

## **THE NIGERIAN LEASING INDUSTRY SUSTAINED RESILIENCE AMIDST CONTINUED CHALLENGES - RECORDS 23.2 % GROWTH IN 2024**

The Nigerian leasing industry continues to thrive in the face of challenges, including a background of global economic uncertainties, geopolitical tensions, the aftermath of the COVID-19 pandemic, and increasing domestic macroeconomic vulnerability. In 2024, the industry recorded a growth of 23.2 %, with outstanding leases of N5.16 trillion as against N4.19 trillion in 2023, while new leases peaked at N973.3 billion. Leasing volume contribution to the Nigerian economy over the last decade is estimated at N24.6 trillion.

The oil and gas sector represented 26 % of the outstanding leases with N1.3 trillion, followed by the Transportation & Logistics sector with N1.1 trillion, 21 %. Manufacturing had N734 billion, with 13 %; Telecoms – N462 billion, representing 9 %. Agriculture N378 billion with 8.5 %; Government N345 billion (7.5 %); while others (including Healthcare and Education) generated N686 billion, accounting for 15 % of the volume.

The growth in lease volume was driven by the astronomical rise in the cost of assets, occasioned by two of the cardinal reforms of government - the removal of petrol subsidies and the floating of the Naira, as more money was required to finance leases. Other factors include more new entrants and investment into the industry; increasing innovations and strong resilience by the industry's players; increasing level of awareness of the benefits of leasing, which continues to be more compelling given the increasing cost of assets.

Finance Lease maintained its lead position with 52% of the total transactions, 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 leases in recent years as a risk-mitigating product and to create a niche market for themselves. Essentially, 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 a further niche, some of these lessors have set up workshops of their own, providing services to outside customers as well.

Vehicle leasing remained dominant as the largest leased asset segment, constituting about 53% of the leased assets. Vehicle leasing, including staff shuttles, commercial buses, trucks for haulage, and operational vehicles, continued to be a major attraction in recent times.

Indeed, the industry is expected to maintain its resilience, given the growth potential of the industry - the wide financing gap in various sectors of the economy and increasing demand for creative financing options to meet asset needs by the investing public, the economic agenda of the Governments across all levels especially, increasing spending in critical infrastructure in key sectors such as transportation - the CNG initiatives for instance, power, health care, construction, agriculture, manufacturing, and technology present rich menu of leasing opportunities, notwithstanding the continued challenges posed by macroeconomic environment.

Also, it is expected that with the kickoff of operations of the Equipment Leasing Registration Authority (ELRA), the industry is set to witness enhanced growth, as the Authority is expected to provide the integral booster for the faster development of the leasing industry as it gives effects to the full implementation of the Equipment Leasing Act 2015.

**Table 1: Equipment Leasing Table by Sector (2015 – 2024) (N' 000)**

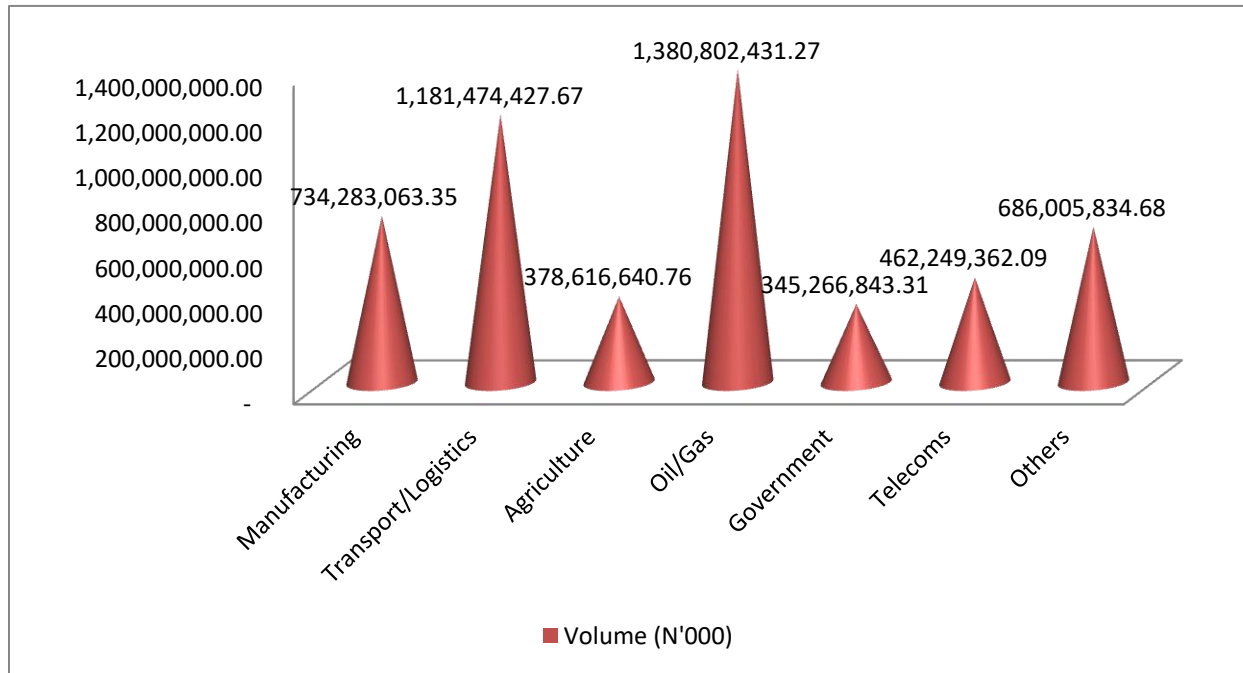
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Manufacturing</b>	734,283,063.35	607,750,636.51	476,771,571.40	375,965,188	279,725,073	269,254,555	245,432,614	217,167,991	180,569,189	158,871,170
<b>Transport/Logistics</b>	1,181,474,427.67	977,075,892	761,895,999.32	614,046,637	490,720,981	469,779,945	421,909,188	355,958,400	319,359,598	289,912,286
<b>Agriculture</b>	378,616,640.76	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
<b>Oil/Gas</b>	1,380,802,431.27	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
<b>Government</b>	345,266,843.31	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
<b>Telecoms</b>	462,249,362.09	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
<b>Others</b>	686,005,834.68	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
<b>Total</b>	<b>5,168,698,603.13</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>

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

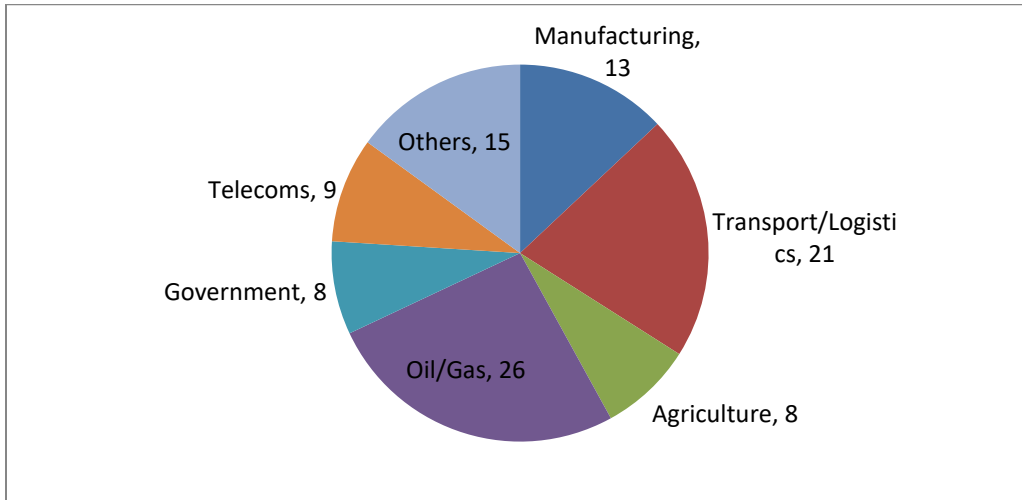
**Table 2: Trends in Nigerian Leasing Market (2010 – 2024) (N'000)**

<b>Year</b>	<b>Leasing Volume ('000)</b>	<b>Growth (%)</b>
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
2024	5,168,698,603.13	23.2

**Fig. 1: Distribution of Lease Volume by Sector (2024)**



**Fig. 2: Distribution of Lease Volume by Sector (2024)**



**Fig. 3: Analysis by types of Asset (2024)**

