



ASSESSMENT OF HOUSING FINANCE ACCESSIBILITY AND MORTGAGE MARKET PERFORMANCE IN NIGERIA

¹Ibrahim Taiye Abdullahi ²Yahaya Mistura Iyabo ³Idowu Christopher Oluwatobi

⁴Marindoti Ayobami Latifah

¹Department of Estate management, University of Abuja

Email: taiye.abdullahi@uniabuja.edu.ng

²Department of Urban and Regional Planning, Kwara State Polytechnic, Ilorin

Email Address: miyahaya@gmail.com

³Department of Urban and Regional Planning, Ladoke Akintola University of Technology, Ogbomosho

Email: idchristo4real@gmail.com

⁴Department of Urban and Regional Planning, Obafemi Awolowo University, Ile-Ife

Email address: marindotaiyobami254

⁴ORCID: 0009-0008-8512-0023

Corresponding Author's Email: marindotaiyobami254

ABSTRACT

Housing finance enables households to convert future income into present access to housing, yet the capacity of Nigeria's formal mortgage system to perform this role remains contested. This study assesses the structure, performance, accessibility and affordability of housing finance in Nigeria using exclusively secondary data. A documentary and ex-post facto design was adopted, drawing on Central Bank of Nigeria reports, publications of the Federal Mortgage Bank of Nigeria, National Pension Commission, Nigeria Mortgage Refinance Company and World Bank, together with peer-reviewed studies. Trend, ratio, percentage-change and documentary analyses were applied. Results show that Primary Mortgage Bank assets increased from ₦451.95 billion in 2018 to ₦624.06 billion in 2024, while deposits rose by 79.5 per cent. Net loans grew more slowly from ₦229.60 billion to ₦307.51 billion, and the loan-to-asset ratio fell to 49.3 per cent in 2024. Prudential indicators improved after 2021, although the 2024 non-performing loan ratio remained high at 21.86 per cent. NHF lending, mortgage refinancing and Retirement Savings Account equity access widened formal financing channels, but low incomes, financing costs, land-title constraints, documentation requirements, construction costs and limited long-term funding continue to weaken effective access. The study concludes that institutional capacity has strengthened without an equivalent transformation in broad-based affordability. It recommends deeper long-term funding, faster land and mortgage registration, stronger credit-risk management and mortgage products better aligned with household income conditions.

Keywords: Housing finance, mortgage market, affordability, Primary Mortgage Banks, National Housing Fund, Nigeria

1. INTRODUCTION

Housing is both a consumption good and a long-lived asset, but acquisition usually requires a financial commitment far beyond current household income (Abdulazeez et al., 2025; Adigun et al., 2024). Housing finance bridges this gap by allowing households to obtain or improve residential property now and repay over time. In a functioning system, savings are mobilised, transformed into long-term credit, priced for risk and channelled to borrowers able to sustain repayment. This role is especially important in lower- and middle-income economies, where formal earnings are uneven, land administration can be costly and capital markets are less deep.

Nigeria has developed a multi-layered framework to address this financing problem. The Federal Mortgage Bank of Nigeria (FMBN) administers the National Housing Fund (NHF), while Primary Mortgage Banks (PMBs) originate and service residential mortgages. The Nigeria Mortgage Refinance Company (NMRC), licensed in 2015, connects mortgage lenders to longer-term capital-

market funding through refinancing. More recently, the National Pension Commission (PenCom) allowed eligible Retirement Savings Account holders to apply part of their pension balance toward mortgage equity. These mechanisms address different constraints, including long-term liquidity, borrower equity and mortgage standardisation. The existence of this architecture does not establish that mortgage finance is broadly accessible. Funds must move from savers and capital markets to lenders, from lenders to qualified borrowers and ultimately into housing that households can afford (Ibrahim et al., 2025; Adigun et al., (2025). Nigerian evidence still identifies obstacles at several points. For instance, Nwuba and Chukwuma-Nwuba (2018) highlight low incomes and savings, high interest rates, title problems, inadequate loanable funds and limited lender reach. Ghani (2021) finds that mortgage conditions restrict low- and middle-income households, while Ebekozien et al. (2022) identify insufficient income and collateral constraints among low-income pensioners. A larger mortgage system can therefore coexist with persistent exclusion.

The policy challenge extends beyond increasing the nominal volume of funds. Long-term liquidity must be accompanied by affordable property values, sustainable repayment conditions, reliable land titles and sound lender balance sheets. The World Bank (2019) identified maturity mismatch, high interest rates, legal and regulatory weaknesses, high construction costs, limited housing supply and weak sector institutions as interrelated impediments. Housing-finance performance must therefore be assessed across credit supply, household affordability and the institutional environment.

Evaluation is also complicated by methodology. Much Nigerian research uses household questionnaires, interviews or local case studies. Such work captures borrower experience but may not show whether the national mortgage system has become deeper or financially stronger. Gambo et al. (2022) demonstrate the importance of institutional performance and affordability among low-income earners, while Ebekozien et al. (2022) document pensioners' experiences. Less attention has been given to combining national administrative and financial trends with these established household barriers. This study addresses that gap using purely secondary evidence. It examines the structure and trend of formal housing finance, assesses major institutions and access mechanisms, evaluates continuing affordability constraints and identifies measures for improving housing-finance delivery. The central question is whether development of the formal mortgage architecture has produced financing capacity commensurate with households' ability to obtain and sustain mortgage credit. Separating institutional growth from household affordability provides a more cautious basis for judging sectoral progress.

2. LITERATURE REVIEW

2.1 Concept of Housing Finance

Housing finance may be understood as the set of institutions, instruments, savings arrangements, credit processes and capital-market mechanisms used to fund the acquisition, construction, improvement or refinancing of residential property (UN-Habitat, 2005, 2009). Its core economic feature is maturity transformation (Diamond & Dybvig, 1983). Housing is expensive and durable, so a household usually needs a loan that may run for many years; yet the deposits or other liabilities available to a lender may be withdrawable over much shorter periods (Diamond & Dybvig, 1983; UN-Habitat, 2011). A sustainable system must therefore reconcile tenor, liquidity, credit risk and affordability (UN-Habitat, 2009). It must also operate within a property-rights regime capable of establishing ownership, creating enforceable mortgage security and transferring interests at reasonable cost (World Bank, 2009).

Housing-finance accessibility and housing affordability are related but distinct concepts (UN-Habitat, 2025). Accessibility concerns whether a potential borrower can enter the formal financing system, satisfy eligibility and documentation rules, provide the required equity contribution and ultimately secure a housing loan (Igbinoba, 2024). Affordability, on the other hand, concerns whether the cost of acquiring and servicing a dwelling leaves the household with adequate resources

to meet other essential needs, including food, healthcare, education and transportation (UN-Habitat, 2020). A mortgage may therefore be technically available but financially unaffordable, particularly where repayment obligations impose a substantial burden on household income (UN-Habitat, 2022). Conversely, a low-cost mortgage programme may still have limited reach if title requirements, formal-employment criteria, property documentation or geographical disparities in financial-service provision exclude a substantial proportion of households (Igbinoba, 2024). This distinction is particularly important in Nigeria, where the establishment and expansion of mortgage-finance institutions do not necessarily translate into improved homeownership opportunities for low- and middle-income households (Centre for Affordable Housing Finance in Africa [CAHF], 2024).

2.2 Theoretical Framework

2.2.1 Financial Intermediation Theory

The principal theoretical anchor of the study is Financial Intermediation Theory. Diamond (1984) explains why intermediaries arise when monitoring borrowers individually would be costly for dispersed savers. The intermediary pools funds, screens and monitors borrowers, diversifies risk and issues claims to savers while holding loans to borrowers. Applied to housing finance, mortgage institutions reduce the transaction and information costs that would arise if individual savers attempted to finance homebuyers directly. The theory is particularly relevant to PMBs and commercial lenders, whose ability to mobilise deposits and assess long-term borrowers determines how effectively savings are transformed into residential credit.

The Nigerian setting adds a maturity problem. Mortgage loans require long repayment periods, while many deposits are short term. A refinance institution such as NMRC can reduce this mismatch by refinancing qualifying portfolios with longer-term capital-market resources. In theory, deeper refinancing should replenish lenders and support longer-tenor lending. The benefit nevertheless depends on asset quality: if borrowers cannot repay or collateral cannot be efficiently realised, credit losses can offset greater liquidity.

2.2.2 Residual Income Approach to Housing Affordability

Financial Intermediation Theory explains how funds are supplied, but it does not fully explain whether households can afford the credit made available to them. The study therefore draws on Stone's (2006) residual-income conception of housing affordability. Rather than relying only on a fixed housing-cost-to-income ratio, the residual-income approach asks whether a household has enough income left after housing costs to meet non-housing necessities. The implication for mortgage policy is important: two households with identical mortgage-payment ratios may experience different levels of affordability because household size, income level and essential expenditure differ.

This perspective is useful for Nigeria because mortgage cost cannot be evaluated independently of income, inflation and property prices. A concessionary rate may improve affordability but still be inadequate where the required equity exceeds household savings or repayment absorbs income needed for food, transport and other essentials. Access should therefore be judged by how financing products fit borrowers' economic circumstances, not simply by the number of institutions or value of funds available.

2.3 Institutional Development of Housing Finance in Nigeria

Nigeria's formal housing-finance system combines public-policy institutions and private lenders. The NHF provides a statutory savings-and-lending framework administered by FMBN and channelled through accredited PMBs. During the study period, the NHF mortgage product offered concessionary lending at 6 per cent for up to 30 years, subject to affordability and other conditions (FMBN, 2021). These terms are favourable relative to ordinary market-priced credit, but eligibility and documentation determine actual access.

A major reform was the operationalisation of NMRC, licensed in February 2015 to support a secondary mortgage market by refinancing conforming portfolios. NMRC (n.d.) reports bond issues

of ₦8 billion in 2015, ₦11 billion in 2018 and ₦10 billion in 2020. By allowing lenders to replenish liquidity rather than hold every mortgage to maturity, the model addresses maturity mismatch while encouraging common underwriting standards.

A further link emerged in 2022 when PenCom allowed eligible RSA holders to use part of their pension balance toward residential mortgage equity. The arrangement does not replace the mortgage; it targets the upfront contribution that can block an otherwise eligible borrower. PenCom's administrative data show rapid uptake in 2024, making the initiative important to the assessment of contemporary access.

2.4 Empirical Review

Empirical studies generally agree that Nigerian mortgage access is constrained by both financial and institutional factors. Nwuba and Chukwuma-Nwuba (2018), drawing on households, lenders and FMBN in Kaduna, identify low income and savings, high interest rates, title difficulties, inadequate loanable funds and limited lender reach. The findings show that barriers arise on both sides of the market: households face affordability and documentation problems, while lenders face funding and institutional constraints. Ghani (2021) likewise finds that conditions attached to mortgage finance impede low- and middle-income groups. Gambo et al. (2022), studying low-income earners in Bauchi, report that accessibility, affordability and institutional effectiveness are central to housing ownership. These studies reinforce the proposition that product design and household financial capacity jointly determine access.

Ebekozien et al. (2022) examine low-income pensioners and identify insufficient repayment income, collateral constraints and weaknesses in existing mortgage arrangements. Their findings are relevant to the later PenCom equity framework, but access to an equity contribution does not remove the requirement to qualify for and service the underlying mortgage. Ojo et al. (2022), using secondary evidence, conclude that housing-finance policies have not fully resolved Nigeria's funding and delivery constraints. The present study extends that documentary approach by integrating policy evidence with multi-year PMB balance-sheet and prudential indicators, mortgage refinancing and pension-backed equity access. The gap is therefore not whether households face barriers, but whether national institutional development has materially altered the capacity and risk profile of the mortgage system.

This empirical literature suggests a recurring distinction between formal availability and effective accessibility. A mortgage product may exist, a lender may possess funds and a household may desire housing, yet a transaction will not occur unless income, equity, property documentation, underwriting and loan terms align. This study therefore treats mortgage-market performance as a chain rather than a single indicator. Stronger institutional balance sheets are interpreted as enhanced capacity; refinancing and equity-support programmes are interpreted as access mechanisms; and household constraints documented in previous studies are used to test whether that capacity can plausibly translate into broad participation. This approach avoids equating financial-sector expansion with affordability while still recognising improvements in the supply architecture.

3. MATERIALS AND METHOD

3.1 Study Context

The study covers Nigeria's formal housing-finance system, with emphasis on FMBN/NHF, PMBs, NMRC and the pension-backed residential mortgage equity arrangement. The broader policy review covers 2015-2024 because 2015 marks the licensing and commencement of NMRC as an important secondary-market institution. For the quantitative PMB trend analysis, a consistent year-end series was assembled for 2018-2024, reflecting the years for which comparable asset, loan and deposit indicators could be verified from official CBN publications. The study is national rather than state-specific and therefore does not treat any individual city or household sample as representative of the country. The unit of analysis is the housing-finance system rather than the individual borrower. Institutional growth is measured through financial indicators, while accessibility is assessed from the design and uptake of formal financing channels and from constraints documented in

authoritative reports and peer-reviewed studies. This distinction is deliberate: the study does not infer household satisfaction or mortgage demand from aggregate financial data. Instead, it examines whether the institutional conditions necessary for broad mortgage access have strengthened and whether recognised affordability barriers remain.

3.2 Research Methodology

A documentary and ex-post facto research design was adopted. All data are secondary. Quantitative information was obtained from CBN Financial Stability Reports and annual economic reports, PenCom's Pension Industry Information Dashboard, FMBN publications and NMRC records. Institutional and policy evidence was supplemented with the World Bank's Implementation Completion and Results Report for the Nigeria Housing Finance Development Program and peer-reviewed research on mortgage access and housing affordability. Sources were included where the originating institution could be identified, the reporting period was clear and the indicator was sufficiently defined to support comparison. Newspaper estimates and unverified housing-deficit figures were excluded from the core analysis.

Descriptive trend analysis was used to track PMB total assets, net loans and advances and deposit liabilities. Percentage change was calculated as the difference between the current and previous values divided by the previous value and multiplied by 100. The loan-to-asset ratio was calculated by dividing net loans and advances by total assets and multiplying by 100; this indicates the share of the PMB asset base directly represented by lending. Prudential assessment used the capital adequacy ratio, liquidity ratio and non-performing loan ratio reported by the CBN. Documentary content analysis was then applied to the mandates and performance of FMBN/NHF, NMRC and the PenCom mortgage-equity mechanism. Finally, evidence from institutional documents was compared with findings from peer-reviewed studies to identify recurring constraints to affordability and access.

The methodology has two limitations. First, aggregate PMB data do not reveal the income distribution, location or demographic characteristics of individual mortgage borrowers. Second, institutional series are not always reported with identical coverage across years, which limits the use of longer econometric models. For these reasons, the study does not estimate causal relationships. Its contribution lies instead in integrating verified system-level trends with documentary and empirical evidence to evaluate whether growth in the formal mortgage architecture has been accompanied by a commensurate improvement in accessibility.

Data were cross-checked across reporting periods before inclusion. Where a later CBN report restated the immediately preceding year, the later comparative figure was used to test continuity with the original series. Monetary values are reported in nominal naira because the purpose is to trace institutional balance-sheet scale rather than estimate real purchasing power. Ratios and direction of change are therefore given greater interpretive weight than nominal growth alone, particularly in a period characterised by substantial changes in the general price level.

Knowledge, Diligence, Service

4. RESULTS AND DISCUSSION

4.1 Institutional Structure of Formal Housing Finance

Table 1: Institutional Structure of Nigeria's Formal Housing-Finance System

Institution/mechanism	Core function	Funding/access channel	Principal access implication
FMBN / NHF	Mobilises statutory housing savings and channels concessionary housing finance	NHF contributions and FMBN lending through accredited mortgage institutions	Provides below-market mortgage terms but remains subject to contributor, affordability and documentation rules
Primary Mortgage Banks	Originate, underwrite and service mortgage loans	Deposits, capital, borrowings and institutional funding	Main specialist retail gateway to formal mortgages; capacity depends on liquidity and asset quality
NMRC	Refinances conforming mortgages and promotes standardisation	Capital-market bond issues and other long-term funding	Reduces maturity mismatch and replenishes lenders after mortgage origination
PenCom RSA mortgage equity	Allows eligible RSA holders to apply pension savings to mortgage equity contribution	Up to the permitted portion of an eligible RSA balance under the guidelines	Addresses the upfront equity barrier but does not replace mortgage underwriting or repayment capacity
Commercial banks	Provide residential real-estate and other secured lending	Bank deposits, capital and wholesale funding	Adds a non-PMB channel, though residential real-estate lending remains a small share of bank credit

Source: Author's compilation from Federal Republic of Nigeria (2004), FMBN (2021), PenCom (2022), NMRC (n.d.) and CBN (2024a).

Table 1 shows that Nigeria operates a multi-channel mortgage system. FMBN/NHF provides concessionary policy lending, PMBs perform specialised retail intermediation, NMRC supplies refinancing liquidity and the pension framework assists eligible borrowers with equity. These mechanisms are complementary: lenders require stable funding while borrowers need lower entry barriers. Their effectiveness therefore depends on how well the channels connect rather than on the existence of any one institution.

The crucial issue is transmission. The NHF product offered a 6 per cent rate and repayment of up to 30 years during the study period (FMBN, 2021), but favourable pricing does not remove the need for verifiable income, acceptable property documentation and repayment capacity. Similarly, RSA equity access reduces an upfront hurdle without lowering the property price or guaranteeing future affordability. Institutional products must therefore be evaluated by the access they actually enable. The World Bank's (2019) completion review reinforces this systems perspective. Although the Nigeria Housing Finance Development Program achieved important institution-building outcomes, its overall outcome was rated moderately unsatisfactory. Maturity mismatch, high interest rates, regulatory weaknesses, construction costs and limited housing supply continued to constrain results, showing that liquidity reform alone cannot deliver a broad affordability outcome.

4.2 Trend in Primary Mortgage Bank Performance

Table 2: Selected Financial Indicators of Primary Mortgage Banks, 2018-2024 (₦ billion)

Year	Total assets	Net loans & advances	Deposit liabilities	Loan-to-asset ratio (%)
2018	451.95	229.60	140.43	50.8
2019	432.05	238.49	143.56	55.2
2020	461.34	248.09	170.82	53.8
2021	505.61	276.03	180.20	54.6
2022	537.07	298.05	181.93	55.5
2023	569.20	307.72	208.34	54.1
2024	624.06	307.51	252.07	49.3

Source: Author's computation from CBN Financial Stability and Annual/Economic Reports, 2018-2024.

Table 2 indicates clear nominal expansion in the PMB sector. Total assets rose from ₦451.95 billion in 2018 to ₦624.06 billion in 2024, an increase of about 38.1 per cent. Deposit liabilities grew even faster, from ₦140.43 billion to ₦252.07 billion, or roughly 79.5 per cent. This enlarged the pool of resources available to PMBs, although deposits remain an imperfect substitute for stable long-term mortgage funding because their maturity can be far shorter than that of housing loans. Net loans and advances rose from ₦229.60 billion in 2018 to ₦307.51 billion in 2024, but their 33.9 per cent growth lagged asset and deposit expansion. The loan-to-asset ratio consequently moved from 50.8 per cent in 2018 to a peak of 55.5 per cent in 2022, then fell to 49.3 per cent in 2024. CBN data show loans of ₦311.61 billion at June 2024 before the year-end decline to ₦307.51 billion (CBN, 2024a; CBN, 2024b). Thus, growing resources did not translate proportionately into lending.

The divergence is central to the study. Asset growth demonstrates stronger institutional capacity, but it is not equivalent to greater household mortgage access. A lower loan-to-asset ratio may reflect liquidity management, credit-risk concerns or a shortage of bankable mortgage applications. Aggregate data cannot identify the precise cause, but they show why balance-sheet size should not be treated as a direct proxy for housing credit.

The broader banking system points in the same direction. At end-June 2024, residential real-estate loans were only 0.61 per cent of total gross banking-industry loans, up from 0.49 per cent at end-2023 (CBN, 2024a). Specialist institutions have expanded, yet residential credit remains shallow relative to the financial system and the scale of housing demand.

4.3 Financial Soundness of Primary Mortgage Banks

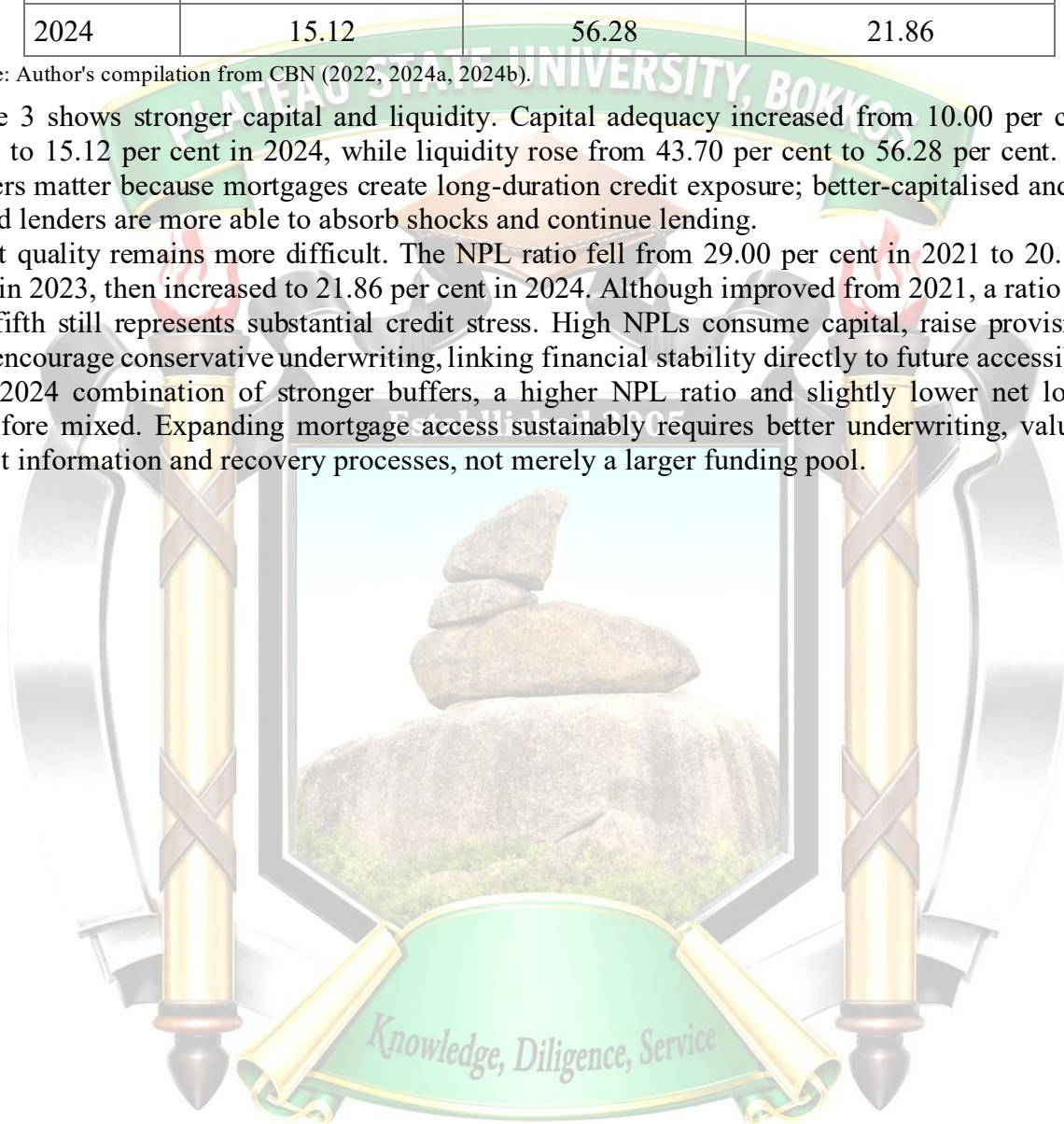
Table 3: Selected Prudential Indicators of Primary Mortgage Banks, 2021-2024 (%)

Year	Capital adequacy ratio	Liquidity ratio	Non-performing loan ratio
2021	10.00	43.70	29.00
2022	10.40	43.13	22.07
2023	13.21	46.73	20.12
2024	15.12	56.28	21.86

Source: Author's compilation from CBN (2022, 2024a, 2024b).

Table 3 shows stronger capital and liquidity. Capital adequacy increased from 10.00 per cent in 2021 to 15.12 per cent in 2024, while liquidity rose from 43.70 per cent to 56.28 per cent. These buffers matter because mortgages create long-duration credit exposure; better-capitalised and more liquid lenders are more able to absorb shocks and continue lending.

Asset quality remains more difficult. The NPL ratio fell from 29.00 per cent in 2021 to 20.12 per cent in 2023, then increased to 21.86 per cent in 2024. Although improved from 2021, a ratio above one-fifth still represents substantial credit stress. High NPLs consume capital, raise provisioning and encourage conservative underwriting, linking financial stability directly to future accessibility. The 2024 combination of stronger buffers, a higher NPL ratio and slightly lower net loans is therefore mixed. Expanding mortgage access sustainably requires better underwriting, valuation, credit information and recovery processes, not merely a larger funding pool.



4.4 Expansion of Mortgage Access and Long-Term Funding Mechanisms

Table 4: Selected Housing-Finance Access and Liquidity Milestones

Mechanism / period	Indicator	Reported value	Interpretation
NHF / early 2017	Cumulative FMBN disbursement	₦152.50 billion	Baseline reported by FMBN management
NHF / Sept. 2020	Cumulative FMBN disbursement	₦265.00 billion	74% increase over the early-2017 baseline
NHF / Sept. 2020	Funded housing units	29,133 units	Indicates conversion of part of NHF finance into completed/funded housing output
NMRC / 2015-2020	Three capital-market bond issues	₦29.00 billion	Long-term funding raised for refinancing conforming mortgage portfolios
NMRC / Dec. 2024	Cumulative mortgages refinanced	₦33.00 billion	Evidence of secondary-market liquidity support
RSA equity / inception-Q4 2023	Beneficiaries / amount	1,737 / ₦18.60 billion	Initial uptake of pension-backed mortgage equity
RSA equity / 2024	Beneficiaries / amount	14,437 / ₦91.38 billion	Rapid acceleration during 2024
RSA equity / cumulative end-2024	Beneficiaries / amount	16,174 / ₦109.98 billion	Shows scale of equity-support mechanism by end of study period

Source: Author's compilation from FMBN (2020) and PenCom (2025)

Table 4 shows that formal access mechanisms expanded in several directions. FMBN reported cumulative NHF disbursement of ₦265 billion by September 2020, compared with ₦152.5 billion in early 2017, together with 29,133 funded housing units (FMBN, 2020). It also reported ₦418 billion in cumulative NHF collections and more than 5.1 million subscribers. These figures demonstrate mobilisation and deployment of funds, but contribution to the scheme is not the same as successful mortgage access because eligibility, property and affordability requirements still apply.

NMRC addressed long-term liquidity. Its 2015, 2018 and 2020 bond issues raised a combined ₦29 billion, and cumulative mortgage refinancing reached ₦33 billion by December 2024). Refinancing allows lenders to convert qualifying mortgage assets back into liquidity and supports standardisation through conforming underwriting requirements. The structural achievement is significant, although the cumulative value remains modest relative to the wider need for residential finance.

The RSA mortgage-equity framework recorded the fastest recent expansion. PenCom (2025) reports 1,737 beneficiaries with ₦18.60 billion through end-2023. During 2024, another 14,437 beneficiaries accessed ₦91.38 billion, taking the cumulative total to 16,174 and ₦109.98 billion. Approvals accelerated from 1,234 beneficiaries in the first quarter to 7,094 in the fourth, indicating strong demand for help with the initial equity requirement.

The RSA evidence is encouraging but narrow in reach. It mainly benefits workers with sufficient pension balances who also satisfy mortgage conditions. It is less relevant to people outside the contributory pension system, and releasing pension savings does not reduce the house price or guarantee affordable monthly repayments. The mechanism therefore solves one entry barrier within a larger affordability problem.

Overall, the architecture became more diversified: NHF supplies a concessionary route, NMRC supports secondary-market liquidity and PenCom assists with equity. These innovations strengthen financial intermediation, but continuing credit shallowness and affordability barriers show that transmission to mass homeownership remains incomplete.



4.5 Factors Constraining Accessibility and Affordability

Table 5: Major Constraints to Housing-Finance Accessibility and Affordability in Nigeria

Constraint	Evidence base	Transmission to mortgage access	Policy implication
Low and unstable household income	Nwuba & Chukwuma-Nwuba (2018); Ebekozi et al. (2022)	Reduces qualifying loan size and repayment capacity	Design products around verified cash flow, not only formal salary status; expand incremental finance
High market financing cost / interest rates	World Bank (2019); Nwuba & Chukwuma-Nwuba (2018)	Raises monthly debt service and lender funding costs	Deepen long-term funding and risk-sharing mechanisms
Equity contribution and savings constraints	PenCom (2022); Ghani (2021)	Prevents otherwise eligible households from completing mortgage transactions	Scale equity-support options while preserving retirement-security safeguards
Land title, registration and collateral problems	World Bank (2019); Nwuba & Chukwuma-Nwuba (2018)	Delays perfection of security and increases transaction cost	Digitise registries, reduce consent/perfection delays and harmonise procedures
Maturity mismatch and limited long-term funds	World Bank (2019); NMRC (n.d.)	Restricts ability of lenders to offer long-tenor mortgages	Expand refinancing, covered funding and institutional-investor participation
High construction and housing costs	World Bank (2019); Ojo et al. (2022)	Increases required loan and equity relative to income	Coordinate finance policy with serviced land, infrastructure and supply-side measures
Credit risk and high PMB NPLs	CBN (2024b)	Encourages tighter underwriting and higher risk margins	Improve underwriting, valuation, credit reporting and recovery processes
Documentation and institutional reach	Ghani (2021); Gambo et al. (2022)	Excludes informal earners and households distant from formal lenders	Simplify processes and develop alternative income-verification methods

Source: Author's synthesis of cited institutional and peer-reviewed evidence.

Table 5 confirms that the challenge is multidimensional. Low income is the fundamental demand-side constraint because every mortgage ultimately depends on repayment capacity. Nwuba and Chukwuma-Nwuba (2018) and Ebekozi et al. (2022) identify income and savings limitations as prominent barriers. Consistent with the residual-income approach, access cannot be improved sustainably by increasing credit if repayments leave households unable to meet essential non-housing expenses. Interest and funding costs intensify the income problem. Long-term commercial finance must compensate lenders for inflation, liquidity and default risk. Where stable long-term resources are scarce, mortgages become harder to price affordably. NMRC directly targets this mismatch, while public programmes provide concessionary alternatives, but both are limited by funding scale and eligibility.

Land administration adds further cost. The World Bank (2019) and Nwuba and Chukwuma-Nwuba (2018) identify legal, regulatory and title difficulties. When ownership is uncertain or mortgage perfection is slow and expensive, lenders face greater collateral risk and borrowers bear higher transaction costs. Financial-sector reform therefore requires parallel improvements in land registration and security enforcement. Housing supply also affects finance. High construction costs and limited supply raise the principal amount a household must borrow, potentially offsetting gains from cheaper mortgage funding. Ojo et al. (2022) therefore support a policy approach that connects serviced land, infrastructure, approvals and construction conditions with mortgage finance rather than treating credit as an isolated solution. The 2024 PMB NPL ratio also explains why lenders retain strict underwriting. The policy objective should not be to remove credit standards, but to assess risk more accurately. Credit bureaux, digital transaction records and alternative income-verification systems could help lenders serve self-employed and informal-sector households without sacrificing asset quality.

4.6 Synthesis of Findings

The combined evidence supports a qualified assessment of progress. PMB assets and deposits expanded, capital and liquidity improved, NMRC established a refinancing channel, NHF resources continued to be deployed and pension-backed equity access grew rapidly. These changes address historic weaknesses in lender liquidity and borrower equity, and they show genuine institutional development. However, institutional expansion has not yet produced broad mortgage affordability. Lending grew more slowly than PMB assets and deposits, the loan-to-asset ratio fell in 2024, residential real-estate credit remains shallow and NPLs remain high. Household studies continue to identify income, savings, documentation and collateral as binding barriers. Nigeria has therefore strengthened the infrastructure of a mortgage market faster than it has widened affordable household access.

The sequence of reforms also matters. Liquidity support is most effective when lenders can originate mortgages backed by clear titles and predictable repayment. Equity assistance is most effective when the resulting loan remains affordable after the initial contribution. Stronger capital is most useful when loan performance allows it to support fresh lending rather than absorb legacy losses. The policy problem is therefore one of coordination. Interventions implemented in isolation may improve a single stage of the mortgage chain while leaving the next stage as the binding constraint. This explains why measurable institutional achievements can coexist with a continuing perception of limited mortgage access among households.

5. CONCLUSION

This study assessed housing-finance accessibility and mortgage-market performance in Nigeria using only secondary data. The formal system expanded during the review period: PMB assets rose from ₦451.95 billion in 2018 to ₦624.06 billion in 2024, capital and liquidity strengthened, FMBN continued NHF deployment, NMRC expanded refinancing and the RSA equity framework mobilised more than ₦109 billion by end-2024. These improvements have not eliminated the access problem. Mortgage lending grew more slowly than PMB assets and deposits, net loans were slightly lower at end-2024 than at end-2023, and PMBs still carried a high NPL ratio. Literature also identifies low income, savings constraints, financing costs, title problems, documentation and high housing-production costs. Institutional capacity has therefore improved faster than broad household affordability, requiring coordinated reform of funding, risk management, land administration and housing supply.

6. RECOMMENDATIONS

Long-term mortgage funding should be deepened beyond short-term deposits. NMRC refinancing should be scaled through predictable capital-market issuance, wider institutional-investor participation and stronger mortgage standardisation, while remaining tied to sound underwriting and transparent reporting.

FMBN and participating lenders should publish regular data on NHF applications, approvals, disbursements, loan sizes, geographic distribution, repayment and beneficiary income bands. An application-to-disbursement funnel would reveal where prospective borrowers are excluded and support evidence-based product reform.

Land and mortgage registration should be simplified and digitised. State registries should publish timelines and fees, strengthen electronic title verification and make mortgage perfection more predictable. Lower transaction uncertainty would reduce lender risk and borrower cost.

Access products should reflect diverse income structures. Salary-only underwriting excludes many self-employed and informal workers with stable cash flow. Lenders should responsibly use verified bank transactions, tax and digital payment histories, while housing microfinance and incremental building finance should serve households unable to support conventional mortgages.

The pension-backed equity mechanism should continue with strong retirement-income safeguards. PenCom and lenders should distinguish approvals from completed mortgage transactions and track repayment outcomes to determine whether pension equity produces sustainable homeownership.

Regulators should adopt a small set of public housing-finance performance indicators and report them consistently each year. At minimum, the dashboard should include mortgage applications, approval rates, average loan size and tenor, effective lending rates, refinancing volumes, geographic distribution, borrower income bands, arrears and foreclosure outcomes. Consistent reporting would make it possible to distinguish a shortage of demand from lender rationing, documentation failures or affordability constraints. Consumer-protection standards should accompany this transparency so that borrowers receive clear information on total repayment obligations, variable charges, insurance and the consequences of default before entering long-term contracts.

Mortgage policy should be integrated with housing supply. Serviced land, infrastructure, approvals and construction inputs determine the price that finance must support. Future research should link administrative mortgage records with household income and property-price data to measure affordability more precisely across income groups and locations.

References

- Abdulazeez, B. F., Akinbami, B. S., Abdul-Azeez, B. M., & Omrin, O. J. (2025). Assessment Of Factors Influencing Off and On-Campus Student Housing Satisfaction In Kwara State University, Malete. *Journal of Environmental Spectrum*, 5(2), 18-30.
- Adigun, F. O., Akinbami, B. S., Olaleye, E., Morenikeji, T. O., & Raheem, W. A. (2024). Crime prevention strategies in gated communities of a developing city: Case of Ilorin, Nigeria. *FUOYE Planning Journal*, 2(2), , 18-30
- Adigun, F. O., Akinbami, B. S., Abdulazeez, B. M., Isola-Muyideen, O. L., & Mbamara, B. E. Assessment of socio-spatial dynamics of crime prevention strategies across different residential densities in ifo, ogun state. *Journal of Environmental Spectrum*, 5(2), 49-62
- Central Bank of Nigeria. (2018). Financial Stability Report, December 2018. Abuja: Central Bank of Nigeria.
- Central Bank of Nigeria. (2019). Financial Stability Report, December 2019. Abuja: Central Bank of Nigeria.
- Central Bank of Nigeria. (2021). Annual Economic Report 2021. Abuja: Central Bank of Nigeria.
- Central Bank of Nigeria. (2022). Annual Report 2022. Abuja: Central Bank of Nigeria.
- Central Bank of Nigeria. (2024a). Financial Stability Report, June 2024. Abuja: Central Bank of Nigeria.
- Central Bank of Nigeria. (2024b). Financial Stability Report, December 2024. Abuja: Central Bank of Nigeria.
- Diamond, D. W. (1984). Financial intermediation and delegated monitoring. *The Review of Economic Studies*, 51(3), 393-414. <https://doi.org/10.2307/2297430>
- Ebekozien, A., Aigbavboa, C., Aigbedion, M., Ogbaini, I. F., & Awe, E. O. (2022). Housing finance inaccessibility: Evidence from the Nigerian pensioners. *Property Management*, 40(5), 671-689. <https://doi.org/10.1108/PM-09-2021-0064>
- Federal Mortgage Bank of Nigeria. (2020, November 6). Federal Mortgage Bank disburses N265bn under National Housing Fund [Press release]. Abuja: FMBN.
- Federal Mortgage Bank of Nigeria. (2021). New dawn in home ownership and housing finance: FMBN scorecard 2017-2021. Abuja: FMBN.
- Federal Republic of Nigeria. (2004). National Housing Fund Act, Cap. N45, Laws of the Federation of Nigeria. Abuja: Federal Government of Nigeria.
- Gambo, M. J., Kunya, S. U., Ishiyaku, B., Ashen, M. J., & Dzasu, W. E. (2022). Relationship between housing finance institutional contexts and financial contexts to housing ownership by low-income earners in Bauchi LGA, Nigeria. *International Journal of Housing Markets and Analysis*, 15(3), 653-669. <https://doi.org/10.1108/IJHMA-03-2021-0032>
- Ghani, Z. A. (2021). Primary mortgage institutions challenges for financing housing development in Nigeria. *International Journal of Research - GRANTHAALAYAH*, 9(2), 127-137. <https://doi.org/10.29121/granthaalayah.v9.i2.2021.3099>
- Ibrahim A.T., Akinbami B. S., Ajibade R. K., Hassan O. A. (2025). Assessment of Socio-Economic Determinants of Rental Housing Values in Ilorin Metropolis. *Nigerian Journal of Environmental Sciences and Technology*, 9(1), pp. 220-229.
- National Pension Commission. (2022). Guidelines on accessing Retirement Savings Account balance towards payment of equity contribution for residential mortgage by RSA holders. Abuja: PenCom.
- National Pension Commission. (2025). Q4 2024 Pension Industry Information Dashboard. Abuja: PenCom.
- Nigeria Mortgage Refinance Company. (n.d.). Mortgage refinancing. Retrieved October 1, 2026, from <https://nmrc.com.ng/our-business/mortgage-refinancing/>
- Nwuba, C. C., & Chukwuma-Nwuba, E. O. (2018). Barriers to accessing mortgages in Nigeria's housing markets. *International Journal of Housing Markets and Analysis*, 11(4), 716-733. <https://doi.org/10.1108/IJHMA-10-2017-0089>

- Ojo, O., Adeleke, F. G., & Jogunola, A. (2022). Housing delivery, finance and mortgage system in Nigeria. *IFE Research Publications in Geography*, 21(1), 52-61.
- Stone, M. E. (2006). What is housing affordability? The case for the residual income approach. *Housing Policy Debate*, 17(1), 151-184. <https://doi.org/10.1080/10511482.2006.9521564>
- World Bank. (2019). *Nigeria Housing Finance Development Program: Implementation Completion and Results Report (ICR00004625)*. Washington, DC: World Bank.

