

## **NIGERIAN LEASING INDUSTRY SUSTAINS ITS GROWTH TRAJECTORY, ACHIEVES 28.7 PERCENT IN 2023**

The Nigerian leasing industry continued to sustain its growth trajectory, notwithstanding the prevailing headwinds in the economy. Outstanding leases stood at N4.19 trillion as against N3.25 trillion in 2022, representing a 28.7 percent increase, while new leases peaked at N935.6 billion against N672 billion in 2022, recording a remarkable 39.2 percent growth. Leasing contribution to the economy over the last decade is estimated N20.4 trillion.

The statistics indicate that the oil and gas sector held 25percent of the outstanding leases with N1.1trillion; followed by Transportation & Logistics at 23 percent having N977 billion; Manufacturing had 14 percent with N607bn; Telecoms took 8 percent with N374bn; Others (including Consumer leases, Healthcare and Education) had 14 percent with N504bn. Other notable sectors are Agriculture 9 percent with N300bn and Government equally making positive growth at N267bn (7 percent).

This growth was driven basically by the attraction of new entrants and more investment into the industry; increasing innovations and strong resilience by the industry's players; and increasing level of awareness of the benefits of leasing - which continue to be more compelling given the increasing cost of assets. These activities were buoyed by the relative stability in the operating environment, following the peaceful general elections, and the continued recovery from the effect of the Covid-19 pandemic. The astronomical rise in the cost of assets from the second half of the year occasioned mainly by the floating of the Naira, also impacted the figure as more money was required to finance leases.

Finance leasing remained dominant notwithstanding the increasing market share of operating leasing, which is getting popular beyond the oil and gas sector. Operating leasing is increasingly being used as a risk-mitigating strategy by many lessors and for large corporate organisations, a means to achieving convenience that allows them to focus on their core activities. In recent times, the industry has been witnessing a total shift from finance leasing to operating leasing by some major lessors to balance their risk appetite and meet the outsourcing needs of customers. Operating leases remain the main attraction and dominant in the Oil and Gas and Maritime sectors for the financing of large ticket transactions involving operational assets like vessels, barges, and other heavy-duty equipment.

Vehicles constituted the largest leased asset segment representing about 50% of the leased assets. These vehicles cut across commercial and corporate applications - staff shuttles, commercial buses and taxis, trucks for haulage, and operational vehicles. Other assets include generators; construction equipment, agricultural equipment, and facilities, Health care equipment for diagnosis and treatment, as well as office and household and other heavy-duty and specialised equipment.

Indeed, the Nigerian leasing industry is expected to remain resilient, while growing in the face of the perennial economic challenges and making significant contributions to capital formation in the economy. No doubt, the wide financing gap in various sectors of the economy presents immense opportunities for leasing. Also, the economic agenda (Renewed Hope) of the Government if implemented is another major area of interest to watch. Essentially, equipment leasing is very significant to achieving the various developmental initiatives of the Government. Also, the 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 and the willingness of the government and other stakeholders to constantly be committed to the development of the industry.

**Table 1: Equipment Leasing Table by Sector (2014 – 2023) (N' 000)**

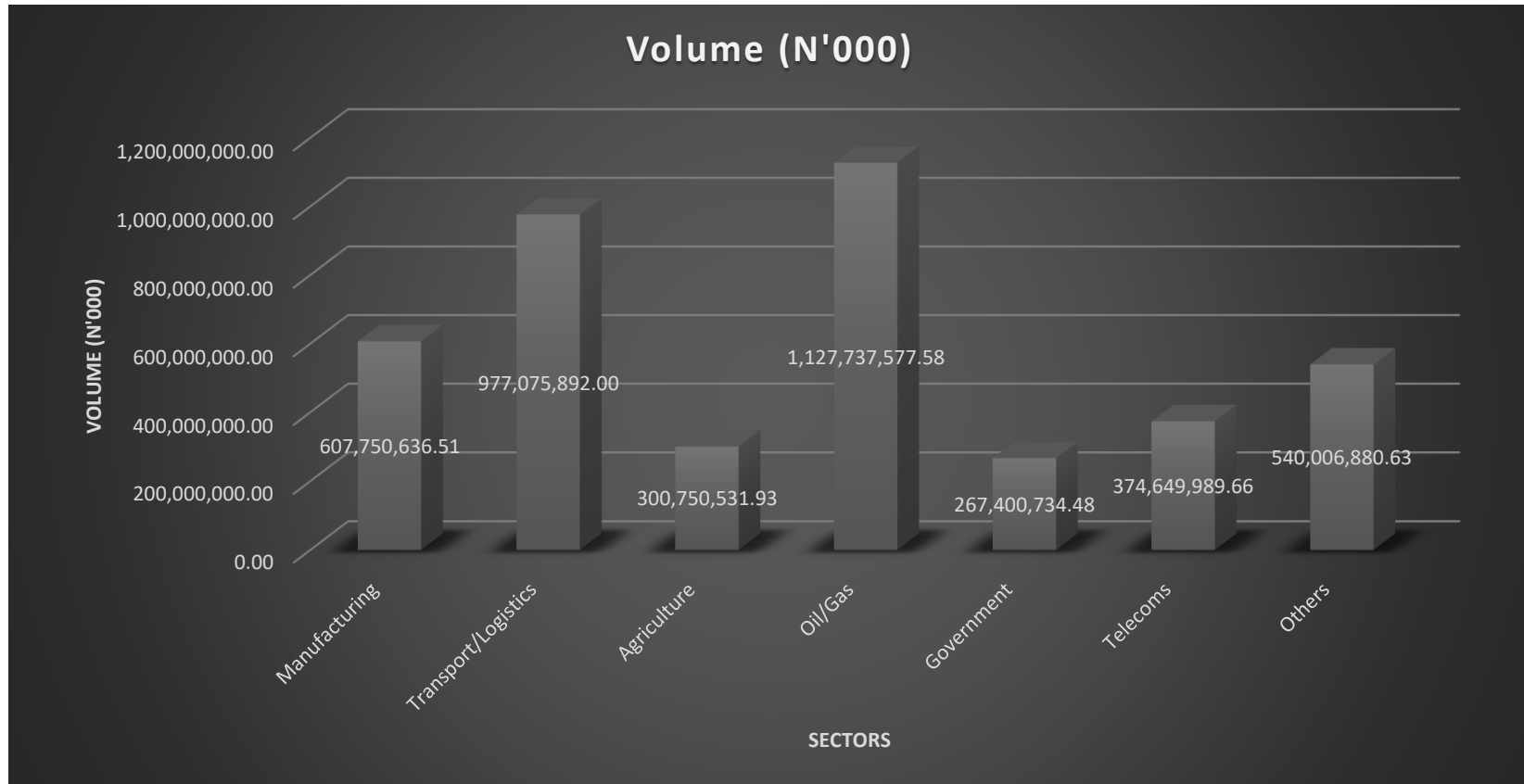
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Manufacturing</b>	607,750,636.51	476,771,571.40	375,965,188	279,725,073	269,254,555	245,432,614	217,167,991	180,569,189	158,871,170	124,712,434
<b>Transport/Logistics</b>	977,075,892	761,895,999.32	614,046,637	490,720,981	469,779,945	421,909,188	355,958,400	319,359,598	289,912,286	227,578,528
<b>Agriculture</b>	300,750,531.93	216,549,704.36	176,227,151	148,565,322	145,130,992	133,106,584	96,618,887	89,299,126	73,800,541	57,932,758
<b>Oil/Gas</b>	1,127,737,577.58	893,846,389.89	739,276,602	602,120,031	577,828,429	518,160,139	449,853,966	398,615,644	361,419,039	283,710,683
<b>Government</b>	267,400,734.48	201,911,201.92	154,868,223	127,206,394	123,772,064	111,697,656	88,143,803	80,824,042	73,074,750	57,363,019
<b>Telecoms</b>	374,649,989.66	299,804,809.60	232,600,554	177,853,183	170,900,759	147,078,818	128,235,736	120,915,976	99,217,957	77,885,200
<b>Others</b>	540,006,880.63	409,027,815.52	294,780,581	185,285,839	171,045,935	123,175,178	109,042,866	72,444,064	50,746,048	39,835,190
<b>Total</b>	<b>4,195,372,242.79</b>	<b>3,259,807,494.01</b>	<b>2,587,764,938</b>	<b>2,011,476,831</b>	<b>1,927,712,680</b>	<b>1,680,560,180</b>	<b>1,445,021,651</b>	<b>1,262,027,642</b>	<b>1,107,041,794</b>	<b>869,017,815</b>

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

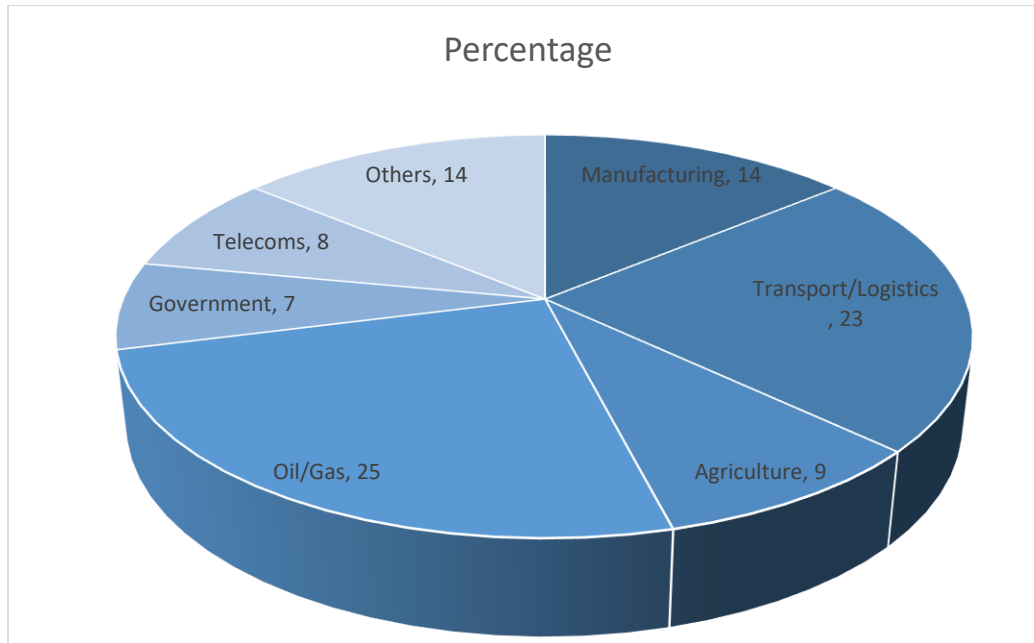
**Table 2: Trends in Nigerian Leasing Market (2009 – 2023) (N'000)**

<b>Year</b>	<b>Leasing Volume ('000)</b>	<b>Growth (%)</b>
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	3,259,807,494.01	25.97
2023	4,195,372,242.79	28.7

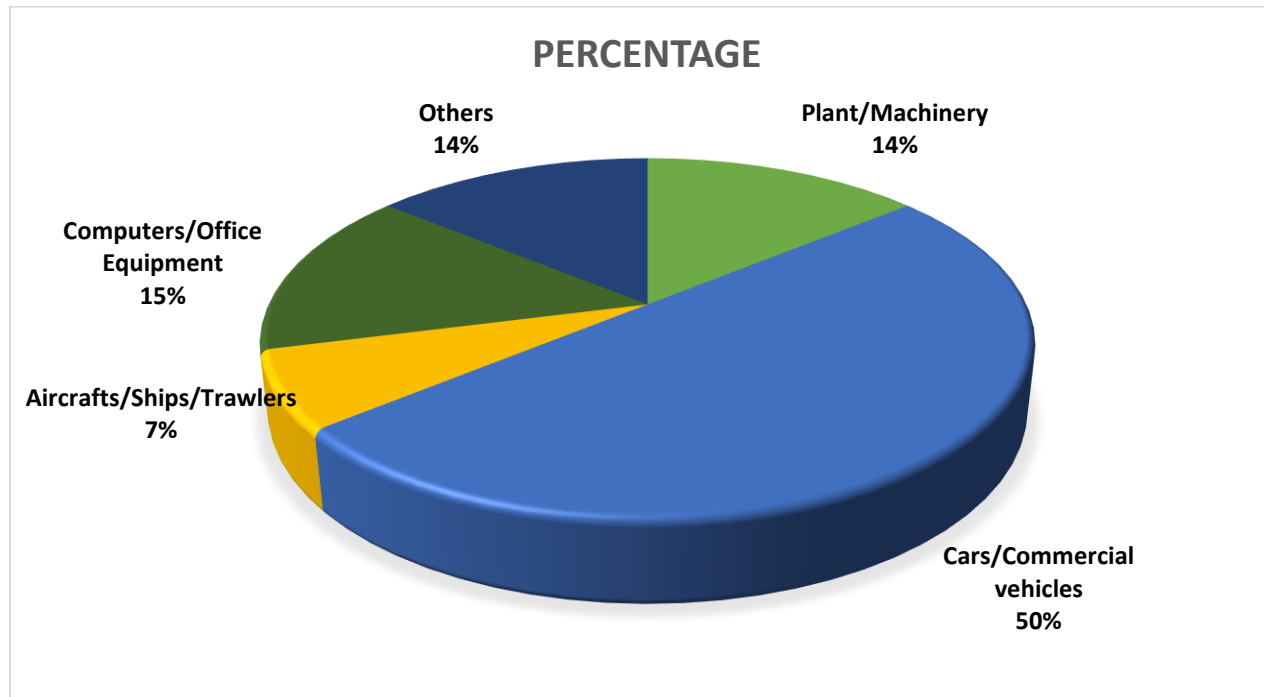
**Fig. 1: Distribution of Lease Volume by Sector (2023)**



**Fig. 2: Distribution of Lease Volume by Sector (2023)**



**Fig. 3: Analysis by types of Asset (2023)**



**Fig. 4: Analysis by types of Leases**

