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Special Remarks by Okwu Joseph Nnanna

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Special Remarks

Dr. Okwu J. Nnanna*

The Governor, Central Bank of Nigeria,
Deputy Governors,
Departmental Directors,
Branch Controllers,
CBN Executives,
Distinguished Resource Persons,
Ladies and Gentlemen

I am delighted to make few remarks at the opening ceremony of the 26th edition of the 2019 CBN Executive Seminar, jointly organised by the Research and Capacity Development Departments for staff of the Bank. I would like to thank everyone for being a part of this important event, having travelled from different parts of the country.

Over the years, the annual CBN Executive Seminar has been a platform for the Executive staff of the Bank and critical stakeholders to brainstorm on topical economic issues with a view to proffering policy options for the consideration of Management of the Bank. The theme of this year's Seminar, "Addressing Nigeria's Housing Deficit" is very topical, considering that the housing sector is globally recognised as one of the sectors that have strong potentials to boost employment and growth of an economy. In some emerging economies, housing has been effectively used as a counter-cyclical economic policy tool to address recession. This is, especially timely, as Nigeria's economy has been growing slowly below its potential since its rebound after the 2016 economic recession. The output and unemployment gap must be narrowed.

Distinguished participants let me commence by underscoring the fact that housing is a very important basic need of man, which cannot be overemphasised. In advanced economies like the US, developments in the housing sector can be used as a barometer to predict economic conditions and macroeconomic direction. Indeed, housing is a durable consumer good with a significant impact on economic growth and employment.

**Dr. Okwu J. Nnanna is the Deputy Governor, Economic Policy Directorate of the Central Bank of Nigeria.*

The housing sector is strategic to the Nigerian economy, contributing about 8.0 per cent to GDP during the period 2014-2018. However, the sector remains grossly underdeveloped due to certain inhibiting factors, which have resulted to a huge housing deficit. Available evidence shows that there is a burgeoning demand for affordable housing in Nigeria and existing intervention by the Government and other economic agents, is insufficient to narrow the huge and growing gap. According to a World Bank (2016) housing study on Nigeria, the housing deficit in the country was estimated at 17 million, with an annual growth of 20.0 per cent. The study also estimated a formal housing output of 100,000 units per annum, out of the 700,000 units required annually to address the huge demand-gap, arising from the growing population and urban migration. Besides, housing production in the country caters, mainly, for the upper income households in the urban centres, leaving an acute housing shortage for middle- and low-income households. Ironically, it is the people in the lower income strata that have the greatest need for housing. Meeting Nigeria's housing needs must not be predicated on the so-called "Trickle-down" theory.

I am aware of the efforts made by the government and multilateral agencies to support the development of affordable housing in Nigeria. No doubt, these efforts have recorded some successes and laudable achievements. However, the housing sector remains bedevilled with challenges, such as the difficult macroeconomic conditions and market failures that impact on the supply and demand for housing in the country. On the supply side, the toughest challenges are: access to land, due to the ancient land use Act; high cost of registration and lengthy processes for obtaining "governor's consent" and Title deeds; lack of infrastructure, especially sight and services; difficulties in obtaining construction permits; high cost of development finance; high cost of construction, among other constraints.

In addressing the housing deficit, access to long-term affordable mortgage is critical, of which unlocking private and public-sector savings is key to transforming the sector. We must improve on our savings to GDP ratio, which is one of the lowest in the world. Making housing affordable in the face of the burgeoning demand requires a sound economy to support growth in the housing sector and an efficient mortgage finance policy to provide the needed funds to boost affordable housing uptake.

Ladies and gentlemen, before I conclude, let me emphasise that we are here to brainstorm on how to address the constraints confronting the housing sector to narrow Nigeria's housing deficit. I truly hope that this seminar will be a game-changer and transformational.

Against this backdrop, it is our hope that, at the end of the seminar, answers to these burning questions would not be left resolved.

I look forward for a very productive seminar.

Thank you for your kind attention.