massive sea revetment enclosing a new city emerged to simultaneously protect the coastline and solve the chronic shortage of quality real estate in Lagos, the world's fastest growing megacityⁱ.

This ultimately led to the creation of a Public-Private-Partnership (PPP) initiative involving the Lagos State Government and a private company South Energyx Nigeria Limited (a subsidiary of the Chargoury Group of Companies) under the auspices of the Federal Government of Nigeria. South Energyx was appointed to be the planner and developer of Eko Atlantic and was awarded concessions to reclaim land, develop infrastructure and act as the exclusive authority over the development of Eko Atlantic City.ⁱⁱ Included in the master plan of Eko Atlantic city which would cover eventually 10 million square meters of land adjacent Victoria Island are provisions to provide new homes for 250,000 people and workplace of another 150,000. Due to its large expanse of land, Eko Atlantic will consist of several districts with strict building regulations for each district.

Figure 1 Eko Atlantic City

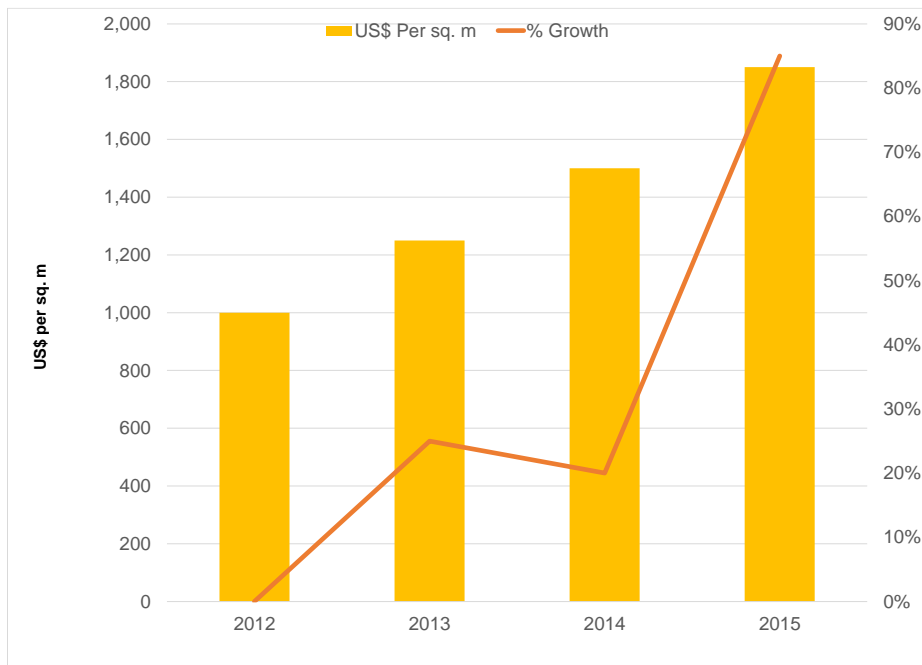


Source: Prodeco

Soaring Property Prices

Right from the onset land and property prices in Eko Atlantic was set to break records as initial land prices ranged from US\$1,000 / sq. m. Due to fast growing interest especially from international firms land prices have risen strongly over the years and according to a report in 2014 by MCO Real Estate land values in Eko Atlantic rose by as much 22% in capital appreciation. It is therefore not surprising that most of the land in the primary market has been virtually sold out and there is high transaction activity in the secondary market. Current market prices show that land prices in this exclusive enclave are now US\$1,800 / sq. m for inner city plots.ⁱⁱⁱ Prices of plots located along the road and waterfront are significantly higher at US\$2,500 / sq. m and US\$3,000 / sq. m respectively

Figure 2 Land Prices and Growth



Source: RAC

At the prevailing market rate, land prices in Eko Atlantic City have risen in value by as much 85% since the project inception. According to data obtained during the course of writing this report, the average price for a 2 bedroom apartment in one of the high rise towers currently under construction in Eko Atlantic City was selling for US\$853,750 (Naira 168,188,750) and for a 3 bedroom apartment in the same tower US\$1,010,000 (Naira 198,970,000). On a similar note, the average price for a 2 bedroom apartment in another high rise tower was selling for US\$896,750 (Naira 176,659,750), a 3 bedroom apartment in the same tower US\$1,070,833 (Naira 210,954,167) and penthouse US\$2,586,667 (Naira 509,573,333)^{iv} all based on the current official exchange rate from the Central Bank of Nigeria (CBN).

Further analysis of the above prices reveal that the average price for a 2 bedroom unit per sq. m assuming a living area of 135 sq. m would just slightly exceed US\$6,300 / sq. m (Naira 1,245,843 / sq. m) in Eko Atlantic while the average price of a 3 bedroom unit per sq. m assuming a living area of 200 sq. m would be US\$5,000 / sq. m (Naira 994,850 / sq. m). Indeed it can be said that the pricing mechanism for the determination of apartment units varies across the development.

Development Pipeline

The development activity is in full swing as several real estate development firms have moved to site and are jostling to get ahead in the race with their respective developments. The uniqueness of Eko Atlantic is that the residential units will be constructed as vertical high rise apartment towers due to limited space for the traditional single family detached units which was not included in the original master plan.

According to data compiled so far, we estimate that there are already over 1,000 units of apartments of various room sizes ranging from 1 bedroom to 4 bedroom penthouses already under construction.

Figure 3 Eko Pearl Towers



Source: Estate Links

Leading the pack of these developments are Eko Pearl Towers by ESLA International. Eko Pearl Towers are high rise residential buildings to be located in the centre of Eko Atlantic City. It will comprise of five stunning residential towers on the harbor of Eko Atlantic. The towers are; White Pearl Tower, Black Pearl Tower, Indigo Pearl Tower, Champagne Pearl Tower and Aqua Pearl Tower^v.

In total the towers will provide just slightly over 560 apartment units with one tower completely sold out and the first set of units will be delivered as early as 2016.

Figure 4 Eko Energy Estate



Source: Prodeco

Another high rise development currently under-construction in Eko Atlantic City is Eko Energy Tower Estate being developed by oil and gas logistics firm Orlean Invest West Africa a Nigerian group with over 25 years of providing corporate and real estate services. Eko Energy Estate is a premium residential neighbourhood that will cover approximately 450,000 square meters of land and will be located in the Northwestern corner of Eko Atlantic City.

Unlike other residential developments in Eko Atlantic City, Eko Energy Estate has been carefully conceived by its planners to provide an unrivaled living experience to future residents with residential towers that adapt easily to client requests to create custom apartments coupled with integrated recreational and service facilities, guaranteed infrastructure and state of the art security^{vi}.

Eko Energy Estate offers a comprehensive solution for corporate accommodation requirements on a lease basis only. A unique selling point for Eko Energy Estate is that due to its location it has easy transportation links and can be reached by road or waterways and provides the convenience of quick access anywhere in Lagos.

Figure 5 Eko Energy Estate Phase 1



Source: Prodeco

The first phase of Eko Energy Estate will consist of 3 high rise 20 floors residential towers that will provide about 260 apartment units of various number of bedrooms as illustrated above and is expected to be delivered by 2018. It is projected that by the full completion of Eko Energy Estate there will be circa 5,000 apartments in 50 – 60 residential towers.

Other notable residential developments currently in the works in Eko Atlantic City are Lagos Sky Tower, LeReve Tower and Azuri Peninsula.

Below is a list of all residential projects in the development pipeline for Eko Atlantic City.

Table 1 Development Pipeline

S/N	Name of Development	Type	No of Beds	No of Units	Status
1.	Eko White Towers	Pearl Flat	2/3	96	Under-Construction
2.	Eko Black Towers	Pearl Flat	2/3	120	Under-Construction
3.	Eko Indigo Towers	Pearl Flat	2/3	120	Under-Construction
4.	Eko Champagne Towers	Pearl Flat	2/3	132	Under-Construction
5.	Eko Aqua Towers	Pearl Flat	2/3	96	Under-Construction
6.	Eko Energy Estate – Phase 1	Flat	1/2/3/4	260	Under-Construction
7.	Lagos Sky Tower	Flat	2/3	110	Proposed
8.	LeReve Tower	Flat	1/2/3	40	Proposed
9.	Azuri Peninsula	Flat	2/4/6/7	120	Proposed

Source: RAC

Important Note

Finally, in accordance with our normal practice, we would state that this report is for general informative purposes only and does not constitute a formal valuation, appraisal or recommendation. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent, which will not be unreasonably withheld.

Our findings are based on the assumptions given. As is customary with market studies, our findings should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

Whilst every effort has been made to ensure that the data contained in it is correct, no responsibility can be taken for omissions or erroneous data provided by a third party or due to information being unavailable or inaccessible during the research period. The estimates and conclusions contained in this report have been conscientiously prepared in the light of our experience in the property market and information that we were able to collect, but their accuracy is in no way guaranteed.

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- ⁱ Eko Atlantic Milestones Issue 1
 - ⁱⁱ Eko Atlantic Website www.ekoatlantic.com
 - ⁱⁱⁱ Castles Magazine February 15 2015 edition
 - ^{iv} <http://www.nigeriaproertycenter>
 - ^v Estate Links www.estatelinks.net/eko-pearl-towers/
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