



GRF DALLEY & PARTNERS

# THE DIASPORA GUIDE TO BUYING PROPERTY IN NIGERIA

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# The Diaspora Guide to Buying Property in Nigeria



The prospect of purchasing property back home can be exciting but for the inexperienced purchaser it can also be daunting. Property ownership can be a valuable investment by providing a local source of income. However, careful planning is needed.

Here are three (3) things to consider in making your decision:

## 1. Due Diligence:

Under the Land Use Act of 1978, all land in the territory of each state is vested in the Governor of that State with the Governor having the power to grant statutory rights of occupancy in respect of land.

To avoid potential legal disputes relating to property, it is important to conduct due diligence to ascertain the

veracity of title documents and ensure that the property is free from all encumbrances and is not under Government acquisition.

“ *Property ownership can be a valuable investment by providing a local source of income.* ”

Generally, due diligence involves conducting a physical inspection and search at the relevant land registry of the state. The search would reveal important information concerning the property such as the root of title, the presence of existing liens and mortgages.



## Documents relating to property transactions in Nigeria:



- **Land purchase receipt**

A land purchase receipt is a document issued by the seller to the purchaser to evidence that payment was made for the property. The receipt shows that the purchaser has fulfilled all financial obligations to the seller.

- **Contract of Sale**

Parties to a property transaction can outline the terms and conditions of the sale by way of a document referred to as a contract of sale. However, a contract of sale does not transfer title to property, but simply outlines the modalities for the sale transaction i.e., timeline, purchase price and mode of payment.

- **Deed of Assignment**

A Deed of Assignment is a document that serves the purpose of transferring title in property from the Assignor to the Assignee. The Deed contains clauses providing a clear description of the property being assigned, the

consideration for which ownership of the property is exchanged and covenants binding the Assignor and the Assignee in the transaction. The Deed must be properly executed by parties to the transaction. It is subsequently registered at the land registry of the state in which the property is located.

- **Survey Plan**

A survey plan provides a detailed and accurate representation of the dimensions and boundaries of the property. It is prepared by a licenced surveyor and registered at the office of the Surveyor General. Survey plans play a pivotal role in preventing incidences of encroachment into other properties.

- **Certificate of Occupancy**

A Certificate of Occupancy (C of O) is a document issued by the Governor of a State as evidence of a right of occupancy for a leasehold period not exceeding ninety-nine (99) years. It represents valid proof of ownership.

- **Governor's Consent**

Under the law any holder of a right of occupancy, such as a C of O, must be granted consent by the Governor of a State before being permitted to transfer his/her right of occupancy or any part of it by way of assignment, mortgage, transfer of possession, sublease or otherwise.

## 2. Off-Plan Purchases:

Purchasing property based on an off-plan structure involves making payments for a property yet to be constructed or at early stages of development. A purchaser buys the property based on a predetermined architectural plan. This is oftentimes accompanied by opportunities for customisation of the property to suit the purchaser's taste. The purchaser receives the title documents after the project is completed.



An agreement for an off-plan purchase generally contains clauses governing project completion timelines, payment structure and dispute resolution methods. Off-plan structures tend to offer cost advantages in form of payment flexibility. However, it must be noted that it is also subject to market fluctuations, construction delays, and non-compliance with building regulations.

To ensure reliability it is important to conduct extensive research into the reputation of the property developer before entering into an off-plan purchase arrangement.

“ Off-plan structures tend to offer cost advantages in form of payment flexibility.

## 3. Resale value and potential:

Property can serve as a stable investment with a value that can appreciate over time. In view of this, it becomes important to consider the potential resale value of the property. The presence of key infrastructure development projects can impact property prices and drive further development in the area.

## Conclusion

With the current state of the Naira - United States Dollar exchange rate, the housing and commercial property sector in Nigeria provides investors with remarkable opportunities. With proper due diligence, meticulous planning and the assistance of trustworthy experts, Nigerians in the diaspora can make it a successful venture.

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