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NOVEMBER 2018



SHAPING
AFRICA'S DEVELOPMENT:
KENNEDY OKONKWO
ON FINANCING THE CONTINENT'S
INFRASTRUCTURE DEFICIT

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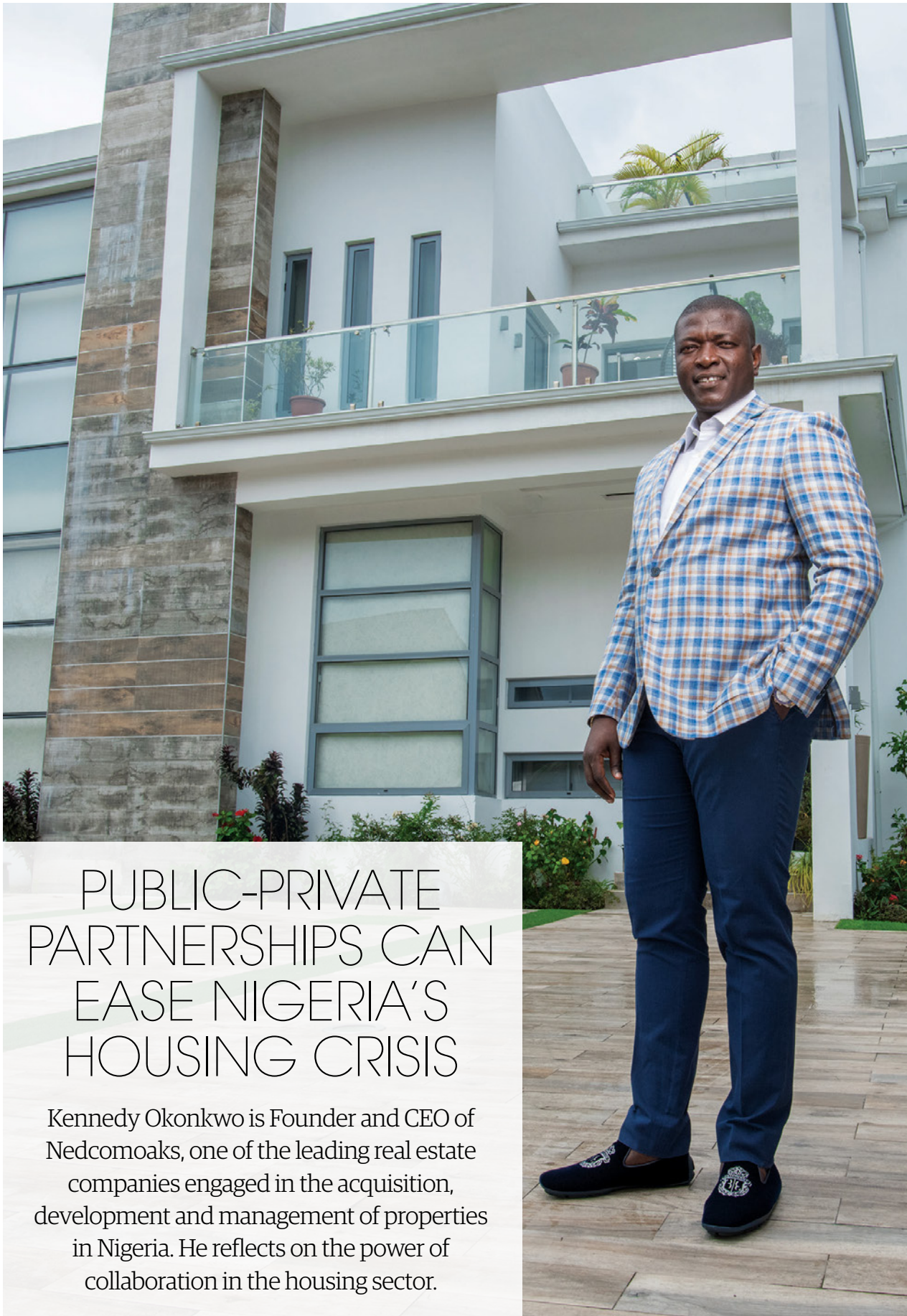


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PUBLIC-PRIVATE PARTNERSHIPS CAN EASE NIGERIA'S HOUSING CRISIS

Kennedy Okonkwo is Founder and CEO of Nedcomoaks, one of the leading real estate companies engaged in the acquisition, development and management of properties in Nigeria. He reflects on the power of collaboration in the housing sector.

“Financing the infrastructure deficit across Africa will involve collective innovation both across the public and the private sectors.”

Can we create affordable housing in Africa’s fastest-growing city? More than half the planet’s population lives in urban areas, and cities are absorbing most of the world’s population growth, putting pressure on the limited supply of housing. Kennedy Okonkwo, a leader in the affordable housing sector in Nigeria, says that creating affordable housing in the developing world requires truly understanding how people in those communities live.

Okonkwo’s entrepreneurial spirit led to the launch of Nedcomoaks which has quickly become a top player in Nigeria’s residential real estate sector which provides employment to thousands of people and annual revenues of over N15 billion in just under a decade. Okonkwo has also built a strong reputation as a passionate advocate of the power of the real estate sector in Nigeria to contribute to the socio-economic well-being of the country, by providing low-income housing solutions to Nigerians.

Q1. What are the key challenges to creating affordable housing in developing countries?

Most developing countries have a big housing deficit due mainly to the rapid expansion of cities. The steady growth over the years has led to some considerable challenges that create unsafe conditions for most people living in these communities.

The growth in these communities is usually steady growth over a period of time. Mostly people migrate from impoverished communities to big cities for work at the behest of someone they know in the city already. Most of these people end up in the informal economy.

The conditions can be awful, overcrowded and polluted. As an example, Lagos is already one of the most densely populated cities in the world. Yet people keep coming, so it’s also one of the fastest-growing. The newly-arrived end up in informal settlements, which are very, very dense communities with housing that most often is not safe. Just how many new housing units does Nigeria need?

In 2016, the government suggested 17 million additional housing units. We are nowhere near that number. The Economic Recovery & Growth Plan, the government’s flagship long-term plan, aims to construct 10,000 housing units each year by 2020. This is but a drop in the ocean. Naturally, the private sector would be expected to pick up the slack,

mainly through mortgages. How have these fared in Nigeria? Poorly. There has to be a comprehensive and strategic plan to empower the middle class to get on the property ladder and that will involve stakeholders from both the private sector and the public sector.

Q2. Why is there a need for efficient affordable housing solutions?

Rapid growth in population creates demand and pressure towards shelter and efficient supply and distribution of basic utilities and services for the city dwellers. In most of our urban centres, the problem of housing is not only restricted to quantity but to the poor quality of available housing units, the effect of which is manifested in the overcrowding of houses.

Nigeria is perhaps the fastest urbanizing country on the African continent. One of the most important challenges facing the country is the provision of affordable housing. As more and more Nigerians make towns and cities their homes, the resulting social, economic, environmental and political challenges need to be urgently addressed.

Financing the infrastructure deficit across Africa will involve collective innovation both across the public and the private sectors. Traditional funding sources such as government budgets and donors will no longer suffice, but rather co-opting in the private sector will provide the necessary platform on which to accelerate infrastructure growth.

Public Private Partnerships (PPP), which are gaining traction lately with governments, are in their basic form, a procurement method that seeks to utilize the private sector to deliver a service that has traditionally been delivered by the public sector. But for the PPP to work, the partnership must not forget the end users who typically are the citizens because when the service is delivered, the key issue that remains is the ability to pay for the service that the infrastructure is providing.

Q3. Can the Nigerian government solve the problem of affordable housing by building more houses?

Affordable housing is a very complex problem that requires multiple solutions. If people tell you that there is one solution, they will be lying.

They are going to tell you to build massive amounts of inexpensive housing so that low-income people can afford to buy them. I can tell you from example after example after example, the proposed numbers look great, but over time, many of these neighborhoods turn into slums. Governments



need to look not just at the supply side, but also on the demand side of housing. The most important thing is to understand the constituency, understand what people earn, how they earn it, and what they can afford; manage the way people are currently living. Overall, I believe there should be a strong push by the administration to focus interventions on lower income earners who are aspiring to be homeowners, and have been traditionally sidelined by the property market, which is predominately controlled and used by the elite.

Q4. Some problems persist because there isn't sufficient funding dedicated to fixing them. Is that the case with affordable housing?

The answer will depend on the specific situation, but typically if you just throw money at the problem, you subsidize inefficiency. You subsidize a system that isn't working well.

You can put money in with no benefit or even a negative impact. I would start by looking at solutions that involve no cash outlay but address problems for people that build housing- landlords, or consumers. How much does it change things if you cut the time to get a construction permit from a year to three months? What if you allow greater density in

the urban core? The rapid population increase and rural to urban migration have contributed to the shortfall of housing in Nigerian urban centers.

The cost of building materials, access to infrastructure, deficiency of housing finance arrangements, stringent loan conditions from mortgage banks, the time to process legal documents and inadequate government housing policies are also major issues affecting housing delivery. With affordable housing, you wind up seeing there's not one thing that will solve the problem.

Progress comes from incremental steps.

Q5. What can the Nigerian government do to drive Public Private Partnerships?

Most governments are hesitant when it comes to the issue of PPPs as a result of prior bad experiences with ill-prepared PPPs or even with less-than competent PPP project sponsors- as they say: "once bitten, twice shy." But that should not stop our government as they offer the most viable option to solve our housing problem.


There are however steps that can be taken to ensure that things are managed properly. Firstly, we can start small then gradually embark on larger PPPs based on lessons learned.

Secondly, higher risk allocation to government in the first generation of PPP projects, can provide a lot of advantages and go a long way in unlocking the flow of private capital into PPPs once investors and lenders develop enough comfort with the PPP environment of a country. At the end of the day, it is all about trust and investors need to trust the government they are getting into business with for this to work.

Q6. Who would you say is your target customer?

I believe the middle class is not well served. There is sometimes a stigma with affordable housing and that has been propelled by those who are supplying low-quality housing which invariably gives those of us who are providing quality products in the market a bad reputation. Affordable housing should not be horrible.

The middle class share similarities with the upper class in that they are also young and upwardly mobile. We want to be the brand of choice for these consumers. They want security, portable water, uninterrupted power, quality road and drainage infrastructure and these are the services that the upper class enjoys.

They also want their dreams and aspirations to be met and that is what we strive to provide at Nedcomoaks. 

Miriam Ndanusa



'BUYING A HOME IS LIKE CHOOSING A LIFE PARTNER'

Miriam Ndanusa is the Assistant General Manager of Nedcomoaks Ltd tasked with the organisation's administrative operations.

Q1. Describe your role at Nedcomoaks.

I am responsible for the day-to-day running of the business, from administrative duties to property maintenance, securing rent and ensuring all queries pertaining to the sale of our properties by clients are answered as efficiently as possible.

Q2. What should buyers consider when looking for an affordable house to purchase?

Dr. Okonkwo always says buying a home is like choosing a life partner. You have to be very certain that it is the right fit because if you do not like it, you can easily return it. And I completely agree with that statement.

The things our customers look for varies from individual to individual. If it is a family, they will be considering access to good schools and other amenities like hospitals, electricity, good security etc. If it is a single person, they may just be looking at the convenience of being able to get on the property ladder comfortably and they may be looking at the investment opportunity that the new property presents them like being able to rent.

At Nedcomoaks, we ensure we understand what our customers are looking for and provide the best solutions to


help them achieve their goals.

We like to see ourselves as a partner to our clients and advise them on the right choices to make when considering such a lifelong investment as a home.

Q3. Have you noticed any trends in the profile of homeowners in recent years?

There has been an increase in the number of millennials looking to get on the property ladder.

We have seen a huge demand in young professionals looking to buy their new homes and mostly that means affordability and cost is a big driver for them. So far, we have a number of completed projects, including Victoria Crest 1, Victoria Crest 2, and our newest affordable luxury project, Victoria Crest Homes 3. Most of our projects sell out before completion and that is because we understand what our clients are looking for in a new home.

If you build quality, people will eventually find you and patronize your products. We hardly do any above-the-line marketing and about 80% of our new customers are referrals from happy clients, which is a unique situation for a real estate company to be in. 



NEW FUNDING MODELS MUST BE ADOPTED TO CURB NIGERIA'S HOUSING CHALLENGE

Adebayo Olumide Olayinka is a Project Manager for Nedcomcoaks. He says new financing methods need to be adopted in the housing sector.

Q1. What trends have you noticed in the affordable housing sector in recent years?

I believe the main trend that I have noticed relates to supply and demand. The demand for good quality homes. The relationship between income and affordability of housing as well as the ability to meet equity contribution for accessing mortgages for various income groups are the basic elements in the interplay between the forces of demand and supply in the housing sector.

In a developing country like Nigeria, the housing problem basically relates to quantitative and qualitative insufficiencies. On the supply side, various government strategies in the past have been formulated towards overcoming the enormous shortage through several housing reform programs.

Presently, there are various mass housing delivery programs such as the affordable housing scheme that utilize the public-private partnership effort and numerous private finance initiative models that could only provide for about 3% of the required stock. This suggests the need for a holistic solution in approaching the problem.

Q2. How can Public Private Partnerships help provide the financial stimulus into the housing sector?

Firstly, it is important that we need government policies to consider the human capital of the nation. The right to adequate housing that is safe, secure, healthy, available and inexpensive is enshrined in the Habitat Agenda, the global call on human settlement and shelter.

Irrespective of the policies, organizations and regulations which the Nigerian government has put in place since independence in 1960, there is still a shortage of housing, especially for the low-

income section. The Federal Mortgage Bank of Nigeria (FMBN), which is answerable for the provision of mortgages to low-income earners through the National Housing Trust Fund (NHTF), has operational and financial capability restraints that limit its efficiency. With this, the few low-income earners who own their houses usually obtain land and build incrementally with their funds, while the high-income house-owners buy with money, or mortgage finance, usually pay back over a maximum period of 10 years.

Facing the dearth of infrastructure funding, an increasing number of countries are turning to PPP's in order to tap private capital. Although PPPs cannot fully solve this problem, they can provide significant financing where viable projects are carved out. Africa's current state of infrastructure calls for massive adoption of the PPP model to accelerate infrastructure delivery.

Q3. How has Nedcomcoaks differentiated itself within the housing sector?

Nedcomcoaks is disruptive in many ways. Firstly, we provide quality homes at affordable prices and provide our customers with flexible payment terms to help them comfortably pay for their new investment. When we started, we looked at the main issues people faced with buying their first home and we found out that we needed to create an organization that is agile and flexible enough to accommodate each individual's financial situation.

Even though we have a delivery date, we mostly complete all our projects ahead of time because we have learnt how to streamline the process of building quality homes and that knowledge base and delivery capability, sets us apart from our competitors in the market place. 

PROJECTS:



VICTORIA CREST ESTATE III ENTRANCE



VC ESTATE -ROAD VIEW - SEMI DETACHED UNIT



Ifeoma I Idigbe

PUT THE CUSTOMER FIRST

Ifeoma I Idigbe is a consultant and with expertise in the public service sector. She shares her experience with Nedcomoaks for her first property.

Q1. Tell us a little bit about your background?

I have had a varied career - in the corporate world, as an entrepreneur, in public service, and as a social entrepreneur involved in the establishment of youth and gender-based non-governmental organisations. Professionally, I am essentially a business analyst (finance and human resources) and consultant.

My current social endeavour is about men. In April, I started the Boys to MEN Foundation and I am, for the time being, its Executive Vice Chairman. Boys to Men Foundation is dedicated to developing boys and men into responsible, ethical gentlemen leaders with integrity, through a range of programs, initiatives and activities. An underlying premise is to address the decline in value systems and work to correct the social consequences of that decline in males.

When I meet a successful man, I am therefore naturally interested in his success story. Dr. Kennedy Okonkwo meets all the success criteria.

Q2. How did you hear about Nedcomoaks?

We had been looking for an investment property for a number of months, when in conversation with a friend, we got to know about Nedcomoaks. I was subsequently taken around by an agent to visit some of their developments.

I was impressed with the inherent price to design and value ratio, and decided to focus on particular apartments because of the higher potential for rental income. The minute I walked into one of those apartments, I knew... it was a eureka moment! The apartments were spacious, cleverly designed to maximize the use of space and provide every amenity to the occupier.

Light, space, airiness, and finish were imperatives, and the apartments ticked all those boxes. I have always believed,

perhaps unwisely from an investment perspective, that one should only invest in property good enough for one to live in. That way, I believe a positive spiritual aura is created for that space.

Q3. What would you say is the Unique Selling Point of Nedcomoaks?

The meeting with the developer Dr. Kennedy Okonkwo made it evident he shared that belief... the idea that he should build as if he intended to live in the property. In my opinion, that is the secret to building homes others want to buy.

When we met to discuss terms, it was a painless win-win conversation. Kennedy is a consummate marketer, sensitive to his clients' needs. I have recommended Nedcomoaks to family and friends. I will continue to do so. I have told Dr. Okonkwo he has the Midas touch, and I think it stems from a simple biblical injunction - 'Do unto others as you would have them do unto you'. In conversations with him, I have been taken by his vision, breadth of knowledge and his passion to do his best at anything he sets his hand on.

I have been impressed by his social conscience, reflected in the educational and development projects he is undertaking to support and build others, and to improve a lot of people less fortunate than himself. One of his most endearing qualities is his humility, his thirst for knowledge, and his craving for feedback in the form of constructive criticism that will help him improve. I consider Dr. Kennedy Okonkwo to be a visionary, a man for a time such as this in Nigeria, when successful entrepreneurs must step in to fill development gaps in this country of over 180 million people... and counting. ¹



LOCATION, LOCATION, LOCATION!

Bunmi Nwabueze is a seasonal HR professional. She needed the best location for her new home.

Q1. What do you do for a living?

I am a seasoned HR professional with over 12 years experience in majorly the IT and telco sector.

I currently work for (IBM) – a multinational technology firm as the Compensation Business Partner covering sub-Saharan Africa.

Q2. How long were you on the market for looking for a property?

My husband and I had been on this journey for almost two years and our focus was mainly on properties around the Lekki axis because of its proximity to the Lagos business hub – Victoria Island.

By the time we were done, we practically knew every nook and cranny and pretty much major developers around the Lekki axis.

Q3. What was the most important thing to you in terms of finding the right accommodation?

For me, it had to be the little attention to details, the kitchen and the bathrooms.

The attention to little details was a deal-breaker and in most of the properties we viewed, it was nonexistent and essentially, we had to wait a little longer in purchasing our

home, but it was worth the wait.

Q4. How was the process of securing a home like with Nedcomoaks?

The process was straight-forward, and they kept to timelines in terms of delivering the finished house to us. Everyone was on their toes ensuring the house was finished to our taste and specific requirements regarding attention to details'.


We also enjoyed an excellent after-sales service for over six months ensuring we had all our legal documents and ensuring we understood compliance issues from various regulatory authorities.

Q5. Is this for residential use or an investment?

For both really. We currently reside in the property.

Q6. Would you recommend Nedcomoaks?

A big YES! Since we bought our home with Nedcomoaks, we have enjoyed an excellent relationship with the whole team including the CEO, Dr. Kennedy Okonkwo, who is an absolute gentleman but a shrewd businessman.

His passion for going above and beyond for all his projects is highly commendable, always seeking to satisfy his customers. 

PROJECTS:



Victoria Crest Apartment - IVAN BLOCK



VC Estate Street View - IVAN BLOCK

REPUTATION KEY WHEN BUYING PROPERTY

Aletile Idileoye Oluwaseyitan Lawrence is an event host and motivational speaker. He believes a trusted name is essential when looking to invest in the property market.

Q1. What was your experience with Nedcomoaks like?


I am a comedian, event host, motivational speaker, actor, presenter, event promoter, husband and father. I had been looking for a suitable property that met my requirements and payment plans for almost a year before I came across the Nedcomoaks brand.

At the time, the most important thing for me when looking for a home was how family-friendly the environment was and that it also had good access to electricity. Victoria Crest Estate ticked all the right boxes and more. It is serene. My meeting with Nedcomoaks and the negotiation process took less than two days.

I was ready to buy as I visited the properties and they were available and willing to sell as they confirmed my reputation. It is mainly residential for me, but their thoroughness and good work is making me consider going into investment with them.

Q2. Will you recommend Nedcomoaks?

I believe with all the answers I have provided, this is beyond a recommendation, it is marketing. I boldly recommend Nedcomoaks to everyone looking for a home and also houses for investment.

They eased my burden and I am very happy. 

QUALITY AND SEAMLESS EXECUTION




Uzo Atugbokoh

Uzo Atugbokoh is an IT professional. He says Nedcomoaks provided a stress-free process when buying property.

My name is Uzo Atugbokoh and I am an IT professional. I had been on the market looking for a property to live in and something that was affordable, good quality and good value for money. I was on the market for about 18 months before I discovered Nedcomoaks through a word-of-mouth referral from a friend.

He had bought his property a couple of months prior and he advised that I should speak to them to see what they had on offer. When I met the team, they were friendly and I was immediately impressed with their breadth of knowledge in the property market. From our initial consultation, we were able to outline my top requirements in a new property, which were decent neighborhoods and well-engineered properties at the right price in terms of value for money.

The process was completely seamless and stress-free. Once we outlined the type of house I was interested in, I saw the property on a Saturday and by Tuesday, an offer letter was made to me reflecting my proposed payment plan. There are so many property companies out there who will promise you the world but always end up under-delivering. Nedcomoaks did the contrary, they over-delivered and ensured that I had a great experience and I have never regretted my decision to purchase with them. 

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