

LEASE VOLUME HITS N1.68TRN IN 2018

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The Nigerian leasing industry maintained its impressive growth at 16.3 percent in 2018. Outstanding lease volume stood at N1.68trillion as against N1.44trillion in 2017. This growth was significantly facilitated by new entrants into the leasing industry, increased awareness on the ideals of leasing as a unique financing instrument, the relative stability in the macroeconomic environment, increasing demand necessitated by the rising cost of assets due to the depreciation of the Naira.

Analysis of the volume by sector reveals that oil and gas, maintains its lead with N518billion, representing 29 percent of total portfolio, transportation followed with N421billion, representing 28 percent, Manufacturing 12 percent with N245billion, while Agriculture, Government, Telecommunications and other sectors (education, healthcare, construction and consumer sectors) recorded considerable growth.

On type of leases, Finance lease took the lead with 60% leaving operating leases with 40% a stride which has continued in the recent times as a result of the emerging opportunities in the operating leases arising from the demand of many organisations to specially focus on the core businesses and outsourcing support services to third parties.

In terms of transaction value, the banks still takes the lead, particularly financing big ticket leases, and providing funds to lessors for lease transactions. The non-bank lessors however accounted for about 80% of customer base mainly from the Small and Medium Scale Enterprises (SMEs). The industry continued to attract investors from the financial and other sectors desiring to tap into the opportunities in leasing and as means of hedging against other non-performing product offerings.

In terms of assets categorisation, vehicles constitutes about 48% of the leased assets including trucks for haulage and buses for inter-state commercial transportation, which have been major attraction in recent times.

Market projections indicate that the leasing industry will continue to blossom, given the wide financing gaps in all sectors of the economy, the increasing relevance of leasing to capital formation with the challenge of access to finance especially to MSMEs and the expected Government's commitment to the various initiatives aimed at consolidating growth and development in the economy.

For instance, the implementation of the Economic Recovery and Growth Plan (ERGP) 2018 – 2020, will create enormous market for the leasing business, as a whole range of equipment would be required across the entire value chain of priority sectors including agriculture, mining, manufacturing etc.

Indeed, the future of leasing is bright in Nigeria. The point to emphasis is good will from all stakeholders in the leasing industry to work together to build a virile industry that would contribute more to capital formation in the Nigerian economy.

The Government for instance should continue to support the leasing industry through a more favourable operating environment. The capacity of the industry needs to be strengthened and sustained to enable it perform its developmental role effectively. The Funding challenge is a key area of concern and the Government can intervene by allowing leasing companies to access pension and the various intervention funds for development in specific sectors of the economy. This will no doubt enhance the capacity of lessors to deepen lease penetration in the market and will in the long run promote investments, create wealth and more jobs.

Table 1: Equipment Leasing Table by Sector (2014 – 2018) ('000)

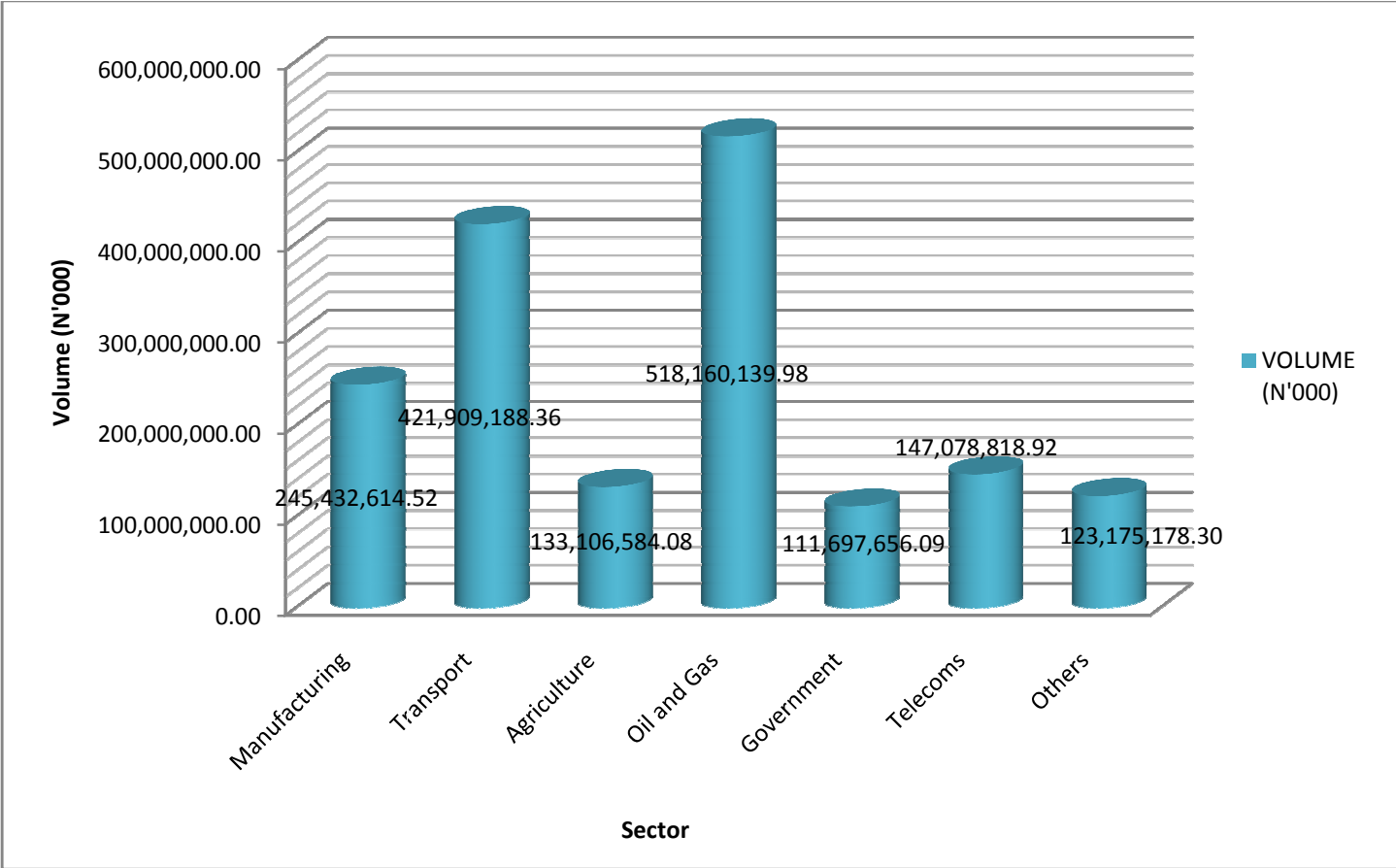
	2018	2017	2016	2015	2014
Manufacturing	245,432,614.52	217,167,991.02	180,569,189.39	158,871,170.21	124,712,434.42
Transport	421,909,188.36	355,958,400.20	319,359,598.57	289,912,286.83	227,578,528.01
Agriculture	133,106,584.08	96,618,887.04	89,299,126.71	73,800,541.58	57,932,758.91
Oil and Gas	518,160,139.98	449,853,966.53	398,615,644.24	361,419,039.94	283,710,683.68
Government	111,697,656.09	88,143,803.18	80,824,042.85	73,074,750.29	57,363,019.30
Telecoms	147,078,818.92	128,235,736.59	120,915,976.26	99,217,957.08	77,885,200.63
Others	123,175,178.30	109,042,866.55	72,444,064.92	50,746,048.74	39,835,190.16
Total	1,680,560,180.25	1,445,021,651.11	1,262,027,642.73	1,107,041,794.67	869,017,815.11

NB: Others include Education, Healthcare, Construction and Consumers sectors

Table 2: Trends in Nigeria Leasing Market (2008 - 2018)

Year	Leasing Volume ('000)	Growth (%)
2008	348,894,000.00	42
2009	445,265,650.00	28
2010	537,907,637.75	21
2011	622,907,637.75	16
2012	671,494,433.53	8
2013	780,661,932.99	16
2014	869,017,875.10	11
2015	1,107,041,794.67	27
2016	1,262,027,642.73	14
2017	1,445,021,651.11	14.5
2018	1,680,560,180.25	16.3

Fig. 1: Distribution of Lease Volume by Sector



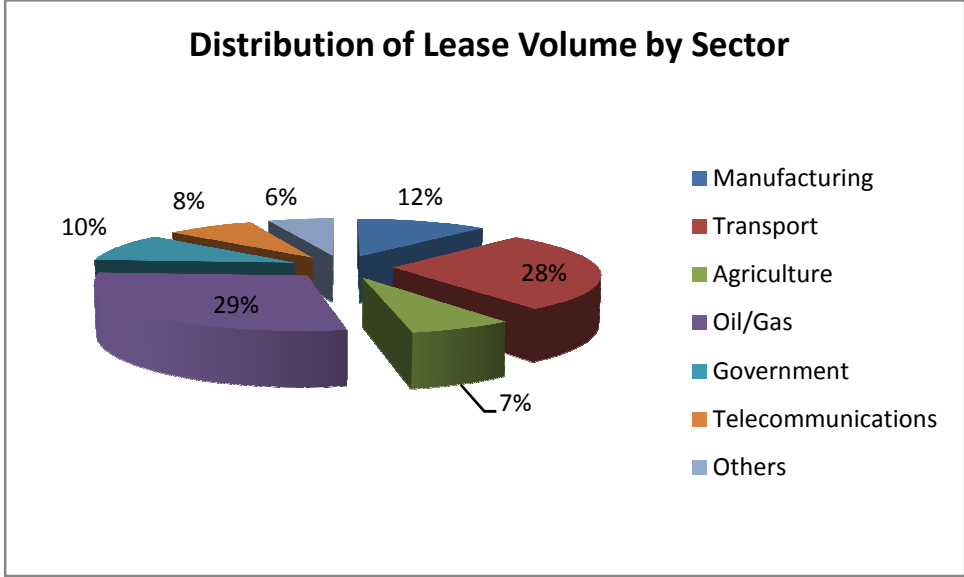


Fig. 3: Analysis by types of Asset

