

NIGERIAN LEASING INDUSTRY OUTLOOK, 2026

**Continued Growth Amid Macroeconomic
Stability.**

JANUARY 2026

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Executive Summary

The **Nigerian Leasing Industry Outlook 2026** report provides a comprehensive review of recent global and domestic economic and leasing developments and outlines strategic imperatives for sustaining growth and resilience.

Global Economy & Leasing Trends

In 2025, the global economy faced mixed growth, inflationary pressures, and evolving financial conditions. Despite these challenges, the global leasing industry demonstrated resilience, with expanding adoption of asset-light financing models, growth in green and sustainable leasing, and increased digitalisation. In 2026, global economic recovery and continued innovation in leasing practices are expected to support cross-border capital flows, technology-driven asset financing, and sustainable leasing products.

The Nigerian Economy

Nigeria's economy in 2025 experienced moderate GDP growth, improved domestic demand, and cautious monetary policies, while inflation and exchange rate volatility persisted. In 2026, macroeconomic stability is projected to improve further, with easing inflation, stabilising foreign exchange, and rising investment flows creating a conducive environment for productive financing activities.

Nigerian Leasing Industry

The Nigerian leasing sector maintained strong growth in 2025, with outstanding lease volumes exceeding ₦5 trillion and increasing adoption across both public and private sectors. Leasing continues to serve as a flexible, capital-efficient financing option, particularly valuable in periods of tight credit. In 2026, the industry is expected to sustain growth, broaden penetration into emerging sectors such as healthcare, agriculture, ICT, renewable energy, and deepen SME financing.

Strategic Imperatives for Lessors in 2026

To capitalise on opportunities and mitigate risks, lessors should focus on:

- **Market Expansion & Portfolio Diversification:** Enter resilient and emerging sectors, balance asset tenors, and develop green leasing products.
- **Risk Management & Governance:** Strengthen data-driven credit assessments, predictive analytics, and robust governance frameworks.
- **Funding Strategy:** Diversify funding sources across banks, capital markets, private equity, and DFIs to support long-term leases.
- **Technology & Digital Transformation:** Automate processes, enhance asset tracking, and deploy real-time portfolio analytics.
- **Strategic Partnerships:** Collaborate with OEMs, financiers, insurers, fintechs, and industry peers for risk sharing and capacity building.
- **Human Capital & Leadership Continuity:** Invest in skills development, leadership pipelines, and succession planning to ensure resilience and operational continuity.

The Nigerian leasing industry in 2026 is poised for continued growth amid macroeconomic stability, with opportunities across both traditional and emerging sectors. By implementing the outlined strategic imperatives, lessors can enhance resilience, optimise capital efficiency, support productive asset acquisition, and contribute meaningfully to national economic development.

NIGERIAN LEASING INDUSTRY OUTLOOK, 2026

Continued Growth Amid Macroeconomic Stability.

1.0 Global Economy

In 2025, global growth remained moderate but below trend, estimated at 2.8 – 3.0 per cent, reflecting resilience in the face of trade tensions, policy uncertainty, and uneven investment and productivity outcomes. Inflation continued to ease across many economies, enabling a gradual shift toward more accommodative monetary policies. Nevertheless, growth remained uneven and below pre-pandemic averages, underscoring persistent structural constraints and heightened geopolitical risks. In some major economies, particularly the United States, inflation remained above target, limiting the scope for aggressive policy easing.

Looking ahead, global growth in 2026 is expected to remain steady but modest. Major institutions project global GDP expansion of around 2.9 – 3.1 per cent, with the IMF forecasting growth of approximately 3.1 per cent, supported by easing trade pressures and improving financial conditions. Global inflation is projected to decline further to about 3.6 per cent in 2026, providing central banks with greater room to support growth, although core inflation may remain elevated in select economies.

Regional Outlook

Advanced Economies

Advanced economies - including the United States, Euro area, Japan, and the United Kingdom - are projected to grow at a slower pace than emerging markets, recording low single-digit growth of about 1.0 – 2.1 per cent in 2025–26, constrained by tight financial conditions, demographic pressures, and weak productivity gains.

Emerging and Developing Europe

Growth in emerging and developing Europe remains subdued, easing to around 1.8 per cent in 2025 before recovering modestly to approximately 2.2 per cent in 2026. Regional performance remains uneven, shaped by geopolitical risks, energy dynamics, and divergent domestic policy responses.

Middle East and Central Asia

The Middle East and Central Asia are expected to experience moderate expansion, supported by firmer oil revenues and strengthening domestic demand. Regional growth is projected to exceed 3 per cent, with faster momentum in parts of the Caucasus and Central Asia.

Sub-Saharan Africa

Sub-Saharan Africa is projected to maintain resilient growth of around 4.1 per cent in 2025, with a modest pickup anticipated in 2026. Improving macroeconomic stability, easing inflation, and ongoing reforms are expected to support performance, particularly in high-growth frontier economies.

Emerging and Developing Asia

Emerging and developing Asia is expected to remain the fastest-growing region globally, with growth of about 5.2 per cent in 2025, moderating to 4.7 per cent in 2026. This outlook is anchored by strong expansion in India, which is forecast to grow above 6 per cent, reinforcing its position as a leading global growth driver.

Risks to the Outlook

Key downside risks include renewed trade policy disruptions, escalating geopolitical tensions, and divergent regional performance, any of which could weaken the recovery. The outlook remains sensitive to policy coordination, structural reform momentum, and global financial conditions.

1.1 Overall Outlook for 2026

Overall, the global economy in 2026 is expected to achieve steady but moderate growth of 2.9–3.1 per cent, with inflation continuing to converge toward central bank targets and monetary policy remaining cautiously supportive across many regions amid persistent structural and geopolitical challenges.

Figure 1: Global GDP Growth output

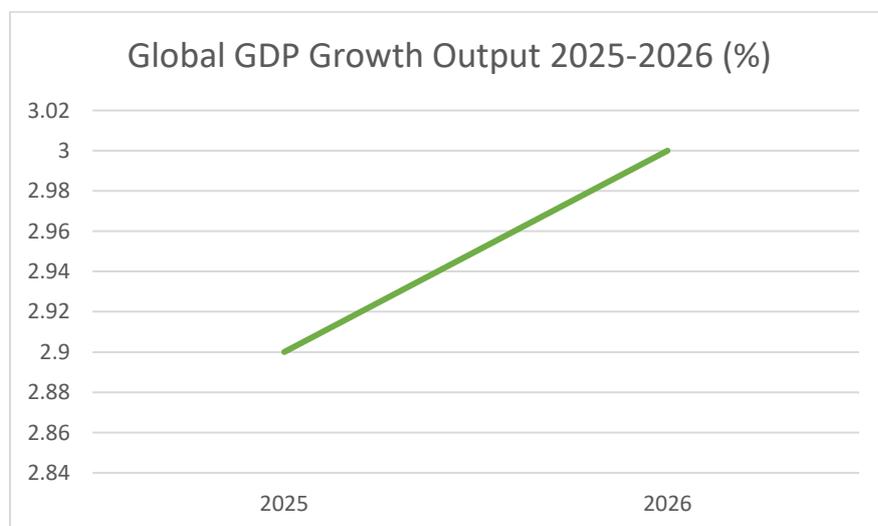


Figure 2: Regional GDP Growth

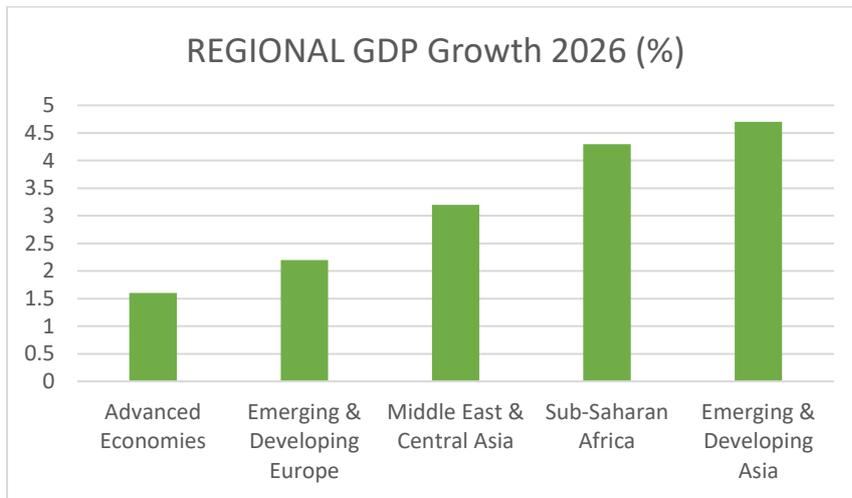
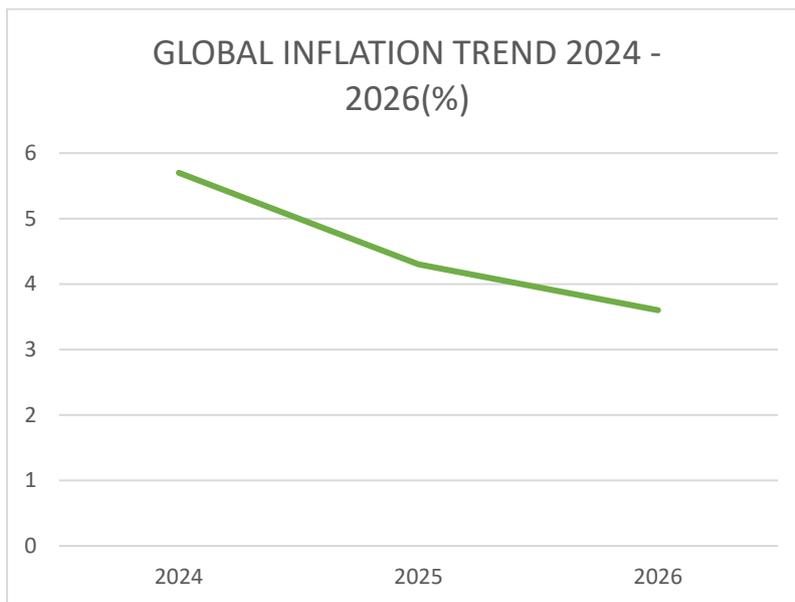


Figure 3: Global inflation trend



2.0 The Nigerian Economy – Key Economic Indicators and Trends (2025)

GDP Growth

Nigeria's Gross Domestic Product (GDP) expanded by 3.98 per cent year-on-year in Q3 2025, outperforming the IMF's full-year projection of 3.9 per cent and approaching the World Bank's estimate of 4.2 per cent. According to the National Bureau of Statistics (NBS), recent quarterly GDP figures were benchmarked against the rebased annual series to enhance data consistency and accuracy.

The Q3 2025 growth outcome represents a modest improvement over the 3.86 per cent recorded in Q3 2024, reflecting strengthening activity across major sectors. Agriculture grew by 3.79 per cent, up from 2.55 per cent a year earlier, while the industrial sector expanded by 3.77 per cent, compared with 2.78 per cent in the corresponding period of 2024. Growth in the services sector, although still robust, moderated to 4.15 per cent from 4.97 per cent in Q3 2024.

Structurally, the services sector remained the dominant contributor to output, accounting for 53.02 per cent of aggregate GDP, slightly higher than 52.93 per cent recorded a year earlier. Nominal GDP rose to ₦113.59 trillion in Q3 2025, representing an 18.12 per cent increase from ₦96.16 trillion in Q3 2024, reflecting both real output growth and price effects.

Inflation

Headline inflation continued its downward trajectory, easing to 14.45 per cent in November 2025 from 16.05 per cent in October, marking the eighth consecutive monthly decline in the year. This represents a significant reduction from 34.6 per cent in November 2024, a decline of 20.15 percentage points. The sustained moderation in inflation reflects improved macroeconomic coordination and supports the government's target of achieving inflation of around 15 per cent by year-end 2025.

Foreign Exchange and External Balances

Foreign exchange reforms and improved market liquidity contributed to greater stability in the naira during 2025. Exchange rates largely settled within the range of ₦1,457–₦1,495 per US dollar, with the year closing around ₦1,465/US\$. Foreign reserves increased to US\$45.21 billion as at December 2025, strengthening external buffers.

The current account surplus expanded, supported by higher non-oil exports and lower oil import volumes, signalling a more balanced external position. Active management of the foreign exchange market helped counter earlier pessimistic projections. In addition, the recent restructuring of the Bureau de Change (BDC) segment - reducing licensed operators to 82, is expected to enhance transparency, discipline, and price discovery in the FX market.

Non-Oil Sector Performance

The non-oil sector remained the primary driver of economic growth, accounting for over 96 per cent of GDP. Strong activity was recorded in services, agriculture, real estate, construction, telecommunications, and fintech. In Q3 2025, the non-oil sector expanded by approximately 4.67 per cent, reinforcing its role as the main engine of overall GDP growth and highlighting Nigeria's gradual diversification away from oil dependence.

Oil Sector Performance

Crude oil production improved steadily during 2025, reflecting strengthened upstream activity. Average output reached 1.71 million barrels per day (bpd) in July 2025, representing an increase of about 9.9 per cent year-on-year. Nigeria also met a substantial portion of its OPEC production quota (around 96 per cent and above) for much of the year, indicating improved operational stability.

Despite these gains, production remained below the 2025 budget benchmark of 2.06 million bpd, contributing to revenue shortfalls and continued constraints on fiscal planning.

A major structural shift in 2025 was the increase in domestic crude processing, led by the Dangote Refinery, which received the bulk of crude oil allocations for local refining. Over 12.6 million barrels of crude oil were supplied to domestic refineries during the year as part of deliberate efforts to reduce Nigeria's dependence on imported refined petroleum products. The operationalisation of the Dangote Refinery has contributed to greater stability in the downstream petroleum sector and is expected to improve foreign exchange inflows, strengthen external reserves, and enhance overall confidence in the oil and gas value chain. Additionally, the policy of settling crude oil transactions in Naira helped ease pressure on dollar demand, thereby supporting relative stability and gradual strengthening of the Naira.

Fiscal Position

Nigeria's fiscal position remained challenging. The fiscal environment in 2025 was largely characterised by wide budget deficits, driven by weak revenue mobilisation and persistently high expenditure. Oil revenue shortfalls continued to weigh heavily on public finances, although improvements in non-oil revenue collection provided some relief. These gains, however, were insufficient to fully offset the revenue gaps. As a result, government borrowing increased, raising concerns about debt sustainability. In response, authorities emphasised the importance of fiscal discipline and structural reforms, with implementation expected to commence in January 2026, aimed primarily at improving revenue generation and enhancing medium-term fiscal stability.

Trade

On the external front, Nigeria recorded a strong trade performance, posting a trade surplus of ₦6.69 trillion in the third quarter of 2025, representing a 27.29% year-on-year increase. This improvement was largely driven by growth in non-oil exports, signalling gradual progress in export diversification.

Monetary policy

Monetary policy in 2025 remained largely tight, as the Central Bank of Nigeria (CBN) prioritised inflation control, exchange rate stability, and financial system resilience. For most of the year, the Monetary Policy Rate (MPR) was maintained at 27.50%, reflecting caution amid elevated inflation and global economic uncertainties. In September 2025, the CBN implemented a 50-basis-point cut, reducing the MPR to 27.0%, marking the first interest rate reduction since 2020. The Cash Reserve Ratio (CRR) was held at 50% for Deposit Money Banks and 16% for Merchant Banks, while the Liquidity Ratio (LR) remained at 30%, underscoring the CBN's continued tight stance to manage excess liquidity and anchor inflation expectations.

Public debt

As of June 2025, Nigeria's total public debt was US\$99.66 billion. The Debt-to-GDP ratio was reported at 37.5% by mid-2025, with projections suggesting it could fall below the 40% threshold by year-end. This indicates a measure of improved fiscal health, despite the rising nominal debt stock, largely supported by GDP growth and exchange rate adjustments.

Other Variables

The economy continued to be constrained by the perennial issue of insecurity, which poses significant risks to business operations, investment confidence, and overall economic stability. Also, the deficiencies in infrastructure, particularly in power supply and road networks, remain a significant constraint to economic activities and the quality of life.

Overall, while fiscal constraints persisted in 2025, ongoing reforms, improved oil sector performance, stronger trade outcomes, and cautious monetary management laid a foundation for gradual macroeconomic stabilisation heading into 2026.

2.1 Nigeria Economic Outlook - 2026

Nigeria's economic trajectory in 2026 is expected to be moderately positive, underpinned by stronger domestic demand, monetary and fiscal reforms, and sectoral diversification.

Nigeria's economic expansion is expected to gain further traction in 2026. The Central Bank of Nigeria (CBN) projects real GDP growth of about 4.49%, up from an estimated 3.9% in 2025, supported by expanding oil production, stronger activity in the non-oil sectors, and broader structural reforms. The International Monetary Fund (IMF) also forecasts growth around 4.1–4.2% for 2026, reflecting improved macroeconomic stability and reform impacts, and the World Bank's outlook likewise sees gradual strengthening, although it underscores the need for inclusive outcomes to benefit citizens disproportionately affected by previous economic shocks.

Growth in production and higher refined output from domestic facilities will support export receipts and headline GDP growth. Services, agriculture, and manufacturing are expected to lead non-oil growth, benefiting from increased domestic demand, stable credit flows, and improved infrastructure investment.

Inflation is expected to continue moderating, trending towards a more stable range, which could encourage investment and support a controlled easing of monetary conditions if disinflation continues. The CBN projects headline inflation of around 12.9% in 2026, down from sharply elevated levels in prior years, as tighter monetary policy, FX market reforms, and improved supply conditions take effect.

The ₦58.18 trillion 2026 Federal Budget, titled “*Budget of Consolidation, Renewed Resilience and Shared Prosperity,*” aims to sustain macroeconomic stability, catalyse growth, and promote human capital development. The budget projects ₦34.3 trillion in revenue, with an anticipated ₦23.85 trillion fiscal deficit (around 4.3% of GDP), underscoring a continued commitment to growth-oriented spending while containing deficit pressures.

In his New Year address, President Tinubu emphasised the budget's focus on sustained reforms, enhanced revenue mobilisation, and translating macroeconomic stability into improved livelihoods through job creation, infrastructure investment, and business-friendly tax policy.

A central pillar of macro-fiscal reform in 2025–2026 has been the overhaul of the tax regime. Significant tax reforms introduced over the past year aim to broaden the revenue base of the government, simplify compliance, generate sustainable non-oil revenues, and stimulate SMEs as engines of economic growth. With the fiscal reforms set for implementation in January 2026, government revenue collection is projected to improve, helping narrow the budget deficit. Enhanced fiscal discipline, combined with non-oil revenue mobilisation, is expected to maintain public debt within sustainable limits.

Fiscal performance in 2026 will depend heavily on revenue mobilisation efforts, particularly improvements in non-oil revenue and expenditure efficiency. While oil output is expected to improve modestly, it is likely to remain below optimal benchmark levels, reinforcing the importance of structural reforms and economic diversification.

While tax reforms promise enhanced revenue, effective implementation and enforcement will determine their success in financing public investments without stifling private sector growth.

The continued foreign exchange reforms and improved market transparency are expected to support Naira stability and investor confidence. External reserves are projected to remain adequate, supported by improved non-oil export earnings and moderated import demand. However, oil production constraints and price volatility will continue to pose risks to fiscal and external balances. The Naira is expected to strengthen, with forecasts placing it between ₦1,300 and ₦1,400 per USD, provided external reserves remain healthy, and export performance rises. Sustained FX reforms and robust reserves could reduce uncertainty and lower hedging costs for businesses.

The Dangote Petroleum Refinery has emerged as one of the most consequential structural developments in the Nigerian economy and will continue to transform Nigeria's energy landscape, accelerating fuel self-sufficiency and stabilising the downstream sector. Analyses suggest the refinery could significantly increase Nigeria's GDP, with some estimates pointing to GDP levels of about \$370 billion by 2026 under the influence of refined production, export potential, and broader economic linkages.

Also, by reducing fuel imports and promoting exportable refined products, the refinery is poised to contribute positively to Nigeria's trade balance and foreign exchange reserves. Regional export opportunities into West and Central Africa can bring in additional export revenues of several billion dollars annually, narrowing current account deficits and enhancing FX buffers.

Several sectors present strong opportunities in 2026. Infrastructure development, particularly in power, transportation, and logistics, remains critical for unlocking productivity. The equipment leasing industry is well-positioned to support this growth by enabling businesses to access productive assets without heavy upfront capital requirements.

Agribusiness, manufacturing, and small and medium-sized enterprises are also expected to benefit from targeted financing, digital solutions, and improved market access. Nigeria's youthful population and growing digital adoption continue to offer long-term growth potential, especially in technology-driven services.

The positive signals notwithstanding, risks remain substantial. Persistently high inflation could erode consumer purchasing power and undermine growth. Exchange-rate instability, insecurity, weak infrastructure, and rising public debt also pose threats to economic recovery. Additionally, delays or reversals in policy reforms could weaken investor confidence and slow progress. Other impacting variables are political volatility, especially from election-related spending and governance challenges, and global headwinds, such as commodity price volatility or slowing demand from key trading partners, affecting export revenues.

While Nigeria's progress in macroeconomic reforms, especially in FX liberalisation, fiscal consolidation, and prudent monetary policy, is acknowledged, there is a need for deeper structural change to translate stability into inclusive growth. It is important to broaden the benefits of growth, investing in human capital, and strengthening social safety nets. The evolving macro stability is an opportunity to address deep-seated socio-economic challenges more effectively.

Indeed, Nigeria's economic outlook for 2026 is one of cautious optimism rather than rapid transformation. The economy is expected to grow moderately, with declining but still elevated inflation and continued pressure on public finances. Success in 2026 will depend largely on policy consistency, effective reform implementation, private-sector participation, and improvements in security and infrastructure. With the right mix of discipline and innovation, Nigeria can convert current challenges into foundations for sustainable and inclusive growth.

3.0 Global Equipment Leasing Industry

The global equipment leasing industry has proven resilient and adaptive, ending 2025 on a positive note and entering 2026 with cautious optimism. The sector continues to thrive on demand for flexible financing across construction, manufacturing, IT, and transportation. Insights from the World Leasing Yearbook 2026 reveal long-term growth trends and highlight the regional and sectoral dynamics that are shaping the market's future. According to the Yearbook, in 2024, the latest year with full data, **the global equipment leasing industry posted new business levels of US\$1,538bn and has grown by approximately 63% over the past decade, demonstrating the industry's structural resilience. North America, Europe, and Asia-Pacific together accounted for 96% of all new leasing activity, confirming the dominance of mature markets while emerging regions steadily expand.**

The data shows that while Africa remains a small contributor, Africa's 31.8%, represents the highest growth rate in the ranking, indicating rising adoption in emerging markets with countries like Nigeria now ranking among the top 50 global leasing markets. Africa accounts for 0.4% the world market in leasing, with four African countries achieving a placing within the GLR top 50: Egypt, Morocco, South Africa and Nigeria. The region accounted for US\$7bn of new business in 2024.

The largest leasing markets continue to be the United States, China, and leading European economies. These countries not only account for the largest volumes but also lead in innovation, digitalisation, and adoption of flexible financing solutions.

Table 1: Volume and growth by region (2023-2024)

Rank by Volume	Region	Annual Volume (US\$bn)	Growth 2023-24 %	Percentage of world market Volume 2023	Percentage of world market Volume 2024	Change in market share 2023-2024
1	N.America	564.22	2.8	35.32	36.67	1.3
2	Europe	474.14	-3.9	31.75	30.81	-0.9
3	Asia	448.47	-1.9	29.41	29.14	-0.3
4	Aus/NZ	24.96	-10.2	1.79	1.62	-0.2
5	S.America	20.28	-7.4	1.41	1.32	-0.1
6	Africa	6.75	31.8	0.33	0.44	0.1
	Total	1,538.82				

Source: World Leasing Yearbook 2026

Figure 4: World leasing volume 2001-2024 (US\$bn)



Source: World Leasing Yearbook 2026

Table 2: Global Leasing Report 2025

Ranking	Continent code	Country	Annual volume (US\$bn)	% Growth 2023-24	% Market Penetration	Source
1	NA	United States	524.06	3.10	21.0	(8)
2	A	China	344.41	1.56	12.2	(9)
3	E	United Kingdom	97.61	2.60	43.0	(2)
4	E	Germany	88.84	-3.00	28.0	(2)
5	A	Japan	65.94	12.80	4.3	(1)
6	E	France	64.15	2.50	36.0	(2)
7	E	Italy	36.38	-3.90	19.0	(2)
8	NA	Canada	30.11	-0.10	34.6	(1)
9	E	Poland	26.56	16.40	44.0	(2)
10	ANT	Australia	24.96	1.45	n/a	(1)
11	E	Sweden	23.55	5.40	43.0	(2)
12	A	Taiwan	22.10	-4.00	11.0	(1)
13	E	Switzerland	17.01	1.20	10.0	(2)
14	E	Russia	16.00	n/a	n/a	(8)
15	E	Denmark	13.15	6.80	43.0	(2)
16	E	Spain	12.6	7.00	12.0	(2)
17	A	S.Korea	10.82	-4.36	8.0	(1)
18	E	Belgium	10.51	5.80	31.0	(2)
19	NA	Mexico	10.05	21.67	2.0	(4)
20	E	Austria	9.92	4.90	18.0	(2)
21	E	Netherlands	8.70	10.20	36.0	(2)
22	E	Norway	7.97	2.20	24.0	(2)
23	E	Czech Republic	6.33	-2.60	18.0	(2)
24	E	Turkey	5.13	33.00	n/a	(2)
25	A	India	4.83	20.00	0.5	(9)
26	E	Finland	4.75	n/a	n/a	(9)
27	E	Portugal	4.56	18.10	20.0	(2)
28	SA	Puerto Rico	3.88	28.90	12.7	(4)
29	SA	Chile	3.79	5.71	5.3	(4)
30	E	Slovakia	3.57	-2.30	24.0	(2)
31	SA	Colombia	3.51	97.00	2.4	(4)
32	SA	Costa Rica	3.38	1670.00	1.1	(4)
33	E	Hungary	2.98	3.00	12.0	(2)
34	E	Lithuania	2.73	-0.42	32.0	(1)
35	AF	Egypt	2.34	1.12	n/a	(1)
36	SA	Brazil	2.27	n/a	2.1	(4)
37	E	Slovenia	2.13	-1.70	14.0	(2)
38	E	Croatia	2.08	13.70	23.0	(2)
39	SA	Bolivia	2.02	n/a	0.8	(4)
40	E	Bulgaria	2.00	7.50	21.0	(2)
41	AF	South Africa	1.95	0.00	n/a	(8)
42	AF	Morocco	1.83	0.00	n/a	(2)
43	E	Serbia	1.55	26.93	n/a	(1)
44	E	Estonia	1.53	6.20	31.0	(2)
45	SA	Peru	1.03	-46.00	2.5	(4)
46	E	Latvia	0.89	-10.10	27.0	(2)
47	E	Greece	0.70	6.60	4.0	(2)
48	AF	Nigeria	0.63	4.02	n/a	(1)
49	SA	Argentina	0.40	n/a	1.6	(4)
50	A	Uzbekistan	0.37	18.06	1.3	(1)
		Total	1,538.82			

Market penetration rates quoted by Leaseurope appear as those reported and defined in Leaseurope's 2024 Annual survey. Country growth figures display the figure reported by each country, i.e. it is unaffected by the vagaries of currency fluctuations. It is intended to display true growth as experienced on the ground.

Key to Sources: (1) National Leasing Associations (4) Alta Group (7) Central Bank Data
(2) Leaseurope (5) Other Trade Associations (8) Author's Estimate
(3) Asian Leasing Association (6) Government Statistics (9) Others' Data

Source: World Leasing Yearbook 2026

3.1 Key Trends Shaping the Industry

1. **Digital Transformation:** Cloud-based lease management platforms and AI-driven analytics are increasingly essential for credit risk assessment, operational efficiency, and customer experience.
2. **Flexible Leasing Models:** Equipment-as-a-Service (EaaS) and usage-based contracts are gaining traction, particularly among SMEs looking to conserve capital and reduce financial risk.
3. **Sectoral Shifts:** IT equipment, cloud infrastructure, and specialised industrial machinery have grown rapidly, while construction and heavy equipment remain mainstays due to ongoing infrastructure projects.
4. **Emerging Market Expansion:** Africa and Latin America show steady growth in leasing adoption. The World Leasing Yearbook highlights Nigeria's emergence in the top 50 global markets, reflecting increasing market maturity and capital access.

3.2 2026 Outlook

Industry leaders anticipate that business conditions will remain steady or improve in 2026. Demand for capital expenditure leasing, particularly for IT and industrial equipment, is expected to stay strong. The global leasing market is projected to reach approximately \$2.4–\$2.5 trillion by 2026, according to The Business Research Company (TBRC), at a CAGR of 12%, maintaining the industry's long-term expansion trajectory. This growth is driven by high capital asset costs, digital innovation, rising SME demand, sustainability needs (green leasing), a shift toward usage-based models over ownership, and expansion in emerging markets. Among the various segments, the automotive equipment leasing market is expected to be the fastest-growing.

3.3 Key Growth Drivers for the Industry include:

- **Economic Factors:** High cost of capital assets encourages businesses to lease rather than purchase, while supportive policies and global trade recovery further aid growth.
- **Digital Transformation:** AI-driven risk assessment, IoT tracking, and fintech integration streamline operations and enable tailored leasing offerings.
- **Emerging Markets:** Significant untapped potential exists, particularly in Africa and Asia, with growing demand from expanding economies.
- **Shift from Ownership to Usage:** Companies increasingly prefer usage-based and service-based models, such as "Equipment-as-a-Service" and "Mobility-as-a-Service," allowing access to high-value assets without tying up significant capital.
- **Sectoral Demand:** Strong demand for equipment in transportation, aviation (fuel-efficient fleets), manufacturing, healthcare, and construction drives leasing activity.
- **Sustainability and Green Leasing:** Regulatory emphasis on ESG (Environmental, Social, and Governance) factors is boosting demand for green leasing options, particularly in commercial real estate and electric vehicle fleets across North America and Europe.
- **Supply Chain Modernisation:** Businesses prioritise asset agility to adapt to market fluctuations, increasing demand for flexible leasing arrangements that offer scalability and operational flexibility.

3.4 Challenges Ahead

Despite positive trends, several factors could moderate growth: Interest rate volatility, potentially affecting capital costs and investment decisions; Supply chain bottlenecks, particularly for heavy and specialised equipment; and regional economic slowdowns, notably in Europe, may impact leasing demand.

The global equipment leasing industry emerges from 2025 in strong shape, underpinned by innovation, structural demand, and expanding market penetration. The combination of technology adoption, flexible leasing models, and emerging market growth positions the sector for a promising 2026.

For industry players, the imperative is clear: embrace digital transformation, diversify portfolios, and expand into emerging markets to sustain growth and remain competitive in a rapidly evolving global landscape.

4.0 The Nigerian Leasing Industry

The Nigerian leasing industry has continued to play a pivotal role in enabling asset acquisition, improving capital efficiency, and supporting real sector productivity. **Operating within a challenging macroeconomic environment characterised by inflationary pressures, tight monetary conditions, and foreign exchange adjustments, the industry nonetheless demonstrated notable resilience and sustained growth.**

Building on its post-pandemic recovery, the industry maintained a strong upward trajectory. In 2024, outstanding lease volumes exceeded ₦5.16 trillion, representing an impressive 23.2 per cent year-on-year growth. This momentum was sustained into 2025, reinforcing the industry's strategic importance within the national financial system. In the first quarter of 2025 alone, total outstanding leases increased by 3.7 per cent, rising to approximately ₦5.36 trillion from end-2024 levels. Based on prevailing trends, the industry is expected to record double-digit growth for the full year 2025, when official figures are released. At the firm level, leasing companies reported steady growth in core revenue streams, although net profitability was marginally constrained by rising operating and funding costs.

Leasing has increasingly emerged as a preferred financing mechanism for businesses seeking access to productive assets without the burden of outright ownership. This preference has been most evident in capital-intensive sectors such as transportation, construction, oil and gas, manufacturing, agriculture, and power. Vehicle and fleet leasing remained the dominant asset class, reflecting Nigeria's logistics-driven economy and persistent infrastructure deficits.

The scale and distribution of lease assets underscore the industry's capacity to bridge Nigeria's significant investment gap and facilitate asset acquisition across multiple sectors. Sectoral analysis for Q1 '25 shows that the Oil and Gas sector led the growth with a 23% increase, accounting for ₦1.38 trillion of the outstanding leases. The Transportation & Logistics sector followed closely with a 20% increase, totalling ₦1.18 trillion, while the Manufacturing sector grew by 16% to ₦734 billion. The Telecommunications sector contributed 8% of the total, amounting to ₦462 billion. Other sectors, including Healthcare and Education, jointly accounted for ₦686 billion (19%), Agriculture contributed 7% (₦378 billion), and the Government sector also recorded notable growth.

Sustained growth in lease volumes has been driven by a combination of factors, including increased investment, the entry of new market participants, continued product and service innovation, and growing awareness of leasing as a flexible and efficient financing option. The rising cost of asset acquisition has further strengthened the appeal of leasing, particularly over the past two and a half years, as the removal of fuel subsidies and the liberalisation of the foreign exchange market significantly increased asset prices.

The Macroeconomic reforms implemented over the past two and a half years imposed cost pressures on businesses. However, these measures also enhanced transparency and strengthened medium-term investor confidence. For leasing companies, elevated asset acquisition costs and high borrowing rates reinforced the relevance of leasing as an alternative financing solution, as businesses increasingly sought to preserve liquidity and manage balance sheet exposure.

Finance leasing remained the dominant transaction type, accounting for about 65 per cent of total lease activity. Nevertheless, operating leases have gained increasing market share in recent years, driven by corporate preferences for outsourcing non-core functions. Operating leases enable businesses to focus on their core operations while outsourcing activities such as transportation and logistics. In response, many lessors have strategically expanded their operating lease offerings to manage risk, differentiate their services, and meet evolving client needs. Some leading operators have also established in-house workshops, allowing them to provide maintenance and support services not only to lease customers but also to third-party clients.

Vehicle leasing continued to dominate the asset mix. In Q1 '25, this accounted for approximately 54 per cent of total leased assets. This segment, which includes staff buses, commercial vehicles, haulage trucks, and operational fleet vehicles, has remained particularly attractive due to rising transportation needs across both the public and private sectors.

The Nigerian leasing industry comprises specialised leasing companies, finance houses, banks, vendors, and service providers, particularly within the telecommunications and oil and gas sectors. Industry growth has remained largely demand-driven, supported by infrastructure expansion, private sector investment, and the replacement of ageing assets. Although funding costs remained elevated, well-capitalised leasing companies with diversified funding sources were better positioned to expand their portfolios.

The legal and regulatory environment continued to provide a solid foundation for industry growth. The Equipment Leasing Act, together with the effective commencement of operations of the Equipment Leasing Registration Authority (ELRA) in 2025, strengthened asset ownership protection, improved contract enforceability, and enhanced creditor confidence. Increased compliance and stakeholder awareness contributed to improved risk management practices across the industry, although implementation challenges persist, particularly in relation to guidelines issued by the Minister of Finance on registration of lessors and leases.

Notwithstanding its progress, the industry continues to face structural constraints, including limited access to long-term funding, foreign exchange exposure on imported assets, low MSME penetration, and operational challenges related to default and repossession, and credit information gaps. These issues underscore the need for sustained policy support, financial innovation, and stronger institutional collaboration to unlock the industry's full growth potential.

Table 3: Equipment Leasing Table by Sector (2021 – Q1 '25) (N' 000)

	2025 Q1	2024	2023	2022	2021
Manufacturing	764,622,415.99	734,283,063.35	607,750,636.51	476,771,571.40	375,965,188
Transport/ Logistics	1,219,398,618.47	1,181,474,427.67	977,075,892	761,895,999.32	614,046,637
Agriculture	391,890,107.54	378,616,640.76	300,750,531.93	216,549,704.36	176,227,151
Oil/Gas	1,424,415,250.69	1,380,802,431.27	1,127,737,577.58	893,846,389.89	739,276,602
Government	358,540,310.09	345,266,843.31	267,400,734.48	201,911,201.92	154,868,223
Telecoms	477,419,038.41	462,249,362.09	374,649,989.66	299,804,809.60	232,600,554
Others	722,033,815.94	686,005,834.68	540,006,880.63	409,027,815.52	294,780,581
Total	5,358,319,557.13	5,168,698,603.13	4,195,372,242.79	3,259,807,494.01	2,587,764,938

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

Source: ELAN Research

Table 4: Trends in Nigerian Leasing Market (2010 – Q1 '25) (N'000)

Year	Leasing Volume ('000)	Growth (%)
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
2025 Q1	5,358,319,557.13	3.67

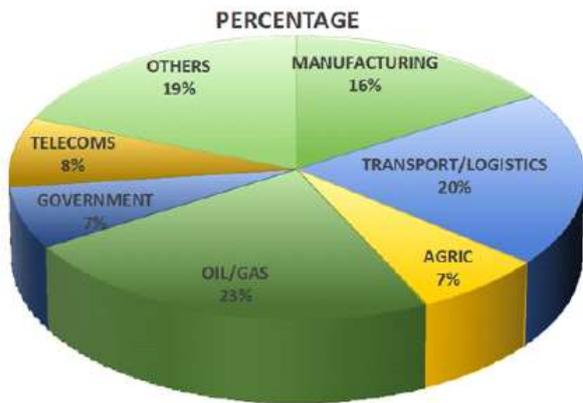
Source: ELAN Research

Figure 5: Distribution of Lease Volume by Sector (Q1 '25)



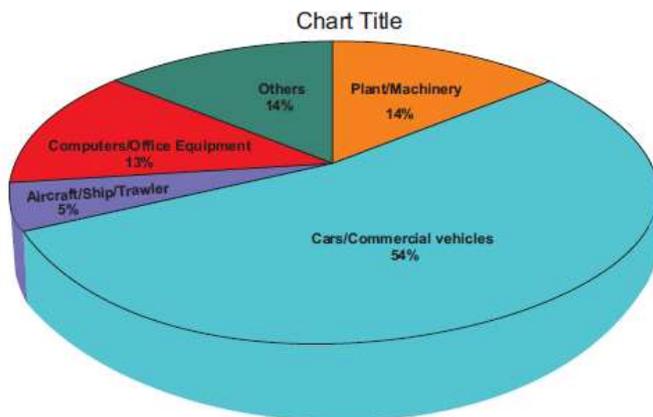
Source: ELAN Research

Figure 6: Distribution of Lease Volume by Sector (Q1 '25)



Source: ELAN Research

Figure 7: Analysis by types of Asset (Q1 '25)



Source: ELAN Research

4.1 Outlook for the Nigerian Leasing Industry in 2026 – Continued Growth Amid Macroeconomic Stability

The Nigerian leasing industry enters 2026 with renewed optimism, building on the resilience and steady growth it has recorded over the past few years. Despite operating in a challenging macroeconomic environment marked by inflationary pressures, exchange rate volatility, and high interest rates, the industry has continued to demonstrate its relevance as a strategic financing tool for businesses and government entities seeking access to productive assets without heavy upfront capital outlays.

As macroeconomic conditions gradually stabilise and structural reforms deepen, 2026 is expected to consolidate leasing’s role as a key driver of capital formation, productivity, and inclusive economic growth in Nigeria.

Nigeria’s macroeconomic outlook for 2026 is broadly supportive of leasing activity. Economic growth is projected to strengthen, driven by improved domestic demand, easing inflationary trends, greater exchange rate stability, and increased investment flows. These developments are expected to improve business confidence and reduce uncertainty around long-term planning.

For many businesses, particularly in capital-intensive sectors, leasing remains a preferred financing option in periods of tight credit conditions. Even as interest rates remain relatively elevated, leasing offers flexibility, preserves cash flow, and allows enterprises to match asset usage with revenue generation. This makes leasing especially attractive in an environment where outright asset acquisition remains prohibitively expensive for many firms.

Sustained industry’s growth trajectory. The Nigerian leasing industry has sustained a strong growth trajectory in recent years, with outstanding lease volumes crossing the ₦5 trillion mark and maintaining double-digit growth rates. This momentum is expected to continue into 2026, albeit at a more measured pace, reflecting a transition from rapid post-pandemic recovery to more sustainable, structurally driven expansion.

The industry’s growth is underpinned by rising demand for asset financing across both public and private sectors, as well as increased awareness of leasing as an alternative to traditional bank lending. In 2026, leasing is expected to deepen its penetration across the economy, moving beyond its traditional strongholds into new sectors and market segments.

Several sectors are expected to remain the backbone of leasing demand in 2026. Transportation and logistics continue to account for a significant share of lease volumes, driven by the expansion of e-commerce, urban mobility services, and supply chain reconfiguration. Fleet leasing, haulage equipment, and logistics infrastructure are expected to see sustained demand.

The oil and gas sector will also remain a major contributor, particularly in areas such as upstream services, equipment leasing, marine assets, and support services. Similarly, manufacturing and infrastructure development are expected to drive demand for heavy machinery, industrial equipment, and power solutions, especially as government and private sector investment in infrastructure gains momentum.

Beyond these traditional sectors, 2026 is likely to see growing leasing activity in agriculture, healthcare, telecommunications, education, and renewable energy. These emerging segments present opportunities for diversification and long-term growth, particularly where tailored leasing products are developed to meet sector-specific needs.

The regulatory framework governing leasing in Nigeria will continue to develop. The implementation of the Equipment Leasing Act and the full commencement of operations of the Equipment Leasing Registration Authority (ELRA) are expected to strengthen transparency, asset ownership protection, and contract enforceability. Increased adoption of digital lease registration and improved stakeholder collaboration are imperative to enhance confidence among lessors, lessees, and financiers in 2026. Essentially, the collaboration of industry stakeholders, including the Government, through ELRA is key to clearer and more supportive policies to improve competitiveness and stimulate broader adoption of leasing.

Opportunities and Strategic Shifts. One of the most significant opportunities in 2026 lies in the expansion of leasing to small and medium-sized enterprises. SMEs account for a large share of Nigeria's economic activity but remain underserved by traditional financing channels. With appropriate risk management frameworks, credit enhancements, and awareness campaigns, leasing could unlock significant value in this segment.

Digital transformation is another major theme shaping the industry's outlook. The use of technology in credit assessment, asset tracking, contract management, and customer engagement is expected to improve operational efficiency and risk control. Asset-as-a-service models and operating leases are also gaining traction as businesses increasingly prioritise flexibility and usage-based financing.

Access to long-term and affordable funding remains critical. In 2026, lessors are expected to explore alternative funding sources, including development finance institutions and structured finance solutions, aside from traditional bank sources, to support, especially, larger transactions and longer-term leases. ELAN has been advocating for a sustainable funding mechanism for the industry, working with both local and foreign financiers. These engagements have facilitated various funding options for members as the Association continues to seek more flexible options.

Notwithstanding the positive outlook, the industry faces notable risks. Exchange rate volatility continues to affect the cost of imported equipment, which constitutes a significant portion of leased assets. High funding costs and limited access to long-term capital remain daunting. In addition, issues around contract enforcement, default, and repossession still pose operational risks, especially in finance leases and involving mainly the lower-end market. Addressing these challenges will require continued collaboration among stakeholders, especially regulators, lessors, and the judiciary.

Nigerian Leasing Industry Outlook 2026

- **Optimistic Industry Outlook:** Leasing remains a key capital-efficient financing tool; volumes exceed ₦5 trillion with continued measured growth.
- **Supportive Macroeconomics:** Stabilising growth, easing inflation, FX stability, and rising investment underpin stronger demand.
- **Sectoral Demand:** Core sectors - transportation, logistics, oil & gas, manufacturing, infrastructure; emerging opportunities in agriculture, healthcare, ICT, education, and renewable energy.
- **SME Potential:** Leasing bridges financing gaps, unlocking significant SME growth.
- **Policy & Digital Enablement:** Equipment Leasing Act and ELRA improve transparency; digital adoption boosts efficiency and portfolio management.
- **Funding & Risks:** Access to long-term capital remains limited; key risks include exchange rate volatility, high funding costs, and contract enforcement challenges.

4.2 Strategic Imperatives for Enhancing Growth and Sustainability in the Nigerian Leasing Industry

As the Nigerian leasing industry positions itself for sustained growth in 2026 and beyond, operators must move decisively from cyclical recovery to structural resilience. **The evolving macroeconomic environment, characterised by gradual macro-stability, regulatory reforms, infrastructure deficits, and accelerating sustainability expectations, demands proactive, well-coordinated strategies.** The following strategic imperatives integrate resilience, innovation, and long-term sustainability into the industry's growth trajectory.

Strategic Market Expansion and Portfolio Diversification

Leasing companies must reduce concentration risk by expanding into resilient sectors such as healthcare, agriculture, ICT, renewable energy, and public services. Diversifying client segments and balancing short- and long-term assets will improve portfolio stability, liquidity management, and income predictability. Scaling green leasing products will further unlock Environmental, Social and Governance (ESG)-linked and concessional funding opportunities. Some Development Partners are already engaging the leasing industry on concessional funding.

Data-Driven Risk Management and Governance Strengthening

Sustainable growth requires predictive, data-driven risk management frameworks. Enhanced credit analytics, asset monitoring, and early-warning systems, supported by strong governance, independent internal controls, and board oversight, are essential to maintaining asset quality and investor confidence.

Flexible and Diversified Funding Strategies

Long-term competitiveness depends on diversified funding sources. Moving beyond short-term bank funding to include capital markets, private equity, structured finance, and development finance will reduce refinancing risk and support longer-tenor and large-ticket leasing transactions.

Technology Deployment and Digital Transformation

Digital transformation across the leasing value chain will improve efficiency, transparency, and scalability. Automation, asset tracking, and real-time analytics enhance portfolio visibility, customer experience, and competitiveness against fintech-enabled financing models.

Strategic Alliances and Ecosystem Collaboration

Partnerships with OEMs, vendors, banks, fintechs, insurers, and industry peers will strengthen asset quality, improve residual value assurance, expand distribution, and enable risk sharing, particularly for syndicated and infrastructure-related leases.

Human Capital Development and Leadership Continuity

Continuous investment in skills, leadership development, and succession planning is critical for operational stability and business continuity. Strong human capital and leadership pipelines will position leasing institutions to navigate disruptions and sustain long-term growth.

Collectively, these strategic imperatives position the Nigerian leasing industry to transition from short-term recovery to long-term sustainability. By aligning growth strategies with resilience, innovation, and sustainability principles, the industry can strengthen its role as a critical enabler of capital formation, infrastructure development, and real sector productivity in Nigeria's evolving economy.

Strategic Priorities for 2026

- **Diversification:** Expand into resilient sectors; balance asset tenors and client mix; scale green leasing.
- **Risk & Governance:** Deploy data-driven risk models and strengthen internal controls.
- **Funding:** Diversify beyond banks into capital markets, DFIs, and structured finance.
- **Technology:** Automate processes and enhance real-time portfolio analytics.
- **Partnerships:** Collaborate with OEMs, banks, fintechs, insurers, and peers.
- **People:** Invest in skills, leadership pipelines, and business continuity.

Conclusion

The Nigerian leasing industry stands at a pivotal juncture in 2026, poised to consolidate its role as a key enabler of capital formation, infrastructure development, and real-sector productivity. Supported by improving macroeconomic stability, regulatory reforms, and rising investor confidence, the industry has the opportunity to sustain its growth trajectory while broadening its reach across both traditional and emerging sectors, including SMEs, healthcare, agriculture, ICT, and renewable energy.

To fully capitalise on these opportunities, lessors must adopt a strategic, forward-looking approach: diversifying portfolios, strengthening risk management and governance, expanding funding sources, embracing digital transformation, fostering partnerships, and investing in human capital. By embedding resilience, innovation, and sustainability into their operations, leasing companies can navigate persistent challenges. The Equipment Leasing Association of Nigeria (ELAN) will continue to play a proactive role in guiding the industry's growth, promoting innovative financing solutions, advocating for supportive policies, and enhancing capacity building.

Ultimately, 2026 presents an opportunity for the Nigerian leasing industry to transition from short-term recovery to long-term structural sustainability, reinforcing its critical role in driving economic growth and enabling productive asset financing across the country.