

THE NIGERIAN LEASING INDUSTRY RECORDS 1.6% GROWTH IN Q1 2022

The Nigerian Leasing Industry recorded 1.6% growth in Q1 2022. Available statistics show that outstanding lease volume as at Q1 2022 stood at N2.629trillion as against N2.587trillion in Q4 2021. The oil and gas sector grew by 22% with N748bn of the outstanding leases; followed by Transportation & Logistics sector which grew by 21% recording N622bn; Manufacturing 12% - N380bn; Telecoms taking 11% of the total volume arriving at N237bn. Others (including Healthcare and Education accounted for N300bn (14%), with Agriculture and Government recording considerable growth.

The growth was attributed to the stability in the microeconomic environment, following the continuous recovery from the covid 19 era. which was experienced in the first quarter.

Finance lease as usual maintained its lead position with 55% of the total transaction, while operating lease took 45%. In the recent times, operating lease is increasing its share in the market place, owing to the dictates of the market - preference of corporate bodies to focus more on their core activities, and outsource other operational functions such as transportation and other logistics services. Also, as a risk mitigant and niche market for several lessors in the industry.

In terms of asset categorisation, vehicles take the lead with 48% of leased assets in Q1 2022. This includes heavy duty trucks for haulage and distribution; buses for inter-state commercial transportation and staff shuttle, the need to continuously meet corporate and individual's appetite for new modelled vehicles, across the nation.

Projecting into the future of leasing in Nigeria, it is expected that the growth in the second quarter will near a double digit, owing to the fact that the industry will continue to make improved impacts on Nigeria's economic development. Essentially, with the plans of government to stimulate further development in the economy and the continued inflation in the economy, will no doubt, make leasing more relevant as an alternative option especially to the MSMEs.

However, the industry continues to struggle with the issue of inadequate funding mechanism and the overall microeconomic challenges, which tend to constrain the growth potential of the industry.

Table 1: Equipment Leasing Table by Sector (2013 – 2022 'Q1) (N' 000)

| | 2022 'Q1 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------------|--------------------|
| Manufacturing | 380,927,626 | 375,965,188 | 279,725,073 | 269,254,555 | 245,432,614 | 217,167,991 | 180,569,189 | 158,871,170 | 124,712,434 | 115,008,806 |
| Transport/Logistics | 622,730,903 | 614,046,637 | 490,720,981 | 469,779,945 | 421,909,188 | 355,958,400 | 319,359,598 | 289,912,286 | 227,578,528 | 213,640,589 |
| Agriculture | 180,362,516 | 176,227,151 | 148,565,322 | 145,130,992 | 133,106,584 | 96,618,887 | 89,299,126 | 73,800,541 | 57,932,758 | 52,775,849 |
| Oil/Gas | 748,374,405 | 739,276,602 | 602,120,031 | 577,828,429 | 518,160,139 | 449,853,966 | 398,615,644 | 361,419,039 | 283,710,683 | 255,834,867 |
| Government | 159,003,588 | 154,868,223 | 127,206,394 | 123,772,064 | 111,697,656 | 88,143,803 | 80,824,042 | 73,074,750 | 57,363,019 | 53,257,374 |
| Telecoms | 237,149,455 | 232,600,554 | 177,853,183 | 170,900,759 | 147,078,818 | 128,235,736 | 120,915,976 | 99,217,957 | 77,885,200 | 73,245,102 |
| Others | 300,570,092 | 294,780,581 | 185,285,839 | 171,045,935 | 123,175,178 | 109,042,866 | 72,444,064 | 50,746,048 | 39,835,190 | 16,899,342 |
| Total | 2,629,118,586 | 2,587,764,938 | 2,011,476,831 | 1,927,712,680 | 1,680,560,180 | 1,445,021,651 | 1,262,027,642 | 1,107,041,794 | 869,017,815 | 780,661,932 |

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

Table 2: Trends in Nigerian Leasing Market (208 – 2022 Q1) (N'000)

| 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 |
| 2019 | 1,927,712,680.21 | 14.5 |
| 2020 | 2,011,476,831.90 | 4.3 |
| 2021 | 2,587,764,938.20 | 28.6 |
| 2022 'Q1 | 2,629,118,586 | 1.6 |

Fig. 1: Distribution of Lease Volume by Sector (2022 Q1)

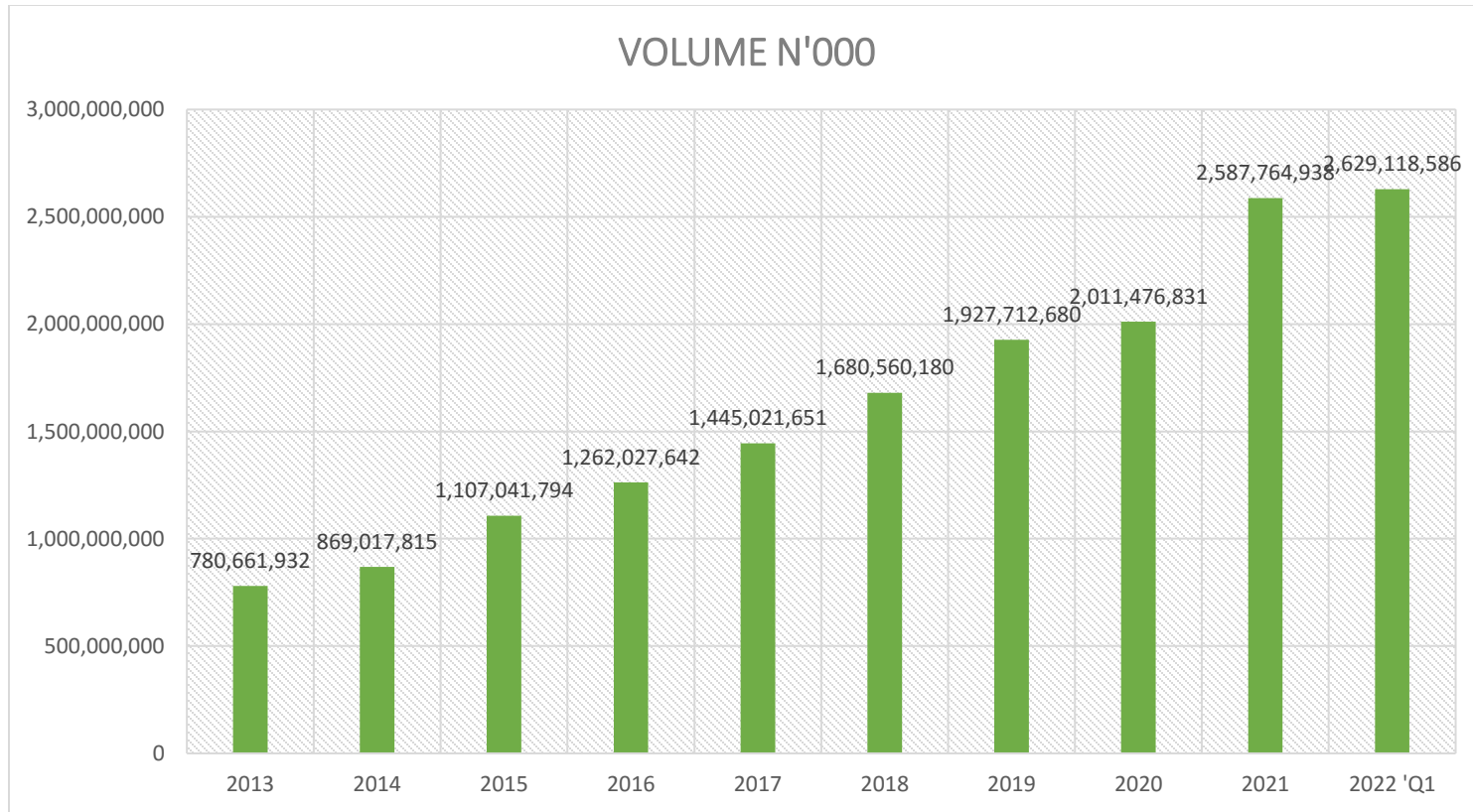


Fig. 2: Distribution of Lease Volume by Sector (2022 'Q1)

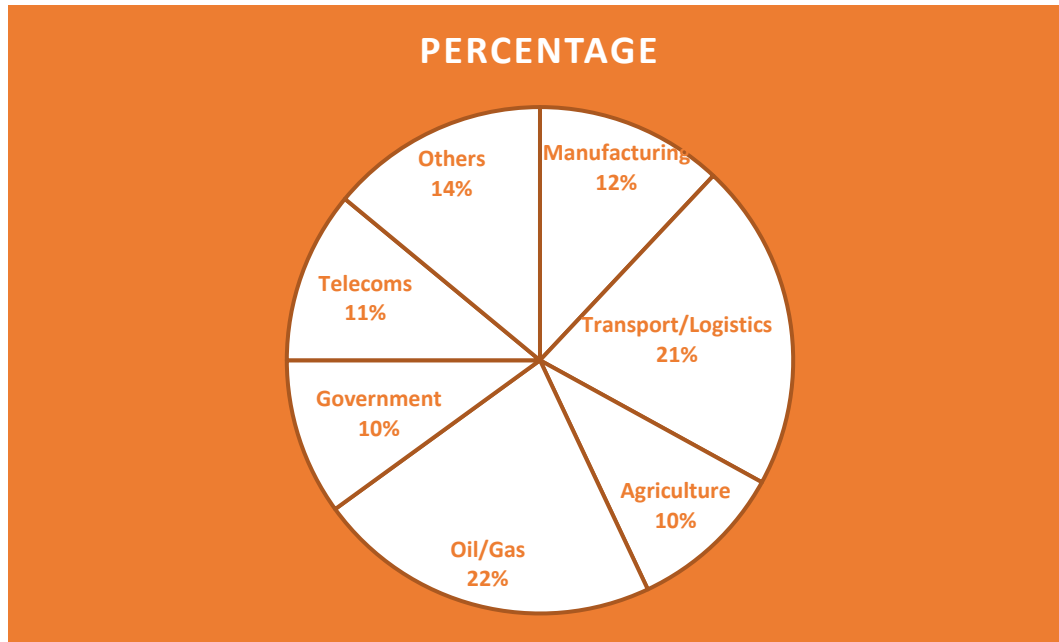


Fig. 3: Analysis by types of Asset (2022 'Q1)

