

CONSOLIDATING ON THE PATH OF RECOVERY, AS LEASING INDUSTRY RECORDS 23.2 PERCENT GROWTH

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The Nigerian leasing industry continued its growth trajectory in 2022, recording a growth of 23.2 percent. Available statistics show that outstanding lease volume as at 2022 stood at N3.188trillion as against N2.587trillion in 2021. The oil and gas sector took the lead share of the outstanding leases with N877bn, representing 23 percent, followed by Transportation & Logistics sector with N746bn - 22 percent, Manufacturing N466bn (15 percent), Telecoms – N292bn representing 10 percent. Agriculture and Government equally made positive growth showing at N218bn (7percent) and N190bn (6 percent) respectively, while others (including Healthcare and Education) generated N396bn accounting for 17 percent of the volume.

This growth was driven basically by sustained stability in the economy, following a rebound out of the ravaging Covid- 19 pandemic and its long side effects, increasing innovations and strong resilience by industry's players and increasing level of awareness of the benefits of leasing among the investing public.

Finance Lease maintained its lead position with 52% of the total transaction with operating lease increasing its market share in recent times, due to its continued preference and patronage by corporate bodies. Operating lease allows these companies to focus on their core activities, while outsourcing other operational functions such as transportation and other logistics services. Also, many lessors have been shifting to operating lease in recent years as a risk mitigating product and niche market. As a matter of fact some major lessors, have stopped finance lease completely focusing on operating lease to balance their risk appetite and meet the outsourcing needs of clients. In a bid to create further niche, some of these lessors have set - up workshop of their own, providing services to outside customers as well.

Vehicle leasing remained dominant as the largest leased asset segment constituting about 52% of the leased assets. Vehicle leasing, including staff shuttle, commercial buses, trucks for haulage, and operational vehicles, have been a major attraction in the recent times.

Indeed, the prospect for the Nigerian Leasing industry remains bright, given the opportunities that abound in Nigerian economy. For instance, the wide financing gap in all sectors of the economy and growing appetite for asset finance by consumers in the face of tight cash squeeze and rising cost of assets, present immense opportunities for leasing. The point to stress is the capacity of leasing to fully exploit these opportunities.

Obviously, enhancing the capacity of the leasing industry to meet the huge demand for capital assets will require the proactiveness of lessors and goodwill from other stakeholders. Specifically, the Government for instance can activate its support mechanism through: the full implementation of Equipment Leasing Act 2015 to strengthen the capacity of the industry; facilitation of long-term financing including: access to intervention funds

and establishment of a National Lease Fund; deepening the utilisation of leasing in public sector to achieve efficiency and cost savings; incentivising lease investments in critical sectors such as agriculture, health and mining, through access to funds and tax rebates etc.

For the leasing industry, it is important to remain on its guard and be proactive, through continued realignment of strategies and adoption of innovative approach to drive success.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Manufacturing	466,201,285.16	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	746,392,912.85	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	218,337,329.68	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	877,638,617.65	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	190,962,661.87	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	292,757,952.11	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	397,048,157.79	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	3,189,338,919	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 (2008 – 2022) (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	3,189,338,919	23.2

Fig. 1: Distribution of Lease Volume by Sector (2022) (N'000)

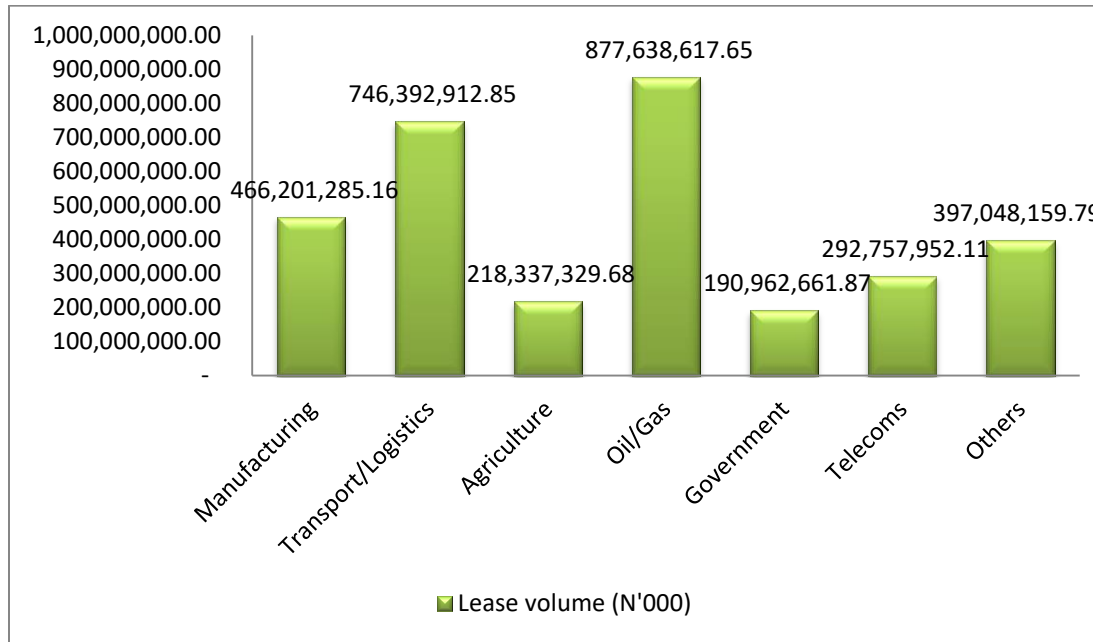


Fig. 2: Distribution of Lease Volume by Sector (2022)

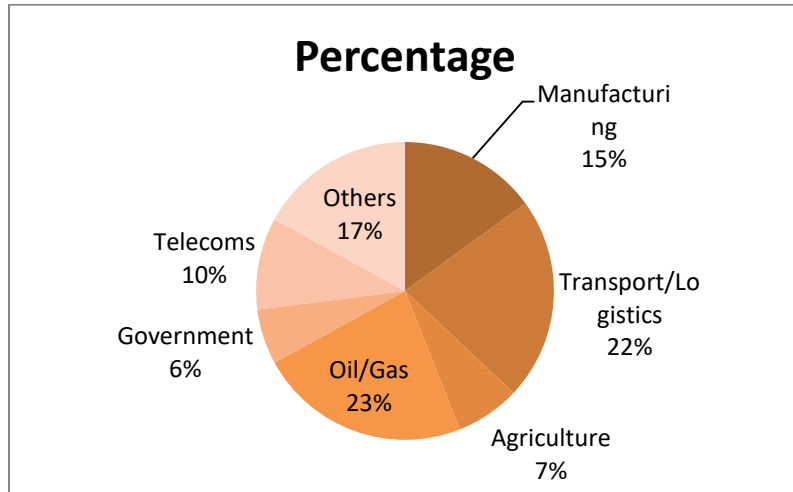


Fig. 3: Analysis by types of Asset (2022)

