

**OPPORTUNITIES IN THE LOCAL
BUILDING MATERIALS INDUSTRY**

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INTRODUCTION

Housing is one of the basic needs of man, often ranked next to food. Apart from providing privacy and shelter from inclement weather, wild animals and unwanted intruders, housing also confers a feeling of fulfillment and accomplishment to its owner. Sadly, access to decent housing has continued to elude many people in the country. Over the years, demand for housing has consistently lagged behind housing supply as a result of the diminishing capacity of both government and the people to meet the housing needs of the nation.

The situation is expected to worsen, given the high rate of population growth and escalating poverty level in the country, where already 70-80% of the people belong to the lower income group (Gana, 2002). The obvious challenge of the above scenario is the need to build houses quickly and at prices the majority of people can afford.

Building materials constitute a major component in housing delivery. For a low income house, building materials alone constitute 60-70% of the total cost. Any attempt, therefore at improving the housing delivery process in the country must strive to resolve the issues presently constricting the building materials sub-sector.

CLASSIFICATION OF BUILDING MATERIALS IN NIGERIA

Building materials used in the country can be broadly classified into two, namely, imported and local building materials.

Imported Building Materials: As the name implies, these are building materials which are manufactured outside the country and brought in as finished products, ready for use. They include different brands of cement, ceiling boards, steel, sanitary wares, electrical and plumbing materials, ironmongery, doors, windows, etc. They are expected to comply with generally accepted guidelines.

Local Building Materials: Local building materials refer basically to building materials which are produced in the country. They are subdivided into three groups as follows:

- (a) **Traditional Building Materials:** These are building materials which are indigenous to the locality where they are used. They are often produced

using rudimentary technology that have evolved over the years through trial and error. Although cheap and readily available, their use has dwindled because of their low durability, need for frequent maintenance, low resistance to fire, insect and vermin attacks. Use of traditional building materials is presently prohibited in the urban areas of the country. Materials in this category include thatch, mud, cornstalk, grasses etc.

- (b) **Conventional Building Materials:** These are building materials which are produced and used in accordance with generally accepted and well established practice procedures. Although the raw materials and machinery required for their production may be imported, the finished product is produced in the country. Conventional building materials are therefore expected to meet standards set for them. They are usually more durable and aesthetic than their traditional counterparts. They enjoy large patronage in the country, especially in the urban areas, where their use is supported by regulatory standards. Building materials in this group cover all building components including walling roofing, electrical and plumbing materials including those for fitting and finishes.
- (c) **Alternative Building Materials:** These are building materials which have been developed to serve as viable substitutes to conventional building materials. They are products of research and development whose need arose as a result of scarcity and escalating high cost of conventional building materials. Raw materials for their production are usually locally

sourced. Similarly, machined and tools required for their production are also fabricated locally by local fabricators often operating in the informal sector. Alternative building materials are relatively new in the country, and as such, standards are yet to be formulated for many of them.

STATE OF THE NIGERIAN BUILDING MATERIAL INDUSTRY

Conventional building materials are the most popular and patronized building materials in the country today. As the demand for building materials increases, local capacity for meeting such demands has been shown to be inadequate. Taking cement as an example, in 1970, 80% of local cement requirement was produced locally. This dropped to 64% in 1988 and as at 1991 only 58% of the nations demand for cement could be met by local production. Presently, the cement factories produce about 2-3 million metric tones of the total annual domestic requirement of 8.5 million metric tones. This situation is not peculiar to the cement alone but representative of the entire building materials industry where many companies have been forced to close down or operate far below installed capacity done to obsolete and poorly maintained machinery, lack of funds, high importation burden, high operational costs etc.

A ready short cut to the shortfall of domestic production of building materials has been importation. Importation is not restricted to the finished products alone but also includes raw materials, machinery, and expertise. During the oil boom

period, it was reported that even sand was imported into the country for building construction purposes. During this period, importation of building materials averaged at about N2 billion annually. Recent estimates indicate that 60-70% of the building materials cost in urban housing construction is imported (Yakubu, 2003). Nigeria is reportedly the world largest importer of cement (Ajalenkoko, 2002).

As a result of the foregoing, there has been instability in the prices of building materials as prices continue to escalate on daily basis far beyond what the average Nigerian people can afford. Table 1 below gives the price movement of cement between 1990 and 2004.

TABLE COST OF CEMENT (50kg)

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	20001	2002	2003	3004
Cost (N)	32	40	85	85	180	410	430	500	550	600	650	850	850	920	1,000

Sources: Adapted from Ajalenkoko, 2002

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Development of building materials to the stage where they are ready to be used for building construction involve various stages, ranging from identification of the raw materials, through their sourcing and transformation to the stage where they

are available for use by prospective end users. At every stage, tremendous opportunities are offered which if properly harnessed, can contribute significantly to the improvement of life of the people and wholesome development of the country. Various surveys conducted in the country shows that the country is blessed with a rich reserve of natural and human resources which can be utilised for the domestic production of building materials with the following benefits.

- (a) **Conservation of Foreign Exchange:** The present high level of importation of building materials in the country constitutes a major drain on the nation's foreign exchange reserve. Presently, about 60-70% of building materials used in the country are imported. Local sourcing of raw materials, machinery and expertise for domestic building materials production will go a long way in reducing expenditure in foreign exchange.
- (b) **Affordability and Availability of Building Materials:** One of the militating causes against housing delivery in the country is the high cost of building materials, which is beyond what the majority of people can afford. Because of the importation component in the production of building materials, prices of such materials have often been tied to fluctuations in the foreign exchange market. Domestic sourcing and production of building materials will eliminate this problem. Cost of production can further be reduced by appropriate selection of the right size of production outfits and location of such outfits near sources of raw materials. Past

experience of establishing large scale building materials manufacturing companies, equipped with the state of the art technology, to serve large catchment areas has proved non-viable and unsustainable in a country like ours. This is because of the huge operational cost of such large high-tech manufacturing outfits. Relics of such unsustainable companies which have been abandoned over the years dot various parts of the country today. Experience from other countries like India, strongly indicate that cottage level production of building materials is indeed appropriate and better suited to the Nigeria situation considering the wide geographical spread of raw materials deposits, and vast expanse of the country and its socio-economic peculiarities.

Small and medium scale enterprises producing at cottage level are usually contented with average profitability, limited overhead costs and are often satisfied with servicing their immediate catchment area. Their products are often expected to be cheaper, and readily available.

- (c) **Increased External Earning:** As more and more companies get involved in the domestic production of building materials, there is expected to be a healthy competition amongst domestic producers with the benefit of improved quality and packaging of products to meet international standards. At such a stage, excess domestic production of building materials can be expected outside the country to the West African sub

region and even beyond. This way, the local building materials industry will create opportunities for foreign exchange earnings.

(d) **Development of Indigenous Technological Base:** Domestic production of local building materials will afford the nation ample opportunity to develop its indigenous technological base, as there will be a high demand for the local production of machines and tools required for the production and use of these building materials. A major bane of the local fabrication industry in the country is lack of precision engineering, which affects the quality of products. Domestic production of building materials will no doubt be a compelling force for improvements in this area. As standards are set for these materials and the patronising, public become more enlightened and insistent on improved quality, fabricators will be challenges to be more painstaking and quality conscious.

(e) **Skill Acquisition:** There is a dearth of craftsmen and artisans skilled in the production and use of local building materials, especially the new entrants to the building materials market. There is thus a need for training and retraining of people in this area. This will create an opportunity for the teaming young school leavers and the unskilled people to acquire productive skills.

(f) **Employment and Income Generation:** Perhaps most importantly is the fact that local production of building materials creates ample opportunities for job creation, income generation and wealth redistribution. Given the huge

forward and backward linkages potentials inherent in the sub-sector, any investment in it has a ripple like effect. This is even more so where labour intensive technologies are employed and low-cost building materials are targeted. Earnings from the sector can be translated to improved standard of living and quality of life of the people. As people are gainfully employed, there will be less room for restiveness and other anti-social problems, prevalent in the country today.

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