



A LEGAL REVIEW OF CHALLENGES AND OPPORTUNITIES IN REAL ESTATE INVESTMENT FINANCING IN NIGERIA

Agwor, Charles I.G*

ABSTRACT

The paper attempts to elucidate the challenges and opportunities in the real estate investment financing in Nigeria. No doubt Real estate remains a critical component of national economic development, wealth creation, and urban infrastructure expansion in Nigeria. However, access to sustainable and inclusive real estate investment financing has faced significant legal, regulatory, and institutional challenges. This paper did a comprehensive legal analysis of the frameworks regulating real estate investment financing in Nigeria, it interrogated some statutory provisions and judicial pronouncements in that regards. This paper explores key statutes such as the Land Use Act of 1978, the Mortgage Institutions Act, the Investments and Securities Act of 2007, and the Companies and Allied Matters Act of 2020, among others. It also analyzes the role of regulatory institutions like the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), and the Federal Mortgage Bank of Nigeria (FMBN) in promoting or constraining financing mechanisms. Through doctrinal legal analysis and case law evaluation, the study identified numerous challenges, including bureaucratic inefficiencies in land registration, insecurity of land tenure, high interest rates, limited mortgage penetration, lack of credit infrastructure, and overlapping regulatory authorities. These obstacles have hindered investor confidence and impeded the growth of the real estate sector. Nonetheless, the paper identified emerging opportunities such as the digitization of land registries, the introduction of Real Estate Investment Trusts (REITs), legal reforms to mortgage financing, increasing diaspora interest, and the adoption of alternative financing models. The paper recommended specific legislative updates, clearer land titling processes, judicial reforms, and incentivization of private sector participation as pathways to reposition real estate investment financing as a driver of national development. The paper concluded that while Nigeria's real estate sector holds immense investment potential, unlocking this value will require robust legal reforms, harmonization of regulatory frameworks, institutional strengthening, and promotion of investor-friendly financing structures.

Key Words: Estate, Real Estate, Real Estate Investment and Real Estate Financing

1. INTRODUCTION

There is a significant shortfall in housing supply for the fast growing Nigerian population. The demand for housing especially in the urban regions is continually on the increase because of massive influx of people to urban settlements.¹ According to the World Bank, this perennial housing problem can only be addressed through large-scale investment in housing production. Furthermore, with the prevailing financing problems in the real estate sector in Nigeria, there

* Charles I. G. Agwor, PhD, LLM, BL, LLB, Department of Private and Property Law Faculty of Law, Rivers State University Email: charlesagwor@gmail.com Tel: 08037951051.

¹ P. Awofeso, *One Out of Every Two Nigerians Now Lives in a City*(2010) World Policy Journal 27(4) 67.



is a need to understand the nature of the challenges and opportunities available. This will provide a platform to ameliorate the effect of the challenges, mitigate the risks, to explore a strategic approach to real estate financing that is holistic and sustainable, and to facilitate the development of the Nigerian economy. Furthermore, a good understanding of the prevailing challenges will guide investor's, policy makers and other interested parties or parties with vested interest on avoiding pitfalls and hence provide a platform for sustainable real estate financing in Nigeria. There's is a need to develop a strategic approach to address this problem.

Real estate investment is a vital component of national economic growth and infrastructure development. In Nigeria, the sector plays a critical role in employment generation, wealth creation, and housing provision. However, financing real estate investment remains a major hurdle due to regulatory constraints, inadequate legal protection, lack of access to credit, and inefficiencies in land titling and mortgage systems. This project explores the legal dimensions of real estate financing in Nigeria, assessing both the obstacles and the prospects under the current legal and policy framework.

Real estate investment constitutes a vital pillar of national economic growth, infrastructure development, and sustainable urbanization. Across the globe, the real estate sector contributes significantly to employment generation, wealth creation, and housing provision. In Nigeria, the importance of real estate investment cannot be overstated: it not only provides shelter a basic human necessity but also acts as a catalyst for industrial development, job opportunities, and revenue generation for both private investors and the government through taxes and fees. Despite its potential, financing real estate investment in Nigeria remains fraught with numerous challenges. One of the foremost hurdles is the regulatory environment, which is often characterized by overlapping jurisdictions, bureaucratic bottlenecks, and inconsistencies in the application of property laws. These inefficiencies create uncertainty for investors and discourage both domestic and foreign participation in the sector.

2. CONCEPTUAL CLARIFICATIONS

Estate

Estate means the degree, quantity, nature, and extent of interest a person has in real and personal property. The total property of whatever kind that is owned by a decedent prior to



distribution through a will or intestacy.² Estate is defined as “an interest in land which entitles the owner to possession, either now or in the future, for a period that is either certain or capable of being made certain.³The word estate is used to denote the degree, quantity, nature, and extent of the interest which a person has in land or property. ⁴An estate in land is a time in land, that is, the extent of a person’s rights over land measured in terms of duration.⁵ Estate is the right which a person has to lands or tenements, or the condition or quantity of interest a person possesses in lands or other property.⁶

The Land Use Act, While it does not define “estate” directly, it regulates rights of occupancy which are often referred to as estates in land. It vests all land in the Governor, who grants rights of occupancy.⁷In practice, the “estate” in land under Nigerian law refers to rights of occupancy (statutory or customary) rather than absolute ownership. Estate means all property which the testator was entitled to, either legally or equitably, at the time of his death.⁸

Real Estate

Real estate refers to land and any permanent structures attached to it, including buildings, natural resources, and improvements.⁹ It encompasses not only the physical property but also the legal rights and interests associated with the ownership, use, and transfer of land and immovable property. Real Estate can be defined as real property with tangible assets. This absolutely includes lands, houses built on the land, crops, road network, solid and liquid minerals underneath the property.¹⁰ Real estate is Land and everything permanently affixed to it, such as buildings, fences, and those things attached to the land, both above and below the ground.¹¹

In other words Real Estate comprises of Land which is the earth’s surface, including soil, rocks, air rights above, and subsurface rights below, Any additions or changes made to land to increase its value, such as buildings, roads, fences, or utility systems, Items that were once

² B.A. Garner, *Blacks Law Dictionary* (11th edn Thomson Reuters, 2019)727-728

³ R. Smith, Cheshire and Burn’s *Modern Law of Real Property* (Cap1,18th edn., Oxford University Press 2011 19-21

⁴ Halsbury’s *Laws of England* (5th edn.,Volume 39 on Real Property, LexisNexis publishers 2012) paras 1-5,pp 3-10

⁵C. Harpum, S. Bridge, M. Dixon, Megarry and Wade: *The Law of Real Property* (9th edn., Sweet & Maxwell publishers, 2019) pp 3-7.

⁶ M. Woodley, *Osborne Concise Law Dictionary* (12th edn., Sweet& Maxwell publishers, 2009)167.

⁷ Land Use Act 1978, s1.

⁸ Wills law of Lagos state 2015, s2.

⁹ M. Woodley, *Osborne Concise Law Dictionary* (12th edn., Sweet & Maxwell publishers, 2009) 326

¹⁰LUA 1978, s1.

¹¹ B.A. Garner, *Blacks Law Dictionary* (11th edn., Thomson Reuters, 2019) 1510



movable but have been permanently attached to the land or buildings that is, plumbing or lighting systems and Property Rights which includes the bundle of rights (often referred to as the “bundle of sticks”) associated with real estate ownership, such as: Right of possession, Right of control, Right of exclusion, Right of enjoyment and Right of disposition. In legal terms, real estate is classified as immovable property, distinguishing it from personal property (or chattels), which is movable.

In Nigeria, legal control of real estate is heavily influenced by the Land Use Act of 1978, which vests all land in the state governor¹² and introduces the requirement of a certificate of occupancy¹³ for lawful possession. This makes real estate not just an economic asset, but a regulated legal entity subject to constitutional and statutory provisions.

Types of Real Estate

It has been argued that Real estate can be classified into various types based on its use:

1. Residential Real Estate: Includes housing for individuals or families such as single-family homes, apartments, townhouses, and condominiums.
2. Commercial Real Estate: Property used exclusively for business purposes such as office buildings, shopping centers, hotels, and warehouses.¹⁴
3. Industrial Real Estate: Includes properties used for manufacturing, production, distribution, and storage. They include, Factories, Power plants, warehouses, mines and oil fields.¹⁵
4. Agricultural Real Estate: Land used for farming, ranching, or cultivation of crops and livestock.
5. Special-Purpose Real Estate: Properties that do not fall into the standard categories such as schools, churches, hospitals, or government buildings.

In Nigeria, real estate is one of the most active and promising sectors of the economy, particularly in cities like Lagos, Abuja, and Port Harcourt. Despite its potential, the sector faces numerous challenges including Insecure land tenure, Cumbersome land registration systems,

¹¹Ibid, s9

¹⁴ A. Onwumere, *How to start and succeed in real estate business in Nigeria* <<https://www.scribd.com>> accessed 10 July 2025.

¹⁵ Ibid (6)



Lack of affordable housing, Poor mortgage infrastructure and Inconsistent enforcement of property laws. Nonetheless, it remains an essential avenue for both public and private sector investment. Also, Real Estate can be very beneficial as it significantly contributes to economic growth (job creation and infrastructural development), generates wealth individuals, businesses and government and drives urbanization and modernization of cities of towns. Real Estate is property consisting land and the buildings in it, along with it's natural resources such as crops, minerals or water.¹⁶ Moreso, Real estate is widely recognized as a viable and often lucrative form of investment. Investors may acquire real estate for Rental income, Capital appreciation (increase in property value), Portfolio diversification and Hedge against inflation.

In Nigeria, real estate has become a major destination for both domestic and foreign direct investment, driven by urbanization, population growth, and demand for housing and infrastructure. However, an understanding of the legal underpinnings of real estate is crucial for resolving land disputes, securing investor confidence, and harnessing the full potential of the property market.

Real Estate Investment

Real estate investment constitutes a major pillar of national development, especially in emerging economies like Nigeria. Real Estate investment refers to property investment.¹⁷ It provides long-term economic benefits such as employment generation, housing supply, infrastructure development, and wealth creation. However, the legal framework governing real estate in Nigeria has posed challenges to investors due to issues of land ownership, title security, regulatory inconsistencies, and access to financing.

Real estate investment involves the acquisition, ownership, management, rental, or sale of real property for profit. It includes residential, commercial, industrial, and agricultural properties. Real estate investment refers to the acquisition, development, management, and disposal of land and immovable property for profit or capital appreciation.

Real Estate Financing

¹⁶Land Mark University, 'Real Estate', {2019}.Landmark university journals <<https://prog.lmu.edu.ng>>accessed 10 July 2025.

¹⁷ Cambridge University Press(Editorial team), The Cambridge Business English Dictionary(1st edn., Cambridge University Press, 2011)157



Real estate financing refers to the mechanisms, instruments, and institutions that provide capital for real estate development or acquisition. Common financing options include mortgages, syndicated loans, equity financing, Real Estate Investment Trusts (REITs), and public-private partnerships (PPPs). Real estate financing is the provision of capital (debt and equity) used to acquire, develop, construct, or refinance real property and is tightly linked to mortgage instruments and the analysis of how financing affects investment risk and return.¹⁸ The authors treat financing as the complement to investment analysis (i.e., an investor's purchase is typically financed by a mortgage loan, so lenders and investors both need to evaluate risk/return)¹⁹ Financing for real estate is the set of debt and equity arrangements that allow investors to buy and operate income-producing property; effective financing decisions determine leverage, cash-flow coverage, and ultimately the risk-return profile of a real-estate investment.²⁰ Real estate financing comprises the capital market mechanisms and contractual forms (mortgages, construction loans, mezzanine debt, equity, securitization) used to fund property acquisition, development and ownership; Linneman emphasizes how financing choices affect risk allocation, pricing, and market behavior²¹.

Real estate financing refers to the legal and financial mechanisms through which individuals, businesses, or government entities acquire funds to invest in real estate. In Nigeria, the need for real estate financing is particularly pressing due to rising urbanization, housing deficits, and growing interest in property development. Financing can take various forms such as mortgages, equity investment, public-private partnerships, or Real Estate Investment Trusts (REITs). However, legal and institutional barriers often affect access to and efficiency of real estate financing. Real estate financing is regulated through a network of laws and institutions governing land rights, mortgages, credit systems, and investment structures. These laws provide for the creation, perfection, and enforcement of security interests in land.

3. LEGAL FRAMEWORK FOR REAL ESTATE IN NIGERIA

¹⁸ W.B. Brueggeman and J.D. Fisher, *Real Estate Finance and Investment*, McGraw Hill(2024 Release)1-3

¹⁹Ibid

²⁰G. T.Haight and D.D. Singer, *The Real Estate Investment Handbook*(John Wiley & Sons, 1st edn., 2005)544–560.

²¹ P. Linneman, *Real Estate Investment and Finance: Risks and opportunities*, Linneman Associates (various editions; 4th edn., 2016; later editions 2018/2022)



There are several laws governing real estate investment in Nigeria

1. The Land Use Act 1978

The Land Use Act²² is the cornerstone of real estate investment law in Nigeria. Section 1²³ vests all land in each state in the Governor, to be held in trust and administered for the benefit of all Nigerians. However, Statutory rights of occupancy²⁴ and customary rights of occupancy²⁵ may be granted. The rights of occupancy in Nigeria is derived from Sections 5 and 6 of the land use act and if granted statutorily makes null all hitherto existing rights on the land exclusive of the Governor.²⁶ Section 22²⁷ prohibits the alienation (e.g., mortgage or lease) of a right of occupancy without the Governor's consent.²⁸ The Act provides for revocation of land for public purposes²⁹ hence it must comply with the process and proper compensation.³⁰

2. Investments and Securities Act (ISA:)³¹ Legalizes Real Estate Investment Trusts (REITs) under Sections 153 to 155,³² enabling institutional investors to pool capital for real estate projects. This Act seeks to provide a legal mechanism for financing real estate through the capital market, offering a less risky, liquid investment option.
3. Companies and Allied Matters Act (CAMA)³³ Allows for incorporation of real estate firms and Special Purpose Vehicles (SPVs). Sections 222 to 225³⁴ regulate charges and mortgages created by companies. Thus, it encourages private investment and flexibility in project financing structures.

Opportunities in Real Estate Investment financing in Nigeria.

Real estate investment financing in Nigeria, despite facing numerous challenges, also presents significant and growing opportunities. These opportunities are anchored on Nigeria's

²²LUA, 1978.

²³Ibid.

²⁴Ibid, s5(1)(a) and s34(1) deems existing rights to land in urban areas as statutory rights of occupancy, effectively granting the rights to those who were in possession prior to the Act's commencement.

²⁵Ibid. s6

²⁶ C.C. Wigwe, *Land Use and Management Law* (Mountcrest University Press)44.

²⁷Ibid

²⁸*Savannah Bank Ltd v Ajilo* (1989) 1 NWLR (Pt. 97)305

²⁹*Osho v Foreign Finance Corporation* (1991) 4 NWLR (Pt.184)157

³⁰LUA 1978, s28.

³¹ISA 2007.

³²Ibid

³³ CAMA 2020

³⁴Ibid



demographic trends, urban expansion, legal reforms, financial sector innovations, and government policy initiatives. The real estate sector remains one of the most attractive areas for both local and foreign investors due to the persistent demand for housing, office spaces, retail infrastructure, and industrial properties.

1) Expanding Urbanization and Housing Demand:

Nigeria is experiencing rapid urbanization, with cities like Lagos, Abuja, Port Harcourt, and Ibadan expanding at high rates. The urban population is projected to exceed 60% by 2030. This population growth has created a housing deficit of over 20 million units, according to estimates by the Federal Mortgage Bank of Nigeria (FMBN). This persistent demand offers significant opportunities for investors, developers, and financiers to fund and construct residential and commercial properties, especially in urban and peri-urban areas. Urbanization refers to the shift of population from rural to urban areas, often driven by industrialization, economic opportunity, and the lure of better living conditions. This transformation brings about demographic changes, infrastructure pressure, and altered land-use patterns.³⁵ Housing demand in urban areas reflects the increased need for residences as cities expand. It's influenced by employment, amenities, lifestyle, income levels, and overall urban infrastructure.³⁶ Thus, Urbanization has fueled slum expansion and inadequate housing for low-income Nigerians.³⁷

2) Development of REITs:

REITs are collective investment schemes that allow investors to pool funds for real estate projects. Regulated under Sections 153 to 155³⁸ and supervised by the Securities and Exchange Commission (SEC), REITs offer a structured and less risky way to invest in real estate. REITs provide a mechanism for raising capital through the capital market while offering investors liquidity, portfolio diversification, and regular income from rental returns. The REITs model offers an innovative financing option that pools resources from investors to fund real estate projects. The SEC's REIT guidelines provide a legal structure for this.

³⁵ A.L. Mabogunje, *Urbanization in Nigeria* (Ibadan University Press, 1968)

³⁶ T. Sinai, *Urban Housing Demand* (2nd edn., Palgrave Macmillan, London, 2008) 6902-6905.

³⁷ B.E. Aduwo, A. Edewor and E.O. Ibem, *Urbanization and Housing for Low-Income Earners in Nigeria: A Review of Features, Challenges and Prospects* (Mediterranean Journal of Social Sciences, Vol. 7 No. 3S1, 2016) 347–357.

³⁸ Investment and Securities Act (ISA), 2007.



3) Emergence of Public-Private Partnerships (PPPs)

The Nigerian government increasingly relies on PPP frameworks to develop housing and urban infrastructure. The Infrastructure Concession Regulatory Commission (ICRC) supports PPPs in sectors like real estate, roads, hospitals, and schools. Private investors and financiers can partner with federal and state governments to develop large-scale projects with reduced capital risk and guaranteed off-takers. Legal frameworks for PPPs at federal and state levels allow private developers to engage in housing delivery under regulated conditions.

4) Technological Advancements

This involves financing innovation and digital platforms. The fintech boom in Nigeria has extended to real estate financing. Several platforms now offer Crowdfunding for Real Estate – E.g., platforms like Coreum and FundMyHome. Also Prop tech in Digital real estate solutions that improve project management, transparency, and investor access. Digital platforms democratize access to real estate investment, allowing small-scale investors to participate through fractional ownership and peer-to-peer funding. Digitization of land registries and online property platforms are improving transparency and efficiency in transactions.

5) Legal Reform Prospects

Several reforms have been introduced to make real estate financing more attractive. They include: Companies and Allied Matters Act (CAMA), 2020 allows incorporation of Special Purpose Vehicles (SPVs) and proper registration of charges. The new CAMA permits flexible company structures, which allow real estate investors to create Special Purpose Vehicles for asset-specific financing. Also, The Arbitration and Mediation Act, 2023 provides for alternative dispute resolution, improving investor confidence and Digitization of Land Registries (especially in Lagos and the FCT) improves transparency and speeds up land transactions. These legal reforms create a more predictable and investor-friendly environment, reducing legal risks and transaction costs.

6) Embracing Real Estate Golden Strategy

This is one of the winning strategies employed by Real Estate Moguls who make stupendous profits in real estate business. The Golden strategy is “Land flipping”. Land flipping is a real



estate practice where a property investor purchases land from a seller at low price and then resells at a later date, for profit. It takes an investor with foresight and patience to reap maximum profit by flipping land.³⁹

A wise land flipper often buys land in remote location that has potential for fast development, knowing that someday, someone will be interested in buying the property at a higher cost. Sometimes the land flipper improves the value of the land by fencing it and then makes a huge profit upon investment. At other times he leaves the land fallow, incurring less than an infinitesimal maintenance cost. At the end of the day the value would have appreciated and he or she can resell to make profit. For instance a plot of land can be bought in the neighborhood or fairway state or country for N500,000 and eventually sold for N5 million Naira. That's land flipping at work.

7) Survey Sponsorship:

Asides from land flipping, another great way of accumulating wealth in real estate is through land survey sponsorship.⁴⁰ Land survey involves primarily the determination of the extent and boundary of a parcel of land or property. It is essential that a buyer of land or developer must be able to determine the size of the land he is purchasing and the services of a land surveyor will be required to ascertain the size and boundary of land which will be evidenced in survey plan after carrying out a survey of the parcel of the land.⁴¹ Land survey sponsorship is a process whereby traditional land owners who do not have financial muscles to map out their territorial boundaries and execute the registration of the portion of land which they inherited from their forefathers, engage property investor to sponsor the survey and registration process with the relevant constituted government authority, in exchange for a portion of land.

In Nigeria, every piece of land is in the hands of the government.⁴² Hence one must obtain right to ownership of the land through statutory provisions and land registration process with the relevant government agencies. It is mandatory for traditional land owning families to carry out land surveys, carry out plots of their families' land and have the land registered with the

³⁹ A. Onwumere, *How to Start and Succeed in Real Estate Business in Nigeria* <<https://www.scribd.com>>16
⁴⁰(n 39).

⁴¹ J. K. Synger., *The Nigerian Land Use handbook*, (Odade publishers) 57

⁴²LUA 1978, s1.



constituted state government authority prior to any serious transaction.⁴³ Unfortunately some traditional rulers do not have enough resources to embark on this money gulping process of surveying and registration of their portions of land in exchange for the some portions of the same land.

The Role of Financing in Real Estate Development

Financing is the lifeblood of real estate development, as it determines whether housing, commercial, or infrastructural projects move from conception to completion.

Methods of Real Estate Financing in Nigeria

1. Mortgage Loans – Provided by PMIs and commercial banks.
2. REITs – Regulated under ISA, allows investors to earn rental income and capital appreciation.
3. Equity Financing – Investors take equity stakes in real estate projects.
4. Development Loans – Short-term loans provided to finance construction or rehabilitation.
5. Public-Private Partnerships (PPPs) – Especially for mass housing and infrastructure.
6. Lease-to-Own Schemes – Common in affordable housing programs.

Real estate projects are typically capital intensive, requiring huge sums that individuals or developers often cannot provide from personal resources. Financing plays vital roles in Capital Mobilization which enables developers to pool funds from banks, mortgage institutions, private investors, and capital markets. This ensures that large-scale projects such as estates, shopping malls, and office complexes can be undertaken. Without adequate financing, most developments would remain at the planning stage. Brueggeman & Fisher in their work emphasize that financing is central to real estate development because of the capital-intensive nature of property, and it facilitates investment through mortgage lending, equity financing, and securitization.⁴⁴ Real estate invest tends to attract foreign direct investment. A stable and transparent financing system attracts foreign investors into Nigeria's real estate sector. For

⁴³ A. Onwumere, *how to state and succeed in real estate business*, Scribd journals <<https://www.scribd.com>>18

⁴⁴ W.B. Brueggeman & J.D. Fisher, *Real Estate finance and investment* (16th edn., McGraw hill education publishers, 2011)45



example, foreign developers may bring in capital if they are assured of access to financing instruments like Real Estate Investment Trusts (REITs) and securitized mortgages. Financing fuels real estate which is linked to many industries which helps to increase economic growth, job creation and infrastructure expansion. Financing underpins development because it enables both developers and end-users to transform savings into property investments, bridging the gap between housing demand and supply.⁴⁵

Challenges of Real Estate investment financing in Nigeria

1. **Fraud:** This has increasingly led to to title Insecurity which means that Incomplete or fraudulent land titles hinder the ability to use real estate as collateral. Fraud in the real estate refers to any deliberate deception or misrepresentation carried out with the intent to secure unlawful financial gain in relation to property transactions. Because real estate transactions typically involve large sums of money and complex documentation, they are a frequent target for fraudulent activities. Fraud not only causes financial losses to individuals and institutions but also undermines investor confidence and hinders real estate market development.
2. **Corruption:** The defining feature of Nigerian business environment Is the pervasive legacy of widespread corruption and the breakdown of normal institutions of civil society which act to ensure a supportive business environment, corruption in the enforcement of regulations, administration of taxes etc. The major impacts of official corruption include increase in cost associated with paying bribes to conduct business, the uncertainty associated with uneven application of laws governing business and citing of projects based on sentimental considerations.⁴⁶
3. **Land Use Bureaucracy:** Governor’s consent creates delays and legal uncertainty. Any alienation (transfer, mortgage, lease, etc.) of statutory right of occupancy requires the consent of the Governor.⁴⁷This process is often lengthy, costly, and uncertain, discouraging both local and foreign real estate investors. Delay in obtaining Governor’s consent can stall projects, invalidate transactions, or result in additional legal and administrative costs. Also,

⁴⁵ D.C. Ling and W.R. Archer, *Real Estate Principles: A value approach* (5th edn., McGraw hill education, 2017)32

⁴⁶International journal of multidisciplinary research and development on analysis of legal framework for international real estate in Nigeria.Pg 182.

⁴⁷LUA 1978, s22.



Land records are often manually kept, leading to delays, duplications, and fraud. Many lands in Nigeria have unclear, disputed and conflicting titles.

4. **Weak legislative system:** A situation of legal uncertainty and ambiguous property rights this means that Where statutes and implementing regulations are vague or contradictory, investors cannot reliably assess title risk or enforce security. The Land Use Act 1978 (which vests land in state governors⁴⁸ and converts private ownership into rights of occupancy) creates legal uncertainty about absolute ownership and long-term security of land this makes lenders reluctant to accept land as mortgage collateral. Unclear statutory language and inconsistent subordinate regulations therefore raise due-diligence costs and reduce credit appetite. Also, Multiple laws and agencies (land registries, planning authorities, local governments, mortgage regulation) with overlapping mandates create duplication and delay. When statutory frameworks are outdated (written before modern mortgage finance instruments such as securitization or REITs existed), they cannot accommodate innovative financing structures. This legal lag limits the development of long-term mortgage markets and secondary mortgage instruments that lower funding costs.

5. CONCLUSION

Real estate investment in Nigeria is a high-potential but underperforming sector due to legal, financial, and institutional challenges. Financing difficulties stem largely from an inadequate legal framework, bureaucratic inefficiencies, and underdeveloped credit infrastructure. Nonetheless, opportunities abound through REITs, PPPs, and institutional reforms. For Nigeria to fully harness the benefits of real estate investment, it must undertake bold legal reforms, promote innovative financing models, and build investor confidence through transparency, security of tenure, and judicial efficiency.

Real estate investment financing in Nigeria sits at the intersection of enormous opportunities and systemic challenges. On one hand, the country's growing population, rapid urbanization, and rising demand for housing and infrastructure present a fertile ground for investors. On the other, persistent legal, institutional, and financial bottlenecks such as the rigidities of the Land Use Act 1978, weak mortgage systems, insecure land titling, high interest rates, and judicial delays continue to stifle growth and investor confidence. A legal review reveals that financing

⁴⁸(n 47), s1.



is not merely a monetary issue but is deeply tied to the strength of laws, regulatory clarity, institutional effectiveness, and the protection of investor rights. Opportunities lie in modernizing Nigeria's real estate financing framework through legislative reforms, digitization of land registries, judicial efficiency, and innovative financing models such as Real Estate Investment Trusts (REITs) and public-private partnerships. Importantly, incentivizing private sector participation and aligning domestic laws with global best practices can unlock vast capital inflows and position real estate financing as a driver of national development.

6. RECOMMENDATIONS

1. **Legislative Updates:** Specific legislative reforms such as amending the Land Use Act to decentralize control of land and simplify title registration processes, strengthening foreclosure laws, and revising mortgage banking regulations by providing legal support for credit risk guarantees and encouraging long-term lending at single-digit interest rates to create a more enabling environment for real estate financing. Moreso, Promoting Institutional Investment via the review of the ISA and pension fund regulations to allow broader investment in real estate.
2. **Clearer Land Titling Processes:** Land titling in Nigeria is slow, expensive, and plagued with corruption, discouraging investors. Digitalize and simplify land registration, cut bureaucratic red tape, and ensure legal certainty of titles to encourage investment.
3. **Judicial Reforms:** Real estate disputes often take years in court, creating uncertainty for investors. However, it is necessary to Establish specialized courts or tribunals for land and mortgage disputes, fast-track adjudication, and enforce contracts more efficiently. Strengthening Contract Enforcement Through dedicated commercial courts and arbitration-friendly laws should be prioritized.
4. **Incentivization of Private Sector Participation:** The private sector holds the financial and technical capacity to drive large-scale housing and infrastructure development. It is recommended to offer tax breaks, credit guarantees, subsidies, and public-private partnership (PPP) frameworks to encourage private sector involvement.



Unify Regulatory Frameworks: It must be stated that development a coordinated national housing finance law to harmonize real estate investment policies is necessary.